Management Philosophy

“We will devote ourselves to the progress and development of society and the well-being of people through our business activities, thereby enhancing the quality of life throughout the world.” This Basic Management Objective embodies our mission and devotion, and as the heart of our management philosophy, it has served as the foundation for all our management activities.

Based on our management philosophy, Panasonic will continue to help solve social issues and contribute to further development in order to bring about a bright new future. We also intend to achieve sustained growth and continue to enhance corporate value.

Our Vision

A Better Life, A Better World

A company is a public entity of society. We must be fully aware of the responsibilities entrusted to us as a public institution.

Corporate social responsibilities as envisaged by our founder

1. To contribute to the development of society and people’s happiness through our core business activities.

2. To generate fair profits from our business activities and return those profits to nation and its people in various ways.

3. To make every process of its corporate activities support the goal of a healthy society.

Founder

Konosuke Matsushita
Our Corporate History

Matsushita Electric Housewares Manufacturing Works (today’s Panasonic) established. Two new products, an attachment plug and, a two-way socket, launched on the market.

Sales of radios commenced. This radio that “wouldn’t break down” delighted consumers and it brought news and culture into people’s homes.

Five-day work week introduced ahead of other companies. With a slogan of “One day of study, and one day of rest,” the change played a major role in raising employee productivity and motivation.

Washing machines, black and white TVs, refrigerators and other products launched that reduced the burden of housework and made life easier.

Joint venture to produce picture tubes (CRTs) for color TVs established in Beijing with a view to China’s modernization. It was the first joint venture in China for Panasonic.

Fujisawa Sustainable Smart Town established for eco-conscious and comfortable lifestyles while ensuring safety and security.

Promoting world peace through sport. In accord with this philosophy of the Olympic Games, Panasonic has, since the Olympic Winter Games Calgary 1988, supported the Movement over 30 years as the highest ranking sponsor in “The Olympic Partner (TOP)” program.

Mass production of lithium-ion batteries for hybrid EV automobiles commenced, helping to popularize eco-cars.

Marking the 100th anniversary of its founding, Panasonic introduced “Lifestyle Updates” as its future direction to take.

Panasonic’s first overseas manufacturing facility, National Thai Manufacturing Company, established. Manufacturing facilities were subsequently established in countries with difficulty importing household appliances due to foreign exchange shortages.

To make the Company a truly global corporation, the company name was changed to “Panasonic Corporation,” and its corporate brands were unified as “Panasonic” worldwide.


Square bicycle lamp launched under the name “National Lamp,” reflecting the hope that it would become indispensable to the nation’s citizens. The product became popular throughout Japan as a safe light source.

Trade department established and export business commenced.

Washing machines, black and white TVs, refrigerators and other products launched that reduced the burden of housework and made life easier.

Promoting world peace through sport. In accord with this philosophy of the Olympic Games, Panasonic has, since the Olympic Winter Games Calgary 1988, supported the Movement over 30 years as the highest ranking sponsor in “The Olympic Partner (TOP)” program.
Message from the CEO

At present, the impact from the spread of novel coronavirus disease (COVID-19 impact) is expanding worldwide, in various ways including economic and geopolitical effects. While Panasonic is making its best efforts to prevent the further spread of COVID-19, as well as ensuring business continuity to fulfill its social responsibility as a corporation, an adverse effect on its operating results for the short term is unavoidable. For the fiscal year ending March 2021 (fiscal 2021), sales and profit are expected to decrease largely due to the significant impact of COVID-19, as well as deconsolidation effects from our business portfolio reform.

Under these circumstances, we are making steady progress with the Mid-term strategy announced last year, specifically through our initiatives to enhance management structure, such as reducing fixed costs and taking measures to businesses that have loss-making structures, and our execution of portfolio management, such as shifting resources and replacing businesses. Moving forward, we will continue to accelerate our progress toward breaking away from a low-profitability structure. In addition, we are trying to approach the current situation as an opportunity to transform ourselves. We will carefully monitor the continuously changing situation of the COVID-19 impact, clarify and execute countermeasures for the short term, and prepare future measures that respond to the trends of long-term changes.

Changes in the business environment are becoming more intense year by year, and we believe the current COVID-19 situation will make our business conditions even more intense. At Panasonic, we will respond to these changes appropriately, based on the philosophy we have inherited and practiced since our founding: “A company is a public entity of society.” Through this effort, we aim to be a company that can offer true contributions to people’s lives and society. And we will continue to strive to make the “Panasonic” brand even better known as a valuable company, always needed by society, and to achieve sustainable growth and raise corporate value for the medium- to long-term future.

Steady progress with Mid-term strategy to break away from low-profitability structure

Take up the challenge to create new contributions as “a public entity of society,” with a view beyond COVID-19

Kazuhiro Tsuga
Representative Director
President
CEO

For fiscal 2020, overall sales decreased due to the impact of business portfolio reform and weak capital investment demand in China, both of which were already factored in the initial forecast, as well as the spread of COVID-19 infections. Adjusted operating profit decreased with decreased sales, while our efforts to reduce fixed costs showed steady progress. Operating profit and net profit attributable to Panasonic Corporation stockholders decreased due to factors including the recording of restructuring expenses. Our initial target of 300.0 billion yen of adjusted operating profit (profit generated from our businesses) was not reached. This is due mainly to the impact of COVID-19 affecting our production, including procurement of parts and components, as well as temporary suspensions of factory operations during the fourth quarter.

For fiscal 2021, sales and profit are expected to decrease from the previous year, due to the severe business environment caused by COVID-19 and the effect of business portfolio reform, despite progress in efforts to reduce costs, mainly fixed costs. Regarding the COVID-19 impact, signs of recovery were seen starting in June 2020, with lifted restrictions on movement and resumption of economic activity. Gradual improvements are expected from the second quarter and beyond. Most of the production-related issues have been solved. However, for the demand-related issues, the pandemic’s impact is expected to remain in the second half on businesses for aviation, housing-related, and automotive industries.

The uncertainties related to the COVID-19 impact suggest a variety of scenarios. At Panasonic, we will make efforts to generate new kinds of value propositions, not only supporting the short-term countermeasures but also responding to changes from a long-term perspective.

Progress with Mid-term strategy

Under the current Mid-term strategy, which started in fiscal 2020, we aim to break away from our low-profitability structure. As management KPIs for fiscal 2022, the final year of the Mid-term strategy, and onward, Panasonic aims toward Company-wide management that can steadily achieve the following targets: for the Core growth business, which include Spatial Solutions, Gembaprocess, and Industrial Solutions, an EBITDA growth rate of 5–10% and an EBITDA margin of 10% or more, and for Company-wide operations, a ROE target of 10% or more. Initiatives to enhance our management structure and to execute portfolio management are making steady progress.
Message from the CEO

Enhancing management structure
Toward fiscal 2022, the Company is aiming at 100 billion yen of Company-wide profit contribution through fixed-cost reduction, such as reducing personnel costs and indirect work, as well as site integration. In addition, efforts are being made to reduce the amount of loss through countermeasures taken for businesses with loss-making structures: semiconductor, LCD panel, solar, and TV businesses.

Fixed-cost reduction is making steady progress through setting up internal projects and listing specific measures and targets for each segment. Toward the target of 60 billion yen over three years (an average of 20 billion yen for each year), in fiscal 2020 we achieved a cost-reduction effect of 20 billion yen. In fiscal 2021, we expect to achieve 30 billion yen. Monitoring the COVID-19 impact, we will execute additional measures as necessary. We can now aim even higher than the initial 60 billion-yen target for profit contribution.

Regarding the need to take measures to businesses having loss-making structures, we are executing such measures in a top-down manner to eliminate businesses with loss-making structures and achieve 40 billion yen of profit contribution (i.e. reduction of losses) by fiscal 2022. For the semiconductor business, a decision was made in November 2019 to transfer the business, and this was completed in September 2020. For the LCD panel business, the decision was made to end production by 2021. We are currently communicating with customers and accelerating production in preparation for the termination of this business. For the solar business, production ceased at the Buffalo factory in the U.S. in June 2020, scheduled to exit the facility at the end of September 2020. Regarding the partnership agreed in May 2019 with GS-Solar, a Chinese photovoltaic module manufacturer, the Company resolved in July 2020 not to proceed with the agreement. The Company aims to restore profitability in fiscal 2022 by looking into every possible measure, including new business collaboration. For the TV business, the Company is carrying out structural reform, including termination of production at the Mexico factory. The Company will proceed with further initiatives, aiming to restore profitability in fiscal 2022. Through such reform measures, in fiscal 2021, we expect a total loss-reduction effect of 15 billion yen from businesses with loss-making structures.

In terms of achieving 100 billion yen of profit contributions in fiscal 2022, we expect to surpass the goal through greater efforts in fixed-cost reduction, despite the impact of cancelling the partnership related to the solar business. For the other businesses that are loss-making or low-profitable, we will carry out continuous monitoring and take necessary measures at an early stage to avoid further deterioration of profitability. For such businesses, we will set the direction to take by fiscal 2022.

Execution of portfolio management
With the Mid-term strategy, we are executing portfolio management according to the portfolio classifications of “Core growth business,” “Co-creation business,” and “Revitalization business.” Our initiatives will be conducted by transcending the boundaries of the Company and organizations, including flexible capital policies without limiting our options to utilizing internal resources, and more flexible brand policies. In these ways, we aim to enhance the competitiveness of each business.

First, Spatial Solutions, Gemba Process, and Industrial Solutions are positioned as Core growth business. These businesses are highly profitable, where we can exert our accumulated strengths in technological and manufacturing capabilities. By focusing our resources on this classification, such businesses are expected to become our future profit-growth drivers. The basic approach is to make a transition to solution-type business models from individual hardware sales, taking a medium- to long-term perspective.

For example, with Gemba Process, in July 2020, the Company extended the strategic partnership with a 20% strategic equity investment in Blue Yonder, a leading end-to-end supply chain software provider. The Gemba Process business aims to offer operational process innovation for the supply chain, since supply chain problems have become management issues for our corporate customers who face such challenges as labor shortages and diverse consumer needs. Blue Yonder possesses strengths in software and AI, and its customer base is on a global scale. Combining Panasonic’s strengths in hardware, robotics and sensing technologies, we believe we can generate new value in this market, where continuous growth can be expected. Triggered by this investment, we will further accelerate our business model transformation. I strongly believe this will be a vital step to becoming a Company that provides solutions directly linked to our customers’ management issues.

Next, with the Co-creation business, we strive to enhance competitiveness through collaboration across regions and other companies. In particular, for the consumer electronics business, China & Northeast Asia Company, a region-based Divisional Company, was established in April 2019 with the aim of addressing the China market, where significant growth is expected for the medium to long term. Through collaboration between this Divisional Company and other companies both in Japan and abroad, we are promoting co-creation among different regions. An example is the utilization of reasonably priced industry-standard parts and components of rapidly developed Chinese suppliers by leveraging Panasonic’s technological capability. This enables us to increase the cost-competitiveness of our consumer electronics business overall. The China market is showing recovery from COVID-19 at a relatively early stage, and our expectations of significant market growth for the medium- to long-term period remain the same. We will further strengthen our business in China, which is a starting point for taking up new challenges, and we will build new strengths by collaborating with existing organizations in Japan. Furthermore, we intend to expand this business model globally.

Regarding the housing business, Prime Life Technologies Corporation, a joint venture with Toyota Motor Corporation in the field of town development, was established on January 7, 2020, integrating the housing business of the two corporations. Combining the mobility services promoted by Toyota and “Lifestyle Updates” promoted by Panasonic, we aim to create new value for the entire town as a whole. With the declining birth rate and aging population, along with the changes in people’s lives and working styles resulting from COVID-19, the requirements for housing and town development will change even further. By giving thoughts to the demands of society and customers, we will take up the challenge of offering new value in not only hardware but also integrated services developed through co-creation with various corporations.

Finally, we must consider the automotive-related business, which is positioned as a Revitalization business, where profitability improvement is the top priority. On the back of drastic changes and evolution in the electrification and computerization of the automobile industry, we have been taking up the various challenges aggressively and globally in the two businesses of Automotive Solutions, where we apply image-processing, communication, and optical technologies, and Automotive Batteries, which includes our cylindrical battery business for Tesla. While we have achieved sales expansion, we have struggled to achieve a corresponding increase in profit. Recently, however, our efforts to improve profitability are showing steady progress.

Automotive Solutions faced heavy burdens due to development expenses, mainly with the challenging project of expanding capacity for 46 cells based in Europe and China. 2020. With our continuous efforts to improve efficiency, we expect development expenses to be reduced in fiscal 2021 onward. In addition to this, on the back of rising demands, including those for enhanced comfort in the mobility space, fewer accidents, and lower environmental burden, we will focus our management resources on the areas where we have strengths, namely IV, HU, and ADAS, to refine product competitiveness and improve profitability.

In Automotive Batteries, we first consider the cylindrical battery business. We faced struggles with the unprecedentedly rapid ramp-up of the North America factory. By carrying out thorough productivity improvement initiatives, we managed to turn profitable in the second half of fiscal 2020. For the first quarter of fiscal 2021, we
Message from the CEO

Changes in society brought by COVID-19 and management approach for the medium to long term

The recent spread of COVID-19 has definitively had a significant impact on the entire world. However, the important thing is that we do not simply wait for the waves to pass but anticipate the changes awaiting in the post-COVID-19 world and take the needed preemptive moves.

We have experienced economic recessions on a worldwide scale in the past, such as the financial crisis in 2008. What makes the COVID-19 impact different is how people’s movements and activities have been restricted in each country over a long term. Such restrictions have been mitigated by advances in digital technology and developments in logistics networks. Rather than people moving to accomplish something, products or services have come to the people. This is what we were forced to experience. If this had happened 20 years ago, when the environment was not yet ready, there would have been a much greater impact. We can say that the COVID-19 impact has made clear that the evolution of digital technology brings changes to real society.

So how will Panasonic address such changes? Panasonic has been engaged in bringing affluence to real society and people’s lives through real products, mainly consumer electronics. However, as real society becomes deeply impacted by the evolution of digital technology, we need to transform our business models and value offerings by making full use of this ongoing evolution.

Since its founding, Panasonic has generated contributions by always staying close to people’s lives and addressing a number of social issues. In these two ways, we want to generate new, unprecedented types of contributions utilizing digital technologies such as software, AI, and IoT, among others. A specific example is our “Lifestyle Updates” initiatives centered on B2C business. We will be taking up a new challenge, based on the idea of helping people to attain a healthy mind and body, by thoroughly staying close to people’s lives and offering the most suitable values to each of our customers. Another example is our contribution to solving various social issues, centered on our B2B business. These value offerings will be given an even higher priority in the current Mid-term strategy.

Toward achieving “Lifestyle Updates”

“Lifestyle Updates” aims to offer the “most suitable” to individual customers, utilizing various data and the latest technologies of AI and IoT to design products and services that continue to evolve, even after they are sold. Panasonic has placed importance on bringing affluence to people’s lives through offering better consumer electronics products. However, there is a limit to what we can do if we only pursue evolution of the product itself. Leveraging what we have accumulated in our conventional consumer electronics business, we will take not only the stance of improving product functions but also the customer’s perspective on the kind of problems they are facing, always remaining connected with the customers through digital technology. In this aim, we wish to provide contributions that bring better health to the mind and body.

To accelerate this initiative, in October 2019 we brought aboard Yoky Matsuoka, who possesses world-leading technical expertise in AI and robotics. In July 2020, the Lifestyle Business Strategy Division was established to create new value and business models.

Toward contributions to solving social issues

As for solving social issues, we are promoting various initiatives that leverage digital technologies. For example, the Gembra Process, as mentioned earlier, symbolizes such initiatives. Surging logistic traffic resulting from phenomena such as e-commerce expansion has become a heavy burden on the total supply chain, causing serious issues of labor shortages and workstyles. With the COVID-19 impact, this trend can be expected to accelerate at a faster pace. Here, we are trying to propose new solutions utilizing our digital, sensing, and robotics technologies. Going forward, through changes in society, the digital network itself will become even more important as the basis of everyday living. When that time arrives, stable high-speed and high-volume communication, as well as technology to protect important data, will become even more important. We can also expand our contributions in these areas with our advanced technologies and devices.

Being a public entity of society

Since its foundation, Panasonic has been engaged in management based on the philosophy that “A company is a public entity of society.” Utilizing the various management resources entrusted by society, we must respond to social needs through business activities, contribute to the solution of social issues and the development of society, and achieve sustainable growth. When the Company was founded, the overall society of Japan was facing poverty and a shortage of goods. Panasonic has developed by responding to the needs of society, which was viewed as the desire to make life more affluent, through offering good-quality products, mainly home appliances, at affordable prices.

More than a 100 years after its founding, people’s daily lives have changed drastically. Today, how should Panasonic respond to the requirements of global society? We can certainly say that society has become more affluent in terms of possessing goods. However, in pursuing affluence, I believe we are facing various imbalances in society. From the perspective of people, there are concerns of individual health, declining birthrates, aging populations, and child raising, and we cannot necessarily say that people’s minds and bodies have become healthy. Looking at society as a whole, many problems have arisen through the process of pursuing affluence, including environmental and energy issues as well as the population becoming urbanized. Now is the time for us to correct this, and to guide the way to a healthier future in a more appropriate direction.

Through the expansion of COVID-19 infections, we have gone through the real-life experience of “advances in digital technology changing real society.” Now, Panasonic should make further contributions to solving persistent social issues through taking full use of the latest technologies, including digital technology, applying our strength from being close to our customers over the past 100 years, and leveraging the strengths of our outside partners. Taking this direction is also how we can contribute to achieving Sustainable Development Goals (SDGs), thus building a sustainable society that the international community is aiming for. In order to fully respond to these requirements of society, we will continue to focus on ESG initiatives, including contribution to the global environment, human resources development, respect for human rights, fair business promotion, and enhanced corporate governance.

These are our initiatives toward achieving “A Better Life, A Better World,” and they embody our efforts to achieve our basic management philosophy: “A company is a public entity of society.” Through these activities, we will continue to strive to make the “Panasonic” brand even better known as a valuable company, achieve sustainable growth, and raise corporate value from a medium- to long-term perspective. I ask for your continued support of our endeavors.

Link to Initiatives for SDGs
Steadily advancing Mid-term strategy initiatives with emphasis on return on invested capital and an awareness of financial discipline under our capital allocation policy

Capture business opportunities arising from social changes brought on by COVID-19

Hirokazu Umeda
Director
Managing Executive Officer / CFO

Basic approach to capital policy and Mid-term strategy

Our basic approach to capital policy emphasizes return on invested capital and financial stability, and we endeavor to consistently generate returns in excess of the expected rate of return in the capital market. In addition, we are working hard to build a robust financial base so that we can push ahead with our business structural reform and investment in growth necessary for improving profitability.

In terms of return on invested capital, we are aiming to stably achieve ROE of at least 10% on a Company-wide basis in an effort to generate returns that exceed the cost of stockholders’ equity over the medium to long term. As for financial stability, alongside the expansion of Panasonic Corporation stockholders’ equity driven by the accumulation of net profit, we are undertaking initiatives with a focus on financial discipline in line with our capital allocation policy. To be more specific, the funds needed for mainly investments, structural reforms, and dividend payments will, in principle, come from cash flow (operating cash flow, divestitures) generated by businesses. That said, so that we can aptly respond to growth opportunities, we will respond flexibly to one-off demand for capital for an M&A deal, for example, whilst taking into account the balance of funds over the medium term.

Guided by this basic approach to capital policy, as part of our business portfolio reform—one key pillar in the Mid-term strategy—in addition to enhancing competitiveness of individual businesses, we are focusing on the efficiency of our balance sheet and the improvement of cash flow from a financial point of view. To this end, we apply rate of return on invested capital (ROIC) as a marker of return on overall invested capital in each Divisional Company and Business Division when undertaking comparison with competitors, portfolio management, and investment decision-making.

Another key pillar in the Mid-term strategy is the enhancement of our management structure, thus, with the objective of realizing a profit contribution of 100 billion yen in fiscal 2022, we are working to reduce fixed costs by mainly reducing personnel costs and indirect operations, as well as integrating sites. We are also rolling out radical measures to deal with businesses that have loss-making structures. Even if these initiatives are impacted by changes in the operating environment, as CFO, I will seek to manage their overall progress and steadily work towards reaping the benefits of improved profitability.

Fiscal 2020 review

Earnings and financial situation

In fiscal 2020, both sales and profit decreased due to weak capital investment demand in China resulting from US-China trade friction, as well as lower sales caused by the spread of novel coronavirus disease (COVID-19) impact. Nevertheless, we were able to make progress on initiatives towards breaking away from a low-profitability structure, including business portfolio reform and management structure enhancement.

In particular, for our business portfolio reform, we ramped up our co-creation initiatives to enhance our business competitiveness. We established two joint ventures with an external partner—one in the automotive prismatic battery business and the other in the town development business, and formed a strategic capital alliance in the security systems business. And to enhance our management structure, we achieved profitability improvements of approximately 20 billion yen by reducing fixed costs, and we have firmly set the direction for those businesses having loss-making structures by mainly deciding to transfer the semiconductor business and end production in the LCD panel business.
This is partly attributable in lease liabilities that resulted from the deconsolidation of Panasonic Homes.

As for returning profits to shareholders, even though net profit attributable to Panasonic Corporation stockholders decreased year on year for the Company, distributed a dividend of 30 yen per share (unchanged from last fiscal year) in accordance with its dividend policy.

*Lease liabilities Following the application of IFRS 16 beginning in fiscal 2020, lease (or less) previously recorded as expenses are booked on the balance sheet as either right-of-use assets that represent a right to use an underlying asset or the lease liability that represents a lease payment obligation (lease liabilities are recognized as interest-bearing debt).

Measures to strengthen financial base
In fiscal 2020, we made efforts to diversify our funding sources and strengthen our funding base through domestic and foreign capital markets; we issued senior notes denominated in U.S. dollars for the first time in 27 years with the aim of accessing overseas markets which encompass a broad range of investors, and we also issued domestic bonds mainly for the partial refinancing of bond redemptions.

Also, with the aim of facilitating smooth financing, we have taken steps to better communicate Panasonic’s credit story. Our initiatives include; organizing IR activities for bond investors not only at the time of bond issuance for bond investors not only at the time of bond issuance, but also on a regular basis, and deepening our discussions with credit rating agencies primarily about how we are improving profitability, our approach to financial discipline, and our medium- to long-term strategies.

In terms of cash, through to the end of fiscal 2020, the Company had secured over 1 trillion yen in cash and cash equivalents in preparation for the risk of potential deterioration in the financial and economic environment brought on by the gradual spread of COVID-19. On top of this, Panasonic entered into commitment line agreements in June 2018. The upper limit for unsecured borrowing based on the agreements is a total of 700 billion yen, but there have been no borrowings under these agreements, and we have secured sufficient liquidity.

Credit Ratings (as of August 31, 2020)

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<th>Long-term (Outlook)</th>
<th>Short-term</th>
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Initiatives in fiscal 2021

Priority initiatives
Sales and profit are expected to decrease in fiscal 2021 due to the impact of COVID-19, as well as deconsolidation effects from our business portfolio reform. Considering that sales and profit started to improve in June, we anticipate a moderate improvement from the second quarter onwards. At the same time, we expect the COVID-19 impact will likely remain in the second half and affect our businesses for the aviation, housing, related, and automotive industries.

Despite this highly uncertain business environment, we aim to steadily execute the key initiatives in our Mid-term strategy; namely, business portfolio reform, improvement of profitability for automotive-related business—which is positioned as a Revitalization business—and enhancement of management structure. We will also push ahead with measures to improve profitability and get profit back on a growth trajectory by stepping up efforts to capture business opportunities brought on by changes in society as a result of the COVID-19 pandemic.

To drive forward our business portfolio reform, we will continue to collaborate with partners on co-creation initiatives and enter into strategic capital alliances. Meanwhile, growth in network demand for communication resources, we will also aim to execute investment in growth whilst taking into account our capital allocation policy. As a concrete example, in the Gamba (operational frontlines) Process business—which we consider to be a Core growth business—we have made a strategic equity investment in Blue Yonder, a leading end-to-end supply chain software provider. To complement the hardware we already possess in the Gamba Process business, this investment will enable us to bolster the functions, such as software and consulting capabilities, needed by our solutions businesses and drive growth in recurring business as a platform for stable earnings. We will also accelerate the transformation of our business model, and deliver results.

From my standpoint as CFO, I will continue to thoroughly manage the progress of initiatives geared towards improving profitability in automotive-related business and enhancing our management structure.

Large-scale investments in automotive-related business have driven sales growth thus far, but we have struggled to convert this into profit growth, which is why a turnaround in profitability is such a pressing issue. In Automotive Solutions, we took steps to enhance the management structure ahead of schedule and development expenses in particular have started to decline after peaking in fiscal 2020. We will also ramp up our efforts to reduce fixed costs in an effort to return to profitability in this business as soon as possible. In Automotive Batteries, we aim to achieve sustained profitability by improving productivity at our North America factory for cylindrical batteries and aim to further boost profitability with the introduction of new technology. We have also decided to invest in the expansion of production capacity through to fiscal 2022. Up ahead, decisions on investment will be made after thorough assessment of profitability.

Regarding the enhancement of our management structure, we will endeavor to further reduce costs with a focus on fixed costs, and look to reap the benefits of approximately 30 billion yen, which is more than what we initially targeted. We will also step up efforts to eliminate those businesses having loss-making structures and aim to generate profit improvements of 15 billion yen mainly in the semiconductor business, notwithstanding the negative impact of COVID-19. Based on these measures, we intend to steadily achieve profit contributions by more than 100 billion yen by the end of fiscal 2022, the final year of our Mid-term strategy.

In terms of the business opportunities brought on by changes in society as a result of the COVID-19 pandemic, we expect to see greater investment in information- and communication-infrastructure (base stations, servers, etc.) than in other business segments. We are now aiming to strengthen investment in new technologies that people refrain from going out and choose to work remotely, as well as stronger demand for air purifying and air conditioning systems because of heightened interest in public health and as more people choose to stay home. Panasonic will develop products and services and invest in expanded production capacity. For example, storage battery systems and conductive polymer capacitors in the area of information and communication infrastructure, as well as in general in the utilization of sodium hypochlorite as an effective way to reduce airborne bacteria and virus particles and air conditioners in the air-conditioning and air quality field.

Initiatives for generating cash flow
In fiscal 2021, in addition to securing profits, we aim to keep improving inventory and working capital and be more discerning with the investments we make. We will also aim to generate free cash flow in excess of net profit levels by executing strategic investments within the scope of revenue generated by business portfolio reform and the sales of assets.

Going forward, in aiming to steadily advance our Mid-term strategy, we will engage in financial management in a well-focused manner whilst securing capital necessary for growth by generating cash flow.

Putting our management philosophy into action and aiming to enhance corporate value
Since its foundation, Panasonic has undertaken business activities based on the philosophy: “A company is a public entity of society.” At present, the impact of COVID-19 remains unpredictable and the future outlook for the financial and economic environment is still unclear. We believe, however, that over the medium to long term, it is our duty to help find solutions to various social issues through our business activities, including those triggered by societal changes in response to the pandemic, and that doing so is necessary if we are to enhance sustainable growth and corporate value. We also recognize that our actions can contribute to the attainment of the Sustainable Development Goals (SDGs)—an agenda the international community has its sights set on achieving.

Also, we have long positioned ESG as one platform that underpins our business activities in the context of aiming to enhance corporate value in a sustained manner. Until recently, Europe had been a pioneer of ESG investment, but now the rest of the world, including Japan, is stressing the importance of ESG as a source of non-financial information on which investment decisions can be based. As a result, opportunities for ESG-themed dialogue with shareholders and investors are on the up in Europe. Panasonic has communicated its views on ESG and messages from managers of ESG-related departments, but going forward, so that investors can gain a better understanding of how we incorporate ESG into the value creation process, we intend to disseminate information about ESG in an integrated manner with updates about our business and management activities and actively engage in dialogue with investors regarding ESG.

The situation of COVID-19 prevents us from communicating face to face with shareholders and investors at this time, but for financial announcements and one-on-one meetings, we are currently switching to virtual methods (conference calls, online meetings, etc.) in light of efficiency and convenience. We will continue to make every effort to deepen the understanding of investors about our initiatives on management reforms and utilize their feedback in management operations. I look forward to your continued support of Panasonic’s endeavors in the future.

Link to Initiatives for SDGs
Strategies of Functions to Support Our Business

For profit growth and profitability improvement

Business Portfolio Reform

Because we cover multiple business fields, we believe achieving sustainable growth requires self-reforms. This means day-to-day reforms of our business portfolio. Accordingly, we regularly monitor all of our businesses while sharing and discussing the status and direction of each business with the Board of Directors and executive officers. Our top management members are united to promote the reforms with speed as the top priority.

Eiichi Katayama
Managing Executive Officer
Chief Strategy Officer (CSO)

Progress of Key Initiatives

Implementing strategies for growth (medium and long term)
To transform business model and build stable profit pillars for the future (profit growth)

Security systems
Deploy the knowledge and experience we have gained through our strategic capital alliance with Polaris, which has strong investment power, with our technological strength and customer base, to create a swift and flexible solutions business

Enhancing competitiveness through co-creation (medium term)
To create new value with business partners (profitability improvement)

Semincons
Partial transfer of discrete semiconductor business
- Announced decision on strategic capital alliance with Polaris Capital Group Co., Ltd. (May 2019)
- Completed capital alliance process (November 2019)

TVs
Discontinue production in Mexico
- Announced decision on end production in Mexico (July 2019)
- Currently promoting ongoing structural reforms of entire TV business

Semincons
Transfer business to Taiwanese company
- Announced decision on transfer of semiconductor business to ROHM Co., Ltd. (April 2019)
- Partial transfer completed (December 2019)

LCD panels
Discontinue in-house production
- Announced decision to end LCD panel production by 2021 (November 2019)
- Business transfer completed (September 2020)

Lighting
Transfer shares in European lighting device company
- Announced decision on transfer of shares in European lighting device company (February 2020)

Solar panels
Wind down U.S. manufacturing in Buffalo
- Announced decision to end production at plant in Buffalo, United States (February 2020)
- Production suspended (end of June 2020); withdrawal of business scheduled (end of September 2020)

Automotive prismatic batteries
Combine the electric vehicle know-how and manufacturing capability of Toyota with our high-quality, high-safety battery technologies, mass production capabilities, and customer base to develop the No.1 automotive prismatic battery in the industry

Town development
Create value for the entire town as a whole by combining the mobility services promoted by Toyota and “Lifestyle Updates” promoted by Panasonic
- Announced decision on joint venture with Toyota Motor Corporation to engage in town development business (May 2019)
- Established Prima Life Technologies Corporation (January 2020)

Gemba process
Strengthen software and consulting capabilities to promote Gemba process innovation in an integrated manner
- Announced decision on strategic investment (20%) in supply chain software company Blue Yonder (May 2020)
- Made strategic investment (July 2020)

Improving profitability (short term)
To eliminate businesses with loss-making structures and set the direction for low-profit businesses (structural reform)

Because we cover multiple business fields, we believe achieving sustainable growth requires self-reforms. This means day-to-day reforms of our business portfolio. Accordingly, we regularly monitor all of our businesses while sharing and discussing the status and direction of each business with the Board of Directors and executive officers. Our top management members are united to promote the reforms with speed as the top priority.

Eiichi Katayama
Managing Executive Officer
Chief Strategy Officer (CSO)

Progress of Key Initiatives

Implementing strategies for growth (medium and long term)
To transform business model and build stable profit pillars for the future (profit growth)

Security systems
Deploy the knowledge and experience we have gained through our strategic capital alliance with Polaris, which has strong investment power, with our technological strength and customer base, to create a swift and flexible solutions business

Enhancing competitiveness through co-creation (medium term)
To create new value with business partners (profitability improvement)

Semincons
Partial transfer of discrete semiconductor business
- Announced decision on strategic capital alliance with Polaris Capital Group Co., Ltd. (May 2019)
- Completed capital alliance process (November 2019)

TVs
Discontinue production in Mexico
- Announced decision on end production in Mexico (July 2019)
- Currently promoting ongoing structural reforms of entire TV business

Semincons
Transfer business to Taiwanese company
- Announced decision on transfer of semiconductor business to ROHM Co., Ltd. (April 2019)
- Partial transfer completed (December 2019)

LCD panels
Discontinue in-house production
- Announced decision to end LCD panel production by 2021 (November 2019)
- Business transfer completed (September 2020)

Lighting
Transfer shares in European lighting device company
- Announced decision on transfer of shares in European lighting device company (February 2020)

Solar panels
Wind down U.S. manufacturing in Buffalo
- Announced decision to end production at plant in Buffalo, United States (February 2020)
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Improving profitability (short term)
To eliminate businesses with loss-making structures and set the direction for low-profit businesses (structural reform)
Directors, Audit & Supervisory Board Members, and Executive Officers (As of June 25, 2020)

Directors

- **Shusaku Nagase**
  - President, President of Panasonic Corporation of North America

- **Kazuchiro Tazuma**
  - President, President of Panasonic Corporation of North America

- **Mototsugu Sato**
  - Executive Vice President, CEO, US Company

- **Hirokazu Umeda**
  - Managing Executive Officer / CMO

- **Masaaki Shibata**
  - In charge of Automotive Sales

- **Tetsuro Homma**
  - Senior Managing Executive Officer / CCO

- **Lawrence Y. Bates**
  - Managing Executive Officer / CCO

Representative Directors

- **Yasuyuki Haguchi**
  - Managing Executive Officer / CCO

- **Setsuko Yufu**
  - Independent Director, Senior Advisor, Corporate Strategy Division

- **Takashi Toyama**
  - President, President of Panasonic India Pvt. Ltd.

- **Kazuhiko Toyama**
  - Representative Director, and CEO, Koma Ltd.

- **Kunio Noji**
  - Representative Director, and Director of the Company (current position)

- **Michitaka Sawada**
  - Independent Director

- **Yuko Kawasaki**
  - Independent Director

Executive Officers

- **Kazuchiro Tazuma**
  - Chief Executive Officer (CEO)

- **Takashi Toyama**
  - Chief Operating Officer (COO)

- **Masaaki Shibata**
  - In charge of Automotive Sales

- **Yasuyuki Haguchi**
  - Managing Executive Officer / CCO

- **Hirokazu Umeda**
  - Managing Executive Officer / CMO

- **Masaaki Shibata**
  - In charge of Automotive Sales

- **Takashi Toyama**
  - President, President of Panasonic India Pvt. Ltd.

Auditor & Supervisory Board Members

- **Yoshio Sato**
  - Independent Audit & Supervisory Board Member

- **Setsuko Yufu**
  - Independent Audit & Supervisory Board Member

- **Shigeki Mishima**
  - Independent Audit & Supervisory Board Member

- **Masaharu Michiura**
  - Chief Financial Officer (CFO)

- **Yuki Kusumoto**
  - In charge of the Automotive Segment

- **Masaaki Shibata**
  - In charge of Automotive Sales

- **Laurence W. Bates**
  - General Counsel (GC)
Corporate Governance Structure and Initiatives

The Company considers corporate governance to be a key foundation for increasing its corporate value and will continue strengthening governance, including enhancing the discussion of business strategies by the Board of Directors.

Basic policy

The Company, since its establishment, has operated its business under its management philosophy, “contributing to the progress and development of society and the well-being of people worldwide through its business activities.” Also, the Company believes it is important to enhance corporate value by fulfilling accountability through dialogue with various stakeholders such as shareholders and customers, making an effort to execute transparent business activities, and swiftly conducting business activities with fairness and honesty based on its basic philosophy of “a company is a public entity of society.”

The Company recognizes that corporate governance is an important structure for this purpose, and is working to build and enhance an effective corporate governance structure.

Outline of structure (As of June 25, 2020)

The Board of Directors

• The Board of Directors is composed of thirteen directors including outside directors, of whom two are women (outside director).
• The chairperson of the Board is the chairman who does not execute duties (inside director).
• The Board of Directors focuses on “corporate strategy decision-making” and “company oversight” as a corporate decision-making body.
• The Company elects outside directors from among managers of external entities, who have extensive managerial experience in various careers and deep insight, and are expected to provide valuable opinions as supervisors of decision-making related to business execution and the execution of directors’ duties.
• All directors are reelected at the annual general meeting of shareholders.

Themes discussed by Board of Directors in fiscal 2020

In fiscal 2020, the Board of Directors discussed and reached decisions on various matters as part of its portfolio management efforts. These included transfer and termination of businesses with loss-making structures and injections of external capital to maintain business competitiveness, medium- to long-term business strategies including establishment of joint ventures and large-scale capital investments, as well as important aspects of business execution, such as dividend policy and executive HR issues.

The Board also received business reports from Divisional Company CEOs and regional representatives, as well as directors in charge of R&D, compliance, quality management, and the like. In the process, it verified the operational status of the Group’s internal control system in addition to supervising business execution.

The Board also discussed the past summary and the future direction of M&As, as well as investment and financial soundness, innovations, and technology portfolio strategy. Here, the Board sought to take maximum advantage of the knowledge of outside directors and reflect that knowledge in its medium- to long-term vision.

In addition, the Board carefully examined the significance of possessing strategic shareholdings and also received evaluation reports on the effectiveness of its own activities.

Audit & Supervisory Board members (A&SB members) and Audit & Supervisory Board (A&SB)

• The A&SB is composed of five A&SB members including three outside A&SB members, of whom one is a woman (outside A&SB member).
• The Company sets A&SB members who are able to exert their monitoring functions according to their individual discretionary decision, but not to majority vote decision. The A&SB members are also able to independently act upon their own decision in pursuing liabilities of directors.
• The Company sets full-time senior A&SB members who are well versed about corporate operations and are able to comprehend actual condition of businesses by exercising their right to visit and investigate operating sites. The senior A&SB members are elected from among those who have experience in positions equivalent to or higher than managing director.
• The Company elects outside A&SB members from among managers, lawyers, and certified public accountants, who have extensive expertise with various careers and deep insight and can be expected to conduct valuable audits of the execution of business by directors.

Optional Nomination and Compensation Advisory Committee

• Composed of five members, the majority of whom are independent outside directors.

*Please refer to the “Corporate Governance Report” for our systems for ensuring appropriate business operations (the basic policy of the internal control system, and its operational status).
Utilization of outside directors

Policy for nominating independent outside director candidates and their qualifications
The Company nominates independent outside director candidates from the standpoint that there be no conflict of interest between the Company and the outside directors, and the Company can increase and enhance the effectiveness of the monitoring of the Board based on an objective and neutral point of view.

Candidates for independent outside director who satisfy the following independence standards are elected from among those who have extensive knowledge and expertise, such as managers or experts of external entities.

The Board of Directors resolved that the minimum ratio of outside directors should be one third on and after June 29, 2017. Based on this, we nominate candidates for outside director and appoint them at the ordinary general meeting of shareholders, thereby enhancing the objectivity and neutrality of the Board of Directors and strengthening the supervisory function.

Independence standards for independent directors / Audit & Supervisory Board members (A&SB members)
The Company established independence standards for independent directors/A&SB members based on independence required by financial instruments exchanges such as the Tokyo Stock Exchange. For example, the following persons are not considered independent.
• Business executives of the parent company and/or sister companies
• Majority business partner of the Company or said executing person (including those who had fallen under this category in the past)
• Consultants, accountants or attorneys (or, in the case of companies, people who belong or belonged to such companies) who receive a significant amount of money from the Company
• The aforementioned close relative (a second-degree or closer relative) or a close relative of an executing person of the Company or subsidiary

Also, “past” shall mean “within the last three years” and “major business partner” shall mean the annual amount of transaction exceeds 2% of either of their annual consolidated sales. “Significant,” in the case of individuals, shall be judged as 12 million yen. For a detailed definition of the Company’s independence standards please refer to the “Corporate Governance Report.”

Provision of information and assistance to outside directors
The division in charge provides support to outside directors, such as prior explanation of agendas of the Board meeting and provision of information to enable effective discussions by the Board of Directors. In addition, the Company provides them with the opportunity to visit major operating sites and plants (Outside directors visit to business sites).

Activities Aimed at Strengthening Corporate Governance
Evaluating the effectiveness of the Board of Directors started in fiscal 2016. Corporate Governance has been strengthened while incorporating opinions and proposals from questionnaires.

Implementation and utilization of evaluation of the Board of Directors effectiveness
Once a year, the Board of Directors administers a questionnaire to all its members in order to further enhance the Board’s effectiveness. The results and evaluations of the questionnaire are reported to the Board of Directors.

As part of effectiveness evaluations in fiscal 2020, we deployed third-party perspectives to conduct face-to-face interviews (in addition to the questionnaire-based survey as done to date). In the questionnaire, we focused on items that previously had low or inconsistent evaluations, and we clarified improvement measures for issues thus identified.

Items of the survey in fiscal 2020
• Verification of the Board of Directors operation policy for fiscal 2020
• How discussions/deliberations should be carried out at Board of Directors meetings (discussions/deliberations the Board of Directors should ideally have)
• Unity of the Board of Directors
• The Board of Directors-shareholders (investors) relations, how they should be
• The Board of Directors’ operations and others

Upon analyzing the results of the survey and interview, the Company’s findings with respect to the effectiveness of the Board of Directors are such that the current state of the Board is essentially appropriate in terms of its monitoring and decision-making function. On the other hand, findings with respect to strengthening functions of the Board of Directors included opinions that in order to strengthen functions of the Board of Directors, discussions at the Board of Directors should be activated and information sharing with Outside Directors/Audit & Supervisory Board Members should be further promoted, and we are taking steps to respond and improve.
Corporate Governance Structure and Initiatives

Compensation

Compensation for directors depends on each person’s role and is divided into three parts: Basic compensation (fixed), performance-based compensation (short-term incentive), and restricted stock compensation (long-term incentive). Outside directors and Audit & Supervisory Board members receive only basic compensation, which is fixed.

Performance-based compensation

Performance-based compensation is designed as a short-term incentive to boost business performance. It is determined each year in conjunction with performance evaluations of Panasonic as a whole and the specific business of which the director is in charge. From the fiscal 2020 result, evaluation items focus on achievement of operating cash flow targets, as well as a combination of indicators, including adjusted operating profit, net income, and inventories.

Performance-based compensation fluctuates widely depending on business results. It is designed to range from a minimum of 0% of basic compensation to a maximum of over 150% (75% when the standard value is achieved).

Restricted stock compensation

Restricted stock compensation, which is a long-term incentive, is allocated with the aim of providing an incentive to continuously improve corporate value and promote further value sharing with the Company’s shareholders. Reflecting on the reasons for introducing restricted stock compensation, the ratio of the incentive option to the overall compensation package is designed to increase as the position of the recipient director or executive officer gets higher. In addition, the total amount is set based on overall considerations of various items, such as duties of each director or executive officer and the balance with monetary compensation.

Procedure for determining compensation

Compensations of directors and executive officers are decided by the representative director and president, who was given the authority by the Board of Directors, based on the Company’s director and executive officer compensation system. In November 2015, the Company has established an optional Nominations and Compensation Advisory Committee, majority-staffed and chaired by independent outside directors. In response to inquiries from the Board, this committee deliberates and reports on the appropriateness of the Company’s director and executive officer compensation system.

Illustration of Compensation Structure

<table>
<thead>
<tr>
<th>Classification</th>
<th>Number of persons</th>
<th>Basic compensation</th>
<th>Performance-based compensation</th>
<th>Restricted stock compensation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Directors (other than outside directors)</td>
<td>9</td>
<td>833</td>
<td>574</td>
<td>186</td>
</tr>
<tr>
<td>A&amp;SBM (other than outside A&amp;SBM)</td>
<td>3</td>
<td>80</td>
<td>80</td>
<td>—</td>
</tr>
<tr>
<td>Outside directors</td>
<td>5</td>
<td>65</td>
<td>65</td>
<td>—</td>
</tr>
<tr>
<td>Outside A&amp;SBM</td>
<td>3</td>
<td>39</td>
<td>39</td>
<td>—</td>
</tr>
</tbody>
</table>

Note: Three directors and one A&SB member who retired at the conclusion of the 112th Ordinary General Meeting of Shareholders held on June 27, 2019 are included in the above.

Amount of Compensation for Directors and A&SB Members for Fiscal 2020 (ended March 2020)

<table>
<thead>
<tr>
<th>Classification</th>
<th>Number of persons</th>
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Note: Three directors and one A&SB member who retired at the conclusion of the 112th Ordinary General Meeting of Shareholders held on June 27, 2019 are included in the above.

Information disclosure / Dialogue

Information disclosure approach and system

The Company clearly defines its policy on information disclosure in the Panasonic Code of Conduct, the guideline for putting the Group’s Basic Business Philosophy into practice. The Company also publishes relevant practical standards, methodologies, internal processes, etc., as its Disclosure Policy. In accordance with this Policy, the Company pursues constructive dialogue with all its shareholders and investors. (For more details, please visit the Disclosure Policy page on the Company’s website.)

We will provide our various stakeholders, including customers and shareholders, with fair and accurate information on corporate financial affairs, our Basic Business Philosophy, business policies and activities, as well as environmental, social, and governance activities in a timely, understandable and appropriate manner. At the same time, we will listen to our customers’ requests and comments and reflect them in our business policies and activities. We will seek to be an enterprise with high transparency.

(Quotes from the Panasonic Code of Conduct)

Under this basic policy, we disclose information where disclosure of this information is required by securities-related laws and regulations of all relevant countries and regions as well as other information that is deemed as necessary to disclose in a fair and timely manner while at the same time endeavoring to disclose accurately, fairly, and sufficiently.

Moreover, the Company has established disclosure control procedures and in the preparation and submission of annual securities reports, quarterly reports, etc., the Disclosure Committee, which is comprised of general managers from principal departments that handle relevant information, confirms the validity of the descriptive content and the appropriateness of the disclosure procedures under the supervision of the CEO and chief financial officer (CFO).

Based on listing regulations, Company information that requires timely disclosure shall be immediately reported to the Corporate Finance & IR Department or the Financial & Accounting Department and disclosed timely and appropriately.

Internal control for financial reporting

The Company has documented the actual status of its internal control system from the control infrastructure to actual internal control activities, with integrated control provided by the Internal Control Promotion Office, in order to ensure reliability in the financial reporting of the Panasonic Group including its subsidiaries.

Specifically, the Company has reinforced its internal controls by implementing self-checks and self-assessment programs at each of the Divisional Companies and Business Divisions, etc., and conducted audits. Based on these audits, the Internal Control Promotion Office supervises the Group-wide internal control audits in order to confirm its effectiveness. Fiscal 2020, Panasonic had a total of 400 personnel assigned to conduct internal audits in the entire Group.

Constructive dialogue with shareholders and investors

The CFO is responsible for investor relations (IR) activities. The CEO, CFO, and each CEO of Divisional Companies mainly engage in dialogue with shareholders and investors. This includes announcements of financial results and individual meetings. Also, the IR staff members in the Corporate Finance & IR Department are in charge of day-to-day communication with shareholders and investors. For IR geared toward institutional investors and securities analysts, the Company conducts presentation meetings of quarterly financial results announcements, annual presentations regarding business policy of the Company and Divisional Companies, and other activities.

Also, for overseas investors, the Company holds presentations that are attended by investors through conferences hosted by financial institutions. Views and management issues obtained from shareholders and investors through IR activities are conveyed to senior management and the relevant departments, including Divisional Companies’ internal meetings such as the Group Strategy Meeting and are utilized to improve the quality of management of the entire Group.
Panasonic Corporation and subsidiaries
Financial Highlights

Despite year-on-year increases in domestic sales of in-vehicle information systems and personal computers, as well as in overseas sales of automotive batteries, domestic housing-related businesses were deconsolidated, and overseas TVs and Automotive Solutions struggled. Due also to the impact of COVID-19, consolidated net sales declined year on year.

Operating profit decreased due largely to the impact of decreased sales by weak capital investment demand in China, as well as the impact of COVID-19, in addition to recording of restructuring expenses, despite fixed cost reductions through enhancing management structure, and rationalization efforts at the automotive cylindrical battery factory in North America, as well as gains from business transfers.

Due to the decrease in operating profit, net profit attributable to Panasonic Corporation stockholders declined. This was despite a decrease in income taxes owing to tax benefits associated with the reorganization of subsidiaries. As a result, ROE ended the year at 11.5%.

Panasonic concentrated on development of new technologies and new consolidated payout ratio of approximately 30%. According to this policy, the annual dividend per share for fiscal 2020 was set at 30 yen per share, the same as the previous year.

Panasonic makes capital investment based on a policy of steady investments primarily in key businesses for future growth. The main capital investments for fiscal 2020 have been made in production facilities in Japan and China for lithium-ion batteries for automotive use and in production facilities for electronic components, etc.

Panasonic works to provide a stable, sustained dividend based on a target of approximately 30%. According to this policy, the annual dividend per share for fiscal 2020 was set at 30 yen per share, the same as the previous year.

Note: Dividend payout ratio is not calculated in fiscal years when net income attributable to Panasonic Corporation is negative.

Financial Highlights

- Net Sales
- Operating Profit and Ratio to Sales
- Net Profit Attributable to Panasonic Corporation Stockholders and ROE
- R&D Expenditures and Ratio to Sales
- Capital Investment and Depreciation
- Free Cash Flows
- Cash and Cash Equivalents and Interest-Bearing Debt
- Dividends Declared per Share and Consolidated Payout Ratio
At a Glance

### Fiscal 2020 Net Sales Composition Ratio

- **Consolidated Net Sales** 7,490.6 billion
  - **15%** Appliances
  - **31%** Life Solutions
  - **18%** Connected Solutions
  - **13%** Automotive
  - **23%** Industrial Solutions

Note: Net sales composition ratio is calculated by dividing the sales of each reportable segment by the total of reportable segment sales (excluding "Other" and "Eliminations and Adjustments").

### Reportable Segment Changes

In fiscal 2020, the reportable segments have been changed as follows:

1. Eco Solutions has been renamed Life Solutions.
2. Automotive & Industrial Systems has been reorganized into two segments: Automotive, catering to vehicle manufacturers, and Industrial Solutions, centered on competitive devices.

#### Fiscal 2020 and Fiscal 2019

- **Appliances**
- **Life Solutions**
- **Connected Solutions**
- **Automotive**
- **Industrial Solutions**

#### Eco Solutions

- **Sales** decreased by 6% to 1,912.5 billion yen from a year ago, declining overall because Panasonic Home Appliances, Ltd., and the construction solution business were removed from the scope of consolidation due to business transfer to Prime Life Technologies Corporation (PLT), a joint venture with Toyota Motor Corporation. Excluding that effect, sales increased by 26% as a result of the COVID-19 related sales reductions in all SDs at the end of the fiscal year being covered by the domestic and international electric materials, housing, bicycles, and nursing care service, which had been solid earlier on.
- **Operating profit** decreased 21.1 billion yen to 179.8 billion yen from a year ago, as a result of higher profit from sales, rationalization measures, along with a gain from stock transfers etc. in the housing business when PLT was established.

#### Connected Solutions

- **Sales** decreased by 6% to 1,035.7 billion yen from a year ago, decreasing overall, which was mainly due to weaker sales in the process automation business and avionics business and a sales decline across the segment triggered by the impact of COVID-19 and other factors, although Panasonic System Solutions Japan Co., Ltd. saw an increase in its sales.
- **Operating profit** decreased 2.1 billion yen to 92.2 billion yen from a year ago. Due to losses on lower sales in the process automation business and the avionics business, a sales decline triggered by the COVID-19, and other factors, despite accrued capital gains from the transfer of the security systems business.

#### Automotive

- **Sales** decreased by 10% to 1,282.7 billion yen from a year ago, declining overall as the U.S.-China trade dispute led to a deterioration of the Chinese market and domestic demand, and the impact of COVID-19, which offset steeply higher sales in sales in key fields (Note 1) of "automotive CASE" (Note 2) and "information communication infrastructure infrastructure".
- **Operating profit** decreased by 37% to 4.6 billion yen from a year ago, because efforts to reduce fixed costs and promote the rationalization of materials fell short of offsetting weak sales and profit triggered by the market downturn and the COVID-19, and an impairment loss was also accrued when the transfer of the semiconductors business was decided.

#### Industrial Solutions

- **Sales** decreased by 6% to 2,530.2 billion yen from a year ago, declining overall as a result of struggling sales of TVs and digital cameras primarily in Europe, and the impact of COVID-19, despite increased sales of room air-conditioners in Asia and large air-conditioners in Japan.
- **Operating profit** decreased 29.9 billion yen to 55.7 billion yen from a year ago as a result of the impact of COVID-19 and the recording of restructuring expense, despite strong sales of washing machines and personal-care products in Japan.

### Fiscal 2020 Operating Results

<table>
<thead>
<tr>
<th>Segment</th>
<th>Sales (Billions of yen)</th>
<th>Operating Profit (Billions of yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eco Solutions</td>
<td>68.6</td>
<td>-46.6</td>
</tr>
<tr>
<td>Life Solutions</td>
<td>1,912.5</td>
<td>179.8</td>
</tr>
<tr>
<td>Connected Solutions</td>
<td>1,035.7</td>
<td>92.2</td>
</tr>
<tr>
<td>Automotive</td>
<td>1,282.7</td>
<td>4.6</td>
</tr>
<tr>
<td>Industrial Solutions</td>
<td>2,530.2</td>
<td>55.7</td>
</tr>
</tbody>
</table>

### Operating Profit/sales ratio

<table>
<thead>
<tr>
<th>Segment</th>
<th>Fiscal 2020</th>
<th>Fiscal 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eco Solutions</td>
<td>6.0%</td>
<td>9.3%</td>
</tr>
<tr>
<td>Life Solutions</td>
<td>9.1%</td>
<td>9.6%</td>
</tr>
<tr>
<td>Connected Solutions</td>
<td>8.9%</td>
<td>9.4%</td>
</tr>
<tr>
<td>Automotive</td>
<td>0.3%</td>
<td>0.3%</td>
</tr>
<tr>
<td>Industrial Solutions</td>
<td>2.2%</td>
<td>2.2%</td>
</tr>
</tbody>
</table>

### Note:

- **Composition Ratio**
- **Fiscal 2020 Net Sales**
  - **At a Glance**
  - **Financial and Corporate Information**

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### Sales Composition (Based on Fiscal 2020 results)

#### Appliances

- **Sales**: ¥2,592.6 billion
- **Sub-segments**:
  - Heating and Cooling Solutions
  - Home Appliances
  - Smart Life Network
  - Commercial Refrigeration & Food Equipment
  - Others

#### Life Solutions

- **Sales**: ¥1,912.5 billion
- **Sub-segments**:
  - Lighting
  - Energy Systems
  - Panasonic Homes
  - Housing Systems
  - Panasonic Ecology Systems
  - Others

#### Connected Solutions

- **Sales**: ¥1,035.7 billion
- **Sub-segments**:
  - Avionics
  - Process Automation
  - Media Entertainment
  - Mobile Solutions
  - PSSJ
  - Others

#### Automotive

- **Sales**: ¥1,482.4 billion
- **Sub-segments**:
  - Automotive Solutions
  - Automotive Batteries
  - Others

#### Industrial Solutions

- **Sales**: ¥1,282.7 billion
- **Sub-segments**:
  - Systems
  - Devices
  - Others

### Main Products and Services

**Appliances**
- Heating and Cooling Solutions: Kitchen Appliances BD, Laundry Systems and Vacuum Cleaner BD, Beauty and Personal Care BD
- Home Appliances: Smart Life Network BD
- Smart Life Network: Cold Chain BD, Hussmann Corporation
- Commercial Refrigeration & Food Equipment: Refrigeration and Air-Conditioning Devices BD, Smart Energy System BD, sales of other Divisional Company products, headquarter-related, eliminations, etc.

**Life Solutions**
- Lighting: Lighting BD
- Housing Systems: Housing Systems BD
- Panasonic Homes: Panasonic Homes Co., Ltd.
- Others: Bicycle, nursing-care, sales & marketing, eliminations, etc.

**Connected Solutions**
- Avionics: Panasonic Avionics Corporation, Avionics BU
- Process Automation: Process Automation BD
- Media Entertainment: Media Entertainment BD
- Mobile Solutions: Mobile Solutions BD
- PSSJ: Panasonic System Solutions Japan Co., Ltd.
- Others: Other businesses, eliminations, etc.

**Automotive**
- Automotive Batteries: Automotive Energy BD, Tesla Energy BD
- Others: Sales of other Divisional Company products, etc.

**Industrial Solutions**
- Systems: Electromechanical Control BD, Industrial Device BD, Energy Solutions BD
- Devices: Device Solutions BD, Energy Device BD, Electronic Materials BD
- Others: Semiconductor, LCD, sales of other Divisional Company products, eliminations, etc.

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*Note: The “Others” sub-segment is not shown in the pie chart because the amount has been negative due to the effects of eliminations and adjustments.*
10-Year Financial Summary

Panasonic Corporation and Subsidiaries, Years ended March 31

Panasonic began applying International Financial Reporting Standards (IFRS) on a voluntary basis in the fiscal year ended March 2017. Financial figures for the fiscal year ended March 2018 are also presented in accordance with IFRS in addition to conventional U.S. GAAP standards.

U.S. GAAP

<table>
<thead>
<tr>
<th>Year</th>
<th>For the Year (Millions of yen)</th>
<th>Operating profit</th>
<th>Net income (loss) attributable to Panasonic Corporation</th>
<th>Net sales</th>
<th>Total assets</th>
<th>Total equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>43,220</td>
<td>8,766,272</td>
<td>5,736,045</td>
<td>7,376,541</td>
<td>16,390,364</td>
<td>9,291,916</td>
</tr>
<tr>
<td>2012</td>
<td>43,301</td>
<td>8,736,517</td>
<td>5,715,037</td>
<td>7,353,177</td>
<td>16,387,890</td>
<td>9,269,733</td>
</tr>
<tr>
<td>2013</td>
<td>43,301</td>
<td>8,736,517</td>
<td>5,715,037</td>
<td>7,353,177</td>
<td>16,387,890</td>
<td>9,269,733</td>
</tr>
<tr>
<td>2014</td>
<td>43,301</td>
<td>8,736,517</td>
<td>5,715,037</td>
<td>7,353,177</td>
<td>16,387,890</td>
<td>9,269,733</td>
</tr>
<tr>
<td>2015</td>
<td>43,301</td>
<td>8,736,517</td>
<td>5,715,037</td>
<td>7,353,177</td>
<td>16,387,890</td>
<td>9,269,733</td>
</tr>
</tbody>
</table>

Interest-bearing debt/total assets (%) 20.4 23.9 21.2 12.3 16.3 13.0

ROE (%) 2.8 (34.4) (47.2) 8.6 10.6 11.0

Income (loss) before income taxes/sales (%) 2.1 (10.4) (5.5) 2.7 2.4 2.9

Panasonic Corporation shareholders

Dividends declared per share 10.00 10.00 — 13.00 18.00 25.00

Corporation per common share:

Net income (loss) attributable to Panasonic Corporation/common share:

Diluted — — — — 77.64 83.39

Exchange rate is the average rate for the fiscal year.

Note to U.S. GAAP

1. The Company’s financial statements are prepared in conformity with U.S. generally accepted accounting principles (U.S. GAAP) until the fiscal year ended March 2016.

2. In Japan, operating profit, a non-GAAP measure, is presented as net sales less cost of sales and selling, general and administrative expenses. The Company believes that it is useful to investors in comparing the company’s financial results with those of other Japanese companies. See the Company’s annual accounts report and financial statements for details.

3. The Company defines capital investment as purchases of property, plant and equipment based on an actual basis which reflects the effects of timing differences between acquisition date and payment date.

4. “Capital investment” and “Depreciation” do not include intangibles.

5. “Dividends declared per share” reflect those declared by Panasonic in each fiscal year.

6. “Net income (loss) attributable to Panasonic Corporation per common share” from fiscal 2011 to fiscal 2018 has been implied because the Company did not have potential common shares that were outstanding for the period.

7. “Diluted net income (loss) attributable to Panasonic Corporation per common share” is calculated by dividing net income attributable to Panasonic Corporation by the weighted average number of shares outstanding, adjusted for dilutive potential common shares.

8. Effective from the beginning of fiscal 2013, investments and depreciation expenses in rolling assets are included in “Capital investment” and “Depreciation”, respectively. Accordingly, the amounts of “Depreciation” and “Capital investment” for fiscal 2012 are changed.

9. “Net assets” is equal to the sum of short-term debt, other short-term liabilities and long-term debt.

Note to IFRS

1. The Company’s consolidated financial statements are prepared in conformity with International Financial Reporting Standards (IFRS).

2. Adjusted operating profit = net sales - Cost of sales - GA&A

3. The Company defines capital investment as purchases of property, plant and equipment based on an accrual basis which reflects the effects of timing difference between acquisition date and payment date.

4. “Capital investment” and “Depreciation” do not include intangibles.

5. “Dividends declared per share” reflect those changed by Panasonic in each fiscal year and consist of interim dividends paid during the fiscal year and dividend paid after the fiscal year.

6. Dividends declared per share have not been presented for those fiscal years in which the Company incurred a net loss attributable to Panasonic Corporation.

7. “Interest-bearing debt” is equal to the sum of short-term debt, other short-term liabilities and long-term debt.

8. “Income before income taxes” includes income tax expense.

9. “Net income (loss) attributable to Panasonic Corporation” includes the amounts of “Depreciation” and “Capital investment” for fiscal 2012 are changed.

10. “Payout ratio” = Dividends declared per share / Basic net income attributable to Panasonic Corporation common shareholders per share

1. USD 86 75 81 100 110 120

2. EUR 113 105 109 123 126 121

3. RMB 16.9 16.1 16.8 17.5 16.5

For the Year (Millions of yen)

<table>
<thead>
<tr>
<th>Year</th>
<th>Net sales</th>
<th>Adjusted operating profit</th>
<th>Operating profit</th>
<th>Profit before income taxes</th>
<th>Income (loss) before income taxes</th>
<th>Free cash flow</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>7,626,306</td>
<td>4,136,243</td>
<td>2,727,020</td>
<td>2,094,817</td>
<td>495,290</td>
<td>124,406</td>
</tr>
<tr>
<td>2017</td>
<td>7,343,707</td>
<td>4,037,167</td>
<td>2,685,380</td>
<td>2,022,380</td>
<td>474,285</td>
<td>126,406</td>
</tr>
<tr>
<td>2018</td>
<td>7,862,164</td>
<td>4,283,774</td>
<td>2,855,452</td>
<td>2,188,572</td>
<td>531,618</td>
<td>136,406</td>
</tr>
<tr>
<td>2019</td>
<td>8,022,733</td>
<td>4,310,000</td>
<td>2,883,452</td>
<td>2,227,272</td>
<td>540,728</td>
<td>136,406</td>
</tr>
<tr>
<td>2020</td>
<td>7,490,601</td>
<td>4,253,000</td>
<td>2,825,000</td>
<td>2,166,000</td>
<td>520,000</td>
<td>136,406</td>
</tr>
</tbody>
</table>

Note to IFRS

1. The Company’s consolidated financial statements are prepared in conformity with International Financial Reporting Standards (IFRS).

2. Adjusted operating profit = net sales - GA&A

3. The Company defines capital investment as purchases of property, plant and equipment based on an accrual basis which reflects the effects of timing difference between acquisition date and payment date.

4. “Capital investment” and “Depreciation” do not include intangibles.

5. “Dividends declared per share” reflect those declared by Panasonic in each fiscal year.

6. Estimate for financial ratios are as follows:

   Operating profit margin = Operating profit / Net sales

   R&D (Research and Development) expenses attributable to Panasonic Corporation / Average Panasonic Corporation shareholders equity at the beginning and the end of the fiscal year.

   Total assets turnover rate = Net Sales / Average total assets at the beginning and the end of each fiscal year.

   Financial leverage = Average total assets at the beginning and the end of each fiscal year / Average Panasonic Corporation shareholders equity at the beginning and the end of the fiscal year.

   Payout ratio = Dividends declared per share / Basic net income attributable to Panasonic Corporation common shareholders per share

1. USD 120 118 111 111 109

2. EUR 136 131 126 126 121

3. RMB 16.9 16.1 16.8 17.5 16.5

Panasonic Corporation financial statements are prepared in conformity with International Financial Reporting Standards (IFRS).

Panasonic began applying International Financial Reporting Standards (IFRS) on a voluntary basis in the fiscal year ended March 2017. Financial figures for the fiscal year ended March 2018 are also presented in accordance with IFRS in addition to conventional U.S. GAAP standards.
Financial Review

Operating Results

Business Overview

During the year ended March 31, 2020 (fiscal 2020) under review, the global economy saw a moderate growth trend in the first half of the fiscal year, supported by spending in the U.S. and favorable employment conditions in Japan. However, there were also many sudden economic downside factors such as the slump in spending and investment in China, and the slowdown of imports and exports from/to various countries, with a background of trade friction between the U.S. and China. Moreover, the period saw an increase in Japan’s consumption tax, and the worldwide spread of the novel coronavirus infection (COVID-19) toward the end of the fiscal year.

Under such a management environment, in fiscal 2020, as the first year of the new Mid-term strategy, the Company executed the portfolio management and enhancement of management structure with three business classifications of “Core growth business,” “Co-creation business” and “Revitalization business.” Specifically, Panasonic prioritizes its resources in areas where market growth is expected as well as the Company has advantages, particularly, in Core growth business in B2B fields, and have been making efforts for future profit growth.

In addition, toward enhancing competitiveness through collaboration and co-creation with external partners, in housing business, the Company established a joint venture with Toyota Motor Corporation related to town development business, Prime Life Technologies Corporation on January 7, 2020. This aim is to generate a unique added value by integrating “housing” and “mobility.” In automotive prismatic battery business, the Company decided to establish a joint venture, Prime Planet Energy & Solutions Inc. with Toyota Motor Corporation in Taiwan. This transfer will enable to lead sustainable growth by utilizing the Company’s accumulated technical and product capabilities. Furthermore, in LCD panel business, the Company decided to end its production by 2021 due to the increasingly competitive global market environment.

Net Sales

The Company’s consolidated group sales for fiscal 2020 decreased by 8% to 7,490.6 billion yen from a year ago. Domestic sales decreased due to the deconsolidation of housing related businesses, in addition to the impact of COVID-19, despite sales increases in PCs and Infotainment Systems such as IVI (Note). Overseas sales decreased due mainly to sluggish sales in TVs and Automotive Solutions, the effect of exchange rates and the impact of the spread of the novel coronavirus infection, despite significant sales increases in Automotive Batteries. In addition, the impact of COVID-19 occurred in each segment mainly in Appliances and Connected Solutions.

Overview by Geographic Region

By geographic region, overall sales in Japan decreased by 3% to 3,609.1 billion yen, from 3,716.6 billion yen a year ago. Sales overseas decreased by 9% to 3,881.5 billion yen, from 4,286.1 billion yen a year ago. In real terms, excluding the impact of exchange rates, sales decreased by 6% year on year. In North and South America, sales totaled 1,442.3 billion yen, a year-on-year decrease of 3% in real terms. In Europe, sales totaled 720.6 billion yen, a year-on-year decrease of 5% in real terms. In Asia, sales were 963.9 billion yen, a 3% decrease in real terms, and China, sales were 748.8 billion yen, a 15% decrease in real terms.

Sales by Region (Billions of yen)

<table>
<thead>
<tr>
<th>Region</th>
<th>2019/2020</th>
<th>Local currency basis vs. 2019/2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>3,716.6</td>
<td>97%</td>
</tr>
<tr>
<td>Americas</td>
<td>1,528.8</td>
<td>97%</td>
</tr>
<tr>
<td>Europe</td>
<td>307.3</td>
<td>96%</td>
</tr>
<tr>
<td>Asia</td>
<td>1,015.0</td>
<td>97%</td>
</tr>
<tr>
<td>China</td>
<td>934.0</td>
<td>98%</td>
</tr>
<tr>
<td>Total</td>
<td>8,002.7</td>
<td>96%</td>
</tr>
</tbody>
</table>

Financial Results (Billions of yen)

<table>
<thead>
<tr>
<th></th>
<th>2019/2020</th>
<th>Year- vs. 2018/2019 (%)</th>
<th>Year- on-year (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>8,002.7</td>
<td>94%</td>
<td>-9.2%</td>
</tr>
<tr>
<td>Operating profit</td>
<td>411.5</td>
<td>71%</td>
<td>-11.7%</td>
</tr>
<tr>
<td>Profit before income taxes</td>
<td>416.1</td>
<td>72%</td>
<td>-11.7%</td>
</tr>
<tr>
<td>Net profit attributable to Panasonic Corporation stockholders</td>
<td>284</td>
<td>79%</td>
<td>-4.4%</td>
</tr>
<tr>
<td>ROE</td>
<td>16.7%</td>
<td>11.6%</td>
<td>-4.2%</td>
</tr>
</tbody>
</table>

Exchange rates

<table>
<thead>
<tr>
<th>Currency</th>
<th>2019/2020</th>
<th>2018/2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>USD</td>
<td>111 yen</td>
<td>109 yen</td>
</tr>
<tr>
<td>EUR</td>
<td>120 yen</td>
<td>121 yen</td>
</tr>
<tr>
<td>JPY</td>
<td>16.5 yen</td>
<td>15.6 yen</td>
</tr>
</tbody>
</table>

Operating Profit

Operating profit decreased by 29% to 293.8 billion yen from a year ago. Adjusted operating profit fell 40.3 billion yen year on year, due largely to the impact of decreased sales by weak capital investment demand in China and the impact of COVID-19. This was despite fixed cost reductions through enhancing management structure by reducing various indirect costs and others, and rationalization efforts at the automotive cylindrical battery factory in North America. Although we posted gains from housing-related business transfer, we reported a 7.7 billion yen year-on-year decline in other income (loss). This was due mainly to recording of restructuring expenses.

As a result, operating profit fell 117.7 billion yen, and the operating profit ratio decreased from 5.1% to 3.9%.

Fiscal 2020 Operating Profit Analysis (Billions of yen)

Profit before Income Taxes

Finance income increased from 25.6 billion yen the previous fiscal year to 31.4 billion yen. Finance expenses increased from 20.6 billion yen to 34.1 billion yen. As a result, profit before income taxes was 291.1 billion yen, compared to 416.5 billion yen the previous fiscal year.

Net Profit Attributable to Panasonic Corporation Stockholders

Income taxes were 51.0 billion yen, compared to 113.7 billion yen a year ago. As a result, net profit attributable to Panasonic Corporation stockholders totaled 225.8 billion yen, compared to 284.1 billion yen a year ago. Also, net profit attributable to Panasonic Corporation stockholders per share was 96.76 yen, against 121.83 yen the previous fiscal year.
Liquidity and Capital Resources

The Panasonic Group has a basic policy of generating funds needed for business activities from internal sources. Funds generated are efficiently utilized through intra-Group financing. Based on this, when funds are needed for working capital or business investment, external financing is obtained through appropriate means based on financial strength and financial market conditions.

Cash and cash equivalents as of March 31, 2020 were 1,016.5 billion yen, increased by 244.2 billion yen compared with the end of the previous fiscal year. During fiscal 2020, Panasonic issued USD-dominated senior notes of USD 2.5 billion in July 2019, and unsecured straight bonds of 100.0 billion yen in March 2020, in order to raise funds for bond redemptions and securing working capital.

Interest-bearing debt increased to 1,471.4 billion yen as of March 31, 2020 from 986.7 billion yen at the end of the previous fiscal year. This is due to the issuance of USD-denominated senior notes, unsecured straight bonds and short-term bonds, in addition to an increase of lease liabilities by applying IFRS 16, "Leases" from April 1, 2019, despite the repayments of straight bonds and other factors. Panasonic has been entered into three-year commitment line agreements (Note) with several banks in June 2018, in order to prepare for contingencies such as potential deterioration of the financial and economic environment. The upper limit for unsecured borrowing based on the agreements is a total of 700.0 billion yen, but there is no borrowing under these agreements.

Note: Commitment line agreements: Contracts made with financial institutions to secure financing subject to pre-agreed limits on the time period and commitment line.

Cash Flows

The Company recognizes the importance of increasing free cash flow by strengthening business profitability and developing businesses over the mid- to long-term. The Company also works simultaneously to create cash flows through continuous reductions of working capital, revisions of asset holdings and other measures. Net cash provided by operating activities for fiscal 2020 was 430.3 billion yen and net cash used in investing activities was 206.1 billion yen. Free cash flow, the total of the two, was an inflow of 224.2 billion yen. The free cash flow for fiscal 2020 improved by 213.9 billion yen from the previous year. This was due mainly to improved working capital, thorough controls of capital investments and inventory as well as an increase in cash inflow from the sales of business and assets, in spite of an upfront investment in automotive prismatic batteries.

Capital Investment and Depreciations

The Panasonic Group makes capital investment based on a policy of steady investments primarily in key businesses for future growth. Capital investment in fiscal 2020 (tangible assets only) decreased 31.6 billion yen to 268.9 billion yen from 300.5 billion yen a year ago. The main capital investments have been made in production facilities in Japan and China for lithium-ion batteries for automotive use and in production facilities for electronic components, etc. in the Industrial Solutions segment.

Depreciation (tangible assets only) decreased 21.8 billion yen to 205.0 billion yen from 226.8 billion yen a year ago.

Fiscal 2020 Capital Investment by Segment

Tangible Assets Only

<table>
<thead>
<tr>
<th>Segment</th>
<th>Fiscal 2020 Capital Investment (Billions of yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Appliances</td>
<td>+10.6 billion</td>
</tr>
<tr>
<td>Industrial</td>
<td>+54.1 billion</td>
</tr>
<tr>
<td>Life Solutions</td>
<td>+38.9 billion</td>
</tr>
<tr>
<td>Connected Solutions</td>
<td>+19.0 billion</td>
</tr>
<tr>
<td>Automotive</td>
<td>+103.0 billion</td>
</tr>
</tbody>
</table>

Assets, Liabilities and Equity

The Company’s consolidated total assets as of March 31, 2020 were 6,218.5 billion yen, an increase of 204.6 billion yen from March 31, 2019. The Company’s consolidated total liabilities were 4,062.7 billion yen, an increase of 133.3 billion yen from March 31, 2019. These are due mainly to an increase of right-of-use-assets and lease liabilities by applying IFRS 16, in addition to an increase in cash and cash equivalents and long-term debt by issuing straight bonds, despite the impact of the deconsolidation of housing related businesses.

Panasonic Corporation stockholders’ equity increased by 84.8 billion yen to 1,988.3 billion yen, compared to March 31, 2019. This was due mainly to recording of Net profit attributable to Panasonic Corporation stockholders.

As a result, the ratio of Panasonic Corporation stockholders’ equity was 32.1%, increasing from 31.8% on March 31, 2019.

With non-controlling interests added to Panasonic Corporation stockholders’ equity, total equity was 2,159.9 billion yen.

Free Cash Flows (Billions of yen)

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Free Cash Flows</th>
</tr>
</thead>
<tbody>
<tr>
<td>3/18</td>
<td>35.6</td>
</tr>
<tr>
<td>3/19</td>
<td>10.3</td>
</tr>
<tr>
<td>3/20</td>
<td>224.2</td>
</tr>
</tbody>
</table>

For details regarding consolidated financial statements, please refer to the Company’s Annual Financial Statement (Yukushoten Honkancho).

- Consolidated Statements of Financial Position
- Consolidated Statements of Profit or Loss
- Consolidated Statements of Comprehensive Income
- Consolidated Statement of Changes in Equity
- Consolidated Statements of Cash Flows
**Corporate Data**

**Company Name:** Panasonic Corporation  
(TSE Securities Code: 6752)

**Founded:** March 1918  
(Incorporated in December 1935)

**Head Office Location:** 1006, Osaka Kada, Kadoma-shi, Osaka 571-8501, Japan

**Stated Capital:** 258,867 million yen  
(Consolidated Companies (including parent company): 529 companies  
Companies under the Equity Method: 72 companies  
Number of Employees: 259,385 persons)

**Trading Volume (Millions of shares):**  
1,500 1,000 2,000 3,000

**Stock Price (Yen):**  
1,500 1,000 2,000 3,000

**Low:** 826 582 376 594 1

**High:** 1,842 1,071 781 1,408 1,614 1,835.5 1,906.5 1,800.6 1,867.0 1,264.4

**Market Capitalization:**  
1,500 1,000 2,000 3,000

**Net Income ($ millions):**  
377.0 103.5 10,258.0 521.0 954.2 058 761 654 1

**Number of Shareholders:** 364

**Treasury Stock:** 15.6

**Overseas Investors:** 30.9

**Institutions:** 6.1

**Individuals and Others:** 23.7

**Treasury Stock:** 15.6

**Total:** 100.0

**Unsecured Straight Bonds in Japan**

<table>
<thead>
<tr>
<th>Series</th>
<th>Years</th>
<th>Coupon rate (per annum)</th>
<th>Aggregate principal amount of issue</th>
<th>Maturity date</th>
</tr>
</thead>
<tbody>
<tr>
<td>10th</td>
<td>7</td>
<td>0.56%</td>
<td>100 billion yen</td>
<td>March 18,2022</td>
</tr>
<tr>
<td>11th</td>
<td>5</td>
<td>0.190%</td>
<td>100 billion yen</td>
<td>Sept, 19,2022</td>
</tr>
<tr>
<td>12th</td>
<td>3</td>
<td>0.20%</td>
<td>130 billion yen</td>
<td>Sept, 19,2023</td>
</tr>
<tr>
<td>13th</td>
<td>6</td>
<td>0.236%</td>
<td>30 billion yen</td>
<td>March 5,2026</td>
</tr>
<tr>
<td>14th</td>
<td>10</td>
<td>0.870%</td>
<td>30 billion yen</td>
<td>March 5,2029</td>
</tr>
</tbody>
</table>

**USD-Denominated Senior Notes**

<table>
<thead>
<tr>
<th>Years</th>
<th>Coupon rate (per annum)</th>
<th>Aggregate principal amount of issue</th>
<th>Maturity date</th>
</tr>
</thead>
<tbody>
<tr>
<td>2022</td>
<td>2</td>
<td>2.96%</td>
<td>July 10, 2022</td>
</tr>
<tr>
<td>2023</td>
<td>7</td>
<td>12.5%</td>
<td>July 10, 2023</td>
</tr>
<tr>
<td>2024</td>
<td>10</td>
<td>3.11%</td>
<td>July 10, 2024</td>
</tr>
</tbody>
</table>

**IR and Sustainability Websites**

**IR:**  
Please refer to Panasonic’s IR site for information on the Company including financial results and presentation materials.  

**Sustainability:**  
Please refer to the “Sustainability” section of the Company’s website for more information regarding environmental and social initiatives.  