Panasonic

PANASONIC MANUFACTURING
PHILIPPINES CORPORATION

FISCAL YEAR 2023 ANNUAL REPORT

FY2023 ended March 31, 2024

Our Company, Our Commitment

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

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

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

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

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

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

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

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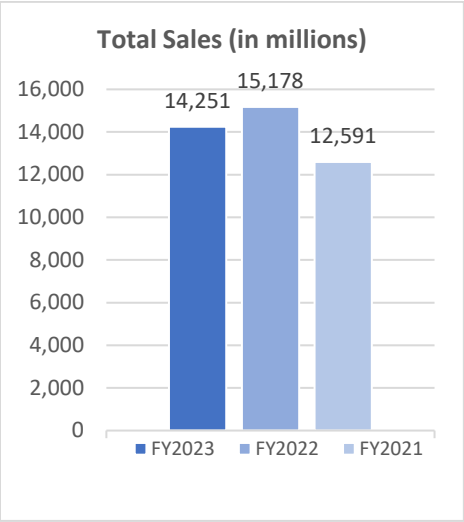
FINANCIAL HIGHLIGHTS

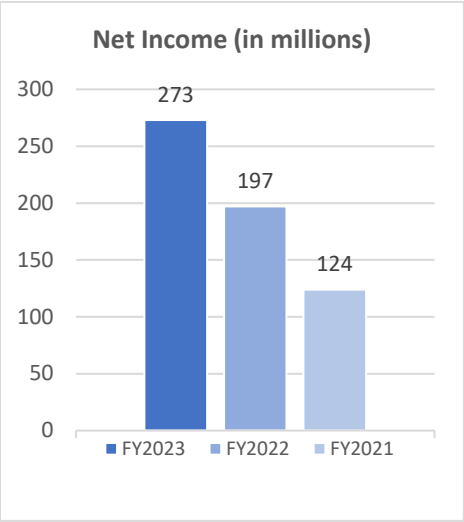
Fiscal Year 2023, 2022, and 2021

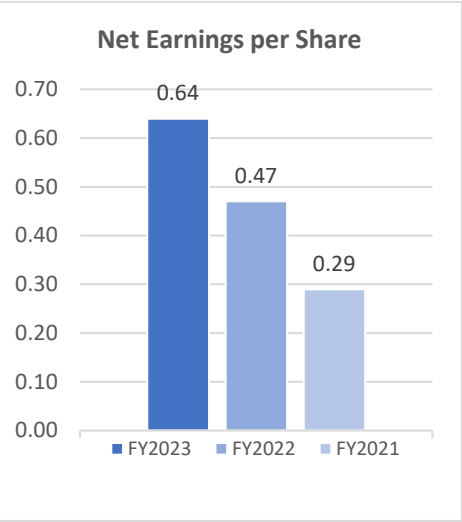
TOTAL OPERATIONS			
	FY 2023	FY 2022	FY2021
NET SALES	14,251,252,120	15,178,323,266	12,590,533,901
NET INCOME AFTER TAX Attributable to: Equity Holders of the Parent Company Minority Interest	272,500,158 272,137,311 362,847	197,133,428 197,490,614 (357,186)	123,919,329 123,913,433 5,896
Earnings Per Share	0.64	0.47	0.29
TOTAL EQUITY Book Value Per Share	4,948,186,885 11.71	4,780,847,243 11.31	4,700,041,104 11.12
WORKING CAPITAL (EOY) (Current Assets − Current Liabilities)	4,283,911,649	4,101,144,633	4,111,551,719
CURRENT ASSETS RATIO	2.29	2.38	2.22

CASH DIVIDENDS

2023 − 32.98% regular Cash Dividend. Declaration date: May 23, 2024
2022 − 25.94% regular Cash Dividend. Declaration date: May 30, 2023
2021 − 24.89% regular Cash Dividend. Declaration date: May 20, 2022







Message of the President

My Dearest Shareholders,

Let me express my deepest appreciation to you for your continued trust and confidence, which served as our encouragement in executing our corporate plans and programs along with our determination to overcome the challenges that we had in the fiscal year 2023.

The year in review proved to be an extraordinary one where we experienced achievements worth rejoicing and period that is significantly heartbreaking and tested our determination to overcome adversity.

In fiscal year 2023, together with the dynamic men and women of our PMPC family, we executed various activities in all aspect of our operation, from product planning, engineering, production, sales up to after sales activities and corporate citizenship, steadfast with our determination and commitment to contribute to society and the well-being of people.

As to the performance of the company in terms of net sales, we were able to achieve 14.3 billion which is 94% versus last year. Sadly, this is lower than last year sales achievement by 6% due to the unfortunate incident happened to our WM and EF building where it took us several months before we were able to resume operation and consequently supply the market. Also, our Window Air-conditioner registered a lower sales performance with 93% versus last year because of demand slowness in export. Taking special cautionary notion on another reason which is the emergence of China brand products with lower selling price and the spending intensity of Filipinos to revenge travel. Worth to mention also, the effect of inflation and high interest rate. Yet we are back on track, and we are now continuously supplying quality products to our market. With the concerted efforts of everybody, we are endlessly doing enhancement efforts to increase the quantity of our production – including safety nets to avoid untoward incidents. Also, our sales and marketing group have formulated various strategy including but not limited to winning the competition by Brand Value and One Panasonic approach.

On the other hand, profitability result improved compared with that of last year by 39% despite the 6% decrease in sales. Through much negotiation efforts and declining global price trend some major materials contributed due to cost reduction such as chemical MDI and pre-coated steel for Refrigerator, Washing Machine plastic resin and copper and aluminum materials of Window air-conditioner. Other contributable factors to positive profit are direct selling expense reduction matching the actual sales achievement and lower cost of sales due to channel and model mix.

With these circumstances, our focus now is to overcome our challenges and continue to operate along with our commitment to realize sales growth and much improved profitability through the enhancement of our operation with the infused supply chain management and engineering chain management moving towards customer value.

We all know that the coming fiscal year will be tough considering the impact of conflict between some countries in the Middle East and East of Europe affecting global oil prices. Likewise, foreign exchange maybe influenced by the higher interest rate of major countries. But we are hopeful of our future, especially that workers, firm labor market, and the sustained government spending on infrastructure that could boost domestic activities, will consequently contribute to the economic growth of the country.

Rest assured that whatever circumstances we may have and challenges that may come our way, we will overcome them by holding on to our corporate fundamentals, always mindful of our mission to serve society.

Let us continuously work hand and hand with the purpose of contributing to the development of Philippine culture.

K. Higami

Kazuya Higami
President / Chairman of the Board

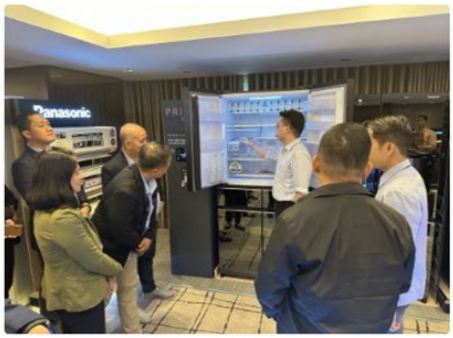
Highlights of Fiscal Year 2023 Operation

In seizing the fiscal year 2023, we embrace it as an opportunity to reassert our company's commitment to both our valued customers and the Philippine society. The unwavering determination of our PMPC members echoes loudly as we strive to achieve our goals, putting forth our best efforts to rise and fight on from the challenges of untoward incidents. Together, we navigate towards a future strengthened by resilience and renewed dedication.

Promoting innovative products for the betterment of society

As the company aspires to continuously promote and furtherance innovative products for the betterment of society and well-being of people, PMPC held various events all throughout the year in review.

The company held a Range Review Meeting on July 17-22, 2023 with our dealers and presented them our products highlighting the unique selling points, roadmap and activities. Consumer marketing was also presented by strengthening the brand value through enhancement of Customer Service and increase loyal customers.



New Prime+ Edition model explanation

Revisiting Washing Machine Front Load

WM Top Load Design Concept explanation

On January 26, 2024, Panasonic Air Conditioning Philippines (PACPH) showcased its latest innovations at the Grand Hyatt Ballroom during its product launch event.

The event marked the introduction of a cutting-edge lineup of air conditioners and ventilation products for the current year, reasserting Panasonic's commitment of delivering high-quality and innovative solutions to the Filipino market.

Highlighting the occasion was the introduction of the nanoe X Generator Mark 3, the newest iteration of Panasonic's nanoe X technology for a spotless and high-quality living environment.

The new product lineup focuses on features including energy efficiency, cleaner air, convenience and comfort where patented inverter technology also ensures energy savings.

PACPH 2024 Conventional Toss with Senior Managers of PACPH Masahiro Aiba (Service), Petter Nik Lim Ting (Sales), Kenichiro Watanabe (Marketing), PACPH President Akihiro Yamaguchi, PMPC President Kazuya Higami, and General Manager Kazutoshi Watanabe Panasonic Global Marketing Division Asia

PACPH Marketing Mr. Paolo Bagamasbad presents Panasonic new line up of Air conditioners and ventilation product

Panasonic Philippines B2B Team's first exhibition, held on November 7-9, 2023, at The Fifth Powerplant Mall, Makati City, B2B team had showcased residential, hotel, commercial, restaurant, and industrial solutions to enhance brand awareness as a B2B solution provider. This exhibition was attended by Developers, Mixed Professionals, and Media.

Our System Solution Group conducted a product launching last October 24, 2023 at The Tent Enderun, the group unveils its latest innovation and groundbreaking solutions poised to revolutionize the realm of system products.

The bold move aims to unite these diverse offerings in a single product presentation not only emphasizes its technological prowess yet also sets a new standard for innovation, demonstrating ability to revolutionize multiple industries simultaneously.

The same group - SSG successfully launched its Showroom, titled "Glimpse into the Future. " The highly anticipated event took place on June 30, 2023 at HDC Building, located within the Panasonic Compound in Taytay Rizal.

The event was attended by prominent industry professionals, valued partners, and media representatives. Also, this event served as a platform to showcase the diverse range of cutting-edge products designed specifically for the thriving business-to-business (B2B) markets in the digitalized era.

Christmas time treat by our System Solution Group showing a spectacular evening of lights and joy, Christmas Light Show inaugural ceremony last December 18, 2023. The event which is the first time for PMPC Plant did not just illuminate the season yet also unveiled the magic and wonder of Panasonic projector products. Those who witnessed the light show realized that our projector is not that simple and has this kind of amazing feature. This event proved and redefined the way occasions should be celebrated, announce important messages or events, and maybe promote products or services and decorate.

Indeed, embracing this modern era of innovation and sharing the warmth of the holidays with our neighbors, friends and colleagues through this light mapping is simply amazing.

Refrigerator Business Division, with the support of all related members, has launched its new line up of No Frost Models BP242VS, BP272VS and BP292VS last July 24, 2023. This brings a refreshed design and improved performance versus the old model and promises to improve market sellout of our No Frost Standard models. Designers put emphasis on the main features of the new model, the new door design similar to No Frost Deluxe Models in graphite steel color, the addition of pull-out tray in order to add value and provide completeness to the model line-up and the introduction of the quick guide to provide ease-of-use instruction to our customers.

Promoting responsible management for the betterment of society

In relation with the company's effort to enhance its operation including internal control, the SGST SAP Hana was officially used as ERP for manufacturing as replacement of the long been used Baan System last April 2023. The new system upgraded the recording and control of raw materials and other transactions related to it.

Sales wise, Panasonic Philippines wins big at the recent 25th Reader's Digest Trusted Brand Awards with the triple gold win for Refrigerator, Washing Machine, and Air Conditioner categories, held at the Marco Polo Ortigas on April 14, 2023.

For 25 consecutive years, the Reader's Digest Trusted Brands Trustmark has been helping consumers identify the brands in the marketplace that are value-for-money, reliable and worthy of their business. Reader's Digest Trusted Brand Award is 100% voted by consumers and the survey is conducted by a third-party research agency.

With over 100 years of reliability in our history and our Japan Quality standards, the Reader's Digest Trusted Brand Award cements Panasonic as the top brand who consumers trust.

In trade, PMPC has achieved a significant milestone by becoming one of the first two companies to receive the Authorized Economic Operator Level 2 accreditation from the Bureau of Customs, awarded last February 13,2024 in conjunction with the BOC's 122nd Founding Anniversary. This prestigious accreditation is a testament of our commitment to support our country's adherence to the World Trade Organization's Safe Framework of Standards to secure and facilitate global trade.

As a result of this achievement, Panasonic will enjoy several benefits, including a dedicated process lane, an advanced clearance process, periodic lodgment, a one-time exemption certificate, and expedited customs clearance for our export operations.

This accreditation will not only enhance our operational efficiency but also contribute to strengthening our position in local and global market. We look forward to continuing our commitment to excellence in trade practices and maintaining a high standard of compliance.

Also, PMPC had the privilege of hosting again the distinguished guest, Panasonic Holdings Corporation Director, Mr. Harold Meij last January 18, 2024. He graciously shared his knowledge, providing valuable insights into what it takes to revolutionize our marketing approach. Mr. Meij came to PMPC together with Mr. Shohei Inoue from the CEO Office of PHC, and Mr. Hiroaki Takahashi, KABD General Manager.

Mr. Meij's lecture has undoubtedly left an enduring impact on the attendees. As we implement the transformative insights gained during this enriching encounter, members are poised for strategic changes that embrace his lessons. With these principles at the forefront, we are confident that PMPC is on the brink of redefining its marketing success in the ever-evolving business landscape.

On the other hand, QAC Department hosted the FY2023 Quality Control Circle Conference in the PMPC Taytay Auditorium on July 27, 2023. This event showcased the exceptional efforts and innovations of four competing teams, each vying for the prestigious title and an opportunity for training in Japan. Ultimately, the B+ (BE POSITIVE) CIRCLE of the Air Conditioner Business Division Group emerged as the grand winner, securing the coveted opportunity.

Our Marketing Communications team was thrilled to share with everyone the successful celebration of Panasonic's #MaligayangCareWins with the Panasonic Christmas Playhouse last November 25, 2023, at The Dessert Museum.

The event saw an impressive turnout, with multiple influencers and key opinion leaders, mostly moms, joining the festivities. Twenty-five Panasonic followers won a free pass for two to the Panasonic Christmas Playhouse through our online contest. Their strong participation contributed to the vibrant atmosphere and energy throughout the event.

The venue was transformed into a real-life Panasonic Christmas Playhouse with enchanting decorations highlighting Panasonic and interactive games, creating a magical ambiance that resonated with the spirit of Christmas.

Panasonic Christmas Playhouse

A new **Collective Bargaining Agreement** (CBA) was signed between the management and the worker's union on March 17, 2023, in Sta. Rosa, Laguna.

Despite the global financial challenges brought about by the recent pandemic, negotiations were successfully conducted. The Management and the Union Representatives strong relationship was a key factor for the quick conclusion of the CBA negotiation.

The Management and Union's mutual trust and harmonious relationship has paved the way to achieve a win-win situation for both sides.

Promoting environment, health, and safety for the betterment of society

Recognizing the need to conserve the environment, the company leans towards helping to preserve it through activities like tree planting. In coordination with the Department of Environment and Natural Resources, PMPC joined the Save the La Mesa Watershed Project last August 5, 2023 headed by PMPC President Kazuya Higami and was able to plant thousands of saplings within years of joining.

Last February 24, PMPC Taytay and Sta. Rosa selected production employees together with our Workers Union Officers and Tahanang Walang Hagdanan residents participated in this joint event, entitled "Eco Relay 2024 - Backyard Vegetable Farming" at the Tahanang Walang Hagdanan compound in Cainta, Rizal. This aimed at promoting various Sustainable Development Goal activities of the company. As such, PEX provided PMPC CSR Team with the support to sponsor this event which was organized by the Workers Union led by its President Denniz Paz. The collaboration between HR Group and the Workers Union made this event a success and implied the best working relationship of PMPC management and its worker's union towards the progress of the company.

The much awaited return of yearly Sportsfest after the pandemic was held on July 14, 2023. Highlighting the event was the parade of colors ushered by the teams respective muses. It is high time to once again conduct such an activity to allow employees to sweat it out and become healthy.

To capture a wider range of employees participants to a health consciousness day, Employees Play Day was held on September 16, 2023 at our Multi-purpose court. Competing divisions challenged to win over the other from various games such as Luksong Lubid, Patinbola, Jump n poy, Hilahang lubid and Touch ball. Also, the employees giggles with every raffle draw treated by the Management.

Promoting corporate citizenship for the betterment of society

Financial aids were awarded to 14 deserving college students from State Owned Colleges and Universities, as part of Panasonic Scholarship Asia Program. FY2023 marks the start of creating a venue for reuniting with past Scholarship Student grants. Providing a strengthened connection amongst Scholars and possible career opportunities with the company.

Give Blood on Christmas Day entitled event was held last December 21, 2023 at PMPC auditorium where Panasonic employee volunteers participated by donating blood yielding a total of 62 bags with the Philippine Red Cross. This activity was stimulated by the intention of those who attended the First-aid seminars provided by PRC and facilitated

by our HR Group to be able to contribute and save someone's life. It is heart-warming to witness our young members' involvement in such endeavor exhibiting their care to humanity manifesting their true Panasonic blood line.

Headed by PMPC Executive Director and Treasurer, Mr. Atsushi Kozuma together with other Senior Managers, the company donated Panasonic Air Purifier and Electric Bidets to One Cainta Sunset Retreat Home, an aged care facility

on February 7, 2024. The donation intends to provide clean and quality air to the home of this elderly and keep them safe and protected from respiratory illnesses brought about by numerous air-borne viruses.

Likewise, the company launched the "LIGHT UP THE FUTURE Project" for off-grid areas. This initiative aims to bring light and power to areas without electricity supply, creating opportunities for education, health, and increased income, helping to build a society free from poverty.

PMPC donated 800 solar lanterns to people in distant areas in the country. The donations were made through to two NGOs active in Manila namely, Angat Kabataan Volunteer Group and the other one is the Our Lady of Light Parish. Also, the solar light donation reached the areas within the province of Rizal.

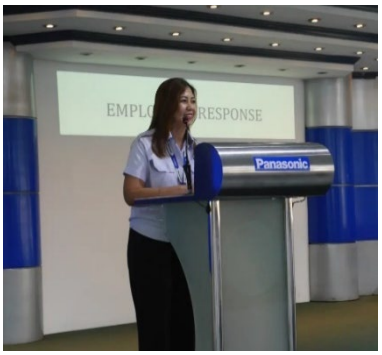
Extending its CSR activities, PMPC led by President Kazuya Higami once again extended its love and hope to 150 families of Brgy. Calawis, Antipolo City together with the Shining Light Foundation headed by Mr. Gary Valenciano, who also treated the locals with his electrifying song and dance performance. Dumagat Tribe who were forced to relocate from their homes in the hills of Antipolo were part of the recipient of solar lanterns. Indeed, these lanterns will provide the much-needed lighting for their children during their study time at night in this area where most are still without electricity.

56th Anniversary Celebration – Live Your Best

The celebration started with the regular general morning meeting preliminaries including the most awaited message from PMPC President Kazuya Higami followed by the awarding of Sport fest Champion of different events. Commendation awards and Service awards was presented, followed with the message of Ms. Jennifer Alforque of Visayas Sales who earned the President's Award.

Also, to showcase the anniversary celebration, last September 14, 2023, the Family Day Plant Tour was conducted at PMPC Taytay and Sta. Rosa plant. The visitors which are the family members of our employees passed by at the Refrigerator production line before passing by at the office of the President for photo ops. The tour aimed to impact the dedication of our employees to their work and its impact on creating a better future.

A Special Exhibition on Management Philosophy was also launched, honoring the legacy of Founder Mr. Konosuke Matsushita with the theme "Start Anew Every Day." This exhibition emphasized the company's commitment to societal contribution and improving quality of life. Ending the celebration was an exhibition basketball game between Taytay and Sta. Rosa featuring employee players aging 45-year-old and above.



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