

[English summary with full translation of consolidated financial information]

**Quarterly Report filed with the Japanese government
pursuant to the Financial Instruments and Exchange
Law of Japan**

**For the three months ended
June 30, 2019**

**Panasonic Corporation
Osaka, Japan**

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Disclaimer Regarding Forward-Looking Statements

This quarterly report includes forward-looking statements about Panasonic and its Group companies (the Panasonic Group). To the extent that statements in this quarterly report do not relate to historical or current facts, they constitute forward-looking statements. These forward-looking statements are based on the current assumptions and beliefs of the Panasonic Group in light of the information currently available to it, and involve known and unknown risks, uncertainties and other factors. Such risks, uncertainties and other factors may cause the Panasonic Group's actual results, performance, achievements or financial position to be materially different from any future results, performance, achievements or financial position expressed or implied by these forward-looking statements. Panasonic undertakes no obligation to publicly update any forward-looking statements after the date of this quarterly report. Investors are advised to consult any further disclosures by Panasonic in its subsequent filings under the Financial Instrument and Exchange Act of Japan (the FIEA) and other publicly disclosed documents.

The risks, uncertainties and other factors referred to above include, but are not limited to, economic conditions, particularly consumer spending and corporate capital expenditures in the Americas, Europe, Japan, China and other Asian countries; volatility in demand for electronic equipment and components from business and industrial customers, as well as consumers in many product and geographical markets; the possibility that excessive currency rate fluctuations of the U.S. dollar, the euro, the Chinese yuan and other currencies against the yen may adversely affect costs and prices of Panasonic's products and services and certain other transactions that are denominated in these foreign currencies; the possibility of the Panasonic Group incurring additional costs of raising funds, because of changes in the fund raising environment; the possibility of the Panasonic Group not being able to respond to rapid technological changes and changing consumer preferences with timely and cost-effective introductions of new products in markets that are highly competitive in terms of both price and technology; the possibility of not achieving expected results or incurring unexpected losses in connection with the alliances or mergers and acquisitions; the possibility of not being able to achieve its business objectives through joint ventures and other collaborative agreements with other companies, including due to the pressure of price reduction exceeding that which can be achieved by its effort and decrease in demand for products from business partners which Panasonic highly depends on in BtoB business areas; the possibility of the Panasonic Group not being able to maintain competitive strength in many product and geographical areas; the possibility of incurring expenses resulting from any defects in products or services of the Panasonic Group; the possibility that the Panasonic Group may face intellectual property infringement claims by third parties; current and potential, direct and indirect restrictions imposed by other countries over trade, manufacturing, labor and operations; restrictions, costs or legal liability relating to laws and regulations or failures in internal controls; fluctuations in market prices of securities and other financial assets in which the Panasonic Group has holdings or changes in valuation of non-financial assets, including property, plant and equipment, goodwill and deferred tax assets; future changes or revisions to accounting policies or accounting rules; the possibility of incurring expenses resulting from a leakage of customers' or confidential information from Panasonic Group systems due to unauthorized access or a detection of vulnerability of network-connected products of the Panasonic Group; as well as natural disasters including earthquakes, prevalence of infectious diseases throughout the world, disruption of supply chain and other events that may negatively impact business activities of the Panasonic Group. The factors listed above are not all-inclusive and further information is contained in the most recent English translated version of Panasonic's securities reports under the FIEA and any other documents which are disclosed on its website.

I Corporate Information

1. Consolidated Financial Summary

| | Yen (millions), except per share amounts | | |
|--|--|-------------------------------------|------------------------------|
| | Three months ended June 30, 2019 | Three months ended June 30, 2018 | Year ended March 31, 2019 |
| Net sales | 1,891,129 | 2,008,735 | 8,002,733 |
| Profit before income taxes | 56,226 | 102,246 | 416,456 |
| Net profit attributable to Panasonic Corporation stockholders | 49,777 | 57,360 | 284,149 |
| Comprehensive income attributable to Panasonic Corporation stockholders | (23,668) | 85,884 | 278,477 |
| Panasonic Corporation stockholders' equity | 1,833,400 | 1,753,675 | 1,913,513 |
| Total equity | 1,996,235 | 1,919,394 | 2,084,615 |
| Total assets | 6,503,123 | 6,385,523 | 6,013,931 |
| Earnings per share attributable to Panasonic Corporation stockholders, basic (yen) | 21.34 | 24.59 | 121.83 |
| Earnings per share attributable to Panasonic Corporation stockholders, diluted (yen) | 21.33 | 24.58 | 121.75 |
| Panasonic Corporation stockholders' equity / total assets (%) | 28.2 | 27.5 | 31.8 |
| Net cash provided by operating activities | 104,908 | 36,630 | 203,677 |
| Net cash used in investing activities | (63,702) | (77,124) | (193,387) |
| Net cash used in financing activities | (99,275) | (4,681) | (341,761) |
| Cash and cash equivalents at end of period | 690,400 | 1,058,609 | 772,264 |

Notes: 1. The Company's condensed quarterly consolidated financial statements and consolidated financial statements are prepared in conformity with International Financial Reporting Standards (IFRS).

2. Net sales do not include consumption tax, etc.

2. Principal Businesses

The Panasonic Group is comprised primarily of the parent Panasonic Corporation and 575 consolidated subsidiaries in and outside of Japan, operating in close cooperation with each other. As a comprehensive electronics manufacturer, Panasonic is engaged in development, production, sales and service activities in a broad array of business areas.

The Company supplies a full spectrum of electric/electronic equipment and related products, which is categorized into the following five reportable segments, "Appliances," "Life Solutions," "Connected Solutions," "Automotive," "Industrial Solutions," and other business activities which are not included in the reportable segments. The reportable segment classification was changed on April 1, 2019. Details about each segment and business transfers are described in "IV Condensed Quarterly Consolidated Financial Statements, Note 3. Segment Information."

During the three months ended June 30, 2019, there were changes in major affiliated companies as follows.

Connected Solutions:

In May 2019, the Company concluded the liquidation of its consolidated subsidiary MT Picture Display Co., Ltd.

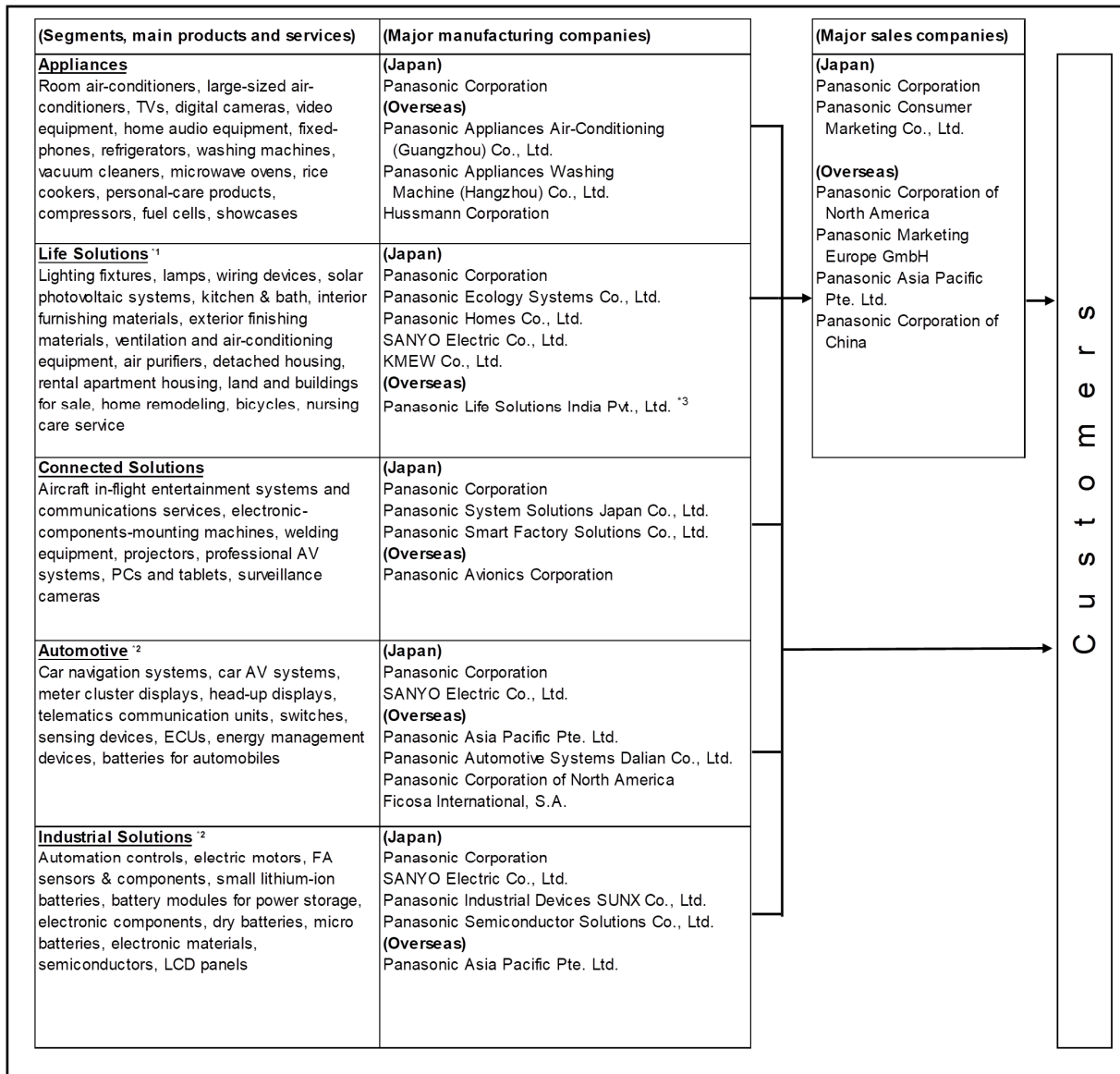
Industrial Solutions:

On April 1, 2019, the Company absorbed Panasonic Precision Devices Co., Ltd. through a merger.

The Company's consolidated financial statements have been prepared in conformity with IFRS and the scopes of affiliates are disclosed based on the definition of those accounting principles. The same applies to "II The Business Overview."

Outline of the Panasonic Group:

As of June 30, 2019



*1 "Eco Solutions" was renamed as "Life Solutions" on April 1, 2019.

*2 "Automotive & Industrial Systems" was reorganized to "Automotive" and "Industrial Solutions" on April 1, 2019.

*3 "Anchor Electricals Pvt. Ltd." was renamed as "Panasonic Life Solutions India Pvt., Ltd." on April 1, 2019.

II The Business Overview

1. Risk Factors

There was no risk newly identified during the three months ended June 30, 2019.

There were no significant changes with regard to the "Risk Factors" stated in the annual securities report of the previous fiscal year.

2. Management Analyses of Consolidated Financial Position, Operating Results and Cash Flows

(1) Operating Results

During the three months ended June 30, 2019 (fiscal 2020), the global economy saw signs of some slowdown particularly in exports from Japan and China, while the U.S. economy continued to perform favorably with stable personal spending and capital investments. Furthermore, in Japan, capital investments were spurred by employment conditions and demand for labor-saving measures. Regarding the outlook for the global economy, various risk factors can be seen, such as the politics and financial circumstances in each country, increasingly widespread protectionism, and downward economic swings in emerging countries.

Under such a management environment, in fiscal 2020, as the first year of the new Mid-term strategy, the Company will execute portfolio management reform and aim at both profit growth and profitability improvement.

During the three months ended June 30, 2019, the Company came to an agreement with Toyota Motor Corporation to establish a joint venture related to town development business. The integration of respective housing businesses aims to reinforce the foundation for such housing business in the face of severe market competition, and to grow business in the field of town development, which is expected to grow in the future. In photovoltaic business, the Company reached an agreement to collaborate with GS-Solar (China) Company Ltd. Through this collaboration, the Company will optimize the development and production capability.

For the three months ended June 30, 2019, both sales and profits decreased.

Consolidated group sales decreased by 6% to 1,891.1 billion yen. Domestic sales was the same level as the previous year. Overseas sales decreased due mainly to sales declines of mounting equipment and motors, which were impacted by deteriorating market conditions in China, and the effect of exchange rates despite sales growth in Automotive Batteries.

Operating profit decreased by 44% to 56.4 billion yen from a year ago. This was due mainly to lower sales in China, increased costs related to development expenses in Automotive Solutions and sluggish sales of TVs, in addition to the impact of gains from the sale of land in the previous year despite favorable sales in domestic housing-related businesses. Profit before income taxes decreased by 45% to 56.2 billion yen, and net profit attributable to Panasonic Corporation stockholders decreased by 13% to 49.8 billion yen from a year ago.

(2) Operating Results by Segment

The Company's first quarter consolidated sales and profits by segment with previous year comparisons are summarized as follows:

On April 1, 2019, "Automotive & Industrial Systems" was reorganized to "Automotive" and "Industrial Solutions." "Eco Solutions" was renamed as "Life Solutions." In addition, certain businesses were transferred among segments. The figures of segment information in fiscal 2019 have been reclassified to conform to the presentation for fiscal 2020.

Appliances

Sales decreased by 4% to 689.0 billion yen from a year ago. Despite increased sales of room air-conditioners and large-scale air-conditioners, overall sales decreased due to sluggish sales of TVs and digital cameras mainly in Europe.

Operating profit decreased by 23% to 30.0 billion yen from a year ago due mainly to a sales decrease of TVs, particularly in Europe.

Life Solutions

Sales increased by 4% to 462.1 billion yen from a year ago. This increase was driven by solid performance in home-use distribution panel boards and wiring devices at Energy Systems, growth of new products for water-related equipment and building materials at Housing Systems, and increased sales of new construction orders and remodeling business at Panasonic Homes Co., Ltd.

Operating profit increased to 12.7 billion yen from a loss of 0.1 billion yen a year ago due to sales increases and rationalization efforts.

Connected Solutions

Sales decreased by 7% to 255.2 billion yen from a year ago. This was due to sales declines at Process Automation which was impacted by postponed investments resulting from weak market conditions in China as well as sluggish sales at Avionics which was impacted by held back investments by certain airline companies.

Operating profit decreased by 39% to 13.7 billion yen from a year ago. This was largely due to lower sales despite profit increases in PC business.

Automotive

Sales increased by 6% to 377.4 billion yen from a year ago. Overall sales increased due to the effect of investments for capacity expansion in Automotive Batteries, while sales decreased slightly in Automotive Solutions due to impact of deteriorating market conditions in China.

Operating profit turned to a loss of 10.0 billion yen, compared to a loss of 1.5 billion yen a year ago, due mainly to an increase in costs related to development expenses in Automotive Solutions despite profit increases in Automotive Batteries.

Industrial Solutions

Sales decreased by 12% to 327.1 billion yen from a year ago. This was due to sluggish sales in motors, which was impacted by weakening demand for capital investments in China, and sales declines mainly in capacitors, resistors and automotive-equipment due to deteriorating overseas market conditions.

Operating profit decreased by 69 % to 5.2 billion yen from a year ago, since fixed-cost reductions and materials rationalization were unable to offset the impact of lower sales.

(3) Financial Conditions

The Company's consolidated total assets as of June 30, 2019 were 6,503.1 billion yen, an increase of 489.2 billion yen from March 31, 2019.

The Company's consolidated total liabilities were 4,506.9 billion yen, an increase of 577.6 billion yen from March 31, 2019. These were due mainly to an increase of right-of-use-assets, investment properties and lease liabilities, by applying IFRS 16, "Leases."

Panasonic Corporation stockholders' equity decreased by 80.1 billion yen to 1,833.4 billion yen, compared to March 31, 2019. This was due to deteriorated quarterly comprehensive income by the appreciation of the yen. With non-controlling interests added to Panasonic Corporation stockholders' equity, total equity was 1,996.2 billion yen.

(4) Cash Flows

Cash flows from operating activities

Net cash provided by operating activities for the first quarter ended June 30, 2019 amounted to 104.9 billion yen, compared with an inflow of 36.6 billion yen a year ago. This was due mainly to improved working capital and payment of one-off legal costs a year ago, in addition to impact of applying IFRS 16, "Leases" from April 1, 2019. For further details, please refer to "IV Condensed Quarterly Consolidated Financial Statements, Note 2. Basis of Preparation, (5) Application of new standards and interpretations, (i) IFRS 16, Leases."

Cash flows from investing activities

Net cash used in investing activities amounted to 63.7 billion yen, compared with an outflow of 77.1 billion yen a year ago. This was due mainly to decreased payments of account payable-facilities in spite of proceeds from the sale of land a year ago.

Accordingly, free cash flow (net cash provided by operating activities and investing activities) improved by 81.7 billion yen from a year ago to an inflow of 41.2 billion yen.

Cash flows from financing activities

Net cash used in financing activities amounted to 99.3 billion yen, compared with an outflow of 4.7 billion yen a year ago. This was due mainly to a decreased balance of short-term bonds, the repayment of long-term debt, and the impact of applying IFRS 16.

Taking into consideration the exchange fluctuations, cash and cash equivalents totaled 690.4 billion yen as of June 30, 2019, decreased by 81.9 billion yen, compared with March 31, 2019.

(5) Research and Development

Panasonic's R&D expenditures for the three months ended June 30, 2019 totaled 118.6 billion yen, up 2% from a year ago. There were no significant changes in R&D activities for the period.

(6) Capital Investment

Panasonic's capital investment (tangible assets) for the three months ended June 30, 2019 totaled 56.0 billion yen, down 1% from a year ago.

(7) Depreciation (tangible assets only)

Panasonic's depreciation for the three months ended June 30, 2019 totaled 52.6 billion yen, down 6% from a year ago.

(8) Number of Employees

Number of employees at the end of the first quarter of fiscal 2020 was 273,775, an increase of 1,906, compared with the end of the fiscal 2019.

III Shares and Shareholders

1. Shares of Common Stock Issued as of June 30, 2019: 2,453,053,497 shares

The common stock of the Company is listed on the Tokyo and Nagoya stock exchanges in Japan.

2. Amount of Common Stock (Stated Capital) as of June 30, 2019: 258,740 million yen

IV Condensed Quarterly Consolidated Financial Statements

**PANASONIC CORPORATION
AND SUBSIDIARIES**
Condensed Quarterly Consolidated Statements of Financial Position
June 30 and March 31, 2019

| | Yen (millions) | |
|--|----------------|----------------|
| | June 30, 2019 | March 31, 2019 |
| <u>Assets</u> | | |
| Current assets: | | |
| Cash and cash equivalents..... | 690,400 | 772,264 |
| Trade receivables and contract assets..... | 1,153,530 | 1,190,620 |
| Other financial assets..... | 117,875 | 131,305 |
| Inventories..... | 1,041,995 | 1,016,437 |
| Other current assets..... | 198,050 | 163,467 |
| Total current assets..... | 3,201,850 | 3,274,093 |
| Non-current assets: | | |
| Investments accounted for using the equity method..... | 136,851 | 136,486 |
| Other financial assets..... | 229,798 | 216,225 |
| Property, plant and equipment..... | 1,262,243 | 1,324,374 |
| Right-of-use assets (Note 2)..... | 307,009 | - |
| Investment property (Note 2)..... | 294,016 | - |
| Goodwill and intangible assets..... | 701,030 | 719,557 |
| Deferred tax assets..... | 318,034 | 288,538 |
| Other non-current assets..... | 52,292 | 54,658 |
| Total non-current assets..... | 3,301,273 | 2,739,838 |
| Total assets..... | 6,503,123 | 6,013,931 |

PANASONIC CORPORATION
AND SUBSIDIARIES
Condensed Quarterly Consolidated Statements of Financial Position
June 30 and March 31, 2019

| | Yen (millions) | |
|--|----------------|----------------|
| | June 30, 2019 | March 31, 2019 |
| <u>Liabilities and Equity</u> | | |
| Current liabilities: | | |
| Short-term debt, including current portion of long-term debt (Note 2)..... | 345,005 | 382,301 |
| Lease liabilities (Note 2)..... | 94,177 | 7,654 |
| Trade payables..... | 1,108,122 | 1,151,174 |
| Other financial liabilities..... | 264,637 | 273,817 |
| Income taxes payable..... | 39,211 | 55,355 |
| Provisions..... | 179,078 | 184,512 |
| Contract liabilities..... | 137,044 | 113,649 |
| Other current liabilities..... | 856,926 | 820,988 |
| Total current liabilities..... | 3,024,200 | 2,989,450 |
| Non-current liabilities: | | |
| Long-term debt (Note 2)..... | 600,477 | 600,750 |
| Lease liabilities (Note 2)..... | 551,370 | 8,016 |
| Other financial liabilities..... | 16,471 | 16,667 |
| Retirement benefit liabilities..... | 250,500 | 256,289 |
| Provisions..... | 5,557 | 6,116 |
| Deferred tax liabilities..... | 39,221 | 38,192 |
| Contract liabilities..... | 9,780 | 5,686 |
| Other non-current liabilities..... | 9,312 | 8,150 |
| Total non-current liabilities..... | 1,482,688 | 939,866 |
| Total liabilities..... | 4,506,888 | 3,929,316 |
| Equity: | | |
| Panasonic Corporation stockholders' equity : | | |
| Common stock..... | 258,740 | 258,740 |
| Capital surplus..... | 528,135 | 528,880 |
| Retained earnings (Note 2)..... | 1,494,940 | 1,500,870 |
| Other components of equity (Note 4)..... | (237,850) | (164,417) |
| Treasury stock..... | (210,565) | (210,560) |
| Total Panasonic Corporation stockholders' equity (Note 5)..... | 1,833,400 | 1,913,513 |
| Non-controlling interests..... | 162,835 | 171,102 |
| Total equity..... | 1,996,235 | 2,084,615 |
| Total liabilities and equity..... | 6,503,123 | 6,013,931 |

PANASONIC CORPORATION
AND SUBSIDIARIES
Condensed Quarterly Consolidated Statements of Profit or Loss
Three months ended June 30, 2019 and 2018

| | Yen (millions) | |
|--|----------------------------|---------------|
| | Three months ended June 30 | |
| | 2019 | 2018 |
| Net sales (Note 7)..... | 1,891,129 | 2,008,735 |
| Cost of sales..... | (1,358,209) | (1,447,642) |
| Gross profit..... | 532,920 | 561,093 |
| Selling, general and administrative expenses..... | (470,554) | (479,511) |
| Share of profit of investments accounted for using the equity method..... | 961 | 1,196 |
| Other income (expenses), net (Note 8)..... | (6,938) | 17,178 |
| Operating profit..... | 56,389 | 99,956 |
| Finance income..... | 8,285 | 7,754 |
| Finance expenses..... | (8,448) | (5,464) |
| Profit before income taxes..... | 56,226 | 102,246 |
| Income taxes (Note 8)..... | (2,459) | (40,724) |
| Net profit..... | <u>53,767</u> | <u>61,522</u> |
| Net profit attributable to: | | |
| Panasonic Corporation stockholders..... | 49,777 | 57,360 |
| Non-controlling interests..... | 3,990 | 4,162 |
| Yen | | |
| Earnings per share attributable to Panasonic Corporation stockholders (Note 5) | | |
| Basic..... | 21.34 | 24.59 |
| Diluted..... | 21.33 | 24.58 |

PANASONIC CORPORATION
AND SUBSIDIARIES
Condensed Quarterly Consolidated Statements of Comprehensive Income
Three months ended June 30, 2019 and 2018

| | Yen (millions) | |
|--|----------------------------|---------|
| | Three months ended June 30 | |
| | 2019 | 2018 |
| Net Profit..... | 53,767 | 61,522 |
| Other comprehensive income, net of tax | | |
| Items that will not be reclassified to profit or loss | | |
| Remeasurements of defined benefit plans..... | (249) | 1,874 |
| Financial assets measured at fair value through other comprehensive income..... | (8,240) | 10,784 |
| Subtotal..... | (8,489) | 12,658 |
| Items that may be reclassified to profit or loss | | |
| Exchange differences on translation of foreign operations..... | (70,438) | 15,636 |
| Net changes in fair value of cash flow hedges..... | 318 | (1,451) |
| Subtotal..... | (70,120) | 14,185 |
| Other comprehensive income (loss), net of tax..... | (78,609) | 26,843 |
| Total comprehensive income (loss)..... | (24,842) | 88,365 |
| Total comprehensive income attributable to: | | |
| Panasonic Corporation stockholders..... | (23,668) | 85,884 |
| Non-controlling interests..... | (1,174) | 2,481 |

PANASONIC CORPORATION
AND SUBSIDIARIES
Condensed Quarterly Consolidated Statements of Changes in Equity
Three months ended June 30, 2019 and 2018

| Three months ended June 30, 2019 | | | | | | | | Yen (millions) |
|---|-----------------|--------------------|----------------------|----------------------------------|-------------------|---|----------------------------------|----------------|
| | Common stock | Capital surplus | Retained earnings | Other components of equity | Treasury stock | Panasonic Corporation stockholders' equity | Non- controlling interests | Total equity |
| Balances as of April 1, 2019..... | 258,740 | 528,880 | 1,500,870 | (164,417) | (210,560) | 1,913,513 | 171,102 | 2,084,615 |
| Comprehensive income: | | | | | | | | |
| Net profit..... | - | - | 49,777 | - | - | 49,777 | 3,990 | 53,767 |
| Remeasurements of defined benefit plans..... | - | - | - | (326) | - | (326) | 77 | (249) |
| Financial assets measured at fair value through other comprehensive income..... | - | - | - | (8,211) | - | (8,211) | (29) | (8,240) |
| Exchange differences on translation of foreign operations..... | - | - | - | (65,230) | - | (65,230) | (5,208) | (70,438) |
| Net change in fair value of cash flow hedges..... | - | - | - | 322 | - | 322 | (4) | 318 |
| Total comprehensive income (loss)..... | - | - | 49,777 | (73,445) | - | (23,668) | (1,174) | (24,842) |
| Transfer to hedged non- financial assets..... | - | - | - | 81 | - | 81 | - | 81 |
| Transfer from other components of equity to retained earnings..... | - | - | 69 | (69) | - | - | - | - |
| Cash dividends (Note 4)..... | - | - | (34,986) | - | - | (34,986) | (8,023) | (43,009) |
| Purchase of treasury stock..... | - | - | - | - | (6) | (6) | - | (6) |
| Disposal of treasury stock..... | - | (1) | - | - | 1 | 0 | - | 0 |
| Transactions with non-controlling interests and other..... | - | (744) | - | - | - | (744) | 930 | 186 |
| Cumulative effects of a new accounting standard applied (Note 2)..... | - | - | (20,790) | - | - | (20,790) | - | (20,790) |
| Balances as of June 30, 2019..... | 258,740 | 528,135 | 1,494,940 | (237,850) | (210,565) | 1,833,400 | 162,835 | 1,996,235 |
| | | | | | | | | |
| Three months ended June 30, 2018 | | | | | | | | Yen (millions) |
| | Common stock | Capital surplus | Retained earnings | Other components of equity | Treasury stock | Panasonic Corporation stockholders' equity | Non- controlling interests | Total equity |
| Balances as of April 1, 2018..... | 258,740 | 527,408 | 1,300,336 | (168,259) | (210,674) | 1,707,551 | 174,734 | 1,882,285 |
| Comprehensive income: | | | | | | | | |
| Net profit..... | - | - | 57,360 | - | - | 57,360 | 4,162 | 61,522 |
| Remeasurements of defined benefit plans..... | - | - | - | 1,802 | - | 1,802 | 72 | 1,874 |
| Financial assets measured at fair value through other comprehensive income..... | - | - | - | 10,707 | - | 10,707 | 77 | 10,784 |
| Exchange differences on translation of foreign operations..... | - | - | - | 17,451 | - | 17,451 | (1,815) | 15,636 |
| Net change in fair value of cash flow hedges..... | - | - | - | (1,436) | - | (1,436) | (15) | (1,451) |
| Total comprehensive income..... | - | - | 57,360 | 28,524 | - | 85,884 | 2,481 | 88,365 |
| Transfer to hedged non- financial assets..... | - | - | - | 13 | - | 13 | - | 13 |
| Transfer from other components of equity to retained earnings..... | - | - | 4,166 | (4,166) | - | - | - | - |
| Cash dividends (Note 4)..... | - | - | (46,647) | - | - | (46,647) | (10,036) | (56,683) |
| Purchase of treasury stock..... | - | - | - | - | (14) | (14) | - | (14) |
| Disposal of treasury stock..... | - | (31) | - | - | 72 | 41 | - | 41 |
| Transactions with non-controlling interests and other..... | - | (303) | - | - | - | (303) | (1,460) | (1,763) |
| Cumulative effects of a new accounting standard applied..... | - | - | 7,150 | - | - | 7,150 | - | 7,150 |
| Balances as of June 30, 2018..... | 258,740 | 527,074 | 1,322,365 | (143,888) | (210,616) | 1,753,675 | 165,719 | 1,919,394 |

PANASONIC CORPORATION
AND SUBSIDIARIES
Condensed Quarterly Consolidated Statements of Cash Flows
Three months ended June 30, 2019 and 2018

| | Yen (millions) | |
|--|----------------------------|-----------------|
| | Three months ended June 30 | |
| | 2019 | 2018 |
| Cash flows from operating activities (Note 2) : | | |
| Net profit..... | 53,767 | 61,522 |
| Depreciation and amortization..... | 97,630 | 71,646 |
| Impairment losses on property, plant and equipment, goodwill and intangible assets..... | 509 | 597 |
| Income tax expenses..... | 2,459 | 40,724 |
| (Increase) decrease in trade receivables and contract assets..... | 18,751 | (41,549) |
| (Increase) decrease in inventories..... | (38,806) | (47,533) |
| Increase (decrease) in trade payables..... | (31,288) | 14,789 |
| Increase (decrease) in provisions..... | (2,157) | (26,340) |
| Increase (decrease) in contract liabilities..... | 28,548 | 14,861 |
| Increase (decrease) in retirement benefit liabilities..... | (6,700) | (4,213) |
| Other - net (Note 8)..... | 24,011 | (11,985) |
| Subtotal..... | <u>146,724</u> | <u>72,519</u> |
| Interest received..... | 6,455 | 5,938 |
| Dividend income received..... | 1,556 | 1,662 |
| Interest expenses paid..... | (8,214) | (5,630) |
| Income taxes paid..... | <u>(41,613)</u> | <u>(37,859)</u> |
| Net cash provided by (used in) operating activities..... | <u>104,908</u> | <u>36,630</u> |
| Cash flows from investing activities : | | |
| Purchase of property, plant and equipment..... | (72,531) | (96,272) |
| Proceeds from sale of property, plant and equipment..... | 5,900 | 24,080 |
| Purchase of intangible assets..... | (16,864) | (17,579) |
| Collection of lease receivables..... | 20,407 | 18,954 |
| Purchase of investments accounted for using the equity method and other financial assets..... | (5,075) | (13,024) |
| Proceeds from sale and redemption of investments accounted for using the equity method and other financial assets..... | 4,062 | 6,069 |
| Acquisition of subsidiaries, net of cash acquired..... | - | (500) |
| Other - net..... | 399 | 1,148 |
| Net cash provided by (used in) investing activities..... | <u>(63,702)</u> | <u>(77,124)</u> |

**PANASONIC CORPORATION
AND SUBSIDIARIES**
Condensed Quarterly Consolidated Statements of Cash Flows
Three months ended June 30, 2019 and 2018

| | Yen (millions) | |
|--|----------------------------|-------------------------|
| | Three months ended June 30 | |
| | 2019 | 2018 |
| Cash flows from financing activities : | | |
| Increase (decrease) in short-term debt..... | (4,791) | 50,446 |
| Proceeds from long-term debt..... | 305 | 216 |
| Repayments of long-term debt (Note 2)..... | (31,499) | (688) |
| Payments for lease liabilities (Note 2)..... | (26,579) | (2,135) |
| Dividends paid to Panasonic Corporation stockholders (Note 4)..... | (34,986) | (46,647) |
| Dividends paid to non-controlling interests..... | (8,023) | (10,036) |
| Purchase of treasury stock..... | (6) | (14) |
| Proceeds from sales of treasury stock..... | 0 | 41 |
| Transactions with non-controlling interests..... | - | (2,000) |
| Other - net..... | 6,304 | 6,136 |
| | <u>(99,275)</u> | <u>(4,681)</u> |
| Effect of exchange rate changes on cash and cash equivalents..... | (23,795) | 14,199 |
| Net increase (decrease) in cash and cash equivalents..... | (81,864) | (30,976) |
| Cash and cash equivalents at the beginning of the period..... | <u>772,264</u> | <u>1,089,585</u> |
| Cash and cash equivalents at the end of the period..... | <u><u>690,400</u></u> | <u><u>1,058,609</u></u> |

**PANASONIC CORPORATION
AND SUBSIDIARIES**
Notes to Condensed Quarterly Consolidated Financial Statements

1. Reporting Entity

Panasonic Corporation is a company incorporated in Japan. As a comprehensive electronics manufacturer, Panasonic Corporation and its subsidiaries (together referred to as the "Company") are engaged in development, production, sales and service activities in a broad array of business areas in close cooperation with domestic and overseas group companies.

The details of principal businesses and activities of the Company are described in "3. Segment information."

2. Basis of Preparation

(1) Compliance of condensed quarterly consolidated financial statements with International Accounting Standard 34 "Interim Financial Reporting" (hereinafter, "IAS 34")

Pursuant to the provision of Article 93 of the Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements, the condensed quarterly consolidated financial statements of the Company have been prepared in compliance with IAS 34 since the Company qualifies as a "Specified Company under Designated International Accounting Standards" prescribed in Article 1-2 of the Ordinance.

The Company's condensed quarterly consolidated financial statements do not include all of the information and disclosures required for a complete set of financial statements prepared in accordance with IFRS, and should be used in conjunction with the financial statements and the notes included in the Company's annual consolidated financial statements for the year ended March 31, 2019.

The condensed quarterly consolidated financial statements were approved on August 8, 2019 by Representative Director and President, Kazuhiro Tsuga and Director (CFO), Hirokazu Umeda.

(2) Functional currency and presentation currency

The Company's condensed quarterly consolidated financial statements are presented in Japanese yen, which is Panasonic's functional currency, and figures are rounded to the nearest million (Japanese yen).

(3) Significant accounting policies

Significant accounting policies applied in preparation of the condensed quarterly consolidated financial statements are consistent with those used in the preparation of the Company's annual consolidated financial statements for the year ended March 31, 2019 except for the following "Investment property" and (5).

(Investment property)

The right-of-use assets recognized in accordance with IFRS 16, "Leases," which meet the requirements of IAS 40, "Investment property," are presented as "Investment property." Investment property is held by the Company to earn rentals. Investment property is measured using the cost model and presented at the amount of cost less accumulated depreciation and any accumulated impairment losses. Depreciation is calculated to systematically allocate the cost of investment property using the straight-line method over the lease term.

(4) Significant accounting estimates and judgments involving estimations

The Company makes judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses for the preparation of condensed quarterly consolidated financial statements. Actual results may differ from those accounting estimates and their underlying assumptions.

Estimates and their underlying assumptions are reviewed on an ongoing basis, and revisions to accounting estimates are recognized in the reporting period in which the estimates are revised and in future reporting periods.

The estimates and judgments that have a material effect on the Company's condensed quarterly consolidated financial statements, are consistent with those used in the preparation of the Company's annual consolidated financial statements for the year ended March 31, 2019.

(5) Application of new standards and interpretations

(i) IFRS 16, "Leases"

The Company applies IFRS 16, "Leases" from April 1, 2019. The Company has recognized the cumulative effect of applying the standard at the date of initial application as a transition method permitted under the standard. Accordingly, comparative information is not restated and prepared in accordance with the IAS 17, "Leases."

(a) Definition of a lease

Previously, the Company determined whether a contract is, or contains, a lease in accordance with IAS 17 and IFRIC 4, "Determining whether an Arrangement contains a Lease." In adopting IFRS 16, the Company determines whether a contract is, or contains, a lease in accordance with the following definition of a lease.

- The Company has an identified asset
- The Company has the right to obtain substantially all of the economic benefits from use of the identified asset
- The Company has the right to direct the use of the identified asset

(b) Lease accounting treatment as a lessee

Previously the Company, as a lessee, classified leases as an operating lease or a finance lease based on the assessment of whether all of the risks and rewards incidental to ownership of an underlying asset are substantially transferred to the Company in accordance with the IAS 17.

Following the application of IFRS 16, the Company applies the single lease accounting model required by the standard. In principle, for all leases, right-of-use assets that represent a right to use an underlying asset and lease liabilities that represent the obligation for lease payments are recognized.

Lease liabilities are initially measured at the present value of unpaid lease payments at the lease commencement date discounted using the interest rate implicit in the lease or the lessee's incremental borrowing rate. Right-of-use assets are initially measured at cost, which comprises the amount of the initial measurement of the lease liability and prepaid lease payments, etc. Right-of-use assets are depreciated using the straight-line method over the lease term. As a result, the lease payments under operating lease that were previously recorded as expenses when incurred are recorded as depreciation for the right-of-use assets and interest expense on the lease liability. Also, in the condensed quarterly consolidated statements of cash flows, the cash payments of the lease liability excluding interest portion that were previously classified in operating activities are classified within financing activities. Furthermore, the Company does not recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases in which the underlying asset is of low value, and recognizes lease payments as an expense when incurred in the same way as previous years.

(c) Treatment on transition

Methods for measuring right-of-use assets and lease liabilities on transition are as follows. Note that, on the application of IFRS 16, the Company applies a practical expedient to the definition of lease. The Company applies IFRS 16 to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 and does not apply IFRS 16 to contracts that were previously not.

(Leases previously classified as operating leases under IAS 17)

Lease liabilities on transition are measured at the present value of the total remaining lease payments at the date of initial application, discounted using discount rate at the date of initial application. Also, right-of-use assets on transition are measured at either:

- the carrying amount as if IFRS 16 had been applied since the commencement date, but discounted using discount rate at the date of initial application; or
- an amount equal to the lease liability, adjusted by the amount of any prepaid lease payments, etc.

In addition, on the application of IFRS 16, the Company applies the following practical expedients taking into account region and business.

- A lessee may account for leases for which the lease term ends within 12 months of the date of initial application in the same way as short-term leases.
- A lessee shall adjust the right-of-use asset by the amount of any provision for onerous leases applying IAS 37, "Provisions, Contingent Liabilities and Contingent Assets" recognized immediately before the date of initial application as an alternative to performing an impairment test.
- A lessee may exclude initial direct costs from the measurement of the right-of-use asset at the date of initial application.

- A lessee may use hindsight, such as in determining the lease term if the contract contains options to extend or terminate the lease.

(Leases previously classified as finance leases under IAS 17)

The carrying amounts of right-of-use assets and the lease liabilities at the date of initial application are determined at the carrying amount of the leased assets and lease liabilities immediately before that date measured under IAS 17.

(d) Impacts on condensed quarterly consolidated financial statements

At the date of initial application of IFRS 16, the Company additionally recognized right-of-use assets of 307,132 million yen, investment property of 281,182 million yen, and lease liabilities of 636,271 million yen. As a result, the balance of retained earnings decreased by 20,790 million yen.

In accordance with the application of IFRS 16, "Lease liabilities," which were included in "Short-term debt, including current portion of long-term debt" and "Long-term debt" as of March 31, 2019, have become material and are separately presented from the current fiscal year. Consolidated Statements of Financial Position as of March 31, 2019 is reclassified to conform to this change in presentation. As a result, the amount of 7,654 million yen as of March 31, 2019, which was presented in "Short-term debt, including current portion of long-term debt", and the amount of 8,016 million yen as of March 31, 2019, which was presented in "Long-term debt", have been reclassified and presented as "Lease liabilities" (Current liabilities) and "Lease liabilities" (Non-current liabilities), respectively.

Also, "Payments for lease liabilities," which was included in "Payments of long-term debt" within "Cash flows from financing activities" for the year ended March 31, 2019 has become material and is separately presented from the current fiscal year. Condensed Quarterly Consolidated Statements of Cash Flows for the three month ended June 30, 2018 is reclassified to conform to this change in presentation. As a result, the amount of (2,135) million yen for the three months ended June 30, 2018, which was presented in "Payments of long-term debt" within "Cash flows from financing activities", has been reclassified and presented as "Payments for lease liabilities" within "Cash flows from financing activities."

Furthermore, there is a difference of 518,021 million yen between future minimum lease payments of 118,250 million yen under non-cancellable operating leases disclosed applying IAS 17 as of March 31, 2019, which was immediately before the date of initial application, and the lease liabilities of 636,271 million yen measured as of the date of initial application. These differences are due to reasons such as, in the application of IFRS 16, recording lease liabilities for cancelable operating lease and recording lease liabilities for variable lease payments, which were not included in future minimum lease payments under IAS 17, measured using an index or a rate at the date of initial application.

(ii) IFRIC 23, "Uncertainty over Income Tax Treatments"

The Company applies IFRIC 23, "Uncertainty over Income Tax Treatments" from April 1, 2019. IFRIC 23 aims to clarify the application of IAS 12, "Income taxes" when there is uncertainty over income tax treatment. The impact of the application of IFRIC 23 on the condensed quarterly consolidated financial statements of the Company is not material.

3. Segment Information

(1) Reportable segments

The reportable segments are the components of the Company for which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. The Company classifies and discloses five reportable segments, namely "Appliances," "Life Solutions," "Connected Solutions," "Automotive" and "Industrial Solutions."

"Appliances" is comprised of developing, manufacturing, selling and providing services of products such as room air-conditioners, large-sized air-conditioners, TVs, digital cameras, video equipment, home audio equipment, fixed-phones, refrigerators, washing machines, vacuum cleaners, microwave ovens, rice cookers, personal-care products, compressors, fuel cells and showcases. "Life Solutions" is comprised of developing, manufacturing, selling and providing services of products such as lighting fixtures, lamps, wiring devices, solar photovoltaic systems, water-related products, interior furnishing materials, exterior finishing materials, ventilation and air-conditioning equipment, air purifiers, detached housing, rental apartment housing, land and buildings for sale, home remodeling, bicycles, and nursing-care-related products. "Connected Solutions" is comprised of developing, manufacturing, selling and providing services of products such as aircraft in-flight entertainment systems and communications services, electronic-components-mounting machines, welding equipment, projectors, professional AV systems, PCs and tablets, surveillance cameras. "Automotive" is comprised of developing, manufacturing, selling and providing services of products such as car navigation systems, car AV systems, meter cluster displays, head-up displays, telematics communication units, switches, sensing devices, ECUs, energy management devices and batteries for automobiles. "Industrial Solutions" is comprised of developing, manufacturing, selling and providing services of products such as automation controls, electric motors, FA sensors and components, small lithium-ion batteries, battery modules for power storage, electronic components, dry batteries, micro batteries, electronic materials, semiconductors and LCD panels.

"Other" includes business activities not belonging to the reportable segments, such as sales of raw materials.

The reportable segment classification has been changed from the four segments of "Appliances," "Eco Solutions," "Connected Solutions" and "Automotive and Industrial Systems" to the five segments as the above due to the reorganization on April 1, 2019.

The former "Eco Solutions" segment has changed its name to "Life Solutions." Additionally, the former "Automotive and Industrial Systems" segment has been divided into "Automotive" and "Industrial Solutions."

Accordingly, segment information for the three months ended June 30, 2018 has been reclassified to conform to the presentation for the three months ended June 30, 2019.

(2) Information by reportable segments

Information by reportable segments is shown in the tables below.

(i) For the three months ended June 30, 2019

| | | Yen (millions) | | | | | | | |
|--------------------------|----------------|-------------------------|----------------|---------------------|----------------|----------------------|------------------|------------------------------|--------------------|
| | | The reportable segments | | | | | | Eliminations and adjustments | Consolidated Total |
| | | Appliances | Life Solutions | Connected Solutions | Automotive | Industrial Solutions | Other | | |
| Sales: | | | | | | | | | |
| Customers..... | 633,065 | 418,314 | 224,775 | 368,245 | 277,829 | 56,387 | (87,486) | 1,891,129 | |
| Intersegment..... | 55,947 | 43,792 | 30,451 | 9,112 | 49,262 | 2,083 | (190,647) | - | |
| Total..... | <u>689,012</u> | <u>462,106</u> | <u>255,226</u> | <u>377,357</u> | <u>327,091</u> | <u>58,470</u> | <u>(278,133)</u> | <u>1,891,129</u> | |
| Segment profit (loss)... | 29,998 | 12,663 | 13,705 | (10,043) | 5,247 | 1,515 | 3,304 | 56,389 | |

(ii) For the three months ended June 30, 2018

| | | Yen (millions) | | | | | | | |
|--------------------------|----------------|-------------------------|----------------|---------------------|----------------|----------------------|------------------|------------------------------|--------------------|
| | | The reportable segments | | | | | | Eliminations and adjustments | Consolidated Total |
| | | Appliances | Life Solutions | Connected Solutions | Automotive | Industrial Solutions | Other | | |
| Sales: | | | | | | | | | |
| Customers..... | 665,537 | 400,525 | 242,570 | 347,233 | 319,404 | 69,732 | (36,266) | 2,008,735 | |
| Intersegment..... | 54,620 | 43,825 | 31,761 | 9,189 | 52,243 | 1,669 | (193,307) | - | |
| Total..... | <u>720,157</u> | <u>444,350</u> | <u>274,331</u> | <u>356,422</u> | <u>371,647</u> | <u>71,401</u> | <u>(229,573)</u> | <u>2,008,735</u> | |
| Segment profit (loss)... | 39,093 | (51) | 22,438 | (1,464) | 16,819 | 74 | 23,047 | 99,956 | |

The accounting policies for reportable segments are the same as the Company's accounting policies that are described in Note 2 "(3) Significant accounting policies" except for management accounting adjustments referred to below.

Transactions between segments have been conducted at arm's length prices.

Profit of the reportable segments is calculated on an operating profit basis.

The figures in "Eliminations and Adjustments" include revenues and expenses which are not attributable to any reportable segments for the purpose of evaluating operating results of each segment, consolidation adjustments, and eliminations of intersegment transactions.

Adjustments to segment sales to customers for the three months ended June 30, 2019 and 2018 mainly include price differences between sales prices to external customers and the internal sales prices adopted for performance measurement purposes for the sales of consumer products through certain sales departments, management accounting adjustments for sales price and revenue of corporate headquarters, etc.

Adjustments to segment profit for the three months ended June 30, 2019 and 2018 include profit of corporate headquarters (including gain on sales of certain property, plant and equipment for the three months ended June 30, 2018), and profit which is attributable to certain sales departments of consumer products. Consolidation adjustments also include amortization of certain intangible assets acquired in business combination, share of profit of investments accounted for using the equity method which are not attributable to any specific segments.

4. Equity

(1) Other components of equity

A breakdown of other components of equity is as follows:

| | Yen (millions) | |
|---|------------------|------------------|
| | June 30, 2019 | March 31, 2019 |
| Remeasurements of defined benefit plans (*)..... | - | - |
| Financial assets measured at fair value through other comprehensive income..... | 32,328 | 40,934 |
| Exchange differences on translation of foreign operations..... | (269,353) | (204,123) |
| Net changes in fair value of cash flow hedges..... | (825) | (1,228) |
| Total..... | <u>(237,850)</u> | <u>(164,417)</u> |

(*)As the result of remeasurements of defined benefit plans, other components of equity decreased by 326 million yen (net of tax), which was directly transferred from other components of equity to retained earnings for the three months ended June 30, 2019.

(2) Dividends

(i) Dividends for the three months ended June 30, 2019 is summarized as follows:

Amount of cash dividends paid

| Resolution date | Class | Cash dividends (millions of yen) | Dividends resource | Cash dividends per share (yen) | Record date | Effective date |
|--|--------------|----------------------------------|--------------------|--------------------------------|----------------|----------------|
| The Board of Directors meeting held on May 9, 2019 | Common stock | 34,986 | Retained Earnings | 15.0 | March 31, 2019 | June 7, 2019 |

(ii) Dividends for the three months ended June 30, 2018 is summarized as follows:

Amount of cash dividends paid

| Resolution date | Class | Cash dividends (millions of yen) | Dividends resource | Cash dividends per share (yen) | Record date | Effective date |
|---|--------------|----------------------------------|--------------------|--------------------------------|----------------|----------------|
| The Board of Directors meeting held on May 10, 2018 | Common stock | 46,647 | Retained Earnings | 20.0 | March 31, 2018 | June 8, 2018 |

5. Per share information

Panasonic Corporation stockholders' equity per share is as follows:

| | Yen | |
|---|---------------|----------------|
| | June 30, 2019 | March 31, 2019 |
| Panasonic Corporation stockholders' equity per share..... | 786.06 | 820.41 |

The reconciliation for the basic and diluted earnings per share attributable to Panasonic Corporation stockholders is as follows:

| | Yen (millions) | |
|--|----------------------|----------------------|
| | 2019 | 2018 |
| Net profit attributable to Panasonic Corporation stockholders..... | 49,777 | 57,360 |
| | Number of shares | |
| | 2019 | 2018 |
| Average common shares outstanding..... | 2,332,387,733 | 2,332,346,428 |
| Dilutive effect: | | |
| Stock acquisition rights..... | 1,566,110 | 1,291,227 |
| Diluted common shares outstanding..... | <u>2,333,953,843</u> | <u>2,333,637,655</u> |
| | Yen | |
| | 2019 | 2018 |
| Earnings per share attributable to Panasonic Corporation stockholders: | | |
| Basic..... | 21.34 | 24.59 |
| Diluted..... | 21.33 | 24.58 |

6. Fair values of financial instruments

(1) Comparisons between fair values and carrying amounts are as follows:

| | Yen (millions) | | | |
|--|----------------|------------|----------------|------------|
| | June 30, 2019 | | March 31, 2019 | |
| | Book value | Fair value | Book value | Fair value |
| Long-term debt, including current portion of long-term debt..... | 825,569 | 835,411 | 873,432 | 882,425 |

Fair values shown above are estimated, based on the market price or its present value of the future cash flow, which is calculated using the observable discount rate at June 30 and March 31, 2019. They are all categorized as level 2 (refer to "(2) Fair value measurement hierarchy").

With regard to financial assets and financial liabilities measured at amortized cost other than the above, their fair values approximate their carrying amounts.

(2) Fair value measurement hierarchy

IFRS 13, "Fair Value Measurement" provides that fair values shall be categorized into the following three levels according to the extent to which the input information used in the measurement is observable from the outside:

- Level 1: Fair value measured by quoted prices in active markets
- Level 2: Fair value measured directly or indirectly using inputs other than quoted prices included within Level 1 that are observable
- Level 3: Fair value measured through valuation techniques which include inputs that are not based on observable market data

The fair value measurement hierarchy level used in the measurement is determined by the lowest-level of significant input in the measurement of fair value.

The breakdown of financial instruments measured at fair value is as follows:

| | Yen (millions) | | | |
|---|----------------|---------|---------|---------|
| | June 30, 2019 | | | |
| | Level 1 | Level 2 | Level 3 | Total |
| Financial assets: | | | | |
| Financial assets measured at FVTPL | | | | |
| Derivative assets | | | | |
| Foreign exchange contracts..... | - | 4,586 | - | 4,586 |
| Cross currency swaps..... | - | 13 | - | 13 |
| Commodity futures..... | 4,164 | 2,028 | - | 6,192 |
| Subtotal..... | 4,164 | 6,627 | - | 10,791 |
| Financial assets measured at FVTOCI | | | | |
| Equity securities..... | 74,370 | - | 84,678 | 159,048 |
| Others..... | - | 2,343 | - | 2,343 |
| Subtotal..... | 74,370 | 2,343 | 84,678 | 161,391 |
| Total financial assets..... | 78,534 | 8,970 | 84,678 | 172,182 |
| Financial liabilities: | | | | |
| Financial liabilities measured at FVTPL | | | | |
| Derivative liabilities | | | | |
| Foreign exchange contracts..... | - | 3,983 | - | 3,983 |
| Cross currency swaps..... | - | 22 | - | 22 |
| Commodity futures..... | 7,636 | 3,462 | - | 11,098 |
| Total financial liabilities..... | 7,636 | 7,467 | - | 15,103 |

| | Yen (millions) | | | |
|---|----------------|---------|---------|---------|
| | March 31, 2019 | | | |
| | Level 1 | Level 2 | Level 3 | Total |
| Financial assets: | | | | |
| Financial assets measured at FVTPL | | | | |
| Derivative assets | | | | |
| Foreign exchange contracts..... | - | 5,295 | - | 5,295 |
| Cross currency swaps..... | - | 36 | - | 36 |
| Commodity futures..... | 4,295 | 1,099 | - | 5,394 |
| Subtotal..... | 4,295 | 6,430 | - | 10,725 |
| Financial assets measured at FVTOCI | | | | |
| Equity securities..... | 85,739 | - | 85,580 | 171,319 |
| Others..... | - | 2,344 | - | 2,344 |
| Subtotal..... | 85,739 | 2,344 | 85,580 | 173,663 |
| Total financial assets..... | 90,034 | 8,774 | 85,580 | 184,388 |
| Financial liabilities: | | | | |
| Financial liabilities measured at FVTPL | | | | |
| Derivative liabilities | | | | |
| Foreign exchange contracts..... | - | 2,514 | - | 2,514 |
| Cross currency swaps..... | - | 16 | - | 16 |
| Commodity futures..... | 4,457 | 5,504 | - | 9,961 |
| Total financial liabilities..... | 4,457 | 8,034 | - | 12,491 |

The Company's marketable equity securities and commodity futures are included in Level 1, which are valued using an unadjusted quoted market price in active markets with sufficient volume and frequency of transactions. Level 2 derivatives including foreign exchange contracts, cross currency swaps and commodity futures are valued using quotes obtained from brokers, which are periodically validated by pricing models using observable market inputs, such as foreign currency exchange rates and market prices for commodity futures.

Equity securities classified as Level 3 are unlisted stocks, and their fair values are measured by an appropriate valuation method that comprehensively takes into account the outlook for future profitability of the investee and quantitative information such as net asset value and major assets held by the investee, in accordance with the policy and procedures set by the Company for using the most appropriate and highly relevant, available data. The reasonableness of this assessment is verified by the department in charge of accounting using various methods and approved by the manager of the department. Specific methods of verification include use of external assessment organizations.

For financial instruments classified as Level 3, significant changes in fair value occurring when unobservable inputs are changed to reasonably possible alternative assumptions are not expected.

Transfers between levels are recognized on the day when the event or change in circumstances that caused the transfer occurred. In the three months ended June 30 and financial year ended March 31, 2019, there were no financial instruments of which a significant transfer was made between levels.

For the three months ended June 30, 2019, significant movements of the financial instruments, categorized as level 3, have not occurred.

7. Revenue

Disaggregation of revenue

Revenue from contracts with customers is disaggregated by product category and geographical area where customers are located to reflect its nature properly. Revenue by product and geographical area is further disaggregated by reportable segments.

Reportable segments for the three months ended June 30, 2018 have been reclassified to conform to the presentation for the three months ended June 30, 2019.

The disaggregated revenue is as follows:

For the three months ended June 30, 2019

| | | Yen (millions) | |
|--|------------------|------------------------------|------------------|
| By product category | Sales | By geographical area | Sales |
| The reportable segments | | | |
| Appliances | | | |
| B2C..... | 407,403 | Japan..... | 237,138 |
| B2B..... | 124,260 | North and South America..... | 63,181 |
| | | Europe..... | 58,545 |
| | | Asia, China and others..... | 172,799 |
| Total..... | <u>531,663</u> | Total..... | <u>531,663</u> |
| Life Solutions | | | |
| Electrical construction materials..... | 180,850 | Japan..... | 345,663 |
| Architecture..... | 96,340 | North and South America..... | 14,505 |
| Other (including home building products).. | 140,357 | Europe..... | 11,687 |
| | | Asia, China and others..... | 45,692 |
| Total..... | <u>417,547</u> | Total..... | <u>417,547</u> |
| Connected Solutions | | | |
| Vertical solutions..... | 105,399 | Japan..... | 76,829 |
| Product solutions..... | 138,248 | North and South America..... | 92,322 |
| | | Europe..... | 27,204 |
| | | Asia, China and others..... | 47,292 |
| Total..... | <u>243,647</u> | Total..... | <u>243,647</u> |
| Automotive | | | |
| Automotive solutions..... | 236,651 | Japan..... | 101,267 |
| Automotive batteries..... | 105,995 | North and South America..... | 158,679 |
| | | Europe..... | 48,133 |
| | | Asia, China and others..... | 34,567 |
| Total..... | <u>342,646</u> | Total..... | <u>342,646</u> |
| Industrial Solutions | | | |
| Systems..... | 127,871 | Japan..... | 79,828 |
| Device..... | 129,580 | North and South America..... | 27,640 |
| Other..... | 33,520 | Europe..... | 34,887 |
| | | Asia, China and others..... | 148,616 |
| Total..... | <u>290,971</u> | Total..... | <u>290,971</u> |
| Other..... | 64,655 | Other..... | 64,655 |
| Consolidated total..... | <u>1,891,129</u> | Consolidated total..... | <u>1,891,129</u> |

For the three months ended June 30, 2018

| | | Yen (millions) | |
|--|-------------------------|------------------------------|-------------------------|
| By product category | Sales | By geographical area | Sales |
| The reportable segments | | | |
| Appliances | | | |
| B2C..... | 446,745 | Japan..... | 241,035 |
| B2B..... | 128,139 | North and South America..... | 67,409 |
| | | Europe..... | 68,068 |
| | | Asia, China and others..... | 198,372 |
| Total..... | <u>574,884</u> | Total..... | <u>574,884</u> |
| Life Solutions | | | |
| Electrical construction materials..... | 184,167 | Japan..... | 324,501 |
| Architecture..... | 74,725 | North and South America..... | 13,899 |
| Other (including home building products).. | 144,213 | Europe..... | 11,389 |
| | | Asia, China and others..... | 53,316 |
| Total..... | <u>403,105</u> | Total..... | <u>403,105</u> |
| Connected Solutions | | | |
| Vertical solutions..... | 120,987 | Japan..... | 74,355 |
| Product solutions..... | 144,309 | North and South America..... | 103,143 |
| | | Europe..... | 32,679 |
| | | Asia, China and others..... | 55,119 |
| Total..... | <u>265,296</u> | Total..... | <u>265,296</u> |
| Automotive | | | |
| Automotive solutions..... | 239,274 | Japan..... | 84,492 |
| Automotive batteries..... | 84,698 | North and South America..... | 142,909 |
| | | Europe..... | 54,687 |
| | | Asia, China and others..... | 41,884 |
| Total..... | <u>323,972</u> | Total..... | <u>323,972</u> |
| Industrial Solutions | | | |
| Systems..... | 153,605 | Japan..... | 88,159 |
| Device..... | 139,190 | North and South America..... | 31,485 |
| Other..... | 40,131 | Europe..... | 38,291 |
| | | Asia, China and others..... | 174,991 |
| Total..... | <u>332,926</u> | Total..... | <u>332,926</u> |
| Other..... | <u>108,552</u> | Other..... | <u>108,552</u> |
| Consolidated total..... | <u><u>2,008,735</u></u> | Consolidated total..... | <u><u>2,008,735</u></u> |

The products of Appliances are categorized into "B2C" and "B2B." "B2C" includes products such as room air-conditioners, TVs, digital cameras, video equipment, home audio equipment, fixed-phones, refrigerators, washing machines, vacuum cleaners, microwave ovens, rice cookers and personal-care products. "B2B" includes products such as compressors, fuel cells and showcases.

The products of Life Solutions are categorized into "Electrical construction materials," "Architecture" and "Other (including home building products)." "Electrical construction materials" includes products such as lighting fixtures, lamps, wiring devices, solar photovoltaic systems, ventilation and air-conditioning equipment and air purifiers. "Architecture" includes products such as detached housing, rental apartment housing, land and buildings for sale and home remodeling. "Other (including home building products)" includes products such as water-related products, interior furnishing materials, exterior furnishing materials, bicycles, and nursing-care-related products.

The products of Connected Solutions are categorized into "Vertical solutions" and "Product solutions." "Vertical solutions" is the solution business provided directly by business divisions where development, production and sales are integrated and it includes products such as aircraft in-flight entertainment systems and communications services, electronic-components-mounting machines and welding equipment. "Product solutions" is the solution business provided by developing and manufacturing business divisions through sales departments, and it includes products such as projectors, professional AV systems, PCs and tablets and surveillance cameras.

The products of Automotive are categorized into "Automotive solutions" and "Automotive batteries." "Automotive solutions" includes products such as automotive-use infotainment systems, electrical components and automotive mirrors. "Automotive batteries" includes products related to automotive-use batteries.

The products of Industrial Solutions are categorized into "Systems," "Device" and "Other." "Systems" includes products such as automation controls, electric motors and lithium-ion batteries, which are the group of businesses focused on system and modules. "Device" includes products such as electronic components, electronic materials and dry batteries, which are the group of businesses that differentiates in materials and processes. "Other" includes products such as semiconductors, LCD panels.

The reconciliation of "Disaggregated revenue" by reportable segments with the "Sales to customers" in Note 3 "(2) Information by reportable segments" is as follows.

For the three months ended June 30, 2019

| | Yen (millions) | | | | |
|---|----------------|----------------|---------------------|----------------|----------------------|
| | Appliances | Life Solutions | Connected Solutions | Automotive | Industrial Solutions |
| Disaggregation of revenue..... | 531,663 | 417,547 | 243,647 | 342,646 | 290,971 |
| Adjustments for management accounting..... | 87,782 | 9,708 | 2,360 | 3,446 | 5,619 |
| Cross-selling..... | 21,178 | (9,044) | (21,158) | 21,856 | (20,501) |
| Sales of third party's products, etc. | (7,558) | 103 | (74) | 297 | 1,740 |
| Note 3 "(2) Information by reportable segments" Sales to customers..... | <u>633,065</u> | <u>418,314</u> | <u>224,775</u> | <u>368,245</u> | <u>277,829</u> |

For the three months ended June 30, 2018

| | Yen (millions) | | | | |
|---|----------------|----------------|---------------------|----------------|----------------------|
| | Appliances | Life Solutions | Connected Solutions | Automotive | Industrial Solutions |
| Disaggregation of revenue..... | 574,884 | 403,105 | 265,296 | 323,972 | 332,926 |
| Adjustments for management accounting..... | 80,171 | 9,667 | 1,537 | 1,998 | 5,971 |
| Cross-selling..... | 19,740 | (12,395) | (23,654) | 21,918 | (20,081) |
| Sales of third party's products, etc. | (9,258) | 148 | (609) | (655) | 588 |
| Note 3 "(2) Information by reportable segments" Sales to customers..... | <u>665,537</u> | <u>400,525</u> | <u>242,570</u> | <u>347,233</u> | <u>319,404</u> |

"Disaggregated revenue" of each reportable segment with the adjustments for "Adjustments for management accounting," "Cross-selling" and "Sales of third party's products, etc." matches with "Sales to customers" in

Note 3 "(2) Information by reportable segments." "Adjustments for management accounting" mainly includes the adjustment for sales price for management accounting. "Cross-selling" mainly includes the adjustment for sales of products through other segments. "Sales of third party's products, etc." mainly includes the adjustment for sales of products manufactured by third parties which are not included in sales for management accounting purpose.

8. Supplementary Information

(1) Other income (expenses)

The Company did not disclose supplementary information of "Other income (expenses), net" as each item was immaterial for the three months ended June 30, 2019.

"Other income (expenses), net" for the three months ended June 30, 2018 includes gain on sales of property, plant and equipment of 23,013 million yen.

Gain on sales of property, plant and equipment is presented in "Other - net" within cash flows from operating activities in the condensed quarterly consolidated statements of cash flows.

(2) Income taxes

Included in provision for income taxes for the three months ended June 30, 2019 is an income tax benefit (gain) of 21,458 million yen in Panasonic Corporation on consolidation. This benefit is a result of the write-off of the Company's loan to MT Picture Display Co., Ltd ("MTPD") as part of the liquidation procedures of MTPD, which have been completed during the three months ended June 30, 2019.

(3) Acquisitions of "Property, plant and equipment"

The increases in book value of "Property, plant and equipment" due to acquisition in the three months ended June 30, 2019 and 2018 are 56,033 million yen and 56,791 million yen, respectively.

(4) Sales or disposal of "Property, plant and equipment"

The decreases in book value of "Property, plant and equipment" due to sales or disposal in the three months ended June 30, 2019 and 2018 are 26,112 million yen and 51,675 million yen, respectively, including a decrease of book value due to recognition of finance lease as a lessor.

9. Business Combinations

(1) For the period ended June 30, 2018

Business combinations are immaterial individually or collectively.

(2) For the period ended June 30, 2019

Business combinations are immaterial individually or collectively.

10. Contingent Liabilities

Litigation, etc.

The Company are subject to a number of legal proceedings including civil litigations related to trade, tax, products or intellectual properties, or governmental investigations. The Company has been dealing with the various litigations and investigations. Depending upon the outcome of these different proceedings, the Company may be subject to an uncertain amount of fines, and accordingly the Company has accrued for certain probable and reasonable estimated amounts for the fines.

Panasonic Corporation and one of its subsidiaries, SANYO Electric Co., Ltd., are subject to relevant litigations in North America related to an anti-trust matter concerning their rechargeable battery business.

Other than those above, there are a number of legal actions against the Company. Management is of the opinion that damages, if any, resulting from these actions, will not have a material effect on the Company's consolidated financial statements.

The ability to predict the outcome of these actions and proceedings is difficult to assess given that certain of the investigations and legal proceedings are still at an early stage, present novel legal theories, involving a large number of parties or taking place in jurisdictions outside of Japan where the laws are complex or unclear. Accordingly, the Company is unable to estimate the losses or range of losses for the actions and proceedings where there is only a reasonable possibility that a loss exceeding the amounts already recognized may have been incurred.

11. Subsequent Events

The issuance of USD-denominated senior notes

Panasonic Corporation issued senior notes denominated in U.S. dollars (total amount of US\$ 2.5 billion) in the overseas markets outside Japan on July 19, 2019 with the aim to diversify its funding sources and to strengthen its funding base by gaining access to overseas markets which encompass a broad range of investors.

The outline is below.

| | USD-denominated senior notes due 2022 | USD-denominated senior notes due 2024 | USD-denominated senior notes due 2029 |
|------------------|---|---|---|
| Principal amount | US\$ 1 billion | US\$ 1 billion | US\$ 500 million |
| Interest rate | 2.536% per annum | 2.679% per annum | 3.113% per annum |
| Issue price | 100% of the principal amount | 100% of the principal amount | 100% of the principal amount |
| Term | 3 years | 5 years | 10 years |
| Issue date | July 19, 2019 | July 19, 2019 | July 19, 2019 |
| Maturity date | July 19, 2022 | July 19, 2024 | July 19, 2029 |
| Listing exchange | Singapore Exchange Securities Trading Limited | | |
| Use of proceeds | General corporate purposes (including the refinancing of existing debt) | | |