



# Smart Life

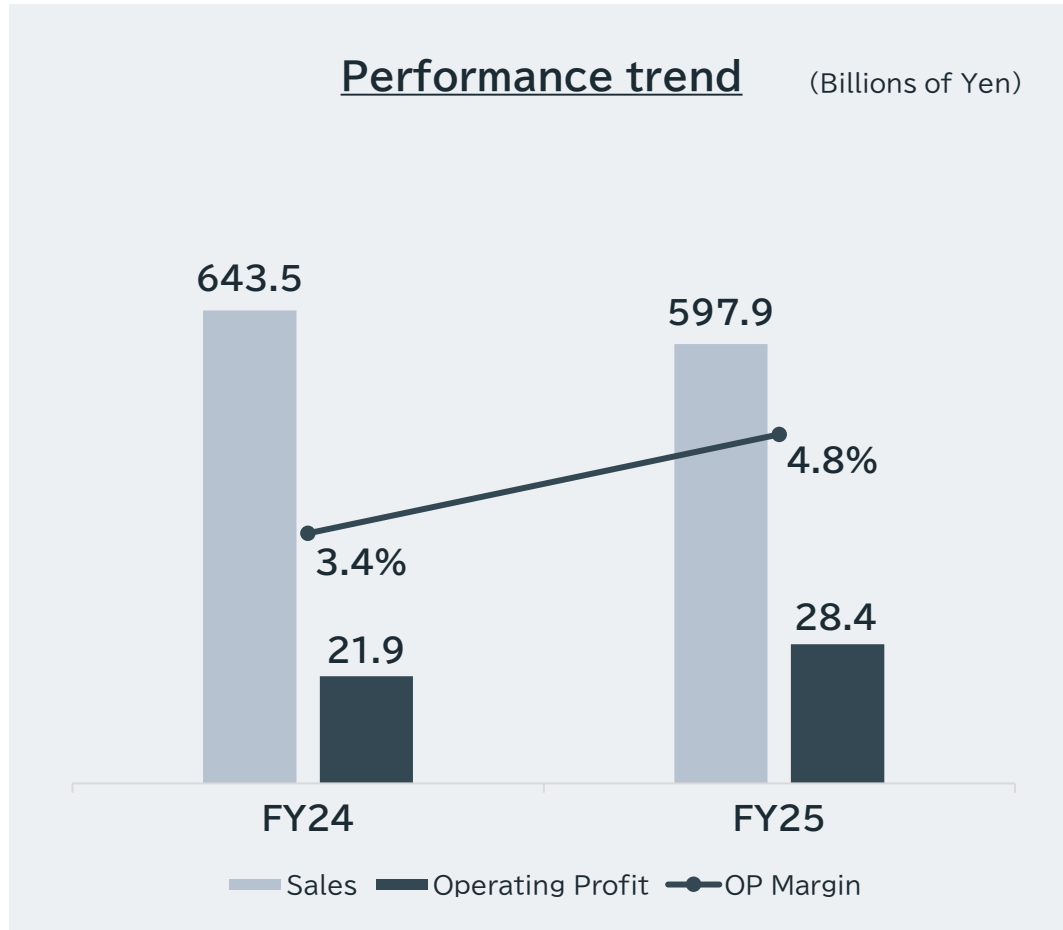
Executive Managing Officer, Co-COO  
and Head of Smart Life Business Group

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# FY2025 Review

Operating profit increased despite lower sales,  
supported by U.S. kitchen and B2B growth and structural reforms



Main factors of change

- Decrease in air conditioner sales due to sluggish market conditions caused by unfavorable weather in ASEAN
- Decrease in sales in the domestic front-load washer business amid intensifying competition
- + Continued expansion of the U.S. kitchen appliance business
- + Expansion of B2B business, including ice slurry refrigerators and commercial cooking equipment
- + Benefits from structural reform in TV and energy solutions businesses

## Continued advancement of AIoT services, B2B expansion, and brand strengthening

### AIoT

Built a foundation for full-scale AIoT expansion

- Launched GenAI-compatible products, integrated customer data platforms across products
- Launched new services through partnerships with other companies
- Enabled optimal control of storage batteries and water heaters aligned with electricity rate plans and feed-in tariffs through AI-driven control in the cloud-based HEMS service COCORO ENERGY

### B2B

Delivered tangible results from continued efforts

- Launched the ice-slurry refrigerator
- Expanded the data business with TV MIF
- Expanded the battery-storage EPC business.

### Branding

Advanced global branding

- Japan: Received ECCJ Chairman's Award at the Energy Conservation Grand Prize (front-load washer, TV)
- U.S.: Exhibited a high-speed oven at KBIS and won awards from four media outlets
- U.S., Germany, and Australia: Exhibited at space-themed events



# **FY2026 Business Plan**

Become a chosen brand by accelerating business transformation.  
 Achieve sustainable growth by strengthening AIoT / B2B and securing profit base

## Context

The business environment has changed far beyond the initial premises of the Mid-Term Plan

- **Intensifying competition with Chinese companies**
  - ✓ Chinese competitors are mounting an aggressive global price offensive
  - ✓ Progress in partnerships between Japanese brands and Chinese manufactures
- **Expansion of private-label offerings by retailers**
  - ✓ Private-label rollouts and acquisition of home appliance businesses
- **Rising costs driven by deteriorating external conditions**
  - ✓ Surging memory/SSD prices
  - ✓ Surging resin prices due to the worsening Middle East situation, alongside rising copper and aluminum costs
  - ✓ Entrenched yen depreciation



## Strategic direction

Accelerate business transformation

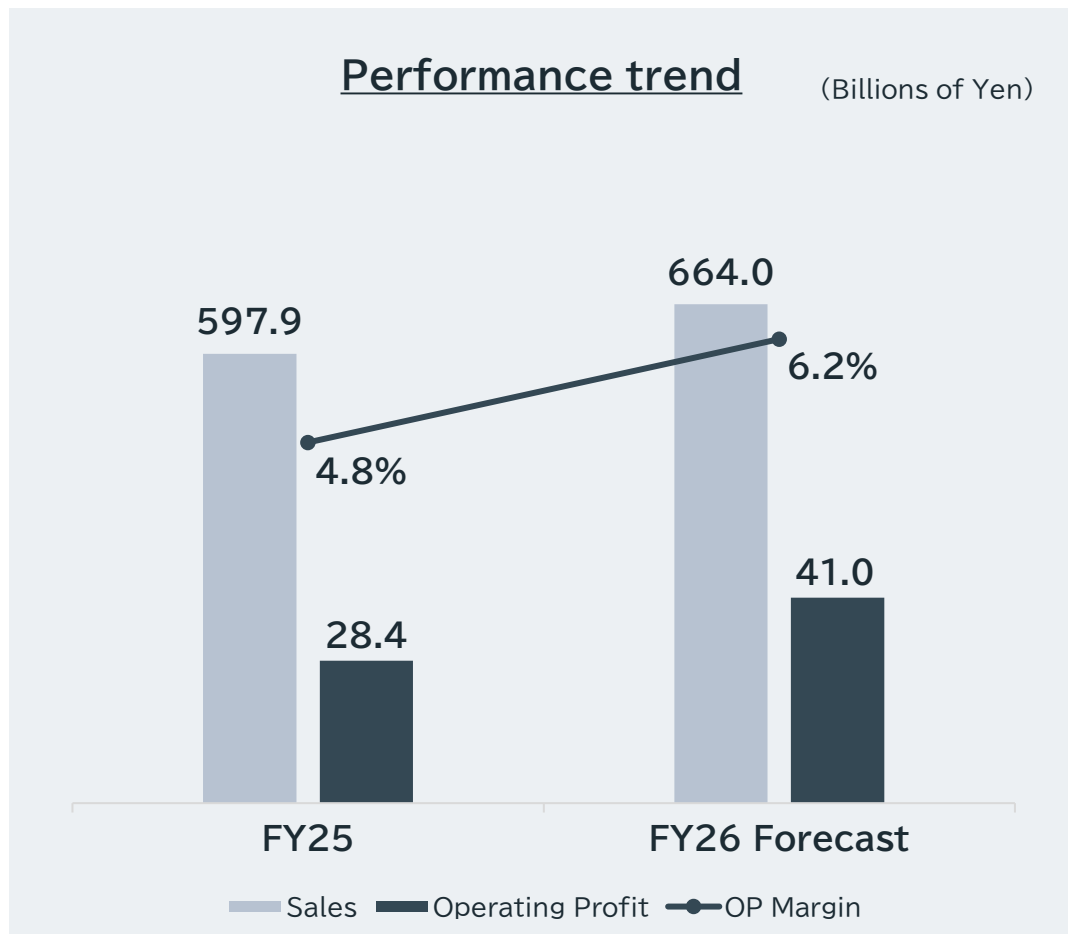
- ✓ Full-scale expansion and monetization of **AIoT**
- ✓ Expansion of the **B2B business** leveraging strengths in technological capability, customer touchpoints, and problem-solving expertise



Strengthen profit base

- ✓ Acceleration of **high value-addition** and creation of **new categories**
- ✓ Expansion of **global** business
  - Continued expansion in priority regions
  - Cultivating regions with significant market growth potential
- ✓ Strengthening **branding**

## Driven mainly by home appliances, achieve higher global sales and profit

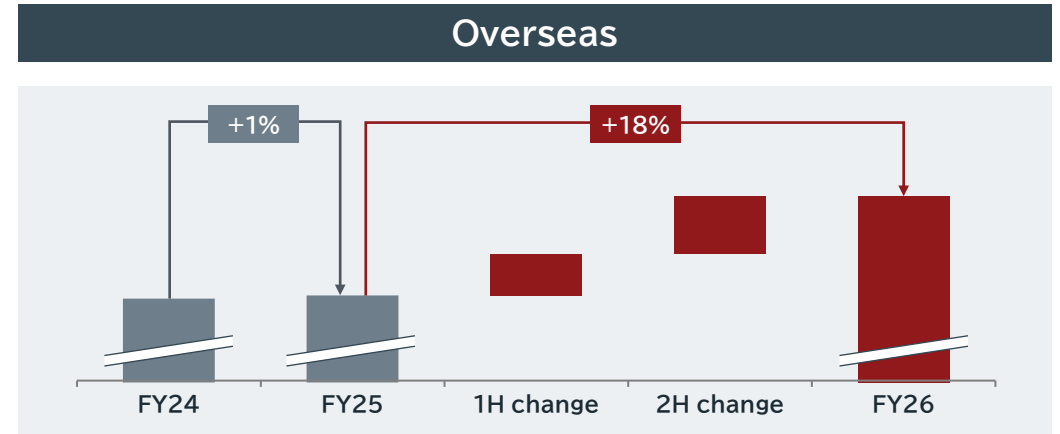
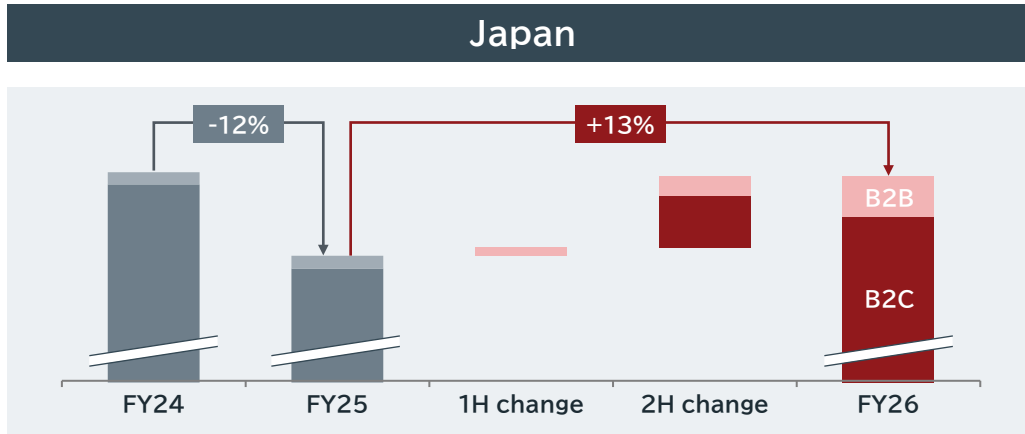


### Main factors of change

- + Expansion of air conditioner sales in ASEAN
- + Expansion of sales in domestic air-conditioner business, driven by a strengthened product lineup and demand pulled forward due to revised energy-efficiency standards
- + Recovery of sales in domestic front-load washer business, led by high value-added products in the compact model segment (sales have been favorable since the launch of a new product in the second half of previous fiscal year)
- + Expansion of the U.S. kitchen appliance business
- + Expansion of the EPC business in energy solutions

In Japan, amid intensifying competition, drive sales recovery by **strengthening the high-value lineup**.  
Overseas, expand sales by upsizing and shifting to front-load / fully automatic washers

Sales trend



Overview/  
Key initiatives

**B2B**

- Commercialize a **drain-free circulating laundry system**
- Launch **commercial vacuum cleaners** (start deliveries to a partner)

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**B2C**

- Reversed the decline in compact front-load washer sales in Nov 2025** amid heightened competition, driven by a high value-added 8kg model, maintaining strong momentum
- Continue to strengthen the **high-value lineup** while **strengthening promotion**, aiming to recover sales

Front-load washer compact model sales vs. previous fiscal year

Period	Sales (%)
FY24 1H	75.0%
FY24 2H	84.7%
FY25 1H	84.2%
FY25 2H	147.1%

**ASEAN**

- As washer penetration rises, unit sales are growing. In Indonesia and the Philippines, penetration is expected to rise alongside a growing middle class
- Promote upsizing through partner collaboration. Strengthen branding with distinctive, premium designs
- Drive a shift from mainly twin-tub to front-load and fully-automatic washers

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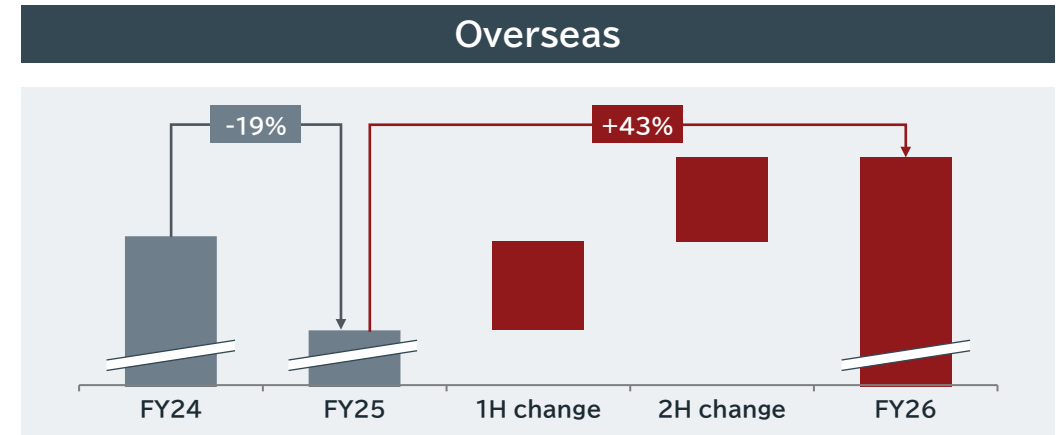
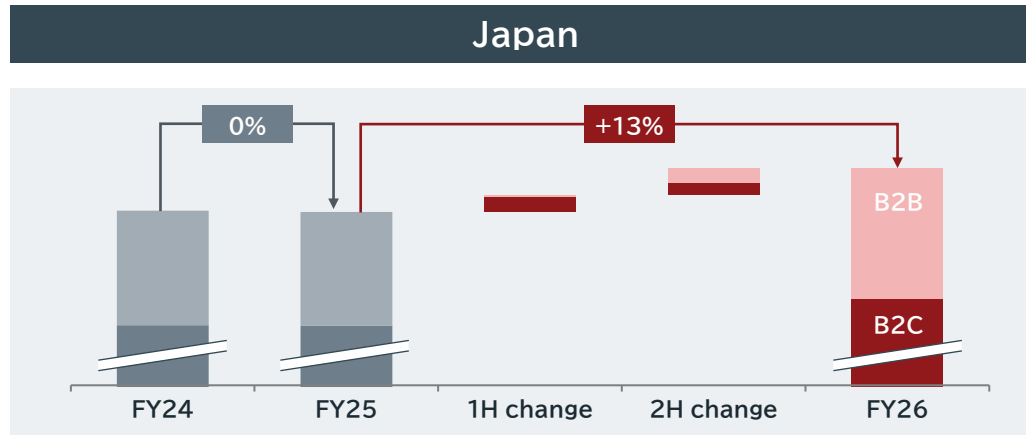
**Middle East & Africa**

- Front-load washer
  - Expand business in Egypt with Elaraby's production and SKD\*
  - Expand parts procurement from tariff-preferential countries

※Semi knocked down:  
A method of exporting partly disassembled products for local assembly

In Japan, capture market opportunities and grow earnings as energy-efficiency standards are revised.  
Overseas, capture demand recovery and diversify sales channels to build a solid base

Sales trend



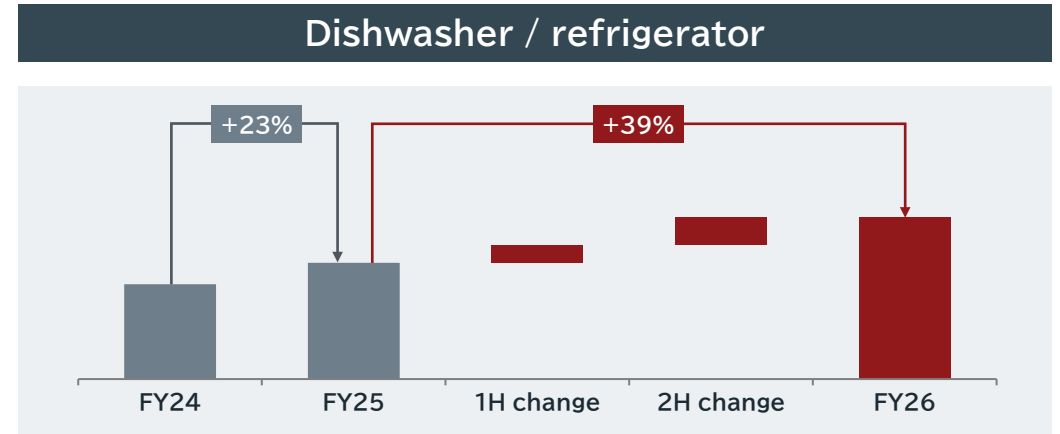
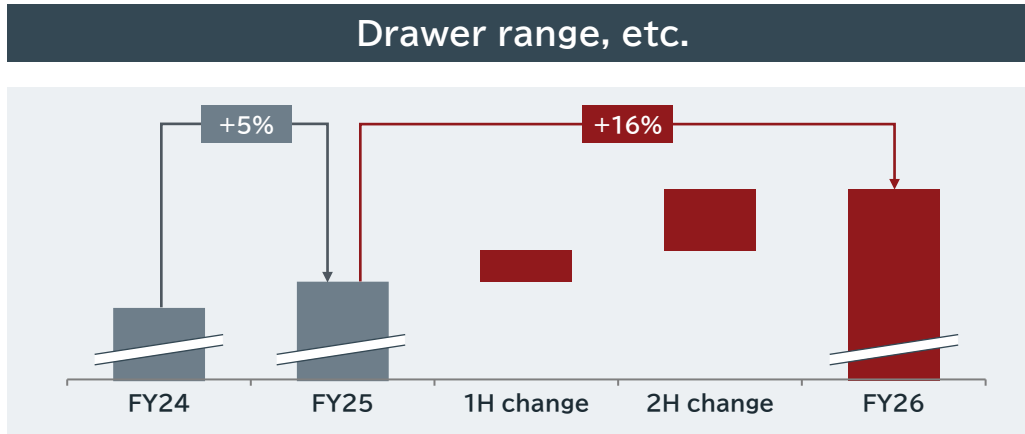
Overview/  
Key initiatives

- Common**
  - Capture rising demand from the revised energy-efficiency standards in fiscal 2027
- B2B**
  - Expand sales through the housing-equipment channel
- B2C**
  - Expand sales of new distinctive products
    - Super-hydrophilic nano-coating on the fan. In addition to anti-mold sterilization, it spreads residual moisture thinly on the fan surface for faster drying, suppressing the moisture and dust that cause mold growth
    - Plasmacluster-equipped, compact design that is easy to install

- ASEAN**
  - High temperatures are forecasted due to El Niño. April-May temperatures are trending higher than last year
  - Roll out the high-value lineup featuring air-quality improvement, self-cleaning, and energy savings
  - To reduce weather-related risk: Expand sales channels across B2B, EC, and live-commerce
  - Develop channels in untapped regions such as northern Vietnam
- North America**
  - Expand product lineup (Airest/self-cleaning models, etc.)
  - Develop new distributors

## Further strengthen our signature microwave drawer range and broaden the product lineup to drive growth

Sales trend



Overview/  
Key initiatives

**Products**

- Strengthen kitchen packages through continuous launching of distinctive products and combinations
  - Expand drawer-range variations:
    - Add white and black models alongside the existing stainless steel
    - Introduce the next-generation drawer range
  - Promote the high-speed oven
- Differentiate through products for increasingly popular compact kitchens.
  - Launch a 60cm-wide refrigerator alongside a 45cm-wide dishwasher, 60cm-wide range, and microwave
- Expand the user base through a user-friendly UI for seniors and strengthened lineup for younger users

Drawer range + Large oven + Dishwasher + Refrigerator → Built-in kitchen

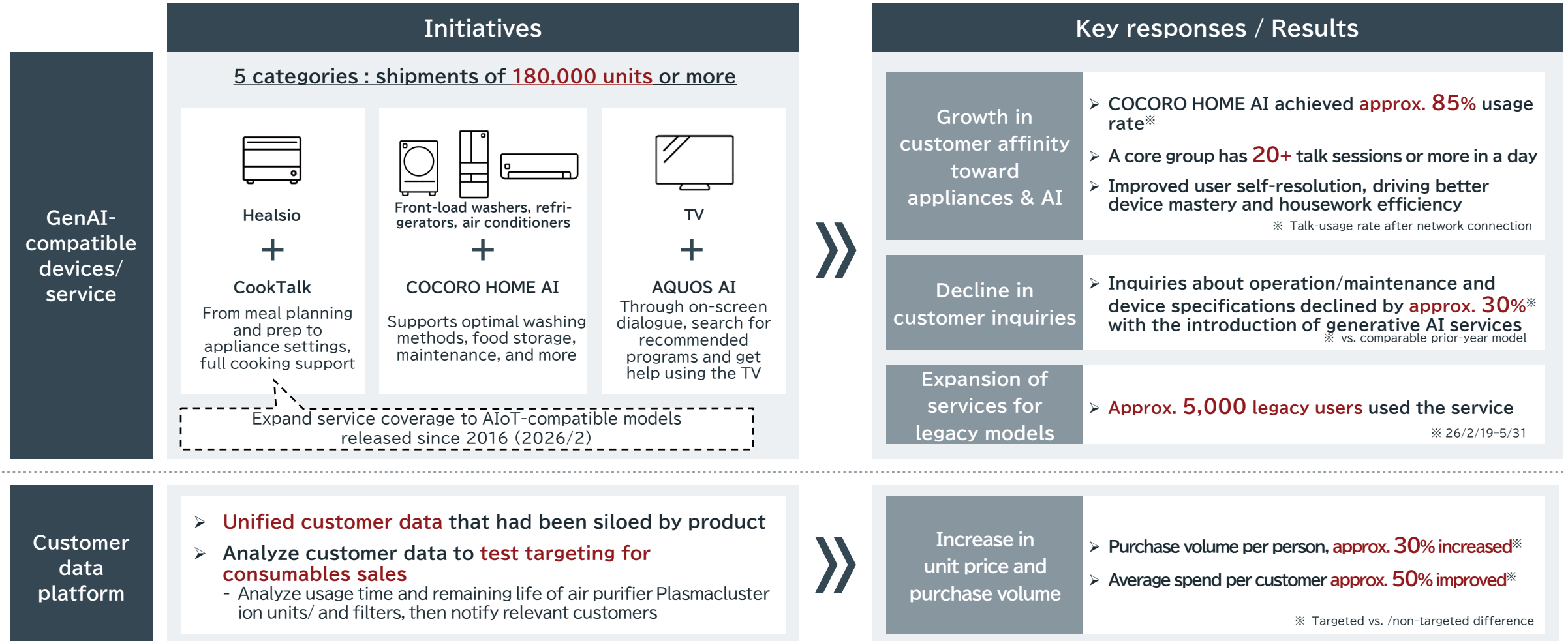
**Channels**

- Strengthen direct sales to the builder channel
- Intensive focus on the West Coast channel

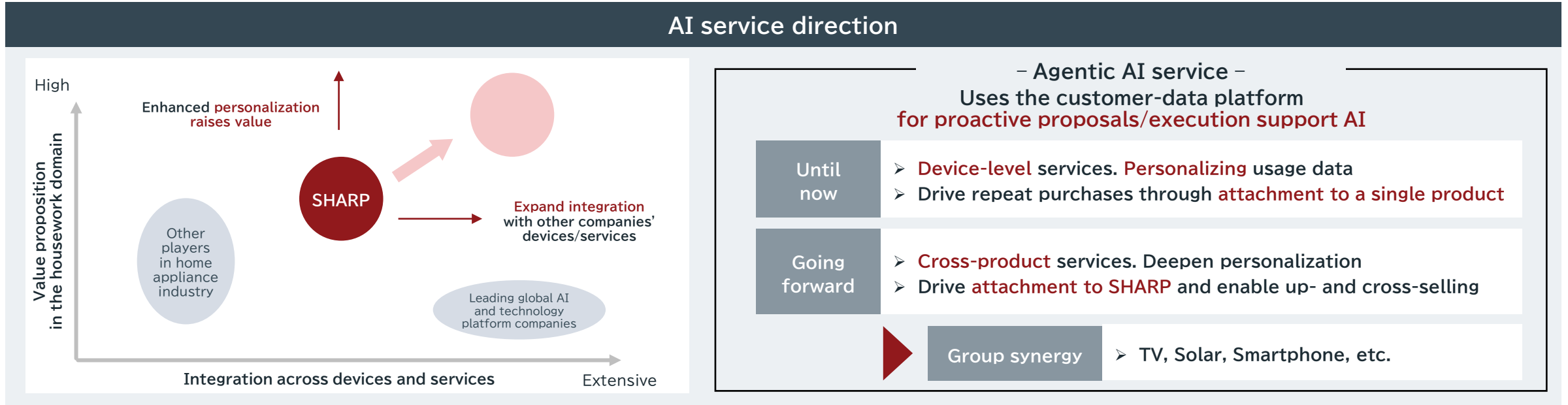


# Progress of Major Initiatives

Generative-AI **deepens the relationship between home appliances and people.**  
 Supports users from suggestions to execution  
 by tailoring **customer preferences and device conditions**



**Full-scale rollout toward monetization** in the AI service business.  
Realize “Choose Sharp again, Choose Sharp next time”



**Monetization**

**AI service**

- Deliver optimal proposals daily, matched to each user’s traits and lifestyle
- Plan to introduce pricing based on the number of talk sessions

**Cross-selling**

- Infer prospects from devices owned and propose multiple devices
- Reach customers via the app as well as email

**Support for legacy models**

- Legacy-model users can also use the paid AI service
- Plan to extend beyond the Healsio pilot to other products

**After-sales service**

- Recommend consumables and cleaning services based on usage history
- AI judges the fault and enables rapid repair

Create solutions for **customer issues and market needs** across a wide range of industries, drawing on our accumulated **experience and technology**

## Our Assets

Experience aligning with customers / accumulated know-how	Superheated steam	Refrigeration and freezing solutions
Drain-free circulating laundry system	Non-contact healthcare sensing	AIoT platform
Plasmacluster	Display devices	Generative AI apps

Collaborating with Smart Workplace BG at the enterprise level

## On-site Issues

Lifestyle services (food & lodging)	Housing & construction	Care & welfare
Education	Distribution & retail	ICT / Energy
Mobility (automotive & transport)	Agriculture	Public services

## Specific initiatives

① Heat mitigation / healthcare

**Ice slurry refrigerator**

- ✓ Received orders from a wide range of companies across industries
- ✓ New service for schools and student sports teams starting fiscal 2026
- ✓ Corporate channels as the core of sales expansion, with BG collaboration

② Disaster / water shortage

**Drain-free circulating laundry system**

- ✓ Pilot results raise expectations for use in disaster-hit and water-scarce areas
- ✓ Commercialization underway during fiscal 2026

③ Power cost / energy saving

**DR control solution**

- ✓ Pilot confirmed approx. 33.5% power-consumption reduction; demonstrated both energy savings and comfort
- ✓ Advancing deals to expand adoption

In parallel with promotion, **strengthen the service foundation.**  
 Establish **reassurance and trust** as brand value

## Building trust through awards

Japan	HiVi Grand Prix 2025 Gold and others (OLED TV) mybest AWARD 2025 Best Award (front-load washer) Kaden Taisho 2025-2026 Gold (air purifier, circulator) BabyTech Awards 2025-26 Childcare & Housework Appliance category Grand Prize (air conditioner)
Overseas	Webtretho <sup>※1</sup> Awards2025 Best Award (Vietnam: air purifier) Reviewed Awards: KBIS <sup>※2</sup> 2026 and others (U.S.: high-speed oven) 2026 AHR <sup>※3</sup> Expo Indoor Air Quality category Innovation Award (U.S.: air conditioner)
Design	Good Design Award (front-load washer, toaster, feminine hygiene dispenser & TV) iF Design Award (front-load washer, air purifier & container with water recycling washing systems)



## Initiatives to enhance relationship value

- **Strengthening communication**
  - Advance promotion to raise brand value
  - Actively utilize social media and YouTube
  - Expand two-way communication through AI services



- **Enhancing service value**
  - Leverage a nationwide service network
  - Expand paid after-sales services such as parts inspection, consumables sales, and cleaning
  - Enhance on-site service efficiency by AI-based failure prediction and root-cause identification



- **Partner engagement (ASEAN)**
  - Strengthen trust with local partners by holding conferences for air conditioner installers
  - Build long-term partnerships through post-event communication, including information sharing and consultation channels



## Strengthen profit base while accelerating business transformation

**Accelerate  
business transformation**  
to become a chosen brand

- Full-scale expansion and monetization of AIoT
- Expansion of the B2B business, leveraging strengths in technological capability, customer touchpoints, and problem-solving expertise

**Strengthen profit base**  
for sustainable growth

- Acceleration of high value-addition and creation of new categories
- Expansion of global business
- Strengthening branding

**SHARP**

In step with your future.