Annual Securities Report
for the fiscal year ended March 31, 2020
(the 113th Business Term)

Panasonic Corporation

[Cover]

Filed Document:	Annual Securities Report ("Yukashoken Hokokusho")
Applicable Law:	Article 24, Paragraph 1 of the Financial Instruments and Exchange Act of Japan
Filed to:	Director, Kanto Local Finance Bureau
Filing Date:	June 26, 2020
Fiscal Year:	The 113th Business Term (from April 1, 2019 to March 31, 2020)
Company Name:	Panasonic Kabushiki Kaisha
Company Name in English:	Panasonic Corporation
Position and Name of Representative:	Kazuhiro Tsuga, Representative Director, President
Address of Head Office:	1006, Oaza Kadoma, Kadoma-shi, Osaka, Japan
Phone Number:	06-6908-1121
Contact Person:	Katsumi Abe, General Manager, Financial and Accounting Department
Contact Address:	Panasonic Tokyo Shiodome Building, 5-1, Higashi-shimbashi 1-chome, Minato-ku, Tokyo, Japan (Panasonic Tokyo Shiodome Building) Government and External Relations of Panasonic Corporation
Phone Number:	03-3437-1121
Contact Person:	Takayo Otsubo, General Manager, Planning and Administration Department
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)

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 26, 2020, pursuant to the Financial Instruments and Exchange Act of Japan.

In this document, "fiscal 2020" refers to the year ended March 31, 2020. All information contained in this document is as of March 31, 2020 or for fiscal 2020, unless otherwise indicated.

Disclaimer Regarding Forward-Looking Statements

This report includes forward-looking statements 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; restrictions, costs or legal liability relating to laws and regulations or failures in internal controls; fluctuations in market prices of securities and other financial assets in which the Panasonic Group has holdings or changes in valuation of non-financial assets, including property, plant and equipment, goodwill and deferred tax assets; future changes or revisions to accounting policies or accounting rules; the possibility of incurring expenses resulting from a leakage of customers’ or confidential information from Panasonic Group systems due to unauthorized access or a detection of vulnerability of network-connected products of the Panasonic Group; as well as natural disasters including earthquakes, prevalence of infectious diseases throughout the world, disruption of supply chain and other events that may negatively impact business activities of the Panasonic Group. The factors listed above are not all-inclusive and further information is contained in the most recent English translated version of Panasonic’s securities reports under the FIEA and any other documents which are disclosed on its website.

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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)

Fiscal year	109th business term	110th business term	111th business term	112th business term	113th business term
Year end	March 2016	March 2017	March 2018	March 2019	March 2020
Net sales	7,626,306	7,343,707	7,982,164	8,002,733	7,490,601
Profit before income taxes	227,529	275,066	378,590	416,456	291,050
Net profit attributable to Panasonic Corporation stockholders	165,212	149,360	236,040	284,149	225,707
Comprehensive income (loss) attributable to Panasonic Corporation stockholders	(54,617)	174,892	292,381	278,477	172,443
Total Panasonic Corporation stockholders' equity	1,444,442	1,571,889	1,707,551	1,913,513	1,998,349
Total equity	1,647,233	1,759,935	1,882,285	2,084,615	2,155,868
Total assets	5,488,024	5,982,961	6,291,148	6,013,931	6,218,518
Panasonic Corporation stockholders' equity per share (yen)	622.34	673.93	732.12	820.41	856.57
Earnings per share attributable to Panasonic Corporation stockholders, basic (yen)	71.30	64.33	101.20	121.83	96.76
Earnings per share attributable to Panasonic Corporation stockholders, diluted (yen)	71.29	64.31	101.15	121.75	96.70
Panasonic Corporation stockholders' equity / total assets (%)	26.3	26.3	27.1	31.8	32.1
Return on equity (%)	11.1	9.9	14.4	15.7	11.5
Price earnings ratio (times)	14.50	19.56	15.03	7.83	8.53
Net cash provided by operating activities	419,355	385,410	423,182	203,677	430,303
Net cash used in investing activities	(293,804)	(420,156)	(458,828)	(193,387)	(206,096)
Net cash provided by (used in) financing activities	(309,565)	294,598	(128,763)	(341,761)	48,222
Cash and cash equivalents at end of year	1,012,666	1,270,787	1,089,585	772,264	1,016,504
Number of employees (persons)	252,923	257,533	274,143	271,869	259,385

(Notes)

1. The Company's consolidated financial statements are prepared in conformity with International Financial Reporting Standards (IFRS)
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 2019.
June 2014	Transferred semiconductor business to Panasonic Semiconductor Solutions Co., Ltd. in the company split.
January 2020	Established Prime Life Technologies Corporation, a joint venture related to a town development business with Toyota Motor Corporation, and transferred all shares of Panasonic Homes Co., Ltd., and other subsidiaries to the joint venture by a joint share transfer.

3. Description of Business

The Panasonic Group is comprised primarily of the parent Panasonic Corporation and 528 consolidated subsidiaries in and outside of Japan, operating in close cooperation with each other. As a comprehensive electronics manufacturer, Panasonic is engaged in development, production, sales and service activities in a broad array of business areas.

The Company supplies a full spectrum of electric/electronic equipment and related products, which is categorized into the following five reportable segments, "Appliances," "Life Solutions," "Connected Solutions," "Automotive," "Industrial Solutions," and other business activities which are not included in the reportable segments. The reportable segment classification was changed on April 1, 2019. For further details about each segment and business transfers, 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, 2020

(Segments, main products and services)	(Major manufacturing companies)
Appliances Room air-conditioners, large-sized air-conditioners, refrigerators, washing machines, vacuum cleaners, microwave ovens, rice cookers, personal-care products, TVs, digital cameras, video equipment, home audio equipment, fixed-phones, showcases, compressors, fuel cells	**(Japan)** Panasonic Corporation **(Overseas)** Panasonic Appliances Air-Conditioning (Guangzhou) Co., Ltd. Panasonic Appliances Washing Machine (Hangzhou) Co., Ltd. Hussmann Corporation
Life Solutions *1 Lighting fixtures, lamps, wiring devices, solar photovoltaic systems, ventilation and air-conditioning equipment, air purifiers, kitchen & bath, interior furnishing materials, exterior finishing materials, bicycles, nursing care service	**(Japan)** Panasonic Corporation Panasonic Ecology Systems Co., Ltd. KMEW Co., Ltd. **(Overseas)** Panasonic Life Solutions India Pvt., Ltd.
Connected Solutions Aircraft in-flight entertainment systems and communications services, electronic-components-mounting machines, welding equipment, projectors, professional AV systems, PCs and tablets, Solutions for various industries, installation/operation/maintenance services	**(Japan)** Panasonic Corporation Panasonic System Solutions Japan Co., Ltd. Panasonic Smart Factory Solutions Co., Ltd. **(Overseas)** Panasonic Avionics Corporation
Automotive *2 Automotive-use infotainment systems, automotive switches, automotive audio systems , Advanced driver assistance systems (ADAS), Device and systems for electric automobiles, automotive mirrors, automotive-use batteries	**(Japan)** Panasonic Corporation SANYO Electric Co., Ltd. **(Overseas)** Panasonic Asia Pacific Pte. Ltd. Panasonic Automotive Systems Dalian Co., Ltd. Panasonic Corporation of North America Ficosa International, S.A.
Industrial Solutions *2 Relays, switches, power supply, industrial motors and sensors, small lithium-ion batteries, capacitors, coils, resistors, electronic circuit board materials, dry batteries, micro batteries, semiconductors, LCD panels	**(Japan)** Panasonic Corporation SANYO Electric Co., Ltd. Panasonic Industrial Devices SUNX Co., Ltd. **(Overseas)** Panasonic Asia Pacific Pte. Ltd.

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

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

4. Information on Affiliates

(1) Principal Consolidated Subsidiaries

As of March 31, 2020

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 Ecology Systems Co., Ltd.	Kasugai-shi, Aichi	12,092	Life Solutions	100.0			Manufacture of Panasonic products	
Panasonic Smart Factory Solutions Co., Ltd.	Kadoma-shi, Osaka	9,000	Connected Solutions	100.0 (100.0)			Manufacture of Panasonic products	
KMEW Co., Ltd.	Chuo-ku, Osaka-shi	8,000	Life Solutions	50.0			Sale of Panasonic products	Note 6
Panasonic Liquid Crystal Display Co., Ltd.	Himeji-shi, Hyogo	500	Industrial Solutions	100.0 (100.0)			Manufacture of Panasonic products	Note 5
SANYO Electric Co., Ltd.	Daito-shi, Osaka	400	Life Solutions, Automotive, Industrial Solutions, 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	Industrial Solutions	100.0 (100.0)		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	
Panasonic Consumer Marketing Co., Ltd.	Chuo-ku, Osaka-shi	100	Appliances	100.0 (100.0)			Sale of Panasonic products	Note 4

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, Life Solutions, Connected Solutions, Automotive, Industrial Solutions, 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)	Yes		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 1,157	Appliances, Connected Solutions, Automotive, Industrial Solutions, Other	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	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, Life Solutions, Connected Solutions, Industrial Solutions, 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 Solutions, Corporate	100.0 (100.0)			Manufacture and sale of Panasonic products	Note 4
Panasonic Taiwan Co., Ltd.	New Taipei, Taiwan	NT$ 3,422	Appliances, Life Solutions, Automotive, Industrial Solutions	69.8			Manufacture and sale of Panasonic products	
Panasonic Corporation of China	Beijing, China	RMB 12,838	Appliances, Life 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	60.0 (60.0)			Manufacture of Panasonic products	

(2) Principal Companies under the Equity Method

(As of March 31, 2020)

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
Prime Life Technologies Corporation	Minato-ku, Tokyo	100	Housing-related business	50.0			Sale of Panasonic products through its subsidiaries, etc.	

(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, 2020 are shown below:

Panasonic Liquid Crystal Display Co., Ltd.	568,689 million yen
SANYO Electric Co., Ltd.	542,344 million yen
Panasonic Semiconductor Solutions Co., Ltd.	90,049 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	909,382 million yen
(2) Loss before income tax	16,253 million yen
(3) Net loss	15,628 million yen
(4) Equity	603,447 million yen
(5) Assets	945,062 million yen

9. Common stock of Hussmann Corporation is zero.

5. Employees

(1) Consolidated basis

As of March 31, 2020

Segment	Number of employees
Appliances	67,789
Life Solutions	48,154
Connected Solutions	26,753
Automotive	31,363
Industrial Solutions	69,215
Other	13,260
Corporate	2,851
Total	259,385

(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 12,484, compared with the end of last fiscal year.

(2) Parent-alone basis

As of March 31, 2020

Number of employees	Average age	Average tenure (years)	Average annual salary (yen)
60,455	45.7	22.7	7,546,379

Segment	Number of employees
Appliances	12,776
Life Solutions	12,379
Connected Solutions	9,645
Automotive	8,402
Industrial Solutions	12,808
Other	1,594
Corporate	2,851
Total	60,455

(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 91,622 as of March 31, 2020, 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 Life Solutions labor union (Belongs to the Japanese Electrical Electronic & Information Union)

Panasonic Appliances labor union (Belongs to the Japanese Electrical Electronic & Information Union)

Panasonic Industrial Devices labor union (Belongs to the Japanese Electrical Electronic & Information Union)

Panasonic Connected Solutions 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 26, 2020, the filing date of this annual securities report.

(1) Basic Management Policy

Since the Company's foundation, Panasonic has operated as a public entity under its management philosophy of "contributing to the progress and development of society and the well-being of people worldwide through its business activities," with the aim of realizing "A Better Life, A Better World." Addressing changes in the social environment, it seeks to pursue sustainable growth and higher corporate value by drawing on its technological and manufacturing expertise, in combination with the strengths of external business partners, to continue creating new value.

(2) Management Strategy and Challenges of Panasonic Group

1) Main initiatives for fiscal 2021

In the Mid-term strategy that started in fiscal 2020, Panasonic classified its businesses into three classifications, "Core growth business," "Co-creation business," and "Revitalization business." The Company aims for profit growth by focusing resources mainly into "Spatial Solutions," "Gemba (operational frontlines) Process," and "Industrial Solutions," which are positioned as Core growth business, and aims to improve profitability by enhancing competitiveness and others with Co-creation business.

In the management environment of fiscal 2021, it is difficult to have a clear outlook for the global economy, given growing uncertainty over political and financial circumstances in other countries and increasingly widespread protectionism, along with the novel coronavirus infection (COVID-19) situation (Note 1). The Company projects that the impact of these events in the global economy would not be insignificant in Japan.

Amid these circumstances, Panasonic will continue to execute portfolio management and enhance its management structure, based on the Mid-term strategy, monitoring the risks and impact on its businesses, as well as deliberating the necessary countermeasures.

In Core growth business, Panasonic pursues profit growth through the expansion of solution-type businesses, offering solutions to customers' problems on the back of social issues, as well as management issues and others. In Co-creation business, the Company aims to enhance competitiveness and improve profitability through regional and business collaboration, leveraging the strength of the Panasonic brand, which has been cultivated over many years. In addition, to achieve an efficient and competitive management structure, the Company will continue to take radical measures on low-profitable businesses, and promote fixed cost reduction.

Based on these initiatives, the Company will strive to thoroughly improve its profit structure, and furthermore, to strengthen the competitiveness of each of the individual businesses. In addition, from a long-term perspective toward 2030, Panasonic aims to become a company that continues to create contributions focusing on people's lives, through its "Lifestyle Updates" initiatives.

For fiscal 2022, which is the final year of the 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 2) growth rate of 5–10% and an EBITDA margin (Note 3) of 10% or more, as well as a Company-wide ROE (Note 4) target of 10% or more. EBITDA is a cash flow indicator that represents return on investment. The Company has been setting 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. COVID-19 situation: Refer to "(1) Risks Related to Economic Conditions" of "2. Risk Factors."
2. EBITDA: Earnings Before Interest, Taxes, Depreciation and Amortization
3. EBITDA margin: EBITDA / Net sales
4. 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) Major initiatives in each segment

Appliances

The area of air-conditioning and home appliances is considered a growth market, partly because of growing concerns about the environment, energy savings, and indoor air quality. However, in the AV area such as TVs, growth is expected to deteriorate as technological evolution slows and commoditization advances further.

In the lifestyle infrastructure area centered on air-conditioning, which is considered a growth market, Panasonic will make efforts to improve profitability in the commercial air-conditioner business on a global basis. Meanwhile, in the lifestyle appliance area centered on consumer electronics, the Company will strive to transform its profit structure through business restructuring in the areas of TVs and other products whose business environment is severe. At the same time, it aims to be connected to each individual customer and "become closer to customers" with products and services linking to value. Panasonic will also engage in realizing optimal operations, which should enhance its competitiveness in China and other Asian markets, in cooperation with China & Northeast Asia Company.

Life Solutions

In Japan, non-residential construction including renewal demand, such as for offices and shops, is expected to remain firm, while new housing starts are expected to decline. Overseas, demand for urban development, including housing and infrastructure, is expected to expand in the medium to long term, mainly in ISAMEA (Note) and Southeast Asia.

In Japan, mostly in the non-residential field, Panasonic will expand the range of its contributions into the areas of offering consulting services to provide solutions for customers and maintenance & customer services after delivery in the medium term perspective, in addition to handling sales and installation of systems linking multiple products. In India and Southeast Asia, it will also seek profit growth through sales growth, with its electrical construction materials business, by enhancing its sales and production structure. Through these efforts, Panasonic will engage in businesses that take the customer’s viewpoint in realizing better and more comfortable lives, on a global basis.

Note: ISAMEA: India, South Asia, Middle East, and Africa

Connected Solutions

As the labor force declines and customers’ personal preferences diversify further, markets are expected to continue growing in the business areas of manufacturing, logistics, and distribution.

Panasonic will contribute to resolving business challenges through operational process innovations at customers’ "Gemba" (operational frontlines), where they "produce," "transport," and "sell," aiming to transform into a sustainable and profitable enterprise with the Gemba Process business as its mainstay pillar. In the supply chain area, centered on logistics and distribution, the Company will contribute to customers who are increasing sales and reducing costs by communicating value from upstream processes, such as consulting, and operational processes upgraded with digitalization and data coordination at the Gemba. In the area of fine processing (manufacturing), Panasonic will deal with customers throughout the entire set of processes from development to manufacturing, sales, and services, offering value continuously in every process.

Automotive

Due to advances in CASE (Note 1), the automotive industry is in an era of major transformation, which is said to occur only once in 100 years. Technologies equipped on a vehicle have become more sophisticated, supporting the needs for a comfortable mobile space and for reducing traffic accidents.

In Automotive Solutions, Panasonic will strengthen the following fields where it can leverage its existing strengths, IVI (Note 2), HUD (Note 3), and ADAS (Note 4), in an effort to promote activities that support automotive advances. For IVI, the Company has the software development capability to realize high operational performance and functions by leveraging its knowledge and expertise cultivated in the digital AV and consumer electronics business; for HUD, industry-leading technologies to realize downsized and enlarged screen display; and for ADAS, highly accurate detection in vehicle peripheral systems, such as emergency braking and parking support. The Company will continue to support the creation of a safe and comfortable driving environment by developing and offering products primarily in these fields on which it focuses. In Automotive Batteries, Panasonic will lead the industry in terms of high-energy density and safety to accommodate customer demand, through further development of cylindrical lithium-ion battery technologies and accelerating the development of prismatic lithium-ion batteries through joint ventures.

Notes 1. CASE: Connected, Autonomous, Shared & Services, and Electric
2. IVI: In Vehicle Infotainment (automotive solutions that provide audible/visual support for safe [essential driving information] and comfortable [entertainment] driving)
3. HUD: Head-Up Display (a display device that supports safety when driving by projecting essential driving information in the field of view of the vehicle driver so that he or she does not have to take his or her eyes away from the road ahead)
4. ADAS: Advanced Driver Assistance Systems (safety-driving support systems, including automatic braking and automatic parking, take over control of the vehicle to avoid an accident when a danger is detected)

Industrial Solutions

In the wake of the developing IoT society and mobility, along with social issues such as a declining labor force, the areas of information- and communication-infrastructure, automotive CASE, and labor-saving at factories, which Panasonic positions as key areas, are expected to grow through continual evolution in the medium to long term.

As demand for devices fundamental to those areas is expected to grow significantly, Panasonic will contribute to resolving social issues by providing "competitive devices" and "systems centered on competitive devices". This will involve targeting 5G base stations and data centers for information- and communication-infrastructure, electrification and xEV (Note) for automotive CASE, and production facilities etc. for labor-saving at factories, with the aim of growing sales of products in key areas. The Company will also pursue profit growth by enhancing its management structure, in addition to expanding products for which it has top shares, while further enhancing material and process technologies and business creation in the module package product field where value provided can be maximized through close relationships with customers.

Note: xEV: electric vehicle [generic name for electric vehicles, hybrid electric vehicles, plug-in hybrid (electric) vehicles, and (hydrogen) fuel cell vehicles]

3) Foundations toward sustainable growth

Corporate Governance

Panasonic recognizes that its corporate governance practices constitute the key foundation in its efforts to enhance its medium- to long-term corporate value. As such, the Company promotes efforts to strengthen the effectiveness of its corporate governance structure under the Board of Directors and the Audit & Supervisory Board Member / Audit & Supervisory Board structure. The Board of Directors enhances the effectiveness of its supervisory functions and corporate decision-making functions through active discussions on M&A transactions, cooperation with external partners, and others. In addition, with the

Nomination and Compensation Advisory Committee and the system to evaluate the Board of Directors' effectiveness, Panasonic is committed to activities for enhancing management flexibility and transparency.

Environment

Looking toward the "Panasonic Environment Vision 2050" which was formulated with the aim of helping to realize both better lifestyles and sustainable global environment, Panasonic is taking steps to 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. In order to accelerate these efforts, Panasonic participates in the global initiative, RE100 (Note 1), aiming for zero-CO_2 manufacturing by the year 2050 by switching its global electricity consumption to 100% renewable energy. Furthermore, in view of the TCFD (Note 2) Recommendations, the Company identifies risks and opportunities, including businesses assessed as vulnerable to climate change, for scenario analyses.

Notes 1. RE100: a global initiative aiming to convert electricity consumed in business operations to 100% renewable energy.

2. TCFD: Task Force on Climate-related Financial Disclosures, set up by the Financial Stability Board.

Human Resources Strategy

Defining new portfolio classifications, the Panasonic Group aims for both profit growth and improved profitability. As such, the Group is committed to creating an organizational climate where each individual can take on challenges and fully deploy one’s talents. It has thus reformed its business management structure and clarified the roles and responsibilities of management by dividing it into "executive officers," who will lead the reform of the business structure for the Group-wide optimization, and the "business execution layer," which is responsible for strengthening and transforming individual businesses. The Group will appoint personnel for the business execution layer who are required according to the future business environment, flexibly and in a timely way based on the standpoint of having the right person in the right place. In addition, a more achievement-oriented, transparent evaluation and compensation system is adopted to nurture a corporate climate that encourages one to relentlessly take up challenges.

The Group has also constructed a global talent platform, as a way to strengthen the development of people who can play global roles, regardless of age, years of service, or nationality. Using a global talent database, which allows talent management information to be made visible and to be utilized, will allow postings or appointments and career or skill development beyond the boundaries of nations, regions, and Group companies, aiming to standardize talent management at a high level globally and improve its organizational abilities.

2. Risk Factors

Panasonic has established the "Global & Group Risk Management Committee" to promote overall risk management in order to accurately understand risks and reduce their impacts on our business management. This committee consists of members from the Corporate as well as Divisional companies and Regional headquarters and the corporate-wide risk management officer will be appointed from the group management as its chairman. Panasonic shall perform an annual risk assessment to identify potential risks that may affect our business activities, to evaluate such risks according to the common criteria (degree of impacts on the business management and likelihood of occurrence, etc.), and to determine risks that should be prioritized when taking measures. With regard to risks that we judge as important based on the assessment, the committee in charge of those risks plays a central role in formulating and executing countermeasures, monitoring the status of such countermeasures, and implementing activities for improvement on an ongoing basis. The Global & Group Risk Management Committee regularly reports elements of important risks, countermeasures and monitoring results to the Board of Directors.

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.

Among the matters related to the business as well as accounting status stated in the securities report, below are the risks that the management recognizes that they may have a significant impact on the financial status, business performance and cash flow status of the consolidated companies. This section includes forward-looking statements and future expectations as of June 26, 2020, 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. The global economy in FY2021 is highly uncertain due to the global political and financial conditions in addition to the spread of protectionism and the novel coronavirus infections. Japan is not an exception and its economy is likely to be affected by these global factors to a certain extent.

Regarding the impact of the spread of the novel coronavirus infections in the first quarter of FY2021, an adverse economic impact of sluggish markets resulting from the lowered demand in the automobile and aviation industries as well as stay-at-home orders implemented worldwide is expanding from China to across the globe. While supply chain issues in China are improving, the suspension of factories in other part of the world including Asian countries as a result of the lockdown has started to affect our procurement and manufacturing operations.

Taking a look by segment, at the Appliances business, we saw a fall in demand primarily in Japan, Europe and Asia due to the lockdown or stay-at-home orders imposed in the respective regions. When looking at the supply side, on the other hand, the temporary closure of factories in some countries such as Malaysia and India caused a negative impact on the business (air conditioners, TVs, etc.).

With respect to the demand for Life Solutions business, some construction projects have been postponed due to the sluggish domestic market conditions. Looking at the overseas markets such as India, on the other hand, we saw a decrease in demand as a result of the lockdown measures. On the supply side of the business such as wiring equipment and ventilation fans, the suspension of operations at factories in India, Malaysia, and Mexico caused a negative impact on the business.

As for the Connected Solutions business, we experienced demand slowdowns in the entertainment industry due to the sluggish market conditions in the aviation and automobile industries in addition to the cancellation of events. On the supply side of this segment, production has been affected by difficulties in procuring parts from suppliers due to lockdowns in Asia.

On the demand side of Automotive business, we saw a sharp drop in demand following the temporary closure of our customers' factories as a result of the lockdown measures. With regard to the supply side of this segment, a steep drop in demand was reported, affecting the production as well as utilization of factories, which produce in-vehicle devices and cylindrical batteries, resulting in disruptions to procurement of parts for in-vehicle devices.
Looking at the demand for the Industrial Solutions business, the impact was relatively limited in the area of business for industrial use, however, we saw a drop in demand for the in-vehicle business. The supply side of this segment (motors and capacitors, etc.) was also impacted by the lockdown and the temporary closure of the factories in Asia, causing disruption to parts procurement.
In the second quarter of FY2021, depending on the novel coronavirus situation, the restrictions on leaving home in each country may gradually be eased, and economic conditions may gradually recover, but in terms of demand in the automobile and aviation industries, these effects may persist.
If it is necessary to implement new business structural reforms in order to deal with these situations, there is a possibility that the costs will increase. In addition, if the global economy deteriorates more than expected, the business environment surrounding our company may become more severe than it is currently expected, and as a result, there is possibility that its business, business performance and financial position will be adversely affected. Under such circumstances, we have been striving to strengthen our portfolio management and management structure based on our mid-term strategy. We are determined to improve our profitability by focusing our resources on the core businesses for profit growth and to enhance our competitiveness through co -creation businesses. In addition, in order to achieve more efficient and competitive management structures, we have been making the utmost efforts to take sweeping measures toward low-profit businesses and to reduce fixed costs.

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. With respect to these risks, we are working to reduce the impact on our business by using the foreign currency "Marie" allocating foreign currencies gained through our business activities to spending in the same foreign currencies, or "forward exchange contract transactions" designed to predetermine the selling or purchase price as well as the quantity of foreign currencies on a future date. We are also aiming to mitigate the impact on our business through the "local production for the local consumption type manufacturing," producing products in locations close to where they are consumed.

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. In addition, our group raises business funds in the form of interest-bearing debt in yen and other currencies, and if interest rates rise due to changes in economic conditions and/or monetary policy, our funding costs may increase. As a consequence, this could have a negative impact on our group's business, as well as business performance and financial status.

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. In response to these risks, we are striving to strengthen our ability to generate funds, by improving the ability to generate sufficient cash flow coming in from businesses through measures such as strengthening business profitability and reducing working capital, and to strengthen our ability to generate funds through balance sheets by thoroughly looking into the assets held. Furthermore, we are also striving to mitigate the impact on our business management by having signed commitment line contracts (Note) with a total of 700 billion yen with multiple financial institutions, and ensuring to secure sufficient liquidity, including the balance of cash and cash equivalents.

(Note) Commitment line contracts: A contract that allows us to receive a loan within the scope of the predetermined contract period and credit line that we have agreed with a financial institution.

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, in spite of 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. As mentioned in the "Fluctuation risk of economic conditions," the declarations of state of emergency, lockdowns, and stay-at-home orders imposed in the respective countries in response to the outbreak of the novel coronavirus infections had an impact on our business. Although each country has started to ease such restrictions in a phased manner, in the event of the number of the novel coronavirus infections trending upward again, those restrictions once lifted would be placed back on again, and if that happens, the impact we will have on our business, i.e., our business performance and financial position would be enormous.

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. In response to the outbreak of the novel coronavirus infections, we expanded the scope of the survey in line with the spread of the virus, and conducted a comprehensive survey into all of our customers and relevant matters that could be affected by the infections, including secondary purchasers. Through these efforts, we have identified potentially problematic customers and matters, and ensured to secure alternative suppliers and locations. As a result, we have overcome those difficulties initially experienced in procuring parts and managed to return to near pre-coronavirus levels on the supply side. 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 will promote specific measures to execute its mid-term strategy, starting in FY2020. While these strategies are based on the information, analysis, and other factors that we deemed appropriate at that time when the strategy was formulated, we may not be able to achieve expected results due to various factors, such as the deterioration of the business conditions. In order to press ahead with the mid-term strategy, we will make our best efforts to minimize the risk of failure to achieve these results by regularly monitoring the progress to identify issues, and reviewing those identified issues in light of trends in the global economy as well as business environment to come up with appropriate measures on a timely manner.

(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. Furthermore, we encourage our employees as well as those involved in our business to work from home in order to limit the risk of the novel coronavirus infections. For those employees engage in operations that require them to come to the respective offices or factories, such as manufacturing and shipment related tasks, we are taking all possible measures to ensure their safety while commuting and to prevent our employees from contracting the novel coronavirus at work. Still, it is possible that the spread of infections could occur in the workplace, forcing us to suspend our production activities and other business operations. If it happens, it could impact the continuity of some of our businesses.

(6) Risks related to the novel coronavirus infections

Panasonic has established the rules on corporate-wide emergency measures in preparation for events such as natural disasters and epidemics/pandemics that could have a major impact on the continuation of our business management. Following the WHO declaration of global health emergency in response to the novel coronavirus outbreak, we set up the corporate-wide emergency headquarters based on these rules on Jan.31, 2020. Subsequently, our Divisional companies established their own emergency headquarters in order to deal with the possible emergency situation in collaboration with the corporate-wide headquarters. We focus on the important matters, especially, safety of our employees and business continuity and issue notifications on these important matters corporate-wide. Each function at the emergency headquarters has been working on these matters in order to ensure business continuity. As already mentioned in section of the individual risks, various types of risks may affect our business.

(7) Other Risks

Panasonic's pension plan benefit obligations

Panasonic has an externally funded retirement pension plan for employees in Japan who meet certain eligibility requirements. Panasonic Corporation and its domestic subsidiaries made a transition from the defined benefit pension plan to the defined contribution pension plan for the accumulated funds (future portions) on and after the respective dates of transition. A part of the accumulated funds (past portions) held by Panasonic Corporation and the aforementioned domestic subsidiaries prior to the transition date was also switched from the defined benefit pension plan to the defined contribution pension plan on July 1, 2019. As for those portions that have not been transferred to the defined contribution pension plan, it may need to lower the discount rates applicable to the liabilities associated with the defined benefit pension plan due to a decline in interest rates, and may also lead to a decline in the fair value of plan assets due to a decline in stock prices. As a result, the retirement benefits liabilities may increase and the equity attributable to the owners of the parent company may decrease.

Impairment of non-financial assets

Panasonic has many non-financial assets, such as PPE (Property, Plant, and Equipment), goodwill, intangible assets and right-of-use 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 performed. For goodwill and intangible assets with indefinite useful lives, impairment tests are performed 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 its recoverable amount and recognize an impairment loss. The estimate of the recoverable amounts includes certain assumptions about the impacts of the novel coronavirus infections, but there is no precedent that can be used as a reference for accounting estimates, and there is significant uncertainty with respect to the overall severity and duration of the spread of the novel coronavirus disease in the future, Accordingly, actual results and outcomes in future reporting periods may differ materially from the Company estimates.

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. The estimate of future taxable income includes certain assumptions about the impacts of the novel coronavirus infections, but there is no precedent that can be used as a reference for accounting estimates, and there is significant uncertainty with respect to the overall severity and duration of the spread of the novel coronavirus disease in the future. Accordingly, actual results and outcomes in future reporting periods may differ materially from the Company's estimates

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. Management 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, measurement of right-of-use assets and lease liabilities, 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) and measurement of financial instruments. 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." Accounting estimates includes certain assumptions regarding the impact of the novel coronavirus infections, but there is no precedent that can be used as a reference for accounting estimates, and there is significant uncertainty with respect to the extent to which the novel coronavirus disease would spread in the future, and the duration of the pandemic. Accordingly, actual results and outcomes in the future reporting periods may differ materially from the Company's estimates.

(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 2020, ended March 31, 2020

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

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

In addition, toward enhancing competitiveness through collaboration and co-creation with external partners, in housing business, the Company established a joint venture with Toyota Motor Corporation related to town development business, Prime Life Technologies Corporation on January 7, 2020. This aim is to generate a unique added value by integrating "housing" and "mobility." In automotive prismatic battery business, the Company decided to establish a joint venture, Prime Planet Energy & Solutions, Inc. with Toyota Motor

Corporation. The aim is to develop highly competitive batteries that have excellent quality, performance and cost-effectiveness, and to provide a stable supply of batteries. The joint venture has been in operation since April 1, 2020.

In terms of profitability improvement, the Company decided to transfer the semiconductor business, which faces extreme fierce competitive environment, to Nuvoton Technology Corporation, under the umbrella of Winbond Electronics Corporation in Taiwan. This transfer will enable to lead sustainable growth by utilizing the Company's accumulated technical and product capabilities. Furthermore, in LCD panel business, the Company decided to end its production by 2021 due to the increasingly competitive global market environment.

1) Sales

The Company's consolidated group sales for fiscal 2020 decreased by 6% to 7,490.6 billion yen from a year ago. Domestic sales decreased due to the deconsolidation of housing related businesses, in addition to the impact of the spread of the novel coronavirus infection, despite sales increases in PCs and Infotainment Systems such as IVI (Note). Overseas sales decreased due mainly to sluggish sales in TVs and Automotive Solutions, the effect of exchange rates and the impact of the spread of the novel coronavirus infection, despite significant sales increases in Automotive Batteries.

In addition, the impact of the spread of the novel coronavirus infections occurred in each segment mainly in Appliances and Connected Solutions.

Note: IVI: In Vehicle Infotainment (automotive solutions that provide audible/visual support for safe [essential driving information] and comfortable [entertainment] driving)

2) Operating Profit

Operating profit decreased by 29% to 293.8 billion yen from a year ago. This is due largely to the impact of decreased sales by weak capital investment demand in China, as well as the impact of the spread of the novel coronavirus infections, in addition to recording of restructuring expenses, despite fixed cost reductions through enhancing management structure by reducing various indirect costs and others, and rationalization efforts at the automotive cylindrical battery factory in North America, as well as gains from business transfers.

3) Profit before Income Taxes

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

4) Net Profit attributable to Panasonic Corporation Stockholders

Income taxes were 51.0 billion yen, compared to 113.7 billion yen a year ago. As a result, net profit attributable to Panasonic Corporation stockholders totaled 225.7 billion yen, compared to 284.1 billion yen a year ago. Also, net profit attributable to Panasonic Corporation stockholders per share was 96.76 yen, against 121.83 yen the previous fiscal year.

5) Operating Results by Segment for Fiscal 2020

The Panasonic Group is divided into seven 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, evaluated and disclosed in the five reporting segments of "Appliances," "Life Solutions," "Connected Solutions," "Automotive," and "Industrial Solutions". In accordance with the organizational change, for the comparison of net sales and operating profit, segment information for fiscal 2019 has been reclassified to conform to the presentation for fiscal 2020,

a. Appliances

Sales decreased by 6% to 2,592.6 billion yen from a year ago, declining overall as a result of struggling sales of TVs and digital cameras primarily in Europe, and the impact of the spread of the novel coronavirus infection, despite increased sales of room air-conditioners in Asia and large air-conditioners in Japan.

As a result of the spread of the novel coronavirus infections, in terms of demand, regions mainly in Europe and Asia with restrictions on movement and others were affected. In terms of supply, appliances such as air-conditioners and washing machines were mainly affected due to temporary suspension or lower utilization at some of the domestic and overseas factories caused by supply chain disruption, supply shortage of parts and components, and other factors in China.

Looking at the main Business Divisions (BDs), sales in the Heating & Cooling Solutions BD increased from the previous fiscal year, due to robust sales of room air-conditioners in Asia (India), as well as large air-conditioners in Japan.

In the Smart Life Network BD, sales decreased as price competition over TVs and digital cameras intensified with other companies, particularly in Europe.

In the Kitchen Appliances BD, sales decreased as sales of microwave ovens decreased in Europe and North America.

In the Laundry Systems and Vacuum Cleaner BD, sales decreased due to weaker sales in China and Asia, while washing machine sales increased due to brisk sales in Japan.

Operating profit decreased 29.9 billion yen to 55.7 billion yen from a year ago as a result of the impact of the spread of the novel coronavirus infection and the recording of restructuring expense, despite strong sales of home appliances in Japan.

b. Life Solutions

Sales decreased by 6% to 1,912.5 billion yen from a year ago, declining overall because Panasonic Homes Co., Ltd. and the construction solution business were removed from the scope of consolidation due to business transfers to Prime Life Technologies Corporation (PLT), a joint venture with Toyota Motor Corporation. Excluding that effect, sales increased as a result of the spread of the novel coronavirus infection related sales reductions in all BDs at the end of the fiscal year being covered by the domestic and international electric materials, housing, bicycles, and nursing care service, which had been solid earlier on.

As a result of the spread of the novel coronavirus infections, in terms of demand, businesses such as Lighting and Panasonic Ecology Systems were affected due mainly to restrictions on movement in China. In terms of supply, in Japan, Housing Systems was affected by sales opportunity loss resulting from shortage of parts and components. In India, production and shipment have been affected due to restrictions on movement implemented in late March.

Looking at the main BDs, sales in the Lighting BD dropped due to weaker sales of existing light sources such as devices and fluorescent bulbs for the European and the U.S. markets, although lighting fixtures sales remained unchanged in Japan from the previous fiscal year.

In the Energy Systems BD, housing distribution boards, wiring devices, etc. sold well in Japan and sales of the electric materials business also increased in the India, South Asia, Middle East, and Africa (ISAMEA region). However, overall BD sales decreased because weak sales of the solar cell business were too large to be offset.

At Panasonic Ecology Systems Co., Ltd., sales remained unchanged from the previous fiscal year due to the struggling IAQ (Indoor Air Quality) business, although large project orders and sales were strong in the environmental engineering business.

In the Housing Systems BD, sales increased due to brisk sales of products for water-related equipment and building materials in Japan.

Operating profit increased 115.2 billion yen to 179.8 billion yen from a year ago, as a result of higher profit from sales, rationalization measures, along with a gain from stock transfers etc. in the housing business when PLT was established.

c. Connected Solutions

Sales decreased by 8% to 1,035.7 billion yen from a year ago, decreasing overall, which was mainly due to weaker sales in the process automation business and avionics business and a sales decline across the segment triggered by the impact of the spread of the novel coronavirus infection and other factors, although Panasonic System Solutions Japan Co., Ltd. saw an increase in its sales.

As a result of the spread of the novel coronavirus infections, in terms of demand, mounting machines, projectors, professional AV equipment, and others were affected by decreased demand in China, in addition to restrictions on movement and event cancellations in Europe and the Americas. In terms of supply, PCs, tablets, projectors, professional AV equipment, and others were affected by lower production caused by parts and components procurement issues from China.

Looking at the main BDs, Panasonic Avionics Corporation saw a decrease in sales due to the significant impact of a reduction in aircraft production on the in-flight entertainment and communication systems business.

In the Mobile Solutions BD, exceptional demand related to the discontinuation of Windows 7 (Note) support boosted notebook PCs sales for the domestic market, but the considerable impact of the spread of the novel coronavirus infection on supply chains led to a decrease in sales.

In the Process Automation BD, a sales decline triggered by the spread of the novel coronavirus infection, in addition to a slowdown in capital investment following the U.S.-China trade dispute, led to a decrease in sales.

In the Media Entertainment BD, sales dropped due to weaker sales of lamp-model projectors and professional AV cameras.

Panasonic System Solutions Japan Co., Ltd. saw an increase in sales, supported by expanded sales of solutions for the domestic market and by Tokyo 2020 Projects.

Operating profit decreased 2.2 billion yen to 92.2 billion yen from a year ago, mainly due to losses on lower sales in the process automation business and the avionics business, a sales decline triggered by the spread of the novel coronavirus infection, and other factors, despite accrued capital gains from the transfer of the security systems business.

(Note) Windows is a trademark of Microsoft Corporation in the U.S. registered in the U.S. and other countries.

d. Automotive

Sales decreased by 3% to 1,482.4 billion yen from a year ago.

The automotive solution business saw a decline in sales as a result of the effects of a period of product cycle transitions, a deteriorating Chinese auto market, as well as the impact of the spread of the novel coronavirus infection, despite increased sales of growth products such as cockpit systems following growing needs for informatized automobiles.

The automotive batteries business saw a significant increase in overall sales, benefiting from increased sales of prismatic lithium-ion batteries, which was driven by investments in increased production in response to growing demand for electric automobiles, as well as increased production of cylindrical lithium-ion batteries following boosted production by U.S. electric auto makers.

As a result of the spread of the novel coronavirus infections, in terms of demand, regions such as Japan, Europe, the Americas, China, and Asia were affected in light of customers temporarily suspending operations at factories worldwide. In terms of supply, although limited, production and utilization were affected due to restrictions on movement mainly in China and supply shortages of certain parts and components.

The segment recorded an operating loss of 46.6 billion yen, 34.5 billion yen down from a year ago, mainly because of increases in development expenses in the automotive solutions business for challenging development projects centered on battery chargers ordered from Europe, as well as recognition of impairment loss on goodwill at Spanish subsidiary Ficosa International S.A. due to market deterioration. In addition, there were increases in fixed costs in the automotive batteries business for the production launch of high-capacity cells for prismatic lithium-ion batteries at the Himeji Factory in Japan, despite increases in sales and profit in the automotive batteries business.

e. Industrial Solutions

Sales decreased by 10% to 1,282.7 billion yen from a year ago, declining overall as the U.S.-China trade dispute led to a deterioration of the Chinese market and deterred investments, and the impact of the spread of the novel coronavirus infection, which offset steady growth in sales in key fields (Note 1) primarily of "automotive CASE (Note 2)" and "information communication infrastructure."

In terms of demand, businesses such as motors, sensors, relays were affected by the novel coronavirus, in addition to weak conditions in automotive and industrial markets. In terms of supply, there was an impact of lower utilization at Panasonic factories in China, being unable to organize workforce at an earlier stage.

Looking at the main businesses, sales of the systems business decreased, because strong sales of automotive batteries and power storage systems for data centers were offset by weak sales of FA censors, motors, and relays, which were triggered by a slump in the Chinese market and the downsizing of the lithium-ion batteries business for ICT (Information and Communication Technology).

In the devices business, sales decreased as steady sales of substrate materials for 5G infrastructure and automotive coils were offset by weak sales of capacitors and other passive components due to a slump in the Chinese market.

The semiconductors, LCD panels, and other businesses recorded lower sales, affected by market downturn.

Operating profit decreased 64.0 billion yen to 4.6 billion yen from a year ago, because efforts to reduce fixed costs and promote the rationalization of materials fell short of offsetting weak sales and profit triggered by the market downturn and the spread of the novel coronavirus infection, and an impairment loss was also accrued when the transfer of the semiconductors business was decided.

Notes 1. Key fields: the fields of "CASE for automotive use," "information communication infrastructure," and "factory labor saving," which are continuously evolving

2. CASE: Connected, Autonomous, Shared & Services, and Electric

(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, 2020 were 1,016.5 billion yen, increased by 244.2 billion yen compared with the end of the previous fiscal year.
During fiscal 2020, Panasonic issued unsecured USD-dominated straight bonds of USD 2.5 billion in July 2019, and unsecured straight bonds of 100.0 billion yen in March 2020, in order to raise funds for bond redemptions and securing funds necessary for future business operations. Panasonic mainly issued commercial paper (CP) to secure working capital and others.

(Interest bearing debt)

Interest-bearing debt increased to 1,471.4 billion yen as of March 31, 2020 from 998.7 billion yen at the end of the previous fiscal year. This is due to the issuance of U.S. dollar-denominated senior notes, unsecured straight bonds and short-term bonds, in addition to an increase of lease liabilities by applying IFRS 16, "Leases" from April 1, 2019, despite the repayments of straight bonds and other factors. Panasonic has been entered into three-year commitment line agreements (Note) with several banks in June 2018, in order to prepare for contingencies such as potential deterioration of the financial and economic environment. The upper limit for unsecured borrowing based on the agreements is a total of 700.0 billion yen, but there is no borrowing under these agreements.

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

(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, 2020 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: Baa1 (Long-term, Outlook: Negative)

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 2020 was 430.3 billion yen and net cash used in investing activities was 206.1 billion yen. Free cash flow, the total of the two, was an inflow of 224.2 billion yen. The free cash flow for fiscal 2020 improved by 213.9 billion yen from the previous year. This was due mainly to improved working capital, capital investment controls and gains from business transfers, in spite of the decreased collection of lease receivables from a year ago.

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, 2020 amounted to 430.3 billion yen, compared with an inflow of 203.7 billion yen a year ago. This is due mainly to improved working capital and impact of applying IFRS 16, "Leases" from April 1, 2019.

(Cash flows from investing activities)

Net cash used in investing activities amounted to 206.1 billion yen, compared with an outflow of 193.4 billion yen a year ago. This is due mainly to decreased collection of lease receivables from a year ago, despite capital investment controls and gains from business transfers.

(Cash flows from financing activities)

Net cash provided by financing activities amounted to 48.2 billion yen, compared with an outflow of 341.8 billion yen a year ago. This is due mainly to an increased balance in short-term bonds as well as the issuance of U.S. dollar-denominated senior notes totaling approximately 270.0 billion yen and unsecured straight bonds in Japan in the aggregate principal amount of 100.0 billion yen, despite of the impact of applying IFRS 16 and a reimbursement of bonds.

Taking factors such as exchange fluctuations into consideration, cash and cash equivalents totaled 1,016.5 billion yen as of March 31, 2020, increased by 244.2 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 2020 (tangible assets only) decreased 31.6 billion yen to 268.9 billion yen from 300.5 billion yen a year ago. The main capital investments have been made in production facilities in Japan and China for lithium-ion batteries for automotive use and in production facilities for electronic components, etc. in the Industrial Solutions segment.

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

4) Assets, Liabilities and Equity

The Company’s consolidated total assets as of March 31, 2020 were 6,218.5 billion yen, an increase of 204.6 billion yen from March 31, 2019.

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

Panasonic Corporation stockholders’ equity increased by 84.8 billion yen to 1,998.3 billion yen, compared to March 31, 2019. This was due mainly to recording of Net profit attributable to Panasonic Corporation stockholders.

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

With non-controlling interests added to Panasonic Corporation stockholders’ equity, total equity was 2,155.9 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) Conclusion of Business-integration Contract and Joint-venture Contract toward the Establishment of Joint Venture Related to Town Development Business

The Company resolved at the Board of Directors meeting held on May 9, 2019, and concluded with Toyota Motor Corporation ("Toyota"), a business-integration contract and a joint-venture contract toward the establishment of a new joint venture ("joint venture") related to the town development business. The Main points of the agreement are below.

i) 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.

ii) The Company will transfer all of the shares owned by itself or indirectly through its subsidiaries in Panasonic Homes Co., Ltd., Panasonic Construction Engineering Co., Ltd. ("Panasonic Engineering") and Matsumura-gumi Corporation to the joint venture. With respect to Panasonic Engineering, such transfer will take place after a Panasonic subsidiary succeeds to part of Panasonic Engineering’s business through an absorption-type company split. 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. The Company and Toyota will transfer the relevant shares to the joint venture by a joint share transfer.

iii) From Toyota’s side, Toyota Housing will acquire approximately 49% of the shares in Misawa Homes Co., Ltd. ("Misawa Homes") which are owned by Misawa Homes’ shareholders other than Toyota Housing by conducting a so-called triangular share exchange.

iv) The joint venture will acquire the shares in Misawa Homes from Toyota Housing after the triangular share exchange.

v) Outline of the joint venture
a) Corporate name: Prime Life Technologies Corporation

b) 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.

c) Stated capital: 50 million yen (as of January 7, 2020)

d) Date of establishment: January 7, 2020
(subject to obtaining permissions and approvals from the relevant authorities in the relevant countries required under competition laws and others)

In accordance with the above, the Company has established the joint venture on January 7, 2020.

(5) Agreement to Collaborate in the Photovoltaic Business

The Company resolved at the Board of Directors meeting held on May 9, 2019, to collaborate in the photovoltaic business with GS-Solar (China) Company Ltd. ("GS-Solar"), a photovoltaic module manufacturer based in China, and reached agreement with GS-Solar on the same day. The Company will transfer its solar manufacturing subsidiary, Panasonic Energy Malaysia Sdn. Bhd. (currently Sun Everywhere Sdn. Bhd.) to GS-Solar, while separating its photovoltaic research and development function in order to establish a new company with the Chinese partner. Panasonic and GS-Solar will jointly operate and invest in this new company. (Equity ratio: 90% from GS-Solar, 10% from Panasonic.)

(6) Establishment of New Company to Operate Security Systems Business, Strategic Co-investment and Company split

The Company resolved at the Board of Directors meeting held on May 31, 2019, and reached agreement on the same day, to sign a share purchase agreement and shareholders agreement with Polaris Capital Group Co., Ltd. regarding the transfer of its security systems business to a Special Purpose Company (SPC) which will be established by Polaris. This transfer will take place by Panasonic establishing a new entity ("NewCo") and conducting an absorption-type company split (the "Company Split") with the intention to transfer the shares to the SPC.

The main points of the Company Split are below.

i) Purpose of the Company Split
With Panasonic’s security systems business facing competitive environment changes, the Company will transfer its security systems business to NewCo through an absorption-type company split, aiming to realize a nimble and expedient solutions business, thereby growing the security systems business going forward, with the leveraged strengths of Panasonic’s technological advantages and customer base, along with Polaris’ investment resources and knowledge accumulated through their significant track-record of establishing strategic capital alliances with various manufacturers and large enterprises.

ii) Summary of the Company Split

a) Schedule:
Resolution of the Board of Directors on the Company Split: July 31, 2019
Company Split (effective date): October 1, 2019

b) Method:
The Company-split will be an absorption-type company split in which Panasonic will be the splitting company and NewCo will be the succeeding company (simplified absorption-type company split).

c) Allotment of shares:
There shall be no allotment of consideration by the NewCo upon the Company Split.

d) Assets and liabilities of the business succeeded:
Total assets: 11.4 billion yen / Total liabilities: 5.0 billion yen (as of September 30, 2019)

e) Outline of succeeding company through the absorption-type company split (date of establishment: July 1, 2019)
Corporate name of NewCo: Panasonic i-PRO Sensing Solutions Co., Ltd.
Stated capital: 1.5 million yen
Principal lines of business: Development, manufacture, sales, SI, installation and maintenance of equipment, as well as providing solutions including services, for the security and medical sectors

In accordance with the above, the Company has conducted the company split on October 1, 2019, and subsequently, in November, transferred the shares of the NewCo to the SPC.

(7) Transfer Agreement of Semiconductor Business
The Company resolved at the Board of Directors meeting held on November 28, 2019, and reached agreement on the same day, that it will transfer ("the Transfer") the semiconductor business mainly operated by Panasonic Semiconductor Solutions Co., Ltd. ("PSCS"), which is a 100% consolidated subsidiary company of Panasonic Equity Management Japan G.K. ("PEMJ"), a 100% consolidated subsidiary company of the Company, to Nuvoton Technology Corporation ("Nuvoton"), a Taiwan-based semiconductor company under the umbrella of Winbond Electronics Corporation group, and enter into the Stock and Asset Transfer Agreement (the "Agreement") with this company. Main points of the agreement are below.

i) Business restructuring before the Transfer: Just prior to the transfer, the Company will restructure the semiconductor business as follows.
- All shares of Panasonic Industrial Devices Systems and Technology Co., Ltd. and Panasonic Industrial Devices Engineering Co., Ltd., which are wholly-owned subsidiaries of PEMJ, will be handed over to PSCS by way of company split.
- The semiconductor business-related intellectual property rights and certain business contracts held by the Company and/or the Company’s subsidiaries and the semiconductor business-related assets and debt of the Company will be handed over to PSCS by way of either company split or asset transfer.
- All PSCS’s shares held by PEMJ will be handed over to a to-be-established, wholly-owned subsidiary of PEMJ ("PSCS Holding Company") by way of share transfer.
- The semiconductor related components (lead frame) business of PSCS will be handed over to a to-be-established, wholly-owned subsidiary of PEMJ by way of company split.

ii) Details of the transfer:
Upon completion of the business restructuring above, the Transfer will be carried out as per the details below.
- PEMJ will transfer all PSCS Holding Company’s shares to Nuvoton.
- The business of Panasonic Industrial Devices Semiconductor Asia (an in-house company in charge of development and sales of semiconductors) under Panasonic Asia Pacific Pte. Ltd. (a Singaporean entity owned by the Company through its subsidiary) will be handed over to Singapore-based entity owned by Nuvoton.
- Certain facilities and inventories attributable to the semiconductor business of Panasonic Semiconductor (Suzhou) Co., Ltd. will be transferred to China-based entity owned by Nuvoton.

The Agreement is based on the precondition of obtaining approvals from the authorities responsible for competition laws and other government agencies of the respective country and region, and the Transfer is scheduled to be carried out in September 2020. The planned date of the Transfer may differ in light of the duration required for completing the procedures for obtaining approval and other procedures concerning permissions, etc.

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, such 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 475.0 billion yen in fiscal 2020.

Key development themes and achievement during fiscal 2020 were as follows:

(1) Enhancing structures for software-centric business model transformation and product development
The Panasonic Group had Yoko Matsuoka, former Google Vice President and Nest CTO, come on board as a Fellow. She brings top level technical expertise of a global level and experience creating unconventional products and services. Working with her, the Group enhanced its structures for software-centric business model transformation and for developing new products and services from a user-first perspective, in Silicon Valley, U.S.
The Group will leverage Ms. Matsuoka's knowledge and expertise and co-creation activities among Divisional Companies and Business Divisions to accelerate "Lifestyle Updates" beyond the existing frameworks of businesses and organizations.

(2) Developing high-speed power-line communication technology "IoT PLC" that is embeddable in consumer electronics and home devices
Under the demonstration scheme for new technologies (Regulatory Sandbox Scheme) approved by the Ministry of Economy, Trade and Industry (METI), Panasonic conducted demonstration experiments for embedding its proprietary IoT PLC into home devices. Based on the results, the Electrical Appliances and Materials Safety Act was revised, which allows product development of IoT PLC-embedded consumer electronics and home devices. This technology was also certified by the international standard, IEEE 1901a.
The Panasonic Group will further roll out IoT PLC as a fundamental technology for future IoT, which can be used even in underground facilities or building spaces and houses with a lot of shields where radio waves are hard to reach.

(3) Launching self-driving vehicle ride-share service for employees at head office premises (Kadoma, Osaka)
The Panasonic Group started a full-scale self-driving vehicle ride-share service for employees at head office premises. It integrates two of its proprietary technologies—deep learning-applied high-precision human recognition technology and low delay wireless communication-applied remote monitoring & control technology—into a system. Concurrent operation of multiple human-friendly self-driving vehicles in an actual environment where people are crossing makes the self-driving vehicle service more accessible.
In the future, the Group will further advance these mobility services and accelerate its efforts towards launching the services in towns and communities.

(4) Providing management support for "smoother" and more "pleasurable" sporting events with high-tech image analysis technology
In response to growing interest in sports, the Panasonic Group has developed various event management solutions, which advance and apply image analysis technology it has cultivated in the consumer electronics business.
For ticketless entry and exit, the Group has developed a deep learning-applied facial recognition solution, which contributes not only to efficient entry and exit, but also to safe and secure event management.
In a volleyball game, one solution tracks the position of the ball in real time over three dimensions, automatically calculates its trajectory, speed, height, and angle, and quantifies player-by-player and overall team performance. In an archery competition, another solution measures the participants' heartbeats from an

image, without physical contact, and visualizes how tense players can get when competing seriously. The Group will continue to use the image analysis technology and promote it for various applications.

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, 2020 is shown in the table below.

Segment	Amount (Billions of yen)	Change from last fiscal year (%)	Main purpose of investment
Appliances	42.8	-5.6	Production of new products and streamlining of electric appliances for home use and video and AV equipment
Life Solutions	38.9	-7.8	Production of new products and streamlining of electronic material and building material, etc.
Connected Solutions	19.0	-16.0	Production of new products and streamlining of B2B solution business related equipment, etc.
Automotive	103.5	-4.8	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.
Industrial Solutions	54.1	-14.7	Production of new products and an increase in production capacity of electronic components, etc.
Reportable segment total	258.3	-8.5	–
Other & Corporate	10.6	-42.2	Capital investment by head office and regional headquarter, etc.
Total	268.9	-10.5	–

(Notes)

1. Panasonic restructured its Group organization on April 1, 2019. 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 2020.
2. "Other & Corporate" includes capital investments, recorded in the "Other" and "Corporate" which are not included in reportable segments, as shown above.
3. Amount shows investment in "Property, plant and equipment."

2. Major Property, Plants and Equipment

(1) Panasonic Corporation

(As of March 31, 2020)

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.	16,396	9,034	5,941 (564)	724	679	32,774	4,846
Hikone Plant (Hikone-shi, Shiga)	Appliances	Manufacturing facilities for personal-care equipment and healthcare equipment	4,017	3,088	1,323 (89) [5]	75	93	8,596	891
Kobe Plant (Nishi-ku, Kobe-shi)	Appliances, Connected Solutions	Manufacturing facilities for cooking appliances and information equipment	2,168	2,352	4,924 (185)	45	70	9,559	628
Nara Plant (Yamatokoriyama-shi, Nara)	Appliances	Manufacturing facilities for meter devices	2,021	2,553	218 (128)	112	893	5,797	373
Niigata Plant (Tsubame-shi, Niigata)	Life Solutions	Manufacturing facilities for lighting fixture	1,743	2,892	2,035 (143)	3	12	6,685	490
Tsu Plant (Tsu-shi, Mie)	Life Solutions, Industrial Solutions	Manufacturing facilities for wiring devices and security equipment	3,330	2,725	2,088 (91) [9]	–	150	8,293	1,605
Ritto Plant (Ritto-shi, Shiga)	Life Solutions	Manufacturing facilities for rain gutters	1,146	1,611	1,495 (59)	–	183	4,435	184
Kadoma Plant (Kadoma-shi, Osaka)	Appliances, Connected Solutions	Manufacturing facilities for video and audio equipment	3,314	3,913	77 (215) [147]	196	4,437	11,937	6,279
Saedo Plant (Tsuzuki-ku, Yokohama-shi)	Connected Solutions, Automotive	Manufacturing facilities for car equipment, other facilities	7,483	8,020	12,530 (122)	207	410	28,650	3,284
Yamagata Plant (Tendo-shi, Yamagata)	Appliances	Manufacturing facilities for lens	736	3,579	735 (85)	710	41	5,801	538
Ise Plant (Watarai-gun, Mie)	Industrial Solutions	Manufacturing facilities for automation controls	2,916	3,075	555 (152)	–	1,066	7,612	1,250
Tsuyama Plant (Tsuyama-shi, Okayama)	Automotive, Industrial Solutions	Manufacturing facilities for input devices	1,273	2,615	78 (56) [8]	14	858	4,838	636
Uji Plant (Uji-shi, Kyoto)	Industrial Solutions	Manufacturing facilities for capacitors	2,327	5,148	359 (48)	37	718	8,589	698
Yamaguchi Plant (Yamaguchi-shi, Yamaguchi)	Industrial Solutions	Manufacturing facilities for capacitors	553	3,246	519 (48)	4	474	4,796	334
Hokkaido Plant (Chitose-shi, Hokkaido)	Industrial Solutions	Manufacturing facilities for thermal management solutions devices	1,431	2,932	117 (100)	–	80	4,560	321
Osaka Plant (Moriguchi-shi, Osaka)	Industrial Solutions	Manufacturing facilities for batteries	3,555	1,728	93 (65) [3]	–	199	5,575	1,268

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	
Suminoe Plant (Suminoe-ku, Osaka-shi)	Automotive	Manufacturing facilities for batteries	9,877	913	― (116) [116]	150	39	10,979	898
Yokkaichi Plant (Yokkaichi-shi, Mie)	Industrial Solutions	Manufacturing facilities for electronic materials	3,273	2,915	4,196 (209)	―	212	10,596	288
Koriyama Plant (Koriyama-shi, Fukushima)	Industrial Solutions	Manufacturing facilities for electronic materials	1,509	3,864	1,284 (159)	―	685	7,342	668
Fukuoka Office (Hakata-ku, Fukuoka-shi)	Appliances, Connected Solutions	Other facilities	423	355	7,758 (54) [4]	―	26	8,562	1,388
Technology Innovation Division Head Office Area (Moriguchi-shi, Osaka)	Corporate, etc.	R&D facilities	2,541	1,208	197 (38)	147	―	4,093	832
Technology Innovation Division Keihanna Area (Soraku-gun, Kyoto)	Corporate, etc.	R&D facilities	1,976	111	3,706 (53)	―	―	5,793	38
Manufacturing Innovation Division, etc. (Kadoma-shi, Osaka)	Corporate, etc.	R&D facilities	3,219	1,770	708 (87)	19	53	5,769	1,135
Branch Office and Sales Office (Minato-ku, Tokyo, etc.)	Appliances, Life Solutions, Connected Solutions, Automotive, Industrial Solutions	Equipment for sales and marketing	6,455	721	3,126 (81) [55]	6	4	10,312	5,389
Management department of Life Solutions Company (Moriguchi-shi, Osaka, etc.)	Life Solutions	Other facilities	25,860	3,483	25,216 (522) [65]	―	153	54,712	1,845
Management department of Industrial Solutions Company, etc. (Kadoma-shi, Osaka, etc.)	Industrial Solutions	Other facilities	2,256	1,316	907 (78)	61	9	4,549	4,974
Head Office, etc. (Kadoma-shi, Osaka, etc.)	Corporate, etc.	Head office, employee housing and welfare facilities, etc.	13,943	6,082	7,450 (421) [16]	161	92	27,728	3,857

(2) Domestic subsidiaries

(As of March 31, 2020)

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.	Tokyo plant (Ora-gun, Gunma, etc.)	Appliances	Manufacturing facilities for industrial equipment, etc.	9,902	1,670	1,865 (885)	292	13,729	3 <1,020>
	Tokushima plant (Matsushige-cho, Tokushima)	Automotive, Industrial Solutions	Manufacturing facilities for rechargeable batteries	6,217	3,392	1,770 (177)	425	11,804	519
	Suminoe plant (Suminoe-ku, Osaka-shi,)	Automotive	Manufacturing facilities for rechargeable batteries	123	8,266	—	1,032	9,421	612
Panasonic Ecology Systems Co., Ltd	(Kasugai-shi, Aichi)	Life Solutions	Manufacturing facilities for equipment relates to ecology system business	3,803	1,976	3,764 (197)	311	9,854	996
KMEW Co., Ltd.	(Chuo-ku, Osaka-shi)	Life Solutions	Manufacture facilities of exterior building and housing related products	1,808	16,224	— (291) [291]	4,736	22,768	1,710
Panasonic Liquid Crystal Display Co., Ltd.	(Himeji-shi, Hyogo)	Industrial Solutions	Manufacturing facilities for LCD panels, etc.	36,365	817	— (361) [361]	122	37,304	471 <594>
Panasonic System Solutions Japan Co., Ltd.	(Hakata-ku, Fukuoka-shi, etc.)	Connected Solutions	Manufacturing facilities for information communication equipment, etc.	4,996	1,168	1,899 (185) [50]	8,721	16,784	4,516 <3,187>
Panasonic Smart Factory Solutions Co., Ltd.	(Kadoma-shi, Osaka, etc.)	Connected Solutions	Manufacturing facilities for mounter, etc.	3,871	4,484	739 (108)	393	9,487	1,390

(3) Overseas subsidiaries

(As of March 31, 2020)

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, Life Solutions, Connected Solutions, Automotive, Industrial Solutions, Other, Corporate	Manufacturing and sales facilities for various electric and electronic products	5,758	10,727	2,045 (160)	27,973	46,503	14,615
Panasonic Avionics Corporation (California, U.S.A.)	Connected Solutions	Manufacturing facilities for aircraft-in-flight entertainment systems	2,588	10,944	— (7)	13,395	26,927	4,286
Hussmann Corporation (Missouri, U.S.A.)	Appliances	Manufacture facilities of commercial-use refrigerated and freezer showcases	4,263	4,037	1,431 (624)	4,570	14,301	6,372
Panasonic do Brasil Limitada (Amazonas, Brazil)	Appliances, Automotive, Industrial Solutions, Other	Manufacturing and sales facilities for various electric and electronic products	1,667	3,194	230 (540)	833	5,924	2,316
Ficosa International S.A. (Barcelona, Spain)	Automotive	Manufacture facilities of automotive components such as electric mirrors	7,165	12,419	4,491 (1,060) [26]	8,621	32,696	8,602
Panasonic Asia Pacific Pte. Ltd. (Singapore)	Appliances, Life Solutions, Connected Solutions, Industrial Solutions, Other, Corporate	Manufacturing and sales facilities for various electric and electronic products	101	8,160	55 (209)	1,701	10,017	2,185
Panasonic Wanbao Appliances Compressor (Guangzhou) Co., Ltd.	Appliances	Manufacturing facilities of compressor	1,241	6,350	- (131) [131]	181	7,772	2,348

(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.
5. The Company applies IFRS 16, "Leases" from April 1, 2019. The Company includes the book value of right-of-use asset in "Others" except `(1) Panasonic Corporation' from fiscal 2020.

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

Plans for capital investment, disposals of property, plants and equipment, etc. for the year ending March 31, 2021 are still undecided due to a great uncertainty caused by the impact of the further spread of the novel coronavirus infections. Accordingly, the plans will be disclosed once it is decided.
There is not any plan of other material disposals or sales of principal facilities, with the exception of disposing and selling facilities due to routine upgrading.

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, 2020)	Number of shares issued as of the filling date (shares) (June 26, 2020)	Stock exchange on which the Company is listed	Description
Common stock	2,453,326,997	2,453,326,997	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	2,453,326,997	2,453,326,997	—	—

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

1) Details of stock option plans

Resolution date of the Board of Directors	July 31, 2014	July 29, 2015
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) :14	Directors of the Company (excluding Outside Directors) : 13 Executive Officers and certain other officers (excluding Directors who concurrently serve as Executive officers) : 17
Number of stock acquisition rights Note 6	1,264	1,188
Class, details and number of shares to be acquired upon exercise of stock acquisition rights Note 6	Common stock of Panasonic 126,400 shares Note 1	Common stock of Panasonic 118,800 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 23, 2014 to August 22, 2044	From August 21, 2015 to August 20, 2045
Issue price for shares issued through the exercise of the stock acquisition rights and the amount capitalized as common stock	Issue price : 1,055 yen Note 2 Amount capitalized as common stock Note 3	Issue price : 1,125 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. 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 2020 (March 31, 2020). The items which changed during the period from the end of fiscal 2020 to the end of the month previous to the filing (May 31, 2020), the contents described in [ ] as of the end of the month previous to the filing. No other contents changed from the end of fiscal 2020.

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	3,524 [3,098]
Class, details and number of shares to be acquired upon exercise of stock acquisition rights Note 6	Common stock of Panasonic 352,400 shares [309,800 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	3,151 [3,122]	3,236
Class, details and number of shares to be acquired upon exercise of stock acquisition rights Note 6	Common stock of Panasonic 315,100 shares [312,200 shares] Note 1	Common stock of Panasonic 323,600 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.

(Resolution contents after the end of fiscal 2020)

The following stock acquisition rights did not exist on the end of fiscal 2020 (March 31, 2020) and the end of the month previous to the filling (May 31, 2020). The Board of Directors approved to allot the stock acquisition rights on June 25, 2020.

Resolution date of the Board of Directors	June 25, 2020
Category and number of persons granted	Former Executive Officer: 1
Number of stock acquisition rights	58
Class, details and number of shares to be acquired upon exercise of stock acquisition rights	Common stock of Panasonic 5,800 shares Note 1
Subscription amount to be paid upon exercise of stock acquisition	One (1) yen
Exercise period of stock acquisition rights	From July 14, 2020 to July 13, 2050
Issue price for shares issued through the exercise of the stock acquisition rights and the amount capitalized as common stock	Issue price 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. 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. Same as respective notes of resolution of the Board of Directors meeting held on July 31, 2017 and resolution of the Board of Directors meeting held on June 28, 2018.

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). The fair value of the stock acquisition rights is the option price per share calculated by the Black-Sholes Model on the day of the allotment.

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 (shares)	Balance of the total number of issued shares (shares)	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 30, 2019	273,500	2,453,326,997	127	258,867	126	126

(Notes) Increase for issuance of new shares as restricted stock compensation.
Issue price ･･･ 924.7 yen per share
Capitalization amount ･･･ 462.35 yen per share
Individuals that received the shares ･･･
Panasonic Directors (excluding Outside Directors), Executive Officers not concurrently serving as Panasonic directors, Panasonic Fellows. 44 individuals in total.

(5) Composition of Issued Shares by Type of Shareholders

As of March 31, 2020

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		Individual and others	Total	
					Non-individuals	Individuals			
Number of shareholders (persons)	―	176	72	3,277	965	531	433,758	438,779	―
Share ownership (units)	―	7,992,339	521,123	1,492,331	7,423,921	11,478	7,020,848	24,462,040	7,122,997
Percentage of shares (%)	―	32.67	2.13	6.10	30.35	0.05	28.70	100.00	―

(Notes)
1. Of 120,365,301 shares of treasury stock, 1,203,653 units are included in "Individual and others," and 1 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, 2020

Name	Address	Share ownership (in thousands of shares)	Percentage of total issued shares (excluding treasury stock) (%)
The Master Trust Bank of Japan, Ltd. (trust account) Note 2	11-3, Hamamatsucho 2-chome, Minato-ku, Tokyo	188,150	8.06
Japan Trustee Services Bank, Ltd. (trust account) Note 3	8-11, Harumi 1-chome, Chuo-ku, Tokyo	177,805	7.62
Nippon Life Insurance Company	5-12, Imabashi 3-chome, Chuo-ku, Osaka-shi, Osaka	69,056	2.96
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)	54,945	2.35
Japan Trustee Services Bank, Ltd. (trust account 5) Note 3	8-11, Harumi 1-chome, Chuo-ku, Tokyo	46,536	1.99
Panasonic Corporation Employee Shareholding Association	1006, Oaza Kadoma, Kadoma-shi, Osaka	41,573	1.78
Japan Trustee Services Bank, Ltd. (trust account 7) Note 3	8-11, Harumi 1-chome, Chuo-ku, Tokyo	41,454	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)	33,340	1.42
Matsushita Real Estate Co., Ltd.	4-27, Dojima 2-chome, Kita-ku,Osaka-shi, Osaka	29,121	1.24
Total	—	719,449	30.83

(Notes)

1. Holdings of less than 1,000 shares have been omitted.
2. 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.
3. 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.

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, 2020

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 120,365,300	—	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 2,311,000,400	23,110,004	Same as above
Shares less than one unit	Common stock 7,122,997	—	Shares less than one unit (100 shares)
Number of issued shares	2,453,326,997	—	—
Total number of voting rights	—	23,110,004	—

(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 (1 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, 2020

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	120,365,300	—	120,365,300	4.90
(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	—	135,203,600	—	135,203,600	5.51

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, 2020	35,904	35,219,525
Treasury stock acquired during the current period	1,602	1,286,103

(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, 2020 to the filing date is not included.

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

Classification	Fiscal year ended March 31, 2020		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	333,628	582,757,031	46,177	80,653,864
Total numbers of treasury stock held	120,365,301	—	120,320,726	—

(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, 2020 to the filing date are not included.
2. The breakdown of "others" in "Fiscal year ended March 31, 2020" are selling due to requests from shareholders holding shares less than one unit shares to sell additional shares (Number of shares 2,128 shares, Total disposition amount 3,717,092 yen) and exercise of stock acquisition rights (Number of shares 331,500 shares, Total disposition amount 579,039,939 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 677 shares, Total disposition amount 1,182,466 yen) and exercise of stock acquisition rights (Number of shares 45,500 shares, Total disposition amount 79,471,398 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 2020, 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 113th 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, 2019	34,993	15.0
The Board of Directors meeting held on May 18, 2020	34,994	15.0

4. Corporate Governance, etc.

This section includes the matters of consolidated companies. This section refers to the matters as of June 26, 2020, 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-four (34) 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 thirteen (13) Directors including six (6) Outside Directors, of which two (2) 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, under which Executive Officers lead the reform of the Panasonic Group's business structure for the total optimization. This system facilitates the development of corporate strategies that integrate the Group's comprehensive strengths. The Company has sixteen (16) 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. The Company has two (2) foreign Executive Officers out of sixteen (16) Executive Officers.

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. Drawing on a third-party point of view, the Company conducted interviews this year in addition to a survey.

Items and results of the survey in fiscal 2020

i) Items of the survey

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

ii) Results of the survey

Upon analyzing the results of the survey and interview, the Company's findings with respect to the effectiveness of the Board of Directors are such that the current state of the Board is essentially appropriate in terms of its monitoring and decision-making function. Findings with respect to strengthening functions of the Board of Directors, however, included opinions that in order to strengthen functions of the Board of Directors, discussions and information sharing with Outside Directors/Audit & Supervisory Board Members should be further activated and promoted in Board of Directors' meetings.

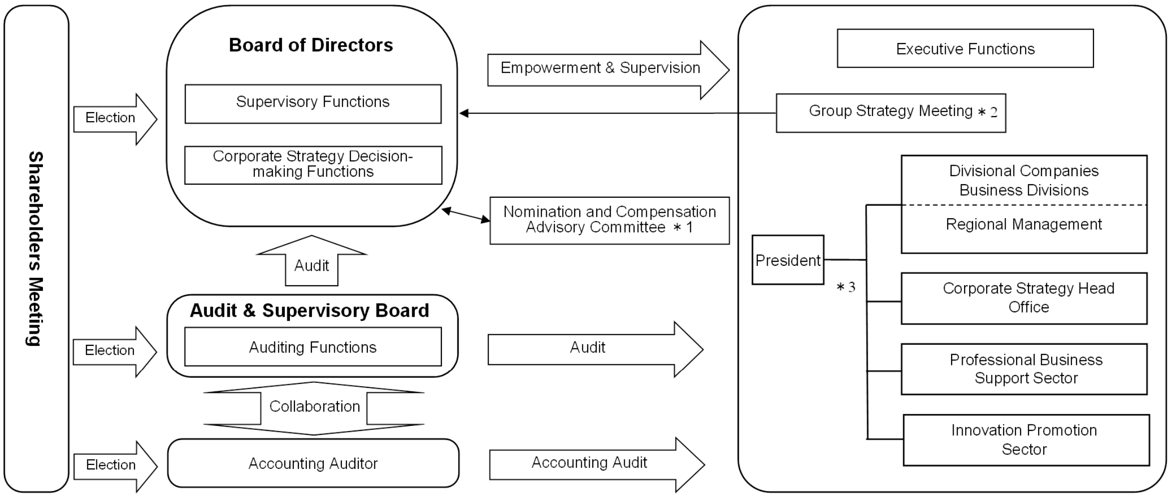
[Group Strategy Meeting]

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, 2019 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 "operational audits", "internal control audits", and "compliance audits", and operating a global hotline that is available in multiple languages in addition to other measures. In addition, the "Panasonic Code of Conduct" stipulates that whistleblowers shall be protected from any retaliation 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 its business environments accordingly by establishing organizations that perform the functions of promotion of fair business, business legal affairs, risk management, administration of corporate governance, and compliance audits.
- 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; establishing group-wide regulations respecting individual professional functions; dispatching Directors and Audit & Supervisory Board Members to Group companies and exercising the Company's shareholder rights thereof; establishing rules of governance that are to be observed by Group companies; conducting regular operational audits, internal control audits, and compliance 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 and 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.

10) Policy on Control of the Company
(a) 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 work to offer "A Better Life, A Better World" for each customer. The Company will also work to sustainably grow its corporate value in order to satisfy its shareholders, investors, customers, business partners, employees, and all other stakeholders, while being committed to ESG activities, such as governance reforms, promoting human resources management, and solving global environmental issues, as its corporate management foundation.

(b) 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 and the Board of Directors will consult this committee regarding its opinion and treat the committee's verdict with the utmost respect.

(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 15 men and 3 women (the ratio of women members in the Board of Directors and Audit & Supervisory Board Members is 16.6%.)

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 Dec. 2004 June 2007 June 2010 Apr. 2011 Jan. 2012 June 2012 June 2013	Joined Matsushita Electric Works, Ltd. (MEW); Managing Executive Officer, MEW; Managing Director, MEW; President, Panasonic Electric Works Co., Ltd. (former MEW); Senior Managing Executive Officer of the Company / In charge of Lighting Company and Panasonic Ecology Systems Co., Ltd.; In charge of Solution Business / President, Eco Solutions Company; Executive Vice President of the Company / In charge of Corporate Division for Promoting Energy Solution Business; Chairman of the Board of Directors (current position).	Note 4	850
Representative Director, President/ President/ CEO	Kazuhiro Tsuga	November 14, 1956	Apr. 1979 June 2001 June 2004 Apr. 2008 Apr. 2011 June 2011 June 2012 June 2017	Joined the Company; Director, Multimedia Development Center; Executive Officer of the Company / In charge of Digital Network & Software Technology; Managing Executive Officer of the Company / President, Panasonic Automotive Systems Company; Senior Managing Executive Officer of the Company / President, AVC Networks Company; Senior Managing Director of the Company; President of the Company; Representative Director, President of the Company (current position) / President of the Company (current position) / Chief Executive Officer (CEO) (current position).	Note 4	1,934

Title	Name	Date of birth	Brief personal records		Term of office	Share ownership (100 shares)
Representative Director/ Executive Vice President CEO, US Company	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 Aug. 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. ; 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). CEO, US Company (current position)	Note 4	711
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	369

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	Joined the Company;	Note 4	327
			June 2012	General Manager, Corporate Planning Group;		
			Oct. 2013	Executive Officer of the Company:		
			Apr. 2015	Managing Executive Officer of the Company; President, Appliance Company;		
			June 2015	Managing Director of the Company;		
			Apr. 2016	Senior Managing Director of the Company;		
			June 2017	Senior Managing Executive Officer of the Company (current position);		
			Apr. 2019	CEO, China & Northeast Asia Company (current position);		
			June 2019	Representative Director of the Company (current position).		
			Apr. 2020	Chairman, Panasonic Corporation of China (current position)		
Director	Yoshinobu Tsutsui	January 30, 1954	Apr. 2011	President, Nippon Life Insurance Company;	Note 4	-
			June 2015	Director of the Company (current position);		
			Apr. 2018	Chairman, Nippon Life Insurance Company (current position).		
Director	Hiroko Ota	February 2, 1954	Sep. 2006	Minister of State for Economic and Fiscal Policy;	Note 4	50
			Aug. 2008	Professor of National Graduate Institute for Policy Studies ;		
			June 2013	Director of the Company (current position).		
			Apr. 2019	Senior Professor of National Graduate Institute for Policy Studies (current position).		
Director	Kazuhiko Toyama	April 15, 1960	Apr. 2003	Senior Representative Director (COO), Industrial Revitalization Corporation of Japan;	Note 4	200
			Apr. 2007	Representative Director (CEO), Industrial Growth Platform, Inc. (current position);		
			June 2016	Director of the Company (current position).		

Title	Name	Date of birth	Brief personal records		Term of office	Share ownership (100 shares)
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	50
Director	Michitaka Sawada	December 20, 1955	June 2012 June 2020	Representative Director, President and Chief Executive Officer, Kao Corporation (current position); Director of the Company (current position)	Note 4	-
Director	Yuko Kawamoto	May 31, 1958	July, 2001 Apr. 2004 June 2020	Senior Expert, McKinsey & Company (Tokyo); Professor of Graduate School of Finance, Accounting and Law, Waseda University (now Graduate School of Business and Finance) (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 Sep. 2019	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); CEO, Panasonic Holding (Netherlands) B.V. (current position).	Note 4	292
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	130

Title	Name	Date of birth	Brief personal records		Term of office	Share ownership (100 shares)
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 6	152
Senior Audit & Supervisory Board Member	Eiji Fujii	March 7, 1960	Apr. 1984 July 2015 Apr. 2017 Apr. 2019 June 2020	Joined the Company; Managing Officer, Automotive & Industrial Systems Company of the Company/Director, Engineering Division; Executive Officer of the Company/ Vice President, Automotive & Industrial Systems Company/ In charge of Technology and Director, Engineering Division Executive Officer of the Company / Vice President, Industrial Solutions Company / In charge of Technology and Director, Engineering Division / In charge of Intellectual Property; Senior Audit & Supervisory Board Member of the Company (current position).	Note 7	120
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 5	-

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	Registered as Certified Public Accountant (Japan) (current position);	Note 5	-
			June 1994	Senior Partner of Chuo Audit Corporation;		
			July 1998	Managing Partner for Japanese Business Network of PricewaterhouseCoopers LLP National Office;		
			July 2007	Chief Executive of The Japanese Institute of Certified Public Accountants;		
			July 2013	Council Member of The Japanese Institute of Certified Public Accountants;		
			June 2014	Audit & Supervisory Board Member of the Company (current position).		
Audit & Supervisory Board Member	Setsuko Yufu	March 28, 1952	Apr. 1981	Registered as Attorney at Law (Japan) (current position);	Note 7	-
			Sep. 1986	Joined Loeff Claeys Verbeke (Brussels) (now Allen & Overy (Brussels);		
			Jan. 2002	Partner, Atsumi & Usui (now Atsumi & Sakai Janssen Foreign Law Joint Enterprise) (current position);		
			June 2020	Audit & Supervisory Board Member of the Company (current position).		
Total						5,186

(Notes)

1. "Share ownership" of less than 100 shares has been omitted.
2. Yoshinobu Tsutsui, Hiroko Ota, Kazuhiko Toyama, Kunio Noji, Michitaka Sawada, and Yuko Kawamoto are outside directors.
3. Yoshio Sato, Toshio Kinoshita and Mitsuko Setsuko Yufu 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, 2020, shall expire at the conclusion of the Ordinary General Meeting of Shareholders for the year ending March 31, 2021.
5. 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.
6. 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.
7. The term of office of Eiji Fujii and Setsuko Yufu, Audit & Supervisory Board Member, which commenced from the conclusion of the Ordinary General Meeting of Shareholders for the year ended March 31, 2020 shall expire at the conclusion of the Ordinary General Meeting of Shareholders for the year ending March 31, 2024.
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 CEO, US Company In charge of General Affairs and Social Relations Occupational Safety and Health Director
Senior Managing Executive Officer	Yoshiyuki Miyabe	Chief Technology Officer (CTO) Chief Manufacturing Officer (CMO)
Senior Managing Executive Officer	Tetsuro Homma	CEO, China & Northeast Asia Company Regional Head for China & Northeast Asia Chairman, Panasonic Corporation of China
Senior Managing Executive Officer	Masahisa Shibata	In charge of Automotive Sales
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 In charge of Tokyo Olympic & Paralympic Business Promotion
Managing Executive Officer	Hirokazu Umeda	Chief Financial Officer (CFO) In charge of Groupwide Cost Busters Project and BPR Project CEO, Panasonic Holding (Netherlands) B.V. President, Panasonic Equity Management Japan G. K.
Managing Executive Officer	Yuki Kusumi	In charge of the Automotive Segment CEO, Automotive Company
Managing Executive Officer	Masahiro Shinada	In charge of the Appliances Segment 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
Managing Executive Officer	Masaharu Michiura	In charge of the Life Solutions Segment CEO, Life Solutions Company In charge of Construction Safety Regulations Administration Department
Managing Executive Officer	Eiichi Katayama	Chief Strategy Officer (CSO) In charge of Business Development
Executive Officer	Manish Sharma	President, Panasonic India Pvt. Ltd.
Executive Officer	Shigeki Mishima	Chief Human Resources Officer (CHRO)

2) Outside Directors and Outside Audit & Supervisory Board Members (A&SB Members)
The Company elects six (6) 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. Kunio Noji, 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.

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

As for the six (6) 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)

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 seven (7) Divisional Companies. The Company has also established 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

Based on audit policies and plans the A&SB developed, the A&SB has received 14 reports from management to confirm the status of execution of duties. The A&SB has also received reports on the results of audits conducted by Senior A&SB Members of the Company and other activities, inspected the records of approval of important decisions, and checked the contents of reports made to the Audit Report System and responses to the reports. At the end of each quarter and fiscal year, the A&SB checks the Company's financial results and report documentations on the reviews and the audits conducted by accounting auditors, and compiles an Audit Report as the A&SB, evaluates the accounting auditors, determines re-election or non-reelection of each of the accounting auditors, and confirms compliance with law and regulations regarding the agendas of the General Meeting of Shareholders.

The A&SB held total of the 13 A&SB meetings for the fiscal year ended March 31, 2020, and each meeting took two (2) hours and twenty (20) minutes. The attendance rate was 95% (Senior A&SB Members: 100%, Outside A&SB Members: 92%).

The attendance rate of A&SB Members at the A&SB meetings

Classification	Name	Number of meetings held during the term	Number of attendance	Attendance Rate	Remarks
Senior A&SB Member	Hirofumi Yasuhara	3	3	100%	Retired on June 27, 2019
Senior A&SB Member	Mamoru Yoshida	13	13	100%	-
Senior A&SB Member	Toshihide Tominaga	10	10	100%	Elected on June 27, 2019
Outside A&SB Member	Yoshio Sato	13	11	85%	-
Outside A&SB Member	Toshio Kinoshita	13	13	100%	-
Outside A&SB Member	Mitsuko Miyagawa	13	12	92%	-

2) Status of internal audits

Internal audits of the Company cover its overall management, including operations, organizations, and systems, and include audits of management, operations, finance, and internal controls. The internal audits are conducted based on an audit plan developed for each of the fiscal years under the approval of the President and the Executive Officer in charge of Accounting and Finance. In accordance with the condition identified from the audits, managers of the audit department reports the results of audits to the President, the Executive Officer in charge of Accounting and Finance, the A&SB, and the departments concerned. The "Internal Auditing Department" had 15 employees and the "Internal Control Promotion Office" which supervises internal control over financial reporting had 16 employees.

3) Status of accounting audit

a) Audit corporation

KPMG AZSA LLC

b) The length of years the Accounting Auditor has served

For 17 years

c) 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

d) Audit assistance for Panasonic Corporation

Working with to assist the above accountants in conducting audit of the Company were 139 certified public accountants and 115 other people.

e) 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, 2020.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.

f) 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.

4) Accounting fees

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

Category	Fiscal year ended March 31, 2020		Fiscal year ended March 31, 2019	
	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	772	26	738	25
Consolidated subsidiaries	385	14	389	17
Total	1,157	40	1,127	42

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 matters for the year ended March 31, 2020 and 2019.

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 for the year ended March 31, 2020 and 2019.

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

Category	Fiscal year ended March 31, 2020		Fiscal year ended March 31, 2019	
	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	-	243	-	355
Consolidated subsidiaries	2,090	497	1,976	539
Total	2,090	740	1,976	894

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, 2020 and 2019.
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, 2020 and 2019.

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, 2020 and 2019.

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 determining amount and process of Directors and A&SB Members

(a) Policy

The Company's remuneration system for Directors comprises a fixed remuneration which is the "basic remuneration," a short-term incentive which is the "performance-based remuneration," and a long-term incentive which is the "restricted stock as remuneration," based on the duties of Directors. Outside Directors and A&SB Members receive only a fixed compensation or the "basic remuneration."

The "performance-based remuneration" is provided to boost motivation to improve business performance, and its amount is determined based on a single-year performance evaluation of the entire Company and a specific business of which a Director is in charge. The Company has adopted more simple and straightforward indicators for evaluation changing from the conventional indicators, including net sales, operating income, free cash flow and CCM since the business performance of the fiscal year ended March 31, 2020. Specifically, the final evaluation is carried out putting a key priority on whether the plan of net cash provided by operating activities was achieved, together with indicators including adjusted operating income, net profit, and inventory. 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% (when the standard value is achieved: 75%).

The "restricted stock as remuneration" is allocated for the purpose of providing incentives to pursue improvement of the Company's corporate value and promoting further sharing of value with the Company's shareholders.

In accordance with its purpose of the system being introduced, the "restricted stock as remuneration" is 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 for each individual 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 every fiscal year.

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, 2020, 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 Company introduced the "restricted stock as remuneration" system which is an alternative to the "stock -type compensation stock options" in the fiscal year ended 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 2020

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, 2020 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 2018)	Result
Net Sales	8,300.0	8,002.7
Operating Income	425.0	411.5

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	Restricted stock as remuneration
Directors (other than Outside Directors)	9	833	574	186	73
A&SB Members (other than Outside A&SB Members)	3	80	80	-	-
Outside Directors	5	65	65	-	-
Outside A&SB Members	3	39	39	-	-

(Note) The above figures include three (3) Director and one (1) A&SB member who retired at the conclusion of the 112th Ordinary General Meeting of Shareholders held on June 27, 2019.

Directors who received remuneration of 100 million yen or more

Name	Classification	Amount (Million yen)			
			Basic remuneration	Performance-based remuneration	Restricted Stock as remuneration
Shusaku Nagae	Director	109	100	-	9
Kazuhiro Tsuga	Director	186	104	48	34
Mototsugu Sato	Director	121	78	31	12
Yasuyuki Higuchi	Director	125	74	41	10

(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, 2020, 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	116	23,729
Other than unlisted shares	28	21,237

(Increase in the number of securities held as of March 31, 2020)

	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	333	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, 2020)

	Number of shares held (Stock name)	Total amount sold due to decrease in number of shares held (Million yen)
Unlisted shares	7	17,560
Other than unlisted shares	5	4,326

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, 2020	As of March 31, 2019	Purpose of holding, effect of quantitative holding, reason of increase in the number of shares held	Ownership of Panasonic share: Y / N
	Number of shares (shares)	Number of shares (shares)		
	Balance sheet amount (Million yen)	Balance sheet amount (Million yen)		
Tokyo Broadcasting System Holdings, Inc.	4,423,180	5,033,180	Maintenance and expansion of broadcasting equipment related businesses	N
	6,652	10,197		
Daiwa House Industry Co., Ltd.	1,530,000	1,530,000	Maintenance and expansion of housing / equipment related businesses	Y
	4,097	5,384		
Toray Industries, Inc.	3,744,000	4,214,000	Stable procurement of raw materials	Y
	1,756	2,979		
Renesas Electronics Corporation	4,166,600	4,166,600	Stable procurement of raw materials	N
	1,621	2,133		
NIPPON TELEGRAPH AND TELEPHONE CORPORATION	563,448	281,724	Maintenance and expansion of broadcasting equipment related businesses Increase of the number of shares for stock-split	N
	1,451	1,325		
KINDEN CORPORATION	740,257	740,257	Maintenance and expansion of housing / equipment related businesses	Y
	1,181	1,358		
EPCO Co., Ltd.	1,388,000	1,388,000	Maintenance and expansion of housing / equipment related businesses	N
	1,148	1,235		
Sumitomo Real Estate Sales Co., Ltd.	243,000	243,000	Maintenance and expansion of housing / equipment related businesses	N
	640	1,114		
Joshin Denki Co., Ltd.	292,502	392,502	Maintenance and expansion of appliance related businesses	Y
	608	1,001		
CHUDENKO CORPORATION	200,702	200,702	Maintenance and expansion of housing / equipment related businesses	N
	442	453		
Mazda Motor Corporation	699,006	699,006	Maintenance and expansion of automotive related businesses	N
	400	866		
OCHI HOLDINGS CO., LTD.	146,070	146,070	Maintenance and expansion of housing / equipment related businesses	N
	221	173		
Nice Corporation	210,100	210,100	Maintenance and expansion of housing / equipment related businesses	Y
	193	187		

Stock name	As of March 31, 2020 Number of shares (shares) Balance sheet amount (Million yen)	As of March 31, 2019 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
KYUDENKO CORPORATION	58,564	58,564	Maintenance and expansion of housing / equipment related businesses	N
	171	203		
MISUMI CO., LTD.	55,000	55,000	Maintenance and expansion of housing / equipment related businesses	N
	94	110		
Central Japan Railway Company	5,000	5,000	Maintenance and expansion of housing / equipment related businesses	N
	87	129		
KUWAZAWA Trading Co., Ltd.	167,698	167,698	Maintenance and expansion of housing / equipment related businesses	N
	79	78		
YAMAE HISANO CO., LTD.	70,875	69,594	Maintenance and expansion of housing / equipment related businesses Increase of the number of shares for maintenance and expansion of business competitiveness	N
	78	82		
Fujii Sangyo Corporation	49,000	49,000	Maintenance and expansion of housing / equipment related businesses	Y
	66	61		
ITO EN, LTD.	10,000	10,000	Maintenance and expansion of appliance related businesses	N
	57	58		
JUTEC Holdings Corporation	46,000	46,000	Maintenance and expansion of housing / equipment related businesses	N
	45	45		
JK Holdings Co., Ltd.	55,000	55,000	Maintenance and expansion of housing / equipment related businesses	N
	38	31		
DAIBIRU CORPORATION	40,360	40,360	Maintenance and expansion of housing / equipment related businesses	N
	36	42		
YONDENKO CORPORATION	11,550	11,550	Maintenance and expansion of housing / equipment related businesses	N
	29	31		
e'grand Co.,Ltd	40,000	40,000	Maintenance and expansion of housing / equipment related businesses	N
	25	27		

Stock name	As of March 31, 2020 Number of shares (shares) Balance sheet amount (Million yen)	As of March 31, 2019 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 11	2,000 13	Maintenance and expansion of housing / equipment related businesses	Y
ITO EN, LTD. Preferred stock	3,000 6	3,000 8	Maintenance and expansion of appliance related businesses	N
TSUCHIYA HOLDINGS CO., LTD.	41,000 5	41,000 7	Maintenance and expansion of housing / equipment related businesses	N
Sekisui House, Ltd.	- -	1,112,071 2,037	Maintenance and expansion of housing / equipment related businesses	N
MISAWA HOMES CO., LTD.	- -	20,000 16	Maintenance and expansion of housing / equipment related businesses	N

(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, 2020 Number of shares (shares) Balance sheet amount (Million yen)	As of March 31, 2019 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 19,503	3,000,000 19,461	Have a right to exercise voting rights	Y
Honda Motor Co., Ltd.	1,000,000 2,430	1,000,000 2,995	Have a right to exercise voting rights	Y

(Note) Appropriateness of holding shares listed above was assessed at the Board of Directors Meeting in March 2020 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, 2020 and 2019

	Yen (millions)	
	March 31	March 31
	2020	2019
Assets		
Current assets:		
Cash and cash equivalents (Note 5)	1,016,504	772,264
Trade receivables and contract assets (Note 6 and 24)	1,051,203	1,190,620
Other financial assets (Note 13)	148,436	131,305
Inventories (Note 7)	793,516	1,016,437
Other current assets (Note 3 and 15)	162,822	150,395
Assets held for sale (Note 3 and 36)	263,354	13,072
Total current assets	3,435,835	3,274,093
Non-current assets:		
Investments accounted for using the equity method (Note 12)	306,864	136,486
Other financial assets (Note 13)	215,293	216,225
Property, plant and equipment (Note 8 and 28)	1,034,632	1,324,374
Right-of-use assets (Note 3, 9 and 28)	261,075	-
Goodwill and intangible assets (Note 11 and 28)	620,611	719,557
Deferred tax assets (Note 14)	290,365	288,538
Other non-current assets (Note 15)	53,843	54,658
Total non-current assets	2,782,683	2,739,838
Total assets	6,218,518	6,013,931

PANASONIC CORPORATION
AND SUBSIDIARIES
Consolidated Statements of Financial Position (Continued)
March 31, 2020 and 2019

	Yen (millions)	
	March 31 2020	March 31 2019
Liabilities and Equity		
Current liabilities:		
Short-term debt, including current portion of long-term debt (Note 3 and 16)	250,620	382,301
Lease liabilities (Note 3 and 9)	64,375	7,654
Trade payables (Note 17)	969,695	1,151,174
Other financial liabilities (Note 20)	212,674	273,817
Income taxes payable	38,641	55,355
Provisions (Note 19)	165,746	184,512
Contract liabilities (Note 24)	95,296	113,649
Other current liabilities (Note 3 and 21)	730,456	812,251
Liabilities directly associated with assets held for sale (Note 3 and 36)	88,605	8,737
Total current liabilities	2,616,108	2,989,450
Non-current liabilities:		
Long-term debt (Note 3 and 16)	953,831	600,750
Lease liabilities (Note 3 and 9)	202,485	8,016
Other financial liabilities (Note 20)	16,316	16,667
Retirement benefit liabilities (Note 18)	221,946	256,289
Provisions (Note 19)	3,898	6,116
Deferred tax liabilities (Note 14)	33,404	38,192
Contract liabilities (Note 24)	6,366	5,686
Other non-current liabilities (Note 21)	8,296	8,150
Total non-current liabilities	1,446,542	939,866
Total liabilities	4,062,650	3,929,316
Equity: (Note 22)		
Panasonic Corporation stockholders' equity		
Common stock	258,867	258,740
Capital surplus	531,048	528,880
Retained earnings	1,646,403	1,500,870
Other components of equity	(227,957)	(164,417)
Treasury stock	(210,012)	(210,560)
Total Panasonic Corporation stockholders' equity (Note 30)	1,998,349	1,913,513
Non-controlling interests (Note 32)	157,519	171,102
Total equity	2,155,868	2,084,615
Total liabilities and equity	6,218,518	6,013,931

PANASONIC CORPORATION
AND SUBSIDIARIES
Consolidated Statements of Profit or Loss
Years ended March 31, 2020 and 2019

	Yen (millions)	
	Year ended March 31	
	2020	2019
Net sales (Note 24)	7,490,601	8,002,733
Cost of sales (Note 7 and 28)	(5,339,557)	(5,736,234)
Gross profit	2,151,044	2,266,499
Selling, general and administrative expenses (Note 23 and 25)	(1,864,381)	(1,939,467)
Share of profit of investments accounted for using the equity method (Note 12)	5,298	10,853
Other income (expenses), net (Note 27, 28 and 32)	1,790	73,613
Operating profit	293,751	411,498
Finance income (Note 29)	31,360	25,603
Finance expenses (Note 29)	(34,061)	(20,645)
Profit before income taxes	291,050	416,456
Income taxes (Note 14)	(51,012)	(113,719)
Net profit	240,038	302,737
Net profit attributable to:		
Panasonic Corporation stockholders	225,707	284,149
Non-controlling interests	14,331	18,588

	Yen	
Earnings per share attributable to Panasonic Corporation stockholders (Note 30)		
Basic	96.76	121.83
Diluted	96.70	121.75

PANASONIC CORPORATION
AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income
Years ended March 31, 2020 and 2019

	Yen (millions)	
	Year ended March 31	
	2020	2019
Net Profit	240,038	302,737
Other comprehensive income, net of tax (Note 22)		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plans..................................	5,986	(12,788)
Financial assets measured at fair value through other comprehensive income..	21,172	(2,608)
Subtotal..	27,158	(15,396)
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations.........	(98,944)	9,213
Net changes in fair value of cash flow hedges...........................	8,773	(2,411)
Subtotal..	(90,171)	6,802
Total other comprehensive income (loss).......................................	(63,013)	(8,594)
Comprehensive income...	177,025	294,143
Comprehensive income attributable to:		
Panasonic Corporation stockholders..	172,443	278,477
Non-controlling interests..	4,582	15,666

PANASONIC CORPORATION
AND SUBSIDIARIES
Consolidated Statements of Changes in Equity
Years ended March 31, 2020 and 2019

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, 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 - net of tax (Note 22)	-	-	-	(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 22)	-	-	-	382	-	382	-	382
Transfer from other components of equity to retained earnings (Note 22)	-	-	(9,132)	9,132	-	-	-	-
Cash dividends (Note 22)	-	-	(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
Comprehensive income :								
Net profit	-	-	225,707	-	-	225,707	14,331	240,038
Other comprehensive income - net of tax (Note 22)	-	-	-	(53,264)	-	(53,264)	(9,749)	(63,013)
Total comprehensive income	-	-	225,707	(53,264)	-	172,443	4,582	177,025
Transfer to hedged non- financial assets (Note 22)	-	-	-	319	-	319	-	319
Transfer from other components of equity to retained earnings (Note 22)	-	-	10,595	(10,595)	-	-	-	-
Cash dividends (Note 22)	-	-	(69,979)	-	-	(69,979)	(14,654)	(84,633)
Purchase of treasury stock	-	-	-	-	(35)	(35)	-	(35)
Disposal of treasury stock	-	(2)	-	-	4	2	-	2
Share-based payments (Note 23)	127	(477)	-	-	579	229	-	229
Transactions with non-controlling interests and other	-	2,647	-	-	-	2,647	(3,511)	(864)
Cumulative effects of a new accounting standard applied (Note 3)	-	-	(20,790)	-	-	(20,790)	-	(20,790)
Balance as of March 31, 2020	258,867	531,048	1,646,403	(227,957)	(210,012)	1,998,349	157,519	2,155,868

PANASONIC CORPORATION
AND SUBSIDIARIES
Consolidated Statements of Cash Flows
Years ended March 31, 2020 and 2019

	Yen (millions)	
	Year ended March 31	
	2020	2019
Cash flows from operating activities:		
Net profit	240,038	302,737
Depreciation and amortization	372,975	296,041
Impairment losses on property, plant and equipment, right-of-use assets, goodwill and intangible assets (Note 28)	91,253	62,775
Income tax expenses	51,012	113,719
(Increase) decrease in trade receivables and contract assets	62,770	(127,464)
(Increase) decrease in inventories	30,938	(30,270)
Increase (decrease) in trade payables	(85,896)	14,725
Increase (decrease) in provisions	(14,020)	(65,423)
Increase (decrease) in contract liabilities	15,938	9,823
Increase (decrease) in retirement benefit liabilities	(20,151)	(114,614)
Other - net (Note 27)	(204,909)	(150,999)
Subtotal	539,948	311,050
Interests received	22,052	21,899
Dividend income received	2,273	2,531
Interest expenses paid	(34,218)	(20,853)
Income taxes paid	(99,752)	(110,950)
Net cash provided by (used in) operating activities	430,303	203,677
Cash flows from investing activities (Note 34):		
Purchase of property, plant and equipment	(273,920)	(316,083)
Proceeds from sale of property, plant and equipment	23,104	37,023
Purchase of intangible assets	(71,368)	(82,780)
Collection of lease receivables	37,187	167,256
Purchase of investments accounted for using the equity method and other financial assets	(18,732)	(29,838)
Proceeds from sale and redemption of investments accounted for using the equity method and other financial assets	49,132	33,470
Proceeds from sales of subsidiaries or other businesses (Note 32)	48,292	16
Acquisition of subsidiaries, net of cash acquired	-	(500)
Other - net	209	(1,951)
Net cash provided by (used in) investing activities	(206,096)	(193,387)

PANASONIC CORPORATION
AND SUBSIDIARIES
Consolidated Statements of Cash Flows (Continued)
Years ended March 31, 2020 and 2019

	Yen (millions)	
	Year ended March 31	
	2020	2019
Cash flows from financing activities (Note 34):		
Increase (decrease) in short-term debt (Note 16)	105,119	(132,417)
Proceeds from long-term debt (Note 16)	381,461	940
Repayments of long-term debt (Note 3 and 16)	(254,463)	(101,274)
Payment for lease liabilities (Note 3 and 16)	(95,087)	(8,252)
Dividends paid to Panasonic Corporation stockholders (Note 22)	(69,979)	(81,633)
Dividends paid to non-controlling interests	(14,654)	(18,185)
Purchase of treasury stock	(35)	(50)
Proceeds from sale of treasury stock	2	59
Transactions with non-controlling interests	(410)	(2,174)
Other - net (Note 16)	(3,732)	1,225
Net cash provided by (used in) financing activities	48,222	(341,761)
Effect of exchange rate changes on cash and cash equivalents	(28,050)	14,150
Net increase (decrease) in cash and cash equivalents	244,379	(317,321)
Cash and cash equivalents at the beginning of the year (Note 5)	772,264	1,089,585
Net decrease in cash and cash equivalents due to transfer to assets held for sale (Note 36)	(139)	-
Cash and cash equivalents at the end of the year (Note 5)	1,016,504	772,264

PANASONIC CORPORATION
AND SUBSIDIARIES
Notes to Consolidated Financial Statements

1. Reporting entity

Panasonic Corporation (hereinafter 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 with close cooperation between 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" ("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 26, 2020 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 either 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.

Receivables and payables, 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 an equity transaction. When control is lost, gains and losses arising from the loss of control are recognized in profit or loss. Also, gains and losses arising from the loss of control include gains and losses from remeasurement of retained interests at fair value.

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 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 a business combination, 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 any 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.

(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 ("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 ("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 interest is 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 expenses" 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 expires.

3) Derivatives and hedge accounting

The Company utilizes derivatives such as foreign exchange contracts, cross currency swaps, cross currency interest rate swaps and commodity futures to hedge risk of changes in currency and 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 the 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

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

(8) Investment property

The right-of-use assets recognized in accordance with IFRS 16, "Leases" includes those that meet the requirements under IAS 40, "Investment property." Investment property is held by the Company to earn rental income. Investment property is measured using the cost model and presented at the amount of cost less accumulated depreciation and any accumulated impairment losses. Depreciation is calculated to systematically allocate the cost of investment property using the straight-line method over the lease term (2 to 35 years).

(9) Goodwill and Intangible Assets

1) Goodwill

Goodwill acquired in a 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.

(10) Leases

The Company has adopted IFRS 16, "Leases" from April 1, 2019. The Company recognized the cumulative effect of applying the standard at the date of initial application as an adjustment to the opening balance of retained earnings for the current fiscal year. Accordingly, the comparative information for the previous fiscal year prepared in accordance with IAS 17, "Leases" has not been restated.

In the comparative period, the Company determined whether a contract is, or contains, a lease in accordance with IAS 17 and IFRIC 4, "Determining whether an Arrangement contains a Lease" depending upon the substance of a contract at the commencement date of the lease. And in the comparative period the Company, as a lessee, classified leases as an operating lease or a finance lease based on the assessment of whether substantially all the risks and rewards incidental to ownership of a leased asset are transferred to the Company.

The accounting policy based on IFRS 16 applicable from April 1, 2019 is as follows.

1) Definition of a lease

Upon adoption of IFRS 16, the Company determines whether a contract is, or contains, a lease in accordance with the following definition of a lease applicable to contracts entered into, on or after April 1, 2019.

- There is an identified asset;
- The Company has the right to obtain substantially all of the economic benefits from use of the identified asset; and
- The Company has the right to direct the use of the identified asset.

2) Lease accounting treatment as a lessee

Following the application of IFRS 16, the Company applies the single lease accounting model required by the standard. In principle, for all leases, right-of-use assets that represent a right to use an underlying asset over the lease term and lease liabilities that represent the obligation for lease payments are recognized. The lease term is determined as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. Lease liabilities are initially measured at the present value of unpaid lease payments at the lease commencement date discounted using the interest rate implicit in the lease or the lessee's incremental borrowing rate. After initial recognition, lease liabilities are subsequently measured at amortized cost using the effective interest method. Right-of-use assets are initially measured at cost, which comprises the amount of the initial measurement of the lease liability adjusted for any prepaid lease payments, etc. Right-of-use assets are depreciated using the straight-line method over the lease term. As a result, the lease payments under operating leases that were previously recorded as expenses when incurred are recorded as depreciation for the right-of-use assets and interest expense on the lease liability from the year ended March 31, 2020 fiscal year, and are reclassified except for the portion representing interest payments from cash outflows from operating activities to those from financing activities in the statement of cash flows. With regard to short-term leases that have a lease term of 12 months or less and leases for which the underlying asset is of low value, right-of-use assets and lease liabilities are not recognized, and lease payments for these leases are recognized as expenses as incurred.

3) Lease accounting treatment as a lessor

In cases where the Company is the lessor, the Company classifies each lease as either a finance lease or an operating lease at the inception of the lease. To classify each lease, the Company makes an overall assessment as to whether or not it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. If it does, a lease is classified as a finance lease. If not, it is classified as an operating lease. As part of this assessment, the Company reviews certain indicators including whether or not the lease term is for the major part of the economic life of the underlying asset.

- In cases where the Company is an intermediate lessor, the head lease and sublease are accounted for separately;
- The classification of a sublease is determined by reference to the right-of-use asset that arises from the head lease, and if the head lease is a short-term lease for which lease payments are recognized as expenses, the sublease is classified as an operating lease;
- If a contract contains lease and non-lease components, the Company applies IFRS15, "Revenue from Contracts with Customers" and allocates the consideration in the contract to each component proportionately on a relative stand-alone selling price basis.

The Company recognizes lease payments from operating leases as income on a straight line basis over the lease term. For lease payments from finance leases, the assets held under a finance lease are recognized and presented as receivables at an amount equal to the net investment in the leases, and lease payments from finance leases are recognized as finance income over the lease term based on a pattern that reflects a constant periodic rate of return the Company's net investment in the lease.

4) Treatment on transition

The methods used for measuring right-of-use assets and lease liabilities upon transition are set out below. On the initial application of IFRS 16, the Company applied a practical expedient for the definition of a lease. Accordingly, the Company applies IFRS 16 to contracts existing at the date of initial application that were previously identified as leases under IAS 17 and IFRIC 4, and does not apply IFRS 16 to contracts that were previously not identified as leases.

Leases previously classified as operating leases under IAS 17

Lease liabilities upon transition were measured at the present value of the remaining lease payments at the date of initial application, discounted using a discount rate as of the date of initial application. Right-of-use assets upon transition were measured at either:

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

In addition, on the application of IFRS 16, the Company applied the following practical expedients depending upon determination made by region or business unit:

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

Leases previously classified as finance leases under IAS 17

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

(11) 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 impairment tests are preformed based on the estimated recoverable amount of the asset or the cash-generating unit.

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 on that date. 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 consideration as a single asset.

(12) Non-current assets or disposal groups held for sale

Non-current assets or disposal groups are classified as held for sale if their carrying amount will be recovered principally through sale transactions rather than through continuing use. The Company considers the above criteria to be met only if it is highly probable that they will be sold within one year and can be sold immediately in their present condition. Non-current assets or disposal groups classified as held for sale are measured at the lower of their carrying amount or fair value less costs to sell and are not depreciated or amortized.

(13) 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 items 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 unused 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 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, if 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 not recognized to the extent that it is no longer probable that the related tax benefits will be realized.

The Company recognizes an asset or liability that reflects the effect of uncertainty in income taxes at the amount reasonably estimated for uncertain tax positions when it is probable, based on the Company's interpretation of tax laws and regulations, that the tax positions would result in a refund or payment of income taxes.

(14) Employee Benefits

1) Post-employment benefits
The Company operates 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 payments.

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 benefit 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 benefit 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.

(15) 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.

(16) Equity

1) Ordinary shares

The proceeds from issuance of ordinary shares issued by the Company are 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 consideration paid, which includes directly attributable cost is recognized as a deduction from equity.

When treasury shares are sold, the amount of consideration received is recognized as an increase in equity.

(17) Share-Based Payments

The Company has introduced a Restricted Stock Compensation plan as an incentive plan for its Directors (excluding Outside Directors), Executive Officers and certain other officers. The cost of the restricted stock compensation is measured by reference to the fair value of the shares granted on the grant date and recognized as expenses over the vesting period, with a corresponding increase in equity.

In accordance with the introduction of the new stock compensation plan, the existing share option plan was abolished except for the share options already granted. The cost of share options granted under the share option plan 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.

(18) Revenue

The Company recognize revenue 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 household products, industrial products, manufacturing devices, and consumables. For such sales transactions, in principle, the Company recognizes revenue at the time of 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 provision 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;
- 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 including a combination of products, devices, installation, maintenance or other deliverables. For such transactions, the Company identifies 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 determines the stand-alone selling price at contract inception of the distinct good or service underlying each performance obligation in the contract and allocates 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 estimates the amount of variable consideration and include in the transaction price some or all of the 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 combines 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; and
- 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 identifies it as a single performance obligation and recognize revenue over the period of extended warranty.

(19) 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.

(20) Earnings Per Share

Basic earnings per share is calculated by dividing net profit attributable to Panasonic 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 is calculated with adjustment for the effects of all potential dilutive ordinary shares.

(21) 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")
- Measurement of right-of-use assets and lease liabilities ("9. Leases")
- Recoverability of deferred tax assets ("14. Income taxes")
- Defined benefit obligations ("18. Employee benefits")
- Measurement of provisions ("19. Provisions")
- Measurement of the transaction price in revenue arrangements ("24. Revenue")
- Impairment of non-financial assets (including goodwill) ("28. Impairment of non-financial assets")
- Measurement of financial instruments ("31. Financial instruments")

Regarding the effects of the novel coronavirus infections, the Company assumes that the impact will continue for a at least part of the next fiscal year based on recent orders and sales trend and information from multiple external sources, such as economic, market and consumption forecast, and other relevant information. Accounting estimates, including "Recoverability of deferred tax assets" and "Impairment of non-financial assets (including goodwill)," were made under such assumptions and are reflected in the consolidated financial statements.
More specifically, in the first quarter of the year ending March 31, 2021, an adverse economic impact of sluggish markets resulting from the lower demand in the automobile and aviation industries as well as stay-at-home orders implemented worldwide is expanding from China to across the globe. While supply chain issues in China are improving, the suspension of factories in other parts of the world including Asian countries as a result of the lockdown has started to affect the Company's procurement and manufacturing operations. In the

second quarter of the year ending March 31, 2021, depending on the novel coronavirus situation, the restrictions on leaving home in each country may gradually be eased, and economic conditions may gradually recover, but in terms of demand in the automobile and aviation industries, these effects may persist. The above accounting estimates are made based on these assumptions regarding future outlook.
There are significant uncertainties regarding the overall duration and severity of the impact of the spread of the novel coronavirus infections and any changes in the above assumptions could adversely affect the financial position and the operating results of the Company for the next fiscal year.

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 ("12. Investments accounted for using the equity method" and "32. Major subsidiaries")
- Determination whether a contract is, or contains, a lease ("9. Leases")
- Classification of financial assets ("13. Other financial assets")
- Recognition of provisions ("19. Provisions")
- Recognition and measurement of revenue ("24. Revenue")
- Determination of cash-generating units in performing impairment tests on non-financial assets ("28. Impairment of non-financial assets")
- Assessment of whether or not there is any indication of impairment for non-financial assets ("28. Impairment of non-financial assets")
- Determination of a significant increases in credit risk of financial assets measured at amortized cost ("31. Financial instruments")
- Classification of assets held for sale ("36. Disposal groups held for sale")

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

Regarding 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, 2020 because the application is not yet mandatory, there are no major standards that are expected to have a significant impact on the consolidated financial statements.

(23) Application of new standards and interpretations

1) IFRS 15, "Revenue from Contracts with Customers"
The Company applies IFRS 15 from April 1, 2018. The amounts of effects are stated in "Cumulative effects of new accounting standard applied" in "Consolidated statements of Changes in Equity" for the year ended March 31, 2019.

2) IFRS 16, "Leases"
The Company has adopted IFRS 16, "Leases" from April 1, 2019 using a modified retrospective approach under the standard. The Company recognized the cumulative effect of applying the standard at the date of initial application as an adjustment to the opening balance of retained earnings for the current fiscal year. At the date of initial application of IFRS 16, the Company additionally recognized right-of-use assets of 307,132 million yen, investment property of 281,182 million yen, and lease liabilities of 636,271 million yen. As a result, the balance of retained earnings decreased by 20,790 million yen. The weighted average of the discount rates applied to lease liabilities recognized at the date of initial application of IFRS16 was 3.3%.

The following table reconciles the difference between operating lease commitments under non-cancellable operating lease contracts applying IAS 17 as of March 31, 2019 and lease liabilities recognized in the consolidated statement of financial position at the date of initial application:

	Yen (millions)
Non-cancellable operating lease contracts as of March 31, 2019	118,250
Non-cancellable operating lease contracts as of March 31, 2019 (discounted using the lessee's incremental borrowing rate at April 1, 2019)	111,637
Finance lease liabilities recognized as of 31 March 2019	15,670
Short-term leases	(2,428)
Leases of low-value assets	(9,219)
Variable lease payments based on an index or a rate	275,489
Cancellable operating lease contracts, etc.	260,792
Lease liabilities as of April 1, 2019	651,941

3) IFRIC 23, "Uncertainty over Income Tax Treatments"
The Company has adopted IFRIC 23 from April 1, 2019. IFRIC 23 clarifies the application of IAS 12, "Income taxes" when there is uncertainty over income tax treatment of tax positions. The impact of the application of IFRIC 23 on the consolidated financial statements of the Company was not material.

(24) Changes in presentation

1) IFRS 16, "Leases"
In connection with the application of IFRS 16, "Lease liabilities," which were included in "Short-term debt, including current portion of long-term debt" and "Long-term debt" as of March 31, 2019, have become material and are separately presented from the current fiscal year. The consolidated statement of financial position as of March 31, 2019 has been reclassified to conform to this change in presentation. As a result, the amount of 7,654 million yen as of March 31, 2019, which was presented in "Short-term debt, including current portion of long-term debt," and the amount of 8,016 million yen as of March 31, 2019, which was presented in "Long-term debt," have been reclassified and presented as "Lease liabilities" (Current liabilities) and "Lease liabilities" (Non-current liabilities), respectively.
Also, "Payments for lease liabilities," which was included in "Payments of long-term debt" within "Cash flows from financing activities" for the year ended March 31, 2019 has become material and is separately presented from the current fiscal year. The consolidated statement of cash flows for the year ended March 31, 2019 has been reclassified to conform to this change in presentation. As a result, the amount of (8,252) million yen for the year ended March 31, 2019, which was presented in "Repayments of long-term debt" within "Cash flows from financing activities," has been reclassified and presented as "Payments for lease liabilities" within "Cash flows from financing activities."

2) Non-current assets or disposal groups held for sale
Since "Assets held for sale," which were included as part of "Other current assets" and "Liabilities directly associated with assets held for sale," which were included as part of "Other current liabilities" as of March 31, 2019, have become material due to business restructuring, they are separately presented as of March 31, 2020. The consolidated statement of financial position as of March 31, 2019 has been reclassified to conform to this change in presentation. As a result, the amount of 13,072 million yen as of March 31, 2019, which was presented in "Other currents assets," and the amount of 8,737 million yen as of March 31, 2019, which was presented in "Other current liabilities," have been reclassified and presented as "Assets held for sale" and "Liabilities directly associated with assets held for sale," respectively.

4. Segment information

(1) Reportable segments

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

"Appliances" includes the development, manufacturing and sale of, and provision of related services for, products such as room air-conditioners, large-sized air-conditioners, TVs, digital cameras, video equipment, home audio equipment, fixed-phones, refrigerators, washing machines, vacuum cleaners, microwave ovens, rice cookers, personal-care products, compressors, fuel cells and showcases. "Life Solutions" includes the development, manufacturing and sale of, and provision of related services for, 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" includes the development, manufacturing and sale of, and provision of related services for, products such as aircraft in-flight entertainment systems and communications services, electronic-components-mounting machines, welding equipment, projectors, professional AV systems, PCs and tablets, and surveillance cameras. "Automotive" includes the development, manufacturing, and sale of, and provision of related services for, products such as car navigation systems, car AV systems, meter cluster displays, head-up displays, telematics communication units, switches, sensing devices, ECUs, energy management devices and batteries for automobiles. "Industrial Solutions" includes the development, manufacturing, and sale of, and provision of related services for, products such as automation controls, electric motors, FA sensors and components, small lithium-ion batteries, battery modules for power storage, electronic components, dry batteries, micro batteries, electronic materials, semiconductors and LCD panels.

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

Reportable segments classification has been changed from the four segments of "Appliances," "Eco Solutions," "Connected Solutions" and "Automotive and Industrial Systems" to the five segments as listed above due to a reorganization on April 1, 2019.
The former "Eco Solutions" segment has changed its name to "Life Solutions." Additionally, the former "Automotive and Industrial Systems" segment has been divided into "Automotive" and "Industrial Solutions."

Accordingly, the segment information for the year ended March 31, 2019 has been reclassified to conform to the presentation for the year ended March 31, 2020.

(2) Information by reportable segment

Information by reportable segment is shown in the tables below.

(i) For the year ended March 31, 2020

Yen (millions)

	Reportable segments							
	Appliances	Life Solutions	Connected Solutions	Automotive	Industrial Solutions	Other	Eliminations and adjustments	Consolidated Total
Sales:								
External customers....	2,383,331	1,734,585	924,100	1,449,083	1,076,234	257,957	(334,689)	7,490,601
Intersegment..............	209,295	177,926	111,564	33,296	206,444	37,461	(775,986)	-
Total........................	2,592,626	1,912,511	1,035,664	1,482,379	1,282,678	295,418	(1,110,675)	7,490,601
Segment profit (loss)...	55,741	179,779	92,244	(46,637)	4,603	7,561	460	293,751
Depreciation and amortization (*1).......	64,569	82,756	37,763	73,849	72,916	3,713	37,407	372,973
Capital investment (*2)............................	48,970	45,506	23,959	134,172	56,793	6,587	26,111	342,098

(ii) For the year ended March 31, 2019

Yen (millions)

	Reportable segments							
	Appliances	Life Solutions	Connected Solutions	Automotive	Industrial Solutions	Other	Eliminations and adjustments	Consolidated Total
Sales:								
External customers....	2,531,585	1,846,426	1,000,750	1,486,850	1,204,925	254,816	(322,619)	8,002,733
Intersegment..............	218,982	189,626	126,920	36,326	217,417	51,757	(841,028)	-
Total........................	2,750,567	2,036,052	1,127,670	1,523,176	1,422,342	306,573	(1,163,647)	8,002,733
Segment profit (loss)...	85,570	64,640	94,383	(12,117)	68,556	1,665	108,801	411,498
Depreciation and amortization (*1).......	53,454	49,602	24,110	64,588	68,309	3,722	31,909	295,694
Capital investment (*2)............................	49,002	47,218	26,481	150,924	67,266	6,954	32,833	380,678

(*1) Property, plant and equipment, intangible assets, right-of-use-assets and investment property
(Includes right-of-use assets and investment property in the current fiscal year only)

(*2) Amounts on an accruals basis for property, plant and equipment and intangible assets
(Excludes increases due to business combinations)

The accounting policies for reportable segments are the same as the Company's accounting policies 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.
Segment profit is calculated based on operating profit.
The amounts 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 years ended March 31, 2020 and 2019 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 to sales prices, and revenue of corporate headquarters, etc.

Adjustments to segment profit for the years ended March 31, 2020 and 2019 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 for consumer products. Adjustments also include consolidation adjustments such as impairment losses and so forth on certain goodwill acquired in business combinations and share of profit of investments accounted for using the equity method which are not allocated to any specific segments, as well as, for the year ended March 31, 2019, gain on discontinuance of equity method of accounting for an investment in associate and gain resulting from the revision of pension plans.

(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)	
	2020	2019
Japan	3,609,077	3,716,555
Americas	1,442,292	1,529,803
Europe	720,620	807,261
Asia, China and others	1,718,612	1,949,114
Consolidated total	7,490,601	8,002,733
United States included in North and South America	1,345,749	1,404,955
China included in Asia, China and others	754,818	934,097

(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	
	2020	2019
Japan	1,111,648	1,167,075
Americas	327,239	347,356
Europe	163,532	177,941
Asia, China and others	353,424	392,579
Consolidated total	1,955,843	2,084,951

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

Americas: 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, and others, whose information should be disclosed separately, except for the United States and China for 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, 2020 and 2019, consist of cash on hand, demand deposits withdrawable at any time and short-term investments with a maturity of three months or less. The balances on the consolidated statements of financial position are equal to the balances 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

Components of trade receivables and contract assets are as follows. Trade receivables are classified as financial assets measured at amortized cost.

	Yen (millions)	
	March 31	
	2020	2019
Trade notes receivable	48,405	67,087
Trade accounts receivable	828,954	922,497
Contract assets	186,437	212,527
Less allowance for credit losses	(12,593)	(11,491)
Total	1,051,203	1,190,620

7. Inventories

Components of inventories are as follows:

	Yen (millions)	
	March 31	
	2020	2019
Finished goods	456,155	630,766
Work in process	111,687	145,294
Raw materials	225,674	240,377
Total	793,516	1,016,437

The write-downs of inventories that were recognized as expenses in "Cost of sales" in the consolidated statements of profit or loss for the years ended March 31, 2020 and 2019 are 50,543 million yen and 53,307 million yen, respectively. The reversal of write-downs for the years ended March 31, 2020 and 2019 were not material.

8. Property, plant and equipment

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

(i) Carrying amounts

	Yen (millions)					
	Land	Buildings and structures	Machinery and vehicles	Tools, furniture and fixtures	Construction in progress	Total
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)
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
Adjustment by application of IFRS16................................	-	(1,742)	(2,815)	(3,973)	-	(8,530)
Balance as of April 1, 2020	215,082	437,776	389,405	119,066	154,515	1,315,844
Additions, excluding business combinations.........	70	21,791	31,026	37,328	178,635	268,850
Transfers between accounts...	-	35,658	135,802	27,217	(198,677)	-
Transfers to assets held for sale or other disposal...........	(30,169)	(30,979)	(131,906)	(14,639)	(57,403)	(265,096)
Depreciation..........................	-	(45,220)	(96,415)	(63,355)	-	(204,990)
Impairment losses..................	(7,664)	(22,000)	(13,652)	(5,361)	(2,518)	(51,195)
Exchange differences on foreign currencies................	(1,016)	(7,177)	(12,437)	(3,560)	(4,591)	(28,781)
Balance as of March 31, 2020	176,303	389,849	301,823	96,696	69,961	1,034,632

Depreciation is included in "Cost of sales" and "Selling, general and administrative expenses" in the consolidated statements of profit or loss.

"Sales or disposal" for the year ended March 31, 2019 and "Transfers to assets held for sale or other disposal" for the year ended March 31, 2020 include a decrease of finance leases as the lessor.

(ii) Acquisition cost

	Yen (millions)					
	Land	Buildings and structures	Machinery and vehicles	Tools, furniture and fixtures	Construction in progress	Total
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
As of March 31, 2020......	208,164	1,351,954	2,082,855	870,517	74,297	4,587,787

(iii) Accumulated depreciation and impairment losses

	Yen (millions)					
	Land	Buildings and structures	Machinery and vehicles	Tools, furniture and fixtures	Construction in progress	Total
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)
As of March 31, 2020......	(31,861)	(962,105)	(1,781,032)	(773,821)	(4,336)	(3,553,155)

(2) Leased assets under finance leases

The carrying amounts of leased assets under finance leases included in property, plant and equipment are as follows. The Company applies IFRS 16, "Leases" from April 1, 2019. Accordingly, the amounts as of March 31, 2020 are included in right-of-use assets.

	Yen (millions)			
	Building and structures	Machinery and vehicles	Tools, furniture and fixtures	Total
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. Leases

(1) As lessee

1) For the year ended March 31, 2020

The Company leases real properties (land, buildings and structures), machinery, vehicles, tools, furniture and fixtures, etc. The Company has leases with a wide range of different terms and conditions negotiated on an individual basis to provide each contracting party with greater flexibility to align its business needs. Extension and termination options are mainly included in real property leases, and in particular for certain real property leases in Japan, the lessee can repeatedly exercise the extension options. The Company may decide to exercise extension options as necessary to utilize those real property leases for business. Payments related to the extension options are not included in the measurement of the lease liability if the exercise of those options by the Company is not reasonably certain. The Company has no lease with significant purchase options, escalation clauses and restrictions or covenants (such as for dividends or, restrictions on additional borrowing and leases, etc.) imposed by leases.

Income and expenses relating to leases are as follows:

	Yen (millions)
	2020
Expenses relating to leases	
Depreciation charge for right-of-use assets..........................	78,626
Expenses relating to short-term leases.................................	9,880
Expenses relating to leases of low-value assets...................	5,558
Expenses relating to variable lease payments (*1)................	944
Interest expense on lease liabilities......................................	18,084
Income relating to leases	
Income from sub-leasing of right-of-use assets (*2)............	1,536

(*1) This expense is not included in the measurement of lease liabilities.
(*2) Rental income from right-of-use assets recorded as investment property is excluded.

The total cash outflow for leases for the year ended March 31, 2020 is 129,553 million yen.

Components of right-of-use assets are as follows:

	Yen (millions)					
	Right-of-use assets					
	Real properties	Machinery	Vehicles	Tools, furniture and fixtures	Other	Total
Balance as of April 1, 2019......................	248,380	38,116	16,478	11,121	1,872	315,967
Additions...........................	62,582	14,030	6,597	1,839	799	85,847
Transfers to assets held for sale or other disposal.......	(31,141)	(13,202)	(2,324)	(347)	(37)	(47,051)
Depreciation......................	(53,525)	(14,630)	(6,344)	(3,334)	(793)	(78,626)
Impairment losses.............	(289)	(96)	(2)	(2)	-	(389)
Exchange differences on foreign currencies............	(4,212)	(1,150)	(242)	(10)	(58)	(5,672)
Other changes....................	(5,335)	(238)	(789)	(2,413)	(226)	(9,001)
Balance as of March 31, 2020.................	216,460	22,830	13,374	6,854	1,557	261,075

The maturity analysis of lease liabilities is stated in Note "31. Financial instruments (3) Liquidity risk management."

2) For the year ended March 31, 2019

The Company leased land, buildings and structures, machinery and vehicles, tools, furniture and fixtures, etc. under finance leases and operating leases. For certain leased assets, the Company had 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 sold and leased 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.

(i) Finance leases

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

	Yen (millions)	
	March 31,2019	
	Future minimum lease payments	Present value of future minimum lease payments
Within 1 year.......................................	7,659	7,654
Over 1 year to 5 years..........................	6,080	5,555
Over 5 years...	2,692	2,461
Total..	16,431	15,670
Less amount representing interest........	(761)	
Present value of net future minimum lease payments..................................	15,670	

(ii) Operating leases

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

	Yen (millions)
	March 31, 2019
Within 1 year	51,213
Over 1 year to 5 years	53,184
Over 5 years	13,853
Total	118,250

Lease payments under operating leases in the year ended March 31, 2019 was 52,748 million yen.

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

Sublease payments received in the year ended March 31, 2019 was 34,002 million yen.

(2) As lessor

1) For the year ended March 31, 2020

(i) Finance leases

The Company accounts 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 leases. With respect to the finance leases, the Company has no gross investment in the lease as of March 31, 2020. Of consideration received from the customer based on the product supply contract, the amount allocated to the lease component that exceeds the fixed lease payment is accounted for as a variable lease payment and recognized as income. The variable lease payment recognized as revenue in the year ended March 31, 2020 was 9,023 million yen.

(ii) Operating leases

Maturity analysis of future lease payments to be received (undiscounted lease payments to be received after the reporting period), is as follows:

	Yen (millions)
	March 31,2020
Within 1 year	354
Over 1 year to 2 years	284
Over 2 years to 3 years	252
Over 3 years to 4 years	238
Over 4 years to 5 years	90
Over 5 years	52
Total	1,270

For operating leases, lease income except for income relating to variable lease payments that do not depend on an index or a rate in the year ended March 31, 2020 was 10,236 million yen. The Company has no income relating to variable lease payments that do not depend on an index or a rate in the year ended March 31, 2020.

2) For the year ended March 31, 2019

The Company accounted for certain machinery and vehicles and other assets as finance leases. The machinery and vehicle and other assets were related to product supply contracts with a specific customer which was determined to contain a lease. The Company had no gross investment in the lease as of March 31, 2019.

(3) Sale and leaseback transactions

Panasonic Homes Co., Ltd. and its subsidiaries carry out sale and leaseback transactions in which they build apartment homes under a construction contract with a lessor (owner), and subsequently leases back the whole property from the lessor (owner), upon completion of the construction, to perform leasing management of the property. Profit of 594 million yen (Sales of 14,412 million yen, cost of sales; 13,818 million yen) was recognized from the sale and leaseback transactions for the year ended March 31, 2020.

10. Investment property

Panasonic Homes Co., Ltd. and its subsidiaries perform leasing management of the property that has been built by them under a construction contract with a lessor (owner), and has subsequently been leased back from the lessor (owner), upon completion of the construction. The properties related to this business are held to earn rentals from sub-leasing to individual tenants, and they are recognized as "Investment property" because they meet the requirements under IAS 40, "Investment property". In January 2020, the Company transferred all shares of Panasonic Homes Co., Ltd. and its subsidiaries to Prime Life Technologies Corporation, an entity accounted for using the equity method by the Company. As a result, Panasonic Homes Co., Ltd. and its subsidiaries are no longer consolidated subsidiaries of the Company as of March 31, 2020.

(1) The amounts recognized in profit or loss are as follows:

	Yen (millions)
	2020
Rental income from investment property	30,749
Direct operating expenses (depreciation, etc.) arising from investment property that generated rental income	16,334

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

	Yen (millions)
	March 31, 2020
Balance as of March 31, 2019	-
Adjustment by application of IFRS 16	281,182
Balance as of April 1, 2019	281,182
Additions	21,179
Depreciation	(15,163)
Transfers to assets held for sale or other disposal	(287,198)
Balance as of March 31, 2020	-
Acquisition cost as of March 31, 2020	-
Accumulated depreciation and impairment losses as of March 31, 2020	-

11. Goodwill and intangible assets

(1) Carrying amounts

	Yen (millions)					
		Intangible assets				
	Goodwill	Software	Technology	Customer	Others	Total
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
Adjustment by application of IFRS16................................	-	-	-	-	(4,363)	(4,363)
Balance as of April 1, 2019	395,747	83,440	105,931	80,579	49,497	319,447
Additions, including internal developments......................	-	43,101	28,736	-	1,411	73,248
Amortization.........................	-	(33,744)	(32,123)	(5,185)	(3,142)	(74,194)
Impairment losses.................	(32,133)	(827)	(6,567)	-	(142)	(7,536)
Exchange differences on foreign currencies................	(5,602)	(610)	(1,958)	(2,332)	(2,687)	(7,587)
Disposal and others...............	(36,003)	(3,413)	255	(1,785)	167	(4,776)
Balance as of March 31, 2020	322,009	87,947	94,274	71,277	45,104	298,602

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 of 43,643 million yen and 51,857 million yen for the years ended March 31, 2020 and 2019, respectively. Internally generated intangibles principally relate to software and technology.

Intangible assets with indefinite useful lives are included in "Others" in the above table and the carrying amounts as of March 31, 2020 and 2019 are 39,865 million yen and 41,289 million yen, respectively. Since these assets are mainly trade names that are expected to exist as long as the business continues, they have been determined to have indefinite useful lives.

"Disposal and others" is due mainly to reclassification to assets held for sale.

(2) Acquisition cost

	Yen (millions)					
		Intangible assets				
	Goodwill	Software	Technology	Customer	Others	Total
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
As of March 31, 2020............	707,663	403,481	549,359	127,278	107,557	1,187,675

(3) Accumulated amortization and impairment losses

	Yen (millions)					
		Intangible assets				
	Goodwill	Software	Technology	Customer	Others	Total
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)
As of March 31, 2020............	(385,654)	(315,534)	(455,085)	(56,001)	(62,453)	(889,073)

(4) Individually material intangible assets

There were no individually material intangible assets as of March 31, 2020 and 2019.

12. Investments accounted for using the equity method

(1) Investments in associates

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	
	2020	2019
Carrying amounts of investments	129,348	133,183

	Yen (millions)	
	2020	2019
Net profit	4,884	11,002
Other comprehensive income (loss)	(440)	(751)
Comprehensive income	4,444	10,251

(2) Investments in joint ventures

1) Material joint ventures

Prime Life Technologies Corporation ("PLT"), established together with Toyota Motor Corporation ("Toyota"), is the joint venture material to the Company. PLT is a joint venture in which the Company owns a 50% equity interest and has joint control with Toyota, who own the same percentage of ownership interest as the Company. The material subsidiaries of PLT are Panasonic Homes Co., Ltd., Panasonic Construction Engineering Co., Ltd., and Matsumura-gumi Corporation, which were subsidiaries of the Company, Toyota Housing Corporation and Misawa Homes Co., Ltd., which were subsidiaries of Toyota. The principal place of business is Japan. The principal lines of business are town development and other housing-related businesses.

The following table reconciles the summarized financial information of PLT to the carrying amount of the Company's interest in PLT. As of the date joint control was obtained, the fair value of assets and liabilities are under calculation, and the amounts below are subject to change.

Summarized information from the Consolidated Statements of Financial Position is as follows:

	Yen (millions)
	March 31, 2020
Current assets	541,647
Non-current assets	613,814
Total assets	1,155,461
Current liabilities	345,950
Non-current liabilities	516,109
Total liabilities	862,059
Equity	293,402
Non-controlling interest	10,289
Equity excluding non-controlling interests	283,113
Company's share of equity	141,515
Adjustments (goodwill and others)	33,405
Carrying amount of interest in joint venture	174,920

The amount of cash and cash equivalents included in current assets was 127,797 million yen as of March 31, 2020. The amount of current financial liabilities (excluding trade and other payables and provisions) was 130,120 million yen as of March 31, 2020, and the amount of non-current financial liabilities (excluding trade and other payables and provisions) was 475,014 million yen as of March 31, 2020.

Summarized information from the Consolidated Statements of Profit or Loss and Comprehensive Income are as follows:

	Yen (millions)
	2020
Net sales	311,744
Depreciation and amortization	(14,143)
Finance income	487
Finance expenses	(4,523)
Income taxes	(2,086)
Net profit	3,612
Other comprehensive income	(1,458)
Comprehensive income	2,154
Net profit (at the rate of equity participation)	1,805
Adjustments	(381)
Company's share of net profit	1,424
Company's share of other comprehensive income	(729)
Company's share of comprehensive income	695
Dividends received by the Company	-

The above table shows the information from January 7, 2020 (date of acquisition) to March 31, 2020.

2) Immaterial joint ventures

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	
	2020	2019
Carrying amounts of investments	2,596	3,303

	Yen (millions)	
	2020	2019
Net profit (loss)	(1,010)	(149)
Other comprehensive income	5	-
Comprehensive income (loss)	(1,005)	(149)

13. Other financial assets

(1) Details

Derivatives include those designated as hedging instruments.
Other financial assets are summarized as follows:

	Yen (millions)	
	March 31	
	2020	2019
Financial assets, measured at amortized cost:		
Time deposits	35,028	47,299
Accounts receivable (non-trade)	64,350	69,083
Others	58,134	46,760
Financial assets, measured at FVTPL:		
Derivatives	34,410	10,725
Financial assets, measured at FVTOCI:		
Equity securities	171,526	171,319
Others	281	2,344
Total	363,729	347,530
Current assets	148,436	131,305
Non-current assets	215,293	216,225

(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	2020	2019
Tesla, Inc.	80,897	44,063
Tokyo Broadcasting System Holdings, Inc.	6,652	10,197
Daiwa House Industry Co., Ltd.	4,097	5,384
Dalian Refrigeration Co., Ltd.	2,147	2,837
Toray Industries, Inc.	1,756	2,979
Renesas Electronics Corporation	1,621	2,133
Others	74,356	103,726
Total	171,526	171,319

Others mainly include unlisted stocks of which the fair values as of March 31, 2020 and 2019 are 64,603 million yen and 85,580 million yen, respectively. The main issuer of the unlisted stocks as of March 31, 2020 and 2019 is PHC Holdings Corporation.

2) Derecognition of financial assets measured at FVTOCI

During the years ended March 31, 2020 and 2019, 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)	
	2020	2019
Fair values	23,335	7,576
Accumulated gains (losses)	6,289	5,342

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 2020 and 2019 are 4,386 million yen and 3,718 million yen, respectively.

14. Income taxes

(1) Deferred tax assets and liabilities

1) Major components of, and changes in, 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	
	2020	2019	2020	2019
Deferred tax assets:				
Inventories	53,159	56,169	(1,744)	11,370
Provisions and accrued expenses	72,516	92,452	(9,356)	(1,729)
Property, plant and equipment	85,644	68,995	2,625	11,979
Retirement benefit liabilities	60,100	68,127	(5,497)	(34,200)
Tax loss carryforwards	31,608	52,935	7,561	(2,268)
Others	78,173	59,874	21,122	(3,391)
Total deferred tax assets	381,200	398,552	14,711	(18,239)
Deferred tax liabilities:				
Investment in securities	(21,808)	(20,324)	-	(8,515)
Intangible assets	(44,091)	(56,124)	4,519	1,987
Others	(58,340)	(71,758)	1,004	(6,549)
Total deferred tax liabilities	(124,239)	(148,206)	5,523	(13,077)
Net deferred tax assets	256,961	250,346	20,234	(31,316)

Changes in net deferred tax assets are as follows:

	Yen (millions)	
	2020	2019
Deferred tax assets, net at the beginning of the year	250,346	268,808
Amounts recognized through profit or loss	20,234	(31,316)
Amounts recognized through other comprehensive income	(8,226)	8,849
Acquisitions, divestitures and others	(5,393)	4,005
Deferred tax assets, net at the end of the year	256,961	250,346

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 considers 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 will be realized, projection of future taxable profits and tax planning opportunities. 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, 2020 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 set out below. The amounts of tax loss carryforwards for which deferred tax assets are not recognized decreased mainly due to certain subsidiaries joining the consolidated tax-return group in Japan for the year ended March 31, 2020.

	Yen (millions)
	March 31, 2020
Deductible temporary differences	523,689
Tax loss carryforwards of which:	
expire in the years ending from March 31, 2021 through 2030	235,401
expire thereafter or do not expire	141,040
Total	376,441
Tax credit carryforwards	24,600

	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

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 320,099 million yen (inhabitant tax) and 1,377,818 million yen (enterprise tax) as of March 31, 2020, expiring from the year ending March 31, 2021 through 2030, and 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.

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 449,805 million yen and 346,356 million yen as of March 31, 2020 and 2019, respectively. The amount as of March 31, 2020 includes the taxable temporary differences which arose from the investment in Panasonic Homes Co., Ltd., Panasonic Construction Engineering Co., Ltd, Matsumura-Gumi Corporation, and their subsidiaries through remeasurement of the retained interests in the former subsidiaries at fair value at the date of the establishment of a joint venture for town development together with Toyota Motor Corporation.

(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)	
	2020	2019
Current tax expenses	71,246	82,403
Deferred tax expenses:		
Temporary differences originated and reversed	(300)	70,610
Changes in recognition of deferred tax assets	(19,934)	(39,294)
Total	(20,234)	31,316
Income tax expenses total	51,012	113,719

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 32,713 million yen and 6,118 million yen for the years ended March 31, 2020 and 2019, respectively. Additionally, included in current tax expenses for the year ended March 31, 2020 is an income tax benefit of Panasonic Corporation on consolidation, which is as a result of the write-off of the Company's loan to MT Picture Display Co., Ltd (MTPD) as part of the liquidation procedures of MTPD.

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 the recognition of a deferred tax asset for the deductible temporary differences in investments due to the resolution to transfer the Company's semiconductor business for the year ended March 31, 2020, and which include those due to certain subsidiaries joining the consolidated tax-return group in Japan for the year ended March 31, 2019, decreased deferred tax expenses by 28,717 million yen and 41,281 million yen for the years ended March 31, 2020 and 2019, respectively. Additionally, the effect of amendments to corporate tax law decreased deferred tax expenses by 741 million yen for the year ended March 31, 2020.

2) Reconciliation of effective tax rates

Panasonic 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%. Foreign subsidiaries are subject to income taxes of their respective jurisdictions.

Panasonic and certain 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:

	%	
	2020	2019
Combined statutory tax rates	30.4%	30.4%
Effects of lower tax rates in foreign jurisdictions	(4.9)	(3.2)
Expenses not deductible for tax purposes	1.2	0.9
Change in unrecognized deferred tax assets	12.6	(4.0)
Effects attributable to investments in subsidiaries, etc	(21.8)	2.3
Goodwill impairment	3.3	1.0
Effects of amendments to corporate tax law	(0.3)	-
Others	(3.0)	(0.1)
Effective tax rates	17.5%	27.3%

15. Other assets

Components of other assets are as follows:

	Yen (millions)	
	March 31	
	2020	2019
Advance payments	25,793	19,922
Prepaid expenses	33,821	41,262
Income taxes receivable	51,975	38,064
Retirement benefit assets	14,318	13,638
Others (*1)	90,758	92,167
Total	216,665	205,053
Current assets	162,822	150,395
Non-current assets	53,843	54,658

(*1) As described in Note "3. Significant accounting policies (24) Change in presentation," the amount of 13,072 million yen as of March 31, 2019, which was presented in "Other currents assets," has been reclassified and presented as "Assets held for sale."

16. Short-term debt and long-term debt

(1) Details

Short-term debt and long-term debt are measured at amortized cost. The details of short-term debt and long-term debt are as follows:

	Yen (millions)		
	March 31, 2020		
	Book value	Average interest rate (%) (*1)	Due
Current liabilities :			
Short-term bonds	191,000	0.0%	-
Short-term borrowings	32,012	3.6%	-
Current portion of long-term borrowings	27,608	1.5%	-
Total current liabilities	250,620	-	-
Non-current liabilities :			
Bonds (*2)	949,979	-	Year ended March 31, 2022 - 2030
Long-term borrowings	3,852	2.0%	Year ended March 31, 2022 - 2027
Total non-current liabilities	953,831	-	-
Total	1,204,451	-	-

	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%	-
Total current liabilities	382,301	-	-
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
Total non-current liabilities	600,750	-	-
Total	983,051	-	-

(*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 31,2020	March 31,2019	Interest rate (%)	Due (Year ended March 31)
12th Unsecured Straight bond	-	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
USD-denominated senior notes due 2022 (*3)	108,130	-	2.536%	2023
USD-denominated senior notes due 2024 (*3)	108,130	-	2.679%	2025
USD-denominated senior notes due 2029 (*3)	54,065	-	3.113%	2030
18th Unsecured Straight bond	30,000	-	0.23%	2026
19th Unsecured Straight bond	70,000	-	0.37%	2030
4th Unsecured Straight bond (Originally Panasonic Electric Works)	-	30,000	1.593%	2020

(*3) The Company utilizes cross-currency interest rate swaps to hedge risk of changes in currency associated with the USD-denominated senior notes. With the cross-currency interest rate swaps, USD-denominated fixed interest rate are exchanged with JPY-denominated fixed interest rate and each rate is as follows:

USD-denominated senior notes due 2022 0.1613%
USD-denominated senior notes due 2024 0.2369%
USD-denominated senior notes due 2029 0.5034%

The cross-currency interest rate swaps are designated as hedging instruments and the effects of hedge accounting are described in Note "31. Financial instruments (5) Derivatives and hedge accounting."

(2) Changes in liabilities arising from financing activities

Changes in liabilities arising from financing activities for the years ended March 31, 2020 and 2019 are as follows:

	Yen (millions)						
	Short term bonds	Borrowings	Bonds	Lease liabilities	Other financial liabilities	Derivatives (*1)	Total
Balance as of March 31, 2019	104,000	50,133	828,918	15,670	40,883	-	1,039,604
Adjustment by application of IFRS 16	-	-	-	636,271	-	-	636,271
Balance as of April 1, 2019	104,000	50,133	828,918	651,941	40,883	-	1,675,875
Cash inflow (outflow)	87,000	24,792	118,759	(95,087)	(2,483)	-	132,981
Non-cash changes:							
New leases, etc.	-	-	-	113,149	-	-	113,149
Acquisitions and divestitures	-	(9,877)	-	(361,010)	-	-	(370,887)
Foreign currency exchange differences	-	(2,511)	1,750	(4,228)	(391)	-	(5,380)
Other changes	-	935	552	(37,905)	(3)	(17,423)	(53,844)
Balance as of March 31, 2020	191,000	63,472	949,979	266,860	38,006	(17,423)	1,491,894

(*1) Derivatives are held for hedging currency risk associated with the USD-denominated senior notes.

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

(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, 2020 and 2019 are not material.

17. Trade payables

Trade payables are measured at amortized cost. Components of trade payables are as follows:

	Yen (millions)	
	March 31	
	2020	2019
Trade notes payable	223,656	265,769
Trade accounts payable	746,039	885,405
Total	969,695	1,151,174

18. Employee benefits

(1) Defined benefit plans

Panasonic and certain subsidiaries have contributory, funded defined 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 of Japan, 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 payments (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 entity 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 the time of 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, effective July 1, 2019, Panasonic and certain domestic subsidiaries made a transition of parts of the benefit obligations for certain groups of employees attributable to their past service prior to June 30, 2013 in the defined benefit pension plan to the defined contribution pension plan. As the conditions for settlement accounting related to the above transition were met, the effect of transition to the defined contribution pension plan was recognized during the year ended March 31, 2019 as described in Note "27. Other income (expenses)."

Effective July 1, 2020, Panasonic Corporate Pension Fund plans to change its management form and transfer from a fund-type corporate pension fund to a contract-type corporate pension fund.

(i) Present value of defined benefit obligations

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

	Yen (millions)	
	2020	2019
Beginning balance	2,160,880	2,289,305
Service cost	9,095	10,146
Interest cost	10,812	18,269
Remeasurements of defined benefit obligations:		
Actuarial gains and losses arising from changes in demographic assumptions	(506)	3,427
Actuarial gains and losses arising from changes in financial assumptions	(27,069)	33,473
Other	1,633	1,238
Benefits paid	(111,259)	(115,456)
Foreign currency exchange differences	(7,061)	1,575
Past service cost	-	565
Settlements	(415,334)	(81,662)
Effect of business combinations and disposals	(49,295)	-
Ending balance	1,571,896	2,160,880

Service cost is included in "Cost of sales" and "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. Settlements for the year ended March 31, 2019 include the effect of for the transition to the defined contribution plan effective July 1, 2019 as noted above. Settlements for the year ended March 31, 2020 include the effect of transferred obligations of 410,425 million yen, which were transferred to the defined contribution pension plan from the Panasonic Corporate Pension Fund effective July 1, 2019.
Excluding the portion of defined benefit obligations 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.
Weighted average duration of defined benefit obligations as of March 31, 2020 is 12 years.

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

	March 31,2020	March 31,2019
Discount rate..	0.8%	0.6%

Discount rate at March 31, 2019 was calculated on the basis that the amount of the transferred contributions to the defined contribution pension plan on July 1, 2019 is excluded. Discount rate for such amount to be transferred is 0.0%.

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 31,2020	March 31,2019
0.5% increase..........................	80,105 (decrease)	93,657 (decrease)
0.5% decrease..........................	86,951 (increase)	98,488 (increase)

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

(ii) Fair value of 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- 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 are 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 terms, and has appropriately diversified the investments by sector and geography. Regarding 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 investments, equity long/short hedge fund investments and private equity investments. Fund-of-funds investments and equity long/short hedge fund investments are primarily invested in listed equity securities with trading frequency and a stable return, while private equity investments are diversified products with low correlation.

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

	Yen (millions)	
	2020	2019
Beginning balance	1,924,857	1,959,575
Interest income	9,868	16,005
Remeasurements of plan assets:		
Return on plan assets	(17,618)	19,926
Employer contributions	27,233	40,734
Benefits paid	(110,372)	(112,377)
Foreign currency exchange differences	(6,883)	994
Settlements	(415,334)	-
Effect of business combinations and disposals	(47,483)	-
Ending balance	1,364,268	1,924,857

Settlements for the year ended March 31, 2020 include the effect of transferred plan assets of 410,425 million yen, which were transferred to the defined contribution pension plan from the Panasonic Corporate Pension Fund effective July 1, 2019.
The Company plans to contribute 6,435 million yen to the plans in the year ending March 31, 2021.

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

	Yen (millions)		
	March 31, 2020		
	With quoted market price in an active market	With no quoted market price in an active market	Total
Cash and cash equivalents	64,415	-	64,415
Equity instruments:			
Japanese companies	39,640	-	39,640
Foreign companies	12,827	-	12,827
Commingled funds*1	-	248,689	248,689
Debt instruments:			
Government and municipal bonds	76,460	-	76,460
Corporate bonds	-	5,779	5,779
Commingled funds*2	-	536,925	536,925
Life insurance company general accounts	-	269,978	269,978
Other*3	-	109,555	109,555
Total	193,342	1,170,926	1,364,268

	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

*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 investments and equity long/short hedge fund investments.

(iii) Effect of asset ceiling

Changes in the effect of asset ceiling are as follows:

	Yen (millions)	
	2020	2019
Beginning balance	6,628	6,641
Interest cost	22	38
Remeasurements of asset ceiling:		
Changes in the effect of asset ceiling	-	(51)
Effect of business combinations and disposals	(6,650)	-
Ending balance	-	6,628

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	
	2020	2019
Present value of defined benefit obligations	1,571,896	2,160,880
Fair value of plan assets	1,364,268	1,924,857
Effect of asset ceiling	-	6,628
Total	207,628	242,651
Amount recognized :		
Retirement benefit liabilities	221,946	256,289
Retirement benefit assets	14,318	13,638
Net amount	207,628	242,651

(2) Defined contribution plans

The amounts of expenses recorded with regard to defined contribution plans were 32,757 million yen and 33,271 million yen for the years ended March 31, 2020 and 2019, 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 1,652,322 million yen and 1,694,331 million yen for the years ended March 31, 2020 and 2019, respectively. In addition, the amounts of employee benefit expenses included in "Other income (expenses), net" were a loss of 12,300 million yen and a gain of 79,909 million yen for the years ended March 31, 2020 and 2019, respectively.

19. 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, 2019......	48,898	1,144	140,586	190,628
Additions....................................	23,146	23,543	36,849	83,538
Utilized..	(24,256)	(12,308)	(56,699)	(93,263)
Others..	(1,753)	-	(9,506)	(11,259)
Balance as of March 31, 2020.......	46,035	12,379	111,230	169,644

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

	Yen (millions)	
	March 31	
	2020	2019
Current liabilities...........................	165,746	184,512
Non-current liabilities..................	3,898	6,116
Total...	169,644	190,628

A warranty for quality and performance of products and services is provided for a certain limited period, and provision for product warranties is recorded at the time of sale for the estimated amount of after-sale service expenses within warranty periods based on past experiences.

Provision for restructuring is recorded for the 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 Japan. The timing of payment is affected by a future business plan, etc., but these provisions are usually short-term by nature with most payments completed within one year of the incurrence.

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

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 litigation or governmental investigations involving the Company and certain subsidiaries. Depending upon the outcome of these different proceedings, the Company and certain subsidiaries may be subject to an uncertain amount of settlements or fines, and accordingly the Company has accrued certain probable and reasonably estimated amounts for such settlements or fines.

Provision for onerous contracts mainly relates to contracts where a certain subsidiary purchases specific raw materials for the period up to 2020. These contracts were terminated during the year ended March 31, 2020. As a result, the provision for onerous contracts was no longer recorded as of March 31, 2020.

20. 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.

Components of other financial liabilities are as follows:

	Yen (millions)	
	March 31	
	2020	2019
Derivative liabilities	23,501	12,491
Accounts payable (non-trade)	48,722	73,228
Deposits received-current	137,126	176,443
Others	19,641	28,322
Total	228,990	290,484
Current liabilities	212,674	273,817
Non-current liabilities	16,316	16,667

21. Other liabilities

Components of other liabilities are as follows:

	Yen (millions)	
	March 31	
	2020	2019
Accrued expenses	384,534	419,815
Accrued payroll, etc	201,588	220,512
Refund liabilities	111,840	136,150
Others (*1)	40,790	43,924
Total	738,752	820,401
Current liabilities	730,456	812,251
Non-current liabilities	8,296	8,150

(*1) As described in Note "3. Significant accounting policies (24) Change in presentation", the amount of 8,737 million yen as of March 31, 2019, which was presented in "Other current liabilities," has been reclassified and presented as "Liabilities directly associated with assets held for sale."

22. Equity

(1) Capital management

The Company's basic policy is to manage methods, terms and conditions and others for fund management and financing of 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:

	2020	2019
Net Cash (millions of yen, *1)........................	(419,481)	(176,796)
Shareholder’s equity ratio...............................	32.1%	31.8%
Return on equity...	11.5%	15.7%
Free Cash Flow (millions of yen, *2).............	224,207	10,290
Capital investment (millions of yen, *3)..........	268,850	300,450
Depreciation (millions of yen, *4)..................	204,990	226,788

(*1) This was calculated by deducting interest-bearing debt (the total of "Short-term debt, including current portion of long-term debt", "Long-term debt" and "Lease liabilities" (Current liabilities and Non-current liabilities)) 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.

(*4) This is the amount of depreciation of "Property, plant and equipment."

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	
	2020	2019
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 (*1)..............................	273,500	-
Balance at the end of the year.................................	2,453,326,997	2,453,053,497

(*1) The reason of increase during the year ended March 31, 2020 is the issuing of restricted stock.

The numbers of shares of treasury stock included in the above number of shares issued were 120,365,301 shares and 120,663,025 shares as of March 31, 2020 and 2019, 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, 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 repurchased treasury stock. As a result, retained earnings of 210,234 million yen and 210,782 million yen are restricted as of March 31, 2020 and 2019, 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, 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 earnings	12,850	(3,718)	-	-	9,132
Balance as of March 31, 2019	-	40,934	(204,123)	(1,228)	(164,417)
Arising during the period:					
Pre-tax amount	8,324	26,961	(101,534)	14,037	(52,212)
Income tax (expense) benefit	(2,338)	(5,789)	-	(4,700)	(12,827)
Net-of-tax amount	5,986	21,172	(101,534)	9,337	(65,039)
Reclassification to profit or loss:					
Pre-tax amount	-	-	2,590	(994)	1,596
Income tax (expense) benefit	-	-	-	430	430
Net-of-tax amount	-	-	2,590	(564)	2,026
OCI (loss), net of tax	5,986	21,172	(98,944)	8,773	(63,013)
OCI (loss) attributable to non-controlling interests, net-of-tax	(223)	(74)	(9,434)	(18)	(9,749)
Transfer to hedged non-financial assets	-	-	-	319	319
Transfer to retained earnings	(6,209)	(4,386)	-	-	(10,595)
Balance as of March 31, 2020	-	57,794	(293,633)	7,882	(227,957)

(5) Dividends

1) Dividends for the year ended March 31, 2020 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
Board of Directors meeting held on May 9, 2019	Common stock	34,986	Retained earnings	15.0	March 31, 2019	June 7, 2019
Board of Directors meeting held on October 31, 2019	Common stock	34,993	Retained earnings	15.0	September 30, 2019	November 29, 2019

(ii) Cash dividends resolved in the year ended March 31, 2020 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
Board of Directors meeting held on May 18, 2020	Common stock	34,994	Retained earnings	15.0	March 31, 2020	June 11, 2020

2) 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
Board of Directors meeting held on May 10, 2018	Common stock	46,647	Retained earnings	20.0	March 31, 2018	June 8, 2018
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
Board of Directors meeting held on May 9, 2019	Common stock	34,986	Retained earnings	15.0	March 31, 2019	June 7, 2019

23. Share-based payment plan

(1) Restricted stock remuneration plan

Panasonic has introduced a restricted stock remuneration plan in fiscal year 2020 (hereinafter the "Plan") for the Directors (excluding Outside Directors) and Executive Officers and certain other officers of the Company. The Plan aims to promote further value sharing with Panasonic's shareholders, in addition to providing them an incentive for sustainable improvement of Panasonic's corporate value.

Under the Plan, each of the eligible Directors or Executive Officers and Panasonic shall enter into a restricted stock allocation agreement, and on the condition of being a Director or Executive Officer during the period determined by the Board of Directors, the Director or Executive Officer makes contribution in kind with all the monetary compensation receivables awarded by the Company, and in turn receives Panasonic common shares newly issued or disposed of from treasury. There are transfer, pledge and other restrictions on the shares allocated for a period between 3 and 30 years from the date of allocation as determined by the Board of Directors. Under certain circumstances, the Company will acquire all or part of the restricted shares without payment of consideration.

The information about restricted shares that were granted during the year ended March 31, 2020 is set out below. The fair value per share of the restricted shares at the date of grant was measured by reference to the closing price of Panasonic common stock in the first section of the Tokyo Stock Exchange on July 30, 2019, one business day prior to the resolution of the Board of Directors.

	Year ended March 31
	2020
Grant date..	August 30, 2019
Number of shares of restricted stock granted (common stock)...	273,500 share
Fair value at grant date (per share)..................	924.7 yen

(2) Share-based payment stock option plans

Panasonic introduced a plan for share-based payment stock options (stock acquisition rights) for its Directors (excluding Outside Directors), Executive Officers and certain other company executives of Panasonic in fiscal year 2015 and has been operating this plan until fiscal year 2019, as an incentive for the participants 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 shareholders.

Stock acquisition rights granted under this plan are fully vested on grant date. As an 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 rights 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 specified in the allotment contract. When stock acquisition rights are not exercised during the period, the stock acquisition rights will be forfeited.

Under this plan of share-based payment stock options, for those who were eligible to receive the stock acquisition rights between fiscal year 2015 and fiscal year 2019 and worked overseas during that period, the stock acquisition rights that were reserved to be granted during their overseas work will be granted to them when they returns from overseas work.

The Company's stock acquisition rights that existed in the years ended March 31, 2019 and 2020 are as follows:

	Grant date	Number of stock acquisition rights	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

Change in the number of stock acquisition rights and their weighted average exercise prices is follows:

	Year ended March 31			
	2020		2019	
	Number of stock acquisition rights	Weighted-average exercise price (yen per share)	Number of stock acquisition rights	Weighted-average exercise price (yen per share)
Outstanding at the beginning of the year	15,678	1	13,124	1
Granted	-	-	3,473	1
Forfeited	-	-	-	-
Exercised	(3,315)	1	(919)	1
Expired	-	-	-	-
Outstanding at the end of the year	12,363	1	15,678	1
Exercisable at the end of the year	6,623	1	2,501	1

The weighted average share prices at the exercise date of stock options exercised during the years ended March 31, 2020 and 2019 are 867 yen and 1,302 yen per share, respectively. The exercise price of exercisable stock acquisition rights in the years ended March 31, 2020 and 2019 is 1 yen each. In the years ended March 31, 2020 and 2019, the weighted average remaining contractual terms for outstanding stock acquisition rights at the year-end were 17.1 years and 24.6 years, respectively, and for exercisable stock acquisition rights at the year-end were 8.6 years and 7.9 years, respectively.

The measurement method for fair value of stock options granted during the year, is Black-Scholes model. Fair value at grant date and key inputs (per share information) are follows:

	Year ended March 31				
	2020		2019		
	-		Panasonic Corporation stock acquisition rights issued in July 2018		
Fair value at grant date........................	-	yen	1,064	yen	
Stock price at grant date (*1)..............	-	yen	1,452	yen	
Exercise price.....................................	-	yen	1	yen	
Expected remaining term....................	-	years	15	years	
Expected volatility..............................	-	%	34.15	%	(*2)
Risk-free interest rate (*3)..................	-	%	0.25	%	
Expected dividend yield......................	-	%	2.07	%	(*4)

(*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 interest rate, at the grant date, of government bonds with remaining maturity corresponding to the expected remaining term (15 years) was used.
(*4) The figure was calculated as "dividends per share (actual dividends paid for the year ended March 31, 2018) / share price at the grant date."

(3) Stock-based compensation expenses

Expenses recorded for the restricted stock compensation in the year ended March 31, 2020 were 223 million yen and expenses recorded for the share-based payment stock options in the year ended March 31, 2019 were 370 million yen.
These stock-based compensation expenses were included in "Selling, general and administrative expenses" in the consolidated statements of profit or loss.

24. Revenue

(1) Revenue recognized from contracts with customers

In the years ended March 31, 2020 and 2019, sales on the consolidated statements of profit or loss were 7,490,601 million yen and 8,022,733 million yen, respectively. These sales mainly consist of revenue from contracts with customers. Revenue that is recognized from other sources relates mainly to sub-leases and 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 to reflect its nature properly and geographical area where customers are located. Revenue by product and geographical area is further disaggregated by reportable segment. The disaggregated revenue is as follows. In addition, the disaggregated revenue of each reportable segments for the year ended March 31, 2019 has been reclassified to conform to the presentation for the year ended March 31, 2020.

For the year ended March 31, 2020

Yen (millions)

By product category	Sales	By geographical area	Sales
Reportable segments			
Appliances			
B2C	1,516,916	Japan	899,725
B2B	468,787	North and South America	254,852
		Europe	235,979
		Asia, China and others	595,147
Total	1,985,703	Total	1,985,703
Life Solutions			
Electrical construction materials	788,168	Japan	1,461,261
Architecture	327,721	North and South America	51,767
Other (including home building products)	629,183	Europe	42,113
		Asia, China and others	189,931
Total	1,745,072	Total	1,745,072
Connected Solutions			
Vertical solutions	408,892	Japan	364,885
Product solutions	584,557	North and South America	368,852
		Europe	102,347
		Asia, China and others	157,365
Total	993,449	Total	993,449
Automotive			
Automotive solutions	887,064	Japan	409,403
Automotive batteries	465,408	North and South America	628,588
		Europe	191,339
		Asia, China and others	123,142
Total	1,352,472	Total	1,352,472
Industrial Solutions			
Systems	480,178	Japan	330,184
Device	525,181	North and South America	114,123
Other	144,538	Europe	143,771
		Asia, China and others	561,819
Total	1,149,897	Total	1,149,897
Other	264,008	Other	264,008
Consolidated total	7,490,601	Consolidated total	7,490,601

For the year ended March 31, 2019

By product category	Sales	By geographical area	Sales
	Yen (millions)		
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
Life 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			
Automotive solutions	970,804	Japan	384,144
Automotive batteries	411,452	North and South America	630,196
		Europe	216,699
		Asia, China and others	151,217
Total	1,382,256	Total	1,382,256
Industrial Solutions			
Systems	558,795	Japan	364,892
Device	565,397	North and South America	130,664
Other	155,209	Europe	149,454
		Asia, China and others	634,391
Total	1,279,401	Total	1,279,401
Other	264,809	Other	264,809
Consolidated total	8,002,733	Consolidated total	8,002,733

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

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

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

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

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

The reconciliation of "Disaggregated revenue" by reportable segment with "Sales to external customers" in Note "4 (2) Information by reportable segment" is as follows:

For the year ended March 31, 2020

	Yen (millions)				
	Appliances	Life Solutions	Connected Solutions	Automotive	Industrial Solutions
Disaggregated revenue	1,985,703	1,745,072	993,449	1,352,472	1,149,897
Adjustments for management accounting	318,800	44,388	8,954	6,887	23,852
Cross-selling	99,344	(56,361)	(78,645)	87,519	(97,222)
Sales of third party products, etc.	(20,516)	1,486	342	2,205	(293)
Note 4 "(2) Information by Segments" Sales to external customers	2,383,331	1,734,585	924,100	1,449,083	1,076,234

For the year ended March 31, 2019

	Yen (millions)				
	Appliances	Life Solutions	Connected Solutions	Automotive	Industrial Solutions
Disaggregated revenue	2,124,783	1,868,220	1,083,264	1,382,256	1,279,401
Adjustments for management accounting	321,848	47,732	7,508	6,134	24,894
Cross-selling	116,171	(70,724)	(85,986)	99,214	(99,813)
Sales of third party products, etc.	(31,217)	1,198	(4,036)	(754)	443
Note 4 "(2) Information by Segments" Sales to external customers	2,531,585	1,846,426	1,000,750	1,486,850	1,204,925

"Disaggregated revenue" of each reportable segment adjusted for "Adjustments for management accounting," "Cross-selling" and "Sales of third party products, etc." reconciles to "Sales to external customers" in Note 4 "(2) Information by reportable segment." "Adjustments for management accounting" mainly includes adjustments to sales prices for management accounting. "Cross-selling" mainly includes adjustment for sales of products through other segments. "Sales of third party products, etc." mainly includes adjustments for sales of products manufactured by third parties which are not included in sales for management accounting purposes.

(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 set out below. 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 the effect of the time value of money.

The Company has entered into a variety of transaction arrangements with customers including a combination of products, equipment, installation, maintenance, etc. If certain criteria are met, the Company identifies 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 Life Solutions segment, "Vertical solutions" and "Product solutions" in Connected Solutions segment, "Automotive solutions" and "Automotive batteries" in Automotive segment, "Systems" and "Device" in Industrial Solutions segment, etc.), and consumables.

For such sales transactions, the Company recognizes revenue at the time of delivery, in principle, because the customer obtains control of the products and the Company satisfies its performance obligation when the products are delivered. In addition, for a long term product supply contract with a specific customer, the Company recognizes revenue in accordance with progress towards completion of the contract period, because the performance obligation is satisfied over time.

The Company recognizes revenue as the amount of the consideration (transaction price) to which it expects to be entitled in exchange for transferring promised goods or services to a customer.

The Company deducts from net sales certain price adjustments that are given to compensate for a decline in product prices in relation to sales to its consumer products distributors and also deducts sales rebates under incentive programs offered to those distributors (variable consideration). 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-type contracts

The Company is engaged in design, construction, etc. for housing, electric and building equipment, environment-related equipment ("Electrical construction materials" and "Architecture" in Life 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 progress toward complete satisfaction, because the performance obligation is 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 repairs and maintenance incidental to 1) Sales of products or 2) Construction-type 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 is satisfied over time, in the same way as for 2) Construction-type 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 is satisfied over time. In addition, the Company charges a fee to customers under a flat-rate or pay-for-use system with respect to communication services in the Connected Solutions segment and recognizes revenue over the service period, because the performance obligation is satisfied over time.

(4) Transaction price allocated to the remaining performance obligations

The aggregate transaction price allocated to the remaining obligations that are unsatisfied as of March 31, 2020 is 102,763 million yen. (as of March 31, 2019 is 182,269 million yen.) The amount mainly relates to construction-type contracts and the Company expects to recognize it as revenue within approximately seven years. (as of March 31, 2019 is 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 the reporting period for contracts with an original expected duration of one year or less. The above aggregate 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, 2020	March 31, 2019
Assets from contracts with customers	1,051,203	1,190,620
Trade receivables	864,766	978,093
Contract assets	186,437	212,527
Liabilities from contracts with customers	101,662	119,335
Contract liabilities	101,662	119,335

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 reporting period. Contract assets are reclassified to trade receivables when the right to consideration becomes unconditional.

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 March 31, 2019 was recognized as revenue in the year ended March 31, 2020.

The amount of revenue recognized in the year ended March 31, 2019 and the year ended March 31, 2020 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 contracts and costs incurred to fulfill contracts as of March 31, 2019 and March 31, 2020 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.

25. Selling, general and administrative expenses

Selling, general and administrative expenses are as follows:

	Yen (millions)	
	2020	2019
Employee benefits	846,010	872,202
Advertising expenses	84,757	97,600
Transportation and storage	181,355	190,429
Depreciation and amortization	132,242	84,943
Others	620,017	694,293
Total	1,864,381	1,939,467

26. Research and development expenses

Research and development expenses are as follows:

	Yen (millions)	
	2020	2019
Research and development expenses	475,005	488,757

27. Other income (expenses)

Other income (expenses), net for the year ended March 31, 2020 includes gain on business transfer (mainly housing-related business and security system business) of 122,623 million yen, expenses associated with the implementation of early retirement programs due to business restructuring of 12,300 million yen, and expenses associated with quality control or voluntary recall of products of 11,470 million yen.
Gain on business transfer is presented in "Other - net" within cash flows from operating activities in the consolidated statements of cash flows.

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.
Gain on discontinuance of equity-method accounting for investment in associate and gain on sales of property, plant and equipment are presented in "Other - net" within cash flows from operating activities in the consolidated statements of cash flows.

28. 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" were 10,961 million yen and 17,262 million yen for the years ended March 31, 2020 and 2019, respectively. The amounts of losses included in "Other income (expenses), net" were 80,292 million yen and 45,513 million yen for the years ended March 31, 2020 and 2019, respectively.

The amount by segment represents the amount attributable to each cash-generating unit that is allocated to a specific reportable segment for impairment testing purposes, and is not necessarily equal to the amount allocated to each segment for internal management purposes. A part of the impairment losses of goodwill is included in "Eliminations and adjustments" as noted in "4. Segment information."
Amount by segment for the year ended March 31, 2019 has been reclassified to conform to the presentation for the year ended March 31, 2020.
The amounts of impairment losses recorded for property, plant and equipment, goodwill and intangible assets by segment are as follows:

	Yen (millions)	
	2020	2019
Appliances	16,255	139
Life Solutions	6,013	24,854
Connected Solutions	2,227	272
Automotive	39,037	30,613
Industrial Solutions	26,368	2,978
Other	1,353	3,919
Consolidated total	91,253	62,775

In the year ended March 31, 2020, the Company recorded impairment losses on goodwill and intangible assets in certain cash-generating units of the automotive solutions business, which belongs to the "Automotive" segment, because it was expected that the carrying amount of these assets could not be recovered due mainly to a downturn of the business. The value in use was measured by the discounted cash flow method. The pre-tax discount rates used for the year ended March 31, 2020 and for the beginning of year ended March 31, 2020 are 9.9% and 9.8%, respectively.

The Company also recorded impairment losses on property, plant and equipment, etc. in certain cash-generating units of the semiconductor business, which belongs to the "Industrial Solutions" segment, because Panasonic resolved at the board of directors meeting on November 28, 2019 to transfer the semiconductor business and entered into stocks and assets transfer agreement on the same day. Accordingly, Panasonic recognized the losses expected to incur in connection with the business transfer.

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 the "Life Solutions" segment, 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 the automotive solutions business, which belongs to the "Automotive" segment, 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.

(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 for impairment testing is calculated at the higher of fair value less costs of disposal or value in use.

As of March 31, 2020 and 2019, goodwill with carrying amount of 85,071 million yen and 86,651 million yen, respectively, and trademarks with carrying amount of 25,792 million yen and 26,304 million yen, respectively, which are related to "Hussmann Corporation" included in the "Appliance" segment, are individually significant goodwill or intangible assets with indefinite useful lives allocated to a cash generating unit in comparison with the Company's total carrying amount.

For the years ended March 31, 2020 and 2019, the recoverable amount of a 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 the higher of the value in use or the amount of fair value less costs of disposal 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 established after verifying the consistency with external information. The growth rate (2.1 % and 2.4% for the years ended March 31, 2020 and 2019, 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 (11.9% and 11.5% on pre-tax basis for the years ended March 31, 2020 and 2019, respectively) is calculated based on weighted average cost of capital of the cash-generating unit.

For the year ended March 31, 2020, since the value in use sufficiently exceeds the carrying amount, the carrying amount would unlikely to exceed the amount of value in use, 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.

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 increases by more than 1.1%, the carrying amount would exceed the amount of fair value less costs of disposal.

(ii) Goodwill

As of March 31, 2020 and 2019, the aggregate carrying amounts of individually insignificant goodwill that are allocated to cash-generating units are 236,938 million yen and 309,096 million yen, respectively.

Impairment losses in the years ended March 31, 2020 and 2019 are 32,133 million yen and 13,230 million yen, respectively.

(iii) Intangible assets with indefinite useful lives

As of March 31, 2020 and 2019, the aggregate carrying amounts of individually insignificant intangible assets with indefinite useful lives allocated to cash-generating units are 14,073 million yen and 14,985 million yen, respectively.

Impairment losses in the years ended March 31, 2020 and 2019 are not material.

29. Finance income and expenses

(1) Finance income

Finance income is as follows:

	Yen (millions)	
	2020	2019
Dividend income:		
Financial assets measured at FVTOCI.................	2,273	2,531
Interest income:		
Financial assets measured at amortized cost.........	20,812	21,899
Other...	1,240	-
Foreign exchange gains..	5,856	1,173
Other...	1,179	-
Total...	31,360	25,603

(2) Finance expenses

Finance expenses are as follows:

	Yen (millions)	
	2020	2019
Interest expenses:		
Financial liabilities measured at amortized cost....	10,568	15,518
Lease liabilities...	18,084	186
Net interest cost on employee benefits.................	966	2,302
Others...	4,443	2,639
Total..	34,061	20,645

(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 to the total assets of the entities is small. The Company has therefore determined that the Company's exposures to the risks carried by the entities is low.

The Company has provided no support to these structured entities outside contracts and made no implicit agreement to support them. The main elements of the Company's interests in these structured entities is provision of limited credit enhancements, servicing and receipt of servicing fees.

In the years ended March 31, 2020 and 2019, a loss on transfer of trade receivables, etc. which were derecognized in their entirety was 4,443 million yen and 2,639 million yen, respectively. This loss is included in "Finance expenses" in the consolidated statements of profit or loss.

The Company has retained 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, 2020 and 2019.

The maximum exposure to losses resulting from continuing involvement in the derecognized financial assets as of March 31, 2020 and 2019 was 16,605 million yen and 28,274 million yen, respectively, which is the total amount of the outstanding balance of obligations to repurchase the transferred assets under restricted, specified conditions.

30. Per share information

Panasonic Corporation stockholders' equity per share is as follows:

	Yen	
	March 31	
	2020	2019
Panasonic Corporation stockholders' equity per share	856.57	820.41

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

	Yen (millions)	
	2020	2019
Net profit attributable to Panasonic Corporation stockholders	225,707	284,149
Adjustment to net profit	(7)	-
Net profit used to calculate basic earnings per share	225,700	284,149
Adjustment to net profit	7	-
Net profit used to calculate diluted earnings per share	225,707	284,149

	Number of shares	
	2020	2019
Average common shares outstanding	2,332,621,373	2,332,365,043
Dilutive effect:		
Stock acquisition rights	1,411,380	1,519,520
Restricted stock	65,115	-
Diluted common shares outstanding	2,334,097,868	2,333,884,563

	Yen	
	2020	2019
Earnings per share attributable to Panasonic Corporation stockholders:		
Basic	96.76	121.83
Diluted	96.70	121.75

31. 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 specific policies in order to avoid or reduce these risks.

The Company limits its use of 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 regards 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 condition and business trends etc. of business partners in an effort to early detect and mitigate any concerns about collection due to deterioration in financial condition, etc.

With regards to derivative transactions, since the Company only deals with financial and other institutions with high credit ratings and the credit quality of counterparties is high, the Company believes that its credit risk exposure is minimal.
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 noted in "29. 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 status. For each guarantee provided, the Company is required to perform under the guarantee if the guaranteed party defaults on payment. As of March 31, 2020, the maximum amount of undiscounted payments the Company would have to make in the event of default was 33,800 million yen.

1) Changes in allowance for credit losses
The Company determines the amount of allowance for credit losses for trade receivables, contract assets and lease receivables, and receivables, etc. other than trade receivables, contract assets and lease receivables.

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, etc. 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 a 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 the historical rate of credit losses calculated according to the classification and the impact of future forecast economic conditions.

・ Receivables other than trade receivables, contract assets and lease receivables, etc.
For assets for 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 historical rate of credit losses of homogeneous assets and the impact of future forecast economic conditions etc. 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 of the asset expected to be recovered is individually estimated, and the amount of the allowance is determined as the 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)	
	2020	2019
Beginning balance	11,508	19,203
Increases during the period	5,810	4,478
Decreases during the period (Utilization)	(1,874)	(6,437)
Decreases during the period (Reversal)	(2,203)	(5,371)
Others	(631)	(365)
Ending balance	12,610	11,508

With regards to financial assets that were recognized for the first time in the years ended March 31, 2020 and 2019, 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, 2020 and 2019, 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 recorded

The gross carrying amount of financial assets for which allowance for credit losses is recorded is as follows:

(i) Trade receivables, contract assets and lease receivables

	Yen (millions)	
	2020	2019
Not past due	1,015,043	1,158,027
Due within 3 months	37,973	36,835
Due after 3 months through a year	10,698	7,175
Due after 1 year	82	74
Total	1,063,796	1,202,111

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, 2020 and March 31, 2019 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 for which credit risk was considered to have significantly increased and credit risks related to the carrying amount as of March 31, 2020 and March 31, 2019 were not material.

(3) Liquidity risk management

Liquidity risks represent 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 for other purposes, the Company raises funds externally by appropriate means in consideration of its financial structure and conditions of financial markets.

The balances of major financial liabilities by contractual maturities are as follows:

	Yen (millions)				
	March 31, 2020				
	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	969,695	969,695	969,695	-	-
Short-term debt, including current portion of long-term debt	250,620	251,120	251,120	-	-
Long-term debt	953,831	1,006,078	-	698,053	308,025
Lease liabilities	266,860	281,857	70,596	141,070	70,191
Other financial liabilities	16,316	17,574	-	17,574	-
Total	2,457,322	2,526,324	1,291,411	856,697	378,216
Derivative liabilities	23,501	23,501	23,501	-	-
Cross currency interest rate swaps (*1)	(17,423)	(33,691)	(6,669)	(20,272)	(6,750)

(*1) Cross currency interest rate swaps (assets) is held for hedging the foreign exchange risk of foreign currency denominated bonds included in "Long-term debt."

	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	382,301	383,734	383,734	-	-
Long-term debt	600,750	615,625	-	374,478	241,147
Lease liabilities	15,670	16,431	7,659	6,080	2,692
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	-	-

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	
	2020	2019
Total committed line of credit	700,000	700,000
Drawdowns	-	-
Unused balances	700,000	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 and foreign currency denominated bonds issued for financing are affected by foreign exchange rate changes. The Company makes efforts to mitigate currency risks principally by utilizing derivatives such as foreign exchange forward contracts and cross currency interest rate swaps.

(i) Exposure to currency risks

Exposure to currency risks (net) of the Company is set out below. The amount of exposure to currency risks that is hedged by derivatives is excluded.

	March 31	
	2020	2019
US Dollar (Thousands of US dollar)	759,466	499,588
Euro (Thousands of Euro)	85,667	122,270
Chinese Yuan (Thousands of Chinese Yuan)	23,176	38,227

(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 set out below. The impact on profit before income taxes of a 1% depreciation of Japanese yen against US Dollar, Euro and Chinese Yuan would be the opposite effect to those stated in the table below.

This analysis is based on the assumption that all other variables are constant.

	Yen (millions)	
	March 31	
	2020	2019
US Dollar	(827)	(554)
Euro	(102)	(152)
Chinese Yuan	(4)	(6)

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 long-term purchase agreements 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 its holding status.

(5) Derivatives and hedge accounting

Derivatives held by the Company are comprised principally of foreign exchange forward contracts, cross currency interest rate swaps and commodity futures. The Company uses foreign exchange forward contracts and other instruments to hedge the impact of foreign exchange rate fluctuations on costs and prices of products and services, etc. that are traded in a foreign currency. Also, the Company uses cross currency interest rate swaps to hedge the impact of exchange rate fluctuations on foreign currency denominated bonds. In addition, the Company utilizes commodity futures and other instruments to hedge commodity price fluctuation risks due to market fluctuations, etc. associated with procurement of raw materials, including non-ferrous metals, under long -term purchase agreements. 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 of the hedging relationship and on an ongoing basis, through qualitative assessment of whether significant terms and conditions of the hedged item match or conform closely to those of the hedging instrument, or quantitative assessment of 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 ensure that the hedged item and the hedging instrument have 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 sets an 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. Also, foreign currency basis spread on the cross currency interest rate swaps are excluded from designation as hedging instruments but the impact on profit or loss is immaterial.

Because the Company aims to perform highly effective hedges, it expects that usually no significant ineffective portion should arise.

1) The year ended March 31, 2020

(i) Effects of hedge accounting on the consolidated statements of financial position

Significant derivatives designated as hedging instruments as of March 31, 2020 are as follows:

Derivatives associated with currency risks:

Hedging instruments	Contract amounts	Average rate	Carrying amount (*1) Yen (millions) Assets	Liabilities
Foreign exchange forward contracts:				
US Dollar sell / Japanese Yen buy....	1,059,072 Thousands US Dollar	107.59 Yen / Dollar	-	904
Euro sell / Japanese Yen buy...........	98,884 Thousands Euro	119.46 Yen / Euro	-	6
US Dollar buy / Japanese Yen sell....	441,258 Thousands US Dollar	108.20 Yen / Dollar	184	-
Cross currency interest rate swaps (*2)..	2,500,000 Thousands US Dollar	108.13 Yen / Dollar	17,423	-

(*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 foreign exchange rates is approximately six months for foreign exchange contracts and approximately 10 years for cross currency interest rate swaps.

(*2) Cross currency interest rate swaps are held for hedging the foreign exchange risk of foreign currency denominated bonds.
With the cross currency interest rate swaps, USD-denominated fixed interest rate are exchanged with JPY -denominated fixed interest rate and each exchanged rate is described in Note "16. Short-term debt and long-term debt (1) Details."

The balance (after tax) of "Net changes in cash flow hedges" related to ongoing hedges as of March 31, 2020 is set out below. In the year ended March 31, 2020, there was no hedge relationship to which hedge accounting is no longer applied.

Risk	Yen (millions) March 31, 2020
Foreign currency risk............................	8,327
Commodity price risk...........................	(445)
Total..	7,882

Since the amount of the ineffective portion of hedges recognized in profit or loss in the year ended March 31, 2020 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, 2020 are as follows:

Risk	Yen (millions) 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.....	15,920	(994)	Finance income (expenses)	-
Commodity price risk....	(1,883)	-	Cost of sales	458

In the year ended March 31, 2020, 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, 2020 are attributed to effects of hedged items on profit or loss.

Foreign currency basis spread on the cross currency interest rate swaps held as cash flow hedges are excluded from designation as hedging instruments and are recognized as hedging costs. The amount of hedging costs recognized as reclassification adjustments to other comprehensive income and profit or loss is immaterial.

2) 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 with currency risks:

Hedging instruments	Contract amounts	Average rate	Carrying amount (*1) Yen (millions) Assets	Liabilities
Foreign exchange forward 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 foreign 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 set out below. In the year ended March 31, 2019, there was no hedge relationship to which hedge accounting is no longer applied.

	Yen (millions)
Risk	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.

(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 event that 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, 2020, 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 8,376 million yen.

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.

(7) Fair values of financial instruments

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

	Yen (millions)			
	March 31			
	2020		2019	
	Book value	Fair value	Book value	Fair value
Long-term debt, including current portion of long-term debt......................................	981,439	977,296	873,432	882,425

Fair values shown above are estimated, based on the market price or the present value of future cash flows, which is calculated using the observable discount rate at March 31, 2020 and 2019. All fair values are categorized as level 2 (refer to "2) Fair value measurement hierarchy").

With regards 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, 2020			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets measured at FVTPL				
Derivative assets				
Foreign exchange forward contracts........	-	3,025	-	3,025
Cross currency swaps..............................	-	153	-	153
Cross currency interest rate swaps...........	-	17,423	-	17,423
Commodity futures..................................	7,804	6,005	-	13,809
Subtotal..	7,804	26,606	-	34,410
Financial assets measured at FVTOCI				
Equity securities..	106,923	-	64,603	171,526
Others..	-	281	-	281
Subtotal..	106,923	281	64,603	171,807
Total financial assets...........................	114,727	26,887	64,603	206,217
Financial liabilities:				
Financial liabilities measured at FVTPL				
Derivative liabilities				
Foreign exchange forward contracts........	-	4,202	-	4,202
Commodity futures..................................	16,001	3,298	-	19,299
Total financial liabilities......................	16,001	7,500	-	23,501

	Yen (millions)			
	March 31, 2019			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets measured at FVTPL				
Derivative assets				
Foreign exchange forward 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 forward contracts........	-	2,514	-	2,514
Cross currency swaps..............................	-	16	-	16
Commodity futures..................................	4,457	5,504	-	9,961
Total financial liabilities......................	4,457	8,034	-	12,491

The Company's marketable equity securities and commodity futures are included in Level 1, which are valued using an unadjusted quoted market price in active markets with sufficient volume and frequency of transactions.

Level 2 derivatives including foreign exchange forward contracts, cross currency swaps, cross currency interest rate 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, 2020 and 2019, there are no financial instruments for 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	
	2020	2019
Balance at beginning of year	85,580	32,634
Gains (losses) (*1)	(7,139)	2,387
Purchase	4,479	3,417
Reclassification of investment accounted for using the equity method (*2)	-	48,832
Sales	(18,317)	(1,690)
Balance at end of year	64,603	85,580

(*1) Gains (losses) are related to financial assets measured at FVTOCI for the years ended March 31, 2020 and 2019, and are included in "Financial assets measured at fair value through other comprehensive income" in the consolidated statements 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.

32. Major subsidiaries

(1) Composition of the Group

Major subsidiaries of the Company as of March 31, 2020 are as follows:

Name	Principal businesses (*1)	Location	Ratio of voting rights (%)
Panasonic Ecology Systems Co., Ltd.	Life Solutions	Japan	100.0
Panasonic Smart Factory Solutions Co., Ltd	Connected Solutions	Japan	100.0
KMEW Co., Ltd. (*2)	Life Solutions	Japan	50.0
Panasonic Consumer Marketing Co., Ltd.	Appliances	Japan	100.0
Panasonic Liquid Crystal Display Co., Ltd.	Industrial Solutions	Japan	100.0
SANYO Electric Co., Ltd.	Life Solutions, Automotive, Industrial Solutions, Other, Corporate	Japan	100.0
Panasonic Semiconductor Solutions Co., Ltd.	Industrial Solutions	Japan	100.0
Panasonic System Solutions Japan Co., Ltd.	Connected Solutions	Japan	100.0
Panasonic Corporation of North America	Appliances, Life Solutions, Connected Solutions, Automotive, Industrial Solutions, 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 Solutions, Other	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	Spain	69.0
Panasonic AVC Networks Czech s.r.o.	Appliances	Czech Republic	100.0
Panasonic Asia Pacific Pte. Ltd.	Appliances, Life Solutions, Connected Solutions, Industrial Solutions, Corporate	Singapore	100.0
Panasonic India Pvt. Ltd	Appliances, Connected Solutions, Automotive, Industrial Solutions, Corporate	India	100.0
Panasonic Taiwan Co., Ltd.	Appliances, Life Solutions, Automotive, Industrial Solutions	Taiwan	69.8
Panasonic Corporation of China	Appliances, Life 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	China	60.0

(*1) The column "Principal businesses" indicates the segments in which the subsidiaries are classified. 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 through involvement in its manufacturing and sale activities.

As a change in major subsidiaries during the year ended March 31, 2020, all shares of Panasonic Homes Co., Ltd. were transferred to Prime Life Technologies Corporation, an entity accounted for using the equity method by the Company, due to the reorganization of housing related businesses in January 2020. As a result, Panasonic Homes Co., Ltd. is no longer a consolidated subsidiary of the Company.

(2) Subsidiaries with material non-controlling interests

There were no individually material non-controlling interests as of March 31, 2020 and 2019.

(3) Changes in ownership interests in subsidiaries that did not result in a loss of control

There were no individually material changes in the Company's ownership interests in its subsidiaries that did not result in a loss of control in the years ended March 31, 2020 and 2019.

(4) Gain or loss due to changes in ownership interests in subsidiaries resulting in loss of control

Material gain or loss due to changes in the Company's ownership interests in its subsidiaries resulting in loss of control of subsidiaries in the year ended March 31, 2020 are as follows:

(i) Security system business

The Company resolved at the board of directors meeting held on May 31, 2019 to transfer the security system business. On November 20, 2019, Panasonic transferred the shares of Panasonic i-PRO Sensing Solution Co., Ltd., which was a 100%-owned consolidated subsidiary that operated the security system business, to PSP Holdings Co., Ltd. which is a subsidiary of Polaris Capital Group Co., Ltd.

A gain of 21,570 million yen on the business transfer was recognized in "Other income (expenses), net" in the consolidated statement of profit or loss for the year ended March 31, 2020. The portion of the gain from remeasurement of the retained interests in the former subsidiary at fair value was 4,314 million yen. The gain is allocated to the "Connected Solutions" segment.

(ii) Housing-related business

The Company resolved at the board of directors meeting on May 9, 2019 to enter into a business- integration contract toward the establishment of a new joint venture related to town development business with Toyota Motor Corporation. On January 7, 2020, Panasonic Homes Co., Ltd., Panasonic Construction Engineering Co., Ltd, Matsumura-Gumi Corporation, and their subsidiaries became subsidiaries of the joint venture, Prime Life Technologies Corporation, through a joint share transfer. Accordingly, they are no longer consolidated subsidiaries of the Company.

A gain of 99,561 million yen on the joint share transfer was recognized in "Other income (expenses), net" in the consolidated statement of profit or loss for the year ended March 31, 2020. The portion of the gain from remeasurement of the retained interests in the former subsidiaries at fair value was 49,766 million yen. The gain is allocated to the "Life Solutions" segment.

There were no individually material gain or loss due to changes in the Company's ownership interests in its subsidiaries resulting in loss of control in the year ended March 31, 2019.

(5) Cash flows by proceeds from sales of subsidiaries or other businesses

The cash flows by proceeds from sales of subsidiaries or other businesses during the year ended March 31, 2020 and the amount of the assets and liabilities in the subsidiaries or other businesses at the time when control is lost are as follows:

	Yen (millions)
	2020
Total consideration received	264,939
Portion of consideration consisting of cash and cash equivalents	90,939
Cash and cash equivalents in the subsidiaries or other businesses over which control is lost	42,647
Cash flows by proceeds from sales of subsidiaries or other businesses	48,292
Amount of assets and liabilities in the subsidiaries or other businesses at the time when control is lost (summarized by each major category)	
Current assets (except for cash and cash equivalents)	192,104
Non-current assets	424,104
Current liabilities	168,511
Non-current liabilities	345,170

The cash flows by proceeds from sales of subsidiaries or other businesses during the year ended March 31, 2019 were immaterial.

33. 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 set out below.

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	
	2020	2019
Associates:		
Receivables	19,634	16,658
Payables	87,770	65,543
Joint ventures:		
Receivables	12,678	456
Payables	2,248	-

2) Amounts of the Company's sales to and purchases from associates and joint ventures

	Yen (millions)	
	2020	2019
Associates:		
Sales	55,838	70,630
Purchases	254,583	281,009
Joint ventures:		
Sales	2,789	631
Purchases	6	-

(2) Remuneration for key management personnel

Remuneration for key management personnel (Directors and Outside Directors) of Panasonic is as follows:

	Yen (millions)	
	2020	2019
Basic remuneration	639	648
Performance based remuneration	186	337
Share based payments	73	165
Total	898	1,150

34. Non-cash transactions

Significant non-cash transactions are as follows:

	Yen (millions)	
	2020	2019
Acquisition of property, plant and equipment, due to newly-contracted finance leases................................	-	3,592
Additions to right-of-use assets (*1)...........................	107,026	-

(*1) Includes right-of-use assets recorded as "Investment property".

35. Commitments for acquisition of assets, etc

Commitments as of March 31, 2020 principally include purchase contracts for property, plant and equipment, etc. with total outstanding amounts of 29,030 million yen.
Commitments as of March 31, 2019 principally include contracts to purchase specific raw materials for the period up to 2020 and purchase contracts for property, plant and equipment, etc. with total outstanding amounts of 78,972 million yen.

36. Disposal groups held for sale

Components of "Assets held for sale" and "Liabilities directly associated with assets held for sale" are as follows:

	Yen (millions)	
	March 31, 2020	March 31, 2019
Assets held for sale:		
Trade receivables and contract assets.................................	5,496	74
Inventories..	37,630	5,085
Property, plant and equipment..	164,845	4,738
Right-of-use assets..	12,867	-
Other..	42,516	3,175
Total...	263,354	13,072
Liabilities directly associated with assets held for sale:		
Trade payables..	28,017	3,929
Lease liabilities...	14,995	-
Other..	45,593	4,808
Total...	88,605	8,737

"Assets held for sale" and "Liabilities directly associated with assets held for sale" as of March 31, 2020 are assets and liabilities mainly related to the automotive prismatic battery business and the semiconductor business.

As described in Note "38. Subsequent events (1)," as of April 1, 2020, the Company transferred its automotive prismatic battery business to a joint venture. As a result, at March 31, 2020, assets and liabilities of the business are classified as "Assets held for sale" and "Liabilities directly associated with assets held for sale."

In addition, at the board of directors meeting on November 28, 2019, the Company resolved to transfer the semiconductor business to Nuvoton Technology Corporation, a Taiwan-based semiconductor company under the umbrella of Winbond Electronics Corporation Group. In advance of the planned transfer in September 2020, the parties are obtaining approvals from the authorities responsible for competition laws of the respective countries and regions. Accordingly, at March 31, 2020, assets and liabilities of the business in the Panasonic group to be transferred are classified as "Assets held for sale" and "Liabilities directly associated with assets held for sale."

37. Contingent liabilities

Litigation, etc.

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

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

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

The ability to predict the outcome of these actions and proceedings is difficult to assess given that certain of the investigations and legal proceedings are still at an early stage, present novel legal theories, involving a large number of parties or are 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.

38. Subsequent events

(1) Change in consolidated subsidiaries in connection with the establishment of a joint venture related to the automotive prismatic battery business

On April 1, 2020, the Company transferred the automotive prismatic battery business of SANYO Electric Co., Ltd., a consolidated subsidiary of the Company, through a company split to Prime Planet Energy & Solutions, Inc. ("PPES"), which shares are held by Panasonic Equity Management Japan G.K. ("PEMJ"), a consolidated subsidiary. At the same time, all equity shares of Panasonic Automotive Energy Dalian Co., Ltd. held by Panasonic Corporation of China, a consolidated subsidiary, were transferred to PPES.
In addition, on the same date, certain shares of PPES held by PEMJ were transferred to Toyota Motor Corporation, which resulted in PPES becoming a joint venture. The Company’s ownership ratio in PPES after these transfers is 49%. Consequently, PPES became an entity accounted for using the equity method by the Company and is no longer a consolidated subsidiary.
Upon execution of the series of transactions associated with the establishment of this joint venture, a gain of approximately 27.0 billion yen will be recorded as "Other income (expenses), net" in the consolidated statements of profit or loss for the year ending March 31, 2021.

(2) Investment in a U.S. software company

The Company resolved to make a strategic equity investment obtaining 20% of the total voting rights of Blue Yonder, Inc. ("Blue Yonder") group, a provider of end-to-end supply chain software, and entered into a final definitive agreement with Blue Yonder on May 20, 2020. After consummation of this investment (planned to be 813,524 thousand U.S. dollars), the Company will acquire the shares of Blue Yonder Holding, Inc., the parent company of Blue Yonder, as a non-controlling shareholder, and obtain one seat of its nine-member board of directors. Accordingly, Blue Yonder will become an entity accounted for using the equity method by the Company.
Through this investment, the Company aims to accelerate and deepen collaboration with Blue Yonder and promptly enhance its solution capabilities. In addition, the Company intends to acquire management know-how of a software company by participating in the management of Blue Yonder as a director. Moreover, it is expected to evolve into a global leading provider of frontline "Gemba process" innovation and realize sustainable growth.

Independent auditor's report

To the Board of Directors of Panasonic Corporation:

Opinion

We have audited the accompanying consolidated financial statements of Panasonic Corporation ("the Company") and its consolidated subsidiaries (collectively referred to as "the Group"), which comprise the consolidated statement of financial position as at March 31, 2020, and the consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards prescribed in Article 93 of "the Regulation on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements" (hereinafter referred to as "IFRS").

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Audit & Supervisory Board Members and Audit & Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, 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.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with IFRS and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Audit & Supervisory Board Members and Audit & Supervisory Board are responsible for overseeing the directors' performance of their duties including the design, implementation and maintenance of the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with IFRS, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with Audit & Supervisory Board Members and Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit & Supervisory Board Members and Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

KPMG

Interest required to be disclosed by the Certified Public Accountants Act of Japan

We do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Masahiro Mekada
Designated Engagement Partner
Certified Public Accountant

Kengo Chida
Designated Engagement Partner
Certified Public Accountant

Masaki Hirota
Designated Engagement Partner
Certified Public Accountant

KPMG AZSA LLC
Osaka Office, Japan
June 26, 2020

Notes to the Reader of Independent Auditor's Report:
This is a copy of the Independent Auditor's Report and the original copies are kept separately by the Company and KPMG AZSA LLC.

Other information

(1) Quarterly financial Information for fiscal 2019

(Millions of yen, unless otherwise stated)

(Cumulative)	First quarter	Second quarter	Third quarter	Year total
Net sales	1,891,129	3,844,424	5,755,634	7,490,601
Profit before income taxes	56,226	137,904	238,062	291,050
Net profit attributable to Panasonic Corporation stockholders	49,777	100,919	178,148	225,707
Earnings per share attributable to Panasonic Corporation stockholders, basic (yen)	21.34	43.27	76.37	96.76

(Three months)	First quarter	Second quarter	Third quarter	Fourth quarter
Earnings per share attributable to Panasonic Corporation stockholders, basic (yen)	21.34	21.92	33.11	20.39

(2) Litigation, etc.

Significant litigation, etc. associated with the Company are as stated in "37. 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, 2020 to the filing date of Annual Securities Report.

(1) Annual Securities Report and documents attached, and Confirmation Letter	Business Term (112th)	From April 1, 2018 To March 31, 2019	Filed with the Director of the Kanto Local Finance Bureau on June 28, 2019
(2) Internal Control Report and documents attached			Filed with the Director of the Kanto Local Finance Bureau on June 28, 2019
(3) Quarterly Report and Confirmation Letter	(113th First Quarter)	From April 1, 2019 To June 30, 2019	Filed with the Director of the Kanto Local Finance Bureau on August 8, 2019
	(113th Second Quarter)	From July 1, 2019 To September 30, 2019	Filed with the Director of the Kanto Local Finance Bureau on November 13, 2019
	(113th Third Quarter)	From October 1, 2019 To December 31, 2019	Filed with the Director of the Kanto Local Finance Bureau on February 13, 2020
(4) Extraordinary Report	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
	Pursuant to Article 24-5, paragraph 4 of the Financial Instruments and Exchange Act, and Article 19, 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 July 31, 2019
	Pursuant to Article 24-5, paragraph 4 of the Financial Instruments and Exchange Act, and Article 19, Paragraph 2, Item 3 of the Cabinet Office Ordinance Concerning Disclosure of Corporate Affairs, etc.		Filed with the Director of the Kanto Local Finance Bureau on April 1, 2020

	Pursuant to Article 24-5, paragraph 4 of the Financial Instruments and Exchange Act, and Article 19, 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 25, 2020
	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 26, 2020
(5) Amendment to Extraordinary Report	Amendment to Extraordinary Report concerning the Extraordinary Report which was submitted on June 28, 2019	Filed with the Director of the Kanto Local Finance Bureau on July 10, 2019
	Amendment to Extraordinary Report concerning the Extraordinary Report which was submitted on July 31, 2019	Filed with the Director of the Kanto Local Finance Bureau on August 30, 2019

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 26, 2020

To the Board of Directors of Panasonic Corporation:

KPMG AZSA LLC
Osaka Office

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

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Panasonic Corporation ("the Company") and its consolidated subsidiaries (collectively referred to as "the Group") 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, 2020 and the consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, in accordance with Article 193-2, paragraph (1) of the Financial Instruments and Exchange Act of Japan.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards prescribed in Article 93 of "the Regulation on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements" (hereinafter referred to as "IFRS").

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Audit & Supervisory Board Members and Audit & Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, 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.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern and disclosing, as applicable, matters related to going concern in accordance with IFRS.

Audit & Supervisory Board Members and Audit & Supervisory Board are responsible for overseeing the directors' performance of their duties including the design, implementation and maintenance of the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. Audit procedures selected and applied depend on the auditor's judgement.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with IFRS, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with Audit & Supervisory Board Members and Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit & Supervisory Board Members and Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on the Audit of the Internal Control Report

Opinion

We also have audited the accompanying internal control report of Panasonic Corporation as at March 31, 2020, in accordance with Article 193-2, paragraph (2) of the Financial Instruments and Exchange Act of Japan.

In our opinion, the accompanying internal control report, which states that the internal control over financial reporting was effective as at March 31, 2020, presents fairly, in all material respects, the results of the assessments of internal control over financial reporting in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

Basis for Opinion

We conducted our audit of the Internal Control Report in accordance with auditing standards for internal control over financial reporting generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Internal Control Report section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the internal control report in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Audit & Supervisory Board Members and Audit & Supervisory Board 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.

Audit & Supervisory Board Members and Audit & Supervisory Board are responsible for overseeing and examining the design and operation of internal control over financial reporting.

Internal control over financial reporting may not completely prevent or detect financial statement misstatements.

Auditor's Responsibilities for the Audit of the Internal Control Report

Our objectives are to obtain reasonable assurance about whether the internal control report is free from material misstatement based on our audit of the internal control report and to issue an auditor's report that includes our opinion.

As part of our audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Perform procedures to obtain audit evidence about the results of the assessments of internal control over financial reporting in the internal control report. The procedures for the audit of the internal control report are selected and performed, depending on the auditor's judgment, based on significance of effect on the reliability of financial reporting.
- Evaluate the overall presentation of the internal control report, including the appropriateness of the scope, procedures and results of the assessments that management presents.

- Obtain sufficient appropriate audit evidence about the results of the assessments of internal control over financial reporting in the internal control report. We are responsible for the direction, supervision and performance of the audit of the internal control report. We remain solely responsible for our audit opinion.

We communicate with Audit & Supervisory Board Members and Audit & Supervisory Board regarding, among other matters, the planned scope and timing of our audit of the internal control report, the results thereof, material weaknesses in internal control identified during our audit of internal control report, and those that were remediated.

We also provide Audit & Supervisory Board Members and Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

We do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act 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 26, 2020
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 113th fiscal year (from April 1, 2019 to March 31, 2020) 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 26, 2020
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, 2020. 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, 2020

4. Supplementary Matters

None.

5. Special Notes

None.