

Panasonic Group

Panasonic Holdings Corporation

Annual Report

2022

Report on Financial Results and ESG
for the year ended March 31, 2022



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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.”

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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

Basic Management Objective	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.
Company Creed	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.
Seven Principles	Contribution to Society, Fairness and Honesty, Cooperation and Team Spirit, Untiring Effort for Improvement, Courtesy and Humility, Adaptability, Gratitude

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

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.



Konosuke Matsushita
 Founder
 (1894-1989)

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 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

1918

- **Life with electricity** begins
- Expanding our business from wiring devices to a wide range of electrical product lines
- Home appliances **change the lifestyles** of people
- Leading the rapid spread of electronics to households in Japan and around the world
- Offering **new value and new lifestyles**
- Popularizing digital home appliances

Sold automotive batteries from the dawn of the automobile industry in Japan, contributing to the **popularization of automobiles**.



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.

1968

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



2009

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**.



1918

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



1950s

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



VHS home video
"MacLord" NV-8800

1977



Digital mobile phone
"mova P201 HYPER"

The world's lightest (at the time), a huge hit, and a revolution in communication.

1996

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.”

○ Leading the way to “a better life” and “a sustainable society”

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



2010



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

2014

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.

E
Environment



Contribute to solving global environmental issues
Panasonic GREEN IMPACT

Realization of a carbon-neutral society
Increased CO₂ reduction impact

Realization of a recycling-oriented society
Recycling-oriented manufacturing and product longevity

S
Social



Support health & well-being of people both in mind & body in “lifestyle” & “workstyle”

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

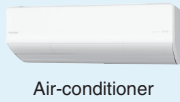
Reportable segments

Overview of businesses

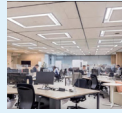
Lifestyle



Front load washing machine



Air-conditioner



Lighting



Wiring devices



Showcase

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 refrigerator 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 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 perspectives of people, society, and the planet, in order to achieve a sustainable society.

Automotive



Cockpit system



View of head-up display
(Photo courtesy of Toyota Motor Corporation)



Vehicle camera module

In this segment we will continue to provide new value to vehicles and mobility experience under 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 as keywords, 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.

Connect



Electronic component mounting machine (NPM-DX)



FZ-G2 series high-performance rugged tablet PC



PT-RQ35K series high-brightness projector

In this segment we are contributing to the management reforms of B2B customers by staying close to and bringing innovation to their diverse *gemba* (operational frontlines). For example, customer supply chains (the *gemba* 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 connecting 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.

Industry



Industrial motors



Multi-layer circuit board materials



Capacitors



Relay

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 difficult 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.

Energy



Cylindrical lithium-ion batteries for in-vehicle use (2170)



Storage battery systems



Dry batteries

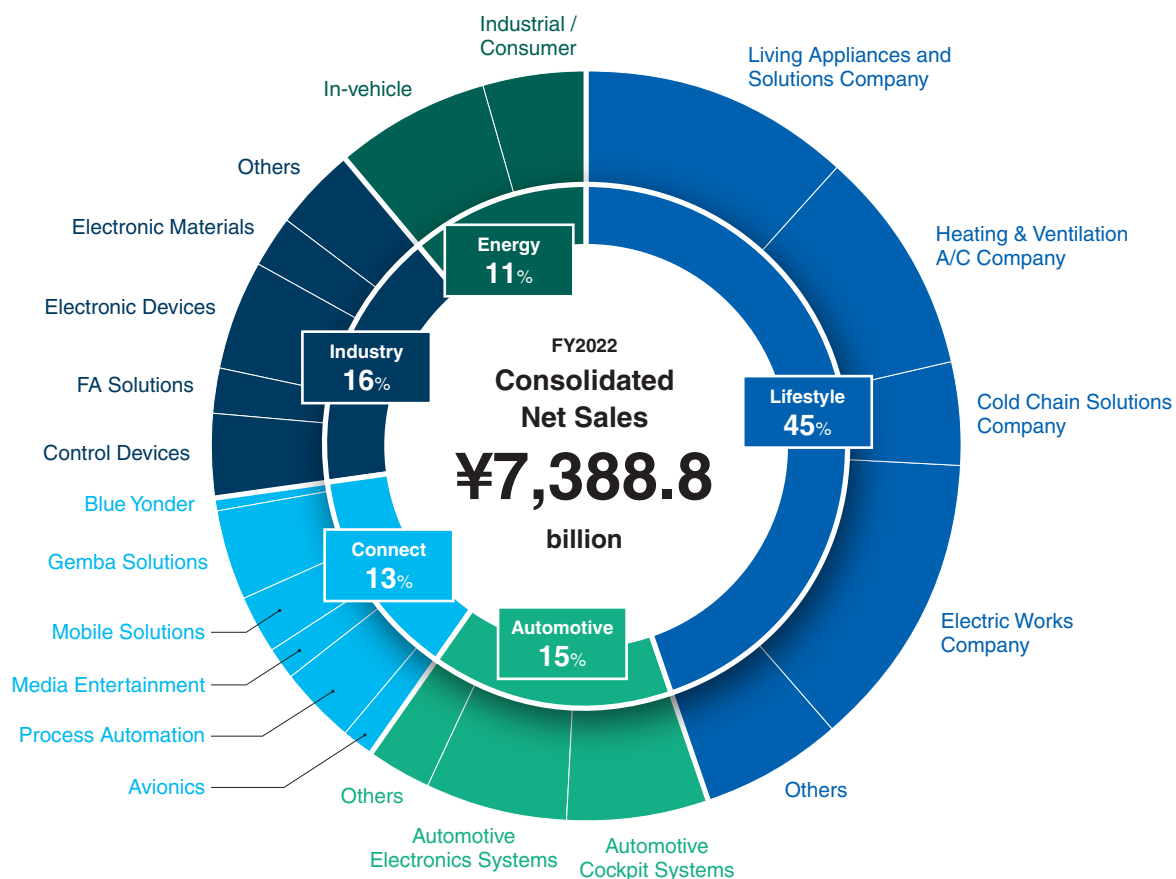


Primary lithium batteries

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 will contribute to a society that realizes enriched lifestyles and environmental sustainability.

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").
 2: Living Appliances and Solutions Company, Heating & Ventilation A/C Company, Cold Chain Solutions Company, and Electric Works Company include part of sales and profit of China and Northeast Asia Company.
 3: "Others" is not shown in the Connect and Energy segments in the above pie chart because the amounts are negative due to the effect of eliminations and adjustments.

Composition of Voluntarily Disclosed Businesses

Businesses with Sales Disclosed		Businesses with Sales Disclosed				
Lifestyle (Panasonic Corporation)	Living Appliances and Solutions	<ul style="list-style-type: none"> • Kitchen Appliances • Laundry Systems and Vacuum Cleaner • Beauty and Personal Care 	Connect (Panasonic Connect Co., Ltd.)	<ul style="list-style-type: none"> • Avionics • Process Automation • Media Entertainment • Mobile Solutions • Gemba Solutions • Blue Yonder 		
	Heating & Ventilation A/C	<ul style="list-style-type: none"> • Heating and Cooling Solutions • Ecology Systems 		Industry (Panasonic Industry Co., Ltd.)	<ul style="list-style-type: none"> • Control Devices • FA Solutions • Electronic Devices • Electronic Materials 	
	Cold Chain Solutions	—			Energy (Panasonic Energy Co., Ltd.)	<ul style="list-style-type: none"> • In-vehicle • Industrial/Consumer
	Electric Works	<ul style="list-style-type: none"> • Lighting • Energy Systems 				Other
	China and Northeast Asia Company	—		Eliminations and Adjustments	Elimination of intersegment transactions, adjustments of profits and losses not attributable to any segments, and adjustments of consolidations, etc.	
	Other	—				
Automotive (Panasonic Automotive Systems Co., Ltd.)	<ul style="list-style-type: none"> • Automotive Cockpit Systems • Automotive Electronics Systems 					

Message from the Group CEO

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



Yuki Kusumi
Representative Director
President
Group CEO

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

- implementing thorough “autonomous responsible management,”

- 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.

tive, 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 strate-

gies. 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

Group’s mission, today we must contribute to solving global environmental issues and support the health and well-being of people around the world, both in mind and body, in their “life-

Message from the Group CEO

style” and “workstyle.” By becoming unrivaled in accomplishing valued work, we can make great contributions. Accordingly, we will be able to return the generated profit to society, starting with shareholders, and adequately reward our employees. Moreover, we can make investments toward further contributions. We aim to implement such a cycle that leads to thoroughly enhancing our competitiveness.

This is precisely about conducting sustainable management, while we also make our utmost efforts toward achieving a sustainable society: “an ideal society with affluence both in matter and mind.” The path will not be smooth, but I am confident that we can achieve this through the unrivaled competitiveness of our contributions to our customers and society.

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. We will achieve net-zero emissions through our energy-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 approxi-

mately 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 (KGIs) 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 led 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-generation 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 2.0 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 also 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 declining 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 humidity 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."

Message from the Group CEO

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 “H2 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 ventures.

Group-wide technology pillars

		PC	PAS	PEAC	PHS	PCO	PID	PEC	
Technologies contributing to “environment”	Functional materials/Materials informatics	○	○		○		●	●	
	Power electronics	○	●				○		
	Hydrogen energy devices/DERMS*	●					○	○	
	CPS/AI	●	●	●	○	●	○	○	
Technologies contributing to well-being in “lifestyle” & “workstyle”	Image sensing/Robotics	○	●	●		●	●		
	Simulation/Model-based development	○	●	○	●	○	○	○	
	Biosensing/Emotion recognition/Biotechnology	○	○		○		○		
Common software platform	Software/communication/security	●	●	●	○	●	○		

● Highly relevant
○ Relevant

*Distributed Energy Resource Management Systems

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 toward 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.



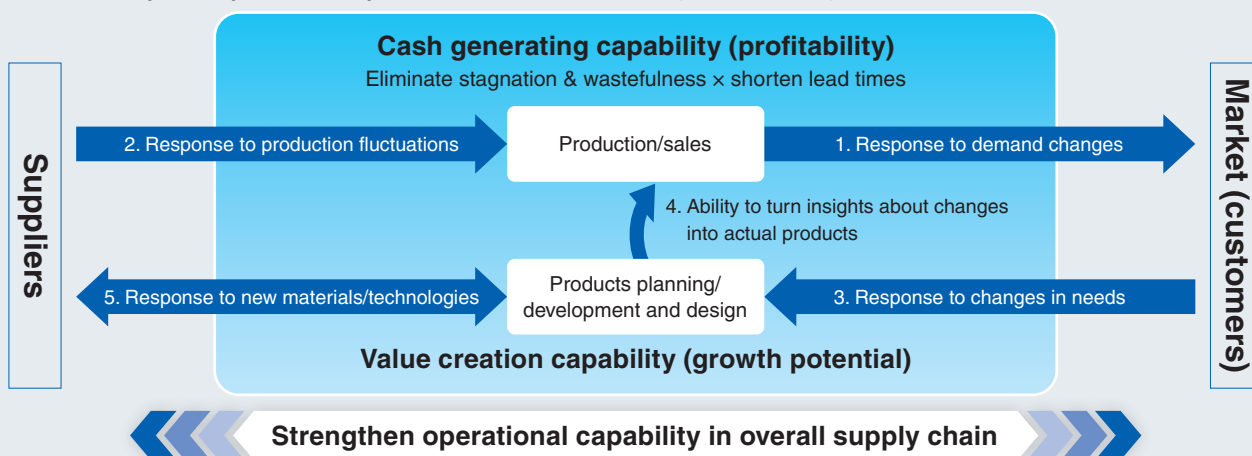
Column

1

Operational capabilities

Group CEO Kusumi has announced a policy of focusing on strengthening “operational capabilities,” which he identifies as a key component of enhancing competitiveness, alongside “strategy.” Kusumi defines operational capabilities as the elimination of bottlenecks that impede the five “Capabilities toward change” and “Speediness” as shown in the figure below, and takes the lead in encouraging business managers to thoroughly work on the strengthening of operational capabilities. In April 2022, Panasonic established the Operational Strategy Department as an organization reporting directly to the Group CEO (see “Efforts to thoroughly strengthen operational capabilities,” p. 19).

Optimal operational capabilities *Assumes manufacturing operations during normal times



Top of figure	In addition to improving productivity and shortening lead times by thoroughly eliminating wastefulness at production sites, the most important factor in generating cash is to continue to deliver products to customers in the right quantities at the right time, with no shortages or excess inventory. To this end, we will work with suppliers to reduce procurement lead times and improve our response to production fluctuations.
Bottom of figure	In order to make unrivaled contributions through our products, we must produce highly competitive products in terms of function, quality, and cost. This requires identifying the changing needs of society and the market earlier than our competitors, improving our development efficiency, shortening our development lead times, and syncing the commercialization process with the use of the latest materials and technologies.

Column

2

Active communication with employees

At the headquarters of Panasonic Holdings Corporation, there are no more offices separately set up for the Group CEO and senior management. Group CEO Kusumi and other senior managers sit at nearby desks to facilitate daily interactions with employees. They are encouraged to approach Kusumi at any time and say what needs to be said.

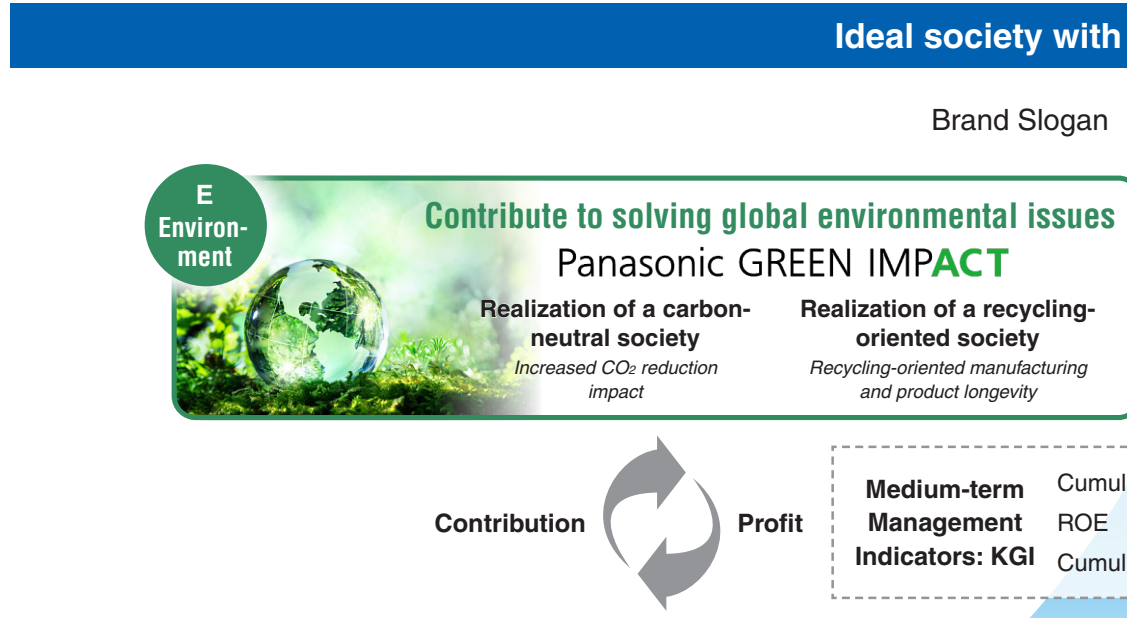
Kusumi also uses internal social media tools to blog about his own daily thoughts and feelings. Employees from all over the world write messages to his blog posts, and Kusumi responds to the messages in his own words, ensuring two-way and flat communication with employees.



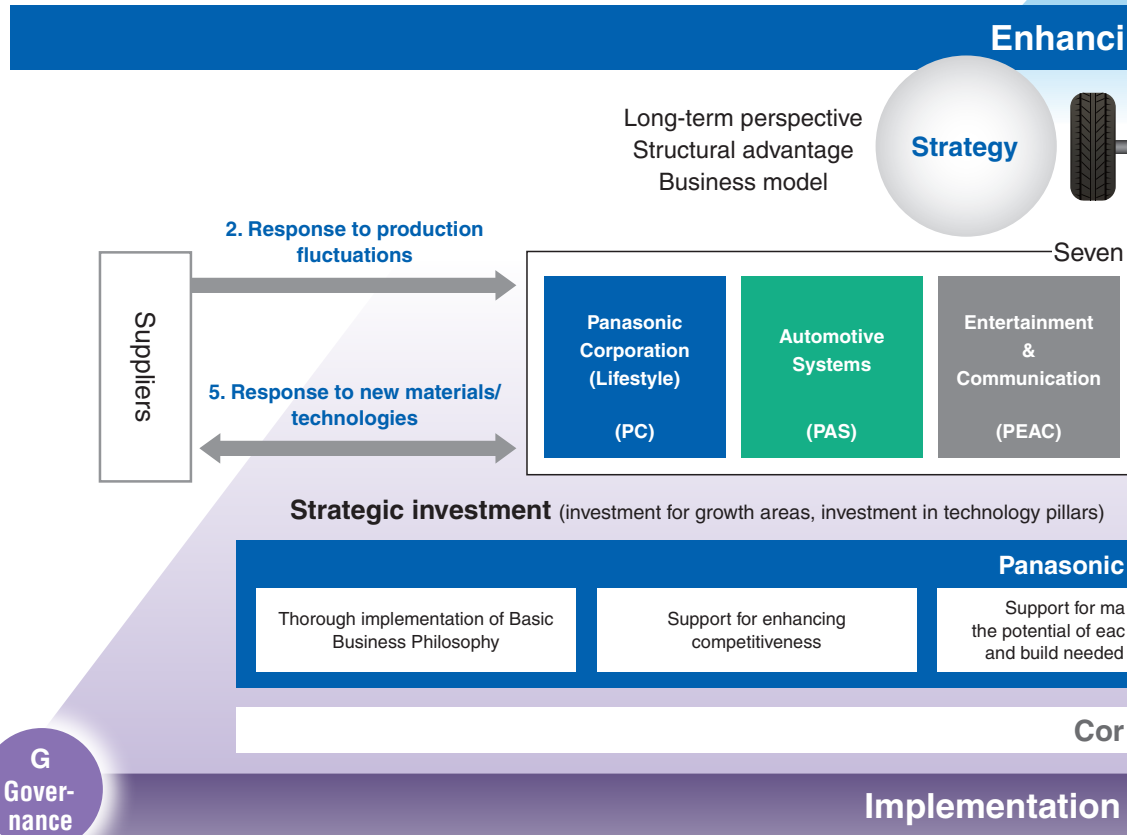
Value Creation Process

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

Value Provided



Corporate activities based on our Basic Business Philosophy



Management Resources*2

Human Capital

- Employees: 240 thousand (89 thousand in Japan, 152 thousand overseas)

Manufactured Capital

- Property, plant and equipment: ¥1,115.3 billion

Intellectual Capital

- Intangible assets such as techno know-how: ¥685.3 billion
- Number of intellectual property more than 100 thousand

*1 Of the seven operating companies, the five companies whose sales volume accounts for 10% or more of total sales are reported as *4 Figures from photovoltaic,

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.

affluence both in matter and mind

Live Your Best

S
Social



Support health & well-being of people both in mind & body in “lifestyle” & “workstyle”

Well-being in lifestyle
More room in one's mind and healthier lifestyle


Well-being in workstyle
Safe, comfortable, and worker-friendly workplace

Profit  Contribution

Relative operating CF : **2.0** trillion yen (FY23-FY25)
 : **10%** or more (FY25)
 Relative OP : **1.5** trillion yen (FY23-FY25)

ing competitiveness

Two wheels of competitiveness



Operational Capabilities

Five capabilities toward change (1 through 5) × speediness

operating companies*1

Housing Solutions (PHS)	Connect (PCO)	Industry (PID)	Energy (PEC)
----------------------------	------------------	-------------------	-----------------

1. Response to demand changes

4. Ability to turn insights about changes into actual products

3. Response to changes in needs

Market (customers)

Strengthen the management foundation of the Group as a whole

Holdings (PHD)

- Maximizing the employee platforms
- Selection and concentration beyond operating company's capability / Investment in growth beyond operating company's own funds
- Responding effectively to critical risks from Group's perspective

Panasonic Operational Excellence (PEX)

Corporate Governance

of Basic Business Philosophy

<p>Brand Capital</p> <ul style="list-style-type: none"> Brand value: \$5,832 million Global brand ranking: 88th*3 	<p>Natural Capital</p> <ul style="list-style-type: none"> Annual energy consumption: 4.9 TWh (of which, renewable energy: 0.24 TWh*4) 	<p>Financial Capital</p> <ul style="list-style-type: none"> Parent company shareholders' equity: ¥3,165.0 billion Interest-bearing debt: ¥1,897.3 billion 	<p>Human Capital</p> <p>Human resources and technology of the group</p>
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*1 Segments. *2 Figures are 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 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-term management indicators (KGIs: 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.

$$\text{ROIC} = \frac{\text{Net Operating Profit after Taxes}}{\text{Invested Capital}} = \frac{\text{Operating Profit} \times (1 - (\text{Income Taxes} / \text{Profit before Income Taxes}))}{\text{Equity} + \text{Interest-bearing Debt}^*}$$

*Average at the beginning and the end of fiscal year

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 wellbeing 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, 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 2030 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.

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 a 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*1, accelerating promotion of DEI*2 to maximize individual and organizational performance, and strengthening corporate governance by inviting outside directors, etc.

*1 Chief Green Transformation Officer *2 Diversity Equity and Inclusion

Cumulative operating CF (FY2023-25) : **660** billion yen

ROIC (FY2025) : **10** % or higher

Automotive (Panasonic Automotive Systems Co., Ltd.)

Aiming to Create a “Sustainable Mobility Society”

Panasonic Automotive Systems Co., Ltd., in order to address business challenges such as fluctuations in automobile production and soaring prices of semiconductor and other materials, will place top priority on strengthening development and mass production operations to improve profitability and enhance its ability to respond to changes. In the medium to long term, the company will focus on “Automotive Cockpit integrated solution” and “EV innovations” by leveraging its knowledge of people and their lifestyles, and contribute to technological innovation in automobiles and the spread of EVs. Furthermore, the company will work to commercialize solutions that increase the value of traveling by car (mobility) and to create service businesses. The company will also contribute to the environment as a “source of competitiveness” and as a basis for its business activities, thereby contributing to the reduction of CO₂ emissions.

Cumulative operating CF (FY2023-25) : **200** billion yen

ROIC (FY2025) : **8.5** %

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 (FY2023-25) : **260** billion yen

ROIC (FY2025) : **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 three 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 development and delivery of products for customers.

Cumulative operating CF (FY2023-25) : **390** billion yen or more

ROIC (FY2025) : **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 (FY2023-25) : **330** billion yen

ROIC (FY2025) : **12** %

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’s operational capabilities, develop human resources who are willing to take on the challenge of tirelessly making *kaizen* efforts, and utilize their skills to support 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.

Establishing *kaizen* know-how as a mindset

We have all kinds of wastefulness at the operational frontlines, 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 as a mindset. In addition, we are promoting the training of “designated specialists” to disseminate these activities widely. We will continue to lead such activities in the “*gemba 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 disaster, for example. Furthermore, we will even offer these skills and know-how to Panasonic Group customers’ frontlines. Improving the overall supply chain will not only contribute to the management of our corporate customers, but also contribute to the reduction of their environmental impact and the well-being of their employees.

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 image recognition, 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*.



Video captured with omnidirectional cameras is analyzed by AI to identify rooms for productivity improvements

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).



Identify rooms for productivity improvements by combining omnidirectional cameras, equipment data, and production planning



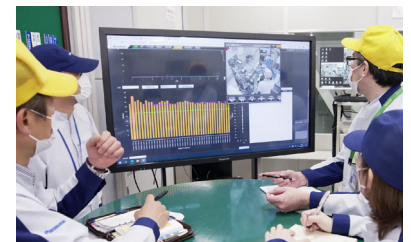
Omnidirectional camera

Efforts to Thoroughly Strengthen Operational Capabilities

3 Kusatsu Factory, Electric Works Company, Panasonic Corporation

Detect 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.



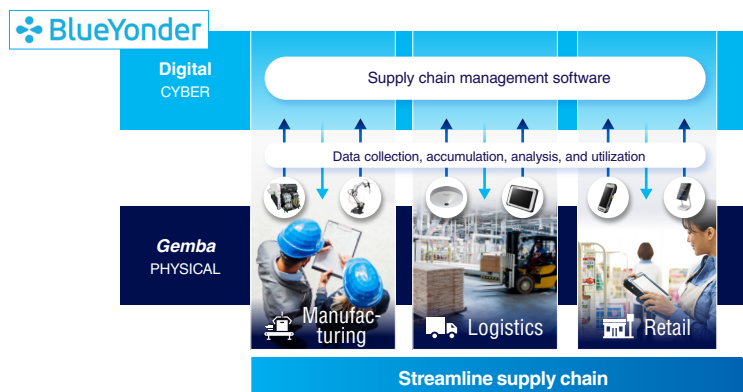
Connect and analyze data to detect signs of defects and anomalies

4 Kobe Factory, Mobile Solutions BD, Panasonic Connect Co., Ltd.

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.



Enables a high level of situational awareness of the entire supply chain, reducing production and disposal losses

5 Service Parts Center in Saito, Osaka, Panasonic Connect Co., Ltd.

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

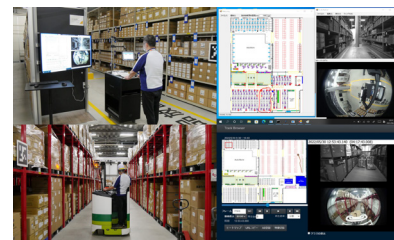
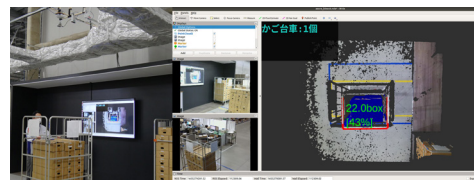


Image analysis technology to track the movement of carts even in indoor warehouses where GPS does not work



Algorithm that breaks down and analyzes each task by AI in real time



Spatial sensing technology to automatically track the fill rate in containers, shelves, and parcel cages, even while in motion

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

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 propel 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,

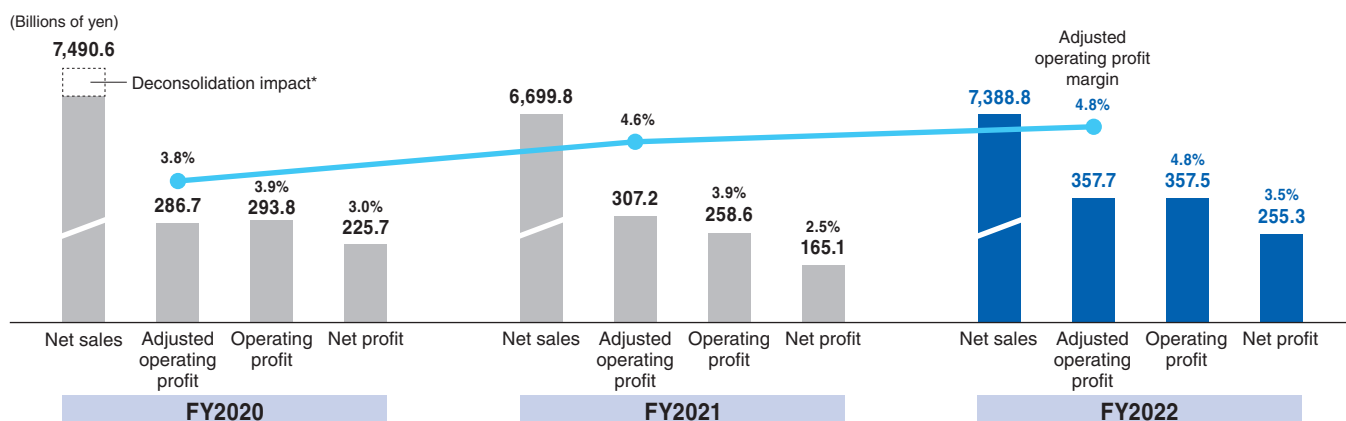
and dividend payments from cash flow generated by businesses and cash generated by divestitures and the sale of assets. We also adopt a flexible approach when cash becomes necessary for investment opportunities such as an M&A deal, for example, before sufficient cash flow is generated from business.

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

Financial results (FY2020–FY2022)



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 transferring 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.

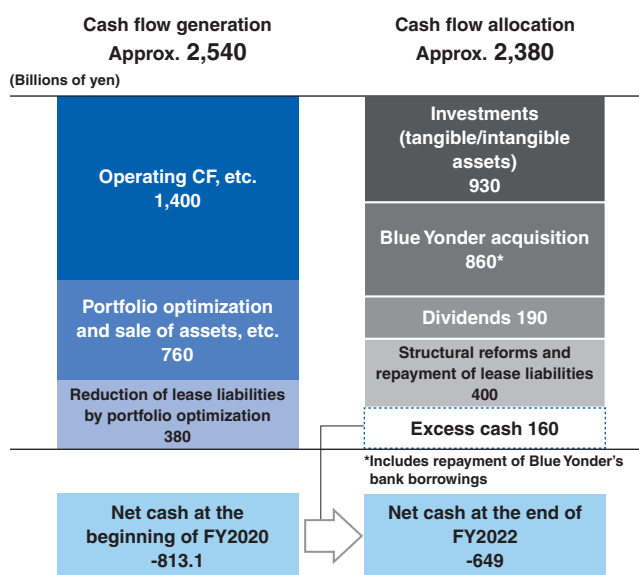
From a financial point of view, we continued to shift our management resources towards sustainable growth and enhance the competitiveness of the entire Group by reforming our business portfolio in line with our basic approach to financial management. In the *Gemba* (operational frontlines) Process business, 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 credit rating 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,

Message from the Group CFO

we have set the following medium-term management indicators (KGIs). 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 KGIs, 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 businesses 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.

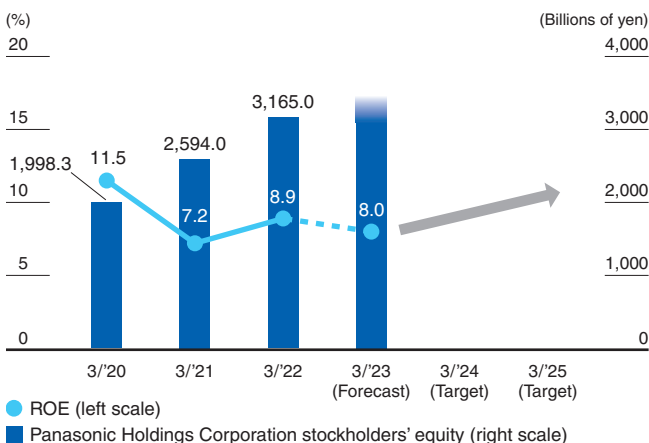
Medium-term management indicators (KGIs)

Cumulative operating CF (FY2023–FY2025) **2.0 trillion yen**

ROE (FY2025) **10% or more**

Cumulative operating profit (FY2023–FY2025) **1.5 trillion yen**

ROE and Panasonic Holdings Corporation stockholders' equity



– 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?

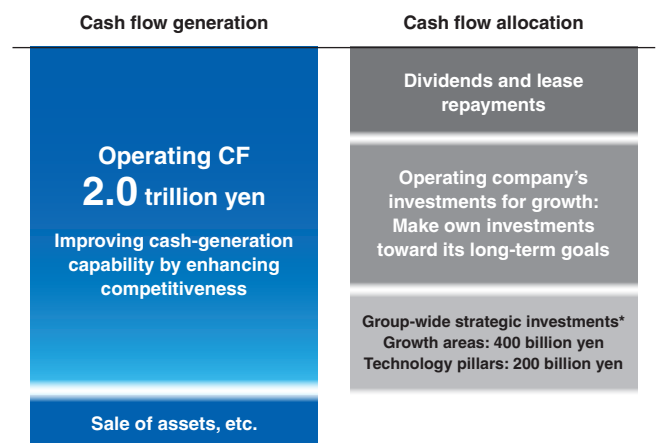
Even during the period of the last Mid-term strategy we had made medium- to long-term growth-oriented investments, but in order to achieve our future goals, under the new medium-term

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 their 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

Capital allocation (FY2023–FY2025)



*No such classifications as “key businesses”

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 accelerate our growth on a global scale by further refining Blue Yonder's strengths. We are currently under the preparation process for the potential listing and further information required to be disclosed will be provided at the appropriate time.

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-making, 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 and 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 because 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 secure 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 reduc-

ing 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 up ahead, including 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 communicate with shareholders and investors about their business goals and medium- to long-term strategies, including KGIs. 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 (KGIs) 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.

Message from the Group CTO



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)

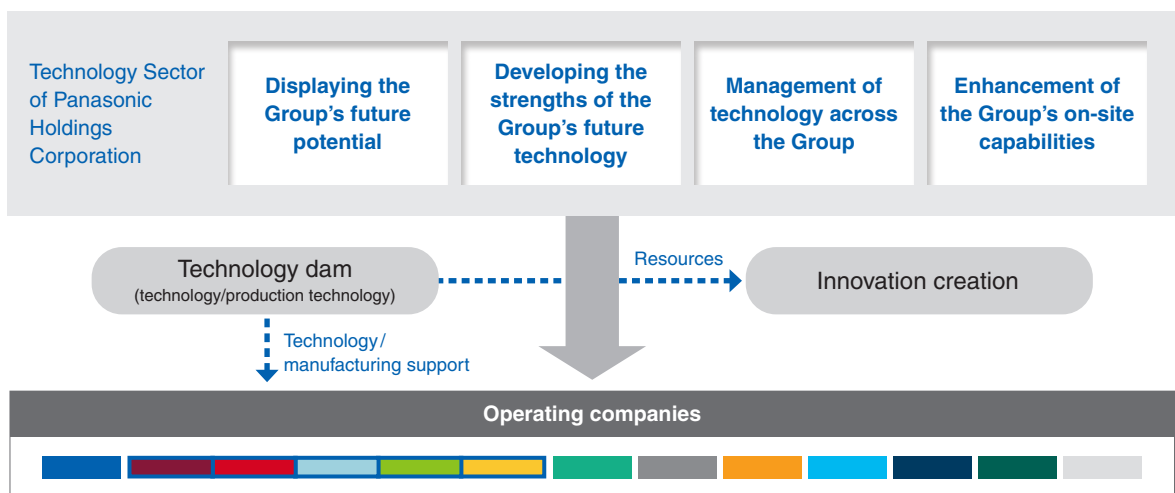
Vision of the technology sector

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 com-

panies 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

Group-wide support to enhance the competitiveness of operating companies and areas beyond the reach of operating companies



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

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

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

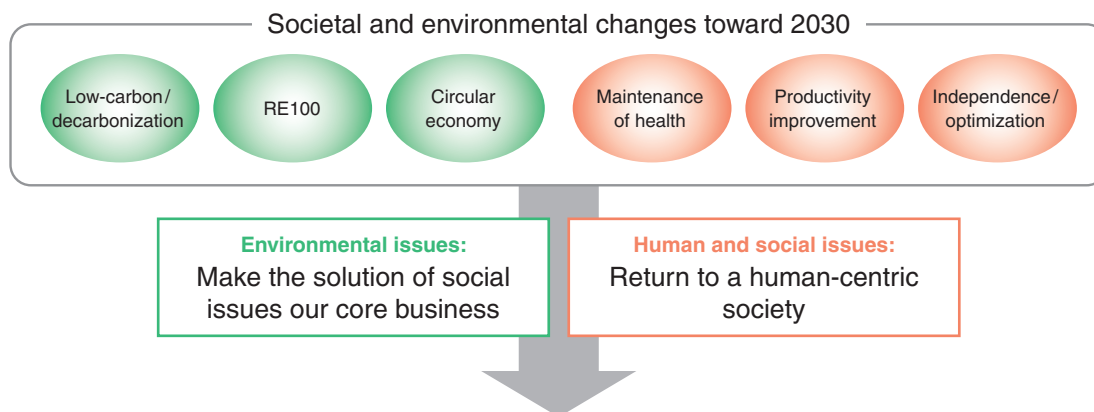
now, is offering Group-wide support to enhance the competitiveness of operating companies (e.g., heat pumps, sensing solutions, automotive batteries, AI and data utilization platforms, etc.) and areas beyond the reach of operating companies (e.g., next-generation solar cells and rechargeable batteries, 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

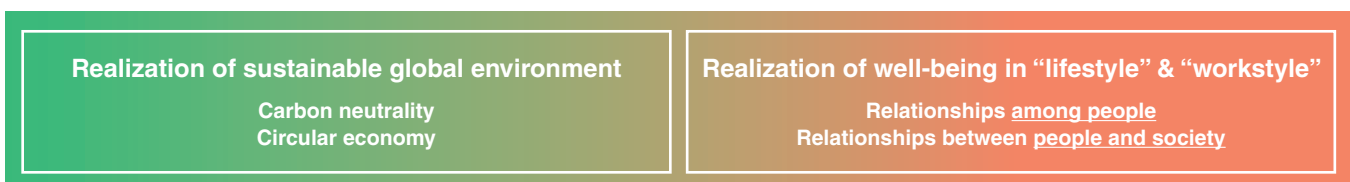
Creation of new business opportunities × Enhancing competitiveness

Collaboration with operating companies

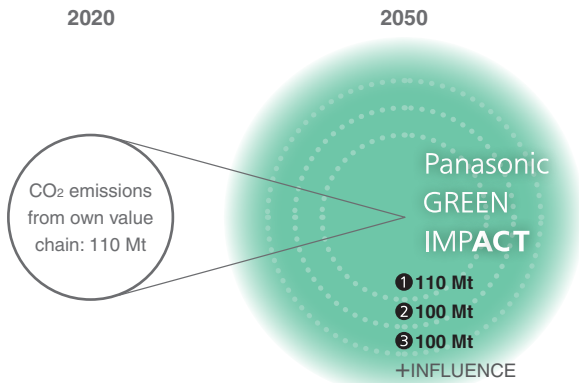
Refinement of core technology



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



- 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 environ-

mental vision, “Panasonic GREEN IMPACT.” Many of the avoided CO₂ emissions and reduction impacts we have announced there 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.

Steps to publication of the international standard at the IEC

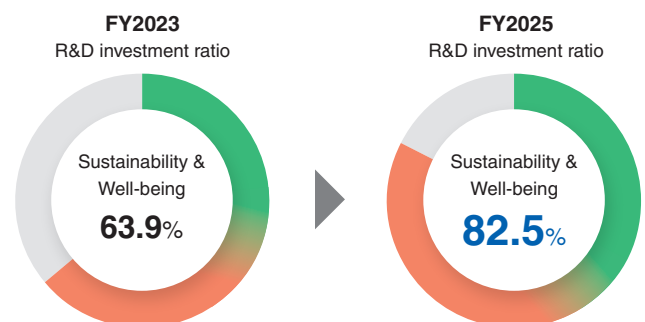


Approach to investment in development

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 (KGIs) 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



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

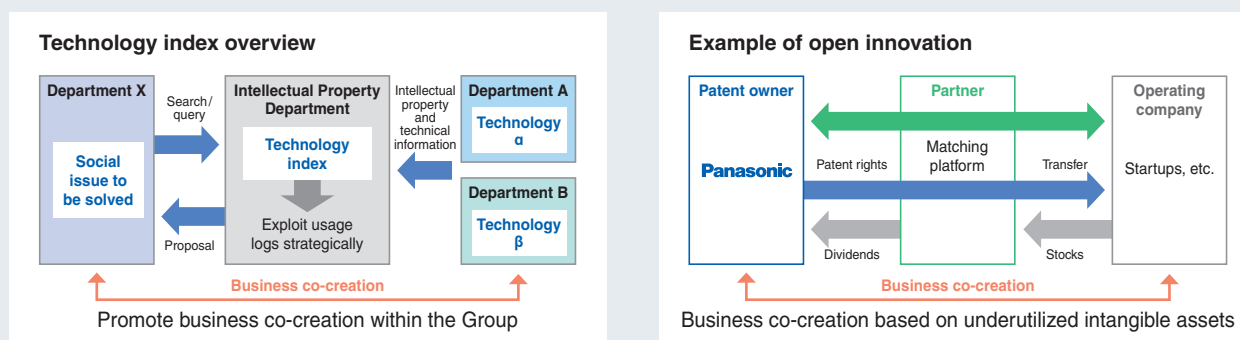
Initiatives on intellectual property

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.



Please refer to ["Charting the Direction of Panasonic Group's Intellectual Property Department."](#)

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" \(p. 97\) in the Sustainability Data Book 2022.](#)

Message from the Group CIO



Panasonic Transformation (PX)



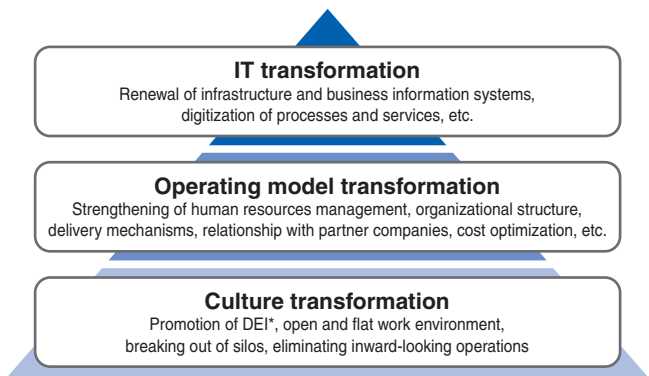
**Bring happiness to life.
Bring happiness to work.
It's digital, it's our value.**

Hajime Tamaoki

Executive Officer
Group Chief Information Officer (Group CIO)

With “digital transformation” positioned as a key management agenda of the Panasonic Group, we have been advancing our so-called “Panasonic Transformation (PX)” project, which is a symbol for Group-wide transformation, since May 2021. Our “transformation” means not just extending past reforms, but fundamentally re-examining the negative legacy of the past (obsolete IT, inward-looking operations, outdated practices, etc.) in order to make changes, create new value for the Panasonic Group, and help our employees and customers live their best. With this in mind, all employees in the related departments, not just the Information Systems Department, must work together under the ownership of our Group CEO Kusumi to drive the project forward on all three layers.

Transformation framework



*Diversity, Equity & Inclusion

IT transformation

Due to the business reorganizations over the years, the Group has a number of individually optimized systems and old legacy systems that are hindering the speed of business and management. These are not only problems of IT and technology, but also of the business operation itself, which has followed suit and stucked with individual way of doing things. In parallel with joint efforts by the IT departments, managers, and employees at the operational frontlines of the operating companies to revise their business processes to achieve thorough standardization and efficiency improvements, we are transforming the IT itself through four programs: (1) modernization of legacy systems; (2) maintenance of master data; (3)

use of cloud computing; and (4) SCM streamlining and improvement. Specifically, we are working on a total of 146 themes (as of December 2022) across the Group, and we are beginning to reap the benefits of these efforts mainly at the operational frontlines and in employees' workstyle, while making the progress available within the Group.

Case Example

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, receiving 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 newly 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

Improvement of user convenience	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 sites
	4. Implement quoting processes and functions that can handle a variety of quoting methods , including engineering, commissioned development, and calculation methods
	5. Invoice-less operation and real-time linkage with accounting system
Rationalization	6. Rationalize the process and increase added value through visualization and analysis of purchasing performance Make full use of external sites for long-tail general-purpose products
	7. Strengthen third-party checks and balances at the time of quoting/ordering/acceptance
CSR collateral	8. Compliance with subcontracting law (exceptional document issuance, etc.)

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 a 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.

Case Example 1 Definition and visualization of “IT professional roles”

Diversity in business and people is one of the strengths of the Panasonic Group, and securing key human resources is a driver of enhancing our business competitiveness. In June 2022, we redefined the “IT professional roles of the Panasonic Group” as a common indicator for important personnel strategies ranging from recruitment to education, placement, and promotion, and then documented the skills of 1,914 employees in Japan based on 11 IT professional roles. Going forward, we will use this definition as a basis for revamping our HR policies to create business value using digital technology, including recruitment strategies, training according to professional roles, development of career paths, and implementation of personnel transfers and exchanges.

11 IT professional roles

I. Business Architect	Extract business issues and design business transformation by utilizing IT
II. Analyst	Analyze business operation, specify issues and formulate a direction for solution
III. Client Manager	Recommend solutions for customers' business issues, bring customer success
IV. Architect	Define & design solution architecture
V. Project Manager	Execute project management (e.g. QCD management)
VI. Engineer	Implement & maintain application and infrastructure
VII. UI·UX Designer	Implement user-oriented design and maximize user experiences
VIII. Service Manager	Conduct and improve service management after IT implementation
IX. Tech Specialist	Research & develop cutting-edge technologies
X. Security Specialist	Plan-to-implement security measures
XI. System Auditor	Audit and monitor development project QCD

Culture transformation

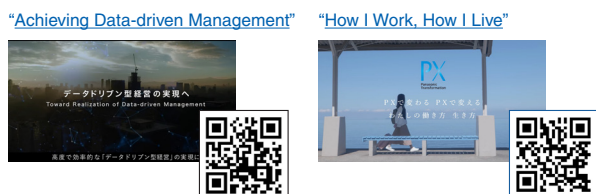
A very important aspect underlying PX activities is “culture transformation,” not only for the Information Systems Department but also for the Panasonic Group as a whole. We continue to evangelize, both internally and externally, the concepts of One Panasonic IT, an open and flat work environment, a zero-tolerance policy that ensures psychological safety, and the elimination of inward-looking operations. Meanwhile, we are working to reform the negative legacies: organizational inertia, being tied to tradition, and the remnants of 20th-century ways of working.

Case Example 1 Workplace revitalization through group training and cross-organizational activities in a “short cycle, high frequency” style

At the Agile Center of Panasonic Operational Excellence Co., Ltd., which opened in 2021, workplace practitioners and managers gather at the “Agile Practice School/Dojo” to learn agile methods to apply in their own workplaces, visualize business issues, and generate collaboration within their respective teams. The Center has also identified 64 business issues (long list) solicited from individuals and 11 cross-departmental issues drafted by the heads of each department. Through a virtual promotion system centered on young people who have obtained the “Scrum Master” qualification, the Center is practicing an approach that “flexibly responds to changes in short cycles, not with a plan,” and linking small-scale themes, such as reconsidering the use of official seals on paper documents, to results, such as shorter delivery times and greater operational efficiency.

Case Example 2 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.



*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 PX1.0, which is an activity to solidify our footing. As soon as possible, we will evolve to “PX2.0: 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.

Message from the Group CHRO



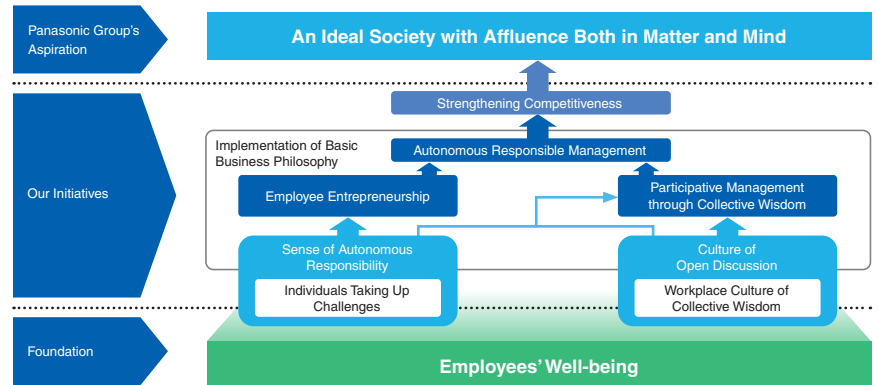
We will enhance the competitiveness of our businesses by achieving stable “employees’ well-being” and implementing management that enables each employee to reach their full potential.

Shigeki Mishima

Executive Officer
Group Chief Human Resources Officer (Group CHRO)
In charge of DEI (Diversity, Equity & Inclusion) Promotion

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.

Toward the Implementation of Management that Enables Each Employee to Reach Their Full Potential



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

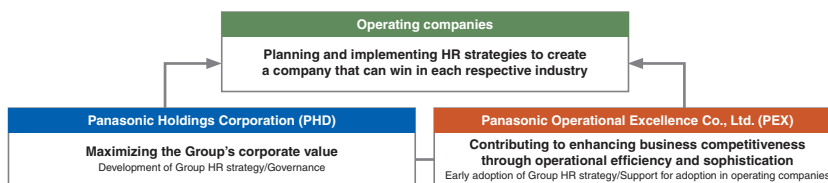
support employees’ well-being. The first pillar, “Work in a safe, secure, and healthy state,” is about promoting the creation of a safe, secure, and healthy workplace. The second pillar, “Work with a sense of fulfillment,” is about encouraging employees’ self-motivated endeavors and supporting their 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

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 nationality, work history, gender, age, or other attributes based on a policy of fast-tracking and “the right person for the right job,”*1 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

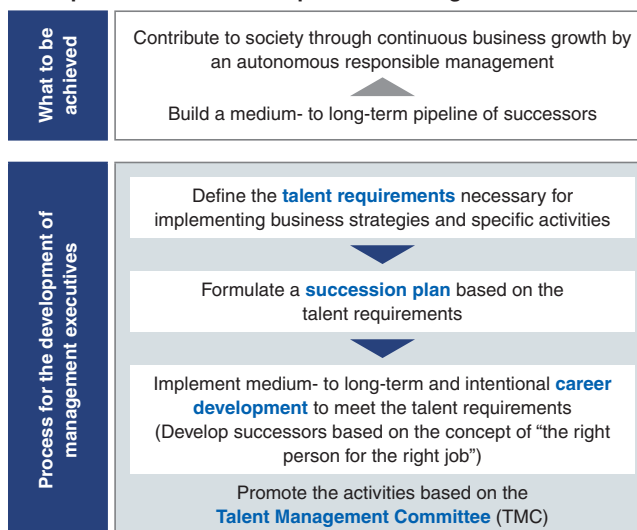
In addition, a Group Talent Management Committee has been established to discuss and promote, in a multifaceted way, the selection, development, placement, and monitoring of management personnel from a Group perspective. The Committee has identified 100 successors for 23 key posts for the Group’s overall 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 Leaders*2 and Creating Executive Leaders*3. 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 results from 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 hundreds of executive candidates have been discussed at the Group Management Committee.

Basic process for the development of management executives



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 executives*4 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 job).
 *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

Message from the Chairperson of the Board



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 does 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 been 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 and 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. I therefore 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 to and make good use of the Board of Directors of the holding company, thereby improving the quality of decision-making.

Looking to the futures

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.



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.

– To enhance corporate value, a medium- to long-term strategy based on sustainability was formulated. What were your comments during the discussion about the medium- to long-term strategy?

In order to pave the way through uncertain times and increase corporate value, it's important to pursue in-depth understanding

and insight. Specifically, the question is: how do we change in order to survive while building on our principles and aspirations? To achieve this, it is important to have a strategy for “change” and work together (“coordination”) with employees on the operational frontlines to put that strategy into practice. In the Board's discussions on medium- to long-term strategy, there was an active discussion about sustainability and the transition from things to solutions, which are key to “change,” and about greater sharing with employees on the operational frontlines, which is key to “coordination.” In the discussion, I have offered a variety of opinions to the Board of Directors based on my own management experience, which I have pursued in the spirit of contributing to consumers, the earth, and society.

– 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 shareholder 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.

Yoshinobu Tsutsui (Appointed in June 2015)

Chairman of the Board, Nippon Life Insurance Company
Tsutsui brings extensive experience at the highest level of management along 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.

Kazuhiko Toyama (Appointed in June 2016)

Chairman, IGPI (Industrial Growth Platform, Inc.) Group
A leading figure in corporate governance in Japan, Toyama 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 working 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.”

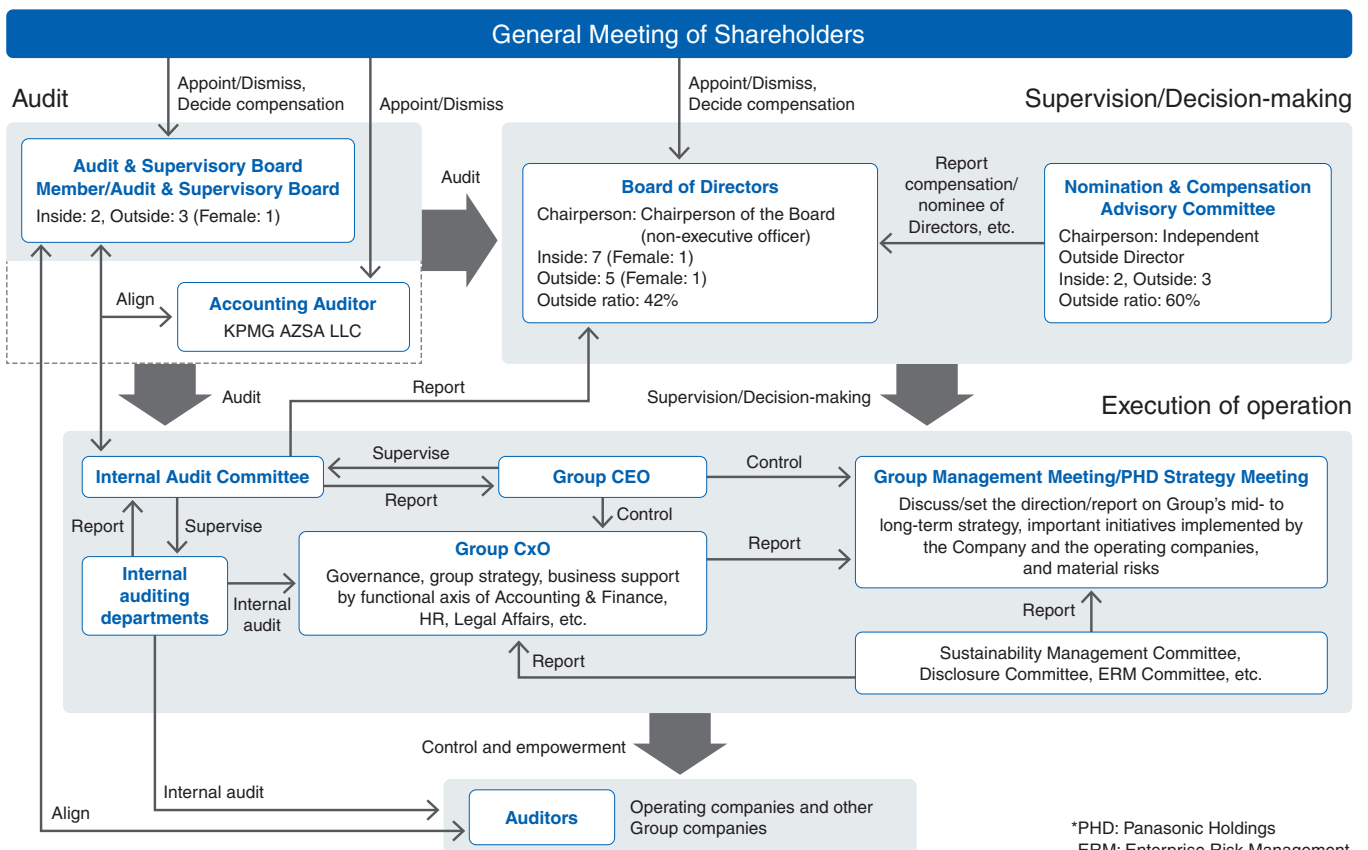
The Company recognizes that corporate governance is the important basic structure for the aforementioned purpose, and makes efforts to establish and strengthen the effective corporate governance structure based on the “Board of Directors,” which is responsible for deciding important operational matters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

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 of 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.)

Corporate governance structure



*PHD: Panasonic Holdings
ERM: Enterprise Risk Management

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.

Themes discussed in fiscal 2022

Deliberation/ decision	<ul style="list-style-type: none"> Group strategy Application for DX certification 	Discussion	<ul style="list-style-type: none"> Panasonic Group governance Approach to medium- to long-term strategy formulation
Reporting	<ul style="list-style-type: none"> Strategies of operating companies Global compliance initiatives Group internal audit system Company-wide initiatives for human rights and labor compliance Current status and challenges of Panasonic IT and DX initiatives Approach to sustainability management 		<ul style="list-style-type: none"> Consideration of the listing of the supply chain business Results of employee opinion survey (EOS) Significance of possessing strategic shareholdings Effectiveness evaluations of Board of Directors Promotion of Diversity, Equity & Inclusion

Audit & Supervisory Board Members (A&SB Members) and Audit & Supervisory Board (A&SB)

- The A&SB is composed of five A&SB members including three outside 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.

Optional Nomination and Compensation Advisory Committee

- Composed of five members, the majority of whom are independent outside directors.
- Chaired by an independent outside director.
- Deliberates and reports to the Board of Directors on the results of internal review of the nomination of directors, Audit & Supervisory Board members, executive officers, and the presidents and outside directors of the operating companies, as well

- as on the details of the compensation system and the amount of compensation for each individual director, executive officer, and president and outside director of the operating companies.
- Monitors candidates to potentially succeed the Group CEO, executive officers, and the presidents of the operating companies, and potentially proposes the replacement timing of the Group CEO.
- In the year ended March 31, 2022 (fiscal 2022), met five times to deliberate and report to the Board of Directors. Topics included candidates for directors, executive officers, and Audit & Supervisory Board members of Panasonic Holdings Corporation and the presidents of the operating companies under Panasonic Holdings Corporation in preparation for the transition into an operating company system in April 2022 as well as the evaluation and compensation systems.

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 Group-wide projects and committees, and important initiatives implemented by the Company or its operating companies.
- Group Management 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 Meetings: 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, held at least twice a month).

Corporate Governance

Structure and Initiatives

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)

Business site
Connected Solutions Company: SCM innovation and Blue Yonder solution in the Mobile Solutions Business Division *Held online
Lifestyle Updates Business Division: Kusatsu site (Showroom, refrigerator factory, fuel cell plant, etc.)
Automotive Company: Yokohama site (Test site demonstration, cabin interior innovation solutions, etc.)



Site visits



Implementation and utilization of evaluation of the Board of Directors' effectiveness

Once a year, the Board of Directors implements a questionnaire to all its members in order to further enhance the Board's effectiveness. The results and evaluations of the questionnaire are reported to the Board of Directors.

The following items were surveyed in the fiscal 2022 effectiveness evaluation.

Items of the survey in fiscal 2022

- Sufficiency of provision of information on the agenda items
- Key discussion themes at the Board of Directors meetings
- Strengthening the governance of the Board of Directors
- Director training, business site visits, etc.

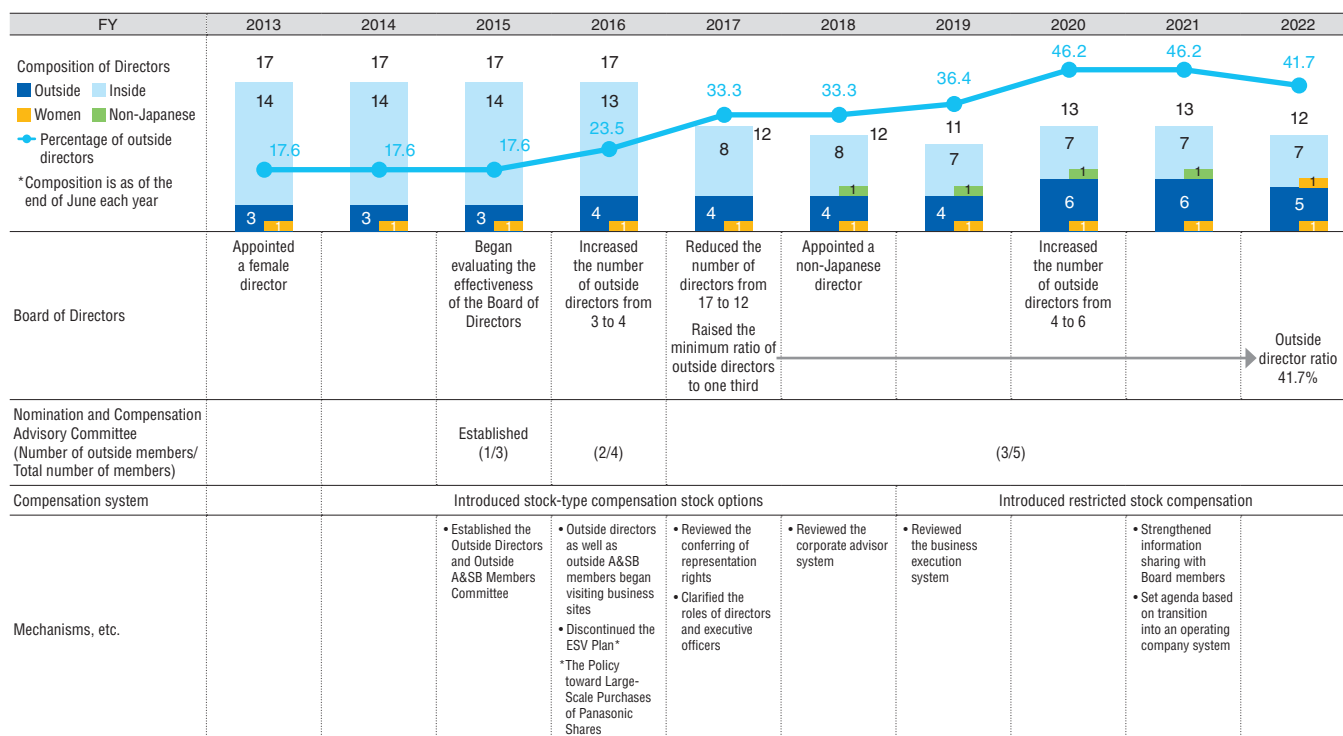
Survey results: The structure of the Board of Directors for fiscal 2022 and the measures taken by the Company to improve its operations were generally evaluated positively. On the other hand, the following issues were raised and proposed.

- 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.
- On the condition that agenda materials are shared in advance, depending on the content of the agenda items, the presentation at the Board of Directors meetings should be simplified and more time should be allocated to discussion.

- Establish a system so that the members of the Board of Directors can ask questions on agenda items in advance and the responses to the questions can be shared using online tools, etc.
- There should be more opportunities for communication between outside directors and operating company presidents.

In fiscal 2023, we will continue to improve the effectiveness of the Board of Directors and strengthen its governance by implementing specific measures to enhance and deepen the discussions at the Board of Directors with the goal of addressing the above-mentioned issues.

Activities aimed at strengthening corporate governance



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 1:0.75:0.25 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

Corporate Governance

Structure and Initiatives

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 compensation ranges from 0% to 150% (when the standard value is achieved: 75%). The performance is measured using a combination 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), and ROE (return on equity), evaluation will include environmental contributions and other sustainability-related items, compliance-related items, human resources-related items, and non-financial items such as strengthening operational 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 presidents 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 continuously improve corporate value and promote further value sharing with the Company’s shareholders. The ratio of the

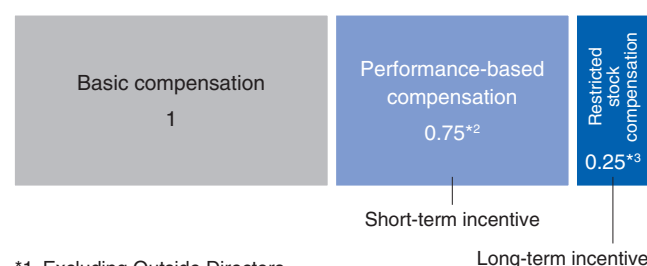
incentive option to the overall compensation package is designed to increase as the position of the recipient Director gets higher. In addition, the amount for each recipient is set based on overall considerations of various factors, such as duties of each Director and the balance with monetary compensation.

Starting from fiscal 2023, this restricted stock compensation will also be allocated to the presidents of the operating companies 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 Nomination and Compensation 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 comprehends and supervises overall business execution of the

Illustration of compensation structure*1



*1 Excluding Outside Directors

*2 When the standard value is achieved

*3 Average compensation of applicable directors.

The percentages vary according to the role and position.

Amount of compensation for directors and A&SB members for fiscal 2022 (ended March 2022)

Classification	Number of persons	Amount (million yen)			
		Basic compensation	Performance-based compensation	Restricted stock compensation	
Directors (excluding outside directors)	8	1,128	571	404	153
A&SBMs (excluding outside A&SBMs)	2	80	80	—	—
Outside directors	7	110	110	—	—
Outside A&SBMs	3	39	39	—	—

Note: One director who retired as of June 21, 2021 and one A&SB member who retired at the conclusion of the 114th Ordinary General Meeting of Shareholders held on June 24, 2021 are included in the above. Restricted stock compensation in the above table corresponds to non-monetary compensation.

Directors who received compensation over 100 million yen

Name	Classification	Amount (million yen)			
		Basic compensation	Performance-based compensation	Restricted stock compensation	
Kazuhiro Tsuga	Director	218	101	90	27
Yuki Kusumi	Director	182	92	34	56
Tetsuro Homma	Director	148	82	66	—
Mototsugu Sato	Director	170	79	68	23
Yasuyuki Higuchi	Director	157	75	63	19
Hirokazu Umeda	Director	124	67	41	16

Note: Restricted stock compensation in the above table corresponds to non-monetary compensation.

Panasonic Group. As Representative Director, President of the Company 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,

Outside Director Hiroko Ota (Chair), Outside Director Kazuhiko Toyama, Outside Director Yoshinobu Tsutsui, Director and Chairman of the Board (at the time) Shusaku Nagae, and Representative Director, President (at the time) Kazuhiro Tsuga, held a meeting to discuss the compensation for fiscal 2022. As a result, Representative Director, President Yuki Kusumi (who assumed office on June 24, 2021) determined the details of the compensation based on the results of the discussion.

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 accurate 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 securities 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 oversees 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 throughout the Group were engaged in internal control audits.

Constructive dialogue with shareholders and investors

At Panasonic, the Group CFO oversees 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 companies, and other activities. Also, for overseas investors, the Company holds presentation meetings utilizing conferences hosted by financial institutions.

Opinions and management issues elicited from shareholders and investors through IR activities are fed back to senior management 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)






	Name	Position	Attributes and appointment status of committee members
Directors	Kazuhiro Tsuga	Chairperson of the Board	N&CAC
	Yuki Kusumi	Representative Director President	N&CAC
	Tetsuro Homma	Representative Director Executive Vice President	
	Mototsugu Sato	Representative Director Executive Vice President	
	Hirokazu Umeda	Representative Director Executive Vice President	
	Shinobu Matsui	Director	Outside Independent
	Kunio Noji	Director	Outside Independent
	Michitaka Sawada	Director	Outside Independent N&CAC*
	Kazuhiko Toyama	Director	Outside Independent N&CAC
	Yoshinobu Tsutsui	Director	Outside Independent N&CAC
	Yoshiyuki Miyabe	Director Executive Vice President	New
	Ayako Shotoku	Director Executive Officer	New
Audit & Supervisory Board Members	Toshihide Tominaga	Senior Audit & Supervisory Board Member	
	Eiji Fujii	Senior Audit & Supervisory Board Member	
	Akihiro Eto	Audit & Supervisory Board Member	New Outside Independent
	Akihiko Nakamura	Audit & Supervisory Board Member	New Outside Independent
	Setsuko Yufu	Audit & Supervisory Board Member	Outside Independent

*Chairperson of the Nomination and Compensation Advisory Committee

Outside Outside Director or Outside Audit & Supervisory Board Member
 Independent Independent officer

N&CAC 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.

Major activities during fiscal 2022	 Management experience	Expertise					 Internationality/Diversity	
		 Manufacturing/R&D/IT	 Finance/Accounting	 Legal	 Planning	 ESG		
Board of Directors' meeting 13/13 (100%)	●	●					●	●
Board of Directors' meeting 13/13 (100%)	●	●				●	●	●
Board of Directors' meeting 13/13 (100%)	●					●	●	●
Board of Directors' meeting 13/13 (100%)	●		●			●	●	●
Board of Directors' meeting 13/13 (100%)	●		●				●	●
Board of Directors' meeting 10/10 (100%)	●		●				●	●
Board of Directors' meeting 13/13 (100%)	●	●					●	●
Board of Directors' meeting 13/13 (100%)	●	●					●	●
Board of Directors' meeting 12/13 (92%)	●			●			●	●
Board of Directors' meeting 13/13 (100%)	●				●		●	●
—	●	●					●	●
—				●			●	●
Board of Directors' meeting 13/13 (100%) Audit & Supervisory Board meeting 13/13 (100%)	●		●				●	●
Board of Directors' meeting 13/13 (100%) Audit & Supervisory Board meeting 13/13 (100%)		●					●	●
—	●	●	●		●		●	●
—			●				●	●
Board of Directors' meeting 13/13 (100%) Audit & Supervisory Board meeting 13/13 (100%)				●			●	●

Corporate Governance

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

Director, Chairperson of the Board



Kazuhiro Tsuga

- Apr. 1979 Joined the Company
- Jun. 2004 Executive Officer of the Company
- Apr. 2008 Managing Executive Officer of the Company
- Apr. 2011 Senior Managing Executive Officer of the Company
- Jun. 2011 Representative Director and Senior Managing Director of the Company
- Jun. 2012 Representative Director and President of the Company
- Jun. 2017 Representative Director, President and Chief Executive Officer (CEO) of the Company
- Jun. 2021 Chairperson of the Board of the Company (incumbent)

Representative Director



Mototsugu Sato
Executive Vice
President / Group
CRO

- Apr. 1979 Joined Matsushita Electric Works, Ltd.
- Apr. 2008 Executive Officer, Matsushita Electric Works, Ltd.
- Apr. 2011 Senior Executive Officer, Panasonic Electric Works Co., Ltd.
- Jan. 2012 Managing Officer, Eco Solutions Company of the Company / Director, Accounting Center
- Oct. 2013 Executive Officer of the Company / in charge of Planning, BPR Project and Business Creation Project
- Jun. 2014 Director of the Company
- Apr. 2015 Managing Director of the Company
- Apr. 2016 Representative Director and Senior Managing Director of the Company / in charge of Human Resources
- Apr. 2017 Occupational Safety and Health Director (incumbent)
- Jun. 2017 Representative Director, Senior Managing Executive Officer, Chief Strategy Officer (CSO), and Chief Human Resources Officer (CHRO) of the Company
- Apr. 2019 Representative Director and Executive Vice President of the Company (incumbent)
- Apr. 2021 In charge of Procurement of the Company (incumbent)
- May 2021 In charge of Logistics of the Company (incumbent)
- Oct. 2021 Group Chief Risk Management Officer (Group CRO) (incumbent) of the Company, President, Operational Excellence Company
- Apr. 2022 Representative Director, Member of the Board, President, Panasonic Operational Excellence Co., Ltd. Chief Executive Officer (CEO) (incumbent) / in charge of DEI promotion of the Company (incumbent)

Representative Director



Yuki Kusumi
President / Group
CEO / Group CSO

- Apr. 1989 Joined the Company
- Apr. 2014 Executive Officer of the Company
- Apr. 2019 Managing Executive Officer of the Company
- Apr. 2021 Chief Executive Officer (CEO) of the Company
- Jun. 2021 Representative Director and President of the Company (incumbent)
- Oct. 2021 Group Chief Executive Officer (Group CEO), Group Chief Strategy Officer (Group CSO) of the Company (incumbent)



Tetsuro Homma
Executive Vice
President / Group
Regional Head for
China & Northeast
Asia of the Company

- Apr. 1985 Joined the Company
- Oct. 2013 Executive Officer of the Company
- Apr. 2015 Managing Executive Officer of the Company
President, Appliances Company / in charge of Consumer Business
- Jun. 2015 Managing Director of the Company
- Apr. 2016 Representative Director and Senior Managing Director of the Company
- Apr. 2019 CEO, China & Northeast Asia Company and Regional Head for China & Northeast Asia of the Company
- Jun. 2019 Representative Director and Senior Managing Executive Officer of the Company
- Apr. 2020 Chairperson, Panasonic Corporation of China (incumbent)
- Apr. 2021 Representative Director and Executive Vice President of the Company (incumbent)
- Apr. 2022 Group Regional Head for China & Northeast Asia of the Company / President, Panasonic Operational Excellence China and Northeast Asia, Panasonic Operational Excellence Co., Ltd. (incumbent)



Hirokazu Umeda
Executive Vice
President / Group
CFO

- Apr. 1984 Joined the Company
- Apr. 2017 Executive Officer of the Company / in charge of Accounting and Finance / General Manager, Corporate Management Support Department, Corporate Strategy Division / in charge of Groupwide Cost Busters Project, BPR Project
- Jun. 2017 Director, Executive Officer, and Chief Financial Officer (CFO) of the Company
- Apr. 2018 Director, Managing Executive Officer of the Company President, Panasonic Equity Management Japan Co., Ltd. (currently Panasonic Equity Management Japan Godo Kaisha) (incumbent)
- Sep. 2019 CEO, Panasonic Holding (Netherlands) B.V. (incumbent)
- Apr. 2021 Director, Senior Managing Executive Officer of the Company / in charge of Facility Management (incumbent)
- Oct. 2021 Group Chief Financial Officer (Group CFO) of the Company (incumbent) / in charge of Group Cost Busters Project, in charge of Prime Life Technologies Corporation (incumbent)
- Apr. 2022 Director and Executive Vice President of the Company / in charge of Group MUDA Busters Activity (incumbent)
- Jun. 2022 Representative Director and Executive Vice President of the Company (incumbent)

Directors (Outside Directors)



Shinobu Matsui
(Independent director)

Oct. 1999 Joined Ota Showa & Co. (currently Ernst & Young ShinNihon LLC)
Oct. 2001 Joined PricewaterhouseCoopers Tax Office (currently PwC Tax Japan)
Mar. 2014 Corporate Auditor, Uzabase, Inc.
Aug. 2015 Joined Uzabase, Inc. (retired as Corporate Auditor, Uzabase, Inc.)
Jan. 2018 Executive Officer (Head of Corporate Division), Uzabase, Inc.
Jan. 2019 Executive Officer and Chief Operating Officer, Uzabase, Inc.
Jan. 2020 Executive Officer and Chief People and Administrative Officer, Uzabase, Inc.
Mar. 2021 Board Director and Chief People and Administrative Officer, Uzabase, Inc. (incumbent)
Jun. 2021 Director of the Company (incumbent)
Jan. 2022 Board Director and Group Executive Officer, Uzabase, Inc. (incumbent)



Kunio Noji
(Independent director)

Apr. 1969 Joined Komatsu Ltd.
Jun. 1997 Director, Komatsu Ltd.
Jun. 2001 Managing Director and Senior Executive Officer (Jomu), Komatsu Ltd.
Apr. 2003 Director and Senior Executive Officer (Senmu), Komatsu Ltd.
Jun. 2007 President and Representative Director, and CEO, Komatsu Ltd.
Apr. 2013 Chairman of the Board and Representative Director, Komatsu Ltd.
Apr. 2016 Chairman of the Board and Director, Komatsu Ltd.
Jun. 2019 Adviser, Komatsu Ltd. (incumbent)
Jun. 2019 Director of the Company (incumbent)



Michitaka Sawada
(Independent director)

Apr. 1981 Joined Kao Soap Co., Ltd. (currently Kao Corporation)
Jun. 2006 Executive Officer, Kao Corporation
Jun. 2008 Director, Executive Officer, Kao Corporation
Jun. 2012 Representative Director, President and Chief Executive Officer, Kao Corporation
Jun. 2020 Director of the Company (incumbent)
Jan. 2021 Director, Chair, Kao Corporation (incumbent)



Kazuhiko Toyama
(Independent director)

Apr. 1985 Joined The Boston Consulting Group, Inc.
Apr. 1986 Participated in establishment of Corporate Directions, Inc.
Mar. 1993 Director, Corporate Directions, Inc.
Apr. 2000 Managing Director, Corporate Directions, Inc.
Apr. 2001 President, Corporate Directions, Inc.
Apr. 2003 Senior Representative Director and COO, Industrial Revitalization Corporation of Japan
Apr. 2007 Representative Director and CEO, Industrial Growth Platform, Inc.
Jun. 2016 Director of the Company (incumbent)
Oct. 2020 Chairman, Industrial Growth Platform, Inc. (incumbent)
Dec. 2020 Representative Director, President, Japan Platform of Industrial Transformation, Inc. (incumbent)



Yoshinobu Tsutsui
(Independent director)

Apr. 1977 Joined NIPPON LIFE INSURANCE COMPANY
Jul. 2004 Director, NIPPON LIFE INSURANCE COMPANY
Jan. 2007 Director and Executive Officer, NIPPON LIFE INSURANCE COMPANY
Mar. 2007 Director and Managing Executive Officer, NIPPON LIFE INSURANCE COMPANY
Mar. 2009 Director and Senior Managing Executive Officer, NIPPON LIFE INSURANCE COMPANY
Mar. 2010 Representative Director and Senior Managing Executive Officer, NIPPON LIFE INSURANCE COMPANY
Apr. 2011 President, NIPPON LIFE INSURANCE COMPANY
Jun. 2015 Director of the Company (incumbent)
Apr. 2018 Chairman, NIPPON LIFE INSURANCE COMPANY (incumbent)

Directors



Yoshiyuki Miyabe
Executive Vice
President

Apr. 1983 Joined the Company
Apr. 2008 Executive Officer of the Company
Apr. 2011 Managing Executive Officer of the Company
Jun. 2011 Managing Director of the Company
Apr. 2013 President, AVC Networks Company of the Company
Apr. 2014 Representative Director and Senior Managing Director of the Company
Jun. 2017 Senior Managing Executive Officer of the Company, Chief Technology Officer (CTO), Chief Manufacturing Officer (CMO), Chief Quality Officer (CQO), Chief Procurement Officer (CPO), Chief Information Officer (CIO)/in charge of FF Customer Support & Management, Motor Business Management Office
Apr. 2021 Representative in Tokyo of the Company (incumbent)/in charge of Government and External Relations (incumbent), Tokyo Olympic & Paralympic Business Promotion, Solution Sales
Oct. 2021 In charge of Solution Partner of the Company (incumbent)
Apr. 2022 Executive Vice President of the Company
Jun. 2022 Director and Executive Vice President of the Company (incumbent)



Ayako Shotoku
Executive Officer /
Group GC

Apr. 1991 Joined the Company
Apr. 2015 Managing Officer, AVC Networks Company of the Company, Director, Legal Affairs Center
Apr. 2017 Managing Officer, Connected Solutions Company of the Company, Director, Legal Affairs Center
Apr. 2019 Managing Officer, Automotive Company of the Company, Director, Legal Affairs Center
Oct. 2021 Managing Officer, Automotive Company of the Company, General Counsel (GC), Chief Risk Management Officer (CRO), Director, Legal Affairs Center / Executive of the Company in charge of Legal Strategy, Corporate Strategy and Technology Sector
Apr. 2022 Executive Officer; Group General Counsel (Group GC) of the Company (incumbent)
Jun. 2022 Director and Executive Officer of the Company (incumbent)

Corporate Governance

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.

Audit & Supervisory Board Members

Senior Audit & Supervisory Board Members



Toshihide Tominaga

Apr. 1980 Joined the Company
Jan. 2013 Senior Councilor, Accounting Center, Industrial Devices Company of the Company
Jun. 2016 President, Panasonic Industrial Devices SUNX Co., Ltd.
Jun. 2018 Corporate Advisor, Panasonic Industrial Devices SUNX Co., Ltd.
Jun. 2019 Senior Audit & Supervisory Board Member of the Company (incumbent)



Eiji Fujii

Apr. 1984 Joined the Company
Jul. 2015 Managing Officer, Automotive & Industrial Systems Company of the Company / Director, Engineering Division
Apr. 2017 Executive Officer of the Company / Vice President, Automotive & Industrial Systems Company / In charge of Technology and Director, Engineering Division
Apr. 2019 Executive Officer of the Company / Vice President, Industrial Solutions Company / In charge of Technology and Director, Engineering Division / In charge of Intellectual Property
Jun. 2020 Senior Audit & Supervisory Board Member of the Company (incumbent)

Audit & Supervisory Board Members (Outside Audit & Supervisory Board Members)



Akihiro Eto
(Independent Audit & Supervisory Board member)

Apr. 1986 Joined Bridgestone Corporation
Jul. 2010 Vice President and Officer, Bridgestone Corporation
Sep. 2012 Vice President and Senior Officer, Bridgestone Corporation
Sep. 2014 Senior Vice President, Bridgestone Corporation
Jan. 2016 Executive Vice President, Bridgestone Corporation
Mar. 2016 Executive Vice President and Executive Officer, Bridgestone Corporation
Jan. 2019 COO and Representative Executive Officer, President, Bridgestone Corporation
Mar. 2019 Director, COO and Representative Executive Officer, President, Bridgestone Corporation
Jul. 2020 Director, Bridgestone Corporation
Nov. 2021 Member of the Supervisory Board and its Audit Committee, Daimler Truck AG (incumbent)
Dec. 2021 Member of the Supervisory Board and its Audit Committee, Daimler Truck Holding AG (incumbent)
Jun. 2022 Audit & Supervisory Board Member of the Company (incumbent)



Akihiko Nakamura
(Independent Audit & Supervisory Board member)

Mar. 1982 Joined Price Waterhouse Certified Public Accountants Office
Sep. 1986 Registered as Certified Public Accountant (current position)
Jul. 1998 Representative Partner, Aoyama Audit Corporation Partner, PricewaterhouseCoopers Co., Ltd. (PwC)
Apr. 2000 Representative Partner, ChuoAoyama Audit Corporation
Sep. 2006 Representative Partner, Aarata Kansa Hojin (currently PricewaterhouseCoopers Aarata LLC)
Jul. 2017 President, Akihiko Nakamura CPA Office (incumbent)
Jun. 2022 Audit & Supervisory Board Member of the Company (incumbent)



Setsuko Yufu
(Independent Audit & Supervisory Board member)

Apr. 1981 Registered as Attorney at Law (Japan) (current position)
Sep. 1986 Joined Loeff Claey's Verbeke (Brussels) (now Allen & Overy (Brussels))
Jan. 2002 Partner, Atsumi & Usui (now Atsumi & Sakai Janssen Foreign Law Joint Enterprise) (current position)
Jun. 2020 Audit & Supervisory Board Member of the Company (incumbent)

Note: Senior Audit & Supervisory Board Member Toshihide Tominaga chairs the Audit & Supervisory Board of Panasonic Holdings Corporation.

Executive Officers

President

Yuki Kusumi

Group CEO / Group CSO

Executive Vice Presidents

Tetsuro Homma

Group Regional Head for China & Northeast Asia

*President, Panasonic Operational Excellence China and Northeast Asia, Panasonic Operational Excellence Co., Ltd.

Chairperson, Panasonic Corporation of China

Yoshiyuki Miyabe

Representative in Tokyo / In charge of Government and External Relations, and Solution Partners

Mototsugu Sato

Group CRO / In charge of Procurement and Logistics
Occupational Safety and Health Director

*Representative Director, President, CEO, and Member of the Board in charge of DEI Promotion, Panasonic Operational Excellence Co., Ltd.

Hirokazu Umeda

Group CFO / In charge of Group MUDA Busters Project and Facility Management / CEO, Panasonic Holding (Netherlands) B.V. / President, Panasonic Equity Management Japan G.K. / In charge of Prime Life Technologies Corporation

Executive Officers

Yoky Matsuoka

Director, Life Solutions Business Division

Shigeki Mishima

Group CHRO / In charge of General Affairs and Social Relations, CSR and Corporate Citizenship Activities, DEI Promotion, and Construction Safety and Regulations Administration

*Director, Member of the Board, CHRO, and Executive Officer in charge of General Affairs, CSR and Corporate Citizenship Activities, Panasonic Operational Excellence Co., Ltd.

Yoshihiro Morii

In charge of Brand and Communications Strategy

*Executive Officer in charge of Brand and Communications, Panasonic Operational Excellence Co., Ltd.

Masashi Nagayasu

In charge of Prime Planet Energy & Solutions, Inc.

*Representative Director, President, CEO, and Executive Officer in charge of DEI Promotion, Panasonic Automotive Systems Co., Ltd.

Tatsuo Ogawa

Group CTO / In charge of Pharmaceutical Affairs and Corporate Innovation & Venture Strategy

Ayako Shotoku

Group GC

Hajime Tamaoki

Group CIO

*President, Panasonic Information Systems Co., Ltd.

Shigeo Usui

In charge of Design

*Executive Officer in charge of Customer Experience and Director of Design Division, Panasonic Corporation

Note: * indicates business responsibilities at companies other than Panasonic Holdings Corporation.

Initiatives towards Respect for Human Rights

For more details, please refer to “Respect for Human Rights” on our Sustainability Data Book 2022 (P. 66).

Management System

The Panasonic Group has defined our [Panasonic Group Human Rights and Labor Policy](#) (Human Rights and Labor Policy) with reference to the international standards including the United Nations’ Guiding Principles on Business and Human Rights, and International Bill of Human Rights, and ILO Declaration on Fundamental Principles and Rights at Work. In keeping with this policy, we set rules within the Group, set up systems to promote the policy, and promote concrete initiatives toward achieving working environments that both respect human rights and provide meaningful work. The Panasonic Group’s Code of Ethics & Compliance (Code of Ethics & Compliance), to be made promises that each employee in the Group must fulfill, also includes “respect for human rights” as a part of “our social responsibilities” and we make effort to enlighten them to all our employees.

Policy

Our Human Rights and Labor Policy is predicated on compliance with international standards set by the United Nations and the International Labor Organization (ILO) and the applicable laws in countries where we do business, and includes our commitment to respecting internationally recognized human rights to identify, prevent, and correct risks related to human rights, to promote remedy to people affected by those risks, to create working environments where people are fulfilled by their work and ways in which we use dialogue related to these topics with all our stakeholders. We also create and enforce rules within the Group in order to better spread and promote these initiatives globally while continuously improving upon them.

Responsible Executive and Framework

The executive officer responsible for the Group’s initiatives to respect human rights is the Group Chief Human Resources Officer, who is also in charge of the CSR and Corporate Citizenship Activities (as of August 2022). This officer’s performance indicators include the items of Sustainability (Respect for Human Rights, Labor, etc.) and are linked to his remuneration in the year ending March 31, 2023 (fiscal 2023). The Strategic Human Resources Department of Panasonic Holdings Corporation is the organization with overall responsibility for initiatives connected to human rights and labor for the Group and works together with the Operating Companies to promote initiatives at business sites across the Group.

When it comes to human rights in our supply chains, procurement divisions are responsible for protecting them, and these divisions gain the understanding and cooperation from our suppliers all around the world in line with our Group-wide human rights initiatives.

Major Initiatives

Please refer to our Sustainability Data Book (P. 67-69) about the initiatives towards prohibiting forced labor, abolishing child labor, prohibiting discrimination, respect for the freedom of association and the right to collective bargaining, wage management, man-

aging working hours, and Diversity, Equity & Inclusion.

Human Rights Due Diligence

We establish a Human Rights Due Diligence system (based on the United Nations Guiding Principles on Business and Human Rights) for identifying, preventing, and reducing negative impacts related to human rights in relation to our business activities or our products, services, or business dealings. Reflecting the issues that have been identified based on the requirements of society and the operation of the system, we continuously implement and improve the system with the advice of outside experts. As part of those efforts, group companies outside Japan underwent self-assessments related to human rights and labor in fiscal 2022. We will continue to promote initiatives meant to understand the realities and issues in our work environments and improve them on an ongoing basis.

We will operate the system by building and making continuous improvements through dialogue, discussion, and cooperation with relevant stakeholders both internally and externally. We will also make disclosures about initiatives as appropriate using our official website, relevant reports, and other means of communication.

Access to Remedy

We have established a global hotline for our employees and external business partners to report any potential compliance issues, including human rights-related violations, they notice or suspect. We have also established internal regulations to ensure that whistleblowers do not incur any disadvantages for their reports.

Participation in International and Industrial Partnerships

In January 2022, the Panasonic Group became a participant in the United Nations Global Compact. In addition to declaring 10 fundamental principles in four different fields, including respect for human rights, we are working to make our human rights and labor compliance efforts refer to international standards, and we will fulfill our duty to communicate with the public by disclosing the progress and results of those efforts. In October 2021, we also joined the Responsible Business Alliance (RBA), an international CSR organization involved in the electronics, ICT, and automotive sectors. We are working to develop a highly reliable management system by their excellent self-assessments tools, the guidance document for solving of issues and participation in their affiliated, Responsible Mineral Initiative for the promotion of responsible mineral procurement.

In Japan, we participate in initiatives undertaken by the CSR Committee of the Japan Electronics and Information Technology Industries Association (JEITA) and the Corporate Behavior and SDG’s Committee of the Japan Business Federation, and in Europe, we participate in initiatives undertaken by the CSR Committee of the Nikkei Business Association in Europe (JBCE).

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.

Hirotohi 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, through the following three initiatives: (1) emissions reduction in our own value chain, (2) avoided emissions (contribution to reducing CO₂ emissions for society) through existing businesses, and (3) avoided emissions through new technologies and businesses.

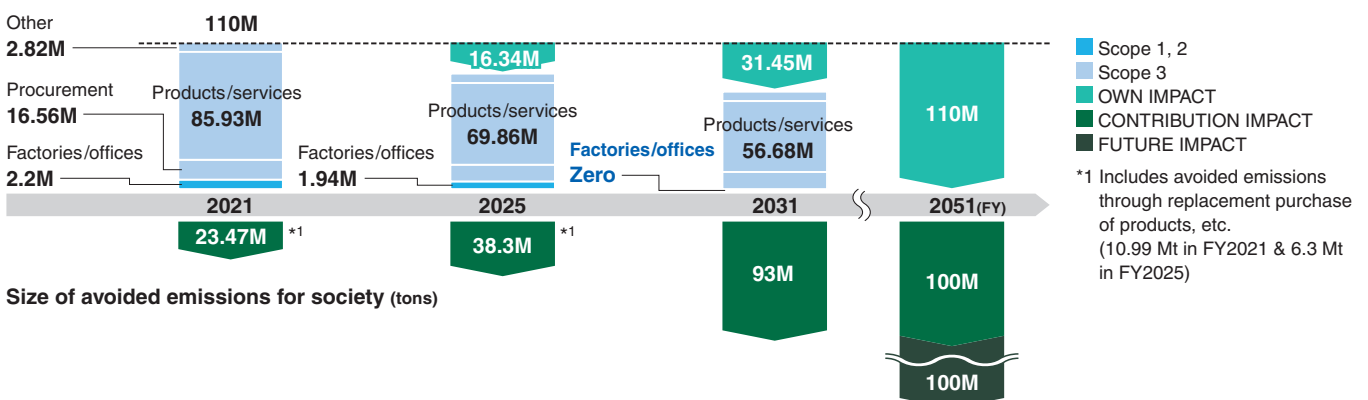
We have set GREEN IMPACT PLAN 2024 and the targets for the fiscal year ending March 2031 (fiscal 2031) as milestones. In terms of our own emissions (OWN IMPACT), our target is a reduction of 16.34 million tons in fiscal 2025 and 31.45 million tons in fiscal 2031. As concrete initiatives, we are promoting energy saving in production facilities through the use of AI and robots, as well as the use of renewable energy, and are increasing the number of zero-CO₂ factories. By fiscal 2031, we will reduce CO₂ emissions from our factories and offices to virtually zero. In our products and services, we will expand CO₂ reductions through rigorous energy saving and co-creation with suppliers.

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.

Size of CO₂ emissions & reductions in our own value chain (tons)



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 period from fiscal 2020 to fiscal 2022 are disclosed in the [Sustainability Data Book 2022](#).

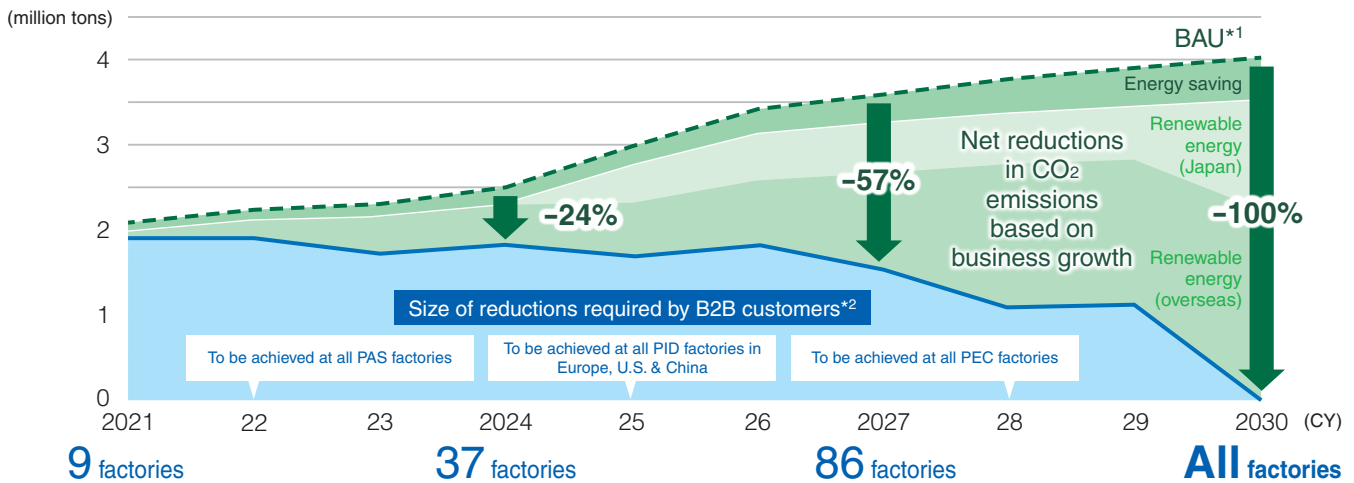
The ratio of “energy used” to “energy created” fell short of the target due to the termination of solar battery production. However, in terms of resources, we achieved our numerical targets for the amount of recycled resin used and the factory waste recycling ratio.

GREEN IMPACT PLAN 2024 and fiscal 2031 targets

Item		Fiscal 2025 targets	Fiscal 2031 targets	
Material issues	CO ₂ /Energy	OWN IMPACT Emissions reduction in our own value chain	16.34 Mt	
		Scope 1, 2	Zero-CO ₂ factories	37 factories
			CO ₂ reduction	260 kt
		Scope 3	CO ₂ reductions in customer product use	16.08 Mt
		CONTRIBUTION IMPACT “Avoided emissions” (contribution to reducing CO ₂ emissions for society) through existing businesses		38.3 Mt
	Electrification: Use of non-fossil fuels and promoting environmentally friendly vehicles		Electrification: 25.1 Mt	93 Mt
Energy efficiency: Efficiency and optimization of energy use	Energy efficiency: 6.3 Mt			
Hydrogen: Dissemination of decarbonized energy	Hydrogen: 0.6 Mt			
Product replacement: Decarbonization effect of product replacement, etc.	Product replacement: 6.3 Mt			
Resources/CE* *Circular Economy	Factory waste recycling ratio	99%		
	Recycled resin used (fiscal 2023 to 2025 total)	90 kt		
	Circular economy business models and products	13 businesses		

Initiatives related to CO₂ reduction impact

OWN IMPACT initiatives (Scope 1, 2)



*1 BAU: Business As Usual

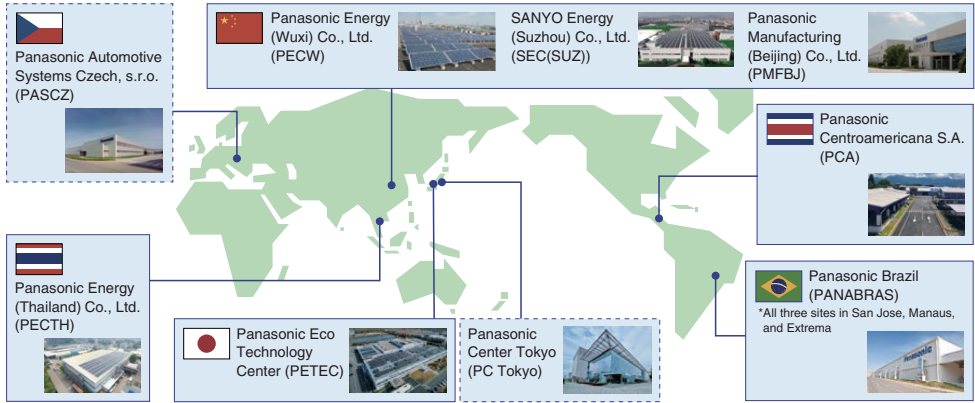
*2 PAS: Panasonic Automotive Systems Co., Ltd. / PID: Panasonic Industry Co., Ltd. / PEC: Panasonic Energy Co., Ltd.

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

Initiatives related to CO₂ reduction impact

Global map of zero-CO₂ factories

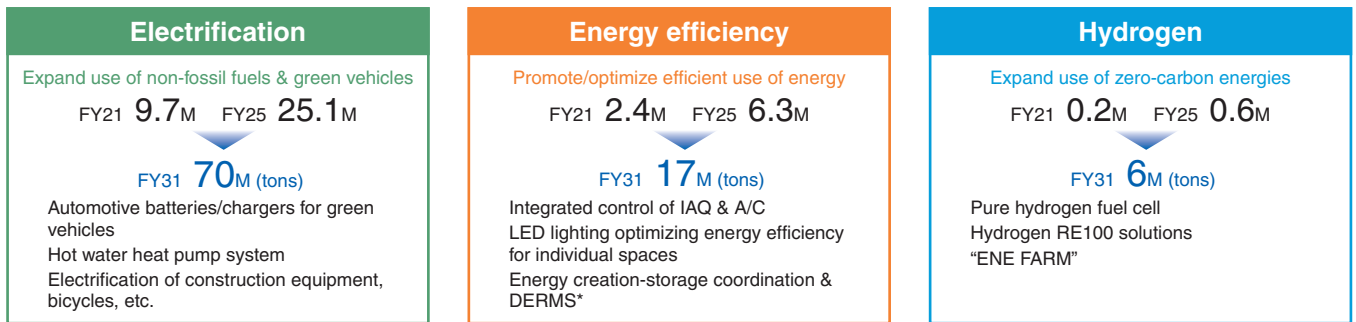


RE100 solutions

In April 2022, we started operation of “H2 KIBOU 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 factories.



CONTRIBUTION IMPACT initiatives



*DERMS: Distributed Energy Resource Management Systems

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 electrify 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.

1	Subscription services for refrigerator/freezer display cases*
2	Subscription services for cooling box for pharmaceuticals
3	Akari E Support services (LED Lighting leasing service)*
4	Battery management business in the PC subscription services*
5	Effective utilization of owned buildings*
6	Business development of mixed cellulose plastics

*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 it is now drawing attention as a resource with low environmental impact. In fiscal 2019, we developed a molding 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

Governance	Disclose 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 Corporation	
Living Appliances and Solutions Company	<ul style="list-style-type: none"> Achieve an energy conservation performance for our products that surpasses that of our competitors, and utilize IoT/AI to offer energy-saving value for customers' daily lives. Product manufacturing anticipating a longer product life and a circular economy.
Heating & Ventilation A/C Company	<ul style="list-style-type: none"> Create safe, secure, clean and comfortable spaces with our exclusive clean technologies (e.g., with active air purification) in homes, shops, workplaces, transportation, public areas and many other locations. Expand and improve eco-friendly products such as a hot-water heating with heat pump (A2W) that contributes to decarbonization and improve air quality, and optimization control connecting with air quality equipment and airconditioning equipment.
Cold Chain Solutions Company	<ul style="list-style-type: none"> Promote energy conservation offering comprehensive support for our energy monitoring system covering from system installation to operations and maintenance. Our equipment refurbishing service prolongs system usage while contributing to a circular economy. Accelerate development of natural refrigerants with lower environmental impact through wider use of CO₂ refrigeration equipment.
Electric Works Company	<ul style="list-style-type: none"> Implement demonstration experiment of RE100 solutions utilizing hydrogen and develop hydrogen businesses. Reduce energy consumption by producing more energy-efficient equipment and installing energy management systems in houses and buildings.
Panasonic Automotive System Co., Ltd.	
	<ul style="list-style-type: none"> Contribute to electrification of vehicles through power chargers with high output using power electronics technology and devices that improve vehicle's weight saving and rate of electricity consumption. Promote to make own products more energy efficient and expand the range of products that use recycled resin materials.
Panasonic Connect Co., Ltd.	
	<ul style="list-style-type: none"> Reduce waste energy and waste goods by supply chain orchestration, including streamlining corporate customers' logistics and responsive tuning of demand and supply. Offer solutions to improve energy efficiency and automation at corporate customers.
Panasonic Industry Co., Ltd.	
	<ul style="list-style-type: none"> Supply products that contribute to vehicle electrification and improved power economy. Reduce environmental impact from products through efforts to reduce size, weight and loss and to extend product life.
Panasonic Energy Co., Ltd.	
	<ul style="list-style-type: none"> Contribute to the shift to electric vehicles through improving competitiveness of automotive batteries and expanding their production capabilities. Promote clean energy use for power equipment and home storage through application systems for industrial batteries. Reduce CO₂ emissions through achieving carbon neutrality in factories and material development and establishment of supply chain for a low carbon footprint.
Panasonic Entertainment & Communication Co., Ltd.	
	<ul style="list-style-type: none"> Introduce devices and components with high energy efficiency such as new TV panels, and develop energy efficient products by improving control methods. Promote eco-conscious design through designs considering recycling, use of recycled resin, and reduction of use of plastic packaging.
Panasonic Housing Solution Co., Ltd.	
	<ul style="list-style-type: none"> Contribute to the environment throughout the value chain, from procurement of materials (recycled materials, etc.), design/development (reduction of materials, technology development, etc.), distribution (weight saving, reduction of frequencies, etc.), to product use (energy efficiency, water savings, etc.).

Risk management	Disclose risk management systems and activities for each operating company and from a Group-wide perspective
Metrics and targets	<p>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</p> <ul style="list-style-type: none"> Internal carbon pricing The Panasonic Group introduced internal carbon pricing in March 2022 for capital investment, setting the price of CO₂ emissions at 6,000 yen per ton. Remuneration Since April 2022, we have adopted a new performance evaluation system for executive remuneration of directors and executive officers of the holding company and of the presidents of the operating companies. The evaluation items for performance-based remuneration include those related to sustainability viewpoint such as environmental contributions.

	Target (set in October 2017)*	Progress
Emissions from business activities (Scope 1, 2)	30% reduction by 2030 (vs. fiscal 2014) Zero by 2050	137% 41%
Emissions from use of Panasonic products (Scope 3)	30% reduction by 2030 (vs. fiscal 2014)	27%

*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 individuality."

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 investments to achieve employees' well-being, and each operating company has also 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 working experience (secondment to external start-up company, etc.), and in-company multitasking (concurrent post-

ings 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%.

Responding attentively to diverse needs and expanding options

<p>Individuals who want to take on the challenge of self-determined career formation (side job, volunteer work, self-study, etc.)</p>	<p>I'd like to experience another company's worksite to broaden my professional knowledge.</p> <p>▶ Working four days a week to take on a side job at another company</p>		<p>I'd like to take on a side job in my hometown.</p> <p>▶ Without reducing working hours, taking on a side job from parents' home outside of commuting distance</p>	
<p>Individuals who want to balance life events and career (childcare, nursing care, partner relocation, etc.)</p>	<p>My partner has been transferred, and it's impossible to raise two children alone.</p> <p>▶ Flexible and fully remote work without overtime from home outside of commuting distance</p>		<p>My parents need care at their home now! How do I balance work and family?</p> <p>▶ Fully remote work four days a week while caring for parents at their home outside of commuting distance</p>	

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,

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 campaigns in our Group 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 opera-

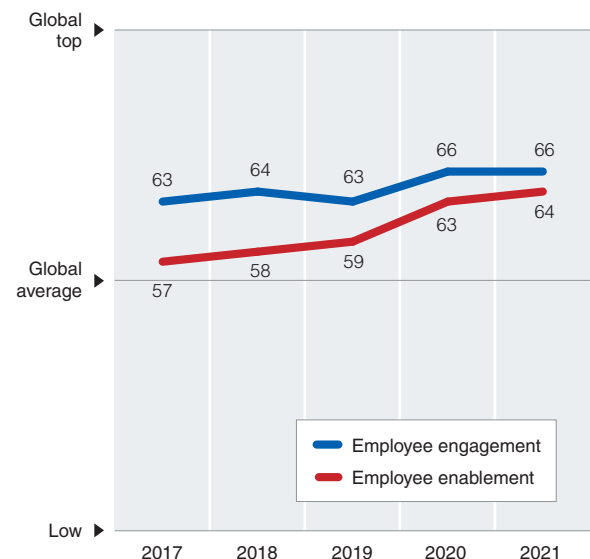
tion. For example, employees who have same-sex partners are regarded as if they were legally married and are eligible for the various personnel systems in the Group, and we maintain accessibility maps to ensure that employees with disabilities do not have problems when working at real business sites.

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, whether it’s 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.

*Unconscious bias ambassadors: Trainers that run training sessions in the workplace to educate employees so that employees 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)



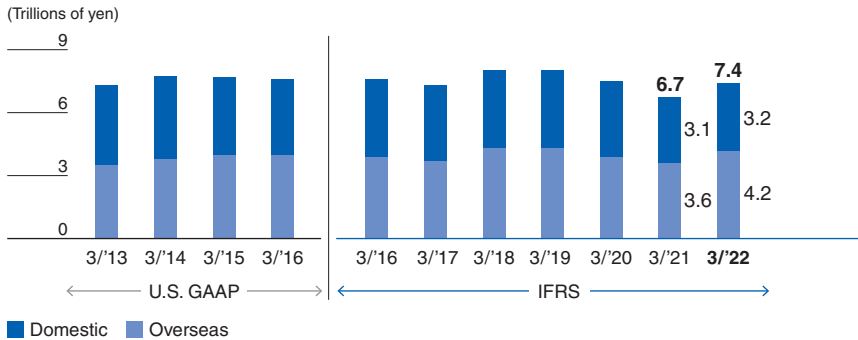
Employee engagement: self-motivated endeavors
 Employee enablement: the right person for the right job, comfortable working environment

Financial Highlights

The Company and subsidiaries, years ended March 31

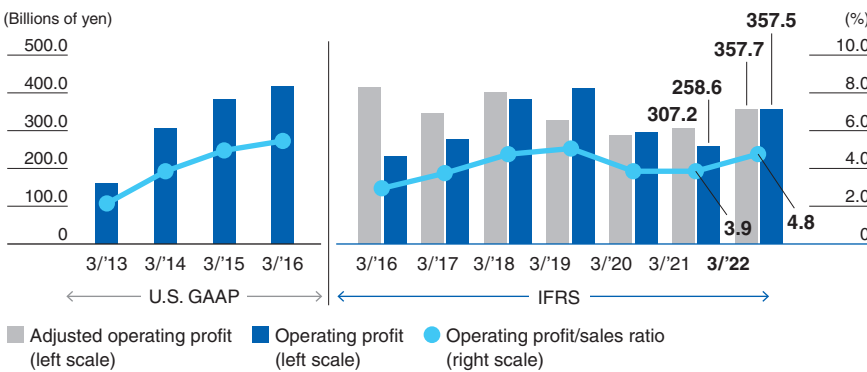
The Company began applying International Financial Reporting Standards (IFRS) on a voluntary basis in the fiscal year ended March 2017 (fiscal 2017). Financial figures for the fiscal year ended March 2016 are presented in accordance with both newly applied IFRS and conventionally applied U.S. GAAP (Generally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

Net sales



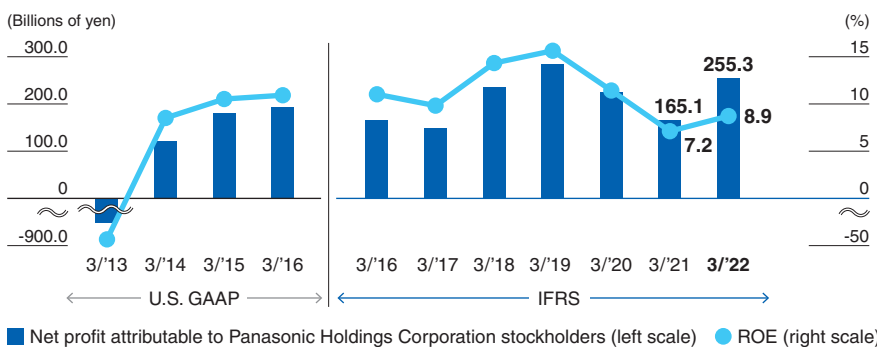
Sales increased from the previous fiscal year with increased sales in the Industry segment, where there was growth in the industrial and information & communication sectors in Japan, and in the Energy segment, where sales of automotive batteries increased overseas, as well as the new consolidation of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

Operating profit and ratio to sales



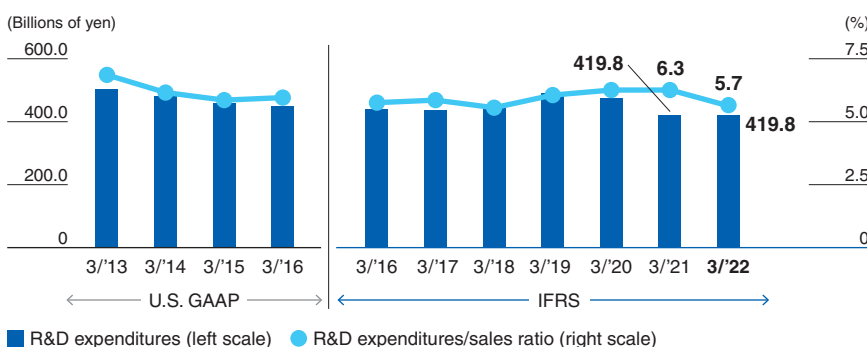
Adjusted operating profit increased from the previous fiscal year with a revision of selling prices as well as increased sales in the Industry and Energy segments, despite raw material price hikes that mainly affected the Lifestyle segment, along with temporary negative factors such as the impact of 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 and ROE



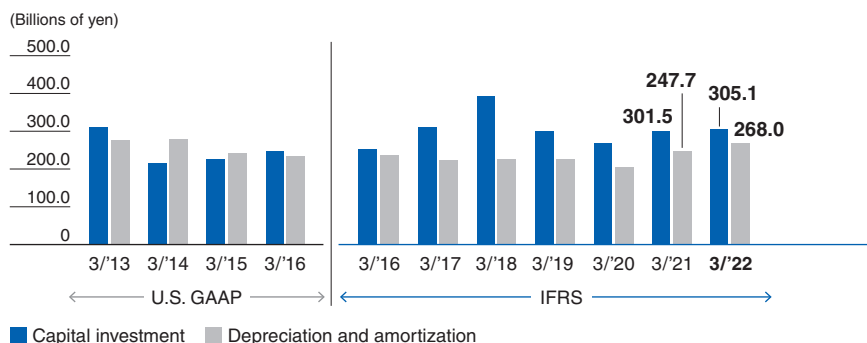
Net profit attributable to Panasonic Holdings Corporation stockholders was higher, and ROE also improved compared to the previous fiscal year.

R&D expenditures and ratio to sales



Based on growth strategies in key areas, we are focusing on developing new technologies and new products that will support the future. In addition, we are actively engaged in technical development aimed at the sustainable development of individual lifestyles and society, as well as the well-being of people both in mind and body.

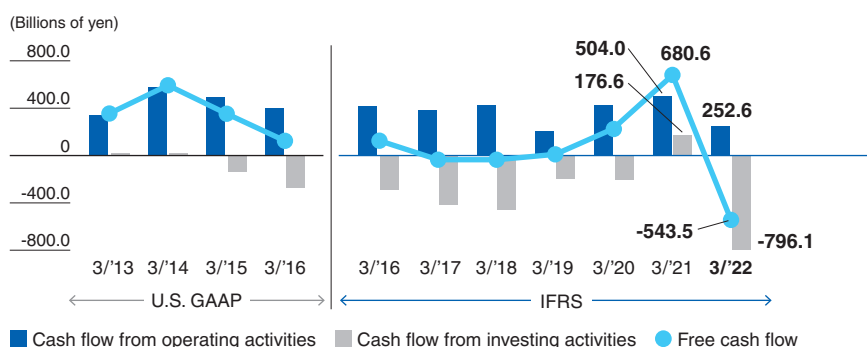
Capital investment, depreciation and amortization



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.

Note: Capital investment represents the amount of property, plant and equipment and intangible assets on an accrual basis (excluding increases due to business combinations). Depreciation and amortization includes depreciation of property, plant and equipment and amortization of intangible assets.

Free cash flows

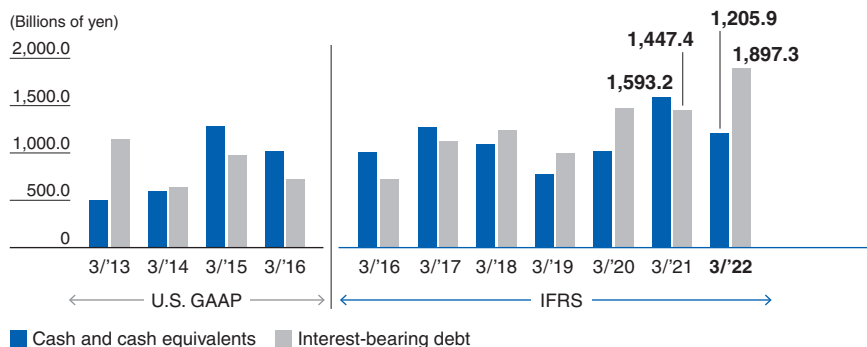


Cash flow from operating activities was 252.6 billion yen compared to 504.0 billion yen in the previous fiscal year due to the impact of external environmental factors such as port congestion and an increase in inventories to strategically secure parts and materials, despite an increase in net profit.

Cash flow from investing activities was -796.1 billion yen, compared to 176.6 billion yen in the previous fiscal year, due mainly to the acquisition of Blue Yonder.

Note: Lease receivables collected as a result of application of finance lease accounting as lessor — based on product supply contracts determined to contain leases — are included in cash flows from investing activities. (Lease receivables collected amounted to 24.6 billion yen in fiscal 2022, 6.8 billion yen in fiscal 2021, 37.2 billion yen in fiscal 2020, 167.3 billion yen in fiscal 2019, and 19.3 billion yen in fiscal 2018.)

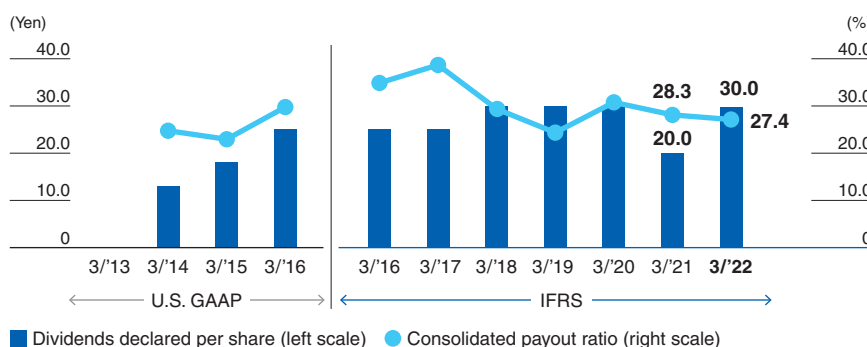
Cash and cash equivalents and interest-bearing debt



In addition to utilization of reserved cash, the acquisition of Blue Yonder was financed with a bridge loan, which was subsequently repaid in full by issuing 400 billion yen in hybrid bonds (subordinated bonds).

Note: 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. Interest-bearing debt is the sum of "short-term debt, including current portion of long-term debt," "long-term debt," and "lease liabilities."

Dividends declared per share and consolidated payout ratio

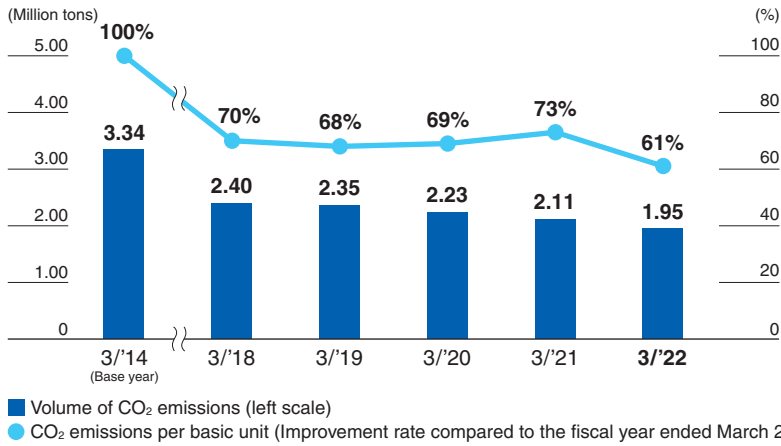


We strive to provide stable and continuous dividends with a target consolidated payout ratio of 30%. In fiscal 2022, there was an increase in our net profit and based on the consolidated performance, and after comprehensive consideration of our dividend policy, the status of our financial position, and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

Note: The dividend payout ratio is not calculated for the fiscal year ended March 2013 because the net profit attributable to Panasonic Holdings Corporation shareholders' equity is negative.

ESG Highlights

CO₂ emissions in production activities and CO₂ emissions per basic unit



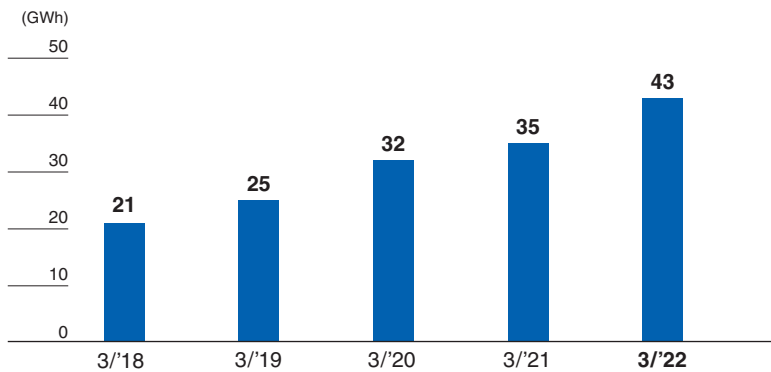
At its factories in and outside Japan, the Panasonic Group is pushing ahead with the promotion of zero-CO₂ model factories and working to increase the use of renewable energy. Total CO₂ emissions in the year ended March 31, 2022 (fiscal 2022) amounted to 1.95 million tons, while the volume of emissions per net sales was 61% of the comparable value for the fiscal year ended March 2014.

For details:

<https://holdings.panasonic/global/corporate/sustainability/environment/carbon-neutral/site.html>

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.

Amount of in-house renewable energy adoption

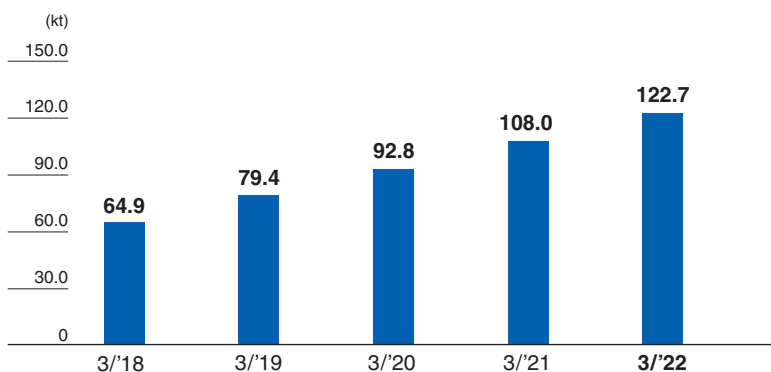


In fiscal 2022, the amount of in-house renewable energy adoption was 43 GWh, which achieved the target for fiscal 2022 of 40 GWh of in-house renewable energy adoption. We are promoting in-house renewable energy adoption on a global basis depending on the characteristics of each geographic region. With 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.

For details:

<https://holdings.panasonic/global/corporate/sustainability/environment/carbon-neutral/site.html>

Results of recycled resin usage (cumulative total from FY2015)

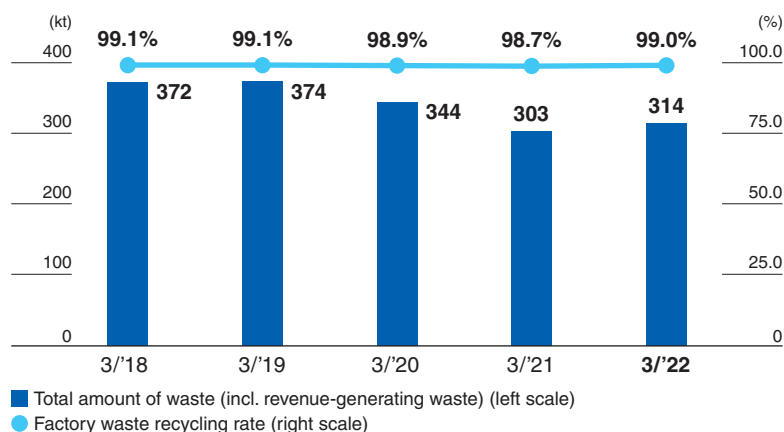


In order to effectively utilize not only metals such as iron, copper, and aluminum, but also resins from recycled home appliances, Panasonic Eco Technology Center Co., Ltd., which is the Group's home appliances recycling plant, and Kato Plastic Recycling Factory of Living Appliances and Solutions Company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

For details:

https://holdings.panasonic/global/corporate/sustainability/environment/resources/recycling_oriented_manufacturing.html

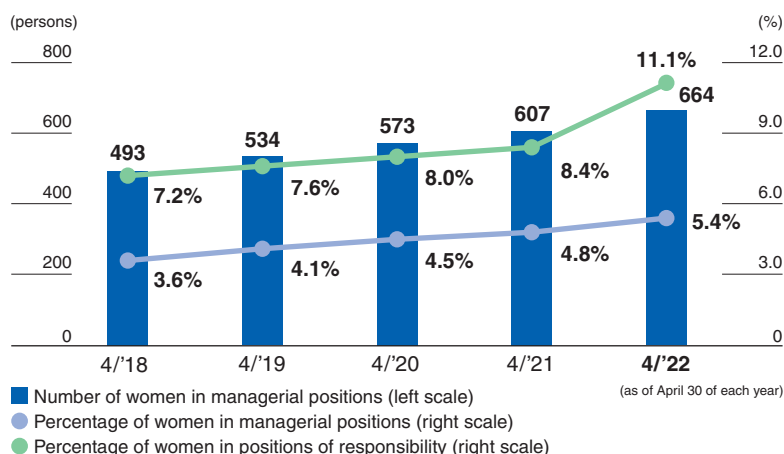
Amount and recycling rate of total wastes including revenue-generating waste



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 99.0%, 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.

For details:
https://holdings.panasonic/global/corporate/sustainability/environment/resources/recycling_oriented_manufacturing.html

Number and percentage of women in managerial positions / Percentage of women in positions of responsibility

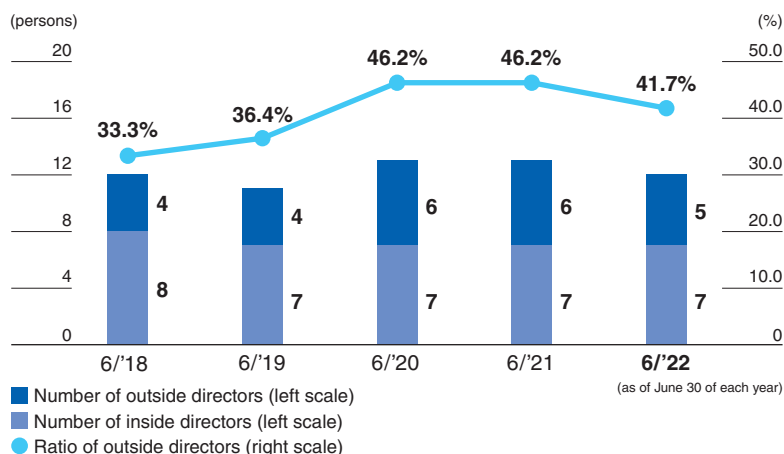


We aim to be a company that gathers diverse opinions and insights to enable higher quality decision-making. To this end, we recognize the need to promote more women to managerial and responsible positions. Through the implementation of various measures, both the number and percentage of women in managerial 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.

For details:
<https://holdings.panasonic/global/corporate/sustainability/pdf/sdb2021e-employee.pdf>

Note: Figures are based on the persons in managerial positions (section leader or higher) and persons in positions of responsibility (including chief and assistant chief positions) at Panasonic Holdings Corporation and its key domestic Group companies.

Number of board members/outside director ratio

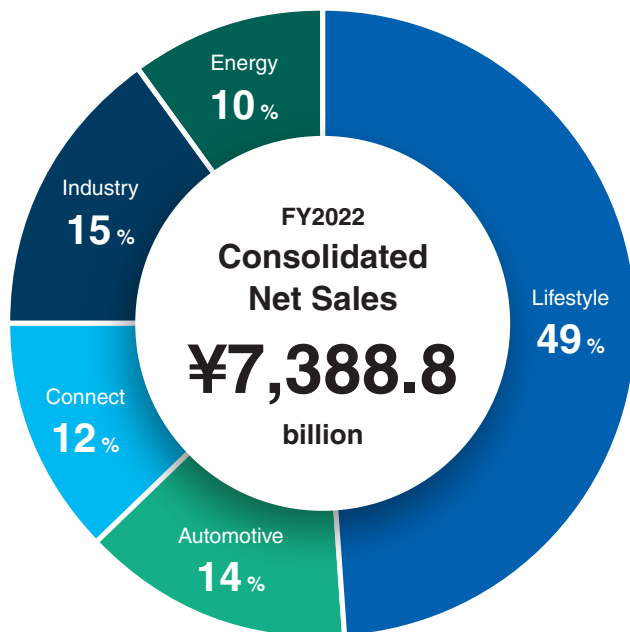


We ensure that the Board of Directors possesses a broad cross-section of knowledge, experience, and capabilities as a whole and endeavor to optimize the number of Board members so that the Board's functions can be demonstrated effectively and efficiently. Also, to enhance the Board's objectivity and 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/about/group-companies/phd/corporate-governance.html>

Segments Overview

Fiscal 2022 net sales composition ratio



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").

Information by segment

	(billions of yen)	
	Sales	Operating profit
Lifestyle	3,647.6	113.6
Automotive	1,067.1	1.3
Connect	924.9	51.7
Industry	1,131.4	83.2
Energy	764.4	64.2
Reportable segment total	7,535.4	314.0
Other	1,048.8	17.7
Eliminations and Adjustments	-1,195.4	25.8
Consolidated Total	7,388.8	357.5

Major products and services by reportable segment
(as of March 31, 2022)

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, perflation 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, primary/secondary lithium batteries, nickel-metal hydride batteries, lithium-ion batteries, storage battery modules/systems

Fiscal 2022 operating results

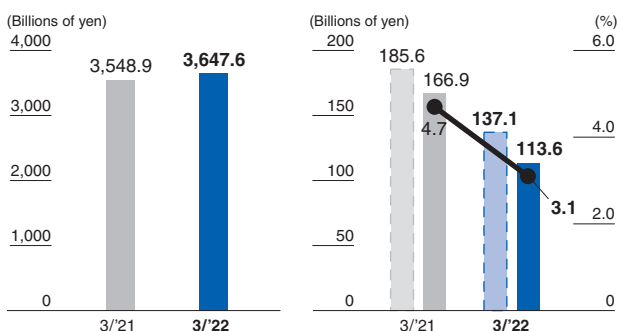
Sales

(Years ended March 31)

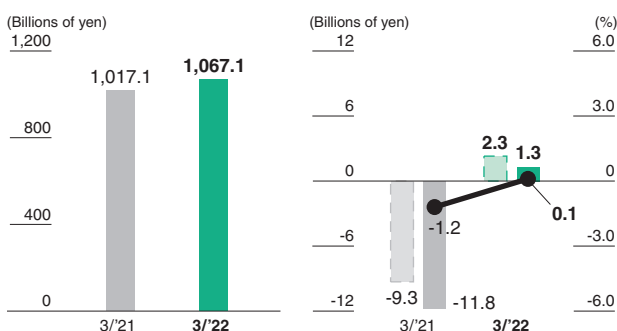
Operating profit (Years ended March 31)

□ Adjusted operating profit (reference)
● Operating profit/sales ratio

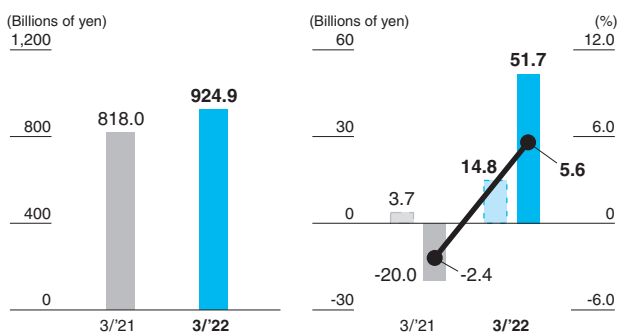
Sales increased by 3% to ¥3,647.6 billion from a year ago. Overall sales increased due mainly to favorable sales of personal-care products, washing machines, and refrigerators in China and favorable sales of air to water heat pump system in Europe as well as the effect of exchange rates, despite decreased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



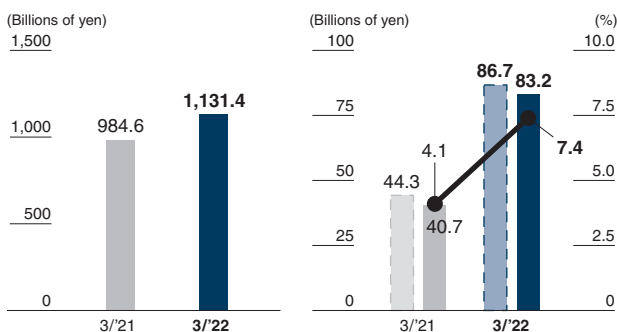
Sales increased by 5% to ¥1,067.1 billion from a year ago. The increase was due to the rebound effect of reduced automotive production in the first half of the previous year as well as the effect of exchange rates. Operating profit for this segment increased from the previous year to ¥1.3 billion. The increase was due to the effect of fixed cost reduction efforts and the impact of temporary expenses related to onboard charging systems in the previous year, despite the impact of price hikes in parts & components including semiconductors as well as increased shipping costs.



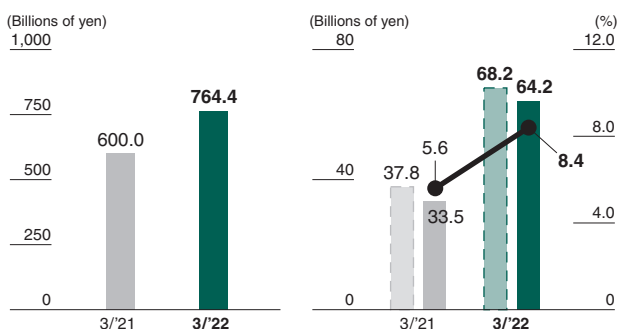
Sales increased by 13% to ¥924.9 billion from a year ago. Sales increased due to increased sales of mounting machines with growing PC and server related demand as well as increased sales of projectors reflecting a market recovery trend mainly in the United States and Europe. Operating profit for this segment increased from the previous year to ¥51.7 billion. This increase was due mainly to increased sales of mounting machines and projectors as well as a recognized gain from the re-evaluation of the existing equity in Blue Yonder upon consolidation,



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



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



Financial Review

The Company and subsidiaries
Fiscal year ended March 2022

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 roll-out. 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 *gamba* (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 acqui-

sition 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

Sales by region

Region	3/2021	3/2022	(Billions of yen)	
			Local currency basis vs. 3/2021	
Japan	3,113.3	3,189.5	102%	
Overseas total	3,585.5	4,199.3	110%	
Americas	1,117.1	1,382.1	117%	
Europe	662.0	736.5	106%	
Asia	943.7	1,091.0	109%	
China	862.7	989.7	104%	
Total	6,698.8	7,388.8	106%	

Financial results

		(Billions of yen)		
		3/2021	3/2022	vs. 3/2021 %/amount
Net sales		6,698.8	7,388.8	110% +690.0
Adjusted operating profit		307.2	357.7	116% + 50.5
Operating profit		258.6	357.5	138% + 98.9
Profit before income taxes		260.8	360.4	138% + 99.6
Net profit attributable to Panasonic Holdings Corporation stockholders		165.1	255.3	155% + 90.2
ROE		7.2%	8.9%	— + 1.7%
Exchange rates				
	1 USD	106 yen	112 yen	
	1 EUR	124 yen	131 yen	
	1 RMB	15.7 yen	17.5 yen	

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

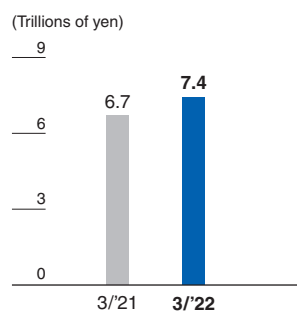
Profit before income taxes

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.

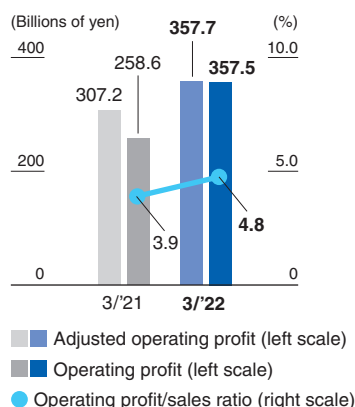
Net profit attributable to Panasonic Holdings Corporation stockholders

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.

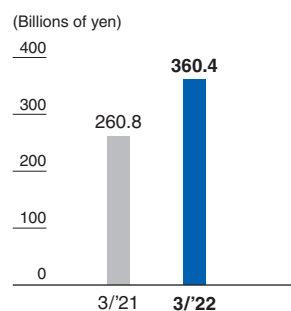
Net sales
(Years ended March 31)



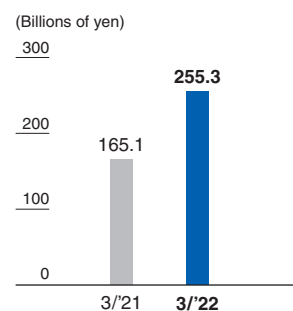
Operating profit
Operating profit/sales ratio
(Years ended March 31)



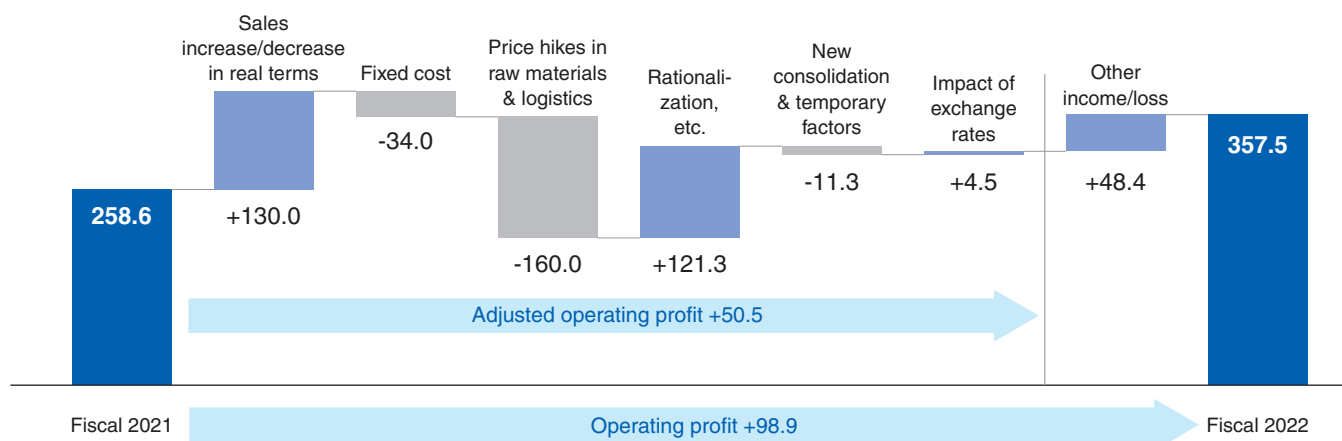
Profit before income taxes
(Years ended March 31)



Net profit attributable to Panasonic Holdings Corporation stockholders
(Years ended March 31)



Fiscal 2022 operating profit analysis (Billions of yen)



Financial Review

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 Mar 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.

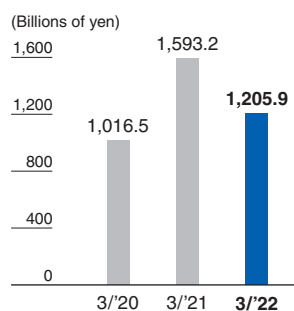
Cash flows

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.

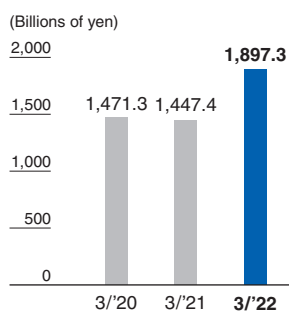
Net cash provided by operating activities for the fiscal year ended March 2022 amounted to 252.6 billion yen, compared with an inflow of 504.0 billion yen a year ago. This is due mainly to increased inventories and an increase in corporate income tax payments despite the increase in net profit.

Net cash used in investing activities amounted to 796.1 billion yen, compared with an inflow of 176.6 billion yen a year ago. This is due mainly to the payment related to making Blue Yonder a subsidiary and temporary receipts such as a proceed from transfer of assets in the previous fiscal year. As a result, free

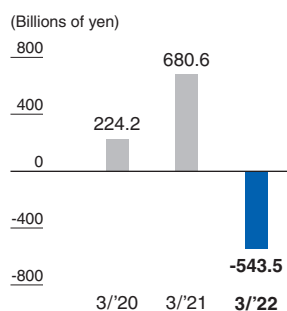
Cash and cash equivalents
(Years ended March 31)



Interest-bearing debt
(Years ended March 31)



Free cash flows
(Years ended March 31)



cash flow was negative 543.5 billion yen (compared to 680.6 billion yen in the previous fiscal year).

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

Capital investment, depreciation and amortization

As a result of making capital investments based on a policy of steady investments primarily in key businesses for future growth, capital investment (capital expenditures) amounted to 305.1 billion yen, compared to 301.5 billion yen in the previous fiscal year.

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 electronic components, control equipment, and other products in the Industry 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		(Billions of yen)
Segments	Capital investment	
Lifestyle		87.3
Automotive		47.8
Connect		23.4
Industry		60.6
Energy		36.7
Other		49.3
Total		305.1

Assets, liabilities, and equity

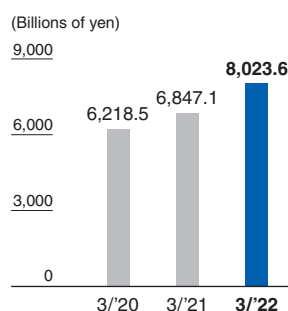
The Company's consolidated total assets as of March 31, 2022 were 8,023.6 billion yen, an increase of 1,176.5 billion yen from March 31, 2021. This was mainly due to the acquisition of Blue Yonder as a subsidiary and increased inventory.

The Company's consolidated total liabilities were 4676.4 billion yen, an increase of 597.8 billion yen from March 31, 2021. This is due mainly to yen-denominated unsecured hybrid bonds.

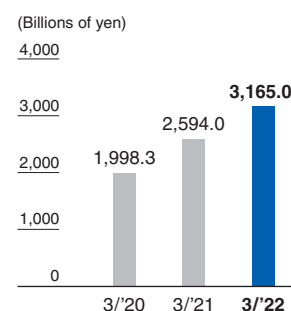
Panasonic Holdings Corporation stockholders' equity increased by 571.0 billion yen to 3,165.0 billion yen, compared with March 31, 2021. This is due mainly to the recording of net profit attributable to Panasonic Holdings Corporation stockholders and other comprehensive income. With non-controlling interests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

Total assets
(Years ended March 31)



Panasonic Holdings Corporation stockholders' equity
(Years ended March 31)



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

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

10-year Financial Summary

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.

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.

	U.S. GAAP			
	3/2013	3/2014	3/2015	3/2016
For the Year (Millions of yen)				
Net sales	7,303,045	7,736,541	7,715,037	7,553,717
Adjusted operating profit	160,936	305,114	381,913	415,709
Operating profit	—	—	—	—
Profit (loss) before income taxes	(398,386)	206,225	182,456	217,048
Net profit (loss) attributable to Panasonic Holdings Corporation stockholders	(754,250)	120,442	179,485	193,256
Capital investment	342,713	239,127	253,610	279,993
Depreciation and amortization	338,955	330,786	286,326	274,401
R&D expenditures	502,223	478,817	457,250	449,828
Free cash flow	355,156	594,078	353,455	124,406
At Year-End (Millions of yen)				
Cash and cash equivalents	496,283	592,467	1,280,408	1,014,264
Total assets	5,397,812	5,212,994	5,956,947	5,596,982
Interest-bearing debt	1,143,395	642,112	972,916	725,919
Panasonic Holdings Corporation stockholders' equity	1,264,032	1,548,152	1,823,293	1,705,056
Total equity	1,304,273	1,586,438	1,992,552	1,854,314
Per Share Data (Yen)				
Earnings (loss) per share attributable to Panasonic Holdings Corporation stockholders				
Basic	(326.28)	52.10	77.65	83.40
Diluted	—	—	77.64	83.39
Dividends declared per share	—	13.00	18.00	25.00
Panasonic Holdings Corporation stockholders' equity per share	546.81	669.74	788.87	734.62
Financial Indicators				
Operating profit/sales (%)	2.2	3.9	5.0	5.5
Profit before income taxes/sales (%)	(5.5)	2.7	2.4	2.9
ROE (%)	(47.2)	8.6	10.6	11.0
Net profit attributable to Panasonic Holdings Corporation stockholders/sales (%)	(10.3)	1.6	2.3	2.6
Total asset turnover ratio (Times)	1.2	1.5	1.4	1.3
Financial leverage (Times)	3.8	3.8	3.3	3.3
Interest-bearing debt/total assets (%)	21.2	12.3	16.3	13.0
Panasonic Holdings Corporation stockholders' equity/total assets (%)	23.4	29.7	30.6	30.5
Payout ratio (%)	—	25.0	23.2	30.0
Exchange Rate (Yen)				
1 USD	83	100	110	120
1 EUR	107	134	139	133
1 RMB	13.3	16.4	17.7	18.9

Items with different terminology under U.S. GAAP and IFRS

U.S. GAAP	IFRS
Operating profit	Adjusted operating profit
Net income attributable to Panasonic Holdings Corporation	Net profit attributable to Panasonic Holdings Corporation stockholders
Panasonic Holdings Corporation shareholders' equity	Panasonic Holdings Corporation stockholders' equity
Net income attributable to Panasonic Holdings Corporation per common share	Earnings per share attributable to Panasonic Holdings Corporation stockholders
Panasonic Holdings Corporation shareholders' equity per share	Panasonic Holdings Corporation stockholders' equity per share
Net income attributable to Panasonic Corporation/sales	Net profit attributable to Panasonic Holdings Corporation stockholders/sales
Panasonic Holdings Corporation shareholders' equity/total assets	Panasonic Holdings Corporation stockholders' equity/total assets

Notes to this table

- 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.
- 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.
- Payout ratios have not been presented for those fiscal years in which the Company incurred a net loss attributable to Panasonic Corporation.

IFRS						
3/2016	3/2017	3/2018	3/2019	3/2020	3/2021	3/2022
7,626,306	7,343,707	7,982,164	8,002,733	7,490,601	6,698,794	7,388,791
413,246	343,616	401,202	327,032	286,663	307,155	357,700
230,299	276,784	380,539	411,498	293,751	258,600	357,526
227,529	275,066	378,590	416,456	291,050	260,820	360,395
165,212	149,360	236,040	284,149	225,707	165,077	255,334
299,881	373,208	475,187	380,678	342,098	301,494	305,108
277,716	269,998	287,324	295,694	279,184	247,651	268,011
438,851	436,130	448,879	488,757	475,005	419,764	419,807
125,551	(34,746)	(35,646)	10,290	224,207	680,634	(543,519)
1,012,666	1,270,787	1,089,585	772,264	1,016,504	1,593,224	1,205,873
5,488,024	5,982,961	6,291,148	6,013,931	6,218,518	6,847,073	8,023,583
724,841	1,124,004	1,239,444	998,721	1,471,311	1,447,423	1,897,284
1,444,442	1,571,889	1,707,551	1,913,513	1,998,349	2,594,034	3,164,962
1,647,233	1,759,935	1,882,285	2,084,615	2,155,868	2,768,502	3,347,171
71.30	64.33	101.20	121.83	96.76	70.75	109.41
71.29	64.31	101.15	121.75	96.70	70.72	109.37
25.00	25.00	30.00	30.00	30.00	20.00	30.00
622.34	673.93	732.12	820.41	856.57	1,111.73	1,356.08
3.0	3.8	4.8	5.1	3.9	3.9	4.8
3.0	3.7	4.7	5.2	3.9	3.9	4.9
11.1	9.9	14.4	15.7	11.5	7.2	8.9
2.2	2.0	3.0	3.6	3.0	2.5	3.5
1.3	1.3	1.3	1.3	1.2	1.0	1.0
3.8	3.8	3.7	3.4	3.1	2.8	2.6
13.2	18.8	19.7	16.6	23.7	21.1	23.6
26.3	26.3	27.1	31.8	32.1	37.9	39.4
35.1	38.9	29.6	24.6	31.0	28.3	27.4
120	108	111	111	109	106	112
133	119	130	128	121	124	131
18.9	16.1	16.8	16.5	15.6	15.7	17.5

Notes to IFRS

- Adjusted operating profit = Net sales - Cost of sales - SG&A
- The figures for "Capital investment" are amounts on an accrual basis for property, plant and equipment and intangible assets. (Excludes increases due to business combinations)
- "Depreciation and amortization" include depreciation of property, plant and equipment and amortization of intangible assets.
- "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.
- Exchange rate is the average rate for the fiscal year.
- "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.
- Formulas for financial ratios are as follows:
 - ROE (Return on equity) = Net profit attributable to Panasonic Holdings Corporation stockholders / Average Panasonic Holdings Corporation stockholders' equity at the beginning and the end of each fiscal year
 - Total assets turnover = Net Sales / Average total assets at the beginning and the end of each fiscal year
 - Financial leverage = Average total asset at the beginning and the end of each fiscal year / Average Panasonic Holdings Corporation stockholders' equity at the beginning and the end of each fiscal year
 - Interest-bearing debt ratio = Interest-bearing debt / Total assets
 - Payout ratio = Dividends declared per share / Basic earnings per share attributable to Panasonic Holdings Corporation stockholders

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

Stated Capital: 259,168 million yen

**Number of Consolidated Companies
(including parent company):** 532

Number of Companies under the Equity Method: 67

Number of Employees: 240,198

Stock Information

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

(Including 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, Kitahama, 4-chome, Chuo-ku, Osaka-shi,
Osaka 540-8639, Japan
Phone: +81-3-3323-7111

American Depositary Receipts (ADRs)

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

Stock Transfer Handling Office

Shareowner Services
P.O. Box 64504
St. Paul, MN 55164-0504, U.S.A.
Phone: +1-800-990-1135 (U.S.: toll free)
+1-651-453-2128 (International)

	3/2013	3/2014	3/2015	3/2016	3/2017	3/2018	3/2019	3/2020	3/2021	3/2022
Number of Shares Issued (in thousands of shares)	2,453,053	2,453,053	2,453,053	2,453,053	2,453,053	2,453,053	2,453,053	2,453,326	2,453,563	2,453,866
Number of Shareholders	577,756	499,728	469,295	514,129	486,489	485,053	505,402	488,540	477,323	491,723
Distribution by Type of Shareholders (%)										
Japanese Financial Institutions, etc.	28.3	27.2	30.1	30.6	30.8	31.9	34.8	34.7	35.0	32.8
Overseas Investors, etc.	25.3	33.2	32.9	31.2	32.6	33.4	28.9	30.3	31.8	34.5
Other Corporations	8.3	7.4	7.1	6.9	7.0	6.8	6.8	6.1	6.2	6.1
Individuals and Others	32.3	26.4	24.1	25.9	24.7	23.0	24.6	24.0	22.1	21.7
Treasury Stock	5.8	5.8	5.8	5.4	4.9	4.9	4.9	4.9	4.9	4.9
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Major Shareholders

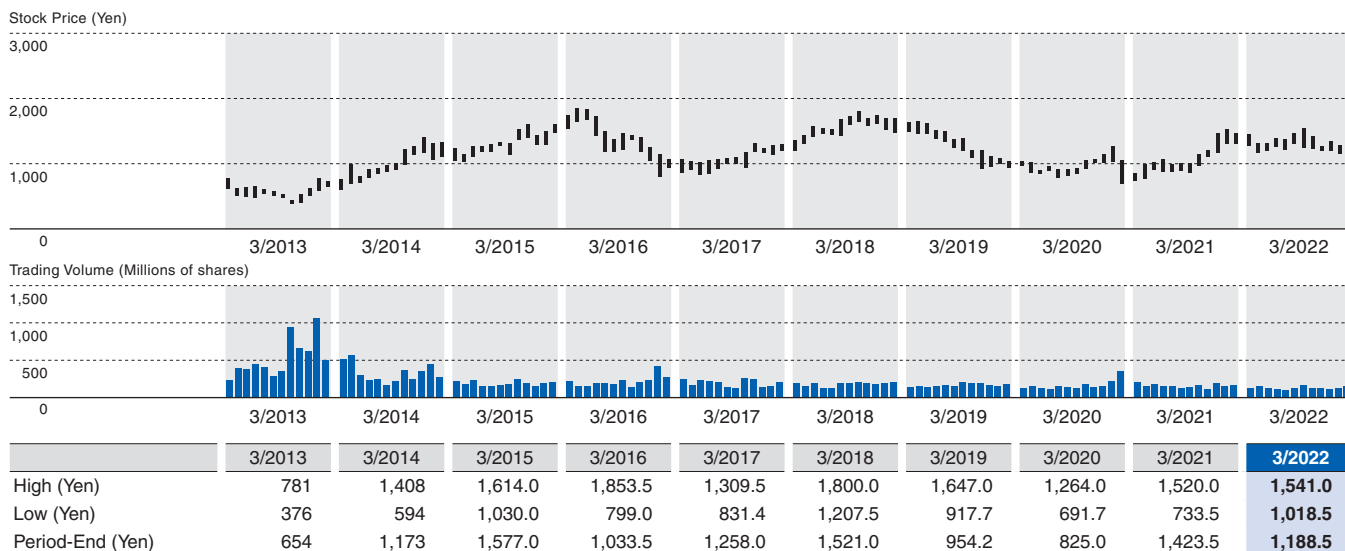
Name	Share ownership (in thousands of shares)	Percentage of total issued shares (%)
The Master Trust Bank of Japan, Ltd. (trust account)	370,263	15.86
Custody Bank of Japan, Ltd. (trust account)	179,699	7.69
STATE STREET BANK WEST CLIENT - TREATY 505234	60,175	2.57
NIPPON LIFE INSURANCE COMPANY	48,339	2.07
MOXLEY AND CO LLC	42,863	1.83
SUMITOMO LIFE INSURANCE COMPANY	37,465	1.60
Panasonic Holdings Corporation Employee Shareholding Association	35,994	1.54
Matsushita Real Estate Co., Ltd.	29,121	1.24
JP MORGAN CHASE BANK 385781	28,511	1.22
SSBTC CLIENT OMNIBUS ACCOUNT	25,798	1.10

Notes: 1. The figures in share ownership are rounded down to the nearest thousand shares.

2. Shareholding ratio is calculated by deducting the Company's treasury stocks (119,969,766 shares) and rounded down to two decimal places.

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

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



Corporate Bonds

JPY-Denominated Straight Bonds

	Years	Coupon rate (per annum)	Aggregate principal amount of issue	Maturity date
14th	10	0.93%	100 billion yen	March 19, 2025
16th	7	0.30%	70 billion yen	Sept. 20, 2023
17th	10	0.47%	130 billion yen	Sept. 18, 2026
18th	6	0.23%	30 billion yen	March 5, 2026
19th	10	0.37%	70 billion yen	March 5, 2030
20th	3	0.08%	80 billion yen	Dec. 22, 2023
21st	5	0.19%	70 billion yen	Dec. 24, 2025
22nd	7	0.29%	20 billion yen	Dec. 24, 2027
23rd	10	0.39%	30 billion yen	Dec. 24, 2030

JPY-Denominated Hybrid Bonds (Subordinated Bonds)

	Years	Initial coupon rate (*)	Aggregate principal amount of issue	Maturity date	First optional redemption date
1st	60	0.74%	150 billion yen	October 14, 2081	October 14, 2026
2nd	60	0.89%	100 billion yen	October 14, 2081	October 14, 2028
3rd	60	1.00%	150 billion yen	October 14, 2081	October 14, 2031

*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.

USD-Denominated Senior Notes

	Years	Coupon rate (per annum)	Aggregate principal amount of issue	Maturity date
Due 2024	5	2.679%	US\$ 1 billion	July 19, 2024
Due 2029	10	3.113%	US\$ 500 million	July 19, 2029

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.

<https://holdings.panasonic/global/corporate/sustainability/data-book.html>

Panasonic Group

Panasonic Holdings Corporation

<https://holdings.panasonic/global>

Investor Relations Offices

Osaka

Investor Relations
Corporate Finance & Investor Relations Department
Panasonic Holdings Corporation
1006, Oaza Kadoma, Kadoma-shi, Osaka 571-8501, Japan
Phone: +81-6-6908-1121

Tokyo

Investor Relations
Corporate Finance & Investor Relations Department
Panasonic Holdings Corporation
TOKYO MIDTOWN HIBIYA 14F,
1-1-2 Yuraku-cho, Chiyoda-ku, Tokyo 100-0006, Japan
Phone: +81-3-3437-1121

Europe

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>