



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, 2023

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
<b><u>Common shares, ₱1.00 par value</u></b>	
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, 2023, 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 (PMPC) and its Subsidiary, Precision Electronics Realty Corporation (PERC) as of and for the period ended June 30, 2023 (with comparative figures as of March 31, 2023 and period ended June 30, 2022 & 2021) 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 2023 Apr – Jun	FY 2022 Apr – Jun
1. Rate of Sales Increase	$\frac{\text{CY}^{(b)} \text{ Sales} - \text{LY}^{(c)} \text{ Sales}}{\text{LY Sales}} \times 100\%$	<b>-4.3%</b>	27.9%
2. Rate of Profit Increase	$\frac{\text{CY Profit Before Tax} - \text{LY Profit Before Tax}}{\text{LY Profit Before Tax}} \times 100\%$	<b>177.2%</b>	<b>-74.9%</b>
3. Rate of Profit on Sales	$\frac{\text{Profit Before Tax}}{\text{Total Sales}} \times 100\%$	<b>2.3%</b>	0.8%
4. Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$	<b>2.31:1</b>	2.41:1
5. Dividend Ratio to Capital	$\frac{\text{Dividend}}{\text{Average Capital}} \times 100\%$	<b>25.94%</b>	24.85%

Rate of Sales Increase - This measures the sales growth versus the same period last year. For the first quarter of 2023, the Group sales decreased by 4.3% from ₱ 3.745 billion last year to ₱3.584 billion.

Rate of Profit Increase - This measures the increase in profit before tax versus the same period last year. Rate of profit increased by 177.2 % mainly due to improvement on cost of sales ratio by 3%.

Rate of Profit on Sales - This measures the percentage of profit before tax versus total sales for the period. Rate of profit improved to 2.3% from 0.8% 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 2.31:1 as of June 30, 2023 and 2:41:1 as of June 30, 2022.

Dividend Ratio to Capital - This measures the dividend payout ratio versus capital for the period. The Group paid 25.94% and 24.85% cash dividend for the 1<sup>st</sup> quarter of 2023 and 2022, respectively.

**THREE MONTHS ENDED JUNE 30, 2023 vs. 2022****RESULTS OF OPERATION****Material Changes (+/-5% or more) in the financial statements (*in thousands*)**

<b>Accounts</b>	<b>JUNE 2023 (Unaudited)</b>	<b>JUNE 2022 (Unaudited)</b>	<b>Difference (%)</b>
Sales	<b>3,584,266</b>	3,745,476	<b>-4.3%</b>
Cost of sales	<b>3,029,600</b>	3,278,633	<b>-7.6%</b>
Gross profit	<b>554,666</b>	466,843	<b>18.8%</b>
General administrative expenses	<b>320,489</b>	295,478	<b>8.5%</b>
Selling expenses	<b>176,940</b>	158,666	<b>11.5%</b>
Other income / (loss) – net	<b>23,562</b>	16,448	<b>43.3%</b>
Income before tax	<b>80,800</b>	29,147	<b>177.2%</b>
Income tax expense	<b>22,323</b>	16,675	<b>33.9%</b>
Income after tax	<b>58,477</b>	12,472	<b>368.9%</b>

Consolidated sales for the first quarter of FY 2023 decreased by 4.3% to ₱3.584 billion from ₱3.745 billion posted in the same period last year. Decrease in sales was mainly due to low sales achievement of refrigerator and washing machine by ₱202.4 million and ₱84.4 million, respectively. On the other hand, sales of split air conditioner improved by ₱102.5 million.

Cost of sales amount reduction was due to lower sales achievement during the first quarter of fiscal year 2023 versus of last year.

Gross profit improved by 18.8% amounting to ₱87.8 million despite the lower sales achievement. This was mainly attributable to lower cost sales ratio for the period.

General administrative expenses increased by ₱25.0 million (8.5%) mainly due to repair and maintenance expenses by ₱15.1 million.

Selling expenses increased by ₱18.3 million (11.5%) mainly due to increase in sales promotion by ₱11.8 million and advertising expense by ₱6.7 million.

Net non-operating income increased by ₱7.1 million mainly due to interest income earned on time deposit during the first quarter of this year.

Income tax expense is higher in amount by ₱5.6 million was due to increase in taxable income as compared to last year.

The Group's net income before and after tax improved by ₱51.7 million and ₱46.0 million, respectively were the result of lower cost of sales ratio versus last year.

## FINANCIAL POSITIONS

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

Accounts	JUNE 2023 (Unaudited)	MARCH 2023 (Audited)	Difference (%)
Cash and cash equivalents	2,987,085	2,592,954	15.2%
Receivables	1,665,974	1,753,338	-5.0%
Inventories	2,189,409	2,566,118	-14.7%
Other current assets	246,368	189,784	30.0%
Property & equipment	847,963	913,799	-6.9%
Other noncurrent assets	81,943	18,183	350.7%
Accounts payable & accrued expenses	2,977,755	2,874,070	3.6%
Other current liabilities	90,282	84,571	6.8%
Other noncurrent liabilities	323,871	252,684	28.2%
R/E – Unappropriated	402,273	453,449	-11.3%

The Group's total assets as of June 30, 2023 amounted to ₱8.164 billion, reduced by ₱15.2 million from ₱8.180 billion as of March 31, 2023. As of June 30, 2023, total liabilities increased by ₱36.0 million amounted to ₱3.395 billion while total stockholder's equity reduced by ₱51.2 million. The deterioration in total assets and stockholder's equity were mainly due to cash dividend payment to its stockholders during the first quarter of fiscal year 2023.

Cash and cash equivalents increased by ₱394.1 million (15.2%) mainly due to decrease in accounts receivables and inventories by ₱87.4 million and ₱376.7 million.

Accounts receivable decreased by ₱87.4 million (5.0%) due to decrease in sales for the period that will due next month.

Inventories decreased by ₱376.7 million (14.7%) mainly due to decrease in merchandise and imported raw materials and finished goods production for the first quarter.

Net increase in other current assets by ₱56.9 million (30.0%) mainly due to increase in creditable withholding taxes by ₱44.4 million.

Property, plant and equipment – net decreased by ₱65.8 million due to depreciation expenses incurred for the period and other reclassification. Total purchases for the period amounted to ₱47.0 million while total amortization of depreciation expense amounted to ₱49.5 million.

Net increase in accounts payable and accrued expenses by ₱103.4 million (3.6%) mainly due to increase in sales promotion expense to increase sales performance.

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

Retained earnings – unappropriated decreased by ₱51.2 million mainly due to the payment of cash dividend amounted to ₱109.7 million. Net income for the period recorded at ₱58.5 million.

**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.

## CASH FLOWS

A brief summary of cash flow movement is shown below

<i>(In thousands pesos)</i>	<b>2023</b>	<b>2022</b>
Net cash flows provided by (used in) operating activities	<b>553,719</b>	(35,866)
Net cash flows used in investing activities	<b>(47,415)</b>	(43,162)
Net cash flows used in financing activities	<b>(112,172)</b>	(106,362)
Net increase (decrease) in cash and cash equivalents	<b>394,131</b>	(185,390)

Net cash flows provided in operating activities for the quarter ended June 2023 were at P553.7 million, net of income before income tax of P80.8 million. The increase in operating activities were mainly due to receivables, inventories 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.

Net cash flows used in investing activities included the following:

<i>(In thousand pesos)</i>	<b>2023</b>	<b>2022</b>
Additions to property and equipment - net	<b>(46,979)</b>	(44,632)
Additions to other assets	<b>(436)</b>	1,470
Total	<b>(P47,415)</b>	(P43,162)

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

<i>(In thousand pesos)</i>	<b>2023</b>	<b>2022</b>
Cash dividends paid	<b>(109,653)</b>	(105,215)
Finance lease liabilities paid	<b>(2,519)</b>	(1,147)
Total	<b>(P112,172)</b>	(P106,362)

## 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 11, 2023.**

**PANASONIC MANUFACTURING PHILIPPINES CORPORATION**

By:

  
**ATSUSHI KOZUMA**  
Treasurer & Executive Director

PANASONIC MANUFACTURING PHILIPPINES  
CORPORATION AND SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2023 (Unaudited) and March 31, 2023 (Audited)  
And for the Three Months ended June 30, 2022 and 2021 (Unaudited)

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

(In Thousand Pesos)

	(Unaudited) June 30, 2023	(Audited) March 31, 2023
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 4)	<b>₱2,987,085</b>	₱2,592,954
Receivables (Notes 5)	<b>1,665,974</b>	1,753,338
Inventories (Note 6)	<b>2,189,409</b>	2,566,118
Other current assets (Note 8)	<b>246,638</b>	189,784
Total Current Assets	<b>7,089,106</b>	7,102,194
<b>Non-current Assets</b>		
Property, plant and equipment (Note 7)	<b>847,963</b>	913,799
Deferred tax assets	<b>145,432</b>	145,432
Other noncurrent assets (Note 8)	<b>81,943</b>	18,183
Total Non-current Assets	<b>1,075,338</b>	1,077,414
	<b>₱8,164,444</b>	₱8,179,608
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses (Notes 9)	<b>₱2,978,817</b>	₱2,874,070
Lease liabilities	<b>1,891</b>	2,521
Other current liabilities	<b>90,282</b>	84,571
Total Current Liabilities	<b>3,070,990</b>	2,961,162
<b>Noncurrent Liability</b>		
Retirement liability	<b>145,028</b>	145,028
Other noncurrent liabilities (Note 10)	<b>221,573</b>	252,684
Total Noncurrent Liabilities	<b>323,871</b>	397,712
	<b>3,394,861</b>	3,358,874
<b>Stockholders' Equity</b>		
Equity attributable to equity holders of the parent		
Capital stock - ₱1 par value (Note 11)	<b>422,718</b>	422,718
Additional paid-in capital	<b>4,780</b>	4,780
Other comprehensive income	<b>(125,796)</b>	(125,796)
Retained earnings (Note 12)		
Appropriated	<b>3,992,400</b>	3,992,400
Unappropriated	<b>402,273</b>	453,449
	<b>4,696,375</b>	4,747,551
Non-controlling interest	<b>73,208</b>	73,183
Total Stockholders' Equity	<b>4,769,583</b>	4,820,734
	<b>₱8,164,444</b>	₱8,179,608

See accompanying Notes to Financial Statements.

**PANASONIC MANUFACTURING PHILIPPINES CORP. & SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
For the Three Months ended June 30, 2023, 2022 & 2021

	<b>JUNE (UNAUDITED)</b>		
	<b>2023</b>	<b>2022</b>	<b>2021</b>
<b><u>CONTINUING OPERATIONS</u></b>			
<b>NET SALES</b>	<b>₱3,584,266</b>	₱3,745,476	₱2,929,279
<b>COST OF GOODS SOLD</b> (Note 13)	<b>3,029,600</b>	3,278,633	2,437,074
<b>GROSS PROFIT</b>	<b>554,666</b>	466,843	492,205
<b>SELLING EXPENSES</b> (Note 14)	<b>176,940</b>	158,666	128,523
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b> (Note 15)	<b>320,489</b>	295,478	256,545
<b>INCOME FROM OPERATIONS</b>	<b>57,238</b>	12,699	107,137
<b>OTHER INCOME/(LOSS) – Net</b> (Note 17)	<b>23,562</b>	16,448	9,084
<b>INCOME BEFORE INCOME TAX</b>	<b>80,800</b>	29,147	116,221
<b>PROVISION FOR INCOME TAX</b>	<b>22,323</b>	16,675	34,038
<b>NET INCOME</b>	<b>58,477</b>	12,472	82,183
<b>OTHER COMPREHENSIVE INCOME:</b>			
<b>Remeasurement Loss on Retirement Liability</b>	-	-	-
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>₱58,477</b>	₱12,472	₱82,183
<b>Attributable to:</b>			
Equity holders of the parent	<b>₱58,452</b>	₱12,748	₱82,194
Minority interest	<b>25</b>	(276)	(11)
<b>Earnings Per Share</b> (Note 19)	<b>₱0.14</b>	₱0.03	₱0.19

*(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 2023	(Unaudited) June 2022	(Unaudited) June 2021
<b>Capital Stock (Note 11)</b>	<b>₱422,718</b>	<b>₱422,718</b>	<b>₱422,718</b>
<b>Additional Paid-in Capital</b>	<b>4,780</b>	<b>4,780</b>	<b>4,780</b>
Net unrealized Gains on AFS Investments	-	989	699
Remeasurement Loss on Retirement Liability	(125,796)	(116,380)	(124,886)
<b>RETAINED EARNINGS (Note 12)</b>			
Appropriated:			
Balance at beginning of period	3,992,400	3,892,400	3,892,400
Appropriations			
Reversals			
Balance at end of period	3,992,400	3,892,400	3,892,400
Unappropriated:			
Balance at beginning of period	453,449	476,836	583,016
Net income	58,477	12,748	82,194
Appropriations	-	-	(50,000)
Cash dividends	(109,653)	(105,215)	(221,716)
Balance at end of period	402,273	384,369	393,494
	4,696,375	4,588,875	4,589,205
Minority interest	73,208	73,264	73,447
<b>Total Stockholders' Equity</b>	<b>₱4,769,583</b>	<b>₱4,662,139</b>	<b>₱4,662,652</b>

*See accompanying Notes to Financial Statements.*

**PANASONIC MANUFACTURING PHILIPPINES CORP. & SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

**For the Three Months Ended June 30, 2023 and 2022**

*(In thousand pesos)*

	<b>JUNE (UNAUDITED)</b>	
	<b>2023</b>	<b>2022</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	<b>₱80,800</b>	₱29,147
Adjustments for:		
Depreciation and amortization (Note 18)	<b>49,491</b>	47,581
Interest income (Note 17)	<b>(15,996)</b>	(3,489)
Net movement for estimated liabilities	<b>(68,129)</b>	183,855
Operating income before working capital changes	<b>46,166</b>	257,094
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Receivables	<b>87,364</b>	(62,147)
Inventories	<b>376,709</b>	150,144
Other current assets	<b>(56,854)</b>	(5,527)
Increase (decrease) in:		
Accounts payable and accrued expenses	<b>106,661</b>	(362,244)
Net cash generated in operations	<b>560,046</b>	(22,680)
Income taxes paid	<b>(22,323)</b>	(16,675)
Interests received	<b>15,966</b>	3,489
Net cash provided by (used in) operating activities	<b>553,719</b>	(35,866)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisitions of property and equipment –net	<b>(46,979)</b>	(44,632)
Decrease (increase) in other assets	<b>(436)</b>	1,470
Net cash used in investing activities	<b>(47,415)</b>	(43,162)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Cash dividends paid	<b>(109,653)</b>	(105,215)
Finance lease liabilities paid	<b>(2,519)</b>	(1,147)
Cash used in financing activities	<b>(112,172)</b>	(106,362)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>394,131</b>	(185,390)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>2,592,954</b>	3,162,894
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>₱2,987,085</b>	₱2,977,504

*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, 2022, the accounting policies adopted are consistent with those of previous financial year.

The adoption of the new and amended standards did not have a significant impact on the consolidated financial statements of the Group:

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

**4. Cash and Cash Equivalents**

This account consists of: (in thousand)

	(Unaudited) June 2023	(Audited) March 2023
Cash on banks	₱1,204,485	₱470,514
Cash equivalents	1,782,600	2,122,440
	<b>₱2,987,085</b>	<b>₱2,592,954</b>

**5. Receivables**

This account consists of: (in thousands)

	(Unaudited) June 2023	(Audited) March 2023
Trade		
Domestic	₱ 1,321,510	₱1,387,533
Export	289,750	313,295
Non-trade		
Related parties	16,039	27,323
Third parties	3,855	5,153
Employees	3,746	6,714
Others	35,489	15,132
	<b>1,670,389</b>	<b>1,757,150</b>
Less: Allowance for doubtful accounts	4,415	3,812
	<b>₱1,665,974</b>	<b>₱1,753,338</b>

**6. Inventories**

This account consists of: (in thousands)

	(Unaudited) June 2023	(Audited) March 2023
At NRV:		
Finished goods and merchandise	₱-	₱17,118
At cost:		
Finished goods and merchandise	917,580	1,143,474
Raw materials	1,174,431	1,343,878
Supplies	7,059	46,905
Goods in process	90,339	14,743
	<b>₱2,189,409</b>	<b>₱2,566,118</b>

## 7. Property, Plant and Equipment

This account consists of (Php1,000):

<b>As of June 30, 2023</b>	Land and Improvements	Factory Machinery, Equipment and Tools	Building and Improvements	Office Furniture, Fixtures and Equipment	Transportation Equipment	Construction in Progress	Right-of-Use Asset-Building	Total
<b>Cost</b>								
Balance at beginning of period	₱236,029	₱2,250,712	₱1,265,473	₱180,620	₱158,517	₱78,239	₱13,893	₱4,183,485
Acquisitions	-	6,794	1,089	2,932	-	36,201	-	47,016
Reclassification						(63,359)	-	(63,359)
Balances at end of period	<b>236,029</b>	<b>2,257,506</b>	<b>1,266,562</b>	<b>183,552</b>	<b>158,517</b>	<b>51,081</b>	<b>13,893</b>	<b>4,167,140</b>
<b>Accumulated Depreciation And Amortization</b>								
Balance at beginning of period	₱2,851	₱1,966,312	₱983,855	₱170,586	₱135,276	-	10,806	₱3,269,686
Depreciation (Note 18)		29,630	9,953	6,623	2,102		1,183	49,491
Retirements/disposals								
Reclassification		-	-	-	-	-	-	-
Balances at end of period	<b>2,851</b>	<b>1,995,942</b>	<b>993,808</b>	<b>177,209</b>	<b>137,378</b>	<b>-</b>	<b>11,989</b>	<b>3,319,177</b>
<b>Net Book Value</b>								
<b>(Unaudited) June 2023</b>	<b>₱233,178</b>	<b>₱261,564</b>	<b>₱272,754</b>	<b>₱6,343</b>	<b>₱21,139</b>	<b>₱51,081</b>	<b>₱1,904</b>	<b>₱847,963</b>
(Audited) March 2023	₱233,178	₱284,401	₱281,618	₱10,034	₱23,242	₱78,239	₱3,087	₱913,799

## 8. Other Current Assets and Other Assets

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

	<b>June 2023</b>	<b>March 2023</b>
<b>Other current assets</b>		
Creditable withholding taxes (CWTs)	<b>₱191,004</b>	₱146,598
Prepaid expenses	<b>40,318</b>	41,107
Advances to employees	<b>15,316</b>	2,079
	<b>₱246,638</b>	₱189,784
<b>Other assets</b>		
Refundable deposits	<b>₱15,578</b>	₱15,142
Software	<b>66,365</b>	3,041
	<b>₱81,943</b>	₱18,183

The composition and movements of Intangible Assets – Software follow:

	<b>June 2023</b>	<b>March 2023</b>
<b>Cost</b>		
Balances at beginning of year	<b>₱99,672</b>	₱104,860
Additions	<b>65,387</b>	2,983
Write-off	<b>(26)</b>	(8,171)
Balances at end of period	<b>165,033</b>	99,672
<i>Forward</i>		
<b>Accumulated amortization</b>		
Balances at beginning of year	<b>96,631</b>	103,756

Amortization (Note 18)	<b>2,037</b>	1,046
Write-off	—	(8,171)
Balances at end of period	<b>98,668</b>	96,631
<b>Net book value</b>	<b>₱66,365</b>	₱3,041

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 2023</b>	March 2023
Trade payable		
Related parties	<b>₱275,894</b>	₱394,502
Third parties	<b>421,093</b>	356,515
Non-trade payable		
Related parties	<b>21,552</b>	153,790
Third parties	<b>9,141</b>	9,418
Accrued expense		
Third parties	<b>2,220,545</b>	1,850,612
Related parties	<b>8,095</b>	33,867
Others		
Advances from customers	<b>10,954</b>	33,120
Output VAT – net	<b>11,543</b>	42,246
	<b>₱2,978,817</b>	₱2,874,070

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:

	<b>June 2023</b>	March 2023
Accrued advertising expenses and sales promotions	<b>₱1,322,255</b>	₱1,226,259
Suppliers	<b>856,607</b>	592,709
Salaries and other employee benefits	<b>41,683</b>	31,644
	<b>₱2,220,545</b>	₱1,850,612

**10. Retirement and Other Liabilities**

This account consists of:

	June 2023	March 2023
<b>Current</b>		
Other liabilities		
Provisions for estimated liabilities	<b>₱90,282</b>	₱84,571
<b>Noncurrent</b>		
Other liabilities		
Provisions for estimated liabilities	<b>₱303,559</b>	233,670
Other long-term employee benefits	<b>20,312</b>	19,014
	<b>323,871</b>	252,684
	<b>₱414,153</b>	₱337,255

Provisions for estimated liabilities

Current and noncurrent portion of this account follows:

	June 2023	March 2023
<b>Current</b>		
Warranty claims	<b>₱90,282</b>	₱84,571
<b>Noncurrent</b>		
Warranty claims	<b>9,059</b>	8,486
Others	<b>294,501</b>	225,183
	<b>303,560</b>	233,669
	<b>₱393,842</b>	₱318,240

The roll-forward of this account follows:

	June 2023		
	Warranty Claims	Others	Total
Balances at beginning of year	<b>₱93,057</b>	<b>₱225,183</b>	<b>₱318,240</b>
Provisions	<b>12,504</b>	<b>108,947</b>	<b>121,451</b>
Claims/usage/reclassifications	<b>(6,220)</b>	<b>(39,629)</b>	<b>(45,849)</b>
Balances at end of year	<b>₱99,341</b>	<b>₱294,501</b>	<b>₱393,842</b>

	March 2023		
	Warranty Claims	Others	Total
Balances at beginning of year	<b>₱94,799</b>	<b>₱290,454</b>	<b>₱285,253</b>
Provisions	<b>43,517</b>	<b>(15,119)</b>	<b>28,398</b>
Claims/usage/reclassifications	<b>(45,259)</b>	<b>(50,152)</b>	<b>(95,411)</b>
Balances at end of year	<b>₱93,057</b>	<b>₱225,183</b>	<b>₱318,240</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.

## 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

- 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, 2023, 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.
- 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, 2023, the total number of shares registered under the SRC is 84,723,432 shares being held by 461 stockholders.

The Parent Company declared cash dividends amounting to ₱109.7 million and ₱105.2 million in the first quarter of fiscal year 2024 and 2023, respectively.

## 12. Retained Earnings

- 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, 2023 and 2022 amounted to ₱266.7 million and ₱320.8 million, respectively.

In 2023 and 2022, the consolidated retained earnings include the retained earnings of PERC amounting to ₱43.7 million and ₱43.9 million, respectively, which are not available for dividend declaration.

- On April 18, 2023, the Parent Company's BOD authorized and directed the reversal of the appropriated retained earnings amounting to ₱1.2 billion. On the same date, the BOD authorized the appropriation of retained earnings amounting to ₱1.3 billion, having a total



- appropriated retained earnings amounting to ₱4.0 billion of which, ₱3.6 billion, represents the reinstatement of the previous appropriations for in-plant production of plastic and metal parts, the Parent Company's change of IT System and other future projects of the Parent Company, while the additional ₱383.2 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 2023 were delayed. These projects are expected to be completed by 2030.
- c. 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.
- d. 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.
- e. The Parent Company's BOD declared cash dividends as follows:
- ₱109.72 million – 25.94% cash dividend on May 30, 2023 to stockholders of record as of June 14, 2023 and paid on June 23, 2023 (₱0.2489 per share).**
- ₱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).
- f. No subsequent event after June 30, 2023.

**13. Cost of Goods Sold**

This account consists of: (in thousands)

	(Unaudited) June 2023	(Unaudited) June 2022
Material costs	<b>₱1,648,505</b>	<b>₱1,787,921</b>
Direct labor (Note 16)	<b>80,687</b>	<b>80,337</b>
Manufacturing overhead:		
Indirect labor (Note 16)	<b>51,738</b>	<b>53,501</b>
Depreciation and amortization (Note 18)	<b>38,020</b>	<b>41,375</b>
Electricity, gas and water	<b>20,804</b>	<b>19,566</b>
Research and development	<b>17,219</b>	<b>5,162</b>
Repairs and maintenance	<b>14,223</b>	<b>8,953</b>
Indirect materials	<b>11,242</b>	<b>9,177</b>
Outsourcing	<b>8,051</b>	<b>5,599</b>
Traveling	<b>7,337</b>	<b>6,657</b>
Supplies	<b>7,072</b>	<b>5,788</b>
Insurance	<b>3,422</b>	<b>3,431</b>
Provision for obsolescence of materials	<b>2,812</b>	<b>3,324</b>
Rent	<b>1,548</b>	<b>1,276</b>
Taxes and dues	<b>914</b>	<b>958</b>
Others	<b>(4,282)</b>	<b>1,951</b>
Total manufacturing overhead	<b>180,120</b>	<b>166,718</b>
	<b>1,909,312</b>	<b>2,034,976</b>
Goods in process:		
Beginning of period	<b>14,743</b>	<b>15,857</b>
End of period	<b>(90,339)</b>	<b>(13,227)</b>
Cost of goods manufactured	<b>1,833,716</b>	<b>2,037,606</b>
Finished goods and merchandise:		
Beginning of period	<b>1,160,591</b>	<b>878,215</b>
Add purchases – net	<b>952,882</b>	<b>1,137,405</b>
End of period	<b>(917,589)</b>	<b>(774,593)</b>
	<b>₱3,029,600</b>	<b>₱3,278,633</b>

**14. Selling Expenses**

This account consists of: (in thousands)

	(Unaudited) June 2023	(Unaudited) June 2022
Sales promotion, rebates and discounts	<b>₱26,390</b>	<b>₱125,152</b>
Advertising	<b>32,648</b>	<b>25,937</b>
Freight	<b>115,872</b>	<b>5,290</b>
Provision for warranty costs	<b>2,030</b>	<b>2,287</b>
	<b>₱176,940</b>	<b>₱158,666</b>

**15. General and Administrative Expenses**

This account consists of: (in thousands)

	(Unaudited) June 2023	(Unaudited) June 2022
Salaries, wages and employees' benefits (Note 16)	₱106,856	₱99,350
Technical assistance fees	60,927	65,745
Brand license fees	23,947	25,146
Taxes and dues	18,283	16,578
Repairs and maintenance	17,148	2,061
Information processing expenses	14,901	16,440
Outsourcing	12,246	12,913
Depreciation and amortization (Note 18)	11,471	6,206
Traveling	10,540	10,540
Rent	6,074	6,829
Insurance	4,440	5,957
Communication	4,375	1,382
Supplies	3,405	3,010
Allocated Cost – Regional Headquarter	3,314	5,031
Provision for other estimated liabilities	1,017	1,017
Electricity, gas and water	456	2,193
Freight and storage	480	1,070
Others	21,238	14,010
	<b>320,489</b>	<b>295,478</b>

**16. Personnel Expenses**

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

	(Unaudited) June 2023	(Unaudited) June 2022
Compensation	₱190,587	₱171,129
Other salaries	24,011	39,146
Retirement and severance	9,595	9,044
Other benefits	15,089	13,868
	<b>₱239,281</b>	<b>₱233,187</b>

**17. Other Income (Expenses)**

This account consists of: (in thousands)

	(Unaudited) June 2023	(Unaudited) June 2022
Interest income	₱15,996	₱3,489
Scrap sales	206	13,764
Miscellaneous – net	10,829	4,689
Forex gain / (loss)	(3,468)	(5,494)
	<b>₱23,562</b>	<b>₱16,448</b>

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**18. Depreciations and Amortization Expenses**

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

	(Unaudited) June 2023	(Unaudited) June 2022
Cost of goods sold (Note 13)	<b>₱38,020</b>	₱41,375
Operating expenses (Note 15)	<b>11,471</b>	6,206
	<b>₱49,491</b>	₱47,581

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**19. Earnings per Share**

Earnings per share amounts were computed as follows:  
(In thousands except Earnings per share)

	(Unaudited) June 2023	(Unaudited) June 2022
Net income (a)	<b>₱58,477</b>	₱12,472
Weighted average number of common shares (b)	<b>422,718</b>	422,718
Earnings per share (a/b)	<b>0.14</b>	0.03

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**20. Reporting Segments**

The primary products of the Parent Company are refrigerators, air conditioners and washing machines. Other products include electric fans, freezers, imported appliances like LCD TV sets, mini-components, video and still cameras, headphones, multi-AV devices, etc.); communications equipment/devices (corded/cordless telephones, PABX etc.); office automation equipment (POS machines, LCD projectors, Flat Panel Display, Closed-circuit television, self-order kiosk, smart food locker, etc.); cooling equipment (package/split-type air conditioners, air-moving equipment, air purifier); and various kitchen and home appliances (rice cookers, vacuum cleaners, hair dryers/stylers, etc.).

The Group's business segments are grouped in accordance with that of the Ultimate Parent Company's (PHD) lines of business, which are grouped on product basis follow: Panasonic Appliances Marketing Asia Pacific (PAPMAP), System Solution Group (SSG) 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.

Electric Works (EW) – 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, 2023 and 2022 are as follows:  
(in thousands)

**Months ended June 30, 2023 vs. 2022 (Unaudited)**

	2023			
	Consumer	SSG	Others	Total
Consolidated Statement of Comprehensive Income				
Net sales	₱ 3,477,820	₱31,372	₱75,074	₱3,584,266
Cost of goods sold (Note 13)	2,937,700	24,164	67,735	3,029,600
Selling expenses (Note 14)	190,568	566	(14,193)	176,940
General and administrative expenses (Note 15)	296,419	5,106	18,964	320,489
Other income - net (Note 17)	23,534	(3)	31	23,562
Income before income tax	₱76,668	₱1,533	₱2,599	80,800
Provision for income tax				22,323
Net income				₱58,477

  

	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

**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, 2023 and March 31, 2023, 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 June 30, 2023 and March 31, 2023.

### *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, 2023 and March 31, 2023, the foreign currency-denominated financial assets and financial liabilities in original currencies and their Philippine Peso (PHP) equivalents are as follows: (in thousands)

June 2023			
	USD	JPY	Equivalents in PHP
<b>Financial assets</b>			
Cash in banks and cash equivalents	2,793	1,309	154,674
Receivables – net	5,363	21	296,038
	8,156	1,330	450,712
<b>Financial liabilities</b>			
Accounts payable and accrued expenses	5,039	48,274	296,618
March 2023`			
	USD	JPY	Equivalents in PHP
<b>Financial assets</b>			
Cash in banks and cash equivalents	6,421	1,070	349,484
Receivables – net	6,089	3,070	332,235
	12,510	4,140	681,719
<b>Financial liabilities</b>			
Accounts payable and accrued expenses	6,332	55,927	367,118

Equity Price Risk

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

Fair Value Measurement

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

*Cash and cash equivalents, receivables, 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, 2023**

	<b>Amount</b> (Php1,000)
<hr/>	
<b>Trade Receivables:</b>	
Current Due	1,579,821
01 – 30 days	23,262
31 – 60 days	2,447
61 – 90 days	1,517
Over 90 days	4,213
	<hr/>
	<b>1,611,260</b>
Less: Allowance for doubtful accounts	4,415
<b>Total</b>	<hr/> <b>1,606,845</b> <hr/>
<b>Other Receivables</b>	
Affiliates	16,039
Third parties	3,855
Employees	3,746
Others	35,489
	<hr/>
	59,129
<b>Total</b>	<hr/> <b>1,665,974</b> <hr/>

## RENZ DIMACULANGAN

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**From:** Philippine Stock Exchange <no-reply@pse.com.ph>  
**Sent:** Monday, August 14, 2023 1:31 PM  
**To:** aeemiea@gmail.com; aeemira@gmail.com;  
Imelda Garcia <imelda.garcia@ph.panasonic.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: 0029277-2023 Date and Time: Monday, August 14, 2023 13:30 PM Template Name: Quarterly Report Report Number: CR05916-2023

Best Regards,  
PSE EDGE

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