

## **Notes to consolidated financial statements:**

1. The Company reorganized AVC Networks Company to establish a new internal company named Connected Solutions Company as of April 1, 2017. Accordingly, AVC Networks segment is renamed as Connected Solutions segment in fiscal 2018.
2. The Company conducted an absorption-type company split to succeed the B2B solution related business of Panasonic System Networks Co., Ltd. (PSN), a wholly-owned consolidated subsidiary of Panasonic, as of April 1, 2017. Subsequently, PSN was renamed as Panasonic System Solutions Japan Co., Ltd.
3. The Company's specified subsidiary\*, SANYO Asia Pte. Ltd., has been dissolved as of April 3, 2017, as a result of an absorption-type merger with Panasonic Asia Pacific Pte. Ltd., which is the surviving company. Accordingly, SANYO Asia Pte. Ltd. is excluded from the Company's specified subsidiaries.

\* Specified subsidiaries are the subsidiaries defined in the Financial Instruments and Exchange Act of Japan.

4. In April 2017, the Company made Ficosa International S.A. (Ficosa), one of the companies under the equity method of Panasonic, a consolidated subsidiary of Panasonic, as the terms and condition for consolidation were satisfied. In July, Panasonic acquired an additional 20% of Ficosa's issued shares after going through necessary procedures. The Company currently owns 69% of the issued shares.
5. In April 2017, the Company acquired 56.66% of shares in Zetes Industries S.A. (Zetes), an European company of goods and people identification and mobility solutions businesses. (The percentage of the total number of issued shares excluding treasury shares.) With this acquisition, Zetes became a consolidated subsidiary of Panasonic. The Company then launched a mandatory takeover bid under Belgian law and came to hold more than 95% of the issued shares as of June 2017. Subsequently, Panasonic conducted a squeeze-out procedure in July 2017 and successfully completed the acquisition of 100% ownership of Zetes.
6. The Company resolved at the Board of Directors meeting held on April 21, 2017, to acquire shares of common stock of PanaHome Corporation (PanaHome) through a tender offer in accordance with the Financial Instruments and Exchange Act. The tender offer was conducted commencing on April 28 and was completed on June 13, 2017. As a result of the tender offer, ownership percentage of PanaHome shares became approximately 80.1%. Subsequently, PanaHome resolved at the extraordinary shareholders meeting held on August 31, 2017, to consolidate shares, abolish provisions relating to the share unit number and amend part of the Articles of Incorporation. Through the October 2, 2017 share consolidation, followed by the acquiring of fractional shares, the Company has made PanaHome a wholly-owned subsidiary. Shares of PanaHome have been delisted from the Tokyo Stock Exchange as of September 27, 2017.
7. Assumption for going concern : None
8. Number of consolidated subsidiaries as of December 31, 2017: 590  
Number of companies under the equity method as of December 31, 2017: 87