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Panasonic Holdings Corporation Reports Fiscal 2022 Annual Results

Osaka, Japan, May 11, 2022 -- Panasonic Holdings Corporation [TSE:6752] (former Panasonic Corporation hereinafter referred to as “the Company”) today reported its consolidated financial results for the year ended March 31, 2022 (fiscal 2022). The Company also reported its parent-alone financial results for fiscal 2022.

Summary

1. Consolidated Financial Results

Yen (billions)

| | Fiscal 2022 ended March 31, 2022 | Fiscal 2021 ended March 31, 2021 | Percentage 2022/2021 |
|--|-------------------------------------|-------------------------------------|-------------------------|
| Net sales | 7,388.8 | 6,698.8 | 110 % |
| Domestic | 3,189.5 | 3,113.3 | 102 % |
| Overseas | 4,199.3 | 3,585.5 | 117 % |
| Operating profit | 357.5 4.8 % | 258.6 3.9 % | 138 % |
| Profit before income taxes | 360.4 4.9 % | 260.8 3.9 % | 138 % |
| Net profit | 265.4 3.6 % | 183.9 2.7 % | 144 % |
| Net profit attributable to Panasonic Corporation stockholders | 255.3 3.5 % | 165.1 2.5 % | 155 % |
| Earnings per share attributable to Panasonic Corporation stockholders | | | |
| Basic | 109.41 yen | 70.75 yen | 38.66 yen |
| Diluted | 109.37 yen | 70.72 yen | 38.65 yen |

- Notes: 1. The Company's consolidated financial statements are prepared in conformity with International Financial Reporting Standards (IFRS).
2. Number of consolidated companies: 532 (including parent company)
Number of companies under the equity method: 67
3. One American depositary shares (ADS) represents one share of common share. Earnings per share attributable to Panasonic Corporation (current Panasonic Holdings Corporation) stockholders per ADS is the same amount as Earnings per share attributable to Panasonic Corporation stockholders.

2. Parent-Alone Financial Results

Yen (billions)

| | Fiscal 2022 ended March 31, 2022 | Fiscal 2021 ended March 31, 2021 | Percentage 2022/2021 |
|---|-------------------------------------|-------------------------------------|-------------------------|
| Net sales | 2,756.0 | 3,812.6 | 72 % |
| Domestic | 2,074.2 | 2,657.7 | 78 % |
| Export | 681.8 | 1,154.9 | 59 % |
| Operating profit | 66.3 2.4 % | 36.0 0.9 % | 184 % |
| Recurring profit | 126.9 4.6 % | 137.1 3.6 % | 93 % |
| Net income | 86.6 3.1 % | 78.8 2.1 % | 110 % |
| Net income, basic per common share | 37.10 yen | 33.77 yen | 3.33 yen |
| Net income, diluted per common share | 37.08 yen | 33.75 yen | 3.33 yen |

Consolidated Financial Results

1. Fiscal 2022 ended March 31, 2022

A. Operating Results

| | Yen (billions) | | |
|---|----------------|-------------|-------------------------|
| | Fiscal 2022 | Fiscal 2021 | Percentage 2022/2021 |
| Net sales | 7,388.8 | 6,698.8 | 110% |
| Operating profit | 357.5 | 258.6 | 138% |
| Profit before income taxes | 360.4 | 260.8 | 138% |
| Net profit attributable to Panasonic Corporation stockholders | 255.3 | 165.1 | 155% |

During the year ended March 31, 2022 (fiscal 2022), the global economy saw progress in economic recovery with the backdrop of factors such as the ongoing COVID-19 vaccination roll-out. However, the economic outlook remained unclear due to the impact of new COVID-19 variants. In addition, price surges in raw materials and logistics costs as well as shortage of parts & components were constant negative factors for the economy throughout the year. Furthermore, in the second half of the fiscal year, such factors as accelerating inflation and increasing geopolitical risks led to concerns about economic downturn.

Under such management conditions, the Company continued to control fixed costs according to business conditions and to make efforts to capture new business opportunities reflecting changes in society brought about by COVID-19. Through all these efforts, the Company continued to enhance its management structure in the final year of the Mid-term strategy that started in fiscal 2020. Additionally, in all of our businesses, the Company identified the areas in which the Company should be aggressive and thoroughly enhanced the competitiveness in these areas.

More specifically, with regard to the investment for growth, in the gemba (operational frontlines) process business, the Company completed its acquisition of the 80% of shares of the U.S. company Blue Yonder Holding, Inc. ("Blue Yonder"), which is one of the leading global providers of specialized supply chain software. As a result, the Company made Blue Yonder a wholly-owned subsidiary, together with the 20% of its shares acquired in July 2020. The Company aims to create new value by combining Blue Yonder's software platform, which offers state-of-the-art artificial intelligence (AI) and machine learning (ML) capabilities, with the Company's manufacturing expertise, which has been cultivated over many years, as well as its edge devices, IoT applications, and sensing technologies. This acquisition will accelerate the Company's and Blue Yonder's shared vision for an "Autonomous Supply Chain™" and will provide solutions to customers' management issues.

In addition, The Company aims to contribute to global environmental conservation and to a sustainable society through energy-use reduction and effective utilization of resources.

In October 2021, the Company terminated the former Divisional Company system and substantially started its operations based on the new structure toward the transition to a new organizational system with the Company serving as a holding company (Panasonic Holdings Corporation) from April 2022. Under the new structure, the Company continued to execute steadily the Mid-term strategy and prepare for the smooth operation of each operating company.

The Company's consolidated group sales for fiscal 2022 increased by 10% to 7,388.8 billion yen from a year ago. Domestic sales increased due to favorable sales of products for industrial use as well as information- and communication-use products. Overseas sales also increased due mainly to increased sales of automotive batteries and mounting machines with growing demand as well as the effect of new consolidation of Blue Yonder.

Operating profit increased by 38% to 357.5 billion yen from a year ago. This is due mainly to increased sales, efforts in price revisions as well as a recognized gain from the re-evaluation of the existing equity in Blue Yonder, despite the impact of raw material price hikes and other factors. Profit before income taxes increased by 38% to 360.4 billion yen and Net profit attributable to Panasonic Corporation stockholders increased by 55% to 255.3 billion yen from a year ago.

B. Breakdown by Reportable Segment

Lifestyle

| | Yen (billions) | | |
|------------------|----------------|-------------|-------------------------|
| | Fiscal 2022 | Fiscal 2021 | Percentage 2022/2021 |
| Sales | 3,647.6 | 3,548.9 | 103% |
| Operating profit | 113.6 | 166.9 | 68% |

Sales increased by 3% to 3,647.6 billion yen from a year ago. Overall sales increased due mainly to favorable sales of personal-care products, washing machines and refrigerators in China, favorable sales of air to water heat pump system in Europe as well as the effect of exchange rates, despite decreased sales of products such as room air-conditioners in Japan. Operating profit decreased to 113.6 billion yen from a year ago due mainly to decreased sales of consumer electronics in Japan, the impact of raw material price hikes and increased shipping costs, despite increased sales in China and Europe.

Automotive

| | Yen (billions) | | |
|-------------------------|----------------|-------------|-------------------------|
| | Fiscal 2022 | Fiscal 2021 | Percentage 2022/2021 |
| Sales | 1,067.1 | 1,017.1 | 105% |
| Operating profit (loss) | 1.3 | (11.8) | — |

Sales increased by 5% to 1,067.1 billion yen from a year ago. This is due to the rebound effect of reduced automotive production in the first half of the previous year as well as the effect of exchange rates. Operating profit increased to 1.3 billion yen from a year ago. This is due to the effect of fix cost reduction efforts and the impact of temporary expenses related to onboard charging systems in the previous year, despite the impact of price hikes in parts & components including semiconductor as well as increased shipping costs.

Connect

| | Yen (billions) | | |
|-------------------------|----------------|-------------|-------------------------|
| | Fiscal 2022 | Fiscal 2021 | Percentage 2022/2021 |
| Sales | 924.9 | 818.0 | 113% |
| Operating profit (loss) | 51.7 | (20.0) | — |

Sales increased by 13% to 924.9 billion yen from a year ago. This is due to increased sales of mounting machine with growing PC and server related demand as well as increased sales of projectors reflecting a market recovery trend mainly in the U.S. and Europe. Operating profit increased to 51.7 billion yen from a year ago. This is due mainly to

increased sales of mounting machines and projectors as well as a recognized gain from the re-evaluation of the existing equity in Blue Yonder upon its consolidation into the Company.

Industry

| | Yen (billions) | | |
|------------------|----------------|-------------|-------------------------|
| | Fiscal 2022 | Fiscal 2021 | Percentage 2022/2021 |
| Sales | 1,131.4 | 984.6 | 115% |
| Operating profit | 83.2 | 40.7 | 205% |

Sales increased by 15% to 1,131.4 billion yen from a year ago. This is due mainly to increased sales of industrial-use motors, relays as well as capacitors for use in information & communication infrastructure and automotive, despite the impact of raw material price hikes and semiconductor shortages. Operating profit increased to 83.2 billion yen from a year ago. This is due mainly to increased sales of capacitors for information & communication infrastructure and automotive use, industrial-use motors, power supply equipment and relays as well as the effect of rationalization including productivity improvement, despite the impact of factors such as raw material price hikes and semiconductor shortages.

Energy

| | Yen (billions) | | |
|------------------|----------------|-------------|-------------------------|
| | Fiscal 2022 | Fiscal 2021 | Percentage 2022/2021 |
| Sales | 764.4 | 600.0 | 127% |
| Operating profit | 64.2 | 33.5 | 192% |

Sales increased by 27% to 764.4 billion yen from a year ago. This is due to increased sales of automotive batteries and power storage systems with significant growing demand for EVs globally as well as growing demand for IoT and social infrastructure use. Operating profit increased to 64.2 billion yen from a year ago. This is due to increased sales of automotive batteries and power storage systems as well as the effect of material rationalization, despite an increase in fixed costs related to capacity expansion and the impact of raw material price hikes.

Other (Other business activities which are not included in the reportable segments)

| | Yen (billions) | | |
|------------------|----------------|-------------|-------------------------|
| | Fiscal 2022 | Fiscal 2021 | Percentage 2022/2021 |
| Sales | 1,048.8 | 975.9 | 107% |
| Operating profit | 17.7 | 9.0 | 198% |

Sales increased by 7% to 1,048.8 billion yen from a year ago due to steady sales of housing related products. Operating profit increased to 17.7 billion yen from a year ago.

C. Consolidated Financial Condition

Net cash provided by operating activities for fiscal 2022, amounted to 252.6 billion yen, compared with an inflow of 504.0 billion yen a year ago. This is due mainly to an increase in inventories as well as an increase in payment for income taxes, despite an increase in net profit.

Net cash used in investing activities amounted to 796.1 billion yen, compared with an inflow of 176.6 billion yen a year ago. This is due mainly to investment related to the consolidation of Blue Yonder as well as one-off proceeds from the transfer of assets and others in the previous year.

Accordingly, free cash flows (net cash provided by operating activities and investment activities) decreased by 1,224.1 billion yen from a year ago to an outflow of 543.5 billion yen.

Net cash provided by financial activities amounted to 58.9 billion yen, compared with an outflow of 177.7 billion yen a year ago. This is due mainly to the issuance of hybrid bonds, despite the repayment of interest-bearing debt of Blue Yonder.

Taking factors such as exchange fluctuations into consideration, cash and cash equivalent totaled 1,205.9 billion yen as of March 31, 2022, which is a decrease of 387.3 billion yen from March 31, 2021.

The Company's consolidated total assets of March 31, 2022 were 8,023.6 billion yen, an increase of 1,176.5 billion yen from March 31, 2021. This is due mainly to an increase in inventories and the consolidation of Blue Yonder.

The Company's consolidated total liabilities were 4,676.4 billion yen, an increase of 597.8 billion yen from March 31, 2021. This is due mainly to the issuance of hybrid bonds. Panasonic Corporation stockholders' equity increased by 570.9 billion yen to 3,165.0 billion yen, compared with March 31, 2021. This is due mainly to recording of Net profit attributable to Panasonic Corporation stockholders and Other comprehensive income. With non-controlling interests added to Panasonic Corporation stockholders' equity, total equity was 3,347.2 billion yen.

2. Forecasts for fiscal 2023

For the consolidated financial forecast for fiscal 2023 as of May 11, 2022, net sales is expected to increase due mainly to market recovery in the automobile and aviation industries as well as growing demand for automotive batteries.

Profit and Net profit attributable to Panasonic Holdings Corporation stockholders are expected to increase due mainly to increased sales of the above mentioned businesses and the effect of measures such as price revisions, despite deteriorating management environment including material price hikes.

| | | |
|---|---------------------|-----------------------|
| Net sales: | 7,900.0 billion yen | (107% vs fiscal 2022) |
| Operating profit: | 360.0 billion yen | (101% vs fiscal 2022) |
| Profit before income taxes: | 360.0 billion yen | (100% vs fiscal 2022) |
| Net profit attributable to Panasonic Holdings Corporation stockholders: | 260.0 billion yen | (102% vs fiscal 2022) |
| (Reference) | | |
| Adjusted operating profit | 380.0 billion yen | (106% vs fiscal 2022) |

Note: Adjusted operating profit is calculated by subtracting cost of sales and selling, general and administrative expenses from sales.

3. Basic Policy on Appropriation of Retained Earnings

Since its foundation, the Company has managed its business, recognizing that returning profits to shareholders is one of its most important policies. From the perspective of return on the capital investment made by shareholders, the Company, in principle, distributes profits to shareholders based on its business performance and strives for stable and continuous dividend payments. We target a dividend payout ratio of approximately 30% with respect to consolidated Net profit attributable to Panasonic Holdings Corporation stockholders. Regarding the repurchase of treasury stock, the Company fundamentally repurchases its own shares where appropriate, while comprehensively taking into consideration strategic investments and its financial condition to increase shareholder value per share and return on capital.

For fiscal 2022, Net profit attributable to Panasonic Corporation stockholders increased. Reflecting these operating results, in view of this basic policy as well as its current financial position, the Company expects to pay an annual dividend of 30 yen per share for fiscal 2022, which includes the interim dividend of 15 yen per share paid on November 30, 2021 and a year-end dividend of 15 yen per share, payable June 2, 2022. In fiscal 2021, the Company did not repurchase its treasury stock except for acquiring shares of less than one trading unit and other minor transactions.

Basic Policy of Adopting of Financial Reporting Standards

The Company has voluntarily adopted International Financial Reporting Standards (IFRS).

The Company is striving to increase its corporate value by adapting unified group accounting rules for improvement of management quality and enhancement of corporate governance.

Disclaimer Regarding Forward-Looking Statements

This press release includes forward-looking statements about Panasonic Holdings Corporation (Panasonic HD) 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 HD 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 HD 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 the spread of the novel coronavirus infections may adversely affect business activities of the Panasonic Group; 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 Group'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 Group highly depends on in BtoB business areas; the possibility of not achieving expected benefits in connection with the transition to a new organizational system in which Panasonic is a holding company; 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 HD's securities reports under the FIEA and any other documents which are disclosed on its website.

Consolidated Statements of Financial Position

| | March 31, 2022 | March 31, 2021 | Yen (millions) Difference |
|--|------------------|------------------|------------------------------|
| Current assets: | 4,031,197 | 3,922,747 | 108,450 |
| Cash and cash equivalents | 1,205,873 | 1,593,224 | (387,351) |
| Trade receivables and contract assets | 1,324,618 | 1,194,391 | 130,227 |
| Other financial assets | 210,633 | 149,629 | 61,004 |
| Inventories | 1,132,664 | 832,569 | 300,095 |
| Other current assets | 157,409 | 152,934 | 4,475 |
| Non-current assets: | 3,992,386 | 2,924,326 | 1,068,060 |
| Investments accounted for using the equity method | 403,201 | 455,960 | (52,759) |
| Other financial assets | 213,024 | 231,024 | (18,000) |
| Property, plant and equipment | 1,115,346 | 1,061,614 | 53,732 |
| Right-of-use assets | 257,706 | 249,954 | 7,752 |
| Other non-current assets | 2,003,109 | 925,774 | 1,077,335 |
| Total assets | 8,023,583 | 6,847,073 | 1,176,510 |
| Current liabilities: | 3,065,464 | 2,804,328 | 261,136 |
| Short-term debt, including current portion of long-term debt | 432,897 | 309,790 | 123,107 |
| Lease liabilities | 60,515 | 59,346 | 1,169 |
| Trade payables | 1,163,578 | 1,045,617 | 117,961 |
| Other payables and accrued expenses | 500,601 | 480,625 | 19,976 |
| Other financial liabilities | 160,534 | 157,367 | 3,167 |
| Other current liabilities | 747,339 | 751,583 | (4,244) |
| Non-current liabilities: | 1,610,948 | 1,274,243 | 336,705 |
| Long-term debt | 1,197,706 | 879,728 | 317,978 |
| Lease liabilities | 206,166 | 198,559 | 7,607 |
| Other non-current liabilities | 207,076 | 195,956 | 11,120 |
| Total liabilities | 4,676,412 | 4,078,571 | 597,841 |
| Panasonic Corporation stockholders' equity: | 3,164,962 | 2,594,034 | 570,928 |
| Common stock | 259,168 | 258,981 | 187 |
| Capital surplus | 525,554 | 529,157 | (3,603) |
| Retained earnings | 2,387,283 | 2,154,023 | 233,260 |
| Other components of equity | 202,227 | (138,370) | 340,597 |
| Treasury stock | (209,270) | (209,757) | 487 |
| Non-controlling interests | 182,209 | 174,468 | 7,741 |
| Total equity | 3,347,171 | 2,768,502 | 578,669 |
| Total liabilities and equity | 8,023,583 | 6,847,073 | 1,176,510 |

Notes: 1. Common stock increased resulting from issuance of new shares as restricted stock compensation.

2. Other components of equity breakdown:

| | March 31, 2022 | March 31, 2021 | Yen (millions) Difference |
|--|----------------|----------------|------------------------------|
| Remeasurements of defined benefit plans* | — | — | — |
| Financial assets measured at fair value through other comprehensive income | 30,659 | 34,832 | (4,173) |
| Exchange differences on translation of foreign operations | 171,240 | (179,860) | 351,100 |
| Net change in fair value of cash flow hedges | 328 | 6,658 | (6,330) |

* Remeasurements of defined benefit plans is directly transferred to Retained earnings from Other components of equity.

**Consolidated Statements of Profit or Loss and
Consolidated Statements of Comprehensive Income**

Consolidated Statements of Profit or Loss

Yen (millions)

| | Fiscal 2022 ended March 31, 2022 | | Fiscal 2021 ended March 31, 2021 | | Percentage 2022/2021 |
|--|-------------------------------------|-------------|-------------------------------------|-------------|-------------------------|
| | | % | | % | % |
| Net sales | 7,388,791 | 100.0 | 6,698,794 | 100.0 | 110 |
| Cost of sales | (5,306,580) | (71.8) | (4,723,943) | (70.5) | |
| Gross profit | 2,082,211 | 28.2 | 1,974,851 | 29.5 | 105 |
| Selling, general and administrative expenses | (1,724,511) | (23.4) | (1,667,696) | (24.9) | |
| Share of profit (loss) of investments accounted for using the equity method | (12,637) | (0.2) | (20,753) | (0.3) | |
| Other income (expenses), net | 12,463 | 0.2 | (27,802) | (0.4) | |
| Operating profit | 357,526 | 4.8 | 258,600 | 3.9 | 138 |
| Finance income | 22,128 | 0.3 | 20,846 | 0.3 | |
| Finance expenses | (19,259) | (0.2) | (18,626) | (0.3) | |
| Profit before income taxes | 360,395 | 4.9 | 260,820 | 3.9 | 138 |
| Income taxes | (94,957) | (1.3) | (76,926) | (1.2) | |
| Net profit | 265,438 | 3.6 | 183,894 | 2.7 | 144 |
| Net profit attributable to: | | | | | |
| Panasonic Corporation stockholders | 255,334 | 3.5 | 165,077 | 2.5 | 155 |
| Non-controlling interests | 10,104 | 0.1 | 18,817 | 0.2 | 54 |

| | | | | |
|------------------------|---------|-------------|---------|-------------|
| Notes: 1. Depreciation | 180,877 | million yen | 179,394 | million yen |
| 2. Capital investment | 237,134 | million yen | 231,029 | million yen |
| 3. R&D expenditures | 419,807 | million yen | 419,764 | million yen |
| 4. Number of employees | 240,198 | | 243,540 | |

Consolidated Statements of Comprehensive Income

| | Yen (millions) | | |
|---|-------------------------------------|-------------------------------------|-------------------------|
| | Fiscal 2022 ended March 31, 2022 | Fiscal 2021 ended March 31, 2021 | Percentage 2022/2021 |
| Net Profit | 265,438 | 183,894 | % 144 |
| Other comprehensive income | | | |
| Items that will not be reclassified to profit or loss: | | | |
| Remeasurements of defined benefit plans | 31,942 | 83,822 | |
| Financial assets measured at fair value through other comprehensive income | 4,266 | 296,241 | |
| Subtotal | 36,208 | 380,063 | |
| Items that may be reclassified to profit or loss: | | | |
| Exchange differences on translation of foreign operations | 365,989 | 124,023 | |
| Net change in fair value of cash flow hedges | (8,043) | (1,381) | |
| Subtotal | 357,946 | 122,642 | |
| Total other comprehensive income (loss) | 394,154 | 502,705 | |
| Comprehensive income | 659,592 | 686,599 | 96 |
| Comprehensive income attributable to : | | | |
| Panasonic Corporation stockholders | 630,527 | 655,352 | 96 |
| Non-controlling interests | 29,065 | 31,247 | 93 |

Consolidated Statements of Changes in Equity

Yen (millions)

| Fiscal 2022 ended March 31, 2022 | Common stock | Capital surplus | Retained earnings | Other components of equity | Treasury stock | Panasonic Corporation stockholders' equity | Non- controlling interests | Total equity |
|---|-----------------|--------------------|----------------------|----------------------------------|-------------------|---|----------------------------------|--------------|
| Balances as of April 1, 2021 | 258,981 | 529,157 | 2,154,023 | (138,370) | (209,757) | 2,594,034 | 174,468 | 2,768,502 |
| Comprehensive income: | | | | | | | | |
| Net profit | — | — | 255,334 | — | — | 255,334 | 10,104 | 265,438 |
| Remeasurements of defined benefit plans | — | — | — | 31,875 | — | 31,875 | 67 | 31,942 |
| Financial assets measured at fair value through other comprehensive income | — | — | — | 217 | — | 217 | 4,049 | 4,266 |
| Exchange differences on translation of foreign operations | — | — | — | 351,100 | — | 351,100 | 14,889 | 365,989 |
| Net change in fair value of cash flow hedges | — | — | — | (7,999) | — | (7,999) | (44) | (8,043) |
| Total comprehensive income | — | — | 255,334 | 375,193 | — | 630,527 | 29,065 | 659,592 |
| Transfer from other components of equity to retained earning | — | — | 36,265 | (36,265) | — | — | — | — |
| Cash dividends | — | — | (58,339) | — | — | (58,339) | (20,332) | (78,671) |
| Changes in treasury stock | — | (0) | — | — | (43) | (43) | — | (43) |
| Share-based payment transactions | 187 | (361) | — | — | 530 | 356 | — | 356 |
| Transactions with non-controlling interests and other | — | (3,242) | — | 1,669 | — | (1,573) | (992) | (2,565) |
| Balances as of March 31, 2022 | 259,168 | 525,554 | 2,387,283 | 202,227 | (209,270) | 3,164,962 | 182,209 | 3,347,171 |

Yen (millions)

| Fiscal 2021 ended March 31, 2021 | Common stock | Capital surplus | Retained earnings | Other components of equity | Treasury stock | Panasonic Corporation stockholders' equity | Non- controlling interests | Total equity |
|---|-----------------|--------------------|----------------------|----------------------------------|-------------------|---|----------------------------------|--------------|
| Balances as of April 1, 2020 | 258,867 | 531,048 | 1,646,403 | (227,957) | (210,012) | 1,998,349 | 157,519 | 2,155,868 |
| Comprehensive income: | | | | | | | | |
| Net profit | — | — | 165,077 | — | — | 165,077 | 18,817 | 183,894 |
| Remeasurements of defined benefit plans | — | — | — | 82,817 | — | 82,817 | 1,005 | 83,822 |
| Financial assets measured at fair value through other comprehensive income | — | — | — | 295,091 | — | 295,091 | 1,150 | 296,241 |
| Exchange differences on translation of foreign operations | — | — | — | 113,773 | — | 113,773 | 10,250 | 124,023 |
| Net change in fair value of cash flow hedges | — | — | — | (1,406) | — | (1,406) | 25 | (1,381) |
| Total comprehensive income | — | — | 165,077 | 490,275 | — | 655,352 | 31,247 | 686,599 |
| Transfer from other components of equity to retained earning | — | — | 400,870 | (400,870) | — | — | — | — |
| Cash dividends | — | — | (58,327) | — | — | (58,327) | (14,615) | (72,942) |
| Changes in treasury stock | — | (2) | — | — | (39) | (41) | — | (41) |
| Share-based payment transactions | 114 | (178) | — | — | 294 | 230 | — | 230 |
| Transactions with non-controlling interests and other | — | (1,711) | — | 182 | — | (1,529) | 317 | (1,212) |
| Balances as of March 31, 2021 | 258,981 | 529,157 | 2,154,023 | (138,370) | (209,757) | 2,594,034 | 174,468 | 2,768,502 |

Consolidated Statements of Cash Flows

Yen (millions)

| | Fiscal 2022 ended March 31, 2022 | Fiscal 2021 ended March 31, 2021 |
|---|-------------------------------------|-------------------------------------|
| <u>Cash flows from operating activities</u> | | |
| Net profit | 265,438 | 183,894 |
| Adjustments to reconcile net profit to net cash provided by operating activities | | |
| Depreciation and amortization | 339,148 | 317,572 |
| (Increase) decrease in trade receivables and contract assets | (53,848) | (122,797) |
| (Increase) decrease in inventories | (225,928) | (21,173) |
| Increase (decrease) in trade payables | 76,811 | 62,987 |
| Other | (148,991) | 83,555 |
| Net cash provided by operating activities | 252,630 | 504,038 |
| <u>Cash flows from investing activities</u> | | |
| Purchase of property, plant and equipment | (233,967) | (231,118) |
| Proceeds from sale of property, plant and equipment | 62,776 | 20,370 |
| Purchase of investments accounted for using the equity method and other financial assets | (37,239) | (115,028) |
| Proceeds from sale and redemption of investments accounted for using the equity method and other financial assets | 31,143 | 429,905 |
| Other | (618,862) | 72,467 |
| Net cash provided by (used in) investing activities | (796,149) | 176,596 |
| <u>Cash flows from financing activities</u> | | |
| Increase (decrease) in short-term debt | 101,539 | (205,401) |
| Increase (decrease) in long-term debt | 48,779 | 108,963 |
| Dividends paid to Panasonic Corporation stockholders | (58,339) | (58,327) |
| Dividends paid to non-controlling interests | (20,332) | (14,615) |
| (Increase) decrease in treasury stock | (43) | (41) |
| Other | (12,694) | (8,283) |
| Net cash provided by (used in) financing activities | 58,910 | (177,704) |
| Effect of exchange rate changes on cash and cash equivalents, and other | 97,258 | 73,790 |
| Net increase (decrease) in cash and cash equivalents | (387,351) | 576,720 |
| Cash and cash equivalents at beginning of period | 1,593,224 | 1,016,504 |
| Cash and cash equivalents at the end of the period | 1,205,873 | 1,593,224 |

Notes to consolidated financial statements:

1. Per share data (Years ended March 31)

| | Fiscal 2022 | Fiscal 2021 |
|---|---------------|---------------|
| Net profit attributable to Panasonic Corporation stockholders (millions of yen) | 255,334 | 165,077 |
| Average common shares outstanding (number of shares) | 2,333,538,585 | 2,333,127,719 |
| Earnings per share attributable to Panasonic Corporation stockholders: | | |
| Basic | 109.41 yen | 70.75 yen |
| Diluted | 109.37 yen | 70.72 yen |

2. The Board of Directors of the Company resolved on May 31, 2021 the transition to a holding company system through absorption-type company split, which took effect on April 1, 2022 as well as entered into absorption-type company split agreements with each of nine succeeding companies.
3. The Company completed, on September 16, 2021 (in U.S. time), an additional acquisition of the remaining 80% of shares in Blue Yonder Holding, Inc. ("Blue Yonder"), which was a company under the equity method. Accordingly, with the 20% of shares the Company acquired in July 2020, the Company completed its acquisition of Blue Yonder. The consideration value related to the additional acquisition of 80% of shares including USD 1.42 billion of net interest-bearing debt of Blue Yonder amounted to USD 7.09 billion (777.8 billion yen). The total consideration value for acquiring all shares, by combining USD 0.81 billion (87.3 billion yen) for the 20% of shares that the Company acquired in July 2020 to the additional acquisition value, amounted to USD 7.9 billion (865.1 billion yen).
Furthermore, upon its additional acquisition, the Company re-evaluated the value of the existing 20% of shares and recognized a gain of 58.3 billion yen in other income.
4. The Company issued a total of 400.0 billion yen of public offering of hybrid bonds (subordinated bonds) on October 14, 2021. Upon the above acquisition (please see Note 3. of "Note" section), the capital for the acquisition was funded by reserved cash and a bridge loan. All of the cash raised from the bonds were used to repay the bridge loan.
5. Assumption for going concern: None
6. Significant subsequent events: None
7. Number of consolidated subsidiaries as of March 31, 2022: 531
Number of entities accounted for using the equity method as of March 31, 2022: 67

Information by Segment

Yen (billions)

| | Fiscal 2022 ended March 31, 2022 | | | | | Fiscal 2021 ended March 31, 2021 | | |
|------------------------------|-------------------------------------|-------|------------------|------------|-------|-------------------------------------|-------------------------|------------|
| | Sales | 22/21 | Operating Profit | % of Sales | 22/21 | Sales | Operating Profit (Loss) | % of Sales |
| Reportable Segments: | | % | | % | % | | | % |
| Lifestyle | 3,647.6 | 103 | 113.6 | 3.1 | 68 | 3,548.9 | 166.9 | 4.7 |
| Automotive | 1,067.1 | 105 | 1.3 | 0.1 | — | 1,017.1 | (11.8) | (1.2) |
| Connect | 924.9 | 113 | 51.7 | 5.6 | — | 818.0 | (20.0) | (2.4) |
| Industry | 1,131.4 | 115 | 83.2 | 7.4 | 205 | 984.6 | 40.7 | 4.1 |
| Energy | 764.4 | 127 | 64.2 | 8.4 | 192 | 600.0 | 33.5 | 5.6 |
| Subtotal | 7,535.4 | 108 | 314.0 | 4.2 | 150 | 6,968.6 | 209.3 | 3.0 |
| Other | 1,048.8 | 107 | 17.7 | 1.7 | 198 | 975.9 | 9.0 | 0.9 |
| Eliminations and adjustments | (1,195.4) | — | 25.8 | — | — | (1,245.7) | 40.3 | — |
| Total | 7,388.8 | 110 | 357.5 | 4.8 | 138 | 6,698.8 | 258.6 | 3.9 |

Notes: 1. The Panasonic Group divides its reportable segments into the following five segments, "Lifestyle," "Automotive," "Connect," "Industry" and "Energy."

"Other" includes operating segments which are not included in the above mentioned reportable segments and other business activities, such as Entertainment & Communication, Housing and sales of raw materials.

2. The figures in "Eliminations and adjustments" include revenue and expenses which are not attributable to any segments for the purpose of evaluating operating results of each segment, consolidation adjustments and eliminations of intersegment transactions.

3. The Company changed its reportable segments upon the reorganization of the group structure on October 1, 2021.

- "Lifestyle" is based on the previous segments of "Appliances" and "Life Solutions."
- "Automotive" is comprised of Automotive Solutions from the previous "Automotive" segment.
- "Connect" is transferred from the previous "Connected Solutions" segment.
- "Industry" is comprised of Electromechanical Control Business Division, Industrial Device Business Division, Device Solutions Business Division, and Electronic Materials Business Division from the previous "Industrial Solutions" segment.
- "Energy" is comprised of Automotive Batteries from the previous "Automotive" segment and Energy Solutions Business Division and Energy Device Business Division from the previous "Industrial Solutions" segment.
- The figures for segment information in fiscal 2021 and the first half of fiscal 2022 have been reclassified to conform to the presentation as of October 1, 2021.