

**Panasonic**

**PANASONIC MANUFACTURING  
PHILIPPINES CORPORATION**

**FISCAL YEAR**

**2021**

**ANNUAL REPORT**

**FY2021 ended March 31, 2022**



# Panasonic

## *Our Company, Our Commitment*

Panasonic Manufacturing Philippines Corporation (PMPC) is a manufacturer, importer and distributor of electronic, electrical, mechanical, electro-mechanical appliances, other types of machines, parts and components, battery and related products bearing the brand name, "Panasonic". PMPC, which is a subsidiary of Panasonic Holdings Corporation (PHD) Japan is the first Filipino-Japanese joint venture operation in the area of consumer electronics in the country. The primary products manufactured by the Company are refrigerators, air conditioners, washing machines, and electric fans.

In October 2003, the Company ceased using "National" brand and unified the branding of all its products under the Panasonic brand. PMPC has a wide base of sales and service distribution centers strategically located at key municipalities, cities, and provinces all over the Philippines.

In 2011, PHD made Panasonic Electrics Works Co., Ltd. (PEW) and SANYO Electric Co., Ltd. wholly owned subsidiaries. Consequently, with the said integration, PEW-Philippines and SANYO-Philippines ceased their existence as independent companies in the country. However, some of PEW operations with products under Life-solutions like solar panel business and other devices, as well as SANYO's commercial refrigeration businesses among others were integrated into the business operation of PMPC's Sales Division, Panasonic Philippines (PPH) effective April 1, 2012.

On March 19, 2013, the Securities and Exchange Commission (SEC) approved the extension of PMPC's corporate life for another 50 years or until May 15, 2063.

In 2021, PMPC marked the initial year of its business operation under the umbrella of Panasonic Living Appliances and Solutions (LAS) Company.

In celebrating its golden anniversary in 2017, PMPC renewed its commitment to operate with dedication and continuing growth along with its corporate mission as a gesture of its gratitude to the continuing support of its loyal customers, business partners, and the communities where it operates, looking forward to the future with confidence, and focusing its efforts and resources in serving both the customers and society.

PMPC, as part of Panasonic Group recognizes that the primary role of its business is to serve society in return for the use of its resources, and thus devoting its business activities to the progress and development of society and the well-being of the people. This commitment serves as guidance for the Company in carrying out its operation and corporate activities, particularly during this time of pandemic.

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# Financial Highlights

FISCAL YEARS 2021, 2020, & 2019

## TOTAL OPERATIONS

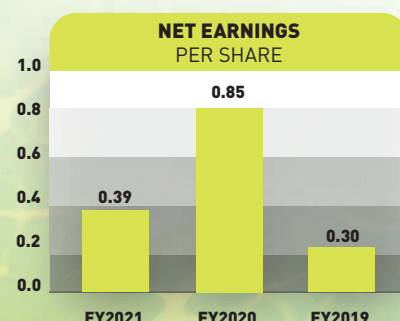
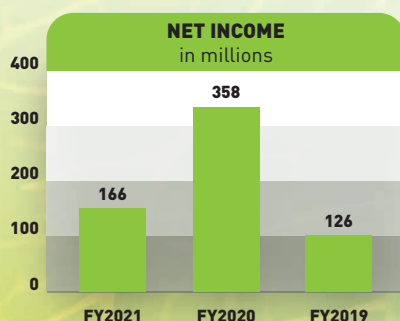
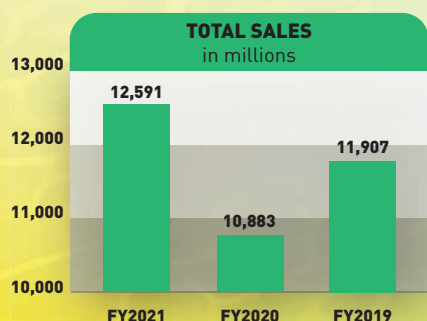
	F.Y.2021	F.Y.2020	F.Y.2019
<b>NET SALES</b>	<b>12,590,533,901</b>	<b>10,883,095,262</b>	<b>11,906,948,322</b>
<b>NET INCOME AFTER TAX</b>	<b>165,532,439</b>	<b>358,015,592</b>	<b>126,456,220</b>
<b>ATTRIBUTE TO:</b>			
Equity Holders of the Parent Company	165,526,543	357,239,514	126,066,914
Minority Interest	5,896	776,078	389,306
<b>EARNINGS PER SHARE</b>	<b>0.39</b>	<b>0.85</b>	<b>0.30</b>
<b>TOTAL EQUITY</b>	<b>4,754,881,995</b>	<b>4,802,260,909</b>	<b>4,485,251,641</b>
<b>BOOK VALUE PER SHARE</b>	<b>11.25</b>	<b>11.36</b>	<b>10.61</b>
<b>WORKING CAPITAL (EOY) (CURRENT ASSETS - CURRENT LIABILITIES)</b>	<b>4,166,392,570</b>	<b>4,132,888,427</b>	<b>3,677,364,787</b>
<b>CURRENT ASSETS RATIO</b>	<b>2.23</b>	<b>2.39</b>	<b>2.50</b>

## CASH DIVIDENDS

**2021** - 24.89% regular Cash Dividend. Declaration date: May 20, 2022 ; Recorded June 4, 2022

**2020** - 52.45% regular Cash Dividend. Declaration date: May 20, 2021 ; Recorded June 4, 2021

**2019** - 14.98% regular Cash Dividend. Declaration date: May 7, 2020 ; Recorded May 30, 2020



# Message to our Stockholders

Our Company's business operation in fiscal year (FY) 2021 ended March 31, 2022, turned out to be another challenging year, which was the second year of the coronavirus disease 2019 (COVID-19). The virus continued to surge in various places in the Philippines wherein lockdowns remained for the most part of the year along with the emergence of new variants that up to the end of our FY2021. The prolonged pandemic has had a great impact on the various aspects of our lives, and in our ways of doing business at PMPC. We are still facing disruptions of supply chain, shortage of semiconductors, increase in the price of raw materials, and more recently the conflict between Russia and Ukraine with oil prices soaring to record highs.


The first month of our FY2021 business operation alone was greeted with the re-imposition of the modified enhanced community quarantine (MECQ) in the National Capital Region (NCR) Plus resulting from the emergence of new COVID-19 variants. Despite of the lockdown, I would like to acknowledge the dynamism of the members of our PMPC Family whose collaborative efforts and devotedly executing our activities in the various areas of our operation helped much in sustaining our corporate existence. Our business performance in FY2021 was another manifestation of our commitment, our corporate mission to serve society, as we recorded a favorable total sales performance of 12.6 billion pesos or 116 percent of the 10.9 billion pesos generated in FY2020. Consequently, although it turned out to be lower than our performance in FY2020, we must be thankful that we still managed to yield a net profit of 166 million pesos after tax.

As we look forward to a brighter future, in FY2022, we shall reflect and clearly demonstrate our Panasonic Group-wide purpose of pursuing an ideal society with affluence both in matter and mind in our corporate activities and programs along the challenge of our new Brand Slogan, "Live Your Best". This expresses Panasonic Group's guiding principle to devote itself to the well-being of people through business activities and by supporting customers to achieve happiness and their best in today's changing world. We, PMPC, need to change and adopt customer value that would truly meet customers' need. Thus, we shall be exerting our best effort to stay competitive in the 'new normal' initiating new strategies and new practices that are in accordance with our management philosophy, continuously delivering something of value and contribution to society.

We do have a lot of work to do. On behalf of the Members of the Board, as I express my utmost gratitude to all our customers, business partners, shareholders, and to all the members of our PMPC Family for being with us on this journey of realizing an ideal society, where people can live with both emotional happiness and physical affluence, I would like also to ask for your continued support, trust, confidence, and loyalty.

Thank you, and please stay safe and healthy.

Sincerely,

  
Yasushi Kondo  
President





# FY2021 Operational Highlights

## Overcoming challenges to thrive in the 'new normal'

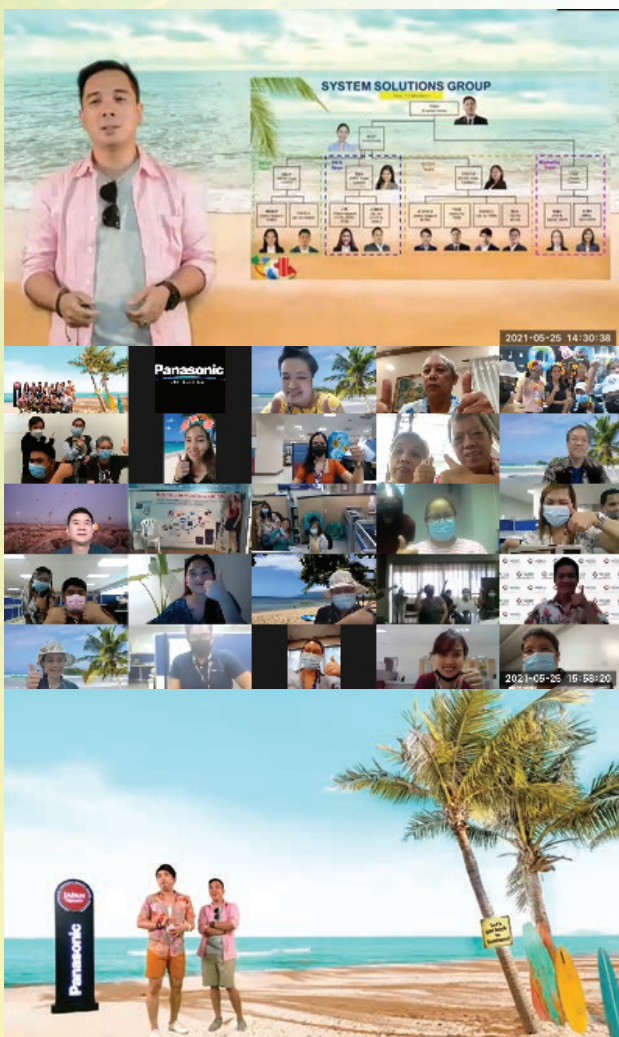
2021 was another year of unprecedented challenges amid the threats of the persisting pandemic and natural disasters. Likewise, the year witnessed the rise of Bayanihan spirit as manifested by the sudden engenderment of community pantries in the country. And such Filipino values had been foremost among the members of PMPC Family as they painstakingly worked together to overcome the challenges of the times in their continuing commitment to thrive...

## ... through responsible management

Despite lockdowns, which lingered for the most part of the year with two waves of COVID-19 that impaired the country's economy and business activities, the top management utilized PMPC's learning experiences to harness its capacity and capability in overseeing the Company's operation for the year in review. Thus, PMPC was able to carry out its numerous activities and programs geared toward recovery and continuing growth.

One of the manifestations of the Company's responsible management was the granting of the Authorized Economic Operator (AEO) Level 1 Accreditation as importer and exporter to PMPC by the Bureau of Customs (BOC) in April. PMPC becomes the second company to be granted with such accreditation under BOC's AEO program. The said program was launched by BOC in December 2019 to comply with the country's commitment to the World Customs Organization's SAFE Framework of Standards to Secure and Facilitate Global Trade.

PMPC underwent ISO27001 re-certification audit in April, which was conducted via remote format using MS Teams and mobile phone camera for checking of physical location.



In May, the Company held System Solutions Group's 2021 Kickoff Event (On The Wave) via Zoom to discuss the status of sales for FY 2021 as well as the announcement of the Group's upcoming plans and activities for the said fiscal year.

PMPC upgraded its IT hardware and software that are prone to security breaches, and had a mandatory deployment of Endpoint Detection and Response for significant PC and Remote Work PC in September.

Aimed at improving customer handling and offering seamless customer experience with Panasonic, PMPC held on-line the 2021 "Customer's Handling Competition, in which Mega Calapan was declared Champion.

PMPC held its Annual Stockholders' Meeting via Microsoft Teams in July. Despite the imposition of the enhanced community quarantine (ECQ) to mitigate the spike in COVID-19 cases, it was reported that PMPC was blessed to have generated favorable gains higher than what was posted in FY2019 after implementing various measures to reduce its operation cost.

The Company provided support for shop renovation and signages, including Marjon Cool in Zamboanga, New Whitelines in Puerto Princesa, Naces in Iloilo, and JRH in Pagadian.

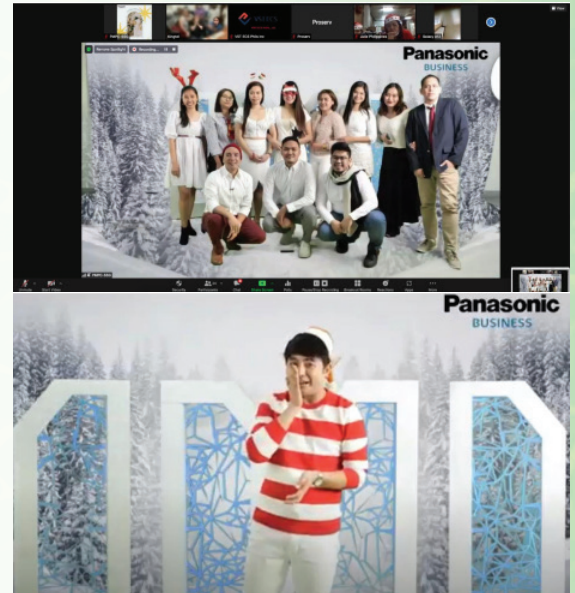
Various activities related to environment, health, and safety were held throughout the fiscal year, including the testing of groundwater, lifting equipment, and elevators. It also conducted safety cross assessment, and fire drill.



In December, the Company held System Solutions Group's Dealers Night 2021 to show gratitude to the dealers for being Panasonic partners for years, as well as to announce new product updates, promos, and business plan. At the end of the event, the participants commended the Group for the smoothness of the event as they look forward to the next face-to-face physical event with Panasonic Team.

In accordance with SEC Memorandum Circular No. 20, Series of 2013, all PMPC directors (both resident and non-resident including independent directors), corporate secretary, compliance officer, and key officers of the Company participated in the "Executive Briefing on Digital Transformation and Risk Management" conducted last January via Microsoft Teams.

Last March, on separate occasions, the Department of Labor and Employment and the Bureau of Fire Protection visited PMPC for plant inspection.



Aside from the business meetings and reviews with its business partners, PMPC through PPH attended their various activities such as Du Ek Sam - Balangiga Branch Blessing and Grand Opening (May); Emcor Legaspi New Store Opening (June); Grand Opening of Savers Appliances - North Caloocan Branch (June); Grand Opening of Abenson - Antipolo (July); Tarlac Mac - Paniqui Branch Opening (October); Re-opening of Automatic Center - Glorietta (November); face to face product orientation with Savers Appliances (November); Echo Appliance - Danao New Store Opening (December); and Imperial Appliance - Mandalagan, Bacolod City Store Opening just last March.

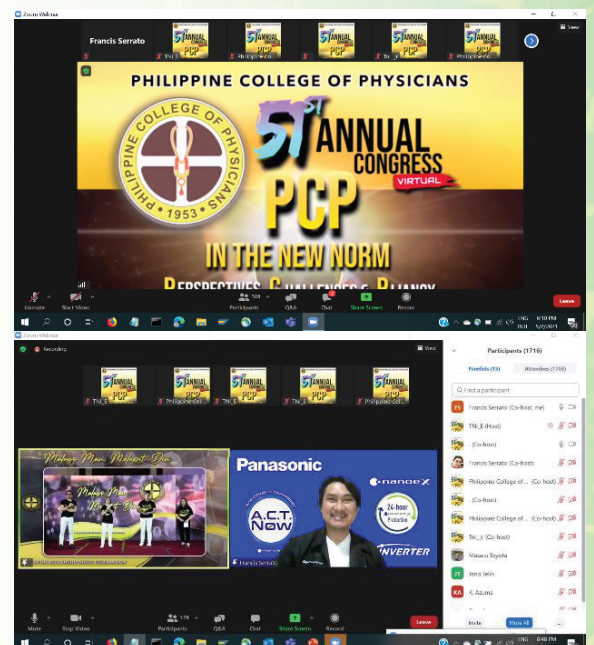
Highlighting agreements on general salary increase and other loan-related requirements, the newly elected officers of the Company's Workers Union together with PMPC Management led by PMPC President Yasushi Kondo held the CBA Signing Ceremony last March. "The signing of our CBA today is truly a manifestation not only of our collective wisdom, but also of our continuing commitment to promote industrial peace along with our mission to serve society," Mr. Kondo said during the event.

*... through promoting and offering products that care*

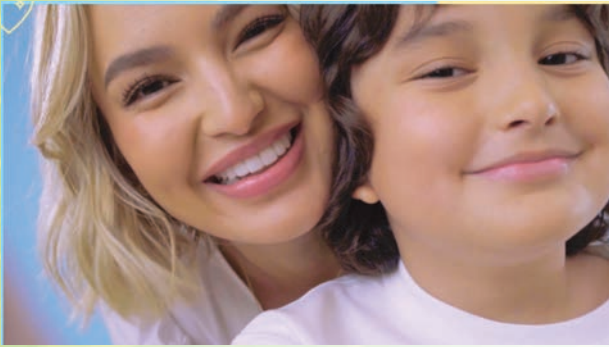
With the continued challenges of the pandemic, PMPC has become more aggressive in offering products that could respond to the real need of customers along with the Company's commitment to serve society and truly contribute to the well-being of people.

The advent of the pandemic restricted people in so many ways but it accelerated the growth of Digital Marketing. Even with the limitations brought upon by the pandemic, Panasonic PH Facebook Page was able to reach 1 million Facebook followers in April, which was a big achievement as Facebook is the main digital platform where Panasonic connects with consumers.

In May, PMPC through Panasonic Air Conditioning Philippines (PACPH) joined the Philippine College of Physicians 51st Annual Congress, which was attended by about 3,000 doctors. Consequently, PACPH launched the new 3D QAFL Air Solution Virtual Showroom for doctors, which is a 3D Panasonic AC Showroom with Full Product Line up & nanoe™ X technology.







During the first quarter of the fiscal year in review, Naomi Osaka was presented as the newest Brand Ambassador of Panasonic Group. In the Philippines, Sarah Lahbati-Gutierrez and her son, Zion Gutierrez served as the newest brand ambassador of Panasonic. Likewise, PMPC extended its contract with Gary Valenciano, continuing its years-long partnership with him.

The Company's Summer Playhouse FB Live was released in May to promote its Refrigerator and Air Conditioners and maximize audience engagement by airing a show that is appealing, fun and exciting, while also communicating the key product benefits. The episode featured Camille Prats and daughter in a makeshift lab at home as they conduct exciting experiments, highlighting the featured products' key benefits and features, which registered 1,162,390 in terms of the number of people reached.

Part of its commitment to stay connected with consumers even during the pandemic, the Company broadcasted 5 Facebook lives for Electric Fan, Air Purifier, Portable nanoe X Generator, Air Conditioner, Refrigerator, and Washing Machine. The FB lives garnered a total of 8.1M reach, 1.2M engagement, and 986K live views. The lives provided entertainment and connection with consumers, as well as gateway to explain product benefits and features in a fun, interactive way.

As the pandemic limited the Company's marketing efforts to the digital space, it launched several digital campaigns from April to June 2021. The first one for the fiscal year was the Maalagang Summer campaign, aimed at promoting Panasonic products suitable for the Summer Season, specifically Refrigerator, Air Conditioners, Electric Fans, and Air Purifiers. The campaign accumulated a total of 33M in reach, 6.5M in views, and 778K engagement.

To educate the consumers in a clear and easy to understand way, the Company launched a mini nanoe™ technology campaign from May to December, featuring a comic-type execution that showed different scenarios on how nanoe™ technology-equipped products can benefit consumers. And with Panasonic's unique nanoe™ technology's features and benefits, the campaign was implemented to bring strong awareness to nanoe™ as the hero of the new normal. Even with a very technical feature, the campaign resonated well with the audiences as it generated a total of 2.6M reach, 357K clicks, and 268K engagements.

The onboarding of brand ambassadors Sarah Lahbati-Gutierrez and son Zion Gutierrez also heralded the start of the #CareWins campaign in June, replacing the previous #AlagangPanasonic campaign. This campaign highlights the embrace of brand limitations and turning them into core strengths. Panasonic as the care champion walks the talk when it comes to caring for the Filipino family, through its superior products and features. The campaign had a total of 39M reach, 1.8M engagements, and 12M views, all fared far better than the previous year's numbers.





PMPC adopted Panasonic Regional Digital Campaign's Sharing the Passion, which ran in July. It is an activity that aimed to present Panasonic values and connect to people's lives especially when spaces have become more individualized now. The campaign featured influencers' resources and connected followers to come together to overcome challenges and share passion for things/moments/people who matter to them. Based on a survey, the overall recall score for the campaign was 44%-50%, with a click through rate of 76%-82%. The campaign garnered a positive response from the consumers, directly having a positive impact to Panasonic brand image.

In July, Moms' Saturdate FB live was implemented to promote our Panasonic Split Type & Window Type Air Conditioners by showcasing a fun, relatable, and refreshing show that can resonate to busy moms while also communicating the key product benefits of Panasonic Air Conditioners. It featured Camille Prats as the host with guest Momfluencers, Ciara Magallanes and Isha Borromeo, having a relaxing afternoon catching up as they share their mom experiences and conducting exciting games that highlights Panasonic Air Conditioners' product benefits and features.

Complementing the Company's continued naming sponsorship at the Panasonic Manila Fashion Festival Season 12, PMPC did also a digital campaign in its Panasonic Beauty Philippines Facebook page, the #MakeYourDay Campaign, which was officially launched in June. To highlight the edge of Panasonic Beauty over its competitors, the campaign content brought focus on the main hero products: Hair Straightener, Hair Dryer, and Facial Steamer Panasonic Beauty, and explored with different types of posts – from product-centric to promotional to testimonials by beauty experts, effectively gaining engagement from followers. The campaign garnered a total of 4.9M reach, 139K engagements, and 21K page Likes.

During Lazada's Mega Campaigns, like 6.6, 9.9, 11.11, 12.12 and its 10th birthday sale, the Company likewise ran ads to promote the buying of Panasonic products in Lazada, and also in Shopee at the latter part of the year. eCommerce platforms have been gaining some ground in terms of consumer buying journey and preference in obtaining products and services.

The Company engaged the Home Buddies Admin or "Mayora," Frances Cabatuando in creating a post, which streamed in July promoting the Panasonic air conditioner in her workspace, highlighting the benefits of health-saving nanoe™X technology unique to Panasonic, and how it gives her a peace of mind at home while doing her work.

Aside from sushi bake, Dalgona coffee, being a Plantita, and other things that claimed fame during the year was the Facebook Community Home Buddies. Members share their home improvement and appliances ideas, tips, and recommendations in the page. And Panasonic became one of the most-recommended brands in the community, especially its Refrigerators and Washing Machines. Hinging on this fame, the Company did some activities to keep up with the momentum, and had its Washing Machine Promo, Air Conditioner post, and the 9.9 Shopee X Home Buddies Live.

To highlight the next normal in Panasonic air conditioners with nanoe-X technology that inhibits the Novel Coronavirus by 91.4% in 8 hours and 99.7% in 24 hours in a 6.7 m2 space,







Panasonic held in August a Zoomposium (Panasonic vs Pandemic) in partnership with the Philippine Hospital Association attended by 335 participants and 11 panelists.

On the other hand, the Company's Never Stop Caring Christmas Campaign went back to the Panasonic Circle of Wellness that answers the needs of consumers and giving them hope, inspiring lasting care through meaningful and impactful initiatives. The campaign, which lasted from October to December had generated a total of 89.5M reach, 23.6M engagement, and 1.2M website visits, far surpassing last year's campaign.

## ... through people development

Continuously mindful of Panasonic Founder Konosuke Matsushita's belief that no matter how perfectly formed the organization of an enterprise, or how new or effective the methods it has adopted, "without people who can make the best use of them, performance will not improve and the enterprise will not fulfill its mission," PMPC carried on its commitment to develop its employees, and helping them to adapt to the new normal.

ISM Basic Training Refresher Course was conducted in April for all regular employees to remind them of the importance of information security, basic concept, and everyday rules.

PMPC through Panasonic Air-Conditioning Philippines (PACPH) conducted a year-round webinar for AC Promoters, Full-Bag Promoters, Employees, ACS Dealers, and Consultants along with the aim of addressing issues related to customers education, effective after sales, increasing sales, and beating the competition. Four sessions were conducted for promoters, 13 for ACS dealers, and 1 for MM dealers.

In line with the Company's safety and health activities on the prevention of accidents on forklifts, PMPC held its Forklift Safety Seminar with limited participants per site due to adhere to MECQ protocol.

Reinforcement of safety education were also implemented aside from the safety and health orientation by conducting process safety orientation to ensure that workers understand the hazards related to his assigned work area. Other programs that were carried out during the fiscal year in review, included the Orientation for Contractors and New Employees, Chemical Safety Training, and on environmental awareness, such as the Panasonic Solar Lamp Craft Workshop.

PMPC participants attended the 5-month Marketing Business Seminar organized and designed by CMD/PAPMAP HR for the Philippines to develop champion marketers by providing them with a systematic and practical marketing, allowing them to learn the whole picture of marketing that will serve as foundation when assuming higher positions in the future.

From May to July, PMPC participants joined the FY21 CMD/PAPMAP HR Initiative on Competency-based Talent Development program, which was designed based on the notion that in order to improve business value and organization to reach the goal of its core, it should enable its "talents," aligning with the business strategy through HR system.

In July, all PACPH members conducted the training for Learning Management System (LMS) exclusive for Air Conditioner. PMPC management attended the MD/DMD seminar for APAC, China, North East Asia through on-line. PMPC also joined the Cost Itakona WG Training aimed at strengthening product cost and improving the product values facilitated by Manufacturing Innovation Centre, Panasonic Asia Pacific Pte Ltd. (PA-MIC) via MS Teams.

In November, accounting members from PMPC and PIDPH attended via Microsoft Teams the Practical Seminar for Local Accountants facilitated by Mr. Yoichi Takarada and Mr. Masahiro Hagiwara of Panasonic Financial & HR Professional Partners Co.,Ltd. It was focused on presenting and discussing "Panasonic Way of Accounting and General Accounting".

Towards the end of the last quarter of the fiscal year in review, transition training programs were conducted for the candidates for promotion to provide them prerequisite modules in preparation for their expected new roles. Aside from taking the Basic Business Philosophy module, candidates for promotion to supervisory level had to attend courses on Internal Audit Basics, PDCA, and Interpersonal Communications. On the other hand, candidates for promotion to managerial level and above were required to attend the Company's courses on Rediscovering PLOC, as well as the Leadership Challenge.



## ... through corporate citizenship activities

In FY2021, as the Company pursued its business goals, it also took the initiative to carry on its corporate citizenship programs and activities with the combined efforts of all the members of PMPC Family, committed to contribute to make the lives of people better along with the vision of a sustainable society and a better world.

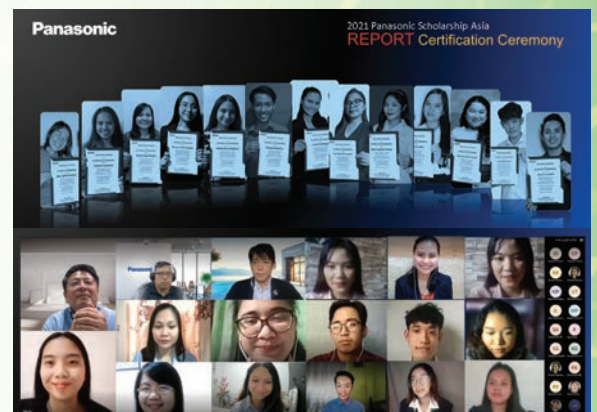
Along with its mission and vision as a company, Panasonic continued to advocate cleaner and fresher air for life. In October, the Company partnered with well-known universities, hospitals, vaccination sites, and local governments aimed at bringing back the Filipino smile to these communities, donated nanoe™ technology-powered appliances like Air Purifiers, Air Conditioners, and Portable nanoe™ X Generators. It has always been Panasonic's objective to provide cleaner and quality air for each and every community. In this time of need, the installation of nanoe™ X technology not only turned the company's vision into a reality but has been amplifying the safety and welfare of people affected by the novel coronavirus in high-traffic areas that include vaccination sites, hospitals, and schools.

In November, PMPC through Panasonic System Solutions Team provided Projector to the Aeta community to be used for their worship, activities, and events in their area in Zambales. As they expressed their gratitude to Panasonic, the aetas were very happy as they can watch now on the big screen, all activities, and events that they will have. They were truly amazed of how bright the images even in daytime. The Team also provided some loot bags to the aetas that contains giveaways.

Along with the spirit of volunteerism consistent with PMPC's continuing commitment to serve society, PMPC employees raised funds through their voluntary pledges for the victims of Typhoon Odette, which is said to be one of the world's strongest typhoons of 2021. The amount generated through the said donation drive was matched by PMPC and coursed through the Department of Social Welfare and Development (DSWD), which is the primary government agency mandated to develop, implement, and coordinate social protection and poverty-reduction solutions for and with the poor, vulnerable and disadvantaged.

Panasonic Scholarship Asia (PSA) through PMPC awarded scholarship to 13 students from different state universities. The Awards Ceremony, which was held in December via Teams was attended by Panasonic Management, School Representatives, and distinguished guests. In his closing remarks, PMPC President Yasushi Kondo emphasized the role of Panasonic in contributing to the welfare of society and how the students as future leaders can contribute to nation-building. In the Philippines, the Panasonic scholarship program is administered by PMPC and offers financial assistance to promising students, who have difficulty receiving higher education particularly for economic reasons, but highly motivated to contribute to the country's progress and development.

FY2021 was another tough year to remember with pride for PMPC's conviction to continuously overcome challenges and thrive along with Panasonic Group's guiding principle to devote to the well-being of people through business activities, and by supporting customers in achieving happiness in this ever-changing world.







**Panasonic<sup>®</sup>**

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Philippines Corporation**

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To learn more about Panasonic Products please visit:

**[www.panasonic.com/ph](http://www.panasonic.com/ph)**