

## Consolidated Financial Results

### 1. Fiscal 2020 2Q ended September 30, 2019

#### A. Operating Results

	Fiscal 2020 Six Months ended Sep. 30, 2019	Fiscal 2019 Six Months ended Sep. 30, 2018	Yen (billions) Percentage 2020/2019
Net sales	3,844.4	4,008.2	96%
Operating profit	140.3	195.2	72%
Profit before income taxes	137.9	197.3	70%
Net profit attributable to Panasonic Corporation stockholders	100.9	113.6	89%

During the six months ended September 30, 2019 (fiscal 2020), the global economy saw signs of slowdown, particularly in production in the U.S. and China as well as exports from Japan and China, while the U.S. economy continued to perform favorably, in general, with stable personal spending. Furthermore, in Japan, capital investment was spurred by labor-saving related demand. Regarding the outlook for the global economy, various risk factors can be seen, such as the politics and financial circumstances in each country, increasingly widespread protectionism, and downward economic swings in emerging countries.

Under such a management environment, in fiscal 2020, as the first year of the new Mid-term strategy, the Group will execute business portfolio reform, and aim at both profit growth and profitability improvement.

In May, 2019, the Company came to an agreement with Toyota Motor Corporation to establish a joint venture related to town development business. The integration of respective housing businesses is aimed to reinforce the foundation for such housing business in the face of severe market competition, and to grow business in the field of town development, which is expected to grow in the future. In photovoltaic business, the Company reached an agreement to collaborate with GS-Solar (China) Company Ltd. in May, 2019. Through this collaboration, the Company will optimize the development and production capability. Furthermore, in August, 2019, the Company announced the reform of the business management structure from October 1, 2019. In order to clarify the management roles and responsibilities, the management structure was reorganized into a group of executive officers, who will lead the reform of the Panasonic Group's business structure for the group-wide optimization, and a business execution layer, which will lead the transformation of individual businesses for strengthening respective businesses. This

reorganization is aimed to improve profitability and secure advantages of future competitiveness for the Group and its respective businesses.

For the six months ended September 30, 2019, both sales and profit decreased.

Consolidated group sales decreased by 4% to 3,844.4 billion yen from a year ago. Domestic sales increased due mainly to favorable sales of housing-related businesses. Despite sales growth in Automotive Batteries, overseas sales decreased due mainly to sales declines in automotive-related products and electronic-component-mounting-equipment, which were impacted by deteriorating market condition in China, in addition to sluggish TV sales and the effect of exchange rates.

Operating profit decreased by 28% to 140.3 billion yen from a year ago. This is due mainly to lower sales in China, sluggish overseas TV sales, increased costs related to development expenses in Automotive Solutions in Europe and impact of gains from the sale of land in the previous year, despite favorable sales of domestic housing-related businesses. Profit before income taxes decreased by 30% to 137.9 billion yen, and net profit attributable to Panasonic Corporation stockholders decreased by 11% to 100.9 billion yen from a year ago.

## B. Breakdown by Reportable Segment

### Appliances

	Yen (billions)		
	Fiscal 2020 Second quarter	Fiscal 2019 Second quarter	Percentage 2020/2019
Sales	1,375.8	1,408.8	98%
Operating profit	52.9	61.6	86%

Sales decreased by 2% to 1,375.8 billion yen from a year ago. Despite increased sales of room air-conditioners in Asia and Europe as well as favorable sales in Commercial Refrigeration & Food Equipment in North America, overall sales decreased due to sluggish overseas sales of TVs and digital cameras. Operating profit decreased to 52.9 billion yen from a year ago due to the impact of lower sales mainly in TVs.

### Life Solutions

	Yen (billions)		
	Fiscal 2020 Second quarter	Fiscal 2019 Second quarter	Percentage 2020/2019
Sales	993.2	951.1	104%
Operating profit	41.1	22.8	181%

Sales increased by 4% to 993.2 billion yen from a year ago. This increase was driven by favorable sales in high functional products such as home-use distribution panel boards

at Energy Systems, and stable growth in products for water-related equipment and building materials at Housing Systems. Operating profit increased to 41.1 billion yen from a year ago due to increased sales and rationalization efforts.

### Connected Solutions

	Yen (billions)		
	Fiscal 2020 Second quarter	Fiscal 2019 Second quarter	Percentage 2020/2019
Sales	518.6	549.1	94%
Operating profit	36.3	51.8	70%

Sales decreased by 6% to 518.6 billion yen from a year ago. This is due to sales declines at Process Automation which was impacted by postponed investment resulting from weak market conditions in China as well as sales declines at Avionics which was impacted by held back investments by certain airline companies, while sales increased at Mobile Solutions due to favorable domestic sales in PCs. Operating profit decreased to 36.3 billion yen from a year ago. This is largely due to lower sales mainly at Process Automation.

### Automotive

	Yen (billions)		
	Fiscal 2020 Second quarter	Fiscal 2019 Second quarter	Percentage 2020/2019
Sales	747.2	725.8	103%
Operating profit	(22.7)	(8.6)	–

Sales increased by 3% to 747.2 billion yen from a year ago. Overall sales increased due to the effect of investments for capacity expansion at Automotive Batteries, while sales decreased at Automotive Solutions due to impact of deteriorating market conditions in China. Operating profit was a loss of 22.7 billion yen due mainly to an increase in costs related to development expenses at Automotive Solutions despite profit increases at Automotive Batteries.

### Industrial Solutions

	Yen (billions)		
	Fiscal 2020 Second quarter	Fiscal 2019 Second quarter	Percentage 2020/2019
Sales	657.9	731.8	90%
Operating profit	16.4	37.5	44%

Sales decreased by 10% to 657.9 billion yen from a year ago. This was due mainly to decreased sales of portable rechargeable batteries resulting from strategically reducing ICT-usage, sluggish sales in FA sensors and motors, which were impacted by weakening demand for capital investments in China, and sales declines mainly in capacitors, which were impacted by deteriorating overseas market conditions. Operating profit decreased to 16.4 billion yen from a year ago, since fixed-cost reductions and materials rationalization were unable to offset impact of lower sales.

### C. Consolidated Financial Condition

Net cash provided by operating activities for the second quarter ended September 30, 2019, amounted to 142.6 billion yen, compared with an inflow of 31.4 billion yen a year ago. This was due mainly to improved working capital and payment of one-off legal costs a year ago, in addition to impact of applying IFRS 16, "Leases" from April 1, 2019 (for further details, please refer to Note 1. of "Notes" section). Net cash used in investing activities amounted to 124.0 billion yen, compared with an outflow of 115.1 billion yen a year ago. This was due mainly to decreased collection of lease receivable, while purchase of property, plant and equipment decreased by an increase of account payable-facility. Accordingly, free cash flow (net cash provided by operating activities and investing activities) improved by 102.3 billion yen from a year ago to an inflow of 18.6 billion yen. Net cash provided by financing activities amounted to 67.0 billion yen, compared with an inflow of 34.4 billion yen a year ago. This was due mainly to the issuance of U.S. dollar-denominated senior notes totalling approximately 270.0 billion yen despite a decreased balance of short-term bonds and the impact of applying IFRS 16. Taking factors such as exchange fluctuations into consideration, cash and cash equivalents totaled 822.0 billion yen as of September 30, 2019, increased by 49.7 billion yen, compared with March 31, 2019.

The Company's consolidated total assets of September 30, 2019 were 6,626.2 billion yen, an increase of 612.3 billion yen from March 31, 2019. The Company's consolidated liabilities were 4,600.8 billion yen, an increase of 671.5 billion yen from March 31, 2019. These were due mainly to an increase of right-of-use-assets, investment properties and lease liabilities, by applying IFRS 16. Panasonic Corporation stockholders' equity decreased by 47.1 billion yen to 1,866.4 billion yen, compared to March 31, 2019. This was due to deteriorated quarterly comprehensive income by the appreciation of the yen. With non-controlling interests added to Panasonic Corporation stockholders' equity, total equity was 2,025.4 billion yen.

### 2. Interim and Year-end Dividends

In line with the dividends forecasts announced on August 30, 2019, the Board of Directors of the Company resolved today to distribute an interim cash dividend of 15 yen

per share to shareholders of record as of September 30, 2019, payable November 29, 2019. The year-end dividend has not yet been decided.

### **3. Forecasts for fiscal 2020**

For the consolidated financial forecasts for fiscal 2020, the sales forecast, announced on May 9, 2019, is revised due mainly to revision of assumed exchange rates toward appreciation of the yen. Operating profit, profit before income taxes and net profit attributable to Panasonic Corporation stockholders remain unchanged from the initial forecasts.

The revised forecasts for fiscal 2020 (from April 1, 2019 to March 31, 2020)

	Net Sales	Operating profit	Profit before income taxes	Net profit attributable to Panasonic Corporation stockholders	Yen (billions) Earnings per share attributable to Panasonic Corporation stockholders, basic
Previous forecasts announced on May 9, 2019 (A)	7,900.0	300.0	290.0	200.0	85.75 yen
Revised forecasts (B)	7,700.0	300.0	290.0	200.0	85.75 yen
Difference (B-A)	(200.0)	—	—	—	
Difference (%)	(2.5)%	—	—	—	
(Reference) Financial Results for fiscal 2019	8,002.7	411.5	416.5	284.1	121.83 yen

### **Disclaimer Regarding Forward-Looking Statements**

This press release includes forward-looking statements about Panasonic and its Group companies (the Panasonic Group). To the extent that statements in this press release 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 press release. 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.