

## Page 1 of 33

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**www.panasonic.com/ph**

**(632) 8635-2260 to 65**

N/A

463

### 3<sup>rd</sup> Friday of July

**March 31<sup>st</sup>**

## Imelda Garcia

**imelda.garcia@ph.panasonic.com**

**(632) 8635-2260**

**(+63) 917  
8112175**

**Ortigas Avenue Extension, Bo. Mapandan, San Isidro, Taytay, Rizal**

**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 June 30, 2022

2. SEC Identification Number 23022

3. BIR Tax Identification No. 000-099-692-000

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, Bo. Mapandan  
Brgy. San Isidro, Taytay, Rizal  
Address of principal office

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
<u>Common shares, ₱1.00 par value</u>	
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.

**As of June 30, 2022, 84,723,432 common shares are listed with the Philippine Stock Exchange (“PSE”).**

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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 (PMP) and its Subsidiary, Precision Electronics Realty Corporation (PERC) as of and for the period ended June 30, 2022 (with comparative figures as of March 31, 2022 and period ended June 30, 2021 & 2020) 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 2022 Apr – Jun	FY 2021 Apr – Jun
1. Rate of Sales Increase	$\frac{\text{CY}^{(b)} \text{ Sales} - \text{LY}^{(c)} \text{ Sales}}{\text{LY Sales}} \times 100\%$	<b>27.9%</b>	81.9%
2. Rate of Profit Increase	$\frac{\text{CY Profit Before Tax} - \text{LY Profit Before Tax}}{\text{LY Profit Before Tax}} \times 100\%$	<b>-74.9%</b>	240.7%
3. Rate of Profit on Sales	$\frac{\text{Profit Before Tax}}{\text{Total Sales}} \times 100\%$	<b>0.8%</b>	4.0%
4. Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$	<b>2.41:1</b>	2.48:1
5. Dividend Ratio to Capital	$\frac{\text{Dividend}}{\text{Average Capital}} \times 100\%$	<b>24.85%</b>	52.45%

Rate of Sales Increase - This measures the sales growth versus the same period last year. For the first quarter of 2022, the Group sales increased by 27.9% from ₱ 2.929 billion last year to ₱3.745 billion.

Rate of Profit Increase - This measures the increase in profit before tax versus the same period last year. Rate of profit decreased by -74.9 % mainly due to increase in material cost and administrative expense.

Rate of Profit on Sales - This measures the percentage of profit before tax versus total sales for the period. Rate of profit decreased to 0.8% from 4.0% of the same quarter last year.

Current Ratio - This measures the liquidity of the Group and its ability to pay off current liabilities. The Company registered current ratio of 2.41:1 as of June 30, 2022 and 2:48:1 as of June 30, 2021.

Dividend Ratio to Capital - This measures the dividend payout ratio versus capital for the period. The Group paid 24.85% and 52.45% cash dividend for the 1<sup>st</sup> quarter of 2022 and 2021, respectively.

**THREE MONTHS ENDED JUNE 30, 2022 vs. 2021****RESULTS OF OPERATION****Material Changes (+/-5% or more) in the financial statements (*in thousands*)**

<b>Accounts</b>	<b>JUNE 2022 (Unaudited)</b>	<b>JUNE 2021 (Unaudited)</b>	<b>Difference (%)</b>
Sales	3,745,476	2,929,279	27.9%
Cost of sales	3,278,633	2,437,074	34.5%
Gross profit	466,843	492,205	-5.2%
General administrative expenses	295,478	256,545	15.2%
Selling expenses	158,666	128,523	23.5%
Other income / (loss) – net	16,448	9,084	81.1%
Income before tax	29,147	116,221	-74.9%
Income tax expense	16,675	34,038	-51.0%
Income after tax	12,472	82,183	-84.8%

Consolidated sales for the first quarter of FY 2022 rose by 27.9% to ₱3.745 billion from ₱2.929 billion posted in the same period last year. Growth in sales was mainly due to higher demand on export for inverter window air conditioner with nanoe-x due to increasing COVID-19 cases in Hong Kong, top load fully automatic washing machine good sales performance and increase in demand for refrigerator because of customers upgrading their unit. This year's level of restrictions was lessened due to increasing percentage of vaccination restoring business for commercial establishments thereby improving sell-out at shopfront in addition to sales generation from e-commerce. There was a disruption in the operation for both sales and production on the first quarter of last year brought by Covid-19 outbreak and the imposition of enhance community quarantine in key cities.

Cost of sales increased by ₱841.6 million due mainly to increase in sales and material cost consumption by ₱536 million, purchases of raw materials ₱182.0 million and direct and indirect labor cost by ₱18.9 million mainly due to increase of production during the period.

Gross profit decreased by -5.15% due mainly to significant increase in cost of sales ratio by 4.3% compared to last year due to increase in price of raw materials, peso devaluation and airfreight on importation.

General administrative expenses increased by ₱38.9 million (15.2%) mainly due to provision for technical assistance fee ₱65.7 million and brand license fee ₱25.1 million for the quarter which were based on sales performance.

Selling expenses increased by ₱30.1 million (23.5%) mainly due to increase in sales promotion by ₱19.0 million and advertising expense by ₱8.3 million.

Net non-operating income increased by ₱7.4 million was the result of a favorable change in the exchange rate used during the first quarter of this year.

Income tax expense decreased in amount was due to decrease in income before tax as compared to last year by -74.9%

The Group's net income before and after tax decline by -₱87.1 million and -₱69.7 million respectively was due to increase in cost of sales ratio versus last year.

## FINANCIAL POSITIONS

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

Accounts	JUNE 2022 (Unaudited)	MARCH 2022 (Audited)	Difference (%)
Cash and cash equivalents	2,977,504	3,162,894	-5.9%
Receivables	1,828,541	1,766,394	3.5%
Inventories	2,329,274	2,479,419	-6.1%
Other current assets	145,301	139,774	3.9%
Property & equipment	899,590	891,797	0.9%
Right of use assets	6,561	7,719	-15.0%
Other noncurrent assets	22,114	23,167	-4.5%
Accounts payable & accrued expenses	2,930,410	3,292,655	-11.0%
Provision for estimated liabilities	568,154	385,253	47.5%
R/E – Unappropriated	384,369	476,836	-19.4%

The Group's total assets as of June 30, 2022 amounted to ₱8.332 billion reduced by ₱272.3 million from ₱8.604 billion as of March 31, 2022 mainly due to decrease in cash and cash equivalent and inventories. Total equity amounted to ₱4.662 billion in June 30, 2022 and ₱4.755 billion as of March 31, 2022.

Net decrease in cash by ₱185.4 million (-5.9%) mainly due to decrease in accounts payable and accrued expenses by 362.2 million (-11%).

Accounts receivable increased by ₱62.1 million (3.5%) due to increase in sales for the period that will due next month.

Inventories decreased by ₱150.1 million (-6.1%) mainly due to decrease in finished goods and merchandise production for the first quarter.

Net increase in other current assets by ₱5.5 million (3.9%) mainly due to increase in creditable withholding taxes by ₱12.6 million.

Property, plant and equipment – net decreased by -₱7.8 million due to depreciation expenses incurred for the period. Total purchases amounted to ₱44.1 million while total amortization of depreciation expense amounted to ₱46.3 million.

Net Right of use assets valued at ₱6.6 million lower by ₱1.2 million was due to depreciation for the first quarter of 2022.

Net decrease in accounts payable and accrued expenses by ₱362.2 million (-11.0%) mainly due to decrease in trade payable by ₱241.7 million.

Provision for estimated expenses increased by ₱182.9 million mainly due for reserves for price risk and overhead expenses.

Retained earnings – unappropriated decreased by -₱92.5 million mainly due to the payment of cash dividend amounted to ₱105.2 million. Net income for the period recorded at ₱12.8 million.

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

<b>Accounts</b>	<b>JUNE 2021 (Unaudited)</b>	<b>JUNE 2020 (Unaudited)</b>	<b>Difference (%)</b>
Sales	<b>2,929,279</b>	1,610,812	<b>81.9%</b>
Cost of sales	<b>2,437,074</b>	1,410,747	<b>72.8%</b>
Gross profit	<b>492,205</b>	200,065	<b>146.0%</b>
General administrative expenses	<b>256,545</b>	206,936	<b>24.0%</b>
Selling expenses	<b>128,523</b>	73,851	<b>74.0%</b>
Other income / (loss) – net	<b>9,084</b>	-1,885	<b>581.9%</b>
Income before tax	<b>116,221</b>	-82,606	<b>240.7%</b>
Income tax expense	<b>34,038</b>	53,332	<b>-36.2%</b>
Income after tax	<b>82,183</b>	-135,939	<b>160.5%</b>

Consolidated sales for the first quarter of FY 2021 rose by 81.85% to ₱2.929 billion from ₱1.611 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 ₱1.026 billion due mainly to increase in sales, and material cost consumption by ₱703 million, purchases of raw materials ₱539.0 million and direct and indirect labor cost by ₱30.6 million mainly due to increase of production during the fiscal year.

Gross profit increased by 146.0% due mainly to significant increase in sales compared to last year.

General administrative expenses increased by ₱49.61 million (24.0%) mainly due to provision for technical assistance fee ₱26.5 million and brand license fee ₱12.1 million for the quarter which were based on sales performance.

Selling expenses increased by ₱54.7 million (74.0%) mainly due to increase in sales promotion by ₱46.7 million and advertising expense by ₱5.0 million.

Net non-operating income increased by ₱11.0 million was the result of a favorable change in the exchange rate used during the first quarter of this year.

Income tax expense decreased 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 improvement by ₱198.83 million and ₱218.1 million respectively was due to 81.9% increase in sales achievement and lower cost of sales ratio versus last year.

## FINANCIAL POSITIONS

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

Accounts	JUNE 2021 (Unaudited)	MARCH 2021 (Audited)	Difference (%)
Cash and cash equivalents	3,510,507	3,743,229	-6.2%
Receivables	1,503,516	1,476,639	1.8%
Inventories	1,818,993	1,741,172	4.5%
Other current assets	129,784	142,544	-8.9%
Property & equipment	966,366	972,342	-0.6%
Right of use assets	11,192	12,350	-9.4%
Other noncurrent assets	22,244	22,430	-0.8%
Accounts payable & accrued expenses	2,723,339	2,889,647	-5.8%
Provision for estimated liabilities	549,057	391,115	40.4%
R/E – Unappropriated	393,494	583,016	-32.5%

The Group's total assets amounted to ₱8.090 billion and ₱8.238 billion as of June 30, 2021 and March 31, 2021 respectively. Total equity amounted to ₱4.675 billion in June 30, 2021 and ₱4.802 billion as of March 31, 2021.

Net decrease in cash by ₱232.7 million (-6.2%) mainly due to 81.9% sales achievement for the quarter caused by Enhance Community Quarantine (ECQ) nationwide due to covid19 pandemic.

Accounts receivable increased by ₱26.9 million (1.8%) due to extended collection due date and no-payment of customers during ECQ.

Inventories increased by ₱77.8 million (4.5%) mainly due to increase in finished goods and merchandise production for the first quarter.

Net decrease in other current assets by ₱12.8 million (-8.9%) mainly due the recognition of expenses for the three months ended June 30, 2021 charged to prepaid expenses.

Property, plant and equipment – net decreased by ₱6.0 million due to depreciation expenses incurred for the period. Total purchases amounted to ₱44.0 million while total amortization of depreciation expense amounted to ₱50.3 million.

Net Right of use assets valued at ₱11.2 million – net of depreciation for the first quarter of 2021.

Net decrease in accounts payable and accrued expenses by ₱166.3 million (-5.8%) mainly due to decrease in trade payable by ₱89.3 million.

Provision for estimated expenses increased by ₱157.9 million mainly due for reserves for price risk and overhead expenses.

Retained earnings – unappropriated decreased by ₱189.5 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 ₱82.2 million.



**THREE MONTHS ENDED JUNE 30, 2020 vs. 2019****RESULTS OF OPERATION****Material Changes (+/-5% or more) in the financial statements (*in thousands*)**

<b>Accounts</b>	<b>JUNE 2020 (Unaudited)</b>	<b>JUNE 2019 (Unaudited)</b>	<b>Difference (%)</b>
Sales	<b>1,610,812</b>	3,346,706	<b>-51.9%</b>
Cost of sales	<b>1,410,747</b>	2,770,301	<b>-49.1%</b>
Gross profit	<b>200,065</b>	576,405	<b>-65.3%</b>
General administrative expenses	<b>206,936</b>	257,980	<b>-19.8%</b>
Selling expenses	<b>73,851</b>	191,336	<b>-61.4%</b>
Other income / (loss) – net	<b>-1,885</b>	10,287	<b>-118.3%</b>
Income before tax	<b>-82,606</b>	137,376	<b>-160.1%</b>
Income tax expense	<b>53,332</b>	30,137	<b>77.0%</b>
Income after tax	<b>-135,939</b>	107,239	<b>-226.8%</b>

Consolidated sales for the first quarter of FY 2020 amounted to ₱1.611 billion, decreased by ₱1.736 million (-51.87%) from ₱3.347 billion posted in the same quarter 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 ₱1.360 billion due mainly to decrease in material cost consumption by ₱690 million, purchases of raw materials ₱598.2 million and direct and indirect labor cost by ₱33.9 million mainly due to stoppage of production in April and May 2020.

Gross profit decreased by 65.3% due mainly to significant decrease in sales compared to last year.

General administrative expenses decreased by ₱51.0 million (-19.8%) mainly due to provision for technical assistance fee ₱30.0 million and brand license fee ₱14.6 million for the quarter which were based on sales performance.

Selling expenses decreased by ₱117.5 million (-61.4%) mainly due to decrease in freight and storage by ₱110.1 million due to the decline in sales and advertising expense by ₱24.9 million.

Net non-operating income decreased by ₱12.2 million (-118.3%) 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 ₱219.98 million (-160.1%) and ₱243.2 million (-226.8%) respectively was due to 51.87% decrease in sales achievement and non-operating income – net by 118.3% versus last year.

## FINANCIAL POSITIONS

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

Accounts	JUNE 2020 (Unaudited)	MARCH 2020 (Audited)	Difference (%)
Cash and cash equivalents	2,545,595	2,945,350	-13.6%
Receivables	1,746,150	1,440,043	21.3%
Inventories	1,568,845	1,654,053	-5.2%
Other current assets	181,511	91,858	97.6%
Property & equipment	1,039,701	1,072,552	-3.1%
Investment properties	7,036	10,777	-34.7%
Other noncurrent assets	25,189	25,590	-4.7%
Accounts payable & accrued expenses	2,230,062	2,365,479	-5.7%
Provision for estimated liabilities	621,228	549,250	13.5%
R/E – Unappropriated	139,274	338,836	-58.9%

The Group's total assets amounted to ₱7.260 billion and ₱7.409 billion as of June 30, 2020 and March 31, 2020 respectively. Total equity amounted to ₱4.286 billion in June 30, 2020 and ₱4.485 billion as of March 31, 2020.

Net decrease in cash by ₱399.8 million (-13.6%) mainly due to 48.13% sales achievement for the quarter caused by Enhance Community Quarantine (ECQ) nationwide due to covid19 pandemic.

Accounts receivable increased by ₱306.1 million (21.3%) due to extended collection due date and no-payment of customers during ECQ.

Inventories decreased by ₱85.2 million (-5.2%) mainly due to decrease in finished goods and merchandise as a result of production stoppage in April and May 2020.

Net increase in other current assets by ₱89.7 million (97.6%) mainly due to creditable withholding taxes for the period and excess from last year.

Net decrease on property, plant and equipment by ₱32.9 million due to move up of investment of factory facilities, machineries and equipment. Total purchases for the period amounted to ₱22.4 million while total amortization of depreciation expense for the period amounted to ₱55.3 million.

Net Right of use assets valued at 7.0 million.

Net decrease in accounts payable and accrued expenses by ₱135.4 million (-5.7%) mainly due to decrease in trade payable by ₱141.4 million due to sales and production stoppage.

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

Retained earnings – unappropriated decreased by ₱199.6 million (-58.9%) mainly due to dividend declaration amounting to ₱63.7 million and significant net loss generated during the quarter.

## CASH FLOWS

A brief summary of cash flow movement is shown below

<i>(In thousands pesos)</i>	<b>2022</b>	<b>2021</b>
Net cash flows provided by (used in) operating activities	<b>(35,866)</b>	34,350
Net cash flows used in investing activities	<b>(43,162)</b>	(44,306)
Net cash flows used in financing activities	<b>(106,362)</b>	(222,766)
Net decrease in cash and cash equivalents	<b>(185,390)</b>	(232,722)

Net cash flows used in operating activities for the quarter ended June 2022 were at -P35.9 million, net of income before income tax of P29.1 million. The decrease in operating activities were mainly due to receivables and accounts payables.

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.

Net cash flows used in investing activities included the following:

<i>(In thousands pesos)</i>	<b>2022</b>	<b>2021</b>
Additions to property and equipment - net	<b>(44,632)</b>	(44,310)
Additions to other assets	<b>1,470</b>	4
Total	<b>(P43,162)</b>	(P44,306)

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

<i>(In thousands pesos)</i>	<b>2022</b>	<b>2021</b>
Cash dividends paid	<b>(105,215)</b>	(221,716)
Finance lease liabilities paid	<b>(1,147)</b>	(1,050)
Total	<b>(P106,362)</b>	(P222,766)

## 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.

## **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 August 10, 2022.**

**PANASONIC MANUFACTURING PHILIPPINES CORPORATION**

By:

  
**ATSUSHI KOZUMA**

**Treasurer & Executive Director**

PANASONIC MANUFACTURING PHILIPPINES  
CORPORATION AND SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2022 (Unaudited) and March 31, 2022 (Audited)  
And for the Three Months ended June 30, 2021 and 2020 (Unaudited)

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

*(In Thousand Pesos)*

	(Unaudited) June 30, 2022	(Audited) March 31, 2022
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 4)	₱2,977,504	₱3,162,894
Receivables - net (Notes 5)	1,828,541	1,766,394
Inventories - net (Note 6)	2,329,274	2,479,419
Other current assets (Note 8)	145,301	139,774
Total Current Assets	7,280,620	7,548,481
<b>Non-current Assets</b>		
Property, plant and equipment - net (Note 7)	889,590	891,797
Right of use Assets - net	6,561	7,719
Deferred tax assets – net	132,673	132,673
Other assets – net (Note 8)	22,114	23,167
Total Non-current Assets	1,050,938	1,055,357
	<b>₱8,331,558</b>	<b>₱8,603,838</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses (Notes 9)	₱2,930,410	₱3,292,655
Other current liabilities	89,164	84,671
Finance lease liability	4,763	4,763
Total Current Liabilities	3,024,337	3,382,089
<b>Noncurrent Liability</b>		
Provisions for estimated liabilities (Note 10)	499,717	320,355
Retirement liability	143,991	143,991
Finance lease liability	1,374	2,521
Total Noncurrent Liabilities	645,082	466,867
	<b>3,669,419</b>	<b>3,848,956</b>
<b>Stockholders' Equity</b>		
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	(115,392)	(115,392)
Retained earnings (Note 12)		
Appropriated	3,892,400	3,892,400
Unappropriated	384,369	476,836
	4,588,875	4,681,342
Non-controlling interest	73,264	73,540
Total Stockholders' Equity	4,662,139	4,754,882
	<b>₱8,331,558</b>	<b>₱8,603,838</b>

*See accompanying Notes to Financial Statements.*

**PANASONIC MANUFACTURING PHILIPPINES CORP. & SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
For the Three Months ended June 30, 2022, 2021 & 2020

	<b>JUNE (UNAUDITED)</b>		
	<b>2022</b>	2021	2020
<b><u>CONTINUING OPERATIONS</u></b>			
<b>NET SALES</b>	<b>₱3,745,476</b>	₱2,929,279	₱1,610,812
<b>COST OF GOODS SOLD</b> (Note 13)	<b>3,278,633</b>	2,437,074	1,410,747
<b>GROSS PROFIT</b>	<b>466,843</b>	492,205	200,065
<b>SELLING EXPENSES</b> (Note 14)	<b>158,666</b>	128,523	73,851
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b> (Note 15)	<b>295,478</b>	256,545	206,936
<b>INCOME FROM OPERATIONS</b>	<b>12,699</b>	107,137	(80,722)
<b>OTHER INCOME/(LOSS) – Net</b> (Note 17)	<b>16,448</b>	9,084	(1,885)
<b>INCOME BEFORE INCOME TAX</b>	<b>29,147</b>	116,221	(82,606)
<b>PROVISION FOR INCOME TAX</b>	<b>16,675</b>	34,038	53,332
<b>NET INCOME</b>	<b>12,472</b>	82,183	(135,939)
<b>OTHER COMPREHENSIVE INCOME:</b>			
<b>Remeasurement Loss on Retirement Liability</b>	-	-	-
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>₱12,472</b>	₱82,183	(₱135,939)
<b>Attributable to:</b>			
Equity holders of the parent	<b>₱12,748</b>	₱82,194	(₱136,256)
Minority interest	<b>(276)</b>	(11)	317
<b>Earnings Per Share</b> (Note 19)	<b>₱0.03</b>	₱0.19	(₱0.32)

*(In Thousand Pesos except Earnings per Common Share Amount)*

*See accompanying Notes to Financial Statements.*



**PANASONIC MANUFACTURING PHILIPPINES CORP. & SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
*(In thousand pesos)*

	(Unaudited) June 2022	(Unaudited) June 2021	(Unaudited) June 2020
<b>Capital Stock</b> (Note 11)	<b>₱422,718</b>	<b>₱422,718</b>	₱422,718
<b>Additional Paid-in Capital</b>	<b>4,780</b>	<b>4,780</b>	4,780
Net unrealized Gains on AFS Investments	<b>989</b>	<b>699</b>	626
Re-measurement loss on Retirement liability			
	<b>(116,380)</b>	<b>(124,886)</b>	(146,866)
<b>RETAINED EARNINGS</b> (Note 12)			
Appropriated:			
Balance at beginning of period	<b>3,892,400</b>	<b>3,892,400</b>	3,792,400
Appropriations			
Reversals			
Balance at end of period	<b>3,892,400</b>	<b>3,892,400</b>	3,792,400
Unappropriated:			
Balance at beginning of period	<b>476,836</b>	<b>583,016</b>	338,836
Net income	<b>12,748</b>	<b>82,194</b>	(136,256)
Appropriations	<b>-</b>	<b>(50,000)</b>	-
Cash dividends	<b>(105,215)</b>	<b>(221,716)</b>	(63,306)
Balance at end of period	<b>384,369</b>	<b>393,494</b>	139,274
	<b>4,588,875</b>	<b>4,589,205</b>	4,212,932
Minority interest	<b>73,264</b>	<b>73,447</b>	73,074
<b>Total Stockholders' Equity</b>	<b>₱4,662,139</b>	<b>₱4,662,652</b>	₱4,286,007

*See accompanying Notes to Financial Statements.*

**PANASONIC MANUFACTURING PHILIPPINES CORP. & SUBSIDIARY****CONSOLIDATED STATEMENTS OF CASH FLOWS****For the Three Months Ended June 30, 2022 and 2021***(In thousand pesos)*

	<b>JUNE (UNAUDITED)</b>	
	<b>2022</b>	<b>2021</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	<b>₱29,147</b>	₱116,221
Adjustments for:		
Depreciation and amortization (Note 18)	<b>47,581</b>	51,626
Interest income (Note 17)	<b>(3,489)</b>	(2,935)
Net movement for estimated liabilities	<b>183,855</b>	158,863
Operating income before working capital changes	<b>257,094</b>	323,775
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Receivables	<b>(62,147)</b>	(26,877)
Inventories	<b>150,144</b>	(77,822)
Other current assets	<b>(5,527)</b>	12,760
Increase (decrease) in:		
Accounts payable and accrued expenses	<b>(362,244)</b>	(166,384)
Net cash generated in operations	<b>(22,680)</b>	65,453
Income taxes paid	<b>(16,675)</b>	(34,038)
Interests received	<b>3,489</b>	2,935
Net cash provided by (used in) operating activities	<b>(35,866)</b>	34,350
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisitions of property and equipment –net	<b>(44,632)</b>	(44,310)
Decrease (increase) in other assets	<b>1,470</b>	4
Net cash used in investing activities	<b>(43,162)</b>	(44,306)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Cash dividends paid	<b>(105,215)</b>	(221,716)
Finance lease liabilities paid	<b>(1,147)</b>	(1,050)
Cash used in financing activities	<b>(106,362)</b>	(222,766)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(185,390)</b>	(232,722)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>3,162,894</b>	3,743,229
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>₱2,977,504</b>	₱3,510,507

*See accompanying Notes to Financial Statements.*

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## PANASONIC MANUFACTURING PHILIPPINES CORP. & SUBSIDIARY

### SELECTED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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#### 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 Holdings Corporation (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.  
is Ortigas Avenue Extension, Barrio Mapandan, Barangay San Isidro, Taytay, 1920, Rizal.

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#### 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 (see Note 3).

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

Except for these new and amended standards which were adopted as of April 1, 2021, the accounting policies adopted are consistent with those of previous financial year.

The adoption of the following amendments did not have a significant impact on the consolidated financial statements of the Group:

- Amendment to PFRS 16, *COVID-19-related Rent Concessions beyond 30 June 2021*
- Amendments to PFRS 9, PFRS 7, PFRS 4 and PFRS 16, *Interest Rate Benchmark Reform – Phase 2*

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.

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#### 4. Cash and Cash Equivalents

This account consists of: (in thousand)

	(Unaudited) June 2022	(Audited) March 2022
Cash on banks	<b>₱1,823,054</b>	₱1,839,194
Cash equivalents	<b>1,154,450</b>	1,323,700
	<b>₱2,977,504</b>	₱3,162,894

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#### 5. Receivables

This account consists of: (in thousands)

	(Unaudited) June 2022	(Audited) March 2022
Trade		
Domestic	<b>₱1,403,822</b>	₱1,522,164
Export	<b>348,586</b>	173,908
Non-trade		
Related parties	<b>11,699</b>	42,435
Third parties	<b>53,838</b>	4,331
Employees	<b>4,488</b>	4,748
Others	<b>10,709</b>	24,905
	<b>1,833,142</b>	1,772,491
Less: Allowance for doubtful accounts	<b>4,601</b>	6,097
	<b>₱1,828,541</b>	₱1,766,394

## 6. Inventories

This account consists of: (in thousands)

	(Unaudited) June 2022	(Audited) March 2022
At NRV:		
Finished goods and merchandise	P-	P-
At cost:		
Raw materials	1,501,818	1,543,470
Finished goods and merchandise	774,593	878,215
Goods in-process	13,267	15,857
Supplies	39,596	41,877
	2,329,274	2,479,419
	<b>P2,329,274</b>	<b>P2,479,419</b>

## 7. Property, Plant and Equipment

This account consists of (Php1,000):

As of June 30, 2022	Land and Improvements	Factory Machinery, Equipment and Tools	Building and Improvements	Office Furniture, Fixtures and Equipment	Transportation Equipment	Construction in Progress	Right of Use of Assets	Total
<b>Cost</b>								
Balance at beginning of period	P236,029	P2,197,786	P1,250,904	P192,038	P146,729	P21,998	P13,893	P4,059,376
Acquisitions		7,495	1,208	3,591	5,647	26,133	-	44,074
Retirement and Disposals				(11,070)				(11,070)
Reclassification		11,928	-	-	-	(11,928)	-	-
Balances at end of period	236,029	2,217,209	1,252,112	184,559	152,375	36,203	13,893	4,092,381
<b>Accumulated Depreciation And Amortization</b>								
Balance at beginning of period	P2,851	P1,903,009	P937,291	P184,589	P125,945	-	P6,175	P3,159,861
Depreciation (Note 18)		29,756	12,307	1,900	2,318		1,158	47,439
Retirements/disposals		-	-	(11,070)	-	-	-	(11,070)
Reclassification		-	-	-	-	-	-	-
Balances at end of period	2,851	1,932,766	949,598	175,419	128,263	-	7,333	3,196,230
<b>Net Book Value</b>								
(Unaudited) June 2022	P233,178	P284,443	P302,514	P9,139	P24,113	P36,203	P6,561	P896,151
(Audited) March 2022	P233,178	P294,777	P313,612	P7,449	P20,784	P21,997	P7,719	P899,516

## 8. Other Current Assets and Other Assets

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

	June 2022	March 2022
Other current assets		
Creditable withholding taxes (CWTs)	P103,169	P90,593
Prepaid expenses	35,374	47,408
Advances to suppliers and employees	10,257	5,273
	148,801	143,274
Less: Allowance for probable loss	3,500	3,500
	<b>P145,301</b>	<b>P139,774</b>

forward

Other assets		
Deposits	<b>₱18,645</b>	₱19,534
Deferred input VAT	-	581
Financial assets at FVOCI	<b>1,950</b>	1,949
Software	<b>1,519</b>	1,103
	<b>₱22,114</b>	<b>₱23,167</b>

The composition and movements of Intangible Assets – software follow:

	<b>June 2022</b>	<b>March 2022</b>
<b>Cost</b>		
Balances at beginning of year	<b>₱104,860</b>	₱110,099
Additions	<b>557</b>	157
Write-off	-	(5,396)
Balances at end of period	<b>105,417</b>	104,860
<b>Accumulated amortization</b>		
Balances at beginning of year	<b>103,756</b>	108,467
Amortization (Note 18)	<b>142</b>	686
Write-off	-	(5,396)
Balances at end of period	<b>103,898</b>	103,757
<b>Net book value</b>	<b>₱1,519</b>	<b>₱1,103</b>

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:

	<b>June 2022</b>	<b>March 2022</b>
Trade payable		
Related parties	<b>₱514,842</b>	₱554,546
Third parties	<b>443,044</b>	645,060
Non-trade payable		
Related parties	<b>38,113</b>	131,765
Third parties	<b>17,192</b>	5,755
Accrued expense		
Third parties	<b>1,832,857</b>	1,866,477
Related parties	-	26,371
Others		
Advances from customers	<b>45,985</b>	36,348
Dividends payable	-	-
Output VAT	<b>38,377</b>	26,333
	<b>₱2,930,410</b>	<b>₱3,292,655</b>

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:

	June 2022	March 2022
Accrued advertising expenses and sales promotions	₱1,227,370	₱1,153,551
Payable to suppliers	578,671	655,165
Accrued freight expenses	13,043	23,255
Salaries and other employee benefits	13,773	34,506
	<b>₱1,832,857</b>	<b>₱1,866,477</b>

## 10. Retirement and Other Liabilities

This account consists of:

	June 2022	March 2022
<b>Current</b>		
Other liabilities		
Provisions for estimated liabilities	<b>₱89,164</b>	₱84,671
<b>Noncurrent</b>		
Other liabilities		
Provisions for estimated liabilities	<b>₱478,990</b>	300,582
Other long-term employee benefits	<b>20,727</b>	19,773
	<b>499,717</b>	320,355
	<b>₱588,881</b>	<b>₱405,026</b>

### Provisions for estimated liabilities

Current and noncurrent portion of this account follows:

	June 2022	March 2022
<b>Current</b>		
Warranty claims	<b>₱89,164</b>	₱84,671
<b>Noncurrent</b>		
Warranty claims	<b>10,665</b>	10,128
Others	<b>468,325</b>	290,454
	<b>478,990</b>	300,582
	<b>₱568,154</b>	<b>₱385,253</b>

The roll-forward of this account follows:

	June 2022		
	Warranty Claims	Others	Total
Balances at beginning of year	₱94,799	₱290,454	₱385,253
Provisions	15,266	1,017	16,283
Claims/usage/reclassifications	(10,236)	176,854	166,618
Balances at end of year	<b>₱99,829</b>	<b>₱468,325</b>	<b>₱568,154</b>

	March 2022		
	Warranty Claims	Others	Total
Balances at beginning of year	₱89,679	₱301,436	₱391,115
Provisions	47,061	16,508	63,569
Claims/usage/reclassifications	(41,941)	(27,490)	(69,431)
Balances at end of year	<b>₱94,799</b>	<b>₱290,454</b>	<b>₱385,253</b>

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.

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## 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 June 30, 2022, 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 June 30, 2022, the total number of shares registered under the SRC is 84,723,432 shares being held by 463 stockholders.

The Parent Company declared cash dividends amounting to ₱105.2 million and ₱221.7 million in the first quarter of fiscal year 2022 and 2021, respectively.

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## 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, 2022 and 2021 amounted to ₱320.8 million and ₱419.2 million, respectively.



In 2022 and 2021, 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 18, 2022, the Parent Company's BOD authorized and directed the reversal of the appropriated retained earnings amounting to ₱696.1 million. On the same date, the BOD authorized the appropriation of retained earnings amounting to ₱746.1 million, having a total appropriated retained earnings amounting to ₱3.9 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 ₱293.9 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 2022 were delayed. These projects are expected to be completed by 2030.
- c. 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 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.
- d. 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 appropriated retained earnings amounting to ₱3.8 billion of which, ₱3.2 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 ₱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. 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.
- e. The Parent Company's BOD declared cash dividends as follows:
 

₱105.2 million – 24.89% cash dividend on May 20, 2022 to stockholders of record as of June 4, 2022 and paid on June 24, 2022 (₱0.2489 per share).

₱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).
- f. No subsequent event after June 30, 2022.

### 13. Cost of Goods Sold

This account consists of: (in thousands)

	(Unaudited) June 2022	(Unaudited) June 2021
Material costs	<b>₱1,787,921</b>	₱1,251,530
Direct labor (Note 16)	<b>80,337</b>	64,405
Manufacturing overhead:		
Indirect labor (Note 16)	<b>53,501</b>	50,528
Depreciation and amortization (Note 18)	<b>41,375</b>	44,759
Electricity, gas and water	<b>19,566</b>	16,112
Indirect materials	<b>9,177</b>	10,282
Repairs and maintenance	<b>8,953</b>	8,192
Traveling	<b>6,657</b>	7,436
Supplies	<b>5,788</b>	5,400
Outsourcing	<b>5,599</b>	5,063
Research and development	<b>5,162</b>	25,104
Insurance	<b>3,431</b>	3,106
Provision for obsolescence of materials	<b>3,324</b>	7,423
Rent	<b>1,276</b>	1,065
Taxes and dues	<b>958</b>	862
Others	<b>1,951</b>	578
Total manufacturing overhead	<b>166,718</b>	185,910
	<b>2,034,976</b>	1,501,845
Goods in process:		
Beginning of period	<b>15,857</b>	11,664
End of period	<b>(13,227)</b>	(6,336)
Cost of goods manufactured	<b>2,037,606</b>	1,507,173
Finished goods and merchandise:		
Beginning of period	<b>878,215</b>	1,055,908
Add purchases – net	<b>1,137,405</b>	955,303
End of period	<b>(774,593)</b>	(1,081,310)
	<b>₱3,278,633</b>	₱2,437,074

### 14. Selling Expenses

This account consists of: (in thousands)

	(Unaudited) June 2022	(Unaudited) June 2021
Sales promotion, rebates and discounts	<b>₱125,152</b>	₱106,137
Advertising	<b>25,937</b>	17,598
Freight	<b>5,290</b>	3,254
Provision for warranty costs	<b>2,287</b>	1,534
	<b>₱158,666</b>	₱128,523

**15. General and Administrative Expenses**

This account consists of: (in thousands)

	(Unaudited) June 2022	(Unaudited) June 2021
Salaries, wages and employees' benefits (Note 16)	₱99,350	₱93,271
Technical assistance fees	65,745	50,773
Brand license fees	25,146	21,299
Taxes and dues	16,578	16,439
Information processing expenses	16,440	16,401
Outsourcing	12,913	11,046
Traveling	10,540	4,720
Rent	6,829	5,584
Depreciation and amortization (Note 18)	6,206	6,867
Insurance	5,957	5,212
Allocated Cost – Regional Headquarter	5,031	4,294
Supplies	3,010	2,164
Electricity, gas and water	2,193	(416)
Repairs and maintenance	2,061	2,978
Communication	1,382	2,250
Freight and storage	1,070	720
Provision for other estimated liabilities	1,017	1,017
Others	14,010	11,926
	<b>295,478</b>	<b>256,545</b>

**16. Personnel Expenses**

Details of personnel expenses are as follows: (in thousands)

	(Unaudited) June 2022	(Unaudited) June 2021
Compensation	₱171,129	₱155,687
Other salaries	39,146	31,167
Retirement and severance	9,044	8,760
Other benefits	13,868	12,571
	<b>₱233,187</b>	<b>₱208,185</b>

**17. Other Income (Expenses)**

This account consists of: (in thousands)

	(Unaudited) June 2022	(Unaudited) June 2021
Interest income	₱3,489	₱2,936
Scrap sales	13,764	2,611
Miscellaneous – net	4,689	3,222
Forex gain / (loss)	(5,494)	315
	<b>₱16,448</b>	<b>₱9,084</b>

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**18. Depreciations and Amortization Expenses**

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

	(Unaudited) June 2022	(Unaudited) June 2021
Cost of goods sold (Note 13)	₱41,375	₱44,759
Operating expenses (Note 15)	6,206	6,867
	<b>₱47,581</b>	<b>₱51,626</b>

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**19. Earnings per Share**

Earnings per share amounts were computed as follows:

(In thousands except Earnings per share)

	(Unaudited) June 2022	(Unaudited) June 2021
Net income (a)	₱12,472	₱82,183
Weighted average number of common shares (b)	422,718	422,718
Earnings per share (a/b)	<b>0.03</b>	0.19

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**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.

Life Solutions (LS) – This segment includes lamps, ventilation fans, Panasonic Nanoe Generator (PNG) and other lighting accessories primarily use and sell to business consumers or thru distributors and dealers.

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 June 30, 2022 and 2021 are as follows *(in thousands)*:

**Three Months ended June 30, 2022 vs. 2021 (Unaudited)**

	2022			
	Consumer	SSG	Others	Total
Consolidated Statement of Comprehensive Income				
Net sales	₱3,657,041	₱29,714	₱58,721	₱3,745,476
Cost of goods sold (Note 13)	(3,199,128)	(24,952)	(54,553)	(3,278,633)
Selling expenses (Note 14)	(172,353)	(761)	14,448	(158,666)
General and administrative expenses (Note 15)	(277,837)	(6,782)	(10,859)	(295,478)
Other income - net (Note 17)	19,302	1,573	(4,427)	16,448
Income before income tax	₱27,025	(₱1,208)	₱3,330	29,147
Provision for income tax				(16,675)
Net income				₱12,472

	2021			
	Consumer	SSG	Others	Total
Consolidated Statement of Comprehensive Income				
Net sales	₱2,856,653	₱39,590	₱33,036	₱2,929,279
Cost of goods sold (Note 13)	(2,380,671)	(29,608)	(26,795)	(2,437,074)
Selling expenses (Note 14)	(138,203)	(729)	10,409	(128,523)
General and administrative expenses (Note 15)	(242,444)	(5,362)	(8,739)	(256,545)
Other income - net (Note 17)	13,845	—	(4,761)	9,084
Income before income tax	₱109,180	₱3,891	₱3,150	116,221
Provision for income tax				(34,038)
Net income				₱82,183

**21. Subsequent Events**

**None**

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## 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 June 30, 2022 and 2021, 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 March 31, 2022 and 2021.

### *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 June 30, 2022 and March 31, 2022, the foreign currency-denominated financial assets and financial liabilities in original currencies and their Philippine Peso (PHP) equivalents are as follows: (in thousands)

	June 2022		
	USD	JPY	Equivalents in PHP
<b>Financial assets</b>			
Cash in banks and cash equivalents	2,987	557	164,450
Receivables – net	6,492	277	356,930
	9,479	834	521,380
<b>Financial liabilities</b>			
Accounts payable and accrued expenses	6,152	54,570	360,229
	March 2022		
	USD	JPY	Equivalents in PHP
<b>Financial assets</b>			
Cash in banks and cash equivalents	5,525	1,934	286,688
Receivables – net	4,118	1,246	213,586
	9,643	3,180	500,274
<b>Financial liabilities</b>			
Accounts payable and accrued expenses	16,344	(9,840)	841,455

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.

The effect on equity (as a result of a change in fair value of equity instruments held as financial assets at FVOCI and available-for-sale at March 31, 2022 and 2021, respectively) due to a reasonably possible change in equity indices is not material to the consolidated financial position of the Group.

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, refundable deposits and other assets*

Carrying amounts of cash in banks, cash equivalents, receivables, refundable deposits and other assets 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 of quoted equity securities 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.



**AGING OF ACCOUNTS RECEIVABLE**  
**As of June 30, 2022**

	<b>Amount</b> <b>(Php1,000)</b>
<b>Trade Receivables:</b>	
Current Due	1,726,443
01 – 30 days	17,400
31 – 60 days	2,920
61 – 90 days	5,260
Over 90 days	385
	<b>1,752,408</b>
Less: Allowance for doubtful accounts	(4,601)
<b>Total</b>	<b>1,747,807</b>
<b>Other Receivables:</b>	
Receivable from affiliates	11,699
Third parties	53,838
Employees	4,488
Others	10,709
	80,734
<b>Total</b>	<b>1,828,541</b>

# Panasonic

Panasonic Manufacturing Philippines Corporation  
Ortigas Avenue Extension, Taytay, Rizal, 1920 Philippines

## CERTIFICATION

I, **Atsushi Kozuma, Treasurer & Executive Officer** of Panasonic Manufacturing Philippines Corporation ("PMPC") with SEC Registration No. 23022 with principal office address at Ortigas Avenue Extension, San Isidro, Taytay, Rizal, on oath state:


- 1) That on behalf of Panasonic Manufacturing Philippines Corporation, I have caused this **SEC Form 17-Q June 30, 2022** to be prepared;
- 2) That I read and understood its content which are true and correct of my own personal knowledge and/or based on true records;
- 3) That the company, Panasonic Manufacturing Philippines Corporation, will comply with the requirements set forth in SEC Notice dated March 18, 2020 for a complete and official submission of reports and/or documents through electronic mail; and
- 4) That I am fully aware that documents filed online which requires pre-evaluation and/or processing fee shall be considered complete and officially received upon payment of a filing fee.

IN WITNESS THEREOF, I have hereunto set my hand this 10<sup>th</sup> day of August, 2022.

  
**Atsushi Kozuma**  
Affiant

SUBSCRIBED AND SWORN to before me this \_\_\_\_\_ day of AUG 11 2022, 2022

Doc no. 319  
Page no. 65  
Book no. IV  
Series of 2022

NOTARY PUBLIC  
  
**ATTY. JOHN KENNETH T. MORENO**  
Notary Public  
Roll No. 35640  
IBP No. 169375 - 02 Jan. 2022  
PTR No. 17150740 - 03 Jan. 2022  
MCLE No. VII- 0011285 - 14 April 2025  
Appt. No. 22-26 - 30 June 2022  
Until Dec. 31, 2023  
For Antipolo City, Taytay, Cainta  
Province of Rizal

## RENZ DIMACULANGAN

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**From:** ICTD Submission <ictdsubmission+canned.response@sec.gov.ph>  
**Sent:** Thursday, August 11, 2022 3:41 PM  
**To:** RENZ DIMACULANGAN  
**Subject:** Re: CGFD\_Panasonic Manufacturing Philippines Corporation\_SEC 17Q June 30, 2022 \_11August2022

Your report/document has been SUCCESSFULLY ACCEPTED by ICTD. (Subject to Verification and Review of the Quality of the Attached Document) Official copy of the submitted document/report with Barcode Page (Confirmation Receipt) will be made available after 15 days from receipt through the SEC Express System at the SEC website at [www.sec.gov.ph](http://www.sec.gov.ph)

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Please be informed that pursuant to SEC Memorandum Circular No. 3, series of 2021, scanned copies of the printed reports with wet signature and proper notarization shall be filed in PORTABLE DOCUMENT FORMAT (PDF) Secondary Reports such as: 17-A, 17-C, 17-L, 17-Q, ICASR, ICA-QR, ICA-AR, 23-A, 23-B, I-ACGR, ACGR, Monthly Reports, Quarterly Reports, Letters, OPC(ALTERNATE NOMINEE),GIS-G, 52-AR, IHAR,AMLA-CF,NPM,NPAM, BP-FCLC, CHINESEWALL, 39-AR,36-AR, PNFS, MCG, S10/SEC-NTCE-EXEMPT, through email at

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FOR MC28, please go to SEC website:

<https://apps010.sec.gov.ph>

For your information and guidance.

Thank you and keep safe.

## RENTZ DIMACULANGAN

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**From:** Philippine Stock Exchange [mailto:no-reply@pse.com.ph]  
**Sent:** Friday, 12 August 2022 7:08 AM  
**To:** Imelda Garcia <imelda.garcia@ph.panasonic.com>; mzmlaw@yahoo.com; disclosure@pse.com.ph  
**Subject:** Quarterly Report

Dear Sir/Madam:

Your disclosure was approved as Company Report. Details are as follows:

Company Name: Panasonic Manufacturing Philippines Corporation Reference Number: 0030568-2022 Date and Time: Friday, August 12, 2022 07:07 AM Template Name: Quarterly Report Report Number: CR05497-2022

Best Regards,  
PSE EDGE

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