Annual Securities Report
for the fiscal year ended March 31, 2019
(the 112th Business Term)

Panasonic Corporation

[Cover]

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Company Name in English:	Panasonic Corporation
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Certain References and Information

This is an English translation of the Annual Securities Report ("Yukashoken Hokokusho") submitted to the Director of the Kanto Local Finance Bureau via Electronic Disclosure for Investors' Network ("EDINET") on June 28, 2019, pursuant to the Financial Instruments and Exchange Act of Japan.

In this document, "fiscal 2019" refers to the year ended March 31, 2019. All information contained in this document is as of March 31, 2019 or for fiscal 2019, unless otherwise indicated.

Disclaimer Regarding Forward-Looking Statements

This report includes forward-looking statements (that include those within the meaning of Section 27A of the U.S. Securities Act of 1933, as amended, and Section 21E of the U.S. Securities Exchange Act of 1934, as amended) about Panasonic and its Group companies (the Panasonic Group). To the extent that statements in this report do not relate to historical or current facts, they constitute forward-looking statements. These forward-looking statements are based on the current assumptions and beliefs of the Panasonic Group in light of the information currently available to it, and involve known and unknown risks, uncertainties and other factors. Such risks, uncertainties and other factors may cause the Panasonic Group's actual results, performance, achievements or financial position to be materially different from any future results, performance, achievements or financial position expressed or implied by these forward-looking statements. Panasonic undertakes no obligation to publicly update any forward-looking statements after the date of this report. Investors are advised to consult any further disclosures by Panasonic in its subsequent filings under the Financial Instrument and Exchange Act of Japan (the FIEA) and other publicly disclosed documents.

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

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Part Ⅰ Information on Panasonic Group

Ⅰ Overview of Panasonic Group

1. Key Financial Data (Consolidated)

(Millions of yen, unless otherwise stated)

	IFRS				
Fiscal year	Transition date	109th business term	110th business term	111th business term	112th business term
Year end	April 1, 2015	March 2016	March 2017	March 2018	March 2019
Net sales	-	7,626,306	7,343,707	7,982,164	8,002,733
Profit before income taxes	-	227,529	275,066	378,590	416,456
Net profit attributable to Panasonic Corporation stockholders	-	165,212	149,360	236,040	284,149
Comprehensive income (loss) attributable to Panasonic Corporation stockholders	-	(54,617)	174,892	292,381	278,477
Total Panasonic Corporation stockholders' equity	1,535,518	1,444,442	1,571,889	1,707,551	1,913,513
Total equity	1,759,446	1,647,233	1,759,935	1,882,285	2,084,615
Total assets	5,820,789	5,488,024	5,982,961	6,291,148	6,013,931
Panasonic Corporation stockholders' equity per share (yen)	664.36	622.34	673.93	732.12	820.41
Earnings per share attributable to Panasonic Corporation stockholders, basic (yen)	-	71.30	64.33	101.20	121.83
Earnings per share attributable to Panasonic Corporation stockholders, diluted (yen)	-	71.29	64.31	101.15	121.75
Panasonic Corporation stockholders' equity / total assets (%)	26.4	26.3	26.3	27.1	31.8
Return on equity (%)	-	11.1	9.9	14.4	15.7
Price earnings ratio (times)	-	14.50	19.56	15.03	7.83
Net cash provided by operating activities	-	419,355	385,410	423,182	203,677
Net cash used in investing activities	-	(293,804)	(420,156)	(458,828)	(193,387)
Net cash provided by (used in) financing activities	-	(309,565)	294,598	(128,763)	(341,761)
Cash and cash equivalents at end of year	1,279,943	1,012,666	1,270,787	1,089,585	772,264
Number of employees (persons)	257,216	252,923	257,533	274,143	271,869

(Notes)

1. The Company's consolidated financial statements are prepared in conformity with International Financial Reporting Standards (IFRS) since the 110th business term.
2. Net sales do not include consumption tax, etc.

(Millions of yen, unless otherwise stated)

	U.S.GAAP	
Fiscal year	108th business term	109th business term
Year end	March 2015	March 2016
Net sales	7,715,037	7,553,717
Income before income taxes	182,456	217,048
Net income attributable to Panasonic Corporation	179,485	193,256
Comprehensive income (loss) attributable to Panasonic Corporation	437,933	(81,821)
Total Panasonic Corporation shareholders' equity	1,823,293	1,705,056
Total equity	1,992,552	1,854,314
Total assets	5,956,947	5,596,982
Panasonic Corporation shareholders' equity per share (yen)	788.87	734.62
Net income attributable to Panasonic Corporation common shareholders per share, basic (yen)	77.65	83.40
Net income attributable to Panasonic Corporation common shareholders per share, diluted (yen)	77.64	83.39
Panasonic Corporation stockholders' equity / total assets (%)	30.6	30.5
Return on equity (%)	10.6	11.0
Price earnings ratio (times)	20.31	12.39
Net cash provided by operating activities	491,463	398,680
Net cash used in investing activities	(138,008)	(274,274)
Net cash provided by (used in) financing activities	257,615	(308,031)
Cash and cash equivalents at end of year	1,280,408	1,014,264
Number of employees (persons)	254,084	249,520

(Notes)

1. The Company's consolidated financial statements were prepared in conformity with U.S. generally accepted accounting principles (U.S. GAAP) until the 109th business term.
2. Net sales do not include consumption tax, etc.

2. History

Month/Year	Events
March 1918	Konosuke Matsushita founded Matsushita Denkikigu Seisakusho at Ohiraki-cho, Fukushima-ku, Osaka and started to manufacture wiring instrument.
March 1923	Bullet-shaped bicycle lamp developed and marketed.
April 1927	Established "National" brand.
May 1933	Relocated new head office and factory in Kadoma. Instituted divisional system.
August 1935	Established Matsushita Electric Trading Co., Ltd.
December 1935	Incorporated as Matsushita Electric Industrial Co., Ltd. on December 15, 1935 (10 million yen in capital).
May 1949	Listed on Tokyo Stock Exchange and Osaka Securities Exchange.
September 1951	Listed on Nagoya Stock Exchange.
January 1952	Formed a capital alliance with Nakagawa Kikai Kabushiki Kaisha (subsequently renamed Matsushita Refrigeration Company).
December 1952	Established Matsushita Electronics Corporation through a technology alliance with Philips in Netherlands, and transferred four lamp manufacturing factories to this establishment.
May 1953	Established the Central Research Laboratory.
February 1954	Formed a capital alliance with Victor Company of Japan Ltd. (JVC).
December 1955	Established Kyushu Matsushita Electric Co., Ltd. (subsequently renamed Panasonic Communications Co., Ltd.).
May 1956	Established Osaka Denki Seiki Kabushiki Kaisha (subsequently renamed Matsushita Seiko Co., Ltd.).
January 1958	Established Matsushita Communication Industrial Co., Ltd. (subsequently renamed Panasonic Mobile Communications Co., Ltd.), and transferred communication equipment manufacturing section to this establishment.
September 1959	Established Matsushita Electric Corporation of America (currently Panasonic Corporation of North America). (Since then, established manufacturing and sales sites at various locations in the world.)
January 1961	Masaharu Matsushita became President of the Company.
August 1962	Formed a capital alliance with Toho Denki Kabushiki Kaisha (subsequently renamed Matsushita Graphic Communication Systems, Inc.).
November 1969	Established Matsushita Kotobuki Electronics Industries, Ltd. (subsequently Panasonic Healthcare Co., Ltd.).
December 1971	Listed on New York Stock Exchange.
December 1975	Issued U.S. dollar-denominated convertible bonds (100 million U.S. dollars at face value).
January 1976	Established Matsushita Electronic Components Co., Ltd. (subsequently renamed Panasonic Electronic Devices Co., Ltd.), and transferred electronic device manufacturing section to this establishment.
January 1977	Established Matsushita Household Equipment Co., Ltd., and transferred household equipment manufacturing section to this establishment. Established Matsushita Industrial Equipment Co., Ltd. and transferred industrial equipment manufacturing section to this establishment.
February 1977	Toshihiko Yamashita became President of the Company.
January 1979	Established Matsushita Battery Industrial Co., Ltd., and transferred battery manufacturing section to this establishment.

Month/Year	Events
July 1985	Established a finance subsidiary in U.S. (In May 1986, established two finance subsidiaries in Europe.)
October 1985	Established Semiconductor Fundamental Research Laboratory.
February 1986	Akio Tanii became President of the Company.
March 1987	Changed the fiscal year end from November 20 to March 31.
April 1988	Absorbed Matsushita Electric Trading Co., Ltd.
April 1989	The Company's founder Konosuke Matsushita passed away.
December 1990	Acquired MCA INC. (MCA), a leading entertainment company in the U.S.
February 1993	Yoichi Morishita became President of the Company.
May 1993	Dissolved partnership with Philips regarding Matsushita Electronics Corporation and purchased all shares of Matsushita Electronics Corporation which Philips held.
April 1995	Absorbed Matsushita Household Equipment Co., Ltd.
June 1995	Sold 80% equity interest in MCA shares, which a subsidiary of the Company in U.S. held, to Seagram Company Ltd in Canada.
February 1999	Cancelled 50 million shares of treasury stock by 98.8 billion yen of retained earnings decided by resolution of 91st Ordinary General Meeting of Shareholders.
April 2000	Made Matsushita Refrigeration Company into a wholly-owned subsidiary through share -exchange.
June 2000	Kunio Nakamura became President of the Company.
April 2001	Absorbed Matsushita Electronics Corporation.
April 2002	Established a joint venture liquid crystal display panel manufacturing company, Toshiba Matsushita Display Technology Co., Ltd. with Toshiba Corporation.
October 2002	Made Matsushita Communication Industrial Co., Ltd., Kyushu Matsushita Electric Co., Ltd., Matsushita Seiko Co., Ltd. (currently Panasonic Ecology Systems Co., Ltd.), Matsushita Kotobuki Electronics Industries, Ltd. and Matsushita Graphic Communication Systems, Inc. into wholly-owned subsidiaries through share-exchanges.
January 2003	Instituted business domain system through business restructuring. Kyushu Matsushita Electric Co., Ltd. was merged with Matsushita Graphic Communication Systems, Inc.
April 2003	Established a joint venture cathode ray tubes manufacturing company, Matsushita Toshiba Picture Display Co., Ltd. (subsequently renamed MT Picture Display Co., Ltd., liquidated in May 2019) with Toshiba Corporation. Made Matsushita Electronic Components Co., Ltd. and Matsushita Battery Industrial Co., Ltd. into wholly-owned subsidiaries through share-exchanges. Unified its corporate brands as “Panasonic” worldwide.
April 2004	Made Matsushita Electric Works, Ltd. (subsequently renamed Panasonic Electric Works Co., Ltd. (PEW)), PanaHome Corporation (subsequently became a wholly-owned subsidiary in fiscal 2018 and renamed Panasonic Homes Co., Ltd. in April 2018.) and their subsidiaries into consolidated subsidiaries of the Company through additional purchase of shares of Matsushita Electric Works, Ltd.
April 2005	Absorbed Matsushita Industrial Information Equipment Co., Ltd.
February 2006	Sold the remaining shares of affiliated company of Universal Studios (formerly MCA), which a subsidiary of the Company in U.S. held, to Vivendi Universal.
June 2006	Fumio Ohtsubo became President of the Company.

Month/Year	Events
March 2007	Made Matsushita Toshiba Picture Display Co., Ltd. into a wholly-owned subsidiary.
August 2007	Excluded JVC and its subsidiaries from consolidated subsidiaries of the Company due to JVC's issuance of new shares and third party allotments. As a result, JVC became an associated company accounted for under the equity method. (Subsequently, in January 2011, JVC was excluded from an associated company accounted for under the equity method)
April 2008	Absorbed Matsushita Refrigeration Company.
October 2008	The Company changed its name from Matsushita Electric Industrial Co., Ltd. to Panasonic Corporation. Absorbed Matsushita Battery Industrial Co., Ltd.
April 2009	Sold all the shares of Toshiba Matsushita Display Technology Co., Ltd., which the Company held, to Toshiba Corporation.
December 2009	Acquired majority of the voting rights in SANYO Electric Co., Ltd. (SANYO) and made SANYO and its subsidiaries into consolidated subsidiaries of the Company.
January 2010	Transferred the business of System Solutions Company, the Company's internal division company, to Panasonic Communications Co., Ltd., which was at the same time renamed Panasonic System Networks Co., Ltd.
April 2011	Made PEW and SANYO into wholly-owned subsidiaries through share-exchanges.
January 2012	Absorbed PEW. Reorganized domain system to 9 domains and 1 marketing section through business restructuring.
April 2012	Absorbed companies including Panasonic Electronic Devices Co., Ltd.
June 2012	Kazuhiro Tsuga became President of the Company.
October 2012	Established the Corporate Strategy Head Office.
March 2013	Panasonic System Solutions Japan Co., Ltd. absorbed companies including Panasonic System Networks Co., Ltd., and was at the same time renamed Panasonic System Networks Co., Ltd. (Subsequently, in April 2017, renamed as Panasonic System Solutions Japan Co., Ltd. due to partial reorganization.)
April 2013	Transformed to new basic group formation through business division system from business domain system. Absorbed Panasonic Mobile Communications Co., Ltd. subsequent to carrying out the incorporation-type company split of mobile phone terminal business and transferring mobile phone base station business to Panasonic System Networks Co., Ltd. in the company split. Delisted from New York Stock Exchange.
March 2014	Transferred all the shares and other related assets of Panasonic Healthcare Co., Ltd. (subsequently renamed PHC Corporation) to PHC Holdings Co., Ltd. and subscribed 20% of shares of PHC Holdings Co., Ltd. (subsequently renamed PHC Holdings Corporation) Transferred a part of its shares in March 2019.
June 2014	Transferred semiconductor business to Panasonic Semiconductor Solutions Co., Ltd. in the company split.

3. Description of Business

The Panasonic Group is comprised primarily of the parent Panasonic Corporation and 581 consolidated subsidiaries in and outside of Japan, operating in close cooperation with each other. As a comprehensive electronics manufacturer, Panasonic is engaged in development, production, sales and service activities in a broad array of business areas.

The Company supplies a full spectrum of electric/electronic equipment and related products, which is categorized into the four reportable segments and other business activities not belonging to the reportable segments. Four reportable segments are Appliances, Eco Solutions, Connected Solutions, and Automotive & Industrial Systems. For further details about each segment, please refer to "Ⅴ Consolidated Financial Statements, Note 4."

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

(Panasonic Group)

As of March 31, 2019

(Segments, main products and services)	(Major manufacturing companies)
Appliances Room air-conditioners, large-sized air-conditioners, TVs, digital cameras, video equipment, home audio equipment, fixed-phones, refrigerators, washing machines, vacuum cleaners, microwave ovens, rice cookers, personal-care products, compressors, fuel cells, showcases	**(Japan)** Panasonic Corporation **(Overseas)** Panasonic Appliances Air-Conditioning (Guangzhou) Co., Ltd. Panasonic Appliances Washing Machine (Hangzhou) Co., Ltd. Hussman Corporation
Eco Solutions Lighting fixtures, lamps, wiring devices, solar photovoltaic systems, kitchen & bath, interior furnishing materials, exterior finishing materials, ventilation and air-conditioning equipment, air purifiers, detached housing*1, rental apartment housing*1, land and buildings for sale*1, home remodeling*1, bicycles, nursing care service	**(Japan)** Panasonic Corporation Panasonic Ecology Systems Co., Ltd. Panasonic Homes Co., Ltd.,*1,2 SANYO Electric Co., Ltd. KMEW Co., Ltd. **(Overseas)** Panasonic Energy Malaysia Sdn Bhd
Connected Solutions Aircraft in-flight entertainment systems and communications services, electronic-components-mounting machines, welding equipment, projectors, professional AV systems, PCs and tablets, surveillance cameras	**(Japan)** Panasonic Corporation Panasonic System Solutions Japan Co., Ltd. Panasonic Smart Factory Solutions Co., Ltd. **(Overseas)** Panasonic Avionics Corporation
Automotive & Industrial Systems Automotive-use infotainment systems, electrical components, automotive mirrors, dry batteries, small lithium-ion batteries, automotive-use batteries, automation controls, electric motors, semiconductors, electronic components, electronic materials, LCD panels	**(Japan)** Panasonic Corporation SANYO Electric Co., Ltd. Panasonic Semiconductor Solutions Co., Ltd. Panasonic Liquid Crystal Display Co., Ltd. **(Overseas)** Panasonic Asia Pacific Pte. Ltd. Panasonic Automotive Systems Dalian Co., Ltd. Panasonic Corporation of North America Ficosa International, S.A.

(Major sales companies)
(Japan) Panasonic Corporation Panasonic Consumer Marketing Co., Ltd. **(Overseas)** Panasonic Corporation of North America Panasonic Marketing Europe GmbH Panasonic Asia Pacific Pte. Ltd. Panasonic Corporation of China

Customers

*1 Each business was transferred among segments on April 1, 2018.
*2 Each company was renamed on April 1, 2018.

4. Information on Affiliates

(1) Principal Consolidated Subsidiaries

As of March 31, 2019

Name	Location in Japan	Common stock (millions of yen)	Principal businesses (Note 2)	Ratio of voting rights (%) (Note 1)	Relationship			Remark
					Interlocking directorate, etc. (Note 3)	Advances to	Business transaction	
Panasonic Homes Co., Ltd.	Toyonaka-shi, Osaka	28,375	Eco Solutions	100.0			Sale of Panasonic products and purchase of materials	Note 4 Note 10
Panasonic Smart Factory Solutions Co., Ltd.	Kadoma-shi, Osaka	15,000	Connected Solutions	100.0 (100.0)			Manufacture of Panasonic products	
Panasonic Ecology Systems Co., Ltd.	Kasugai-shi, Aichi	12,092	Eco Solutions	100.0			Manufacture of Panasonic products	
KMEW Co., Ltd.	Chuo-ku, Osaka-shi	8,000	Eco Solutions	50.0			Sale of Panasonic products	Note 6
Panasonic Consumer Marketing Co., Ltd.	Chuo-ku, Osaka-shi	1,000	Appliances	100.0 (100.0)			Sale of Panasonic products	Note 4
Panasonic Liquid Crystal Display Co., Ltd.	Himeji-shi, Hyogo	500	Automotive & Industrial Systems	100.0 (100.0)			Manufacture of Panasonic products	Note 5
SANYO Electric Co., Ltd.	Daito-shi, Osaka	400	Eco Solutions, Automotive & Industrial Systems, Other, Corporate	100.0 (100.0)		Yes	Manufacture and sale of Panasonic products and supply of materials and merchandise	Note 5
Panasonic Semiconductor Solutions Co., Ltd.	Nagaokakyo-shi, Kyoto	400	Automotive & Industrial Systems	100.0 (100.0)	Yes	Yes	Manufacture of Panasonic products	Note 5
Panasonic System Solutions Japan Co., Ltd.	Hakata-ku, Fukuoka-shi	350	Connected Solutions	100.0			Manufacture and sale of Panasonic products and provision of IT services	

Name	Location	Common stock (millions)	Principal businesses (Note 2)	Ratio of voting rights (%) (Note 1)	Relationship			Remark
					Interlocking directorate, etc. (Note 3)	Advances to	Business transaction	
Panasonic Corporation of North America	New Jersey, U.S.A.	US$ 537	Appliances, Eco Solutions, Connected Solutions, Automotive & Industrial Systems, Other, Corporate	100.0 (100.0)			Manufacture and sale of Panasonic products and management service to Panasonic affiliates	Note 4 Note 8
Panasonic Avionics Corporation	California, U.S.A.	US$ 22	Connected Solutions	100.0 (100.0)			Manufacture and sale of Panasonic products	
Hussmann Corporation	Missouri, U.S.A	US$ —	Appliances	100.0 (100.0)			Manufacture and sale of Panasonic products	Note 9
Panasonic do Brasil Limitada	Amazonas, Brazil	BRL 1,018	Appliances, Connected Solutions, Automotive & Industrial Systems	100.0			Manufacture and sale of Panasonic products	Note 4
Panasonic Holding (Netherlands) B.V.	Amsterdam, Netherlands	US$ 0.2	Corporate	100.0	Yes		Control of investment and financing and management service of Panasonic overseas subsidiaries	Note 4
Panasonic Europe B.V.	Amsterdam, Netherlands	EUR 0.01	Corporate	100.0 (100.0)			Management service to Panasonic affiliates	
Ficosa International S.A.	Barcelona, Spain	EUR 32	Automotive & Industrial Systems	69.0 (69.0)			Manufacture and sale of Panasonic products	
Panasonic AVC Networks Czech s.r.o.	Plzen, Czech Republic	KC 2,414	Appliances	100.0 (100.0)			Manufacture and sale of Panasonic products	
Panasonic Asia Pacific Pte. Ltd.	Singapore	US$ 1,478	Appliances, Eco Solutions, Connected Solutions, Automotive & Industrial Systems, Corporate	100.0 (100.0)			Manufacture and sale of Panasonic products and management service to Panasonic affiliates	Note 4
Panasonic India Pvt. Ltd.	Gurugram, India	INR 18,305	Appliances, Connected Solutions, Automotive & Industrial Systems, Corporate	100.0 (100.0)			Manufacture and sale of Panasonic products	Note 4
Panasonic Taiwan Co., Ltd.	New Taipei, Taiwan	NT$ 3,422	Appliances, Eco Solutions, Automotive & Industrial Systems	69.8			Manufacture and sale of Panasonic products	
Panasonic Corporation of China	Beijing, China	RMB 12,838	Appliances, Eco Solutions, Connected Solutions, Corporate	100.0			Sale of Panasonic products and management service to Panasonic affiliates	Note 4
Panasonic Appliances Air-Conditioning (Guangzhou) Co., Ltd.	Guangzhou, China	RMB 282	Appliances	67.8 (67.8)			Manufacture of Panasonic products	
Panasonic Automotive Systems Dalian Co., Ltd.	Dalian, China	RMB 94	Automotive & Industrial Systems	60.0 (60.0)			Manufacture of Panasonic products	

(2) Principal Companies under the Equity Method

(As of March 31, 2019)

Name	Location	Common stock (millions of yen)	Principal businesses	Ratio of voting rights (%) (Note 1)	Relationship			Remark
					Interlocking directorate, etc. (Note 3)	Advances to	Business transaction	
Socionext Inc.	Kohoku-ku, Yokohama-shi	30,200	Design, development, and sale of system LSI	20.0			Design, development, and sale of Panasonic products	
Sumitomo Mitsui Trust Panasonic Finance Co., Ltd.	Minato-ku, Tokyo	25,584	Total financial services	15.1			Lease and credit sale of Panasonic products	Note 7

(Notes)

1. A number in the parenthesis represents the ratio of indirect voting rights, which is a part of the ratio of voting rights.
2. The column "Principal businesses" indicates the segment in which the subsidiaries are classified. For subsidiaries that do not belong to any segment, the segments handling the products are described if it is a sales company, and "Corporate" is described otherwise.
3. Regarding the interlocking directorate, etc., other than what is disclosed above, the Company's employees concurrently hold position of directors or officers in the most of the consolidated subsidiaries or companies under the equity method.
4. Subsidiaries that meet the criteria of the specified subsidiaries or "Tokutei Kogaisya" defined in Cabinet Office Ordinance on Disclosure of Corporate Affairs, etc. of Japan.
5. Subsidiaries in the list above with insolvency

   The amount of liabilities in excess of assets as of March 31, 2019 are shown below:

   Panasonic Liquid Crystal Display Co., Ltd. 556,884 million yen

   SANYO Electric Co., Ltd. 533,808 million yen

   Panasonic Semiconductor Solutions Co., Ltd. 67,936 million yen
6. Although the ratio of voting rights is 50.0%, KMEW Co., Ltd. is treated as a consolidated subsidiary because the Company controls it by involving in its manufacturing and sale activities.
7. Although the ratio of voting rights is 15.1%, Sumitomo Mitsui Trust Panasonic Finance Co., Ltd. is treated as a company under the equity method because the Company holds significant influence over its decision on operating and financial policies. Sumitomo Mitsui Trust Panasonic Finance Co., Ltd. issues the annual securities report.
8. Sales of Panasonic Corporation of North America excluding internal sales in the Panasonic group accounts for more than 10% of consolidated sales. Its major financial data based on USGAAP are as follows:

   (1) Sales 953,899 million yen

   (2) Loss before income tax 35,372 million yen

   (3) Net loss 30,196 million yen

   (4) Equity 573,371 million yen

   (5) Assets 1,065,113 million yen
9. Common stock of Hussmann Corporation is zero.
10. Panasonic Homes Co., Ltd. changed its name from PanaHome Corporation in the fiscal year ended March 31, 2019.

5. Employees

(1) Consolidated basis

As of March 31, 2019

Segment	Number of employees
Appliances	69,821
Eco Solutions	56,913
Connected Solutions	28,333
Automotive & Industrial Systems	100,728
Other	13,585
Corporate	2,489
Total	271,869

(Notes)
1. The number of employees refers solely to full-time employees of the Company on a consolidated basis.
2. The number of employees decreased by 2,274, compared with the end of last fiscal year.

(2) Parent-alone basis

As of March 31, 2019

Number of employees	Average age	Average tenure (years)	Average annual salary (yen)
62,031	45.6	22.8	7,744,759

Segment	Number of employees
Appliances	13,034
Eco Solutions	12,651
Connected Solutions	10,657
Automotive & Industrial Systems	21,580
Other	1,620
Corporate	2,489
Total	62,031

(Notes)
1. The number of employees refers solely to full-time employees of the parent company.
2. Average annual salary includes bonuses and extra wages.

(3) Relationship with labor union

The total number of union members of the federation of Panasonic group labor union is 91,410 as of March 31, 2019, and most of the labor unions belong to the Japanese Electrical Electronic & Information Union except some labor unions.
The followings are main labor unions which belong to federation of Panasonic group labor union.
Panasonic Appliances labor union (Belongs to the Japanese Electrical Electronic & Information Union)
Panasonic Eco Solutions labor union (Belongs to the Japanese Electrical Electronic & Information Union)
Panasonic Connected Solutions labor union (Belongs to the Japanese Electrical Electronic & Information Union)
Panasonic Industrial Devices labor union (Belongs to the Japanese Electrical Electronic & Information Union)
The relationship between management and labor unions is quite stable and smooth.

Ⅱ Business Overview

1. Management Policy, Business Environment and Challenges of Panasonic Group

Future expectations included in this section are as of June 28, 2019, the filing date of this annual securities report.

(1) Basic Management Policy

Panasonic was founded in 1918, and has aimed to realize “A Better Life, A Better World” for over a century. As times have changed, the Company has continuously strived, and will continue to strive, to create new value by drawing on its accumulated technological and manufacturing expertise, in combination with the strengths of its business partners. Through this, the Company seeks to pursue sustainable growth and higher corporate value.

(2) Management Strategy and Challenges of Panasonic Group

1) Main initiatives for fiscal 2020

In the management environment for fiscal 2020, the overall global economy is expected to maintain a certain level of growth, despite prevailing risk factors particularly in terms of political and financial circumstances in respective countries and increasingly widespread protectionism, along with the likelihood of downward economic swings among the world’s leading economies. In Japan, whereas the economy will be susceptible to downside factors stemming from slowing overseas economies, the impact of consumption tax increase will be limited by implementing burden reduction measures. Moreover, the global economy is poised for growth over the mid- to long-term, particularly in China and the U.S.

Amid these circumstances, Panasonic launched its new Mid-term strategy beginning in fiscal 2020. With this new Mid-term strategy, the Company will execute portfolio management, and aim for both profit growth and improved profitability. More specifically, the Company’s businesses are divided into three business classifications, “Core growth business,” “Revitalization business,” and “Co-creation business.” The Company will focus resources into “Spatial Solutions,” “Gemba (operational frontlines) Process,” and “Industrial Solutions,” which are positioned as “Core growth business,” to aim for profit growth through expansion of the solution-type businesses. For “Automotive Solutions” and “Automotive Batteries,” which are classified as “Revitalization business,” the Company will focus on improving profits by concentrating on areas where it has advantages. For “Consumer Electronics” and “Housing,” which are classified as “Co-creation business,” the Company is aiming to enhance competitiveness through cooperation with regions and external partners by leveraging its strengths such as the Panasonic brand which has been cultivated over many years. In addition, to realize an efficient and competitive management structure, the Company will take radical measures to loss-making businesses and work on reducing fixed costs. The Company aims to transform the Panasonic Group through these initiatives, and move toward the mid- to long-term direction of achieving “Lifestyle Updates.”

2) Major initiatives in each segment

The reportable segment classifications have been changed in fiscal 2020. Eco Solutions has been renamed Life Solutions. Automotive & Industrial Systems has been reorganized into two segments, Automotive catering to vehicle manufacturers, and Industrial Solutions centered on the devices business. Details of the new reportable segments are provided as follows.

Appliances

In its consumer electronics business, Panasonic will provide products that generate greater aspirations and excitement than ever before by drawing on its selection and concentration strategy across its areas of business. Moreover, the Company will also improve profitability and establish a platform for long-term growth by building a business model whereby profits derive from services tailored to customer lifestyles by staying connected to customers over the course of their lives. In the growing Chinese market, the Company has established a new Divisional Company that specifically addresses the local market, thereby providing

Chinese customers with services tailored to their lifestyles, leveraging its longstanding trust amassed in Japan, strengths in elemental technologies and extensive range of products.

Life Solutions

Premised on its aim of expanding "A Better Life" to each home, town and society overall, Panasonic will engage in business that takes the customer's viewpoint in realizing better and more comfortable lives. Particularly in China, Southeast Asia, India and other overseas markets promising growth, the Company will create new forms of contributions through "Co-creation" with local business partners, while also achieving growth by expanding sales of individual products. In Japan, the Company will develop business extending to after-sales maintenance, services and operations, in addition to handling sales and construction of systems linking multiple products.

Connected Solutions

Driven by its aim of acting as a leading global company with respect to "Gemba (operational frontlines) Process Innovation", Panasonic will seek solutions to its corporate customers' business challenges such as increasingly diverse and sophisticated consumer needs, along with shortages of labor, through improvement in operational processes. The Company will contribute to business growth of its customers by tapping into their processes of producing, transporting and selling products, and spurring innovation of their complex operational processes through initiatives that involve combining data acquired and accumulated at the Gemba with Panasonic's expertise and technologies developed as a manufacturer.

Automotive

Panasonic will shift to a managerial approach oriented to profit growth, which will involve enhancement of its capability to swiftly address changes in the business environment. In the Automotive Solutions Business, the Company will contribute to adding comfort to car interiors, manufacturing safe and secure automobiles, and electrification of vehicles, eying self-driving vehicles becoming a reality. The Company will leverage its knowledge and expertise on devices and infotainment systems used by a wide range of car manufacturers, in addition to consumer electronics and housing. In the Automotive Battery Business, the Company is pushing ahead with industry-leading development of automotive batteries which act as a principal element for electric vehicles. As for prismatic lithium-ion batteries, the Company will develop the industry's leading batteries that balance safety and quality with cost competitiveness, in addition to achieving high-output and high-capacity. For cylindrical lithium-ion batteries, the Company is completing the ramp up of its factory in the U.S., and will consider future developments carefully monitoring demand trends by working closely with its customer.

Industrial Solutions

Panasonic will contribute to the realization of a society of greater abundance and convenience by providing competitive devices and systems centered on such devices. In the core automotive- and industrial-use fields in particular, this will involve focusing on the realms of CASE (Note 1) which is subject to substantial societal demands, labor-saving at factories, as well as information- and communication-infrastructure. In the Systems Business (Note 2), the Company will work closely with its customers with respect to enhancing its ability to propose solutions, with the aim of providing most suitable solutions to each customer, thereby acting as their exclusive business partner. In the Devices Business (Note 3), the Company will increase its ratio of sales generated by products maintaining high market share, by working to enhance its product strengths particularly in terms of materials and process technologies.

Notes 1. CASE is an acronym for Connected, Autonomous, Shared and Electric.
2. The Systems business includes: automation controls, industrial motors and sensors, portable rechargeable batteries, and battery modules for storage.
3. The Devices business includes: electronic components, dry batteries and micro batteries, and electronic materials.

3) Foundations toward sustainable growth

Corporate Governance

Panasonic recognizes that its corporate governance practices constitute the key foundation in its efforts to enhance its mid- to long-term corporate value. As such, the Company promotes efforts to strengthen the effectiveness of its corporate governance structure, thereby enlisting the Nomination and Compensation Advisory Committee and mechanisms with respect to evaluation of the Board of Directors effectiveness, under the Board of Directors and the Audit & Supervisory Board Member / Audit & Supervisory Board structure.

Environment

Looking toward the "Environment Vision 2050" which was formulated with the aim of helping to realize both better lifestyles and sustainable global environment, Panasonic will promote efforts that involve reducing energy used, while generating energy in excess of such amounts consumed, by developing products, technologies and solutions relating to creation, storage and conservation of energy, and energy management. Based on the Paris Agreement, an international framework for preventing global warming, the Group has set the goal, approved as SBT (Note 1), of ensuring that the Group's own business activities produce zero CO_2 emissions by the year 2050.

Note 1 : SBT is an acronym for Science Based Target. The SBT are targets in line with climate science for reducing greenhouse gas emissions aiming to keep the increase in average global temperatures below 2 degrees Celsius in comparison to pre-Industrial Revolution levels.

Human Resources Strategy

In order to create new business and achieve growth by being closer to its customers in markets with growth potential, the Panasonic Group has been reorganizing its workplace environments and systems that enable each of its employees to work in a rewarding environment as well as developing and promoting optimum talents, regardless of nationality or length of service. More specifically, the Group has been taking steps to develop managerial talent possessing diverse experience and aptitude for such roles, while also promoting its talent management committees led by local employees in positions of responsibility within respective regions. This has enabled the Group to move at a more rapid pace with respect to making employee assignments and engaging in career development in a manner that extends across companies and nations. Also, the Group has been successively adopting mechanisms that include a global human resources database system which makes it possible to monitor skills, experience and other attributes of individual employees, as well as a performance management system that gauges results of employees and hastens the process of human resources development on the basis of an approach that is consistent across global operations.

(3) Policy on Control of Panasonic Corporation

1) Efforts to boost corporate value of the Company

Since the Company's foundation, Panasonic has operated its businesses under its management philosophy, which sets forth that Panasonic's mission as a business enterprise is to contribute to the progress and development of society and the well-being of people through its business activities, thereby enhancing the quality of life throughout the world. Honing strengths it has amassed in the manufacturing industry and collaborating with a variety of partners, the Company will also work to sustainably grow its corporate value to satisfy its shareholders, investors, customers, business partners, employees and all other stakeholders while offering "A Better Life, A Better World" for each customer.

Specifically, for fiscal 2022, which is the final year of the new Mid-term Strategy, and onwards, Panasonic will aim towards Company-wide management that can stably achieve the following targets: for Core growth business, the goals are an EBITDA (Note 1) growth rate of 5–10% and an EBITDA margin (Note 2) of 10% or more, as well as a Company-wide ROE (Note 3) target of 10% or more. EBITDA is a cash flow indicator that represents return on investment. The Company has set these EBITDA targets to evaluate increases in corporate value derived from Core growth business, where resources will be prioritized to drive profit growth. Panasonic aims to raise overall corporate value by increasing the amount of profit mainly from Core growth business.

Notes 1. EBITDA: Earnings Before Interest, Taxes, Depreciation and Amortization
2. EBITDA margin: EBITDA / Net sales
3. ROE (Return on Equity): Net profit attributable to Panasonic Corporation stockholders / Average Panasonic Corporation stockholders' equity at the beginning and the end of each fiscal year

2) Measures against large-scale purchase

Panasonic has a basic policy that shareholders should make final decision in the event that a large-scale purchase of the Company's shares is offered, regarding whether or not the offer should be accepted. However, in such cases, there is a possibility that shareholders might not be provided with sufficient information required to make appropriate decisions, and a concern that corporate value and shareholder interest might be significantly damaged.

Panasonic will take appropriate measures within the scope permitted by the Financial Instruments and Exchange Act, the Companies Act, and other related laws and regulations, including requesting any party proposing a Large-scale Purchase of the Company's shares to provide sufficient information necessary to assist shareholders in making appropriate decisions, expressing or disclosing opinions or other statements from the Board of Directors, and endeavoring to secure sufficient time for shareholders to consider the proposed purchase. Before the Board of Directors' opinions or other statements are expressed or disclosed, the Company will set up an independent committee comprising Outside Directors and Outside Audit & Supervisory Board Members to ensure its objectivity. The Board of Directors will consult this committee regarding its opinion and treat the committee's report with the utmost respect.

2. Risk Factors

Panasonic performs annual risk assessments to identify potential risks to its business activities, assesses such risks based on its common global standards (mainly focusing on the impact on business management and the probability of risk materialization), and prioritize the risks to address. For the risks identified as material in these processes, at each level of Panasonic, such as the Corporate, Divisional Companies and Business Divisions, it develops and implements countermeasures according to the risk characteristics, monitors the progress of such countermeasures, and promotes continuous improvement.

Described below are some of the potential risks to its business activities that may have a material impact on investors' decisions. However, this is not an exhaustive list of all risks to Panasonic, and there can be unforeseeable risks that are not described below. These risks may substantially and adversely affect Panasonic's business, operating results, and financial condition.

This section includes forward-looking statements and future expectations as of June 28, 2019, the filing date of this annual securities report.

(1) Risks Related to Economic Conditions

Changing economic conditions

Demand for Panasonic's products and services may be affected by economic conditions in the countries or regions in which its products and services are offered. Economic downturns and resulting demand shrinkage in its major markets worldwide may thus adversely affect its business, operating results, and financial condition. In fiscal 2020, the global economy as a whole is expected to maintain a certain level of growth. The Japanese economy is expected to be exposed to downward pressure from economic slowdowns overseas, however, the effects of the consumption tax increase will be significantly counterbalanced by financial support measures. In the meantime, there will be risk factors such as politics and policies in various countries and the spread of protectionism, as well as economic slowdowns in major countries. If additional business restructuring is necessary to cope with such situations, then Panasonic may have to incur additional costs. In addition, if the global economy worsens contrary to Panasonic's expectations, its business environment may deteriorate more than currently anticipated, which may adversely affect its business, operating results, and financial condition.

Currency exchange rate fluctuations

Foreign exchange rate fluctuations may adversely affect Panasonic's business, operating results, and financial condition because the costs and prices of its products and services and certain other transactions that are denominated in foreign currencies are affected by foreign exchange rate changes. In addition, foreign exchange rate changes also affect the yen value of Panasonic's overseas assets and liabilities denominated in local currencies because their amounts are translated and presented in Japanese yen in its consolidated financial statements. Generally, the appreciation of the yen against the local currencies of the countries in which Panasonic operates may adversely affect Panasonic's operating results. A weaker yen against a local currency, on the other hand, may have a favorable impact on Panasonic's operating results. However, the depreciation of the yen against certain currencies such as the RMB may adversely affect operating results in certain business sectors on a Japanese yen basis due to the price increase of imported products. Excessive foreign exchange rate fluctuations may adversely affect Panasonic's business, operating results, and financial condition.

Interest rate fluctuations

Panasonic is exposed to interest rate fluctuation risks that may affect its interest expenses, interest income, or the value of its financial assets and liabilities. Consequently, interest rate fluctuations may adversely affect its business, operating results, and financial condition.

Changing fund-raising environment

Panasonic raises funds for its business in various forms, such as bonds and commercial paper issued and borrowings from financial institutions. If the financial market becomes unstable or deteriorates, financial institutions reduce lending to Panasonic, or rating agencies downgrade Panasonic Corporation's credit ratings, Panasonic's fund-raising ability may be reduced to levels at which it is not able to raise the necessary funds at the necessary times under appropriate conditions, and Panasonic may have to incur additional costs in raising funds. This may adversely affect its business, operating results, and financial condition.

Decreases in the value of stocks

Panasonic's financial assets include stocks of other companies around the world including Japan. A shrinkage in their value due to stock price declines or otherwise may reduce Panasonic Corporation stockholders' equity.

(2) Risks Related to Panasonic's Business Activities

Competition in the industry

Developing, producing, and selling a broad range of products and services, Panasonic faces many different types of competitors, from large international companies to small but rapidly growing specialized enterprises. Panasonic is strengthening its investments in strategically important businesses, but there may be business sectors in which its investments may not be as large or timely as competitors' or may not happen at all. These competitors may have greater financial strength, technological capabilities, and marketing resources than Panasonic in the respective competitive business sectors.

Product price declines

Being subject to intense competition worldwide, Panasonic may have difficulties setting product prices at levels at which it can secure sufficient profit. Although Panasonic makes efforts to reduce costs and develop high value-added products, greater downward price pressure than it can cope with through such efforts seriously affects Panasonic's ability to maintain or secure profits, especially when product demand is lower. In business-to-consumer (BtoC) areas, amid accelerating changes in the structure of markets, such as a demand shift to emerging markets and lower-priced products, Panasonic's product prices in digital electronics and other business areas may decline. In business-to-business (BtoB) areas, on the other hand, notwithstanding Panasonic's efforts, its business, operating results, and financial condition may be adversely affected by downward price pressure, decrease in demand for products, or pressure for capital investment from business partners that Panasonic highly depends on.

Barriers in international business activities

One of Panasonic's business strategies is business expansion in overseas markets. In these markets, Panasonic may be exposed to various risks other than foreign currency exchange risks, such as political instability (including wars, civil disturbances, conflicts, riots, and terrorist attacks), economic uncertainty, cultural and religious differences, and labor issues. Panasonic may also face barriers in the form of local commercial customs overseas that may make it difficult for Panasonic to collect accounts receivable in a timely manner or build or expand its relationships with business partners. Panasonic may also experience various political, legal, or other barriers, including restrictions on foreign investment or profit repatriation, the nationalization of local industries, changes in export or import regulations or foreign exchange controls, and changes in the tax system, including tax rate changes, and transfer pricing and other international taxation risks. With respect to products exported overseas, tariffs or other barriers or shipping costs may make Panasonic's products less price-competitive. Overseas business expansion may require significant investments that may not yield returns in the short term, and expenses involved in such investments may grow at a faster rate than the returns.

Competition for innovation and de facto industry standards

Panasonic must develop and provide new products and services in a timely manner. In Panasonic's core businesses in both BtoC and BtoB areas, technological innovation is the central competitive factor. In cases where Panasonic fails to read future market needs and predict with reasonable accuracy and develop new technologies that will meet such needs, or technology developed or provided by Panasonic does not lead the market and, instead, one developed by a competitor is recognized as the de facto standard, Panasonic may lose its competitive position in new markets.

Competition in recruiting and retaining skilled employees

Panasonic's future success depends largely on its ability to attract and retain talented personnel in such fields as research, development, technology, manufacturing, and management. However, the number of qualified personnel in each field is limited and Japan's working population is on the decrease; therefore, competition for such resources is intensifying. In this context, an attractive corporate culture must be developed and continuously pursued. If Panasonic is not able to retain its existing personnel and attract additional qualified staff, its business, operating results, and financial condition may be adversely affected.

Alliances with other companies and corporate takeovers

Panasonic has formed strategic alliances such as business partnerships or joint ventures with, made strategic investments in, and also purchased other companies in order to introduce new products and services. Furthermore, the importance of such strategic alliances as well as corporate takeovers is increasing. In the strategic alliances, Panasonic may not be able to successfully collaborate or achieve expected synergies with its alliance partners, or recover some or all of its respective investments. Furthermore, the alliance partners may make decisions regarding their business undertakings for Panasonic that may be contrary to Panasonic's interests. In addition, if such partners change their business strategies, then Panasonic may find it difficult to maintain these collaborative relationships. With respect to corporate takeovers, Panasonic may have to incur substantial expenses in relation to such takeovers, or may not be able to fully achieve expected results or may have to incur unexpected losses in connection with business integration or restructuring after such takeovers.

Risks in the Result of Restructuring

Panasonic owns a large number of subsidiaries and associated companies, etc., and may carry out group-wide restructuring (including transferring certain businesses or shares to other companies and restructuring organizations or sites within the group) in order to enhance its business management efficiency and competitive strengths. However, Panasonic may not be able to fully achieve the expected results from ongoing or future restructuring projects.

Shortage of and price hikes for raw materials etc.

For Panasonic's manufacturing operations, the ability to obtain raw materials, parts and components, equipment, services, etc. in a timely manner in required quantities is essential, and Panasonic uses reliable suppliers. However, in the case of disasters, accidents, or supplier bankruptcies leading to temporary short supply or depleted stock, or increased industry demand, Panasonic may have difficulties finding alternative or additional suppliers or substitute parts. This may adversely affect Panasonic's business. Although Panasonic and its suppliers agree on purchase prices in contracts, the prices of raw materials, including iron and steel, resin and non-ferrous metals, and parts and components may increase due to changes in supply and demand conditions or the inflow of investment funds. Some types of raw materials and components are only available from a limited number of suppliers. Panasonic's business, operating results, and financial condition may be adversely affected in such cases. Further, there may be a significant negative impact on Panasonic's production activities etc. due to these factors.

Customers' financial means and conditions

Some of Panasonic's customers may purchase products and services from it on credit. If customers who have substantial accounts payable with Panasonic encounter financial difficulties and are unable to make payments on time, Panasonic's business, operating results, and financial condition may be adversely affected.

(3) Risks Relating to the Result of Panasonic's Management Targets Achievements

Panasonic set itself the new Mid-term strategy on May 9, 2019 and will implement specific measures to achieve this strategy. While this strategy is based on information, analysis, and other factors that Panasonic deemed appropriate at the time they were developed, Panasonic may not be able to achieve expected results due to various factors, such as the deterioration of the business environment.

(4) Risks Related to Legal Regulations and Litigations

Direct or indirect costs resulting from product liability or warranty claims

If quality problems occur because of product defects (including safety incidents), Panasonic may be held liable for damage (including indirect damage) arising from such defects but not fully covered by product liability insurance and may have to incur significant expenses to handle such problems. Due to the occurrence of these problems, Panasonic may experience the deterioration of its image or reputation or may not be able to retain its customers. As a result, its business, operating results, and financial condition may be adversely affected.

Damage related to intellectual properties rights

Panasonic may not be granted patents for its patent applications and adequate protection in the form of intellectual property rights. In addition, intellectual property rights may be unavailable or limited in some countries in which Panasonic operates. Third parties may also develop technologies that are protected by intellectual property rights, and such technologies may be completely unavailable or available only on terms unfavorable to Panasonic. Panasonic has licenses for patents and other intellectual property rights from third parties. However, such licenses may be made unavailable or the license terms may be modified to Panasonic's disadvantage. In addition, Panasonic may be exposed to litigation etc. regarding intellectual property rights, or it may have to initiate litigation etc. in order to protect its intellectual property rights. In such cases, Panasonic may have to incur significant expenses and spend large management resources. Furthermore, if allegations of Panasonic's infringement of a third party's intellectual property rights are approved, Panasonic may be prohibited from using certain important technologies or held liable for heavy damages.

Changes, etc. in accounting standards and tax systems

The introduction of new accounting standards or tax systems, or changes thereof, which are applicable to Panasonic, may have adverse effects on its operating results and financial condition. In addition, if tax authorities have different opinions from Panasonic on its tax declarations, Panasonic may have to make larger tax payments than estimated.

Environmental regulations or issues

Panasonic is subject to environmental laws and regulations such as those relating to climate changes, natural resources, water, biodiversity, chemical substances, waste materials, product recycling, and soil, groundwater and air contamination, and may be held liable for certain related payments or compensation. If these regulations become stricter to provide for an additional duty to eliminate the use of environmentally hazardous materials etc., or if Panasonic decides to add to its ecological efforts in response to greater attention to corporate social responsibility, Panasonic's business, operating results, and financial condition may be adversely affected by the payment of compensation for the violation of these laws and regulations or investments in such efforts.

Information security risks

In the ordinary course of business, Panasonic may obtain information regarding customers' privacy and credit standing (including their personal information) and receive confidential information regarding other companies etc. In addition to information regarding customers and other companies etc., Panasonic also handles its own trade secrets (including Panasonic's technical information). This information may be leaked due to intentional acts such as unauthorized access to Panasonic's systems and cyberattacks or negligence. Furthermore, an increasing number of Panasonic's products, services, and production facilities are connected to the Internet, and Panasonic has been implementing security measures to protect them from external threats. However, Panasonic may be exposed to unexpected intrusions via networks to, or unauthorized operations of its products or services, which may lead to the leakage of personal information, the release of information to outside parties, the suspension of services, or adverse effects on the processes. Such events may result in

Panasonic becoming liable to pay compensation to the damaged parties or result in significant expenses to manage these issues or otherwise negatively impact Panasonic's business and image.

Disadvantages and legal liability under other legal regulations etc.

Panasonic operates pursuant to the regulations of Japan and all other countries and regions of the world, including legal regulations regarding commercial transactions, antitrust rules, intellectual property rights, product liability, environmental protection, consumer protection, labor relations, financial transactions, internal control and business taxation, as well as government permission required for business operation and investment, legal regulations regarding telecommunications businesses and the safety of electric products, national security and import/export. If, due to the implementation of stricter legal regulations or the introduction of stricter interpretations by governmental authorities, Panasonic finds it difficult to comply with these legal regulations for technical or economic reasons and continues the relevant business, then such business will have to be limited. Panasonic may also have to incur additional expenses in order to ensure its compliance with these legal regulations etc. In addition, in the event that governmental authorities find or determine that Panasonic has violated such legal regulations or its internal controls for compliance are inadequate, Panasonic may be subject to regulatory sanctions, including monetary penalties, as well as criminal sanctions or civil lawsuits for damages, and may also suffer reputational harm.

(5) Risks Relating to Disasters, Accidents, and Unpredictable Events

Panasonic conducts manufacturing, sales, research and development, and other activities globally and has facilities all over the world. If an earthquake, tsunami, flooding or other natural disaster (including those caused by climate changes), fire, explosion, war, terrorist attack, epidemic, or the like occurs, Panasonic's employees, facilities, information systems, or other assets may be seriously injured or damaged and part of its operation may be brought to a halt, resulting in delays in production and shipment and repair expenses for damaged facilities etc. In addition, if such natural disasters or accidents or other unpredictable events occur in Panasonic's supply chain, including parts suppliers and product purchasers, Panasonic's production and sales activities etc. may be adversely affected by temporary short supply or depleted stock from suppliers or a temporary stoppage or limited production at the product purchasers.

(6) Other Risks

Panasonic's pension plan benefit obligations

Panasonic has an externally funded pension plan for employees in Japan who meet eligibility requirements. Panasonic Corporation and some of its domestic subsidiaries made a transition from the defined benefit pension plan to a defined contribution pension plan for contributions made on and after the transition date (future liabilities). With respect to the contributions made prior to the transition date, a decline in interest rates may cause a decrease in the discount rate on the benefit obligations, and a decrease in the value of stocks may also reduce the fair value of the plan assets. As a result, Panasonic's pension plan benefit obligations may increase, causing the Panasonic Corporation stockholders' equity to decrease. Panasonic Corporation and some of its domestic subsidiaries will make a transition, effective July 1, 2019, from the defined benefit pension plan to a defined contribution pension plan for part of the contributions made prior to the transition date.

Impairment of non-financial assets

Panasonic has many non-financial assets, such as PPE (property, plant, and equipment), goodwill, and intangible assets. With regard to non-financial assets (other than inventories and deferred tax assets etc.), an assessment is made for any indications of impairment in each such asset or cash-generating unit (“Asset”). If any such indication exists, then the recoverable value of the relevant Asset is estimated and impairment tests are conducted. For goodwill and intangible assets with indefinite useful lives, impairment tests are conducted annually, regardless of whether or not there are indications of impairment. Depending on the results of impairment tests, it may be necessary to reduce the carrying amount of the relevant Asset to the recoverable value and recognize an impairment loss.

Recognition of deferred tax assets

With regard to deferred tax assets, Panasonic recognizes only those that are probable to be utilized against Panasonic's future taxable income. Recognized deferred tax assets are reviewed at the end of each period. Any reductions on account of the reduced probability of tax benefits being realized may result in greater corporate income tax expenses to Panasonic.

Operating results and financial conditions of companies under the equity method

Panasonic Corporation has stocks in several companies to which the equity method applies. Each such company operates pursuant to its own business and financial policies. Panasonic Corporation has significant influence, but not control, over their policy making processes; therefore, Panasonic usually does not make policies for them. If these companies' business results and financial condition worsen, then Panasonic's operating results and financial condition may be adversely affected.

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

(1) Significant Accounting Policies and Estimates

The Company’s consolidated financial statements are prepared in conformity with IFRS. The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates and assumptions are reflected in valuation and disclosure of net realizable value of inventories, recoverability of deferred tax assets, measurement of defined benefit obligation, measurement of provision, measurement of the transaction price for revenue, impairment of non-financial assets (including goodwill), measurement of financial instruments, and fair value measurement and disclosure of assets acquired and liabilities assumed by business combinations. Actual results could differ from those estimates.

The details of critical accounting policies and estimates are stated in “Ⅴ Consolidated Financial Statements, Note 3. Significant accounting policies.”

(2) Production, Orders Received and Sales

The Company’s production and range of sales items is extensive and diverse. Even for the same type of products, their capacity, structure and format are not necessarily uniform. Due to the nature of the products, in principle, the Company adopts a production system that operates mainly based on projection.

Since the Company is engaged in production activities in a way that the product inventories are kept at a certain level, production results are generally similar to the sales performance.

(3) Analyses of Operating Results for Fiscal 2019, ended March 31, 2019

During the year ended March 31, 2019 (fiscal 2019) under review, the global economy continued to perform steadily, supported mainly by spending in the U.S. and a favorable employment environment in Japan. On the other hand, the Chinese economy saw a slowdown in spending and investment. Furthermore, imports and exports from/to various countries saw signs of economic slowdown in the second half of the fiscal year.

Under such business conditions, Panasonic promoted its strategies for sustainable growth. In particular, for automotive battery business, which involves key device for the electrification of automobiles, the Company came to an agreement with Toyota Motor Corporation to establish a joint venture, with the aim of achieving high-capacity and high-output automotive prismatic batteries that lead the industry in terms of both performance and cost.

Panasonic had set, in the annual business policy for fiscal 2017, Company-wide targets of operating profit and net profit attributable to Panasonic Corporation stockholders for fiscal 2019. While the Company did not achieve this operating profit target due to deteriorated profitability mainly in automotive-related businesses which were expected to drive growth, profit increased from the previous year due mainly to one-time gains including the partial revision of the pension scheme and disposal of assets. The fiscal 2019 target of net profit attributable to Panasonic Corporation stockholders was achieved due mainly to reduction of income taxes.

1) Sales

Sales for fiscal 2019 was 8,002.7 billion yen, the same as previous year's level. Domestic sales was the same level as last year due mainly to favorable sales of automotive-related products and Panasonic Homes Co., Ltd. despite a sales decrease for consumer products in Appliances. Overseas sales increased due mainly to continuing favorable sales of the automotive-related business including Energy and Automotive, Commercial

Refrigeration & Food Equipment in North America, and the electronic-component-mounting-equipment business of Process Automation.

2) Operating Profit

Cost of sales increased from 5,643.0 billion yen a year ago to 5,736.2 billion yen. Selling, general and administrative expenses totaled 1,939.5 billion yen, an increase from 1,938.0 billion yen a year ago. Share of profit of investments accounted for using the equity method increased from 10.1 billion yen a year ago to 10.9 billion yen. Other income (expenses), net, amounted to a gain of 73.6 billion yen, compared to a loss of 30.7 billion yen the previous fiscal year, due mainly to one-time gains including the partial revision of the pension scheme and disposal of assets.

As a result, operating profit totaled 411.5 billion yen, an increase from 380.5 billion yen the previous fiscal year. Sales increases in businesses including Automotive and Energy, and one-time gains mentioned above offset the negative impacts from raw material cost hikes, increased fixed-costs due to upfront investments and recording the restructuring charges. The operating profit ratio also improved to 5.1%, from 4.8% a year ago.

3) Profit before Income Taxes

Finance income increased from 22.8 billion yen the previous fiscal year to 25.6 billion yen. Finance expenses decreased from 24.7 billion yen to 20.6 billion yen.

As a result, profit before income taxes was 416.5 billion yen, compared to 378.6 billion yen the previous fiscal year.

4) Net Profit attributable to Panasonic Corporation Stockholders

Income taxes were 113.7 billion yen, compared to 126.6 billion yen a year ago. As a result, net profit attributable to Panasonic Corporation stockholders totaled 284.1 billion yen, compared to 236.0 billion yen a year ago. Also, net profit attributable to Panasonic Corporation stockholders per share was 121.83 yen, against 101.20 yen the previous fiscal year.

5) Operating Results by Segment for Fiscal 2019

The Panasonic Group is divided into four companies for business management, and they support the autonomy of each business division and execute businesses in their respective areas on a global scale. The results of their performance are classified and disclosed in the four reportable segments of Appliances, Eco Solutions, Connected Solutions and Automotive & Industrial Systems. Certain businesses were transferred among segments from fiscal 2019. The figures for segment information in fiscal 2018 have been reclassified to conform to the presentation for fiscal 2019.

a. Appliances

Sales decreased by 1% to 2,750.6 billion yen from a year ago, decreasing overall due mainly to lower sales amid downturns in the TV business and the Imaging Network Business resulting from price competition.

Looking at the main Business Divisions (BD) of this segment, Air-Conditioner Company saw sales remain at the same level as a year ago, with brisk sales of both room air-conditioners and large air-conditioners in Japan, despite sluggish sales of room air-conditioners in Asia and the Middle East.

In the Laundry Systems and Vacuum Cleaner BD, sales increased due to brisk sales of washing machines in Japan and China, and also due to steady sales in China of the warm water bidet toilet seat.

In the TV BD, sales decreased due to price competition, particularly in Asia and India.

In the Beauty and Living BD, sales remained at the same level as a year ago due to brisk sales of beauty appliances, particularly in China, despite a downturn in inbound tourism demand in Japan.

In the Imaging Network BD, sales decreased due to price competition, particularly in Europe.

Operating profit decreased by 21.9 billion yen to 85.9 billion yen from a year ago, amid a situation where rationalization initiatives did not make up for the decline in profitability due to price competition involving refrigerators and other home appliances and the losses on lower sales of TVs.

b. Eco Solutions

Sales increased by 4% to 2,036.1 billion yen from a year ago, increasing overall due mainly to developments in Japan that include growth of the new construction orders business along with an upturn in orders and sales of large projects in the environmental engineering business, in addition to developments overseas that include brisk sales in the electrical construction materials business, particularly in India and China.

Looking at the main BDs of this segment, Panasonic Homes Co., Ltd. saw an increase in sales due mainly to the favorable new construction orders business and strong sales in the ready-built housing business.

At Panasonic Ecology Systems Co., Ltd., sales rose due mainly to orders and sales of large projects in the environmental engineering business.

In the Energy Systems BD, sales increased due to brisk sales overseas mainly in the electrical construction materials business, along with strong sales in Japan as well.

In the Housing Systems BD, sales increased due to brisk sales of new products for water-related equipment and building materials, along with higher sales of roofing materials and rain gutters associated with reconstruction demand following natural disasters.

Operating profit decreased by 16.6 billion yen to 64.6 billion yen from a year ago. Increased sales mainly in the electrical construction materials business and engineering business, along with rationalization efforts such as cost improvements absorbed negative effects of a downturn in sales prices and raw material cost hikes. However, the impact of impairment loss on fixed assets significantly reduced operating profit.

c. Connected Solutions

Sales increased by 2% to 1,127.7 billion yen from a year ago, increasing overall due mainly to brisk sales in the Process Automation Business and Mobile Solutions Business, despite sluggish sales in the Avionics Business and Media Entertainment Business.

Looking at the main BDs of this segment, at Panasonic Avionics Corporation, sales decreased overall due to a downturn in aircraft in-flight entertainment and communications systems amid diminished demand for large aircraft, despite solid performance from communications and maintenance services.

In the Mobile Solutions BD, sales increased mainly due to growth in sales of notebook PCs and rugged mobile terminals, despite a downturn in sales of payment terminals as a consequence of brisk sales in the previous fiscal year.

In the Process Automation BD, sales increased due to brisk sales of mounting equipment for the automotive- and device-related industries, as well as welding equipment for the automotive industry.

In the Media Entertainment BD, sales decreased due to a downturn in sales of production cameras, despite solid performance from high-brightness projectors.

Operating profit decreased by 9.2 billion yen to 94.4 billion yen from a year ago, due mainly to losses on lower sales in the Avionics Business and the Media Entertainment Business, and also due to having recorded a gain on reversal of the reserve for legal costs in the previous fiscal year.

d. Automotive & Industrial Systems

Sales increased by 6% to 2,983.1 billion yen from a year ago, increasing overall due mainly to brisk sales related to electrification and automation in the automotive field involving lithium-ion batteries for eco-cars, automotive infotainment systems, advanced driver assistance systems (ADAS), and on-board charging systems, despite a downturn in sales of motors and other devices due to deteriorating market conditions in China.

Looking at the main businesses of this segment, the Automotive Business saw sales increase due to brisk sales of infotainment systems in Japan and the U.S., as well as strong sales of cameras, sonars and other ADAS products, and automation-related products such as on-board charging systems.

In the Energy Business, sales increased as a result of escalating demand for eco-cars spurring substantial growth of automotive cylindrical lithium-ion batteries amid increasing production of new-model cars by an electric vehicle manufacturer in the U.S., with prismatic batteries for Japanese automakers also achieving growth.

In the Industrial Business, sales decreased due to a downturn in sales of motors and other products amid slowing capital investment in China, despite growth achieved particularly in capacitors for data centers and base stations, and automotive coils.

Operating profit declined by 37.0 billion yen to 56.4 billion yen from a year ago, due mainly to loss on lower sales of motors and other products, as well as impairment loss recognized on capitalized development expenses for the automotive-related business in Europe, despite an increase in sales centered on the automotive-related business, such as infotainment systems, ADAS and automotive lithium-ion batteries.

(4) Risks Materially Affecting Panasonic's Business, Operating Results and Financial Conditions

Refer to "2. Risk Factors."

(5) Financial Conditions and Liquidity

1) 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)

Cash and cash equivalents as of March 31, 2019 were 772.3 billion yen, decreased from 1,089.6 billion yen at the end of the previous fiscal year.

(Interest bearing debt)

Interest-bearing debt decreased to 998.7 billion yen as of March 31, 2019 from 1,239.4 billion yen at the end of the previous fiscal year due to repayments of straight bonds and other factors. Panasonic entered into three-year commitment line agreements (Note 1) 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 1. Commitment line agreements: Contracts made with financial institutions to secure financing subject to pre-agreed limits on the time period and commitment line

(Ratings)

The Company has obtained credit ratings from Rating and Investment Information, Inc. (R&I), S& P Global Ratings Japan Inc. (S&P), and Moody's Japan K.K. (Moody's). The Company's credit ratings as of March 31, 2019 are as follows.

R&I: A (Long-term, Outlook: Stable), a-1 (Short-term)
S&P: A- (Long-term, Outlook: Negative), A-2 (Short-term)
Moody's: A3 (Long-term, Outlook: Stable)

2) 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 2019 was 203.7 billion yen and net cash used in investing activities was 193.4 billion yen. Free cash flow, the total of the two, was an inflow of 10.3 billion yen. The free cash flow for fiscal 2019 improved by 45.9 billion yen from the previous year. This was due mainly to improved working capital, decreased capital expenditures, and proceeds from the sale of land, in spite of the payment of one-off legal costs.

A detailed analysis of cash flows is as follows.

(Cash flows from operating activities)

Net cash provided by operating activities for the year ended March 31, 2019 amounted to 203.7 billion yen, compared with an inflow of 423.2 billion yen a year ago. This was due mainly to an increased payment of income tax and the payment of one-off legal costs, despite improved working capital and others.

(Cash flows from investing activities)

Net cash used in investing activities amounted to 193.4 billion yen, compared with an outflow of 458.8 billion yen a year ago. This was due mainly to proceeds from the sale of land, a decrease in capital investment, and a collection of lease receivables.

(Cash flows from financing activities)

Net cash used in financing activities amounted to 341.8 billion yen, compared with an outflow of 128.8 billion yen a year ago. This was due mainly to decreased balance of short-term straight bonds, despite acquisition of additional equity interest in PanaHome Corporation in the previous year.

Taking into consideration the exchange rate fluctuations, cash and cash equivalents totaled 772.3 billion yen as of March 31, 2019, a decrease from 1,089.6 billion yen compared with a year ago.

3) 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 2019 (tangible assets only) decreased to 300.5 billion yen from 392.2 billion yen a year ago. Major capital investments were made at production facilities (U.S. and China) for automotive lithium-ion batteries for automobiles.

Depreciation (tangible assets only) were 226.8 billion yen, the same level as previous year.

4) Assets, Liabilities and Equity

The Company's consolidated total assets as of March 31, 2019 were 6,013.9 billion yen, a decrease of 277.2 billion yen from March 31, 2018. This was due mainly to a decrease in cash and cash equivalents, in spite of increases in trade receivables in line with B2B business expansion.

The Company’s consolidated total liabilities were 3,929.3 billion yen, a decrease of 479.5 billion yen from March 31, 2018. This decrease was due mainly to the repayments of straight bonds.

Panasonic Corporation stockholders’ equity increased by 206.0 billion yen compared to March 31, 2018 to 1,913.5 billion yen due to recording of net profit and other factors. As a result, the ratio of Panasonic Corporation stockholders’ equity was 31.8%, increasing from 27.1% on March 31, 2018. With non-controlling interests added to Panasonic Corporation stockholders’ equity, total equity was 2,084.6 billion yen.

4. Material Agreements, etc.

(1) As Licensee

Licensor	Country	Contract description	Contract period
QUALCOMM INC.	U.S.A.	License of patents relating to 3G mobile phone and base station	From March 2001 to the expiration of the patents under contracts

(2) As Licensor

Licensee	Country	Contract description	Contract period
MPEG LA LLC.	U.S.A.	License of patents relating to MPEG-4 Visual	From January 2000 to the expiration of the patents under contracts

(3) Cross License Agreement

Party	Country	Contract description	Contract period
Koninklijke Philips Electronics N.V.	Netherlands	Cross license of patents relating to mobile phone and AV products	From March 2007 to the expiration of the patents under contracts

(4) Panasonic Precision Devices Co., Ltd. (“PPRD”) becoming Panasonic’s Wholly-owned Subsidiary through Absorption-type Company Split and being Absorbed through Merger

The Company resolved at the Board of Directors meeting held on December 21, 2018, to succeed the shares in, and the long-term loan claims against, PPRD from Panasonic Equity Management Japan Co., Ltd. (“PEMJ”), which is a wholly-owned consolidated subsidiary of Panasonic, through an absorption-type company split (the “Company Split”). Consequently, PPRD became a wholly-owned consolidated subsidiary of the Company. The Board of Directors also resolved to absorb PPRD through a merger (the “Merger”). Both the Company Split and the Merger agreements were executed on the same day and took effect on April 1, 2019.

i) Purpose of the Company Split and the Merger

There is a growing demand for conductive polymer capacitors in the Company’s Industrial Business, particularly for information-communication infrastructure applications. Toward the realization of the further growth strategy of this business, the Company decided to expand the origin element process for conductive polymer capacitors to PPRD, a then-wholly-owned sub-subsidiary of the Company, for the purpose of expanding operation, primarily the domestic origin element process. Moreover, to further improve the management efficiency of conductive polymer capacitor business, the Company implemented the Company Split and the Merger.

ii) Details of the Company Split

a) Method of the Company Split

The Company Split is an absorption-type company split (simplified absorption-type company split) in which PEMJ is the splitting company and the Company is the succeeding company There was no allotment of shares or other consideration upon the Company Split.

b) Date of the Company Split (Effective date): April 1, 2019

c) Assets and liabilities of the business succeeded:

Total assets: 2,681 million yen (as of March 31, 2019)

d) Outline of the succeeding company (Panasonic Corporation) due to the Company Split

Stated capital: 258,740 million yen (as of March 31, 2019)

Principal lines of business: Manufacture and sale of electronic and electric equipment, etc.

iii) Details of the Merger

a) Method of the Merger

Panasonic, as the surviving company, absorbed PPRD through a simplified merger, which was dissolved upon the Merger. There was no allotment of shares or any other consideration with respect to the Merger.

b) Date of the Merger (Effective date): April 1, 2019

c) The amount of merged assets and liabilities:

Total assets: 3,598 million yen, Total liabilities: 21,254 million yen (as of March 31, 2019)

d) Outline of the surviving company (Panasonic Corporation) due to the Merger

Stated capital: 258,740 million yen (As of March 31, 2019)

Principal lines of business: Manufacture and sale of electronic and electric equipment, etc.

In accordance with the above, the Company has made PPRD a wholly-owned consolidated subsidiary through Company Split and absorbed it through the Merger on April 1, 2019.

(5) Conclusion of Business-integration Contract and Joint-venture Contract toward the Establishment of Joint Venture Related to Automotive Prismatic Battery Business

The Company and Toyota Motor Corporation ("Toyota") concluded on January 22, 2019, a business-integration contract and a joint-venture contract toward the establishment of a new company (the "Joint Venture") related to the automotive prismatic battery business.

i) Purpose

The Joint Venture will integrate management and other resources from both companies, fusing strengths of both Toyota and Panasonic. Toyota is to contribute: 1) know-how and market data related to electrified vehicles, 2) advanced technologies related to solid-state batteries and more, and 3) Toyota-style manufacturing capabilities (monozukuri); while Panasonic, demonstrating its strengths as a battery manufacturer, is to contribute: 1) technologies related to high-capacity and high-output batteries that are high-quality and extremely safe, 2) mass-production technologies, and 3) a customer base both in Japan and overseas. In this way, the Joint Venture aims to become the leader in battery-development and battery-manufacturing capabilities.

ii) Main Points of the Agreement

a) Toyota and the Company will establish the Joint Venture (pending approval from the competition-law authorities in the countries and regions concerned) by the end of 2020. The ratio of equity participation in the Joint Venture will be 51% for Toyota and 49% for the Company.

b) The scope of the joint venture's business operations will cover research, development, production engineering, manufacturing, procurement, order receipt, and management related to automotive prismatic lithium-ion batteries, solid-state batteries, and next-generation batteries.

c) Toyota will transfer equipment and personnel to the Joint Venture in the areas of development and production engineering related to battery cells. The Company will transfer equipment, other assets, liabilities, personnel, and other items to the Joint Venture in the areas of development, production engineering, manufacturing (at plants in Japan and in Dalian, China), procurement, order receipt, and management functions related to the automotive prismatic battery business.

d) The total number of employees from both companies related to operations subject to transfer to the Joint Venture is 3,500 (as of the end of December 2018).

e) Products produced by the Joint Venture will be sold to various automakers through, in principle, the Company.

5. Research and Development

The Panasonic Group concentrated on development of new technologies and new products to underpin the future based on the growth strategies for the major business fields. In addition, the Group developed technologies such as IoT (Note 1) , artificial intelligence (AI), and big data, that underpin achievement of success in the Lifestyle Updates business (Note 2), and also actively worked to create new businesses that make use of such technologies.

R&D expenditures totaled 488.8 billion yen in fiscal 2019.

Key development themes and achievement during fiscal 2019 were as follows:

Development of the HomeX open services platform for new lifestyles oriented to people

The Panasonic Group developed the HomeX integrated lifestyle platform whereby “Panasonic invites the home itself to join the family and offer new experiences to everyone, every day. Every member of the household can enjoy a lifestyle tailored to his or her needs and personality—one that’s more fun, comfortable, and enjoyable overall.” The first step involved release of the HomeX Display specifically for the platform. HomeX provides each family member a lifestyle precisely tailored to his or her wants and needs, through appliances, electronics and home systems linked to the HomeX Display terminals, and also through cloud services that provide new information daily.
Positioned as an open platform for living spaces, HomeX will continue to accelerate joint development efforts with service business operators and manufacturers of appliances, electronics and home systems, thereby contributing to enhancing people’s lifestyles more and more as they use it.

Development of sensing technologies that provide insight about humans, such as age, gender, physical stress and emotions

The Panasonic Group has developed the following technologies:
1) Human sensing technology: Through facial recognition making use of image processing technology and AI, human characteristic sensing technology simultaneously recognizes and estimates people’s ages, genders and other characteristics related to their appearances, as well as heart rates and other vital signs.
2) Physical stress sensing technology: Making use of multiple cameras, physical stress sensing technology detects body movement and posture in three-dimensional space, and then quantifies and visually depicts stresses on the human body.
3) Emotion sensing technology: This technology gauges emotions, levels of concentration, thermal sensation and other human states with high accuracy, drawing on data from heat sensing cameras, pressure sensors, odor sensors and other such devices, and combining it with proprietary analytical algorithms.

These advanced technologies make it possible to gain extensive insights into people’s physical states and emotions, thereby contributing to solutions that will help people lead comfortable lives.

Development of cybersecurity technologies that swiftly detect increasingly sophisticated cyberattacks

Having spurred the evolution of technologies honed over many years, the Panasonic Group developed AI-based cyber-attack detection technology that monitors communications within buildings, automobiles and factories, and accordingly identifies abnormal communications constituting potential cyber-attacks. This makes it possible to swiftly mount a response to new, unknown cyber-attacks that have never emerged before.
Going forward, the Group will redouble its cybersecurity research and development, thereby helping to make the notion of a safe and secure society a reality in the IoT era.

Development of 5th generation mobile communications (5G) video transmission technology that delivers high-presence audio and images in real time

The Panasonic Group developed 5G-AV-QoS technology that combines high-capacity, low-latency 5G technology with variable encoding rate technology that makes it possible to smoothly transmit uninterrupted high-definition video, even when in transit or encountering congestion. This results in high-presence audio and video that provides an almost live experience even when viewing content from a remote location. Moreover, the Group also took part in 5G comprehensive demonstration tests conducted by Japan's Ministry of Internal Affairs and Communications. The tests demonstrated mobile satellite offices and virtual museums using 5G technology.
Moreover, the Panasonic Group is actively working on the development of local 5G systems that enable highly secure intra-regional communications in times of disaster, drawing on advantages of 5G.
Going forward, the Panasonic Group will accelerate its initiatives geared to making 5G commercially viable in the year 2020.

Notes 1. IoT: Internet of Things refers to the connection of many things and devices to the Internet
2. Lifestyle Updates: This refers to the direction Panasonic is headed in terms of taking a customer-oriented approach to increasingly achieving ideal solutions for individuals with respect to lifestyles and society, encompassing software and services

Ⅲ Property, Plants and Equipment

1. Summary of Capital Investment

Capital investment for the year ended March 31, 2019 is shown in the table below.

Segment	Amount (Billions of yen)	Change from last fiscal year (%)	Main purpose of investment
Appliances	45.2	-26.9	Production of new products and streamlining of electric appliances for home use and video and AV equipment
Eco Solutions	42.2	-7.3	Production of new products and streamlining of electrical construction material, building material and solar photovoltaic system, etc.
Connected Solutions	22.6	+4.6	Production of new products and streamlining of B2B solution business related equipment, etc.
Automotive & Industrial Systems	172.2	-23.9	Increase in production capacity of rechargeable batteries, and production of new products and an increase in production capacity of automotive- and automotive infotainment-related equipment, and electronic components, etc.
Reportable segment total	282.2	-20.6	–
Other & Corporate	18.3	-50.4	Capital investment by head office and regional headquarter, etc.
Total	300.5	-23.4	–

(Notes)

1. Panasonic restructured its Group organization on April 1, 2018. In calculating the percentage of change from the last fiscal year, the prior year's figure has been revised to conform to the presentation for fiscal 2019.
2. “Other & Corporate” includes capital investments, recorded in the “Other” and “Corporate” which are not included in reportable segments, as shown above.

2. Major Property, Plants and Equipment

(1) Panasonic Corporation

(As of March 31, 2019)

Facility (Location)	Segment	Details of major facilities and equipment	Book value (Millions of yen)						Number of employees
			Buildings	Machinery and equipment	Land (Area in thousands of ㎡)	Lease assets	Others	Total	
Kusatsu Plant (Kusatsu-shi, Shiga)	Appliances	Manufacturing facilities for air conditioners and refrigerators, etc.	13,832	8,838	5,941 (564)	839	2,232	31,682	4,820
Hikone Plant (Hikone-shi, Shiga)	Appliances	Manufacturing facilities for personal-care equipment and healthcare equipment	4,316	3,363	1,323 (89) [5]	86	24	9,112	981
Kobe Plant (Nishi-ku, Kobe-shi)	Appliances, Connected Solutions	Manufacturing facilities for cooking appliances and information equipment	2,327	2,168	4,924 (185)	44	596	10,059	651
Nara Plant (Yamatokoriyama-shi, Nara)	Appliances	Manufacturing facilities for meter devices	2,048	3,132	218 (128)	159	214	5,771	337
Niigata Plant (Tsubame-shi, Niigata)	Eco Solutions	Manufacturing facilities for lighting fixture	1,867	3,124	2,035 (143)	7	14	7,047	475
Tsu Plant (Tsu-shi, Mie)	Eco Solutions, Automotive & Industrial Systems	Manufacturing facilities for wiring devices and security equipment	3,496	3,328	2,088 (91) [9]	—	244	9,156	1,699
Ritto Plant (Ritto-shi, Shiga)	Eco Solutions	Manufacturing facilities for rain gutters	1,033	1,631	1,495 (59)	—	36	4,195	169
Kadoma Plant (Kadoma-shi, Osaka)	Appliances, Connected Solutions	Manufacturing facilities for video and audio equipment	2,925	3,397	77 (215) [147]	201	2,005	8,605	6,910
Saedo Plant (Tsuzuki-ku, Yokohama-shi)	Connected Solutions, Automotive & Industrial Systems	Manufacturing facilities for car equipment, other facilities	7,803	6,703	12,530 (122)	270	684	27,990	2,935
Yamagata Plant (Tendo-shi, Yamagata)	Appliances	Manufacturing facilities for lens	581	2,841	735 (85)	282	263	4,702	519
Ise Plant (Watarai-gun, Mie)	Automotive & Industrial Systems	Manufacturing facilities for automation controls	3,123	3,629	555 (152)	—	1,364	8,671	1,320
Tsuyama Plant (Tsuyama-shi, Okayama)	Automotive & Industrial Systems	Manufacturing facilities for input devices	1,134	2,566	78 (56) [8]	21	618	4,417	637
Kanazu Plant (Awara-shi, Fukui)	Automotive & Industrial Systems	Manufacturing facilities for sensors	1,344	2,036	576 (51) [6]	70	669	4,695	361
Morita Plant (Fukui-shi, Fukui)	Automotive & Industrial Systems	Manufacturing facilities for resistors	773	3,683	194 (18)	77	367	5,094	489
Uji Plant (Uji-shi, Kyoto)	Automotive & Industrial Systems	Manufacturing facilities for capacitors	2,548	5,597	359 (48)	47	643	9,194	684

Facility (Location)	Segment	Details of major facilities and equipment	Book value (Millions of yen)						Number of employees
			Buildings	Machinery and equipment	Land (Area in thousands of ㎡)	Lease assets	Others	Total	
Yamaguchi Plant (Yamaguchi-shi, Yamaguchi)	Automotive & Industrial Systems	Manufacturing facilities for capacitors	476	3,496	519 (48)	5	771	5,267	340
Hokkaido Plant (Chitose-shi, Hokkaido)	Automotive & Industrial Systems	Manufacturing facilities for thermal management solutions devices	1,315	3,183	117 (100)	−	397	5,012	306
Osaka Plant (Moriguchi-shi, Osaka)	Automotive & Industrial Systems	Manufacturing facilities for batteries	3,751	4,190	93 (65) [3]	0	300	8,334	1,423
Suminoe Plant (Suminoe-ku, Osaka-shi)	Automotive & Industrial Systems	Manufacturing facilities for batteries	12,296	912	− (116) [116]	325	76	13,609	1,003
Yokkaichi Plant (Yokkaichi-shi, Mie)	Automotive & Industrial Systems	Manufacturing facilities for electronic materials	3,450	2,561	4,196 (209)	−	147	10,354	296
Koriyama Plant (Koriyama-shi, Fukushima)	Automotive & Industrial Systems	Manufacturing facilities for electronic materials	1,272	3,822	1,284 (159)	−	246	6,624	678
Fukuoka Office (Hakata-ku, Fukuoka-shi)	Appliances, Connected Solutions	Other facilities	447	329	7,758 (54) [4]	0	78	8,612	1,882
Technology Innovation Division Head Office Area (Moriguchi-shi, Osaka)	Corporate, etc.	R&D facilities	2,661	1,208	197 (38)	218	23	4,307	879
Technology Innovation Division Keihanna Area (Soraku-gun, Kyoto)	Corporate, etc.	R&D facilities	2,042	157	3,706 (53)	−	5	5,910	40
Manufacturing Innovation Division, etc. (Kadoma-shi, Osaka)	Corporate, etc.	R&D facilities	3,331	2,308	708 (87)	22	82	6,451	1,103
Branch Office and Sales Office (Nakamura-ku, Nagoya-shi, etc.)	Appliances, Eco Solutions, Connected Solutions, Automotive & Industrial Systems	Equipment for sales and marketing	6,970	503	4,565 (83) [45]	9	169	12,216	5,125
Management department of Eco Solutions Company (Moriguchi-shi, Osaka, etc.)	Eco Solutions	Other facilities	30,191	3,374	30,586 (533) [65]	−	87	64,238	2,054
Management department of Automotive & Industrial Systems Company, etc. (Kadoma-shi, Osaka, etc.)	Automotive & Industrial Systems	Other facilities	2,228	1,834	907 (78)	67	59	5,095	5,302
Head Office, etc. (Kadoma-shi, Osaka, etc.)	Corporate, etc.	Head office, employee housing and welfare facilities, etc.	14,018	5,038	7,502 (430) [16]	160	71	26,789	4,135

(2) Domestic subsidiaries

(As of March 31, 2019)

Company	Facility (Location)	Segment	Details of major facilities and equipment	Book value (Millions of yen)					Number of employees
				Buildings	Machinery and equipment	Land (Area in thousands of ㎡)	Others	Total	
SANYO Electric Co., Ltd.	Himeji plant (Himeji-shi, Hyogo)	Automotive & Industrial Systems	Manufacturing facilities for rechargeable batteries	31	422	–	24,379	24,832	171
	Kasai plant (Kasai-shi, Hyogo)	Automotive & Industrial Systems	Manufacturing facilities for rechargeable batteries	9,687	8,805	2,977 (181)	–	21,469	1,030
	Sumoto plant (Sumoto-shi, Hyogo)	Automotive & Industrial Systems	Manufacturing facilities for rechargeable batteries	5,682	12,802	2,979 (96)	1	21,464	587
	Tokyo plant (Ora-gun, Gunma, etc.)	Appliances	Manufacturing facilities for industrial equipment, etc.	10,276	1,783	1,865 (885)	25	13,949	3 <981>
Panasonic Ecology Systems Co., Ltd	(Kasugai-shi, Aichi)	Eco Solutions	Manufacturing facilities for equipment relates to ecology system business	3,968	2,069	3,764 (197)	29	9,830	996
KMEW Co., Ltd.	(Chuo-ku, Osaka-shi)	Eco Solutions	Manufacture facilities of exterior building and housing related products	1,472	16,063	– (301) [301]	396	17,931	1,691
Panasonic Homes Co., Ltd.	Head plant (Higashiomi-shi, Shiga)	Eco Solutions	Manufacturing and logistics facilities for materials and components of housing system	1,764	1,538	5,813 (320)	128	9,243	302
	Tsukuba plant (Tsukubamirai-shi, Ibaraki)	Eco Solutions	Manufacturing and logistics facilities for materials and components of housing system	818	1,109	2,879 (126)	73	4,879	222
Panasonic Liquid Crystal Display Co., Ltd.	(Himeji-shi, Hyogo)	Automotive & Industrial Systems	Manufacturing facilities for LCD panels, etc.	38,749	1,536	– (361) [361]	320	40,605	554
Panasonic System Solutions Japan Co., Ltd.	(Hakata-ku, Fukuoka-shi, etc.)	Connected Solutions	Manufacturing facilities for information communication equipment, etc.	5,595	837	1,830 (188) [50]	217	8,479	4,412 <3,195>
Panasonic Semiconductor Solutions Co., Ltd.	(Nagaokakyo-shi, Kyoto, etc.)	Automotive & Industrial Systems	Manufacturing facilities for semiconductors, etc.	15,677	1,602	7,130 (708) [12]	290	24,699	1,641
Panasonic Smart Factory Solutions Co., Ltd.	(Kadoma-shi, Osaka, etc.)	Connected Solutions	Manufacturing facilities for mounter, etc.	3,982	4,500	739 (108)	510	9,731	1,470

(3) Overseas subsidiaries

(As of March 31, 2019)

Company (Location)	Segment	Details of major facilities and equipment	Book value (Millions of yen)					Number of employees
			Buildings	Machinery and equipment	Land (Area in thousands of ㎡)	Others	Total	
Panasonic Corporation of North America (New Jersey, U.S.A.)	Appliances, Eco Solutions, Connected Solutions, Automotive & Industrial Systems, Other, Corporate	Manufacturing and sales facilities for various electric and electronic products	8,385	7,287	2,082 (160)	44,931	62,685	13,716
Panasonic Avionics Corporation (California, U.S.A.)	Connected Solutions	Manufacturing facilities for aircraft-in-flight entertainment systems	2,995	12,564	— (7)	1,406	16,965	4,451
Hussmann Corporation (Missouri, U.S.A.)	Appliances	Manufacture facilities of commercial-use refrigerated and freezer showcases	4,921	4,161	1,520 (593)	1,404	12,006	6,177
Panasonic do Brasil Limitada (Amazonas, Brazil)	Appliances, Connected Solutions, Automotive & Industrial Systems	Manufacturing and sales facilities for various electric and electronic products	2,282	4,450	310 (540)	104	7,146	2,481
Panasonic AVC Networks Czech s.r.o. (Plzen, Czech Republic)	Appliances	Manufacturing facilities for flat-panel TVs	3,551	863	242 (166)	14	4,670	911
Ficosa International S.A. (Barcelona, Spain)	Automotive & Industrial Systems	Manufacture facilities of automotive components such as electric mirrors	8,201	12,417	4,701 (1,081) [30]	2,578	27,897	8,646
Panasonic Asia Pacific Pte. Ltd. (Singapore)	Appliances, Eco Solutions, Connected Solutions, Automotive & Industrial Systems, Corporate	Manufacturing and sales facilities for various electric and electronic products	512	10,599	95 (209)	1,440	12,646	2,341

(Notes)

1. The above amounts do not include the consumption tax, etc.
2. Some plants or offices are rented to affiliated companies. Regarding rented plants and offices to affiliated companies, the number of employees of the company, which rents the related plants or offices, are shown with parenthesis notation of < > in the “Number of employees” column.
3. Parenthesis notation of [ ] in the “Land” column shows the size of land rented from a party other than consolidated companies.
4. In addition to the above, the Company accounted for some machinery, etc. as finance leases as a lessor.

3. Plans for Capital Investment, Disposals of Property, Plants and Equipment, etc.

The planned capital investment for the fiscal year ending March 31, 2020 will be 365.0 billion yen, an increase of 21% compared with the actual capital investment for the previous fiscal year, and a breakdown by segment is as follows.

Segment	Amount planned for fiscal 2020 (Billions of yen)	Main purpose of investment	Capital resource
Appliances	50.0	Production of new products and streamlining of electric appliances for home use and video and AV equipment	Own capital, etc.
Life Solutions	51.0	Production of new products and streamlining of electrical construction material, building material, etc.	Own capital, etc.
Connected Solutions	25.0	Production of new products and streamlining of B2B solutions business related equipment, etc.	Own capital, etc.
Automotive	160.0	Increase in production capacity of rechargeable batteries, and production of new products and an increase in production capacity of automotive- and automotive infotainment-related equipment, etc.	Own capital, etc.
Industrial Solutions	72.0	Production of new products and an increase in production capacity of electronic components, etc.	Own capital, etc.
Reportable segment total	358.0	–	–
Other & Corporate	7.0	Capital investment by head office and regional headquarter, etc.	Own capital, etc.
Total	365.0	–	–

(Notes)
1. The above amounts do not include the consumption tax, etc.
2. There is no plan of other material disposals or sales of principal facilities, with the exception of disposing and selling facilities due to routine upgrading.
3. The above amounts has been reclassified to conform to the presentation for the year ending March 31, 2020.

Ⅳ Information on the Company

1. Information on the Company's Stock, etc.

(1) Total number of shares, etc.

1) Total number of shares

Class	Total number of shares authorized to be issued (shares)
Common stock	4,950,000,000
Total	4,950,000,000

2) Issued shares

Class	Number of shares issued as of the end of fiscal year (shares) (March 31, 2019)	Number of shares issued as of the filling date (shares) (June 28, 2019)	Stock exchange on which the Company is listed	Description
Common stock	2,453,053,497	2,453,053,497	Tokyo stock exchange (the first section) Nagoya stock exchange (the first section)	The number of shares per one unit of shares is 100 shares.
Total	2,453,053,497	2,453,053,497	—	—

(2) Information on the stock acquisition rights, etc.

1) Details of stock option plans

<table>
<tr><td>Resolution date of the Board of Directors</td><td>July 31, 2014</td><td>July 29, 2015</td></tr>
<tr><td>Category and number of persons granted</td><td>Directors of the Company (excluding Outside Directors) : 13
Executive Officers and certain other officers (excluding Directors who concurrently serve as Executive officers) :14</td><td>Directors of the Company (excluding Outside Directors) : 13
Executive Officers and certain other officers (excluding Directors who concurrently serve as Executive officers) : 17</td></tr>
<tr><td>Number of stock acquisition rights
Note 6</td><td>1,691</td><td>1,577</td></tr>
<tr><td>Class, details and number of shares to be acquired upon exercise of stock acquisition rights
Note 6</td><td>Common stock of Panasonic
169,100 shares
Note 1</td><td>Common stock of Panasonic
157,700 shares
Note 1</td></tr>
<tr><td>Subscription amount to be paid upon exercise of stock acquisition</td><td>One (1) yen</td><td>One (1) yen</td></tr>
<tr><td>Exercise period of stock acquisition rights</td><td>From August 23, 2014
to August 22, 2044</td><td>From August 21, 2015
to August 20, 2045</td></tr>
<tr><td>Issue price for shares issued through the exercise of the stock acquisition rights and the amount capitalized as common stock</td><td>Issue price : 1,055 yen
Note 2
Amount capitalized as common stock
Note 3</td><td>Issue price : 1,125 yen
Note 2
Amount capitalized as common stock
Note 3</td></tr>
<tr><td>Conditions for exercise of stock acquisition rights</td><td colspan="2">Note 4</td></tr>
<tr><td>Matters regarding transfer of stock acquisition rights</td><td colspan="2">The stock acquisition rights cannot be acquired through transfer, unless such acquisition is expressly approved by a resolution of the Board of Directors.</td></tr>
<tr><td>Matters regarding grant of stock acquisition rights accompanying reorganization</td><td colspan="2">Note 5</td></tr>
</table>

(Notes)

1. The number of shares to be acquired upon exercise of each stock acquisition right (the "Number of Shares Acquired") shall be 100 shares (1 unit:100 shares); provided, however, that in the case that Panasonic conducts a share split (including an allotment without consideration (musho-wariate) of shares of common stock of Panasonic; the same shall apply to all references to the share split herein) or share consolidation on and after the date on which the stock acquisition rights shall be allotted, the Number of Shares Acquired shall be adjusted in accordance with the following formula, rounding down any fraction of less than one (1) share resulting from such adjustment.

   Number of Shares Acquired after adjustment = Number of Shares Acquired before adjustment
   x Ratio of share split or share consolidation

   The Number of Shares Acquired after adjustment shall become effective, in the case of a share split, on and after the day immediately following the record date of the relevant share split (if the record date is not set forth, on and after its effective date) or, in the case of a share consolidation, on and after its effective date; provided, however, that, in the event that a share split is conducted on the condition that a proposal to increase the capital or reserves by reducing the amount of surplus is approved at a general meeting of shareholders and that the record date for such share split is prior to the date of closing of such general meeting of shareholders, the Number of Shares Acquired after adjustment shall be applicable retroactively from the day immediately following the relevant record date, on and after the day immediately following the date of closing of the relevant general meeting of shareholders.

In addition to the above, in any event that makes it necessary to adjust the Number of Shares Acquired, including a merger and company split, Panasonic may make appropriate adjustment to the Number of Shares Acquired within a reasonable range.

When the Number of Shares Acquired is adjusted, Panasonic shall give notice of necessary matters to each holder of the stock acquisition rights registered in the register of stock acquisition rights (the "Holder") or give public notice thereof, no later than the day immediately preceding the date on which the Number of Shares Acquired after adjustment shall become effective; provided, however, that, if Panasonic is unable to give such notice or public notice no later than the day immediately preceding such applicable date, Panasonic shall thereafter promptly give such notice or public notice.

2. Issue price is the total of the fair value of the stock acquisition rights in allotment date and the subscription amount to be paid upon exercise of stock acquisition (one (1) yen per share).
3. The amount of capital to be increased due to the issuance of shares upon exercise of the stock acquisition rights shall be a half of the maximum amount of capital Increase, etc. which is calculated in accordance with Article 17, Paragraph 1 of the Ordinance on Company Accounting, and any fraction less than one (1) yen arising therefrom shall be rounded up to the nearest one (1) yen.
4.(i) During the period when the stock acquisition rights may be exercised, the Holder may exercise the stock acquisition rights on and after the day immediately following the date on which such Holder loses the status of Director, Executive Officer, Audit & Supervisory Board Member or any status equivalent thereto, of Panasonic.
  (ii) Notwithstanding (i) above, the Holder may exercise the stock acquisition rights within the respective periods prescribed below if either (a) or (b) below occurs (provided that the case mentioned in (b) below excludes where the allotment of stock acquisition rights by the reorganized company to the Holder in accordance with "Matters regarding grant of stock acquisition rights accompanying reorganization" above is stipulated in a merger agreement, a share exchange agreement, or a share transfer plan):
    (a) If the Status Losing Date does not occur on or before the date that is one year prior to the expiration date of "Exercise period of stock acquisition rights":
      From the next day of the date that is one year prior to the expiration date of "Exercise period of stock acquisition rights" to expiration date of "Exercise period of stock acquisition rights"
    (b) If proposal for approval of a merger agreement under which Panasonic shall become a dissolving company or proposal for approval of a share exchange agreement or share transfer plan under which Panasonic shall become a wholly-owned subsidiary is approved at a general meeting of shareholders (or, if a resolution of a general meeting of shareholders is not required, is approved by a resolution of the Board of Directors):
      During a 15 day-period commencing from the day immediately following the date (inclusive) when the proposal is approved.
  (iii) (i) and (ii) (a) above shall not be applicable to those who have succeeded to the stock acquisition rights by inheritance.
  (iv) If the Holder waives the stock acquisition rights, the relevant stock acquisition rights may not be exercised thereafter.
5. If Panasonic conducts a merger (limited to the case where Panasonic is dissolved due to the merger), an absorption-type or incorporation-type company split (both, limited to the case where Panasonic is split), or a share exchange or transfer (both, limited to the case where Panasonic becomes a wholly-owned subsidiary) (collectively, the "Structural Reorganization"), Panasonic shall, in each of the above cases, allot stock acquisition rights of any of the relevant companies listed in "a" through "e" of Article 236, Paragraph 1, Item 8 of the Companies Act (the "Reorganized Company") to the Holders holding the stock acquisition rights remaining at the time immediately preceding the effective date of the relevant Structural Reorganization (the "Remaining Stock Acquisition Rights") (the effective date of the relevant Structural Reorganization shall mean, in the case of a merger, the date on which the merger becomes effective; in the case of a consolidation, the date of establishment of a newly-incorporated company through consolidation; in the case of an absorption-type company split, the date on which such absorption type company split becomes effective; in the case of an incorporation-type company split, the date of establishment of a newly-incorporated company

through such incorporation-type company split; in the case of a share exchange, the date on which the share exchange becomes effective; and in the case of a share transfer, the date of establishment of a wholly-owning parent company through the share transfer; hereinafter the same shall apply). In this case, the Remaining Stock Acquisition Rights shall be extinguished and the Reorganized Company shall issue new stock acquisition rights; provided, however, that the foregoing shall be on the condition that transfer of such stock acquisition rights by the Reorganized Company in accordance with each of the following items is stipulated in a merger agreement, a consolidation agreement, an absorption-type company split agreement, an incorporation-type company split plan, a share exchange agreement or a share transfer plan.

(i) Number of stock acquisition rights of the Reorganized Company to be allotted:
A number equal to the number of the Remaining Stock Acquisition Rights held by the Holder shall be transferred to such Holder.

(ii) Class of shares of the Reorganized Company to be acquired upon exercise of stock acquisition rights:
Common stock of the Reorganized Company.

(iii) Number of shares of the Reorganized Company to be acquired upon exercise of stock acquisition rights:
To be determined in accordance with “Numbers of shares to be acquired upon exercise of stock acquisition rights “ above, taking into consideration, among others, the conditions of Structural Reorganization.

(iv) Value of assets to be contributed upon exercise of each stock acquisition right:
The value of assets to be contributed upon exercise of each stock acquisition right to be allotted shall be the amount obtained by multiplying (x) the exercise price after reorganization set forth below by (y) the number of shares of the Reorganized Company to be acquired upon exercise of the relevant stock acquisition rights as determined in accordance with (iii) above. The “exercise price after reorganization” shall be one (1) yen per share of the Reorganized Company to be acquired upon exercise of each of its stock acquisition rights.

(v) Exercise period of stock acquisition rights:
From and including whichever is the later of (x) the commencement date of the period during which the stock acquisition rights may be exercised as provided for in “ Exercise period of stock acquisition rights “ above or (y) the effective date of the Structural Reorganization, to and including the expiration date of the period during which the stock acquisition rights may be exercised as provided for in “ Exercise period of stock acquisition rights “ above.

(vi) Matters concerning capital and capital reserve to be increased due to issuance of shares upon exercise of stock acquisition rights:
To be determined in accordance with “ Issue price for shares issued through the exercise of the stock acquisition rights and the amount capitalized as common stock “ above.

(vii) Restrictions on acquisition of stock acquisition rights by transfer:
The stock acquisition rights cannot be acquired through transfer, unless such acquisition is expressly approved by a resolution of the Board of Directors of the Reorganized Company.

(viii) Provisions concerning acquisition of stock acquisition rights:
If any of the proposals set forth in (a), (b), (c), (d) and (e) below is approved at a general meeting of shareholders of Panasonic (or, if a resolution of a general meeting of shareholders is not required, is approved by a resolution of the Board of Directors of Panasonic), Panasonic may acquire the stock acquisition rights without consideration on the date to be separately determined by the Board of Directors:

(a) Proposal for approval of a merger agreement under which Panasonic shall become a dissolving company;
(b) Proposal for approval of split agreement or split plan under which Panasonic shall be split;
(c) Proposal for approval of a share exchange agreement or share transfer plan under which Panasonic shall become a wholly-owned subsidiary;
(d) Proposal for approval of an amendment to the Articles of Incorporation in order to establish the provision that an acquisition by way of transfer of any shares issued or to be issued by Panasonic shall require the approval of Panasonic; and
(e) Proposal for approval of an amendment to the Articles of Incorporation in order to establish the provision that an acquisition by way of transfer of a class of shares to be acquired upon exercise of the

stock acquisition rights shall require the approval of Panasonic or that Panasonic may acquire all of such class of shares upon a resolution of a general meeting of shareholders.

(ix) Conditions for exercise of stock acquisition rights:

To be determined in accordance with " Conditions for exercise of stock acquisition rights" above.

6. The contents are described as of the end of fiscal 2019 (March 31, 2019). The description as of the end of the month previous to the filing is omitted, because there is no change in what should be described from the end of fiscal 2019 to the end of the month previous to the filing (May 31, 2019).

Resolution date of the Board of Directors	July 29, 2016
Category and number of persons granted	Directors of the Company (excluding Outside Directors) : 13 Executive Officers and certain other officers (excluding Directors who concurrently serve as Executive officers) : 23 Former Directors of the Company and Former Executive Officers and certain other officers : 2
Number of stock acquisition rights Note 6	5,619
Class, details and number of shares to be acquired upon exercise of stock acquisition rights Note 6	Common stock of Panasonic 561,900 shares Note 1
Subscription amount to be paid upon exercise of stock acquisition	One (1) yen
Exercise period of stock acquisition rights	From August 24, 2016 to August 23, 2046
Issue price for shares issued through the exercise of the stock acquisition rights and the amount capitalized as common stock	Issue price : 714 yen Note 2 Amount capitalized as common stock Note 3
Conditions for exercise of stock acquisition rights	Note 4
Matters regarding transfer of stock acquisition rights	The stock acquisition rights cannot be acquired through transfer, unless such acquisition is expressly approved by a resolution of the Board of Directors.
Matters regarding grant of stock acquisition rights accompanying reorganization	Note 5

(Notes)

1-3, 5, 6. Same as respective notes of resolution of the Board of Directors meeting held on July 31, 2014 and resolution of the Board of Directors meeting held on July 29, 2015.

4. (i) During the period when the stock acquisition rights may be exercised, the Holder may exercise the stock acquisition rights on and after the day immediately following the date on which such Holder loses the status of Director, Executive Officer, Audit & Supervisory Board Member or any status equivalent thereto, of Panasonic, or the day immediately following the day when three (3) years have transpired since the day immediately following the day the stock acquisition rights were allotted, whichever falls earlier.

(ii) Notwithstanding (i) above, if proposal for approval of a merger agreement under which Panasonic shall become a dissolving company or proposal for approval of a share exchange agreement or share transfer plan under which Panasonic shall become a wholly-owned subsidiary is approved at a general meeting of shareholders (or, if a resolution of a general meeting of shareholders is not required, is approved by a resolution of the Board of Directors), stock acquisition rights can be exercised only in a 15 day-period commencing from the day immediately following the date (inclusive) when the proposal is approved. Provided it excludes where the allotment of stock acquisition rights by the Reorganized Company to the Holder in accordance with "Matters regarding grant of stock acquisition rights accompanying reorganization" above is stipulated in a merger agreement, a share exchange agreement, or a share transfer plan.

(iii) (i) above shall not be applicable to those who have succeeded to the stock acquisition rights by inheritance.

(iv) If the Holder waives the stock acquisition rights, the relevant stock acquisition rights may not be exercised thereafter.

Resolution date of the Board of Directors	July 31, 2017	June 28, 2018
Category and number of persons granted	Directors of the Company (excluding Outside Directors) : 8 Executive Officers and certain other officers (excluding Directors who concurrently serve as Executive officers) : 31 Former Executive Officer : 1	Directors of the Company (excluding Outside Directors) : 7 Executive Officers and certain other officers (excluding Directors who concurrently serve as Executive officers) : 34 Former Executive Officer : 1
Number of stock acquisition rights Note 6	3,318	3,473
Class, details and number of shares to be acquired upon exercise of stock acquisition rights Note 6	Common stock of Panasonic 331,800 shares Note 1	Common stock of Panasonic 347,300 shares Note 1
Subscription amount to be paid upon exercise of stock acquisition	One (1) yen	One (1) yen
Exercise period of stock acquisition rights	From August 24, 2017 to August 23, 2047	From July 19, 2018 to July 18, 2048
Issue price for shares issued through the exercise of the stock acquisition rights and the amount capitalized as common stock	Issue price : 1,129 yen Note 2 Amount capitalized as common stock Note 3	Issue price : 1,065 yen Note 2 Amount capitalized as common stock Note 3
Conditions for exercise of stock acquisition rights	Note 4	
Matters regarding transfer of stock acquisition rights	The stock acquisition rights cannot be acquired through transfer, unless such acquisition is expressly approved by a resolution of the Board of Directors.	
Matters regarding grant of stock acquisition rights accompanying reorganization	Note 5	

(Notes)

1-3, 5, 6. Same as respective notes of resolution of the Board of Directors meeting held on July 31, 2014 and resolution of the Board of Directors meeting held on July 29, 2015.

4. (i) During the period when the stock acquisition rights may be exercised, the Holder may exercise the stock acquisition rights on and after the day immediately following the date on which such Holder loses the status of Director, Executive Officer, Audit & Supervisory Board Member or any status equivalent thereto, of Panasonic, or the day immediately following the day when three (3) years have

transpired since the day immediately following the day the stock acquisition rights were allotted, whichever falls earlier.

(ii) Notwithstanding (i) above, if proposal for approval of a merger agreement under which Panasonic shall become a dissolving company or proposal for approval of a share exchange agreement or share transfer plan under which Panasonic shall become a wholly-owned subsidiary is approved at a general meeting of shareholders (or, if a resolution of a general meeting of shareholders is not required, is approved by a resolution of the Board of Directors), stock acquisition rights can be exercised only in a 15 day-period commencing from the day immediately following the date (inclusive) when the proposal is approved. Provided it excludes where the allotment of stock acquisition rights by the Reorganized Company to the Holder in accordance with "Matters regarding grant of stock acquisition rights accompanying reorganization" above is stipulated in a merger agreement, a share exchange agreement, or a share transfer plan.

(iii) (i) above shall not be applicable to those who have succeeded to the stock acquisition rights by inheritance.

(iv) If the Holder waives the stock acquisition rights, the relevant stock acquisition rights may not be exercised thereafter.

2) Details of rights plans

Not applicable.

3) Other share acquisition rights

Not applicable.

(3) Information on moving strike convertible bonds, etc.

Not applicable.

(4) Changes in the total number of issued shares and the amount of common stock, etc.

Date	Change in the total number of issued shares (Thousands)	Balance of the total number of issued shares (Thousands)	Change in common stock (millions of yen)	Balance of common stock (millions of yen)	Change in capital reserve (millions of yen)	Balance of capital reserve (millions of yen)
August 31, 2013*	—	2,453,053	—	258,740	(568,212)	—

* The full amount of the capital reserve was reduced and the reduced amount was allocated to other capital surplus, pursuant to Article 448, Paragraph 1 of the Companies Act.

(5) Composition of Issued Shares by Type of Shareholders

As of March 31, 2019

Class	Status of shares (one unit of stock: 100 shares)								Number of shares less than one unit (shares)
	National and local governments	Financial institutions	Financial instruments business operators	Other institutions	Foreign shareholders: Non-individuals	Foreign shareholders: Individuals	Individual and others	Total	
Number of shareholders (persons)	1	201	91	3,410	955	514	452,957	458,129	–
Share ownership (units)	1	7,816,608	721,502	1,675,752	7,070,691	11,200	7,161,145	24,456,899	7,363,597
Percentage of shares (%)	0.00	31.96	2.95	6.85	28.91	0.05	29.28	100.00	–

(Notes)

1. Of 120,663,025 shares of treasury stock, 1,206,630 units are included in “Individual and others,” and 25 shares are included in “Number of shares less than one unit.”
2. Of the shares registered in the name of Japan Securities Depository Center, Inc., 127 units are included in “Other institutions,” and 89 shares are included in “Number of shares less than one unit.”

(6) Major shareholders

As of March 31, 2019

Name	Address	Share ownership (in thousands of shares)	Percentage of total issued shares (excluding treasury stock) (%)
Japan Trustee Services Bank, Ltd. (trust account) Note 2	8-11, Harumi 1-chome, Chuo-ku, Tokyo	182,669	7.83
The Master Trust Bank of Japan, Ltd. (trust account) Note 3	11-3, Hamamatsucho 2-chome, Minato-ku, Tokyo	161,292	6.91
Nippon Life Insurance Company	5-12, Imabashi 3-chome, Chuo-ku, Osaka-shi, Osaka	69,056	2.96
Japan Trustee Services Bank, Ltd. (trust account 5) Note 2	8-11, Harumi 1-chome, Chuo-ku, Tokyo	44,829	1.92
JP Morgan Chase Bank 385151 (Standing proxy: Mizuho Bank, Ltd.)	25 Bank Street, Canary Wharf, London, E14 5JP, United Kingdom (5-5, Otemachi 1-chome, Chiyoda-ku, Tokyo)	42,488	1.82
Panasonic Corporation Employee Shareholding Association	1006, Oaza Kadoma, Kadoma-shi, Osaka	41,344	1.77
Sumitomo Life Insurance Co.	4-35, Shiromi 1-chome, Chuo-ku, Osaka-shi, Osaka	37,465	1.60
State Street Bank West Client - Treaty 505234 (Standing proxy: Mizuho Bank, Ltd.)	1776 Heritage Drive, North Quincy, MA 02171, U.S.A. (5-5, Otemachi 1-chome, Chiyoda-ku, Tokyo)	34,671	1.48
Japan Trustee Services Bank, Ltd. (trust account 7) Note 2	8-11, Harumi 1-chome, Chuo-ku, Tokyo	34,218	1.46
JP Morgan Chase Bank 385632 (Standing proxy: Mizuho Bank, Ltd.)	25 Bank Street, Canary Wharf, London, E14 5JP, United Kingdom (5-5, Otemachi 1-chome, Chiyoda-ku, Tokyo)	33,435	1.43
Total	—	681,471	29.21

(Notes)

1. Holdings of less than 1,000 shares have been omitted.
2. The numbers of shares held by Japan Trustee Services Bank, Ltd. (trust account), Japan Trustee Services Bank, Ltd. (trust account 5) and Japan Trustee Services Bank, Ltd. (trust account 7) reflect the shares entrusted by Sumitomo Mitsui Trust Holdings, Inc. and other corporations, which have been originally entrusted in their trust services.
3. The number of shares held by The Master Trust Bank of Japan, Ltd. (trust account) reflects the shares entrusted by Mitsubishi UFJ Trust and Banking Corporation and other corporations, which have been originally entrusted in their trust services.

4. Amendment to Report of Possession of Large Volume was submitted by BlackRock Japan Co., Ltd. and its five joint holders dated March 22, 2017. Panasonic Corporation can not confirm the actual status of shareholdings on the standard date of voting exercise.
   The shareholding status as of March 15, 2017 according to the report is as follows.

Name of Shareholder	Number of share certificates, etc. held (in thousands of shares)	Percentage of share certificates held (%)
BlackRock Japan Co., Ltd.	42,283	1.72
BlackRock Life Limited	5,403	0.22
BlackRock Asset Management Ireland Limited	8,843	0.36
BlackRock Fund Advisors	28,729	1.17
BlackRock Institutional Trust Company, N.A.	33,041	1.35
BlackRock Investment Management (UK) Limited	4,409	0.18
Total	122,710	5.00

(7) Information on voting rights

1) Total number of shares issued

As of March 31, 2019

Classification	Number of shares (shares)	Number of voting rights	Description
Shares without voting right	—	—	—
Shares with restricted voting right (treasury stock, etc.)	—	—	—
Shares with restricted voting right (others)	—	—	—
Shares with full voting right (treasury stock, etc.)	(Treasury stock) Common stock 120,663,000	—	Standard common stock of the Company without any restriction
	(Crossholding stock) Common stock 14,838,300	—	Same as above
Shares with full voting right (others)	Common stock 2,310,188,600	23,101,886	Same as above
Shares less than one unit	Common stock 7,363,597	—	Shares less than one unit (100 shares)
Number of issued shares	2,453,053,497	—	—
Total number of voting rights	—	23,101,886	—

(Notes)
1. 12,700 shares (127 voting rights) and 89 shares registered in the name of Japan Securities Depository Center, Inc. are included in "Shares with full voting right (others) " and "Shares less than one unit," respectively.
2. Treasury stock and crossholding stock described below are included in "Shares less than one unit."
   Treasury stock: Panasonic Corporation (25 shares)
   Crossholding stock: Panasonic Employee Cooperation Society, Inc. (7 shares), Asahi Plating Co., Ltd. (71 shares), AC Techno SANYO Co., Ltd. (75 shares)

2) Treasury stock, etc.

As of March 31, 2019

Name of shareholder	Address	Number of shares held under own name (shares)	Number of shares held under the name of others (shares)	Total shares held (Shares)	Percentage of total issued shares (%)
(Treasury stock) Panasonic Corporation	1006, Oaza Kadoma, Kadoma-shi, Osaka	120,663,000	—	120,663,000	4.91
(Crossholding stock) Panasonic Employee Cooperation Society, Inc.	1006, Oaza Kadoma, Kadoma-shi, Osaka	14,798,800	—	14,798,800	0.60
Asahi Plating Co., Ltd.	5-16, Shinmori 4-chome, Asahi-ku, Osaka-shi, Osaka	23,400	—	23,400	0.00
Osaka National Electric Works Co., Ltd.	7-21, Imagawa 8-chome, Higashisumiyoshi-ku, Osaka-shi, Osaka	10,000	—	10,000	0.00
AC Techno SANYO Co., Ltd.	597-1, Nisshincho 3-chome, Kita-ku, Saitama-shi, Saitama	5,100	—	5,100	0.00
Sanin Panasonic Corporation	416, Watarihashicho, Izumo-shi, Shimane	1,000	—	1,000	0.00
Crossholding stock total	—	14,838,300	—	14,838,300	0.60
Total	—	135,501,300	—	135,501,300	5.52

2. Information on Acquisition of Treasury Stock, etc.

Class of shares
Acquisition of common stock under Article 155, Item 7 of the Companies Act.

(1) Acquisition of treasury stock resolved at the general meeting of shareholders

Not applicable.

(2) Acquisition of treasury stock resolved at the Board of Directors meetings

Not applicable.

(3) Details of acquisition of treasury stock not based on the resolutions of the general meeting of shareholders or the Board of Directors meetings

Classification	Number of shares (shares)	Total amount (yen)
Treasury stock acquired during the fiscal year ended March 31, 2019	39,084	50,271,340
Treasury stock acquired during the current period	3,833	3,741,082

(Note)
With regard to “Treasury stock acquired during the current period,” the number of treasury stock acquired due to requests to purchase stock less than one unit shares from June 1, 2019 to the filing date is not included.

(4) Status of the disposition and holding of acquired treasury stock

Classification	Fiscal year ended March 31, 2019		Current period	
	Number of shares (shares)	Total disposition amount (yen)	Number of shares (shares)	Total disposition amount (yen)
Acquired treasury stock which was offered to subscribers	—	—	—	—
Acquired treasury stock which was canceled	—	—	—	—
Acquired treasury stock which was transferred due to merger, share exchange or company split	—	—	—	—
Others Note 2	94,362	164,845,619	360	628,864
Total numbers of treasury stock held	120,663,025	—	120,666,498	—

(Notes)
1. With regard to “Number of shares (shares)” and “Total disposition amount (yen)” of the current period, the number of treasury stock which was sold or acquired due to requests from shareholders holding less than one unit shares to purchase or sell additional shares from June 1, 2019 to the filing date are not included.
2. The breakdown of “others” in “Fiscal year ended March 31, 2019” are selling due to requests from shareholders holding shares less than one unit shares to sell additional shares (Number of shares 2,462 shares, Total disposition amount 4,300,988 yen) and exercise of stock acquisition rights (Number of shares 91,900 shares, Total disposition amount 160,544,631 yen)
The breakdown of “others” in “Current period” are selling due to requests from shareholders holding shares less than one unit shares to sell additional shares (Number of shares 360 shares, Total disposition amount 628,864 yen)

3. Dividend Policy

Since its foundation, Panasonic has managed its businesses under the concept that returning profits to shareholders is one of its most important policies. From the perspective of providing returns on the capital investment made by shareholders, the Company, in principle, distributes profits to shareholders based on its business performance and strives to provide stable and continuous dividends, targeting a dividend payout ratio of approximately 30% with respect to consolidated net profit attributable to Panasonic Corporation stockholders.

Panasonic pays dividends twice a year, an interim and a year-end. Dividends are resolved at the Board of Directors meeting under articles of incorporation.

In view of this basic policy as well as its current financial position, Panasonic expects to pay an annual dividend of 30 yen per share for fiscal 2019, which includes the interim dividend of 15 yen per share and a year -end dividend of 15 yen per share.

The Company will utilize its internal reserve funds for further enhancing the management structure and future business development.

Dividends for the 112th term are as follows.

Resolution date	Total amount of dividends (Millions of yen)	Dividends per share (yen)
The Board of Directors meeting held on October 31, 2018	34,986	15.0
The Board of Directors meeting held on May 9, 2019	34,986	15.0

4. Corporate Governance, etc.

This section includes the matters of consolidated companies. This section refers to the matters as of June 28, 2019, the date of the filing of this annual securities report, unless otherwise indicated.

(1) Corporate Governance

1) Basic Policy of Corporate Governance

The Company, since its establishment, has operated its business under its business 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 increase corporate value by fulfilling accountability through dialogue with various stakeholders such as shareholders and customers, making 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 the important basic structure for the aforementioned purpose, and endeavors to establish and strengthen the effective corporate governance structure based on the Audit & Supervisory Board System composed of the Board of Directors which is responsible for deciding important operational matters for the whole Group and monitoring the execution of business by Directors, and Audit & Supervisory Board Member (A&SB Member) / Audit & Supervisory Board (A&SB) which are independent from the Board of Directors and responsible for auditing the performance of duties by Directors.

The Company conducts the following activities to enhance effectiveness of its corporate governance.

1. Secures the rights and equal treatment of shareholders.
2. Endeavors to appropriately cooperate with stakeholders such as employees, customers, business partners and local societies with the recognition that its sustainable growth is brought about as a result of receiving resources and contributions from such stakeholders.
3. Appropriately discloses corporate information and ensure transparency of the management.
4. Given its fiduciary responsibility and accountability to shareholders, the Board of Directors set the broad direction of corporate strategy, establish an environment where appropriate risk-taking is supported and carry out effective oversight of Directors and management from an independent and objective standpoint.
5. Engages in constructive dialogue with shareholders in order to contribute to the sustainable growth and the increase of corporate value over the mid- to long-term.

2) Overview and background of corporate governance structure

(a) Overview of corporate governance structure

In the Company, each of thirty-eight (38) business divisions of basic management units, autonomously manages R&D, production and sales as well as its cash and profit on a global and regional basis.

In order to support these business divisions, the Company introduced divisional company system. The five (5) business-based companies (Appliances, Life Solutions, Connected Solutions, Automotive, and Industrial Solutions) and the two (2) region-based companies (China & Northeast Asia and US) have been promoting the divisions' evolution and change in the area in which they have responsibility and taking a leading role to realize growth strategy. The Company also established Corporate Strategy Division, which is responsible for the strategic management throughout the group, to promote enhancement of the corporate value by formulating mid- and long-term group-wide strategies. In addition, the Company incorporated Professional Business Support Sector which assumes the function of the group-wide management control in terms of developing and improving the Company wide rules and systems infrastructure, implementing internal audit, internal control and compliance activities required to the listed company and the legal entity, and responding to the stakeholders. Also the Company established Innovation Promotion Sector which assumes the function of creating new business projects and business models focused on AI/IoT technologies, contributing to the business with its innovation technologies and production technologies, and overseeing the Company-wide technology development, manufacturing and designing.

[The Board of Directors and Executive Officer System]

The Board of Directors, which is composed of eleven (11) Directors including four (4) Outside Directors, of which one (1) is a woman (at least one-third of its Directors are Outside Directors), seeks to ensure the diversity of the knowledge, experience and qualifications of the Board of Directors as a whole. Chairman of the Board who is not involved in execution of business takes on the position of a chairman.

In accordance with the Companies Act of Japan and related laws and ordinances (collectively, the "Companies Act"), the Board of Directors has ultimate responsibility for administration of the Company's affairs and monitoring of the execution of business by Directors.

Under the seven (7) Divisional Company-based management structure, the Company has empowered each of seven (7) Divisional Companies and business divisions through delegation of authority. At the same time, the Company employs an Executive Officer system to provide the execution of business at its various domestic and overseas group companies. This system facilitates the development of optimum corporate strategies that integrate the Group's comprehensive strengths. The Company has fifty (50) Executive Officers (including those who concurrently serve as Directors), which include President, Vice President, senior managements of each of seven (7) Divisional Companies, senior officers responsibly for certain foreign regions and officers responsible for corporate functions.

In addition, in order to ensure swift and strategic decision-making, along with sound and appropriate monitoring at the same time, the Board of Directors, as a decision-making body for Group-wide matters, concentrates on decisions about the corporate strategies and the supervision of the seven (7) Divisional Companies. Taking into consideration the diverse scope of its business operations, the Company has opted to maintain a system where Executive Officers, who are most familiar with the specifics of the operations, take an active part in the Board of Directors. Moreover, to clarify the responsibilities of Directors and build a structure of the Board of Directors flexibly, the Company limits the term of each Director to one (1) year.

[Audit & Supervisory Board Members (A&SB Members) and Audit & Supervisory Board (A&SB)]

Pursuant to the Companies Act, the Company elected five (5) A&SB Members (one (1) of them is a woman member) including three (3) Outside A&SB Members, with majority of them being Outside A&SB Members, and established A&SB made up of A&SB Members. The A&SB Members and A&SB monitor the status of corporate governance and audit the day-to-day activities of management, including the performance of duties by Directors. Additionally, the Company elected A&SB Members who have substantial finance and accounting knowledge.

[Nomination and Compensation Advisory Committee]

The Company established the Nomination and Compensation Advisory Committee in 2015. Upon receiving inquiries from the Board of Directors, the committee deliberates on the results of internal reviews regarding the nomination of candidates for Director, Executive Officer, and Audit & Supervisory Board Member, and also on the appropriateness of the remuneration system for Directors and Executive Officers.

As of the date of submission of this report, the Committee consists of five (5) members; Outside Director Hiroko Ota (Chairperson), Outside Director Kazuhiko Toyama, Outside Director Yoshinobu Tsutsui, Director and Chairman of the Board Shusaku Nagae, and Representative Director and President Kazuhiro Tsuga. The Company has been enhancing objectivity and transparency of the committee by ensuring that Outside Directors constitute a majority of its membership with one of them serving the chairperson.

[Conduct and utilization of evaluation of the Board of Directors effectiveness]

The Company, to enhance effectiveness of the Board of Directors, conducts a survey to all the Board members who attend the meeting annually, and reports the results and evaluations of the survey at the Board. The items of the survey in the fiscal 2019 are;

・Discussion session and compliance business reports
・Role of Board of Directors
・Composition of Board of Directors and audit of execution of duties performed by Audit & Supervisory Board Members
・Delegation of authority to the executive side
・Nomination and Compensation Advisory Committee

Upon analyzing the results of the survey, 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. Findings with respect to strengthening functions of the Board of Directors, however, included opinions regarding the need to further continue discussions on mid- to long term business strategy and compliance. As such, the Company is successively addressing such issues and implementing improvements.

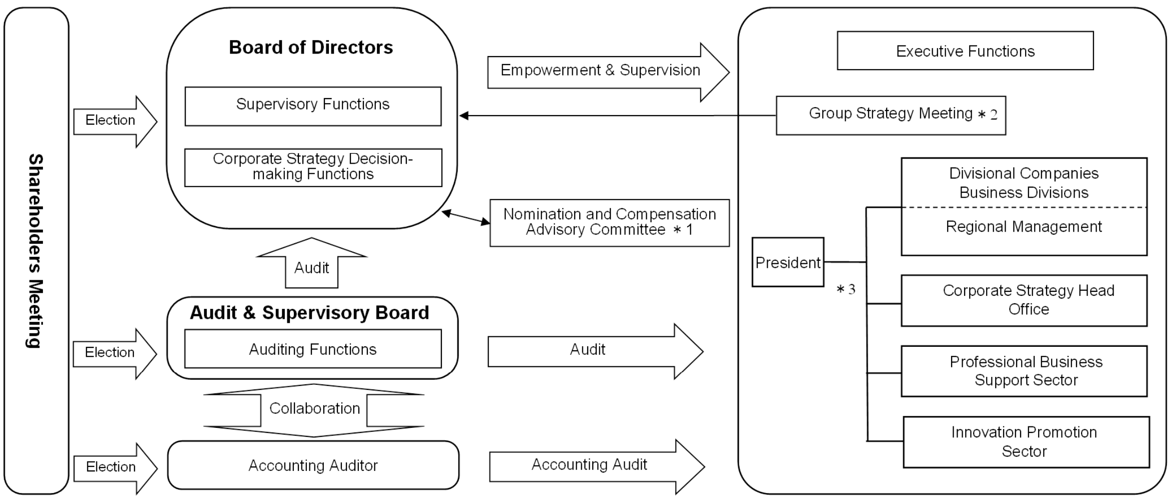
[Group Strategy Meeting]

The Company holds, approximately twice a month in general, the Group Strategy Meeting to discuss and set the direction of the Company's mid- to long-term strategies and important issues from 2012.Chaired by Representative Director, President, Kazuhiro Tsuga, Members of "Group management team," which consist of approximately ten (10) people in managerial position, including the President and presidents of seven (7) Divisional Companies, and a non-Japanese Executive Officer, attend the Group Strategy Meeting, and the responsible persons of the related businesses and functions also participate in the meeting, depending on the matter to be discussed. Presidents' names of seven (7) Divisional Companies etc. are listed in the (Notes) 9 of the Names List for "(2) Member of the Board of Directors and Audit & Supervisory Board Members."

(b) Background of corporate governance structure

The Company determined that it is appropriate to build and enhance its corporate governance structure based on the Board of Directors and the Audit & Supervisory Board System composed of A&SB Members and A&SB, leveraging Nomination and Compensation Advisory Committee and the scheme of Evaluation of the Board of Directors Effectiveness.

＜Reference: Diagram of Corporate Governance Structure＞



＊1 Deliberating inquires and reporting on results to the Board of Directors
＊2 Complementing a decision-making in the Board of Directors
＊3 Including the affiliated companies (Japan and overseas), etc

3) Basic Policy on Internal Control Systems and Status of the Operation of the System

The Company's Board of Directors made the following resolution concerning the Company's basic policy regarding the development of internal control systems. It was decided at the Board of Directors' meeting held on July 31, 2018 that this basic policy should be continued with some amendments made to it to reflect the business environment, status of the Company, etc. The details are as follows:

[Basic Policy Regarding the Development of Internal Control Systems]

(a) System for ensuring legal compliance in the performance of Directors' duties

The Company shall ensure legal compliance in the performance of Directors' duties by developing effective corporate governance and monitoring systems, as well as by ensuring total compliance awareness among Directors.

(b) System for retention and management of information pertaining to the performance of Directors' duties

The Company shall properly retain and manage information on the performance of Directors' duties in accordance with all applicable laws and regulations and the internal rules of the Company.

(c) Rules and other measures for financial risk management

The Company shall establish rules for risk management, and identify material risk through assessment of risks affecting management of the business. The Company shall also take countermeasures against each material risk, while monitoring the progress of such countermeasures with the aim of seeking continual improvement.

(d) System for ensuring efficiency of the performance of Directors' duties

The Company shall ensure efficiency in the performance of Directors' duties by clarifying business goals based on its business strategies, and examining progress towards achievement of such goals, while seeking to expedite decision-making.

(e) System for ensuring compliance with applicable laws in the performance of employees' duties

The Company shall seek to increase employees' awareness of compliance issues by clarifying the Company's compliance policy. The Company shall also ensure legal compliance in the performance of employees' duties by developing effective monitoring systems.

(f) System for ensuring the properness of operations across the Panasonic Group

While respecting the autonomy of each Group company's management practices, the Company shall fully ensure that Group companies adhere to the Company's management policy, management philosophy and basic policy regarding the development of internal control systems, and shall develop a system for reporting to the Company to thoroughly ensure proper operations of the Panasonic Group as a whole.

(g) Employees who assist A&SB Members in auditing, and such employees' independence from Directors

The Company shall establish a body independent from Directors, tasked with enhancing the effectiveness of audits by A&SB Members and facilitating the smooth performance of audits.

(h) Ensuring effectiveness of instructions given by A&SB Members to employees who assist A&SB Members

Staff members assisting the A&SB Members, while still subject to the internal rules of the Company, shall be under the instruction and supervision of the respective A&SB Members, and personnel-related matters shall be undertaken upon prior discussion with A&SB Members.

(i) System for Directors, employees and other staffs of the Company and its subsidiaries to report to the Company's A&SB Members

The Company shall ensure opportunities and systems that enable Directors, employees and other staffs of the Company and Group companies to properly report to the respective A&SB Members, and moreover shall ensure opportunities and systems that enable audit & supervisory officers, who are non-statutory full-time auditors, of Divisional Companies and other such bodies, and A&SB Members of Group companies to report to the Company's A&SB Members.

(j) System for ensuring that parties who have reported to A&SB Members do not incur unfavorable treatment as a consequence of such reporting

In ensuring opportunities and systems for Company and Group company employees and other staffs to report to A&SB Members, the Company shall make sure that employees and other staffs who have duly reported do not incur unfavorable treatment as a consequence of such reporting.

(k) Policy on management of expenses and debt incurred in execution of A&SB Member duties

The Company shall calculate budgets on an annual basis for expenses arising with respect to the execution of duties of A&SB Members to ensure effectiveness of audits, and moreover shall provide pre-payment or reimbursement in accordance with laws and regulations with respect to expenses incurred beyond amounts budgeted.

(l) Other systems for ensuring effective performance of audits by the A&SB Members

The Company shall have audit & supervisory officers assigned to Divisional Companies and other such entities to assist with audits by A&SB Members. Moreover, the Company shall develop a system enabling effective performance of audits, including mutual cooperation with the accounting auditors and the internal auditing group, in accordance with the Audit Plan established by the A&SB Members each year.

[Status of Basic Policy Implementation in the Company]

(a) System for ensuring legal compliance in the performance of Directors' duties

- The Company has established internal rules such as the Panasonic Code of Conduct and the Code of Ethics for Directors and Executive Officers, and endeavors to ensure that its Directors act in accordance with laws, regulations and the Company's Articles of Incorporation. Additionally, when Directors assume their positions, the Company provides them with opportunities to acquire the knowledge necessary to fulfill their roles and obligations, and during their terms of office it continues to provide Directors with opportunities to acquire the knowledge they need, including presentations on management and compliance by external experts as required.
- The Company strengthens its supervisory functions by making the composition of Outside Directors of the Board of Directors Meeting to be one third or more and by providing opportunities for the Outside Directors to actively communicate through Board of Directors' meetings and other such occasions. The Company has also established a Nomination and Compensation Advisory Committee whose composition ratio of Outside Directors to be majority, and whose chairperson to be an Outside Director to ensure objectivity and transparency in the process of determining the nomination and remuneration of Directors.
- Audits are conducted by A&SB Members and the Audit & Supervisory Board. In addition, at the Divisional Companies, management committees have been established and audit & supervisory officers have been appointed, which correspond in function to the Board of Directors and the A&SB Members, respectively.
- The Company aims to resolutely prevent any association with anti-social forces (such as organized criminal networks) through initiatives that include implementing training for members of the Board of Directors, partially revising the Regulations of Executive Officers, and obtaining written pledges with regard to combating organized crime within the Company.

(b) System for retention and management of information pertaining to the performance of Directors' duties

The minutes of meetings of the Board of Directors are prepared after each meeting of the Board of Directors and retained permanently by the section responsible for administration relating to the Board of Directors. Records of approval by the President are also retained permanently by the responsible department.

(c) Rules and other measures for financial risk management

Based on Basic Risk Management Regulations, the Company identifies material risks by collecting and assessing information on risks in an integrated and comprehensive fashion through the Global and Group (G&G) Risk Management Committee, and takes countermeasures proportionate to the materiality of each risk.

(d) System for ensuring efficiency of the performance of Directors' duties

- The Company expedites decision-making through Rules of Approval for Decision-making in Important Matters, the clarification of roles between Directors and Executive Officers, the delegation of authority to entities such as Divisional Companies and business divisions, the holding of Group Strategy Meetings, and the implementation of an IT system that ensures the rapid and accurate collection and transmission of important management information.
- The Company plans and implements measures to achieve the business goals it sets based on its business strategies by confirming and examining the status of progress towards the goals at the time of monthly settlement of accounts.

(e) System for ensuring compliance with applicable laws in the performance of employees' duties

- The Company has established internal rules such as the Panasonic Code of Conduct and implements various awareness-building activities such as its Compliance Awareness Month on a Company-wide basis as well as training tailored to specific employee levels and e-learning.
- The Company seeks to detect improper acts at an early stage through conducting operational audits and internal control audits, and operating hotlines that support global languages in addition to other measures. In addition, the Panasonic Code of Conduct stipulates that whistleblowers shall not be subject to unfavorable treatment as a consequence of having used the hotline or other means to report violations of laws or regulations, or concerns otherwise in that regard.
- The Company is stepping up its efforts to implement fair business practices emphasizing compliance and taking measures to change of its business environments accordingly by establishing organizations that perform the functions of promotion of fair business, business legal affairs, risk management, and administration of corporate governance.
- The Company aims to resolutely prevent any association with anti-social forces (such as organized criminal networks) by assigning an employee in the division overseeing such preventative measures specifically to the task of blocking any relations with such forces, and through initiatives that include partially revising the Employee Work Regulations, and obtaining written pledges with regard to combating organized crime within the Company.

(f) System for Ensuring the Properness of Operations across the Panasonic Group

- The Company ensures that basic policy for internal control systems is fully implemented by Group companies, and disseminates relevant information among Group companies. Initiatives to that end include: implementing the Panasonic Code of Conduct and the Rules of Approval for Decision-Making in Important Matters; implementing group-wide regulations respecting individual professional functions; dispatching Directors and A&SB Members to Group companies and exercising the Company's shareholder rights thereof; establishing the governance rules whose observance to be ensured by Group companies, conducting regular operational audits and internal control audits of Group companies through the internal auditing group, and; sharing and disseminating information on business objectives through management policy announcements.
- The framework described above ensures the properness of operations, thereby enabling the Panasonic Group to establish the internal controls necessary for financial reporting based on the Financial Instruments and Exchange Act.

(g) Employees who assist A&SB Members in auditing, and such employees' independence from Directors

The Company has established the Audit & Supervisory Board Member's Office, whose dedicated staff is under the direct control of the Audit & Supervisory Board and separate from any operating function of the

Company’s business. The Company assigns A&SB Member assistant staff members who possess appropriate capabilities and knowledge as required by the A&SB Members.

(h) Ensuring effectiveness of instructions given by A&SB Members to employees who assist A&SB Members

- Respective A&SB Members issue instructions to their staff members, and those staff members accordingly assist the A&SB Members in performing their duties.
- The Company consults with A&SB Members in advance of undertaking personnel-related matters including employee transfers and other affairs involving staff members who assist the A&SB Members.

(i) System for Directors, employees and other staffs of the Company and its subsidiaries to report to the Company's A&SB Members

- Directors, employees and other staffs of the Company and Group companies report on business operations and other issues at respective regular meetings held by A&SB Members and other such occasions, and also report as necessary at other important meetings with A&SB Members, where their attendance has been requested. Moreover, A&SB Members of Group companies report as necessary to the Company’s A&SB Members regarding content of reports at respective Group companies. Audit & supervisory officers conduct inquiries at respective Divisional Companies regarding business operations and issues at such Divisional Companies, and report such matters as necessary to the Company’s A&SB Members.
- The Company has established an Audit Report System by which employees of the Company and Group companies directly report to the Company’s Audit & Supervisory Board about irregularities or concerns in regards to accounting or auditing.

(j) System for ensuring that parties who have reported to A&SB Members do not incur unfavorable treatment as a consequence of such reporting

The Audit Report System enables parties to report matters anonymously, while the Panasonic Code of Conduct ensures that whistleblowers shall not be subject to unfavorable treatment as a consequence of such reporting.

(k) Policy on management of expenses and debt incurred in execution of A&SB Member duties

- To ensure effectiveness of audits, the Company calculates preliminary budgets with respect to anticipated expenses required by A&SB Members in executing their duties, in accordance with Audit & Supervisory Standards.
- The Company also provides pre-payment or reimbursement for expenses paid under urgent or extraordinary circumstances in accordance with laws and regulations.
- In making payment of audit expenses, A&SB Members are required to remain mindful of efficiency and appropriateness in that regard.

(l) Other systems for ensuring effective performance of audits by the A&SB Members

- Audit & supervisory officers tasked with monthly reporting and implementing liaison meetings are assigned to Divisional Companies and other such entities. Any decisions on personnel-related matters involving the audit & supervisory officers require the agreement of A&SB Members.
- The Company has established and operates the Panasonic Group Audit & Supervisory Board Members’ Meeting chaired by the Company’s Senior A&SB Member, in order to facilitate cooperation among the A&SB Members of the Company, the audit & supervisory officers of Divisional Companies and other such entities, and the A&SB Members of Group companies.
- Representative Directors and A&SB Members exchange opinions regularly and whenever necessary. Moreover, respective departments cooperate in implementing visiting audits of business offices inside and outside Japan conducted by A&SB Members. Internal auditing groups also cooperate to enhance the effectiveness of audits carried out by A&SB Members through collaboration with A&SB Members, including reporting as appropriate to the A&SB Members.

- When the accounting auditors formulate their audit plans, perform quarterly reviews, and conduct final audits, the A&SB Members hold regular meetings with the accounting auditors at which they receive explanations and reports, and exchange opinions with the accounting auditors as necessary.

Note: "Group companies" means subsidiaries as stipulated in the Companies Act.

4) The status of the Company's internal system concerning disclosure of corporate information

Under its basic philosophy, "A company is a public entity of society," the Company has committed to highly transparent business activities and endeavored to be accountable its accountability to its stakeholders. The Company's basic policy concerning information disclosure is set forth in the "Panasonic Code of Conduct," which prescribes specific items to be complied with in order to put the Group's business policy into practice, and the standards in the course of business is published on the Company's website as "the Disclosure Policy." The Company's basic policy is to provide the Company's fair and accurate financial information and corporate information, including management policies, business activities and corporate ESG (Environment, Social, Governance)activities, in a timely, appropriate and easily understandable manner.

In accordance with this basic policy, important matters concerning the management of the Group are resolved or reported at the Board of Directors pursuant to the Regulations of the Board of Directors. These important matters and other matters, which are required to be disclosed under relevant laws and ordinances in Japan and overseas or any other regulations, are timely and accurately reported from each relevant department, that has the important internal information, to the department that handles relevant information under the monitoring of the Chief Financial Officer (CFO), so that important information is gathered. Further, matters required to be disclosed under the rules of financial instruments exchanges are also under the monitoring of the CFO.

Also, if any of the matters which is required to be disclosed under relevant laws and ordinances in Japan and overseas, and the rules of financial instruments exchanges or any other regulations, occurs at the Company's business divisions including subsidiaries, such matter shall be immediately reported to the "Financial & Accounting Department" or the "Financial and, Finance & IR Department," depending upon the nature thereof; Thus, the Company has established a structure whereby these matters can be collected.

With respect to the information gathered or identified, the Company determines the necessity of disclosure thereof in accordance with relevant laws and ordinances in Japan and overseas, and the rules of financial instruments exchanges or any other regulations, and makes effort to disclose it at the time that the organization, which effectively decides execution of the business of the Company, makes a resolution or determination, or becomes aware of its occurrence.

In addition, the Company endeavors to confirm the contents and expressions of the disclosure with the relevant departments within the Company and outside legal counsel to ensure the accuracy, fairness and adequacy of the disclosure.

Moreover, the Company has established disclosure control procedures in order to comply with relevant laws and ordinances in Japan and overseas, the rules of financial instruments exchanges and any other regulations, and to implement the fair, accurate and timely disclosure of information about its Group, etc. In the process of preparation and confirmation of documents such as annual securities reports and quarterly reports, the Disclosure Committee, which is comprised of managers from principal departments that handle relevant information, confirms the validity of the content of the descriptions and the appropriateness of the procedures concerning the disclosure under the supervision of the President and the CFO, who are responsible for establishing, maintaining and ensuring the effectiveness of the internal control and disclosure control of the Company. The chairman of the Disclosure Committee is appointed by the President and the CFO, and the members of the Disclosure Committee are appointed by the chairman of the Disclosure Committee. The Disclosure Committee also develops, maintains, improves and evaluates the internal control procedures concerning disclosure matters.

5) Internal Control Over Financial Reporting

The Company has documented the actual status of its internal control system, 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, ranging from the control infrastructure to actual internal control activities. 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. Then, Internal Auditing Managers of the Divisional Companies appointed by the Company at each of the Divisional Companies, etc. conduct audits. Based on the audits, the Internal Control Promotion Office supervises the group-wide internal control audits in order to confirm the effectiveness of each company's financial reporting. With the aim of further enhancing the Group's internal control system, in fiscal 2019 Panasonic had approximately 400 personnel assigned to conduct internal audits in the Internal Auditing Group.

6) Contract between the Company and Outside Directors / Outside A&SB Members (A&SB Members) under Article 427, Paragraph 1 of the Companies Act

The Company has entered into liability limitation agreements with all Outside Directors and Outside A&SB Members, respectively, which limit the amount of their liability under Article 423, Paragraph 1 of the Companies Act to the aggregate of the amounts specified in Article 425, Paragraph 1 of the Companies Act, if they perform their duties in good faith and without significant negligence.

7) Matters to be resolved at general meetings of shareholders that can also be resolved by the Board of Directors

The Company stipulates in its Articles of Incorporation that unless otherwise provided by law, the Company may determine, by a resolution of the Board of Directors, a distribution of surplus or any other matters set forth in each item of Article 459, Paragraph 1 of the Companies Act. This is to enable the Company to more flexibly distribute profits to shareholders based on its consolidated business performance and to repurchase and cancel its own stock under its basic policy of providing returns to shareholders.

The Company, pursuant to Article 426, Paragraph 1 of the Companies Act, stipulates in its Articles of Incorporation that it may, by a resolution of the Board of Directors, exempt a Director (including a former Director) and a A&SB Member (including a former A&SB Member) from being held liable for his/her actions as set forth in Article 423, Paragraph 1 of the Companies Act to the extent permitted by applicable laws and ordinances, to enable the Directors and A&SB Members to perform their duties in a satisfactory manner.

8) Requirements for the adoption of resolutions for the election of Directors

The Company stipulates in its Articles of Incorporation that the presence of shareholders representing one-third or more of the voting rights held by the total shareholders entitled to exercise their voting rights and a majority of the votes held by those shareholders are required for the adoption of resolutions necessary to approve the election of Directors.

9) Requirements for the adoption of special resolutions of general meetings of shareholders

The Company stipulates in its Articles of Incorporation that the presence of shareholders representing one-third or more of the voting rights held by the total shareholders entitled to exercise their voting rights and two-thirds or more the votes held by those shareholders are required for the adoption of special resolutions of general meetings of shareholders which are stipulated in Article 309, Paragraph 2 of the Companies Act. By relaxing the requirements for a quorum for special resolutions of general meetings of shareholders, resolutions for those resolutions can be made with certainty.

(2) Member of the Board of Directors and Audit & Supervisory Board Members

1) List of Member of the Board of Directors and Audit & Supervisory Board Members
Consisting of 14 men and 2 women (the ratio of women members in the Board of Directors and Audit & Supervisory Board Members is 12.5%.)

Title	Name	Date of birth	Brief personal records		Term of office	Share ownership (100 shares)
Director, Chairman of the Board	Shusaku Nagae	January 30, 1950	Apr. 1972	Joined Matsushita Electric Works, Ltd. (MEW);	Note 4	419
			Dec. 2004	Managing Executive Officer, MEW;		
			June 2007	Managing Director, MEW;		
			June 2010	President, Panasonic Electric Works Co., Ltd. (former MEW);		
			Apr. 2011	Senior Managing Executive Officer of the Company / In charge of Lighting Company and Panasonic Ecology Systems Co., Ltd.;		
			Jan. 2012	In charge of Solution Business / President, Eco Solutions Company;		
			June 2012	Executive Vice President of the Company / In charge of Corporate Division for Promoting Energy Solution Business;		
			June 2013	Chairman of the Board of Directors (current position).		
Representative Director, President/ President/ CEO	Kazuhiro Tsuga	November 14, 1956	Apr. 1979	Joined the Company;	Note 4	728
			June 2001	Director, Multimedia Development Center;		
			June 2004	Executive Officer of the Company / In charge of Digital Network & Software Technology;		
			Apr. 2008	Managing Executive Officer of the Company / President, Panasonic Automotive Systems Company;		
			Apr. 2011	Senior Managing Executive Officer of the Company / President, AVC Networks Company;		
			June 2011	Senior Managing Director of the Company;		
			June 2012	President of the Company;		
			June 2017	Representative Director, President of the Company (current position) / President of the Company (current position) / Chief Executive Officer (CEO) (current position).		

Title	Name	Date of birth	Brief personal records		Term of office	Share ownership (100 shares)
Representative Director/ Executive Vice President	Mototsugu Sato	October 17, 1956	Apr. 1979 Apr. 2008 Apr. 2011 Oct. 2013 June 2014 Apr. 2015 Apr. 2016 Mar. 2017 June 2017 Apr. 2019	Joined Matsushita Electric Works, Ltd. (MEW); Executive Officer, MEW; Senior Executive Officer, Panasonic Electric Works Co., Ltd. (former MEW); Executive Officer of the Company / In charge of Planning; Director of the Company; Managing Director of the Company; Senior Managing Director of the Company / In charge of Human Resources; CEO, Panasonic Holding (Netherlands) B.V. (current position) ; Representative Director of the Company (current position) / Senior Managing Executive Officer of the Company / Chief Strategy Officer (CSO) / Chief Human Resources Officer (CHRO); Executive Vice President of the Company (current position).	Note 4	409
Representative Director/ Senior Managing Executive Officer/ CEO, Connected Solutions Company	Yasuyuki Higuchi	November 28, 1957	May 2003 May 2005 Mar. 2007 Apr. 2008 July 2015 Apr. 2017 June 2017	President and Representative Director, Hewlett-Packard Japan, Ltd.; President and Representative Director, The Daiei, Inc.; Representative Executive Officer and COO, Microsoft Kabushiki Kaisha (now Microsoft Japan Co., Ltd.) ; Representative Executive Officer and President, Microsoft Kabushiki Kaisha (now Microsoft Japan Co., Ltd.) ; Representative Executive Officer and Chairman, Microsoft Japan Co., Ltd.; Senior Managing Executive Officer of the Company / President (now CEO) , Connected Solutions Company (current position); Representative Director of the Company (current position) / Senior Managing Executive Officer of the Company (current position).	Note 4	218

Title	Name	Date of birth	Brief personal records		Term of office	Share ownership (100 shares)
Representative Director/ Senior Managing Executive Officer/ CEO, China & Northeast Asia Company	Tetsuro Homma	October 28, 1961	Apr. 1985 June 2012 Oct. 2013 Apr. 2015 June 2015 Apr. 2016 June 2017 Apr. 2019 June 2019	Joined the Company; General Manager, Corporate Planning Group; Executive Officer of the Company: Managing Executive Officer of the Company; President, Appliance Company; Managing Director of the Company; Senior Managing Director of the Company; Senior Managing Executive Officer of the Company (current position); CEO, China & Northeast Asia Company (current position); Representative Director of the Company (current position).	Note 4	251
Director	Yoshinobu Tsutsui	January 30, 1954	Apr. 2011 June 2015 Apr. 2018	President, Nippon Life Insurance Company; Director of the Company (current position); Chairman, Nippon Life Insurance Company (current position).	Note 4	-
Director	Hiroko Ota	February 2, 1954	Sep. 2006 Aug. 2008 June 2013 Apr. 2019	Minister of State for Economic and Fiscal Policy; Professor of National Graduate Institute for Policy Studies ; Director of the Company (current position). Senior Professor of National Graduate Institute for Policy Studies (current position).	Note 4	50
Director	Kazuhiko Toyama	April 15, 1960	Apr. 2003 Apr. 2007 June 2016	Senior Representative Director (COO), Industrial Revitalization Corporation of Japan; Representative Director (CEO), Industrial Growth Platform, Inc. (current position); Director of the Company (current position).	Note 4	140
Director	Kunio Noji	November 17, 1946	June 2007 Apr. 2013 June 2019	President and Representative Director, and CEO, Komatsu Ltd.; Representative Director and Chairman of the Board, Komatsu Ltd.; Senior Advisor, Komatsu Ltd. (current position)/ Director of the Company (current position).	Note 4	-

Title	Name	Date of birth	Brief personal records		Term of office	Share ownership (100 shares)
Director/ Managing Executive Officer/ CFO	Hirokazu Umeda	January 13, 1962	Apr. 1984 Oct. 2012 Apr. 2017 June 2017 Apr. 2018	Joined the Company; General Manager, Corporate Management Support Group, Corporate Strategy Division; Executive Officer of the Company / In charge of Accounting and Finance; Director of the Company (current position) / Executive Officer of the Company / Chief Financial Officer (CFO) (current position); Managing Executive Officer of the Company (current position) / President, Panasonic Equity Management Japan Co., Ltd. (now Panasonic Equity Management Japan G.K.) (current position).	Note 4	168
Director/ Managing Executive Officer/ GC/ CRO/ CCO	Laurence W. Bates	February 13, 1958	Mar. 1987 Sep. 1998 Apr. 2014 Apr. 2018 June 2018 Apr. 2019	Admitted to New York State Bar (current position); General Counsel-Japan, General Electric Company, Tokyo; Senior Managing Director and Chief Legal Officer, LIXIL Group Corporation, Tokyo; Executive Officer of the Company / General Counsel (GC) (current position) / Chief Risk Management Officer (CRO) (current position) / Chief Compliance Officer (CCO) (current position); Director of the Company (current position); Managing Executive Officer of the Company (current position).	Note 4	32

Title	Name	Date of birth	Brief personal records		Term of office	Share ownership (100 shares)
Senior Audit & Supervisory Board Member	Mamoru Yoshida	May 21, 1956	Apr. 1979 Apr. 2008 Apr. 2009 Apr. 2012 June 2012 Apr. 2013 Apr. 2015 June 2015 June 2016	Joined the Company; Vice President, Panasonic AVC Networks Company / Director, Network Business Group; Executive Officer of the Company / Senior Vice President, AVC Networks Company; Managing Executive Officer of the Company / President, AVC Networks Company; Managing Director of the Company; In charge of Technology, Intellectual Property and Information Systems; Senior Vice President, Appliances Company; Managing Executive Officer of the Company; Senior Audit & Supervisory Board Member of the Company (current position).	Note 5	358
Senior Audit & Supervisory Board Member	Toshihide Tominaga	August 3, 1957	Apr. 1980 Jan. 2013 June 2016 June 2018 June 2019	Joined the Company; Senior Councilor, Accounting Center, Industrial Devices Company of the Company; President, Panasonic Industrial Devices SUNX Co., Ltd.; Corporate Advisor , Panasonic Industrial Devices SUNX Co., Ltd.; Senior Audit & Supervisory Board Member of the Company (current position).	Note 7	136
Audit & Supervisory Board Member	Yoshio Sato	August 25, 1949	July 2007 July 2011 Apr. 2014 June 2014 July 2015	President and Director, Chief Executive Officer (Representative Director) of Sumitomo Life Insurance Company; President and Representative Director, Chief Executive Officer of Sumitomo Life Insurance Company; Chairman and Representative Director of Sumitomo Life Insurance Company; Audit & Supervisory Board Member of the Company (current position); Chairman of the Board of Sumitomo Life Insurance Company (current position).	Note 6	-

Title	Name	Date of birth	Brief personal records		Term of office	Share ownership (100 shares)
Audit & Supervisory Board Member	Toshio Kinoshita	April 12, 1949	July 1983 June 1994 July 1998 July 2007 July 2013 June 2014	Registered as Certified Public Accountant (Japan) (current position); Senior Partner of Chuo Audit Corporation; Managing Partner for Japanese Business Network of PricewaterhouseCoopers LLP National Office; Chief Executive of The Japanese Institute of Certified Public Accountants; Council Member of The Japanese Institute of Certified Public Accountants; Audit & Supervisory Board Member of the Company (current position).	Note 6	-
Audit & Supervisory Board Member	Mitsuko Miyagawa	February 13, 1960	Apr. 1986 Apr. 1995 June 2016	Registered as Attorney at Law (Japan) (current position); Partner, TMI Associates (current position); Audit & Supervisory Board Member of the Company (current position).	Note 5	10
Total						2,920

(Notes)
1. "Share ownership" of less than 100 shares has been omitted.
2. Yoshinobu Tsutsui, Hiroko Ota, Kazuhiko Toyama and Kunio Noji are outside directors.
3. Yoshio Sato, Toshio Kinoshita and Mitsuko Miyagawa are outside Audit & Supervisory Board Members.
4. The term of office of Directors, which commenced from the conclusion of the Ordinary General Meeting of Shareholders for the year ended March 31, 2019, shall expire at the conclusion of the Ordinary General Meeting of Shareholders for the year ending March 31, 2020.
5. The term of office of Mamoru Yoshida and Mitsuko Miyagawa, Audit & Supervisory Board Member, which commenced from the conclusion of the Ordinary General Meeting of Shareholders for the year ended March 31, 2016 shall expire at the conclusion of the Ordinary General Meeting of Shareholders for the year ending March 31, 2020.
6. The term of office of Yoshio Sato and Toshio Kinoshita, Audit & Supervisory Board Members, which commenced from the conclusion of the Ordinary General Meeting of Shareholders for the year ended March 31, 2018, shall expire at the conclusion of the Ordinary General Meeting of Shareholders for the year ending March 31, 2022.
7. The term of office of Toshihide Tominaga, Audit & Supervisory Board Member, which commenced from the conclusion of the Ordinary General Meeting of Shareholders for the year ended March 31, 2019 shall expire at the conclusion of the Ordinary General Meeting of Shareholders for the year ending March 31, 2023.
8. Main responsibilities and position are provided in the Title column.

9. Management execution of Panasonic group is mainly conducted by Executive Officers.

Title	Name	Responsibility
President	Kazuhiro Tsuga	Chief Executive Officer (CEO)
Executive Vice President	Mototsugu Sato	Director, Corporate Strategy Division In charge of General Affairs and Social Relations CEO, Panasonic Holding (Netherlands) B.V.
Senior Managing Executive Officer	Yoshiyuki Miyabe	Chief Technology Officer (CTO) Chief Manufacturing Officer (CMO) Chief Procurement Officer (CPO) Chief Information Officer (CIO)
Senior Managing Executive Officer	Tetsuro Homma	CEO, China & Northeast Asia Company Regional Head for China & Northeast Asia
Senior Managing Executive Officer	Masahisa Shibata	In charge of Automotive Sales
Senior Managing Executive Officer	Makoto Kitano	CEO, Life Solutions Company In charge of Construction Safety Regulations Administration Department
Senior Managing Executive Officer	Yasuyuki Higuchi	CEO, Connected Solutions Company
Senior Managing Executive Officer	Shinji Sakamoto	CEO, Industrial Solutions Company
Managing Executive Officer	Takashi Toyama	Representative in Tokyo In charge of Government and External Relations Director, Government and External Relations Division In charge of Tokyo Olympic & Paralympic Business Promotion
Managing Executive Officer	Yukio Nakashima	In charge of Customer Satisfaction Senior Vice President, Appliances Company In charge of Consumer Marketing Director, Consumer Marketing Sector for Japan Region
Managing Executive Officer	Daizo Ito	Regional Head for India, South Asia, Middle East and Africa Chairman, Panasonic India Pvt. Ltd. Senior Vice President, Life Solutions Company In charge of Global Marketing Director, Global Business Division
Managing Executive Officer	Toshiyuki Takagi	Senior Vice President, Appliances Company Director, Heating & Cooling Solutions Business Division
Managing Executive Officer	Tatsuo Katakura	Senior Vice President, Connected Solutions Company In charge of Global Solution Business and Global Gemba Process Business President, Panasonic System Solutions Japan Co., Ltd.
Managing Executive Officer	Kenji Tamura	Senior Vice President, Automotive Company Director, Automotive Infotainment Systems Business Division
Managing Executive Officer	Hirokazu Umeda	Chief Financial Officer (CFO) In charge of Groupwide Cost Busters Project and BPR Project President, Panasonic Equity Management Japan G. K.
Managing Executive Officer	Yuki Kusumi	CEO, Automotive Company
Managing Executive Officer	Hiroyuki Aota	Senior Vice President, Connected Solutions Company In charge of Global Gemba Process Business Director, Process Automation Business Division President, Panasonic Smart Factory Solutions Co., Ltd.

Title	Name	Responsibility
Managing Executive Officer	Masashi Yamada	Senior Vice President, Life Solutions Company In charge of Lifestyle Innovation Business Director, Housing Systems Business Division
Managing Executive Officer	Kiyoshi Otaki	Senior Vice President, Life Solutions Company In charge of Space Innovation Business Senior Vice President, China & Northeast Asia Company Director, Building and Housing Solutions Business Division
Managing Executive Officer	Masahiro Shinada	CEO, Appliances Company In charge of Consumer Business and FF Customer Support & Management
Managing Executive Officer	Laurence W. Bates	General Counsel (GC) Chief Risk Management Officer (CRO) Chief Compliance Officer (CCO) Director, Legal & Compliance Division
Executive Officer	Masahiro Ido	In charge of Solution Sales Director, Business Solutions Division In charge of MICE Business Promotion Director, MICE Business Promotion Division Director, Tokyo Olympic & Paralympic Enterprise Division
Executive Officer	Satoshi Takeyasu	Chief Brand Communications Officer (CBCO) Director, Groupwide Brand Communications Division In charge of Facility Management and Corporate Sports Promotion
Executive Officer	Junichiro Kitagawa	Vice President, Appliances Company In charge of Overseas Marketing Director, Consumer Marketing Division
Executive Officer	Yoshiyuki Iwai	In charge of Kansai External Relations and EXPO Promotion
Executive Officer	Makoto Ishii	In charge of Information Systems and Logistics Director, Groupwide Global Logistics Division Vice President, Appliances Company In charge of Information Systems and Logistics
Executive Officer	Michiko Ogawa	In charge of Technics Brand Vice President, Appliances Company In charge of Technology Director, Corporate Engineering Division General Manager, Technics Business Promotion
Executive Officer	Hirotoshi Uehara	Chief Quality Officer (CQO)
Executive Officer	Eiichi Katayama	Chief Strategy Officer (CSO) In charge of Business Development and Business Creation Project
Executive Officer	Thomas Gebhardt	CEO, US Company Regional Head for North America Chairman & CEO, Panasonic Corporation of North America
Executive Officer	Akira Kono	Vice President, Appliances Company Director, Consumer Marketing Division (Japan), Consumer Marketing Sector for Japan Region
Executive Officer	Masashi Nagayasu	Vice President, Automotive Company Director, Global Marketing & Sales Division
Executive Officer	Ryuji Matsushita	Vice President, Life Solutions Company In charge of Special Task
Executive Officer	Manish Sharma	President, Panasonic India Pvt. Ltd.
Executive Officer	Eiji Fujii	Vice President, Industrial Solutions Company In charge of Technology Director, Engineering Division

Title	Name	Responsibility
Executive Officer	Hiroyuki Tagishi	Vice President, Appliances Company Managing Director, Panasonic Appliances Asia Pacific
Executive Officer	Sadaaki Yokoo	Vice President, China & Northeast Asia Company Director, Cold Chain (China) Business Division Chairman, Panasonic Corporation of China
Executive Officer	Hideshi Fuchiue	Vice President, Appliances Company Director, Smart Life Network Business Division
Executive Officer	Masaharu Michiura	Vice President, Life Solutions Company In charge of Marketing for Japan Region Director, Marketing Division
Executive Officer	Toshinori Kishi	Vice President, Connected Solutions Company Director, Media Entertainment Business Division
Executive Officer	Shigeo Okuda	Vice President, Automotive Company In charge of Technology Director, R&D Division Director, Automotive Systems Business Division
Executive Officer	Tatsuo Ogawa	In charge of Manufacturing Innovation Director, Manufacturing Innovation Division
Executive Officer	Shigeru Dohno	Vice President, Appliances Company Director, Kitchen Appliances Business Division
Executive Officer	Yasumichi Murase	In charge of Mobility Solutions
Executive Officer	Shigeki Mishima	Chief Human Resources Officer (CHRO) General Manager, Corporate Human Resources Strategy Department, Corporate Strategy Division
Executive Officer	Mitsutoshi Shigeta	Vice President, Life Solutions Company Director, Energy Systems Business Division Director, Solar Systems Business Unit
Executive Officer	Eiji Maruyama	Vice President, Life Solutions Company Director, Lighting Business Division
Executive Officer	Wataru Baba	In charge of Corporate Innovation and Panasonic β Director, Business Innovation Division
Executive Officer	Yoshitaka Teraoka	Vice President, Industrial Solutions Company Director, Global Marketing & Sales Division
Executive Officer	Hiroaki Sakamoto	Vice President, Connected Solutions Company Director, Mobile Solutions Business Division

2) Outside Directors and Outside Audit & Supervisory Board Members (A&SB Members)
The Company elects four (4) Outside Directors and three (3) Outside A&SB Members.

Mr. Yoshinobu Tsutsui, an Outside Director of the Company, is a Chairman of Nippon Life Insurance Company. Although Nippon Life Insurance Company is one of the Major Shareholders of Panasonic, Mr. Tsutsui does not have any other noteworthy relationships with the Company.

Ms. Hiroko Ota, an Outside Director of the Company, as is described in “1) Member of the Board of Directors and Audit & Supervisory Board Members,” holds Panasonic shares, but does not have any other noteworthy relationships with the Company.

Mr. Kazuhiko Toyama, an Outside Director of the Company, as is described in “1) Member of the Board of Directors and Audit & Supervisory Board Members,” holds Panasonic shares, but does not have any other noteworthy relationships with the Company.

Mr. Yoshio Sato, an Outside A&SB Member of the Company, is Chairman of Sumitomo Life Insurance Company. Although Sumitomo Life Insurance Company is one of the Major Shareholders of Panasonic, Mr. Sato does not have any other noteworthy relationships with the Company.

Ms. Mitsuko Miyagawa, an Outside A&SB Member of the Company, as is described in “1). Member of the Board of Directors and Audit & Supervisory Board Members,” holds Panasonic shares, but does not have any other noteworthy relationships with the Company.

Note: Major Shareholders: Shareholders listed in (6) Major Shareholders of 1. Information on the Company's Stock, etc.

As for the four (4) Outside Directors, the Company elects them based on the independency stated in the Independence Standards for Outside Directors / Audit & Supervisory Board Members (A&SB Members) that the Company established, and the policy that the election will enhance and strengthen the effectiveness of the monitoring performed by the Board of Directors regarding the execution of business by Directors, from an objective and neutral standpoint. As for the three (3) Outside A&SB Members, the Company appoints them based on the independency stated in the Independence Standards for Outside Directors / Audit & Supervisory Board Members (A&SB Members) that the Company established, and the policy that the election will enhance and strengthen the effectiveness of the audits performed by A&SB Members regarding the execution of business by Directors, from an objective and neutral standpoint.

The Company has established the Independence Standards for Outside Directors / Audit & Supervisory Board Members (A&SB Members) based on the independence standard required by financial instruments exchange such as Tokyo Stock Exchange. Accordingly, all of the Outside Directors and Outside A&SB Members are notified to the financial instrument exchanges as “independent directors/audit & supervisory board members” defined in article 436-2 and others of Securities Listing Regulations of the Tokyo Stock Exchange, who is unlikely to have conflicts of interest with Panasonic's general shareholders.

[Overview of the Independence Standards for Outside Directors / Audit & Supervisory Board Members (A&SB Members)]

The following persons are not considered independent.

(1) A person executing the operations of a parent company or a subsidiary of the parent company of the Company. (Including a person who corresponds to the person recently or previously, hereinafter, “executing person”)

(2) A person or an executing person of such person who has a major business relationship with the Company, or a person or an executing person of such person with whom the Company has a major business relationship.
(3) A consultant, accounting expert, or legal expert who receives a significant amount of money or other property from the Company other than compensation as a Director / A&SB Member. If the person who receives such property is an organization such as a legal entity or association, a person who belongs or belonged to the organization corresponds to the relevant person.
(4) A principal shareholder of the Company (If a principal shareholder is a legal entity, An executing person of such legal entity)
(5) A close relative listed in items numbered (1) to (4) above (A second-degree or closer relative applies. The same applies, hereinafter) or a close relative of an executing person of the Company or subsidiary of the Company (If an Outside A&SB Member is appointed to as an independent Director / A&SB Member, the person who is or who was an non-executing director / accounting advisor is included in the executing person).

(Notes)
i) In the items numbered (1), (2), (4) and (5) above, an “executing person” corresponds to any of the following.
- A Director who is an executive director, an executive officer (shikkouyaku) or a director / A&SB Member who executes business of a legal entity, etc.
- An employee who executes business, a person responsible of serving duties of an employee who executes business of a legal entity in the case that the legal entity is an employee executing business, or other such equivalent person.
- An employee

Also, the wording “recently” shall be assumed to be the point of time when the item of the agenda of the shareholders’ meeting appointing the person as a Director or an A&SB Member are decided, and the wording “previously” shall be assumed to be “within the last three years.”

ii) In the item (2) above, “major” shall be applied to the case in which the amount of the transaction between the Company and a person whom the Company has a business relationship, exceeds 2% of either of their annual consolidated sales.

iii) In the item (3) above, “significant” shall be applied to the case in which the person (individual) or the organization such as a legal entity or association to which a service provider belongs, in providing a service to the Company, corresponds to any of the followings. A person “belongs or belonged” includes not only a partner, but also an associate as it is so called.

- A person oneself who provides a service: Receives compensation of more than or equal to 12 million yen per year from the Company.
- An organization to which a service provider belongs: The amount of the transaction between the Company and the organization exceeds 2% of either of their annual consolidated sales. “A person who belonged to an organization” shall be assumed to be identified based on whether the person belonged to the organization within the last three years.

iv) In the item (4) above, “a principal shareholder” shall mean a shareholder holding 10% or more of the voting rights of the Company.

v) In the item (5) above, “A person who was a non-executive director / an accounting advisor” shall be assumed to be identified based on whether the person was in the position in the last three years.

3) Mutual cooperation in monitoring or audit by Outside Director or Outside A&SB Members and internal audit, audit by A&SB members and accounting audit, and relationship with internal control department

Outside Directors directly or indirectly cooperate with the internal audit, audit by A&SB Members and accounting audit, receive reports from the Internal Control Department and conduct an effective monitoring through reports on financial results at the Board of Directors and through reviews of the basic policy regarding the development of the internal control systems and other methods.

Outside A&SB Members directly or indirectly cooperate with the internal audit, audit by A&SB Members and accounting audit, receive reports from the Internal Control Department and conduct an effective monitoring through reports on financial results at the Board of Directors, through reviews of the basic policy regarding the development of internal control systems, exchanges of opinions and information at A&SB and other methods.

(3)Audit Status

1) Status of audit conducted by Audit & Supervisory Board Members (A&SB Members) and internal audit

A&SB Members participate in the general meetings of shareholders and the Board of Directors, receive reports from Directors, Executive Officers, employees and Accounting Auditors, and exercise other auditing authority granted to A&SB Members under the law. Full-time Senior A&SB Members also attend important meetings and conduct visiting audits to business offices in order to ensure effective audits. In order to augment the internal auditing functions in the Group, the Company assigns twelve (12) full-time Audit & Supervisory Officers (A&SOs), who directly report to the Senior A&SB Members of the Company, to the four (7) Divisional Companies, etc. The Company also inaugurated the Panasonic Group Audit & Supervisory Board Members' Meeting (comprising Senior A&SB Members of the Company, A&SOs. and A&SB Members of the Group Companies), chaired by the Senior A&SB Member of the Company, to enhance coordination between the Company's Senior A&SB Members, and A&SOs and audit & supervisory board members of the Group companies, for effective functioning of the entire group corporate governance. In addition, in the course of the performance of their duties, A&SB Members maintain mutual cooperation with the Internal Audit Department and other departments, which perform business audits and internal control audits, to conduct efficient audits. A&SB Members regularly receive, from the Internal Audit Department and other sections, reports regarding the status involving the internal control system and results of audits. A&SB Members may request the Internal Audit Group or Accounting Auditors to conduct an investigation, if necessary. Also, in order to enhance the effectiveness of the audits conducted by A&SB Members and to ensure the smooth implementation of audits, the Company has established a A&SB Member's Office with seven (7) full-time staff under the direct control of the A&SB.

Mr. Toshihide Tominaga, a Senior A&SB Member of the Company, has substantial finance and accounting knowledge, having held the position of Managing Officer of the accounting sections in the Company.
Mr. Toshio Kinoshita, Outside A&SB Member of the Company, has substantial finance and accounting knowledge, having held the career experiences with a corporate accounting in global companies in Japan and overseas for long periods as a certified public accountant

2) Status of accounting audit

a) Audit corporation

KPMG AZSA LLC

b) CPA having executed accounting audit works

CPA having executed accounting audit works	Audit corporation to which CPA belongs
Masahiro Mekada	KPMG AZSA LLC
Kengo Chida	KPMG AZSA LLC
Masaki Hirota	KPMG AZSA LLC

c) Audit assistance for Panasonic Corporation

Working with to assist the above accountants in conducting audit of the Company were 130 certified public accountants and 109 other people.

d) Policies and reasons for selecting an auditing corporation and evaluation of an accounting auditor by A&SB Members and A&SB

A&SB confirms and evaluates independency of the auditing system conducted by accounting auditors, its quality, and accounting fees, and determines validity of election and reelection of accounting auditors. Based on the thorough confirmation of the above mentioned points, the Company reelected KPMG AZSA LLC as our accounting auditor for the fiscal year ended March 31, 2019.In the event that dismissal of an accounting auditor is valid pursuant to any of the provisions of Article 340, Paragraph 1 of the Companies Act, A&SB may dismiss the accounting auditor with the approval of all A&SB Members. In addition, in the event that appropriate audit by an accounting auditor is not expected for any reason, A&SB shall determine the content of a proposal calling for dismissal or non-reelection of the accounting auditor, for submission to a general meeting of shareholders.

e) Matters related to a disposition of suspension of services against accounting auditors

There is no item that falls under a disposition of suspension of services.

3) Accounting fees

a) Fees to Certified Public Accountants (KPMG AZSA LLC)

Category	Fiscal year ended March 31, 2019		Fiscal year ended March 31, 2018	
	Fees for audit services (Millions of yen)	Fees for non-audit services (Millions of yen)	Fees for audit services (Millions of yen)	Fees for non-audit services (Millions of yen)
Panasonic Corporation	738	25	695	81
Consolidated subsidiaries	389	17	386	120
Total	1,127	42	1,081	201

Fees for non-audit services paid by Panasonic Corporation to the Company's accounting auditors, KPMG AZSA LLC, are mainly paid for advisory services relating to accounting and tax matters for the year ended March 31, 2019 and 2018.

Fees for non-audit services paid by its consolidated subsidiaries to the Company's accounting auditors, KPMG AZSA LLC, are mainly paid for advisory services relating to accounting matters.

b) Fees to Certified Public Accountants (KPMG Group excluding above 1) KPMG AZSA LLC)

Category	Fiscal year ended March 31, 2019		Fiscal year ended March 31, 2018	
	Fees for audit services (Millions of yen)	Fees for non-audit services (Millions of yen)	Fees for audit services (Millions of yen)	Fees for non-audit services (Millions of yen)
Panasonic Corporation	-	355	-	162
Consolidated subsidiaries	1,976	539	1,940	429
Total	1,976	894	1,940	591

Fees for non-audit services paid by Panasonic Corporation to the Company's accounting auditors, KPMG Group excluding KPMG AZSA LLC, are mainly paid for advisory services relating to accounting and tax matters for the year ended March 31, 2019 and for advisory services relating to tax matters for the year ended March 31, 2018.

Fees for non-audit services paid by its consolidated subsidiaries to the Company's accounting auditors, KPMG Group excluding KPMG AZSA LLC, are mainly paid for advisory services relating to accounting and tax matters for the year ended March 31, 2019 and for advisory services relating to tax matters for the year ended March 31, 2018.

c) Details of other important fees for audit services

There were no material audit fees paid by some of consolidated subsidiaries of Panasonic Corporation to the accounting auditors other than the Company's accounting auditor, KPMG AZSA LLC and KPMG Group for the year ended March 31, 2019 and 2018.

d) Policy on determination of audit fees

In determining the amount of audit fees, the Company considers matters that include the number of days of audit, taking into consideration of the size of the Company, the scope and characteristics of the audit, etc.

e) Grounds for approval of accounting auditors’ remuneration, etc. by Audit & Supervisory Board

A&SB reviewed matters including the content of the accounting auditors’ audit plan, progress made in performing audits, and the basis on which remuneration estimates are calculated. After deliberating on these matters, A&SB granted the consent required pursuant to Article 399, Paragraph 1 of the Companies Act for the compensation, etc. paid to the accounting auditors.

(4) Remuneration for Directors and Audit & Supervisory Board Members (A&SB Members)

1) Policy on determination of amount and process for Directors and A&SB Members remuneration

(a) Policy

The Company’s remuneration system for Directors comprises the “basic remuneration,” which is a fixed remuneration, the “performance-based remuneration,” which is a short-term incentive and the “stock-type compensation stock options,” which is a long-term incentive, based on the duties of Directors. Only the “basic remuneration” as a fixed compensation is paid to Outside Directors and A&SB Members.

The “performance-based remuneration” is provided to boost motivation in increasing business performance and is determined based on a single-year performance evaluation of the Company as a whole and a specific business of which a Director is in charge, using indicators, such as net sales, operating income, free cash flow and CCM. In this sense, the “performance-based remuneration” is designed in a way that the range of variation is large enough based on business performance. The payment rate of the basic remuneration ranges from 0% to over 150%.

The “stock-type compensation stock options” is allocated to share benefits and risks of shareholdings with Panasonic’s shareholders, and to engage in an effort to boost corporate value from a long-term perspective. The Company introduced the “restricted stock as remuneration” which is an alternative to the “stock-type compensation stock options" in the fiscal year ending March 31, 2020. This introduction was aimed to better motivate continuous enhancement of the corporate value and to further promote sharing value with the Company's shareholders.

In accordance with the purpose of these systems being introduced, the "stock type compensation stock options" and the "restricted stock as remuneration" are designed in a way that a Director in higher position receives higher portion to the total compensation based on the position etc. of applicable Directors, Total amount is determined by comprehensively considering different matters such as duties of Directors, balance with monetary compensation, and others.

(Note)

CCM (Capital Cost Management): A management control index developed by the Company to evaluate return on capital

The "restricted stock as remuneration" is a system that a Director will pay out all of the monetary compensation obligations provided as remuneration by Panasonic as stock investment property, and receive issuance or disposition of Panasonic common share. Panasonic and each of applicable Directors shall sign a restricted stock allocation agreement.

Specific details of the restricted stock allocation agreement

(1) Transfer restriction period

The Applicable Directors may not transfer, use as collateral or otherwise dispose of the common stock allocated under the restricted stock allotment agreement (the Allotment Agreement) (the Allotted Shares) for three years from the date of allocation or for a period of up to 30 years therefrom as determined by the Panasonic Board of Directors.

(2) Handling in the case of retirement

If an Applicable Director retires from his/her position as preassigned by the Panasonic Board of Directors before the expiration of the restriction period, Panasonic will at that time acquire the Allotted Shares without consideration, expect in the cases of term of office expiration, death, or any other justifiable reason.

(3) Lifting of the restriction period

Notwithstanding the provision of (1) above, Panasonic shall lift the restrictions for all the Allotted Shares at the end of the restriction period, provided that the Applicable Director remained in his/her position as preassigned by the Panasonic Board of Directors during the restriction period. However, in the case of term of office expiration, death or other justifiable reason, set forth in (2) above, if the Applicable Director retires from the position set forth in (2) above before the expiration of the restriction period, the number of Allotted Shares to be freed from restriction and the timing of restriction lifting shall be reasonably adjusted as necessary. In addition, Panasonic shall acquire without consideration, the Allotted Shares on which restrictions were not lifted, upon the lifting of the restrictions in accordance with the above-mentioned rules.

(4) Handling in the case of reorganization, etc.

Notwithstanding the provisions of (1) above, if a merger agreement that will eliminate Panasonic, or a share exchange agreement or a share transfer plan to make Panasonic a wholly owned subsidiary, or any other corporate reorganization measure is approved by the General Meeting of Shareholders (or by the Board of Directors in the case that such a reorganization measure does not require approval by the General Meeting of Shareholders), with regard to the number of Allotted Shares reasonably determined by resolution of the Board of Directors based on the period from the restriction period start date to the reorganization approval date, the restrictions shall be lifted prior to the effective date of the reorganization, etc. In addition, as stated above, Panasonic shall acquire without consideration, the Allotted Shares on which restrictions were not lifted, upon the lifting of the restrictions.

(5) Other matters

Other matters relating to the Allotment Agreement shall be determined by the Board of Directors.

(b) Determination of remuneration amount

Remuneration for Directors is determined within the framework of the maximum total amounts of remuneration for Directors which was determined by resolution of a general meeting of shareholders. In November 2015, the Company established an optional Nomination and Compensation Advisory Committee, where majority of its members being comprised of independent Outside Directors and chaired by one of them. In response to inquiries from the Board of Directors, the committee deliberates and reports to the Board of Directors, on the results of internal reviews on the appropriateness of Company's remuneration system for Directors. To determine remuneration for Directors for the fiscal year ended March 31, 2019, four times of the Nomination and Compensation Advisory Committee, chaired by Outside Director Hiroko Ota, were held, and the result was reported to the Board of Directors Meeting in June. The Board of Directors discussed the reported detail, and President, Kazuhiro Tsuga made the final determination based on the Company's remuneration system.

Remuneration for A&SB Members is determined through discussions among A&SB Members within the framework of the maximum total amounts of remuneration for all the A&SB Members which was determined by resolution of a general meeting of shareholders.

(Note)

The aggregated limit for all the Directors' basic remuneration and the performance-based remuneration was determined to be an annual amount of 1,500 million yen by resolution passed at the 100th Ordinary General Meeting of Shareholders held on June 27, 2007. The aggregated remuneration limit for all the Outside Directors was determined to be an annual amount of 80 million yen within the framework mentioned above by resolution passed at the 109th Ordinary General Meeting of Shareholders held on June 24, 2016. The total limit related to the allotment of stock-type compensation stock options to all the Directors (excluding Outside Directors) was decided to be 500 million yen by resolution passed at the 107th Ordinary General Meeting of Shareholders held on June 26, 2014. (This amount is outside the framework of the remuneration limit of annual 1,500 million yen mentioned above.)

The Company introduced the "restricted stock as remuneration" system which is an alternative to the "stock -type compensation stock options" in the fiscal year ending March 31, 2020. The total limit amount of remuneration that is paid to all the Directors (excluding Outside Directors) was decided to be 500 million yen by resolution passed at the 112th Ordinary General Meeting of Shareholder held on June 27, 2019. (This amount is outside the framework of the remuneration limit of annual 1,500 million yen mentioned above.)

The total remuneration limit for all the A&SB Members was concluded to be an annual amount of 140 million yen by resolution passed at the 100th Ordinary General Meeting of Shareholders held on June 27, 2007.

(c) Plan and result of indicators for performance-based remuneration for fiscal 2019

Indicator for performance evaluation and target at the beginning of the year are determined based on duties of Directors and their responsible areas. The performance-based remuneration for the year ended March 31, 2019 was provided by reflecting the result against the target at the beginning of the year. The list below describes the targets and results for the major indicators.

(Reference)

Indicator for performance-based remuneration (previous year/consolidated business performance)	(Unit: Billion yen)	
	Plan (announced in May 2017)	Result
Net sales	7,800.0	7,982.2
Operating income	335.0	380.5

2) Amount of remuneration on classification, type of remuneration, and its number of persons

Amount of remuneration for Directors and A&SB Members

Classification	Number of persons	Amount (Million yen)			
			Basic remuneration	Performance-based remuneration	Stock-type compensation stock options
Directors (other than Outside Directors)	9	1,085	583	337	165
A&SB Members (other than Outside A&SB Members)	2	80	80	-	-
Outside Directors	4	65	65	-	-
Outside A&SB Members	3	39	39	-	-

(Note) The above figures include one (1) Director who retired at the conclusion of the 111th Ordinary General Meeting of Shareholders held on June 28, 2018.

Directors who received remuneration of 100 million yen or more

Name	Classification	Amount (Million yen)			
			Basic remuneration	Performance-based remuneration	Stock-type compensation stock options
Shusaku Nagae	Director	118	100	-	18
Kazuhiro Tsuga	Director	255	104	84	67
Yoshio Ito	Director	161	79	58	24
Mototsugu Sato	Director	141	69	55	17
Yasuyuki Higuchi	Director	151	75	57	19

(Note) Director Yoshio Ito retired at the conclusion of the 112th Ordinary General Meeting of Shareholders held on June 27, 2019.

(5) Information on shareholdings

1) Standards and policies on classification of investment securities

The Company classifies investment securities into two (2) categories of being held for pure investment purpose and for purposes other than pure investment. Investment securities held for pure investment purposes refer solely to those are held purposed for being benefited from fluctuation in the values of shares or from dividend in relation to the shares. The Company did not hold any investment securities for pure investment purposes in the fiscal year ended March 31, 2019, under the policy of not holding securities for pure investment purposes.

2) Investment securities held for purposes other than pure investment

a. Examination method of the shareholding policies and its rationality and details of verification at the Board of Directors, etc. concerning appropriateness of holding each of shares

[Policy on shareholding]

In addition to holding shares of affiliated companies, the Company acquires and holds shares or interests of other companies, if it confirms the holding is necessary and meaningful to increase its mid- to long-term corporate value, considering comprehensively its business strategies and business relations with such partners, among other factors. Such holding is limited to strategic partners which the Company has a close business relation to.

[Examination of rationality in holding]

For shares other than those of affiliated companies, the Company determines that shareholding shall be limited to a minimum necessary, and every year at the Board of Directors Meetings, examines purpose of acquisition and holding each share and cost and benefit with consideration of capital cost, and periodically judges the appropriateness of holding. Based on its examination result, the Company considers disposing and reducing the shares if it determines that the holding cannot be justified.

[Examination at the Board of Directors]

The Board of Directors examined the holding shares other than those of affiliated companies from qualitative perspective such as holding under strategic alliances, holding for further expansion of business transactions, and holding for stable raw materials procurement which is vital for the Company's businesses. In addition, the examination was made from quantitative perspective such as whether return on investment ratio from shareholdings has surpassed capital cost of the Company. As a result, the Board of Directors concluded that all shares have been appropriately held.

b. Number of securities and amount recorded in the balance sheet

	Number of shares held (Stock name)	Total amount recorded in the balance sheet (Million yen)
Unlisted shares	119	27,460
Other than unlisted shares	30	31,384

(Increase in the number of securities held as of March 31, 2019)

	Number of shares held (Stock name)	Total amount acquired due to increase in number of share held (Million yen)	Reasons of increase
Unlisted shares	3	800	Obtain information, knowhow
Other than unlisted shares	1	2	Maintenance and expansion of business competitiveness

(Decrease in the number of securities held as of March 31, 2019)

	Number of shares held (Stock name)	Total amount sold due to decrease in number of shares held (Million yen)
Unlisted shares	3	1,638
Other than unlisted shares	4	5,923

c. Number of securities per stock name for specified investment and for being regarded as holding, amount recorded in the balance sheet

Specified investment securities

Stock name	As of March 31, 2019 Number of shares (shares) Balance sheet amount (Million yen)	As of March 31, 2018 Number of shares (shares) Balance sheet amount (Million yen)	Purpose of holding, effect of quantitative holding, reason of increase in the number of shares held	Ownership of Panasonic share: Y / N
Tokyo Broadcasting System Holdings, Inc.	5,033,180 10,197	5,643,180 12,737	Maintenance and expansion of broadcasting equipment related businesses	N
Daiwa House Industry Co., Ltd.	1,530,000 5,384	1,530,000 6,273	Maintenance and expansion of housing / equipment related businesses	Y
Toray Industries, Inc.	4,214,000 2,979	4,214,000 4,241	Stable procurement of raw materials	Y
Renesas Electronics Corporation	4,166,600 2,133	4,166,600 4,458	Stable procurement of raw materials	N
Sekisui House, Ltd.	1,112,071 2,037	1,112,071 2,160	Maintenance and expansion of housing / equipment related businesses	Y
KINDEN CORPORATION	740,257 1,358	740,257 1,304	Maintenance and expansion of housing / equipment related businesses	Y
NIPPON TELEGRAPH AND TELEPHONE CORPORATION	281,724 1,325	281,724 1,380	Maintenance and expansion of broadcasting equipment related businesses	N
EPCO Co., Ltd.	1,388,000 1,235	1,388,000 2,011	Maintenance and expansion of housing / equipment related businesses	N
Sumitomo Real Estate Sales Co., Ltd.	243,000 1,114	243,000 956	Maintenance and expansion of housing / equipment related businesses	N
Joshin Denki Co., Ltd.	392,502 1,001	492,502 1,913	Maintenance and expansion of appliance related businesses	Y
Mazda Motor Corporation	699,006 866	699,006 983	Maintenance and expansion of automotive related businesses	N
CHUDENKO CORPORATION	200,702 453	200,702 577	Maintenance and expansion of housing / equipment related businesses	N
KYUDENKO CORPORATION	58,564 203	58,564 306	Maintenance and expansion of housing / equipment related businesses	N
Nice Holdings, Inc.	210,100 187	210,100 303	Maintenance and expansion of housing / equipment related businesses	Y

Stock name	As of March 31, 2019 Number of shares (shares) Balance sheet amount (Million yen)	As of March 31, 2018 Number of shares (shares) Balance sheet amount (Million yen)	Purpose of holding, effect of quantitative holding, reason of increase in the number of shares held	Ownership of Panasonic share: Y / N
OCHI HOLDINGS CO., LTD.	146,070	146,070	Maintenance and expansion of housing / equipment related businesses	N
	173	207		
Central Japan Railway Company	5,000	5,000	Maintenance and expansion of housing / equipment related businesses	N
	129	101		
MISUMI CO., LTD.	55,000	55,000	Maintenance and expansion of housing / equipment related businesses	N
	110	119		
YAMAE HISANO CO., LTD.	69,594	68,384	Maintenance and expansion of housing / equipment related businesses Increase of the number of shares for maintenance and expansion of business competitiveness	N
	82	87		
KUWAZAWA Trading Co., Ltd.	167,698	83,849	Maintenance and expansion of housing / equipment related businesses Increase of the number of shares for stock-split	N
	78	77		
Fujii Sangyo Corporation	49,000	49,000	Maintenance and expansion of housing / equipment related businesses	Y
	61	79		
ITO EN, LTD.	10,000	10,000	Maintenance and expansion of appliance related businesses	N
	58	42		
JUTEC Holdings Corporation	46,000	46,000	Maintenance and expansion of housing / equipment related businesses	N
	45	52		
DAIBIRU CORPORATION	40,360	40,360	Maintenance and expansion of housing / equipment related businesses	N
	42	50		
JK Holdings Co., Ltd.	55,000	55,000	Maintenance and expansion of housing / equipment related businesses	N
	31	51		
YONDENKO CORPORATION	11,550	11,550	Maintenance and expansion of housing / equipment related businesses	N
	31	31		
e'grand Co.,Ltd	40,000	40,000	Maintenance and expansion of housing / equipment related businesses	N
	27	48		
MISAWA HOMES CO., LTD.	20,000	20,000	Maintenance and expansion of housing / equipment related businesses	N
	16	18		

Stock name	As of March 31, 2019 Number of shares (shares) Balance sheet amount (Million yen)	As of March 31, 2018 Number of shares (shares) Balance sheet amount (Million yen)	Purpose of holding, effect of quantitative holding, reason of increase in the number of shares held	Ownership of Panasonic share: Y / N
Toshin Group co., Ltd.	2,000	2,000	Maintenance and expansion of housing / equipment related businesses	Y
	13	7		
ITO EN, LTD. Preferred stock	3,000	3,000	Maintenance and expansion of appliance related businesses	N
	8	7		
TSUCHIYA HOLDINGS CO., LTD.	41,000	41,000	Maintenance and expansion of housing / equipment related businesses	N
	7	8		
Gorenje gospodinjski aparati, d.d.	-	2,623,664	Maintenance and expansion of appliance related businesses	N
	-	1,931		
YAMADA DENKI CO., LTD.	-	900,000	Maintenance and expansion of appliance related businesses	N
	-	574		

(Note) "-" in the above list indicates that the Company does not hold any applicable stocks.

Regarded as holding securities

Stock name	As of March 31, 2019 Number of shares (shares) Balance sheet amount (Million yen)	As of March 31, 2018 Number of shares (shares) Balance sheet amount (Million yen)	Purpose of holding, effect of quantitative holding, reason of increase in the number of shares held	Ownership of Panasonic share: Y / N
Toyota Motor Corporation	3,000,000	3,000,000	Have a right to exercise voting rights	Y
	19,461	20,475		
Honda Motor Co., Ltd.	1,000,000	1,000,000	Have a right to exercise voting rights	Y
	2,995	3,660		

(Note) Appropriateness of holding shares listed above was assessed at the Board of Directors Meeting in March 2019 by the method described in the above (2) a, and the list above does not indicate the effects of quantitative holding of individual stocks.

3) Investment securities for pure investment
Not applicable.

Ⅴ Consolidated Financial Statements

PANASONIC CORPORATION
AND SUBSIDIARIES
Consolidated Statements of Financial Position
March 31, 2019 and 2018

	Yen (millions)	
	March 31	March 31
	2019	2018
Assets		
Current assets:		
Cash and cash equivalents (Note 5)	772,264	1,089,585
Trade receivables (Note 3 and 6)	-	1,038,984
Trade receivables and contract assets (Note 3, 6 and 23)	1,190,620	-
Other financial assets (Note 12)	131,305	203,557
Inventories (Note 7)	1,016,437	988,609
Other current assets (Note 14)	163,467	165,223
Total current assets	3,274,093	3,485,958
Non-current assets:		
Investments accounted for using the equity method (Note 11)	136,486	147,959
Other financial assets (Note 12)	216,225	166,466
Property, plant and equipment (Note 8 and 27)	1,324,374	1,374,066
Goodwill and intangible assets (Note 9 and 27)	719,557	738,251
Deferred tax assets (Note 13)	288,538	325,255
Other non-current assets (Note 14)	54,658	53,193
Total non-current assets	2,739,838	2,805,190
Total assets	6,013,931	6,291,148

PANASONIC CORPORATION
AND SUBSIDIARIES
Consolidated Statements of Financial Position (Continued)
March 31, 2019 and 2018

	Yen (millions)	
	March 31	March 31
	2019	2018
Liabilities and Equity		
Current liabilities:		
Short-term debt, including current portion of long-term debt (Note 15)	389,955	375,392
Trade payables (Note 16)	1,151,174	1,146,476
Other financial liabilities (Note 19)	273,817	304,977
Income taxes payable	55,355	77,380
Provisions (Note 3 and 18)	184,512	285,954
Contract liabilities (Note 3 and 23)	113,649	-
Other current liabilities (Note 3 and 20)	820,988	907,756
Total current liabilities	2,989,450	3,097,935
Non-current liabilities:		
Long-term debt (Note 15)	608,766	864,052
Other financial liabilities (Note 19)	16,667	18,623
Retirement benefit liabilities (Note 17)	256,289	349,873
Provisions (Note 18)	6,116	10,217
Deferred tax liabilities (Note 13)	38,192	56,447
Contract liabilities (Note 3 and 23)	5,686	-
Other non-current liabilities (Note 3 and 20)	8,150	11,716
Total non-current liabilities	939,866	1,310,928
Total liabilities	3,929,316	4,408,863
Equity: (Note 21)		
Panasonic Corporation stockholders' equity		
Common stock	258,740	258,740
Capital surplus	528,880	527,408
Retained earnings	1,500,870	1,300,336
Other components of equity	(164,417)	(168,259)
Treasury stock	(210,560)	(210,674)
Total Panasonic Corporation stockholders' equity (Note 29)	1,913,513	1,707,551
Non-controlling interests (Note 31)	171,102	174,734
Total equity	2,084,615	1,882,285
Total liabilities and equity	6,013,931	6,291,148

PANASONIC CORPORATION
AND SUBSIDIARIES
Consolidated Statements of Profit or Loss
Years ended March 31, 2019 and 2018

	Yen (millions)	
	Year ended March 31	
	2019	2018
Net sales (Note 23)	8,002,733	7,982,164
Cost of sales (Note 27)	(5,736,234)	(5,642,952)
Gross profit	2,266,499	2,339,212
Selling, general and administrative expenses (Note 24)	(1,939,467)	(1,938,010)
Share of profit of investments accounted for using the equity method (Note 11)	10,853	10,074
Other income (expenses), net (Note 26 and 27)	73,613	(30,737)
Operating profit	411,498	380,539
Finance income (Note 28)	25,603	22,772
Finance expenses (Note 28)	(20,645)	(24,721)
Profit before income taxes	416,456	378,590
Income taxes (Note 13)	(113,719)	(126,563)
Net profit	302,737	252,027
Net profit attributable to:		
Panasonic Corporation stockholders	284,149	236,040
Non-controlling interests	18,588	15,987
	Yen	
Earnings per share attributable to Panasonic Corporation stockholders (Note 29)		
Basic	121.83	101.20
Diluted	121.75	101.15

PANASONIC CORPORATION
AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income
Years ended March 31, 2019 and 2018

	Yen (millions)	
	Year ended March 31	
	2019	2018
Net Profit	302,737	252,027
Other comprehensive income, net of tax (Note 21)		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plans..................................	(12,788)	61,662
Financial assets measured at fair value through other comprehensive income..	(2,608)	6,445
Subtotal..	(15,396)	68,107
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations.........	9,213	(6,852)
Net changes in fair value of cash flow hedges............................	(2,411)	1,626
Subtotal..	6,802	(5,226)
Total other comprehensive income (loss).......................................	(8,594)	62,881
Comprehensive income	294,143	314,908
Comprehensive income attributable to:		
Panasonic Corporation stockholders..	278,477	292,381
Non-controlling interests...	15,666	22,527

PANASONIC CORPORATION
AND SUBSIDIARIES
Consolidated Statements of Changes in Equity
Years ended March 31, 2019 and 2018

Yen (millions)

	Common stock	Capital surplus	Retained earnings	Other components of equity	Treasury stock	Panasonic Corporation stockholders' equity	Non-controlling interests	Total equity
Balance as of March 31, 2017	258,740	636,905	1,051,445	(164,632)	(210,569)	1,571,889	188,046	1,759,935
Comprehensive income :								
Net profit	-	-	236,040	-	-	236,040	15,987	252,027
Other comprehensive income - net of tax (Note 21)	-	-	-	56,341	-	56,341	6,540	62,881
Total comprehensive income	-	-	236,040	56,341	-	292,381	22,527	314,908
Transfer to hedged non- financial assets (Note 21)	-	-	-	(561)	-	(561)	-	(561)
Transfer from other components of equity to retained earnings (Note 21)	-	-	71,161	(71,161)	-	-	-	-
Cash dividends (Note 21)	-	-	(58,310)	-	-	(58,310)	(20,053)	(78,363)
Purchase of treasury stock	-	-	-	-	(119)	(119)	-	(119)
Disposal of treasury stock	-	(3)	-	-	14	11	-	11
Purchase of subsidiaries (Note 35)	-	-	-	-	-	-	21,126	21,126
Transactions with non-controlling interests and other (Note 21 and 31)	-	(109,494)	-	11,754	-	(97,740)	(36,912)	(134,652)
Balance as of March 31, 2018	258,740	527,408	1,300,336	(168,259)	(210,674)	1,707,551	174,734	1,882,285
Comprehensive income :								
Net profit	-	-	284,149	-	-	284,149	18,588	302,737
Other comprehensive income (loss) - net of tax (Note 21)	-	-	-	(5,672)	-	(5,672)	(2,922)	(8,594)
Total comprehensive income	-	-	284,149	(5,672)	-	278,477	15,666	294,143
Transfer to hedged non- financial assets (Note 21)	-	-	-	382	-	382	-	382
Transfer from other components of equity to retained earnings (Note 21)	-	-	(9,132)	9,132	-	-	-	-
Cash dividends (Note 21)	-	-	(81,633)	-	-	(81,633)	(18,185)	(99,818)
Purchase of treasury stock	-	-	-	-	(50)	(50)	-	(50)
Disposal of treasury stock	-	(105)	-	-	164	59	-	59
Transactions with non-controlling interests and other	-	1,577	-	-	-	1,577	(1,113)	464
Cumulative effects of a new accounting standard applied (Note 3)	-	-	7,150	-	-	7,150	-	7,150
Balance as of March 31, 2019	258,740	528,880	1,500,870	(164,417)	(210,560)	1,913,513	171,102	2,084,615

PANASONIC CORPORATION
AND SUBSIDIARIES
Consolidated Statements of Cash Flows
Years ended March 31, 2019 and 2018

	Yen (millions)	
	Year ended March 31	
	2019	2018
Cash flows from operating activities:		
Net profit	302,737	252,027
Depreciation and amortization	296,041	287,754
Impairment losses on property, plant and equipment, goodwill and intangible assets (Note 27)	62,775	26,772
Income tax expenses	113,719	126,563
(Increase) decrease in trade receivables	-	(156,577)
(Increase) decrease in trade receivables and contract assets	(127,464)	-
(Increase) decrease in inventories	(30,270)	(164,137)
Increase (decrease) in trade payables	14,725	143,023
Increase (decrease) in provisions (Note 3)	(65,423)	(38,769)
Increase (decrease) in contract liabilities	9,823	-
Increase (decrease) in retirement benefit liabilities (Note 3)	(114,614)	(29,684)
Other - net (Note 3 and 26)	(150,999)	51,680
Subtotal	311,050	498,652
Interests received	21,899	20,522
Dividend income received	2,531	2,250
Interest expenses paid	(20,853)	(21,800)
Income taxes paid	(110,950)	(76,442)
Net cash provided by (used in) operating activities	203,677	423,182
Cash flows from investing activities (Note 33):		
Purchase of property, plant and equipment	(316,083)	(394,485)
Proceeds from sale of property, plant and equipment	37,023	29,046
Purchase of intangible assets	(82,780)	(81,118)
Collection of lease receivables	167,256	19,281
Purchase of investments accounted for using the equity method and other financial assets	(29,838)	(23,938)
Proceeds from sale and redemption of investments accounted for using the equity method and other financial assets	33,470	14,677
Proceeds from sales of subsidiaries	16	183
Acquisition of subsidiaries, net of cash acquired (Note 35)	(500)	(15,646)
Other - net	(1,951)	(6,828)
Net cash provided by (used in) investing activities	(193,387)	(458,828)

PANASONIC CORPORATION
AND SUBSIDIARIES
Consolidated Statements of Cash Flows (Continued)
Years ended March 31, 2019 and 2018

	Yen (millions)	
	Year ended March 31	
	2019	2018
Cash flows from financing activities (Note 33):		
Increase (decrease) in short-term debt (Note 15)	(132,417)	239,990
Proceeds from long-term debt (Note 15)	940	3,521
Repayments of long-term debt (Note 15)	(109,526)	(163,429)
Dividends paid to Panasonic Corporation stockholders (Note 21)	(81,633)	(58,310)
Dividends paid to non-controlling interests	(18,185)	(20,053)
Purchase of treasury stock	(50)	(119)
Proceeds from sale of treasury stock	59	11
Transactions with non-controlling interests (Note 31)	(2,174)	(129,229)
Other - net (Note 15)	1,225	(1,145)
Net cash provided by (used in) financing activities	(341,761)	(128,763)
Effect of exchange rate changes on cash and cash equivalents	14,150	(16,793)
Net increase (decrease) in cash and cash equivalents	(317,321)	(181,202)
Cash and cash equivalents at the beginning of the year (Note 5)	1,089,585	1,270,787
Cash and cash equivalents at the end of the year (Note 5)	772,264	1,089,585

PANASONIC CORPORATION
AND SUBSIDIARIES
Notes to Consolidated Financial Statements

1. Reporting Entity

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

The details of principal businesses and activities of the Company are described in "4. Segment information."

2. Basis of Preparation

(1) Compliance of consolidated financial statements with "International Financial Reporting Standards" (hereinafter, "IFRS")
The Company has prepared the consolidated financial statements under IFRS, as issued by the International Accounting Standards Board.

The consolidated financial statements were approved on June 28, 2019 by Representative Director & President, Kazuhiro Tsuga, and Director (CFO), Hirokazu Umeda.

(2) Basis of measurement
The Company's consolidated financial statements have been prepared on a historical cost basis except for the financial instruments, the net amount of liabilities/assets for retirement benefit plans, etc. stated in "3. Significant Accounting Policies."

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

3. Significant Accounting Policies

(1) Basis of Consolidation

1) Subsidiaries

Subsidiaries are entities that are controlled by Panasonic on directly or indirectly through its other subsidiaries. The Company is deemed to control an entity when the Company has exposures or rights to variable returns arising from its involvement in the entity and has an ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are included in the Company's consolidated financial statements from the date on which control commences until the date on which control is lost.

If any accounting policies applied by a subsidiary differ from those applied by the Company, adjustments are made to the consolidated subsidiary's financial statements as necessary.

Balance of receivables and payables and volume of transactions between group companies and unrealized gains or losses arising from the transactions between group companies are eliminated in the preparation of consolidated financial statements.

Any change in ownership interests in subsidiaries that does not result in a loss of control is accounted for as equity transaction. When control is lost, gains and losses arising from the loss of control are recognized in profit or loss.

2) Associates and joint ventures

Associates are entities over which the Company has significant influence, but not control or joint control, in terms of financial and operating policies.

A joint venture is a specific type of the joint arrangement under which operations are independent from each of the investors and the investors have rights only to the net assets of the arrangement. A joint arrangement is a contractual arrangement in which multiple ventures or parties undertake economic activities under joint control and significant decisions require unanimous consent of the parties sharing control.

Investments in associates and joint ventures are accounted for using the equity method from the date on which significant influence commences or the Company obtains joint control until the date on which significant influence or joint control ceases.

In the application of the equity method, when accounting policies applied by an associate or joint venture that is accounted for using the equity method differ from those applied by the Company, adjustments are made to financial statements of the associate or joint venture as necessary.

When an entity no longer meets the criteria for an associate or joint venture and the application of the equity method is discontinued, gains or losses arising from the discontinuance of application of the equity method are recognized in profit or loss.

(2) Business Combinations

The identifiable assets acquired and the liabilities assumed of the acquiree are recognized at the fair values on the acquisition date.

When the total of consideration transferred in business combinations, amount of non-controlling interests in the acquiree and fair value of the equity interest in the acquiree previously held by the acquirer exceeds the net value of identifiable assets and liabilities on the acquisition date, the excess amount is recognized as goodwill. When the total is lower than the net value of identifiable assets and liabilities, the difference is recognized as profit. Consideration transferred is calculated as the total of the fair value of the assets transferred, liabilities assumed and equity interests issued, and includes fair value of assets or liabilities arising from the contingent consideration arrangement. Acquisition costs are recognized as expenses in the period they are incurred.

Non-controlling interests are measured at fair value or as non-controlling interests' proportionate share of the acquiree's net identifiable assets, for each individual business combination transaction.

(3) Foreign Currency Translation

1) Foreign currency transactions

Foreign currency transactions are translated into the functional currency of Panasonic and each of its subsidiaries using the exchange rates at the date of the transactions.

Foreign currency monetary items at the end of each reporting period are translated into the functional currency using the closing rate, and non-monetary items measured at fair value in foreign currencies are translated into the functional currency using the exchange rates at the date when the fair value was measured.

Exchange differences arising from the translation or settlement are generally recognized in profit or loss.

2) Translation of foreign operations

Assets and liabilities of foreign operations are translated at the closing rate, while their income and expenses are translated at the average rate during the period unless exchange rates fluctuate significantly. Exchange differences arising from translation are recognized in other comprehensive income.

When a foreign operation is disposed of, cumulative translation differences associated with the foreign operation are reclassified to profit or loss at the time of disposal.

(4) Financial instruments

1) Non-derivative financial assets

(i) Initial recognition and measurement

Financial assets that are stocks and bonds are initially recognized on the trade date. All other financial assets are initially recognized on the transaction date.

Financial assets are classified into financial assets measured at amortized cost or financial assets measured at fair value at initial recognition. Depending on whether the financial asset is a debt instrument or equity instrument, this classification is made as follows:

Financial assets that are debt instruments are classified into financial assets measured at amortized cost when the following conditions are both satisfied. Otherwise, they are classified into financial assets measured at fair value through profit or loss (hereinafter, "FVTPL").

(a) The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows.
(b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Except for equity instruments held for trading, each of financial assets that are equity instruments is, in principle, designated as financial assets measured at fair value through other comprehensive income (hereinafter, "FVTOCI").

For financial assets measured at FVTPL, the transaction costs are recognized in profit or loss when they are incurred. Financial assets measured at FVTOCI are measured at the fair value plus transaction costs directly attributable to the acquisition of the asset.

(ii) Subsequent measurement

(a) Financial assets measured at amortized cost

These financial assets are measured at amortized cost using the effective interest method, and interests are recognized as “finance income” in profit or loss.

(b) Financial assets measured at fair value

These financial assets are measured at fair value.

For equity instruments that the Company has elected to designate as financial assets measured at FVTOCI, changes in fair value are recognized in other comprehensive income. Cumulative gains or losses are transferred to retained earnings when the instrument is derecognized. However, dividends are recognized as “finance income” in profit or loss.

For financial assets measured at FVTPL, changes in fair value are recognized in profit or loss.

(iii) Derecognition

Financial assets are derecognized when the contractual rights to the cash flows from the financial assets expire or when the contractual rights to receive the cash flows of the financial assets are transferred and substantially all the risks and rewards of ownership of such financial assets are transferred.

(iv) Impairment

For financial assets measured at amortized cost, an assessment is made at the end of each reporting period as to whether or not the credit risk associated with such assets has increased significantly since initial recognition, and the following amounts are recognized as allowance for expected credit losses depending on whether or not a significant increase in credit risk has occurred since initial recognition.

(a) If credit risk has not increased significantly since initial recognition

Amount equivalent to 12-month expected credit losses

(b) If credit risk has increased significantly since initial recognition

Amount equivalent to lifetime expected credit losses

(c) If financial assets, among those whose credit risk has increased significantly since initial recognition, are credit-impaired

Amount equivalent to lifetime expected credit losses

Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower
- a breach of contract, such as a default or past due event
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization
- the disappearance of an active market for that financial asset because of financial difficulties

However, for trade receivables, contract assets and lease receivables, allowance for expected credit losses in the amount equivalent to lifetime expected credit losses is recognized, regardless of whether a significant increase in credit risk has occurred since initial recognition.

Allowance for expected credit losses is recognized in profit or loss. When an event that results in a reduction in allowance for expected credit losses occurs, the reversal is recognized in profit or loss.

2) Non-derivative financial liabilities

(i) Initial recognition and measurement

Financial liabilities are classified into financial liabilities measured at amortized cost and financial liabilities measured at FVTPL at initial recognition. While all financial liabilities are initially measured at fair value, financial liabilities measured at amortized cost are measured at fair value net of directly attributable issuance costs.

(ii) Subsequent measurement

After initial recognition, financial liabilities are measured based on the classification as follows.

(a) Financial liabilities measured at amortized cost

These financial liabilities are measured at amortized cost using the effective interest method. Amortization using the effective interest method and gains or losses arising in the case of derecognition are recognized as “finance costs” in profit or loss.

(b) Financial liabilities measured at FVTPL

These financial liabilities are measured at fair value, and the changes are recognized in profit or loss.

(iii) Derecognition

Financial liabilities are derecognized when the obligation specified in a contract is discharged or cancelled or expired.

3) Derivatives and hedge accounting

The Company utilizes derivatives such as foreign exchange contracts, cross currency swaps and commodity futures to hedge currency risk and risk of changes in commodity prices. These derivatives are initially recognized at fair value when the contract is entered into, and are subsequently measured at fair value.

Changes in fair value of derivatives are recognized as profit or loss. However, the effective portion of cash flow hedges is recognized as other comprehensive income.

The Company formally documents relationships between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Company also assesses, both at the hedge's inception and on an ongoing basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items. Hedges that meet the requirements for hedge accounting are classified and accounted for as follows:

(i) Fair value hedges

Changes in fair value of hedging instruments are recognized as profit or loss. Changes in fair value of hedged items attributable to the hedged risk are recognized as profit or loss, while the carrying amount of the hedged item is adjusted for the changes.

(ii) Cash flow hedges

Of changes in fair value of hedging instruments, the effective portion is recognized in other comprehensive income, while the ineffective portion is recognized in profit or loss.

The amounts related to hedging instruments recorded in other comprehensive income are reclassified to profit or loss when the hedged transactions affect profit or loss. In cases where hedged items result in the recognition of non-financial assets or liabilities, the amounts recognized as other comprehensive income are reclassified as adjustments to the initial carrying amount of non-financial assets or liabilities.

4) Offsetting of financial assets and financial liabilities

The Company offsets financial assets and financial liabilities and presents them as a net amount only when it holds a legally enforceable right to set off the amounts recognized as assets and liabilities and intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(5) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, demand deposits withdrawable at any time, and short-term investments with a maturity of three months or less from the acquisition date that are readily convertible into known amounts of cash and are subject to insignificant risk of changes in value.

(6) Inventories

Inventories are recognized at the lower of cost or net realizable value. Cost is principally calculated on an average basis. Cost includes purchase costs, processing costs and all expenses required to bring the inventories to the present location and condition. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated selling costs.

(7) Property, Plant and Equipment

1) Recognition and measurement

Property, plant and equipment are measured using the cost model. Property, plant and equipment are presented at the amount of cost less accumulated depreciation and any accumulated impairment losses.

Cost includes any cost directly attributable to the acquisition of assets, and the initial estimate of the cost of dismantling and removing the item and restoring the site on which it is located.

2) Depreciation

Depreciation is calculated to systematically allocate the cost of property, plant and equipment (except for assets that are not subject to depreciation such as land) using the straight-line method over their estimated useful lives.

The estimated useful lives of major asset items are as follows:
- Buildings and structures: 5 to 50 years
- Machinery and vehicles: 2 to 10 years
- Tools, furniture and fixtures: 1 to 10 years

Leased assets are depreciated over the shorter of the lease term and their estimated useful lives unless it is reasonably certain that the Company will obtain the ownership of a leased asset by the end of lease terms.
The depreciation methods, estimated useful lives and residual values are reviewed at the end of each fiscal year, and adjusted as necessary.

(8) Goodwill and Intangible Assets

1) Goodwill

Goodwill acquired in the business combination is stated at the amount of cost less accumulated impairment losses. Goodwill is not amortized but tested for impairment.

2) Intangible assets

Intangible assets are measured using the cost model. Intangible assets with finite useful lives are presented at the amount of cost less accumulated amortization and any accumulated impairment losses, while intangible assets with indefinite useful lives are presented at the amount of cost less accumulated impairment losses.

Expenditures in development activities are recognized as an intangible asset only if all of the following requirements can be demonstrated. Otherwise, they are recognized in profit or loss as incurred.
(i) Technical feasibility of completing the intangible asset so that it will be available for use or sale
(ii) Intention to complete the intangible asset and use or sell it
(iii) Ability to use or sell the intangible asset
(iv) How the intangible asset will generate probable future economic benefits
(v) Availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset
(vi) Ability to measure reliably the expenditure attributable to the intangible asset during its development

Amortization is calculated to systematically allocate the cost of intangible assets with finite useful lives using the straight-line method over their estimated useful lives from the date when the asset becomes available for use.

The estimated useful lives of major asset items are as follows:
- Software: 2 to 5 years
- Technology: 3 to 34 years
- Customer: 2 to 29 years

The amortization methods and estimated useful lives are reviewed at the end of each fiscal year, and adjusted as necessary.

(9) Leases

Determining whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the arrangement.

Leases are classified as finance leases when substantially all the risks and rewards incidental to ownership of an asset are transferred to the lessee, while all other leases are classified as operating leases.

(10) Impairment of Non-Financial Assets

In terms of non-financial assets (excluding inventories and deferred tax assets, etc.), an assessment is made for any indications of impairment on each asset or cash-generating unit. If any such indication exists, then the recoverable amount of the asset or the cash-generating unit is estimated and impairment tests are performed. Regardless of whether or not there are indications of impairment, impairment tests of goodwill and intangible assets with indefinite useful lives are conducted annually. The Company has designated January 1 as the impairment testing date and performs impairment tests of goodwill and intangible assets with indefinite useful lives at least once a year. In addition, impairment tests are performed whenever there is any indication of impairment.

As corporate assets do not independently generate cash inflows, when there is any indication that corporate assets may be impaired, impairment tests are performed based on the recoverable amount of the cash-generating unit or group of cash-generating units to which such assets belong.

The recoverable amount is calculated at the higher of the fair value less costs to sell or the value in use. Value in use is calculated by discounting the future cash flows expected to be derived from the asset or cash-generating unit to their present value.

If the recoverable amount of the asset or cash-generating unit is less than the carrying amount, the carrying amount is reduced to the recoverable amount, and the amount of difference is recognized as an impairment loss in profit or loss.

Impairment losses recognized for goodwill are not reversed. Other assets or cash-generating units for which impairment losses were recognized in prior years are evaluated to determine whether there is any indication that an impairment loss recognized may no longer exist or may have been decreased. If any such indication exists, the recoverable amount of the asset or cash-generating unit is estimated, and if the recoverable amount exceeds the carrying amount, the impairment loss is reversed. The amount of reversal is recognized in profit or loss up to the carrying amount, net of depreciation or amortization, that would have been determined if no impairment loss had been recognized in prior years.

Goodwill on an investment in associates and joint ventures that forms part of the carrying amount of the investment is not separated from the investment that is subject to impairment as a single asset.

(11) Income Taxes

Income taxes, which comprise current taxes and deferred taxes, are recognized in profit or loss, except to the extent that they relate to business combinations or item recognized in other comprehensive income or directly in equity.

Current taxes are measured at the expected amount of taxes payable to or recoverable from tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred taxes are recognized based on temporary differences between the carrying amounts of assets and liabilities for accounting purposes and the amounts used for taxation purpose and used tax losses and tax credits carryforward. Deferred tax assets and liabilities are not recognized for temporary differences related to initial recognition of assets or liabilities in transactions that are not business combinations and affect neither of accounting nor taxable profit. Deferred tax liabilities are also not recognized for taxable temporary differences arising from the initial recognition of goodwill.

In principle, deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, associates and joint ventures. However, if the Company is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future, deferred tax liabilities are not recognized. Deductible temporary differences associated with investments in subsidiaries, associates and joint ventures are recognized only to the extent that it is probable that there will be sufficient taxable profit against which the benefit from temporary differences can be utilized and the temporary differences will reverse in the foreseeable future.

Deferred taxes are measured using the tax rates that are expected to be applied when they reverse, using tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.
Deferred tax assets and liabilities are offset if the Company has a legally enforceable right to offset current tax assets against current tax liabilities, and if the same taxation authority levies income taxes on the same taxable entity.

Deferred tax assets are recognized for deductible temporary differences, unused tax losses and tax credits carryforward only to the extent that it is probable that they can be utilized against future taxable profit. Deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realized.

(12) Employee Benefits

1) Post-employment benefits

The Company adopts defined benefit plans and defined contribution plans.

(i) Defined benefit plans

Net defined benefit liability or asset is calculated by deducting the fair value of plan assets from the present value of defined benefit obligation. The ceiling of the amount recorded as assets based on this calculation is the present value of any future economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. Defined benefit obligation is determined using the projected unit credit method, and its present value is calculated by discounting future estimated benefits. The discount rate is determined by reference to market yields on high-quality corporate bonds as of the end of the fiscal year, reflecting the estimated timing and amount of benefit payment.

Service cost and net interest on the net defined benefit liability or asset are recognized as profit or loss.
Past service cost and gains or losses on settlement is immediately recognized in profit or loss.

Remeasurements of net defined benefit liability or asset including actuarial gains and losses are recognized in other comprehensive income when they are incurred, and immediately transferred to retained earnings.

(ii) Defined contribution plans

Contributions to defined contribution pension plans are recognized as employee benefits expenses in profit or loss in the period during which employees render services.

2) Short-term employee benefits

Short-term employee benefits are measured on an undiscounted basis and are recognized as employee benefits expenses in profit or loss when employees render the related services.

For bonuses and paid absences, estimated amounts are recognized as liabilities when the Company has legal and constructive obligations to make such payments and a reliable estimate of the amounts can be made.

(13) Provisions

Provisions are recognized when the Company has present legal or constructive obligations as a result of past events, it is probable that outflows of resources embodying economic benefits will be required to settle the obligations, and reliable estimates can be made of the amount of obligations.

When the effect of the time value of money is material, the amount of provision is measured at the present value of the expected future cash flows required to settle the obligation.

(14) Equity

1) Ordinary shares

With regard to ordinary shares issued by the Company, the proceed from issuance is recorded in common stock and capital surplus, and costs directly attributable to the issuance of ordinary shares are recognized as a deduction from equity.

2) Treasury shares

When treasury shares are acquired, the amount of the consideration paid, which includes directly attributable cost is recognized as a deduction from equity.
When treasury shares are sold, the amount of the consideration received is recognized as an increase in equity.

(15) Share-Based Payments

The Company has the share option plan as an incentive plan for its Directors (excluding Outside Directors), Executive Officers and certain other officers. The cost of share options is estimated at their fair value on the grant date and recognized as expenses over the requisite service period from the grant date to the vesting of rights, with a corresponding increase in equity. The fair value of options granted is calculated using the Black-Scholes model, taking into account terms and conditions of the share options.

(16) Revenue

The Company applied IFRS 15, “Revenue from Contracts with Customers” from April 1, 2018, using the modified retrospective method where the cumulative effect of applying IFRS 15 is recognized at the date of initial application. Accordingly, the information presented for the year ended March 31, 2018 has not been restated.

Accounting policies under IFRS 15 for the year ended March 31, 2019 are as follows:

In accordance with IFRS 15, revenue is recognized based on the following five-step model.
Step 1: Identify the contract with a customer
Step 2: Identify the performance obligations
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations
Step 5: Recognize revenue when or as the entity satisfies a performance obligation

The Company is mainly engaged in the sale of products for household products, industrial products, manufacturing devices, and consumables. For such sales transactions, in principle, the Company recognizes revenue at the time of their delivery, because the customer obtains control of the products and the Company satisfies its performance obligation when the products are delivered. The Company is also engaged in sales arrangements under construction-type contracts and the provison of services. For such transactions, if one of the following criteria is met, in principle, the Company recognizes revenue in accordance with the progress towards complete satisfaction of its performance obligations because the customer obtains control of goods or service and, therefore, the performance obligation is satisfied over time as the Company performs under the contract:

- The customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs; or
- The Company's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced; or
- The Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date.

The Company has entered into various sales arrangements with customers through a combination of products, devices, installation, maintenance or other deliverables. For such transactions, the Company shall identify as a performance obligation each promise to transfer to the customer a distinct good or service, if both of the following criteria are met:

- The customer can benefit from the good or service either on its own or together with other resources that are readily available to the customer; and
- The Company's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract.

For such transactions, the Company shall determine the stand-alone selling price at contract inception of the distinct good or service underlying each performance obligation in the contract and allocate the transaction price in proportion to those stand-alone selling prices. The stand-alone selling price is the price at which the Company would sell the good or service separately to a customer.

The Company recognizes as revenue the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer (hereinafter "the transaction price"). However, if the consideration promised in a contract includes a variable amount (hereinafter "variable consideration"), the Company shall estimate the amount of variable consideration and include in the transaction price some or all of an amount of variable consideration estimated only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The Company shall combine two or more contracts entered into at or near the same time with the same customer and account for the contracts as a single contract if one or more of the following criteria are met:

- The contracts are negotiated as a package with a single commercial objective;
- The amount of consideration to be paid in one contract depends on the price or performance of the other contract; or
- The goods or services promised in the contracts are a single performance obligation.

The Company determines whether the Company is a principal or agent to the transaction for each arrangement based on whether or not the Company controls a specified good or service before that good or service is transferred to the customer taking into account the following indicators.

- The Company is primarily responsible for fulfilling the promise to provide the specified good or service.
- The Company has inventory risk before the specified good or service has been transferred to a customer or after transfer of control to the customer.
- The Company has discretion in establishing the price for the specified good or service.

When the Company is determined as a principal of the transaction, the gross amount of consideration to which the Company expects to be entitled is presented as revenue. When the Company is determined as an agent, any fee or commission to which the Company expects to be entitled is presented as revenue on a net basis.

If a warranty provides a customer with a service in addition to the assurance that the product complies with agreed-upon specifications, the Company shall identify it as a single performance obligation and recognize revenue over the period of extended warranty.

Accounting policies under IAS 18, “Revenue” and IAS 11, “Construction Contracts” for the year ended March 31, 2018 are as follows:

1) Sales of products

The Company principally has sales transactions of products such as consumer and industrial products, equipment, and supplies.

Sales of products are recognized when all of the following requirements are satisfied.

- The significant risks and rewards of ownership of the goods are transferred to the buyer.
- Neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold is retained.
- The amount of revenue can be measured reliably.
- It is probable that the economic benefits associated with the transaction will flow to the Company.
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Net sales are measured at fair value of the consideration received or receivable.

The Company deducts certain price adjustment expenses that are appropriated to payments to compensate for the decline in product prices in association with sales to its consumer business distributors and sales rebates under incentive programs offered to distributors, from net sales.

2) Rendering of services

The Company has transactions of services such as repair request and maintenance incidental to sales of products, and investigation, analysis, supervision, maintenance, etc. of electric and building equipment, environment-related equipment and disaster prevention/security-related equipment.

Net sales from these transactions are in principle recognized according to the stage of completion of the transaction at the end of the fiscal year.

3) Construction contracts

The Company has transactions of design, construction, etc. for housing, electric and building equipment, environment-related equipment and disaster prevention/security-related equipment.

For these transactions, when the amount of order received and total cost required to complete the transaction can be estimated reliably, net sales are recorded in accordance with the percentage of actual costs incurred to date to estimated total costs at the end of each reporting period (percentage-of-completion method). When the initial estimate of net sales or progress up to the completion may be changed, the Company reviews the estimate.

When the amount of order received or total cost required to complete the transaction cannot be estimated reliably, the amount equivalent to the extent of costs incurred that is considered highly recoverable is recorded as net sales (cost recovery method). Costs are recognized as cost of sales in profit or loss in the fiscal period during which they are incurred.

4) Multiple-element transactions

The Company has entered into a variety of transaction arrangements with customers through a combination of products, equipment, installation, maintenance, etc. Revenue from such arrangements is recognized individually for each element when the following requirements are satisfied.

- The element has standalone value to the customer.
- The fair value of the element can be measured reliably.

For multiple-element transactions, when consideration of the arrangement needs to be allocated, the allocation is made based on estimated fair values of each element.

5) Gross and net presentation of net sales

The Company judges whether the Company is a principal or agent to the transaction for each arrangement taking into account the following indicators.

- Have the primary responsibility for providing the goods or services to the customer or for fulfilling the order
- Have inventory risk before or after the customer order, during shipping or on return
- Have discretion in establishing prices, either directly or indirectly
- Bear the customer's credit risk for the amount receivable from the customer

When the Company judges that the Company is a principal to the transaction, net sales for the transaction are presented on a gross basis. When the Company judges that the Company is an agent, net sales for the transaction are presented on a net basis.

(17) Government Grants

Government grants for acquisition of an asset are measured at fair value, and directly deducted from acquisition cost of the asset, when it is reasonably certain that the Company receives the grants and complies with the terms and conditions attached to the grants.

(18) Earnings Per Share

Basic earnings per share are calculated by dividing net profit attributable to Pasasonic Corporation shareholders by the weighted average number of issued ordinary shares less the number of treasury shares during the fiscal year. Diluted earnings per share are calculated, adjusted for the effects of all dilutive potential ordinary shares.

(19) Significant Accounting Estimates and Judgments Involving Estimations

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

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

Items related to assumptions and estimates that have a risk to cause significant adjustment in the next fiscal year are as follows:

- Net realizable value of inventories ("7. Inventories")
- Recoverability of deferred tax assets ("13. Income Taxes")
- Defined benefit obligations ("17. Employee Benefits")
- Measurement of provision ("18. Provision")
- Measurement of the transaction price in revenue arrangements ("23. Revenue")
- Impairment of non-financial assets (including goodwill) ("27. Impairment of Non-Financial Assets")
- Measurement of financial instruments ("30. Financial instruments")
- Fair value of assets acquired and liabilities assumed in business combinations ("35. Business Combinations")

Items for which judgments are made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements are as follows:

- Scope of subsidiaries, associates and joint ventures ("11. Investments Accounted for Using the Equity Method" and "31. Major Subsidiaries")
- Classification of leases ("10. Leases")
- Classification of financial assets ("12. Other Financial Assets")

- Recognition of provisions (“18. Provisions”)
- Recognition and measurement of revenue (“23. Revenue”)
- Determination of cash-generating units in performing impairment tests on non-financial assets (“27. Impairment of Non-financial Assets”)
- Assessment on whether or not there is any indication of impairment for non-financial assets (“27. Impairment of Non-Financial Assets”)
- Determination of a significant increases in credit risk of financial assets measured at amortized cost (“30. Financial Instruments”)

(20) Standards and interpretations that have been issued but not yet applied

The following shows major published IFRS standards and interpretations that were newly issued or amended by the date of approval of the consolidated financial statements but have not been applied as of March 31, 2019 because the application is not yet mandatory.

	Name of the standards	Mandatory application (from the fiscal year beginning on or after)	To be applied by the Company	Description of new standards, interpretations and amendments
IFRS 16	Leases	January 1, 2019	Fiscal year ending March 31, 2020	Revision of standards for leases
IFRIC 23	Uncertainty over Income Tax Treatments	January 1, 2019	Fiscal year ending March 31, 2020	Clarification of accounting treatment for income taxes when there is uncertainty over tax treatments

The Company applies IFRS 16, “Leases” from April 1, 2019 using the modified retrospective method by recognizing the cumulative effect of applying IFRS 16 at the date of initial application. Under IFRS 16, a lessee's leases are no longer classified into finance leases and operating leases. The standard requires a lessee to introduce a single accounting model and recognize, as a general rule for each of its leases, a right-of-use asset that represents the lessee's right to use an underlying asset over the lease term and a lease liability that is an obligation to make lease payments. After recognition, depreciation expenses for the right-of-use assets and interest expense on the lease liability will be recorded. By applying the standard, right-of-use assets, investment properties and lease liabilities are expected to increase by 310 billion yen, 280 billion yen and 640 billion yen, respectively, and retained earnings is expected to decrease by 20 billion on the date of initial application of April 1, 2019.

The Company applies IFRIC 23, “Uncertainty over Income Tax Treatments” from April 1, 2019. IFRIC 23 aims to clarify the treatment of the application of IAS 12, “Income taxes” under the case of uncertainty over the tax treatment of tax positions. The impact of the application of IFRIC 23 on the consolidated financial statements of the Company is not expected to be material.

(21) Application of new standards and interpretations

IFRS 15, “Revenue from Contracts with Customers”

The Company applied IFRS 15 from April 1, 2018, using the modified retrospective method where the cumulative effect of applying IFRS 15 is recognized at the date of initial application.

Cumulative effect of applying IFRS 15 on the opening balance of the Company's “Retained earnings” as of April 1, 2018 was an increase by 7,150 million yen. Effects on “Net sales,” “Net profit attributable to Panasonic Corporation stockholders,” “Basic earnings per share attributable to Panasonic Corporation stockholders” and “Diluted earnings per share attributable to Panasonic Corporation stockholders” for the year ended March 31, 2019 were insignificant.

In accordance with the adoption of IFRS 15 from April 1, 2018, deposits and deferred revenue previously included in “Other current liabilities” and “Other non-current liabilities” are presented as “Contract liabilities.” As a result, compared with the application of the former accounting standard, as of April 1, 2018 and March 31, 2019, “Other current liabilities” decreased by 105,287 million yen and 113,649 million yen, respectively, and “Contract liabilities” (current liabilities) increased by the same amount; and “Other non-current liabilities” decreased by 6,116 million yen and 5,686 million yen, respectively, and “Contract liabilities” (non-current liabilities) increased by the same amount.

In addition, provision for sales promotion expenses (estimated total expenses related to sales promotion of products, etc. in the distribution channel based on the arrangement with distributors), which was previously included in “Provision” (current liabilities), is recognized as a part of refund liabilities and presented in “Other current liabilities.” As a result, compared with the application of the former accounting standard, as of April 1, 2018 and March 31, 2019, “Provision” (current liabilities) decreased by 36,937 million yen and 35,020 million yen, respectively, and “Other current liabilities” increased by the same amount.

Unbilled receivables from construction-type contracts in progress, etc. which were previously included in “Trade receivables” are recognized as contract assets. Accordingly, the caption of “Trade receivables” has been changed to “Trade receivables and contract assets.”

(22) Change in presentation

Consolidated Statements of Cash Flows

“Increase (decrease) in provisions” and “Increase (decrease) in retirement benefit liabilities,” which were included in “Other - net” within “Cash flows from operating activities” for the year ended March 31, 2018, have become material and are separately presented for the year ended March 31, 2019. Consolidated Statements of Cash Flows for the year ended in March 31, 2018 is reclassified to conform to this change in presentation. As a result, the amount of (16,773) million yen for the year ended March 31, 2018, which was presented as “Other - net” within “Cash flows from operating activities,” has been reclassified and presented as “Increase (decrease) in provisions” of (38,769) million yen, “Increase (decrease) in retirement benefit liabilities” of (29,684) million yen and “Other - net” of 51,680 million yen.

4. Segment Information

(1) Reportable segments

The reportable segments are the components of the Company for which separate financial information is available that is evaluated regularly by the chief operating decision maker of the Company in deciding how to allocate resources and in assessing performance.

The Company is divided into four Divisional Companies for business management, and they support the autonomy of each business division and execute businesses in their respective area on a global scale. The results of their performance are classified and disclosed in the four reportable segments of “Appliances,” “Eco Solutions,” “Connected Solutions” and “Automotive & Industrial Systems.”

“Appliances” is comprised of developing, manufacturing, selling and providing services of products such as room air-conditioners, large-sized air-conditioners, TVs, digital cameras, video equipment, home audio equipment, fixed-phones, refrigerators, washing machines, vacuum cleaners, microwave ovens, rice cookers, personal-care products, compressors, fuel cells and showcases. “Eco Solutions” is comprised of developing, manufacturing, selling and providing services of products such as lighting fixtures, lamps, wiring devices, solar photovoltaic systems, water-related products, interior furnishing materials, exterior finishing materials, ventilation and air-conditioning equipment, air purifiers, detached housing, rental apartment housing, land and buildings for sale, home remodeling, bicycles, and nursing-care-related products. “Connected Solutions” is comprised of developing, manufacturing, selling and providing services of products such as aircraft in-flight entertainment systems and communications services, electronic-components-mounting machines, welding equipment, projectors, professional AV systems, PCs and tablets, surveillance cameras. “Automotive & Industrial Systems” is comprised of developing, manufacturing, selling and providing services of products such as automotive-use infotainment systems, electrical components, automotive mirrors, dry batteries, small lithium -ion batteries, automotive-use batteries, automation controls, electric motors, semiconductors, electronic components, electronic materials and LCD panels.

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

Starting from April 1, 2018, Panasonic Homes Co., Ltd. (formerly PanaHome Corporation), which was allocated to “Other,” has been transferred to “Eco Solutions.” Additionally, certain sales departments of consumer products in North America, Europe and Asia, which were previously not allocated to any reportable segments, have been transferred to “Appliances.”
Accordingly, segment information for the year ended March 31, 2018 has been reclassified to conform to the presentation for the year ended March 31, 2019.

The reportable segment classifications will be changed from 4 segments as the above to 5 segments, which are “Appliances,” “Life Solutions,” “Connected Solutions,” “Automotive” and “Industrial Solutions,” due to the reorganization on April 1, 2019.

(2) Information by reportable segment

Information by reportable segment is shown in the tables below.

(i) For the year ended March 31, 2019

	Yen (millions)						
	The reportable segments						
	Appliances	Eco Solutions	Connected Solutions	Automotive & Industrial Systems	Other	Eliminations and adjustments	Consolidated Total
Sales:							
Customers	2,531,571	1,846,426	1,000,750	2,852,659	254,830	(483,503)	8,002,733
Intersegment	218,982	189,628	126,920	130,447	54,627	(720,604)	-
Total	2,750,553	2,036,054	1,127,670	2,983,106	309,457	(1,204,107)	8,002,733
Segment profit	85,852	64,640	94,383	56,439	1,383	108,801	411,498
Depreciation and amortization (* 1)	53,395	49,602	24,110	132,897	3,663	32,027	295,694
Capital investment (* 1, * 2)	48,864	47,218	26,481	218,190	7,092	32,833	380,678

(ii) For the year ended March 31, 2018

	Yen (millions)						
	The reportable segments						
	Appliances	Eco Solutions	Connected Solutions	Automotive & Industrial Systems	Other	Eliminations and adjustments	Consolidated Total
Sales:							
Customers	2,565,003	1,772,635	978,478	2,659,800	276,415	(270,167)	7,982,164
Intersegment	219,229	184,761	131,930	144,108	42,066	(722,094)	-
Total	2,784,232	1,957,396	1,110,408	2,803,908	318,481	(992,261)	7,982,164
Segment profit	107,785	81,221	103,586	93,434	2,005	(7,492)	380,539
Depreciation and amortization (* 1)	51,970	50,511	23,413	123,813	3,704	33,913	287,324
Capital investment (* 1, * 2)	65,609	50,802	26,846	269,026	3,938	58,966	475,187

(* 1) Property, plant and equipment and intangible assets

(* 2) Amounts on an accrual basis

The accounting policies for reportable segment are the same as the Company's accounting policies that are described in Note 3 “Significant accounting policies” except for management accounting adjustments referred to below.

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

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

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

Adjustments to segment sales to customers for the year ended March 31, 2019 and 2018 mainly include price differences between sales prices to external customers and the internal sales prices adopted for performance measurement purposes for the sales of consumer products through certain sales departments, management accounting adjustments for sales price and revenue of corporate headquarters, etc.

Adjustments to segment profit for the year ended March 31, 2019 and 2018 include profit of corporate headquarters (including gain on sales of certain property, plant and equipment for the year ended March 31, 2019), and profit which is attributable to certain sales departments of consumer products. Consolidation adjustments also include amortization of certain intangible assets acquired in business combination, share of profit of investments accounted for using the equity method which are not attributable to any specific segments, gain on discontinuance of equity method of accounting for an investment in associate for the year ended March 31, 2019, and gain resulting from the revision of pension system.

(3) Information about products and services

This information has been omitted because similar information has been disclosed in "(1) Reportable segments," and "(2) Information by reportable segment."

(4) Information about geographical areas

Net sales and non-current assets (except for Investments accounted for using the equity method, Financial instruments, Deferred tax assets and net Defined benefit pension plan assets) broken down by the customers' location are as follows:

(i) Net sales

	Yen (millions)	
	2019	2018
Japan	3,716,555	3,724,061
North and South America	1,529,803	1,368,297
Europe	807,261	821,053
Asia, China and others	1,949,114	2,068,753
Consolidated total	8,002,733	7,982,164
United States included in North and South America	1,404,955	1,237,527
China included in Asia, China and others	934,097	981,697

(ii) Non-current assets (except for Investments accounted for using the equity method, Financial instruments, Deferred tax assets and net Defined benefit pension plan assets)

	Yen (millions)	
	March 31	
	2019	2018
Japan	1,167,075	1,187,947
North and South America	347,356	395,264
Europe	177,941	183,952
Asia, China and others	392,579	384,845
Consolidated total	2,084,951	2,152,008

(*) Major countries or regions belonging to geographic areas other than Japan:

North and South America: North America, Central and South America

Europe: Europe and Africa

Asia, China and others: Asia, China and Oceania

There is no individually material country in North and South America, Europe, and Asia, China and others whose information should be disclosed separately, except for the United States and China on net sales.

(5) Information about major customers

This information has been omitted because no sales to a single external customer accounted for more than 10% of net sales.

5. Cash and Cash Equivalents

Cash and cash equivalents as of March 31, 2019 and 2018, consist of cash on hand, demand deposits withdrawal at any time and short-term investments with a maturity of three months or less, and the balance on the consolidated statements of financial position is equal to the balance on the consolidated statements of cash flows. Cash and cash equivalents are classified as financial assets measured at amortized cost.

6. Trade receivables and contract assets

Trade receivables (except for receivables from construction contracts in progress at March 31, 2018) are classified as financial assets measured at amortized cost.

Components of trade receivables and contract assets are as follows:

	Yen (millions)	
	March 31	
	2019	2018
Trade notes receivable	67,087	78,963
Trade accounts receivable	922,497	978,627
Contract assets	212,527	-
Less allowance for credit losses	(11,491)	(18,606)
Total	1,190,620	1,038,984

7. Inventories

Components of inventories are as follows:

	Yen (millions)	
	March 31	
	2019	2018
Finished goods	630,766	606,417
Work in process	145,294	141,381
Raw materials	240,377	240,811
Total	1,016,437	988,609

The amounts of write-downs of inventories that were recognized as expenses for the years ended March 31, 2019 and 2018 are 53,307 million yen and 43,799 million yen, respectively. The amounts of write-downs are included in “cost of sales” in the consolidated statements of profit or loss. The amounts of reversal of write-downs for the years ended March 31, 2019 and 2018 were not material.

8. Property, plant and equipment

(1) Reconciliation of the beginning and ending balances of the carrying amounts, aquisition cost, and accumulated depreciation and accumulated impairment losses are as follows:

(i) The carrying amounts

	Yen (millions)					
	Land	Buildings and structures	Machinery and vehicles	Tools, furniture and fixtures	Construction in progress	Total
Balance as of March 31, 2017	200,717	471,358	396,478	108,383	146,346	1,323,282
Additions, excluding business combinations.........	16,951	25,397	54,005	48,152	247,729	392,234
Transfers between accounts...	82	33,504	153,174	23,678	(210,438)	-
Sale or disposal.....................	(2,507)	(28,101)	(81,640)	(1,670)	(8,641)	(122,559)
Depreciation..........................	-	(48,196)	(119,198)	(59,182)	-	(226,576)
Impairment losses.................	(2,696)	(4,586)	(6,987)	(1,610)	(1,657)	(17,536)
Acquisitions through business combinations.........	5,405	11,374	7,560	2,351	3,344	30,034
Exchange differences on foreign currencies................	103	1,743	1,523	1,091	(4,166)	294
Others....................................	(57)	(2,444)	(2,225)	(346)	(35)	(5,107)
Balance as of March 31, 2018	217,998	460,049	402,690	120,847	172,482	1,374,066
Additions, excluding business combinations.........	1,529	21,108	35,257	44,010	198,546	300,450
Transfers between accounts...	50	37,825	151,360	27,650	(216,885)	-
Sales or disposal...................	(2,892)	(22,382)	(65,194)	(220)	(706)	(91,394)
Depreciation.........................	-	(47,517)	(111,781)	(67,490)	-	(226,788)
Impairment losses.................	(1,604)	(8,162)	(18,463)	(1,094)	(2,420)	(31,743)
Acquisitions through business combinations.........	-	-	-	-	-	-
Exchange differences on foreign currencies...............	1	(1,403)	(1,649)	(664)	3,498	(217)
Balance as of March 31, 2019	215,082	439,518	392,220	123,039	154,515	1,324,374

Depreciation is included in “cost of sales” and “selling, general and administrative expenses” in the consolidated statements of profit or loss.

“Sale or disposal” of property, plant and equipment includes a decrease due to the recognition of finance leases, as the lessor. For further detail, please refer to “(2) Lessor” in Note 10 “Leases.”

(ii) Acquisition cost

	Yen (millions)					
	Land	Buildings and structures	Machinery and vehicles	Tools, furniture and fixtures	Construction in progress	Total
As of March 31, 2017......	236,041	1,525,408	2,354,091	909,323	147,574	5,172,437
As of March 31, 2018......	251,063	1,547,677	2,415,561	932,322	174,129	5,320,752
As of March 31, 2019......	248,393	1,557,136	2,430,427	935,440	157,564	5,328,960

(iii) Accumulated depreciation and accumulated impairment losses

	Yen (millions)					
	Land	Buildings and structures	Machinery and vehicles	Tools, furniture and fixtures	Construction in progress	Total
As of March 31, 2017......	(35,324)	(1,054,050)	(1,957,613)	(800,940)	(1,228)	(3,849,155)
As of March 31, 2018......	(33,065)	(1,087,628)	(2,012,871)	(811,475)	(1,647)	(3,946,686)
As of March 31, 2019......	(33,311)	(1,117,618)	(2,038,207)	(812,401)	(3,049)	(4,004,586)

(2) Leased assets under finance leases

The carrying amounts of leased assets under finance leases included in property, plant and equipment are as follows:

	Yen (millions)			
	Building and structures	Machinery and vehicles	Tools, furniture and fixtures	Total
As of March 31, 2017......	968	3,893	5,711	10,572
As of March 31, 2018......	1,631	2,496	4,672	8,799
As of March 31, 2019......	1,742	2,815	3,973	8,530

9. Goodwill and intangible assets

(1) The carrying amounts

	Yen (millions)					
		Intangible assets				
	Goodwill	Software	Technology	Customer	Others	Total
Balance as of March 31, 2017	386,887	63,152	82,123	75,580	57,390	278,245
Additions, including internal developments	-	42,498	38,195	-	2,260	82,953
Acquisitions through business combinations	31,021	370	16,779	18,521	4,846	40,516
Amortization	-	(27,881)	(23,388)	(6,586)	(2,893)	(60,748)
Impairment losses	(3,256)	(275)	(3,019)	(1,346)	(1,340)	(5,980)
Exchange differences on foreign currencies	(4,604)	(12)	1,436	(2,655)	(2,234)	(3,465)
Disposal and others	(1,745)	38	221	1,154	(2,986)	(1,573)
Balance as of March 31, 2018	408,303	77,890	112,347	84,668	55,043	329,948
Additions, including internal developments	-	38,166	39,039	-	3,023	80,228
Acquisitions through business combinations	1,330	-	-	-	-	-
Amortization	-	(31,002)	(27,178)	(6,061)	(4,665)	(68,906)
Impairment losses	(13,230)	(490)	(17,268)	-	(44)	(17,802)
Exchange differences on foreign currencies	735	(110)	(1,480)	109	(231)	(1,712)
Disposal and others	(1,391)	(1,014)	471	1,863	734	2,054
Balance as of March 31, 2019	395,747	83,440	105,931	80,579	53,860	323,810

Amortization is included in “cost of sales” and “selling, general and administrative expenses” in the consolidated statements of profit or loss.

Additions include internally generated intangibles in amount of 51,857 million yen and 52,939 million yen for the years ended March 31, 2019 and 2018, respectively. Internally generated intangibles principally relate to software and technology.

Intangible assets with indefinite useful lives are included in “Others” on the above table and the carrying amounts as of March 31, 2019 and 2018 are 41,289 million yen and 41,572 million yen, respectively. Since these assets are mainly trade names that basically exist as long as the business continues, they have been determined to have indefinite useful lives.

(2) Acquisition cost

	Yen (millions)					
		Intangible assets				
	Goodwill	Software	Technology	Customer	Others	Total
As of March 31, 2017............	763,936	367,560	461,111	115,601	133,386	1,077,658
As of March 31, 2018............	788,608	396,583	508,352	131,937	115,538	1,152,410
As of March 31, 2019............	789,282	404,751	541,934	133,150	115,155	1,194,990

(3) Accumulated amortization and accumulated impairment losses

	Yen (millions)					
		Intangible assets				
	Goodwill	Software	Technology	Customer	Others	Total
As of March 31, 2017............	(377,049)	(304,408)	(378,988)	(40,021)	(75,996)	(799,413)
As of March 31, 2018............	(380,305)	(318,693)	(396,005)	(47,269)	(60,495)	(822,462)
As of March 31, 2019............	(393,535)	(321,311)	(436,003)	(52,571)	(61,295)	(871,180)

(4) Individually material intangible assets

There were no individually material intangible assets as of March 31, 2019 and 2018.

10. Leases

(1) Lessee

The Company uses leased land, buildings and structures, machinery and vehicles, tools, furniture and fixtures, software, etc. under finance leases and operating leases. For certain leased assets, the Company has the option to purchase the leased asset or to terminate the lease contract and guarantee certain value of the leased asset, under certain conditions during or at the end of the lease term.

The Company sells and leases back certain assets. With regard to assets leased back, there are no terms and conditions of the transactions, obligations, covenants or circumstances that would result in the Company's continuous involvement in the asset.

(a) Finance leases

Future minimum lease payments and present value under finance leases are as follows:

	Yen (millions)			
	Future minimum lease payments		Present value of future minimum lease payments	
	March 31		March 31	
	2019	2018	2019	2018
Within 1 year	7,659	9,686	7,654	9,291
Over 1 year to 5 years	6,080	10,106	5,555	9,495
Over 5 years	2,692	2,107	2,461	1,979
Total	16,431	21,899	15,670	20,765
Less amount representing interest	(761)	(1,134)		
Present value of net future minimum lease payments	15,670	20,765		

(b) Operating leases

Future minimum lease payments under non-cancellable operating leases are as follows:

	Yen (millions)	
	March 31	
	2019	2018
Within 1 year	51,213	43,761
Over 1 year to 5 years	53,184	49,327
Over 5 years	13,853	14,850
Total	118,250	107,938

Lease payments under operating leases in the years ended March 31, 2019 and 2018 were 52,748 million yen and 48,422 million yen, respectively.

Future minimum sublease payments receivable under non-cancellable sublease contracts as of March 31, 2019 and 2018 were not material.

Sublease payments received in the years ended March 31, 2019 and 2018 were 34,002 million yen and 30,943 million yen, respectively.

(2) Lessor

The Company accounted for certain machinery and vehicles, etc. as finance leases. The machinery and vehicles, etc. are related to product supply contracts with a specific customer which was determined to contain a lease.

Gross investment in lease and present value of lease payments receivable are as follows:

	Yen (millions)			
	Gross investment in lease		Present value of future minimum lease payments receivable	
	March 31		March 31	
	2019	2018	2019	2018
Within 1 year	-	76,181	-	76,181
Over 1 year to 5 years	-	-	-	-
Over 5 years	-	-	-	-
Total	-	76,181	-	76,181
Net investment in lease	-	76,181		
Present value of minimum lease payments receivable	-	76,181		

11. Investments Accounted for Using the Equity Method

(1) Investments in associates

The Company accounts for investments in associates using the equity method. There are no associates that are individually material to the Company.

The carrying amounts of investments in individually immaterial associates and the Company's share of comprehensive income of those companies are as follows:

	Yen (millions)	
	March 31	
	2019	2018
Carrying amounts of investments....................	133,183	145,992

	Yen (millions)	
	2019	2018
Net profit...	11,002	10,566
Other comprehensive income (loss)................	(751)	336
Comprehensive income...................................	10,251	10,902

(2) Investments in joint ventures

The Company accounts for investments in joint ventures using the equity method. There are no joint ventures that are individually material to the Company.

The carrying amounts of investments in individually immaterial joint ventures and the Company's share of comprehensive income of those companies are as follows:

	Yen (millions)	
	March 31	
	2019	2018
Carrying amounts of investments....................	3,303	1,967

	Yen (millions)	
	2019	2018
Net profit (loss)	(149)	(492)
Other comprehensive income (loss)................	-	-
Comprehensive income (loss)..........................	(149)	(492)

12. Other Financial Assets

(1) Details

Other financial assets are summarized as follows:

	Yen (millions)	
	March 31	
	2019	2018
Financial assets, measured at amortized cost :		
Time deposits	47,299	55,383
Accounts receivable (non-trade)	69,083	64,070
Others	46,760	26,632
Financial assets, measured at FVTPL :		
Derivatives	10,725	16,085
Financial assets, measured at FVTOCI :		
Equity securities	171,319	129,050
Others	2,344	2,622
Lease receivable	-	76,181
Total	347,530	370,023
Current assets	131,305	203,557
Non-current assets	216,225	166,466

(2) Financial assets measured at FVTOCI

The Company has designated shares held principally for the purpose of maintaining and strengthening transactional or business relationships as financial assets measured at FVTOCI.

1) Fair value by major issuer

The fair values by major issuer are as follows:

	Yen (millions)	
	March 31	
Security names	2019	2018
Tesla, Inc.	44,063	40,108
Tokyo Broadcasting System Holdings, Inc.	10,197	12,737
Daiwa House Industry Co., Ltd.	5,384	6,273
Renesas Electronics Corporation	2,133	4,458
Toray Industries, Inc.	2,979	4,241
Dalian Refrigeration Co., Ltd.	2,837	3,762
Others	103,726	57,471
Total	171,319	129,050

Others mainly include unlisted stocks of which the fair values as of March 31, 2019 and 2018 are 85,580 million yen and 32,634 million yen, respectively. The main issuer of the unlisted stocks as of March 31, 2019 is PHC Holdings Corporation. The unlisted stocks as of March 31, 2018 are not material.

2) Derecognition of financial assets measured at FVTOCI

During the years ended March 31, 2019 and 2018, the Company has disposed certain financial assets measured at FVTOCI and has derecognized them principally to promote efficiency of asset holdings.

The fair values and the accumulated gains or losses at the time of sale are as follows:

	Yen (millions)	
	2019	2018
Fair values	7,576	2,604
Accumulated gains (losses)	5,342	(1,736)

The above accumulated gains (losses) are the amounts before tax. The gains (losses) after tax in other comprehensive income that were transferred to retained earnings in connection with the above derecognition, for the years ended March 2019 and 2018 are 3,718 million and (2,153) million yen, respectively.

13. Income taxes

(1) Deferred tax assets and liabilities

1) The major components and fluctuations of deferred tax assets and liabilities

Major components of deferred tax assets and liabilities are as follows:

	Yen (millions)			
	Consolidated statements of financial position		Consolidated statements of profit or loss	
	March 31		Year ended March 31	
	2019	2018	2019	2018
Deferred tax assets :				
Inventories..	56,169	44,738	11,370	(1,169)
Provisions and accrued expenses.......	92,452	105,105	(1,729)	6,678
Property, plant and equipment...........	68,995	58,923	11,979	(3,887)
Retirement benefit liabilities..............	68,127	96,571	(34,200)	(10,052)
Tax loss carryforwards.......................	52,935	55,203	(2,268)	(30,606)
Others..	59,874	50,534	(3,391)	(6,685)
Total deferred tax assets..................	398,552	411,074	(18,239)	(45,721)
Deferred tax liabilities :				
Investment in securities....................	(20,324)	(11,698)	(8,515)	-
Intangible assets................................	(56,124)	(58,762)	1,987	11,421
Others..	(71,758)	(71,806)	(6,549)	(8,430)
Total deferred tax liabilities.............	(148,206)	(142,266)	(13,077)	2,991
Net deferred tax assets.....................	250,346	268,808	(31,316)	(42,730)

Fluctuations in net deferred tax assets are as follows:

	Yen (millions)	
	2019	2018
Deferred tax assets, net at the beginning of the year.............................	268,808	345,189
Amounts recognized through profit or loss...	(31,316)	(42,730)
Amounts recognized through other comprehensive income...............	8,849	(31,542)
Acquisitions, divestitures and others...	4,005	(2,109)
Deferred tax assets, net at the end of the year......................................	250,346	268,808

2) Deductible temporary differences, tax loss carryforwards and tax credit carryforwards for which deferred tax assets are not recognized

In recognizing deferred tax assets, the Company takes into account whether it is probable that part or all of deductible temporary differences, tax loss carryforwards and tax credit carryforwards can be deducted against future taxable profits and income taxes. The ultimate recoverability of deferred tax assets is determined based on the level of taxable profits during the period in which temporary differences, tax loss carryforwards and tax credit carryforwards are deductible. In this determination, the Company takes into account the expected periods in which deferred tax liabilities are realized, projection of future taxable profits and tax strategy. Based on the level of taxable profits in the past and projection of taxable profits during the future periods in which deferred tax assets are deductible, the Company believes that it is probable that deferred tax assets recognized as of March 31, 2019 will be realized. As a result of the assessment of recoverability, the Company has not recognized deferred tax assets for certain deductible temporary differences, tax loss carryforwards and tax credit carryforwards.

The amounts of the deductible temporary differences, tax loss carryforwards and tax credit carryforwards for which deferred tax assets are not recognized are as follows:

	Yen (millions)
	March 31, 2019
Deductible temporary differences	533,816
Tax loss carryforwards of which:	
expire in the years ending from March 31, 2020 through 2029	1,145,431
expire thereafter or do not expire	84,529
Total	1,229,960
Tax credit carryforwards	23,008

	Yen (millions)
	March 31, 2018
Deductible temporary differences	663,621
Tax loss carryforwards of which:	
expire from the years ending March 31, 2019 through 2027	1,211,576
expire thereafter or do not expire	71,000
Total	1,282,576
Tax credit carryforwards	30,824

The Company applies the consolidated tax-return system in Japan. The above amounts do not include tax loss carryforwards related to local taxes (inhabitant tax and enterprise tax), as they are not covered by the consolidated tax-return system. The amounts of tax loss carryforwards related to local tax for which deferred tax assets are not recognized, are 114,126 million yen (inhabitant tax) and 487,989 million yen (enterprise tax) as of March 31, 2019, expiring from the year ending March 31, 2020 through 2029, and 127,144 million yen (inhabitant tax) and 610,383 million yen (enterprise tax) as of March 31, 2018, expiring from the year ended March 31, 2019 through 2027.

3) Taxable temporary differences associated with investments in subsidiaries, etc. for which deferred tax liabilities are not recognized

Deferred tax liabilities are not recognized if the Company is able to control the timing of the reversal of the temporary differences and it is probable that the taxable temporary differences will not reverse in the foreseeable future, while recognized deferred tax liabilities are included in Deferred tax liabilities - Others. The total amount of taxable temporary differences associated with investments in subsidiaries and associates for which deferred tax liabilities are not recognized was 346,356 million yen and 324,002 million yen as of March 31, 2019 and 2018,respectively.

(2) Income tax expenses

1) The components of income tax expenses recognized in the consolidated statements of profit or loss are as follows:

	Yen (millions)	
	2019	2018
Current tax expenses	82,403	83,833
Deferred tax expenses:		
Temporary differences originated and reversed	70,610	44,228
Changes in recoverability of deferred tax assets	(39,294)	(1,498)
Total	31,316	42,730
Income tax expenses total	113,719	126,563

Current tax expenses include the amount of benefits arising from tax losses, tax credits or temporary differences, for which deferred tax assets were not recognized in prior periods. These effects decreased current tax expenses by 6,118 million yen and 7,750 million yen for the years ended March 31, 2019 and 2018, respectively.

Deferred tax expenses include the amount of benefits arising from tax losses, tax credits or temporary differences, for which deferred tax assets were not recognized in prior periods. These effects, which include those due to certain subsidiaries joining the consolidated tax-return group in Japan, decreased deferred tax expenses by 41,281 million yen and 8,464 million yen for the years ended March 31, 2019 and 2018, respectively. Additionally, the effect of the amendments to corporate tax law decreased deferred tax expenses by 1,142 million yen for the year ended March 31, 2018.

2) Reconciliation of effective tax rates

The Company is subject mainly to corporate tax, inhabitant tax and enterprise tax, and the combined statutory tax rate calculated based on these taxes was 30.4% and 30.7% for the years ended March 31, 2019 and 2018, respectively. Foreign subsidiaries are subject to income taxes at their respective jurisdictions.
The Company and some of its subsidiaries have applied a consolidated tax-return system.

Differences between the combined statutory tax rates and the effective tax rates are as follows:

	%	
	2019	2018
Combined statutory tax rates	30.4%	30.7%
Effects of lower tax rates in foreign jurisdictions	(3.2)	(4.8)
Expenses not deductible for tax purposes	0.9	1.3
Change in unrecognized deferred tax assets	(4.0)	1.8
Effects attributable to investments in subsidiaries, etc	2.3	4.5
Goodwill impairment	1.0	0.3
Effects of amendments to corporate tax law	-	(0.3)
Others	(0.1)	(0.1)
Effective tax rates	27.3%	33.4%

14. Other Assets

Components of other assets are as follows:

	Yen (millions)	
	March 31	
	2019	2018
Advance payments	19,922	20,280
Prepaid expenses	41,262	49,191
Income taxes receivable	38,064	38,659
Retirement benefit assets	13,638	13,502
Others	105,239	96,784
Total	218,125	218,416
Current assets	163,467	165,223
Non-current assets	54,658	53,193

15. Short-term Debt and Long-term Debt

(1) Details

Short-term debt and long-term debt, except for lease obligations are measured at amortized cost.
The details of short-term debt and long-term debt are as follows:

	Yen (millions)		
	March 31, 2019		
	Book value	Average interest rate (%) *1	Due
Current liabilities :			
Current portion of bonds *2	249,895	-	-
Short-term bonds	104,000	(0.0%)	-
Short-term borrowings	21,289	8.2%	-
Current portion of long-term borrowings	7,117	1.3%	-
Current portion of finance lease obligations	7,654	-	-
Total current liabilities	389,955	-	-
Non-current liabilities :			
Bonds *2	579,023	-	Year ended March 31, 2022 - 2027
Long-term borrowings	21,727	1.6%	Year ended March 31, 2021 - 2027
Finance lease obligations	8,016	-	Year ended March 31, 2021 - 2044
Total non-current liabilities	608,766	-	-
Total	998,721	-	-

	Yen (millions)		
	March 31, 2018		
	Book value	Average interest rate (%) *1	Due
Current liabilities :			
Current portion of bonds *2	99,993	-	-
Short-term bonds	240,000	(0.0%)	-
Short-term borrowings	19,315	5.3%	-
Current portion of long-term borrowings	6,793	1.4%	-
Current portion of finance lease obligations	9,291	-	-
Total current liabilities	375,392	-	-
Non-current liabilities :			
Bonds *2	828,578	-	Year ended March 31, 2020 - 2027
Long-term borrowings	24,000	1.6%	Year ended March 31, 2020 - 2027
Finance lease obligations	11,474	-	Year ended March 31, 2020 - 2043
Total non-current liabilities	864,052	-	-
Total	1,239,444	-	-

(*1) Average interest rate refers to the weighted average interest rate on the ending balance.

(*2) The contractual terms of the bonds are as follows:

Yen (millions)

	March 31,2019	March 31,2018	Interest rate (%)	Due (Year ended March 31)
8th Unsecured Straight bond	-	100,000	2.05%	2019
12th Unsecured Straight bond	220,000	220,000	0.387%	2020
13th Unsecured Straight bond	80,000	80,000	0.568%	2022
14th Unsecured Straight bond	100,000	100,000	0.934%	2025
15th Unsecured Straight bond	200,000	200,000	0.19%	2022
16th Unsecured Straight bond	70,000	70,000	0.3%	2024
17th Unsecured Straight bond	130,000	130,000	0.47%	2027
4th Unsecured Straight bond (Originally Panasonic Electric Works)	30,000	30,000	1.593%	2020

(2) Changes in liabilities arising from financing activities

Changes in liabilities arising from financing activities for the year ended March 31, 2019 and 2018 are as follows:

	Yen (millions)					
			Non-cash changes			
	Balance as of April 1, 2018	Cash inflow (outflow)	Acquisitions, divestitures	Exchange differences on foreign currencies	Other changes	Balance as of March 31, 2019
Short term bonds......................	240,000	(136,000)	-	-	-	104,000
Borrowings..............................	50,108	3,249	-	(2,432)	(792)	50,133
Bonds.......................................	928,571	(100,000)	-	-	347	828,918
Finance lease obligations..........	20,765	(8,252)	-	-	3,157	15,670
Other financial liabilities..........	42,423	(1,243)	-	(590)	293	40,883
Total.......................................	1,281,867	(242,246)	-	(3,022)	3,005	1,039,604

	Yen (millions)					
			Non-cash changes			
	Balance as of April 1, 2017	Cash inflow (outflow)	Acquisitions, divestitures	Exchange differences on foreign currencies	Other changes	Balance as of March 31, 2018
Short term bonds......................	-	240,000	-	-	-	240,000
Borrowings..............................	18,217	(660)	33,646	2,428	(3,523)	50,108
Bonds.......................................	1,078,141	(150,000)	-	-	430	928,571
Finance lease obligations..........	27,646	(9,258)	-	-	2,377	20,765
Other financial liabilities..........	31,896	(6,403)	-	(487)	17,417	42,423
Total.......................................	1,155,900	73,679	33,646	1,941	16,701	1,281,867

(3) Assets pledged as collateral for liabilities

As is customary in Japan, short-term and long-term bank loans are made under general agreements which provide that security and guarantees for future and present indebtedness will be given upon request of the bank, and that the bank shall have the right, when the obligations become due, or in the event of their default, to offset cash deposits against such obligations due to the bank.
Each of the loan agreements grants the lender the right to request additional security or mortgages on certain assets.
Assets pledged as collateral as of March 31, 2019 and 2018 are not material.

16. Trade Payables

Trade payables are measured at amortized cost.

Components of trade payables are as follows:

	Yen (millions)	
	March 31	
	2019	2018
Trade notes payable....................................	265,769	271,270
Trade accounts payable..............................	885,405	875,206
Total..	1,151,174	1,146,476

17. Employee Benefit

(1) Defined benefit plans

Panasonic and certain subsidiaries have contributory, funded benefit pension plans covering substantially all employees who meet eligibility requirements. Benefits under the plans are primarily calculated based on the combination of years of service and compensation.

Pursuant to the Defined Benefit Corporate Pension Act, the Company is required to make contributions to the Panasonic Corporate Pension Fund that operates the corporate pension plan (hereinafter, the “Fund”) and has other obligations. Directors of the Fund are required to comply with laws and regulations, directives of the Minister of Health, Labor and Welfare or the Director General of each Regional Bureau of Health and Welfare under laws and regulations, rules of the Fund and resolutions of the board of representatives, and to be faithful in the performance of their duties for the Fund. In addition, it is specified that the directors shall not perform any act that impairs the appropriateness of management and operation of reserve funds to be applied to benefit payment (hereinafter “reserve funds”) for the benefit of themselves or a third party and that the directors shall assume collective responsibility for the Fund when a director fails to fulfill his or her duties in the Fund’s activities related to the management and operation of reserve funds.

The Fund is an organization legally independent of the Company. Its board of representatives evenly consists of representatives appointed by the employer (appointed representatives) and representatives elected by employees (co-opted representatives). While decisions of the board of representatives shall be made by a majority of the representatives present, in the case of a tie, the president, who is the chairperson, has authorization to make a decision. However, it is specified that decisions on particularly important matters shall be made by a majority exceeding the above.

The management of reserve funds is conducted by a managing trustee in accordance with contractual terms and conditions provided for by the investment management rules on which resolution was passed by the board of representatives. The Fund fulfills its obligations to manage reserve funds safely and efficiently by developing basic policies for operation, producing operation guidelines in conformity to the basic policies and delivering them to the managing trustee, and other means.

The Company continues to have an obligation to make contributions set forth by the Fund to the reserve funds in the future. The amount of contributions is regularly reviewed to the extent permitted by laws and regulations.

In addition to the above pension plan, employees are eligible for lump-sum retirement payments based on salary and service years at that time upon the retirement for a reason other than dismissal. In the case of retirement at the Company’s request or due to death, the amount of benefits exceeds the amount of benefits in the case of voluntary retirement. For this lump-sum retirement payment plan, external funding is not used.

Effective April 1, 2002, Panasonic and some of the subsidiaries amended their benefit pension plans by introducing a “point-based benefits system,” and changing their lump-sum payment plans to cash balance pension plans. Under the point-based benefits system, benefits are calculated based on accumulated points allocated to employees each year according to their job hierarchy and years of service. Under the cash balance pension plans, each participant has an account which is credited yearly based on the current rate of pay and market-related interest rate.

Effective July 1, 2013, Panasonic and certain domestic subsidiaries made a transition from the defined benefit pension plan to a defined contribution pension plan with respect to employees' future service.
In addition to this, effective July 1, 2019, Panasonic and certain domestic subsidiaries will make a transition of parts of the past contributions in defined benefit pension plan to the defined contribution pension plan. As the conditions for settlement accounting related to the above transition have been met before the year end, the effect of transition to the defined contribution pension plan was recognized during the year ended March 31, 2019 as described in the note “26. Other Income (Expenses).”

(i) The present value of the defined benefit obligations

Changes in the present value of the defined benefit obligations are as follows:

	Yen (millions)	
	2019	2018
Beginning balance	2,289,305	2,410,394
Service cost	10,146	11,873
Interest cost	18,269	21,678
Remeasurements of the defined benefit obligations :		
Actuarial gains and losses arising from changes in demographic assumptions	3,427	5,132
Actuarial gains and losses arising from changes in financial assumptions	33,473	(43,024)
Other	1,238	3,229
Benefits paid	(115,456)	(111,927)
Exchange differences on foreign currencies	1,575	514
Past service cost	565	(1,047)
Settlements	(81,662)	(11,377)
Effect of business combinations and disposals	-	3,860
Ending balance	2,160,880	2,289,305

Service cost is included in “cost of sales” or “selling, general and administrative expenses” in the consolidated statements of profit or loss.
Interest cost is included in “finance expenses” in the consolidated statements of profit or loss.
Past service cost and settlement are included in “other income (expenses), net” in the consolidated statements of profit or loss. Among them, settlements include the effect of accounting treatment related to the transition effective July 1, 2019.
Weighted average duration of defined benefit obligations as of March 31, 2018 is 17 years.
Excluding the amount of approximately 412.5 billion yen, which will be transferred to the defined contribution pension plan from the Panasonic Corporate Pension Fund effective July 1, 2019, the weighted average duration of defined benefit obligations as of March 31, 2019 is 12 years.

Significant actuarial assumptions used to calculate the present value of defined benefit obligations are as follows:

	March 31,2019	March 31,2018
Discount rate	0.6%	0.8%

Discount rate at March 31, 2019 was calculated on the basis that the amount of contributions to be transferred to the defined contribution pension plan is excluded. Discount rate for such amount to be transferred is 0%.

The effect of 0.5% change in the discount rate on the present value of defined benefit obligation is as follows, holding other assumptions constant.

	Yen (millions)	
	Effect on the present value of defined benefit obligations	
Change in an assumption	March 31,2019	March 31,2018
0.5% increase..........................	93,657 (decrease)	141,044 (decrease)
0.5% decrease..........................	98,488 (increase)	156,974 (increase)

The sensitivity analysis assumes that other assumptions remain unchanged. In reality, any change in other assumptions may affect the sensitivity analysis.

(ii) The fair value of the plan assets

Each plan of the Company has a different investment policy, which is designed to ensure sufficient plan assets are available to provide future payments of pension benefits to the eligible plan participants and is individually monitored for compliance and appropriateness on an on-going basis. Considering the expected long-term rate of return on plan assets, each plan of the Company establishes a "basic" portfolio comprised of the optimal combination of equity instruments and debt instruments. Plan assets are invested in individual equity and debt instruments using the guidelines of the "basic" portfolio in order to generate a total return that will satisfy the expected return on a mid-term to long-term basis. The Company evaluates the difference between expected return and actual return of invested plan assets on an annual basis to determine if such differences necessitate a revision in the formulation of the "basic" portfolio. The Company revises the "basic" portfolio when and to the extent considered necessary to achieve the expected long-term rate of return on plan assets.

The Company's pension plan assets allocation is approximately 25% for equity instruments, approximately 45% for debt instruments, and approximately 30% for other investments, primarily in life insurance company general accounts.

For the Company's major defined benefit pension plans, equity instruments are mainly investments in listed equity securities and widely diversified, including Japanese equity, developed international equity and equity in emerging markets. The investments in debt instruments are comprised primarily of government, municipal, and corporate bonds. The Company mainly chooses debt securities with rating above BBB, high liquidity and appropriate repayment, and has appropriately diversified the investments by sector and geography. As for investments in life insurance company general accounts, the contracts with the insurance companies include a guaranteed interest rate and return of capital. Other investments include fund-of-funds investment, equity long/short hedge funds investment and private equity investment. Fund-of-funds investment and equity long/short hedge funds investment are primarily invested in listed equity securities with trading frequency and a stable return, while private equity investment is diversified products with low correlation.

Changes in the fair value of plan assets are as follows:

	Yen (millions)	
	2019	2018
Beginning balance	1,959,575	1,959,308
Interest income	16,005	18,457
Remeasurements of plan assets:		
Return on plan assets	19,926	57,062
Employer contributions	40,734	30,642
Benefits paid	(112,377)	(108,993)
Exchange differences on foreign currencies	994	1,683
Settlements	-	-
Effect of business combinations and disposals	-	1,416
Ending balance	1,924,857	1,959,575

The Company plans to contribute 39,558 million yen in the year ending March 31, 2020.

The fair value of plan assets by asset category is as follows:

	Yen (millions)		
	March 31, 2019		
	With quoted market price in an active market	With no quoted market price in an active market	Total
Cash and cash equivalents	454,962	-	454,962
Equity instruments:			
Japanese companies	49,514	-	49,514
Foreign companies	31,427	-	31,427
Commingled funds*1	-	320,830	320,830
Debt instruments:			
Government and municipal bonds	78,320	-	78,320
Corporate bonds	-	5,917	5,917
Commingled funds*2	-	578,656	578,656
Life insurance company general accounts	-	295,433	295,433
Other*3	-	109,798	109,798
Total	614,223	1,310,634	1,924,857

	Yen (millions)		
	March 31, 2018		
	With quoted market price in an active market	With no quoted market price in an active market	Total
Cash and cash equivalents	272,015	-	272,015
Equity instruments:			
Japanese companies	55,096	-	55,096
Foreign companies	44,612	-	44,612
Commingled funds*1	-	376,448	376,448
Debt instruments:			
Government and municipal bonds	46,313	-	46,313
Corporate bonds	-	8,293	8,293
Commingled funds*2	-	754,340	754,340
Life insurance company general accounts	-	287,249	287,249
Other*3	-	115,209	115,209
Total	418,036	1,541,539	1,959,575

*1 These funds invest mainly in listed equity securities, of which approximately 45% are Japanese equities and 55% are foreign equities.

*2 These funds primarily invest in Japanese government bonds and foreign government bonds.

*3 Other investments primarily include fund-of-funds investment, equity long/short hedge funds investment.

(iii) Effect of asset ceiling

Changes in the effect of asset ceiling are as follows:

	Yen (millions)	
	2019	2018
Beginning balance	6,641	5,461
Interest cost	38	36
Remeasurements of asset ceiling:		
Changes in the effect of asset ceiling	(51)	1,144
Ending balance	6,628	6,641

Note: When a defined benefit plan is in surplus, the amount of retirement benefit assets (other non-current assets) recorded on the consolidated statements of financial position is limited to a ceiling defined by the present value of any future economic benefits available in the form of reductions in future contributions to the defined benefit plan.

(iv) Assets and liabilities recognized in the consolidated statements of financial position

The amounts of assets and liabilities recorded in the consolidated statements of financial position with regard to defined benefit plans are as follows:

	Yen (millions)	
	March 31	
	2019	2018
The present value of the defined benefit obligations	2,160,880	2,289,305
The fair value of the plan assets	1,924,857	1,959,575
Effect of asset ceiling	6,628	6,641
Total	242,651	336,371
Amount recognized :		
Retirement benefit liabilities	256,289	349,873
Retirement benefit assets	13,638	13,502
Net amount	242,651	336,371

(2) Defined contribution plans

The amounts of expenses recorded with regard to defined contribution plans were 33,271 million yen and 33,729 million yen for the years ended March 31, 2019 and 2018, respectively.

(3) Employee benefit expenses

In the consolidated statements of profit or loss, the total of employee benefit expenses included in “cost of sales” and “selling, general and administrative expenses” were 1,694,331 million yen and 1,678,632 million yen for the years ended March 31, 2019 and 2018, respectively. In addition, the amounts of employee benefit expenses included in “Other income (expenses), net” were gains of 79,909 million yen and 7,736 million yen for the years ended March 31, 2019 and 2018, respectively.

18. Provisions

A breakdown of movements in provisions is as follows:

	Yen (millions)			
	Provision for product warranties	Provision for restructuring	Other provisions	Total
Balance as of March 31, 2018......	49,109	1,357	245,705	296,171
Effects of a new accounting standard applied..........................	-	-	(36,937)	(36,937)
Additions....................................	23,489	1,393	22,132	47,014
Utilized.......................................	(23,303)	(1,606)	(71,095)	(96,004)
Others...	(397)	-	(19,219)	(19,616)
Balance as of March 31, 2019.......	48,898	1,144	140,586	190,628

The provisions are presented in the statements of financial position as follows:

	Yen (millions)	
	March 31	
	2019	2018
Current liabilities..........................	184,512	285,954
Non-current liabilities..................	6,116	10,217
Total...	190,628	296,171

A warranty for quality and performance of products and services is provided for a fixed period, and provision for product warranties is recorded time of sales for an estimated amount of service expenses within the warranty period based on past experiences to prepare for payment of expenses for the after-sale services.

Provision for restructuring is recorded for an estimated amount of expenses for restructuring activities that have been implemented for the purpose of improvement in operating efficiency and promotion of cost efficiency in and outside of Japan. The timing of payment is affected by a future business plan, etc., but this provision is usually short-term by its nature with most payments completed within one year of the incurrence.

Other provisions are principally provision for onerous contracts, provisions for expenses related to environmental remediation, provision for litigation-related expenses, etc. and provision for sales promotion.

Provision for onerous contracts relates to contracts where certain subsidiaries purchase specific raw materials for the period up to 2020.

To ensure appropriate disposal by March 31, 2027 of electric equipment containing polychlorinated biphenyls (PCB) (hereinafter, “PCB equipment”) that may have been buried under the Company's manufacturing facilities and sites of its former manufacturing facilities in accordance with the Act on Special Measures concerning Promotion of Proper Treatment of PCB Wastes, provision for expenses related to environmental remediation is recognized for estimated total expenses for necessary actions, such as investigating whether or not PCB equipment has been buried under the Company’s manufacturing facilities and sites (including excavation, storage and disposal costs of already discovered PCB equipment, and soil replacement).

Provision for litigation-related expenses, etc., relates to litigations or governmental investigations which the Company and certain subsidiaries have been involved with. Depending upon the outcome of these different proceedings, the Company and certain subsidiaries may be subject to an uncertain amount of fines, and accordingly the Company has accrued certain probable and reasonably estimated amounts for the fines. Provision for litigation-related expenses, etc., as of March 31, 2018 includes one related to the business operations of the

Company's U.S. subsidiary, Panasonic Avionics Corporation (PAC). Panasonic and PAC have entered into agreements with the United States Securities and Exchange Commission and the United States Department of Justice (collectively referred to as the "U.S. Government Agencies") in May 2018. The agreements resolve investigations by the U.S. Government Agencies under the Foreign Corrupt Practices Act and other securities laws regarding activities at PAC with respect to certain contracts with airline customers and the use of sales agents and consultants pertaining to such contracts. In connection with these agreements, Panasonic and PAC paid a combined total of $280,602,830.93 to the U.S. Government Agencies. Accordingly, provision for litigation -related expenses, etc., as of March 31, 2019 does not include one related to the business operations of PAC.

Provision for sales promotion expenses is made for estimated total expenses related to sales promotion of merchandise, etc. in the distribution channels based on distributor sales contracts. In accordance with the adoption of IFRS 15 from April 1, 2018, provision for sales promotion expenses, which was previously included in "Provision" (current liabilities), is reclassified as part of refund liabilities and presented in "Other current liabilities."

19. Other financial liabilities

Other financial liabilities, except for derivative liabilities, are measured at amortized cost.
Derivatives are measured at fair value and the changes in fair value are recognized as profit or loss (except for those desinated as hedging instruments).

Components of other financial liabilities are as follows:

	Yen (millions)	
	March 31	
	2019	2018
Derivative liabilities	12,491	15,805
Accounts payable (non-trade)	73,228	98,523
Deposits received-current	176,443	183,920
Others	28,322	25,352
Total	290,484	323,600
Current liabilities	273,817	304,977
Non-current liabilities	16,667	18,623

20. Other liabilities

Components of other liabilities are as follows:

	Yen (millions)	
	March 31	
	2019	2018
Accrued expenses	419,815	546,024
Accrued payroll, etc	220,512	226,158
Refund liabilities	136,150	-
Deposits and deferred revenue	-	111,403
Others	52,661	35,887
Total	829,138	919,472
Current liabilities	820,988	907,756
Non-current liabilities	8,150	11,716

Note: In accordance with the adoption of IFRS 15 from April 1, 2018, provision for sales promotion expenses which were previously included in "Provision" (current liabilities) and accrued expenses which was previously included in "Other current liabilities" are reclassified as refund liabilities and included in "Other current liabilities." As a result, compared with the application of the former accounting standard, as of March 31, 2019, provision for sales promotion expenses and accrued expenses decreased by 35,020 million yen and 101,130 million yen, respectively, and refund liabilities increased by the same amount.

21. Equity

(1) Capital management

The Company's basic policy is to manage methods, terms and conditions and others for fund management and financing in business activities, and to promote reduction in cost of funds and stability and improvement of the financial structure through increase in the efficiency of investments.

In addition, the Company considers that it is important to generate and improve free cash flows through the enhancement of its profitability, continuous inventory reduction, concentration of capital expenditure, review of portfolio assets and other means to achieve medium to long term business development.

Key indicators used by the Company in capital management are as follows:

	2019	2018
Net Cash (millions of yen, * 1)	(176,796)	(91,902)
Shareholder's equity ratio	31.8%	27.1%
Return on equity	15.7%	14.4%
Free Cash Flow (millions of yen, * 2)	10,290	(35,646)
Capital investment (millions of yen, * 3)	300,450	392,234
Depreciation (millions of yen)	226,788	226,576

(* 1) This was calculated by deducting interest-bearing debt (the total of "short-term debt, including current portion of long-term debt" and "long-term debt") from the total of "cash and cash equivalents" and time deposits and others included in "other financial assets."

(* 2) This is the total of cash flows from operating activities and cash flows from investing activities.

(* 3) This is the amount of increases in "property, plant and equipment" on an accrual basis.

There is no significant capital restriction applicable to the Company.

(2) Common stock

All shares issued by Panasonic are common stock without par value. Issued shares are fully paid.

Total number of shares authorized to be issued and the number of issued shares of Panasonic is as follows:

	Shares 2019	Shares 2018
Total number of shares authorized to be issued	4,950,000,000	4,950,000,000
Number of shares issued:		
Balance at the beginning of the year	2,453,053,497	2,453,053,497
Changes during the period	-	-
Balance at the end of the year	2,453,053,497	2,453,053,497

The numbers of shares of treasury stock included in the above number of shares issued were 120,663,025 shares and 120,718,303 shares as of March 31, 2019 and 2018, respectively.

(3) Capital surplus and retained earnings

The Companies Act of Japan provides that an amount equal to 10% of cash dividends be appropriated as a capital reserve or legal reserve until the aggregated amount of capital reserve and legal reserve equals 25% of stated capital. The capital reserve and legal reserve are not available for dividends but may be transferred to capital surplus or retained earnings or stated capital upon approval at the shareholders' meeting.

In accordance with the Companies Act of Japan, there are certain restrictions on distributable amount in connection with the treasury stock repurchased. As a result, retained earnings of 210,782 million yen and 210,896 million yen are restricted as of March 31, 2019 and 2018, respectively, from distributions of cash dividends.

(4) Other components of equity

A breakdown of other components of equity and details of movements is as follows:

	Yen (millions)				
	Items that will not be reclassified to profit or loss		Items that may be reclassified to profit or loss		
	Remeasurements of defined benefit plans	Financial assets measured at FVTOCI	Exchange differences on translation of foreign operations	Net changes in fair value of cash flow hedges	Total
Balance as of March 31, 2017	-	38,716	(203,106)	(242)	(164,632)
Arising during the period:					
Pre-tax amount..........................	90,581	8,496	(10,797)	(1,387)	86,893
Income tax (expense) benefit....	(28,919)	(2,051)	-	487	(30,483)
Net-of-tax amount.....................	61,662	6,445	(10,797)	(900)	56,410
Reclassification to profit or loss:					
Pre-tax amount..........................	-	-	3,945	3,585	7,530
Income tax (expense) benefit....	-	-	-	(1,059)	(1,059)
Net-of-tax amount.....................	-	-	3,945	2,526	6,471
OCI (loss), net of tax.....................	61,662	6,445	(6,852)	1,626	62,881
OCI (loss) attributable to non-controlling interests, net-of-tax	102	35	6,397	6	6,540
Transfer to hedged non-financial assets..	-	-	-	(561)	(561)
Transfer to retained earning..........	(73,314)	2,153	-	-	(71,161)
Transactions with non-controlling interests and other.......................	11,754	-	-	-	11,754
Balance as of March 31, 2018	-	47,279	(216,355)	817	(168,259)
Arising during the period:					
Pre-tax amount..........................	(18,161)	(3,728)	9,052	(2,248)	(15,085)
Income tax (expense) benefit....	5,373	1,120	-	496	6,989
Net-of-tax amount.....................	(12,788)	(2,608)	9,052	(1,752)	(8,096)
Reclassification to profit or loss:					
Pre-tax amount..........................	-	-	161	(895)	(734)
Income tax (expense) benefit....	-	-	-	236	236
Net-of-tax amount.....................	-	-	161	(659)	(498)
OCI (loss), net of tax.....................	(12,788)	(2,608)	9,213	(2,411)	(8,594)
OCI (loss) attributable to non-controlling interests, net-of-tax	62	19	(3,019)	16	(2,922)
Transfer to hedged non-financial assets..	-	-	-	382	382
Transfer to retained earning..........	12,850	(3,718)	-	-	9,132
Balance as of March 31, 2019	-	40,934	(204,123)	(1,228)	(164,417)

(5) Dividends

1) Dividends for the year ended March 31, 2019 are summarized as follows:

(i) Amount of cash dividends paid

Resolution date	Class	Cash dividends (millions of yen)	Dividends resource	Cash dividends per share (yen)	Record date	Effective date
The Board of Directors meeting held on May 10, 2018	Common stock	46,647	Retained earnings	20.0	March 31, 2018	June 8, 2018
The Board of Directors meeting held on October 31, 2018	Common stock	34,986	Retained earnings	15.0	September 30, 2018	November 30, 2018

(ii) Cash dividends resolved in the year ended March 31, 2019 but effective in the following fiscal year

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

2) Dividends for the year ended March 31, 2018 are summarized as follows:

(i) Amount of cash dividends paid

Resolution date	Class	Cash dividends (millions of yen)	Dividends resource	Cash dividends per share (yen)	Record date	Effective date
The Board of Directors meeting held on May 11, 2017	Common stock	34,986	Retained earnings	15.0	March 31, 2017	June 8, 2017
The Board of Directors meeting held on October 31, 2017	Common stock	23,324	Retained earnings	10.0	September 30, 2017	November 30, 2017

(ii) Cash dividends resolved in the year ended March 31, 2018 but effective in the following fiscal year

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

22. Share-based Payment Plan

(1) Details of share-based payment plan

Panasonic has introduced a plan of share-based payment stock options (stock acquisition rights) for its Directors (excluding Outside Directors), Executive Officers and certain other company executives of Panasonic, as an incentive for them to further contribute to the improvement of long-term operating results and higher corporate value through sharing the benefits and risks of share price fluctuations with its shareholders.

Stock acquisition rights granted under this plan are fully vested on grant date. As the exercise condition, during the period when the stock acquisition rights may be exercised, the holder may exercise the stock acquisition rights on or after the day immediately following the day on which such holder loses the status of the Director, Executive Officer or any status equivalent thereto, of Panasonic (the "Status Losing Date"). As for the stock acquisition rights issued in July 2018, August 2017 and August 2016, the holder may exercise the rights on or after the day immediately following status losing date or the day immediately following the day when three (3) years have passed since the day immediately following the day the stock acquisition rights were allotted, whichever is the earlier. The exercise price of the stock acquisition right is 1 yen per share.

Upon exercise of each stock acquisition right, in principle, 100 shares of common stock of the Company are granted; provided, however, that in the case that Panasonic conducts a share split (including an allotment without consideration of shares of common stock of the Company) or share consolidation of the Company's common stock, the number of shares granted will be adjusted in accordance with a specific formula.

The exercise period is a period specified in the allotment contract. When stock acquisition rights are not exercised during the period, the stock acquisition rights will be forfeited.

The Company's stock acquisition rights that existed in the years ended March 31, 2018 and 2019 are as follows:

	Grant date	Number of stock acquisition right	Fair value of one stock acquisition right on grant date (yen)	Exercisable period
Panasonic Corporation stock acquisition rights issued in August 2014	August 22, 2014	2,088	105,400	From August 23, 2014 to August 22, 2044
Panasonic Corporation stock acquisition rights issued in August 2015	August 20, 2015	1,729	112,400	From August 21, 2015 to August 20, 2045
Panasonic Corporation stock acquisition rights issued in August 2016	August 23, 2016	5,800	71,300	From August 24, 2016 to August 23, 2046
Panasonic Corporation stock acquisition rights issued in August 2017	August 23, 2017	3,561	112,800	From August 24, 2017 to August 23, 2047
Panasonic Corporation stock acquisition rights issued in July 2018	July 18, 2018	3,473	106,400	From July 19, 2018 to July 18, 2048

(2) Change in the number of stock acquisition rights and their weighted average exercise prices

	Year ended March 31			
	2019		2018	
	Number of stock acquisition right	Weighted-average exercise price (yen per share)	Number of stock acquisition right	Weighted-average exercise price (yen per share)
Outstanding at the beginning of the year	13,124	1	9,593	1
Granted	3,473	1	3,561	1
Forfeited	-	-	-	-
Exercised	(919)	1	(30)	1
Expired	-	-	-	-
Outstanding at the end of the year	15,678	1	13,124	1
Exercisable at the end of the year	2,501	1	2,904	1

The weighted average share prices at the exercise date of stock options that exercised during the year ended March 31, 2019 and 2018 are 1,302 yen and 1,719 yen per share, respectively. The exercise price of exercisable stock acquisition rights in the years ended March 31, 2019 and 2018 is 1 yen each. In the years ended March 31, 2019 and 2018, the weighted average remaining contractual terms for outstanding stock acquisition rights at the year-end were 24.6 years and 23.8 years, respectively, and for exercisable stock acquisition rights at the year-end were 7.9 years and 8.2 years, respectively.

(3) Measurement method for fair value of stock options granted during the year

1) Valuation technique used
Black-Scholes model

2) Fair value at grant date and key inputs (per share information)

	Year ended March 31	
	2019	2018
	Panasonic Corporation stock acquisition rights issued in July 2018	Panasonic Corporation stock acquisition rights issued in August 2017
Fair value at grant date	1,064 yen	1,128 yen
Stock price at grant date (*1)	1,452 yen	1,459.5 yen
Exercise price	1 yen	1 yen
Expected remaining term	15 years	15 years
Expected volatility	34.15 % (*2)	34.75 % (*3)
Risk-free interest rate (*4)	0.25 %	0.28 %
Expected dividend yield	2.07 % (*5)	1.71 % (*6)

(*1) The closing price of common stock of Panasonic Corporation on the Tokyo Stock Exchange at grant date was used.

(*2) The figure was calculated based on the closing price of ordinary transactions of shares of common stock of Panasonic Corporation on each transaction date for 15 years (from July 18, 2003 to July 18, 2018).

(*3) The figure was calculated based on the closing price of ordinary transactions of shares of common stock of Panasonic Corporation on each transaction date for 15 years (from August 23, 2002 to August 23, 2017).

(*4) The interest rate, at the grant date, of government bonds with remaining maturity corresponding to the expected remaining life (15 years) was used.

(*5) The figure was calculated as "dividends per share (actual dividends paid for the year ended March 31, 2018) / share price at the grant date."

(*6) The figure was calculated as "dividends per share (actual dividends paid for the year ended March 31, 2017) / share price at the grant date."

(4) Stock-based compensation expenses

Expenses recorded for share-based payments in the years ended March 31, 2019 and 2018 were 370 million yen and 402 million yen, respectively, and were included in "selling, general and administrative expenses" in the consolidated statements of profit or loss.

23. Revenue

(1) Revenue recognized from contract with customers

Sales on the consolidated statements of profit or loss for the year ended March 31, 2019 (8,002,733 million yen) mainly consist of revenue from contracts with customers. Revenue that is recognized from other sources relates mainly to subleases. It is included in the disclosure of (2) Disaggregation of revenue as the amount is not significant.

(2) Disaggregation of revenue

Revenue from contracts with customers is disaggregated by product category and geographical area where customers are located to reflect its nature properly. Revenue by product and geographical area is further disaggregated by reportable segment. The disaggregated revenue is as follows:

For the year ended March 31, 2019

Yen (millions)

By product category	Sales	By geographical area	Sales
The reportable segments			
Appliances			
B2C	1,615,128	Japan	910,218
B2B	509,655	North and South America	280,652
		Europe	264,266
		Asia, China and others	669,647
Total	2,124,783	Total	2,124,783
Eco Solutions			
Electrical construction materials	806,815	Japan	1,548,689
Architecture	448,957	North and South America	61,625
Other (including home building products)	612,448	Europe	48,610
		Asia, China and others	209,296
Total	1,868,220	Total	1,868,220
Connected Solutions			
Vertical solutions	458,289	Japan	364,949
Product solutions	624,975	North and South America	406,416
		Europe	123,049
		Asia, China and others	188,850
Total	1,083,264	Total	1,083,264
Automotive & Industrial Systems			
Automotive	970,804	Japan	749,036
Energy	749,437	North and South America	760,860
Industrial	914,157	Europe	366,153
Other	27,259	Asia, China and others	785,608
Total	2,661,657	Total	2,661,657
Other	264,809	Other	264,809
Consolidated total	8,002,733	Consolidated total	8,002,733

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

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

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

The products of Automotive & Industrial Systems are categorized into "Automotive," "Energy," "Industrial" and "Other." "Automotive" includes products such as automotive-use infotainment systems, electrical components and automotive mirrors. "Energy" includes products such as automotive-use batteries, lithium-ion batteries and dry batteries. "Industrial" includes products such as automation controls, electric motors, semiconductors, electronic components, electronic materials and LCD panels. "Other" mainly includes products that third parties manufacture.

The reconciliation of "Disaggregated revenue" by reportable segment with the "Sales to customers" in Note 4 "(2) Information by Segments" is as follows.

For the year ended March 31, 2019

	Yen (millions)			
	Appliances	Eco Solutions	Connected Solutions	Automotive & Industrial Systems
Disaggregated revenue	2,124,783	1,868,220	1,083,264	2,661,657
Adjustments for management accounting	321,848	47,732	7,508	192,580
Cross-selling	116,171	(70,724)	(85,986)	(711)
Sales of third party's products, etc.	(31,231)	1,198	(4,036)	(867)
Note 4 "(2) Information by Segments" Sales to customers	2,531,571	1,846,426	1,000,750	2,852,659

"Disaggregated revenue" of each reportable segment with the adjustments for "Adjustments for management accounting," "Cross-selling" and "Sales of third party's products, etc." matches with "Sales to customers" in Note 4 "(2) Information by reportable segment." "Adjustments for management accounting" mainly includes the adjustment for sales price for management accounting. "Cross-selling" mainly includes the adjustment for sales of products through other segments. "Sales of third party's products, etc." mainly includes the adjustment for sales of products manufactured by third parties which are not included in sales for management accounting purpose.

(3) Information about performance obligations

Information about performance obligations (the nature of the goods or services, the timing of satisfaction of performance obligations, its determination and variable consideration) is as follows. The period between when the entity transfers a promised good or service to a customer and when the customer pays for that good or service will typically be one year or less, and a significant financing component is not included in the amount of the consideration promised by the customer, therefore the Company does not adjust the promised amount of consideration for that effect.

The Company has entered into a variety of transaction arrangements with customers through a combination of products, equipment, installation, maintenance, etc. If certain criteria are met, the Company shall identify distinct performance obligations in such transactions and recognize as revenue the amount of the transaction price allocated to each performance obligation according to the satisfaction of its performance obligations.

1) Sales of products

The Company is mainly engaged in the sale of products such as household products ("B2C" in Appliances segment, etc.), industrial products and manufacturing devices ("B2B" in Appliances segment, "Electrical construction materials," "Architecture" and "Other (including home building products)" in Eco Solutions segment, "Vertical solutions" and "Product solutions" in Connected Solutions segment, "Automotive," "Energy" and "Industrial" in Automotive & Industrial Systems segment, etc.), and consumables.

For such sales transactions, the Company recognizes revenue at the time of their delivery, in principle, because the customer obtains control of the products and the Company satisfies its performance obligation when the products are delivered. The Company recognizes as revenue the amount of the consideration (transaction price) to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer.

The Company deducts certain price adjustments that are appropriated to payments to compensate for the decline in product prices in association with sales to its consumer products distributors and sales rebates under incentive programs offered to those distributors (variable consideration), from net sales. The Company includes in the transaction price an amount of variable consideration only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. The Company recognizes a refund liability if the Company has already received consideration from a customer and expects to refund some or all of that consideration to the customer.

2) Construction contracts

The Company is engaged in design, construction, etc. for housing, electric and building equipment, environment-related equipment ("Electrical construction materials" and "Architecture" in Eco Solutions segment), disaster prevention/security-related equipment ("Product solutions" in Connected Solutions segment) and system integration ("Product solutions" in Connected Solutions segment).

For such sales transactions, in principle, revenue is recognized in accordance with the progress towards complete satisfaction, because the performance obligation has been satisfied over time. Only if the Company can reasonably measure the progress towards complete satisfaction, sales are recorded using the input method based on the percentage of actual costs incurred to date to estimated total costs at the end of each reporting period. When the initial estimate of sales or progress up to the completion may be changed, the Company reviews the estimate.

If the Company cannot reasonably measure the progress towards complete satisfaction, the amount equivalent to the extent of costs incurred that is considered highly recoverable is recorded as sales. Costs are recognized as cost of sales in profit or loss in the period during which they are incurred.

A portion of the amount received before the completion of construction that relates to unsatisfied performance obligation is recognized as contract liabilities.

3) Rendering of services

The Company is engaged in services such as repair request and maintenance incidental to 1) Sales of products or 2) Construction contracts, and investigation, analysis, supervision, maintenance, etc. of electric and building equipment, environment-related equipment and disaster prevention/security-related equipment. For such sales transactions, in principle, the Company recognizes revenue according to the progress towards complete satisfaction, because the performance obligation has been satisfied over time, same as 2) Construction contracts. The Company recognizes revenue in some contracts over the service period under a flat-rate.

The Company recognizes revenue over the period when providing an extended warranty service incidental to some sales transactions, because the performance obligation has been satisfied over time. In addition, the Company charges a fee to a customer under a flat-rate or pay-for-use system with respect to communication services in Connected Solutions segment and recognizes revenue over the service period, because the performance obligation has been satisfied over time.

(4) Transaction price allocated to the remaining performance obligations

The aggregate amount of the transaction price allocated to the remaining obligations that are unsatisfied as of March 31, 2019 is 182,269 million yen. The amount mainly relates to construction contracts and the Company expects to recognize it as revenue within approximately six years. As the Company elects to use a practical expedient, the above amount does not include the transaction price allocated to the remaining obligations that are unsatisfied as of the end of fiscal year for contracts with an original expected duration of one year or less. The above amount of the transaction price does not include any significant estimated amounts of variable consideration.

(5) Contract balances

The balances of trade receivables, contract assets and contract liabilities from contracts with customers are summarized as follows:

	Yen (millions)	
	March 31, 2019	April 1, 2018
Assets from contracts with customers	1,190,620	1,057,111
Trade receivables	978,093	980,867
Contract assets	212,527	76,244
Liabilities from contracts with customers	119,335	111,403
Contract liabilities	119,335	111,403

Contract assets relate mainly to the Company's right to consideration in exchange for goods or services for which the Company has satisfied or partially satisfied the performance obligations but has not claimed yet as of the end of the fiscal year. Contract assets are reclassified to trade receivables when the right to consideration becomes unconditional. Contract assets increased during the year ended March 31, 2019 mainly due to expansion of the transaction based on product supply contracts with a specific customer that was determined to contain a lease.

Contract liabilities are mainly advances received for future goods or consideration received for future services that the Company continues to provide. Almost all the amount of contract liabilities as of April 1, 2018 was recognized as revenue in the year ended March 31, 2019.

The amount of revenue recognized in the year ended March 31, 2019 from satisfied or partially satisfied performance obligations in previous periods is not significant.

(6) Assets recognized from contract costs

The balances of the incremental costs of obtaining a contract and costs incurred to fulfill a contract as of March 31, 2019 are not significant. As the Company elects to use a practical expedient, it recognizes the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the Company otherwise would have recognized is one year or less.

24. Selling, General and Administrative Expenses

Selling, general and administrative expenses are as follows:

	Yen (millions)	
	2019	2018
Employee benefit	872,202	861,131
Advertising expenses	97,600	112,238
Transportation and storage	190,429	189,786
Depreciation and amortization	84,943	84,947
Others	694,293	689,908
Total	1,939,467	1,938,010

25. Research and Development Expenses

Research and development expenses are as follows:

	Yen (millions)	
	2019	2018
Research and development expenses	488,757	448,879

26. Other Income (Expenses)

Other income (expenses), net for the year ended March 31, 2019 includes gain of 82,933 million yen resulting from the revision of pension plan of the Company and certain domestic subsidiaries effective July 1, 2019, gain on discontinuance of equity-method accounting for investment in associate of 30,022 million yen, and gain on sales of property, plant and equipment of 26,914 million yen.

Other income (expenses), net for the year ended March 31, 2018 includes expenses associated with discontinuation or voluntary recall of products of 18,127 million yen, loss on sales and retirement of property, plant and equipment of 6,566 million yen, restructuring charges of 5,694 million yen, gain on sales of property, plant and equipment of 13,401 million yen, and gain on settlement of the defined benefit corporate pension plan in certain subsidiaries of 11,377 million yen.

Loss on sales and retirement of property, plant and equipment, gain on sales of property, plant and equipment, and gain on discontinuance of equity-method accounting for investment in associate are presented in “Other - net” within cash flows from operating activities in the consolidated statements of cash flows.

27. Impairment of Non-Financial Assets

(1) Impairment losses

The losses are included in "Cost of sales" and "Other income (expenses), net" in the consolidated statements of profit or loss. The amount of losses included in "Cost of sales" was 17,262 million yen for the year ended March 31, 2019. The amounts of losses included in "Other income (expenses), net" were 45,513 million yen and 26,772 million yen for the years ended March 31, 2019 and 2018, respectively.

The amount by segment represents the amount attributable to each cash-generating unit that is allocated to a particular reportable segment for impairment testing puropose, and is not necessarily equal to the amount allocated to each segment for the internal management purpose.
Amount by segment for the year ended March 31, 2018 has been reclassified to conform to the presentation for the year ended March 31, 2019.
The amounts of impairment losses recorded for property, plant and equipment, goodwill and intangible assets by segment are as follows:

	Yen (millions)	
	2019	2018
Appliances	139	270
Eco Solutions	24,854	8,615
Connected Solutions	272	5,871
Automotive & Industrial Systems	33,591	7,250
Other	3,919	4,766
Consolidated total	62,775	26,772

In the year ended March 31, 2019, the Company recorded impairment losses on property, plant and equipment, etc. in certain cash-generating units of the solar business which belongs to "Eco Solutions" segment. This is because it was expected that the carrying amount of these assets could not be recovered due mainly to restructuring of the business. The fair value less costs of disposal was measured by the replacement cost method, sales comparable transaction method, and other means. The fair value measurement is categorized mainly as Level 3 fair value.

The Company also recorded impairment losses on goodwill and intangible assets in certain cash-generating units of automotive business which belongs to "Automotive & Industrial Systems" segment. This is because it was expected that the carrying amount of these assets could not be recovered due mainly to a downturn of European business. The value in use was measured by the discounted cash flow method. The pre-tax discount rates used for the years ended March 31, 2019 and 2018 are 9.6% and 8.8%, respectively.

In the year ended March 31, 2018, the Company recorded impairment losses on intangible assets, etc. of certain businesses which belong to "Eco Solutions" segment. This is because it was expected that the carrying amount of these assets could not be recovered by future cash flows due to a deterioration of the business environment. The fair value less costs of disposal was measured by the relief-from-royalty method, the excess earnings method, and other means. The fair value measurement is categorized as Level 3 fair value.

(2) Goodwill and intangible assets with indefinite useful lives

(i) Impairment tests

The recoverable amount of each cash-generating unit with goodwill and intangible assets with indefinite useful lives in impairment test is calculated at the higher of fair value less costs of disposal or value in use.

As of March 31, 2019 and 2018, goodwill with carrying amount of 86,651 million yen and 82,148 million yen, respectively, and trademark with the carrying amount of 26,304 million yen and 25,179 million yen, respectively, which are relating to “Hussmann Corporation” included in the “Appliance” segment, are individually significant goodwill or intangible assets with indefinite useful lives allocated to cash generating unit in comparison with the Company's total carrying amount.

For the years ended March 31, 2019 and 2018, the recoverable amount of cash-generating unit, to which goodwill and trademark with individually significant carrying amount in comparison with the Company's total carrying amount are allocated, is measured principally by the discounted cash flow method and the comparable listed company analysis method. The fair value measurements are categorized as Level 3 within the fair value hierarchy. Discounted cash flow method is calculated by discounting the estimated amount of future cash flows based on the most recent business plan approved by the Board of Directors to the present value. The period of future outlook is five years, and future outlook reflects past experience and is shaped after verifying the consistency with external information. The growth rate (2.4% and 2.1%, respectively) is determined in view of long-term average growth rate of markets or countries to which each cash-generating unit belongs. The discount rate (11.5% and 11.7% on pre-tax basis, respectively) is calculated based on weighted average cost of capital of the cash-generating unit. For the year ended March 31, 2019, the amount of fair value less costs of disposal exceeds the carrying amount by 9,434 million yen. If the discount rate used in the above impairment test ticks up over 1.1%, the carrying amount would exceed the amount of fair value less costs of disposal. For the year ended March 31, 2018, since the amount of fair value less costs of disposal, sufficiently exceeds the carrying amount, the Company has determined that significant impairment is unlikely to occur in this cash-generating unit, even if the major assumptions such as the growth rate and discount rate used in the above impairment test change within a reasonably predictable range.

(ii) Goodwill

As of March 31, 2019 and 2018, the aggregate carrying amounts of individually insignificant goodwill that are allocated to cash-generating units are 309,096 million yen and 326,155 million yen, respectively.

Impairment losses in the years ended March 31, 2019 and 2018 are 13,230 million yen and 3,256 million yen, respectively.

(iii) Intangible assets with indefinite useful lives

As of March 31, 2019 and 2018, the aggregate carrying amounts of individually insignificant intangible assets with indefinite useful lives allocated to cash-generating units are 14,985 million yen and 16,393 million yen, respectively.

Impairment losses in the years ended March 31, 2019 and 2018 are not material.

28. Finance Income and Expenses

(1) Finance income

Finance income are as follows:

	Yen (millions)	
	2019	2018
Dividend income:		
Financial assets measured at FVTOCI	2,531	2,250
Interest income:		
Financial assets measured at amortized cost	21,899	20,522
Foreign exchange gains	1,173	-
Total	25,603	22,772

(2) Finance expenses

Finance expenses are as follows:

	Yen (millions)	
	2019	2018
Interest expenses:		
Financial liabilities measured at amortized cost	15,518	16,207
Net interest cost on employee benefits	2,302	3,257
Others	2,825	2,319
Foreign exchange losses	-	2,938
Total	20,645	24,721

(3) Transfers of financial assets

The Company transfers financial assets such as trade receivables to unconsolidated structured entities. These entities have been set up by third-party financial institutions and managed by the financial institutions as part of their business. Because the entities also purchase a large amount of assets from customers other than the Company, the proportion of financial assets transferred by the Company in total assets of the entities is small. The Company has therefore determined that the Company's relevance to the assessment of exposures to the risk carried by the entities is low.

The Company has provided no support to these structured entities outside contracts and made no implicit agreement on supporting them. The main content of the interests in these structured entities is provision of limited credit enhancement, servicing and receipt of fees on servicing.

In the years ended March 31, 2019 and 2018, a loss on transfer of trade receivables, etc. which were derecognized in their entirety was 2,639 million yen and 2,066 million yen, respectively. This loss is included in “Finance expenses” in the consolidated statements of profit or loss.

The Company has reserved obligations to provide servicing for financial assets which were derecognized in their entirety. However, since the difference between expenses and fees received for provision of servicing are not material, the Company did not record any servicing assets and liabilities as of March 31, 2019 and March 31, 2018.

The maximum exposure to losses resulting from continuing involvement in the derecognized financial assets as of March 31, 2019 and March 31, 2018 was 28,274 million yen and 23,694 million yen, respectively, which is the total amount of the outstanding balance of obligations to repurchase the transferred assets under restricted, specific conditions.

29. Per share information

Panasonic Corporation stockholders' equity per share is as follows:

	Yen	
	March 31	
	2019	2018
Panasonic Corporation stockholders' equity per share	820.41	732.12

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

	Yen (millions)	
	2019	2018
Net profit attributable to Panasonic Corporation stockholders	284,149	236,040

	Number of shares	
	2019	2018
Average common shares outstanding	2,332,365,043	2,332,366,262
Dilutive effect:		
Stock acquisition rights	1,519,520	1,195,184
Diluted common shares outstanding	2,333,884,563	2,333,561,446

	Yen	
	2019	2018
Earnings per share attributable to Panasonic Corporation stockholders:		
Basic	121.83	101.20
Diluted	121.75	101.15

30. Financial Instruments

(1) Financial risk management policy

The Company is exposed to various financial risks (credit risks, liquidity risks and market risks) in the process of its business activities, and it manages risks based on a specific policy in order to avoid or reduce these risks.

The Company limits derivatives to transactions for the purpose of mitigating risks from transactions based on actual demand. Therefore, it does not own or issue derivatives for speculative purposes.

(2) Credit risk management

The Company is principally exposed to credit risk of customers on trade receivables, contract assets and lease receivables as well as credit risk of financial institutions as counterparties to derivatives held to hedge currency risks and commodity price fluctuation risks.

With regard to trade receivables, contract assets and lease receivables, the Company assesses management conditions of each business partner and determines their credit quality to consider whether or not the transaction is appropriate in accordance with the internal rules for credit management. After the commencement of the transaction, in accordance with the internal rules for management of receivables, the Company manages due dates and balances for each business partner, continuously manages records of progress of transactions, timeliness of collection and changes and trends of receivable balances, and proactively gathers information on management conditions, trends, etc. of business partners in an effort to early detect and mitigate any concerns about collection due to deterioration of the financial condition, etc.

With regard to derivative transactions, since the Company only deals with financial institutions, etc. with high credit ratings and credit quality of counterparties is high, the Company believes that its credit risk exposure is minimum.
The maximum exposure to credit risk that does not take into account collateral held and other credit enhancements at the end of the fiscal year is the carrying amount of financial assets in the consolidated statements of financial position except for the derecognized financial assets stated in “28. Finance Income and Expenses” and guarantees of obligations. The Company provides guarantees mainly on bank loans provided to associates and customers to enhance their credit. For each guarantee provided, the Company is required to perform under the guarantee if the guaranteed party defaults on a payment. As of March 31, 2019, the maximum amount of undiscounted payments the Company would have to make in the event of default was 48,218 million yen.

1) Changes in allowance for credit losses
The Company determines the amount of allowance for credit losses by such classifications as trade receivables, contract assets and lease receivables, and receivables other than trade receivables, contract assets and lease receivables, etc..

For trade receivables, contract assets and lease receivables, allowance for credit losses is always recorded at an amount equal to the lifetime expected credit losses. For receivables other than trade receivables, contract assets and lease receivables, etc., allowance for credit losses is recorded at an amount equal to the 12-month expected credit losses in principle. However, if terms and conditions for repayment stipulated by contract cannot be fulfilled, it is considered that credit risk has increased significantly since initial recognition, and allowance for credit losses is recorded at an amount equal to the lifetime expected credit losses, except in the case of the failure to fulfill such terms and conditions due to administrative errors of the counterparty and certain other cases.
Any financial asset is treated as credit-impaired financial asset, if there is request for changing terms and conditions for repayment from the debtor, serious financial difficulties of the debtor, or commencement of legal liquidation procedures due to bankruptcy and others on the debtor, etc. For any amount that clearly

cannot be recovered in the future, the carrying amount of the financial asset is directly reduced, and the corresponding amount of allowance for credit losses is also reduced.

The amount of allowance for credit losses is determined as follows:

- Trade receivables, contract assets and lease receivables
  The amount of the allowance is determined by classifying the receivables, etc. according to the number of days overdue, etc. and multiplying the amount of the receivables by a loss rate calculated by considering future prospects of economic conditions, etc. in addition to the historical rate of credit losses calculated according to the classification.

- Receivables other than trade receivables, contract assets and lease receivables, etc.
  For assets with which credit risk is not considered to be significantly increased, the amount of allowance is calculated by multiplying the carrying amount by a loss rate that is determined by considering the future prospects of economic conditions, etc. in addition to the historical rate of credit losses of homogeneous assets. However, if credit risk of the asset is considered to be significantly increased or the asset meets the criteria for credit-impaired financial assets, the amount expected to be recovered on the asset is individually estimated, and the amount of the allowance is determined as difference between the present value discounted using the original effective interest rate of the asset and the carrying amount.

Changes in allowance for credit losses are as follows:

	Yen (millions)	
	2019	2018
Beginning balance	19,203	20,636
Increases during the period	4,478	3,933
Decreases during the period (Utilization)	(6,437)	(2,768)
Decreases during the period (Reversal)	(5,371)	(2,538)
Others	(365)	(60)
Ending balance	11,508	19,203

With regard to financial assets that were recognized for the first time in the years ended March 31, 2019 and 2018, there were no material financial assets for which allowance for credit losses was recorded at the time of initial recognition.

Furthermore, in the years ended March 31, 2019 and 2018, there were no significant increases or decreases in the gross carrying amount that could affect a change in allowance for credit losses.

2) Gross carrying amount of financial assets for which allowance for credit losses is to be recorded

The gross carrying amount of financial assets for which allowance for credit losses is to be recorded is as follows:

(i) Trade receivables, contract assets and lease receivables

	Yen (millions)	
	2019	2018
Not past due	1,158,027	1,023,482
Due within 3 months	36,835	99,134
Due after 3 months through a year	7,175	6,263
Due after 1 year	74	4,892
Total	1,202,111	1,133,771

The contract balances of financial assets that were directly written off during the reporting period but still subject to recovery activities as of March 31, 2019 and March 31, 2018 were not material.

(ii) Receivables other than trade receivables, contract assets and lease receivables, etc.

For receivables other than trade receivables, contract assets and lease receivables, etc., information has been omitted since there are no assets of which credit risk was considered to significantly increase and credit risks on the carrying amount as of March 31, 2019 and March 31, 2018 were not material.

(3) Liquidity risk management

Liquidity risks are the Company's risks of nonfulfillment of repayment obligations for financial liabilities due. The Company develops its business under the basic policy of self-generating funds necessary for business activities. In addition, generated funds are utilized efficiently through intra-group financing. On that basis, when funds are required for working capital, investments in businesses and others, the Company raises funds externally by appropriate means in consideration of the financial structure and conditions of financial markets.

The balances of major financial liabilities by contractual maturities are as follows:

	Yen (millions)				
	March 31, 2019				
	Carrying amount	Contract amount	Within 1 year	After 1 year but not more than 5 years	More than 5 years
Non-derivative liabilities:					
Trade payables	1,151,174	1,151,174	1,151,174	-	-
Short-term debt, including current portion of long-term debt	389,955	391,393	391,393	-	-
Long-term debt	608,766	624,397	-	380,558	243,839
Other financial liabilities	16,667	18,310	-	-	18,310
Total	2,166,562	2,185,274	1,542,567	380,558	262,149
Derivative liabilities	12,491	12,491	12,491	-	-

	Yen (millions)				
	March 31, 2018				
	Carrying amount	Contract amount	Within 1 year	After 1 year but not more than 5 years	More than 5 years
Non-derivative liabilities:					
Trade payables......................	1,146,476	1,146,476	1,146,476	-	-
Short-term debt, including current portion of long-term debt....................................	375,392	378,023	378,023	-	-
Long-term debt.....................	864,052	883,695	-	567,949	315,746
Other financial liabilities......	18,623	20,687	-	1,501	19,186
Total...................................	2,404,543	2,428,881	1,524,499	569,450	334,932
Derivative liabilities.........	15,805	15,805	15,805	-	-

In addition, in order to secure a means of stable financing, the Company entered into commitment line agreements with several banks in June 2018. The unused balances under these agreements are as follows:

	Yen (millions)	
	March 31	
	2019	2018
Total committed line of credit................	700,000	–
Withdrawing...	–	–
Unused balances....................................	700,000	–

(4) Market risk management

The Company operates internationally, giving rise to exposure to market risks arising from changes in foreign exchange rates, interest rates, and commodity prices. The Company assesses these risks by continually monitoring changes in these exposures and by evaluating hedging opportunities.

1) Currency risks

Foreign exchange rate fluctuations may adversely affect the Company's business, operating results and financial condition, because costs and prices of its products and services that are traded in a foreign currency are affected by foreign exchange rate changes. The Company makes efforts to mitigate currency risks principally by utilizing derivatives such as foreign exchange contracts.

(i) Exposure to currency risks

Exposure to currency risks (net) of the Company is as follows. The amount of exposure to currency risks that is hedged by derivatives is excluded.

	March 31	
	2019	2018
US Dollar (Thousands of US dollar)......................	499,588	948,552
Euro (Thousands of Euro).....................................	122,270	84,640
Chinese Yuan (Thousands of Chinese Yuan).........	38,227	51,489

(ii) Sensitivity analysis for currency risks

For financial instruments held by the Company as of the end of each fiscal year, the impact of a 1% appreciation of Japanese yen against US Dollar, Euro and Chinese Yuan on profit before income taxes is as follows. In the case where Japanese yen decreases by 1% against US Dollar, Euro and Chinese Yuan on profit before income taxes, there would be an opposite effect with the same amount as stated in the following table.

This analysis is based on the assumption that all other variables are constant.

	Yen (millions)	
	March 31	
	2019	2018
US Dollar	(554)	(1,008)
Euro	(152)	(110)
Chinese Yuan	(6)	(9)

2) Interest rate risks

Interest-bearing debt is principally corporate bonds and borrowings obtained at fixed rates, and the interest rate risk is not material to the Company.

3) Commodity price fluctuation risks

The Company procures raw materials, including non-ferrous metals, under a long-term purchase agreement and is exposed to commodity price fluctuation risks due to market fluctuations, etc. The Company makes efforts to mitigate commodity price fluctuation risks by utilizing derivatives such as commodity futures.

4) Market price fluctuation risks

The Company is exposed to stock price fluctuation risks arising from its holdings of stocks of domestic and foreign companies. For equity instruments, the Company periodically assesses their fair value and financial condition of issuers and continually reviews the status of holding.

(5) Derivatives and hedge accounting

Derivatives held by the Company are comprised principally of foreign exchange contracts and commodity futures. The Company uses foreign exchange contracts and others to hedge the impact of exchange rate fluctuations on costs and prices of products and services, etc. that are traded in a foreign currency. In addition, the Company utilizes commodity futures and others to hedge commodity price fluctuation risks due to market fluctuations, etc. associated with procurement of raw materials, including non-ferrous metals, under a long-term purchase agreement. All these hedges meet the criteria for cash flow hedges.

The Company confirms the existence of an economic relationship between the hedged item and the hedging instrument at the inception and on an ongoing basis, through qualitative assessment on whether important terms and conditions of the hedged item match or conform closely to those of the hedging instrument, or quantitative assessment on whether changes in values of the hedged item and the hedging instrument are offset with each other because of the same risk, in order to make sure that the hedged item and the hedging instrument has an economic relationship in which changes in cash flows of the hedged item are offset by changes in cash flows of the hedging instrument.

In addition, the Company has set the appropriate hedge ratio based on the quantity of hedged items and the quantity of hedging instruments at the hedge's inception, and in principle, this ratio is set to ensure a one-to-one relationship.

Because the Company performs highly effective hedges, it expects that usually no significant ineffective portion arises.

1) The year ended March 31, 2019

(i) Effects of hedge accounting on the consolidated statements of financial position

Significant derivatives designated as hedging instruments as of March 31, 2019 are as follows:

Derivatives associated to currency risks;

Hedging instruments	Contract amounts	Average rate	Carrying amount (*1) Yen (millions)	
			Assets	Liabilities
Foreign exchange contracts:				
US Dollar sell / Japanese Yen buy....	1,250,271 Thousands US Dollar	109.80 Yen / Dollar	-	838
Euro sell / Japanese Yen buy............	200,585 Thousands Euro	124.41 Yen / Euro	-	38
US Dollar buy / Japanese Yen sell....	682,849 Thousands US Dollar	109.77 Yen / Dollar	589	-

(*1) In the consolidated statements of financial position, fair value of assets related to hedging instruments is included in "other financial assets," while the fair value of liabilities related to hedging instruments is included in "other financial liabilities."

The maximum term over which the Company hedges changes in cash flows due to risks of fluctuation in exchange rates is approximately six months.

The balance (after tax) of "net changes in cash flow hedges" related to ongoing hedges as of March 31, 2019 is as follows:

In the year ended March 31, 2019, there was no hedge relationship to which hedge accounting is no longer applied.

Risk	Yen (millions) March 31, 2019
Foreign currency risk..........................	(1,790)
Commodity price risk.........................	562
Total..	(1,228)

Since the amount of the ineffective portion of hedges recognized in profit or loss in the year ended March 31, 2019 is not material, information on changes in fair value of hedged items used as the basis for recognition of the ineffective portion of hedges has been omitted.

(ii) Effects of hedge accounting on the consolidated statements of profit or loss and the consolidated statements of comprehensive income

Effects of the application of hedge accounting on profit or loss and other comprehensive income (loss) in the year ended March 31, 2019 are as follows:

	Yen (millions)			
Risk	Amounts of gain (loss) recognized in OCI (pre-tax amount)	Amounts of gain (loss) reclassified from other components of equity into profit or loss (pre-tax amount)	Recognized in consolidated statements of profit or loss	Amounts of gain (loss) reclassified to acquisition cost of hedged item (pre-tax amount)
Foreign currency risk.....	(1,127)	(895)	Finance income (expenses)	-
Commodity price risk....	(1,121)	-	Cost of sales	547

In the year ended March 31, 2019, the amount of the ineffective portion of hedges recognized in profit or loss was not material.

Reclassification adjustments related to foreign currency risk from other components of equity to profit or loss in the year ended March 31, 2019 are attributed to effects of hedged items on profit or loss.

2) The year ended March 31, 2018

(i) Effects of hedge accounting on the consolidated statements of financial position

Significant derivatives designated as hedging instruments as of March 31, 2018 are as follows:

Derivatives associated to currency risks;

			Carrying amount (*1) Yen (millions)	
Hedging instruments	Contract amounts	Average rate	Assets	Liabilities
Foreign exchange contracts:				
US Dollar sell / Japanese Yen buy....	741,965 Thousands US Dollar	108.72 Yen / Dollar	2,098	-
Euro sell / Japanese Yen buy............	199,025 Thousands Euro	134.11 Yen / Euro	704	-
US Dollar buy / Japanese Yen sell....	634,231 Thousands US Dollar	108.80 Yen / Dollar	-	1,888
Euro buy / Japanese Yen sell............	4,069 Thousands Euro	130.92 Yen / Euro	-	2

(*1) In the consolidated statements of financial position, fair value of assets related to hedging instruments is included in “other financial assets,” while the fair value of liabilities related to hedging instruments is included in “other financial liabilities.”

The maximum term over which the Company hedges changes in cash flows due to risks of fluctuation in exchange rates is approximately six months.

The balance (after tax) of "net changes in cash flow hedges" related to ongoing hedges as of March 31, 2018 is as follows:

In the year ended March 31, 2018, there was no hedge relationship to which hedge accounting no longer applied.

	Yen (millions)
Risk	March 31, 2018
Foreign currency risk............................	(178)
Commodity price risk...........................	995
Total..	817

Since the amount of the ineffective portion of hedges recognized in profit or loss in the year ended March 31, 2018 is not material, information on changes in fair value of hedged items used as the basis for recognition of the ineffective portion of hedges has been omitted.

(ii) Effects of hedge accounting on the consolidated statements of profit or loss and the consolidated statements of comprehensive income

Effects of the application of hedge accounting on profit or loss and other comprehensive income (loss) in the year ended March 31, 2018 are as follows:

	Yen (millions)			
Risk	Amounts of gain (loss) recognized in OCI (pre-tax amount)	Amounts of gain (loss) reclassified from other components of equity into profit or loss (pre-tax amount)	Recognized in consolidated statements of profit or loss	Amounts of gain (loss) reclassified to acquisition cost of hedged item (pre-tax amount)
Foreign currency risk.....	(917)	3,585	Finance income (expenses)	-
Commodity price risk....	(470)	-	Cost of sales	(810)

In the year ended March 31, 2018, the amount of the ineffective portion of hedges recognized in profit or loss was not material.

Reclassification adjustments related to foreign currency risk from other components of equity to profit or loss in the year ended March 31, 2018 are attributed to effects of hedged items on profit or loss.

(6) Offsetting of financial assets and financial liabilities

For derivative assets and liabilities, the Company conducts transactions under master netting agreements or similar agreements. In the case where settlement failure occurs between the contracting parties, receivables from and payables to the counterparty are to be settled on a net basis.

Of financial assets and financial liabilities recognized to the same counterparty as of March 31, 2019, there were no financial instruments offset in accordance with requirements for offsetting of financial assets and financial liabilities. The amount of financial instruments that are subject to enforceable master netting agreements or similar agreements but have not been offset because they do not satisfy part or all of requirements for offsetting of financial assets and financial liabilities was 3,009 million yen.

Of financial assets and financial liabilities recognized to the same counterparty as of March 31, 2018, there were no financial instruments offset in accordance with requirements for offsetting of financial assets and financial liabilities. The amount of financial instruments that are subject to enforceable master netting agreements or similar agreements but have not been offset because they do not satisfy part or all of requirements for offsetting of financial assets and financial liabilities was 5,518 million yen.

(7) Fair values of financial instruments

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

	Yen (millions)			
	March 31			
	2019		2018	
	Book value	Fair value	Book value	Fair value
Long-term debt, including current portion of long-term debt	873,432	882,425	980,129	990,684

Fair values shown above are estimated, based on the market price or its present value of the future cash flow, which is calculated using the observable discount rate at March 31, 2019 and 2018. They are all categorized as level 2 (refer to "2) Fair value measurement hierarchy").

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

2) Fair value measurement hierarchy

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

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

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

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

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

	Yen (millions)			
	March 31, 2018			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets measured at FVTPL				
Derivative assets				
Foreign exchange contracts	-	8,029	-	8,029
Commodity futures	6,710	1,346	-	8,056
Subtotal	6,710	9,375	-	16,085
Financial assets measured at FVTOCI				
Equity securities	96,416	-	32,634	129,050
Others	-	2,622	-	2,622
Subtotal	96,416	2,622	32,634	131,672
Total financial assets	103,126	11,997	32,634	147,757
Financial liabilities:				
Financial liabilities measured at FVTPL				
Derivative liabilities				
Foreign exchange contracts	-	3,046	-	3,046
Cross currency swaps	-	16	-	16
Commodity futures	7,791	4,952	-	12,743
Total financial liabilities	7,791	8,014	-	15,805

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

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

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

Transfers between levels are recognized on the day when the event or change in circumstances that caused the transfer occurred. In the years ended March 31, 2019 and 2018, there are no financial instruments of which a significant transfer was made between levels.

The breakdown of movements in financial instruments measured at fair value on a recurring basis that were classified as Level 3 in the fair value measurement hierarchy is as follows:

	Yen (millions)	
	Financial assets measured at FVTOCI	
	2019	2018
Balance at beginning of year	32,634	25,412
Gains (losses) (Notes 1)	2,387	3,796
Purchase	3,417	4,908
Reclassification of investment accounted for using the equity method (Notes 2)	48,832	-
Sales	(1,690)	(1,482)
Balance at end of year	85,580	32,634

(Notes) 1. Gains (losses) are related to financial assets measured at FVTOCI fot the years ended March 31, 2019 and 2018, and are included in “financial assets measured at fair value through other comprehensive income” in the consolidated statement of comprehensive income.

2. Reclassification of investment accounted for using the equity method relates to a reclassification from investment in an associate to an equity security, due to a partial sale of the Company’s interests in the associate that was accounted for using the equity method.

31. Major Subsidiaries

(1) Composition of the Group

Major subsidiaries of the Company as of March 31, 2019 are as follows:

Name	Principal businesses (*1)	Location	Ratio of voting rights (%)
Panasonic Homes Co., Ltd.	Eco Solutions	Japan	100.0
Panasonic Smart Factory Solutions Co., Ltd.	Connected Solutions	Japan	100.0
Panasonic Ecology Systems Co., Ltd.	Eco Solutions	Japan	100.0
KMEW Co., Ltd. (* 2)	Eco Solutions	Japan	50.0
Panasonic Consumer Marketing Co., Ltd.	Appliances	Japan	100.0
Panasonic Liquid Crystal Display Co., Ltd.	Automotive & Industrial Systems	Japan	100.0
SANYO Electric Co., Ltd.	Eco Solutions, Automotive & Industrial Systems, Other, Corporate	Japan	100.0
Panasonic Semiconductor Solutions Co., Ltd.	Automotive & Industrial Systems	Japan	100.0
Panasonic System Solutions Japan Co., Ltd.	Connected Solutions	Japan	100.0
Panasonic Corporation of North America	Appliances, Eco Solutions, Connected Solutions, Automotive & Industrial Systems, Other, Corporate	U.S.A.	100.0
Panasonic Avionics Corporation	Connected Solutions	U.S.A.	100.0
Hussmann Corporation	Appliances	U.S.A.	100.0
Panasonic do Brasil Limitada	Appliances, Connected Solutions, Automotive & Industrial Systems	Brazil	100.0
Panasonic Holding (Netherlands) B.V.	Corporate	Netherlands	100.0
Panasonic Europe B.V.	Corporate	Netherlands	100.0
Ficosa International S.A.	Automotive & Industrial Systems	Spain	69.0
Panasonic AVC Networks Czech s.r.o.	Appliances	Czech Republic	100.0
Panasonic Asia Pacific Pte. Ltd.	Appliances, Eco Solutions, Connected Solutions, Automotive & Industrial Systems, Corporate	Singapore	100.0
Panasonic India Pvt. Ltd	Appliances, Connected Solutions, Automotive & Industrial Systems, Corporate	India	100.0
Panasonic Taiwan Co., Ltd.	Appliances, Eco Solutions, Automotive & Industrial Systems	Taiwan	69.8
Panasonic Corporation of China	Appliances, Eco Solutions, Connected Solutions, Corporate	China	100.0
Panasonic Appliances Air-Conditioning (Guangzhou) Co., Ltd.	Appliances	China	67.8
Panasonic Automotive Systems Dalian Co., Ltd.	Automotive & Industrial Systems	China	60.0

*1. The column “Principal businesses” indicates the segment which the subsidiaries are classified in. For subsidiaries that do not belong to any segment, the segments of the products being handled are disclosed if it is a sales company, otherwise it is described as “Corporate.”

*2. Although the ratio of voting rights is 50.0%, KMEW Co., Ltd. is treated as a consolidated subsidiary because the Company controls it by involving in its manufacturing and sale activities.

No significant change occurred in major subsidiaries or ratio of voting rights during the year ended March 31, 2019.

(2) Subsidiaries with material non-controlling interests

There were no individually material non-controlling interests as of March 31, 2019 and 2018.

(3) Material changes in non-controlling interests

The Company acquired additional interests in PanaHome Corporation (currently Panasonic Homes Co., Ltd.), increasing its ownership to 100% for the fiscal year ended March 31, 2018. Transactions with non-controlling interests are as follows.

	Yen (millions)
	2018
Carrying amount of NCI acquired	49,184
Consideration paid to NCI	92,788
A decrease in equity attributable to owners of Panasonic Corporation	43,604

The Company acquired additional interests in Panasonic Liquid Crystal Display Co., Ltd., increasing its ownership to 100% in the year ended March 31, 2018. Accordingly, the equity attributable to owners of the Company decreased by 20,718 million yen.

There were no individually material changes in the Company's ownership interests in its subsidiaries that do not result in a loss of control in the year ended March 31, 2019.

32. Related Party Transactions

(1) Transactions with associates and joint ventures

Transactions and balances of receivables and payables of the Company with associates and joint ventures are as follows:

Transactions with associates and joint ventures are conducted on general terms and conditions similar to arm's length transactions.

1) Balances of the Company's receivables from and payables to associates and joint ventures

	Yen (millions)	
	March 31	
	2019	2018
Associates:		
Receivables	16,658	21,935
Liabilities	65,543	70,563
Joint ventures:		
Receivables	456	-
Liabilities	-	-

2) Amounts of the Company's sales to and purchases from associates and joint ventures

	Yen (millions)	
	2019	2018
Associates:		
Sales	70,630	119,178
Purchases	281,009	292,565
Joint ventures:		
Sales	631	-
Purchases	-	-

(2) Remuneration for key management personnel

Remuneration for key management personnel (Directors and Outside Directors) of Panasonic is as follows:

	Yen (millions)	
	2019	2018
Basic remuneration	648	736
Performance based remuneration	337	239
Share based payment - stock option	165	178
Total	1,150	1,153

33. Non-cash transactions

Significant non-cash transactions are as follows:

	Yen (millions)	
	2019	2018
Acquisition of property, plant and equipment, due to newly-contracted finance leases................................	3,592	3,273

34. Commitments for acquisition of assets, etc.

Commitments as of March 31, 2019 and 2018 principally include the contracts to purchase specific raw materials for the period up to 2020, purchase contracts for property, plant and equipment, etc. with total outstanding amounts of 78,972 million yen and 90,823 million yen, respectively.

35. Business Combinations

(1) For the year ended March 31, 2019

Business combinations are immaterial individually or collectively.

(2) For the year ended March 31, 2018

Material business combinations are described below. Business combinations other than below are immaterial individually or collectively.

(i) Consolidation of Ficosa International S. A.

With regard to Ficosa International S.A. (hereinafter, collectively including their subsidiaries, referred to as "Ficosa"), whose 49% of shares were owned by the Company and accounted for using the equity method, the terms and conditions to exercise a call option to acquire additional 20% shares were satisfied on April 19, 2017, and Ficosa became a consolidated subsidiary due to the potential voting rights set in the call options.

Ficosa is involved in research and development, manufacturing, and marketing of system and components in automotive business. As a result of this alliance, Panasonic and Ficosa accelerate the expansion of businesses, which show great potential growth, such as next generation cockpit systems and ADAS.

The fair value of consideration paid for the acquisition of control, which were measured based on discounted cash flow method classified as Level 3, and non-controlling interests, which were measured at their proportionate share of net identifiable assets, were as follows:

	Yen (million)
Fair value of total consideration:	
Equity interests held by Panasonic immediately before the acquisition date	22,818
Non-controlling interests	11,383
Total	34,201

As a result of remeasuring the equity interest held by the Company immediately before the acquisition date, the valuation gain or loss recognized was not material. Acquisition cost was also not material.
Assets acquired and liabilities assumed as of the acquisition date were as follows:

	Yen (million)
Cash and cash equivalents	15,442
Trade receivables	27,521
Property, plant and equipment	23,250
Goodwill	11,881
Intangible assets	17,991
Other acquired assets	20,098
Total assets acquired	116,183
Current liabilities and non-current liabilities	32,462
Trade Payables	27,129
Other assumed liabilities	22,391
Total liabilities assumed	81,982
Total net assets acquired	34,201

The total amount of goodwill was included in "Automotive and Industrial Systems" segment, and was not deductible for tax purpose. All intangible assets were subject to amortization, including technology and customer, and their useful lives were 5 to 10 years.

Net sales and profit before income taxes of Ficosa that were included in the consolidated statement of profit or loss for the year ended March 31, 2018 were 155,022 million yen and 4,343 million yen, respectively.

Pro forma information has been omitted as the amounts excluded in the consolidated statements of profit or loss for the year ended March 31, 2018 were not material.

ii) Acquisition of control of Zetes Industries S. A.

On April 27, 2017, the Company acquired 56.66% of shares excluding treasury stock to obtain control of Zetes Industries S.A., which is incorporated in Belgium (hereinafter, collectively including their subsidiaries, referred to as “Zetes”).

Zetes is involved in the businesses of goods and people identification and mobility solutions in Europe. As a result of this acquisition, both Panasonic and Zetes will be able to satisfy the global customers’ needs by combining Zetes’ identification and mobility solutions and Panasonic’s advanced research and development capabilities, technological expertise, and global customer network, to expand the solution and service in the area of supply chain solutions and security solutions.

The fair value of consideration paid for the controlling interests of Zetes as of the acquisition date and non-controlling interests, which were measured at their proportionate share of net identifiable assets, were as follows:

	Yen (million)
Fair value of total consideration:	
Cash	20,044
Non-controlling interests	8,247
Total	28,291

Costs incurred for acquisition of control were not material.

Assets acquired and liabilities assumed as of the acquisition date were as follows:

	Yen (million)
Cash and cash equivalents	2,427
Goodwill	9,263
Intangible assets	20,062
Other acquired assets	16,412
Total assets acquired	48,164
Current liabilities and non-current liabilities	1,567
Deferred tax liabilities	6,935
Other assumed liabilities	11,371
Total liabilities assumed	19,873
Total net assets acquired	28,291

The total amount of goodwill was included in “Connected Solutions” segment, and was not deductible for tax purpose. Intangible assets in the amount of 18,605 million yen were subject to amortization, including customer of 15,299 million yen, whose useful life was 25 to 29 years.

Net sales and profit before income taxes of Zetes that were included in the consolidated statements of profit or loss for the year ended March 31, 2018 were not material.

Pro forma information has been omitted as the amounts were not material.

36. Contingent Liabilities

Litigation, etc.

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

Panasonic and one of its U.S. subsidiaries, Panasonic Avionics Corporation (PAC), have entered into agreements with the United States Securities and Exchange Commission and the United States Department of Justice (U.S. Government Agencies) in May 2018. The agreements resolve investigations by the U.S. Government Agencies under the Foreign Corrupt Practices Act and other securities laws regarding activities at PAC with respect to certain contracts with airline customers and the use of sales agents and consultants pertaining to such contracts. In connection with these resolutions, Panasonic and PAC paid a fine to the U.S. Government Agencies. The effects of the settlement on profit or loss for the year ended March 31, 2019 are not material.

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

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

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

37. Subsequent Events

(1) The agreement to establish joint venture related to town development business

Panasonic and Toyota Motor Corporation (Toyota) concluded a business-integration contract and a joint venture contract aimed toward the establishment of a joint venture related to the town development business on May 9, 2019.

The main points of the agreement are below.

- The Company and Toyota will have the same ratio of equity participation in the joint venture. They concluded a memorandum of understanding with Mitsui & Co., Ltd. (Mitsui) for the creation of new value related to the town development business, and are continuing discussions regarding the development of the joint venture, including the possibility of Mitsui's equity participation.
- Panasonic will transfer all of the shares owned by itself or indirectly through its subsidiaries in Panasonic Homes Co., Ltd., Panasonic Construction Engineering Co., Ltd. and Matsumura-gumi Corporation to the joint venture. Toyota will make Toyota Housing Corporation (Toyota Housing) its wholly-owned subsidiary and thereafter transfer all of the shares in Toyota Housing to the joint venture.
- From Toyota's side, Toyota Housing will acquire approximately 49% of the shares in Misawa Homes Co., Ltd. (Misawa Homes) by conducting a so-called triangular share exchange, and as a result Misawa Homes will become Toyota's wholly-owned subsidiary.
- The joint venture will acquire the shares in Misawa Homes from Toyota Housing after the triangular share exchange.

[Outline of the joint venture]

Corporate name	: Prime Life Technologies Corporation
Head office	: Tokyo
Date of establishment	: January 7, 2020 scheduled (subjected to approvals from the relevant authorities in the relevant countries required under competition laws and others)
Principal lines of business	: Town development, contracted new housing construction, home remodeling, real estate transaction/management, housing interior decoration, energy-saving solutions, renovation, contracted building construction, construction consulting, etc.
Stated capital	: To be determined
Ownership ratios	: Equal ownership ratio between the Company and Toyota

The joint venture is expected to be out of the scope of full consolidation for the Company and accounted for using the equity method. The Company expects to record a gain of approximately 90.0 billion yen in "Other income (expenses)" of consolidated statements of Profit or Loss, as a result of the execution of the joint share transfer and other incidental transactions under the business-integration contract.

(2) The collaboration in the photovoltaic business

Panasonic resolved at the board of directors meeting held on May 9, 2019 to conduct an agreement with GS-Solar (China) Company Ltd. (GS-Solar) to collaborate in the photovoltaic business. Under the agreement, the Company will transfer its solar manufacturing subsidiary, Panasonic Energy Malaysia, to GS-Solar, while separating its photovoltaic research and development function in order to establish a new company with GS-Solar. The Company and GS-Solar will jointly operate and invest (equity ratio: 90% from GS-Solar, 10% from Panasonic) in this new company.

<u>Independent Auditor's Report</u>

To the Board of Directors of Panasonic Corporation:

We have audited the accompanying consolidated financial statements of Panasonic Corporation and its consolidated subsidiaries, which comprise the consolidated statement of financial position as at March 31, 2019, and the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Panasonic Corporation and its consolidated subsidiaries as at March 31, 2019, and their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

We draw attention to Note 37 to the consolidated financial statements. Panasonic Corporation concluded a business -integration contract and a joint venture contract aimed toward the establishment of a joint venture related to the town development business on May 9, 2019.

Our opinion is not modified in respect of this matter.

KPMG AZSA LLC

June 28, 2019
Osaka, Japan

Other information

(1) Quarterly financial Information for fiscal 2018

(Millions of yen, unless otherwise stated)

(Cumulative)	First quarter	Second quarter	Third quarter	Year total
Net sales	2,008,735	4,008,178	6,082,985	8,002,733
Profit before income taxes	102,246	197,260	294,323	416,456
Net profit attributable to Panasonic Corporation stockholders	57,360	113,619	173,715	284,149
Earnings per share attributable to Panasonic Corporation stockholders, basic (yen)	24.59	48.71	74.48	121.83

(Three months)	First quarter	Second quarter	Third quarter	Fourth quarter
Earnings per share attributable to Panasonic Corporation stockholders, basic (yen)	24.59	24.12	25.77	47.35

(2) Litigation, etc.

Significant litigation, etc. associated with the Company are as stated in “36. Contingent Liabilities” in the notes to consolidated financial statements.

Ⅵ Stock-related Administration for the Company

Fiscal Year	From April 1 to March 31
Ordinary General Meeting of Shareholders	June
Record date	March 31
Record date for distribution of surplus	September 30 March 31
Number of shares constituting one unit	100 shares
Purchase and sales of shares less than one unit	
Handling office	Sumitomo Mitsui Trust Bank, Limited 5-33, Kitahama, 4-chome, Chuo-ku, Osaka-shi
Transfer agent	Sumitomo Mitsui Trust Bank, Limited 4-1, Marunouchi, 1-chome, Chiyoda-ku, Tokyo
Forward office	—
Purchasing and selling fee	Amount separately specified as an amount equivalent to the fees pertaining to the entrustment of sale and purchase of shares
Method of public notice	The Company's method of public notice is through electronic public notice. However, if the Company cannot use the above-mentioned method of public notice due to an accident or other inevitable reasons, Nihon Keizai Shimbun will be adopted as its medium. URL for public notice is following https://www.panasonic.com/jp/home.html
Special benefit for Shareholders	Not applicable

Ⅷ Reference Information on the Company

1. Information on a Parent Company, etc. of the Company

Not applicable.

2. Other Reference Information

The Company filed the following documents during the period from the commencing date of the fiscal year ended March 31, 2019 to the filing date of Annual Securities Report.

(1) Annual Securities Report and documents attached, and Confirmation Letter	Business Term (111th)	From April 1, 2017 To March 31, 2018	Filed with the Director of the Kanto Local Finance Bureau on June 29, 2018
(2) Internal Control Report and documents attached			Filed with the Director of the Kanto Local Finance Bureau on June 29, 2018
(3) Quarterly Report and Confirmation Letter	(112th First Quarter)	From April 1, 2018 To June 30, 2018	Filed with the Director of the Kanto Local Finance Bureau on August 9, 2018
	(112th Second Quarter)	From July 1, 2018 To September 30, 2018	Filed with the Director of the Kanto Local Finance Bureau on November 13, 2018
	(112th Third Quarter)	From October 1, 2018 To December 31, 2018	Filed with the Director of the Kanto Local Finance Bureau on February 13, 2019
(4) Extraordinary Report	Pursuant to Article 24-5, paragraph 4 of the Financial Instruments and Exchange Act, and Article 19, Paragraph 1 and Paragraph 2, Item 2-2 of the Cabinet Office Ordinance Concerning Disclosure of Corporate Affairs, etc.		Filed with the Director of the Kanto Local Finance Bureau on June 28, 2018
	Pursuant to Article 24-5, paragraph 4 of the Financial Instruments and Exchange Act and Article 19, Paragraph 2, Item 9-2 of the Cabinet Office Ordinance Concerning Disclosure of Corporate Affairs, etc.		Filed with the Director of the Kanto Local Finance Bureau on July 2, 2018
	Pursuant to Article 24-5, paragraph 4 of the Financial Instruments and Exchange Act and Article 19, Paragraph 2, Item 17 of the Cabinet Office Ordinance Concerning Disclosure of Corporate Affairs, etc.		Filed with the Director of the Kanto Local Finance Bureau on February 1, 2019

	Pursuant to Article 24-5, paragraph 4 of the Financial Instruments and Exchange Act and Article 19, Paragraph 2, Item 19 of the Cabinet Office Ordinance Concerning Disclosure of Corporate Affairs, etc.	Filed with the Director of the Kanto Local Finance Bureau on February 4, 2019
	Pursuant to Article 24-5, paragraph 4 of the Financial Instruments and Exchange Act and Article 19, Paragraph 2, Item 3 and 19 of the Cabinet Office Ordinance Concerning Disclosure of Corporate Affairs, etc.	Filed with the Director of the Kanto Local Finance Bureau on May 9, 2019
	Pursuant to Article 24-5, paragraph 4 of the Financial Instruments and Exchange Act and Article 19, Paragraph 2, Item 9-2 of the Cabinet Office Ordinance Concerning Disclosure of Corporate Affairs, etc.	Filed with the Director of the Kanto Local Finance Bureau on June 28, 2019
(5) Amendment to Extraordinary Report	Amendment to Extraordinary Report concerning the Extraordinary Report which was submitted on June 28, 2018	Filed with the Director of the Kanto Local Finance Bureau on July 18, 2018

Part Ⅱ Information on Guarantors, etc. for the Company

Not applicable.

TRANSLATION

Following is an English translation of the Independent Auditor's Report filed under the Financial Instruments and Exchange Act of Japan. This report is presented merely as supplemental information.

There are differences between an audit of internal control over financial reporting under the Financial Instruments and Exchange Act and an audit of internal control over financial reporting conducted under the attestation standards established by the American Institute of Certified Public Accountants.
In an audit of internal control over financial reporting under the Financial Instruments and Exchange Act, the auditors express an opinion on management's report on internal control over financial reporting, and do not express an opinion on the Company's internal control over financial reporting taken as a whole.

Independent Auditor's Report on the Financial Statements and Internal Control Over Financial Reporting

June 28, 2019

To the Board of Directors of Panasonic Corporation:

KPMG AZSA LLC

Masahiro Mekada
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Kengo Chida
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Masaki Hirota
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Financial Statement Audit

We have audited the accompanying consolidated financial statements of Panasonic Corporation and its consolidated subsidiaries provided in the "V. Consolidated Financial Statements" section in the Company's Annual Securities Report, which comprise the consolidated statement of financial position as at March 31, 2019 and the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the related notes to the consolidated financial statements, in accordance with Article 193-2, paragraph (1) of the Financial Instruments and Exchange Act of Japan.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards pursuant to the provisions of Article 93 of the Ordinance on Terminology, Forms and Preparation Methods of Consolidated Financial Statements, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to independently express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Panasonic Corporation and its consolidated subsidiaries as at March 31, 2019, and their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

<u>Internal Control Audit</u>

We also have audited the accompanying internal control report of Panasonic Corporation as at March 31, 2019, in accordance with Article 193-2, paragraph (2) of the Financial Instruments and Exchange Act of Japan.

Management's Responsibility for the Internal Control Report

Management is responsible for the design and operation of internal control over financial reporting and the preparation and fair presentation of the internal control report in accordance with assessment standards for internal control over financial reporting generally accepted in Japan. Internal control over financial reporting may not completely prevent or detect financial statement misstatements.

Auditor's Responsibility

Our responsibility is to independently express an opinion on the internal control report based on our internal control audit. We conducted our internal control audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the internal control report is free from material misstatement.

An internal control audit involves performing procedures to obtain audit evidence about the assessment of internal control over financial reporting in the internal control report. The procedures selected depend on our judgment, including significance of effect on the reliability of financial reporting. Also, an internal control audit includes evaluating the appropriateness of the scope, procedures and result of the assessment of internal control over financial reporting determined and presented by management, and the overall internal control report presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the internal control report, in which Panasonic Corporation states that internal control over financial reporting was effective as at March 31, 2019, presents fairly, in all material respects, the assessment of internal control over financial reporting in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

Other Matter

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Law of Japan.

Notes to the reader of audit report:
The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Financial Instruments and Exchange Act of Japan.

[Cover]

Filed Document:	Confirmation Letter
Applicable Law:	Article 24-4-2, Paragraph 1 of the Financial Instruments and Exchange Act of Japan
Filed to:	Director, Kanto Local Finance Bureau
Filing Date:	June 28, 2019
Company Name:	Panasonic Kabushiki Kaisha
Company Name in English:	Panasonic Corporation
Position and Name of Representative:	Kazuhiro Tsuga, Representative Director, President
Name and Title of CFO:	Hirokazu Umeda, Director
Address of Head Office:	1006, Oaza Kadoma, Kadoma-shi, Osaka
Place Where the Filed Document is Available for Public Inspection:	Panasonic Corporation (Panasonic Tokyo Shiodome Building, 5-1, Higashi-shimbashi 1-chome, Minato-ku, Tokyo) Tokyo Stock Exchange, Inc. (2-1, Nihombashi Kabuto-cho, Chuo-ku, Tokyo) Nagoya Stock Exchange, Inc. (8-20, Sakae 3-chome, Naka-ku, Nagoya)

1. Matters Related to Adequacy of Statements Contained in the Annual Securities Report

Mr. Kazuhiro Tsuga, Representative Director, President, and Mr. Hirokazu Umeda, Director, confirmed that statements contained in the Annual Securities Report for the 112th fiscal year (from April 1, 2018 to March 31, 2019) were adequate under the Financial Instruments and Exchange Act.

2. Special Notes

Not applicable.

[Cover]

Filed Document:	Internal Control Report
Applicable Law:	Article 24-4-4, Paragraph 1 of the Financial Instruments and Exchange Act of Japan
Filed to:	Director, Kanto Local Finance Bureau
Filing Date:	June 28, 2019
Company Name:	Panasonic Kabushiki Kaisha
Company Name in English:	Panasonic Corporation
Position and Name of Representative:	Kazuhiro Tsuga, Representative Director, President
Name and Title of CFO:	Hirokazu Umeda, Director
Address of Head Office:	1006, Oaza Kadoma, Kadoma-shi, Osaka
Place Where the Filed Document is Available for Public Inspection:	Government and External Relations of Panasonic Corporation (Panasonic Tokyo Shiodome Building, 5-1, Higashi-shimbashi 1-chome, Minato-ku, Tokyo) Tokyo Stock Exchange, Inc. (2-1, Nihombashi Kabuto-cho, Chuo-ku, Tokyo) Nagoya Stock Exchange, Inc. (8-20, Sakae 3-chome, Naka-ku, Nagoya)

1. Matters Related to Basic Framework of Internal Control over Financial Reporting

Mr. Kazuhiro Tsuga, Representative Director, President, and Mr. Hirokazu Umeda, Director, are responsible for establishing and maintaining internal control over financial reporting of Panasonic Corporation (the "Company") and have established and maintained internal control over financial reporting in accordance with the basic framework for internal control set forth in the "On the Setting of the Standards and Practice Standards for Management Assessment and Audit concerning Internal Control Over Financial Reporting (Council Opinions)" published by the Business Accounting Council.

The internal control over financial reporting is designed to achieve its objectives to the extent reasonable through the effective function and combination of its basic elements. Therefore, there is a possibility that internal control over financial reporting may not completely prevent or detect misstatements.

2. Matters Related to Scope of Assessment, Record Date, and Assessment Procedure

We assessed the effectiveness of our internal control over financial reporting on the record date as of March 31, 2019. We made this assessment in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

In making this assessment, we evaluated internal control which may have a material effect on the entire financial reporting on a consolidated basis ("company-level controls") and based on the result of this assessment, we appropriately selected business processes to be evaluated, analyzed these selected business processes, identified key controls that may have a material impact on the reliability of our financial reporting, and assessed the design and operation of these key controls. These procedures have allowed us to evaluate the effectiveness of our internal controls. We determined the required scope of assessment of internal control over financial reporting for the Company, as well as its consolidated subsidiaries and equity-method affiliates, from the perspective of the materiality that may affect the reliability of our financial reporting. The materiality that may affect the reliability of our financial reporting is determined taking into account the materiality of quantitative and qualitative impacts. We confirmed that we had reasonably determined the scope of assessment of internal controls over business processes in light of the results of assessment of company-level controls conducted for the Company, its consolidated subsidiaries and equity-method affiliates. We did not include those consolidated subsidiaries and equity-method affiliates which do not have any quantitatively or qualitatively material impact on the consolidated financial statements in the scope of assessment of company-level controls.

Regarding the scope of assessment of internal control over business processes, we accumulated business units in descending order of total revenues (after elimination of intercompany transactions) for the previous fiscal year, and those business units whose combined amount of revenues reaches approximately two-thirds of total revenues on a consolidated basis were selected as significant business units.

For the selected significant business units, we included, in the scope of assessment those business processes leading to revenues, accounts receivables and inventories. Further, not only for selected significant business units," but also for other business units, we added to the scope of assessment, those business processes having greater materiality considering their impact on the financial reporting, those business processes relating to greater likelihood of material misstatements in significant accounts involving estimates or forecasts as these significant accounts that may have a material impact on our business objectives; or those business processes relating to businesses or operations dealing with high-risk transactions.

3. Matters Related to Results of Assessment

As a result of the assessment above, we concluded that our internal control over financial reporting was effective as of March 31, 2019

4. Supplementary Matters

None.

5. Special Notes

None.