

# Financial Review

Panasonic Corporation and subsidiaries  
Fiscal year ended March 2021

## Operating Results

### Business Overview

During the year ended March 31, 2021 (fiscal 2021) under review, the global economy saw a decline in consumption and investment due to the prolonged impact of COVID-19. Despite the economic measures taken in various countries and the recovery of share prices, the economic outlook remained difficult to predict, given the growing uncertainties over the political and financial circumstances as well as the risk of trade stagnation. Japan was also affected by these global conditions to no small extent.

Under such a management environment, the Company has been capturing opportunities reflecting changes in society brought about by COVID-19 and promoting measures for solutions. At the same time, initiatives such as reducing fixed costs have been taken in line with business conditions. In addition, based on the Mid-term strategy started from fiscal 2020, the Company has steadily continued to promote business portfolio reform and enhance its management structure to break away from a low-profitability structure.

More specifically, with regard to the investment for growth in the *Gemba* (operational frontlines) Process business, the Company made a strategic equity investment obtaining 20% of the voting rights in Blue Yonder Holding, Inc. ("Blue Yonder"), a U.S.-based specialized supply chain software provider, in July 2020<sup>(Note 1)</sup>. Furthermore, in the automotive prismatic battery business, Prime Planet Energy & Solutions, Inc. which is a joint venture with Toyota Motor Corporation, has started its operation since April 1, 2020. The joint venture is working to develop highly competitive batteries that have excellent quality, performance and cost effectiveness, and to provide a stable supply of batteries. In addition, as a means for improving profitability, the Company has pushed ahead with individual business portfolio reforms with a particular focus on geographical regions and products. For example, the Company has made a decision to transfer shares in its lighting device businesses in Europe and North America.

To enhance its management structure, the Company has made significant progress on reducing fixed costs, so much so that it achieved the medium-term target of 100.0 billion yen ahead of schedule in fiscal 2021. Also, as a measure for dealing

with businesses that have loss-making structures, the Company completed the transfer of its semiconductor business to Nuvoton Technology Corporation, a Taiwan-based semiconductor company in September 2020. Also, in the solar business, for the purpose of optimization in the development and production capability, the Company ceased its U.S. production of photovoltaic cells and modules at the plant in Buffalo (New York, U.S.) in June 2020. The withdrawal was completed in September 2020. Additionally, the Company announced in February 2021 to withdraw from its in-house photovoltaic production for residential, public and industrial-usage during fiscal 2022<sup>(Note 2)</sup>.

Notes 1. At the Board of Directors' meeting held on April 23, 2021, the Company resolved to acquire additional 80% of the shares of Blue Yonder to make it a wholly-owned subsidiary.

2. The Company will continue the sales of photovoltaic modules under the Panasonic brand in Japan by subcontracting production to its manufacturing partners. For the global market outside Japan, the Company will also continue to sell outsourced photovoltaic modules as it has been doing in North America and other regions.

### Net Sales

The Company's consolidated group sales for fiscal 2021 decreased by 11% to 6,698.8 billion yen from a year ago. Domestic sales decreased due mainly to the impact of the spread of COVID-19 as well as the impact of deconsolidation in housing related businesses, despite increased sales in products such as air purifiers. Overseas sales decreased due largely to the impact of the spread of COVID-19, despite increased sales in products such as mounting machines at Process Automation, power storage systems for information- and communication-infrastructure as well as industrial-use motors.

### Overview by Geographic Region

By geographic region, overall sales in Japan decreased by 14% to 3,113.3 billion yen. Sales overseas decreased by 8% to 3,881.5 billion yen. In real terms, excluding the impact of exchange rates, sales decreased by 7% year on year. In North and South America, sales totaled 1,117.1 billion yen, a year-on-year decrease of 20% in real terms. In Europe,

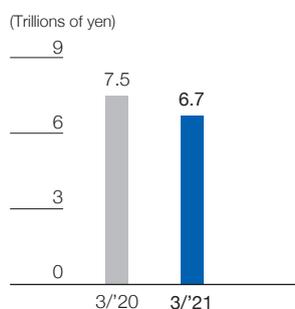
### Financial Results

(Billions of yen)

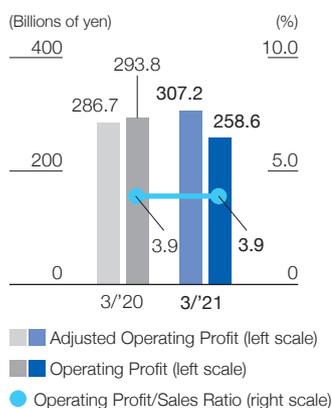
	3/2020	3/2021	vs. 3/2020 %/amount	
Net sales	7,490.6	6,698.8	89%	-791.8
Adjusted operating profit	286.7	307.2	107%	+20.5
Operating profit	293.8	258.6	88%	-35.2
Profit before income taxes	291.1	260.8	90%	-30.3
Net profit attributable to Panasonic Corporation stockholders	225.7	165.1	73%	-60.6
ROE	11.5%	7.2%	—	-4.3%
Exchange rates	1 USD	109 yen	106 yen	
	1 EUR	121 yen	124 yen	
	1 RMB	15.6 yen	15.7 yen	

**Net Sales**

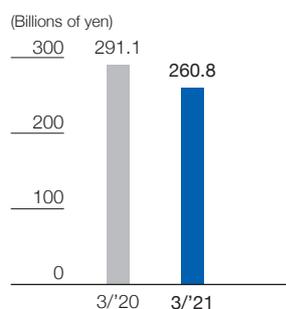
(Years ended March 31)

**Operating Profit  
Operating Profit/Sales Ratio**

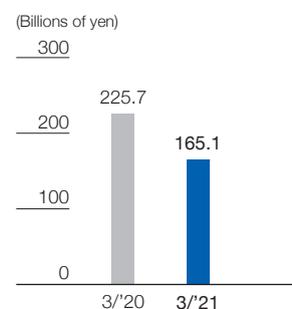
(Years ended March 31)

**Profit before Income Taxes**

(Years ended March 31)

**Net Profit Attributable to  
Panasonic Corporation  
Stockholders**

(Years ended March 31)



sales totaled 662.0 billion yen, a year-on-year decrease of 10% in real terms. In Asia, sales were 943.7 billion yen, a 1% decrease in real terms, and in China, sales were 862.7 billion yen, a 14% increase in real terms.

**Sales by Region**

	(Billions of yen)		
	3/2020	3/2021	Local currency basis vs. 3/2020
Japan	3,609.1	3,113.3	86%
Americas	1,442.3	1,117.1	80%
Europe	720.6	662.0	90%
Asia	963.8	943.7	99%
China	754.8	862.7	114%
Total	7,490.6	6,698.8	90%

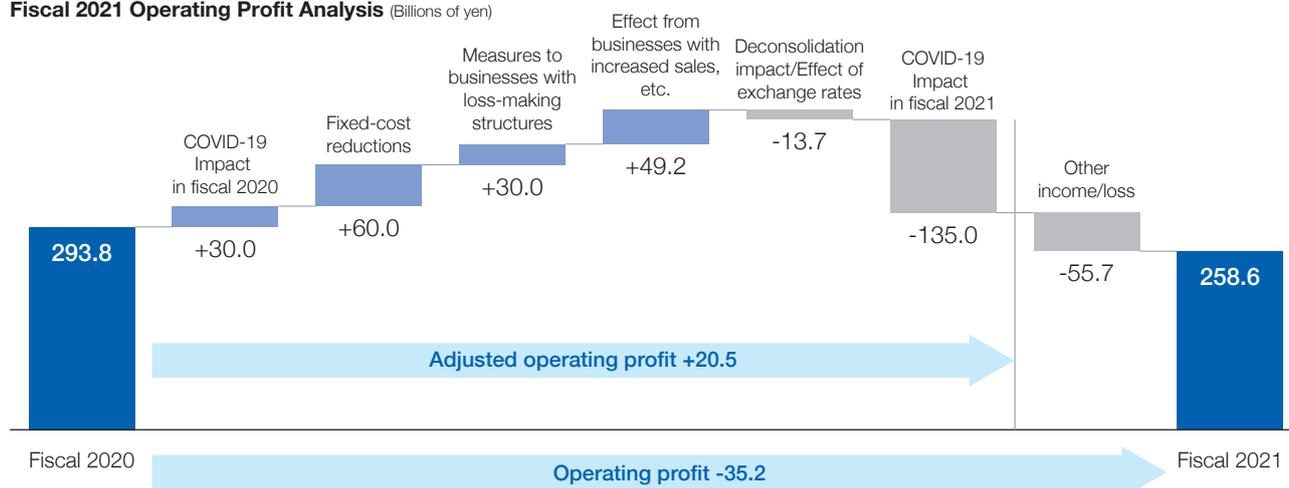
**Operating Profit**

Operating profit decreased by 12% to 258.6 billion yen from a year ago. Adjusted operating profit<sup>(Note)</sup> increased by 20.5 billion yen due to fixed cost reductions for management structure enhancement as well as increased sales for businesses such as air-conditioning and indoor air quality, automotive batteries and information- and communication-infrastructure, which capture business opportunities reflecting changes in society from a medium- to long-term perspective.

Other income (expenses) decreased to 55.7 billion yen due largely to the impact of gain from business transfer in the previous year. Overall operating profit decreased by 35.2 billion yen.

The operating profit ratio remained the same as the previous fiscal year at 3.9%.

Note: Adjusted operating profit: sales - cost of sales - SG&A

**Fiscal 2021 Operating Profit Analysis** (Billions of yen)

## Financial Review

### Profit before Income Taxes

Finance income decreased from 31.4 billion yen the previous fiscal year to 20.8 billion yen. Finance expenses decreased from 34.1 billion yen the previous fiscal year to 18.6 billion yen. As a result, profit before income taxes was 260.8 billion yen, compared to 291.1 billion yen the previous fiscal year.

### Net Profit Attributable to Panasonic Corporation Stockholders

Income taxes were 76.9 billion yen, compared to 51.0 billion yen a year ago. As a result, net profit attributable to Panasonic Corporation stockholders totaled 165.1 billion yen, compared to 225.7 billion yen a year ago. Also, net profit attributable to Panasonic Corporation stockholders per share was 70.75 yen, against 96.76 yen the previous fiscal year.

## Financial Conditions and Liquidity

### Liquidity and Capital Resources

The Panasonic Group's basic policy is to generate necessary funds for its business activities through its own efforts. The generated funds are utilized efficiently through internal Group finance operations. In cases when it becomes necessary to secure funds for purposes such as for working capital or business investments, corporate financing is secured from an external source by appropriate means after due consideration of the Group's financial standing and financial market conditions.

Cash and cash equivalents as of March 31, 2021 were 1,593.2 billion yen, increased by 576.7 billion yen compared with the end of the previous fiscal year. During fiscal 2021, the Group raised working capital, etc., mainly by issuing Commercial Papers (CPs). The Group has secured cash and cash equivalents over one trillion yen as a reserve for risks of aggravating financial economy environments, etc. The Group issues the unsecured straight bonds of 200.0 billion yen in December 2020 and allots redemption flows from the CPs to ensure medium- to long-term financing. As a result, the balance of unsecured straight bonds was 880.0 billion yen, the balance of unsecured USD-denominated straight bonds was USD 2.5 bil-

lion as of March 31, 2021.

Interest-bearing debt decreased to 1,447.4 billion yen as of March 31, 2021 from 1,471.3 billion yen at the end of the previous fiscal year. This is due to the repayments of Commercial Paper (CP) and other factors despite the issuance of unsecured straight bonds. Panasonic entered into three-year commitment line agreements<sup>(Note)</sup> with several banks in June 2018 to prepare for financing risk in the precarious financial and economic environment. The upper limit for unsecured borrowing based on the agreements is a total of 700.0 billion yen, but there is no borrowing under this agreement.

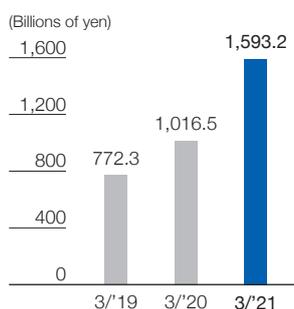
Note: Commitment line agreements: contracts made with financial institutions to secure financing subject to pre-agreed limits on the time period and commitment line. The contract dated June 2018 recently expired and was therefore renewed in June 2021 for a total of 600.0 billion yen.

### Cash Flows

The Company recognizes the importance of increasing free cash flow by strengthening business profitability and developing businesses over the medium- to long-term. The Company also works simultaneously to create cash flows through continuous reductions of working capital, revisions of asset holdings and other measures.

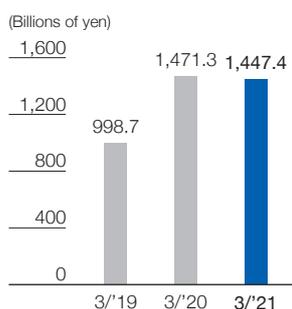
#### Cash and Cash Equivalents

(Years ended March 31)



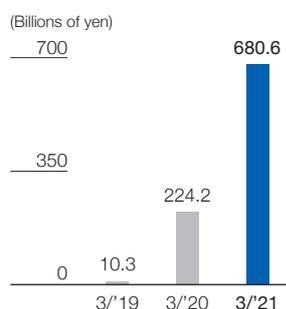
#### Interest-Bearing Debt

(Years ended March 31)



#### Free Cash Flows

(Years ended March 31)



Net cash provided by operating activities for fiscal 2021 was 504.0 billion yen and net cash provided by investing activities was 176.6 billion yen. Free cash flow, the total of the two, improved by 456.4 billion yen from the previous year to an inflow of 680.6 billion yen.

The sharp improvement compared to previous fiscal year mainly due to proceeds from the establishment of a joint venture in the automotive prismatic battery business as well as transfer of assets.

## Capital Investment, Depreciation and Amortization

The Panasonic Group makes capital investment based on a policy of steady investments primarily in key businesses for future growth. Capital investment in fiscal 2021 decreased by 40.6 billion yen to 301.5 billion yen, from 342.1 billion yen a year ago. The main capital investments have been made in production facilities in the U.S. for lithium-ion batteries, etc. for automotive use in the Automotive segment, in production facilities for electronic components, control equipments, etc. in the Industrial Solutions segment, and in production facilities for electric appliances for home use in the Appliances segment.

Depreciation and amortization decreased by 31.5 billion yen to 247.7 billion yen, from 279.2 billion yen a year ago.

Note: The figures for "Capital investment" are amounts on an accrual basis for property, plant and equipment and intangible assets. (Excludes increases due to business combinations)

"Depreciation and amortization" include depreciation of property, plant and equipment and amortization of intangible assets.

Fiscal 2021 Capital Investment by Segment		(Billions of yen)
	Capital Investment	
Appliances		45.7
Life Solutions		86.8
Connected Solutions		18.4
Automotive		63.2
Industrial Solutions		54.5
Other / Eliminations and Adjustments		32.9
<b>Total</b>		<b>301.5</b>

## Assets, Liabilities and Equity

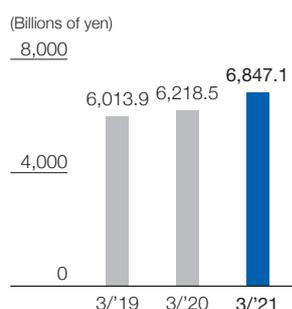
The Company's consolidated total assets of March 31, 2021 were 6,847.1 billion yen, an increase of 628.6 billion yen from March 31, 2020. This is due mainly to an increase in cash and cash equivalents as well as an equity investment in Blue Yonder, despite decreased assets as a result of the establishment of a joint venture in the automotive prismatic battery business and the transfer of Company's semiconductor business.

The Company's consolidated total liabilities were 4,078.6 billion yen, an increase of 15.9 billion yen from March 31, 2020. This is due mainly to an increase of income taxes payable.

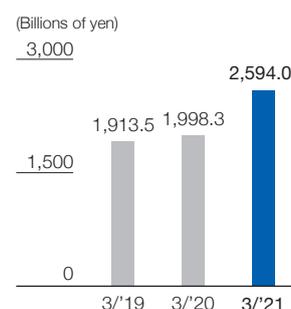
Panasonic Corporation stockholders' equity increased by 595.7 billion yen to 2,594.0 billion yen, compared with March 31, 2020. This is due mainly to recording of Net profit attributable to Panasonic Corporation stockholders and Other comprehensive income. With non-controlling interests added to Panasonic Corporation stockholders' equity, total equity was 2,768.5 billion yen.

As a result, the ratio of Panasonic Corporation stockholders' equity was 37.9%, increasing from 32.1% on March 31, 2020.

**Total Assets**  
(Years ended March 31)



**Panasonic Corporation Stockholders' Equity**  
(Years ended March 31)



For details regarding consolidated financial statements, please refer to the Company's [Annual Securities Report \(Yukashoken Hokokusho\)](#)

- [Consolidated Statements of Financial Position](#)
- [Consolidated Statements of Profit or Loss and Consolidated Statements of Comprehensive Income](#)
- [Consolidated Statement of Changes in Equity](#)
- [Consolidated Statements of Cash Flows](#)