

[English summary with full translation of consolidated financial information]

**Quarterly Report filed with the Japanese government
pursuant to the Financial Instruments and Exchange
Law of Japan**

**For the nine months ended
December 31, 2018**

**Panasonic Corporation
Osaka, Japan**

CONTENTS

Page

Disclaimer Regarding Forward-Looking Statements -----	1
I Corporate Information -----	2
(1) Consolidated Financial Summary -----	2
(2) Principal Businesses -----	3
II The Business Overview -----	4
1. Risk Factors-----	4
2. Management Analysis of Consolidated Financial Position, Operating Results and Cash Flows-----	4
(1) Operating Results -----	4
(2) Operating Results by Segment -----	5
(3) Consolidated Financial Conditions -----	6
(4) Cash Flows -----	6
(5) Research and Development -----	6
(6) Capital Investment -----	6
(7) Depreciation -----	6
(8) Number of Employees -----	6
III Shares and Shareholders -----	7
(1) Shares of Common Stock Issued -----	7
(2) Amount of Common Stock (Stated Capital) -----	7
IV Financial Statements -----	8

Disclaimer Regarding Forward-Looking Statements

This quarterly report includes forward-looking statements (that include those within the meaning of Section 27A of the U.S. Securities Act of 1933, as amended, and Section 21E of the U.S. Securities Exchange Act of 1934, as amended) about Panasonic and its Group companies (the Panasonic Group). To the extent that statements in this quarterly 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 quarterly 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; 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.

I Corporate Information

(1) Consolidated Financial Summary

	Yen (millions), except per share amounts		
	Nine months ended December 31, 2018	Nine months ended December 31, 2017	Year ended March 31, 2018
Net sales	6,082,985	5,912,166	7,982,164
Profit before income taxes	294,323	313,523	378,590
Net profit attributable to Panasonic Corporation stockholders	173,715	200,111	236,040
Comprehensive income attributable to Panasonic Corporation stockholders	177,100	331,156	292,381
Panasonic Corporation stockholders' equity	1,809,396	1,747,162	1,707,551
Total equity	1,979,560	1,926,481	1,882,285
Total assets	6,261,873	6,374,949	6,291,148
Earnings per share attributable to Panasonic Corporation stockholders, basic (yen)	74.48	85.80	101.20
Earnings per share attributable to Panasonic Corporation stockholders, diluted (yen)	74.43	85.75	101.15
Panasonic Corporation stockholders' equity / total assets (%)	28.9	27.4	27.1
Net cash provided by operating activities	78,047	264,184	423,182
Net cash used in investing activities	(142,659)	(353,793)	(458,828)
Net cash used in financing activities	(166,481)	(201,572)	(128,763)
Cash and cash equivalents at end of period	868,882	1,007,790	1,089,585

	Three months ended December 31, 2018	Three months ended December 31, 2017
Net sales	2,074,807	2,054,302
Net profit attributable to Panasonic Corporation stockholders	60,096	81,200
Earnings per share attributable to Panasonic Corporation stockholders, basic (yen)	25.77	34.81

- Notes: 1. The Company's condensed quarterly consolidated financial statements and consolidated financial statements are prepared in conformity with International Financial Reporting Standards (IFRS).
2. Net sales do not include consumption tax, etc.

(2) Principal Businesses

The Panasonic Group is comprised primarily of the parent Panasonic Corporation and 587 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.

Panasonic supplies a full spectrum of electric/electronic equipment and related products, which is categorized into the four reportable segments and other business activities not belonging to the reportable segments. Four reportable segments are Appliances, Eco Solutions, Connected Solutions, and Automotive & Industrial Systems. Certain businesses were transferred among segments from the fiscal year ending March 31, 2019 (fiscal 2019). Details for segments and business transfers are described in notes of the Condensed Quarterly Consolidated Financial Statements, "3. Segment Information."

The Company's consolidated financial statements are prepared in conformity with IFRS and the scope of affiliates is disclosed based on the definition of those accounting principles. The same applies to "II The Business Overview."

During the nine months ended December 31, 2018, there was no change in major affiliated companies.

II The Business Overview

1. Risk Factors

There was no risk newly identified during the nine months ended December 31, 2018.

There were no significant changes with regard to the "Risk Factors" stated in the annual securities report of the prior fiscal year.

2. Management Analysis of Consolidated Financial Position, Operating Results and Cash Flows

(1) Operating Results

During the nine months ended December 31, 2018 (fiscal 2019) under review, the global economy continued to moderately recover on the whole, as the U.S. economy performed favorably with stable personal spending, and Japan experienced an upturn in employment. However, the Chinese economy saw a slowdown in spending and investment. Regarding the outlook for the global economy, risk factors such as the politics and financial situation of various countries, the spread of protectionism, and downward economic swings in emerging countries can be seen.

Under such business conditions, Panasonic is promoting its strategies for sustainable growth, identifying the areas where the Company will concentrate its management resources.

For the rechargeable battery business, which shows rapid expansion mainly spurred by automotive lithium-ion batteries, the Company reorganized the business based on customers and industries on April 1, 2018. This new structure allows the efficient use of development resources and the Company is accelerating its growth strategy. Furthermore, in July 2018, in Indonesia, Panasonic came to an agreement with Honda Motor Co., Ltd., to jointly conduct a research experiment on battery sharing using detachable mobile batteries and electric motorcycles. Panasonic is striving to create new demand for batteries. In January 2019, the Company came to an agreement with Toyota Motor Corporation to establish a joint venture related to the automotive prismatic battery business. Both companies will combine their respective management resources to further strengthen and accelerate the efforts to achieve competitive batteries.

For the home appliances business, in India, one of the Company's strategic markets along with China and Southeast Asia, Panasonic started to release made-in-India refrigerators in April 2018. In these rapidly expanding markets, Panasonic continues to pursue growth with profitability.

In June 2018, the Company came to an agreement with Nitto Kogyo Corporation to study comprehensive collaboration on businesses such as distribution boards. Looking to the domestic and overseas markets, both companies will cooperate in the areas of production, development, and technology, aiming to offer solutions that bring yet higher customer satisfaction.

In September 2018, the Company agreed to collaborate with two Chinese companies in the solutions businesses for the building industry. In China, where the construction market is rapidly expanding, the Company strives to accelerate its construction solutions businesses to offer comfortable and high-quality spaces at construction sites, such as improving the workers' living environment.

In November 2018, in Japan, the Company launched CASART URBAN, an urban-style IoT home equipped with the HomeX integrated lifestyle platform. The Company devotes the group's collective strengths to enriching people's lifestyle and living spaces.

For the nine months ended December 31, 2018, the Company's consolidated group sales increased by 3% to 6,083.0 billion yen from fiscal 2018 (a year ago), continuing a year-on-year sales increase following the previous year. Domestic sales increased year on year due mainly to favorable sales of automotive-related products and Panasonic Homes Co., Ltd., despite a sales decrease for consumer products in Appliances. Overseas sales increased due mainly to favorable sales of the automotive-related business including Energy

and Automotive, Commercial Refrigeration & Food Equipment in North America, and the electronic component mounting equipment business of Process Automation.

Operating profit decreased by 8% to 292.8 billion yen from a year ago. Sales increase and improved other income (expenses) such as recording a gain on the sale of land were unable to offset fixed-costs increase and raw material cost hikes. Profit before income taxes decreased by 6% to 294.3 billion yen, and net profit attributable to Panasonic Corporation stockholders decreased by 13% to 173.7 billion yen from a year ago.

(2) Operating Results by Segment

The Company's nine-month consolidated sales and profits by segment with previous year comparisons are summarized as follows:

Certain businesses were transferred among segments from fiscal 2019. The figures for segment information in fiscal 2018 have been reclassified to conform to the presentation for fiscal 2019.

Appliances

Sales decreased by 1% to 2,139.0 billion yen from a year ago. This decrease was due mainly to sluggish sales of air-conditioners in Asia and devices for air-conditioner in China despite sales increase in Commercial Refrigeration & Food Equipment in North America.

Operating profit decreased by 17% to 88.7 billion yen from a year ago due mainly to the negative effects of sales decrease and raw material cost hikes.

Eco Solutions

Sales increased by 6% to 1,468.4 billion yen from a year ago. This increase was mainly driven by the favorable results from the ready-built housing business of Panasonic Homes Co., Ltd., growth in the electrical construction materials and Housing Systems for Asia, and the new consolidation of Matsumura-Gumi Corporation.

Operating profit increased by 6% to 50.1 billion yen from a year ago due to sales increase and a rebound from one-time expenses recorded in the previous year, despite the negative effects of raw material cost hikes and upfront expenses to expand overseas electrical construction materials business.

Connected Solutions

Sales increased by 1% to 815.8 billion yen from a year ago. Sales increases at the Process Automation Business and Panasonic System Solutions Japan Co., Ltd. offset sales decrease in Avionics and Media Entertainment, contributing to an overall sales increase.

Despite sales expansion, operating profit decreased by 5% to 73.5 billion yen from a year ago due mainly to increased fixed-costs as well as the absence of gains from reversal of provision for legal expenses in the previous year.

Automotive & Industrial Systems

Sales increased by 8% to 2,234.6 billion yen from a year ago. Despite a sales decrease in Industrial Business due mainly to trade friction between U.S. and China, Energy Business with a significant sales growth in automotive batteries and Automotive Business with a sales increase of automotive infotainment systems in North America, contributed to an overall sales increase.

Despite profit increase by sales expansion, operating profit decreased by 13% to 55.3 billion yen from a year ago due mainly to increased ramp-up expenses for the automotive battery factories in North America and China, as well as sales decrease of Electromechanical Control.

(3) Consolidated Financial Conditions

The Company's consolidated total assets as of December 31, 2018, decreased by 29.3 billion yen to 6,261.9 billion yen from March 31, 2018. This was due mainly to a decrease in cash and cash equivalents in spite of increases in trade receivables, contract assets and inventory in line with B2B business expansion.

The Company's consolidated total liabilities as of December 31, 2018, decreased by 126.6 billion yen, compared with March 31, 2018, to 4,282.3 billion yen.

Panasonic Corporation stockholders' equity increased by 101.8 billion yen, compared with March 31, 2018, to 1,809.4 billion yen. This was due mainly to the recording of net profit attributable to Panasonic Corporation stockholders. Adding non-controlling interests to Panasonic Corporation stockholders' equity, total equity was 1,979.6 billion yen.

(4) Cash Flows

Net cash provided by operating activities for the nine months ended December 31, 2018, amounted to 78.0 billion yen, compared with an inflow of 264.2 billion yen a year ago. This was due mainly to the one-time payment of legal costs this year and a decrease in accrued expenses.

Net cash used in investing activities amounted to 142.6 billion yen, compared with an outflow of 353.8 billion yen a year ago. This was due mainly to a decrease in capital expenditures, an increase in proceeds from the sale of land, and collection of lease receivables.

Accordingly, free cash flow (net cash provided by operating activities and investing activities) improved by 25.0 billion yen from a year ago to an outflow of 64.6 billion yen.

Net cash used in financing activities amounted to 166.5 billion yen, compared with an outflow of 201.6 billion yen a year ago. This was due mainly to acquisition of additional equity interest in PanaHome Corporation in the same period of last year despite a decrease in the amount of outstanding short-term bonds.

Taking exchange rate movement into consideration, cash and cash equivalents totaled 868.9 billion yen as of December 31, 2018, decreased by 220.7 billion yen compared with March 31, 2018.

(5) Research and Development

Panasonic's R&D expenditures for the nine months ended December 31, 2018 totaled 364.6 billion yen, up 7% from a year ago. There were no significant changes in R&D activities for the period.

(6) Capital Investment

Panasonic's capital investment (tangible assets) for the nine months ended December 31, 2018 totaled 195.0 billion yen, down 29% from a year ago.

(7) Depreciation

Panasonic's depreciation for the nine months ended December 31, 2018 totaled 167.8 billion yen, down 2% from a year ago.

(8) Number of Employees

Number of employees at the end of the third quarter of fiscal 2019 was 273,858, a decrease of 285, compared with the end of the fiscal 2018.

III Shares and Shareholders

(1) Shares of Common Stock Issued as of December 31, 2018: 2,453,053,497 shares

The common stock of the Company is listed on the Tokyo and Nagoya stock exchanges in Japan.

(2) Amount of Common Stock (Stated Capital) as of December 31, 2018: 258,740 million yen

CONTENTS

IV Financial Statements

Index of Condensed Quarterly Consolidated Financial Statements of Panasonic Corporation and Subsidiaries:

	<u>Page</u>
Condensed Quarterly Consolidated Statements of Financial Position of December 31 and March 31, 2018	9
Condensed Quarterly Consolidated Statements of Profit or Loss and Condensed Quarterly Consolidated Statements of Comprehensive Income for the nine and the three months ended December 31, 2018 and 2017.....	11
Condensed Quarterly Consolidated Statements of Changes in Equity for the nine months ended December 31, 2018 and 2017	15
Condensed Quarterly Consolidated Statements of Cash Flows for the nine months ended December 31, 2018 and 2017	16
Notes to Condensed Quarterly Consolidated Financial Statements	18

**PANASONIC CORPORATION
AND SUBSIDIARIES**

**Condensed Quarterly Consolidated Statements of Financial Position
December 31 and March 31, 2018**

	Yen (millions)	
	December 31, 2018	March 31, 2018
<u>Assets</u>		
Current assets:		
Cash and cash equivalents.....	868,882	1,089,585
Trade receivables (Note 2).....	-	1,038,984
Trade receivables and contract assets (Note 2).....	1,170,206	-
Other financial assets.....	153,970	203,557
Inventories.....	1,103,249	988,609
Other current assets.....	198,912	165,223
Total current assets.....	3,495,219	3,485,958
Non-current assets:		
Investments accounted for using the equity method.....	154,298	147,959
Other financial assets.....	167,542	166,466
Property, plant and equipment.....	1,324,486	1,374,066
Goodwill and intangible assets.....	738,938	738,251
Deferred tax assets.....	321,203	325,255
Other non-current assets.....	60,187	53,193
Total non-current assets.....	2,766,654	2,805,190
Total assets.....	6,261,873	6,291,148

**PANASONIC CORPORATION
AND SUBSIDIARIES**

**Condensed Quarterly Consolidated Statements of Financial Position
December 31 and March 31, 2018**

	Yen (millions)	
	December 31, 2018	March 31, 2018
<u>Liabilities and Equity</u>		
Current liabilities:		
Short-term debt, including current portion of long-term debt.....	327,717	375,392
Trade payables.....	1,200,415	1,146,476
Other financial liabilities.....	287,398	304,977
Income taxes payable.....	108,322	77,380
Provisions (Note 2).....	195,992	285,954
Contract liabilities (Note 2).....	137,768	-
Other current liabilities (Note 2).....	773,761	907,756
Total current liabilities.....	3,031,373	3,097,935
Non-current liabilities:		
Long-term debt.....	829,941	864,052
Other financial liabilities	16,909	18,623
Retirement benefit liabilities.....	325,715	349,873
Provisions.....	9,299	10,217
Deferred tax liabilities.....	56,013	56,447
Contract liabilities (Note 2).....	5,477	-
Other non-current liabilities (Note 2).....	7,586	11,716
Total non-current liabilities.....	1,250,940	1,310,928
Total liabilities.....	4,282,313	4,408,863
Equity:		
Panasonic Corporation stockholders' equity :		
Common stock.....	258,740	258,740
Capital surplus.....	526,439	527,408
Retained earnings.....	1,404,680	1,300,336
Other components of equity (Note 4).....	(169,850)	(168,259)
Treasury stock.....	(210,613)	(210,674)
Total Panasonic Corporation stockholders' equity (Note 5).....	1,809,396	1,707,551
Non-controlling interests.....	170,164	174,734
Total equity.....	1,979,560	1,882,285
Total liabilities and equity.....	6,261,873	6,291,148

**PANASONIC CORPORATION
AND SUBSIDIARIES**

**Condensed Quarterly Consolidated Statements of Profit or Loss
Nine months ended December 31, 2018 and 2017**

	Yen (millions)	
	Nine months ended December 31	
	2018	2017
Net sales (Note 7).....	6,082,985	5,912,166
Cost of sales.....	(4,382,673)	(4,165,937)
Gross profit.....	1,700,312	1,746,229
Selling, general and administrative expenses.....	(1,429,817)	(1,418,823)
Share of profit of investments accounted for using the equity method.....	6,284	6,504
Other income (expenses), net (Note 8).....	16,010	(17,212)
Operating profit.....	292,789	316,698
Finance income.....	19,241	18,136
Finance expenses.....	(17,707)	(21,311)
Profit before income taxes.....	294,323	313,523
Income taxes.....	(106,961)	(101,589)
Net profit.....	<u>187,362</u>	<u>211,934</u>
Net profit attributable to:		
Panasonic Corporation stockholders.....	173,715	200,111
Non-controlling interests.....	13,647	11,823
Yen		
Earnings per share attributable to Panasonic Corporation stockholders (Note 5)		
Basic.....	74.48	85.80
Diluted.....	74.43	85.75

**PANASONIC CORPORATION
AND SUBSIDIARIES**

**Condensed Quarterly Consolidated Statements of Comprehensive Income
Nine months ended December 31, 2018 and 2017**

	Yen (millions)	
	Nine months ended December 31	
	2018	2017
Net Profit.....	187,362	211,934
Other comprehensive income, net of tax		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plans.....	2,015	38,788
Financial assets measured at fair value through other comprehensive income.....	1,230	15,985
Subtotal.....	3,245	54,773
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations.....	(2,216)	86,343
Net changes in fair value of cash flow hedges.....	(1,991)	195
Subtotal.....	(4,207)	86,538
Total other comprehensive income (loss).....	(962)	141,311
Comprehensive income.....	186,400	353,245
Comprehensive income attributable to:		
Panasonic Corporation stockholders.....	177,100	331,156
Non-controlling interests.....	9,300	22,089

Condensed Quarterly Consolidated Statements of Profit or Loss
Three months ended December 31, 2018 and 2017

	Yen (millions)	
	Three months ended December 31	
	2018	2017
Net sales (Note 7).....	2,074,807	2,054,302
Cost of sales.....	(1,494,696)	(1,444,982)
Gross profit.....	580,111	609,320
Selling, general and administrative expenses.....	(483,446)	(484,615)
Share of profit of investments accounted for using the equity method.....	3,021	2,511
Other income (expenses), net (Note 8).....	(2,137)	(7,069)
Operating profit.....	97,549	120,147
Finance income.....	5,845	5,770
Finance expenses.....	(6,331)	(7,179)
Profit before income taxes.....	97,063	118,738
Income taxes.....	(31,401)	(32,839)
Net profit.....	<u>65,662</u>	<u>85,899</u>
Net profit attributable to:		
Panasonic Corporation stockholders.....	60,096	81,200
Non-controlling interests.....	5,566	4,699
Yen		
Earnings per share attributable to Panasonic Corporation stockholders (Note 5)		
Basic.....	25.77	34.81
Diluted.....	25.75	34.79

Condensed Quarterly Consolidated Statements of Comprehensive Income
Three months ended December 31, 2018 and 2017

	Yen (millions)	
	Three months ended December 31	
	2018	2017
Net Profit.....	65,662	85,899
Other comprehensive income, net of tax		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plans.....	88	(1,247)
Financial assets measured at fair value through other comprehensive income.....	3,262	1,481
Subtotal.....	3,350	234
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations.....	(51,287)	25,518
Net changes in fair value of cash flow hedges.....	1,190	997
Subtotal.....	(50,097)	26,515
Total other comprehensive income (loss).....	(46,747)	26,749
Comprehensive income.....	18,915	112,648
Comprehensive income attributable to:		
Panasonic Corporation stockholders.....	16,482	104,482
Non-controlling interests.....	2,433	8,166

**PANASONIC CORPORATION
AND SUBSIDIARIES**

**Condensed Quarterly Consolidated Statements of Changes in Equity
Nine months ended December 31, 2018 and 2017**

Nine months ended December 31, 2018								Yen (millions)
	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, 2018.....	258,740	527,408	1,300,336	(168,259)	(210,674)	1,707,551	174,734	1,882,285
Comprehensive income:								
Net profit.....	-	-	173,715	-	-	173,715	13,647	187,362
Remeasurements of defined benefit plans.....	-	-	-	1,892	-	1,892	123	2,015
Financial assets measured at fair value through other comprehensive income.....	-	-	-	1,218	-	1,218	12	1,230
Exchange differences on translation of foreign operations.....	-	-	-	2,265	-	2,265	(4,481)	(2,216)
Net change in fair value of cash flow hedges.....	-	-	-	(1,990)	-	(1,990)	(1)	(1,991)
Total comprehensive income.....	-	-	173,715	3,385	-	177,100	9,300	186,400
Transfer to hedged non-financial assets.....	-	-	-	136	-	136	-	136
Transfer from other components of equity to retained earnings.....	-	-	5,112	(5,112)	-	-	-	-
Cash dividends (Note 4).....	-	-	(81,633)	-	-	(81,633)	(12,974)	(94,607)
Purchase of treasury stock.....	-	-	-	-	(40)	(40)	-	(40)
Disposal of treasury stock.....	-	(42)	-	-	101	59	-	59
Transactions with non-controlling interests and other.....	-	(927)	-	-	-	(927)	(896)	(1,823)
Cumulative effects of a new accounting standard applied (Note 2).....	-	-	7,150	-	-	7,150	-	7,150
Balances as of December 31, 2018.....	258,740	526,439	1,404,680	(169,850)	(210,613)	1,809,396	170,164	1,979,560
Nine months ended December 31, 2017								Yen (millions)
	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, 2017.....	258,740	636,905	1,051,445	(164,632)	(210,569)	1,571,889	188,046	1,759,935
Comprehensive income:								
Net profit.....	-	-	200,111	-	-	200,111	11,823	211,934
Remeasurements of defined benefit plans.....	-	-	-	38,869	-	38,869	(81)	38,788
Financial assets measured at fair value through other comprehensive income.....	-	-	-	15,930	-	15,930	55	15,985
Exchange differences on translation of foreign operations.....	-	-	-	76,055	-	76,055	10,288	86,343
Net change in fair value of cash flow hedges.....	-	-	-	191	-	191	4	195
Total comprehensive income.....	-	-	200,111	131,045	-	331,156	22,089	353,245
Transfer to hedged non-financial assets.....	-	-	-	(280)	-	(280)	-	(280)
Transfer from other components of equity to retained earnings.....	-	-	48,157	(48,157)	-	-	-	-
Cash dividends (Note 4).....	-	-	(58,310)	-	-	(58,310)	(16,583)	(74,893)
Purchase of treasury stock.....	-	-	-	-	(98)	(98)	-	(98)
Disposal of treasury stock.....	-	(0)	-	-	7	7	-	7
Purchase of subsidiaries (Note 9).....	-	-	-	-	-	-	23,548	23,548
Transactions with non-controlling interests and other (Note 8).....	-	(108,956)	-	11,754	-	(97,202)	(37,781)	(134,983)
Balances as of December 31, 2017.....	258,740	527,949	1,241,403	(70,270)	(210,660)	1,747,162	179,319	1,926,481

**PANASONIC CORPORATION
AND SUBSIDIARIES**

**Condensed Quarterly Consolidated Statements of Cash Flows
Nine months ended December 31, 2018 and 2017**

	Yen (millions)	
	Nine months ended December 31	
	2018	2017
Cash flows from operating activities :		
Net profit.....	187,362	211,934
Depreciation and amortization.....	218,733	216,725
Impairment losses on property, plant and equipment, goodwill and intangible assets.....	9,094	9,446
Income tax expenses.....	106,961	101,589
(Increase) decrease in trade receivables.....	-	(128,796)
(Increase) decrease in trade receivables and contract assets.....	(106,552)	-
(Increase) decrease in inventories.....	(119,505)	(199,208)
Increase (decrease) in trade payables.....	64,175	119,522
Increase (decrease) in provisions.....	(53,943)	(13,721)
Increase (decrease) in contract liabilities.....	35,256	-
Increase (decrease) in retirement benefit liabilities.....	(25,627)	(13,928)
Other - net (Note 8).....	(152,266)	26,673
Subtotal.....	163,688	330,236
Interests received.....	16,792	16,033
Dividend income received.....	2,449	2,103
Interest expenses paid.....	(16,346)	(17,610)
Income taxes paid.....	(88,536)	(66,578)
Net cash provided by operating activities.....	78,047	264,184
Cash flows from investing activities :		
Purchase of property, plant and equipment.....	(235,003)	(290,410)
Proceeds from sale of property, plant and equipment.....	32,575	18,838
Purchase of intangible assets.....	(56,949)	(57,295)
Collection of lease receivables.....	119,031	-
Purchase of investments accounted for using the equity method and other financial assets.....	(23,163)	(16,814)
Proceeds from investments accounted for using the equity method and other financial assets.....	24,792	7,518
Proceeds from sales of shares of subsidiaries.....	-	183
Purchase of shares of subsidiaries, net of cash acquired (Note 9).....	(500)	(11,422)
Other - net.....	(3,442)	(4,391)
Net cash used in investing activities.....	(142,659)	(353,793)

**PANASONIC CORPORATION
AND SUBSIDIARIES**

**Condensed Quarterly Consolidated Statements of Cash Flows
Nine months ended December 31, 2018 and 2017**

	Yen (millions)	
	Nine months ended December 31	
	2018	2017
Cash flows from financing activities :		
Increase (decrease) in short-term debt.....	(75,768)	2,862
Proceeds from long-term debt.....	940	4,272
Repayments of long-term debt.....	(6,828)	(11,251)
Dividends paid to Panasonic Corporation stockholders (Note 4).....	(81,633)	(58,310)
Dividends paid to non-controlling interests.....	(12,974)	(16,583)
Purchase of treasury stocks.....	(40)	(98)
Proceeds from sales of treasury stocks.....	59	7
Transactions with non-controlling interests (Note 8).....	(2,167)	(129,199)
Other - net.....	11,930	6,728
	<u>(166,481)</u>	<u>(201,572)</u>
Effect of exchange rate changes on cash and cash equivalents.....	10,390	28,184
Net decrease in cash and cash equivalents.....	(220,703)	(262,997)
Cash and cash equivalents at beginning of period.....	<u>1,089,585</u>	<u>1,270,787</u>
Cash and cash equivalents at end of period.....	<u><u>868,882</u></u>	<u><u>1,007,790</u></u>

**PANASONIC CORPORATION
AND SUBSIDIARIES**

Notes to Condensed Quarterly Consolidated Financial Statements

1. Reporting Entity

Panasonic Corporation 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 in close cooperation with domestic and overseas group companies.

The details of principal businesses and activities of the Company are stated in "3. Segment Information."

2. Basis of Preparation

(1) Compliance of condensed quarterly consolidated financial statements with International Accounting Standard 34 "Interim Financial Reporting" (hereinafter, "IAS 34")

Pursuant to the provision of Article 93 of the Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements, the condensed quarterly consolidated financial statements of the Company have been prepared in compliance with IAS 34 since the Company qualifies as a "Specified Company under Designated International Accounting Standards" prescribed in Article 1-2 of the Ordinance.

The Company's condensed quarterly consolidated financial statements do not include all the information and disclosures required for a complete set of financial statements prepared in accordance with IFRS, and should be used in conjunction with the financial statements and the notes included in the Company's annual consolidated financial statements for the year ended March 31, 2018.

The condensed quarterly consolidated financial statements were approved on February 13, 2019 by Representative Director, President, Kazuhiro Tsuga and Director (CFO) Hirokazu Umeda.

(2) Functional currency and presentation currency

The Company's condensed quarterly consolidated financial statements are presented in Japanese yen, which is the Company's functional currency, and figures are rounded to the nearest million (Japanese yen).

(3) Significant accounting policies

Significant accounting policies applied in preparation of the condensed quarterly consolidated financial statements are consistent with those used in the preparation of the Company's annual consolidated financial statements for the year ended March 31, 2018 except for the following (5).

(4) 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 condensed quarterly consolidated financial statements. Actual results may differ from the 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.

The estimates and judgments that have a material effect on the Company's condensed quarterly consolidated financial statements, are consistent with those used in the preparation of the Company's annual consolidated financial statements for the year ended March 31, 2018.

(5) Application of new standards and interpretations

The Company applied IFRS 15, "Revenue from Contracts with Customers" from April 1, 2018 to contracts that were not completed at the date of initial application, using the method recognizing the cumulative effect of applying IFRS 15 at the date of initial application.

In accordance with the adoption of IFRS 15, revenue is recognized 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 principally has sales transactions of products such as consumer and industrial products, equipment, and supplies. For such sales transactions, revenue is principally recognized on delivery of the products, because a customer obtains control over the products and the performance obligation is determined to have been satisfied on delivery of the products. The Company has also sales transactions involving rendering of services and construction contracts. For such sales transactions, revenue is principally recognized according to the progress towards complete satisfaction, because the performance obligation has been satisfied over time.

The Company deducts certain price adjustment expenses that are appropriated to payments to compensate for the decline in product prices in association with sales to its consumer business distributors and sales rebates under incentive programs offered to distributors, from net sales as a part of variable consideration.

Cumulative effects of applying IFRS 15 on the opening balance of the Company's "Retained earnings" as of April 1, 2018 are an increase by 7,150 million yen. Effects on "Net sales," "Net profit," "Basic earnings per share" and "Diluted earnings per share" for the nine months and the three months ended December 31, 2018, are insignificant.

In accordance with the adoption of IFRS 15 from April 1, 2018, deposits and deferred revenue previously included in "Current liabilities" and "Non-current liabilities" are presented as "Contract liabilities." As a result, compared with the application of the former accounting standard, as of April 1 and December 31, 2018, "Other current liabilities" decreased by 105,287 million yen and 137,768 million yen, respectively and "Contract liabilities" (current liabilities) increased by the same amount; and "Other non-current liabilities" decreased by 6,116 million yen and 5,477 million yen, respectively and "Contract liabilities" (non-current liabilities) increased by the same amount.

In addition, provision for sales promotion expenses (estimated total expenses related to sales promotion of products, etc. in the distribution process based on sales policies), which was previously included in "Provision" (current liabilities), is recognized as a part of refund liabilities and presented in "Other current liabilities." As a result, compared with the application of the former accounting standard, as of April 1 and December 31, 2018, "Provision" (current liabilities) decreased by 36,937 million yen and 37,364 million yen, respectively and "Other current liabilities" increased by the same amount.

Receivables from construction contracts in progress which were previously included in "Trade receivables," etc. are recognized as contract assets. Accordingly, "Trade receivables" have been changed to "Trade receivables and contract assets."

3. Segment Information

(1) The reportable segments outline

The 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 of the Company in deciding how to allocate resources and in assessing performance.

The Company is divided into four Divisional Companies for business management, and they support the autonomy of each business division and execute businesses in their respective area on a global scale. The results of their performance are classified and disclosed in the four reportable segments of "Appliances," "Eco Solutions," "Connected Solutions" and "Automotive & Industrial Systems."

"Appliances" is comprised of developing, manufacturing, selling and providing services of 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. "Eco Solutions" is comprised of developing, manufacturing, selling and providing services of 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" is comprised of developing, manufacturing, selling and providing services of products such as aircraft in-flight entertainment systems and communications services, electronic-components-mounting machines, welding equipment, projectors, professional AV systems, PCs and tablets, surveillance cameras. "Automotive & Industrial Systems" is comprised of developing, manufacturing, selling and providing services of products such as automotive-use infotainment systems, electrical components, automotive mirrors, automotive-use batteries, lithium-ion batteries, dry batteries, automation controls, electric motors, semiconductors, electronic components, electronic materials and LCD panels.

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

Starting from April 1, 2018, Panasonic Homes Co., Ltd. (formerly PanaHome Corporation), which was allocated to "Other," has been transferred to "Eco Solutions." Additionally, certain sales departments of consumer products in North America, Europe and Asia which were previously not allocated to any reportable segments have been transferred to "Appliances."

Accordingly, segment information for the nine months and the three months ended December 31, 2017 has been reclassified to conform to the presentation for the nine months and the three months ended December 31, 2018.

(2) By Segment

Information by segment for the nine months ended December 31, 2018 and 2017 is shown in the tables below.

(i) For the nine months ended December 31, 2018

	Yen (millions)						
	The reportable segments						Consolidated Total
	Appliances	Eco Solutions	Connected Solutions	Automotive & Industrial Systems	Other	Eliminations and adjustments	
Sales:							
Customers.....	1,974,441	1,326,569	722,576	2,135,931	166,607	(243,139)	6,082,985
Intersegment.....	164,578	141,860	93,190	98,619	6,700	(504,947)	-
Total.....	<u>2,139,019</u>	<u>1,468,429</u>	<u>815,766</u>	<u>2,234,550</u>	<u>173,307</u>	<u>(748,086)</u>	<u>6,082,985</u>
Segment profit.....	88,719	50,112	73,479	55,326	1,937	23,216	292,789

(ii) For the nine months ended December 31, 2017

	Yen (millions)						
	The reportable segments						Consolidated Total
	Appliances	Eco Solutions	Connected Solutions	Automotive & Industrial Systems	Other	Eliminations and adjustments	
Sales:							
Customers.....	2,004,368	1,246,697	710,358	1,962,303	185,448	(197,008)	5,912,166
Intersegment.....	163,966	138,871	95,665	112,528	5,385	(516,415)	-
Total.....	<u>2,168,334</u>	<u>1,385,568</u>	<u>806,023</u>	<u>2,074,831</u>	<u>190,833</u>	<u>(713,423)</u>	<u>5,912,166</u>
Segment profit.....	106,640	47,332	77,481	63,820	2,056	19,369	316,698

The accounting policies for reportable segments are the same as the Company's accounting policies that are provided in Note 2 "(3) Significant accounting policies" except for management accounting adjustments below. Transactions between segments have been conducted at arm's length prices. Profit of the reportable segments is calculated on an operating profit basis.

The figures in "Eliminations and Adjustments" include revenues and expenses which are not attributable to any reportable segments, consolidation adjustments, and eliminations of intersegment transactions.

Adjustments to segment sales to customers for the nine months ended December 31, 2018 and 2017 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 for sales price and revenue of corporate headquarters, etc.

Adjustments to segment profit for the nine months ended December 31, 2018 and 2017 include profit of corporate headquarters (including gain on sales of certain fixed assets for the nine months ended December 31, 2018), etc. and profit which is attributable to certain sales departments of consumer products. Consolidation adjustments also include amortization of certain intangible assets acquired in business combination, and share of profit of investments accounted for using the equity method which are not attributable to any specific segments. The amount of share of profit of investments accounted for using the equity method which is attributable to each segment is immaterial.

Information by segment for the three months ended December 31, 2018 and 2017 is shown in the tables below.

(i) For the three months ended December 31, 2018

	Yen (millions)						
	The reportable segments						Consolidated Total
	Appliances	Eco Solutions	Connected Solutions	Automotive & Industrial Systems	Other	Eliminations and adjustments	
Sales:							
Customers.....	678,144	464,500	236,179	728,438	52,946	(85,400)	2,074,807
Intersegment.....	52,074	52,868	30,455	36,498	2,784	(174,679)	-
Total.....	<u>730,218</u>	<u>517,368</u>	<u>266,634</u>	<u>764,936</u>	<u>55,730</u>	<u>(260,079)</u>	<u>2,074,807</u>
Segment profit.....	27,053	27,324	21,659	26,365	305	(5,157)	97,549

(ii) For the three months ended December 31, 2017

	Yen (millions)						
	The reportable segments						Consolidated Total
	Appliances	Eco Solutions	Connected Solutions	Automotive & Industrial Systems	Other	Eliminations and adjustments	
Sales:							
Customers.....	701,605	432,846	245,283	690,834	55,999	(72,265)	2,054,302
Intersegment.....	52,363	51,287	33,386	40,874	2,300	(180,210)	-
Total.....	<u>753,968</u>	<u>484,133</u>	<u>278,669</u>	<u>731,708</u>	<u>58,299</u>	<u>(252,475)</u>	<u>2,054,302</u>
Segment profit (loss)...	32,241	26,829	37,988	24,470	(917)	(464)	120,147

The accounting policies for reportable segments are the same as the Company's accounting policies that are provided in Note 2 "(3) Significant accounting policies" except for management accounting adjustments below. Transactions between segments have been conducted at arm's length prices. Profit of the reportable segments is calculated on an operating profit basis.

The figures in "Eliminations and Adjustments" include revenues and expenses which are not attributable to any reportable segments, consolidation adjustments, and eliminations of intersegment transactions.

Adjustments to segment sales to customers for the three months ended December 31, 2018 and 2017 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 for sales price and revenue of corporate headquarters, etc.

Adjustments to segment profit for the three months ended December 31, 2018 and 2017 include profit of corporate headquarters, etc. and profit which is attributable to certain sales departments of consumer products. Consolidation adjustments also include amortization of certain intangible assets acquired in business combination, and share of profit of investments accounted for using the equity method which are not attributable to any specific segments. The amount of share of profit of investments accounted for using the equity method which is attributable to each segment is immaterial.

4. Equity

(1) Other components of equity

A breakdown of other components of equity is as follows:

	Yen (millions)	
	December 31, 2018	March 31, 2018
Remeasurements of defined benefit plans (*).....	-	-
Financial assets measured at fair value through other comprehensive income.....	45,277	47,279
Exchange differences on translation of foreign operations.....	(214,090)	(216,355)
Net changes in fair value of cash flow hedges.....	(1,037)	817
Total.....	(169,850)	(168,259)

(*) As the result of remeasurements of defined benefit plans, other components of equity increased by 1,892 million yen (net of tax), which is directly transferred from other components of equity to retained earnings for the nine months ended December 31, 2018.

(2) Dividends

(i) Dividends for the nine months ended December 31, 2018 is summarized as follows:

Amount of cash dividends paid

Resolution date	Class	Cash dividends (millions of yen)	Dividends resource	Cash dividends per share (yen)	Record date	Effective date
The Board of Directors meeting held on May 10, 2018	Common stock	46,647	Retained Earnings	20.0	March 31, 2018	June 8, 2018
The Board of Directors meeting held on October 31, 2018	Common stock	34,986	Retained Earnings	15.0	September 30, 2018	November 30, 2018

(ii) Dividends for the nine months ended December 31, 2017 is summarized as follows:

Amount of cash dividends paid

Resolution date	Class	Cash dividends (millions of yen)	Dividends resource	Cash dividends per share (yen)	Record date	Effective date
The Board of Directors meeting held on May 11, 2017	Common stock	34,986	Retained Earnings	15.0	March 31, 2017	June 8, 2017
The Board of Directors meeting held on October 31, 2017	Common stock	23,324	Retained Earnings	10.0	September 30, 2017	November 30, 2017

5. Per share information

Panasonic Corporation stockholders' equity per share is as follows:

	Yen	
	December 31, 2018	March 31, 2018
Panasonic Corporation stockholders' equity per share.....	775.78	732.12

The reconciliation for the basic and diluted earnings per share attributable to Panasonic Corporation stockholders for the nine months ended December 31, 2018 and 2017 are as follows:

	Yen (millions)	
	2018	2017
Net profit attributable to Panasonic Corporation stockholders.....	173,715	200,111
	Number of shares	
	2018	2017
Average common shares outstanding.....	2,332,361,553	2,332,374,586
Dilutive effect:		
Stock acquisition rights.....	1,498,374	1,156,385
Diluted common shares outstanding.....	2,333,859,927	2,333,530,971
	Yen	
	2018	2017
Earnings per share attributable to Panasonic Corporation stockholders:		
Basic.....	74.48	85.80
Diluted.....	74.43	85.75

The reconciliation for the basic and diluted earnings per share attributable to Panasonic Corporation stockholders for the three months ended December 31, 2018 and 2017 are as follows:

	Yen (millions)	
	2018	2017
Net profit attributable to Panasonic Corporation stockholders.....	60,096	81,200
	Number of shares	
	2018	2017
Average common shares outstanding.....	2,332,368,601	2,332,355,116
Dilutive effect:		
Stock acquisition rights.....	1,613,832	1,314,614
Diluted common shares outstanding.....	2,333,982,433	2,333,669,730
	Yen	
	2018	2017
Earnings per share attributable to Panasonic Corporation stockholders:		
Basic.....	25.77	34.81
Diluted.....	25.75	34.79

6. Fair values of financial instruments

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

	Yen (millions)			
	December 31, 2018		March 31, 2018	
	Book value	Fair value	Book value	Fair value
Long-term debt, including current portion of long-term debt.....	975,641	985,217	980,129	990,684

Fair values shown above are estimated, based on the market price or its present value of the market price or the future cash flow, which is calculated using the observable discount rate at December 31 and March 31, 2018. They are all categorized as level 2 (refer to "(2) Fair value measurement hierarchy").

With regard 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 as of December 31 and March 31, 2018 is as follows:

	Yen (millions)			
	December 31, 2018			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets measured at FVTPL				
Derivative assets				
Foreign exchange contracts.....	-	3,877	-	3,877
Cross currency swaps.....	-	47	-	47
Commodity futures.....	7,988	2,816	-	10,804
Subtotal.....	7,988	6,740	-	14,728
Financial assets measured at FVTOCI				
Equity securities.....	92,555	-	33,641	126,196
Others.....	-	2,341	-	2,341
Subtotal.....	92,555	2,341	33,641	128,537
Total financial assets.....	100,543	9,081	33,641	143,265
Financial liabilities:				
Financial liabilities measured at FVTPL.....				
Derivative liabilities				
Foreign exchange contracts.....	-	2,102	-	2,102
Cross currency swaps.....	-	34	-	34
Commodity futures.....	13,991	2,912	-	16,903
Total financial liabilities.....	13,991	5,048	-	19,039
Yen (millions)				
March 31, 2018				
	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets measured at FVTPL				
Derivative assets				
Foreign exchange contracts.....	-	8,029	-	8,029
Commodity futures.....	6,710	1,346	-	8,056
Subtotal.....	6,710	9,375	-	16,085
Financial assets measured at FVTOCI				
Equity securities.....	96,416	-	32,634	129,050
Others.....	-	2,622	-	2,622
Subtotal.....	96,416	2,622	32,634	131,672
Total financial assets.....	103,126	11,997	32,634	147,757
Financial liabilities:				
Financial liabilities measured at FVTPL				
Derivative liabilities				
Foreign exchange contracts.....	-	3,046	-	3,046
Cross currency swaps.....	-	16	-	16
Commodity futures.....	7,791	4,952	-	12,743
Total financial liabilities.....	7,791	8,014	-	15,805

The Company's existing 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 contracts, cross currency 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 nine months ended December 31 and financial year ended March 31, 2018, there were no financial instruments of which a significant transfer was made between levels.

For the nine months ended December 31, 2018, significant movements of the financial instruments, categorized as level 3, have not occurred.

7. Revenue

Disaggregation of revenue

The Company disaggregates revenue arising from contracts with customers by product category and geographical area where customers are located for reflecting its nature properly. Revenue by product and geographical area is further disaggregated by the reportable segments. The disaggregated revenue is as follows:

(i) For the nine months ended December 31, 2018

Yen (millions)			
By product category	Sales	By geographical area	Sales
The reportable segments			
Appliances			
B2C.....	1,266,641	Japan.....	705,854
B2B.....	392,968	North and South America.....	217,540
		Europe.....	209,936
		Asia, China and others.....	526,279
Total.....	<u>1,659,609</u>	Total.....	<u>1,659,609</u>
Eco Solutions			
Electrical construction materials.....	589,231	Japan.....	1,106,043
Architecture.....	305,591	North and South America.....	46,218
Other (including home building products)..	443,975	Europe.....	36,121
		Asia, China and others.....	150,415
Total.....	<u>1,338,797</u>	Total.....	<u>1,338,797</u>
Connected Solutions			
Vertical solutions.....	348,816	Japan.....	235,621
Product solutions.....	435,577	North and South America.....	305,143
		Europe.....	93,030
		Asia, China and others.....	150,599
Total.....	<u>784,393</u>	Total.....	<u>784,393</u>
Automotive & Industrial Systems			
Automotive.....	713,958	Japan.....	663,066
Energy.....	563,493	North and South America.....	571,696
Industrial.....	702,414	Europe.....	255,722
Other.....	132,898	Asia, China and others.....	622,279
Total.....	<u>2,112,763</u>	Total.....	<u>2,112,763</u>
Other.....	<u>187,423</u>	Other.....	<u>187,423</u>
Consolidated total.....	<u><u>6,082,985</u></u>	Consolidated total.....	<u><u>6,082,985</u></u>

(ii) For the three months ended December 31, 2018

Yen (millions)

By product category	Sales	By geographical area	Sales
The reportable segments			
Appliances			
B2C.....	426,711	Japan.....	236,070
B2B.....	135,164	North and South America.....	77,797
		Europe.....	81,490
		Asia, China and others.....	166,518
Total.....	561,875	Total.....	561,875
Eco Solutions			
Electrical construction materials.....	213,455	Japan.....	396,131
Architecture.....	101,759	North and South America.....	16,616
Other (including home building products)..	159,469	Europe.....	12,417
		Asia, China and others.....	49,519
Total.....	474,683	Total.....	474,683
Connected Solutions			
Vertical solutions.....	109,313	Japan.....	82,437
Product solutions.....	146,584	North and South America.....	99,591
		Europe.....	30,011
		Asia, China and others.....	43,858
Total.....	255,897	Total.....	255,897
Automotive & Industrial Systems			
Automotive.....	241,176	Japan.....	239,877
Energy.....	205,407	North and South America.....	203,133
Industrial.....	227,889	Europe.....	81,107
Other.....	48,457	Asia, China and others.....	198,812
Total.....	722,929	Total.....	722,929
Other.....	59,423	Other.....	59,423
Consolidated total.....	2,074,807	Consolidated total.....	2,074,807

The products of Appliances are categorized into "B2B" and "B2C." "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 large-sized air-conditioners, compressors, fuel cells and showcases.

The products of Eco 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 the solution business provided directly by business divisions where development, production and sales are integrated and it includes products such as aircraft in-flight entertainment systems and communications services, electronic-components-mounting machines and welding equipment. "Product

solutions" is the solution business provided by manufacturing business divisions through sales departments, and it includes products such as projectors, professional AV systems, PCs and tablets and surveillance cameras.

The products of Automotive & Industrial Systems are categorized into "Automotive," "Energy," "Industrial" and "Other." "Automotive" includes products such as automotive-use infotainment systems, electrical components and automotive mirrors. "Energy" includes products such as automotive-use batteries, lithium-ion batteries and dry batteries. "Industrial" includes products such as automation controls, electric motors, semiconductors, electronic components, electronic materials and LCD panels. "Other" mainly includes products that third parties manufacture.

The relationship between "Disaggregation of revenue" of each reportable segment and "Sales to customers" in Note 3. "(2) Information by Segments" is as follows.

(i) For the nine months ended December 31, 2018

	Yen (millions)			
	Appliances	Eco Solutions	Connected Solutions	Automotive & Industrial Systems
Disaggregation of revenue.....	1,659,609	1,338,797	784,393	2,112,763
Adjustments for management accounting.....	245,622	36,323	5,397	28,488
Cross-selling.....	94,618	(49,220)	(64,561)	(4,392)
Sales of third party's products, etc.	(25,408)	669	(2,653)	(928)
Note 3 "(2) Information by Segments"				
Sales to customers.....	1,974,441	1,326,569	722,576	2,135,931

(ii) For the three months ended December 31, 2018

	Yen (millions)			
	Appliances	Eco Solutions	Connected Solutions	Automotive & Industrial Systems
Disaggregation of revenue.....	561,875	474,683	255,897	722,929
Adjustments for management accounting.....	85,572	15,490	2,157	12,026
Cross-selling.....	45,524	(25,965)	(20,458)	(6,223)
Sales of third party's products, etc.	(14,827)	292	(1,417)	(294)
Note 3 "(2) Information by Segments"				
Sales to customers.....	678,144	464,500	236,179	728,438

"Disaggregation of revenue" of each reportable segment with the adjustments of "Adjustments for management accounting," "Cross-selling" and "Sales of third party's products, etc." matches "Sales to customers" in Note 3 "(2) Information by Segments." "Adjustments for management accounting" mainly includes the adjustment for sales price in management accounting. "Cross-selling" mainly includes the adjustment of sales when own products are sold through other segments. "Sales of third party's products, etc." mainly includes the adjustment for sales of products manufactured by third parties which are not included in sales on management accounting.

8. Supplementary Information

(1) Other income (expenses)

"Other income (expenses), net" for the nine months ended December 31, 2018 includes gain on sales of fixed assets of 25,761 million yen. The Company did not disclose supplementary information of "Other income (expenses), net" as each item was immaterial for the three months ended December 31, 2018. Gain on sales of fixed assets is presented in "Other - net" of cash flows from operating activities on condensed quarterly consolidated statements of cash flows.

"Other income (expenses), net" for the nine and the three months ended December 31, 2017 includes expenses associated with discontinuation or voluntary recall of products of 16,501 million yen and 11,267 million yen, respectively.

(2) Acquisitions of "Property, plant and equipment"

The increases in book value of "Property, plant and equipment" due to acquisitions in the nine months ended December 31, 2018 and 2017 are 194,988 million yen and 274,273 million yen, respectively.

(3) Sales or disposal of "Property, plant and equipment"

The decrease in book value of "Property, plant and equipment" due to sales or disposal in the nine months ended December 31, 2018 is 72,767 million yen, including a decrease of book value due to recognition of finance lease as a lessor.

The Company did not disclose supplementary information of the decrease in book value of "Property, plant and equipment" due to sales or disposal in the nine months ended December 31, 2017 as it was immaterial.

(4) Acquisition of non-controlling interest

The Company did not disclose supplementary information of "Transactions with non-controlling interests" as each item was immaterial for the nine months ended December 31, 2018.

The Company made PanaHome Corporation (currently Panasonic Homes Co., Ltd.) a wholly-owned subsidiary through the additional acquisition of the shares as a result of tender offer, the share consolidation by PanaHome, and the purchase of fractional shares by Panasonic during the nine months ended December 31, 2017. The consideration for additional acquisition of shares is 92,788 million yen, and as a result of the acquisition, "Capital surplus" has decreased by 55,358 million yen, and "Other components of equity" has increased by 11,754 million yen as "Transactions with non-controlling interests." In addition, the Company acquired the remaining shares of Panasonic Liquid Crystal Display Co., Ltd. ("PLD"), the Company's consolidated subsidiary, and made PLD a wholly-owned subsidiary during the nine months ended December 31, 2017. As a result of the acquisition, "Capital surplus" has decreased by 20,718 million yen, presented as "Transactions with non-controlling interests."

9. Business Combinations

Material business combinations for the period ended December 31, 2017 are described below. Business combinations for the period ended December 31, 2018 and business combinations for the period ended December 31, 2017 other than below are immaterial individually or collectively.

(1) Consolidation of Ficosa International S. A.

With regard to Ficosa International S.A. (hereinafter, collectively including their subsidiaries, referred to as "Ficosa"), 49% of whose shares were owned by the Company and accounted for using the equity method, the terms and conditions to exercise call options to acquire additional 20% shares were satisfied on April 19, 2017, and Ficosa became a consolidated subsidiary due to the potential voting rights set in the call options.

Ficosa is involved in research and development, manufacturing, and marketing of system and components in automotive business. As a result of this alliance, Panasonic and Ficosa accelerate the expansion of businesses, which show great potential growth, such as next generation cockpit systems and ADAS.

The fair value of consideration paid for the acquisition of control, which were measured based on discounted cash flow method classified in Level 3, and non-controlling interests, which were measured at their proportionate share of net identifiable assets, were as follows:

	Yen (millions)
Fair value of total consideration:	
Equity interests held by Panasonic immediately before the date of acquisition.....	22,818
Non-controlling interests.....	11,383
Total.....	<u>34,201</u>

As a result of remeasuring the equity interest held by Panasonic immediately before the acquisition date, the valuation gain or loss recognized was not material. Acquisition cost was also not material.

Assets acquired and liabilities assumed as of the acquisition date were as follows:

	Yen (millions)
Cash and cash equivalents.....	15,442
Trade receivables.....	27,521
Property, plant and equipment.....	23,250
Goodwill.....	11,881
Intangible assets.....	17,991
Other acquired assets.....	20,098
Total assets acquired.....	<u>116,183</u>
Current liabilities and non-current liabilities.....	32,462
Trade Payables.....	27,129
Other assumed liabilities.....	22,391
Total liabilities assumed.....	<u>81,982</u>
Total net assets acquired.....	<u>34,201</u>

The total amount of goodwill was included in "Automotive and Industrial Systems" segment, and was not deductible for tax purpose. All intangible assets were subject to amortization, including technology and customer, and their useful lives were 5 to 10 years.

Net sales and profit before income taxes of Ficosa that were included in the condensed consolidated statements of profit or loss for the nine months ended December 31, 2017 were 113,944 million yen and 2,828 million yen, respectively. Net sales and profit before income taxes of Ficosa that were included in the condensed consolidated statements of profit or loss for the three months ended December 31, 2017 were 41,451 million yen and 1,594 million yen, respectively.

Pro forma information has been omitted as the amounts excluded in the condensed consolidated statements of profit or loss for the nine months ended December 31, 2017 were not material.

(2) Acquisition of control of Zetes Industries S. A.

On April 27, 2017, the Company acquired 56.66% of shares excluding treasury stock to obtain control of Zetes Industries S.A., which is incorporated in Belgium (hereinafter, collectively including their subsidiaries, referred to as "Zetes").

Zetes is involved in the businesses of goods and people identification and mobility solutions in Europe. As a result of this acquisition, both Panasonic and Zetes will be able to satisfy the global customers' needs by combining Zetes' identification and mobility solutions and Panasonic's advanced research and development capabilities, technological expertise, and global customer network, to expand the solution and service in the area of supply chain solutions and security solutions.

The fair value of consideration paid for the controlling interests of Zetes as of the acquisition date and non-controlling interests, which were measured at their proportionate share of net identifiable assets, were as follows:

	Yen (millions)
Fair value of total consideration:	
Cash.....	20,044
Non-controlling interests.....	8,247
Total.....	<u>28,291</u>

Costs incurred for acquisition of control were not material.

Assets acquired and liabilities assumed as of the acquisition date were as follows:

	Yen (millions)
Cash and cash equivalents.....	2,427
Goodwill.....	9,263
Intangible assets.....	20,062
Other acquired assets.....	16,412
Total assets acquired.....	<u>48,164</u>
Current liabilities and non-current liabilities.....	1,567
Deferred tax liabilities.....	6,935
Other assumed liabilities.....	11,371
Total liabilities assumed.....	<u>19,873</u>
Total net assets acquired.....	<u>28,291</u>

The total amount of goodwill was included in "Connected Solutions" segment, and was not deductible for tax purpose. Intangible assets with the amount of 18,605 million yen were subject to amortization, including customer of 15,299 million yen, whose useful life was 25 to 29 years.

Net sales and profit before income taxes of Zetes that were included in the condensed consolidated statements of profit or loss for the period ended December 31, 2017 were not material.

Pro forma information has been omitted as the amounts were not material.

10. Contingent Liabilities

Litigation, etc.

The Company and certain of its subsidiaries are subject to a number of legal proceedings including civil litigations 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 and certain of its subsidiaries may be subject to an uncertain amount of fines, and accordingly the Company has accrued for certain probable and reasonable estimated amounts for the fines.

The Company and one of its U.S. subsidiaries, Panasonic Avionics Corporation (PAC), have entered into agreements with the United States Securities and Exchange Commission and the United States Department of Justice (U.S. Government Agencies), respectively in May, 2018. The agreements resolve investigations by the U.S. Government Agencies under the Foreign Corrupt Practices Act and other securities laws regarding activities at PAC with respect to certain contracts with airline customers, and the use of sales agents and consultants pertaining to such contracts. In connection with these resolutions, the Company and PAC paid a fine to the U.S. Government Agencies. Effects on profit or loss for the nine months ended December 31, 2018, are insignificant.

The Company and one of its subsidiaries, SANYO Electric Co., Ltd., are also subject to relevant litigations in North America.

Other than those above, there are a number of legal actions against the Company and certain subsidiaries. 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 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.

11. Subsequent events

(1) The change of the retirement pension system

The Company and certain domestic subsidiaries plan to change the retirement pension system from July 1, 2019. Specifically, regarding part of the past contributions made to the defined benefit pension plan of Panasonic Pension Fund, the Company will make a transition to the defined contribution pension plan.

Accordingly, as it fulfilled the various conditions of accounting treatment related to the above transition, the retirement benefit liabilities will be revised in the Company's consolidated accounts for the fourth quarter of fiscal 2019, and the Company expects to record a gain of 82,933 million yen as "Other income (expenses)" in "Operating profit."

This change will be effective upon the authorization of the Ministry of Health, Labour and Welfare.

(2) The establishment of a joint venture related to automotive prismatic batteries business

The Company and Toyota Motor Corporation (Toyota) concluded 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 on January 22. The main points of the agreements are below.

- Toyota and Panasonic will establish a joint venture (pending approval from the competition-law authorities in the countries and regions concerned) by the end of 2020.
- The ratio of equity participation in the joint venture will be 51 percent for Toyota and 49 percent for Panasonic.
- The scope of the joint venture's business operations will cover research, development, production engineering, manufacturing, procurement, order receipt, and management related to automotive prismatic lithium-ion batteries, solid-state batteries, and next-generation batteries.
- Toyota will transfer equipment and personnel to the joint venture in the areas of development and production engineering related to battery cells. Panasonic will transfer equipment, other assets, liabilities, personnel, and other items to the joint venture in the areas of development, production engineering, manufacturing (at plants in Japan and in Dalian, China), procurement, order receipt, and management functions related to the automotive prismatic battery business.
- The total number of employees from both companies related to operations subject to transfer to the joint venture is 3,500 (as of the end of December 2018).
- Products produced by the joint venture will be sold to various automakers through, in principle, Panasonic.

Effects on consolidated financial statement cannot be confirmed as the establishment of a joint venture is premised approval from the competition-law authorities in the countries and regions concerned.