

# Panasonic

## Panasonic Manufacturing Malaysia Berhad

Registration No. 196501000304 (6100-K)

(Incorporated in Malaysia)

### Condensed Combined Entity Statement of Comprehensive Income for the 2nd Quarter Ended 30 September 2023

	(Unaudited)		(Unaudited)	
	2nd Quarter Ended		6 Months Ended	
	30.09.2023 RM'000	30.09.2022 RM'000	30.09.2023 RM'000	30.09.2022 RM'000
Revenue	236,423	292,845	464,661	536,524
Operating expenses	(217,594)	(279,213)	(438,546)	(523,560)
Other operating income	13,759	28,180	20,196	34,356
Other derivative (loss)/gain	(505)	113	(722)	(155)
Result from operating activities	32,083	41,925	45,589	47,165
Finance cost	(1)	(1)	(1)	(2)
Finance Income	5,345	2,768	10,293	4,885
Share of results of associated company (net of tax)	3,129	5,702	7,260	10,557
Profit before taxation	40,556	50,394	63,141	62,605
Taxation	(7,333)	(7,792)	(9,494)	(8,549)
Profit after taxation for the period	33,223	42,602	53,647	54,056
Earning per share attributable to equity holders:				
Basic and diluted (sen)	<u>54</u>	<u>70</u>	<u>88</u>	<u>89</u>

(The Condensed Combined Statement of Comprehensive Income should be read in conjunction with the Annual Audited Financial Statements of the Company for the financial year ended 31 March 2023)

**Condensed Combined Entity Statement of Comprehensive Income  
 for the 2nd Quarter Ended 30 September 2023**

	(Unaudited)		(Unaudited)	
	2nd Quarter ended		6 Months ended	
	30.09.2023 RM'000	30.09.2022 RM'000	30.09.2023 RM'000	30.09.2022 RM'000
<b>Profit after taxation for the period</b>	33,223	42,602	53,647	54,056
Other comprehensive income, net of taxation	-	-	-	-
<b>Total Comprehensive income for the period</b>	33,223	42,602	53,647	54,056
<b>Profit after taxation attributable to equity holders of the Company</b>	33,223	42,602	53,647	54,056
<b>Total Comprehensive income attributable to equity holders of the Company</b>	33,223	42,602	53,647	54,056

(The Condensed Combined Statement of Comprehensive Income should be read in conjunction with the Annual Audited Financial Statements of the Company for the financial year ended 31 March 2023)

### Condensed Combined Entity Statement of Financial Position

	(Unaudited)	(Audited)
	As at 30.09.2023 RM'000	As at Preceding Financial Year End 31.03.2023 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	133,805	134,557
Right-of-use assets	5,516	5,577
Intangible assets	485	1,372
Interest in associated company	126,524	121,175
Deferred tax assets	2,687	2,676
	269,017	265,357
<b>Current assets</b>		
Inventories	58,947	70,053
Trade and other receivables	107,679	96,456
Current tax assets	-	7,450
Placement of funds with related company	476,115	482,525
Cash and bank balances	1,264	372
Derivative financial assets	8	-
	644,013	656,856
<b>Total assets</b>	<b>913,030</b>	<b>922,213</b>
<b>EQUITY</b>		
Capital and reserves attributed to equity holders		
Share capital	60,746	60,746
Retained earnings	722,829	734,180
<b>Total equity</b>	<b>783,575</b>	<b>794,926</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Provision for liabilities and charges	417	417
Non-current lease payable	-	10
	417	427
<b>Current liabilities</b>		
Trade and other payables	124,891	122,335
Taxation	1,513	-
Lease liabilities	30	40
Provision for liabilities and charges	1,832	4,443
Derivative financial liabilities	772	42
	129,038	126,860
<b>Total liabilities</b>	<b>129,455</b>	<b>127,287</b>
<b>Total equity and liabilities</b>	<b>913,030</b>	<b>922,213</b>
<b>Net assets per share (RM)</b>	<b>12.90</b>	<b>13.09</b>

(The Condensed Combined Entity Statement of Financial Position should be read in conjunction with the Annual Audited Financial Statements of the Company for the financial year ended 31 March 2023)

**Condensed Combined Entity Statement of Changes in Equity  
 for the 2nd Quarter Ended 30 September 2023**

	Attributable to equity holders		
	Share Capital	Retained Earnings	Total Equity
	RM'000	RM'000	RM'000
<b><u>Quarter Ended 30 September 2022</u></b>			
At 1 April 2022	60,746	704,467	765,213
Total comprehensive income for the period	-	54,056	54,056
Dividends:			
- Final dividend for the financial year ended 31 Mar 2021		(41,307)	(41,307)
At 30 September 2022	60,746	717,216	777,962
<b><u>Quarter Ended 30 September 2023</u></b>			
At 1 April 2023	60,746	734,180	794,926
Total comprehensive income for the period	-	53,647	53,647
Dividends:			
- Final dividend for the financial year ended 31 Mar 2022		(64,998)	(64,998)
At 30 September 2023	60,746	722,829	783,575

(The Condensed Combined Entity Statement of Changes in Equity should be read in conjunction with the Annual Audited Financial Statements of the Company for the financial year ended 31 March 2023)

**Condensed Combined Entity Cash Flow Statement  
For the 2nd Quarter Ended 30 September 2023**

	(Unaudited)	
	Period ended 30.09.2023 RM'000	Period ended 30.09.2022 RM'000
<b>Profit after taxation</b>	53,647	54,056
Adjustments for:		
Non cash flow items	13,132	20,158
Share of results of associated company	(7,260)	(10,557)
<b>Operating profit before working capital changes</b>	<b>59,519</b>	<b>63,657</b>
<b>Changes in working capital</b>		
Net decrease/(increase) in current assets	2,127	(6,031)
Net <b>increase</b> in current liabilities	2,109	11,685
<b>Cash generated from operations</b>	<b>63,755</b>	<b>69,311</b>
Other operating activities	(5,670)	(7,580)
<b>Net cash flow from operating activities</b>	<b>58,085</b>	<b>61,731</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(10,991)	(6,077)
Purchase of intangible asset	(117)	-
Proceeds from disposal of property, plant and equipment	319	298
Interest received	10,293	4,885
Dividend received (net)	1,911	1,911
<b>Net cash flow from Investing activities</b>	<b>1,415</b>	<b>1,017</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid	(64,998)	(41,307)
Repayment of lease liabilities	(20)	(43)
<b>Net cash flow from financing activities</b>	<b>(65,018)</b>	<b>(41,350)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(5,518)</b>	<b>21,398</b>
<b>CASH AND CASH EQUIVALENTS AS AT BEGINNING OF THE PERIOD</b>	<b>482,897</b>	<b>442,665</b>
<b>CASH AND CASH EQUIVALENTS AS AT END OF THE PERIOD</b>	<b>477,379</b>	<b>464,063</b>
<u>Cash and cash equivalents comprise:</u>		
Placement of funds with related company	476,115	463,441
Cash and bank balances	1,264	622
	<u>477,379</u>	<u>464,063</u>

(The Condensed Combined Entity Cash Flow Statement should be read in conjunction with the Annual Audited Financial Statements of the Company for the financial year ended 31 March 2023)

# Panasonic

## Panasonic Manufacturing Malaysia Berhad

Registration No. 196501000304 (6100-K)

(Incorporated in Malaysia)

### Notes to the Interim Financial Statements for 2nd Quarter Ended 30 September 2023

#### Note 1. Accounting Policies and Basis of Preparation

This interim financial report is unaudited and has been prepared in accordance with the requirements of Malaysian Financial Reporting Standard (“MFRS”) 134 Interim Financial Reporting issued by the Malaysian Accounting Standards Board and paragraph 9.22 and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad. The interim financial report should be read in conjunction with the Company’s audited statutory financial statements for the financial year ended 31 March 2023.

The audited financial statements of the Company for the year ended 31 March 2023 were prepared in accordance with MFRS. The accounting policies and methods of computation adopted by the Company in these quarterly financial statements are consistent with those adopted in the most recent annual audited financial statements for the year ended 31 March 2023.

#### Note 2. Disclosure of Audit Report Qualification

The audit report of the Company’s annual financial statements for the financial year ended 31 March 2023 was not qualified.

#### Note 3. Seasonality or Cyclicity of Interim Operations

The Company’s business operations were not materially affected by any seasonal or cyclical factors since the last balance sheet date.

The Company’s products are generally dependent on consumer demand both in the domestic and export markets.

#### Note 4. Unusual Items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the financial period under review.

#### Note 5. Changes in Estimates of Amounts Reported in Prior Interim Periods for the Current Financial Year or in Prior Financial Years

There were no major changes in estimates of amounts reported in prior interim periods for the current financial year or changes in estimates of amounts reported in the prior financial year, which give a material effect in the current interim period.

## Note 6. Issuances, Cancellations, Repurchases, Resale and Repayments of Debt and Equity Securities

There were no issuances and repayment of debt securities, share buy-back, share cancellations, shares held as treasury shares and resale of treasury shares since the last reporting date.

## Note 7. Dividends Declared / Paid

The final single tier dividend of 107 sen per ordinary share for the financial year ended 31 March 2023 was paid on 22 September 2023.

## Note 8. Segmental Reporting

Analysis of the Company's segment information is as follows:

	Revenue for the 6 Months ended		Profit before tax for the 6 Months ended	
	30.09.2023 RM'000	30.09.2022 RM'000	30.09.2023 RM'000	30.09.2022 RM'000
Living Appliances and Solutions Company ("LASC") products	96,252	135,350	11,359	2,718
Heating & Ventilation A/C Company ("HVAC") products	365,524	400,617	24,739	36,752
<b>Total</b>	<b>461,776</b>	<b>535,967</b>	<b>36,098</b>	<b>39,470</b>
Other unallocated revenue and income	2,885	557	19,783	12,578
Share of Results from Associate Companies	-	-	7,260	10,557
<b>Total</b>	<b>464,661</b>	<b>536,524</b>	<b>63,141</b>	<b>62,605</b>

Revenue information based on geographical location is as follows:

	Revenue for the 6 Months ended	
	30.09.2023 RM'000	30.09.2022 RM'000
Malaysia	196,391	199,826
Japan	9,273	10,763
Asia (excluding Malaysia and Japan)	141,710	182,325
Europe	2,354	3,994
Middle East	100,367	122,696
Others	14,566	16,920
<b>Total</b>	<b>464,661</b>	<b>536,524</b>

## Note 9. Valuation of Property, Plant and Equipment

There was no valuation of property, plant, and equipment for the period under review.

## Note 10. Significant Post Balance Sheet Events

In the interval between 30 September 2023 and the date of this announcement, there has not been any item, transaction or event of a material or unusual nature in the opinion of the Directors that is likely to affect substantially the result of the operations of the Company for the quarter ended 30 September 2023 in respect of which this announcement is made.

## Note 11. Contingent Liabilities

There were no contingent liabilities since the last financial year ended 31 March 2023.

## Disclosure Requirements Pursuant to Part A, Appendix 9B of Bursa Malaysia Securities Berhad Listing Requirements

## Note 12. Review of Performance

### (a) 2nd Quarter This Year vs 2nd Quarter Previous Year

	2nd Quarter Ended		Change	6 Months Ended		Change
	30.09.2023 RM'000	30.09.2022 RM'000	%	30.09.2023 RM'000	30.09.2022 RM'000	%
Revenue	236,423	292,845	(19.3%)	464,661	536,524	(13.4%)
Profit before taxation	40,556	50,394	(19.5%)	63,141	62,605	+0.9%

The Company's revenue of RM236.4 million for the current quarter ended 30 September 2023 was lower by 19.3% or RM56.4 million as compared with the revenue of RM292.8 million registered in the previous year's corresponding quarter.

The lower revenue achieved in the current quarter was mainly due to the following reasons:

- Previous year's corresponding quarter recorded high sales volume for Fan products following the fulfillment of backlog orders arising from the flood incident which had occurred in December 2021 and these orders were only completed by end of September 2022;
- Discontinuance of the Kitchen Appliances business since the end of last financial year.

Corresponding to the lower revenue achieved, the Company's combined profit before tax of RM40.6 million for the current quarter under review was lower by 20% or RM9.8 million as compared to the profit before tax of RM50.4 million in the previous year's corresponding quarter. The lower profitability was also attributable to a lower operating income (previous year's operating income included an insurance claim amounting to RM 20.9 million) and a decrease in the share of profit from associated company by RM2.6 million.

However, the decrease in profitability was mitigated partially by an increase in interest income of RM2.6 million following recent interest rate hikes and a claim amounting to RM11.8 million received in relation to the termination of kitchen appliances products.

### Review by Segment

#### Living Appliances and Solutions Company (LASC)

Revenue for the LASC products segment decreased by approximately 35% as compared to previous year's corresponding quarter. The reduction was mainly attributed to discontinuance of the Kitchen Appliances business, the full impact of which, was seen in the current quarter.

Despite the lower revenue achieved, the LASC products segment managed to record a profit before tax of RM6.7 million for the current quarter under review; which was higher by RM5.5 million as compared with the profit before tax of RM1.2 million registered in the previous year's corresponding quarter. In the previous year's corresponding quarter, the profitability had been impacted by the restructuring costs for the termination of kitchen appliances products.

#### Heating & Ventilation A/C Company (HVAC)

Revenue for the HVAC products segment decreased by approximately 14% as compared to previous year's corresponding quarter, mainly attributed to lower sales of Fan products in the current quarter as compared to previous year's corresponding quarter. The sales volume was higher in the previous year on fulfillment of backlog orders following the flood incident in December 2021.

HVAC products' segment recorded profit before tax of RM16.7 million, which was lower by RM19.1 million as compared to the profit before tax of RM35.8 million registered in the previous year's corresponding quarter. The lower revenue achieved and lower operating income (previous year's corresponding quarter included an insurance claim received) attributed to the lower profitability registered in the current quarter.

### **(b) Current Year to Date vs Previous Year to Date**

The Company's revenue of RM464.7 million for the half year ended 30 September 2023 was lower by RM71.8 million or 13.4% as compared to the previous year's revenue of RM536.5 million.

The revenue recorded in the first half of the current financial year was impacted by the discontinuance of the kitchen appliances business whilst the corresponding period in the last financial year saw high sales volume to fulfill backlog orders after the flood incident. This was mitigated, to a certain extent, by increase in sales for Vacuum Cleaner products in the Middle East market and Home Shower products in Vietnam and Philippines markets.

Despite the lower revenue recorded, the Company managed to achieve comparable combined profit before tax of RM63.1 million for the half year ended 30 September 2023, representing a marginal increase of RM0.5 million or 0.9% as compared to the profit before tax of RM62.6 million in the previous year's corresponding period. Included in the previous year's corresponding period was an insurance claim received for the flood incident amounting to RM22.3 million recognized as other operating income and if excluded, the profit before tax for the period ended 30 September 2023 would be an improvement of 57% from the same period ended 30 September 2022.

The higher profitability was attributable mainly due to :-

- a) Generally lower material costs as compared to the preceding year's corresponding period as major raw material prices has stabilized;
- b) A claim received amounting to RM11.8 million in relation to termination of kitchen appliance products; and

- c) Higher interest income of RM5.4 million following recent interest rate hikes.
- d) Set-off by the lower share of results of the associate company of RM3.3 million as compared to the previous corresponding period.

LASC product segment's profit before tax of RM11.4 million for the half year ended 30 September 2023 was significantly higher by RM8.7 million as compared to the previous year's profit before tax of RM2.7 million. The segment was able to register higher profitability mainly due to increased sales of Vacuum Cleaner products. In addition, the previous year's results was affected by restructuring costs for the termination of kitchen appliances products.

HVAC product segment recorded lower profit before tax of RM24.7 million for the half year ended 30 September 2023 as compared to the profit before tax in the previous year of RM36.8 million, which was lower by 33% or RM12.1 million. Without taking into consideration the insurance claim received in the previous year's corresponding period, profit from operations for this segment was higher, mainly due to higher sales of Home Shower products, lower material costs and increase in selling price for certain fan products.

### Note 13. Material Changes in Quarterly Results Compared to Preceding Quarter

	Current	Preceding	Difference	
	2nd Quarter 30.09.2023 RM'000	1st Quarter 30.06.2023 RM'000	RM'000	%
Revenue	236,423	228,238	+8,185	+3.6%
Operating expenses	(217,594)	(220,952)	+3,358	+1.5%
Other operating income	13,759	6,437	+7,322	+113.7%
Others:				
- Fair value (loss)/gain on derivative financial instruments	(505)	(217)	(288)	(132.7%)
<b>Results from operating activities</b>	<b>32,083</b>	<b>13,506</b>	<b>+18,577</b>	<b>+137.5%</b>
Finance cost	(1)	-	(1)	-
Finance income	5,345	4,948	+397	+8.0%
Share of results of associated company (net of tax)	3,129	4,131	(1,002)	(24.3%)
<b>Profit before taxation</b>	<b>40,556</b>	<b>22,585</b>	<b>+17,971</b>	<b>+79.6%</b>

The Company's revenue of RM236.4 million in the current quarter was marginally higher by 3.6% or RM8.2 million as compared to a revenue of RM228.2 million recorded in the preceding quarter. The higher revenue was mainly contributed by higher sales in Home Shower products; which normally peaks in the second and third quarters of the financial year.

The Company recorded a combined profit before taxation of RM40.6 million for the current quarter ended 30 September 2023, representing an increase of RM18.0 million or 79.6% as compared to the preceding quarter's profit before taxation of RM22.6 million. The higher profitability was mainly due to higher sales achieved and a claim amounting to RM11.8 million which is receivable in relation to the termination of kitchen appliances products during the quarter under review.

### Note 14. Prospects and Outlook

The Malaysian economy grew by 3.3% in the third quarter of 2023 as reported in the Bank Negara Malaysia (BNM) Quarterly Report (2Q 2023: 2.9%). The growth was mainly supported

by expansion in domestic demand, continued improvement in labor market conditions, further recovery in tourism activities and construction activity.

Global economy is expected to grow at a slower pace in 2024; with downside risks stemming from higher-than-expected inflation, escalation of geopolitical tensions, and tightening in financial market conditions. On a positive note, the upside potential to global growth can arise from stronger-than-expected domestic demand; especially in advanced economies.

The Company is currently intensifying its efforts to venture into new products (water related) and to diversify our existing products to other regions in order to maintain its business competitiveness and to counter the loss of sales of recently terminated businesses.

Concurrently, the Company has made further progress in the utilization of technology in its manufacturing facilities to improve productivity and increase efficiency whilst continuing to implement cost reduction measures to reduce overall costs of production and to improve profitability.

With these measures in place, the Company will strive to meet these challenges ahead with agility and resilience to achieve positive results for the financial year ending 31 March 2024.

#### **Note 15. Profit Forecast, Profit Guarantee or Internal Targets**

The Company did not issue or publicly announce or disclose any profit forecasts, profit guarantee or internal targets for the period under review.

#### **Note 16. Taxation**

	<b>Current Quarter Ended 30.09.2023 RM'000</b>	<b>Preceding Year's Quarter Ended 30.09.2022 RM'000</b>	<b>6 Months ended 30.09.2023 RM'000</b>	<b>6 Months ended 30.09.2022 RM'000</b>
Taxation over provision /(charge):				
- current financial year	(7,092)	(4,963)	(9,505)	(5,471)
- prior financial year	-	-	-	-
Deferred Tax expense:				
- origination and reversal of temporary differences	(241)	(2,829)	11	(3,078)
- over/(under) provision of deferred tax benefit in prior year	-	-	-	-
	<b>(7,333)</b>	<b>(7,792)</b>	<b>(9,494)</b>	<b>(8,549)</b>
Effective income tax rate	18.1%	15.5%	15.0%	13.7%

The Company's effective income tax rate was lower than the statutory tax rate of 24% mainly due to certain tax incentives enjoyed for promotion of export, double deduction from R&D expenses and coupled with the special reinvestment allowances (RA).

#### **Note 17. Corporate Proposals**

There were no corporate proposals announced but not completed as at the date of the issuance of this interim financial report.

## Note 18. Derivatives

Derivative financial instruments are entered into by the Company in currencies other than Ringgit Malaysia for highly probable forecasted transactions to manage the exposure to fluctuation in foreign currency exchange rates.

In general, the Company's policy is to enter into foreign currency forward contracts to mitigate foreign exchange risk of highly probable forecasted transactions, such as anticipated future export sales, purchases of equipment and raw materials, as well as payment on services and other related expenditure. There is no change to the Company's policy in managing these derivatives since the previous financial year.

As at 30 September 2023, the details of derivative financial instruments outstanding measured at fair values together with their corresponding contract / notional values are as follows:-

Type of Derivatives	Contract / Notional Value RM'000	Fair Value of Assets RM'000	Fair Value of Liabilities RM'000
Less than 1 year - Sell USD	46,792	-	(700)
Less than 1 year - Buy JPY	4,407	-	(72)
Less than 1 year - Buy SGD	27	1	-
Less than 1 year - Sell Euro	743	7	-
		<b>8</b>	<b>(772)</b>

## Note 19. Material Litigation

There were no material litigations pending on the date of this announcement.

## Note 20. Dividends

The Board has declared an interim single tier dividend of 15 sen per ordinary share for the financial year ending 31 March 2024 payable on 19 January 2024 to the shareholders registered in the Record of Depositors on the entitlement date of 20 December 2023.

## Note 21. Earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to the shareholders by the weighted average number of ordinary shares in issue as at 30 September 2023 of 60,745,780 shares.

### (a) Basic earnings per share

	6 Months ended 30.09.2023	6 Months ended 30.09.2022
Profit after taxation for the period (RM'000)	53,647	54,056
Weighted average number of ordinary shares in issue (RM'000)	60,746	60,746
Basic earnings per share (sen)	88	89

(b) Summary of earnings per share

	Basic (sen)	Diluted (sen)
Quarter 1	34	Not Applicable
Quarter 2	54	Not Applicable
Year-to-date	88	Not Applicable

**Note 22. Commitments for Capital Expenditure**

Analyzed as follows: Property, plant and equipment	As at 30.09.2023 RM'000	As at 30.09.2022 RM'000
Contracted	7,396	5,680
Not contracted	86	-
<b>Total</b>	<b>7,482</b>	<b>5,680</b>

**Note 23. Notes to the Condensed Combined Statement of Comprehensive Income**

Included in the Total Comprehensive Income for the period are the following:

	2nd Quarter ended		6 Months ended	
	30.09.2023 RM'000	30.09.2022 RM'000	30.09.2023 RM'000	30.09.2022 RM'000
Interest Income	5,345	2,768	10,293	4,885
Interest Expenses	-	-	-	-
Depreciation & Amortization	6,456	7,184	12,784	14,228
Provision For/Write Off of Receivables	-	-	-	-
Provision For/Write Off of Inventories	-	-	-	-
Gain/(Loss) on Disposal of Quoted and Unquoted Investment or Properties*	N/A	N/A	N/A	N/A
Impairment Loss of Assets	N/A	N/A	N/A	N/A
Gain/(Loss) on Foreign Exchange	598	6,000	5,376	8,967
(Loss)/Gain on Derivatives	(505)	113	(722)	(155)

\* N/A: Not Applicable to the Combined Entity

**By Order of the Board**

Leong Oi Wah  
Company Secretary  
29 November 2023