

COVER SHEET
for
QUARTERLY REPORTS

SEC Registration Number

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Company Name

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P	I	N	E	S		C	O	R	P	O	R	A	T	I	O	N		A	N	D		S	U	B	S	I	D	I	A
R	Y																												

Principal Office (No./Street/Barangay/City/Town/Province)

O	r	t	i	g	a	s		A	v	e	n	u	e		E	x	t	e	n	s	i	o	n	,		B	a	r	r
i	o		M	a	p	a	n	d	a	n	,		B	a	r	a	n	g	a	y		S	a	n		I	s	i	d
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Form Type

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Department requiring the report

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Secondary License Type, if Applicable

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COMPANY INFORMATION

Company's Email Address

www.panasonic.com/ph

Company's Telephone Number/s

(632) 8635-2260 to 65

Mobile Number

N/A

No. of Stockholders

458

Annual Meeting
Month/Day

3rd Friday of July

Fiscal Year
Month/Day

March 31st

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person

Atty. Mamerto Mondragon

Email Address

<u>mzmlaw@yahoo.com</u>

Telephone Number/s

(632) 8818-7739

Mobile Number

(+63) 917 5772162

Contact Person's Address

Ortigas Avenue Extension, San Isidro, Taytay, Rizal
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Note: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17- Q

**QUARTERLY REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER**

1. For the quarterly period ended September 30, 2021
2. SEC Identification Number 23022
3. BIR Tax Identification No. 000-099-692
4. Exact name of registrant as specified in its charter

PANASONIC MANUFACTURING PHILIPPINES CORPORATION

5. Philippines
Province, Country or other jurisdiction of
incorporation or organization
6. (SEC Use Only)
Industry Classification Code:
7. Ortigas Avenue Extension, Barrio Mapandan
Barangay San Isidro, Taytay, Rizal
Address of principal office
8. 1920
Postal Code
8. (632) 8635-22-60 to 65
Registrant's telephone number, including area code
9. Not Applicable
Former address changed since last report.
10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sections 4 and 8 of the RSA.

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common shares, ₱1.00 par value	
Class A	84,723,432
Class B	337,994,588

11. Are any or all of these securities listed on a Stock Exchange?

Yes No

If yes, state the name of such stock exchange and the classes of securities listed therein.

The Company's Class A shares are listed in the Philippine Stock Exchange.

12. Check whether the registrant:

(a) Has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 there under or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports):

Yes No

(b) Has been subjected to such filing requirements for the past 90 days.

Yes No

PART I – FINANCIAL INFORMATION

Item I. Financial Statements

The Unaudited Consolidated Financial Statements of Panasonic Manufacturing Philippines Corporation (PMPC) and its subsidiary, Precision Electronics Realty Corporation (PERC), as of and for the period ended September 30, 2021 (with comparative figures as of March 31, 2021 and period ended September 30, 2020 & 2019) and selected Notes to Consolidated Financial Statements are on pages 15 to 33.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Key Performance Indicators

Name of Index	Calculation	FY 2021 Apr – Sept	FY 2020 Apr – Sept
1. Rate of Sales Increase ^(a)	$\frac{\text{CY}^{(b)} \text{ Sales} - \text{LY}^{(c)} \text{ Sales}}{\text{LY Sales}} \times 100\%$	24.9%	-28.4%
2. Rate of Profit Increase ^(a)	$\frac{\text{CY Profit Before Tax} - \text{LY Profit Before Tax}}{\text{LY Profit Before Tax}} \times 100\%$	64.1%	-44.2%
3. Rate of Profit on Sales ^(a)	$\frac{\text{Profit Before Tax}}{\text{Total Sales}} \times 100\%$	3.2%	2.4%
4. Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$	2.53:1	2.46:1
5. Dividend Ratio to Capital	$\frac{\text{Dividend}}{\text{Average Capital}} \times 100\%$	52.45%	14.98%

(a) Continuing operations only

(b) Current Year

(c) Last Year

- (a) Rate of Sales Increase - This measures the sales growth versus the same period last year. For the first semester of 2021, the Group sales increased by 24.9 % from ₱ 4.460 billion last year to ₱5.569 billion due to business disruption caused by COVID19 pandemic last year.
- (b) Rate of Profit Increase - This measures the increase in profit before tax versus the same period last year. Rate of profit increased by 64.1% mainly due to 24.9% increase in sales versus last year and cost reduction this year.
- (c) Rate of Profit on Sales - This measures the percentage of profit before tax versus total sales for the period. Rate of profit increased to 3.2% from 2.4% of the same period last year.
- (d) Current Ratio - This measures the liquidity of the Group and its ability to pay off current liabilities. The Company registered current ratio of 2.53:1 as of September 30, 2021 and 2.46:1 last year.
- (e) Dividend Ratio to Capital - This measures the dividend payout ratio versus capital for the period. The Group paid 52.45% and 14.98% cash dividend for the 1st semester of 2021 and 2020, respectively.

FIRST SEMESTER ENDED SEPTEMBER 30, 2021 vs. 2020**RESULTS OF OPERATION****Material Changes (+/-5% or more) in the financial statements (in thousands)**

Accounts	SEPT 2021 (Unaudited)	SEPT 2020 (Unaudited)	Difference (%)
Sales	5,569,526	4,460,002	24.88%
Cost of sales	4,680,175	3,661,540	27.82%
Gross profit	889,351	798,462	11.38%
General administrative expenses	500,413	464,335	7.77%
Selling expenses	232,184	215,915	7.54%
Other income – net	20,081	-10,463	291.93%
Income before tax	176,835	107,750	64.12%
Income tax expense	62,822	60,692	3.51%
Income after tax	114,012	47,057	142.28%

Consolidated sales for the first semester of FY 2021 rose by 24.88% to ₱5.569 billion from ₱4.460 billion posted in the same period last year. In the midst of the current COVID-19 pandemic, the Company was able to stay competitive and explore innovative solutions to overcome the negative impacts of this crisis and recovered from its low sales achievement last year.

Cost of sales increased by ₱1.019 billion due mainly to increase in sales, and material cost consumption by ₱433 million, purchases of raw materials ₱505.0 million and direct and indirect labor cost by ₱21.80 million mainly due to increase of production during the fiscal year.

Gross profit increased by 11.38% due mainly to significant increase in sales compared to last year.

General administrative expenses increased by ₱36.08 million (7.77%) mainly due to technical assistance fee ₱16.11 million and brand license fee ₱8.65 million for the semester which were based on sales performance.

Selling expenses increased by ₱16.27 million (7.54%) mainly due to increase in advertising expense by ₱17.78 million.

Net non-operating income increased by ₱30.54 million was the result of a favorable change in the exchange rate used during the first semester of this year.

The Group's net income before and after tax improvement by ₱69.08 million and ₱85.29 million respectively was due to 24.88% increase in sales achievement and other non-operating income.

FINANCIAL POSITIONS**Material Changes (+/-5% or more) in the financial statements (in thousands)**

Accounts	SEPT 2021 (Unaudited)	MARCH 2021 (Audited)	Difference (%)
Cash and cash equivalents	3,914,371	3,743,228	4.57%
Receivables	1,315,840	1,476,639	-10.89%
Inventories	1,735,109	1,741,172	-0.35%
Other current assets	150,783	142,544	5.78%
Property & equipment	940,633	972,342	-3.26%
Right of use assets	10,034	12,350	-18.75%
Other noncurrent assets	22,805	22,430	1.67%
Accounts payable & accrued expenses	2,731,349	2,889,647	-5.48%
Provision for estimated liabilities	636,334	391,115	62.70%
R/E – Unappropriated	425,317	583,016	-27.05%

The Group's total assets amounted to ₱8.217 billion and ₱8.238 billion as of September 30, 2021 and March 31, 2021 respectively. Total equity amounted to ₱4.694 billion in September 30, 2021 and ₱4.802 billion as of March 31, 2021.

Net increase in cash by ₱171.14 million (4.57%) mainly due to net cash provided by operating activities for the period amounting to ₱466.78 million. However, ₱221.7 million and ₱71.1 million were used for cash dividend payment to all stockholders and acquisitions of property, plant and equipment, respectively.

Accounts receivable decreased by ₱160.80 million (-10.89%) due to good collection efficiency especially on its export sales.

Net increase in other current assets by ₱8.24 million (5.78%) mainly due to creditable withholding taxes for the period and excess from last year.

Property, plant and equipment – net decreased by ₱31.71 million due to depreciation expenses incurred for the period. Total purchases amounted to ₱71.1 million while total amortization of depreciation expense amounted to ₱103.4 million.

Net Right of use assets valued at ₱10.03 million – net of depreciation for the first semester of 2021.

Net decrease in accounts payable and accrued expenses by ₱158.30 million (-5.48%) mainly due to decrease in trade payable by ₱80.8 million.

Provision for estimated liabilities increased by ₱245.2 million mainly for the incremental cost in importation of merchandise and raw materials due to foreign exchange rate fluctuation.

Retained earnings – unappropriated decreased by ₱157.7 million mainly due to the payment of cash dividend amounted to ₱221.7 million and additional appropriation of ₱50.0 million. Net income for the period recorded at ₱114.0 million.

RESULTS OF OPERATION

FIRST SEMESTER FY 2020 vs. 2019

Material Changes (+/-5% or more) in the financial statements (*in thousands*)

Accounts	SEPT 2020 (Unaudited)	SEPT 2019 (Unaudited)	Difference (%)
Sales	4,460,002	6,228,250	-28.39%
Cost of sales	3,661,540	5,138,274	-28.74%
Gross profit	798,462	1,089,976	-26.74%
General administrative expenses	464,335	510,816	-9.10%
Selling expenses	215,915	400,081	-46.03%
Other income – net	-10,463	13,960	-174.95%
Income before tax	107,750	193,039	-44.18%
Income tax expense	60,692	54,428	11.51%
Income after tax	47,057	138,611	-66.05%

Consolidated sales for the first semester of FY 2020 amounted to ₱ 4.5 billion, decreased by ₱1.7 billion (28.39%) from ₱6.2 billion posted in the same period last year. The low achievement of sales was due mainly to business disruption, both sales and production of finished goods, brought by Covid19 outbreak and the imposition of enhanced community quarantine from mid-March until May 15, 2020 throughout Luzon.

Cost of sales reduced by ₱1.4 billion (28.39%) mainly due to decrease in material cost consumption by 20% amounting to ₱498 million, decrease in purchases of raw materials by ₱ 888 million and direct labor cost by ₱12.8 million mainly due to stoppage of production in April and mid May 2020..

Gross profit decreased by 26.7% due mainly to significant decrease in sales compared to last year.

Selling expenses decreased by ₱184.2 million (46%) mainly due to decrease in freight and storage by ₱ 218 million due to the decline in sales and advertising expense by ₱35 million while having an increase in Sales promotion rebates and discount.

Net non-operating income decreased by ₱24.4 million (175%) due mainly to interest earned from time deposits in bank due to decrease in interest rate for the period.

Income tax expense increased in amount was due to increase in provision for other estimated liabilities for sales promotion for the next quarter to recover the negative impact of covid19 in sales performance.

The Group's net income before and after tax deterioration by ₱85.2 million (44.18%) and ₱91.6 million (66%) respectively was due to 28.39% decrease in sales achievement and non-operating income – net by 175% versus last year.

FINANCIAL POSITIONS

▪ September 30, 2020 vs. March 31, 2020

Material Changes (+/-5% or more) in the financial statements (in thousands)

Accounts	SEPT 2020 (Unaudited)	MARCH 2020 (Audited)	Difference (%)
Cash and cash equivalents	3,518,632	2,945,350	19.46%
Receivables	1,586,054	1,440,043	10.14%
Inventories	1,388,035	1,654,053	-16.08%
Other current assets	157,895	91,858	71.89%
Property & equipment	1,001,782	1,072,552	-6.60%
Right of use assets	3,058	10,777	-71.62%
Other noncurrent assets	23,536	25,590	-8.07%
Accounts payable & accrued expenses	2,605,560	2,365,479	10.15%
Provision for estimated liabilities	671,456	547,528	22.63%
R/E – Unappropriated	301,942	338,836	-10.89%

The Group's total assets amounted to ₱7.8 billion and ₱7.4 billion as of September 30, 2020 and March 31, 2020 respectively. Total equity amounted to ₱4.4 billion in September 30, 2020 and ₱4.5 billion as of March 31, 2020.

Net decrease in cash by ₱573 million (19.46%) mainly due to 28.39% sales achievement for the semester caused by Enhance Community Quarantine (ECQ) nationwide due to covid19 pandemic.

Accounts receivable increased by ₱146 million (10.14%) due to extended collection due date and non-payment of customers during ECQ.

Inventories decreased by ₱266 million (16.1%) mainly due to decrease in work in process and goods in transit.

Net increase in other current assets by ₱66 million (71.9%) mainly due to creditable withholding taxes for the period and excess from last year.

Net decrease on property, plant and equipment by ₱70.7 million due to move up of investment of factory facilities, machineries and equipment. Total purchases for the period amounted to ₱42.1 million while total amortization of depreciation expense for the period amounted to ₱107.4 million.

Net Right of use assets valued at ₱3.1million.

Net increase in accounts payable and accrued expenses by ₱240million (10.15%) mainly due to increase in trade payable by ₱198 million.

Provision for estimated expenses increased mainly due for reserves for price risk and overhead expenses.

Retained earnings – unappropriated decreased by ₱36.9 million (10.89%) mainly due to dividend declaration amounting to ₱63.7 million and significant decrease in profit generated during the semester.

RESULTS OF OPERATION

FIRST SEMESTER FY 2019 vs. 2018

Material Changes (+/-5% or more) in the financial statements

(in thousands)

Accounts	Sept. 30, 2019 (Unaudited)	Sept. 30, 2018 (Unaudited)	Difference (%)
Sales	6,228,250	5,862,510	6.2%
Cost of Sales	5,138,274	4,702,353	9.3%
Gross profit	1,089,976	1,160,157	-6.0%
Selling expenses	510,816	537,271	-25.5%
General & administrative expense	400,081	504,587	1.2%
Other income – net	13,960	1,116	1,150.9%
Income before tax	193,039	119,416	61.7%
Income tax expense	54,428	45,667	19.2%
Income after tax	138,611	73,748	88.0%

Consolidated sales for the first semester of FY 2019 amounted to ₱6.228 billion, increased by ₱365.7 million (6.2%) from ₱5.863 billion posted in the same period last year. This was mainly due to the improved retail sale of room air-conditioning products especially its exports sales and imported refrigerator

Cost of sales increased due to increase in materials used in local product production, depreciation expense, product development cost and manpower labor expenses.

Gross profit decreased by 6.0% despite the increase in sales due to increase in cost of sales ratio by 2.3% compared to last year.

Selling expenses decreased by ₱137.2 million (-25.5%) mainly due to decrease in sales promotion expenses by ₱138.6 million and freight cost by ₱39.7 million, respectively.

General administrative expenses increased by ₱6.2 million (1.2%) mainly due to decrease of various fixed expenses.

Net non-operating income increased by ₱12.8 million (1,150.9%) mainly due to interest earned from banks due to its good cash position versus last year.

The Group's net income before tax and net income after tax increased by ₱73.6 million (61.7%) and ₱64.9 million (88.0%) respectively due to 6.2% increase in sales amount, lower selling expenses versus last year, and increase in non-operating income by 1,150.9% versus last year.

FINANCIAL POSITIONS

▪ September 30, 2019 vs. March 31, 2019

Material Changes (+/-5% or more) in the financial statements

(in thousands)

Accounts	SEPT 2019 (Unaudited)	MARCH 2019 (Audited)	Difference (%)
Cash and cash equivalents	3,739,959	2,831,509	32.1%
Receivables	1,428,695	1,667,305	-14.3%
Inventories	1,293,892	1,637,439	-21.0%
Other current assets	155,804	127,904	22.1%
Property & equipment	1,021,439	969,014	5.4%
Investment properties	39,730	-	
Other noncurrent assets	31,320	31,324	0.0%
Accounts payable & accrued expenses	2,584,539	2,354,706	9.4%
Provision for estimated liabilities	609,900	506,323	20.46%
R/E – Unappropriated	401,038	351,505	14.1%

The Group continues to maintain its strong financial position with total assets amounting to ₱7.823 billion and ₱7.377 billion as of September 30, 2019 and March 31, 2019 respectively. Total equity amounted to ₱4.563 billion in September 30, 2019 and ₱4.513 billion as of March 31, 2019.

Net increased on cash by ₱908.5 million (32.1%) mainly to good cash conversion cycle happen during the period.

Accounts receivable decreased by ₱238.6 million (-14.3%) due to good collection efficiency especially on its export sales.

Inventories decreased by ₱343.5 million (-21.0%) mainly due to good production that translated to a high sales of Air conditioners especially on its export sales.

Net increased on other current assets by ₱27.9 million (21.8%) mainly due to creditable withholding taxes for the period.

Net increased on property, plant and equipment by ₱52.4 million due to the continuous factory renovation and upgrade of factory facilities, machineries and equipment. Total purchases for the period amounted to ₱180.6 million while total amortization of depreciation expense for the period amounted to ₱107.4 million.

Net Right of use assets valued at 39.7 million.

Net increased on accounts payable and accrued expenses by ₱229.8 million (-10.64%) mainly due to increase in various reserves by ₱259.1 million.

Provision for estimated expenses increased mainly due for product development and factory renovation.

Retained earnings – unappropriated increased by ₱49.5 million (14.1%) mainly due lower dividend declaration amounting to ₱88.7 million and high net income generated during the period.

CASH FLOWS

A brief summary of cash flow movement is shown below

<i>(In thousands pesos)</i>	2021	2020
Net cash flows provided by operating activities	466,784	676,903
Net cash flows used in investing activities	(71,811)	(31,326)
Net cash flows used in financing activities	(223,830)	(72,294)

Net cash flow from operations consists of income for the period less change in non-cash current assets, certain current liabilities and others, which include increase in inventory level.

Major component of net cash flows used in investing activities included the following:

<i>(In thousands pesos)</i>	2021	2020
Acquisitions of property, plant and equipment - net	(71,095)	(42,142)
Decrease (increase) in noncurrent other assets	(716)	2,055
Decrease (increase) in property - net	-	8,761

Major components of net cash flows used in financing activities are as follows:

<i>(In thousands pesos)</i>	2021	2020
Cash dividends paid	(221,716)	(63,307)
Payment of principal portion of lease liability	(2,114)	(8,987)

RETAINED EARNINGS

Retained Earnings in excess of 100% of paid-in capital will be declared as dividends and/or appropriated for plant expansion and modernization and upgrading of factory facilities and equipment in the future.

The appropriated retained earnings pertain to the appropriation for plant expansion and modernization and upgrade of factory facilities and equipment of the Parent Company.

OTHER MATTERS

- a. There were no material changes in estimates of amounts reported in prior interim periods of the current year or changes in estimates of amounts reported in prior financial years.

The causes for any material change from period to period of the relevant accounts were discussed in the Management's Discussion and Analysis of Financial Conditions and Results of Operation.

- b. There were no known events, trends, and demands, commitments or uncertainties that might affect or might have a material impact on the Company's liquidity or cash flows within the next twelve (12) months, except those stated in Management's Discussion and Analysis of Financial Conditions and Results of Operations.
- c. There were no known events that will trigger direct or contingent financial obligation that is material to the Group, including any default or acceleration of an obligation and there were no changes in contingent liabilities and contingent assets since the last annual balance sheet date.
- d. There were no material off-balance sheet transactions, arrangements, obligations and other relationship of the Parent Company with unconsolidated entities or other persons created during the reporting period.
- e. The Company has commitments for capital expenditures. Among these are investments on relocation and renovation of its head office and branch premises, acquisition and repairs of machinery and equipment, furniture and fixtures, and IT-related projects needed to bring the Company at par with competitors.
- f. There were no known trends, events or uncertainties that have had or that are reasonably expected to have a favorable or unfavorable impact on net sales or revenues or income from continuing operation.
- g. There were no significant elements of income or loss that did not arise from the Company's continuing operations.
- h. There were no seasonal aspects that have had a material effect on the Company's financial condition or results of operations.

The COVID-19 pandemic had impact to the Group's operation for the first quarter. However, the Group is determined to realize a better scenario and to regain momentum, not only on sales growth but a positive operating profit.

The Group is continuously assessing and monitoring the impact to its financial position, performance and cash flows. The Group will continue to monitor the situation.

PART II – OTHER INFORMATION

NOT APPLICABLE

SIGNATORIES

Pursuant to the requirements of the Securities Regulation Code, Panasonic Manufacturing Philippines Corporation has duly caused this report to be signed on its behalf by the following persons in their capacities stated below in Taytay, Rizal on November 12, 2021.

PANASONIC MANUFACTURING PHILIPPINES CORPORATION

By:



SATOSHI KONO

Treasurer, OIC & Executive Director



MA. VIRGINIA AREVALO

Compliance Officer

**PANASONIC MANUFACTURING PHILIPPINES
CORPORATION AND SUBSIDIARY**

CONSOLIDATED FINANCIAL STATEMENTS

**As of September 30, 2021 (Unaudited) and March 31, 2021 (Audited)
And for the Six Months ended September 30, 2021 and 2020 (Unaudited)**

PANASONIC MANUFACTURING PHILIPPINES CORP. & SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(In Thousand Pesos)

	(Unaudited) September 30, 2021	(Audited) March 31, 2021
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	₱3,914,371	₱3,743,228
Receivables - net (Notes 5)	1,315,840	1,476,639
Inventories - net (Note 6)	1,735,109	1,741,172
Other current assets (Note 8)	150,783	142,544
Total Current Assets	7,116,103	7,103,583
Non-current Assets		
Property, plant and equipment - net (Note 7)	940,633	972,342
Right of use Assets - net	10,035	12,350
Deferred tax assets - net	127,188	127,188
Other assets - net (Note 8)	22,805	22,430
Total Non-current Assets	1,100,661	1,134,310
	₱8,216,764	₱8,237,893
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable and accrued expenses (Notes 9)	₱2,731,349	₱2,889,647
Income tax payable	-	-
Other current liabilities (Note 10)	78,793	76,686
Finance lease liability	3,312	4,361
Total Current Liabilities	2,813,454	2,970,694
Noncurrent Liability		
Provisions for estimated liabilities (Note 10)	580,164	335,209
Retirement liability (Note 10)	122,445	122,445
Finance lease liability	6,219	7,284
Total Noncurrent Liabilities	708,828	464,938
	3,522,282	3,435,632
Stockholders' Equity		
Equity attributable to equity holders of the parent		
Capital stock - ₱1 par value (Note 11)	422,718	422,718
Additional paid-in capital	4,780	4,780
Other comprehensive income	(124,187)	(124,187)
Retained earnings (Note 12)		
Appropriated	3,892,400	3,842,400
Unappropriated	425,316	583,016
	4,621,027	4,728,727
Non-controlling interest	73,455	73,534
Total Stockholders' Equity	4,694,482	4,802,261
	₱8,216,764	₱8,237,893

See accompanying Notes to Financial Statements.

PANASONIC MANUFACTURING PHILIPPINES CORP. & SUBDIARY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2021 & 2020
(In Thousand Pesos except Earnings per Common Share Amount)

	UNAUDITED			
	Apr-Sept 2021	Apr-Sept 2020	Jul-Sept 2021	Jul-Sept 2020
NET SALES	₱5,569,526	₱4,460,002	₱2,640,248	₱2,849,190
COST OF GOODS SOLD (Note 15)	4,680,175	3,661,540	2,243,102	2,250,793
GROSS PROFIT	889,351	798,462	397,146	598,397
SELLING EXPENSES (Note 16)	(232,184)	(215,915)	(103,661)	(142,064)
GENERAL AND ADMINISTRATIVE EXPENSES	(500,413)	(464,335)	(243,868)	(257,399)
INCOME FROM OPERATIONS	156,754	118,213	49,617	198,934
OTHER INCOME – Net (Note 19)	20,081	(10,463)	10,997	(8,578)
INCOME BEFORE INCOME TAX	176,835	107,750	60,614	190,356
PROVISION FOR INCOME TAX	62,822	60,692	28,784	7,360
NET INCOME FOR THE PERIOD	₱114,012	₱47,057	₱31,830	₱182,996
OTHER COMPREHENSIVE INCOME				
TOTAL COMPREHENSIVE INCOME	₱114,012	₱47,057	₱31,830	₱182,996
Attributable to:				
Equity holders of the parent	₱114,016	₱46,461	₱31,823	₱182,717
Minority interest	(4)	596	7	279
Earnings Per Share (Note 21)	₱0.27	₱0.11	₱0.08	₱0.07

See accompanying Notes to Financial Statements.

PANASONIC MANUFACTURING PHILIPPINES CORP. & SUBSIDIARY
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the Six Months Ended September 30, 2021, 2020 and 2019
(In thousand pesos)

	SEPTEMBER (UNAUDITED)		
	2021	2020	2019
CAPITAL STOCK (Note 11)	₱422,718	₱422,718	₱422,718
ADDITIONAL PAID-IN CAPITAL	4,780	4,780	4,780
Net Unrealized Gain on AFS	699	626	3,825
Re-measurement Loss on Retirement	(124,886)	(149,173)	(84,755)
Liability			
RETAINED EARNINGS (Note 12)			
Appropriated:			
Balance at beginning of period	3,892,400	3,792,400	3,742,400
Appropriations			
Reversals			
Balance at end of period	3,892,400	3,792,400	3,742,400
Unappropriated:			
Balance at beginning of period	583,016	318,788	351,505
Total comprehensive income	114,016	46,461	138,269
Appropriations	(50,000)	-	-
Cash dividends	(221,716)	(63,307)	(88,736)
Balance at end of period	425,316	301,942	401,038
	4,621,027	4,373,293	4,143,438
Minority interest	73,455	73,354	72,712
Total Stockholders' Equity	₱4,694,482	₱4,446,647	₱4,562,718

See accompanying Notes to Financial Statements.

PANASONIC MANUFACTURING PHILIPPINES CORP. & SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Six Months Ended September 30, 2021 and 2020
(In thousand pesos)

(UNAUDITED)	SEPTEMBER	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	₱176,835	₱107,750
Adjustments for:		
Depreciation and amortization (Note 18)	106,065	121,065
Loss on equipment disposal	(605)	
Interest income (Note 17)	(6,324)	(7,602)
Net movement for estimated liabilities	247,062	123,928
Operating income before working capital changes	523,033	345,142
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Receivables	160,799	(146,012)
Inventories	6,063	266,018
Other current assets	(8,239)	(66,037)
Increase (decrease) in:		
Accounts payable and accrued expenses	(158,374)	330,882
Net cash generated in operations	523,282	729,993
Income taxes paid	(62,822)	(60,692)
Interests received	6,324	7,602
Net cash provided by (used in) operating activities	466,784	676,903
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of property and equipment –net	(71,095)	(42,142)
Decrease (increase) in Lease Property	-	7,719
Decrease (increase) in Lease Liability	-	1,043
Decrease (increase) in other assets	(716)	2,055
Net cash used in investing activities	(71,811)	(31,326)
CASH FLOW FROM FINANCING ACTIVITIES		
Cash dividends paid	(221,716)	(63,307)
Finance lease liabilities paid	(2,114)	(8,987)
Cash used in financing activities	(223,830)	(72,294)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
	171,143	573,282
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		
	3,743,228	2,945,350
CASH AND CASH EQUIVALENTS AT END OF PERIOD		
	₱3,914,371	₱3,518,632

See accompanying Notes to Financial Statements.

PANASONIC MANUFACTURING PHILIPPINES CORP. & SUBSIDIARY
SELECTED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

Panasonic Manufacturing Philippines Corporation (the Parent Company) was incorporated in the Philippines on May 14, 1963 and is a subsidiary of Panasonic Corporation (PC or the Ultimate Parent Company) which was incorporated in Japan on December 15, 1935. The Securities and Exchange Commission (SEC) approved on March 19, 2013 the extension of Parent Company's corporate life for another 50 years or until May 15, 2063. The Parent Company holds 40.0% interest in Precision Electronics Realty Corporation (PERC or the Subsidiary), over which the Parent Company has the control over the Subsidiary.

On February 20, 2019, Republic Act No. 11232, otherwise known as the "Revised Corporation Code of the Philippines" or "RCC", was signed into law. The RCC took effect on February 23, 2019. The corporate term of a corporation with certificate of incorporation issued prior to the effectivity of the RCC and which continue to exist, shall be deemed perpetual upon the effectivity of the RCC, without any action on the part of the corporation. As of February 23, 2019, the Group is deemed to have selected a perpetual term.

The Parent Company is a manufacturer, importer and distributor of electronic, electrical, mechanical, electro-mechanical appliances, other types of machinery, parts and components, battery and other related products bearing the "Panasonic" brand. The Subsidiary is in the business of realty brokerage and leases out the land to the Parent Company in which the latter's manufacturing facilities are located (see Note 7).

The Parent Company's registered address is Ortigas Avenue Extension, Barrio Mapandan, Barangay San Isidro, Taytay, 1920, Rizal.

2. Summary of Significant Accounting and Financial Reporting Policies**Basis of Preparation**

The accompanying consolidated financial statements of the Parent Company and the Subsidiary (collectively referred to as the "Group") have been prepared on a historical cost basis, except for financial assets at fair value through other comprehensive income (FVOCI) that have been measured at fair value and inventories that have been measured at lower of cost or net realizable value (NRV). The accompanying consolidated financial statements are presented in Philippine peso (₱), which is also the Parent Company's functional currency. The functional currency of PERC is also the Philippine peso. All values were rounded to the nearest peso except when otherwise indicated.

Statement of Compliance

The accompanying consolidated financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs).

Basis of Consolidation

The consolidated financial statements include the financial statements of the Parent Company and PERC, a subsidiary which it controls.

All inter-company balances, income and expenses are eliminated in full.

Noncontrolling interest represents the interest in PERC not held by the Parent Company.

Control is achieved when the Parent Company is exposed, or has rights, to variable returns from its involvement with the Subsidiary and has the ability to affect those returns through its power over the Subsidiary.

Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Standards Issued but not yet Effective

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Company does not expect that the future adoption of the said pronouncements will have a significant impact on its financial statements. The Company intends to adopt the following pronouncements when they become effective.

Effective in fiscal year 2021

- Amendments to PFRS 9, PFRS 7, PFRS 4 and PFRS 16, *Interest Rate Benchmark Reform – Phase 2*

Effective beginning on or after January 1, 2022

- Amendments to PFRS 3, *Reference to the Conceptual Framework*
- Amendments to PAS 16, *Plant and Equipment: Proceeds before Intended Use*
- Amendments to PAS 37, *Onerous Contracts – Costs of Fulfilling a Contract*
- *Annual Improvements to PFRSs 2018-2020 Cycle*
 - Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*
 - Amendments to PFRS 9, *Financial Instruments, Fees in the '10 per cent' test for derecognition of financial liabilities*
 - Amendments to PAS 41, *Agriculture, Taxation in fair value measurement*

Effective beginning on or after January 1, 2023

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*
- PFRS 17, *Insurance Contracts*

Deferred effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

3. Summary of Significant Accounting and Financial Reporting Policies

The preparation of the consolidated financial statements in compliance with PFRS requires the Group to make judgments, estimates and assumptions that affect reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and contingent liabilities. Future events may occur which can cause the assumptions used in arriving at those estimates to change. The effects of any changes in estimates will be reflected in the consolidated financial statements as they become reasonably determinable.

Judgments, assumptions and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4. Cash and Cash Equivalents

This account consists of: (in thousand)

	(Unaudited) September 2021	(Audited) March 2021
Cash on banks	₱1,137,871	₱1,126,221
Cash equivalents	2,776,500	2,617,008
	₱3,914,371	₱3,743,229

5. Receivables

This account consists of: (in thousands)

	(Unaudited) September 2021	(Audited) March 2021
Trade		
Domestic	₱1,055,350	₱1,253,152
Export	118,189	132,916
Non-trade		
Related parties	30,315	63,183
Third parties	115,509	3,392
Employees	4,383	4,708
Others	2,445	31,560
	1,326,191	1,488,911
Less: allowance for doubtful accounts	10,351	12,272
	₱1,315,840	₱1,476,639

6. Inventories

This account consists of: (in thousands)

	(Unaudited) September 2021	(Audited) March 2021
At NRV:		
Finished goods and merchandise	₱-	₱947
At cost:		
Finished goods and merchandise	888,788	1,054,961
Raw materials	790,594	630,876
Goods in-process	16,333	11,664
Supplies	39,394	42,724
	1,735,109	1,740,225
	₱1,735,109	₱1,741,172

7. Property, Plant and Equipment

This account consists of (Php1,000):

As of September 30, 2021	Land and Improvements	Factory Machinery, Equipment and Tools	Building and Improvements	Office Furniture, Fixtures and Equipment	Transportation Equipment	Construction in Progress	Total
Cost							
Balance at beginning of period	P236,029	P2,062,269	P1,233,298	P192,279	P146,703	P54,437	P3,925,015
Acquisitions		22,068	13,991	4,175	2,882	27,979	71,095
Retirements/disposals			-	-	(3,009)		(3,009)
Reclassification		39,146	-	-	-	(39,146)	-
Balances at end of period	236,029	2,123,483	1,247,289	196,454	146,576	43,270	3,993,101
Accumulated Depreciation And Amortization							
Balance at beginning of period	P2,851	P1,762,026	P886,961	P180,829	P120,006	-	P2,952,673
Depreciation (Note 18)		67,674	25,755	4,458	5,522		103,409
Retirements/disposals		-	-	-	(3,614)	-	(3,614)
Reclassification		-	-	-	-	-	-
Balances at end of period	2,851	1,829,700	912,716	185,287	121,914	-	3,052,468
Net Book Value							
(Unaudited) September 2021	P233,178	P293,783	P334,573	P11,167	P24,662	P43,270	P940,633
(Audited) March 2021	P233,178	P302,480	P345,837	P9,712	P26,697	P54,438	P972,342

8. Other Current Assets and Other Assets

These accounts consist of the following: (Php 1,000)

	September 2021	March 2021
Other current assets		
Creditable withholding taxes (CWTs)	97,222	P91,598
Prepaid expenses	44,217	48,531
Advances to suppliers and employees	12,844	5,915
Tax credit certificate (TCC)	-	-
	154,283	146,044
Less: Allowance for probable loss	3,500	3,500
	P150,783	P142,544
Other assets		
Deposits	P18,382	P17,788
Deferred input VAT	1,473	1,350
Financial assets at FVOCI	1,659	1,660
Software	1,291	1,632
	P22,805	P22,430

The composition and movements of Intangible Assets - software follow:

	September 2021	March 2021
Cost		
Balances at beginning of year	₱110,099	₱110,099
Additions	-	-
Balances at end of year	110,099	110,099
Accumulated amortization		
Balances at beginning of year	108,467	107,464
Amortization (Note 20)	341	1,003
Balances at end of year	108,808	108,467
Net book value	₱1,291	₱1,632

Software is included under "Other assets" account in the consolidated statements of financial position. Amortization of software cost is included in the "Depreciation and amortization" account under general and administrative expenses in profit or loss.

9. Accounts Payable, Accrued Expenses and Provisions for Estimated Liabilities

Accounts payable consists of:

	September 2021	March 2021
Trade payable		
Related parties	₱408,939	₱443,414
Third parties	358,186	404,534
Non-trade payable		
Related parties	145,784	129,272
Third parties	2,895	5,799
Accrued expense		
Third parties	1,750,720	1,829,377
Related parties	3,914	21,340
Others		
Advances from customers	33,026	41,200
Dividends payable	-	5
Output VAT	27,885	14,706
	₱2,731,349	₱2,889,647

Trade accounts payable are non-interest-bearing and are generally on 30- to 60- day terms. Other accrued expenses include withholding taxes and utilities.

Accrued expense to third parties consists of:

	September 2021	March 2021
Accrued advertising expenses and sales promotions	₱1,096,188	₱998,430
Payable to suppliers	606,657	785,946
Accrued freight expenses	25,737	17,581
Salaries and other employee benefits	22,138	27,420
	₱1,750,720	₱1,829,377

10. Retirement and Other Liabilities

This account consists of:

	September 2021	March 2021
Current		
Other liabilities		
Provisions for estimated liabilities	₱78,793	₱76,686
Noncurrent		
Other liabilities		
Provisions for estimated liabilities	₱557,541	₱314,429
Other long-term employee benefits	22,623	20,780
	580,164	335,209
	₱658,957	₱411,895

Provisions for estimated liabilities

Current and noncurrent portion of this account follows:

	September 2021	March 2021
Current		
Warranty claims	₱78,793	₱76,686
Noncurrent		
Warranty claims	13,350	12,993
Others	544,191	301,436
	557,541	314,429
	₱636,334	₱391,115

The roll-forward of this account follows:

	September 2021		
	Warranty Claims	Others	Total
Balances at beginning of year	₱89,679	₱301,436	₱391,115
Provisions	24,148	2,034	26,182
Claims/usage/reclassifications	(21,684)	240,721	219,038
Balances at end of year	₱92,143	₱544,191	₱636,334

	March 2021		
	Warranty Claims	Others	Total
Balances at beginning of year	₱101,319	₱301,729	₱403,048
Provisions	32,225	(13,003)	19,222
Claims/usage/reclassifications	(43,865)	12,710	(31,155)
Balances at end of year	₱89,679	₱301,436	₱391,115

Provisions for warranty claims are recognized for expected warranty claims on products sold, based on past experience of the level of repairs and returns.

Provision for other estimated liabilities consists of provisions for discounts and other liabilities.

11. Capital Stock

Details of capital stock follow:

	Par Value	Shares Authorized	Amount	Shares Issued and Outstanding	Amount
Class A	₱1	169,400,000	₱169,400,000	84,723,432	₱84,723,432
Class B	1	677,600,000	677,600,000	337,994,588	337,994,588
		847,000,000	₱847,000,000	422,718,020	₱422,718,020

- a. The Class A shares of stock can be issued to Philippine nationals only, while the Class B shares of stock can be issued to either Philippine or foreign nationals. As of September 30, 2021, all Class B shares are issued to foreign nationals only. The Group's Class A shares of stock are listed in the Philippine Stock Exchange.
- b. Below is the summary of the Parent Company's track record of registration of securities under the Securities Regulation Code (SRC):

Date	Number of Shares	Issue Price
January 21, 1983	44,100,000	₱1
July 14, 1986	74,042,783	1
January 16, 1992	104,988,723	1

As of September 30, 2021, the total number of shares registered under the SRC is 84,723,432 shares being held by 458 stockholders.

The Parent Company declared cash dividends amounting to ₱221.7 million and ₱63.3 million in the first semester of fiscal year 2021 and 2020, respectively.

12. Retained Earnings

- a. On September 18, 1990, the Parent Company entered into a Merger Agreement with National Panasonic (Phils.) Inc. (NPPI), a related party and the exclusive distributor of the "National" brand of electronic products. The terms and conditions of the merger, as set forth in the Articles of Merger which was approved by the SEC on October 29, 1990, include, among others, the transfer by NPPI to the Parent Company, being the surviving corporation, of all its assets, liabilities and business on the same date. The transaction was accounted for using the pooling of interests method.

The retained earnings inherited from NPPI before the effectivity of the merger amounting to ₱64.7 million are included in the consolidated statement of financial position under "unappropriated retained earnings". Such is not available for distribution to stockholders in the form of cash or property dividends. Based on the SEC guidelines and after considering this adjustment, the retained earnings available for dividend declaration as of March 31, 2021 and 2020 amounted to ₱418.0 million and ₱150.1 million, respectively.

In 2021 and 2020, the consolidated retained earnings include the retained earnings of PERC amounting to ₱42.4 million, which are not available for dividend declaration.

- b. On April 22, 2021 the Parent Company's BOD authorized and directed the reversal of the appropriated retained earnings amounting to ₱814.5 million. On the same date, the BOD authorized the appropriation of retained earnings amounting to ₱864.5 million, having a total of appropriated retained earnings amounting to ₱3.8 billion of which ₱3.6 billion represents the reinstatement of the previous appropriations for in-plant production of plastic and metal parts, the Group's change of IT System and other future projects of the Parent Company, while the additional ₱221.4 million appropriations represents appropriations for expansion of warehouses to cope with business growth and the replacement and upgrading of old machines, molds and dies and other expected undertakings to expand production including target increase in B2B sales volume. Several projects of the Parent Company that were expected to be completed in 2021 were delayed. These projects are expected to be completed by 2030.
- c. On April 14, 2020, the Parent Company's BOD authorized and directed the reversal of the appropriated retained earnings amounting to ₱798.8 million. On the same date, the BOD authorized the appropriation of retained earnings amounting to ₱848.8 million, having a total of ₱3.8 billion of which ₱3.2 billion represents the reinstatement of the previous appropriations for in-plant production of plastic and metal parts, Group's change of IT System and other future projects of the Parent Company, while the additional ₱530.0 million appropriations represents appropriations for expansion of warehouses to cope with business growth and the replacement and upgrading of old machines, molds and dies and other expected undertakings to expand production including target increase in B2B sales volume. These projects are expected to be completed by 2030.
- d. On March 29, 2019, the Parent Company's BOD authorized and directed the reversal of the appropriated retained earnings amounting ₱724.6 million. From the total appropriations of ₱3.7 billion as of March 31, 2019, ₱3.3 billion represents the reinstatement of the previous appropriations for in-plant production of plastic and metal parts, Group's change of IT System and other future projects of the Parent Company, while the additional ₱382.8 million appropriations represents appropriations for replacement and upgrading of old machines, molds and dies and other future projects and activities intended to boost B2B sales as growth engine. These projects are expected to be completed by 2024.
- e. The Parent Company's BOD declared cash dividends as follows:
- ₱221.7 million – 52.45% cash dividend on May 20, 2021 to stockholders of record as of June 4, 2021 and paid on June 25, 2021 (₱0.5245 per share).
- ₱63.1 million – 14.98% cash dividend on May 7, 2020 to stockholders of record as of May 21, 2020 and paid on May 29, 2020 (₱0.1498 per share).
- ₱88.7 million – 20.99% cash dividend on April 22, 2019 to stockholders of record as of May 7, 2019 and paid on May 24, 2019 (₱0.2099 per share).
- f. No subsequent event after September 30, 2021.

13. Cost of Goods Sold

This account consists of: (in thousand pesos)

	September (Unaudited)	
	2021	2020
Material costs	₱2,332,307	₱1,899,712
Direct labor (Note 18)	123,680	114,734
Manufacturing overhead:		
Indirect labor (Note 18)	104,945	92,088
Depreciation and amortization (Note 20)	92,069	100,133
Product and development cost	44,987	26,251
Electricity, gas and water	28,729	21,378
Repairs and maintenance	16,651	11,741
Traveling	15,119	16,687
Indirect materials	15,019	13,394
Supplies	9,854	7,274
Outsourcing	9,348	8,862
Insurance	6,521	4,091
Provision for obsolescence of materials	2,618	683
Rent	2,263	3,434
Taxes and dues	1,725	1,907
Others	1,830	3,636
Total manufacturing overhead	351,678	311,561
	2,807,665	2,326,007
Goods in process:		
Beginning of period	11,664	14,435
End of period	(14,364)	(9,155)
Cost of goods manufactured	2,804,965	2,331,286
Finished goods and merchandise:		
Beginning of period	1,055,908	1,002,859
Add purchases – net	1,708,090	1,202,681
End of period	(888,788)	(875,286)
	₱4,680,175	₱3,661,540

14. Selling Expenses

This account consists of: (in thousand pesos)

	September (Unaudited)	
	2021	2020
Selling		
Sales commission, promotion, and discounts	₱172,089	₱179,729
Advertising	49,280	31,498
Freight	7,068	1,120
Provision for warranty costs	3,747	3,568
	₱232,184	₱215,915

15. General and Administrative Expenses

This account consists of: (in thousand pesos)

	September (Unaudited)	
	2021	2020
General and Administrative		
Salaries, wages and employees'	₱188,135	₱177,373
Technical assistance fees	97,183	81,077
Brand license fees	39,112	30,463
Information processing expenses	31,049	30,437
Taxes and dues	29,922	23,527
Outsourcing	23,050	24,448
Depreciation and amortization (Note 18)	13,997	20,932
Rent	11,174	7,960
Insurance	9,935	9,549
Traveling	9,623	6,118
Allocated Cost-Regional Headquarter	7,589	6,107
Repairs and maintenance	4,857	2,893
Supplies	4,214	4,892
Communication	4,203	2,340
Provision for other estimated liabilities	2,034	1,661
Electricity, gas and water	1,440	6,780
Freight and storage	1,392	1,120
Others	21,504	26,658
	₱500,413	₱464,335

16. Personnel Expenses

Details of personnel expenses are as follows: (in thousand pesos)

	September (Unaudited)	
	2021	2020
Compensation	313,795	292,845
Other benefits	27,531	24,845
18Retirement and severance	17,526	16,422
Other salaries (OJT)	57,446	50,084
	₱416,298	₱384,196

17. Other Income (Expenses)

This account consists of: (in thousand pesos)

	September (Unaudited)	
	2021	2020
Interest income	₱6,324	₱7,602
Scrap sales	5,413	2,362
Foreign exchange losses – net	405	(28,604)
Miscellaneous expense – net	7,939	8,177
	₱20,081	(₱10,463)

18. Depreciation and Amortization Expenses

Details of depreciation and amortization expenses are as follows: (in thousand pesos)

	September (Unaudited)	
	2021	2020
Cost of goods sold (Note 13)	₱92,069	₱100,133
Operating expenses (Note 15)	13,997	20,932
	₱106,066	₱121,065

19. Earnings Per Share

Earnings per share amounts were computed as follows:
(in thousand pesos except for Earnings per share)

	September (Unaudited)	
	2021	2020
Comprehensive net income after tax (a)	₱114,012	₱47,057
Weighted average number of common shares (b)	422,718	422,718
Earnings per share (a/b)	₱0.27	₱0.11

20. Reporting Segments

For management purposes, the Group's business segments are grouped in accordance with that of Parent Company's (PC) lines of business, which are grouped on product basis follow: GCMS (Global Consumer Marketing Sector), SNC (System Network and Communication) and others. Under this structure, each business domain will integrate its research and development, manufacturing and sales, thereby establishing an autonomous structure that expedites business operations to accelerate growth.

Products under each business segment are as follows:

Consumer - This segment includes audio, video primarily related to selling products for media and entertainment industry. This also includes home appliance and household equipment primarily related to selling for household consumers.

System Solutions Group (SSG) - This segment includes office automation equipment such as telecommunication products, security system and projectors primarily related to selling for business consumers.

Others - This segment includes supermarket refrigeration such as cold room, showcases and bottle coolers primarily related to selling to supermarkets and groceries. This also includes solar panel which is primarily a project-based selling.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements. However, current and deferred taxes are managed on a group basis and are not allocated to operating segments.

The Group's segment information for the periods ended September 30, 2021 and 2020 are as follows (in thousands):

Six Months ended September 30, 2021 vs. 2020 (Unaudited)

2021					
	Consumer	SSG	Others	Adjustments/ Eliminations	Total
Consolidated Statement of Comprehensive Income					
Net sales	P5,407,935	P73,657	P87,934	P-	P5,569,526
Cost of goods sold (Note 13)	(4,550,928)	(55,060)	(74,188)	-	(4,680,176)
Selling expenses (Note 14)	(253,411)	(1,630)	22,857	-	(232,184)
General and administrative expenses (Note 15)	(464,636)	(12,854)	(22,923)	-	(500,413)
Other income - net (Note 17)	28,820	-	(8,738)	-	20,082
Income before income tax	<u>P167,780</u>	<u>P4,113</u>	<u>P4,942</u>	<u>P-</u>	176,835
Provision for income tax					62,822
Net income					<u>P114,012</u>
2020					
	GCMS	SNC	Others	Adjustments/ Eliminations	Total
Consolidated Statement of Comprehensive Income					
Net sales	P4,314,590	P70,353	P75,059	P-	P4,460,002
Cost of goods sold (Note 13)	(3,514,681)	(59,533)	(87,326)	-	(3,661,540)
Selling expenses (Note 14)	(233,993)	(1,700)	19,778	-	(215,915)
General and administrative expenses (Note 15)	(449,466)	(13,646)	(1,223)	-	(464,335)
Other income - net (Note 17)	14,849	(370)	(24,942)	-	(10,463)
Income before income tax	<u>P131,300</u>	<u>(P4,896)</u>	<u>P(18,654)</u>	<u>P-</u>	107,750
Provision for income tax					60,692
Net income					<u>P47,057</u>

21. Subsequent Events

None

22. Financial Risk Management Objectives and Policies

Risk management structure

All policy directions, business strategies and management initiatives emanate from the BOD which strives to provide the most effective leadership for the Group. The BOD endeavors to remain steadfast in its commitment to provide leadership, direction and strategy by regularly reviewing the Group's performance. For this purpose, the BOD convenes at least once a month.

The Group has adopted internal guidelines setting forth matters that require BOD approval. Under the guidelines, all new investments, any increase in investment in businesses and any divestments require BOD approval.

The Group's principal financial instruments consist of cash and cash equivalents, receivables and AFS investments. The main purpose of these financial instruments is to raise finances for the Group's operations. The Group has various other financial instruments such as, accounts payable and accrued expenses, dividends payable and technical assistance fees payable which arise from normal operations.

The main risks arising from the Group's financial instruments are credit risk, liquidity risk and market risk. The Group also monitors the market price risk arising from all financial instruments.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur financial loss. With respect to credit risk arising from financial assets of the Group, which comprise of cash and cash equivalents, receivables, financial assets at FVOCI and other assets, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of the instrument.

The Group manages credit risk by assessing the creditworthiness of its counterparties. The Group trades only with recognized, creditworthy third parties. It is the Group's practice that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis.

As of September 30, 2021 and 2020, the Group does not hold collateral or other credit enhancement for cash and cash equivalents, receivables and refundable Meralco deposits (included in other noncurrent assets). Thus, carrying values represent maximum exposure to credit risk. The Group acquired credit insurance for its domestic trade receivables, which covers both fully secured and partially secured receivables. Other than for domestic trade receivables, the Group's maximum exposure to credit risk is equivalent to the carrying value of the Group's financial assets as of September 30, 2021 and 2020.

Risk concentrations of the maximum exposure to credit risk

Concentrations arise when a number of counterparties are engaged in similar business activities or activities in the same geographic region or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographical location. Such credit risk concentrations, if not properly managed, may cause significant losses that could threaten the Group's financial strength and undermine public confidence.

Liquidity Risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through collection of receivables and cash management. Liquidity planning is being performed by the Group to ensure availability of funds needed to meet working capital requirements.

Overall, the Group's funding arrangements are designed to keep an appropriate balance between equity and debt to give financing flexibility while continuously enhancing the Group's business.

Market Risk

Market risk is the risk to earnings or capital arising from adverse movements in factors that affect the market value of financial instruments. The Group manages market risks by focusing on two market risk areas such as foreign currency risk and equity price risk.

Foreign currency risk

Exposure to currency risk arises from sales and purchases in currencies other than the Parent Company's functional currency. Foreign currency risk is monitored and analyzed systematically and is managed by the Group. The Group ensures that the financial assets denominated in foreign currencies are sufficient to cover the financial liabilities denominated in foreign currencies.

As of September 30, 2021 and March 31, 2021, the foreign currency-denominated financial assets and financial liabilities in original currencies and their Philippine Peso (PHP) equivalents are as follows:
(in thousands)

	September 2021		
	USD	JPY	Equivalents in PHP
Financial assets			
Cash in banks and cash equivalents	4,622	2,922	237,052
Receivables – net	2,448	-	124,849
	7,070	2,922	361,901
Financial liabilities			
Accounts payable and accrued expenses	6,668	53,497	364,435
	March 2021		
	USD	JPY	Equivalents in PHP
Financial assets			
Cash in banks and cash equivalents	13,818	5,253	672,867
Receivables – net	3,831	463	186,140
	17,649	5,716	859,007
Financial liabilities			
Accounts payable and accrued expenses	12,761	28,385	631,760

Equity Price Risk

The Group's exposure to equity price pertains to its investments in quoted shares of the Parent Company which are classified as FVOCI in the consolidated statements of financial position. Equity price risk arises from the changes in the level of equity indices and the value of individual stocks traded in the stock exchange.

Fair Value Measurement

The methods used by the Group in estimating the fair value of its assets and liabilities follow:

Cash and cash equivalents, receivables and other assets

Carrying amounts of cash in banks, cash equivalents and receivables maturing within twelve (12) months are assumed to approximate their fair values. This assumption is applied to liquid assets and the short-term elements of all other financial assets.

Financial assets at FVOCI

Fair values are based on quoted prices published in the markets.

Accounts payable and accrued expenses

Carrying amounts of accounts payable and accrued expenses approximate their fair values due to the short-term nature of the transactions.

PANASONIC MANUFACTURING PHILIPPINES & SUBSIDIARY
AGING OF ACCOUNTS RECEIVABLE
As of September 30, 2021

	Amount (Php1,000)
Trade Receivables:	
Current Due	1,162,806
01 – 30 days	7,974
31 – 60 days	2,122
61 – 90 days	170
Over 90 days	467
	1,173,539
Less: Allowance for doubtful accounts	(10,351)
Total	1,163,188
Other Receivables:	
Receivable from affiliates	30,315
Third parties	115,509
Employees	4,383
Others	2,445
	152,652
Total	1,315,840