

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 2024

	(Unaudited)		(Unaudited)	
	2nd Quarter Ended		6 Months Ended	
	30.09.2024 RM'000	30.09.2023 RM'000	30.09.2024 RM'000	30.09.2023 RM'000
Revenue	236,071	236,423	457,026	464,661
Operating expenses	(241,333)	(217,594)	(450,669)	(438,546)
Other operating income	1,336	13,759	2,570	20,196
Other derivative gain/(loss)	590	(505)	581	(722)
Result from operating activities	(3,336)	32,083	9,508	45,589
Finance cost	-	(1)	-	(1)
Finance Income	5,369	5,345	10,537	10,293
Share of profit equity-accounted associate, net of tax	2,605	3,129	5,284	7,260
Profit before taxation	4,638	40,556	25,329	63,141
Taxation	(2,171)	(7,333)	(5,069)	(9,494)
Profit after taxation for the period	2,467	33,223	20,260	53,647
Earning per share attributable to equity holders:				
Basic (sen)	<u>4</u>	<u>54</u>	<u>33</u>	<u>88</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 2nd Quarter Ended 30 September 2024**

	(Unaudited)		(Unaudited)	
	2nd Quarter ended		6 Months ended	
	30.09.2024 RM'000	30.09.2023 RM'000	30.09.2024 RM'000	30.09.2023 RM'000
Profit after taxation for the period	2,467	33,223	20,260	53,647
Other comprehensive income, net of taxation	-	-	-	-
Total Comprehensive income for the period	2,467	33,223	20,260	53,647
Profit after taxation attributable to equity holders of the Company	2,467	33,223	20,260	53,647
Total Comprehensive income attributable to equity holders of the Company	2,467	33,223	20,260	53,647

(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 30.09.2024 RM'000	As at Preceding Financial Year End 31.03.2024 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	128,581	134,987
Right-of-use assets	5,404	5,456
Intangible assets	343	420
Investment in associate	134,238	130,865
Deferred tax assets	2,258	1,068
	270,824	272,796
Current assets		
Inventories	48,994	52,133
Trade and other receivables	81,944	89,292
Current tax assets	-	-
Placement of funds with related company	478,941	529,177
Cash and bank balances	1,058	1,015
Derivative financial assets	482	-
	611,419	671,617
Total assets	882,243	944,413
EQUITY		
Capital and reserves attributed to equity holders		
Share capital	60,746	60,746
Retained earnings	699,474	752,716
Total equity	760,220	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	117,953	125,120
Taxation	1,522	1,210
Lease liabilities	-	10
Provision for liabilities and charges	1,911	3,875
Derivative financial liabilities	-	99
	121,386	130,314
Total liabilities	122,023	130,951
Total equity and liabilities	882,243	944,413
Net assets per share (RM)	12.51	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 2nd Quarter Ended 30 September 2024**

	Attributable to equity holders		
	Share Capital	Retained Earnings	Total Equity
	RM'000	RM'000	RM'000
<u>Quarter Ended 30 September 2023</u>			
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 2023		(64,998)	(64,998)
At 30 September 2023	60,746	722,829	783,575
<u>Quarter Ended 30 September 2024</u>			
At 1 April 2024	60,746	752,716	813,462
Total comprehensive income for the period	-	20,260	20,260
Dividends:			
- Final dividend for the financial year ended 31 Mar 2024		(73,502)	(73,502)
At 30 September 2024	60,746	699,474	760,220

(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 2nd Quarter Ended 30 September 2024**

	(Unaudited)	
	Period ended 30.09.2024 RM'000	Period ended 30.09.2023 RM'000
Profit after taxation	20,260	53,647
Adjustments for:		
Non cash flow items	14,794	13,132
Share of profit equity-accounted associate, net of tax	(5,284)	(7,260)
Operating profit before working capital changes	29,770	59,519
Changes in working capital		
Net decrease in current assets	1,185	2,127
Net (decrease)/increase in current liabilities	(5,318)	2,109
Cash generated from operations	25,637	63,755
Other operating activities	(8,867)	(5,670)
Net cash flow from operating activities	16,770	58,085
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(5,989)	(10,991)
Purchase of intangible asset	-	(117)
Proceeds from disposal of property, plant and equipment	90	319
Interest received	10,537	10,293
Dividend received (net)	1,911	1,911
Net cash flow from Investing activities	6,549	1,415
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(73,502)	(64,998)
Repayment of lease liabilities	(10)	(20)
Net cash flow from financing activities	(73,512)	(65,018)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(50,193)	(5,518)
CASH AND CASH EQUIVALENTS AS AT BEGINNING OF THE PERIOD	530,192	482,897
CASH AND CASH EQUIVALENTS AS AT END OF THE PERIOD	479,999	477,379
<u>Cash and cash equivalents comprise:</u>		
Placement of funds with related company	478,941	476,115
Cash and bank balances	1,058	1,264
	<u>479,999</u>	<u>477,379</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 2nd Quarter Ended 30 September 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

The final single tier dividend of 121 sen per ordinary share for the financial year ended 31 March 2024 was paid on 20 September 2024.

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	
	30.09.2024 RM'000	30.09.2023 RM'000	30.09.2024 RM'000	30.09.2023 RM'000
Living Appliances and Solutions Company ("LASC") products	83,795	96,252	7,053	11,359
Heating & Ventilation A/C Company ("HVAC") products	372,450	365,524	27,065	24,739
Total	456,245	461,776	34,118	36,098
Other unallocated revenue and income	781	2,885	(14,073)	19,783
Share of profit from equity-accounted associate, net of tax	-	-	5,284	7,260
Total	457,026	464,661	25,329	63,141

Revenue information based on geographical location is as follows:

	Revenue for the 6 Months ended	
	30.09.2024 RM'000	30.09.2023 RM'000
Malaysia	186,199	196,391
Japan	12,904	9,273
Asia (excluding Malaysia and Japan)	144,742	141,710
Europe	2,088	2,354
Middle East	89,234	100,367
Others	21,859	14,566
Total	457,026	464,661

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 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 September 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) 2nd Quarter This Year vs 2nd Quarter Previous Year

	2nd Quarter Ended		Change	6 Months Ended		Change
	30.09.2024 RM'000	30.09.2023 RM'000	%	30.09.2024 RM'000	30.09.2023 RM'000	%
Revenue	236,071	236,423	(0.1%)	457,026	464,661	(1.6%)
Profit before taxation	4,638	40,556	(88.6%)	25,329	63,141	(59.9%)

The Company recorded a revenue of RM236.0 million for the current quarter ended 30 September 2024, a marginal decline of 0.1% or RM0.4 million compared with the revenue of RM236.4 million registered in the previous year's corresponding quarter.

Despite these gains, the overall increase in Fan sales was insufficient to fully offset the decline in Home Shower and Vacuum Cleaner sales.

The slight decrease in revenue was primarily driven by:

- Lower sales of Home Shower products attributed to warmer weather in the region; which reduced domestic demand and led to slower sales in other Asean markets; particularly Thailand and Brunei.
- Reduced export sales of Vacuum Cleaner products, impacted by softer demand in the Middle East and intensified price competition in the Vietnam market

On a positive note, the prolonged warmer weather positively impacted Fan sales in the domestic market. Additionally, export sales of Fan products experienced notable growth, supported by stronger demand in Vietnam market and the success of the Airy Bundle promotional campaign in Singapore. However, the overall increase in Fan sales was partially offset by the lower sales of Home Shower and Vacuum Cleaner products.

The Company reported a combined profit before tax of RM4.6 million for the current quarter under review, a substantial decrease of 88.6% or RM36 million as compared to the profit before tax of RM40.6 million.

The decline in profitability was mainly due to the following factors:-

- Foreign exchange loss of RM16.4 million compared to foreign exchange gain of RM0.6 million in the previous year's corresponding quarter. This was driven by the recent strengthening of the Ringgit Malaysia against the US Dollars (USD/MYR: RM4.718 on end June 2024 vs. RM4.09 on end September 2024). The foreign exchange loss included an unrealized translation loss amounting to RM9.6 million on US Dollar-denominated cash and cash equivalents at the end of the quarter;
- Lower operating income as the previous year's operating income included a one-time claim of RM11.8 million related to the termination of kitchen appliances products;
- Reduced sales performance due to the challenging environment, particularly for products with higher profit margins; and
- Increased material cost especially for copper and aluminium.

Review by Segment

Living Appliances and Solutions Company (LASC)

Revenue for the LASC products segment declined by approximately 9.6% compared to the corresponding quarter of the previous year, primarily due to lower export sales of Vacuum Cleaner products.

Correspondingly, the LASC products segment recorded a profit before tax of RM3.1 million for the current quarter under review; which was lower by RM3.6 million or 53% as compared with the profit before tax of RM6.7 million registered in the previous year's corresponding quarter.

The decline in profitability was mainly affected by lower sales achievement on the vacuum cleaner products, unfavorable foreign currency exchange impact and unfavorable product sales mix. These factors collectively contributed to the weaker performance of the LASC segment during the quarter.

Heating & Ventilation A/C Company (HVAC)

Revenue for the HVAC products segment grew by approximately 2.2% compared to previous year's corresponding quarter. This growth was primarily driven by a significant increase in the sales of Fan products, which offset the unfavorable sales performance of Home Shower products.

However, despite the higher revenue, this segment's profit before tax declined to RM13.6 million, a decrease of RM3.1 million compared to the profit before tax of RM16.7 million registered in the previous year's corresponding quarter. The lower profitability was mainly due to reduced revenue from Home Shower products, unfavorable foreign currency exchange impacts and unfavorable product sales mix within the segment.

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

The Company reported revenue of RM457 million for the half year ended 30 September 2024, a decrease of RM7.7 million or 1.6% as compared to the corresponding period of the previous year's revenue of RM464.7million.

The decline in revenue was primarily driven by:

- Lower sales of Home Shower products impacted by warmer weather in this region; resulting in lower demand in the domestic market and slowed market demand in key ASEAN countries like Thailand, Brunei and Vietnam.
- Lower export sales of Vacuum Cleaner products due to slowdown in demand in the Middle East and Vietnam market

This reduction was partially mitigated by an increase in sales of Fan products in ASEAN countries such as Vietnam and Singapore. Additionally, higher market demand in Latin America contributed to stronger export sales for Fan products during the period.

The Company achieved combined profit before tax of RM25.3 million for the half year ended 30 September 2024, representing a decrease of RM37.8 million or 59.9% as compared to the profit before tax of RM63.1 million in the previous year's corresponding period.

The lower profitability was attributable mainly due to the following factors:

- A foreign exchange loss of RM17.1 million was incurred in the first half under review compared to a foreign exchange gain of RM5.4 million incurred in the previous year's corresponding period; including unrealized translation losses on US Dollars-denominated cash at the end of the quarter;
- Lower operating income as there was a claim of RM11.8 million related to the termination of kitchen appliances products received in the previous year's corresponding quarter;
- Lower sales achievement mainly from Home Shower and Vacuum Cleaner products;
- Lower share of results from associated company due to lower sales achievement from stiff market competition.

LASC product segment's profit before tax of RM7.1 million for the half year ended 30 September 2024 was lower by RM4.3 million as compared to the previous year's profit before tax of RM11.4 million. The lower profitability was mainly due to lower revenue achieved from Vacuum Cleaner products.

HVAC product segment recorded lower profit before tax of RM27.1 million for the half year ended 30 September 2024 as compared to the profit before tax in the previous year of RM24.7 million, which was higher by 9.4% or RM2.4 million. Despite profit improvements on the back of higher revenue from the fan products, it was insufficient to offset the lower revenue from Home Shower products, unfavorable foreign currency exchange and unfavorable product sales mix.

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

	Current	Preceding	Difference	
	2nd Quarter 30.09.2024 RM'000	1st Quarter 30.06.2024 RM'000	RM'000	%
Revenue	236,071	220,955	+15,116	+6.8%
Operating expenses	(241,333)	(209,336)	(31,997)	(15.3%)
Other operating income	1,336	1,234	+102	+8.3%
Others:				
- Fair value gain/(loss) on derivative financial instruments	590	(9)	+599	+6,655.6%
Results from operating activities	(3,336)	12,844	(16,180)	(126.0%)
Finance income	5,369	5,168	+201	+3.9%
Share of results of associated company (net of tax)	2,605	2,679	(74)	(2.8%)
Profit before taxation	4,638	20,691	(16,053)	(77.6%)

The Company's revenue of RM236.1 million in the current quarter was higher by 6.8% or RM15.1 million as compared to a revenue of RM221.0 million recorded in the preceding quarter. Improved sales conditions mainly due to higher sales registered for Home Shower products which was seasonally higher in the current quarter under review.

The Company recorded a combined profit before taxation of RM4.6 million for the current quarter ended 30 September 2024, representing a reduction of RM16.1 million or 77.6% as compared to the preceding quarter's profit before taxation of RM20.7 million. Despite profit generated from higher revenue achieved, the profitability was eroded by unfavorable foreign exchange condition (as explained in note 12(a) above) and higher material cost.

Note 14. Prospects and Outlook

The Malaysian economy registered a growth of 5.3% in the third quarter of 2024 as reported in the Bank Negara Malaysia (BNM) Quarterly Report (2Q 2024: 5.9%). The growth was mainly driven by robust expansion in investment activities, stronger net exports, higher tourism spending and resilient household spending amid positive labor market conditions.

The global economy is projected to remain stable in 2025, supported by moderate inflation, resilient labour markets, and stronger-than-expected demand in advanced economies. However, the growth outlook is not without challenges, as potential risks arise from escalating geopolitical tensions and shifts in trade policies in major economies.

In light of these dynamics the Company anticipates a volatile business environment for the current financial year. Despite facing profitability pressures, the Company will remain committed to achieving sustainable growth. To navigate these uncertainties, we will stay proactive in monitoring market conditions and enhancing sales and operational efficiencies.

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 30.09.2024 RM'000	Preceding Year's Quarter Ended 30.09.2023 RM'000	6 Months ended 30.09.2024 RM'000	6 Months ended 30.09.2023 RM'000
Taxation (charge)/over provision:				
- current financial year	(2,848)	(7,092)	(6,259)	(9,505)
- prior financial year	-	-	-	-
Deferred Tax expense:				
- origination and reversal of temporary differences	677	(241)	1,190	11
- over/(under) provision of deferred tax benefit in prior year	-	-	-	-
	(2,171)	(7,333)	(5,069)	(9,494)
Effective income tax rate	46.8%	18.1%	20.0%	15.0%

The Company's effective income tax rate for quarter under review ended 30 September 2024 was higher than the statutory tax rate of 24% mainly due to the higher unrealized foreign exchange losses which was not tax deductible. However, the effective tax rate for the half year ended 30 September 2024 was lower at 20% due to eligibility of tax incentives to be claimed.

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 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	12,298	474	-
<u>Less than 1 year</u> - Buy JPY	-	-	-
<u>Less than 1 year</u> - Buy SGD	10	-	-
<u>Less than 1 year</u> - Sell Euro	229	8	-
		482	-

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 2025 payable on 20 January 2025 to the shareholders registered in the Record of Depositors on the entitlement date of 20 December 2024.

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 2024 of 60,745,780 shares.

(a) Basic earnings per share

	6 Months ended 30.09.2024	6 Months ended 30.09.2023
Profit after taxation for the period (RM'000)	20,260	53,647
Weighted average number of ordinary shares in issue (RM'000)	60,746	60,746
Basic earnings per share (sen)	33	88

(b) Summary of earnings per share

	Basic (sen)	Diluted (sen)
Quarter 1	29	Not Applicable
Quarter 2	4	Not Applicable
Year-to-date	33	Not Applicable

Note 22. Commitments for Capital Expenditure

Analyzed as follows: Property, plant and equipment	As at 30.09.2024 RM'000	As at 30.09.2023 RM'000
Contracted	8,525	7,396
Not contracted	2,542	86
Total	11,067	7,482

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	
	30.09.2024 RM'000	30.09.2023 RM'000	30.09.2024 RM'000	30.09.2023 RM'000
Interest Income	5,369	5,345	10,537	10,293
Interest Expenses	-	-	-	-
Depreciation & Amortization	6,155	6,456	12,524	12,784
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
(Loss)/Gain on Foreign Exchange	(16,426)	598	(17,103)	5,376
Gain /(Loss) on Derivatives	590	(505)	581	(722)

* N/A: Not Applicable to the Combined Entity

By Order of the Board

Leong Oi Wah
Company Secretary
29 November 2024