

## **Summary of the meeting with institutional investors held in March 2026**

This is an English translation of the summary of the Q&A that was conducted in Japanese. Please note that there may be some differences between this summary and the simultaneous English interpretation provided during the meeting. Unless otherwise stated, all responses were provided by Yuki Kusumi, Group CEO.

- [Date & time]      1<sup>st</sup> session: March 4, 2026, at 17:30-18:30 (JST)  
                            2<sup>nd</sup> session: March 5, 2026, at 08:00-09:00 (JST)
- [Meeting format]   Online group meeting (FSC: Fireside Chat)
- [Moderator]        Mizuho Securities Co., Ltd.
- Yasuo Nakane, Global Head of Technology Research, Equity Research Dept.
- [Speaker]           Panasonic Holdings Corporation
- Yuki Kusumi, Group CEO
  - Kazuyo Sumida, Group CSO
  - Yoshimasa Nagamachi, Head of Corporate Finance, Controlling and IR Dept.

### **Looking back on the past two years:**

Q: At the time of our previous FSC in June 2024, Panasonic's share price was around 1,300 yen, with a PBR of approximately 0.7. Since then, the share price has recovered significantly, and the PBR has risen to above 1.0. With respect to this recovery, to what extent do you think the market reflected the external environment and the company's own initiatives in its assessment?

A: First of all, I would like to thank the many investors participating in today's FSC. At Panasonic Group, we are firmly committed to continuously enhancing corporate value in return for the shareholders' equity entrusted to us. Regarding our share price, it is determined by the market based on a comprehensive set of factors. Therefore, it is difficult for us as a company to attribute the recent movements to any single cause. From an external perspective, although the Nikkei 225 has risen sharply, the increase in our share price has been modest. However, our PBR has improved from around 0.7 to the 1.0 level. Looking at factors related to our own initiatives, we have made progress in portfolio management, and the strategic direction for our automotive and housing businesses has become clearer. In addition, our personnel optimization efforts toward achieving the adjusted operating profit target of 600 billion yen for FY3/27 are progressing ahead of plan. I believe that the increased visibility of reaching this target has been viewed positively by the capital markets. That said, personnel optimization is only the first step in our broader transformation. We will continue to build on these initiatives to drive sustainable growth and further enhance corporate value.

Q: At the FSC two years ago, you highlighted “cultivating a sense of crisis,” “operational reform,” and “autonomous responsible management” as key challenges. Could you provide an update on the progress made over the past two years?

A: These initiatives are ongoing and do not have a defined endpoint, so we continue to advance them steadily. While the level of progress varies by business, our operational reforms (e.g., PSI, DX, visualization) have not yet reached the level we aim for. Regarding autonomous responsible management, the increased awareness of “proactively enhancing one’s business and delivering results” brought about by the operating company system, has been a significant achievement. On the other hand, there are cases where decisions tend to be optimized at the individual business level. However, it is the Group as a whole that is ultimately evaluated by the capital markets. Therefore, management decisions must be made from the perspective of overall optimization at the Group level. Based on this recognition, we have announced that, effective April 1, 2026, all presidents of the operating companies will concurrently serve as Business CEOs and Executive Officers of Panasonic Holdings Corporation. This new structure is intended to evolve into a system that enables medium- to long-term decision-making, supported by active discussion and alignment on Group-wide optimal solutions. Through these efforts, we aim to steadily enhance Group-wide value creation.

**Group CEO responsibilities and group-wide management:**

Q: In the past, the Group CEO concurrently served as a board member of each operating company. However, you are now fully dedicated to group-wide management. With this change in the management structure, how have your oversight of the operating companies and the role of the holding company evolved? In addition, could you describe how decision-making and situational awareness have changed, particularly through the 3-on-3 meetings with the CxO-level executives?

A: When I served as a board member of an operating company, the meetings—often attended by many people—tended to focus on formal reporting, making it difficult to engage in deeper discussions. With the current 3on3 or 1on1 meeting format, it has become possible to share information more frankly and in greater detail, which I believe has improved the quality of decision-making. In addition, under the former dual structure of Lifestyle segment, the scale of Panasonic Corporation was large, and my involvement as a board member occasionally created a certain distance from the day-to-day business operations. The purpose of the recent reorganization of Lifestyle segment is to strengthen group-wide coordination and enhance the quality of decision-making. Under this new system, Holdings will proactively make decisions and, when necessary, provide counterproposals to improve both quality and speed of decision-making. This is the primary objective of the structural change.

### **Structural Reform:**

Q: Looking from the outside at the framework of Holdings, operating companies, and Panasonic Operational Excellence (PEX), I have doubts about whether this is the optimal structural design. Over the past two years, I was not able to get a clear explanation, but I feel that I am finally seeing the direction you are heading. I understand that CEO Kusumi was not directly involved when this system was structured at the time of your appointment, and it must have been realistically difficult to make significant changes to it. Could you explain what issues you recognized over the past two and a half years, the factors that led to the organizational reform announced last year (February 2025,) and your thoughts on going forward?

A: To understand our system design, we need to look at some history. Based on our founder Konosuke Matsushita's policy of "functional specialization," the system of delegating authority to the operational frontlines worked effectively for a long time. In 2000, during Kunio Nakamura's reform, the businesses were grouped into a single conglomerate. However, as the scale expanded, we began to see issues such as increasing formal approvals and a deterioration in decision-making speed and quality due to a certain disconnection between the realities of the business and the head office.

Taking these challenges into consideration, the operating company system was introduced to delegate decision-making to the businesses and minimize head office involvement. This system was designed before I assumed the role of CEO, and I understand that its objective was to reduce the burden on the CEO overseeing all businesses. However, in practice, the dual-layer structure brought complexity and slower decision-making. Soon after assuming office, I became acutely aware of this issue, but it was difficult to change the entire framework immediately. The lack of sufficient results in the previous medium-term strategy became the catalyst for gaining company-wide consensus and moving forward with the reform.

Going forward, together with the heads of operating companies, we will shift to a system that enables management decisions based on overall Group optimization. While the founder's principle of "functional specialization" remains ideal, over the past 20 years, the structure — including the equity structure with overseas affiliates and sharing manufacturing sites — has become highly complex. Therefore, it is unrealistic to restore the system to its original state immediately. Within these constraints, we are working to improve decision-making quality under the current framework.

Q: With the structural reform, expenses and personnel of Holdings and PEX are being reviewed on a zero-based approach. While you are aiming for a lean structure through business portfolio reform, is it your policy to control costs and avoid increasing the ratio to sales? How will the organization and roles change?

A: There are four main roles for Holdings: portfolio management, capital allocation, monitoring the

strategy and performance of subsidiaries, and making the decision to replace management in cases of underperformance. Based on the issues that appeared related to the transition to the operating company system in 2022, we began with the thorough implementation of “the Basic Business Philosophy.”

From the perspective of enhancing competitiveness, we have worked on building systems that enable effective strategy execution and promoting cultural reforms to maximize the potential of our employees. Appointing the head of HR from outside the company is part of this effort. In addition, we strengthened portfolio management and risk control. With these initiatives, we are now sharpening our operations in alignment with the fundamental role of a holding company. Furthermore, we aim to reduce the FY3/27 budget by 30% compared to FY3/24 through a zero-based review of operations. For PEX, we streamlined certain operations transferred from Holdings and clarified its role as pure shared services. By increasing its capability to the level of being able to compete with external Business Process Outsourcing (BPO) companies, we intend to gain business from outside the Group in the future. Although the logistics and procurement functions have not yet been fully consolidated, we are steadily advancing their integration while ensuring proper governance. By clearly dividing their roles and sharpening them, we aim to control cost-to-sales ratio and form a lean organizational structure.

Q: Regarding R&D as a Group, what are your thoughts on the division of roles between the Group and operating companies? With this structural reform, how did you review such items as theme selection, organization, and KPIs? In addition, given the R&D expenditures of 420 billion yen for FY3/26, how will the structural revision improve efficiency and change the cost structure?

A: Since the roles of R&D differ between the Holdings and the operating companies, I will focus here on the R&D conducted at the Holdings level. There are two major points in this review. The first point is the acceleration of AI utilization. Under the leadership of Executive Officer Yoky Matsuoka, AI research has been conducted at Panasonic Well, but there was a need to speed up the implementation of these technologies into the businesses. Therefore, we revised the system by having Akira Sakakibara, Chief Technology Officer (CTO) of Panasonic Connect and an expert in the AI field, concurrently serve as Group Chief AI Officer (CAIO) of Panasonic Holdings. This enables research outcomes to be incorporated into daily operations and businesses more swiftly. We also narrowed down themes into priority areas, including the US site, shifting toward AI development that directly translates into business, rather than fragmented research.

Second, we redefined the R&D area outside AI. I am discussing with Group CTO Tatsuo Ogawa whether there is a clear business hypothesis, rather than just technical interest. We will narrow down our focus to areas where there is a clear path to the goals, even if there is some risk that the outcomes may not play out as expected, and prioritize areas that can serve as the Group's

common technology platform. Accordingly, we aim to review theme selection and organizational structure, and thoroughly implement a selection and concentration approach.

**Appointment of external talent:**

Q: I would like you to talk about hiring of external talent as well as internal promotion. What triggers or processes lead to the recruitment of external personnel? As the Group, what roles do you expect of Hajime Tamaoki, President of Panasonic Operational Excellence and Akira Sakakibara, whose new responsibility is Group CAIO?

A: As for the appointment of external talent, our fundamental view is that such positions are ideally filled internally whenever possible. However, we have a structural issue. Since 2000, organizations and operation processes have not undergone major changes, and the current status has become the norm; particularly in the core layers of the Group, most of whom are in their late forties. To overcome this, I considered it indispensable to bring in external perspectives, especially for the top layers of functional areas. However, this does not mean that anyone from outside will automatically succeed. We prioritize alignment with the Basic Business Philosophy, utilize third-party evaluations, and carefully assess candidates whose values fit ours. I have found that people with experience at companies that have a clear management philosophy and value fair judgement — such as P&G, GE, and Amazon — fit well with our company.

For example, when I assumed the role of CEO, our IT modernization was far behind. So, I invited Hajime Tamaoki as Group CIO to reorganize it. He promoted Group-wide operational process innovation (PX) beyond IT, and with the expansion of the areas he is now responsible for, the CIO role will be succeeded by Hideyasu Chikata. He previously worked at our company, then gained IT operations experience at Daikin, and returned to us having learned about Hajime Tamaoki's reforms. He therefore brings both external experience and internal understanding.

As for Akira Sakakibara, I expect him to raise the level of AI utilization to the next level across the Group, embedding the expertise of external talent. The "Umi" data & AI platform, promoted by Yoky Matsuoka during the tenures of the previous CEO Kazuhiro Tsuga, was moving in the right direction. However, considering the speed of AI evolution, it is necessary to proceed in a way that ensures research directly translating into business results, rather than operating as an independent laboratory. Therefore, Akira Sakakibara, CTO of Panasonic Connect, the frontline of IT, will concurrently serve as CAIO, establishing a structure to lead the Group-wide AI strategy. He is an engineer with experience at IBM and possesses a high level of expertise. I expect him to leverage this experience across the Group.

**Business operations: Role of Holdings**

Q: Regarding the role and authority of Holdings, what do you think its role should be during the reorganization? It seems that your way of thinking has changed over the past year, including PEX. While you maintain the operating companies' specialization and sharpening, along with

autonomous management, I have the impression that the involvement in financial discipline, strategy, and personnel is higher. I would like to hear your current thoughts.

A: I do not intend to expand the role of Holdings. Our objective is solely to improve the quality of decision-making. To achieve this, we enhance our ability to see through operations and promote closer communication. There is no intention to step into the businesses themselves, nor have I changed the fundamental role itself.

(Additional comments by Kazuyo Sumida, Group CSO)

This relates to the management personnel structure mentioned earlier. Each operating company also needs to adopt a bird's-eye perspective and formulate its strategy in collaboration with Holdings. We transitioned to this structure in the second half of FY3/25. As a result, the quality of operations and activities, as well as the density of communication, has significantly improved. In addition, our role and positioning as Holdings have become much clearer.

**Optimization of the Group and each operating company:**

Q: I would like to ask about individual optimization of operating companies and Group-wide total optimization. Can you share examples of Group-wide collaboration that is actually in progress from the perspective of customers, technology, and operations?

A: First, from the customer perspective, regionality and customer characteristics vary among businesses, so there are certain limits to how collaboration can be made. In Japan, a flagship development project is the ES CON FIELD HOKKAIDO (baseball park in Japan), involving close collaboration between Electric Works and Gemba Solutions of Connect. What matters is our engagement with corporate customers. Electric Works has refined expertise under the leadership of CEO Kiyoshi Otaki, while Connect has deep involvement at the operational frontlines of customers who entrust us with the management of their restaurant chains. HVAC & CC also have unique strengths. By learning from each other and leveraging these capabilities, we can expect a meaningful impact.

In the Solutions area, the Avionics business has evolved into a business model deeply engaged in enhancing the service value of airline companies. In the Cold Chain business, US-based Hussmann follows a similar approach, although hardware sales remain the mainstay. In this Solutions area, we expect that the expertise and experience of Hirofumi Suzuki from SAP Japan, who is joining us this time, will contribute significantly.

From the technology perspective, we have begun to see fruitful results from collaboration among multiple businesses, in addition to Group-wide initiatives such as the development of an AI platform. A good example is peak shaving for GPU solutions conducted by Industry and Energy. Energy CEO Kazuo Tadanobu is the former head of the capacitor business, and Industry CEO Masato Ozawa previously reported to him. With this strong working relationship, they are

expanding technical decision-making and application capabilities. For the supercapacitor currently under development, Industry's chemistry-based technologies are combined with Energy's high-current assembly technologies from its battery business. The cross-rotation of executives with technical backgrounds is leading to the creation of new applications.

From the operations perspective, first, enhancing the competitiveness of PEX itself is an essential condition. Regarding the procurement and logistics functions, there is still room for further integration. Accordingly, we plan to integrate these functions to enhance operational efficiency through economies of scale. Higher competitiveness will allow PEX to provide services to companies outside the Group. In fact, PEX in China is already providing services to external companies.

Q: When managing AI at the holding company, are you considering building topic-specific platforms and establishing a function that integrates them vertically?

A: Building a vertically integrated platform by topic would be possible for a company with similar business structures. But our business portfolio is very diverse, and it is not realistic to impose a single framework across the entire Group. That is why we defined three areas, each of which will evolve in its optimal way within its area.

**Individual businesses - former Lifestyle segment:**

Q: In the former Lifestyle business areas (e.g., Smart Life, HVAC, Cold Chain, and Electric Works), it appears that profitability improvements in "businesses with issues," such as kitchen appliances and air conditioners, have been progressing slowly. With the current structural reform, can they realistically overcome being classified as businesses with issues by the end of FY3/27? Also, A2W (hot water heat pump systems) seems to require a longer period for improvement. Is there a possibility that additional restructuring expenses exceeding 50 billion yen will be required again?

A: For the Kitchen Appliances business, we aim for a significant improvement by fully leveraging China's supply chain and deploying it to Japan and other Asian markets. Looking at other Japanese consumer electronics brands, many have already undergone structural reforms under Chinese ownership. We have also shifted parts of our Japan operations to China and are striving to reach a comparable level of competitiveness. For the refrigerator business, we expect a full-fledge profitability improvement with the new 2026 model. For cooktops, we are promoting the shift to a lighter-asset structure by transferring the headquarters functions to China.

At HVAC, we have closely reviewed unprofitable businesses from both product and regional perspectives, and we see that A2W in Europe, RAC (room air-conditioners) in Japan, and commercial air-conditioning business, each improving toward profitability level on a quarterly basis. As for A2W, given the substantial amount of invested capital, we are taking a cautious

view, but profitability is steadily improving. We are working to ensure the business reaches at least the above-WACC level and then to stably achieve WACC+3%.

For Smart Life, the current profit deterioration is primarily due to inventory disposals related to the structural reform of the TV business in FY3/26, which had a significant impact on adjusted operating profit. The business itself is not deteriorating. Through collaboration with SKYWORTH, the business is shifting toward an asset-light strategy and is moving steadily toward improvement.

Through these initiatives, our first milestone for businesses with issues in the former Lifestyle is to exceed WACC in FY3/27, and then to stably achieve WACC+3% in the next medium-term plan.

Q: It seems like you are working on the asset-light strategy mainly for non-profitable businesses. On the other hand, is it not possible to apply an asset-light strategy even to highly profitable businesses, such as the beauty and personal care business? What will be the decision-making criteria for determining which businesses will adopt the asset-light strategy from a medium-term perspective? I would also like to know how you evaluate the competitiveness of manufacturing and procurement functions.

A: There are several patterns for applying the asset-light strategy. In the sales area, the long-standing operational inefficiencies are the main reasons for high fixed costs and low sales efficiency per person. When comparing the marketing and sales departments in Japan and Taiwan, Taiwan's efficiency is higher. Based on these benchmarks, we are working to make Japan's sales departments leaner in the fourth quarter of FY3/26.

In the manufacturing area, the decision depends on the source of differentiation. If the manufacturing process itself is the source of value, outsourcing could impair that value. On the other hand, in areas where large scale determines cost competitiveness (e.g., TV panel procurement) or where the manufacturing process does not directly contribute to differentiation, there are benefits to an asset-light strategy, such as adopting a fabless model or using ODMs. Therefore, even for highly profitable businesses, if the source of differentiation does not lie in the manufacturing process, the asset-light approach would be an option.

**Individual businesses - Connect's new management structure:**

Q: What expectations do you have for Ken Sain, who will be assuming the position of President of Panasonic Connect?

A: I have had many discussions with Ken Sain, and I particularly value his strong track record in successfully turning around the Avionics business. Ken Sain redefined Astrova as "in-flight engagement," rather than conventional in-flight entertainment, and deeply engaged with the airline companies' businesses to create new value. Together with Hirofumi Suzuki, who will be

newly appointed as Solution Revenue Officer (SRO) and is joining us from SAP Japan, I expect the two of them to demonstrate strong leadership and drive in the real world of B2B solutions. This means rigorously implementing an approach focused on solving customers' business issues and reliably capturing value in line with the outcomes delivered. Ken Sain candidly pointed out, "Why is Connect such a conglomerate?" I expect that Ken Sain will begin by instilling across Connect—where most businesses are B2B—the value-creation approach Ken Sain developed in the Avionics business.

Q: What business in Connect does Ken Sain perceive as its core business?

A: Ken Sain clearly regards the Avionics business as the core of Connect. The business represents an area of deep expertise and is currently the largest contributor to profitability. In addition, with strong order momentum for Astrova, Avionics is expected to serve as a key growth driver over the next two years. In this sense, the Avionics business truly stands at the heart of Connect.

**Individual businesses - Blue Yonder:**

Q: Could you please explain again how Blue Yonder is positioned within Panasonic Connect?

A: Blue Yonder was acquired with the expectation that it would be developed into one of our core businesses, and that expectation remains unchanged. However, the external environment has changed significantly. Blue Yonder's strength lies in supply-chain "planning" software. While this concept was already well established overseas, the systematization of planning operations in Japan was still underdeveloped at the time, leaving significant room for improvement. This situation led to our decision to proceed with the acquisition.

However, after the acquisition, it became apparent that native cloud adoption was insufficient, and we acknowledge that the due diligence process could have been more rigorous. After the former CEO, Girish Rishi, stepped down, Duncan Angove assumed the role of CEO. We agreed to the proposal to rebuild the software architecture and proceeded with the additional investment. Following two to three years of rebuilding, Cognitive Solutions was released last year (2025), and we are now at the stage of offering real-time optimization through AI agents. Bookings have been strong, and we expect this to contribute to sales in the second half of CY2026.

On the other hand, we recognize that the market views Blue Yonder as a "SaaS company," and since SaaS valuations remain weak, any decision on a listing would require careful consideration. In addition, at the Group level, we are seeing new funding needs driven by the growing demand for energy storage systems for data centers. Accordingly, we will need to evaluate both the appropriate timing for a potential listing and the optimal ownership structure from a comprehensive, Group-wide perspective.

Q: Although pursuing a listing remains your basic policy, are you suggesting that all options are

being considered, including alternatives to an IPO, various forms of partnerships with other companies, or structures in which your ownership falls below 50% and you would not retain management control?

A: All options remain on the table. We are at a stage where we are evaluating these options from a capital allocation perspective.

Q: Investors are concerned about potential impairment risks related to Blue Yonder. On the other hand, with Panasonic's share price having improved, some believe that recognizing an impairment loss now to "lighten" the burden could be beneficial. Could you share your current view on this?

A: The decision on impairment is not something we can make on our own.

(Supplementary comments from Yoshimasa Nagamachi, Head of Corporate Finance, Controlling and IR Dept.)

We are currently in the process of conducting a detailed review with our external auditors in preparation for the fiscal year ending in March 2026 and no conclusions have been reached at this stage. While we continue to have discussions with our auditors regarding the need for any write-downs or impairments, we have not received any indication of impairment risk at this stage.

**Individual businesses – Industry:**

Q: Regarding the Industry segment, based on the business environment and product share, the current level of ROIC still appears relatively low. As the business continues to shift from module- and assembly-based models to more process-oriented areas, what further efforts will be required to achieve the ROIC target of 20% in FY3/29?

A: The direction for the Industry segment is becoming clearer. The key is to accelerate the shift from assembly-related businesses to material- and process-related areas, while narrowing the focus to areas where we can secure a strong market share. In capacitors, our product competitiveness is solid, particularly in MLCC-replacement applications, and we expect significant growth, especially in infrastructure applications for AI servers. On the other hand, for other areas, we will determine the optimal structure by considering various options—taking into account both the potential discontinuation of the business and its strategic fit with other areas. The servo motor business for industrial use, previously categorized as a business with issues, has been improving its profitability by leveraging China's cost competitiveness, and we now see a path toward sustainable operations. At the same time, resources in Japan will be significantly streamlined, and we will further advance selection and concentration.

Q: With the direction now clearly defined, are you beginning to see the ROIC targets of 15% next fiscal year and 20% for FY3/29 as more tangible?

A: We are working toward achieving those targets.

**Individual businesses - Energy:**

Q: Regarding the automotive battery business (In-vehicle) of Panasonic Energy, to what extent do you think resources—such as manufacturing facilities, personnel, and IP—should be repurposed from automotive applications to energy storage systems for data centers? In addition, could you share your latest views on the timeline to profitability at the Kansas factory, both with and without the IRA tax credit; the measures and timeframe required to achieve a 10% ROIC for the overall automotive battery business; and how you plan to utilize capacity, including potential conversion to energy storage systems?

A: The deterioration in profitability of the automotive battery business has been caused mainly by weaker end-market demand for our strategic customer's products. However, we are currently seeing signs of recovery. Shortly after the opening of the Kansas factory in July 2024, I had the opportunity to test drive their new model. It was highly refined, and I felt that it was no longer just a car, but rather a mobility robot. Over the medium to long term, demand for batteries is expected to be supported by technological advancements such as robotaxi applications. I understand that market share has recently begun to recover.

On the other hand, utilization at the Japan factory for automotive batteries is expected to decline, due to the scheduled phase-out of our strategic customer's model. We are therefore converting certain production lines step by step to applications for energy storage systems. While I cannot comment on the specific scale, there is a possibility that demand for energy storage systems could exceed the capacity available for conversion, and we are currently in the process of carefully assessing resource allocation.

Q: Regarding the energy storage system business at Panasonic Energy, I get the impression that demand has strengthened even further since the IR Day in December 2025. In particular, demand for distributed energy storage systems for AI server racks is set to increase sharply due to the rising power consumption and higher production volumes of GPU solutions such as NVIDIA's Blackwell (GB300) and the next-generation Rubin. We also expect hyperscalers' own ASIC solutions to be adopted in AI server racks with a lag of about one to two years.

Panasonic Energy has strong end-to-end solution capabilities, covering everything from cells, modules, and battery management systems (BMS) to pre-rack integration, and potentially super-capacitors in the next generation.

While we believe it is possible for you to significantly exceed the sales target of 800 billion yen

for FY3/29 announced in December 2025, we also think that the operating profit margin is likely to remain flat, given development investments, costs associated with new projects, and increased depreciation from new production lines. Could you elaborate again on your outlook for profitability, as well as your plans for R&D investments and production capacity expansion? In addition, could you share your view on sales and profitability for FY3/29?

A: The overall direction is largely in line with your understanding. The key challenge will be the depreciation burden associated with new CAPEX. At present, the burden is limited, as we are repurposing and utilizing equipment that is largely depreciated. However, if we install new production lines, depreciation expenses will increase. On the other hand, we expect demand to continue expanding, barring a sudden slowdown in demand for AI data center applications. We expect to maintain profitability with sales growth.

In terms of R&D investments, proactively securing technologies for next-generation GPUs and ASICs is essential, and we will continue to invest in these areas.

Regarding the production capability, production lines for automotive batteries in Japan are becoming available due to the phase-out of our strategic customer's model, and we will sequentially convert these lines for energy storage system applications. On the other hand, the lines at the Nevada factory cannot be easily repurposed, as utilization may recover when our strategic customer's sales rebound. Therefore, once the capacity of the Japanese lines is fully utilized, it is possible that new production lines will need to be installed at the Kansas factory.

In our current plan, we have incorporated only the requests from existing hyperscalers. Although there were media reports in the latter half of 2025 regarding potential investment related to the United States, the specific investment plan has not yet materialized. That said, there is a possibility that large-scale projects may be added in the future, in which case we expect capital allocation pressures to increase even further.

Q: In summary, is my understanding correct that there is upside potential in the sales of the energy storage system business?

A: As an upside relative to the plan as of December, we are assessing how early we can reach the 800-billion-yen level ahead of schedule.

**Next medium-term management plan:**

Q: Regarding the forthcoming mid-term strategic plan, could you share some insights? In the solutions area, some observers have commented that it appears to be "merely a collection of existing businesses" or that "there is no clear differentiation." In your view, what elements are currently lacking, and as Group CEO, what specific areas will you prioritize going forward? Furthermore, could you elaborate on the criteria you will employ to determine which businesses

should be retained and which should receive further investment?

A: At this stage, what I can share regarding the next medium-term plan is our commitment to achieve 600 billion yen in adjusted operating profit for FY3/27 and 750 billion yen for FY3/29. Among the businesses that will underpin this trajectory, we place particularly high expectations on the energy storage system business.

As for the Solutions area, we position it not as a driver of rapid top-line growth, but as an area where we enhance the quality of value we offer to customers and improve profitability. While some view it as mere aggregation of businesses, each business has clearly defined strengths. What matters is how we address customers' fundamental business issues — labor shortages and soaring energy costs — while enhancing our own capabilities. There may be limited product-level synergies among businesses, but by operating companies learning from each other's strengths and elevating capabilities across the Group, we believe it will translate into improved profitability.

(Supplementary comments from Kazuyo Sumida, Group CSO)

Connect's digital capabilities — product design, system design, and development ability — are among the strongest in the Group, and have significant potential for horizontal deployment. While digitalization and AI adoption accelerate across industries, we believe these strengths can be learned from each other and adopted as best practices across businesses, standardized to improve efficiency, and ultimately contribute to building a sticky and highly profitable sales composition.

(Yuki Kusumi, Group CEO )

As for Connect, since Ken Sain has not yet formally assumed office as CEO, discussions are being led by Takeshi Nishikawa (CFO of Connect), Eiichi Katayama (CEO of HVAC & CC), and Kiyoshi Otaki (CEO of Electric Works). We are preparing to be able to present the direction in the next medium-term management plan to be announced following the full-year financial results.

Q: You have set targets of ROE of 10% and adjusted operating profit ratio of 10% for FY3/29. Which metrics would you like investors to use as a reference point in particular? What is your top priority at this stage?

A: If I were to highlight one priority at this point, it would be improving adjusted operating profit. In addition, there remains significant room for improvement in our operations, and steadily enhancing our ability to generate operating cash flow is a key priority.

Q: Could you elaborate on your views regarding share buybacks and the overall capital allocation policy in the next medium-term plan?

A: (Yoshihisa Nagamachi, Head of Corporate Finance, Controlling and IR Dept.)

We are currently formulating our capital allocation plan for the next medium term. In particular, the scale of capacity expansion required to capture growth in demand related to generative AI is a key area of focus. Based on these considerations, we are preparing to provide investors with a detailed explanation when we announce the next medium-term plan.

**In closing:**

(Comments by Yasuo Nakane, Global Head of Technology Research, Mizuho Securities)

In closing, I would like to share a final comment from today's discussion.

I have increasingly sensed that Kusumi-san's thinking as Group CEO of Panasonic Holdings has evolved in a positive way, particularly in terms of steering the organization and optimizing group and business operations. At the same time, there are still aspects that remain difficult to understand from the outside, and I believe there is considerable room for improvement in how the capital markets evaluate the company.

In the upcoming medium-term plan, I hope to see this overall direction articulated even more clearly. Regarding investments in energy storage systems, it appears that they will exceed initial expectations; however, I believe the company will continue to maintain solid profitability (ROIC) even with the higher level of investment. As a result, the room for share buybacks may be somewhat limited, but I trust that the company will make the most appropriate decisions, including from the perspective of messaging to the capital markets.

Thank you very much for your time today.

(Yuki Kusumi, Group CEO, Panasonic Holdings Corporation)

Given the nature of the battery business, significant upfront investment is inevitable, making capital allocation decisions critically important. Going forward, we will continue to steadily execute our initiatives, while carefully balancing investment and profitability.

In addition, from the perspective of optimizing the entire Group, we are already beginning to see cross-business collaboration in the device area, such as the initiatives underway within the CBU's (Capacitor Backup Units). In the next medium-term plan, we intend to further refine these efforts, and to advance our Group Management Reform.

Finally, I would like to express my appreciation to our investors for your continued support. Through ongoing dialogue with the capital markets, we will continue to engage sincerely so that we can further elevate expectations for our company. Thank you very much.

(End)

## **Disclaimer Regarding Forward-looking Statements**

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