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Editorial Policy

The Company positions its Annual Report as an integrated report incorporating management strategies for medium- to long-term growth, ESG (Environmental, Social and Governance) structures and initiatives, our operating results and financial position for the fiscal year under review, and other information. It is published for the purpose of providing investors and a wide variety of stakeholders with a better understanding of our efforts to achieve sustainable growth. The report describes our value creation process and medium- to long-term strategies to achieve “an ideal society with affluence both in matter and mind.”

Disclaimer Regarding Forward-looking Statements

This Annual Report includes forward-looking statements about Panasonic Holdings Corporation (Panasonic HD) and its Group companies (the Panasonic Group). To the extent that statements in this Annual 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 HD undertakes no obligation to publicly update any forward-looking statements after the date of this Annual Report. Investors are advised to consult any further disclosures by Panasonic HD in its subsequent filings under the Financial Instrument and Exchange Act of Japan (the FIEA) and other publicly disclosed documents.

Such risks, uncertainties and other factors are not all-inclusive and further information is contained in the most recent English translated version of Panasonic HD’s securities reports under the FIEA and any other documents which are disclosed on its website.
Management Philosophy

The founder Konosuke Matsushita always believed that humanity would achieve true happiness only through both material and spiritual affluence. And based on this thought, he aimed to achieve “an ideal society with affluence both in matter and mind.” The “Basic Management Objective” is a concise expression of this mission, and as the heart of the Panasonic Group’s management philosophy, it has been the foundation for all of our management activities to date. “Live Your Best” is a new brand slogan that reflects our Group-wide purpose. Today, global environmental problems, including climate change, are the world’s top-priority issues that require urgent solutions. We at Panasonic are determined to unite our Group-wide efforts to squarely address these issues. Furthermore, we will devote ourselves to supporting the well-being of individual people who live and work in society by helping them to pursue their own happiness and health in both mind and body, and thus live their lives with peace of mind and comfort. Therefore, we have decided to adopt this new brand slogan that encapsulates these aims. Going forward, the Panasonic Group will continue to contribute to solving social issues and the development of society based on our management philosophy, thereby paving a new way toward the future. We will also achieve sustainable growth and enhance corporate value.

Brand slogan reflecting Group-wide purpose

Live Your Best

In an ever-changing world, we continue our efforts to make life simpler, safer, healthier, more enjoyable, and more sustainable. Efforts to help our customers live their best.

Management Philosophy

<table>
<thead>
<tr>
<th>Basic Management Objective</th>
<th>Recognizing our responsibilities as industrialists, we will devote ourselves to the progress and development of society and the well-being of people through our business activities, thereby enhancing the quality of life throughout the world.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Company Creed</td>
<td>Progress and development can be realized only through the combined efforts and cooperation of each employee of our company. United in spirit, we pledge to perform our corporate duties with dedication, diligence and integrity.</td>
</tr>
<tr>
<td>Seven Principles</td>
<td>Contribution to Society, Fairness and Honesty, Cooperation and Team Spirit, Uniting Effort for Improvement, Courtesy and Humility, Adaptability, Gratitude</td>
</tr>
</tbody>
</table>

The Basic Business Philosophy of the Panasonic Group

The following extracts from the management philosophy embodied by our founder Konosuke Matsushita, centered on the Basic Management Objective, Company Creed, and Seven Principles, summarize the mindset which all Panasonic Group employees should keep in mind when practicing work and management.

Aim to achieve “an ideal society with affluence both in matter and mind” based on the thinking of “Matter and mind as one”

Become unrivaled in accomplishing valued work so that customers select Panasonic’s products & services

Faithfully practice the customer-comes-first attitude, more than anyone else

Profit is a result: it should be returned to society & employees and invested in the future

Implement “autonomous responsible management & employee entrepreneurship”

Create a culture in which “employees can say what they have to say” and promote management through collective wisdom

Promote management that “maximizes the potential of each employee”

Panasonic Group Code of Ethics & Compliance
https://holdings.panasonic/global/corporate/about/code-of-conduct.html

The Basic Business Philosophy of the Panasonic Group
https://holdings.panasonic/global/corporate/about/philosophy.html
Panasonic Group Past and Present

Founded in 1918 by Konosuke Matsushita, the Panasonic Group has expanded its business beyond the original wiring devices. In 1932, our founder set forth the Group’s mission to achieve “an ideal society with affluence both in matter and mind,” and the Group has been working toward this goal. Through our business, which creates new value, we aim to solve global environmental issues and contribute to the well-being of people in their “lifestyle” and “workstyle” — in other words, to a comfortable, safe, healthy, and happy state both in mind and body — and to achieve “an ideal society with affluence both in matter and mind.”

1918

- **Life with electricity begins**
- Expanding our business from wiring devices to a wide range of electrical product lines
- Sold automotive batteries from the dawn of the automobile industry in Japan, contributing to the popularization of automobiles.
- Established the Matsushita Electric Housewares Manufacturing Works (today's Panasonic Holdings Corporation), and sold its first product, the attachment plug, at a low price to ordinary households, contributing to the popularization of electrical appliances.

1937

- Jet fan (highway tunnel ventilation system) business
- Delivered a highway tunnel ventilation system, which was subsequently combined with a dust collection system to purify the environment inside the tunnel.

1950s

- Launched washing machines, black and white TVs, refrigerators, and other products, helping to reduce the burden of housework and make life easier.

1968

- The first VHS home video unit, which became the standard for recording TV programs.

1977

- Developed a “smart town” utilizing our IT and environmental technologies as an example of eco-friendly urban development.

1989

- Launched the world’s first home fuel cell, ENE-FARM, paving the way for the use of hydrogen energy in the home.

2009

- Launched a highway tunnel ventilation system, which was subsequently combined with a dust collection system to purify the environment inside the tunnel.

2009

- Launched a highway tunnel ventilation system, which was subsequently combined with a dust collection system to purify the environment inside the tunnel.

2010

- Launched the world’s first home fuel cell, ENE-FARM, paving the way for the use of hydrogen energy in the home.

2014

- Commenced the mass production of lithium-ion batteries for hybrid electric vehicles helping to popularize eco-cars.

2022

- Returning to our founding mission, we strive to realize “an ideal society with affluence both in matter and mind”

**Live Your Best**

At Panasonic, we work each day to enrich people’s lives and help move society forward. And we are as committed as ever to pursuing new ways to fulfill this mission.

**Contribute to solving global environmental issues**

- Realization of a carbon-neutral society
- Increased CO2 reduction impact

**Support health & well-being of people both in mind & body**

- Well-being in lifestyle
- More room in one’s mind and healthier lifestyle
- Well-being in workstyle
- Safe, comfortable, and worker-friendly workplace
At a Glance

Reportable segments

Lifestyle
- Air-conditioner
- Lighting
- Showcases
- Front load washing machine

Automotive
- Cockpit system
- View of head-up display (Photo courtesy of Toyota Motor Corporation)
- Vehicle camera module

Connect
- Electronic component mounting machine (NPM-DX)
- FZ-Q2 series high-performance rugged tablet PC
- PTXQ3SK series high-brightness projector

Industry
- Multi-layer circuit board materials
- Industrial motors
- Capacitors

Energy
- Storage battery systems
- Dry batteries

Overview of businesses

In this segment we provide products and services globally for a variety of settings from people’s homes to retail stores, offices, and public spaces, including home appliances, HVAC (heating, ventilation, and air conditioning), lighting, electrical equipment, and commercial equipment such as refrigerators and freezer display cases. We mainly operate the home appliance and residential equipment businesses, not only in Japan but globally, especially in China and Northeast Asia.

In the HVAC, refrigerator, and freezer display case businesses, we are continuing efforts to reduce CO₂ emissions through technologies such as energy saving and natural refrigerants. We will also contribute to improving the quality of living from the perspective of people, society, and the planet, in order to achieve a sustainable society.

In this segment we will continue to provide new value to vehicles and mobility experiences through the slogan “Heartmotive,” a coined word that combines “human emotion (heart)” and “automotive.” This slogan expresses our wish to continue creating inspiring encounters. By combining the technologies honed through development and manufacturing in our automotive business with the Group’s knowledge of people and lifestyles, and with comfort, safety, and security, and the environment, we provide a wide variety of unique automotive products, deployed on systems and devices. We also make proposals of solutions using our automotive products. In addition, with regard to initiatives toward the environment, we are promoting the expansion of our products that contribute to automobile electrification and weight reduction and products that use recycled materials, as well as energy reduction in our business activities and recycling-oriented manufacturing.

In this segment we are contributing to the management reform of B2B customers by staying close to the customer and bringing innovation to their diverse gembas (operational frontlines). For example, customer supply chains (the gembas for manufacturing, logistics, and retail) are plagued by labor shortages, but operational processes are becoming more complex in order to respond quickly to the diversifying needs of consumers. To address such issues of our customers, we work to optimize operational frontlines and improve productivity by combining software and technology to powerful hardware, and by incorporating our knowledge and know-how cultivated through manufacturing into our services. We also aim to realize a sustainable society by contributing to the reduction of disposal loss and energy consumption.

In this segment we provide electronic and industrial devices for a wide range of applications, including industry, information and communication, automotive, and more. By developing products with outstanding features backed by our unique material and process technologies, we contribute to solving social issues such as labor shortages in manufacturing, the data explosion caused by the progress of the information society, and environmental and safety requirements in the mobility society. We also actively work to achieve carbon neutrality in our production activities and reduce our environmental impact through the evolution of product performance, thereby contributing to the realization of a sustainable and prosperous society.

In this segment we globally provide automotive batteries that support mobility electrification and industrial batteries that support safe and secure social infrastructure such as data centers and home energy storage, medical equipment, and meters, as well as dry batteries that support convenient and comfortable day-to-day living. On the environmental front, we aim to contribute to the environment by reducing CO₂ emissions not only through our own business activities, but also through the electrification of society (transition to electric power, particularly in the automotive sector). By maximizing the value we provide to society in the form of security, safety, and low environmental impact, we as our wish to continue creating inspiring encounters. By combining the technologies honed through development and manufacturing in our automotive business with the Group’s knowledge of people and lifestyles, and with comfort, safety, and security, and the environment, we provide a wide variety of unique automotive products, deployed on systems and devices. We also make proposals of solutions using our automotive products. In addition, with regard to initiatives toward the environment, we are promoting the expansion of our products that contribute to automobile electrification and weight reduction and products that use recycled materials, as well as energy reduction in our business activities and recycling-oriented manufacturing.

Fiscal 2022 net sales composition ratio

(Reclassified in conformity with the business segmentation for fiscal 2023)

Notes: 1. Net sales composition ratio is calculated by dividing the sales of each reportable segment by the total of reportable segment sales (excluding “Other” and “Eliminations and Adjustments”).
3. “Other” is not shown in the Connect and Energy segments in the above pie chart because the amounts are negligible due to the effect of eliminations and adjustments.

Composition of Voluntarily Disclosed Businesses

Living Appliances and Solutions
- Kitchen Appliances
- Laundry Systems and Vacuum Cleaners
- Beauty and Personal Care

Heating & Ventilation A/C
- Heating and Cooling Solutions
- Ecology Systems

Cold Chain Solutions
- China and Northeast Asia Company

Electric Works
- Lighting
- Energy Systems

Energy (Panasonic Energy Co., Ltd.)
- In-vehicle
- FA Solutions
- Electronic Devices

Automotive (Panasonic Automotive Systems Co., Ltd.)
- Automotive Cockpit Systems
- Automotive Electronics Systems

Contact (Panasonic Connect Co., Ltd.)
- Avionics
- Process Automation
- Media Entertainment
- Mobile Solutions
- Blue Yonder

Industry (Panasonic Industry Co., Ltd.)
- Control Devices
- FA Solutions
- Electronic Devices
- Electronic Materials

Elaborations and Adjustments
- Entertainment & Communication
- Housing
- Industrial/Consumer
- Other
Message from the Group CEO

Toward “an ideal society with affluence both in matter and mind”
– Enhancing competitiveness and improving corporate value –

Under the new Group structure launched in April 2022, we have started our new medium- to long-term strategy. With this new strategy, we aim to contribute to solving global environmental issues and to support the health and well-being of people around the world, both in mind and body, toward achieving “an ideal society with affluence both in matter and mind.” This will be done by enhancing competitiveness in all of our businesses, from the viewpoints of both “strategy” and “operational capability,” which are indispensable to each other.

The cash generated, as a return on these contributions, will be allocated to investments in ways that enhance competitiveness. This will allow us to make further contributions and improve our ability to generate cash. In this way, I am determined to enhance corporate value in the medium- to long-term perspective. Since dialogues with our shareholders and investors are extremely important, I will make use of your valuable opinions and suggestions on how our management can pursue enhanced corporate value.

As we unite our best efforts as a Group, I ask for your continued understanding and support.

Start of the new structure

On April 1, 2022, the Panasonic Group formally launched the “operating company system,” in which each operating company is an independent legal entity. We call this system an “operating company system” because operating companies play the main role.

Each operating company will enhance competitiveness through
– adopting new systems that enable us to compete with specialized companies in each industry, instead of simply implementing Group-wide systems and processes, and
– continuously taking up challenges proactively.

Furthermore, each operating company aims to make contributions to society and customers in the industry it addresses, with unrivaled speed and scale.

Panasonic Holdings Corporation aims to strengthen its Group-wide management foundation from a long-term perspective, in addition to its role of a holding company. To be specific, there are five roles.

The first role is to thoroughly implement our “Basic Business Philosophy.” This Basic Business Philosophy defines our basic way of thinking in implementing the management philosophy and its core elements—“Basic Management Objective,” “Company Creed,” and “Seven Principles”—established by our founder Konosuke Matsushita. To help all employees return to the basics and fully understand their essence, in 2021, we conducted a major revision for the first time in approximately 60 years. I personally took part in this endeavor as a member of the editing team. For each operating company to thoroughly implement “autonomous responsible management,” it is fundamental that each employee implement the Basic Business Philosophy, so this role, among all five roles, is tackled as the highest priority.

The second role is to ensure and support enhanced competitiveness through
– Green Transformation (GX), aiming toward our long-term environmental vision, “Panasonic GREEN IMPACT,”
– Digital Transformation (DX), aiming for greater efficiency in operational processes, and
– “Gemba (operational frontlines) innovation” initiatives that eliminate wastefulness in the manufacturing gemba and supply chain by the full use of AI and IT, leading to strengthened operational capabilities.

The third role is to attain management that maximizes the potential of each employee, an essential part of enhancing competitiveness, and to build the needed platforms. The Panasonic Group has approximately 240,000 employees globally, with diverse personalities and talents. The work environment and corporate culture will be transformed so that each employee can take up challenges. To further generate opportunities in major roles and in taking up challenges, we will leverage the Group’s wide-ranging capabilities and continue the active exchange of human resources beyond operating companies.

The fourth role is to make “selection & concentration” decisions in cases where the operating companies are unable to make such decisions, or to promote investment for growth in opportunities where such investment exceeds the operating companies’ own funds. In principle, each operating company will play the major role in developing its own business. However, as a holding company, we will take measures toward our Group’s comprehensive development when necessary.

The fifth role is to respond effectively to critical risks from a Group-wide perspective. This includes thorough implementation of financial discipline, safety and compliance, and a Business Continuity Plan (BCP).

Roles of Panasonic Holdings Corporation

1. Thoroughly implement Group’s Basic Business Philosophy
2. Help enhance competitiveness to make greater contributions to society & customers: (GX, DX, Gemba Innovation, Design Management, Brand Management, various accelerated innovations)
3. Help maximize the potential of each employee and build needed platforms
4. Decide “selection & concentration” beyond operating company’s capability, invest in growth beyond operating company’s own funds
5. Respond effectively to critical risks from Group’s perspective

Looking back on fiscal 2022 and challenges to take up

Since I assumed the position of CEO in April 2021, I have been engaged in management while setting two years, fiscal year ended March 2022 (fiscal 2022) and fiscal 2023, as the period to focus on enhancing competitiveness to make larger contributions toward society and customers, and to further improve profitability. Looking back on the first year, fiscal 2022, we took a step forward with progress in gemba innovation such as improving productivity, and with gradually internalizing the practice of making constant improvements. However, in terms of the speed of enhancing competitiveness, there is still room for improvement. During fiscal 2023, the second year, we will further accelerate our efforts.

As for the challenges we should take up, first, we need to take a long-term and customer perspective in formulating our strategies. In a rapidly changing world, we should envisage major social changes instead of simply looking at a period of two to three years. What is best for our customers? And how can we translate our great mission into actually achieving our goal by back-casting from those changes?

Second, we should improve our adaptability to changes and make our management speedier, to an outstanding level. In order to do this, we must eliminate wastefulness, stagnation, and rework at our business frontlines, so that all of our employees can focus on truly value-added activities. Furthermore, it will be necessary to create a system and corporate culture that maximizes the potential of each employee. The new medium- to long-term strategy started in fiscal 2023 has been formulated based on such challenges we need to take up.

New medium- to long-term strategy

Future direction for the Panasonic Group

Our founder proclaimed the mission of achieving “an ideal society with affluence both in matter and mind.” Toward this end, in addition to its role of a holding company. To be specific, there are five roles.

The first role is to thoroughly implement our “Basic Business Philosophy.” This Basic Business Philosophy defines our basic way of thinking in implementing the management philosophy and its core elements—“Basic Management Objective,” “Company Creed,” and “Seven Principles”—established by our founder Konosuke Matsushita. To help all employees return to the basics and fully understand their essence, in 2021, we conducted a major revision for the first time in approximately 60 years. I personally took part in this endeavor as a member of the editing team. For each operating company to thoroughly implement “autonomous responsible management,” it is fundamental that each employee implement the Basic Business Philosophy, so this role, among all five roles, is tackled as the highest priority.

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The fifth role is to respond effectively to critical risks from a Group-wide perspective. This includes thorough implementation of financial discipline, safety and compliance, and a Business Continuity Plan (BCP).
Message from the Group CEO

Panasonic GREEN IMPACT

Toward achieving “an ideal society with affluence both in matter and mind,” contributing to solving global environment issues, climate change in particular, is one of the tasks we must take on with the highest priority.

In January 2022, we announced the Group’s long-term environmental vision: “Panasonic GREEN IMPACT.” We have committed ourselves to “ACT” to:

- reduce CO2 emissions throughout our overall value chain, including emissions from the use of sold products at the customer side, and
- make a positive impact to increase size of contribution in CO2 reductions for society through our wide range of business activities.

As a numerical target, we announced our aim to create an impact that reduces CO2 emissions by more than 300 million tons by 2050 through the entire Group’s business activities (300 million tons is equivalent to approximately 1% of the current global emissions). Setting this target at the center of our medium- to long-term strategy, we will make the strategic investments and take actions for our contributions going forward.

There are three parts to this major effort. The first part, “OWN IMPACT,” is emissions reduction in our own value chain, which is 110 million tons. To achieve net-zero emissions, we are promoting our own environment-saving initiatives, in addition to the effect of decarbonization occurring in society, which will progress toward 2050. This includes “virtually net-zero CO2 emissions at all operating companies by 2030,” to which we committed ourselves in May 2021. The second part, “CONTRIBUTION IMPACT,” is “avoided emissions” (contribution to reducing CO2 emissions for society) of 100 million tons through reduced consumption at the customer side with our current businesses. We will make contributions through such areas as the expansion of EVs with our automotive batteries, supply chain software, and air quality & air-conditioning businesses. The third part, “FUTURE IMPACT,” is “avoided emissions” of 100 million tons to impact energy transformation in society through the creation of new technologies and businesses such as hydrogen energy. Taking all three parts together, we aim to achieve an overall reduction impact of more than 300 million tons by 2050.

As a milestone toward 2050, by 2030, we will aim for approximately 100 million tons of avoided emissions. However, currently there is no standard to calculate “avoided emissions.” As the formulation of a standard proceeds, we may need to make revisions accordingly. Nevertheless, we will make efforts to reach each of these targets one by one, so that we can contribute to an early achievement of a carbon neutral society.

Medium-term management indicators (KGI)s and strategic investments

In the past, we had set single-year based sales and operating profit margins as management indicators. However, setting short-term profit targets leads to the business frontlines holding back necessary investments for the future. As a result, I believe that in some cases, our competitiveness fell behind our peers. Therefore, we have set cumulative operating cash flow for the three-year period as one of our medium-term management indicators. Cumulative operating cash flow is an indicator of our cash-generating capability as a Group, which is essential for tax payments, dividends, employees’ salaries, and sufficient investments in our future contributions to society. More specifically, we aim for 2 trillion yen of cumulative operating cash flow over the three years of fiscal 2023 to fiscal 2025, with a precondition of achieving 1.5 trillion yen of cumulative operating profit over the same period. In addition, we have set ROE, a measure of capital efficiency, as another medium-term management indicator. Our target is to achieve a level of 10 percent or more by fiscal 2025.

To achieve these targets, we must thoroughly enhance competitiveness at each business. In this regard, for instance, during the past two years, China and Northeast Asia Company managed to decrease manufacturing costs by over 20 percent in home appliance products as a part of their competitiveness-enhancement initiatives. This gave us the confidence to compete against our peers in pricing, while still securing profit, even in a very competitive market like China. This is just one example showing us there is still a lot of room for improvement in cost competitiveness and profitability as a Group.

Regarding investments going forward, in principle, each operating company will make investments with the cash generated through its own business. Furthermore, while maintaining financial discipline, we will also make strategic investments as a Group. Under the condition of cumulative operating cash flow of 2 trillion yen, a total of 600 billion yen in three years will be invested: 400 billion yen in “growth areas,” which are automotive battery, supply chain software, and air quality & air-conditioning, as well as 200 billion yen in “technology pillars.”

Investments for growth

Automotive battery area

From the global environment perspective, it is essential that the affordability and safety level of EVs far surpass those of cars with internal combustion engines. To reach this target, we will make Group-wide investments to thoroughly and rapidly strengthen battery capacity, safety, and cost competitiveness of our automotive batteries.

More specifically, we will commercialize new high-capacity cells with a 46-mm diameter, at the fastest speed within the industry, by refining our high-quality and safer automotive battery technologies, as well as achieving industry-leading cost competitiveness. First, we will verify the productivity of the highly efficient production line at our Wakayama factory in Japan, with mass production set to start in fiscal 2024. In addition, we applied to the incentive program that the State of Kansas established to attract investments, and received the state's approval in July 2022. The construction of a manufacturing facility in Kansas, USA, is to be decided upon assessing the progress and outlook of enhanced competitiveness in operational capabilities, including manufacturing.

And from a sustainability perspective, it is essential to consider the use of precious and limited materials. With our lithium-ion batteries, we have already achieved a significant reduction of cobalt, a rare and indispensable metal. Our battery contained less than 5 percent cobalt as of 2021. Moreover, we have already completed development of technologies to produce cobalt-free cells, and we are nearly at the stage of being able to start their mass production according to customers’ needs.

Supply chain software area

Due to the decreasing working population, we are facing labor shortage issues at the gemba of manufacturing and logistics industries. Consequently, there are strong demands for higher efficiency and standardization. Therefore, solutions that autonomously improve the overall supply chain are necessary. Even if solutions run autonomously, there is a limit to how swiftly we can optimize the gemba, since they require a higher level of skills. Therefore, such solutions are needed to enable people at the gemba to eliminate wastefulness and stagnation in the overall supply chain without requiring special knowledge.

To achieve these aims, we will offer a wide range of software solution packages and optimize operational processes through the collection, accumulation, analysis and utilization of various data at the gemba. With these solutions, we will contribute to optimizing the overall supply chain and improving the efficiency of management for our customers. In addition, the accuracy of autonomous supply chain management by Blue Yonder’s AI will be enhanced, and their software solutions will also continue to evolve. At the same time, we will contribute to the reduction of negative environmental impact through energy savings, which can be achieved by eliminating wastefulness and stagnation in the overall supply chain.

With greater business opportunities in the area of supply chain software, the business conditions face drastic changes in the competitive environment, with tougher competition in investments and increased global mobility of highly skilled software engineers. Therefore, to accelerate its growth globally by utilizing the capital markets, we have begun preparations for a potential stock exchange listing of our supply chain management business, as announced on May 11, 2022.

Air quality & air-conditioning area

Due to COVID-19, there has been growing demand for ways to alleviate people’s anxiety about bacteria and viruses. Moreover, since air-conditioning equipment consumes a large portion of the global electric power, we can make huge contributions to the global environment, even as people enjoy clean and safe air as well as a comfortable lifestyle.

To achieve this goal, Panasonic will continue to develop such unique technologies as “nanoe X”, “Ziaino”, and humidify control technologies. In addition, Panasonic will develop an advanced coordinated system that integrates air quality and air-conditioning to manage both comfort and energy savings.

Furthermore, we will make investments, mainly in Europe, China and Japan, with the following purposes:

- establish foundations for sales, engineering and services to continuously offer customers clean, safe and environment-friendly air, and
- expand our lineup of advanced coordinated products.

By integrating our customer contacts with our knowledge and technologies, accumulated in over 100 years of R&D, we will “vitalize the future with air.”
Investments in technology pillars

Toward achieving “an ideal society with affluence both in matter and mind,” we will strengthen the Group-wide technology pillars that contribute to the environment and well-being in “lifestyle” and “workstyle.”

The first pillar is hydrogen energy, with the development of high-efficiency fuel cells already underway. We will apply this to the next-generation residential fuel cell system “ENE-FARM” and the pure hydrogen fuel cell generator “Hi KIBOU.” Through these efforts, we will contribute to the acceleration of decarbonization in the power-generation field. Moreover, we aim to establish energy-management technologies that link distributed energy located in various facilities such as houses and factories, power storage systems, and EVs.

Accordingly, we will improve the effective use of electric power and contribute to clean energy transformation for society. Another pillar, the Cyber Physical System (CPS), includes technologies that rapidly enable users to find and offer optimum solutions for issues in “lifestyle” and “workstyle” by linking the real “physical” world and “cyber space.” An example is sensing the activities at various “physical” workstyle gemba sites, such as manufacturing, logistics, and distribution, and then inputting the acquired data in “cyber space” for analysis and simulation. In this way, we can come up with the optimum solution to eliminate wastefulness and stagnation at the gemba and make improvements. In addition, we are trying to better understand what our customers really need in their actual lifestyles through the usage of our products in various situations. Using AI and software technologies will help us to understand this, and we aim to bring better value in lifestyle experience with our products and services.

To strengthen Group-wide technology pillars, we will also be proactive in our search for new technologies such as investing in AI.

<table>
<thead>
<tr>
<th>Group-wide technology pillars</th>
<th>PC</th>
<th>RE</th>
<th>PHE</th>
<th>PHM</th>
<th>PQM</th>
<th>PD</th>
<th>PEC</th>
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<tbody>
<tr>
<td>Functional materials/Materials informatics</td>
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<td>Power electronics</td>
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<td>Hydrogen energy devices/DERMS</td>
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<td>Image sensing/Robotics</td>
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<td>Simulation/Model-based development</td>
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<td>Biosensing/Emotion recognition/Biotechnology</td>
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<td>Common software platform</td>
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Note: Labels on horizontal axis indicates abbreviations of seven operating companies. Please refer to pages 15 and 16 for details.

Brand slogan

Our founder, Konosuke Matsushita, aimed at prosperity in both matter and mind throughout his life. Back in 1932, he recognized the mission of a company as “the true mission of industrialists: only after there is spiritual peace of mind and a limitless supply of material goods will humanity achieve true happiness.” He set his aim to achieve this with the so-called “250-year plan.”

To always remind all of us of this mission, we have decided to adopt a new brand slogan, “Live Your Best.” This slogan also embodies my hope that each employee will turn their thoughts to each customer’s happiness.

Toward what we aim to be in 2030, everyone at all operating companies of the Panasonic Group is determined to continue efforts to help our customers live their best, offer contributions to become a valued company needed by society, and thus enhance corporate value from the perspective of stakeholders as well as enterprise value in terms of financial measures.

Finally, I would like to ask for your continued support of Panasonic.
In order to achieve "an ideal society with affluence both in matter and mind," Panasonic will make the most of the management resources entrusted to us by society and work on enhancing competitiveness in terms of both strategy and operational capability under the Basic Business Philosophy of the Panasonic Group. We will then return the profits received as a result of our contributions back to society, to our employees, and to further useful investments. As we continue to pursue this cycle and strengthen our competitiveness, we will further increase our contributions and enhance our corporate value.

**Value Creation Process**

In order to achieve "an ideal society with affluence both in matter and mind," Panasonic will make the most of the management resources entrusted to us by society and work on enhancing competitiveness in terms of both strategy and operational capability under the Basic Business Philosophy of the Panasonic Group. We will then return the profits received as a result of our contributions back to society, to our employees, and to further useful investments. As we continue to pursue this cycle and strengthen our competitiveness, we will further increase our contributions and enhance our corporate value.

**Ideal society with affluence both in matter and mind**

**Brand Slogan** Live Your Best

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**Corporate Governance**

**Human Capital**
- Employees: 240,000 (99 thousand in Japan; 151 thousand overseas)

**Manufactured Capital**
- Properties, plant and equipment: ¥7,715.3 billion

**Intellectual Capital**
- Licenseable assets such as technology and know-how: ¥860.3 billion
- Number of intellectual property holdings: more than 50,000

**Brand Capital**
- Brand value: ¥5,832 billion
- Global brand ranking: 6th

**Natural Capital**
- Annual energy consumption: 4.817TWh
- Global brand ranking: 6th

**Financial Capital**
- Parent company shareholder equity: ¥7,165.8 billion
- Interest-bearing debt: ¥1,897.3 billion

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*1 Of the seven operating companies, the five companies whose sales volume accounts for 10% or more of total sales are referred to as "segments." *2 Figures as of the end of March 2022. Figures for Natural Capital are an annual result of FY2022. *3 Research by Interbrand, a branding specialist. *4 Figures from photovoltaic, wind, and biomass sources including the amount of renewable energy adopted to manufacturing and non-manufacturing sites of own group. Heat pumps not included.
Overview of Medium- to Long-term Strategy by Reportable Segment

The Panasonic Group has transitioned to an operating company system in which each business operates with a high degree of independence and has reorganized its reportable segments into the following five segments: Lifestyle, Automotive, Connect, Industry, and Energy. Using cumulative operating CF and ROIC as medium- to long-term management indicators (KGI: key goal indicators), the individual operating companies are working to thoroughly enhance their business competitiveness with the goal of making contributions to society, including in the area of the environment.

For details on medium- to long-term strategy for each operating company, please refer to the “Panasonic Group IR Day 2022” documents. [https://holdings.panasonic/global/corporate/investors/presentations/ir-day-2022.html]

The formula for calculating the ROIC of each operating company is as follows.

\[ \text{ROIC} = \left( \frac{\text{Net Operating Profit after Taxes}}{\text{Average Invested Capital}} \right) \times \left( \frac{\text{Operating Profit}}{(1 - \text{Income Taxes})} \right) \]

Lifestyle (Panasonic Corporation)

Becoming an Enterprise with an Overwhelming Presence in Lifestyle

Panasonic Corporation, aiming to manage from a long-term perspective, has defined a mission and vision as its corporate Purpose. The mission is “Life tech & Ideas: For the well-being of people, society, and the planet,” and the vision is “We are the best partner of your life with human centric technology and innovation.” Under these banners, the company will move forward with its transformation into an enterprise with an overwhelming presence in the Lifestyle area.

The long-term strategy for the year ending March 31, 2031 (fiscal 2031) has identified seven priority businesses from the perspectives of business position (market growth potential) and competitive advantage (industry position and growth drivers): HVAC system, overseas electrical construction materials, energy solutions, CO2 refrigeration system, system electrical construction materials in Japan, display cases, and home appliances in Japan. In each of these seven priority businesses, the company aims to achieve the No. 1 or No. 2 market share in the industry by 2031 as the customer’s preferred choice, thereby transforming its business portfolio. And through this business portfolio reforms, the company will halve CO2 emissions in its own value chain and accelerate the impact of its emission reduction contribution to society.

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The medium-term strategy for fiscal 2025, which is a stepping stone towards 2030, is focused on strategic resource allocation, such as allocating cash generated mainly through operating cash flows to investment in growth businesses and investment to strengthen operational capabilities. At the same time, as a response to the risk of deterioration in the business environment, such as raw material price hikes and exchange rate fluctuations, the company will promote cost structure reforms such as company-wide procurement review and a review of shipping prices.

Furthermore, with regard to ESG implementation in the current medium term, the company is promoting its GX strategy by appointing a CGXO*, accelerating promotion of DEIT*2 to maximize individual and organizational performance, and strengthening corporate governance by inviting outside directors, etc.

Connect (Panasonic Connect Co., Ltd.)

 Contributing to Solving Management Issues of B2B Customers through Core and Growth Businesses

Panasonic Connect Co., Ltd. consists of hardware-based “core businesses” and software-based “growth businesses.” In the core businesses, which have the world’s top market share in products such as mounting machines and in-flight entertainment systems, the company will concentrate on highly profitable business lines and further specialize in hardware. In the growth businesses, including Blue Yonder, the company will promote a shift to SaaS-based business models and strengthen its cloud-based software solutions. The company’s goal is to be a sustainable, highly profitable business entity centered around both core and growth businesses and a unique partner that makes diverse and multi-layered contributions to solving the management issues of customers.

Cumulative operating CF (FY22-25) : 260 billion yen
ROIC (FY25) : 4.6%

Industry (Panasonic Industry Co., Ltd.)

Focus on Three Areas: Factory Labor-savings, Information & Communication Infrastructure, and Automotive CASE.

Panasonic Industry Co., Ltd. is focused on areas where social need is strong and continuous evolution is required: factory labor-savings, information & communication infrastructure, and automotive CASE (Connected, Autonomous, Shared, and Electric). The core businesses with high growth potential and profitability in which the company will concentrate its efforts are FA Solutions, Electronic Materials, EV Relays, and Capacitors. Furthermore, the company aims to improve profitability by growing its core businesses, which accounted for 50% of sales in fiscal 2022, to 70% in fiscal 2031. The company will also promote initiatives towards the environment such as net-zero CO2 emissions (Scope 1 and 2) in fiscal 2031 by reducing its environmental impact from the perspectives of both its own manufacturing and the delivery and delivery of products for customers.

Cumulative operating CF (FY22-25) : 390 billion yen or more
ROIC (FY25) : 20%

Energy (Panasonic Energy Co., Ltd.)

Leading/Promoting Both a Sustainable Global Environment and Enriched Lifestyles through Diverse Batteries and Technologies

Panasonic Energy Co., Ltd. will achieve sustainable growth based on the two pillars of “growth potential” in the automotive business, which is rapidly expanding due to the progress of electrification, and “profitability” in the industrial and consumer businesses, which support social infrastructure and are expected to experience stable demand. The company will also maximize its contribution to society through the environmental contribution activities of these businesses.

In the automotive sector, the company will focus on the North American market, where it has a strong business foundation, and promote business growth by commercializing its new battery (4680 cells). In the industrial and consumer sectors, the company will strengthen its structure to meet increasing demand while promoting social transformation toward digitalization and electrification, including of social infrastructure and power equipment, with its highly safe and highly reliable technologies.

Cumulative operating CF (FY22-25) : 330 billion yen
ROIC (FY25) : 12%
Medium- to Long-term Strategy
Annual Report 2022

Efforts to Thoroughly Strengthen Operational Capabilities

Message from the Department Head

By continuously making kaizen (improvement) efforts, we will thoroughly eliminate all kinds of wastefulness and stagnation, thereby enhancing competitiveness

Masanori Minamio
General Manager, Operational Strategy Department
Panasonic Holdings Corporation

“Strategy” and “operational capability” are indispensable to each other for enhancing competitiveness

To enhance business competitiveness, it is important to have a business strategy that includes market selection and business model transformation tailored to the characteristics of the individual business. On the other hand, what is equally important is to enhance operational capability. We cannot realize our vision without operational capabilities, which include the unrivaled ability to create products that are valuable to customers and cost-effective, to deliver those products quickly, and to continue production and sales without product shortages or excess inventory. I believe it is necessary to eliminate all kinds of wastefulness and stagnation at the operational frontlines, thoroughly refine our operational capabilities, and tirelessly make kaizen efforts with the mindset that improvements made yesterday will be further improved today.

Establishment of Operational Strategy Department
In April 2022, the Company established the Operational Strategy Department as an organization reporting directly to the Group CEO. The aim of the Operational Strategy Department is to accelerate the strengthening of each business line, including wastefulness in operations and wastefulness between operations. These are things that our customers don’t need and make our business less competitive.

Kaizen is an activity to standardize and improve business processes. By using the power of digital technology, wastefulness can be analyzed and visualized, allowing people to focus on improvement activities. That will lead to higher quality of management.

The Company has been manufacturing many products globally for more than 100 years since its founding. Through all our experiences, we have accumulated knowledge in industrial engineering. Industrial engineering is a method for maximizing business and operational efficiency by standardizing business processes and quantitatively and scientifically analyzing operations at the operational frontlines. The Operational Strategy Department is developing initiatives to establish the kaizen know-how that has been accumulated as tacit knowledge at most of the operational frontlines and to disseminate these activities widely. We will continue to lead such activities in the “gembba kaizen way” at all the operational frontlines, where people can feel the joy and satisfaction of kaizen, help each other, and create even more kaizen.

We also want to use our skills in kaizen, which eliminates wastefulness and stagnation, to support early recovery in the event of a fire or other incident. Our efforts are directly related to strengthening our “Five capabilities toward change (1 through 5)” for enhancing competitiveness (see “Message from the Group CEO” p. 14), particularly “Response to demand changes” and “Response to production fluctuations;” in other words, to strengthening our responsiveness to supply chain management in general.

Case Examples of Operational Frontlines Innovation Initiatives

This section introduces case examples of the operational frontlines innovation initiatives that combine industrial engineering know-how accumulated at the operational frontlines with advanced digital technologies such as sensing and AI, which are strengths of the Panasonic Group.

1. Tsuruga Factory, Panasonic Automotive Systems Co., Ltd.
Assembly process is captured with omnidirectional cameras and analyzed with AI to identify rooms for improvements

At the Tsuruga Factory, which develops and assembles automotive components, a variety of kaizen (improvement) methods learned through interactions with automobile manufacturers have taken root as activities in which everyone participates, and kaizen is practiced on a daily basis with suggestions and ideas from each individual. In the component assembly process, work time of each worker is directly related to productivity. The factory therefore adopted the power of digital technology, using AI to analyze videos captured by omnidirectional cameras to identify rooms for productivity improvements. This has significantly reduced the man-hours required to analyze the current production status, which previously depended on human skills, further accelerating the pace of kaizen.

2. Saga Factory, Panasonic Connect Co., Ltd.
Optimize the mounting process with digital data and AI analysis of people, goods, and equipment

The Saga Factory is implementing innovation on the manufacturing floor in the mounting process used to manufacture printed circuit boards of various types and quantities. The factory is using a combination of omnidirectional cameras, equipment data, and production planning to identify rooms for productivity improvements and improve the speed and efficiency of product swapping. The planning is then optimized by identifying differences between the plan and the actual results.

Specifically, using cyber-physical systems and AI to group and optimize parts according to the production plan has significantly improved production efficiency by minimizing the swapping of parts trolleys. In addition, by combining digital data on people, goods, and equipment and analyzing it with AI, higher productivity is achieved by extracting wasted time from highly individualized plans and allocating it to productive time. Compared to the year ended March 31, 2021 (fiscal 2021), the factory was able to reclaim 6,000 minutes of wasted time per month (as of April 2022).
Detected signs of defects and anomalies and take countermeasures before they occur through analysis of manufacturing and post-sales data

The Kusatsu Fuel Cell Factory, which produces the “ENE-FARM” home fuel cell, carries out extremely complex and high-precision manufacturing using automated equipment and the craftsmanship of skilled workers. The data obtained in each process during manufacturing is also used to improve customer satisfaction. Various data and components in each process are linked to the analysis results of product defects in the market and the operating data from fuel cells that are actually installed and in operation. This makes it possible to detect defects and anomalies before they occur, giving customers additional peace of mind.

Blue Yonder’s solutions reduce production and disposal losses and optimize inventory

As a new initiative to apply kaizen made at the gemba (operational frontlines) in management, the Mobile Solutions BD, which manufactures and sells “Let’s note” brand of notebook PCs and “TOUGHBOOK” brand of rugged mobile computers for use at the gemba, is combining solutions from Blue Yonder, a Group company that provides software development and operation consulting in the supply chain management field, with data from continuous kaizen efforts at the gemba, and making its efforts to streamline the entire supply chain.

The products handled by the Mobile Solutions BD are primarily B2B. Therefore, the production plans had to directly reflect each customer’s demand for each product with different specifications, and if the lead time was long, in some cases the customer’s requested delivery date could not be met. Meanwhile, from a management point of view, there was too much inventory, among other problems. The introduction of Blue Yonder’s solutions, which provide a high level of situational awareness of the entire supply chain, has resulted in reductions in production and disposal losses and cumulatively saved approximately 2 billion yen since it was introduced in 2019 (as of April 2022). The solutions have also brought about a positive impact on management through inventory optimization.

Process innovations through kaizen activities integrating industrial engineering knowhow and digital technologies to improve productivity

The Service Parts Center in Saito, Osaka handles service parts for the Media Entertainment BD and Mobile Solutions BD of Panasonic Connect Co., Ltd. The Media Entertainment BD handles broadcasting equipment and the Mobile Solutions BD develops Let’s note brand of notebook PCs, among other products. It maintains an inventory of more than 10 million parts needed for product repair and maintenance. The supply of service parts requires both the maintenance of service levels through prompt delivery and the reduction of warehouse housing costs and cash through appropriate inventory management. Reducing operational costs is an important effort that is directly linked to profits. At the Service Parts Center in Saito, the picking operation used to be the bottleneck of the entire operation, but is now streamlined as a result of process innovations through kaizen activities integrating industrial engineering knowhow and digital technologies.

First, a dashboard system was built that combines WMS (Warehouse Management System) data and work footage from fixed cameras in an integrated way, allowing for time-saving identification of problems. This greatly speeds up the cycle from analysis to improvement and enables operations that can greatly reduce bottlenecks and waiting times. Next, a new technology was developed and introduced that can simultaneously estimate a parts picking cart’s self-position (localization) and acquire video images of the cart’s operation to track its movements even in indoor warehouses where GPS does not work. Flow line and bottlenecks, which could not be captured with fixed cameras alone, can now be fully grasped, greatly expanding the scope and targets for improvement. In addition, AI-based image analysis technology is used to break down the video footage taken with a camera of a person’s series of tasks into detailed elemental tasks and analyze them. Then, by identifying bottlenecks and applying kaizen techniques to these bottlenecks, it enables us to create the operational frontlines where business process transformation continuously takes place. In addition, spatial sensing technology has been used to monitor loading capacity by automatically tracking the fill rate in containers, shelves, and parcel cages, even while in motion. By maximizing the efficiency of warehouse space and deploying truck management synchronized with warehouse operations, we hope to be able to solve the problem of trucks waiting for long periods of time and delivering small payloads.

Introducing these kinds of digital technologies made it possible to comprehensively analyze the operating status of people and equipment, their movements, work data, demand data, and so on, use the data to identify warehouse conditions and problems, and make sure operations can keep up with fluctuations in load volume. This has eliminated the need to constantly allocate more resources in case of delays or shortages.

A work analysis showed that what used to take 600 minutes has been reduced to 15 minutes, a reduction of a factor of 40.¹ As a result, kaizen initiatives have been greatly accelerated. The productivity of picking operations has improved by 25% per year,² productivity has almost doubled over the three-year period from 2017 to 2019, and in terms of cost performance, overall costs were reduced by 10%.³

¹: Compared to 2016 ²: Three-year average from 2017 to 2019 ³: Service Agreement Fee was renewed in 2019
Strategies of Functions

Message from the Group CFO

Profitability has steadily improved by enhancing our management structure. Under a new medium-term strategy, each business will aim to improve its cash-generation capability by enhancing competitiveness and Panasonic Holdings will seek to achieve Group-wide sustainable growth by improving profitability in growth areas on the back of strategic investments.

Hirokazu Umeda
Representative Director, Executive Vice President, Group CFO

Basic approach to financial management

What basic approach to financial management does the Company employ in order to advance business operations?

Our basic approach to financial management emphasizes return on invested capital and financial stability. In terms of return on invested capital, we are aiming to stably achieve ROE of at least 10% in an effort to generate returns that exceed the cost of stockholders’ equity by promoting a business management that is conscious of capital costs. As for financial stability, we are working to expand stockholders’ equity through the accumulation of net profit and endeavoring to build a robust financial base that can prop business structural reforms and investments for growth. To that end, we have established a capital allocation policy as a basic approach to cash generation and allocation. In keeping with that policy, we, in principle, generate the cash needed for investments, structural reforms, and dividend payments from cash flow generated by businesses and cash generated by divestitures and the sale of assets. We also adopt a flexible approach when cash becomes necessary for investment opportunities such as an M&A deal, for example, before sufficient cash flow is generated from business.

Reflecting on the previous Mid-term strategy

In April 2022 the Company unveiled a new medium- to long-term strategy. Before going into details, please give us a quick review on the previous Mid-term strategy (FY2020–FY2022).

In our previous Mid-term strategy we mainly undertook initiatives to (1) enhance our management structure, (2) reform our business portfolio, and (3) improve profitability in automotive business (automotive solutions and automotive batteries) with the overall objective of breaking away from a low-profitability structure. We achieved the following results in each of the initiatives.

(1) In enhancing our management structure, we aimed at profit contributions of 100 billion yen over the three-year period of the Mid-term strategy: 60 billion yen from fixed cost reductions and 40 billion yen from rolling out measures for businesses having loss-making structures. We reduced fixed costs by thoroughly reducing personnel costs and indirect operations, as well as by consolidating facilities. These efforts contributed to profit by some 101 billion yen, well above our initial target. In addition, our measures for businesses having loss-making structures generated profit contributions of 34 billion yen. The measures included transforming the semiconductor business, terminating in-house production in the LCD panel and solar businesses, and turning the TV business profitable mainly by focusing on specific regions. Together with the aforementioned fixed cost reductions, we achieved profit contributions of 135 billion yen in total. With the spread of the COVID-19, we reviewed fixed costs and reduced expenses related to activities which used to be considered normal, such as business trips, meetings, and exhibitions; which had led to cost reductions. We will continue to control costs thoroughly going forward so that the benefits of these measures take root.

(2) In reforming our business portfolio, alongside measures for businesses having loss-making structures, we worked on enhancing our competitiveness through partnerships; for example, we established joint ventures with Toyota Motor Corporation in the automotive prismatic battery business and the town development business. Also, we made Blue Yonder a wholly-owned subsidiary, expanded automotive battery production capacity at our North America factory in Nevada, and made investments to capture growth opportunities with a view to medium- to long-term growth.

(3) As for improving profitability in the automotive business (automotive solutions and automotive batteries), in automotive solutions we concentrated on our areas of strength, while for automotive batteries we worked on the rationalization of materials and productivity improvements. As a result, in the fiscal year ended March 2021 (fiscal 2021), we managed to turn profitable on a full-year basis after heavy losses in fiscal 2020. The automotive batteries business in particular has now grown into a business which generates steady profits from brisk EV demand. The results of these measures contributed to steady improvement in adjusted operating profit even in the midst of the pandemic and other changes in the external environment.

From a financial point of view, we continued to shift our management resources towards sustainable growth and enhance the competitiveness of the entire Group by reforming our business portfolio in line with our basic approach to financial management. In the Gembka (operational frontlines) Process business, which we consider as an area of focus, with the aim of achieving a business model transformation with a view to the future, we deepened our strategic partnership mainly by establishing a joint venture with Blue Yonder in 2019 and acquiring a 20% equity stake in the company in 2020. In order to further accelerate this business transformation, we made Blue Yonder a wholly-owned subsidiary in September 2021. The total acquisition price was approximately 860 billion yen*. Considering the temporary financial impact of this acquisition, including the recording of sizeable intangible assets and goodwill, we issued hybrid bonds worth 400 billion yen in which a certain level of equity value is recognized for own-holdings purposes in order to stably maintain our credit rating after the acquisition and ensure that we still have the capacity to make investments in the future.

In looking back on our allocation of cash over the three-year period of the previous Mid-term strategy, the amount of cash generated from not only operating cash flow, but also from divestitures and asset sales, was greater than the amount we allocated to dividend payments, structural reforms, and investments for growth, including the Blue Yonder acquisition. As a result, net cash at the end of fiscal 2022 was −649 billion yen, an improvement of approximately 160 billion yen from −813.1 billion yen at the beginning of fiscal 2020.* Includes the repayment of Blue Yonder’s bank borrowings

Capital allocation (FY2020–FY2022)

New medium- to long-term strategy

The Company’s new medium- to long-term strategy was launched under the operating company system. What are its objectives?

Under our new medium- to long-term strategy, each operating company will seek to enhance their competitiveness by leveraging “strategies” formulated from a long-term point of view together with their sharpened “operational capabilities” and improve their cash-generation capabilities. And based on autonomous responsible management, each company will aim to achieve further growth by investing in long-term goals with cash generated from their own business activities. To that end

Financial results (FY2020–FY2022)

Profitability has steadily improved by enhancing our management structure. Under a new medium-term strategy, each business will aim to improve its cash-generation capability by enhancing competitiveness and Panasonic Holdings will seek to achieve Group-wide sustainable growth by improving profitability in growth areas on the back of strategic investments.
we have set the following medium-term management indicators (KGI). As a measure of our ability to generate cash, cumulative operating cash flow of 2.0 trillion yen and cumulative operating profit of 1.5 trillion yen have been set for the three-year period from fiscal 2023 through fiscal 2025. We have also set ROE as a KGI to measure capital efficiency. ROE has been around the 8% level recently, but we are targeting 10% or more by fiscal 2025. By setting cumulative management indicators as KGI, our objective is to boost our cash-generation capability and profitability over the medium to long term. In the previous Mid-term strategy we laid down a solid foundation by steadily taking steps to reduce fixed costs and take measures for business with loss-making structures. The new medium-term strategy represents a new phase of boldly embracing challenges to achieve our future vision. Our KGI targets are challenging, but in light of the areas we need to strengthen, we are seeing a lot of ingenuity and efficiency emerging from an operational standpoint and the speed at which we are implementing various initiatives is gathering pace. I believe if we set ourselves high-level targets and make efforts to do what should be done, the results will naturally speak for themselves.

Medium-term management indicators (KGI)

<table>
<thead>
<tr>
<th>Cumulative operating CF (FY2023–FY2025)</th>
<th>2.0 trillion yen</th>
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<tr>
<td>ROE (FY2023)</td>
<td>10% or more</td>
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<tr>
<td>Cumulative operating profit (FY2023–FY2025)</td>
<td>1.5 trillion yen</td>
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<tr>
<td>ROE and Panasonic Holdings Corporation stockholders’ equity (%)</td>
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<tr>
<td>(Billions of yen)</td>
<td>5.000</td>
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- While each operating company thoroughly engages in autonomous responsible management, what kind of measures will Panasonic Holdings Corporation (hereinafter, “PHD”) focus on, and what will it aim to achieve?

Even during the period of the last Mid-term strategy we had made medium- to long-term growth-oriented investments, but in order to achieve our future goals, under the new medium-term strategy we will make strategic investments of 400 billion yen in the three growth areas of automotive batteries, supply chain software, and air quality & air-conditioning, along with 200 billion yen in “technology pillars” for the purpose of strengthening Group-wide technological capabilities.

The three growth areas are domains in which each business can demonstrate their competitive edge and they also present considerable business opportunities at a time when the structure of society is gradually shifting towards carbon neutrality. Moreover, they are areas in which we can make significant contributions towards solving global environmental issues in line with the “Panasonic GREEN IMPACT.” Some of the past strategic investments were unable to achieve growth that brings profits because we were focused on pursuing scale expansion. Under the new medium-term strategy, however, we intend to execute investments after assessing competitiveness of each business and drive Group-wide growth by improving profitability in the three growth areas. To that end, it is important that we steadily secure enough cash for not only shareholder dividends, but also strategic investments. We will therefore secure cash as a holdings company and allocate cash to the operating companies. In return for the capital allocated, we will establish an appropriate cost of capital that suitably reflects our business characteristics in order to collect a share of cash equivalent to the cost of capital from each operating company. We will then use the cash received to make strategic investments with the aim of enhancing Group-wide enterprise value. In addition to receiving dividends from operating companies, PHD takes a flexible approach to optimal Group-wide financing schemes, such as the sale of assets, etc. or funding the operating companies when they are making an investment which exceeds their own funds.

In May 2022, we announced that we would start making preparations for a stock exchange listing of our supply chain management business (SCM business) centering on Blue Yonder. Because the SCM business is a high-growth market, the competitive environment is changing rapidly. In light of such circumstances and partly because its own growth would not be enough to keep up with the market, we have judged that it would be necessary to enhance the competitiveness of the SCM business with the help of the capital markets in order to achieve inorganic growth beyond its own investment capacity. With a view to growth in the Saas business, we intend to aggressively invest in R&D, M&As, and human resources, and aim to set ROE at above 10%.

The operating companies basically make their own decisions, in order to make business management speedier. In addition, Group CEO Yuki Kusumi and I, as Group CFO, attend the board meetings of operating companies to assess the decision made from the perspective of Group-wide optimization. After participating in those meetings since April this year, I actually feel that communication with the operating companies has grown much closer than in the past. Getting a feel firsthand for the actual circumstances of the operational frontlines has enabled us to detect various signs from an early stage, which means we can quickly discuss with operating companies what measures need to be taken going forward. We will continue to advance an integrated style of Group management through the collective wisdom of PHD and the operating companies.

Fiscal 2023 initiatives

- Uncertainties in the external environment such as raw material price hikes, supply chain disruptions, and other changes continue in fiscal 2023, the first year of the new medium-term strategy. How does the Company view these changes and what measures will it focus on going forward?

For the first quarter of fiscal 2023, profit decreased year-on-year due mainly to price hikes in raw materials, shortage in semiconductor parts & materials, the Shanghai lockdown enforced from the end of March, despite increased sales and efforts such as price revisions. It appears that the impact of the lockdown bottomed out in May when our operating profit improved sharply in June when lockdown restrictions were lifted. From a year-on-year perspective, the negative impacts from raw material price hikes and shortages of semiconductors and parts & materials remained in this first quarter, because the effects were relatively mild last fiscal year. We will continue our efforts to mitigate the impacts through price revisions and procuring alternatives and work on driving sales in the energy and air quality & air-conditioning businesses where we see strong prospects for growth.

Also, our inventory continued to increase affected by supply chain disruptions including procurement and logistics since last fiscal year. The fact that we strategically secured enough inventory is also a factor behind the increase. Going forward, we will reassess what the optimal level is, including the strategically secured inventory, and employ other measures, such as reducing the number of different parts by standardizing parts & materials and shortening production lead times. Even though we are facing some headwinds in the operating environment at present, we will capture business opportunities from such changes and unite efforts to focus thoroughly on strengthening our operational capabilities toward the enhanced competitiveness aimed under the new medium-term strategy.

There are also numerous uncertain factors affecting the outlook for the business environment, which include the risk of prolonged instability in the global political landscape and the risk of a global economic slowdown stemming from the tight monetary policies of governments worldwide. That said, we will continue to invest where necessary and execute our plans for the future.

Aiming to enhance enterprise value

- What kind of policy does the Company intend to employ for dialogue with the capital markets going forward for the purpose of enhancing enterprise value?

In April when we launched the operating company system as our new Group structure, we also communicated the Group’s new medium- to long-term strategy at a Group strategy briefing. Then in June as part of the Panasonic Group IR Day 2022 activities, we had the heads of each operating company communi- cate with shareholders and investors about their business goals and medium- to long-term strategies, including KGI. We have thus far communicated with the capital markets what direction the Group is heading in under our new structure. In terms of medium- to long-term strategies and initiatives for enhancing our competitiveness, we believe it is important that we provide the capital markets with easy-to-understand information about our progress and results and continuously engage in dialogue. PHD is at the helm of the Group’s management, so it will strive to communicate not only progress on the Group’s medium-term management indicators (KGI) and strategic investments, but also information from a long-term point view, including ESG-oriented sustainability information through briefings. In addition, the heads of each operating company themselves will communicate with the capital markets and explain goals and strategies discussed at IR Day 2022 events. Through this kind of dialogue with the capital markets, we will make good use of the valuable opinions and suggestions received from shareholders and investors to improve our management. The Group will unite efforts toward enhanced enterprise value through a better understanding and higher expectations by our investors in the Group’s future growth potential and long-term initiatives towards sustainable growth. On top of this, we will endeavor to extend shareholder returns with ongoing, stable dividend payments.

So that the Panasonic Group can become a valued company needed by society, the ongoing support of all stakeholders will be truly appreciated.
To achieve a society characterized by sustainability and well-being, we will accelerate the creation of innovation focused 10 years into the future.

Tatsuo Ogawa
Executive Officer
Group Chief Technology Officer (Group CTO)

Vision of the technology sector

As Group CTO, I am responsible for the development of the next generation of technology for the Group’s growth, as well as for building and reinforcing foundational technologies across the Group. At the same time, the CTOs of each operating company are responsible for the technology development strategies that will contribute to medium- to long-term growth in their respective business areas. I regularly share and discuss technological issues of the entire Group with the CTOs of the operating companies and work together to resolve them.

Under the leadership of Group CEO Kusumi, the Panasonic Group is squarely addressing social issues and working to make a greater contribution to society in order to achieve “an ideal society with affluence both in matter and mind.” This policy also applies to how we approach our R&D (research and development). We will work from the technological side to support the creation of business pillars that can contribute to the realization of a society characterized by sustainability and well-being. In this context, our competitiveness lies in our technology, and to make sure we constantly create the source of our competitiveness, as Group CTO I have four roles to fulfill: (1) displaying the Group’s future potential; (2) developing the strengths of the Group’s future technology; (3) working with the CTOs of the operating companies to promote technology management across the Group, human resources development, and technology portfolio building; and (4) enhancing the Group’s on-site capabilities in R&D and manufacturing. At the same time, we are working on the creation of innovation, including our environmental initiatives.

Efforts to realize the vision

In working from the technological side to support the creation of business pillars for the realization of a society characterized by sustainability and well-being, we must first build a “technology dam” (a mechanism for improvement, deepening, accumulation, and utilization) that includes the Group’s future technologies, and then create new strategies and other mechanisms to make use of those technologies.

With regard to the first step, building a technology dam, under our autonomous responsible management system, the operating companies have only been able to envision their future three to five years ahead, which is not enough. Looking at the game-changing trends that are occurring these days, we need to envision new environments and business models 10 years ahead and draw roadmaps to get there. Therefore, under the banner of its mission to “create a world you would never see without us,” the Technology Sector of Panasonic Holdings Corporation, after “backcasting” from the future 10 years from now, is offering Group-wide support to enhance the competitiveness of operating companies (e.g., heat pumps, sensing solutions, automotive batteries, AI and data utilization platforms, etc.) and areas beyond the reach of operating companies (e.g., next-generation solar cells and rechargeable batteries, hydrogen, and other environmental energy technologies). In this way, all technology sectors of the Panasonic Group, including those of operating companies, will continue to interact with our customers, evolve and deepen our technology, and accumulate and utilize it. The Group CTO and the CTOs of the operating companies will also work together to review and strengthen technology management across the Group, human resources development, and the technology portfolio. Armed with the platform as our “technology dam,” we will set up a Group CTO project to accelerate the creation of innovation and enhance the power to connect it to businesses.

Sustainability & Well-being

Creation of new business opportunities × Enhancing competitiveness

Collaboration with operating companies

Refinement of core technology

Technology dam
(technology/production/technology)

Operating companies

Technology that contributes to medium- to long-term business planning

1) Enhancement of existing businesses
2) Creation of new business opportunities

Environmental issues:
Make the solution of social issues our core business

Human and social issues:
Return to a human-centric society

Toward the realization of an ideal society with affluence both in matter and mind, we will solve social issues by enhancing our core technology, business creation, and business contribution
Message from the Group CTO

2020
2050

CO₂ emissions from own value chain: 110 Mt

Panasonic GREEN IMPACT

-110 Mt
-100 Mt
-100 Mt
+INFLUENCE

1 OWN IMPACT
Emissions reduction in our own value chain

2 CONTRIBUTION IMPACT
“Avoided emissions” (contribution to reducing CO₂ emissions for society) through existing businesses

3 FUTURE IMPACT
“Avoided emissions” through new technologies and businesses

+INFLUENCE
Impact of repercussions in energy transformation for society

With regard to the second step, utilization, we are focusing on creating new mechanisms whereby technologies can be utilized and evaluated from a sustainability perspective. Since 2010, we have been striving to become the No. 1 Green Innovation Company in the electronics industry. In addition to energy savings in our own products, we have been engaged in businesses such as fuel cells and storage batteries that contribute significantly to the automobile electrification. In May 2021, we committed to the target of virtually net-zero CO₂ emissions (carbon neutral) at all operating companies by 2030. Furthermore, in January 2022, we announced our new environmental vision, “Panasonic GREEN IMPACT.” Many of the avoided CO₂ emissions and reduction impacts we have announced will need to be supported by technological development. In particular, to achieve the impact of 100 million tons of reductions through new technologies and businesses (FUTURE IMPACT), which is part of our goal to create an impact that reduces CO₂ emissions by more than 300 million tons (equivalent to approximately 1% of the current total global emissions), we are working to contribute through R&D and new business creation activities while strengthening our technology pillars in areas such as hydrogen energy.

We are actively promoting efforts to visualize avoided emissions as a yardstick for objectively evaluating their impact and to obtain understanding from the government and industry. Currently at the International Electrotechnical Commission (IEC), an international standardization body, we are working on a draft text on “avoided emissions” for discussion and publication as an international standard. Meanwhile, we are participating in the GX League in Japan, in which we work with participating companies to widely promote understanding and dissemination of the concept of avoided emissions in other industries. In addition, as a member of the World Business Council for Sustainable Development (WBCSD), we are contributing to the resolution of social issues and the realization of a sustainable society while working to ensure that our efforts are appreciated as useful contributions to our customers.

Approach to investment in development

As mentioned above, the Group CTO’s role requires commitment to technological strategies and the early launch of new businesses. The key point is to participate responsibly in decision-making from a technological point of view in relation to the business strategy itself. We need to clearly define the value we provide to customers and draw up scenarios that include development strategies for new technologies and businesses to be implemented before moving forward. The Technology Sector of Panasonic Holdings Corporation will strengthen its investments in technology development areas that achieve sustainability and well-being to a ratio of over 80% in fiscal year ending March 2025 (fiscal 2025). In the sustainability area in particular, we will allocate a portion of the strategic investments of 200 billion yen in our medium-term strategy (see “Medium-term management indicators (KGlis) and strategic investments” on page 11 of the “Message from the Group CEO”) to accelerate the creation of technologies and businesses to achieve avoided emissions.

Increase investment in R&D toward FY2025 at the Technology Sector of Panasonic Holdings Corporation*

Selection and concentration of themes in portfolio management

Enhance sustainability and well-being investment areas

- FY2023
R&D investment ratio

- FY2025
R&D investment ratio

*Included in “Eliminations and Adjustments” under “Information by segment.”

Initiatives on intellectual property

The Panasonic Group promotes intellectual property activities not only to ensure business advantages and safety now and in the future, but also to contribute to solving social issues. First, as a way of contributing to society through our own business, we are indexing the Group’s patent rights related to environment-related technologies and information-related technologies, including abstracts and inventor information, from our approximately 100,000 pieces of intellectual property (as of March 2022). We regard this intellectual property as part of our intangible assets, alongside our data and human resource information. Even though we now operate under an operating company system, we have begun to use the technology index as a Group-wide tool to connect intangible assets and people in order to maximize the use of resources throughout the Group to drive commercialization and new business creation.

Because we also believe that solving social issues requires the connection and cooperation of a diverse range of people, goods, and services, we are committed to open innovation based on intangible assets. For example, by transferring our unused patents on quick-charging technology to an overseas startup through an external partner, we are co-creating and supporting the company’s business of bringing light to areas without electricity. We are also the first Japanese company to participate in the Low Carbon Patent Pledge (LCPP), and have announced that royalty-free licenses to our granted patents related to artificial photosynthesis listed on the LCPP website are available under the terms and conditions set by the LCPP.

Going forward, the Group will continue to contribute to society by promoting the practical implementation of technologies and intangible assets that contribute to the realization of a society characterized by sustainability and well-being in various forms, including in-house commercialization and commercialization through co-creation with external partners.

Announcement of Panasonic Group’s AI Ethics Principles

While AI technologies solve various issues and enrich human life, they also pose human rights challenges as a result of inappropriate use, such as invasion of privacy, unjustified surveillance, and discrimination due to biased learning data. The Panasonic Group considers its approach to AI ethics as a promise to the rest of the world on the responsible use of AI, and promotes appropriate development, operation, and utilization of AI products and services in a human-centric manner and with respect for human rights.

With this in mind, in August 2022, we announced our AI Ethics Principles, which are applicable to the entire Group and are intended to provide customers with peace of mind when using AI products and services. To ensure that the life cycle of AI utilization is carried out appropriately in light of the laws, regulations, and ethical guidelines in each country, we will implement AI ethics initiatives to assess and manage risks associated with AI ethics and mitigate and avoid these risks through technological progress and process improvements.

*For more information on AI ethics, please refer to “AI Ethics” (p. 57) in the Sustainability Data Book 2022.
Operating model transformation

No matter how good the aforementioned IT transformation is, simply creating and implementing the latest IT will become obsolete and temporary over time, making it difficult to continue contributing to customers and society. To ensure efficient and sustainable delivery of IT that creates competitive advantage, we are promoting an “operating model transformation” program based on the idea that we need to revamp our Information Systems Department and its management resources, including people, asset, and capital. Specifically, we are working on seven activities, including the following: mechanism of incorporating IT into the management agenda; personnel management reforms; vendor governance and commercial flow innovation; and transformation of IT subsidiaries as a core of service delivery.

Procurement DX: Integration and streamlining of Group-wide indirect materials procurement operations

Previously, the Panasonic Group had three purchasing systems for indirect materials (office supplies, factory supplies, etc.), which were operated by individual operating companies. Now, the procurement, accounting, and IT departments are working together to drastically revise the procedures for quoting, ordering, securing inspection, and payment. As a result, we have consolidated, streamlined, and upgraded our purchasing operations, and our revamped “Group-wide common purchasing platform” is accessible to approximately 90,000 employees in Japan.

This system is neatly integrated into a cloud-based system and makes maximum use of digital technology, including external APIs (a method of seamlessly linking from internal to external sites) and real-time linkage of accounts payable information to the accounting system. This paperless system handles 1.5 million indirect materials purchases per year, saving about 8,900 man-hours per month. In addition to these efficiency improvements, we have also achieved results in procurement rationalization through the centralization of contracts.

Key points for transformation of procurement

1. Implement a standard process for quoting, ordering, receiving inspection, and payment that is optimal for the entire Group.
2. Improve usability with a simple system interface that is easy to understand and operate.
3. Expand catalog purchasing through seamless linkage with external systems.
4. Implement quotation processes and functions that can handle a variety of quotation methods, including engineering, commercial development, and calculation methods.
5. Introduce lean operation and real-time linkage with accounting system.
6. Rationalize the process and increase added value through visualization and analysis of purchasing performance. Make full use of external data for long-term general-purpose trends.
7. Strengthen third-party checks and balances at the time of quoting/ordering acceptance.
8. Compliance with subcontracting law (exceptional documents, etc.)

Culture transformation

A very important aspect underlying PX activities is “culture transformation,” not only for the Information Systems Department but also the Panasonic Group as a whole. We continue to evangelize, both internally and externally, the concepts of One Panasonic IT, ensuring psychological safety, and the elimination of inward-looking operations. Moving forward, we are working to retom the negative legacies: organizational inertia, being tied to tradition, and the remnants of 20th-century ways of working.

Dissemination of PX video series on social media

Starting in November 2022, we released the “Change and Be Changed with PX” series of videos listed below, showing a concrete picture of Panasonic Transformation.

- "Archiving Data-driven Management"
- "How I Work, How I Live"

- "Currently available only in Japanese"

The next step: evolving to "genuine DX"

From a medium-term perspective, we will focus on the current scenario as PX 1.0, which is an activity to solidify our footing. As soon as possible, we will evolve to PX 2.0: A business model transformation and new value creation, driven by the latest digital technology.

Further strengthening security measures

With regard to security measures, which address risks to not only DX but all corporate activities, we have implemented a variety of measures, including thorough enforcement of Group-wide rules, employee training, and adoption of tools under the banner of “cyber hygiene” (maintaining a healthy IT and Internet connection environment for the Group and for individuals, just like personal hygiene). In fiscal year ending March 2023 (fiscal 2023) and beyond, we will continue our efforts to create a safe and secure IT environment for our customers and employees, in particular through stronger global policies that delegate authority to Regional CIOs and establishment of rules for contingency measures, among other measures.

Panasonic Transformation (PX)

Bring happiness to life. Bring happiness to work. It's digital, it's our value.

Hajime Tamaoki
Executive Officer
Group Chief Information Officer (Group CIO)

Panasonic Transformation (PX)

Bring happiness to life. Bring happiness to work. It’s digital, it’s our value.

Hajime Tamaoki
Executive Officer
Group Chief Information Officer (Group CIO)
Since its founding, the Group has emphasized the concept of “human capital management,” which views human resources as an important form of capital in line with its management philosophy. Our autonomous responsible management system relies on the entrepreneurship of each and every employee and participative management through collective wisdom, which makes it essential that each individual takes on challenges based on a sense of autonomous responsibility, says what needs to be said in the culture of open discussion, and shares wisdom with one another. In implementing this kind of “management that enables each employee to reach their full potential,” we have prioritized the achievement of stable employees’ well-being; in other words, the maintenance of a state in which individuals are both mentally and physically healthy and able to feel happiness and satisfaction by taking up their own challenges in work.

Changes in the business environment and the three pillars that support “employees’ well-being”

The environment surrounding human resources has changed dramatically in recent years. It is expected that the worldwide decline in the working-age population as a percentage of overall population will persist, and with life expectancies in mainly developed countries continuing to increase, prolonged careers and diversified personal values toward working are constantly progressing. In this changing environment, efforts to achieve employees’ well-being must also be continually updated.

We have identified the following three basic pillars that support employees’ well-being. The first pillar, “Work in a safe, secure, and healthy state,” is about promoting the creation of a safe, secure, and healthy workplace. The second pillar, “Work with a sense of fulfillment,” is about encouraging employees’ self-motivated endeavors and supporting their self-determined career formation. The third pillar, “Work together by giving full play to all individuality,” is about promoting Diversity, Equity & Inclusion (DEI).

Building the systems and frameworks best suited for the needs of respective industry

Under the new Group structure introduced in April 2022, each operating company is responsible for its own autonomous responsible management and tries to build a business structure that is optimized for the respective industry, customers, and competitors it faces. Accordingly, each operating company is responsible for optimizing the planning and implementation of HR strategies, including the recruitment of talent, compensation and evaluation systems to improve performance, organizational development to support business strategies, and promotion of human resource development. Meanwhile, Panasonic Holdings Corporation plays a role in supporting the operating companies in terms of a common Group HR strategy and governance, and HR strategies, including the recruitment of talent, compensation and evaluation systems to improve performance, organizational development to support business strategies, and promotion of human resource development. Meanwhile, Panasonic Holdings Corporation plays a role in supporting the operating companies in terms of a common Group HR strategy and governance, and

Panasonic Operational Excellence Co., Ltd. plays a similar role in terms of early adoption of Group HR strategy and support for adoption in operating companies.

Development of Panasonic Group management executives

Development of management executives

For the sustained development of each operating company, a diverse pool of managers that can drive business forward is absolutely essential. To that end, we are working to create a pipeline of successors over the medium to long term. Each operating company is responsible for promoting the development of senior management and successor candidates, but for the nurturing of the next generation of operating company CEOs—some of the most important management postings in the Group—we are currently promoting the development of a diverse pool of management executives irrespective of national- ity, work history, gender, age, or other attributes based on a policy of fast-tracking and “the right person for the right job.”2 All the while paying particular attention to the following values as a Group-wide approach.

1. Provide career opportunities at a stage earlier than when such opportunities were afforded to oneself in order to develop leaders better than oneself
2. Provide extremely challenging roles
3. Secure a diverse candidate pool

In addition, a Group Talent Management Committee has been established to discuss and promote, in a multifaceted way, the selection, development, placement, and monitoring of management personnel from a Group perspective. The Committee has identified 100 successors for 23 key posts for the Group’s overall optimization, and is working to develop their careers, with the goal of narrowing down multiple candidates for each post in the short, medium, and long term. In addition, talent management committees will be established at each operating company based on the same mechanism, in order to coordinate with the development of management personnel for the overall optimization of the Group.

As for training sessions for executive candidates, we are currently preparing optimum programs to be hosted within and outside of the Company. We also continue to run the programs we launched in fiscal year ended March 2021 (fiscal 2021): Launching Executive Leaders3 and Creating Executive Leaders4. A total of 403 people have participated in the former and 506 in the latter. In addition, since fiscal 2022 we have been conducting and enhancing the contents of the Learning Program for Newly Appointed Panasonic Group Executive Officers and the Panasonic Group Business Philosophy and Management Workshop. These systems for developing management executives are now delivering the perspective of “the right person for the right job.” There have been more cases where personnel we have hired from outside the Company play active roles as a leader of business management or of a certain function. We have also standardized how we assess human resources in the Group. To facilitate the process, we have developed assessment tools, and the selection and career development plans of hun- dreds of executive candidates have been discussed at the Group Management Committee.

Basic process for the development of management executives

Contribute to society through continuous business growth by an autonomous responsible management

Build a medium- to long-term pipeline of successors

Revision of performance indicators for executive compensation

In order to demonstrate management based on the concept of human capital management for the entire Group and to promote employees’ well-being, we are implementing revisions to the performance indicators for our executives4 starting in fiscal 2023. We now evaluate the contributions and results of each executive from the perspective of non-financial indicators, not just financial indicators such as operating cash flow and ROIC as before, and reflect them in remuneration. The non-financial indicators covered include multiple perspectives that have a significant impact on employees’ well-being, such as eradicating workplace accidents, compliance, human resource development, the degree to which DEI is promoted, and the level of employee engagement.

1 Nominating a person that is most qualified for the position from within or outside the Company (the right person for the right role).
2 Training that aims to have participants comprehensively leverage their competency to think and act in a way that is conducive to change and put management principles into action.
3 Training that aims to have participants equip themselves with self-awareness of the management skills to adopt a customer-oriented approach, think strategically, and execute reforms by leveraging management literacy.
4 Executive officers of Panasonic Holdings Corporation and operating company CEOs.
The Board of Directors should encourage operating companies to take on challenges to achieve sustainable growth and enhance corporate value

Kazuhiro Tsuga
Panasonic Holdings Corporation
Director, Chairperson of the Board

In April 2022, the Panasonic Group transitioned to a new structure consisting of a holding company and independent operating companies. The Board of Directors of Panasonic Holdings Corporation, as the decision-making body for Group-wide matters and supervisory body for the Group management, is responsible for discussing and directing the Group's medium- to long-term strategy, for example, as well as conducting sound and appropriate monitoring. The Board of Directors is focused on supervision of the operating companies by implementing their autonomous responsible management. When the operating companies bring important proposals to the Board of Directors, we examine and discuss them from the perspective of the holding company, including their alignment with the Group's strategy. As Chairperson of the Board, I intend to position myself one step away from the execution side. Looking at the Panasonic Group objectively from the outside, I strive to draw out as much knowledge as possible from our outside directors in various fields and stimulate discussion with the execution side of the business. By improving the quality of these discussions before making our decisions, the Board of Directors will continue to encourage the operating companies to take on new challenges.

What we aim as a Board of Directors

We have continuously sought to strengthen its governance. I believe that the Board of Directors' meetings, where important Group matters are discussed, must be productive. Productive discussions do not mean simply passing or not passing resolutions, but encouraging the execution side by, for example, suggesting the potential of various challenges, and making decisions through discussions from a variety of perspectives. In addition, it is necessary to thoroughly analyze the challenges that did not go well, and discuss how to connect these lessons to the next challenge. Recently, we’ve been able to swiftly make major decisions based on lively discussions, including the transition to the new structure, medium- to long-term strategy, and the start of preparations for the listing of the supply chain management business. Even when different opinions and views within the Company made it difficult to reach an agreement, we were able to come to a final decision through repeated dialogues and utilizing the wisdom of our outside directors. This is a testament to the productive functioning of the Board of Directors. We will continue to innovate and make efforts to improve the quality of our Board of Directors’ meetings.

Expectations for the execution function of the business

A business cannot be created overnight, and it is inevitable that the values of an organization will tend to become uniform as a result of sharing the same values and building a business through many years of hard work. However, even for those businesses that have already established, such uniformed values within the organization are not sufficient to deal with the next phase of growth. It is therefore necessary for personnel with diverse perspectives and knowledge to intermingle and multiply complement each other's strengths while respecting each other's values. Similarly, the Board of Directors also needs diversity. As I have experienced during my time as President, it is not uncommon for senior managers to have difficulty making decisions on their own. Therefore, I expect the execution function of the business, which we have called on to practice more autonomous responsible management than ever before, to raise the issues which cannot be resolved within the operating companies and to make good use of the Board of Directors of the holding company, thereby improving the quality of decision-making.

Looking to the future

Under our new structure, it is essential for each operating company to focus on its identified business areas and to continuously take on challenges despite the difficulties that may arise. I believe that the most important point of this change in structure is to ensure that we continue to challenge ourselves to achieve sustainable growth. The Board of Directors will continue to promote governance reforms to raise the quality of decision-making higher than ever and encourage operating companies to take on their challenges in order to achieve sustainable growth and enhance corporate value of the Group.

Message from an Outside Director

In view of the wide variety of our business areas, we appoint outside directors who possess insights and high level of expertise that cannot be obtained by inside directors alone. Here, Director Sawada, who assumed a new role as the Chairperson of the Nomination and Compensation Advisory Committee in June 2022, shares his thoughts on what the Board of Directors and management should do to enhance corporate value.

Yoshinobu Tatsui
(Appointed in June 2015)
Chairman of the Board, Nippon Life Insurance Company

Tatsui brings extensive experience at the highest level of management with expertise in domestic and international financial developments.

Kunio Noji
(Appointed in June 2019)
Senior Advisor, Komatsu Ltd.
One of Japan’s most noted executives, Noji built Komatsu into a global corporation. Noji advocates reform of business management through innovation.

Message from the Chairperson of the Board

Michitaka Sawada
Outside Director
Director, Chair, Kao Corporation
Leading a global company, Sawada achieved continuous profit growth and prioritizes ESG-focused management to realize a sustainable society.

(Appointed in June 2020)

– What are your thoughts on what the Board of Directors should do to enhance corporate value?

To enhance corporate value, it is important to exercise governance that balances both proactive approach, which facilitates corporate growth, and defensive approach, which supports continuity. For us today, I believe it is important to further strengthen our proactive posture while firmly maintaining our defensive stance. I hope the Board of Directors will always keep this in mind in its discussions and encourage appropriate risk-taking by management. Governance that is rooted in the culture, history, and spirit of the company is also important, and I hope we will continue to advance the Board of Directors keeping in mind the unique strengths of the Company, which has always valued its founder’s philosophy.

– What do you think is important in order to achieve higher corporate value in the future?

Sustainability is essential for contributing to the enhancement of corporate value through sustainability management. To that end, I believe there are two key points. The first is to put sustainability at the center of our management strategy; in other words, to connect it to our business. The second is to establish a system to instill sustainability in the work of all employees and on the operational frontlines. On both points, the role of the Board of Directors will become even more important in the future. I also intend to stay focused on this and fulfill my role as a shareholding representative.

– What are your aspirations as chairperson of the Nomination and Compensation Advisory Committee?

Companies vary depending on their leaders. Similarly, the role of a ‘good’ leader also changes with the times. As chairperson of the Nomination and Compensation Advisory Committee, I hope to improve corporate value by appointing top management worthy of leading the Company in the future and by creating a compensation system that will motivate them.

In addition to Director Sawada, the following four individuals have been appointed as outside directors.

Kazuhiko Toyami
(Appointed in June 2016)
Chairman, IGIP (Industrial Growth Platform, Inc.) Group
A leading figure in corporate governance in Japan, Toyami is involved in numerous corporate revitalization projects as the former COO of Industrial Revitalization Corporation of Japan.

Shinobu Matsui
(Appointed in June 2021)
Director, Uzabase, Inc.
After serving as an accounting auditor and consulting manager of international taxation, Matsui joined Uzabase and served as COO, etc. as an executive officer.
Corporate Governance
Structure and Initiatives

The Company considers corporate governance to be a key foundation for increasing its corporate value and will continue strengthening governance, including enhancing the discussion of business strategies by the Board of Directors.

Basic policy
The Company, since its establishment, has operated its business under its Basic Business Philosophy, “contributing to the progress and development of society and the well-being of people worldwide through its business activities.” Also, the Company believes it is important to increase corporate value by fulfilling accountability through dialogue with various stakeholders such as shareholders and customers, making effort to execute transparent business activities, and swiftly conducting business activities with fairness and honesty based on its basic philosophy of “A company is a public entity of society.”

The Company recognizes that corporate governance is the most important basic structure for the aforementioned purpose, and makes efforts to establish and strengthen the effective corporate governance structure based on the “Board of Directors,” which is responsible for deciding important operational matters for the entire Group and monitoring the execution of business by Directors, and the Audit & Supervisory Board. The Board system is composed of “Audit & Supervisory Board Members (A&SB Members)/Audit & Supervisory Board (A&SB)” that are independent of Directors, and the Audit & Supervisory Board System consists of the Audit & Supervisory Board Members (A&SB Members)/Audit & Supervisory Board (A&SB) that are independent of Directors and responsible for auditing the performance of duties by Directors.

Corporate governance structure

Outline of structure (As of June 23, 2022)

The Board of Directors
- The Board of Directors is composed of twelve directors including five outside directors (at least one-third of directors must be outside directors), of whom two are women.
- The Board is chaired by an inside director who does not concurrently serve as an executive officer.
- As the decision-making body for matters pertaining to the Group as a whole, the Board of Directors concentrates on determining management strategies from a Group-wide perspective and supervising the operating companies.
- The Company elects outside directors from among managers of external entities, who have extensive managerial experience in various careers and deep insight, and are expected to provide valuable opinions for and monitor decision-making related to business execution and the execution of directors’ duties.
- To ensure that the decisions of shareholders are appropriately reflected in management, all directors are elected every year at the annual general meeting of shareholders. (Directors’ term of office is one year.)

Main topics discussed by the Board of Directors in fiscal year ended March 2022 (fiscal 2022)

The Board of Directors discussed and deliberated on key issues to fulfill its roles of making decisions on corporate strategy and executing operating company oversight. In particular, it discussed various aspects of the Panasonic Group governance, including the nature of the Board of Directors, function-focused governance, the internal control system, and the internal audit system. In addition, the Board of Directors received multiple reports on medium- to long-term strategy, discussed them from a wide range of perspectives, and made decisions. It shared and discussed Group-wide issues, such as sustainability management, DEI, and DX initiatives.

In these discussions, the Board’s outside directors contributed significantly to the decision-making and oversight by the Board of Directors by actively providing opinions and asking questions from an independent, third-party perspective based on their respective skills and experience in management and governance.

Audit & Supervisory Board Members (A&SB Members) and Audit & Supervisory Board (A&SB)
- The A&SB is composed of five A&SB members, of whom one is a woman (outside A&SB member).
- The Company sets A&SB members who are able to exert their auditing functions according to their individual discretionary decision, but not to majority vote decision. The A&SB members are also able to independently act upon their own decision in pursuing liabilities of directors.
- The Company sets full-time senior A&SB members who are well-versed about corporate operations and are able to comprehend actual condition of businesses by exercising their right to visit and investigate operating sites. The senior A&SB members are elected from among those who have experience in positions equivalent to or higher than senior executive directors.
- The Company elects outside A&SB members from among managers, lawyers, and certified public accountants, who have extensive expertise with various careers and deep insight and can be expected to conduct valuable audits of the execution of business by directors.

Group Management Meeting and PHD Strategy Meeting
- Group Management Meeting and PHD Strategy Meeting are held to discuss, set the direction, and report on the Group’s medium- to long-term strategy, important initiatives implemented by the Company and the operating companies, and material trends.
- PHD Strategy Meeting: Chaired by the Group CEO and consisting of approximately 20 management executives, including the presidents of the operating companies and functional directors (in principle, held once a month).
- PHD Strategy Meeting: Chaired by the Group CEO and consisting of approximately 10 management executives, including functional directors of Human Resources (HR), Accounting, and Legal Affairs (in principle, at least twice a month).
Exercising the functions of outside directors

Policy for nominating independent outside director candidates and their qualifications

The Company nominates independent outside director candidates from the standpoint that outside directors should have no conflicts and be able to increase and enhance the effectiveness of the monitoring of directors’ execution of duties by the Board based on an objective and neutral point of view. Candidates for independent outside director who satisfy the following independence standards are elected from among those who have extensive knowledge and expertise, such as managers or experts of external entities.

The Board of Directors resolved that the minimum ratio of outside directors should be one third on and after June 29, 2017. Based on this, we nominate candidates for outside director and appoint them at the ordinary general meeting of shareholders, thereby enhancing the objectivity and neutrality of the Board of Directors and strengthening the supervisory function.

Independence standards for independent directors / Audit & Supervisory Board members (A&SB members)

The Company established independence standards for independent directors/A&SB members based on independence standards required by financial instruments exchanges such as the Tokyo Stock Exchange. For example, the following persons are not considered independent:

(i) A person executing the operations of a parent company or a subsidiary of the parent company of the Company.
(ii) A person with whom the Company has a major business relationship (a major business partner) or an executing person of such major business partner (including persons who had fallen under this category in the past).
(iii) A consultant, accounting expert, or legal expert who receives a significant amount of money or other property from the Company. If the person who receives such property is an organization such as a legal entity or an association, a person who belongs or belonged to the organization corresponds to the relevant person.
(iv) A principal shareholder of the Company (or, if the principal shareholder is a legal entity, an executing person of such legal entity).
(v) A close relative (defined as second degree of kinship or closer) of a person listed in (i)-(iv) above, or a close relative of an executing person of the Company or a subsidiary.

“Major business partner” refers to a business partner for which the annual amount of transaction between the Company and the business partner exceeds 2% of either of their annual consolidated net sales. “Past” refers to the past three years. “A significant amount” in the case of individuals, shall be defined as 12 million yen or more. “Major shareholder” refers to a shareholder who holds 10% or more of the Company’s voting rights. For a detailed definition of the Company’s independence standards, please refer to the “Corporate Governance Report”.

Provision of information and assistance to outside directors

The division in charge provides support to outside directors, such as prior explanation of agenda of the Board meeting and provision of information to enable effective discussions by the Board of Directors. In addition, the Company provides them with the opportunity to visit major operating sites and plants (Outside directors’ visit to business sites) for the purpose of deepening understanding about the Company’s businesses.

Fiscal 2022 visits to business sites by outside directors and outside Audit & Supervisory Board members

(Business site names are the fiscal 2022 organization names)

<table>
<thead>
<tr>
<th>Business site</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Connected Solutions Company: SCM Innovation and Blue Yonder</td>
<td>Solution in the Mobile Solutions Business Division</td>
</tr>
<tr>
<td>Lifestyle Updates Business Division: Kusatsu site</td>
<td>(Showroom, refrigerator factory, fuel cell plant, etc.)</td>
</tr>
<tr>
<td>Automotive Company: Yokohama site</td>
<td>(Test site demonstration, cabin interior innovation solutions, etc.)</td>
</tr>
<tr>
<td>Site visits</td>
<td></td>
</tr>
</tbody>
</table>

Survey results: The structure of the Board of Directors for fiscal 2022 and the measures taken by the Company to improve its operations were generally evaluated positively. On the other hand, the following issues were raised and proposed.

• In order to deepen discussion at the Board of Directors meetings, it is necessary to clearly indicate the key points, issues, and directions for resolving issues that should be discussed at the Board of Directors meetings, regarding important matters.

Activities aimed at strengthening corporate governance

<table>
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<tr>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of outside directors</td>
<td>17</td>
<td>17</td>
<td>17</td>
<td>17</td>
<td>17</td>
<td>17</td>
<td>17</td>
<td>17</td>
<td>17</td>
<td>17</td>
<td>17</td>
</tr>
<tr>
<td>Percentage of outside directors</td>
<td>46.2%</td>
<td>46.2%</td>
<td>46.2%</td>
<td>46.2%</td>
<td>46.2%</td>
<td>46.2%</td>
<td>46.2%</td>
<td>46.2%</td>
<td>46.2%</td>
<td>46.2%</td>
<td>46.2%</td>
</tr>
</tbody>
</table>

Compensation

The Company’s compensation system for Directors comprises a fixed compensation which is the “basic compensation,” a short-term incentive which is the “performance-based compensation,” and a long-term incentive which is the “restricted stock compensation,” based on the duties of Directors. The ratios between the basic compensation, the performance-based compensation (when standard values were achieved), and the restricted stock compensation are set at 1.00:0.75:0.25 generally. Outside Directors and A&SB Members receive only a fixed compensation or the “basic compensation” in the form of monthly monetary compensation.

The optional Nomination and Compensation Advisory Committee, majority-staffed and chaired by independent Outside Directors, deliberates on the appropriateness of the Company’s policy and system for determining compensation of Directors and reports the results to the Board of Directors. The Board of Directors makes a resolution on the policy for determining the compensation based on the report. The outline is provided below.

Basic compensation

Basic compensation is determined in accordance with the individual’s role, taking into account the Company’s business environment and trends at other companies.

Performance-based compensation

The “performance-based compensation” is provided to boost motivation to improve business performance, and its amount is determined based on a single-year performance evaluation of the entire Company and the specific business of which the
Director is in charge. The “performance-based compensation” is
designed in a way that the amount of payment will increase
according to the results. The payment rate of the basic compen-
sation ranges from 0% to 150% (when the standard value is
achieved: 75%). The performance is measured using a combi-
nation of key management indicators which the Company
should continue to attach importance to, such as adjusted
operating profit (Note), net profit attributable to Panasonic
Holdings Corporation stockholders and operating cash flows.
Specifically, the performance of Directors is evaluated based on
the comparison between the results of each of such indicators
in the previous fiscal year and numerical targets of the fiscal
year in which they are evaluated.

(Note) A management indicator for the Company is calculated by subtracting
Cost of Sales and Selling, general and administrative expenses from
Net sales.

Based on the new medium- and long-term strategy the Group
adopted after the transition into an operating company system,
the details of the performance-based compensation system will
be revised starting from the timing of reflecting the results of
fiscal 2023. In addition to financial indicators such as operating
cash flow (cash generating ability), ROIC (return on invested
capital), ROE (return on equity), evaluation will include
environmental and social responsibility-related items, human resources-related
items, and non-financial items such as strengthening operatio-

nal capabilities to support business competitiveness. We are
also creating a new evaluation rubric that reflects medium-term performance on top of single-year results. An evaluation system
based on the same concepts will also be applied to the presi-
dents of the operating companies under Panasonic Holdings
Corporation.

Restricted stock compensation system
Restricted stock compensation is a type of stock compensation in which the restriction of transfer of shares is lifted subject to
Directors serving the Company for a specified period of time,
and is allocated with the aim of providing an incentive to con-
tinuously improve company value and promote further value sharing with the Company’s shareholders. The ratio of the
incentive option to the overall compensation package is
designed to increase as the position of the recipient Director
gets higher. In addition, the amount for each recipient is set
based on overall considerations of various factors, such as duties of each Director and the balance with monetary
compensation.

Starting from fiscal 2023, this restricted stock compensation will
also be allocated to the presidents of the operating compa-
nies under Panasonic Holdings Corporation and the presidents of
Panasonic Corporation’s subsidiaries, who are engaged in
business activities directly related to the corporate value of
the Group.

Method for determining amounts of compensation
Compensation for Directors is determined within the framework of
the maximum total amounts of compensation for Directors
which was determined by resolution of a general meeting of
shareholders. As to the amounts of basic compensation and performance-based compensation to be paid and the number of
shares to be allocated to each recipient, the Compensation
and Nomination Advisory Committee examines whether these
amounts and number are appropriate in light of the policy
for determining the compensation, and reports the results to
the Board of Directors. The Board of Directors has left the
decision-making on the compensation solely to Representative
Director, President of the Company who objectively com-
prehends and supervises overall business execution of the

Illustration of compensation structure

<table>
<thead>
<tr>
<th>Classification</th>
<th>Number of Persons</th>
<th>Amount (million yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Directors (including outside directors)</td>
<td>8</td>
<td>1,128 571 404 153</td>
</tr>
<tr>
<td>A&amp;SBMs (including outside executives)</td>
<td>2</td>
<td>80 80 — —</td>
</tr>
<tr>
<td>Outside directors</td>
<td>7</td>
<td>110 110 — —</td>
</tr>
<tr>
<td>Outside A&amp;SBMs</td>
<td>3</td>
<td>39 39 — —</td>
</tr>
</tbody>
</table>

Note: One director who retired on June 27, 2022 and seven A&SBM members who retired the conclusion of the 11th Extraordinary General Meeting of Shareholders on June 26, 2022 are included in the above. Restricted stock compensation is not included in the above compensation. Directors who received compensation over 100 million yen

<table>
<thead>
<tr>
<th>Name</th>
<th>Classification</th>
<th>Amount (million yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kazuo Tsuchiya</td>
<td>Director</td>
<td>218 101 90 27</td>
</tr>
<tr>
<td>Tetsuro Homma</td>
<td>Director</td>
<td>182 92 34 56</td>
</tr>
<tr>
<td>Masaharu Matsubara</td>
<td>Director</td>
<td>148 82 66 —</td>
</tr>
<tr>
<td>Tatsuro Sato</td>
<td>Director</td>
<td>170 79 68 23</td>
</tr>
<tr>
<td>Yasuaki Hagheisu</td>
<td>Director</td>
<td>157 75 63 19</td>
</tr>
<tr>
<td>Hikaru Umeda</td>
<td>Director</td>
<td>124 67 41 16</td>
</tr>
</tbody>
</table>

Note: Restricted stock compensation is in the above table compensation to non-regular compensation.

Panasonic Group, as Representative Director, President of
the Group makes decisions as to basic compensation, performance-based compensation, and restricted stock
compensation to each recipient in accordance with the results
of deliberation at the Nomination and Compensation Advisory
Committee, the Board of Directors believes his decision is in line
with the policy for determining the compensation. Five members
of the Nomination and Compensation Advisory Committee,

Information disclosure / Dialogue

Information disclosure approach and system
Based on our basic philosophy that “A company is a public
entity of society,” we are committed to transparency in our
business activities and accountability to our stakeholders. Our
basic approach to information disclosure is set forth in the
“Panasonic Group Code of Ethics and Compliance” which
together with practical standards, methodologies, and internal
processes is published as the “Disclosure Policy” on our official
corporate website. Our basic policy is to provide fair and ac-
curate financial information, as well as corporate information such as
management policies, business activities, and ESG activities,
in a timely, appropriate, and easy-to-understand manner.

Panasonic Group Code of Ethics & Compliance
https://holdings.panasonic/global/corporate/about/code-of-conduct.html

Disclosure Policy
https://holdings.panasonic/global/corporate/investors/disclosure-policy.html

Under this basic policy, we disclose information when the
disclosure is required by laws and regulations in the relevant
countries and regions, as well as other information that is
deemed as necessary to disclose, in a fair and timely manner
while at the same time endeavoring to disclose accurately, fairly,
and sufficiently.

Moreover, the Company has established disclosure control
procedures and in the preparation and submission of annual
securities reports, quarterly reports, etc., the Disclosure
Committee, which is comprised of general managers from
principal departments that handle relevant information, confirms
the validity of the descriptive content and the appropriateness of
the disclosure procedures under the supervision of the Group
CEO and the Group CFO.

Corporate information requiring disclosure under the securi-
ties exchange listing rules is promptly reported to the Corporate
Finance & IR Department or the Financial & Accounting Center
of Panasonic Operational Excellence Co., Ltd. and is disclosed
in a timely and appropriate manner.

Internal control over financial reporting
In order to ensure the reliability of financial reporting for the
Group as a whole, including subsidiaries, the actual status of
internal control from the control infrastructure to the control
activities of the business is documented under the supervision of the Internal Control Promotion Office of Panasonic
Operational Excellence Co., Ltd.

Specifically, the operating companies conduct self-inspections
using a checklist. Then, internal auditing managers assigned
to the operating companies conduct audits, and based on these
audits, the Internal Control Promotion Office overseas audits of
internal controls for the entire Group, thereby establishing a
structure for ensuring the effectiveness of the internal controls.

In fiscal 2022, a total of approximately 400 employees through-
out the Group were engaged in internal control audits.

Constructive dialogue with shareholders and investors
At Panasonic, the Group CFO overseas investor relations (IR)
activities. Dialogue with shareholders and investors, including
announcements of financial results and individual meetings, is
led by the Group CEO, Group CFO, and the presidents of
the operating companies. In addition, day-to-day communication is
handled by the IR staff in the Corporate Finance & IR
Department.

For IR geared toward institutional investors and securities
analysts, the Company conducts presentation meetings of
quarterly financial results announcements, annual presentations
regarding business policy of the Company and operating com-
panies, and other activities. Also, for overseas investors, the
Company holds presentation meetings utilizing conference
services hosted by financial institutions.

Opinions and management issues elicited from shareholders
and investors through IR activities are fed back to senior man-
agement and the operating companies at internal meetings, such as the Group Management Meeting, to help improve the
quality of management throughout the Group.
## Corporate Governance

### Composition of Board Directors and Audit & Supervisory Board Members

(As of June 23, 2022)

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Attributes and appointment status of committee members</th>
<th>Major activities during fiscal 2022</th>
<th>Expertise</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>N &amp; CAC</td>
<td>Board of Directors’ meeting</td>
<td>Management, Manufacturing/Planning/ESG, Finance, Accounting, Legal, Planning, International/Diversity</td>
</tr>
<tr>
<td>Kazuhiro Tsuga</td>
<td>Chairperson of the Board</td>
<td>N &amp; CAC</td>
<td>13/13 (100%)</td>
<td></td>
</tr>
<tr>
<td>Yuki Kusumi</td>
<td>Representative Director</td>
<td>N &amp; CAC</td>
<td>Board of Directors’ meeting</td>
<td></td>
</tr>
<tr>
<td></td>
<td>President</td>
<td></td>
<td>13/13 (100%)</td>
<td></td>
</tr>
<tr>
<td>Tetsuro Homma</td>
<td>Representative Director</td>
<td></td>
<td>Board of Directors’ meeting</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Executive Vice President</td>
<td></td>
<td>13/13 (100%)</td>
<td></td>
</tr>
<tr>
<td>Mototsugu Sato</td>
<td>Representative Director</td>
<td></td>
<td>Board of Directors’ meeting</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Executive Vice President</td>
<td></td>
<td>13/13 (100%)</td>
<td></td>
</tr>
<tr>
<td>Hirokazu Umeda</td>
<td>Representative Director</td>
<td></td>
<td>Board of Directors’ meeting</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Executive Vice President</td>
<td></td>
<td>13/13 (100%)</td>
<td></td>
</tr>
<tr>
<td>Shinobu Matsui</td>
<td>Director</td>
<td>Outside Independent</td>
<td>Board of Directors’ meeting</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>10/10 (100%)</td>
<td></td>
</tr>
<tr>
<td>Kunio Noji</td>
<td>Director</td>
<td>Outside Independent</td>
<td>Board of Directors’ meeting</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>13/13 (100%)</td>
<td></td>
</tr>
<tr>
<td>Michitaka Sawada</td>
<td>Director</td>
<td>Outside Independent</td>
<td>Board of Directors’ meeting</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>13/13 (100%)</td>
<td></td>
</tr>
<tr>
<td>Katsuhiko Toyama</td>
<td>Director</td>
<td>Outside Independent</td>
<td>Board of Directors’ meeting</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>12/13 (92%)</td>
<td></td>
</tr>
<tr>
<td>Yoshinobu Tsutsui</td>
<td>Director</td>
<td>Outside Independent</td>
<td>Board of Directors’ meeting</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>13/13 (100%)</td>
<td></td>
</tr>
<tr>
<td>Yoshiyuki Miyabe</td>
<td>Director</td>
<td>Outside Independent</td>
<td>—</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Executive Vice President</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ayako Shotoku</td>
<td>Director</td>
<td>Outside Independent</td>
<td>—</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Executive Officer</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Toshihide Tominaga</td>
<td>Senior Audit &amp; Supervisory</td>
<td>N &amp; CAC</td>
<td>Board of Directors’ meeting</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Board Member</td>
<td></td>
<td>13/13 (100%)</td>
<td></td>
</tr>
<tr>
<td>Eiji Fujii</td>
<td>Senior Audit &amp; Supervisory</td>
<td></td>
<td>Board of Directors’ meeting</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Board Member</td>
<td></td>
<td>13/13 (100%)</td>
<td></td>
</tr>
<tr>
<td>Akihiro Eto</td>
<td>Audit &amp; Supervisory Board</td>
<td>N &amp; CAC</td>
<td>—</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Member</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Akihiro Nakamura</td>
<td>Audit &amp; Supervisory Board</td>
<td>N &amp; CAC</td>
<td>—</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Member</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Setsuko Yufu</td>
<td>Audit &amp; Supervisory Board</td>
<td>Outside Independent</td>
<td>Board of Directors’ meeting</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Member</td>
<td></td>
<td>13/13 (100%)</td>
<td></td>
</tr>
</tbody>
</table>

*Chairperson of the Nomination and Compensation Advisory Committee

Outside Director or Outside Audit & Supervisory Board Member

Independent officer

Member of the Nomination and Compensation Advisory Committee

Note: Director Matsui's attendance figures represent the period after assuming the position on June 24, 2021.
Directors, Audit & Supervisory Board Members, and Executive Officers

(As of June 23, 2022)

Names are listed in alphabetical order of last name within each position.

**Directors**

**Representative Director**

- Tetsuro Homma - CEO / Group CSO
- Intracooperating Takanori Nakahara - President / Group CFO
- Yoshinobu Tsutsui - Independent director

**Executive Vice President**

- Yoshitaka Miyake

**Representative Director (Outside Directors)**

- Shinsuke Matsumoto (independent director)
- Michiaki Sawada (independent director)
- Kazuhiko Toyama (independent director)

**Directors**

- Tatsuro Homma - Representative Director
- Kazuhiko Yama - Representative Director

**Representative Director (Outsiders)**

- Tatsuro Homma - Regional Head for China & Northeast Asia of the Company
- Yoshinobu Tsutsui - Independent director

**Directors, Audit & Supervisory Board Members, and Executive Officers**

- Tatsuro Homma - Representative Director
- Kazuhiko Yama - Representative Director
- Yoshinobu Tsutsui - Independent director
- Michiaki Sawada (independent director)
- Kazuhiko Toyama (independent director)
- Shinsuke Matsumoto (independent director)
- Yoshitaka Miyake - Executive Vice President

**Directors**

- Tatsuro Homma
- Kazuhiko Yama
- Yoshinobu Tsutsui
- Michiaki Sawada
- Kazuhiko Toyama
- Shinsuke Matsumoto
- Yoshitaka Miyake

**Corporate Governance**

**Directors, Audit & Supervisory Board Members, and Executive Officers**

**Annual Report 2022**
Executive Officers
President
Yuki Kurumi

Executive Vice Presidents
Telesa Homma
Group President, President, Executive Officer, Group CEO
Tetsurou Homma
Group President, Group CEO, President, Executive Officer

Executive Officers
Yoko Matsuura
Director, Life Solutions Business Division
Shigeki Minakata
Group CFO / In charge of Pharmaceutical Affairs and Corporate Innovation & Venture Strategy
Apko Shonou
Group GC

Hiroko Umeda
Executive Officer of the Company / Vice President, Automotive & Industrial Solutions Company (in charge of Technology and Director, Engineering Division)

Note: * indicates business responsibilities at companies other than Panasonic Holdings Corporation.
Message from the Environmental Compliance Administrator

We have formulated a new environmental vision, “Panasonic GREEN IMPACT,” to realize a carbon-neutral society through our business.

Hiroshi Uehara
Director, Quality & Environment Division

After the adoption of the Paris Agreement in 2015, we formulated our energy-focused Panasonic Environment Vision 2050 in 2017. Then, in January 2022, in response to the acceleration of decarbonization, such as commitments to carbon neutrality from various countries, we announced our new environmental vision, “Panasonic GREEN IMPACT,” which expands our focus from energy to CO₂ reduction as part of the Group’s prioritization of global environmental issues as the main social issue to be addressed through our business.

The goal of “Panasonic GREEN IMPACT” is to create an impact that reduces CO₂ emissions by more than 300 million tons, equivalent to approximately 1% of the current total global emissions.

In the area of avoided emissions for society, which is shown in the lower part of the figure, we are contributing to the spread of EVs, promoting electrification through hot water heat pump system, offering comfort and achieving energy saving through integrated control of A/C and ventilation, and promoting the use of hydrogen. Through these efforts, we aim to increase avoided emissions to 38.3 million tons by fiscal 2025 and 93.0 million tons by fiscal 2031. At the same time, we will institutionalize our factory waste recycling rate of 99% or more and increase our use of recycled resin to 90,000 tons by fiscal 2025. We are also focused on creating circular economy businesses, and we plan to increase these businesses to at least 13 by fiscal 2025, including subscription services for home appliances and sharing services for electrically assisted bicycles.

In terms of environmental sustainability management, decisions on targets and key measures are made at the Board of Directors meetings and the Group Management Meetings attended by the Group CEO and the presidents of operating companies. To increase the agility of these efforts, in December 2021 a Sustainability Management Committee was established, presided over by the Group CEO. We also participate in international rule-making and similar activities as a member of the World Business Council for Sustainable Development (WBCSD), which is comprised of about 200 leading global companies. By demonstrating unrivaled competitiveness in each business, we will contribute to solving global environmental issues through our business.

Initiatives towards the Environment

Medium-term action plan

Environmental action plan “GREEN IMPACT PLAN 2024” (extract)

As a milestone toward 2050 targets set in the Panasonic GREEN IMPACT (PGI), we set specific target values such as for our own CO₂ emissions reduction and avoided emissions for society in our GREEN IMPACT PLAN 2024. We also set the fiscal 2031 targets at the same time.

We are also strengthening our circular economy activities, which is an area not directly included in the PGI’s three impacts. “The results of the "Green Plan 2021" for the periods from fiscal 2020 to fiscal 2022 are disclosed in the Sustainability Data Book 2022.”

The ratio of “energy used” to “energy created” fell short of the target due to the termination of solar battery production. However, in terms of resources, we achieved our numerical targets for the amount of recycled resin used and the factory waste recycling ratio.

GREEN IMPACT PLAN 2024 and fiscal 2031 targets

<table>
<thead>
<tr>
<th>Item</th>
<th>Fiscal 2025 targets</th>
<th>Fiscal 2031 targets</th>
</tr>
</thead>
<tbody>
<tr>
<td>OWN IMPACT</td>
<td>Emissions reduction in our own value chain</td>
<td>16.34 Mt</td>
</tr>
<tr>
<td></td>
<td>Scope 1, 2</td>
<td>Zero-CO₂ factories</td>
</tr>
<tr>
<td></td>
<td>Scope 3</td>
<td>CO₂ reduction</td>
</tr>
<tr>
<td></td>
<td>Scope 3</td>
<td>CO₂ reductions in customer product use</td>
</tr>
<tr>
<td>CONTRIBUTION IMPACT</td>
<td>“Avoided emissions” (contribution to reducing CO₂ emissions for society) through existing businesses</td>
<td>38.3 Mt</td>
</tr>
<tr>
<td></td>
<td>Electricity: Use of non-fossil fuels and promoting environmentally friendly vehicles</td>
<td>25.1 Mt</td>
</tr>
<tr>
<td></td>
<td>Energy efficiency: Efficiency and optimization of energy use</td>
<td>9.0 Mt</td>
</tr>
<tr>
<td></td>
<td>Hydrogen: Dissemination of decarbonized energy</td>
<td>0.6 Mt</td>
</tr>
<tr>
<td></td>
<td>Product replacement: Decarbonization effect of product replacement, etc.</td>
<td>2.5 Mt</td>
</tr>
<tr>
<td>Resources/CE*</td>
<td>Factory waste recycling ratio</td>
<td>99%</td>
</tr>
<tr>
<td></td>
<td>Recycled resin used (fiscal 2023 to 2025 total)</td>
<td>90 kt</td>
</tr>
<tr>
<td></td>
<td>Circular economy business models and products</td>
<td>13 businesses</td>
</tr>
</tbody>
</table>

Initiatives related to CO₂ reduction impact

OWN IMPACT Initiatives (Scope 1, 2) (million tons)

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
<th>2026</th>
<th>2027</th>
<th>2028</th>
<th>2029</th>
<th>2030</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy saving</td>
<td>110M</td>
<td>110M</td>
<td>110M</td>
<td>110M</td>
<td>110M</td>
<td>110M</td>
<td>110M</td>
<td>110M</td>
<td>110M</td>
<td>110M</td>
</tr>
<tr>
<td>Circular economy</td>
<td>2.82M</td>
<td>2.82M</td>
<td>2.82M</td>
<td>2.82M</td>
<td>2.82M</td>
<td>2.82M</td>
<td>2.82M</td>
<td>2.82M</td>
<td>2.82M</td>
<td>2.82M</td>
</tr>
<tr>
<td>Factories/offices</td>
<td>69.86M</td>
<td>69.86M</td>
<td>69.86M</td>
<td>69.86M</td>
<td>69.86M</td>
<td>69.86M</td>
<td>69.86M</td>
<td>69.86M</td>
<td>69.86M</td>
<td>69.86M</td>
</tr>
<tr>
<td>Procurement</td>
<td>1.94M</td>
<td>1.94M</td>
<td>1.94M</td>
<td>1.94M</td>
<td>1.94M</td>
<td>1.94M</td>
<td>1.94M</td>
<td>1.94M</td>
<td>1.94M</td>
<td>1.94M</td>
</tr>
</tbody>
</table>

BAU*: Business As Usual


To achieve net-zero CO₂ emissions from our factories, we will expand our zero-CO₂ factories through energy savings and introducing and procuring renewable energy sources that exceed the increase in emissions due to business growth. By 2030, we will achieve net zero at all factories through such initiatives as promoting the use of renewable energy sources and introducing Group-wide carbon taxes.
Initiatives towards the Environment

Global map of zero-CO₂ factories

**CONTRIBUTION IMPACT Initiatives**

**Electrification**
- Expand use of non-fossil fuels & green vehicles
- FY21: 9.7 M tons, FY25: 25.1 M tons
- Automotive batteries/chargers for green vehicles
- Hot water heat pump system
- Electrolysis of construction equipment, bicyclic, etc.

**Energy efficiency**
- Promotization of efficient use of energy
- FY21: 2.4 M, FY25: 6.3 M
- Integrated control of IAC & A/C
- LED lighting optimizing energy efficiency for individual spaces
- Energy creation-storage coordination & DERMS

**Hydrogen**
- Expand use of zero-carbon energies
- FY21: 0.2 M, FY25: 6.1 M
- Pure hydrogen fuel cell
- Hydrogen RE100 solutions: ENE FARM

RE100 solutions
- In April 2022, we started operation of the “KOMA FIELD,” a demonstration facility for the “RE100 solution” initiative located at our Kusatsu Factory in Shiga Prefecture, aimed at using renewable energy generated independently through a combination of pure hydrogen fuel cells and photovoltaic cells to supply 100% of the energy consumed by our business activities. This step has been taken as part of our “RE100 solution” initiative to build zero-CO₂ businesses.

As part of our efforts to contribute to society through avoided emissions, we aim to create an impact that reduces emissions by a total of 93.0 million tons by fiscal 2031, including 70.0 million tons through efforts to electric products that burn fossil fuels, 17.0 million tons through the development of solutions for the efficient use of energy and the energy saving of products, and 6.0 million tons through the utilization of hydrogen energy. We will contribute to reducing CO₂ emissions in these various global business areas.

**Initiatives related to resources**

Creation of circular economy (CE) businesses
- We created six CE businesses in fiscal 2022 (see table below). We plan to increase these businesses to at least 13 by fiscal 2025, including subscription services for home appliances and sharing services for electrically assisted bicycles.

<table>
<thead>
<tr>
<th>Services</th>
<th>FY21</th>
<th>FY25</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subscription services for refrigerators/freezer display cases*</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Subscription services for cooling box for pharmaceuticals</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Akari E Support services (LED Lighting leasing services)</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>Battery management business in the PC subscription services*</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Effective utilization of owned buildings*</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>Business development of mixed cellulose plastics*</td>
<td>6</td>
<td></td>
</tr>
</tbody>
</table>

*Available only in Japanese

Evolution of recycling-oriented manufacturing
- Cellulose fiber can be derived from various natural resources, such as wood residues from forest thinning, and other organic wastes, and is now drawing attention as a resource with low environmental impact. In fiscal 2019, we developed a molded material mixed with cellulose fiber as an additive. In fiscal 2020, the content of the cellulose fiber could even be increased to more than 55% while maintaining the whiteness of the material thanks to our special processing technology. In fiscal 2021, we promoted the development of even higher concentrations, and developed molding materials with a biomass content of 90% or more.

Cellulose fiber composition materials with a biomass content of 90% or more

**Response to TCFD**

Disclosed in our Sustainability Data Book 2022 in line with the recommendations of the TCFD

Goverance
- Discloses the roles of the system for promoting environmental sustainability management headed by the Board of Directors and the Sustainability Management Committee led by the Group CEO, which was established in December 2021

Strategy
- To verify the strategic resilience of our business, identify risks and opportunities, perform impact analysis on the matters with the greatest impact, develop a social scenario for the year 2030, and consider the climate change-focused strategies of each operating company in accordance with the scenario

Some of the climate change-focused strategies of our operating companies

- Panasonic Car Company
  - Promote the development of hydrogen RE100 solutions: ENE FARM
  - Implement demonstration experiment of RE100 solutions, utilizing hydrogen and develop hydrogen businesses.
  - Reduce energy consumption by producing more high-quality vehicles and improve energy efficiency.

- Panasonic Energy Co., Ltd.
  - Promote the development of hydrogen RE100 solutions: ENE FARM
  - Implement demonstration experiment of RE100 solutions, utilizing hydrogen and develop hydrogen businesses.
  - Reduce energy consumption by producing more high-quality vehicles and improve energy efficiency.

- Panasonic Corporation
  - Promote the development of hydrogen RE100 solutions: ENE FARM
  - Implement demonstration experiment of RE100 solutions, utilizing hydrogen and develop hydrogen businesses.
  - Reduce energy consumption by producing more high-quality vehicles and improve energy efficiency.

- Panasonic Marketing USA Inc.
  - Promote the development of hydrogen RE100 solutions: ENE FARM
  - Implement demonstration experiment of RE100 solutions, utilizing hydrogen and develop hydrogen businesses.
  - Reduce energy consumption by producing more high-quality vehicles and improve energy efficiency.

- Panasonic Corporation
  - Promote the development of hydrogen RE100 solutions: ENE FARM
  - Implement demonstration experiment of RE100 solutions, utilizing hydrogen and develop hydrogen businesses.
  - Reduce energy consumption by producing more high-quality vehicles and improve energy efficiency.

Metrics and targets
- Set medium- to long-term targets using GHG emissions as an indicator (approved Science Based Targets (SBTs))
- We are also considering setting targets for other climate-related indicators, some of which are shown below

<table>
<thead>
<tr>
<th>Metrics and targets</th>
<th>Targets (end in October 2022)*</th>
<th>Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emissions from business activities (Scope 1, 2)</td>
<td>30% reduction by 2030 (vs. Fiscal 2014)</td>
<td>137%</td>
</tr>
<tr>
<td>Emissions from use of Panasonic products (Scope 3)</td>
<td>38% reduction by 2030 (vs. Fiscal 2014)</td>
<td>27%</td>
</tr>
</tbody>
</table>

*In May 2021, we announced our target of zero CO₂ emissions (Scope 1, 2) at all operating companies by 2030.
Employees’ Well-being Initiatives

We are promoting employees’ well-being based on the three pillars of “Work in a safe, secure, and healthy state,” “Work with a sense of fulfillment,” and “Work together by giving full play to all individually.”

Creating a safe, secure, and healthy workplace

Safety and compliance are the major premises of business management. With regard to occupational health and safety, in order to prevent serious accidents at the manufacturing sites, we are developing and disseminating training on the Equipment Safety Standards to promote fundamental equipment safety, and at the same time working to ensure safety during non-stationary operations based on risk assessment. Furthermore, with regard to hygiene management, in light of recent revisions of the law, we are working to develop human resources and strengthen the workplace management system for the self-sustaining management of chemical substances.

Concerning employee health, we send out “Panasonic Group Wellbeing Message” to the entire Group on a global basis. We have articulated policies to strengthen health achievements to achieve employees’ well-being, and each operating company has launched its own initiatives in addition to the traditional “Healthy Panasonic Actions,” in which the operating company, the labor union, and the health insurance organization work together as one. The results of regular health checkups, employee opinion surveys, and stress checks are reviewed to confirm the outcomes and to further improve and strengthen the initiatives.

Also, with regard to compliance, we are implementing training of employees to ensure that they have a correct understanding of relevant laws and regulations pertaining to their business and region and that they know about our global hotline “EARS” and how it can be used to detect issues from an early stage and prevent incidents from occurring. We are also stepping up awareness activities aimed at eradicating various forms of harassment in the workplace.

Also, on the issue of human rights, we comply with international norms, and are strengthening our stance particularly on the prohibition of forced labor at corporations, the prohibition of child labor, the elimination of discrimination, the freedom of association, and the acknowledgement of the right to collective bargaining.

Encouraging employees’ self-motivated endeavors and supporting their self-determined career formation

Believing that seizing the initiative to take on challenges is the key to “work with a sense of fulfillment,” we, as a company, encourage employees’ self-motivated endeavors and support their self-determined career formation. In the full year of fiscal year ending March 2023 (fiscal 2023), we expect approximately 1,000 to 2,000 employees to volunteer for, and around 400-600 to actually take part in, a new challenge, such as job transfer across operating companies within the Group (relocation), external work experience (secondment to external start-up company, etc.), and in-company multitasking (concurrent postings within the Company).

One other Group-wide initiative is the “A Better Dialogue” project, which supports every employee’s personal growth and challenges by enhancing the quality and quantity of dialogue with their respective managers. In addition to one-on-one meetings that bring out the aspirations of each and every employee, this project is comprised of three other components: development of individual career and capabilities, goal setting and management, and competency review. In fiscal 2023, the implementation rate in Japan is 78%, and the satisfaction level is 84%.

Every year we conduct the Employee Opinion Survey (EOS) targeting all Group employees as an initiative for conducting a fixed-point observation of the awareness levels of every employee concerning mainly employee engagement as an indicator of employee self-motivated endeavors, employee enablement, and so on. The results are shared and utilized in the development of human resources and organizations.

We are also promoting workstyle initiatives with the aim of maximizing results from both organizational and individual perspectives. First, from an organizational perspective, we will improve productivity by optimizing the balance between face-to-face and remote workstyles according to the situation of each business and the field in which each person is involved. Next, from an individual perspective, we will expand the options of working hours and workplace in order to achieve employee well-being. We want to support the aspirations of each and every employee so they can continue their careers, especially for someone who wants to continue doing their job when current circumstances prevent them from working full time, or someone who wants to take on challenges outside of the company, broaden their horizons, and apply what they’ve learned to their current job. This is what we mean by “expanding the options of working hours and workplace.” These new options are being introduced first at Panasonic Holdings Corporation and Panasonic Operational Excellence Co., Ltd. as well as certain operating companies from the second half of 2022.

Promoting DEI (Diversity, Equity & Inclusion)

We are currently promoting DEI from three perspectives based on the Panasonic Group DEI Policy. The first is “top management commitment.” This means management members themselves are committed to promoting DEI and do so by incorporating it into business strategies. We plan to accelerate the pace of our DEI initiatives to implement actions decided through dialog between management members and employees. Furthermore, we are actively expressing our support for, and providing assistance to, the 30% Club Japan, a global campaign that aims to raise the proportion of women in critical decision-making roles in business, and Equality Act Japan, a petition-based movement for the enactment of an LGBT Equality Act in Japan. We utilize our support of these campaign initiatives.

The second perspective is “creating an inclusive work environment.” It is about building a management and organizational environment where diverse employee personalities are valued and fully utilized. We hosted the Group DEI Forum, which started in 2021, for the second time in 2022. This event featured a live video feed broadcasted to around 14,000 participants, along with the streaming of pre-recorded videos. Each participant’s understanding of, and support for, DEI was deepened. This event has been a good opportunity for participants to take action.

Moreover, we continue to roll out unconscious bias training sessions in each geographical region in which we have a business presence. In Japan we are training ambassadors* at all of our business sites in a bid to continuously expand these sessions to every organization manager and employee in the Group. The third one is “support for every individual.” We are developing a better support system and improving HR management systems and frameworks for each region worldwide in an effort to provide support so that each person can make full use of their diverse individuality to take on their respective challenges. And in Japan too we are engaged in activities to support the formation of communities according to the various attributes of employees. This includes people with a disability, foreign nationals, women, and those who identify as LGBTQ.

Furthermore, we are establishing systems and mechanisms for these communities and constantly re-examining their operations.

*Unconscious bias ambassadors: Trainers that run training sessions in the workplace to educate employees so that they can be alert for the appearance of unconscious bias. Following an in-house application process, employees who have undergone the prescribed training are then internally certified as an ambassador.

In order to measure the results and progress of these initiatives for the three pillars of employees’ well-being, we intend to emphasize the positive response rate in the aforementioned Employee Opinion Survey (EOS), with the goal of reaching the global top level scores in the categories of “employee engagement” and “employee enablement.”

Positive response rate in Employee Opinion Survey (EOS) (Panasonic Group)

<table>
<thead>
<tr>
<th>Year</th>
<th>Employee engagement</th>
<th>Employee enablement</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>61</td>
<td>59</td>
</tr>
<tr>
<td>2018</td>
<td>62</td>
<td>58</td>
</tr>
<tr>
<td>2019</td>
<td>63</td>
<td>57</td>
</tr>
<tr>
<td>2020</td>
<td>64</td>
<td>56</td>
</tr>
<tr>
<td>2021</td>
<td>65</td>
<td>55</td>
</tr>
</tbody>
</table>

Employee engagement: Self-motivated endeavors
Employee enablement: The right person for the right job, comfortable working environment

Responding attentively to diverse needs and expanding options

Individuals who want to take on the challenge of self-determined career formation

- I’d like to experience another field of work outside of commuting distance
- Without reducing working hours, I’d like to take on a side job at another company
- Working four days a week to take on a side job at another company
- My parents need care at their home now! How do I balance work and family?
- My partner has been transferred, and it’s impossible to raise two children alone.
- I’d like to experience another company’s worksite to broaden my professional knowledge.
- Fully remote work: I’m able to take care of parents at their home outside of commuting distance
- Flexible working: I can take a side job from parent’s home outside of commuting distance
- Working four days a week to take on a side job in my hometown
- Having undergone the prescribed training are then internally certified as an ambassador.

Individuals who want to balance life events and career

- I’d like to experience another company’s worksite to broaden my professional knowledge.
- Fully remote work: I’m able to take care of parents at their home outside of commuting distance
- Flexible working: I can take a side job from parent’s home outside of commuting distance
- Working four days a week to take on a side job at another company
- I’d like to experience another field of work outside of commuting distance
- Without reducing working hours, I’d like to take on a side job at another company
- Working four days a week to take on a side job at another company
- My parents need care at their home now! How do I balance work and family?
- My partner has been transferred, and it’s impossible to raise two children alone.
- I’d like to experience another company’s worksite to broaden my professional knowledge.
Financial Highlights

The Company and subsidiaries, years ended March 31

The Company began applying International Financial Reporting Standards (IFRS) on a voluntary basis in the fiscal year ended March 2017 (fiscal 2017). Financial figures for the fiscal year ended March 2016 are presented in accordance with both newly applied IFRS and conventionally applied U.S. GAAP (Generally Accepted Accounting Principles) respectively.

### Key Financial Figures


- **Net profit attributable to Panasonic Holdings Corporation stockholders as a percentage of ROE** (in %): 9.0 (2013), 11.0 (2014), 15.0 (2015), 9.0 (2016), 5.0 (2017)

- **ROE** (in %): 15.0 (2013), 20.0 (2014), 24.0 (2015), 20.0 (2016), 5.0 (2017)

- **Dividends declared per share** (in Yen): 20.0 (2013), 30.0 (2014), 30.0 (2015), 30.0 (2016), 30.0 (2017)

- **Consolidated payout ratio** (in %): 40.0 (2013), 40.0 (2014), 40.0 (2015), 40.0 (2016), 40.0 (2017)

- **Capital investment** (in Billions of yen): 1,500.0 (2013), 1,800.0 (2014), 1,500.0 (2015), 1,000.0 (2016), 0 (2017)

- **Depreciation and amortization** (in Billions of yen): 500.0 (2013), 700.0 (2014), 900.0 (2015), 1,000.0 (2016), 0 (2017)


- **Capital investment, depreciation and amortization** (in Billions of yen): 1,205.0 (2013), 1,697.3 (2014), 1,897.3 (2015), 1,447.4 (2016), 0 (2017)

- **Cash and cash equivalents** (in Billions of yen): 1,000.0 (2013), 1,500.0 (2014), 1,205.0 (2015), 1,697.3 (2016), 1,447.4 (2017)

- **Interest-bearing debt** (in Billions of yen): 2,000.0 (2013), 2,500.0 (2014), 2,000.0 (2015), 1,500.0 (2016), 1,000.0 (2017)

- **Dividends declared per share** (in Yen): 20.0 (2013), 30.0 (2014), 30.0 (2015), 30.0 (2016), 30.0 (2017)

- **Consolidated payout ratio** (in %): 40.0 (2013), 40.0 (2014), 40.0 (2015), 40.0 (2016), 40.0 (2017)

### Other Key Points

- **Sales** increased from the previous fiscal year with increased sales in the industry segment, where there was growth in the industrial and information & communications sectors in Japan, and in the Energy segment, where sales of automotive batteries increased overseas, as well as the new consolidation of Blue Yonder.

- **Adjusted operating profit** increased from the previous fiscal year with a revision of selling prices as well as increased sales in the Industry and Energy segments, despite raw material price hikes that mainly affected the Lifestyle segment, along with temporary negative factors such as the impact of temporary accounting treatment related to “re-evaluation of assets and liabilities” upon the acquisition of Blue Yonder. In addition, under “Other income/loss,” profit increased from the previous fiscal year due mainly to the gain from re-evaluation of existing equity in Blue Yonder upon its new consolidation and sale of assets.

- **Net profit attributable to Panasonic Holdings Corporation stockholders** was higher, and ROE also improved compared to the previous fiscal year.

- **Cash flow from operating activities** was 252.6 billion yen compared to 304.0 billion yen in the previous fiscal year due to the impact of external environmental factors such as port congestion and an increase in inventories to strategically secure parts and materials, despite an increase in net profit.

- **Cash from investing activities** was -796.1 billion yen, compared to 176.8 billion yen in the previous fiscal year, due mainly to the acquisition of Blue Yonder.

- **Cash flow from investing activities was** 226.0 billion yen, which was subsequently repaid in full by issuing 400 billion yen in hybrid bonds (subordinated bonds).

- Based on the idea of steadily investing in key businesses for future growth, we made capital investments in production facilities for home-use electric appliances and electrical construction materials, electronic components and control equipment, lithium-ion batteries for automotive use, in-vehicle systems, and equipment related to the B2B solutions business.

- We strive to provide stable and continuous dividends with a target consolidated payout ratio of 30%. In fiscal 2022, there was an increase in our net profit and based on the consolidated performance, and after comprehensive consideration of our dividend policy, the status of our financial position, and other factors, the annual dividend per share was increased to 30 yen from 20 yen in the previous fiscal year.

- **Note:** leases receivables collected as a result of application of finance lease accounting as lessee — based on product supply contracts determined to contain leases — are included in cash flows from investing activities.

- **Note:** Lease receivables collected amounted to 24.6 billion yen in fiscal 2020, 48.0 billion yen in fiscal 2021, 37.2 billion yen in fiscal 2022, 167.3 billion yen in fiscal 2019, and 171.6 billion yen in fiscal 2018.

- **Note:** Blue Yonder was acquired in March 2020, and the gain from re-evaluation of existing equity is negative.
At its factories in and outside Japan, the Panasonic Group is pushing ahead with the promotion of zero-CO2 model factories and working to increase the use of renewable energy. Total CO2 emissions in the year ended March 31, 2022 (fiscal 2022) amounted to 1.95 million tons, while the volume of emissions per net sales was 61% of the comparable value for the fiscal year ended March 2014.


Note: For CO2 emissions per basic unit, CO2 emissions are divided by the Group’s overall net sales, and then the improvement rate compared to fiscal 2014 is calculated.

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### CO2 emissions in production activities and CO2 emissions per basic unit

<table>
<thead>
<tr>
<th>(Million tons)</th>
<th>2014</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>CO2 emissions</td>
<td>0.50</td>
<td>2.00</td>
<td>2.50</td>
<td>3.00</td>
<td>3.50</td>
<td>4.00</td>
</tr>
<tr>
<td>(% of net sales)</td>
<td>100%</td>
<td>70%</td>
<td>68%</td>
<td>69%</td>
<td>73%</td>
<td>61%</td>
</tr>
</tbody>
</table>

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### Amount of in-house renewable energy adoption

In fiscal 2022, the amount of in-house renewable energy adoption was 43 GWh, which achieved the target for fiscal 2022 of 40 GWh of in-house renewable energy adoption. We are promoting in-house renewable energy adoption on a global basis depending on the characteristics of each geographic region. With respect to photovoltaic power generation in particular, we are promoting the active deployment of photovoltaic power generation systems to sites where it is possible to do so.


Note: Figures are based on the number of positions (including full-time or part-time) at Panasonic Holdings Corporation and its key domestic Group companies.

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### Results of recycled resin usage (cumulative total from FY2015)

In order to effectively utilize not only metals such as iron, copper, and aluminum, but also resins from recycled home appliances, Panasonic Eco Technology Center Co., Ltd., which is the Group’s home appliance recycling plant, and Kato Plastic Recycling Factory of Living Appliances and Solutions Company of Panasonic Corporation are working together to promote resin recycling.


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### Amount and recycling rate of total wastes including revenue-generating waste

In addition to improving yields from materials and minimizing waste generated (including revenue-generating waste) in our production processes, we are aiming to achieve zero waste emissions from factories by increasing the recycling rate of our waste materials. The factory waste recycling rate in fiscal 2022 was 89.0%, which achieved the target of at least 99%. Along with other efforts, we will step up our initiatives on recycling waste plastic in a continuous effort to maintain and improve our factory waste recycling rate.


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### Number of women in managerial positions / Percentage of women in positions of responsibility

We aim to be a company that gathers diverse opinions and insights to enable higher quality decision-making. To this end, we recognize the need to promote more women to managerial and responsible positions. Through the implementation of various measures, both the number and percentage of women in managerial positions and the percentage of women in positions of responsibility have increased year by year, and these measures are continuing. For example, in 2021, we announced our support for the 30% Club Japan, which aims to increase the proportion of women in key decision-making bodies of companies, including the board of directors.


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### Number of board members/outside director ratio

We ensure that the Board of Directors possesses a broad cross-section of knowledge, experience, and capabilities as a whole and endeavor to optimize the number of Board members so that the Board’s functions can be demonstrated effectively and efficiently. Also, to enhance the Board’s objectivity and neutrality and to strengthen its supervisory function, we adhere to an outside directors ratio of at least one third. As of the end of June, 2022, the Board comprises 12 directors, 41.7% of which hail from outside of the Company.

For details: https://holdings.panasonic/global/corporate/option-2/group-compare/pdf/option-2/governance.html
### Fiscal 2022 operating results

**Operating profit** (Billions of yen) **(Years ended March 31)**

- Automotive: 83.286.7
- Connect: 12.0
- Energy: 166.9
- Lifestyle: 314.0
- Industry: 584.6

**Sales** (Billions of yen) **(Years ended March 31)**

- Automotive: 2,567.0
- Connect: 1,657.5
- Energy: 3,647.6
- Lifestyle: 3,348.9
- Industry: 7,388.8

**Operating profit/sales ratio (reference)** (%)

- Automotive: 2.0
- Connect: 7.5
- Energy: 2.5
- Lifestyle: 6.0
- Industry: 4.0

**Adjusted operating profit/sales ratio (reference)** (%)

- Automotive: 2.0
- Connect: 7.5
- Energy: 2.5
- Lifestyle: 6.0
- Industry: 4.0

### Corporate Data

**Consolidated Net Sales**

- **FY 2022**: ¥7,388.8 billion

### Major products and services by reportable segment

#### Lifestyle

Refrigerators, microwave ovens, rice cookers, washing machines, vacuum cleaners, personal-care products, air-conditioners for residential, air-conditioners for commercial use, air to water heat pump system, ventilation, perfumation and air-conditioning equipment, air purifiers, air purifier/sterilizers, freezing or refrigerating showcases, lighting fixtures, lamps, wiring devices, solar photovoltaic systems, fuel cells, compressors, bicycles, nursing care services

#### Automotive

Automotive-use infotainment systems, head-up displays, automotive speakers, automotive switches, advanced driver assistance systems (ADAS) and related devices, systems and devices for xEVs, interior rearview mirrors

#### Connect

Aircraft in-flight entertainment systems and communications services, electronic components-mounting machines, welding equipment, projectors, professional AV systems, PCs and tablets, solutions for various industries, installation/operation/maintenance services, supply chain management software

#### Industry

Relays, switches, power supplies, touch panels, motors, sensors, laser markers, capacitors, inductors, resistors, circuit board materials, semiconductor device materials, molding compounds, LCD panels

#### Energy

Cylindrical lithium-ion batteries for in-vehicle use, dry batteries, primarysecondary lithium batteries, nickel-metal hydride batteries, lithium-ion batteries, storage battery modules/systems

### Note

Net sales composition ratio is calculated by dividing the sales of each reportable segment by the total of reportable segment sales (excluding “Other” and “Eliminations and Adjustments”).

---

### Fiscal 2022 net sales composition ratio

**Lifestyle**

- Energy: 10%
- Industry: 15%
- Automotive: 14%
- Other: 12%

**Connect**

- Energy: 10%
- Industry: 15%
- Automotive: 14%
- Other: 12%

**Automotive**

- Energy: 10%
- Industry: 15%
- Automotive: 14%
- Other: 12%

**Industry**

- Energy: 10%
- Industry: 15%
- Automotive: 14%
- Other: 12%

**Energy**

- Energy: 10%
- Industry: 15%
- Automotive: 14%
- Other: 12%

---

**Consolidated Total**

- Energy: 10%
- Industry: 15%
- Automotive: 14%
- Other: 12%

---

**Note:** Net sales composition ratio is calculated by dividing the sales of each reportable segment by the total of reportable segment sales (excluding “Other” and “Eliminations and Adjustments”).
Operating Results

Business overview

During the fiscal year ended March 2022 (fiscal 2022), the global economy saw progress in economic recovery with the backdrop of factors such as the ongoing COVID-19 vaccination rollout. However, the economic outlook remained unclear due to the impact of new COVID-19 variants. In addition, price hikes in raw materials and logistics costs as well as shortage of parts & components were constant negative factors for the economy throughout the year. Furthermore, in the second half of the fiscal year, such factors as accelerating inflation and increasing geopolitical risks led to concerns about economic downturn. Under such management conditions, the Company continued to control fixed costs according to business conditions and to make efforts to capture new business opportunities reflecting changes in society brought about by COVID-19. Through all these efforts, the Company continued to enhance its management structure in the final year of the Mid-term strategy that started in fiscal 2020. Additionally, in all of our businesses, the Company identified the areas in which the Company should be aggressive and thoroughly enhanced the competitiveness in these areas. More specifically, with regard to the investment for growth, in the gemba (operational frontlines) process business, the Company completed its acquisition of the 80% of shares of the U.S. company Blue Yonder, which is one of the leading global providers of specialized supply chain software, in September 2021. As a result, the Company made Blue Yonder a wholly-owned subsidiary, together with the 20% of its shares acquired in July 2020. The Company aims to create new value by combining Blue Yonder’s software platform, which offers state-of-the-art artificial intelligence (AI) and machine learning (ML) capabilities, with the Company’s manufacturing expertise, which has been cultivated over many years, as well as its edge devices, IoT applications, and sensing technologies. This acquisition will accelerate an “Autonomous Supply Chain™” and will provide solutions to customers’ management issues. In addition, the Company aims to contribute to global environmental conservation and to the realization of a sustainable society through energy-use reduction and effective utilization of resources. In October 2021, the Company started its operations based on the new structure toward the transition to a new organizational structure with the Company serving as a holding company (Panasonic Holdings Corporation) from April 2022. Under the new structure, the Company continued to steadily execute the Mid-term strategy and prepare for the smooth operation of each operating company.

Net sales

Consolidated group sales increased by 10% to 7,388.8 billion yen from a year ago. Domestic sales increased from the previous fiscal year due to favorable sales of products for the industrial and information & communication sectors. Overseas sales increased from the previous fiscal year due mainly to demand-driven growth in automotive batteries and the new consolidation of Blue Yonder. In terms of sales by region, sales in the Americas, Europe, Asia, and China all increased in real terms (local currency basis), which excluded the impact of exchange rates.

Operating profit

Despite the impact of raw material price hikes, etc., adjusted operating profit* was 357.7 billion yen (up 16% from the previous fiscal year), due mainly to increased sales and price revision efforts, as well as a gain from re-evaluation of existing equity in Blue Yonder. Operating profit, which included other income was 357.5 billion yen (up 38% from the previous fiscal year), and as a result, the operating profit ratio improved from 3.9% in the previous fiscal year to 4.8%.

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

Profit before income taxes

Finance income was 22.1 billion yen compared to 20.8 billion yen in the previous fiscal year, and finance expenses were 19.3 billion yen compared to 18.6 billion yen in the previous fiscal year. As a result, profit before income taxes was 360.4 billion yen compared to 260.8 billion yen in the previous fiscal year, an increase of 99.6 billion yen.

Net profit attributable to Panasonic Holdings Corporation stockholders

Income taxes were 95.0 billion yen compared to 76.9 billion yen in the previous fiscal year. As a result, net profit attributable to Panasonic Holdings Corporation stockholders was 255.3 billion yen, compared to 165.1 billion yen in the previous fiscal year. Also, net profit attributable to Panasonic Holdings Corporation stockholders per share was 109.41 yen, compared to 70.75 yen in the previous fiscal year.

Financial results

<table>
<thead>
<tr>
<th>Financial results</th>
<th>3/2021 (Billions of yen)</th>
<th>3/2022 (Billions of yen)</th>
<th>%/amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>6,698.8</td>
<td>7,388.8</td>
<td>110%</td>
</tr>
<tr>
<td>Adjusted operating profit</td>
<td>307.2</td>
<td>357.7</td>
<td>116% +50.5</td>
</tr>
<tr>
<td>Operating profit</td>
<td>258.6</td>
<td>357.5</td>
<td>138% +98.9</td>
</tr>
<tr>
<td>Profit before income taxes</td>
<td>260.8</td>
<td>360.4</td>
<td>138% +99.6</td>
</tr>
<tr>
<td>Net profit attributable to Panasonic Holdings Corporation stockholders</td>
<td>165.1</td>
<td>255.3</td>
<td>155% +90.2</td>
</tr>
<tr>
<td>ROE</td>
<td>7.2%</td>
<td>8.9%</td>
<td>— +1.7%</td>
</tr>
</tbody>
</table>

| Exchange rates      | 1 USD                    | 106 yen                 | 112 yen |
|                     | 1 EUR                    | 124 yen                 | 131 yen |
|                     | 1 RMB                    | 15.7 yen                | 17.5 yen |

Fiscal 2022 operating profit analysis (Billions of yen)

- Sales: 258.6
- Fixed cost: -34.0
- Price hikes in raw materials & logistics: -160.0
- Rationalization, etc.: +121.3
- New consolidation & temporary factors: -11.3
- Impact of exchange rates: +4.5
- Other income/loss: +48.4

Adjusted operating profit +50.5

Fiscal 2021

- Net sales: 6,698.8
- Operating profit: 258.6

Fiscal 2022

- Net sales: 7,388.8
- Operating profit: 357.7

Net sales, Operating profit, Profit before income taxes, and Net profit attributable to Panasonic Holdings Corporation stockholders
Financial Conditions and Liquidity

Liquidity and capital resources

The Company’s basic policy is to generate necessary cash for its business activities through its own efforts. The generated cash are utilized efficiently through internal Group finance operations. In cases when it becomes necessary to secure cash 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 Company’s financial standing and financial market conditions.

Cash and cash equivalents as of March 31, 2022 totaled 1,205.9 billion yen, a decrease of 387.3 billion yen from the end of the previous fiscal year. In September 2021, when the Company acquired the additional 80% of the shares of Blue Yonder, the Company utilized reserved cash (approximately USD 3.5 billion) and procured the remaining amount by means of a bridge loan. Subsequently in October 2021, the Company issued 400 billion yen of yen-denominated unsecured hybrid bonds (subordinated bonds) and completed the repayment of the bridge loan. In addition, the Company redeemed yen-denominated unsecured straight bonds of 200 billion yen in September 2021 and 80 billion yen in March 2022. As a result, the balance of yen-denominated unsecured straight bonds was 600 billion yen, the balance of yen-denominated unsecured hybrid bonds (subordinated bonds) was 400 billion yen, and the balance of US dollar-denominated unsecured straight bonds was USD 2.5 billion as of March 31, 2022.

Interest-bearing debt increased to 1,897.3 billion yen as of March 31, 2022 from 1,447.4 billion yen at the end of the previous year. This is due to the issuance of yen-denominated unsecured hybrid bonds and temporary borrowings from financial institutions despite the redemption of yen-denominated unsecured straight bonds. In addition, the Company borrowed 300 billion yen from financial institutions when carrying out an absorption-type company split as part its transition to a holding company which took place on April 1, 2022. This borrowing was divided and succeeded as debt obligations by each operating company, and then repayment of the full amount was completed on April 1, 2022.

Hybrid bonds (subordinated bonds) are bonds with characteristics of both equity and debt, and with characteristics and features similar to equity, such as optional deferral of interest payments, a particularly long payment period, and subordination in liquidation and bankruptcy proceedings.

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.

Net cash provided by operating activities for the fiscal year ended March 2022 amounted to 252.6 billion yen, compared with an inflow of 504.0 billion yen a year ago. This is due mainly to increased inventories and an increase in corporate income tax payments despite the increase in net profit.

Net cash used in investing activities amounted to 796.1 billion yen, compared with an outflow of 177.7 billion yen a year ago. This is due mainly to capital investment in production facilities for systems and other products related to the Automotive segment, in production facilities for in-vehicle lithium-ion batteries for automotive use (USA) and other products in the Energy segment, in production facilities for electronic components, control equipment, and other products in the Industry segment, in production facilities for systems and other products related to the B2B solutions business in the Connect segment.

Free cash flows

We made investments mainly in production facilities for home-use electric appliances, electrical construction materials, and other products in the Lifestyle segment, in production facilities for lithium-ion batteries for automotive use (USA) and other products in the Energy segment, in production facilities for in-vehicle systems and other products in the Automotive segment, in production facilities for systems and other products related to the B2B solutions business in the Connect segment.

Depreciation and amortization expenses totaled 268.0 billion yen, compared to 247.7 billion yen in the previous fiscal year.

Fiscal 2022 capital investment by segment

<table>
<thead>
<tr>
<th>Segments</th>
<th>Capital Investment (Billions of yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lifestyle</td>
<td>87.3</td>
</tr>
<tr>
<td>Automotive</td>
<td>47.8</td>
</tr>
<tr>
<td>Connect</td>
<td>23.4</td>
</tr>
<tr>
<td>Industry</td>
<td>65.6</td>
</tr>
<tr>
<td>Energy</td>
<td>36.7</td>
</tr>
<tr>
<td>Other</td>
<td>49.3</td>
</tr>
<tr>
<td>Total</td>
<td>305.1</td>
</tr>
</tbody>
</table>

Assets, liabilities, and equity

The Company’s consolidated total assets as of March 31, 2022 were 8,023.6 billion yen, an increase of 1,176.5 billion yen from March 31, 2021. This was mainly due to the acquisition of Blue Yonder as a subsidiary and increased inventory.

The Company’s consolidated total liabilities were 4,676.4 billion yen, an increase of 597.8 billion yen from March 31, 2021. This is due mainly to yen-denominated unsecured hybrid bonds.

Panasonic Holdings Corporation stockholders’ equity increased by 571.0 billion yen to 3,165.0 billion yen, compared with March 31, 2021. This is due mainly to the recording of net profit attributable to Panasonic Holdings Corporation stockholders and other comprehensive income. With non-controlling interests added to Panasonic Holdings Corporation stockholders’ equity, total equity was 3,347.2 billion yen.

As a result, the ratio of Panasonic Holdings Corporation stockholders’ equity was 39.4%, increasing from 37.9% on March 31, 2021.
## 10-year Financial Summary


### Financial Figures for the Fiscal Year Ended March 2016
- **Net Sales**: 7,626,306 million yen
- **Operating profit**: 413,246 million yen
- **Profit (loss) before income taxes**: 227,523 million yen
- **Net income attributable to Panasonic Holdings Corporation stockholders**: 161,212 million yen

### 10-year Financial Summary

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td><strong>U.S. GAAP</strong></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
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</tr>
<tr>
<td>Net sales</td>
<td>7,303,045</td>
<td>7,736,641</td>
<td>7,715,037</td>
<td>7,563,717</td>
<td></td>
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</tr>
<tr>
<td>Adjusted operating profit</td>
<td>160,938</td>
<td>305,114</td>
<td>381,913</td>
<td>415,709</td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>Operating profit</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Profit (loss) before income taxes</td>
<td>(398,386)</td>
<td>206,225</td>
<td>182,456</td>
<td>217,048</td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Net profit (loss) attributable to Panasonic Holdings Corporation stockholders</td>
<td>(754,250)</td>
<td>120,442</td>
<td>179,485</td>
<td>193,256</td>
<td></td>
<td></td>
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<td></td>
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</tr>
<tr>
<td>Capital investment</td>
<td>342,713</td>
<td>239,127</td>
<td>253,610</td>
<td>279,893</td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Depreciation and amortization</td>
<td>338,955</td>
<td>330,786</td>
<td>296,326</td>
<td>274,401</td>
<td></td>
<td></td>
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<tr>
<td><strong>IFRS</strong></td>
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<tr>
<td>Financial Indicators</td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating profit/sales (%)</td>
<td>2.2%</td>
<td>3.9%</td>
<td>5.0%</td>
<td>5.5%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit before income taxes/sales (%)</td>
<td>4.5%</td>
<td>6.2%</td>
<td>4.2%</td>
<td>4.3%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ROE (%)</td>
<td>(47.2)</td>
<td>8.6%</td>
<td>10.6%</td>
<td>11.0%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net profit attributable to Panasonic Holdings Corporation stockholders/sales (%)</td>
<td>(10.3)</td>
<td>1.6%</td>
<td>2.3%</td>
<td>2.6%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total asset turnover ratio (Times)</td>
<td>1.2</td>
<td>1.8</td>
<td>1.4</td>
<td>1.3</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial leverage (Times)</td>
<td>3.8</td>
<td>3.6</td>
<td>3.3</td>
<td>3.3</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest-bearing debt/total assets (%)</td>
<td>21.2</td>
<td>12.3</td>
<td>16.3</td>
<td>13.0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payroll ratio (%)</td>
<td></td>
<td>25.0%</td>
<td>23.2%</td>
<td>30.0%</td>
<td></td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

### Exchange Rate (Yen/USD)

<table>
<thead>
<tr>
<th>Year</th>
<th>Rate</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>102.70</td>
<td>134.00</td>
</tr>
<tr>
<td>2014</td>
<td>127.19</td>
<td>134.30</td>
</tr>
<tr>
<td>2015</td>
<td>133.08</td>
<td>119.80</td>
</tr>
<tr>
<td>2016</td>
<td>120.07</td>
<td>111.10</td>
</tr>
<tr>
<td>2017</td>
<td>118.02</td>
<td>136.40</td>
</tr>
</tbody>
</table>

Notes to the table:
1. Our consolidated financial statements are now prepared in accordance with IFRS. Prior to the fiscal year ended March 2016, however, they were prepared in accordance with U.S. GAAP but are presented on the table above using the comparable IFRS terms provided on the table on the left.
2. Diluted net income (loss) attributable to Panasonic Holdings Corporation per common share from fiscal 2013 to fiscal 2014 has been omitted because the Company did not have potential common shares that were outstanding for the period.
3. Financial leverage is calculated using the average total assets at the beginning and the end of each fiscal year.
4. Interest-bearing debt ratio is calculated using the average total assets at the beginning and the end of each fiscal year.
5. Diluted earnings per share are calculated using the average total assets at the beginning and the end of each fiscal year.

### Notes to IFRS
1. Adjusted operating profit = Net sales - Cost of sales - SG&A
2. "Capital investment" is amounted on an accrual basis for property, plant and equipment and intangible assets. (Excludes increases due to business combinations)
3. Depreciation and amortization include depreciation of property, plant and equipment and amortization of intangible assets.
4. Dividends declared per share reflect those declared by the Company in each fiscal year and consist of interim dividends paid during the fiscal year and year-end dividends paid after the fiscal year-end.
5. Exchange rate is the average rate for the fiscal year.
6. Interest-bearing debt is equal to the sum of short-term debt, including current portion of long-term debt, long-term debt, and lease liabilities.
7. Financial leverage is calculated using the average total assets at the beginning and the end of each fiscal year. Averages are given to the nearest whole number.
Corporate Information (As of March 31, 2022)

The Company and Subsidiaries

Years ended March 31

Corporate Information

Company Name: Panasonic Holdings Corporation*

*The name changed from "Panasonic Corporation" on April 1, 2022

Founded: March 1918 (Incorporated in December 1935)

Head Office Location: 1006, Oaza Kadoma, Kadoma-shi, Osaka 571-8501, Japan

Stock Information

Number of Shares Issued: 2,453,866,297

(Excluding the Company's treasury stocks of 119,969,766 shares)

Number of Shareholders: 491,723

TSE Securities Code: 6752

Unit of Stock: 100

Stock Exchange Listings: Tokyo, Nagoya

Transfer Agent for Common Stock:

Sumitomo Mitsui Trust Bank, Limited
5-33, Khabama, 4-chome, Chuo-ku, Osaka-shi, Osaka 540-8398, Japan
Phone: +81-3-3323-7111

American Depositary Receipts (ADRs)

Depositary Bank: J.P. Morgan Chase Bank, N.A.
Stock Exchange: U.S. Over-the-Counter (OTC) Market
ADR Ratio: 1 ADR = 1 Share
Symbol: PCFY

Stock Transfer Handling Office:

Shareware Services
P.O. Box 65404
St. Paul, MN 55164-0504, U.S.A.
Phone: +1-800-990-1135 (U.S.: toll free)
+1-651-453-2128 (International)

Corporate Bonds

JPY-Denominated Straight Bonds

<table>
<thead>
<tr>
<th>Amount of Issue (in billions of yen)</th>
<th>Coupon rate (per annum)</th>
<th>Aggregate principal amount of issue</th>
<th>Maturity date</th>
</tr>
</thead>
<tbody>
<tr>
<td>100.0</td>
<td>0.30%</td>
<td>3,000 billion yen</td>
<td>October 14, 2031</td>
</tr>
<tr>
<td>110.0</td>
<td>0.89%</td>
<td>3,300 billion yen</td>
<td>October 14, 2032</td>
</tr>
<tr>
<td>120.0</td>
<td>1.54</td>
<td>3,600 billion yen</td>
<td>October 14, 2033</td>
</tr>
</tbody>
</table>

JPY-Denominated Hybrid Bonds (Subordinated Bonds)

<table>
<thead>
<tr>
<th>Amount of Issue (in billions of yen)</th>
<th>Initial coupon rate (%)</th>
<th>Aggregate principal amount of issue</th>
<th>Maturity date</th>
</tr>
</thead>
<tbody>
<tr>
<td>100.0</td>
<td>0.89%</td>
<td>3,000 billion yen</td>
<td>October 14, 2031</td>
</tr>
<tr>
<td>110.0</td>
<td>1.54%</td>
<td>3,300 billion yen</td>
<td>October 14, 2032</td>
</tr>
<tr>
<td>120.0</td>
<td>2.20%</td>
<td>3,600 billion yen</td>
<td>October 14, 2033</td>
</tr>
</tbody>
</table>

*The fixed rate will be applied until the First optional redemption date. After the next day of the First optional redemption date, a variable rate will be applied. Step-up interest rate will be applied from the next day of the day 20 years after the First optional redemption date.

Corporate Data

Major Shareholders

<table>
<thead>
<tr>
<th>Name</th>
<th>Share ownership</th>
<th>Percentage of total issued shares (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Master Trust Bank of Japan, Ltd. (trust account)</td>
<td>370,263</td>
<td>15.86</td>
</tr>
<tr>
<td>Custody Bank of Japan, Ltd. (trust account)</td>
<td>179,699</td>
<td>7.69</td>
</tr>
<tr>
<td>State Street Bank West Client - Treaty 565234</td>
<td>60,175</td>
<td>2.57</td>
</tr>
<tr>
<td>Nippon Life Insurance Company</td>
<td>48,339</td>
<td>2.07</td>
</tr>
<tr>
<td>MOXLEY and CO LLC</td>
<td>42,863</td>
<td>1.83</td>
</tr>
<tr>
<td>Sumitomo Life Insurance Company</td>
<td>37,465</td>
<td>1.60</td>
</tr>
<tr>
<td>Panasonic Holdings Corporation Employee Shareholding Association</td>
<td>35,994</td>
<td>1.54</td>
</tr>
<tr>
<td>Matsuiishi Real Estate Co., Ltd.</td>
<td>29,121</td>
<td>1.24</td>
</tr>
<tr>
<td>JP Morgan Chase Bank 385781</td>
<td>28,511</td>
<td>1.22</td>
</tr>
<tr>
<td>SSBTC Client Omnibus Account</td>
<td>25,798</td>
<td>1.10</td>
</tr>
</tbody>
</table>

(1) The figures in share ownership are rounded down to the nearest thousand shares.

(2) The English names of foreign shareholders above are based on the General Shareholders Notification notified by Japan Securities Depository Center, Inc.

Notes: 1. The numbers in parentheses indicate the exchange rate on March 31, 2022.

(2) The numbers in parentheses indicate the exchange rate on March 31, 2022.

External Recognition

The Company has been selected as a constituent stock in the following indices.

Please also refer to our Sustainability Data Book for more information about our approach to social and environmental initiatives.


Corporate Data

Company Stock Price and Trading Volume (Years ended March 31) Tokyo Stock Exchange monthly basis

<table>
<thead>
<tr>
<th>Stock Price (¥)</th>
<th>Trading Volume (Millions of shares)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,033.5</td>
<td>1,207.5</td>
</tr>
<tr>
<td>1,188.5</td>
<td>1,541.0</td>
</tr>
<tr>
<td>1,264.0</td>
<td>1,800.0</td>
</tr>
<tr>
<td>1,030.0</td>
<td>1,614.0</td>
</tr>
<tr>
<td>954.2</td>
<td>917.7</td>
</tr>
<tr>
<td>917.7</td>
<td>831.4</td>
</tr>
<tr>
<td>825.0</td>
<td>733.5</td>
</tr>
</tbody>
</table>

The Company has been selected as a constituent stock in the following indices.


Please also refer to our Sustainability Data Book for more information about our approach to social and environmental initiatives.


Panasonic Holdings

Corporate Data

Annual Report 2022

Panasonic Holdings

Corporate Data

Annual Report 2022
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Corporate Finance & Investor Relations Department
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Investor Relations
Panasonic Business Support Europe GmbH
(UK branch)
Maxis 2, Western Road,
Bracknell, Berkshire, RG12 1RT, United Kingdom
Phone: +44-1344-853135

IR and Sustainability Websites

IR
Please refer to the Company’s IR site for information including financial results and presentation materials.
https://holdings.panasonic/global/corporate/investors.html

Sustainability
Please refer to the “Sustainability” section of the Company’s website for more information regarding environmental and social initiatives.
https://holdings.panasonic/global/corporate/sustainability.html