

Panasonic Group

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Panasonic Holdings Corporation
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Group Growth Strategy

- Hello everyone. I'm Yuki Kusumi.
- Thank you for taking the time to participate in this online briefing.
- Earlier, Group CFO Waniko reported on the financial results for the last fiscal year. Now I would like to explain the growth strategy of the Panasonic Group.

Summary of FY3/26 Management Reform

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- Now, let me give a summary of the Group management reform we carried out last fiscal year.

Fixed-cost structure reform

Through fixed-cost structure reform, a foundation built for sustainable growth



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- First, I would like to explain the reform of our fixed-cost structure.
- Last May, we announced our target to achieve a 122-billion-yen improvement in FY3/27, versus FY3/25, by addressing the needed review of the Group's fixed-cost structure.
- Currently, the result is estimated to be 145 billion yen, thus already exceeding that target.
- As for the Group structure, the previous multilayered structure of Panasonic Corporation was transformed into three operating companies: Panasonic Electric Works Co., Ltd., Panasonic HVAC & CC Co., Ltd., and the new Panasonic Corporation devoted to consumer electronics.
- In addition, we consolidated and streamlined divisions at the headquarters as well as sales and indirect functions, while also consolidating and closing sites.
- As a result of these measures, the number of employees decreased by 12,000 worldwide.

Effectiveness for profit growth validated and direction-setting completed

	Steadily reduce <i>businesses with issues</i> to zero by end of FY3/27	
Businesses with issues No expectation for growth & ROIC<WACC by business	Industrial device / Electromechanical control businesses	- Direction-setting completed for both businesses - While delivering results of structural reform, take initiatives such as reducing material costs - Planned transfer of automotive motor & automotive cooling fan motor businesses
	Kitchen appliances business	- Direction-setting completed - Mass production development will be transferred to China to achieve a global-standard cost structure, while optimizing R&D resources in Japan
	TV business	- Direction-setting completed - Risk-off initiatives through collaboration with partners overseas
Businesses to be reconstructed Businesses requiring assessment of business conditions	Heating & ventilation A/C business	- Strengthen cost base of air conditioners/compressors in Asia through structural reform/site optimization - Increase profit in commercial air conditioners by reducing development costs through partnerships and by focusing on competitive areas
	CE business	- Pursue global-standard costs and an asset-light model to boost competitiveness, while focusing investment on differentiated areas—based on core technologies, brand strength, and sales channels—to drive higher profitability
	Housing solutions business	- Deconsolidated the business by end of March 2026 – Leverage strategic partnership with YKK Corporation and YKK AP Inc. to drive growth by offering full product lineups and by combining the two companies' capabilities

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- Next, we set the direction for *businesses with issues* of low growth potential or low return on invested capital, as well as for *businesses requiring assessment of business conditions*.
- In PID's industrial device and electromechanical control businesses, we gained the benefits of structural reform and completed initiatives for reconstruction through material rationalization and other measures. We are also planning the transfer of the automotive motor and automotive cooling fan motor businesses.
- In the kitchen appliances business, we will transfer mass production development to China, while at the same time optimizing R&D resources in Japan. We will thoroughly pursue global-standard costs by reviewing standards that do not create customer experience or value and by expanding the range of Chinese components we use.
- In the TV business, we will reduce risks through initiatives such as collaborating with other companies overseas.
- Through these efforts, we will steadily reduce *businesses with issues* to zero by the end of FY3/27.
- In the heating & ventilation A/C business as a *business to be reconstructed*, we will carry out structural reform and site optimization to strengthen the cost base of air conditioners and compressors in Asia. We will increase profit, particularly in commercial air conditioners, by reducing R&D costs, forming partnerships, and focusing on competitive areas.
- In the consumer electronics business, we will pursue global-standard costs and an asset-light model, through collaboration and other means, to boost competitiveness. We will also improve our brand strength based on our core technologies that deliver a tangible difference to customers and expand sales channels for better market penetration in differentiated areas. In these differentiated areas, we will strengthen our products and advertising, in particular, to drive higher profitability.
- As already announced, stocks of Panasonic Housing Solutions Co., Ltd. were transferred to YKK Corporation at the end of March. Here, we seek growth that could never be reached under our Group alone, and this will be achieved by offering full product lineups and combining the two companies' capabilities.
- Going forward, we will continue to implement measures to improve the Group structure.

Helping achieve an ideal society with affluence both in matter and mind

100 Years from *Meichi**

Panasonic Group's Contribution toward 2032

*Revelation of our corporate mission, declared by founder Konosuke Matsushita in 1932

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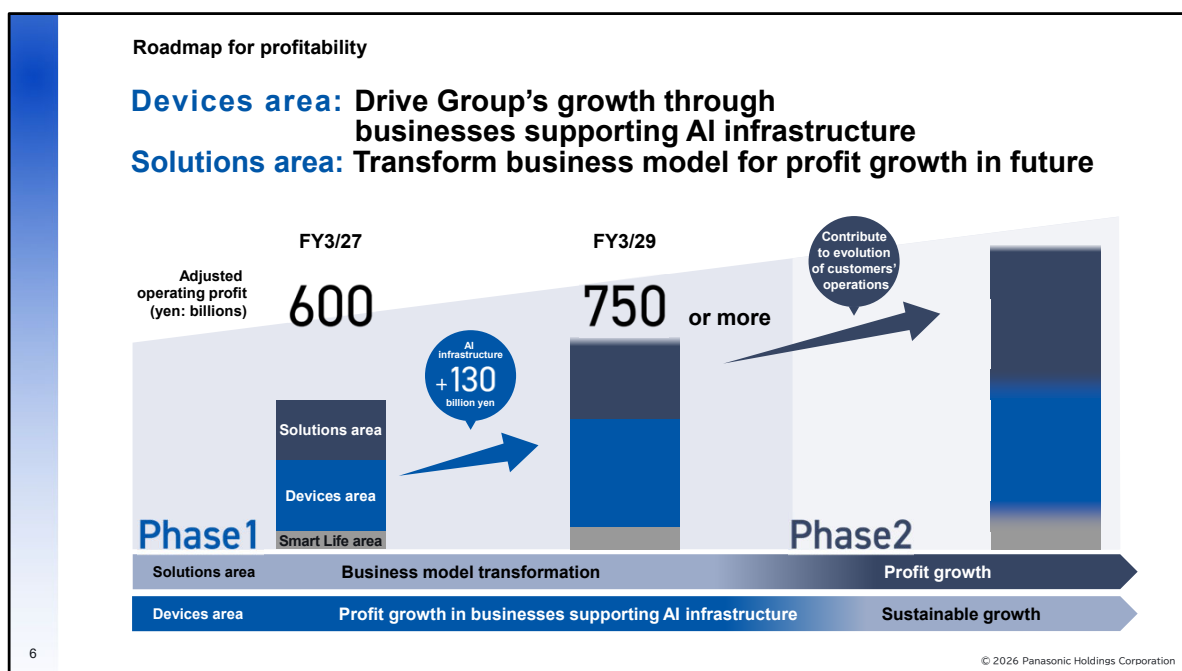
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- We established a profit base through our structural reform last fiscal year. From now, we will enter the growth phase.
- In 1932, our founder, Konosuke Matsushita, said, “People’s happiness becomes secure when they have both mental stability and material comfort.” This observation is the basis of our true mission, or *Meichi*, which he formulated as the achievement of “affluence both in matter and mind” in charting a 250-year plan for our company.
- In achieving this mission, I will now explain the contributions of our Group toward 2032, marking 100 years since *Meichi*.

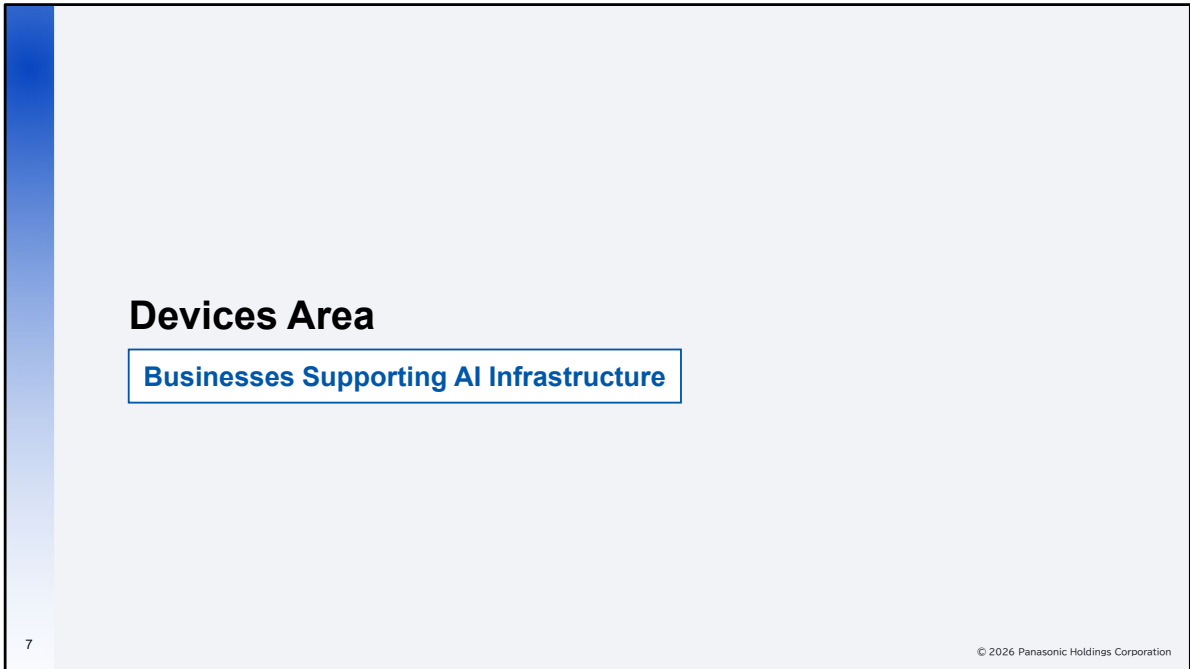
Assist social/industrial development and evolve by solving rising social issues over time



- The Panasonic Group has assisted the development of both society and industries and has continuously evolved by solving social issues that change with the times.
- In particular, toward 2032, we will work to “use energy more efficiently” and “alleviate frontline labor shortages” as contributions that support AI infrastructure and social operations.



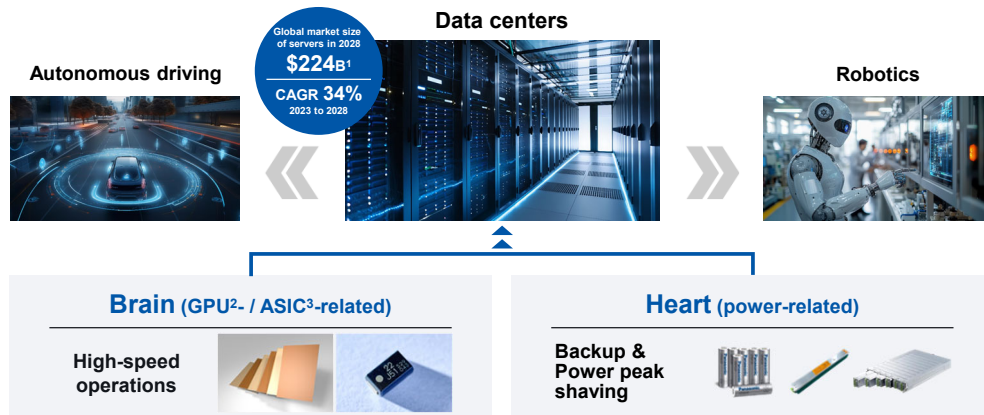
- This chart shows the steps in our profit growth by 2032, taken through contributions to solving these two issues.
- In the three years up to FY3/29, which we call Phase 1, we will drive the Group's growth by greatly expanding both sales and profit through businesses supporting AI infrastructure in the Devices area.
- Including growth in other businesses, as we showed last year, we will increase adjusted operating profit by at least 150 billion yen from FY3/27. Accordingly, this will ensure that we achieve our target of 750 billion yen or more.
- During this time, in the Solutions area, we will transform our business model to further contribute to the evolution of our customers' operations. Then, we will make this area the profit growth core in Phase 2 from FY3/30 onward.
- The Devices area and the Smart Life area centered around consumer electronics will both grow sustainably through technological innovation and strengthening our competitiveness from the start of Phase 2.
- At the briefing held in February 2025, I explained our development of power supplies for data centers as part of the Solutions area. However, since the key here is continuous technological evolution of devices in line with the evolution of AI server technology, it is now positioned in the Devices area.



- Next, I will give an outline of the businesses supporting AI infrastructure in the Devices area by explaining the initiatives we are taking here.

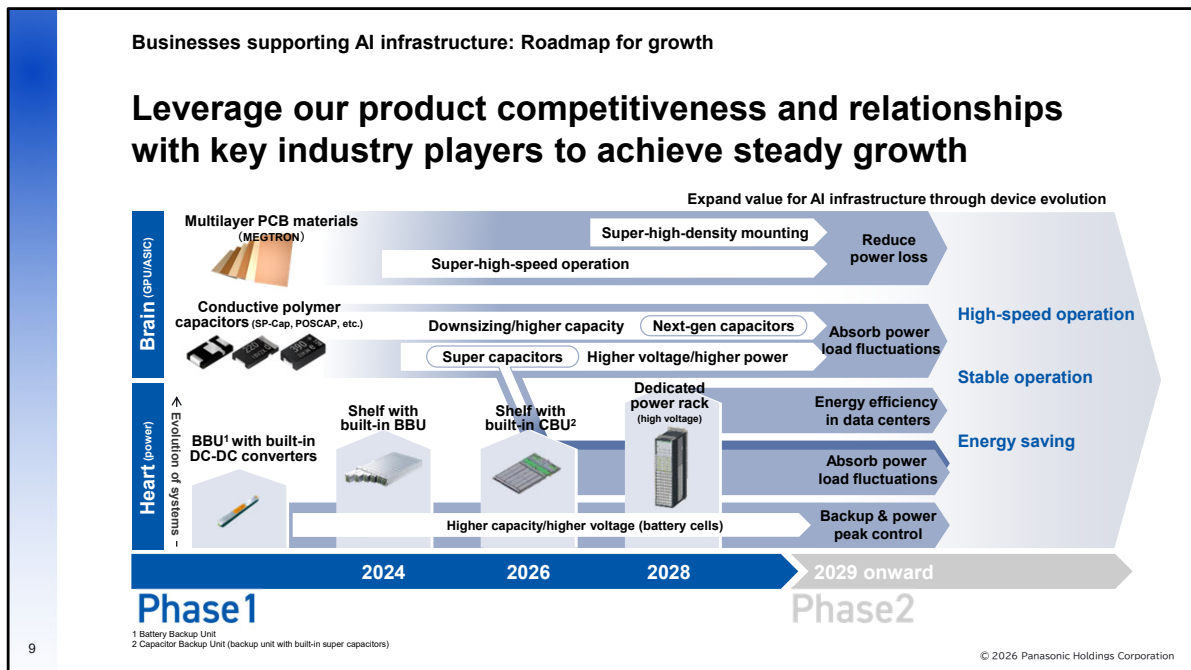
Devices area: Businesses supporting AI infrastructure

- Support the “**brain**” and “**heart**” that power AI with devices
- Contribute to evolution of social infrastructure



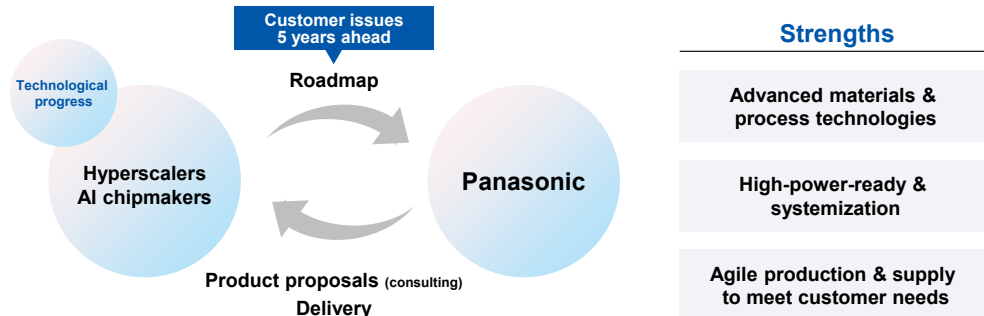
1 Assumption based on Gartner Inc. research
2 Graphics Processing Unit (semiconductors for large-scale AI computing)
3 Application Specific Integrated Circuit

- The Devices area’s businesses supporting AI infrastructure are aimed at the rapidly growing generative AI data-center market.
- Our Group will contribute to this market by advancing high-speed solutions for circuits and circuit boards supporting GPUs and ASICs—the "brain" of AI processing—as well as backup and peak-shaving solutions for power supply systems—the "heart" of the servers.
- In the future, we will expand our range of contributions to edge areas such as AI-driven autonomous driving and robotics.



- This shows our roadmap for growth in the Devices area.
- Key industry players, such as hyperscalers and AI semiconductor manufacturers, need to meet the rapidly growing demand for generative AI. So, they are rapidly expanding the capabilities of data centers, as well as the GPUs and ASICs that support them.
- To cope with this evolution, GPU/ASIC technology, which is the brain of the server, must suppress power loss and absorb power load fluctuations for higher speed and more stable operation. Our Group is keeping up with this trend by further developing circuit board materials and capacitors.
- On the other hand, for the power supply, or the heart of the server, handling increased power loads and fluctuations per server rack will require achieving both power efficiency and stable operation at ever higher levels.
- In addition to the evolution of battery cells, we will support the evolving power supply systems of AI servers through the further development of our unique devices by combining battery and capacitor technologies.

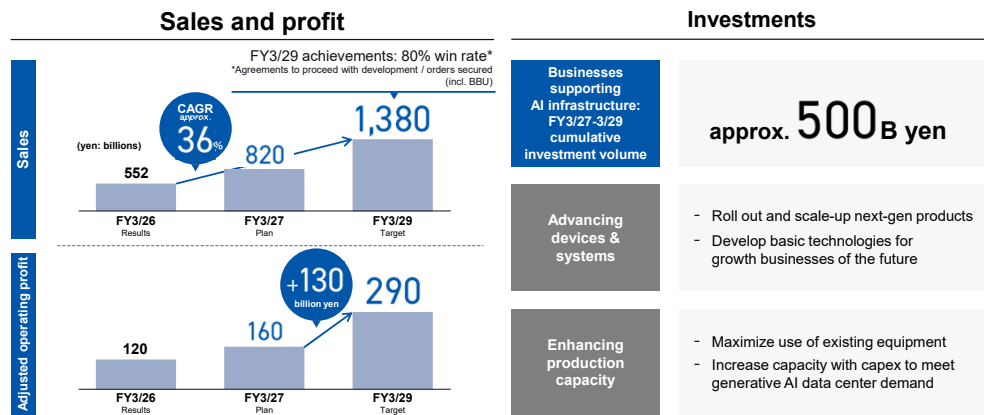
Help advance AI servers and data centers by proposing products through keen technological foresight



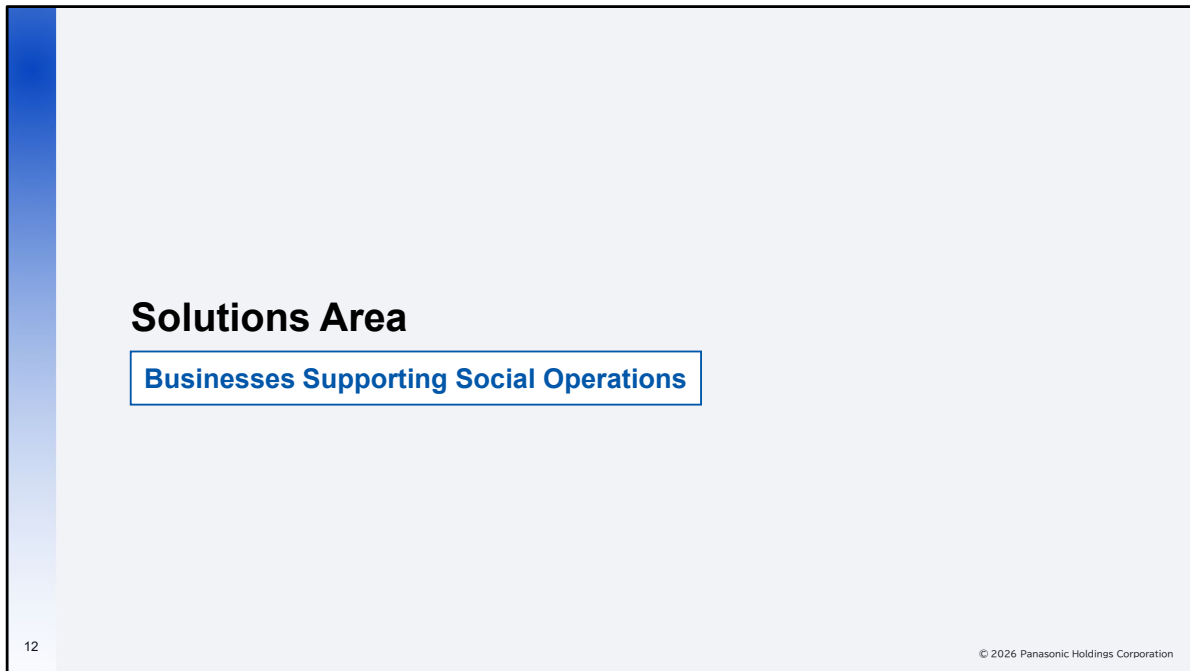
- In line with the five-year vision of our customers, the hyperscalers and manufacturers of AI processor semiconductors, our Group possesses the R&D capability to advance various materials and process technologies, and this capability will allow us to propose and produce products that do not still exist in society.
- In addition, by building a production and supply system that can flexibly respond to customer requests, we will continue to ensure stable supply and thus support the evolution of AI servers and data centers.

Businesses supporting AI infrastructure: Business plan

FY3/29 sales of approx. 1.4T yen / adjusted operating profit of 290B yen:
Invest in advancing devices/systems and expanding production



- Regarding the businesses supporting AI infrastructure in the Devices area, we aim to achieve roughly 1.4 trillion yen in sales and 290 billion yen in adjusted operating profit in FY3/29, and even further growth from FY3/30 onward.
- We have already received future demand forecasts from our customers, which give us reason to strongly expect future orders.
- In particular, there is strong demand for power supplies at data centers. For FY3/29 sales, we have already achieved an 80% AWARD win rate for agreements to proceed with product development as well as confirmed orders.
- For the evolution of devices, such as those for rolling out and scaling up next-generation products and for enhancing production capacity, we will invest roughly 500 billion yen in the businesses supporting AI infrastructure from FY3/27 through FY3/29.



- Next, I will explain the businesses supporting social operations in the Solutions area.

Business model transformation in Solutions area

Shift focus from hardware-centric to service-centric value propositions: Support **social operations** with our “always-on, energy- and labor-saving” solutions



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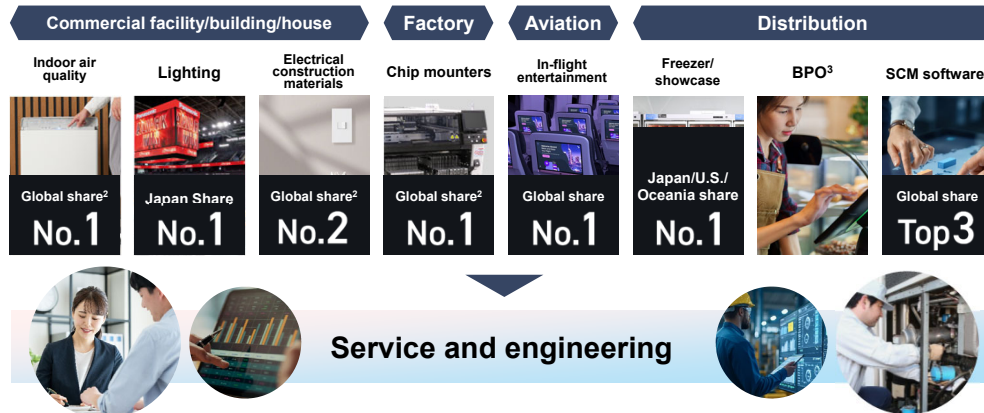
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- First, I will explain the transformation of our business model in the Solutions area. As I mentioned earlier, we will achieve this over the next three years up to FY3/29, or Phase 1. This means we will shift the focus of value propositions from hardware-centric to service-centric.
- In response to issues such as labor shortages resulting in high labor costs, environmental issues and regulations, and soaring energy costs, we will support the operations of various companies and public agencies with “always-on, energy- and labor-saving” solutions through service and engineering.

Our strengths in Solutions area

Leverage hardware advantage (MIF¹) to broaden service offerings

1: Machines in the Field (products installed at customers' sites, and in operation)



2. Market shares (MS) based on our 2024 market survey / MS of wiring devices / MS of surface mount technology (SMT) mounters
3. Business Process Outsourcing

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- In this area's various businesses, our hardware has been selected and highly evaluated by many customers across a wide range of industries.
- Products installed and in operation are called machines in the field, or MIF. As the scale of MIF expands, the customer base for maintenance and servicing continuously grows.
- I believe our Group has great potential to expand its range of contributions with service and engineering for MIF and the businesses related to it.
- In the future, we will also use the power of AI and digital technologies to expand the range of hardware and services we offer, from consulting to maintenance and servicing.

Hardware- and service-combined value propositions

Provide customers always-on, energy- and labor-saving operations through **service engineering expertise backed by connected devices and specialists**

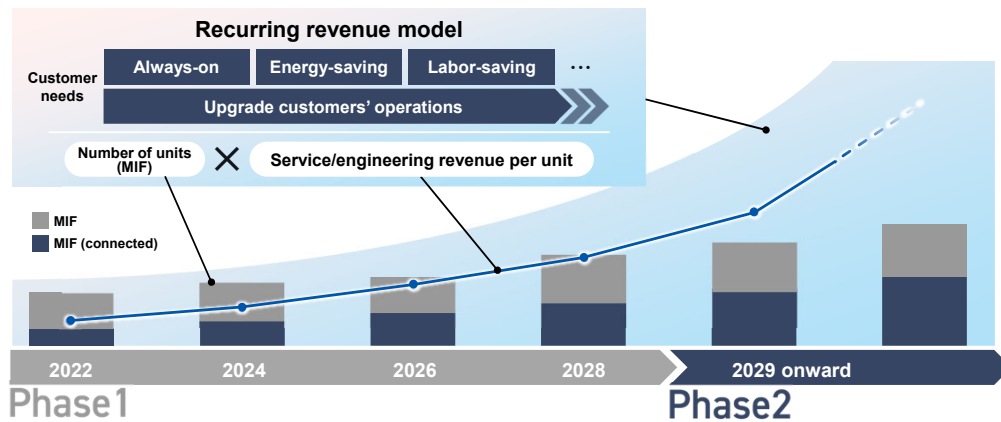
Showcase/freezer + services Remote monitoring to predict failures Keep customers' operations running <ul style="list-style-type: none">- Sales/installation of showcases/freezers- Repair/maintenance and energy-saving operation- Solutions for remote monitoring/control and analytics   	In-flight entertainment system + services Integrated maintenance services covering third-party equipment <ul style="list-style-type: none">- Global maintenance services at 50 locations (incl. third-party equipment)- In-flight entertainment systems 
Building management system + services Labor-saving building management Energy management for savings <ul style="list-style-type: none">- Provide diverse systems: lighting, central monitoring, security, disaster management, etc.- Engineering/repair/maintenance     	Factory infrastructure design/construction + services Minimize lifecycle costs—from construction through facilities management <ul style="list-style-type: none">- Water treatment × specialized HVAC (exhaust gas) solutions- Repair/maintenance after installation- Facilities management (labor savings & lifecycle cost minimization) 

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- Now, let me explain our ongoing initiatives for value propositions that combine hardware and services.
- In addition to delivering showcases and freezers to supermarkets, we deliver value that keeps customers' operations running, made possible through, for instance, solutions for remote monitoring, control, and analysis.
- Our in-flight entertainment systems are not just movie and music players. They offer high-quality, personalized experiences that enhance passenger satisfaction and serve as a touchpoint in strengthening the relationship between airlines and passengers. In addition, we provide integrated maintenance services at 50 global sites, including support for third-party equipment, and thus continue to help airlines ensure comfortable flights.
- Regarding building management, we provide diverse systems, including lighting, central monitoring, security, and disaster management, as well as their maintenance services.
- For the water treatment, supply, and drainage systems used in factory infrastructure, we manage and maintain facilities after they open, beyond their design and construction management.
- Moving forward, we will further accelerate the introduction of connected devices to achieve always-on operations and further expand the proposition of energy- and labor-saving value.

Leverage robust MIF × service/engineering to upgrade customers' operations



- Our greatest contribution in the Solutions area is to help customers upgrade their operations.
- Against the backdrop of rising energy costs, tightening environmental regulations, and frontline labor shortages, customers will focus more on total value, including operational efficiency, labor-saving advantages, and environmental solutions in addition to the equipment itself.
- At the same time, due to the growing instances of equipment and facility shutdowns that directly lead to economic losses and damage to reputation, tolerance for downtime is decreasing and the need for preventive maintenance is becoming increasingly evident.
- As I mentioned earlier, our Group has MIF value backed by a high market share in various industries, as well as customer-centric service and engineering skills.
- In addition, by expanding the use of connected devices and leveraging AI and digital technologies, we will continue to provide hard-to-replicate services such as operational support, modifications, and system integration based on MIF, thus expanding the scope and duration of contributions to customers.
- Furthermore, based on our high market shares, our Group has reached a wide range of customer sites and is continuously accumulating a wealth of know-how in equipment management.
- We will strive toward profit growth through contributions with a deeper understanding of customer operations, a wider range of services, and enhanced service and engineering systems.

Financial Discipline

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- Based on the growth strategy toward 2032 that I have explained so far, I would like to outline the financial discipline the Group must maintain for the three years up to FY3/29.

Financial discipline (FY3/27 to FY3/29)

Basic policy: Carry out initiatives, including investments for growth and returns to shareholders, within funds generated from our business

Investment policy

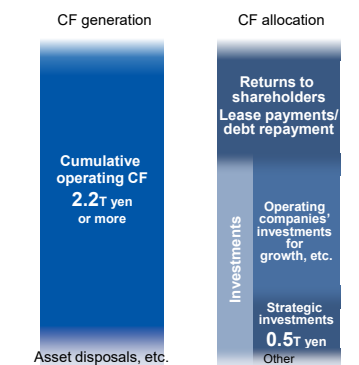
- Strategic investment of 500B yen in businesses supporting AI infrastructure
- Investments for growth in Solutions area and other areas

Returns to shareholders

- Consolidated dividend payout ratio: around 30%
Aim to provide stable, continuous dividends with profit distribution based on consolidated performance

Financial discipline

- Net Debt/EBITDA ratio: around 1.0x



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- The basic policy until FY3/29 is to carry out initiatives, including investments for growth and returns to shareholders, within the funds generated from our business.
- We expect three-year cumulative operating CF of 2.2 trillion yen or more.
- Our strategic investments in the businesses supporting AI infrastructure will amount to 500 billion yen. Investments for growth will be made in Solutions and other areas.
- Aiming at a consolidated dividend payout ratio of around 30%, we will strive to provide stable, continuous dividends.
- Regarding financial discipline, we will aim for a Net Debt/EBITDA ratio of around 1.0x, which represents a debt level comparable to cash generation capacity.

Our contribution toward 2032

Assist social/industrial development and evolve by solving rising social issues over time



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- The Panasonic Group will continue to assist social and industrial development and evolve by solving social issues that change with the times. Toward 2032, we will accelerate our contributions by supporting AI infrastructure and social operations.

Panasonic Group

- Thank you very much for your kind attention.