

Notes to consolidated financial statements:

1. The Company applied IFRS 15, "Revenue from Contracts with Customers" from April 1, 2018 using the method recognizing the cumulative effect of applying IFRS 15 at the date of initial application. Effects of applying IFRS 15 on profit/loss are insignificant. Cumulative effects of applying IFRS 15 on the opening balance of the Company's "retained earnings" at April 1, 2018 were insignificant, which are described in "Condensed Quarterly Consolidated Statements of Changes in Equity."
2. The Company conducted an incorporation-type company split on April 2, 2018, in order to transfer a part of its wholly-owned subsidiaries to Panasonic Equity Management Japan Co., Ltd. that was newly incorporated.
3. The Company resolved at the Board of Directors meeting held on December 21, 2018, to succeed the shares in, and the long-term loan claims against, Panasonic Precision Devices Co., Ltd. ("PPRD") from Panasonic Equity Management Japan Co., Ltd., which is a wholly-owned consolidated subsidiary of Panasonic, through an absorption-type company split (the "Company Split"). Consequently, PPRD will become a wholly-owned consolidated subsidiary of Panasonic. The Company has also resolved to absorb PPRD through a merger (the "Merger"). Both the Company Split and the Merger will take effect on April 1, 2019 (planned).
4. Assumption for going concern: None
5. Significant subsequent events:
The Company and certain domestic subsidiaries plan to change the retirement pension system from July 1, 2019. Specifically, regarding part of the past contributions of the defined benefit pension plan, the Company will make a transition to the defined contribution pension plan. Accordingly, the retirement benefit liabilities will be revised in the Company's consolidated accounts for the fourth quarter of fiscal 2019, and the Company plans to incur approximately 82.9 billion yen as other income in operating profit. This change will be effective upon the authorization of the Ministry of Health, Labour and Welfare.

The Company and Toyota Motor Corporation (Toyota) concluded on January 22, 2019, a business-integration contract and a joint venture contract toward the establishment of a new company (joint venture) related to the automotive prismatic battery business. Toyota and Panasonic agreed to establish this joint venture by the end of 2020, pending approval from the competition-law authorities in the countries and regions concerned. The ratio of equity participation will be 51% for Toyota and 49% for Panasonic.

6. Number of consolidated subsidiaries as of December 31, 2018: 587
Number of companies under the equity method as of December 31, 2018: 90