

Panasonic

Panasonic Manufacturing Malaysia Berhad
Registration No. 196501000304 (6100-K)
(Incorporated in Malaysia)

Condensed Combined Entity Statement of Comprehensive Income
for the 1st Quarter Ended 30 June 2024

	(Unaudited)		(Unaudited)	
	1st Quarter Ended		3 Months Ended	
	30.06.2024 RM'000	30.06.2023 RM'000	30.06.2024 RM'000	30.06.2023 RM'000
Revenue	220,955	228,238	220,955	228,238
Operating expenses	(209,336)	(220,952)	(209,336)	(220,952)
Other operating income	1,234	6,437	1,234	6,437
Other derivative gain/(loss)	(9)	(217)	(9)	(217)
Result from operating activities	12,844	13,506	12,844	13,506
Finance cost	-	-	-	-
Finance Income	5,168	4,948	5,168	4,948
Share of profit equity-accounted associate, net of tax	2,679	4,131	2,679	4,131
Profit before taxation	20,691	22,585	20,691	22,585
Taxation	(2,898)	(2,161)	(2,898)	(2,161)
Profit after taxation for the period	17,793	20,424	17,793	20,424
Earning per share attributable to equity holders:				
Basic (sen)	<u>29</u>	<u>34</u>	<u>29</u>	<u>34</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 2024)

**Condensed Combined Entity Statement of Comprehensive Income
for the 1st Quarter Ended 30 June 2024**

	(Unaudited)		(Unaudited)	
	1st Quarter ended		3 Months ended	
	30.06.2024 RM'000	30.06.2023 RM'000	30.06.2024 RM'000	30.06.2023 RM'000
Profit after taxation for the period	17,793	20,424	17,793	20,424
Other comprehensive income, net of taxation	-	-	-	-
Total Comprehensive income for the period	17,793	20,424	17,793	20,424
Profit after taxation attributable to equity holders of the Company	17,793	20,424	17,793	20,424
Total Comprehensive income attributable to equity holders of the Company	17,793	20,424	17,793	20,424

(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 2024)

Condensed Combined Entity Statement of Financial Position

	(Unaudited)	(Audited)
	As at 30.06.2024 RM'000	As at Preceding Financial Year End 31.03.2024 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	131,112	134,987
Right-of-use assets	5,425	5,456
Intangible assets	382	420
Investment in associate	133,544	130,865
Deferred tax assets	1,581	1,068
	272,044	272,796
Current assets		
Inventories	55,910	52,133
Trade and other receivables	86,056	89,292
Current tax assets	-	-
Placement of funds with related company	526,700	529,177
Cash and bank balances	403	1,015
Derivative financial assets	2	-
	669,071	671,617
Total assets	941,115	944,413
EQUITY		
Capital and reserves attributed to equity holders		
Share capital	60,746	60,746
Retained earnings	770,509	752,716
Total equity	831,255	813,462
LIABILITIES		
Non-current liabilities		
Provision for liabilities and charges	637	637
Non-current lease payable	-	-
	637	637
Current liabilities		
Trade and other payables	105,602	125,120
Taxation	1,606	1,210
Lease liabilities	-	10
Provision for liabilities and charges	1,905	3,875
Derivative financial liabilities	110	99
	109,223	130,314
Total liabilities	109,860	130,951
Total equity and liabilities	941,115	944,413
Net assets per share (RM)	13.68	13.39

(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 2024)

**Condensed Combined Entity Statement of Changes in Equity
 for the 1st Quarter Ended 30 June 2024**

	Attributable to equity holders		
	Share Capital	Retained Earnings	Total Equity
	RM'000	RM'000	RM'000
<u>Quarter Ended 30 June 2023</u>			
At 1 April 2023	60,746	734,180	794,926
Total comprehensive income for the period	-	20,424	20,424
At 30 June 2023	60,746	754,604	815,350
<u>Quarter Ended 30 June 2024</u>			
At 1 April 2024	60,746	752,716	813,462
Total comprehensive income for the period	-	17,793	17,793
At 30 June 2024	60,746	770,509	831,255

(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 2024)

**Condensed Combined Entity Cash Flow Statement
For the 1st Quarter Ended 30 June 2024**

	(Unaudited)	
	Period ended 30.06.2024 RM'000	Period ended 30.06.2023 RM'000
Profit after taxation	17,793	20,424
Adjustments for:		
Non cash flow items	4,199	3,644
Share of profit equity-accounted associate, net of tax	(2,679)	(4,131)
Operating profit before working capital changes	19,313	19,937
Changes in working capital		
Net (increase)/decrease in current assets	(593)	11,129
Net decrease in current liabilities	(19,454)	(8,573)
Cash generated from operations	(734)	22,493
Other operating activities	(5,089)	(2,960)
Net cash flow from operating activities	(5,823)	19,533
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(2,424)	(3,700)
Purchase of intangible asset	-	(91)
Proceeds from disposal of property, plant and equipment	-	287
Interest received	5,168	4,948
Dividend received (net)	-	-
Net cash flow from Investing activities	2,744	1,444
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	-	-
Repayment of lease liabilities	(10)	(10)
Net cash flow from financing activities	(10)	(10)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(3,089)	20,967
CASH AND CASH EQUIVALENTS AS AT BEGINNING OF THE PERIOD	530,192	482,897
CASH AND CASH EQUIVALENTS AS AT END OF THE PERIOD	527,103	503,864
<u>Cash and cash equivalents comprise:</u>		
Placement of funds with related company	526,700	502,918
Cash and bank balances	403	946
	<u>527,103</u>	<u>503,864</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 2024)

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Notes to the Interim Financial Statements for 1st Quarter Ended 30 June 2024

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 2024.

The audited financial statements of the Company for the year ended 31 March 2024 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 2024.

Note 2. Disclosure of Audit Report Qualification

The audit report of the Company’s annual financial statements for the financial year ended 31 March 2024 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

There was no dividend paid in the current quarter ended 30 June 2024.

Note 8. Segmental Reporting

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

	Revenue for the 3 Months ended		Profit before tax for the 3 Months ended	
	30.06.2024 RM'000	30.06.2023 RM'000	30.06.2024 RM'000	30.06.2023 RM'000
Living Appliances and Solutions Company ("LASC") products	39,757	47,407	3,951	4,630
Heating & Ventilation A/C Company ("HVAC") products	180,984	178,215	13,421	7,996
Total	220,741	225,622	17,372	12,626
Other unallocated revenue and income	214	2,616	640	5,828
Share of profit from equity-accounted associate, net of tax	-	-	2,679	4,131
Total	220,955	228,238	20,691	22,585

Revenue information based on geographical location is as follows:

	Revenue for the 3 Months ended	
	30.06.2024 RM'000	30.06.2023 RM'000
Malaysia	99,861	109,618
Japan	4,872	4,839
Asia (excluding Malaysia and Japan)	64,633	65,102
Europe	606	1,555
Middle East	39,992	41,554
Others	10,991	5,570
Total	220,955	228,238

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 June 2024 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 June 2024 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 2024.

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

Note 12. Review of Performance

(a) 1st Quarter This Year vs 1st Quarter Previous Year

	1st Quarter Ended		Change	3 Months Ended		Change
	30.06.2024 RM'000	30.06.2023 RM'000	%	30.06.2024 RM'000	30.06.2023 RM'000	%
Revenue	220,955	228,238	(3.2%)	220,955	228,238	(3.2%)
Profit before taxation	20,691	22,585	(8.4%)	20,691	22,585	(8.4%)

The Company's revenue of RM221.0 million for the current quarter ended 30 June 2024 was lower by 3.2% or RM7.2 million as compared with the revenue of RM228.2 million registered in the previous year's corresponding quarter.

The lower revenue in current quarter was mainly attributed to:

- Lower sales of Home Shower products in the quarter under review impacted by warmer weather in this region; resulting in lower demand in the domestic market and also other Asean Countries; particularly for the Thailand, Vietnam and Philippines market; and
- Lower export sales for Vacuum Cleaner products mainly in Vietnam market in the face of stiff price competition and slower market demand in the Middle East market.

The warm weather, on the other hand, has positively contributed to Fan sales especially in certain Asean countries such as Vietnam and Singapore. The increase has been offset to a certain extent by the lower sales registered for both Home Shower and Vacuum Cleaner products. In addition, sales of Fan products to the Latin America market have also shown marked increase due to higher market demand.

Correspondingly, the Company recorded a combined profit before tax of RM20.7 million for the current quarter under review, which was lower by 8.4% or RM1.9 million as compared to the profit before tax of RM22.6 million.

The lower profitability was mainly attributed to the following factors:-

- Lower sales achievement especially for products with higher profit margins;
- Lower operating income (mainly foreign exchange gain) of RM 5.2 million as compared to previous year's corresponding quarter with the strengthening of Ringgit Malaysia against US Dollars in recent months; and
- Lower share of profit from associated company amounting to RM 1.5 million due to lower sales achievement.

However, lower material costs (mainly steel) incurred during the current financial year has cushioned the lower profitability arising from the factors highlighted above.

Review by Segment

Living Appliances and Solutions Company (LASC)

Revenue for the LASC products segment decreased by approximately 16.1% as compared to previous year's corresponding quarter. The reduction was mainly attributed to the lower export sales of Vacuum Cleaner products.

Correspondingly, the LASC products segment recorded a profit before tax of RM4.0 million for the current quarter under review; which was lower by RM0.6 million or 13% as compared with the profit before tax of RM4.6 million registered in the previous year's corresponding quarter. Profitability was affected by lower sales achievement; mitigated to a certain extent by lower material costs incurred.

Heating & Ventilation A/C Company (HVAC)

Revenue for the HVAC products segment grew by approximately 1.6% as compared to previous year's corresponding quarter. Despite unfavorable sales from Home Shower products, sales improvement in this segment was mainly contributed from significant increase in export sales from Fan products.

With the improved revenue, the HVAC products segment recorded profit before tax of RM13.4 million, which was higher by RM5.4 million as compared to the profit before tax of RM8.0 million registered in the previous year's corresponding quarter. The higher revenue achieved from Fan products, lower material costs incurred and favorable product sales mix (Fan) during the quarter under review contributed to the profit improvement.

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

	Current	Preceding	Difference	
	1st Quarter	4th Quarter	RM'000	%
	30.06.2024	31.03.2024		
	RM'000	RM'000		
Revenue	220,955	207,477	+13,478	+6.5%
Operating expenses	(209,336)	(201,670)	(7,666)	(3.8%)
Other operating income	1,234	4,338	(3,104)	(71.6%)
Others:				
- Fair value (loss)/gain on derivative financial instruments	(9)	(1,025)	+1,016	(99.1%)
Results from operating activities	12,844	9,120	+3,724	+40.8%
Finance income	5,168	5,389	(221)	(4.1%)
Share of results of associated company (net of tax)	2,679	5,953	(3,274)	(55.0%)
Profit before taxation	20,691	20,462	+229	+1.1%

The Company's revenue of RM221.0 million in the current quarter was higher by 6.5% or RM13.5 million as compared to a revenue of RM207.5 million recorded in the preceding quarter. The increase was mainly due to higher sales from domestic markets, especially in Fan products, as there was increased demand arising from the prolonged warmer weather in the country. The new Home Shower products launched also brought in increased sales for export markets as compared to the preceding quarter.

The Company recorded a combined profit before taxation of RM20.7 million for the current quarter ended 30 June 2024, representing an increase of RM0.2 million or 1.1% as compared to the preceding quarter's profit before taxation of RM20.5 million. Higher result from operating activities was achieved in line with higher revenue, but profitability was offset by lower share of profit from associated company.

Note 14. Prospects and Outlook

The Malaysian economy continued to strengthen by 5.9% in the second quarter of 2024 as reported in the Bank Negara Malaysia (BNM) Quarterly Report (1Q 2024: 4.2%). The growth was mainly driven by stronger private consumption, improvement in net exports, higher tourism spending and stronger investment activities.

Global economy is expected to remain sustained in 2024, supported by moderate global inflation, resilient labor markets and a rebound in global trade. However, the growth outlook faces downside risks from geopolitical tensions, higher-than-expected inflation, and a sharp tightening in financial market conditions.

In view of the above, the business environment is likely to remain volatile for the current financial year under review. Nevertheless, the Company will continue to intensify its efforts to produce new products (water related businesses) and expand its current products line-up in order to maintain its business competitiveness. 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.

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

	Current Quarter Ended 30.06.2024 RM'000	Preceding Year's Quarter Ended 30.06.2023 RM'000	3 Months ended 30.06.2024 RM'000	3 Months ended 30.06.2023 RM'000
Taxation over provision /(charge):				
- current financial year	(3,411)	(2,413)	(3,411)	(2,413)
- prior financial year	-	-	-	-
Deferred Tax expense:				
- origination and reversal of temporary differences	513	252	513	252
- over/(under) provision of deferred tax benefit in prior year	-	-	-	-
	(2,898)	(2,161)	(2,898)	(2,161)
Effective income tax rate	14.0	9.6%	14.0	9.6%

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 and double deduction from R&D expenses.

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 June 2024, 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
<u>Less than 1 year</u> - Sell USD	23,563	-	(109)
<u>Less than 1 year</u> - Buy JPY	-	-	-
<u>Less than 1 year</u> - Buy SGD	28	-	(1)
<u>Less than 1 year</u> - Sell Euro	252	2	-
		2	(110)

Note 19. Material Litigation

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

Note 20. Dividends

No interim dividend has been declared or recommended for the current quarter ended 30 June 2024 (2023: Nil)

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 June 2024 of 60,745,780 shares.

(a) Basic earnings per share

	3 Months ended 30.06.2024	3 Months ended 30.06.2023
Profit after taxation for the period (RM'000)	17,793	20,424
Weighted average number of ordinary shares in issue (RM'000)	60,746	60,746
Basic earnings per share (sen)	29	34

(b) Summary of earnings per share

	Basic (sen)	Diluted (sen)
Quarter 1	29	Not Applicable
Year-to-date	29	Not Applicable

Note 22. Commitments for Capital Expenditure

Analyzed as follows: Property, plant and equipment	As at 30.06.2024 RM'000	As at 30.06.2023 RM'000
Contracted	9,362	8,038
Not contracted	345	380
Total	9,707	8,418

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

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

	1st Quarter ended		3 Months ended	
	30.06.2024 RM'000	30.06.2023 RM'000	30.06.2024 RM'000	30.06.2023 RM'000
Interest Income	5,168	4,948	5,168	4,948
Interest Expenses	-	-	-	-
Depreciation & Amortization	6,369	6,328	6,369	6,328
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	(677)	4,778	(677)	4,778
(Loss)/Gain on Derivatives	(9)	(217)	(9)	(217)

* N/A: Not Applicable to the Combined Entity

By Order of the Board

Leong Oi Wah
Company Secretary
26 August 2024