

[English translation of the original Japanese]
Summary of the online meeting with institutional investors held on June 14, 2024

This is an English translation of the summary of the Q&A which was conducted in Japanese. Please note that there may be some differences between this summary and the simultaneous English interpretation provided for the online meeting.

[Date & time] June 14, 2024 / 8:00-9:00 (JST)
 [Venue] Zoom meeting
 [Moderator] Mr. Yasuo Nakane, Senior Analyst, Mizuho Securities Co., Ltd.
 [Panasonic Holdings Corporation] Yuki Kusumi, Group CEO
 Kazuyo Sumida, Group CSO
 Akira Waniko, Head of Corporate Finance, Accounting & IR Department



Q (Moderator) Mr. Nakane, Senior Analyst, Mizuho Securities Co., Ltd.

1	Q	Since the beginning of the year, the stock price has been around the 1,300 to 1,400 yen level. While other tech stocks have risen sharply, the situation has been challenging for Panasonic Holdings. Your balance sheet has seen an increase in capital, and it has been underperforming with a PBR of 0.7. How do you perceive this situation? Is there anything missing from the market's perception?
	A	<p>(Kusumi)</p> <p>The stock price was approximately 1,800 yen around this time last year, but yesterday it closed at about 1,300 yen. PBR of 0.7 means that investors are not satisfied with our results. I am aware this is a critical situation. Looking at the Group's businesses, we have yet to show results. One is in terms of profit levels. Among the three businesses that we have identified as growth areas, Blue Yonder is in the investment phase to generate value, but automotive batteries and A2W in Europe have not shown the expected results.</p> <p>Another is in terms of synergy. We have not yet demonstrated synergy from the businesses which we had expected synergy. This situation is truly critical. Among the various reasons, in the past, there was a hurdle rate of 5% operating profit. However, it was not executed as intended. Learning from this, Panasonic Holdings is determined to implement execution and we are working on this.</p> <p>Also, as I am the director of each operating company, it is important to analyze whether low profits are caused by structural weaknesses in competitiveness in the industry, or by business conditions, or by business' quality and competence. The measures to be taken should be decided based on the reason. Also, discussions are being made within the operating company that the measures should be taken with speed. Therefore, I do not believe that there are misunderstandings among investors. I recognize that this is the case with the current situation of the Company.</p>
2	Q	Since your appointment as Group CEO, what have you achieved or did not achieve, other than management figures? Please also provide the reason. It is still early to look back, but we, including investors, would like to get a hint of what will happen in the future.

	A	<p>(Kusumi)</p> <p>I started with the transition to an operating company system. The role of the holding company is to suffice what is lacking at the operating company and to conduct risk management as the Group. I believe it was a positive effect that president and the management team of each operating company can address their own businesses and customers in earnest.</p> <p>Also, in the past, we had not been able to improve manufacturing nor operations at many sites. In areas where our operational capabilities were stagnant, the holding company supported its operational frontline innovations. We are seeing progress, and as a result, we expect to achieve our medium-term operating CF target, despite not achieving our cumulative operating profit target.</p> <p>On the other hand, there are three main things that I have not been able to achieve. The first is that we have not been able to create a healthy sense of crisis. The second is operational reform. We have learned from Toyota in improving our frontlines and have started to see results by using digital technologies. However, when we look at the overall supply chain, modernization, including PSI processes, and DX are still only half-way. It will take more time to visualize and improve the speed of management. The third point, which is one of the things I wanted to change the most, is to have each employee taking on the challenge of daily improvement and reform, rather than following instructions. This is autonomous responsible management, what we call “employee entrepreneurship” in our management philosophy and basic business philosophy. However, the reality is that many workplaces are still conducted by superiors giving detailed instructions and employees following set procedures.</p> <p>These are the three things I have not accomplished. The reason is not being rigorous enough for the businesses lacking speed to make reforms, under this new operating company system where it was necessary to empower the operating companies.</p> <p>Last year, I announced to proceed with portfolio management, after the two years of focusing on enhancing competitiveness. This year, I will address it with a certain degree of rigor. In this context, we have established ROIC-based discipline.</p>
3	Q	It is a good thing that ROIC is set as a target and will be managed in terms of WACC + 3% points. The market feedback is also good, but why did it take so long in the first place? While WACC differs depending on the business and region, what kind of range is set? I would like to know the reason behind setting a +3% points Groupwide, and are there any exceptions?
	A	<p>(Kusumi)</p> <p>When we talk about “WACC by business,” it does not vary as much as 5% to 10%. Each is set at the range of around 4.5% to 7%. The expected WACC will be set considering factors such as latest interest rates. If we look at each operating company, businesses with WACC +3% points reach to a ROIC of around 9% to 10%. It also depends on the business situation, and we also consider competitors.</p> <p>From the beginning of this medium-term, we have monitored growth through operating cash flow and ROIC. ROIC is included in the operating company president's short-time incentive. However, there was a time when inventory management became less stringent due to supply chain disruptions caused by COVID-19, thus operating cash flow did not reach the target. We have been repeatedly reminding to be conscious of operating cash flow. Still, there were some cases where it took time.</p> <p>Please understand that it is not our intention to reach a uniform “WACC +3% points” for all businesses. The intention is to reach at least this level for businesses who are not even at this level. There are already business divisions achieving 15% or 20%. For those businesses, they should aim for a higher level, or use their profitable resources to take measures for further growth.</p>
4	Q	What portion of your businesses are below WACC, target of structural reform?
	A	(Kusumi) Excluding the businesses currently in the investment phase, there are 8 business divisions that are below WACC (and have negative growth potential). If we add business divisions which are lower than WACC + 3% points, the number is 11.
5	Q	For the number of businesses with issues to reach zero by FY3/27, we have about 2 and a half years from now. How do you see the current fiscal year and the next fiscal year leading up to that point?

	A	(Kusumi) If we want to reduce the number of businesses with issues to zero by the end of FY3/27, we have to set the direction by the end of fiscal FY3/26, looking into FY3/27. However, we will exclude businesses that are in the midst of investment for growth, and since TV is a necessary product in Japan's consumer electronics strategy, we will set hurdle rates separately from WACC and proceed with business reforms.
6	Q	Can we expect to see signs in the next fiscal year?
	A	(Kusumi) I am aware of the comments that it needs to happen sooner. However, in the past, we have pursued results within a short period, typically a single fiscal year. This has led to underinvestment, causing some businesses to fall behind in terms of operations. There are some businesses that need investments for recovery, so we have set the end of FY3/27 as the uniform target for announcement.
7	Q	We hope to see some sort of path through this fiscal year, so please continue to share your information.
	A	(Kusumi) I am fully aware of the speed at which investors expect us, from the conversations with investors. We also have a history of lowering fixed costs without investing in what we should invest in, trying to achieve short-term figures. I would like to ask for your understanding that we are now in the phase of prioritizing sustainable profitability and growth with the cash entrusted to us by our shareholders and investors.
8	Q	I have been covering your company for about 20 years. To begin with, do you have the DNA capable of making large-scale investments? When investors who have been watching your company for a long time say so, I can't really argue with them. Today's battery business is because of the acquisition of SANYO Electric Co., Ltd., but I think the return on investment is another issue. What do you think of the history of major investments such as semiconductors, PDP, and SANYO Electric Co., Ltd., and how is it different from current investments?
	A	(Kusumi) It is not a question of the scale of investment, but the weakness of each business' strategy. It may be true that today's battery business is because of acquiring SANYO. But the automotive prismatic battery business we inherited was not successful in terms of operational capability. I was directly in charge of establishing the joint venture with Toyota, as Director of the battery business division. There were various discussions within the company about whether Toyota should take the majority position, but I believed that Toyota should take the majority in order to fully implement the Toyota Production System in order to strengthen operational capability. This is why I made that decision. In other cases, there were issues in the business strategies of semiconductors and plasma TVs. As for plasma TVs, we proceeded with our strategy: plasma for large-screens and LCD for small-screens. As for semiconductors, in the early days of digital consumer electronics, we focused on semiconductors for digital appliances made within the Group and used them as tools for vertical integration. In the system LSI business, I was also involved in establishing a joint venture Socionext with Fujitsu. They are now producing results outside the Group. Therefore, I do not believe our investments were based on a medium-term perspective business strategy, including the case of acquiring SANYO.
9	Q	Some investors point out that the stock price would rise if you generated more free cash flow and returned it to shareholders. According to your answer, in the past, it was a matter of how the strategies were set, so if you can develop a strategy in the way it should be, you believe you will be successful?
	A	(Kusumi) Yes. Another point is that we could not quickly adapt to changes for the semiconductor and plasma business.

10	Q	<p>About changes in the business environment for automotive batteries, the bubble has burst a little and the growth curve has become what it should be. In Europe and other countries, regulations were quite unreasonable, but I believe they have become realistic.</p> <p>Looking at your strategy, rather than building plants one after another in a manner that ignores the constraints of management resources, cash flow, and human resources, I think it is a steady strategy of building one plant in about three years. As with your company, I think it is advantageous for companies that adopt relatively cautious strategies. That would be a point you can appeal more. Mr. Kusumi, how do you regard the changes in the business environment, both negative and positive impact to your company, and what measures you are taking in response.</p>
	A	<p>(Kusumi)</p> <p>As society moves toward carbon neutrality, it is not enough to swiftly make a complete switch to EVs. There is CO2 emission through battery production, and the main source of electricity is thermal power. While the situation differs from country to country, in the true sense of carbon neutrality we must strike the right balance. There are still issues regarding the convenience of EVs, including charging infrastructure and power grid supply. In fact, some consumers who purchased EVs are switching back to plug-in hybrids. Anticipating this situation, we did not expect the sharp penetration of EVs to continue. Also, we only make investments within the agreement made with our customers or discuss the burden of such investments with them. This is what we have decided from the beginning of this business.</p> <p>On the negative side, we are sometimes criticized for losing in the scale competition. However, above a certain scale, we are not at a disadvantage in sourcing materials, and we have the advantage of a certain degree of flexibility. As long as we proceed according to our policy, we will not make investments without prospects. We hear concerns about profitability excluding IRA tax credit. We have learned a lesson that we were unable to swiftly take measures for the lower demand for 1865 cells for a certain model, produced in Japan.</p>
11	Q	<p>You used to be the battery business division director. As you mentioned, do you still believe that if you have a certain scale, you can compete basically with your advantages in terms of density, recipe and safety?</p>
	A	<p>(Kusumi)</p> <p>Yes. In addition, in terms of equipment productivity and labor productivity. How to raise utilization with less expensive equipment. If we are not competitive in this sense, it will be a matter of competition of unit price per Wh. We are working to raise this type of competitiveness.</p>
12	Q	<p>The Nevada factory has achieved ROIC over 10%, and you mentioned to aim for the Kansas factory reaching that level in about three years. Will the investment in the Kansas factory stay within the budget amid rising investment costs in the US?</p>
	A	<p>(Kusumi) Of course. The plan is to recover the investment, despite rising construction costs, etc. It will take a little longer, but the rule of our battery business is never to fall into a situation that we build a factory but there is no operation.</p>
13	Q	<p>The Kansas factory will be launched within this current fiscal year. Is there any risk that demand will not be met and you will be behind schedule from the first year?</p>
	A	<p>(Kusumi) I believe there will be no such issues.</p>
14	Q	<p>I expect the Kansas factory to ramp up as planned next fiscal year. We have received two straightforward questions from investors: "Even if things change now, you should spin off the battery business." "You should bring in management personnel from outside."</p>
	A	<p>(Kusumi)</p> <p>I think the opinion that we should list the business includes the idea of raising funds, but I don't think it is the right time to change the shape of the company, based on the assumed scale of the current demand.</p>

15	Q	You are also Director of Panasonic Energy. There are no issues with the current management?
	A	(Kusumi) No issues. They understand the market and customer trends and can quickly amend their past decisions when necessary.
16	Q	Questions from participating investors. "According to Tesla shareholder's meeting, they are going to mass produce large commercial trucks, and their stationary storage battery business is growing very fast. Is Panasonic able to take advantage of these developments?" and "The development status of 4680; mass production is to start at the same timing with your competitors, is there anything you can share with us?"
	A	(Kusumi) In terms of schedule, as we have already announced, 4680 will be shipped from Wakayama. The bigger size of the battery, the more difficult it is to secure safety and reliability at high battery capacity. And how we can secure this level is important. We will surely meet the standards of safety and reliability that our customers demand. In particular, lithium-ion batteries can cause serious problems if they ignite. This is why we revised the schedule to ensure this safety level. Apart from in-vehicle batteries, demand for generated AI servers and data centers is growing. Since we are supplying them to companies that operate data centers with which we have business in the past, there are new business opportunities. However, compared to in-vehicle batteries, the volume is completely different. In-vehicle batteries are larger.
17	Q	Sales for industrial/consumer batteries for data centers have grown significantly, and the position is also very good. Not only cells, but also module systems, so there are high expectations that sales per project will grow. I think it will boost profits in your battery business. On the other hand, in the automotive battery business, we cannot see the difference in profitability between you and your competitors. How do you think you can outperform when you cannot compare economies of scale?
	A	(Kusumi) It is not that scale alone will increase profitability. We need to lower the cost of materials for the same recipe and increase productivity. What's more, having a good grip with our customers and set prices based on their evaluation of the product value. Material prices fluctuate, so we need to agree with the customer to ensure profitability. Last fiscal year, there was an impact of recording of a temporary loss related to past manufacturing-process issues. It was an issue concerning battery capacity and we have taken measures to prevent this from happening in the future.
18	Q	After the Kansas factory, can we assume that there would be an expansion? It seems there is still plenty of land and it is not efficient to build many plants in different places.
	A	(Kusumi) With EV demand slightly slowing down, it is not the time to decide on a third location right now. As with any factory, it is better to concentrate as much as possible in one location, because indirect costs can be dispersed. In the case of the Kansas factory, I have instructed to increase productivity per floor space.
19	Q	In Lifestyle, 5% operating profit is low compared to competitors. Which is management focused on: increasing sales or profitability? What is Lifestyle's growth strategy?
	A	(Kusumi) Japan and Asia are promising markets for new lifestyle hardware. The Japanese market itself is not expected to grow very much, but it will depend on the regional business conditions, what kind of products should be launched to increase market share and what measures will be taken to achieve growth. From the perspective of hardware, there will be severe cost competition in all markets. This is also the case in the Japanese market, where Japanese-brand white goods are managed by Chinese companies. As long as we continue the hardware business, we will have

		<p>to develop cost competitiveness enabling us to compete in any market. Once we had our China white goods business managed independently in China, they exerted great strengths. To gain the necessary cost competitiveness, they pursued material costs and productivity. By deploying the China cost competitiveness to Japan and Asia, we aim to regain market share in Japan, continue to work hard in China, and transfer the competitiveness to Asia. By doing this, we can achieve both profitability and growth. Last fall, I asked Mr. Dohno, who had been working on such initiatives in China, to take over the head of Living Appliances and Solutions Company. I think we can speed things up this from now.</p> <p>However, there is a limit to how much we can do in the hardware business. With diversifying needs, each family faces different problems. In order to address these problems, we have Yoky Matsuoka take on the challenge with the business called Yohana. We build direct digital contacts with family customers. By doing so, our aim is to expand the ways of being close to our customers' daily lives and when they use our home appliances, over the medium to long term. While doing this, we are trying to reach an intersection with our existing hardware businesses in a few years.</p> <p>We estimate there are approximately 20 thousand Panasonic Shops in Japan, and there was a time when many faced issues regarding the age of shop owners. Some of them have been able to pass it on to the next generation. On the other hand, there are people who want to try to manage such shops, so I think these are valuable assets. We will also work on digitalizing customer contacts.</p>
20	Q	Question from investors. "Given your mixed track record on M&A, how has your process changed from the perspective of not making any more mistakes?"
	A	<p>(Sumida) In the M&A process, the holding company sets up a committee to act as a gate keeper for each operating company's investment and divestiture. The committee discusses the content, strategy, the merits and demerits of the strategy, and the conditions from various angles. It also advises and monitors the operating companies. The final decision is to be made by the operating company or holding company depending on the investment criteria. At that time, the results of the discussions are feedbacked and discussed at the board meeting. They are checked from various angles. Learning from the various setbacks in the past, PMI review is thoroughly conducted in advance, and the process has been established to avoid similar cases.</p> <p>(Kusumi) In the past, there were cases when M&A seemed to be the goal. In those cases, PMI was not properly observed. On the other hand, there were cases where the operating company was eager to make changes. An example is the acquisition of an Anchor in India. It took time, but manufacturing was thoroughly improved at Anchor, envisioning how the business wanted to be in India. This was a major factor in the success of PMI. Four or five years ago, the importance of PMI was finally widely recognized learning from past cases.</p>
21	Q	Since Anchor is really making profits, why don't you disclose the entire P/L at briefings? From our perspective, one of the reasons why track records are thought to be bad is that we can't see from the outside how the acquired company actually changed, both qualitatively and quantitatively. On the other hand, it would be great if you could disclose good examples.
	A	<p>(Kusumi) In the case of Anchor, we were able to make a company that was already profitable even more profitable.</p>
22	Q	A question about the business portfolio. "Investors are not looking for short-term profit expansion. Rather, what kind of company will you become? To be honest, I don't feel much synergy with this business portfolio. Investors are concerned because we cannot see what kind of company it will become. Does the company have a clear vision of the medium- to long-term direction?" I think this question is a concern about not being able to see synergies and not being able to assign a valuation.

	A	<p>(Kusumi)</p> <p>We have received many such comments, so we are considering showing a bird's-eye view of synergies for us. There are three types of synergies. Synergies in connecting with customers, synergies related to technology, and synergies related to operations. I believe we need to arrange an opportunity to explain how we think about synergies in each business.</p> <p>Synergies that are difficult to see from the outside are especially in the area of Lifestyle. It is not B2C, but rather B2B2C and B2B. Such products include air-conditioning, energy management, hydrogen, and building materials including electrical construction materials, wiring devices, lighting, mainly in Japan. In most cases, these are sold separately, and we respond when we receive inquiries.</p> <p>Electrical construction materials, wiring devices, and lighting in Japan have been strong businesses. We have been able to deal with architectural firms to a certain extent, so we have a very large market share. This is another asset. However, today, the question is, what kind of buildings to build using such diverse products. For example, combining face recognition technology of Connect. Such proposals are made separately. We are quite behind with such B2B marketing and account management compared to other companies.</p> <p>We aim to exert synergy in terms of B2B, reforming the situation where we are not directly dealing with customers. This is an important agenda in the next medium term, two or three years from this fiscal year.</p> <p>There is no common synergy throughout all businesses within the Group, but I would like to show in an easy-to-understand form that there are synergies in other areas, such as technology synergy and operational synergy.</p>
23	Q	<p>Lifestyle, including former Matsushita Electric and MEW, engage in both B2C and B2B, and has successfully consolidated its sales channels through product integration, efficiency, and differentiation. This mix would become visible in the next Medium-term strategy. In addition, Connect and other operating companies will be successfully connecting customer database. This is my take.</p> <p>Here is another question: "You mentioned the lack of a sense of crisis among each employee. Are there any measures you are taking to create the healthy sense of crisis?"</p>
	A	<p>(Kusumi)</p> <p>Each employee should be taking on the challenge to pave their own way. However, today, they face restrictions by various rules based on past mistakes. I have the impression that when I joined the company, I was able to do things more freely than now. Even when as a new employee, if I made various suggestions, I was able to make a try. Today, such a situation is quite rare, and it is difficult to raise one's motivation.</p> <p>Originally, our company had a management philosophy and a basic business philosophy established by the founder, and the culture was to take on challenges based on these. However, today, employees are working under rules. If you look at companies outside Japan, they are becoming more and more principle based. I have been calling for a return to such a company since I became CEO, but it has not changed much. The personnel policies remain old-fashioned and those who have been raised in this culture do not know what to change. For this reason, as recently announced, we invite Mr. Tatsuo Kinoshita, who has experience in GE's overseas business, and Mercari.</p>
24	Q	<p>We have received a question related to that news. It was interesting for me too. I think the assignment is related to HR of the Group, and to involve in HR at each operating company. On the other hand, each operating company has its own unique system, which is one of the strengths of the operating company system, so I'd like to see that highlighted. With Mr. Kinoshita as Group CHRO, what are your expectations in terms of the relationship between the operating companies?</p>
	A	<p>(Kusumi)</p> <p>In terms of the structure of our company, the Group CHRO appoints CHRO's of operating companies. As Group CHRO, Mr. Tatsuo Kinoshita will extensively support the operating</p>

		companies. I have high expectations that he will exert his strengths to change the operating companies' culture to a principle-based one, while respecting the circumstances, environment, and characteristics of each operating company. One of the reasons I invited him is that he had actual experience in principle-based management at GE, a conglomerate company.
25	Q	The main point is that he has the authority to manage the CHROs of each operating company, so he will introduce principles and rebuild the system based on them.
	A	(Kusumi) I expect that the necessary changes will be identified, and he will take action to change what should be changed.
(Kusumi) Finally, I fully recognize that the current situation is not meeting the expectations of investors. I am strongly determined to proceed with this reform, and I would like to ask for your continued support.		

Disclaimer Regarding Forward-looking Statements

This document includes forward-looking statements about Panasonic Holdings Corporation (the "Company") and its Group companies (the "Panasonic Group"). To the extent that statements in this document 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. The Company undertakes no obligation to publicly update any forward-looking statements after the date of this document. Investors are advised to consult any further disclosures by the Company 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 demands for corporate capital expenditures in the major markets including, but not limited to, the Americas, Europe, Japan, China and other Asian countries as well as changes of demands for a wide range of electronic products & parts from the industrial world and consumers in various regional markets; excessive currency rate fluctuations of the U.S. dollar, the euro, the Chinese yuan and other currencies against the yen having an impact on costs and prices of the Panasonic Group's products & services as well as certain other transactions that are denominated in these foreign currencies; increased costs of or limitations on raising funds, because of changes in the fund raising environment including interest rate fluctuations; current or future political or social trends in and outside Japan or changes in rules & regulations of international trade, commerce, R&Ds, production or sales having impact on the Panasonic Group or the business activities in its supply chain; introduction or enhancement of rules & regulations or abolition or reduction of tax benefit or subsidy related mainly to the environment issues including the climate change as well as to responsible supply chain (in terms of human rights, labor, health & safety global environmental conservation, information security, business ethics and others); increased costs resulting from a leakage of customers' or confidential information from IT systems of the Panasonic Group or its supply chain or business suspension caused by unauthorized access, cyberattacks or any other form of malicious, actions on the IT systems or from vulnerability of network-connected products; failure to secure or retain enough workforces to execute its business strategy; failure to retain its competitiveness in a wide range of products & services or in major countries & regions; failure to produce expected results in alliances with other companies or M&A (mergers & acquisitions) activities; failure to produce expected results in current or future business transformations of the Panasonic Group; occurrence or lengthening of disruptions in its supply chain or logistics for or price hikes in parts & materials; downward price pressure or decrease in demands for the products at a level that can be offset with efforts by the Company; failure to respond to future changes in the market needs with technological innovations or to timely utilize new technologies such as AI (Artificial Intelligence); increased costs or losses caused by occurrence of events such as compliance violations (including those related human rights or labor issues) or serious health & safety accidents in workplaces; increased costs or losses resulting from any defects or quality frauds in products or services of the Panasonic Group; infringement by third parties of intellectual property owned by the Panasonic Group or restrictions on the use of intellectual property owned by third parties; administrative/criminal penalties or compensations/damages claims resulting from violations of laws and regulations; large-scale natural disasters, global pandemics of infectious diseases, terrorism or wars; fluctuations in market prices of securities and other financial assets in which the Panasonic Group has holdings, excessive fluctuations of valuation of non-financial assets, including property, plant and equipment, goodwill and deferred tax assets, or changes or tightening of accounting policies or rules; The factors listed above are not all-inclusive and further information is contained in the most recent English translated version of the Company's securities reports under the FIEA and any other documents which are disclosed on its website.