Summary of Group CFO Dialogue with Institutional Investors (October 2026)

This is an English translation of the summary of the dialogue originally conducted in Japanese. Please note that there may be some differences between this summary and the simultaneous English interpretation provided during the meeting.

[Date & time] 1st session: October 6, 2026, at 17:00-18:00 (JST)
2nd session: October 7, 2026, at 08:00-09:00 (JST)
[Meeting format] Online group meeting (FSC: Fireside Chat)
[Moderator] **Goldman Sachs Japan Co., Ltd.**
- **Ryo Harada, Industrial Electronics Sector Analyst**

[Speaker] **Panasonic Holdings Corporation**
- **Akira Waniko, Group CFO**

Outcomes of Group Management Reform and initiatives for sustainable growth:

Q: How is the restructuring implemented in FY3/26 fundamentally different from those in the past? Could you also elaborate on the progress and outlook for performance improvement and growth?

A: The past structural reforms were implemented in response to management crises, such as falling into losses. The difference this time is that we proactively took steps to streamline our cost structure and concentrate management resources on growth areas, such as AI infrastructure-related businesses, with the aim of enhancing corporate value. The benefits of cost reforms have already begun to materialize. In addition, AI infrastructure-related businesses have started to contribute to improved financial results. However, the contribution is not yet at a satisfactory level, and we are now entering a phase where their contribution will accelerate further.

Q: What initiatives are you taking to ensure that the restructuring is not a one-off effort, but leads to sustainable growth?

A: We continue to pursue both cost reform and growth investment. Regarding costs, we will continue Group-wide headcount control to maintain the effect of the personnel optimization implemented in FY3/26. In addition, to maintain optimized headcount and avoid any reversal, we are incorporating measures to secure future management talent and a performance-driven approach into day-to-day human resource management practices across each business.
Regarding growth, we continue to invest in AI-related areas, including next-generation solutions and production capacity expansion, and concentrate not only capital but also management resources such as human resources and equipment to firmly capture growth opportunities.

Q: Have the fixed-cost reductions achieved through the Group Management Reform implemented in the previous fiscal year (FY3/26) improved the downside resilience of each business?

A: I believe that the downside resilience has clearly improved, particularly in the Industry business. Through the restructuring, we have reduced fixed costs to build a profitability structure that is less dependent on sales growth. As a result, the current business structure can better mitigate the impact on profitability even when sales decline due to the cyclical nature of the industry. At present, in addition to these effects of restructuring, we are also seeing a recovery in FA market demand, contributing to profit improvement.

Q: What initiatives are you taking as a Group to accelerate decision-making, which has been recognized as an issue in the past?

A: During the previous fiscal year (FY3/26), we advanced the streamlining of middle-layer organizations. Separately, following the transition to the operating company system, we have been reviewing the approval authority criteria and delegating greater authority. In this way, we have strengthened a structure that enables decision-making at the business level, closer to the operational frontlines.

At the same time, for Group-wide strategic investment areas such as AI-related businesses, Panasonic Holdings leads capital allocation and concentrates management resources in these areas. We aim to achieve both agile decision-making at the business level and Group-wide resource allocation to priority areas.

Q: In comparison with specialized manufacturers, how do you assess your decision-making speed?

A: Given our nature as a company with a diversified business portfolio, achieving the same level of decision-making speed as specialized manufacturers across all business areas is challenging, and we recognize that there are some areas where we are slightly behind. However, for strategic investment areas that have a significant impact on corporate value, it is important to make decisions at a speed comparable to that of specialized manufacturers. In particular, for AI infrastructure-related businesses, including BBUs (Battery Backup Units), capacitors, and CCLs (Copper Clad Laminates), we will prioritize the allocation of management resources and pursue agile decision-making.

<u>Growth potential and competitive advantage of businesses supporting AI infrastructure:</u>

Q: How will you compete against global peers with your AI-related businesses?

A: In addition to technological capabilities, it is crucial to accelerate investment decisions and production capacity expansion in order to keep pace with growing demand.

In BBUs, we share future roadmaps with hyperscalers and align our technological development and supply capability with them. We are expanding our capacity while working closely with our customers to update the demand outlook, and therefore we do not expect our capacity to fall behind.

In CCLs, over the past several years, we have learned from our experience of falling behind competitors in terms of capacity expansion speed. While maintaining and strengthening our technological advantages, we are advancing production capacity expansion investments in such areas as multiple sites in China and in Thailand. Toward FY3/29, we also aim to catch up in terms of supply volume.

Q: How do you view the future business scale and profitability of CBUs (Capacitor Backup Units)?

A: As semiconductor chips continue to evolve and data centers adopt higher-voltage architectures, we expect growing business opportunities for CBUs that help absorb power load fluctuations. Over the next three to five years, BBUs are expected to remain the core of the business in terms of scale. However, CBUs are not intended to replace BBUs; rather, they will be deployed alongside BBUs. As a result, both BBUs and CBUs represent business opportunities for us. In terms of profitability, we aim to achieve margins that are comparable to, or even higher than, those of BBUs.

Q: To what extent does the ability to offer an integrated solution combining BBUs, CBUs, capacitors, and other products serve as a competitive advantage?

A: Our strength lies in having both battery and capacitor technologies in-house and in our ability to develop solutions that combine the two based on many years of research and development. By combining capacitors with our battery and system solutions, we believe the barriers to entry for competitors will become even higher.

In addition, with U.S.-based hyperscalers, which are our key BBU customers, we have a proven track record of more than 10 years in deploying and validating energy storage systems for data centers. Today, we propose specifications based on challenges anticipating three to five years ahead and are accelerating the process from securing production capacity through development and ramp-up. Our ability not only to provide individual components but also to advance co-development and commercialization together with customers also contributes to our competitive advantage.

Q: For the CBU business, how do Energy and Industry collaborate?

A: CBU is a solution that requires both battery cell and capacitor technologies. Since the initial launch phase, both Energy and Industry have been collaborating on its development. Both

operating companies have assigned dedicated members to form a special project team, jointly driving the process from development through commercialization.

Q: While there is a trend toward adopting LFP batteries in the energy storage systems market, how do you view the competitive landscape over the next three years or so, and the Company's competitive advantages?

A: We recognize the trend toward the adoption of LFP batteries; however, we do not foresee any significant impact on our competitive advantage over the next three years or so. Our competitiveness in the BBU business is based not only on battery cell technology alone, but also on the trust and track record we have built with U.S.-based hyperscalers over nearly a decade, as well as our ability to deliver solutions and secure supply capacity tailored to customer needs. Therefore, it would not be easy for competitors to achieve a similar position to ours with LFP cells alone. While adoption of LFP may expand in certain applications, such as centralized power systems where LFP performance can meet requirements, we view the impact on the high-performance distributed-type solutions for U.S.-based hyperscalers, which are our focus area, as limited.

Q: In the energy storage systems business, given strong competitiveness and robust demand, is there room to improve pricing and profitability?

A: We intend to appropriately reflect inflation and rising raw material costs in our pricing. In addition, for highly competitive products, we aim to set prices that reflect the value we provide to customers. Including BBUs, we will continue to work on improving profitability by capturing opportunities arising from the evolution of solutions and product generation updates.

<u>Supply capacity and investment policy for AI infrastructure related businesses:</u>

Q: Can we assume that there will not be any issues with BBU supply capacity in the near term?

A: We believe we can accommodate demand expansion in the near term from both cell and module perspectives. Regarding cell supply, which is key to expanding capacity, we have estimated that we will be able to sufficiently meet demand even if medium- to long-term demand exceeds our current assumptions, by converting our production lines in Japan from automotive applications as well as utilizing the production capacity of the Kansas factory. In addition, since the module production in Mexico can be expanded relatively quickly, we are able to respond flexibly in line with demand growth.

Q: Does the ability to convert the Kansas factory's production capacity from automotive to data center applications provide an advantage?

A: Yes, we believe this will be a significant advantage. Initially, the Kansas factory was built anticipating demand for EV applications. Following that, while there was a slight slowdown in EV market growth, demand for BBUs expanded rapidly. Therefore, this has become an opportunity to effectively utilize investments originally made for EV applications to support BBU production. In addition, this will enable us to establish a supply chain structure entirely within North America, covering cells, modules, and supply to customers. We can expect shorter lead times and increased supply flexibility, which will benefit our customers and, at the same time, contribute to our competitive advantage.

Q: Will the battery cells for BBU applications manufactured in the U.S. become eligible for the IRA tax credit*?

A: The IRA tax credit program includes eligibility requirements based on high-capacity batteries for EV applications. On the other hand, for BBU batteries, instantaneous power output is prioritized over energy capacity, and their applications and designs are different. Therefore, we currently believe batteries for BBU applications are unlikely to qualify for the IRA tax credit.

*Inflation Reduction Act (IRA) Tax credit: Tax credits for battery cells and modules manufactured in the U.S.

Q: Looking back at your past investment in automotive batteries, demand turned out to be lower than expected. How do you view the risks associated with investments in AI-related businesses, including the BBU business?

A: AI-related businesses are highly capital-efficient, and the risk profile is different from that of investments in automotive batteries. Regarding the BBU business, we do not have significant concerns about our customer relationships or competitive position. While there remains some uncertainty regarding the demand outlook, the primary risk factor is the possibility that data center construction, including the deployment of related equipment and infrastructure, could be delayed relative to plan, resulting in a postponement of the timing of demand realization. However, we believe it is unlikely that the business opportunities themselves will be lost. Since it would not be appropriate to miss growth opportunities by being overly concerned about risks, we will invest flexibly while monitoring demand trends and capture business opportunities.

<u>Growth in business opportunities and profitability improvement:</u>

Q: Will the growth of the AI market create business opportunities in Connect's mounting machine business?

A: As the usage of AI expands from training to inference capabilities, the scope of related demand is expanding. This leads to business opportunities in mounting machines. We are currently seeing strong customer interest.

Q: I believe that price revisions are challenging initiatives for the frontline operations. What approaches are you taking?

A: There are no special measures; rather, it is important to repeatedly communicate with frontline teams to change their mindset toward price revisions. In many Japanese companies, the mindset of raising prices has not yet been fully embraced due to the long-standing deflationary environment. As we move into an environment of inflation and positive interest rates, we continuously emphasize the necessity of appropriate price pass-through to the frontline operations. While changing mindsets takes time, at Electric Works, we are beginning to see results from price revisions as a result of continued communication by top management with the frontlines.

Q: Do you expect price revisions to contribute to business results in the B2C white goods business as well?

A: We are working toward revising prices; however, the competitive environment is more challenging compared with devices and B2B products. Pricing is not entirely within our control, as it is influenced by our market position and competitive conditions. Therefore, even if we implement similar initiatives in the white goods business, the effect may be limited. While taking into account these competitive dynamics, we will continue to pursue price revisions.

<u>Cash generation/capital allocation and business portfolio management:</u>

Q: With the Group Management Reform completed in FY3/26 and large-scale investments in automotive batteries and Blue Yonder nearing completion, how should we think about capital allocation going forward, given the growing expectations for improved cash generation?

A: Over the past few years, we were in the phase where cash outflows preceded cash generation due to investments in the Kansas factory for automotive batteries and Blue Yonder, along with restructuring expenses and other factors. Going forward, toward FY3/29 and/or FY3/31, we will shift to a phase where we capture the benefits from these investments. In addition to the improved profitability such as from the AI-related businesses, large-scale investments will peak out, and therefore free cash flow is expected to increase.

In terms of capital allocation, we will prioritize investment in areas with high capital efficiency. In particular, generative AI-related businesses such as BBUs, capacitors and CCLs have a significantly high ROIC, therefore our priority is not to miss growth opportunities. If there is still excess cash, we will consider the optimal capital allocation, including other growth investments and share buybacks.

Q: As the cost of capital increases in line with rising interest rates, how will you plan to manage the return on invested capital (ROIC) of each business?

A: As the cost of capital increases, the returns generated by each business must increase accordingly. We have been monitoring ROIC at the business division level, which is a more detailed level than our disclosed segments. The hurdles for return on capital investment are set for each business division.

If we were to quantitatively break down regional differences in interest rates and business risks, the management process would become more complex and practical implementation would become challenging. Therefore, based on the quantitative management by business division, we also consider the regional differences in risk and cost of capital through qualitative discussions. We will continue management that enables each business to generate returns above the cost of capital, while reflecting changes in the interest rate environment.

Q: How do you view the progress of the business portfolio reform and the future direction?

A: In my view, the most important management challenge is to continue reviewing our business portfolio and further concentrate management resources on high-ROIC businesses. We have been advancing the reorganization of businesses such as Automotive and Housing; however, the reform is still in its early stages and is not a one-time initiative. We will continue business portfolio reform across all levels and scales, not only through large-scale business reorganizations that are visible externally, but also through reviewing the customer and product mix within each business.

<u>Solutions area:</u>

Q: Could you provide an update on the current status of discussions and the strategic direction for the Solutions area, which is scheduled to be presented at the Investor Day in December 2026?

A: The Solutions area consists of Connect, HVAC & CC, and Electric Works. Traditionally, each business has been making proposals to customers based on its own products. Going forward, from a customer and account perspective, we aim to shift toward a business model that creates customer value by leveraging the offerings and capabilities across the Group. We plan to present our vision regarding this Solutions strategy at the Investor Day scheduled for December.

Q: How do you view the current status and growth prospects of Blue Yonder?

A: Blue Yonder’s financial results on a stand-alone basis are steadily improving. There was a time when concerns grew that SaaS companies could be replaced due to the rise of generative AI. However, AI requires data to function effectively, and Blue Yonder possesses real-world supply chain data. Therefore, I believe that Blue Yonder will not be replaced by AI; rather, it can enhance

the value of its services leveraging AI. The Cognitive Solutions, in which we have continued to make strategic investments, have contributed to customer interest and project wins.

On the other hand, there is still room for improvement in terms of achieving a level of profitability that generates sufficient returns on invested capital. In addition to improving its profitability on a stand-alone basis, we are evaluating the positioning of this business from the perspective of whether it can generate sufficient returns on invested capital, including its contributions to value creation across the Group through collaboration with other businesses. Our first priority is to ensure that the stand-alone performance of this business improves.

Q: Under Connect Group's new CEO, Ken Sain, how do you view the future direction of Blue Yonder? In addition, do you anticipate any changes to the original vision outlined at the time of the acquisition going forward?

A: We are considering revisiting the “Gemba Solutions” concept by combining Blue Yonder with operational frontlines, including autonomous factories and warehouse management, to enhance the value delivered to customers' supply chains through the integration of cyberspace and physical operations.

The major difference from our original vision at the time of the acquisition is the emergence of generative AI. The customer value that can be created by combining AI with the Gemba technologies has become more tangible. In addition, we are starting to see results from Cognitive Solutions, which supports the idea of revisiting this concept.

Q: Regarding HVAC, which is an element of the Solutions area, how do you view the future direction?

A: In HVAC, we are exploring a transformation from a stand-alone equipment sales model to a solutions-oriented business that leverages MIF (Machines in the Field), installed and operating at customers' sites, as a foundation and combines it with service engineering.

In addition, we are exploring opportunities to combine B2B solutions, such as air-conditioning, with offerings from other businesses in the Group to create new customer value.

(End)

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