

# Fiscal 2024 First Quarter Financial Results

July 31, 2023

Panasonic Holdings Corporation

Notes: 1. This is an English translation from the original presentation in Japanese.  
2. In this presentation, “Fiscal 2024” or “FY3/24” refers to the year ending March 31, 2024.

# Summary of FY3/24 1Q Financial Results

## ● US Inflation Reduction Act (IRA)

- Detailed rules not yet determined; amount equivalent to IRA tax credit **recorded in FY3/24 1Q results (Adjusted operating profit)**

## ● FY3/24 1Q Financial Results

- **Overall sales increased year-on-year:**  
Increased sales (e.g. Automotive, Connect, EV batteries) and currency translation, despite largely decreased sales in Industry
- **Adjusted operating profit increased:**  
Increased profit in Lifestyle, Automotive, Connect, and Energy, despite decreased profit in Industry
- **Net profit\*<sup>1</sup> considerably increased:** recording of deferred tax assets, etc. (121.3 bil. yen) with the liquidation of Panasonic Liquid Crystal Display (through Special Liquidation\*<sup>2</sup>) and its debts waiver, resolved by the Board of Directors (announced today)
- **Operating CF increased year-on-year:** efforts to control inventories and improvements in working capital, etc.

## ● FY3/24 Full-year Forecast

- Groupwide: **Net profit revised upward** reflecting the considerably increased profit in 1Q  
Sales and multi-step profits (to “profit before income taxes”) remain unchanged from initial forecast (May 10)
- By segment: Remains unchanged from initial forecast (May 10)

\*1: Net profit attributable to Panasonic Holdings Corporation stockholders

\*2 “Special Liquidation” defined in the Japanese Companies Act

# Impact of US IRA Tax Credit on Financial Results & Forecast

- ✓ Among monetization methods “Deductible tax credit” “Refundable tax credit (direct pay)” & “Transferable tax credit,” assuming to elect “Refundable” for FY3/24
- ✓ Half of total tax credit amount recorded in adjusted OP, assuming effective use of credit with customers toward strengthening/expanding North America business, taking into consideration the aim of US IRA (reduce excessive inflation and promote energy policies in US)

## Change in assumed accounting treatment for the amount to be effectively used with customers:

- (Before) Forecast as of May 10: recording as expenses of provision (Company’s initial assumption)
- (Today) 1Q results as of July 31: recording as deduction of sales (while method of “effective use” is undetermined, revenue recognition standard is applied ⇒ sales amount decreased from initial forecast of May 10, but no major impact on profit amount)

Amount recorded on P/L*1	Sales (Energy Segment)	Adjusted OP (Energy Segment)	Net profit attributable to Panasonic Holdings Corporation stockholders
<b>FY3/24 1Q</b>	<p><b>-24.2 bil. yen</b></p> <p>Half of tax credit for 1Q -22.5 } *2 Profit recorded for FY3/23 -1.7</p>	<p><b>20.8 bil. yen</b></p> <p>Tax credit 45.0*3 Effective use with customers -24.2*2</p>	<p><b>26.8 bil. yen</b></p> <p>Adjusted OP 20.8 Income taxes 6.0*5</p>
<b>FY3/24 Full-year</b>	<p>-</p> <p>(Not factored in as of July 31)</p>	<p><b>80.0 bil. yen</b></p> <p>Tax credit 160.0*4 Effective use with customers -80.0</p>	<p><b>100.0 bil. yen</b></p> <p>Adjusted OP 80.0 Income taxes 20.0*5</p>

Unchanged from May 10 announcement

\*1: Monetization expected after a certain time lag from P/L recording

\*2: **-22.5 bil. yen**: half of tax credit for FY3/24 1Q (45.0 bil. yen)

**-1.7 bil. yen**: amount equivalent to FY3/24 1Q out of the half of 40.0 bil. yen recorded in net profit in FY3/23 4Q (multiple-year accrual accounting applied from FY3/24, to be recorded each quarter)

\*3: FY3/24 1Q production & sales: 9.4 GWh x \$35/kWh x 137 yen/dollar

\*4: FY3/24 production & sales forecast: 36 GWh x \$35/kWh x 130 yen/dollar

\*5: “IRA tax credit” is a non-taxable income. In addition, amount effectively used with customers to be recorded in deferred tax assets, since it is applicable for deferred tax accounting

Note: Contents of this slide are subject to change (e.g. detailed rules)

# **Fiscal 2024 First Quarter Financial Results**

## Fiscal 2024 Full-Year Financial Forecast

# FY3/24 1Q Financial Results

(yen: billions)

YoY % figures represent the year-on-year change relative to the previous year's figures

	FY3/24 1Q		FY3/23 1Q		YoY (year-on-year)	
Sales (excl. effect of exchange rates)	<b>2,029.7</b>		1,973.9		103% (100%) <sup>*3</sup>	+55.8 (+5.3) <sup>*3</sup>
Adjusted operating profit <sup>*1</sup> (% to sales)	<b>92.8</b>	(4.6%)	65.7	(3.3%)	141%	+27.1
Other income/loss <sup>*2</sup>	<b>-2.4</b>		-2.0		-	-0.4
Operating profit (% to sales)	<b>90.4</b>	(4.5%)	63.7	(3.2%)	142%	+26.7
Profit before income taxes (% to sales)	<b>108.7</b>	(5.4%)	73.5	(3.7%)	148%	+35.2
Net profit attributable to Panasonic Holdings Corporation stockholders (% to sales)	<b>200.9</b> <sup>*5</sup>	(9.9%)	48.9	(2.5%)	410%	+152.0 <sup>*5</sup>
EBITDA <sup>*4</sup> (% to sales)	<b>197.5</b>	(9.7%)	170.5	(8.6%)	116%	+27.0

Exchange rates	1 US dollar	<b>137 yen</b>	130 yen
	1 Euro	<b>149 yen</b>	138 yen
	1 Renminbi	<b>19.6 yen</b>	19.6 yen

<sup>\*4</sup> Total amount of Operating profit, Depreciation (Tangible assets including property, plant and equipment / Right-of-use assets) and Amortization (Intangible assets).

Adjusted with:

- amount equivalent to depreciation corresponding to underlying assets that are applied with Lease accounting treatment as a lessor
- impact of temporary accounting treatment related to "re-evaluation of assets and liabilities" upon Blue Yonder acquisition

<sup>\*5</sup> Including deferred tax assets, etc. (121.3 bil. yen) with the liquidation of Panasonic Liquid Crystal Display Co., Ltd. (through Special Liquidation) and its debts waiver, resolved by the Board of Directors

<sup>\*1</sup> Sales - Cost of sales - SG&A

<sup>\*2</sup> "Other income (expenses), net" + "Share of profit (loss) of investments accounted for using the equity method" as indicated in the Consolidated Statements of Profit or Loss of the news release

<sup>\*3</sup> Excluding effect of exchange rates. Increased by 29.5 bil. yen (YoY 101%) excluding impact of IRA and FX

# FY3/24 1Q Results by Segment

(yen: billions)

YoY % figures represent the year-on-year change relative to the previous year's figures

	Sales	YoY (excl. FX)	Adjusted OP (% to sales)	YoY	Other income/ loss	YoY	OP (% to sales)	YoY	EBITDA* <sup>1</sup> (% to sales)	YoY
Lifestyle	838.7	100% (99%)	38.9 4.6%	+3.2	0.2	-2.4	39.1 4.7%	+0.8	65.5 7.8%	+2.4
Automotive	341.0	127% (122%)	5.6 1.6%	+17.7	0.1	-1.4	5.7 1.7%	+16.3	20.2 5.9%	+16.0
Connect	263.6	108% (104%)	7.2 2.7%	+16.5	-0.3	-0.1	6.9 2.6%	+16.4	24.8 <sup>*2</sup> 9.4%	+13.8
Industry	249.0	84% (81%)	3.3 1.3%	-21.0	0.2	-2.0	3.5 1.4%	-23.0	17.8 7.1%	-23.0
Energy	238.4 <sup>*4</sup>	105% (99%)	30.2 <sup>*4</sup> 12.7%	+13.7	-0.7	-0.5	29.5 <sup>*4</sup> 12.4%	+13.2	46.3 <sup>*3</sup> 19.4% <sup>*4</sup>	+14.0
Other/ Eliminations & adjustments	99.0	-	7.6	-3.0	-1.9	+6.0	5.7	+3.0	22.9	+3.8
<b>Total</b>	<b>2,029.7</b>	103% (100%)	<b>92.8</b> 4.6%	+27.1	<b>-2.4</b>	-0.4	<b>90.4</b> 4.5%	+26.7	<b>197.5</b> 9.7%	+27.0

\*1: Total amount of Operating profit, Depreciation (Tangible assets including property, plant and equipment / Right-of-use assets) and Amortization (Intangible assets)

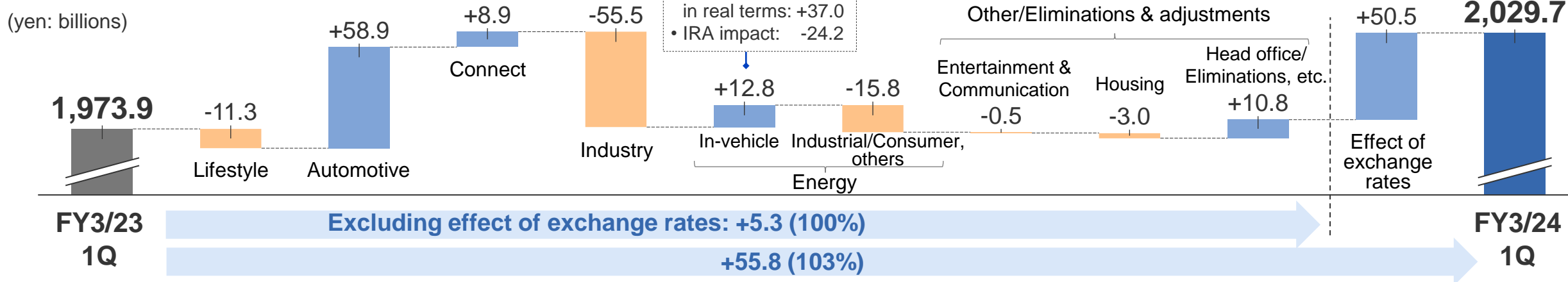
\*2: Adjusted with impact of temporary accounting treatment related to "re-evaluation of assets and liabilities" upon Blue Yonder acquisition

\*3: Additionally adjusted with the amount equivalent to depreciation corresponding to underlying assets that are applied with Lease accounting treatment as a lessor

\*4: Impact of IRA tax credit (Sales: -24.2 bil. yen, Adjusted OP/OP/EBITDA: +20.8 bil. yen) included. Sales increased in real terms (YoY 109%) excluding IRA and FX impact.

# FY3/24 1Q Sales Analysis by Segment

**Overall sales increased: Increased sales (e.g. Automotive, Connect, EV batteries) and currency translation, despite largely decreased sales in Industry**



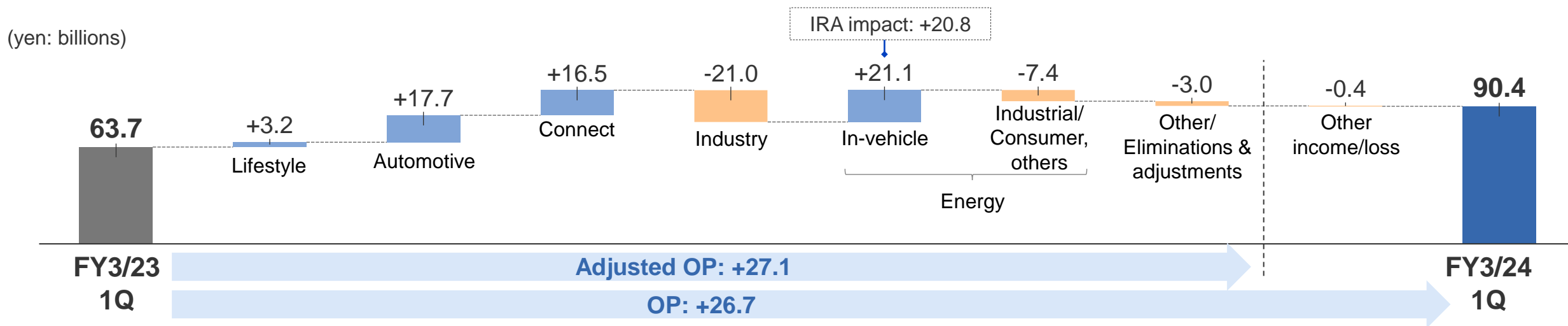
## Major increase/decrease factors (excluding effect of exchange rates)

YoY % figures represent the year-on-year change relative to the previous year's figures

Lifestyle	<b>Decreased</b> overall due to deconsolidation impact of part of businesses in China, while sales <b>increased</b> for priority businesses (e.g. HVAC system, electrical construction materials in Japan, showcases in North America)
Automotive	<b>Increased</b> : Recovery in automobile production (in FY3/23 1Q, automobile production had been affected by Shanghai lockdown, etc.)
Connect	<b>Increased</b> : Growth in Avionics (market recovery in aviation industry), rugged mobile terminals and notebook PCs, as well as SaaS in Blue Yonder, despite decreased sales of Process Automation (investment slowdown for PCs/smartphones)
Industry	<b>Decreased</b> due to downturn in market conditions (ICT, FA in China) and changes in semiconductor sales channel, despite increased sales (e.g. capacitors for green vehicles)
Energy	<b>Increased in real terms</b> overall (YoY 109%) excluding IRA impact (-24.2 bil. yen) <ul style="list-style-type: none"> <li>In-vehicle: <b>Increased</b> due to favorable EV battery production &amp; sales with continuously growing EV demand and improved productivity</li> <li>Industrial/Consumer: <b>Decreased</b> affected by weakening market conditions</li> </ul>
Other/ Eliminations & adjustments	<b>Decreased</b> in both Entertainment & Communication and Housing, affected by downturn in market conditions

# FY3/24 1Q Operating Profit Analysis by Segment

## Adjusted OP increased: Increased in Lifestyle, Automotive, Connect, and Energy, despite a decrease in Industry



### Adjusted OP: Major increase/decrease factors

Lifestyle	<b>Increased:</b> Increased sales (e.g. HVAC system, electrical construction materials in Japan, showcases in North America) and such efforts as rationalization/price revisions offset increased fixed costs (e.g. increased production, strategic investments)
Automotive	<b>Increased:</b> Increased sales, price revisions to counter price hikes in parts & materials, and cost reduction efforts, despite increased fixed costs (increased production & personnel expenses) and persisting impact of price hikes in parts & materials (e.g. semiconductors)
Connect	<b>Increased:</b> Increased sales (e.g. Avionics due to aviation market recovery, rugged mobile terminals & notebook PCs, Blue Yonder) despite decreased sales of Process Automation
Industry	<b>Decreased:</b> Decreased sales affected by downturn in market conditions (ICT, FA in China), despite price revisions, rationalization, and effect of yen depreciation, etc.
Energy	<b>Decreased</b> overall excluding IRA impact, largely affected by decreased sales in Industrial/Consumer <b>Increased</b> in In-vehicle due to increased sales of EV batteries, normalized situation of material prices being reflected in sales prices, and IRA impact (+20.8 bil. yen) despite increased fixed costs



# Lifestyle Segment: FY3/24 1Q Results by Divisional Company

(yen: billions)

YoY % figures represent the year-on-year change relative to the previous year's figures

	Sales	YoY (Excl. FX)	Adjusted OP (% to sales)	YoY	Other income/ loss	YoY	OP (% to sales)	YoY	EBITDA* <sup>2</sup> (% to sales)	YoY
Living Appliances and Solutions Company (LAS)	205.9	100% (99%)	13.9 6.7%	+1.0	-0.2	-2.7	13.7 6.7%	-1.7	20.2 9.8%	-0.9
Heating & Ventilation A/C Company (HVAC)	231.3	98% (96%)	12.2 5.3%	-1.6	0.8	+0.7	13.0 5.6%	-0.9	19.8 8.5%	-0.1
Cold Chain Solutions Company (CCS)	93.5	120% (115%)	5.4 5.8%	+3.3	0.0	+0.0	5.4 5.8%	+3.3	7.6 8.1%	+3.4
Electric Works Company (EW)	232.4	108% (108%)	12.4 5.3%	+5.2	-1.3	-0.8	11.1 4.8%	+4.4	18.2 7.8%	+4.6
China and Northeast Asia Company (CNA)* <sup>1</sup>	209.2	92% (91%)	16.3 7.8%	+4.6	2.0	+1.3	18.3 8.8%	+5.9	23.2 11.1%	+6.0

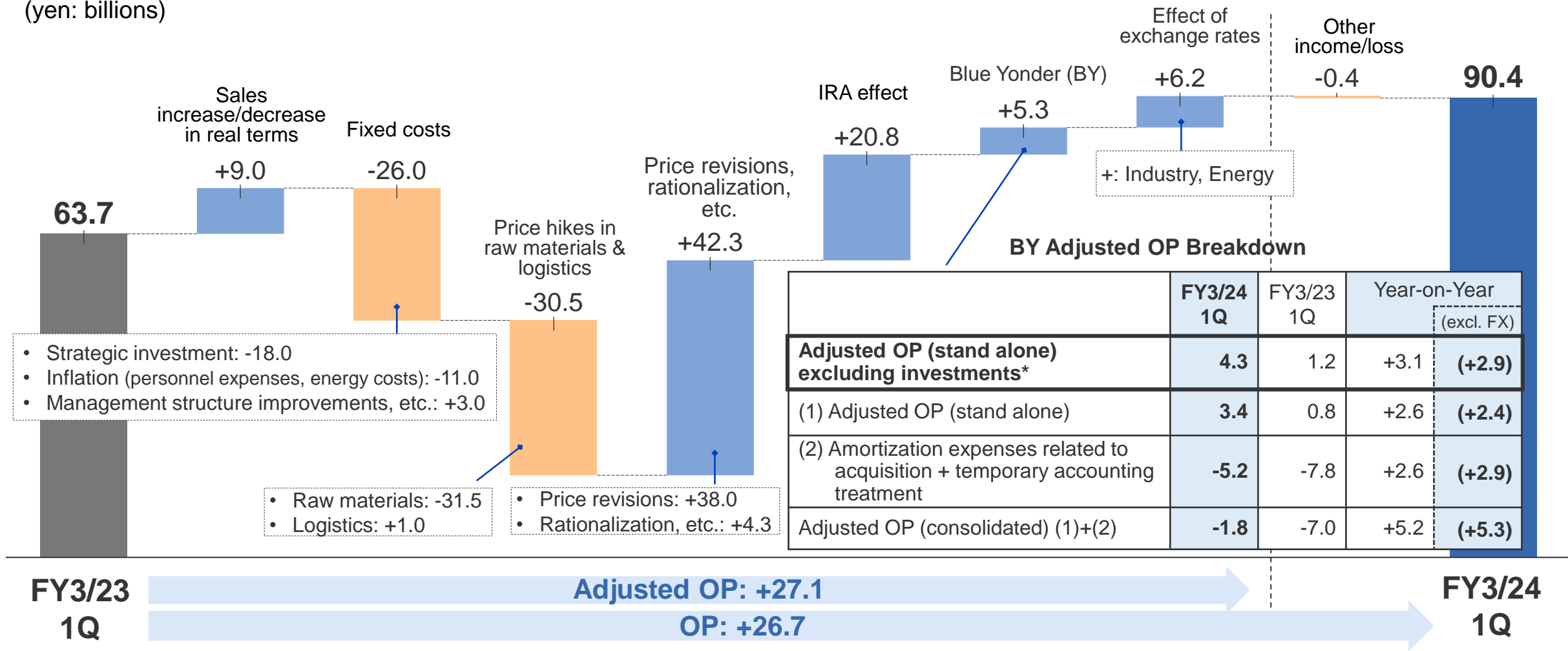
\*1: Sales and profit of CNA (except certain businesses) are also included in LAS, HVAC, and EW

\*2: Total amount of Operating profit, Depreciation (Tangible assets including property, plant and equipment / Right-of-use assets) and Amortization (Intangible assets)

# FY3/24 1Q Operating Profit Analysis (by Factor)

**Adjusted OP increased: Increased sales, progress in price revisions and rationalization, amount equivalent to IRA tax credit recorded as profit, etc.**

(yen: billions)



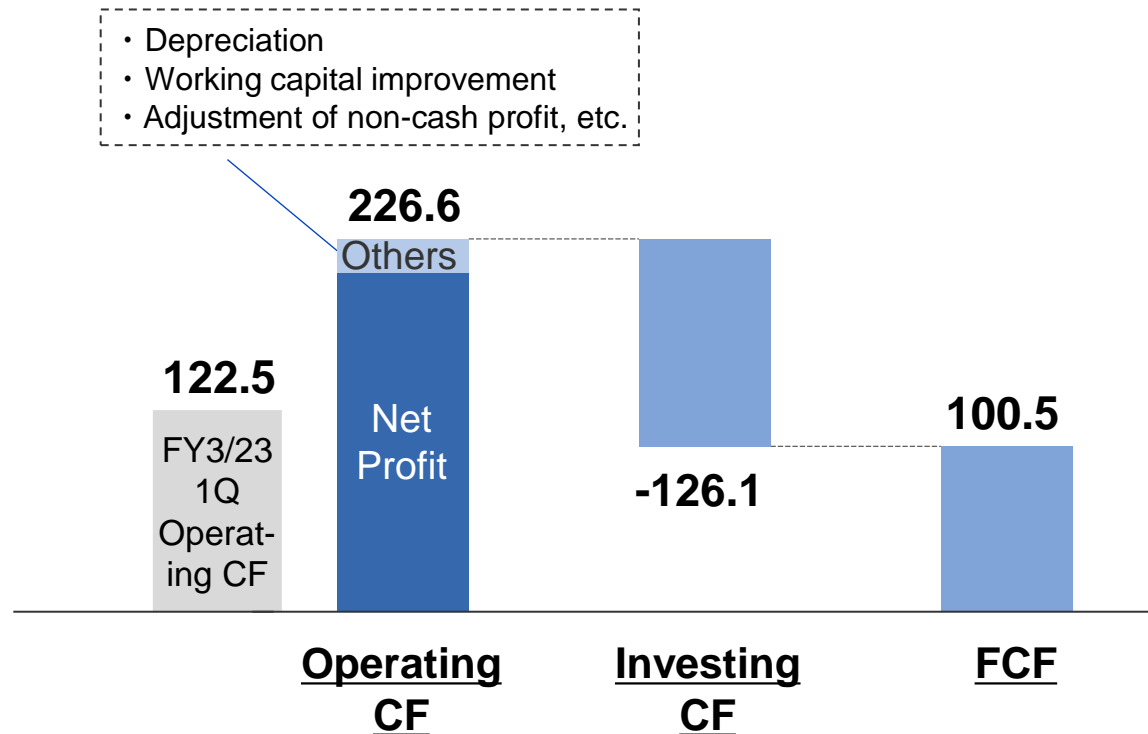
\*Excluding impact of strategic investment and synergy investment (details on page 26)

# FY3/24 1Q Cash Flows and Cash Positions

- ✓ **Operating CF:** Increased year-on-year due mainly to initiatives to control inventories and improvements in working capital
- ✓ **Inventories:** Continue to reduce inventories toward end of FY3/24 mainly by revising strategic inventory level, despite a temporary increase due mainly to seasonal factors

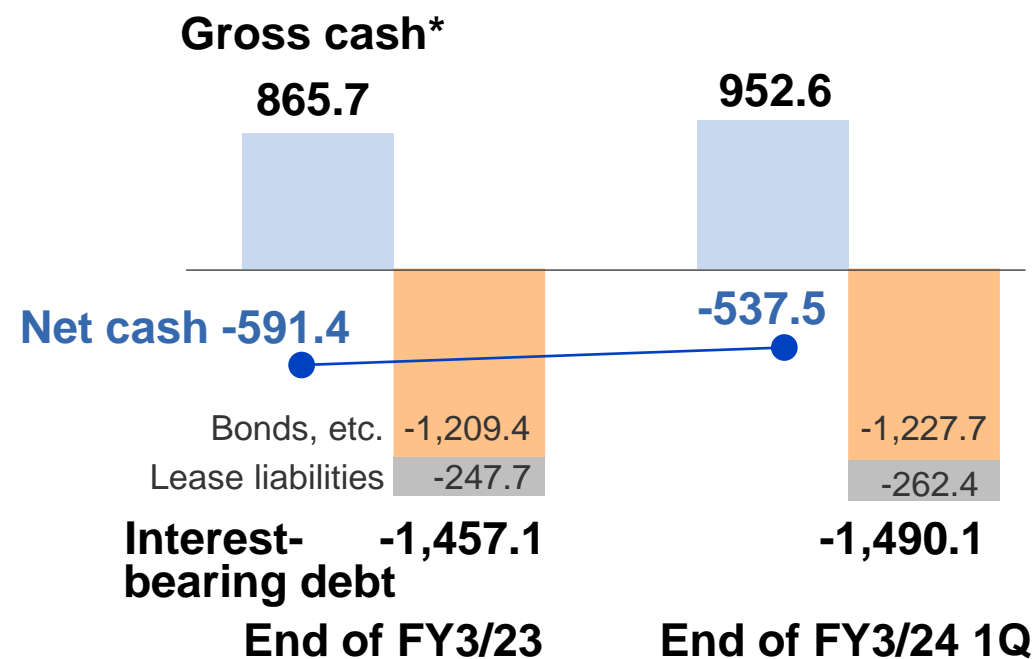
## Cash Flow

(yen: billions)



## Gross cash & interest-bearing debt / Net cash

(yen: billions)



\* Gross cash: total of "Cash and cash equivalents" and time deposits and others included in "Other financial assets"

Fiscal 2024 First Quarter Financial Results  
**Fiscal 2024 Full-Year Financial Forecast**

# FY3/24 Full-Year Forecast Revision

## Net profit revised upward reflecting the considerably increased profit in 1Q

(yen: billions)

YoY % figures represent the year-on-year change relative to the previous year's figures

	FY3/24 (e) (revision as of July 31, 2023)		FY3/24 (e) (as of May 10, 2023)		Difference	FY3/23		YoY (year-on-year)	
Sales	<b>8,500.0</b>		8,500.0		0.0	8,378.9		101% Excl. FX (104%) +121.1	
Adjusted operating profit*1 (% to sales)	<b>430.0</b> (5.1%)		430.0 (5.1%)		0.0	314.1 (3.7%)		137% +115.9	
Other income/loss*2	<b>0.0</b>		0.0		0.0	-25.5		- +25.5	
Operating profit (% to sales)	<b>430.0</b> (5.1%)		430.0 (5.1%)		0.0	288.6 (3.4%)		149% +141.4	
Profit before income taxes (% to sales)	<b>455.0</b> (5.4%)		455.0 (5.4%)		0.0	316.4 (3.8%)		144% +138.6	
Net profit attributable to Panasonic Holdings Corporation stockholders (% to sales)	<b>460.0</b> (5.4%)		350.0 (4.1%)		+110.0	265.5 (3.2%)		173% +194.5	
EPS*3	<b>197.08 yen</b>		149.95 yen		+47.13 yen	113.75 yen		- +83.33 yen	
ROE	<b>12.0%</b>		9.0%		+3.0%	7.8%		- +4.2%	
EBITDA*4 (% to sales)	<b>880.0</b> (10.4%)		880.0 (10.4%)		0.0	718.4 (8.6%)		122% +161.6	
Exchange rates	1 US dollar	<b>130 yen</b>		130 yen		±0 yen		135 yen -5 yen	
	1 Euro	<b>130 yen</b>		130 yen		±0 yen		141 yen -11 yen	
	1 Renminbi	<b>20.0 yen</b>		20.0 yen		±0 yen		19.8 yen +0.2 yen	

\*1 Sales - Cost of sales - SG&A

\*2 "Other income (expenses), net" + "Share of profit (loss) of investments accounted for using the equity method" as indicated in the Consolidated Statements of Profit or Loss of the news release

\*3 Basic earnings per share attributable to Panasonic Holdings Corporation stockholders

\*4 Total amount of Operating profit, Depreciation (Tangible assets including property, plant and equipment/ Right-of-use assets) and Amortization (Intangible assets).

Adjusted with: - amount equivalent to depreciation corresponding to underlying assets that are applied with Lease accounting treatment as a lessor

- impact of temporary accounting treatment related to "re-evaluation of assets and liabilities" upon Blue Yonder acquisition

<b>By Segment</b> (Forecast for FY3/24 Sales, Adjusted OP)	<b>Changes in demand</b> <div style="float: right;"> <span style="color: lightblue;">☐</span> Positive (vs. FY3/23)  <span style="color: lightcoral;">☐</span> Negative (vs. FY3/23)                 </div>
<b>Lifestyle</b> (Sales & profit increases)	<ul style="list-style-type: none"> <li>✓ Showcases in North America: Steady</li> <li>✓ Growth in A2W business in Europe will continue during FY3/24, but slowdown is now envisioned in some areas</li> <li>✓ Continuous slowdown for consumer electronics in Japan and overseas, resulting from worldwide inflation</li> </ul>
<b>Automotive</b> (Sales & profit increases)	<ul style="list-style-type: none"> <li>✓ Recovery of automobile production</li> <li>✓ Closely monitor risks of production fluctuation by persisting shortages of some semiconductor components and impact on automobile demand due to economic uncertainties</li> </ul>
<b>Connect</b> (Sales & profit increases)	<ul style="list-style-type: none"> <li>✓ Higher-than-expected recovery to continue for aircraft</li> <li>✓ Continuous decrease for PCs &amp; smartphones, leading to slowdown in production equipment investment</li> </ul>
<b>Industry</b> (Sales & profit decreases)	<ul style="list-style-type: none"> <li>✓ ICT terminals: Continues to decrease YoY (impact of special demand during COVID-19); recovery expected from early 2024 onward</li> <li>✓ Servers and data centers: Expected to decrease YoY with continuously reduced investment, but growth in servers for generative AI (full-fledged recovery expected in FY3/25)</li> <li>✓ Automotive-use: Continuous growth in green vehicles; Semiconductor shortages to be mitigated in mid 2023 for US/European customers, early 2024 for Japanese customers</li> <li>✓ FA market in China: With no sign of full-fledged economic recovery, reduced investment will continue, reflecting such uncertainties; But demand for labor-saving at factories to increase with labor shortages</li> </ul>
<b>Energy</b> (Sales & profit increases)	<ul style="list-style-type: none"> <li>✓ In-vehicle: Demand growth for battery cells made in North America with tax credits for EVs purchased in US, our key market</li> <li>✓ Industrial / Consumer: Market recovery, mainly for Li-ion batteries for consumer applications, to be pushed back into 2H</li> </ul>

Toward shifting to growth phase, direction to be set in revising business portfolio during FY3/24

## ■ Business Portfolio

To continue creating contributions to society & customers into the future, we set 2 types of criteria for our business portfolio

### (1) Relevance with Groupwide common strategy

- Environment: Contributions to reduction of CO<sub>2</sub> emissions in the society / Contributions to saving resources
- Lifestyle: Propose value tailored for each customer through diverse customer touchpoints in their lifestyle and using digital technology & AI / In line with financial discipline

### (2) Market position & competitiveness

- Market growth & continuity  
Quantitative: Market CAGR / Qualitative: Market continuity
- Business' position in the market & profitability  
Quantitative: Relative market share, ROIC, cash generation capability /  
Qualitative: Past achievements, medium- to long-term advantages, future opportunities

**For the sake of all stakeholders and improvement of the Group's value, set the direction in revising business portfolio during the fiscal year ending March 2024, and execute the decisions made accordingly**

Page 20 of “Group Strategy Briefing” presentation slide (announced on May 18, 2023)

**Panasonic Group**



## **Disclaimer Regarding Forward-Looking Statements**

*This presentation includes forward-looking statements about Panasonic Holdings Corporation (Panasonic HD) and its Group companies (the Panasonic Group). To the extent that statements in this presentation do not relate to historical or current facts, they constitute forward-looking statements. These forward-looking statements are based on the current assumptions and beliefs of the Panasonic Group in light of the information currently available to it, and involve known and unknown risks, uncertainties and other factors. Such risks, uncertainties and other factors may cause the Panasonic Group's actual results, performance, achievements or financial position to be materially different from any future results, performance, achievements or financial position expressed or implied by these forward-looking statements. Panasonic HD undertakes no obligation to publicly update any forward-looking statements after the date of presentation. Investors are advised to consult any further disclosures by Panasonic HD in its subsequent filings under the Financial Instrument and Exchange Act of Japan (the FIEA) and other publicly disclosed documents.*

*The risks, uncertainties and other factors referred to above include, but are not limited to, economic conditions, particularly consumer spending and corporate capital expenditures in the Americas, Europe, Japan, China and other Asian countries; occurrence and continuation of supply disruption or soaring prices of raw materials or transportation; the possibility that excessive currency rate fluctuations of the U.S. dollar, the euro, the Chinese yuan and other currencies against the yen may adversely affect costs and prices of Panasonic Group's products and services and certain other transactions that are denominated in these foreign currencies; the possibility of the Panasonic Group incurring additional costs of raising funds, because of changes in the fund raising environment including interest rate fluctuations; the possibility of the Panasonic Group not being able to respond to rapid technological changes and changing consumer preferences with timely and cost-effective introductions of new products in markets that are highly competitive in terms of both price and technology; the possibility of not achieving expected results or incurring unexpected losses in connection with the alliances or mergers and acquisitions; the possibility of not being able to achieve its business objectives through joint ventures and other collaborative agreements with other companies, including due to the pressure of price reduction exceeding that which can be achieved by its effort and decrease in demand for products from business partners which Panasonic Group highly depends on in BtoB business areas; the possibility of not achieving expected benefits in connection with the transition to a new organizational system in which Panasonic is a holding company; the possibility of the Panasonic Group not being able to maintain competitive strength in many product and geographical areas; the possibility of incurring expenses resulting from any defects in products or services of the Panasonic Group; the possibility that the Panasonic Group may face intellectual property infringement by third parties or intellectual property infringement claims by third parties; the possibility that change or tightening of current and potential, direct and indirect restrictions imposed in Japan or other countries over trade, manufacturing, labor and operations may adversely affect business operations of Panasonic Group and its supply chain; failures in proper tackling of regulations and policies introduced or strengthened with respect to environmental issues including climate change or responsible procurement activities (human rights, labor, health and safety, global environmental conservation, information security, corporate ethics, etc.) in the supply chain; restrictions, costs or legal liability relating to introduction or tightening of laws and regulations; fluctuations in market prices of securities and other financial assets in which the Panasonic Group has holdings or changes in valuation of non-financial assets, including property, plant and equipment, goodwill and deferred tax assets; future changes or revisions to accounting policies or accounting rules; the possibility of incurring expenses resulting from a leakage of customers' or confidential information from systems of Panasonic Group or its supply chain, service suspension or vulnerability of network-connected products due to unauthorized system access and cyberattacks etc.; the possibility not being able to acquire the necessary human resources to promote management strategies and prevent the outflow of existing employees; the possibility that the spread of infections including the novel coronavirus infections may adversely affect business activities of the Panasonic Group; volatility in demand for electronic equipment and components from business and industrial customers, as well as consumers in many product and geographical markets occurrence of events that may negatively impact business activities of the Panasonic Group, including large-scale natural disasters, prevalence of infectious diseases throughout the world and terrorism or wars. The factors listed above are not all-inclusive and further information is contained in the most recent English translated version of Panasonic HD's securities reports under the FIEA and any other documents which are disclosed on its website.*

# Reference: Overview of US Inflation Reduction Act (IRA)

- ✓ **IRA: Enacted in August 2022, aimed to reduce excessive inflation and promote energy policies**
- ✓ **Panasonic Energy's business expected to be eligible for "battery cell (\$35/kWh)" in Section 45X**
- ✓ **Rules on Section 30D announced in March 2023, but no additional information on Section 45X (Rules not yet determined)**

## Section 45X (Advanced Manufacturing Production Credit)

- **Overview:** Tax credit for sales of EV batteries, etc.
- **Enforcement:** December 31, 2022
- **Effective:** 2023 - 2032 (10 years)
- **Eligibility & tax credit amount:**
  - **Battery cell: \$35/kWh**
  - Battery module: \$10/kWh
    - \* Tax credit starts to be reduced from 2030
    - 2030: Reduced by 25% , 2031: 50%, 2032: 75%
- **Conditions:**
  - Cells produced in US
  - Credits will be given based on sales volume (in kWh)

- ➔
- Detailed rules not yet determined
  - Guidance related to monetization of tax credit (June 14, '23)

## Section 30D (EV Credit)

- **Overview:** Tax credit for purchases of EVs
- **Enforcement:** December 31, 2022
- **Effective:** 2023 - 2032 (10 years)
- **Eligibility & tax credit amount:**
  - New car: up to \$7,500
  - Used car: 30% of purchase value, up to \$4,000
- **Conditions:**
  - Conditions for new cars:

Battery components produced & assembled in North America	\$3,750
Critical minerals extracted & processed within FTA countries*	\$3,750

    - \*Although Japan is not an FTA country, conditions have been relaxed to include Japan
  - Vehicle assembled in North America (US, Canada, Mexico)

- ➔
- Unchanged since end FY3/23

# Reference: Eligible EV Battery Factories for IRA

✓ **Credit effective at:**

- Nevada Factory (already in operation): from launch of IRA
- Kansas Factory (under construction): upon start of production & sales during FY3/25 (planned)

<u>Factories</u>	<u>Credit effective from</u>	<u>Annual production</u>	<u>&lt;Ref.&gt; Simple calculation: \$35/kWh x annual production</u>
<b>Nevada</b>	<b>Jan. 2023 onwards</b>	<b>Approx. 38-39 GWh (current)</b>	<b>Approx. \$1.3 bil./yr</b>
<b>Kansas*</b> (New factory)	<b>Start of production &amp; sales During FY3/25 (planned)</b>	<b>Approx. 30 GWh</b>	<b>Approx. \$1.0 bil./yr</b>
<b>Japan</b>	<b>N/A</b>	<b>Approx. 11-12 GWh (current)</b>	<b>-</b>

\* Approved for “Attracting Powerful Economic Expansion (APEX)”, incentive program by the State of Kansas for investment promotion; in addition to IRA tax credits  
 e.g. • Tax credits: Up to 15% of capital investments  
 • Compensation: Up to 10% per year (not to exceed 10 years)

### Automotive Battery

- **Achieve profit growth, focusing on North America market where we can leverage advantages (high-capacity cells) with strong business foundation => FY3/31 target: global production capacity of 200 GWh (approx. 50 GWh as of end FY3/23)**

[Expand production capacity in North America / Establish supply chain in US FTA countries]

- Decision to construct new manufacturing facility in Kansas, US (announced Oct. 31, '22); construction started in Feb. '23, with mass production of 2170 cells set to start in FY3/25
- Agreement signed with UK-based Nexeon to purchase silicon anode material, enabling production of higher-energy-density EV batteries (announced Jul. 25, '23)

[Expand sales channel]

- Entered into discussions with Mazda Motor Corporation (announced Jun. 21, '23) and Subaru Corporation (Jul. 31, '23) to establish medium-to long-term partnership for supply of automotive cylindrical lithium-ion batteries; aiming to conclude supply contracts at early stage for battery EVs to be launched in latter half of the 2020s

[Commercialization of 4680 cells]

- Mass production at Wakayama rescheduled to begin during 1H FY3/25 so that higher-density technologies can be introduced to further enhance competitiveness

### Supply Chain Software

- **Aim for high growth & profitability globally through SCM business, where medium-to long-term market expansion is expected**

[Blue Yonder]

- Transformation in steady progress: Establishing stronger organizational structure, shifting to Native SaaS and enhancing customer experience, etc. Announced strategic partnership with Snowflake and Accenture toward further enhancement of competitiveness

[Consideration of stock exchange listing of SCM business] (announced May 11, '22)

- Considering stock exchange listing of SCM business centered on Blue Yonder for enhanced global competitiveness and accelerated growth

### Air Quality & Air-conditioning

- **Accelerate business growth with proactive investments in hydronic system business, with priority on Europe**

[Europe] FY3/24 sales forecast: 178.0 bil. Yen (YoY 140%) -> 1Q results 37.6 bil. Yen (YoY 114%)

[A2W (air to water hot water heat pump system) ]

- 1Q faced temporary demand slowdown due mainly to subsidy scheme changes. However, demand for decarbonization in Europe remains unchanged. Responses to subsidy scheme changes will be rapid, with continuous increases in production capacity and enhancement of the system for development, manufacturing and sales. Launched new products using natural refrigerants R-290 in May (first release by a Japanese manufacturer), capturing demand related to low GWP and green trend.

[Chiller] New consolidation of chiller business acquired in FY3/23. Enhanced product development for light commercial (non-residential) use as well as for residential A2W-use

# Reference: FY3/24 Forecast by Segment (Unchanged from initial forecast as of May 10)

(yen: billions)

	Sales	YoY	Adjusted OP (% to sales)	YoY	Other income/ loss	YoY	OP (% to sales)	YoY	EBITDA*1 (% to sales)	YoY
Lifestyle	3,580.0	103% (+96.7)	160.0 4.5%	+37.6	-9.0	+10.3	151.0 4.2%	+47.9	259.0 7.2%	+53.1
Automotive	1,370.0	106% (+72.5)	18.0 1.3%	+3.8	0.0	-2.0	18.0 1.3%	+1.8	78.0 5.7%	+0.3
Connect	1,140.0	101% (+14.3)	40.0 3.5%	+11.8	-4.0	+3.3	36.0 3.2%	+15.1	112.0 <sup>*2</sup> 9.8%	+12.1
Industry	1,090.0	95% (-59.9)	60.0 5.5%	-3.3	-1.5	-5.0	58.5 5.4%	-8.3	122.5 11.2%	-2.9
Energy	1,030.0	106% (+58.2)	135.0 <sup>*4</sup> 13.1%	+95.4	-2.0	+4.4	133.0 <sup>*4</sup> 12.9%	+99.8	204.0 <sup>*3</sup> 19.8%	+105.5
Other/ Eliminations & adjustments	290.0	(-60.7)	17.0	-29.4	16.5	+14.5	33.5	-14.9	104.5	-6.5
<b>Total</b>	<b>8,500.0</b>	101% (+121.1)	<b>430.0</b> 5.1%	+115.9	<b>0.0</b>	+25.5	<b>430.0</b> 5.1%	+141.4	<b>880.0</b> 10.4%	+161.6

\*1: Total amount of Operating profit, Depreciation (Tangible assets including property, plant and equipment / Right-of-use assets) and Amortization (Intangible assets)

\*2: Adjusted with impact of temporary accounting treatment related to "re-evaluation of assets and liabilities" upon Blue Yonder acquisition

\*3: Additionally adjusted with the amount equivalent to depreciation corresponding to underlying assets that are applied with Lease accounting treatment as a lessor

\*4: Impact of IRA tax credit (+80.0 bil. yen) included

# Reference: FY3/24 Forecast by Divisional Company in Lifestyle Segment (Unchanged from initial forecast as of May 10)

(yen: billions)

	Sales	YoY	Adjusted OP (% to sales)	YoY	Other income/ loss	YoY	OP (% to sales)	YoY	EBITDA* <sup>2</sup> (% to sales)	YoY
Living Appliances and Solutions Company (LAS)	<b>976.0</b>	109% (+79.3)	<b>72.0</b> 7.4%	+19.2	<b>-6.0</b>	-8.5	<b>66.0</b> 6.8%	+10.7	<b>90.0</b> 9.2%	+9.9
Heating & Ventilation A/C Company (HVAC)	<b>904.0</b>	112% (+95.3)	<b>42.0</b> 4.6%	+19.9	<b>0.0</b>	+17.6	<b>42.0</b> 4.6%	+37.5	<b>68.5</b> 7.6%	+39.5
Cold Chain Solutions Company (CCS)	<b>350.0</b>	99% (-1.9)	<b>14.0</b> 4.0%	+1.7	<b>0.0</b>	-0.1	<b>14.0</b> 4.0%	+1.6	<b>23.0</b> 6.6%	+2.0
Electric Works Company (EW)	<b>1,030.0</b>	103% (+25.5)	<b>64.0</b> 6.2%	+11.8	<b>-4.0</b>	+1.3	<b>60.0</b> 5.8%	+13.1	<b>94.0</b> 9.1%	+19.1
China and Northeast Asia Company (CNA)* <sup>1</sup>	<b>799.0</b>	97% (-28.4)	<b>38.0</b> 4.8%	+16.2	<b>-7.0</b>	-10.6	<b>31.0</b> 3.9%	+5.6	<b>52.0</b> 6.5%	+6.8

\*1: Sales and profit of CNA (except certain businesses) are also included in LAS, HVAC, and EW

\*2: Total amount of Operating profit, Depreciation (Tangible assets including property, plant and equipment / Right-of-use assets) and Amortization (Intangible assets)

Overview

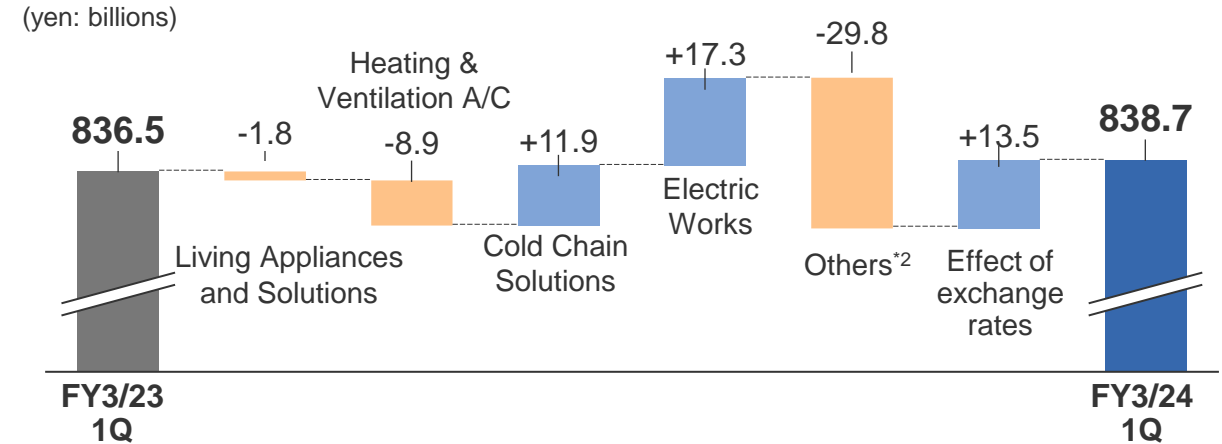
(yen: billions)	FY3/24 1Q	YoY (year-on-year)
Sales	<b>838.7</b>	100% (99%)*1
Adjusted operating profit (% to sales)	<b>38.9</b> (4.6%)	+3.2
Other income/loss	<b>0.2</b>	-2.4
Operating profit (% to sales)	<b>39.1</b> (4.7%)	+0.8

\*1: In real terms excluding the effect of exchange rates

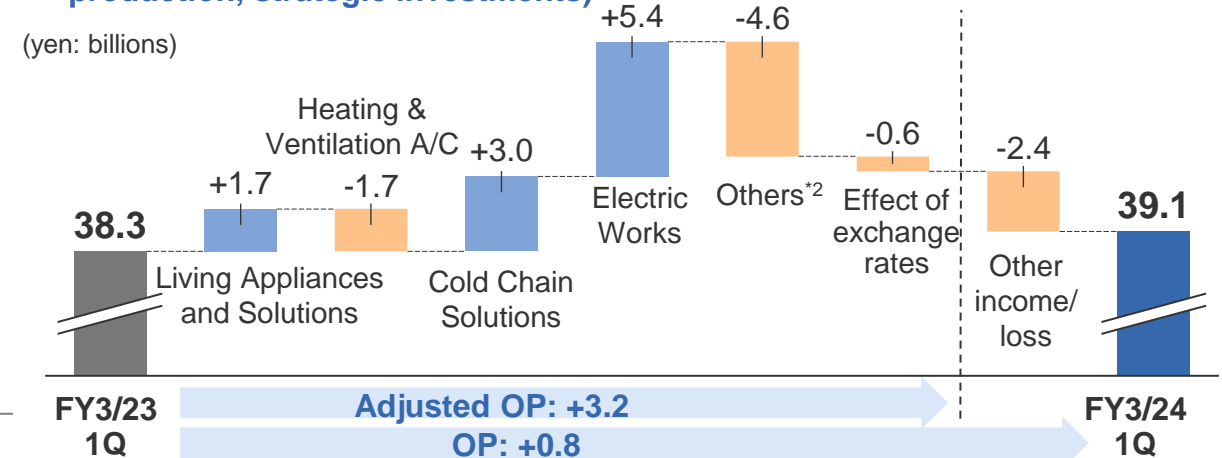
Major increase/decrease factors

Adjusted OP	Living Appliances and Solutions Company	+ : Progress in price revisions and rationalization, etc. - : Shrinking demand caused by inflation worldwide
	Heating & Ventilation A/C Company	+ : Effect of price revisions, rationalization, and improvement of product mix, etc. - : Decreased sales of air quality and air-conditioning businesses in Japan
	Cold Chain Solutions Company	+ : Increased sales prices / sales volume - : Price hikes in materials and labor cost caused by inflation
	Electric Works Company	+ : Increased sales and effect of price revisions
Other income/loss	Impact from temporary income in FY3/23, etc.	

**Sales:** Decreased overall due to deconsolidation impact of part of businesses in China, while sales increased for priority businesses (e.g. HVAC system, electrical construction materials in Japan and showcases in North America)



**OP:** Increased due to increased sales (e.g. HVAC system, electrical construction materials in Japan, showcases in North America) and such efforts as rationalization/price revisions offset increased fixed costs (e.g. increased production, strategic investments)



\*2: Cold Chain (China) and Refrigeration, Air-Conditioning Devices, sales of other segment products, segment head office, eliminations, etc.

Overview

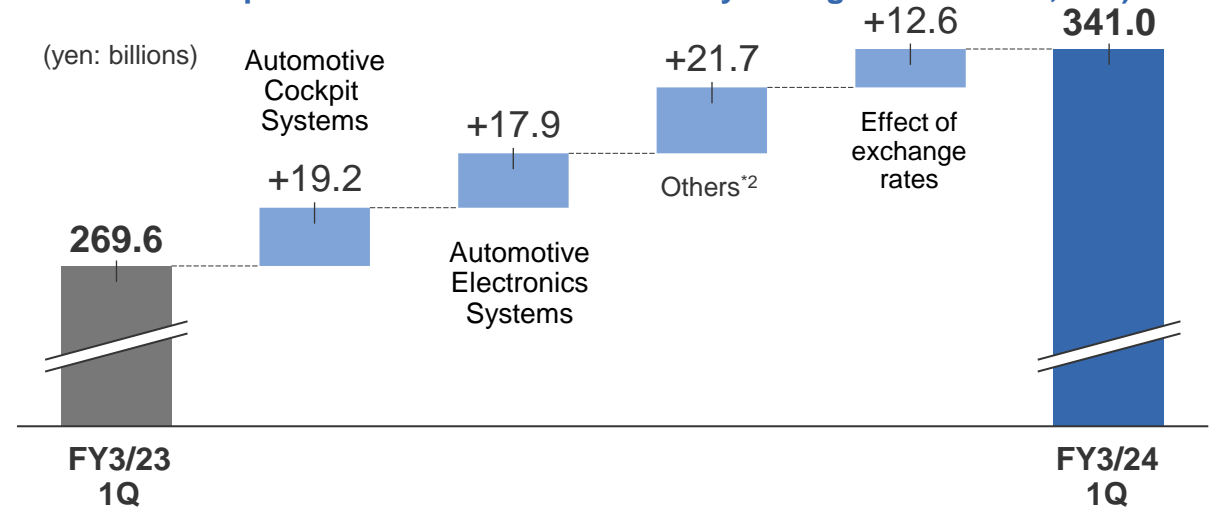
(yen: billions)	FY3/24 1Q	YoY (year-on-year)
Sales	<b>341.0</b>	127% (122%) *1
Adjusted operating profit (% to sales)	<b>5.6</b> (1.6%)	+17.7
Other income/loss	<b>0.1</b>	-1.4
Operating profit (% to sales)	<b>5.7</b> (1.7%)	+16.3

\*1: In real terms excluding the effect of exchange rates

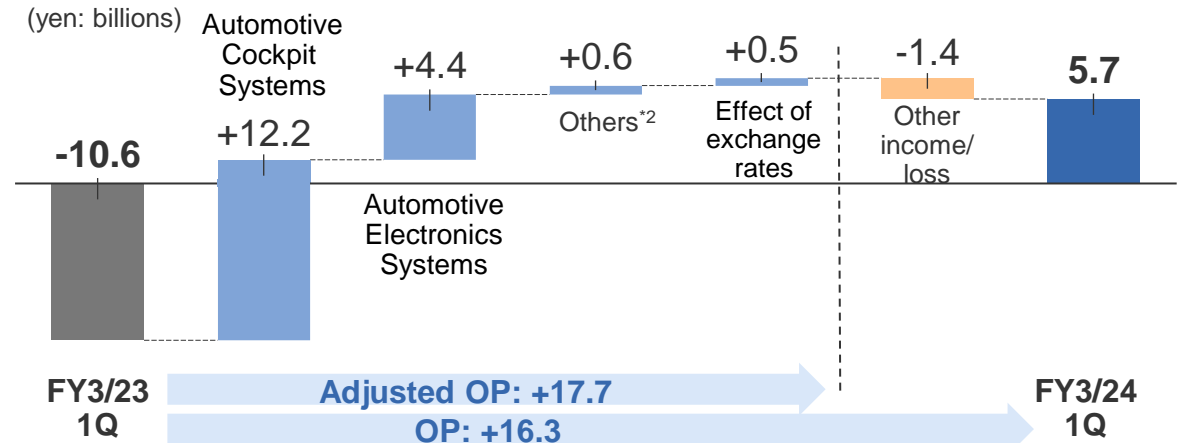
Major increase/decrease factors

Adjusted OP	Automotive Cockpit Systems	+ : • Increased sales due to recovery in automobile production • Price revisions to counter price hikes in parts & materials • Improved product mix - : • Fixed cost increase due to increased personnel expenses • Price hikes in parts & materials (e.g. semiconductors)
	Automotive Electronics Systems	+ : • Increased sales due to recovery in automobile production • Improved product mix and progress in cost reduction efforts • Price revisions to counter price hikes in parts & materials - : • Increased fixed costs due to increased personnel expenses • Recording of quality-related expenses • Price hikes in parts & materials (e.g. semiconductors)
Other income/loss		Impact from insurance reimbursement in FY3/23

Sales: Increased due to recovery in automobile production (in FY3/23 1Q, automobile production had been affected by Shanghai lockdown, etc.)



OP: Increased due mainly to increased sales, price revisions to counter price hikes in parts & materials, and cost reduction efforts, despite increased fixed costs (increased production & personnel expenses) and persisting impact of price hikes in parts & materials (e.g. semiconductors)



\*2: Sales of other segment products, etc.



Overview

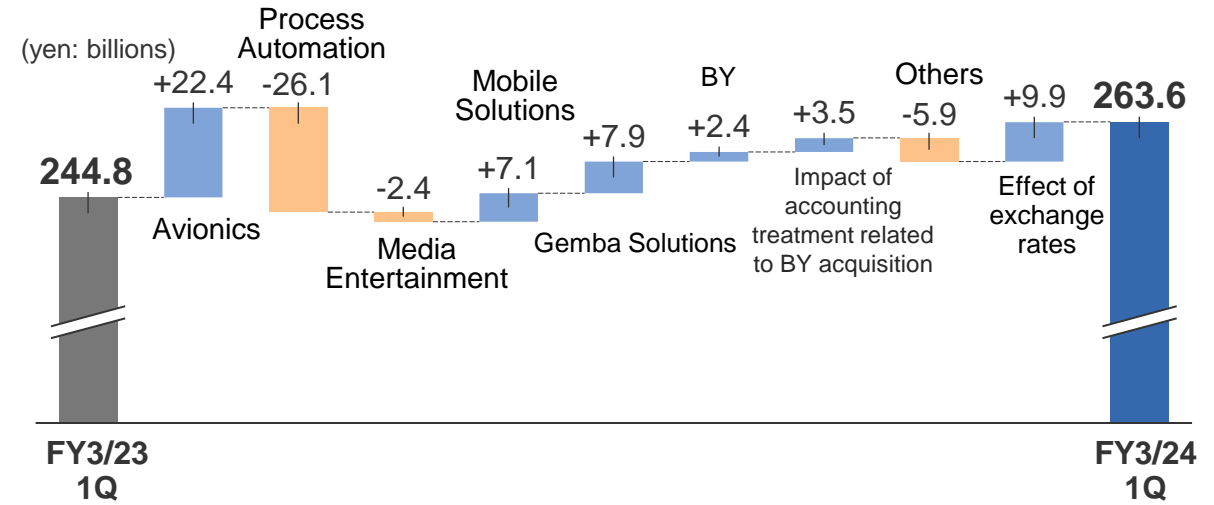
(yen: billions)	FY3/24 1Q	YoY (year-on-year)
Sales	<b>263.6</b>	108% (104%)*1
Adjusted operating profit (% to sales)	<b>7.2 (2.7%)</b>	+16.5
Other income/loss	<b>-0.3</b>	-0.1
Operating profit (% to sales)	<b>6.9 (2.6%)</b>	+16.4

\*1: In real terms excluding the effect of exchange rates

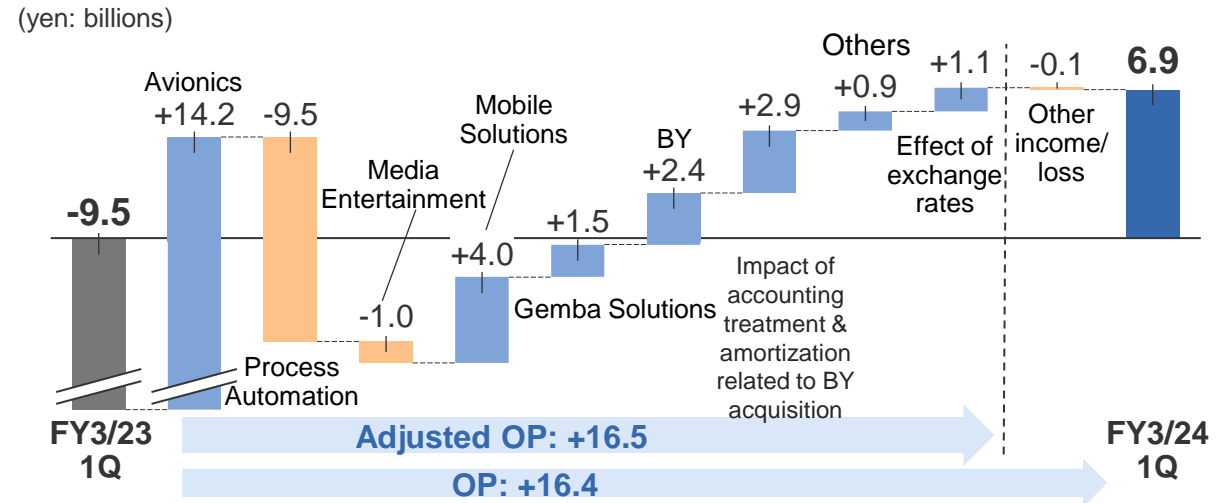
Major increase/decrease factors

Adjusted OP	Avionics	+ : Increased sales of in-flight entertainment (IFE) systems and repair & maintenance services due to demand recovery in aviation market
	Process Automation	- : Decreased sales of mounting machines affected by investment slowdown for PCs and smartphones
	Media Entertainment	- : Decreased sales due to weakening demand for remote cameras with investment cycle in Europe and US
	Mobile Solutions	+ : Increased sales of rugged mobile terminals and notebook PCs due to resolved issues of parts & materials
	Gemba Solutions	+ : Increased sales for solution-type projects
	Blue Yonder (BY)	+ : Sales growth of SaaS
Other income/loss	-	

Sales: Increased due to sales growth in Avionics, rugged mobile terminals & notebook PCs, and SaaS of Blue Yonder, despite decreased sales of Process Automation

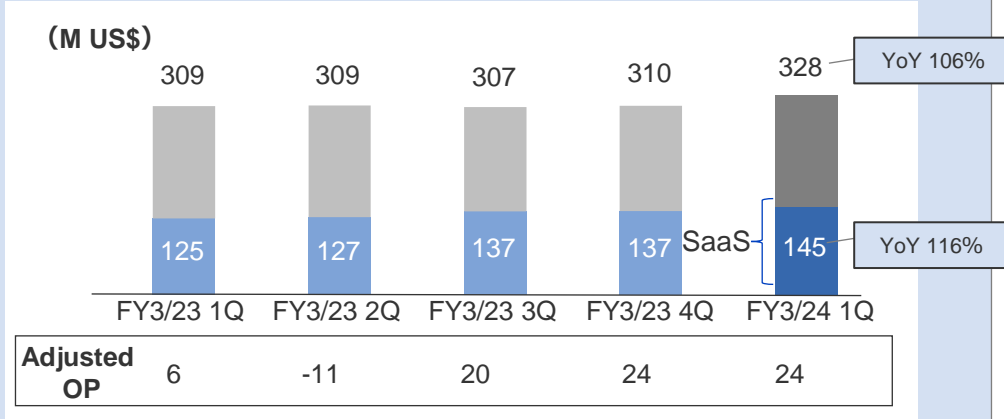


OP: Increased due to increased sales of Avionics, rugged mobile terminals & notebook PCs, and Blue Yonder, despite decreased sales of Process Automation



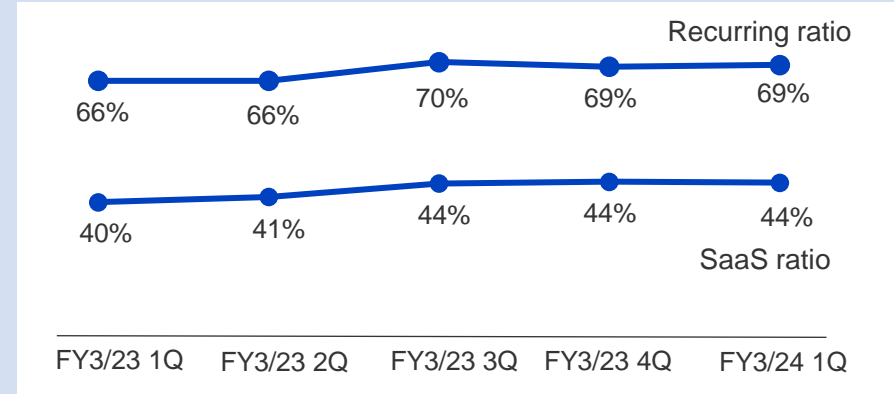
## Revenue / Adjusted OP (stand alone)

- Sales: Steady growth of both total sales and SaaS
- Profit: largely increased YoY



## Recurring / SaaS ratio

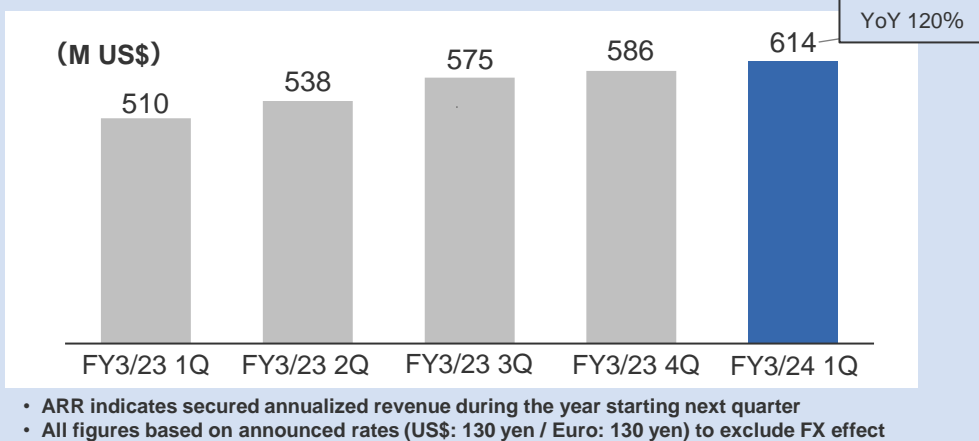
- Steady sales trend for both recurring and SaaS ratio



Notes: • Recurring revenue business ratio in total revenue  
• All figures based on announced rates (US\$: 130 yen / Euro: 130 yen) to exclude FX effect

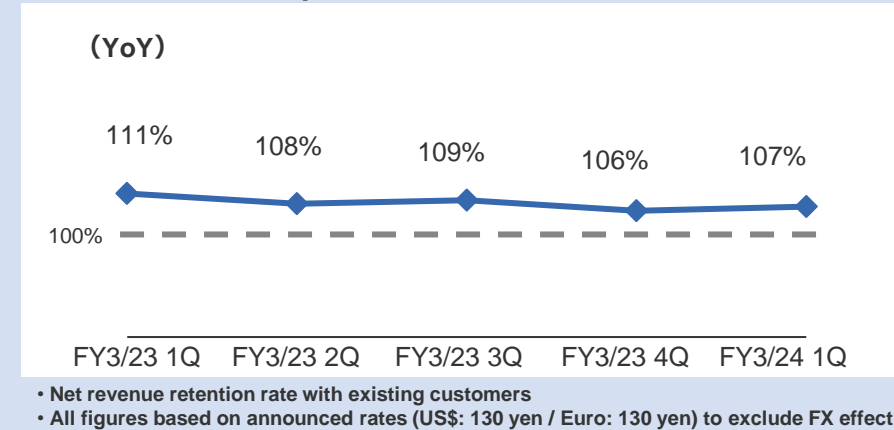
## SaaS ARR (Annual Recurring Revenue)

- Continuing steady growth



## SaaS NRR (Net Revenue Retention)

- Maintained retention rate higher than previous year with stable sales and profit



- ✓ In 1Q, adjusted OP (stand alone) increased by 3.1 bil. yen to 4.3 bil. yen, excluding strategic investment for future growth (product enhancement & synergy creation)
- ✓ For the full year, adjusted OP (stand alone) is also expected to increase

Breakdown of adjusted operating profit (yen: billions)

						Unchanged from May 10 announcement		
			FY3/24 1Q	FY3/23 1Q	YoY	FY3/24 E	FY3/23 Results	YoY
Stand alone (Blue Yonder)	Adjusted OP (excl. investments)	(1) – a – b	4.3	1.2	+3.1	8.7	6.8	+1.9
	(Additional strategic investment) *1	a	(-0.6)	(0.0)	(-0.6)	(-8.4)	(0.0)	(-8.4)
	(Synergy investment) *2	b	(-0.3)	(-0.4)	(+0.1)	(-2.8)	(-1.5)	(-1.3)
	Adjusted OP	(1)	3.4	0.8	+2.6	-2.5	5.3	-7.8
Panasonic Group consolidated- basis	Amortization expenses related to acquisition	(2)	-5.1	-4.2	-0.9	-20.8	-18.2	-2.6
	Temporary accounting treatment related to acquisition	(3)	-0.1	-3.6	+3.5	-0.3	-5.3	+5.0
	Adjusted OP	(1)+(2)+(3)	-1.8	-7.0	+5.2	-23.6	-18.2	-5.4

\*1: Additional strategic investment of US\$ 200M planned for 3 years from FY3/24 to FY3/26

\*2: Strategic investment to generate synergy with Panasonic Group

Overview

(yen: billions)	FY3/24 1Q	YoY (year-on-year)	PID Products*1
Sales	<b>249.0</b>	84% (81%)*2	220.6
Adjusted operating profit (% to sales)	<b>3.3 (1.3%)</b>	-21.0	2.8 (1.3%)
Other income/loss	<b>0.2</b>	-2.0	0.0
Operating profit (% to sales)	<b>3.5 (1.4%)</b>	-23.0	2.8 (1.3%)

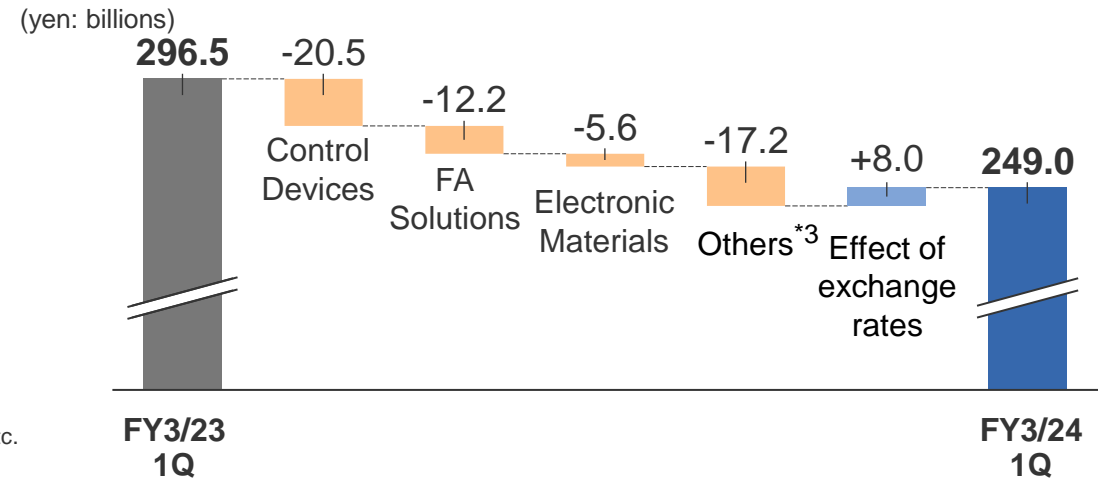
\*1 Figures of PID (Panasonic Industry Company) products exclude sales of other segment products (e.g. compressor), etc.

\*2: In real terms excluding the effect of exchange rates

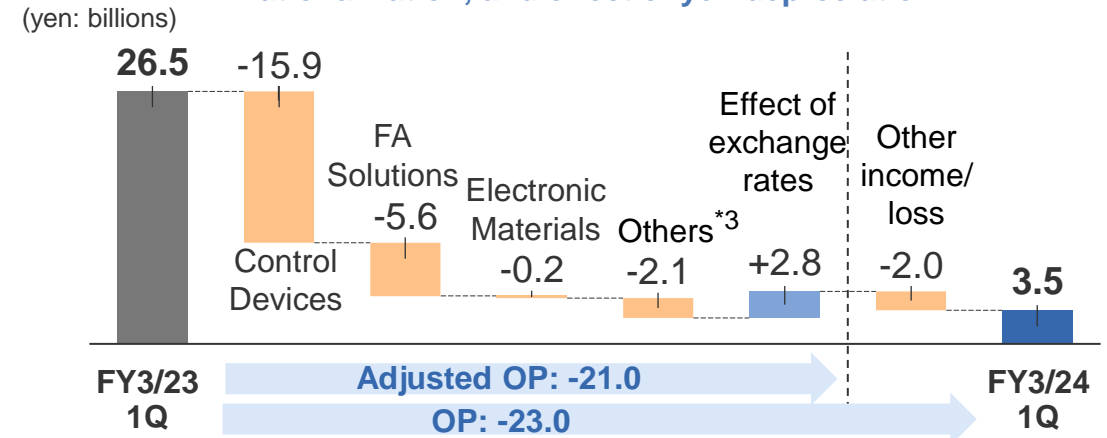
Major increase/decrease factors

Adjusted OP	Control Devices	FA Solutions	Electronic Materials	Other income/loss
	+ : Increased sales of capacitors for green vehicles, price revisions, and rationalization - : Decreased sales due to market downturn including ICT terminals, and deteriorating product mix	+ : Rationalization - : Decreased sales due to market downturn (FA in China) and deteriorating product mix	+ : Improved product mix, price revisions, and rationalization - : Decreased sales due to downturn in semiconductor market	Impact of gains from transfer of semiconductor business (additionally received payment) in FY3/23

Sales: Decreased due to downturn in market conditions (ICT, FA in China) and changes in semiconductor sales channel, despite increased sales including capacitors for green vehicles



OP decreased: Decreased sales due mainly to market downturn (ICT, FA in China) and deteriorating product mix, despite price revisions, rationalization, and effect of yen depreciation



\*3: Sales of other segment products, etc.

Overview

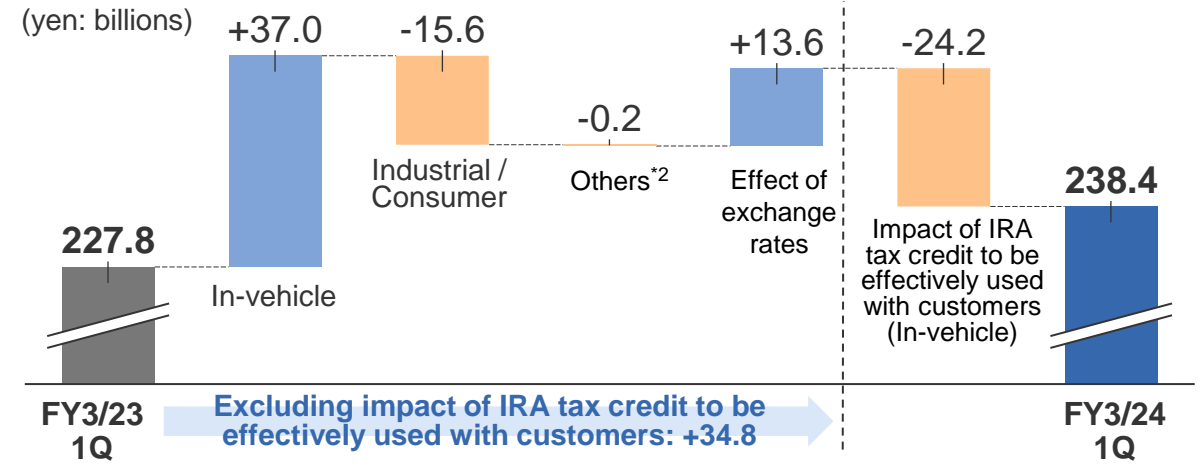
(yen: billions)	FY3/24 1Q	YoY (year-on-year)
Sales	<b>238.4</b>	105% (99%)*1
Adjusted operating profit (% to sales)	<b>30.2</b> (12.7%)	+13.7
Other income/loss	<b>0.7</b>	-0.5
Operating profit (% to sales)	<b>29.5</b> (12.4%)	+13.2

\*1: In real terms excluding the effect of exchange rates

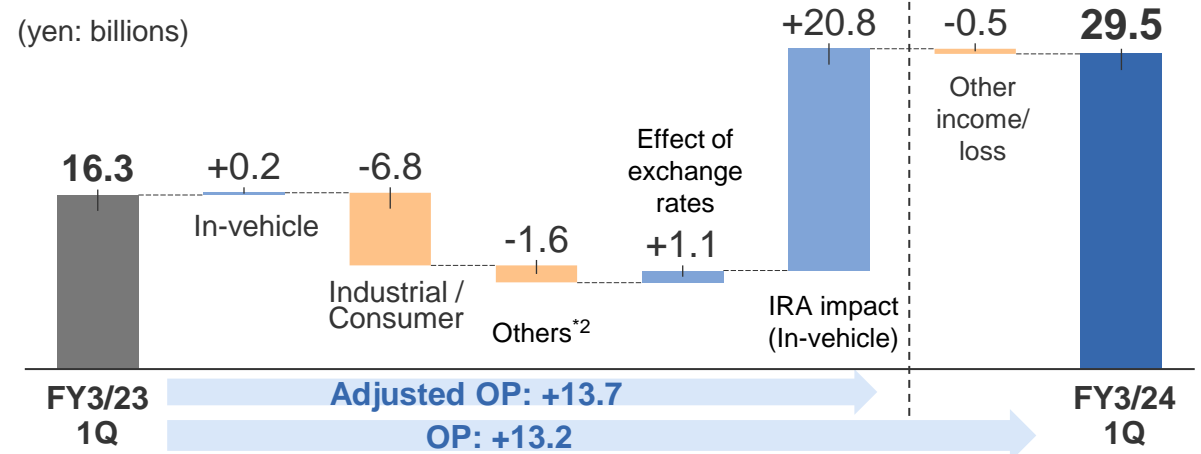
Major increase/decrease factors

Adjusted OP	In-vehicle	+ : • Favorable production & sales at North America factory • Normalized situation of material prices being reflected in sales prices • IRA impact recorded: Amount equivalent to half of tax credit for 1Q sales (22.5 billion yen) + amount equivalent to “effective use with customers” for FY3/23 4Q (-1.7 billion yen)  - : • Increased fixed costs (e.g. 4680 cells development, Kansas factory construction-related expenses)
	Industrial / Consumer	+ : • Fixed-cost reductions to counter decreased sales  - : • Decreased sales due to weakening market conditions (e.g. Li-ion batteries for consumer applications, energy storage systems for data centers)
Other income/loss	Investment write-down for lead-acid battery JV	

Sales: Increased excluding impact of IRA tax credit to be effectively used with customers (deduction of sales); favorable production & sales for In-vehicle, despite decreased sales for Industrial/Consumer



OP decreased excluding IRA effect; increased in In-vehicle due to increased sales & IRA tax credit impact, despite decreased sales of Industrial/Consumer, and increased fixed costs for In-vehicle



\*2: Segment head office, eliminations, etc.

# Reference: FY3/24 1Q Operating Profit & Net Profit

(yen: billions)

	<b>FY3/24 1Q</b>	FY3/23 1Q	YoY (year-on-year)
Operating profit	<b>90.4</b>	63.7	+26.7
Non-operating income/loss	<b>18.3</b>	9.8	+8.5
Profit before income taxes	<b>108.7</b>	73.5	+35.2
Income taxes	<b>97.8</b>	-20.9	+118.7
Net profit	<b>206.5</b>	52.6	+153.9
Net profit attributable to Panasonic Holdings Corporation stockholders	<b>200.9</b>	48.9	+152.0
Net profit attributable to non-controlling interests	<b>5.6</b>	3.7	+1.9

# Reference: Medium-term Management Indicators: KGI

(yen: billions)

	Cumulative Operating CF (FY3/23-25)	ROIC (FY3/25)
Lifestyle	660	10.0% or more
Automotive	200	6.4% <sup>*1</sup>
Connect	260	4.6%
Industry	390 or more	17% or more <sup>*2</sup>
Energy	330	12.0% <sup>*3</sup>
<b>Group Total</b>	<b>2,000</b>	<b>ROE 10% or more</b>

Note: Above data from presentation materials of Group CEO Briefing (April 1, 2022) and Operating Companies Strategy Briefing (June 1 & 2, 2023)

\*1 Revised from initial target (8.5%)

\*2 Revised from initial target (20.0%)

\*3 Excluding impact of US IRA tax credit and new investment (e.g. Kansas factory)

# Reference: List of Voluntarily Disclosed Businesses in FY3/24

Lifestyle (Panasonic Corporation)	Businesses with Sales Disclosed (Adjusted OP disclosed for underlined businesses)	Major Business Divisions, etc.	Note 1: Sales and profit of CNA (except certain businesses) are also included in LAS, HVAC, and EW
Living Appliances and Solutions Company (LAS)	<ul style="list-style-type: none"> <li>• Kitchen Appliances : Kitchen Appliances BD</li> <li>• Laundry Systems and Vacuum Cleaner : Laundry Systems and Vacuum Cleaner BD</li> <li>• Beauty and Personal Care : Beauty and Personal Care BD</li> </ul>		
Heating & Ventilation A/C Company (HVAC)	Sales disclosed by region (Europe, Japan, China & Northeast Asia)	Major Business Divisions: HVAC BD Europe, Commercial Equipment Solutions BD, Residential System Equipment BD	
Cold Chain Solutions Company (CCS)	-	: Hussmann Corporation, Cold Chain BD	
Electric Works Company (EW)	<ul style="list-style-type: none"> <li>• Lighting : Lighting BD</li> <li>• Electrical Construction Materials &amp; Living Energy : Electrical Construction Materials &amp; Living Energy BD</li> </ul>		
China and Northeast Asia Company (CNA)	-	: Smart Life Appliances BD, Building and Housing Solutions BD, Taiwan BD	
Others	-	: Sales of other segment products, segment head office, eliminations, etc.	
Automotive (Panasonic Automotive Systems Co., Ltd.)	<ul style="list-style-type: none"> <li>• <u>Automotive Cockpit Systems</u> : Infotainment Systems BD</li> <li>• Automotive Electronics Systems : HMI Systems BD, Automotive Systems BD, Ficosa International, S.A.</li> <li>• Others : Sales of other segment products, etc.</li> </ul>		
Connect (Panasonic Connect Co., Ltd.)	<ul style="list-style-type: none"> <li>• Avionics : Panasonic Avionics Corporation, Avionics BU</li> <li>• <u>Process Automation</u> : Process Automation BD</li> <li>• Media Entertainment : Media Entertainment BD</li> <li>• Mobile Solutions : Mobile Solutions BD</li> <li>• <u>Gemba Solutions</u> : Gemba Solutions Company</li> <li>• <u>Blue Yonder</u> : Blue Yonder Holding, Inc.</li> <li>• Others : Other businesses, eliminations, etc.</li> </ul>		
Industry (Panasonic Industry Co., Ltd.)	<ul style="list-style-type: none"> <li>• <u>Electronic Devices</u> : Electromechanical Control BD, Industrial Devices BD, Device Solutions BD</li> <li>• <u>FA Solutions</u> : Industrial Devices BD</li> <li>• <u>Electronic Materials</u> : Electronic Materials BD</li> <li>• Others : Electromechanical Control BD, Sales of other segment products, eliminations, etc.</li> </ul>		
Energy (Panasonic Energy Co., Ltd.)	<ul style="list-style-type: none"> <li>• <u>In-vehicle</u> : Mobility Energy BD</li> <li>• <u>Industrial / Consumer</u> : Energy Devices BD, Energy Solutions BD</li> <li>• Others : Segment head office, eliminations, etc.</li> </ul>		
Other	<ul style="list-style-type: none"> <li>• Entertainment &amp; Communication : Panasonic Entertainment &amp; Communication Co., Ltd.</li> <li>• Housing : Panasonic Housing Solutions Co., Ltd.</li> </ul>		Note 2: Equity method income/loss of Prime Planet Energy & Solutions, Inc. is included in "Eliminations & adjustments"
Eliminations & adjustments	<ul style="list-style-type: none"> <li>• Eliminations of intersegment transactions, adjustments of profits and losses not attributable to any segments, and adjustments of consolidations, etc.</li> </ul>		