

**PANASONIC MANUFACTURING PHILIPPINES CORPORATION
NOTICE OF ANNUAL STOCKHOLDERS' MEETING**

Notice is hereby given that the 2024 Annual Stockholders' Meeting of PANASONIC MANUFACTURING PHILIPPINES CORPORATION (PMPC) will be held on July 19, 2024, (Friday) at 3 P.M. The meeting will be conducted virtually via Microsoft Teams. Stockholders can therefore only attend the meeting by remote communication.

The following shall be the agenda of the meeting:

1. National Anthem
2. Call to Order
3. Proof of Notice of the Annual Stockholders' Meeting and Establishment of Quorum
4. Approval of Minutes of July 21, 2023, Annual Stockholders' Meeting
5. President's Annual Report
6. Financial Reports
7. Ratification of all acts, resolutions and proceedings of the Board of Directors and Management since 2023 Annual Stockholders' Meeting
8. Approval of all Related Material Party Transactions
9. Election of Directors
10. Election of External Auditor
11. Other Business
12. Adjournment

The Board of Directors have fixed the close of business on June 28, 2024, as the record date for the determination of stockholders entitled to notice of, to attend and vote at the said Annual Stockholders' Meeting.

Stockholders who intend to participate or be represented in the virtual meeting shall first pre-register and submit the following requirements via email to asmregistration@ph.panasonic.com not later than July 10, 2024, subject to validation procedures to gain access to the secure on-line meeting link:

1. Individual Stockholders
 - i. Scanned copy of Stockholder's valid and government-issued ID showing photo, signature and personal details, preferably with residential address.
 - ii. A valid and active e-mail address and contact number.
2. Corporate Stockholders
 - i. A secretary's certificate attesting to the authority of the representative to participate by remote communication for, and on behalf of the Corporation.
 - ii. Scanned copy of Stockholder's valid and government-issued ID showing photo, signature and personal details, preferably with residential address.
 - iii. A valid and active e-mail address and contact number.

Once validated, the successful registrant will receive a confirmation and an electronic invitation via e-mail with a complete guide on how to join the virtual meeting. For any registration concerns, you may get in touch with asmregistration@ph.panasonic.com care of Mr. Francisco Tolentino or go to <https://www.panasonic.com/ph/corporate/profile/ir.html> for reference and other details. A stockholder, who fails to comply with the registration requirement will not be able to participate in the virtual ASM.

Once validated, the successful registrant will receive a confirmation and an electronic invitation via e-mail with a complete guide on how to join the virtual meeting. For any registration concerns, you may get in touch with asmregistration@ph.panasonic.com care of Mr. Francisco Tolentino or go to <https://www.panasonic.com/ph/corporate/profile/ir.html> for reference and other details. A stockholder, who fails to comply with the registration requirement will not be able to participate in the virtual ASM.

Stockholders, who cannot join the virtual meeting may send their authorized representative on their behalf. They may download, fill out and sign the sample proxy form found in <https://www.panasonic.com/ph/corporate/profile/ir.html> and send a scanned copy to asmregistration@ph.panasonic.com not later than July 10, 2024.

Stockholders who provide their personal information shall be deemed to agree to the collection and processing of their personal information in accordance with Company's privacy policy for its Regular Annual Stockholders' Meeting posted on its website.

Electronic and relevant copies of the Notice of Meeting, Definitive Information Statement, and other related documents in connection with the meeting may be accessed through any of the following options:

1. Go to the PMPC website via this link:
<https://www.panasonic.com/ph/corporate/profile/ir.html>
2. Go to the PSE EDGE portal via <https://edge.pse.com.ph>
3. Request for a copy by sending an e-mail to: asmregistration@ph.panasonic.com

The Company shall entertain questions and comments from the stockholders only during discussion of other matters. Questions and comments must be submitted either in advance or during the meeting by e-mail to the Office of the Corporate Secretary at aemira@gmail.com. Questions, which will not be answered during the meeting shall be forwarded to the Office of the Corporate Secretary for the appropriate response.

Taytay, Rizal, 11 June 2024.


ANGEL ENRICO MIRA JR.
Corporate Secretary

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

**INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE**

1. Check the appropriate box:

Preliminary Information Sheet
 Definitive Information Sheet

2. Name of Registrant as specified in this Charter:

PANASONIC MANUFACTURING PHILIPPINES CORPORATION

3. Province, country and other jurisdiction or incorporation or organization:

PASAY CITY, METRO MANILA, PHILIPPINES

4. SEC Identification Number: **23022**

5. BIR Tax Identification Code: **000-099-692-000**

6. Address of Principal Office: **Ortigas Avenue Extension, San Isidro
Taytay, Rizal 1920**

7. Registrant's telephone number, including area code: **(632) 8635-2260 to 2265**

8. Date, time and place of meeting of security holders:

Date : July 19, 2024 (Friday)
Time : 3:00 P.M.
**Place: To be conducted virtually via Microsoft Teams
(Video Conferencing)**

9. Approximate date of which the Information Statement is first to be sent or given to security holders:

Date: June 28, 2024

10. In case of Proxy solicitations:

The Company is not soliciting Proxies

11. Securities registered pursuant to Sections 8 and 12 of the Code or Section 4 and 8 of the RSA

a.	Authorized Capital Stock	P 847,000,000 (P1.00 par value)
	Common Class A shares (Listed)	169,400,000
	Class "B" shares	677,600,000

Only common stocks are listed on the Philippine Stock Exchange ("PSE").

b. Number of Shares Outstanding as of March 31, 2024 and May 31, 2024

<u>Common Shares @ P1.00/share</u>	
Class "A"	P 84,723,432
Class "B"	<u>337,994,588</u>
Total	<u>P422,718,020</u>

c. Amount of Debt Outstanding as of March 31, 2024 and May 31, 2024

NONE

12. Are any or all of registrant's securities listed on a Stock Exchange?

yes **no**

If yes, disclose the name of such Stock Exchange and the class of securities listed therein:

There were 84,723,432 common shares listed with the Philippine Stock Exchange ("PSE") as of May 31, 2024.

INFORMATION REQUIRED IN INFORMATION STATEMENT

A. GENERAL INFORMATION

Item 1. Date, Time and Place of Meeting of Security Holders.

Date: July 19, 2024 (Friday)
Time: 3:00 P.M.
Place: To be conducted virtually via Microsoft Teams (Video Conferencing)

Principal Office Panasonic Manufacturing Philippines Corporation
 Ortigas Avenue Extension, San Isidro
 Taytay, Rizal 1920

The Information Statement and the Proxy Form are first to be sent to security holders on or before June 28, 2024.

The Information Statement together with its attachments in connection with the meeting may be accessed by the shareholders at the Company's website, <https://www.panasonic.com/ph/corporate/profile/ir.html>, the PSE EDGE portal via <https://edge.pse.com.ph>, and request for a copy by sending an e-mail to asmregistration@ph.panasonic.com.

WE ARE NOT ASKING YOU FOR A PROXY AND YOU ARE NOT REQUESTED TO SEND A PROXY.

Item 2. Dissenters' Right of Appraisal

Section 80 of the Revised Corporation Code of the Philippines gives a stockholder the right to dissent and demand payment of the fair value of his shares in the following instances:

- a. In case an amendment to the articles of incorporation will change or restrict the rights of any stockholder or class of shares, or authorize preferences in any respect superior to those of outstanding shares of any class or otherwise extend or shorten the term of the company;
- b. In case of sale, lease, exchange, transfer, mortgage, pledge, or other disposition of all or substantially all of the corporate properties and assets;
- c. In cases of merger or consolidation;
- d. In case of investment of corporate funds for any purpose other than the primary purpose of the company.

Section 81 of the Revised Corporation Code provides that in the instances where the appraisal right may be exercised, any stockholder voting against the proposed corporate action should make a written demand for payment of the fair value of his shares within thirty (30) days after the date of meeting on which the vote was taken. Failure to make the demand within such a period shall be deemed a waiver of his appraisal right. If the proposed corporate action is implemented, the corporation pays the stockholders, upon surrender of the certificate/s of stock, at fair value of the stocks.

If within sixty (60) days from approval of the corporate action by the stockholders, the withdrawing stockholder and the corporation cannot agree on the fair value of the shares, it shall be determined and appraised by three (3) disinterested persons, one chosen by stockholders, another by the corporation and the third by the two (2) thus chosen. The findings of the majority of the appraisers shall be final and paid by the company within thirty (30) days after such award is made. No payment shall

be made to any dissenting stockholder unless the corporation has unrestricted retained earnings. And upon payment of the corporation, the stockholder shall forthwith transfer the shares to the corporation.

Under Section 82 of the Revised Corporation Code, if the stockholder is not paid within thirty (30) days after the award, the voting and dividend rights of the dissenting stockholder shall be immediately restored.

There are no matters to be acted upon by the stockholders at the Annual Meeting of the Stockholders which may give rise to a possible exercise by security holders of their appraisal right.

Item 3. Interest of Certain Persons in or Opposition to Matters to be Acted Upon

- (a) None of the following persons have substantial interest, direct or indirect, in any matter to be acted upon other than election to office:
 - (1) Directors or officers of the Corporation at any time since the beginning of the last fiscal year;
 - (2) Nominees for election as directors of the Corporation;
 - (3) Associate of any of the foregoing persons.
- (b) The Corporation has not received any written information from a director that he/she intends to oppose any matter to be acted upon at the meeting.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders Thereof

(a) Voting securities entitled to be voted at the meeting:

The total number of shares outstanding of the Corporation as of May 31, 2024 is 422,718,020 with a par value of Php1.00 per share. Total foreign equity ownership is 337,994,588 (79.96%) preferred shares. Pursuant to Article II, Section 5 of the Amended By-laws of the Company, each stockholder is entitled to one vote for each share of stock standing in his/her name in the books of the corporation

(b) Record date:

Stockholders of record as of June 28, 2024 are entitled to notice of ASM and to vote at the Corporation's Annual Stockholders' Meeting on July 19, 2024.

(c) Election of directors:

With respect to election of directors, each stockholder is entitled to cumulative voting in the manner provided by law. Each stockholder is entitled to vote during the meeting either in person via remote communication or by proxy, provided the proxy has been appointed in writing by the stockholder himself or by his duly authorized attorney. The instrument appointing the proxy shall be exhibited to and lodged with the Secretary **at the time** of meeting.

The Nomination Committee will pre-screen the qualifications and prepare a final list of candidates and it shall follow at a minimum the guidelines of the SEC pertaining to director/s' qualifications and disqualifications. Only nominees whose names appear on the Final List of Candidates shall be eligible for election as directors at the meeting.

Notice to stockholders shall be sent out thru courier on or before June 21, 2024. In addition, Notice of the Annual Stockholders' Meeting will be posted at the company's website and filed with Philippine Stock Exchange on or before June 18, 2024.

(d) Security Ownership of Certain Record and Beneficial Owners and Management

(1) Security Ownership of Certain Record and Beneficial Owners of more than 5% of any class of voting securities as of March 31, 2024 and May 31, 2024:

Title of Class	Name and Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares	Percentage
Common "B"	<ul style="list-style-type: none"> o Panasonic Holdings Corporation ("PHD") o 1006 Oaza Kadoma, Kadoma, Osaka 571-8501, Japan 	Various Stockholders	Non-Filipino	337,994,588	79.96%
	<ul style="list-style-type: none"> o Ultimate Parent Company 				

Panasonic Corporation (PC) has the power to decide how the PC shares in the Company are to be voted and has authorized Mr. Kazuya Higami – Chairman of the Board to vote on the shares.

(2) Security Ownership of Management and Directors:

The following are the shares of the Company's Chairman, Directors and Officers, and nominees for election as director, as of May 31, 2024:

Title of Class	Name of Beneficial Owner	Amount of Beneficial Ownership (Php)	Nature of Beneficial Ownership	Citizenship	Percent
Common "B"	Kazuya Higami	1	Direct	Japanese	NIL
Common "B"	Atsushi Kozuma	1	Direct	Japanese	NIL
Common "B"	Satoshi Kono	1	Direct	Japanese	NIL
Common "B"	Shinichi Hayashi	1	Direct	Japanese	NIL
Common "B"	Hirokazu Yoshida	1	Direct	Japanese	NIL
Common "B"	Takahiro Oyama	1	Direct	Japanese	NIL
Common "B"	Angelo Tamayo	1	Direct	Japanese	NIL
Common "A"	Miguel Castro	185	Direct	Filipino	NIL
Common "A"	Justina Callangan	2,000	Direct	Filipino	.00047
Common "A"	Marlon Molano	3,200	Direct	Filipino	.00076
Common "A"	Angel Enrico Mira		Direct	Filipino	NIL

The aggregate number of shares owned of record by all or key officers and directors as a group as of May 31, 2024 is 5,392 shares or approximately 0.0013% of the Company's outstanding capital stock.

(3) Shares owned by foreigners

The total number of shares owned by foreigners as of May 31, 2024 is 337,994,588.

(4) Voting Trust Holders of 5% or More as of May 31, 2024

There are no voting trust arrangements of holders of 5% or more of the Company's outstanding shares.

(5) Change in Control of the Registrant since beginning of last Fiscal Year

There was/is no change in control or arrangement that resulted/may result in change in control of the Company since the beginning of its last fiscal year.

Item 5. Directors and Executive Officers

Article III, Section 1 of the Bylaws provides in part:

“Section 1. Number, Qualification and Term, The corporation powers of the Corporation shall be exercised, and the property and business of the corporation shall be managed by its Board of Directors, consisting of Ten (10) members who shall be elected at the annual meeting of the stockholders to serve until their successors have been elected and shall qualify.

An independent director shall have no transactions with the company whether direct or indirect and whether material or immaterial, other than his fees and shareholdings in the course of his/her being an independent director.”

Board of Director, Board Committee, and relevant senior management evaluations, in accordance with the Code of Corporate Governance self-assessment, have been undertaken with respect to the FY 2024 reporting period. The corporate governance self-assessment is annually conducted to measure performance and benchmark its compliance with the best Corporate Governance practices in the industry.

The Board under the guidance of the Corporate Governance Committee, thoroughly reviews its performance, measured on the basis of what it delivers and how it delivers, how it meets its responsibilities to all stakeholders, and how it addresses issues that impact the Board’s ability to effectively fulfill its fiduciary duties. Using generally accepted performance criteria and standard evaluation method of self-assessment and feedback review, performance is assessed across four levels: the Board as a body, Board Committees, individual Directors, and President and CEO. Key evaluation criteria are built on the Board’s terms of reference and committee charters and framed around broad leadership fundamentals and best practices. The Corporate Governance Committee processes and tabulates the results of the self-assessments and communicates them to the Board. Areas for improvement are discussed by the Board, to agree on remedial actions. The Corporate Governance Committee may also develop recommendations and action plans for the Board, whenever necessary and desirable. The table below provides the process and criteria in evaluation the performance of the Board.

The directors assessed that the Board as well as its committees and individual directors had performed their duties and responsibilities effectively for the past year and that there were no material issues with respect to membership, governance, and operations. This also included an assessment of the President and CEO.

Board performance process and evaluation criteria:

	Process	Criteria
Board of Directors	<p>Self-Assessment by all directors</p> <p>The Board shall be given sufficient time to accomplish the self-assessments.</p>	<p>Strategy and Effectiveness</p> <p>Structure and Committees</p> <p>Meetings and Procedures</p> <p>Board and Management Relations</p>
	<p>Each individual director performs the self-assessment using the prescribed forms, applying the rating scale and predetermined evaluation criteria for each level.</p> <p>Each director shall submit the completed forms on or before the deadline set by the Governance Committee or at such earlier or later date as the Board may agree upon.</p> <p>The Corporate Governance Committee processes the results of the assessments and communicates this to the Board through a Summary Report.</p>	<p>Succession Planning and Training</p> <p>Performance Evaluation</p> <p>Value Creation</p> <p>Effective Governance</p>
Board Committee	<p>Self-Assessment by all Directors</p> <p>Submission of Accomplishment Reports to the Board by the different committees.</p>	<p>General and specific factors relating to Committee organization, meetings, processes and procedures, and overall effectiveness.</p> <p>Committee role</p> <p>Committee membership</p> <p>Procedure and practice</p> <p>Committee structure</p> <p>Collaboration and style</p> <p>Personal</p> <p>Effective Governance</p>
Individual Director	<p>Each director is required to fill-up a Self-Assessment Form annually</p>	<p>Leadership, Vision, Mission, and Values</p> <p>Effective Governance</p> <p>Strategic Thinking and Decision Making</p> <p>Teamwork</p> <p>Fulfillment of the Company's Governance</p> <p>Attendance</p>
President / CEO	<p>Each director fills up an evaluation form based on the relevant criteria. These are then submitted to the Chairman. The CEO/ President's performance is also evaluated at least once a year by the Personnel and Compensation Committee and Executive Committee.</p>	<p>Leadership Working with the Board</p> <p>Strategic & Visionary</p> <p>Managing Execution</p> <p>Communication/External Relations</p>

Listed below are the directors, including independent directors, and the incumbent executive officers of the Company and all those nominated for election with their respective age, citizenship, and current and past position held and business experience for the last five (5) years.

(a) Nominees for Directors, including Independent Directors

The following are the nominees for seven (7) directors and three (3) independent directors of the Company:

Name	Age	Position	Citizenship	Year Appointed as Director
Kazuya Higami	52	Chairman / President / Chief Executive Officer	Japanese	2023
Atsushi Kozuma	46	Vice-chairman / Treasurer / Executive Director / Senior Managing Executive Officer	Japanese	2021
Satoshi Kono	55	Executive Director / Senior Managing Executive Officer	Japanese	2020
Angelo Tamayo	57	Director / Managing Executive Officer	Filipino	2022
Hirokazu Yoshida	60	Director	Japanese	2020
Shinichi Hayashi	60	Director	Japanese	2023
Takahiro Oyama	49	Director	Japanese	2021
Justina Callangan	71	Independent Director	Filipino	2020
Marlon Molano	63	Independent Director	Filipino	2021
Miguel Castro	66	Independent Director	Filipino	2024

Profiles of the Nominees for Election as Directors of the Company:

All Nominees do not hold a directorship in any government agency or is an employee of any government-owned and controlled corporation.

Kazuya Higami, Japanese, 52, was elected to the Board and appointed as the Chairman, Managing Director and President on April 01, 2023. He is also the Chief Executive Officer, Chief Technology Officer, Chief Quality Officer, Chief Procurement and Chief Compliance Officer of the Company. Prior to his assignment to the Company, he was assigned to Vision 2030 Group, Refrigerator and Dishwasher Business Unit, Living Appliances and Solutions Company (“PC”) as General Manager from October 2021 to March 2023. From July 2017 to September 2021, he worked as Manager of PC Engineering Group, Refrigerator Division, Appliance Company. He was assigned to Panasonic Vietnam Co. Ltd., as Assistant Director of Research and Development Center and he was promoted to Director in September 2016. He graduated from Kansai University in March 1994, and earned Bachelor’s degree in Engineering.

Atsushi Kozuma, Japanese, 46, was elected as Director on October 01, 2021 and appointed as the Vice – Chairman of the Board, Treasurer and Executive Director. He is also a Senior Managing Executive Officer, Chief Information Officer, Chief Risk Managing Officer, Chief Financial and HR Officer of the Company. He was elected as Chairman of the Nomination Committee and Remuneration and Compensation Committee. Concurrently, he is a member of the Audit, Board Risk Management, Related Party Transactions and Corporate Governance Committees. Prior to his assignment to the Company, he was the Manager of Divisional Management Support Section, Company Management Support Center, Company Strategy Division, Appliances Company of Panasonic Corporation – Japan from April 2020 until September 30, 2021. In December 2017, he was assigned to Global Consolidated

Management Section, Air-Conditioning Department, Head Office Accounting Center, Appliances Company, Panasonic Corporation – Japan, as the Manager until March 2020. In December 2015 to 2017, he was assigned to Global Accounting Section, TV Accounting Department, Accounting Center, Appliances Company, Panasonic Corporation – Japan, as the Manager. He completed the required program at Monterey Institute of International Studies, California, USA, obtaining the degree of Master of Arts in International Policy Studies.

Satoshi Kono, Japanese, 55, was elected as Director since September 1, 2020 and Executive Director of PPH Sales & Marketing Division. Currently, Mr. Kono is also the Chief Brand Communication Officer of the Company. In 2016 to 2019, he was the Chief of PPH Sales and Marketing Division. He was a former Chief of Planning Team, Major Appliances Group Consumer Marketing Division Appliances Company, Panasonic Japan from October 2014 to March 2016. He graduated from Tohoku University, Faculty of Economics with a Bachelor Degree of Economics.

Shinichi Hayashi, Japanese, 60, was elected as PMPC – Executive Director since April 01, 2023. Currently, he is the Vice-President of Panasonic Corporation's Living Appliances and Solutions Company in Japan, in-charge of Corporate Planning, Beauty Personal Care Business, Housing Appliance Business and Procurement Strategy. In 2019, he was a former Director of Beauty Personal Care Division, Appliance Company, PC. He also worked with the Company as President, Chairman and Chief Executive Officer from 2016 to 2018. He was the Managing Director of Panasonic Corporation ("PC") Malaysian subsidiary, Panasonic Management Malaysia Sdn Bhd ("PMAM") – Panasonic Asia Pacific Procurement Management Center from January – December 2015. Prior to PMAM, he was assigned to Material Purchasing Center, Procurement Company, PC, as Director (Jan – Dec 2013). He was the General Manager of PC's Procurement Company's Centralized Purchasing Group, Deice Procurement Center (Jan – Dec 2012). He graduated from the University of Doshisha, Japan with a Bachelor's Degree in Commerce.

Angelo Tamayo, Filipino, 57, was elected as Director on October 20, 2022. Currently, he is a Managing Executive Officer and Chief Manufacturing Officer, responsible for the operation of Sta. Rosa Branch of the Company. He was the Business Division Head, Air Conditioning Department from 2019 to August 2022 and Refrigeration Division from 2014 to 2018. He was assigned to Manufacturing Enhancement Group, Manager from 2010 to 2013 and Refrigeration Division, Production Engineering Head from 2008 to 2009. He graduated from Siliman University and finished Bachelor of Science in Mechanical Engineering.

Hirokazu Yoshida, Japanese, 60, was elected to the Board on September 1, 2020. He is the Director – Consumer Marketing Division and Sales Company Support Center and Managing Officer of Appliances Company, Panasonic Corporation since April 2020. In July 2016, Mr. Yoshida was a Director of Panasonic Corporation, AVC Marketing Center – Consumer Marketing Division and Appliances Marketing Center. He was a former Vice-President of Panasonic of Brasil Ltd. from July 2009 to March 2013. He graduated from Osaka University of Foreign Studies.

Takahiro Oyama, Japanese, 49, was elected as Director on December 09, 2021. Currently, he is a Deputy Managing Director of Panasonic Appliance Marketing Asia Pacific, a Division of Panasonic Malaysia Sdn. Bhd. He was assigned as Director of Panasonic Marketing CIS ("PM CIS"), Head of Corporate Planning Division, Moscow, Russia since April 2019 to September 2021. In April 2016, he was assigned as General Manager of Home Entertainment Business Division Audio Network Business Unit, Product Planning Department, Panasonic Appliance Company, Osaka, Japan until March 2019. He worked at Panasonic Europe GmbH. / Hamburg, Germany as General Manager of Panasonic Deutschland Division, CE Products Marketing Department from July 2010 to March 2016. He graduated from Doshisha, Faculty of Commerce, Kyoto, Japan with a Bachelor of Commerce degree.

Independent Directors

Justina Fernandez-Callangan, Filipino, 71, was elected as Independent Director on September 01, 2020. She is the Chairman of the Corporate Governance Committee and Related Party Transactions Committee. She was elected as Independent Director of VReit last 18 March 2022. Currently, she is also an Independent Director of Vista Land and Lifescapes, Inc. since June 15, 2021, Independent Director of AIB Money Market Mutual Fund, Inc. since July 2, 2021, an Independent Director of ORIX Metro Leasing and Finance Corporation since June 2019. In August 2020, she was elected as Director (representing the public sector) of the Securities Investors Protection Fund, Inc. To date, Ms. Callangan is a Consultant of ASA Philippines Foundation, Inc., a Microfinance NGO, since October 2018. She worked at the Securities and Exchange Commission holding various positions until she retired as Director of the Corporate Governance and Finance Department in 2017. She was also an AVP of the Legal Department of then Urban Bank from November 1995 to November 2020. She graduated from the University of the East, AB Political Science, Cum Laude and finished Bachelor of Laws from San Sebastian College.

Miguel Castro, Filipino, 66, was appointed as Independent Director on May 01, 2024 to replace Ms. Elizabeth Gildore, pending his election in the next Annual Stockholders Meeting. Prior to his appointment, he was Consultant of Laguna Technopark Association Inc. from 2015 to 2021. He also served as member of the Board of Directors of the same institution from 2006 to July 2015. Simultaneously, he was the Manufacturing Director of PMPC from 2006 to July 2015, particularly handled Refrigerator Department, Washing Machine, Dry Battery and Electric Fan. He graduated from Feati University, Manila, with degree on Bachelor of Science in Mechanical Engineering.

Marlon Molano, Filipino, 63, was elected as Independent Director on March 01, 2021. He is concurrently the Chairman of Audit Committee and a member of the Board Risk Management, Corporate Governance, Related Party Transactions, Nomination and Remuneration Committees. He is a former Finance and Administrative Assistant Director of the Company from April 2007 to August 2018. Prior to PMPC, he was the General Manager of Panasonic Mobile Communication Corporation of the Philippines (PMCP) from July 1992 to March 2007. He worked with Sycip Gorres & Velayo Company as Senior Auditor from 1981 to 1987. He graduated from the University of Pangasinan, Bachelor of Science in Commerce, Major in Accounting and Certified Public Accountant.

The following have been nominated for election as directors for 2024 – 2025 at the Annual Stockholders Meeting on July 19, 2024:

1. Mr. Kazuya Higami
2. Mr. Atsushi Kozuma
3. Mr. Satoshi Kono
4. Mr. Angelo Tamayo
5. Mr. Hirokazu Yoshida
6. Mr. Takahiro Oyama
7. Mr. Shinichi Hayashi

The final list of nominees for independent directors of the Company is as follows:

1. Ms. Justina Callangan
2. Mr. Marlon Molano
3. Mr. Miguel Castro

All nominees are compliant with the Term Limits of Independent Director. The Certificates of Qualification of Independent Directors pursuant to SEC Memorandum No. 5 Series of 2017 are attached hereto as Annexes A-1, A-2 & A-3.

The members of the Board of Directors are elected at the annual stockholders' meeting to hold office until the next annual meeting and until their respective successors have been elected and qualified. The Company's Corporate Governance Committee and Nomination Committee evaluated and reviewed each nominee-director's qualifications based on the guidelines spelled out in SRC Implementing Rule 38 (as amended) and unanimously resolved that said nominees are qualified for election/re-election.

All of the above nominees for Independent Director were nominated by Ms. Imelda Garcia to comply with the requirement on independent directors. Said nominees are not related with Ms. Imelda Garcia.

(b) Executive Officers

The following are the current executive officers of the Company:

Name	Age	Position	Citizenship	Year Appointed as Officer
Kazuya Higami	52	President / Chief Executive Officer & Chief Officer - Technology, Procurement, Quality & Compliance	Japanese	2023
Atsushi Kozuma	46	Treasurer / Executive Director / Senior Managing Executive Director & Chief Officer - Information, Risk Mngt. , Financial & HR	Japanese	2021
Satoshi Kono	55	Senior Managing Executive Director & Chief Brand Communication Officer	Japanese	2020
Angelo Tamayo	57	Managing Executive Officer & Chief Manufacturing Officer	Filipino	2022
Angelo Enrico Mira	53	Corporate Secretary	Filipino	2023
Ramil Telan	54	Compliance Officer	Filipino	2023

Below are the Profiles of the executive officers who are not nominees for election as directors:

Compliance Officer

Ramil Telan, Filipino, 54, was elected as the Company's compliance officer effective June 19, 2023. He is currently the Group Manager of Corporate and Business Planning Center and formerly Group Manager of Supply Chain and Solution Center – Logistics from October 2015. He was previously assigned to Accounting Department from 1993 – September 2015. He was the Group Manager of Global Consumer Marketing Sector of Accounting from 2012 to August 2015, Finished Goods Accounting, Team Manager from 2010 to 2011, Head Office Accounting and Consolidation, Team Manager from 2006 to 2009 and Manufacturing Accounting – Sta. Rosa Branch, Team Manager from 2005 to 2006. He graduated from the Colegio San Juan de Letran, Bachelor of Science in Commerce, Major in Accounting.

Corporate Secretary

Angel Enrico Mira, Filipino, 52, was elected as Corporate Secretary of the Company in April 2023. He is currently practicing lawyer at The Law Office of Angel Enrico Mira since 2017. He worked as the legal consultant the Quezon City Government under Legal Division of Business Permits and Licensing Department from 2017-2019 and Attorney II of the City of Caloocan Government from 2013-2017. He was the Corporate Secretary of AMA Group of Companies from 2004-2013. He graduated from the University of the East with a Bachelor Degree of Law.

Term of Office

Executive Officers are appointed annually after the annual stockholders' meeting, each to hold office for a period of one (1) year until the next succeeding annual meeting and until their respective successors have been appointed and qualified.

BOARD COMMITTEES

The following are the various board committees of PMPC together with their respective Chair and members:

Audit Committee

Chairman	Marlon Molano	Independent Director
Member	Miguel Castro	Independent Director
Member	Atsushi Kozuma	Treasurer & Executive Director

Board Risk Oversight Committee

Chairman	Miguel Castro	Independent Director
Member	Marlon Molano	Independent Director
Member	Atsushi Kozuma	Treasurer & Executive Director

Corporate Governance Committee

Chairman	Justina Callangan	Independent Director
Member	Marlon Molano	Independent Director
Member	Miguel Castro	Independent Director
Member	Atsushi Kozuma	Treasurer & Executive Director

Related Party Transactions Committee

Chairman	Justina Callangan
Member	Marlon Molano
Member	Miguel Castro
Member	Atsushi Kozuma

Nomination Committee

Chairman	Atsushi Kozuma
Member	Marlon Molano
Member	Miguel Castro

Remuneration and Compensation Committee

Chairman	Atsushi Kozuma
Member	Marlon Molano
Member	Miguel Castro

c. Significant Employee

All employees of the Company are valued for their contribution to the business. There are no significant employees who are expected to make a significant contribution to the business.

d. Family relationship

The Company has no director or executive officer related to any other director or executive officer within the fourth civil degree either by consanguinity or affinity.

e. Involvement in Certain Legal Proceedings

The Company is not aware that any of the above-named incumbent executive officers and directors and persons nominated for election for directors and executive officers for 2024 – 2025 has been the subject of a bankruptcy petition or convicted by final judgement in a criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses, or has been subjected to any order, judgment and decree or has violated a securities or commodities law during the past five (5) years up to the date of this report that will affect his/her ability as director and/or officer of the Company.

f. Certain Relationships and Related Transactions

The Company has entered into various transactions with related parties. Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influences, such as affiliates. Related parties may be individuals or corporate entities. Transactions with related parties are made substantially on the same terms as with other individuals and business and are generally settled in cash.

For the companies under common control of the Ultimate Parent Company (referred to as affiliates) that the Parent Company has transactions, including the amount/volume and outstanding balances with related parties as of March 31, 2024, please see Note 20 of the attached Audited Financial Statements (Annex "D").

However as of May 31, 2024, there were no transactions with directors, executive officers or any beneficial owner of more than five percent (5%) of the Company's total outstanding shares which are not in the Company's ordinary course of business.

Directors and officers of the company are required to promptly disclose any business and family-related transactions with the Company to avoid potential conflicts of interest.

None of the Company's directors and executive officers have entered into self-dealing and related party transactions with the Company for the past two (2) years.

g. Training and Continuing Education Programs for the directors and officers

The Company has organized a program for the continuing education and training of its directors and officers. For fiscal year 2024, directors and key officers of the Company attended an online seminar on Corporate Governance Compliance Training: Governance of Information Security in Environment, Social, and Governance and Governance Framework on Data Protection and Cybersecurity provided by Center for Global Best Practices (CGBP) last March 20, 2024.

Item 6. Compensation of Directors and Executive Officers

The aggregate annual compensation during the last two fiscal years and to be paid in ensuing fiscal year 2025 of the Company's Chief Executive Officer and the four others most highly compensated executive officers and all other officers and directors as a group is as follows:

Annual Compensation (in million pesos)					
Name and Principal Position	Year	Salary	Bonus	Others	Total
Kazuya Higami President & Chief Executive Officer	2025 (estimated)	27,880	8,364	3,743	39,987
Atsushi Kozuma Treasurer & Senior Managing Executive Officer					
Satoshi Kono Senior Managing Executive Officer					
Angelo Tamayo Managing Executive Officer					
Harry Sarmiento Executive Officer					
Kazuya Higami ** President & Chief Executive Officer	2024	27,266	7,993	1,567	36,826
Atsushi Kozuma Treasurer & Senior Managing Executive Officer					
Satoshi Kono Senior Managing Executive Officer					
Angelo Tamayo Managing Executive Officer					
Harry Sarmiento Executive Officer					
Yasushi Kondo ** President & Chief Executive Officer	2023	29,265	9,143	0,632	39,040
Atsushi Kozuma Treasurer & Senior Managing Executive Officer					
Hiroshi Yamada * Senior Managing Executive Officer					
Satoshi Kono Managing Executive Officer					
Angelo Tamayo * Managing Executive Officer					
All other officers as a group unnamed	2025 (est.)	1,077	0,323	0,907	2,307
	2024	1,834	0,276	0,533	2,643
	2023	3,918	0,857	1,123	5,898

* Mr. Yamada resigned as Senior Managing Executive Officer and replaced by Mr. Tamayo effective October 20, 2022.

** Mr. Kondo resigned as President and Chief Executive Officer and replaced by Mr. Higami effective April 01, 2023.

The directors and executive officers receive salaries, bonuses and other usual benefits that are also already included in the amounts stated above. Aside from the said amounts, they do not receive other benefits based on any other compensation plan or arrangement with the registrant.

There were no per diem given to the Board of Directors, including Independent Directors for each Board and Committee meeting attended.

The Company has no standard arrangement regarding the remuneration of its existing directors and executive officers aside from the compensation herein stated.

The Company has not granted any warrant or options to any of its Directors or Executive Officers.

Independent Directors

An independent director shall no transactions with the company whether direct or indirect and whether material or immaterial, other than his fees and shareholdings in the course of his being an independent director.

In fiscal year 2024, the non-executive and independent directors of the Company received fixed remuneration as follows:

Annual Compensation (in thousand pesos)					
Name and Principal Position	Year	Salary	Bonus	Others	Total
Justina Callangan Independent Director	2025 (estimated)	900	112		1,012
Marlon Molano Independent Director		480	60	120	660
Miguel Castro * Independent Director		480	60	120	660
Elizabeth Gildore * Independent Director	2024	480	60	120	660
Justina Callangan Independent Director		900	112		1,012
Marlon Molano Independent Director		480	60	120	660
Elizabeth Gildore Independent Director	2023	480	60	120	660
Justina Callangan Independent Director		900	112		1,012
Marlon Molano Independent Director		480	60	120	660
TOTAL	2025 (est.)	1,860	232	240	2,332
	2024	1,860	232	240	2,332
	2023	1,860	232	240	2,332

* Ms. Gildore resigned as independent director and replaced by Mr. Castro effective May 1, 2024.

Directors who hold executive positions do not receive retainer's fee.

The Company has no other arrangement with regard to remuneration of its non-executive directors and independent directors aside from the compensation received as herein stated.

Item 7. Independent Public Accountants

The Management presents proposals on possible external auditors to be engaged together with their respective proposed audit fees to the Audit Committee for proper consideration. The Audit Committee evaluates and thereafter, upon its recommendation, the appointment of the external auditor is presented to the Board of Directors and stockholders for confirmation and ratification.

The Company, upon the recommendation of the Audit Committee composed of Marlon Molano as Chairman and Miguel Castro and Atsushi Kozuma as members, has approved the engagement of Sycip, Gorres, Velayo & Co. (SGV) as external auditors of the Company for fiscal year 2023 ended March 31, 2024 and will submit such engagement to its stockholders for ratification. SGV was also the external auditor of the Company for fiscal years 2023, 2022 and 2021.

The audit partner-in-charge, Mr. Bryan Chrisnel M. Baes was appointed in 2022. In accordance with SRC Rule 68, par. 3 (b) (IV), there is no need yet to change the audit partner of the Company and its domestic subsidiary.

The representatives of the SGV & Co. are expected to be present at the stockholders' meeting and to be available to respond to appropriate questions concerning the 2024 audited financial statements of the Group. They will have the opportunity to make a statement if they so desire to do so.

It is expected that Management will make the recommendation for the appointment of the external auditor for fiscal year 2025 in compliance with the SEC Rules on the Rotation of the External Auditors.

Changes in and disagreements with accountants on accounting and financial disclosure

There are no changes in and disagreements with the Company's external auditors on accounting and financial disclosure.

Audit Fees and Other-related Fees

The Parent Company engaged SGV & Co. to audit its annual financial statements and perform related reviews. The following fees, exclusive of VAT were incurred:

	(Amounts in Php millions)		
	<u>2024</u>	<u>2023</u>	<u>2022</u>
Annual Audit Review	P 3.525	P 3.425	P 3.425
Other Services:			
Transfer Pricing Documentation	0.750	-	-
Tax Compliance Review	0.910	-	-
Total	P <u>5.185</u>	P <u>3.425</u>	P <u>3.425</u>

There were no other fees paid to the auditors other than the above-mentioned services. The stockholders approve the appointment of the Company's external auditors. The Audit Committee reviews the audit scope and results for the approval of the Board. Likewise, the Audit Committee evaluates any non-audit services performed by external auditors, including the fees therefor, and ensures that such work will not conflict with their duties as such or threaten its independence.

Financial Information

The Financial Statements of the Group as of March 31, 2024, SEC 17-Q as of December 31, 2023 and the Management Discussion and Analysis of Results of Operations and Financial Condition for the corresponding periods are contained in the Company's Annual Report to stockholders and are incorporated herein by reference.

Actions with Respect to Reports

The following will be submitted to the Company's stockholders for approval.

1. Management Report of the Company for the year ended March 31, 2024
2. Minutes of the Annual Stockholders' Meeting held last July 21, 2023
3. Ratifications of all Acts, Resolutions and Proceedings of the Board of Directors and Corporate Officers since 2023 Annual Stockholders' Meeting
4. Election of the Board of Directors
5. Appointment External Auditors

Item 8. Compensation Plans

There are no actions to be taken up in the meeting with respect to any compensation plan.

C. ISSUANCE AND EXCHANGE OF SECURITIES

Item 9. Authorization or issuance of Securities other than for Exchange

There are no matters or actions to be acted upon in the meeting with respect to the authorization or issuance of securities other than for exchange.

Dividends and Voting of Common Stokholders

Pursuant to Section 1 of Article VII of the Parent Company's Amended By-Laws, Dividends shall be declared only from the surplus profits and shall be payable at such time and in such amount as the Board of Directors shall determine; provided, however, that no stock dividend shall be issued without the approval of the stockholders representing not less than two-third of all stock then oustanding and entitled to vote at a general meeting of the corporation or at a special meeting called for that purpose. No dividend shall be declared that will impair capital of the corporation.

In accordance with Article II, Section 5 of the Company's Amended By-Laws, at every meeting of stockholders shall be entitled to one vote for each share of stock standing in his name on the books of the corporation; provided, however, that in the election of Directors, each stockholders shall be entitled to cumulate his vote in the manner provided by law. Each stocholders entitled to vote at a meeting of stockholders may vote by proxy, provided the proxy has been appoited in writing by the stockholders himself or by his duly authorized attorney. The instrument appointing the proxy shall be exhibited to and lodged with the Corporate Secretary at the time of the meeting.

Item 10. Modification or Exchange of Securities

There are no matters or actions to be acted upon in the meeting with respect to the modification or exchange of securities.

Item 11. Financial and Other Information

The Audited Consolidated Financial Statements of the Group as of March 31, 2024, including the Company's Statement of Responsibility, and the Company's SEC 17-Q as of December 31, 2023 (the third quarter of fiscal year 2024) are attached hereto as Annexes "C" and "D".

Item 12. Mergers, Consolidations, Acquisitions and Similar Matters

There are no matters or actions to be taken up in the meeting with respect to merger, consolidation, acquisition and/or similar matters.

Item 13. Acquisition or Disposition of Property

There are no matters or actions to be taken up in the meeting with respect to acquisition or disposition of any property.

Item 14. Restatement of Accounts

There are no matters or actions to be taken up in the meeting relating to restatement of accounts.

D. OTHER MATTERS

Item 15. Action with Respect to Reports

The following are included in the Agenda of the Annual Stockholders' Meeting for the approval of stockholders on July 19, 2024:

1. Approval of the Minutes of July 21, 2023 Annual Stockholders' Meeting;
2. Presentation of the President's Annual Reports;
3. Presentation of Financial Report;
4. Ratifications of all Acts, Resolutions and Proceedings of the Board of Directors and Corporate Officers since 2023 Annual Stockholders' Meeting;
5. Approval of Material Related Party Transactions;
6. Election of new members of the Board, including Independent Directors;
7. Appointment of External Auditors; and
8. Consideration on Other Matters that maybe raised during the meeting.

President's Annual Report ("Management Report") – Management shall report on the significant business transactions undertaken by Management and the financial targets and achievements for the fiscal year 2024. The Management Report and the Unaudited Interim Report as of December 31, 2023 are attached hereto as Annexes B and C respectively.

Copies of the same will be made available at the annual stockholders' meeting on July 19, 2024 for any stockholder desiring to read/review the same.

The Board of Directors recommends that the stockholders approve the Minutes of the last annual stockholders' meeting held on July 21, 2023.

The matters approved and recorded in the Minutes of the last Annual Stockholders' Meeting held on July 21, 2023 are as follows:

1. Proof of Notice of Meeting and Quorum
2. Ratification of the Minutes of the Minutes of July 15, 2022 Annual Stockholders' Meeting
3. President's Report
4. Financial Report
5. Ratifications and approval of all acts, resolutions and proceedings of the Board of Directors and Management since 2023 Annual Stockholders' Meeting
6. Election of Board of Directors for 2023 – 2024
7. Appointment of External Auditor

Stockholder's Question and Answer. Annually, the Board ensures that the shareholders are encouraged, recognized, and given sufficient time to ask questions at the ASM to ensure accountability and identification with the Board's and Management's strategy and goals of the Company. Questions or comments of shareholders, as well as responses of the Board and management, were duly recorded in the Minutes of the Meeting. The following questions were asked and answers were provided during the stockholders meeting:

Question No. 1 from MICHAEL BORJA:

Anybody from our Board of Directors may answer my question. With the United Nations constant promotion of of what they call SDG or Development Goal, how does PMPC align to the SDG through your Corporate Social Responsibilities activities this year?

Answer by Mr. Kozuma:

Thank you very much. As you mention, we are renewing our commitment for CSR activities and supporting sustainable development goals (SDGs) through various activities such as donating Panasonic solar lanterns and distributing it to community in Antipolo next month together with our Brand Ambassador Gary Valenciano. We also contribute to eliminate poverty by providing opportunities for education through Panasonic Scholarship. Moreover, for the environment activity, we are planning to act on Tree Planting next month. And also we have various activities to improve our environment and with certain investment and to do these series of activities, we are eager and very much proud of our activities to proceed SDGs which is also worldwide organization

Question No. 2 from JOANNE APELO:

We are now in the mid-July of 2023, can we know current fiscal year situation of the company in terms of sales and profit? Are there are challenges or significant risks that PMPC is facing and how do you act on it?

Answer by MR. HIGAMI:

Thank you for asking. I am happy to say that our 1st Quarter operating profit before tax is higher than last year of the same period despite of our failure to achieve sales growth for refrigerator and washing machine including air conditioner export.

Although the market competition is very tough, we are aiming to achieve sales higher than last year by increasing market share driven by our premium models and channel expansion. We will also strive to realize higher amount of profit than last year. However, we are currently struggling on price competitiveness particularly for cheaper brands. Also, there is less spending for items other than necessities while the young generations are more on revenge travel after a long time of feeling deprived by the opportunity to visit beautiful and relaxing places due to the pandemic. To accommodate, we are also making effort to improve our internal capabilities such as manufacturing. In this way, rest assure that your company is addressing these issues so that we can realize our target sales and profit.

Question No. 3 from RUTH TOLENTINO:

Based on our audited financial statement, we already have sufficient Retained Earnings, may we know why management cannot declare higher dividend to us stockholders? And may we know also how PMPC intend to utilize its Retained Earnings?

Answer by MR. KOZUMA:

Thank you very much for asking. Regarding our future investment and including investment recently, let me just briefly explain. This fiscal year, we successfully change our Manufacturing ERP software to SAP system after more than 20 years of using previous ERP called Baan. With this new system, we are very positive to improve efficiency of our operation. Especially, we consider this investment as quite important in the rapid changing outside environment. And also, most of our machines and production facilities have been in operation for more than 2 decades too. These machines and facilities may soon require replacement and renovation which require huge capital expenditures.

Every year, we are introducing new model line-up with better and new technologies, hence will have huge investment on factory innovation. To support our corporate mission on CO2 emission through renewable energy, we will install solar panel in the factory. To sustain continuous growth of Refrigerator meeting market demand, we will secure higher production quantity by expanding our factory.

To cope with business growth, we need to also strengthen our Supply Chain Management by expanding our warehouses. We have already laid down the plans for the said appropriation as it is also required by the Securities and Exchange Commission for disclosure purposes. As such,

management deemed the retained earnings is appropriate. Nonetheless, rest assure that the company will declare dividend each year.

Question No. 4 from RODA BORJA:

Mr. President, in your presentation earlier regarding Business Strategy with future goal by the year 2033, may I ask, how about the Company's commitment to us, your stockholders after 10 years?

Answer by MR. HIGAMI:

This year, we will celebrate our 57th year anniversary as a company. On March 2013, Securities and Exchange Commission approved the extension of our corporate life for another 50 years or until 2063. I think with the Philippine economy continuous growth, for example refrigerator distribution rate by around 40%, same with washing machine and air conditioner around 20%. I think Philippines still have appliance, we can use strategy we have done in Japan, China and Vietnam. Hence, we have the commitment for continuing business growth. We will put weight on creating new value and designing an ideal operation towards business growth and increase profitability to give back by way of dividend to our stockholders. We are determined for continuous success to make you feel proud of PMPC embracing change by introducing new technologies that will improve the quality and wellness of life. We will still be No. 1 and the Most Trusted Brand in the market.

The Minutes of the last year's Stockholders's Meeting are uploaded on the Company's website and maybe viewed through the following link: <https://www.panasonic.com/ph/corporate/profile/ir.html>.

Below is the list of the material matters approved by the Board of Directors since last Annual Stockholders' Meeting held on July 21, 2023 subject for ratification and approval by the stockholders on July 19, 2024:

Date	Description
July 21, 2023	Annual Stockholders's Meeting <ul style="list-style-type: none"> • Ratification of last year's Minutes of ASM • President's and Financial Report • Ratification of the Annual Report and Acts of the Board • Election of Directors • Appointment of External Auditor Annual Board Meeting • Ratification of the Minutes of previous meetings • Election of Members of the Board of Director for fiscal year 2023 – 2024
July 21, 2023	Election of New Set of Corporate Officers for FY 2023-2024/Election of Chairman and various board committees
August 1, 2023	Authority of Mr. Richmond Malabanan to process and sign any documents related to Lifting of Abandonment BL#16046004055 / Authority of Ms. Iryn Tarca of Explesslane to process and follow up in behalf of PMPC all tax refund of PMPC from the BOC.
August 30, 2023	Authority of Ms. Roda Borja to sign all NDA for PMPC / Ms. Ruby Hao fo Sveningenuity Inc. for Summer 2023 Campaign
October 19, 2023	Approval of the minutes of the previous board meeting July 20, 2023 / Financial Report for 2nd qtr and 1st half of FY 2023 / Report on WAC inventory status
October 31, 2023	Authority of various employees to transact with RCBC/BDO/MUFG/SBC/SMBC for bank transactions.
November 10, 2023	Authority of Mr. Noriel Reano for renewal of General Transport Surety Bond

December 13, 2023	Authority of Mr. Noriel Reano for transaction related with Malayan Insurance regarding claims.
December 29, 2023	Authority to the following to be system administrator maker/checker of SBC digital banking: Mr. Kazuya Higami, Mr. Atsushi Kozuma, Mr. Satoshi Kono, Mr. Noriel Reano, Ms. Imelda Garcia and Mr. Henry Bojos
January 4, 2024	Authority of Mr. Kazuya Higami and Mr. Peter John Aninipot to process and sign in behalf of PMPC with Renewable Energy Supplier & Independent Electricity Market operator of the Philippines, Authority of Mr. Francisco Tolentino and Mr. Renz Dimaculangan to transact with BIR and LGU, Sta.Rosa for PMPC and PERC, Authority of Mr. Arlan Carmelotez to transact for business permit in Tacloban, Mr. Franci Valencia for Manduae, Cebu, Ms. Cyd Macuja for Bacolod City, Mr. John Francis Jardinaso for Iloilo City, Mr. Rubbie Vanzuela for Davao City, Mr. Frane Ong III for CDO City.
January 18, 2024	Approval of the previous meeting of the board, Financial Report for 3rd quarter and cumulative, Fire Incident report, Reports and updates on Compliance training and self-assessment
January 24, 2024	Authority of Ms. Jennifer Ayo and Gale Bianca Cerafica to transact for BIR ORUS and application of TIN for employment
February 1, 2024	Re-election of position of Mr. Kazuya Higami for DOLE and PEZA (AEP and Visa)
February 20, 2024	Authority of Mr. Noriel Reano to transact for bond application to MAA General Assurance Phils. Inc.
April 30, 2024	Authorize Mr. Renz Dimaculangan to transact and sign related to ORUS / Authorize Ms. Imelda Garcia and Mr. Francisco Tolentino to transact and sign for BIR compliance
May 3, 2024	Acknowledged the resignation of Independent Director Ms. Elizabeth Gildore effective April 30, 2024 due to personal reason.
May 23, 2024	Approval of the declaration of cash dividend 32.9785% (₱0.33 per share) cash dividends to stockholders of record as of June 10, 2024 amounting to ₱139.4 million payable on June 25, 2025.
June 26, 2024	Approval of the release of audited consolidated financial statements

Copies of the Minutes of the Meetings may be examined by all stockholders on record as of Record Date at the office of the Corporate Secretary.

The Board of Directors recommends that the stockholders Approve, Confirm and Ratify all acts proceedings and resolutions of the Board of Directors since the last annual stockholders' meeting to the present.

Item 16. Matters Not required to be Submitted

There are no actions to be taken with respect to any matter which is not required to be submitted to a vote of the security holders.

Item 17. Amendment of Charter, Bylaws or other Documents

There are no matters or actions to be taken up in the meeting relating to restatement of Accounts.

Item 18. Other Proposed Actions

No action is to be taken with respect to any matter not specifically referred above.

Item 19. Voting Procedures

Stockholders who wish to attend the meeting and vote through remote communication shall first pre-register and submit the following requirements via email to asmregistration@ph.panasonic.com not later than July 10, 2024.

Except in cases where a higher vote is required under the Revised Corporation Code, the approval of any corporate action shall require the majority vote of the outstanding capital stock represented during the meeting.

Except in cases where voting by ballot is applicable, voting and counting shall be by viva voce. If by ballot, the counting shall be supervised by the Corporate Secretary and independent auditors of the Company.

Item 20. Participation of Stockholders by Remote Communication

In the light of the Covid-19 situation and to ensure the safety and welfare of its stockholders, directors, officers and employees, the meeting will be conducted virtually via Microsoft Teams. Stockholders, directors, officers and employees can only attend the meeting by remote communication.

Stockholders who intend to participate or be represented in the virtual meeting shall register via email asmregistration@ph.panasonic.com not later than July 10, 2024 subject to validation procedures to gain access to the secure on-line meeting link:

1. Individual Stockholders

- i. Scanned copy of stockholder's valid and government ID showing photo, signature and personal details, preferably with residential address
- ii. A valid and active e-mail address and contact number

2. Corporate Stockholders

- i. A Secretary's Certificate attesting to the authority of the representative to participate by remote communication for, and on behalf of the Corporation
- ii. Scanned copy of stockholder's valid and government ID showing photo, signature and personal details, preferably with residential address
- iii. A valid and active e-mail address and contact number

Once validated, the successful registrant will receive a confirmation and an electronic invitation via e-mail with a complete guide on how to join the virtual meeting. For any registration concerns, you may get in touch with asmregistration@ph.panasonic.com care of Mr. Francisco Tolentino or go to <https://www.panasonic.com/ph/corporate/profile/ir.html> for reference and other details. A stockholder who fails to comply with the registration requirement will not be able to participate in the virtual ASM.

Stockholders who cannot join the virtual meeting may send their authorized representative on their behalf and must notify the Company. Stockholders may download, fill out and sign the proxy form found in <https://www.panasonic.com/ph/corporate/profile/ir.html> and send a scanned copy to asmregistration@ph.panasonic.com not later than July 12, 2024.

Item 21. Acceptance of Stockholder Proposals on Agenda Item

Stockholders of record as of June 01, 2024 hold at least five percent (5%) of the total outstanding capital stock of the Company may submit proposals on items for inclusion in the agenda not later than June 28, 2024.

UNDERTAKING

The Company will post and make available for download this SEC Form 20-IS (Definitive Information Statement), together with all its Annexes including the 2024 Consolidated Audited Financial Statements and the Third Quarter 17-Q as of December 31, 2023 on the Company's website www.panasonic.com.ph upon its approval by the Securities and Exchange Commission and the Philippine Stock Exchange, Inc.

Upon the written request of a stockholder, the Company undertakes to provide free of charge such stockholder a copy of the Company's SEC Form 20-IS (Definitive Information Statement), the Annual Report on SEC Form 17-A and the SEC Form 17-Q as of December 31, 2023. Written request should be sent to the Office of the Company's Corporate Secretary at Lot 16 Block 21 Montevista Road, Montevista Heights Subdivision, Bgy. Dolores, Taytay, Rizal 1920 or sent via email at aemira@gamil.com.

SIGNATURE

After reasonable inquiry and to the best of my knowledge and behalf, I certify that the information set forth in this report is true, complete and correct. This report is signed in Taytay, Rizal on June 26, 2024.

PANASONIC MANUFACTURING PHILIPPINES CORPORATION

By:


ATSUSHI KOZUMA

Vice-Chairman, Treasurer & Executive Director

OPERATIONAL AND FINANCIAL INFORMATION

Panasonic Manufacturing Philippines Corporation (the Parent Company) was incorporated in the Philippines on May 14, 1963 and is a subsidiary of Panasonic Holdings Corporation (the Ultimate Parent Company) which was incorporated in Japan on December 15, 1935. The Securities and Exchange Commission (SEC) approved on March 19, 2013 the extension of Parent Company's corporate life for another 50 years or until May 15, 2063. The Parent Company holds 40.0% interest in Precision Electronics Realty Corporation (PERC or the Subsidiary), over which the Parent Company has the control over the Subsidiary.

On February 20, 2019, Republic Act (RA) No. 11232, otherwise known as the "Revised Corporation Code of the Philippines" or "RCC", was signed into law. The RCC took effect on February 23, 2019. The corporate term of a corporation with certificate of incorporation issued prior to the effectivity of the RCC and which continue to exist, shall be deemed perpetual upon the effectivity of the RCC, without any action on the part of the corporation. As of February 23, 2019, the Group is deemed to have selected a perpetual term.

The Parent Company is a manufacturer, importer and distributor of electronic, electrical, mechanical, electro-mechanical appliances, other types of machinery, parts and components, battery and other related products bearing the "Panasonic" brand. The Subsidiary is in the business of realty brokerage and leases out the land to the Parent Company in which the latter's manufacturing facilities are located.

The accompanying consolidated financial statements are presented in Philippine peso (₱), which is also the Group's functional currency. All values were rounded to the nearest peso except when otherwise indicated.

Market for Issuer's Common Equity and Related Stockholder Matters

□ MARKET INFORMATION

Common shares outstanding as of March 31, 2024 and May 31, 2024 were:

Class "A"	84,723,432
Class "B"	337,994,588
	422,718,020

The Company's common shares are traded in the Philippine Stock Exchange.

The following table shows the market prices in Philippine pesos of the Parent Company's Class A shares listed in the Philippine Stock Exchange for fiscal years 2024 and 2023 and for the first quarter of year 2025:

<u>Period</u>	<u>2023</u>		<u>2022</u>	
	<u>High</u>	<u>Low</u>	<u>High</u>	<u>Low</u>
Jan – Mar	5.37	4.91	6.25	5.65
Apr – Jun	5.65	4.81	6.60	5.56
Jul – Sept	5.79	4.53	6.01	5.20
Oct – Dec	5.92	4.54	5.50	5.00

<u>2024</u>	<u>High</u>	<u>Low</u>
Jan – Mar	5.98	4.54
May 31, 2024	5.70	5.21
Jun 26, 2024	4.99	4.98

□ **DIVIDENDS**

The payment of dividend, either in the form of cash or stock, will depend upon the Company's earnings, cash flow and financial condition, among other factors. The Company may declare dividends only out of its unrestricted retained earnings. These represent the net accumulated earnings of the Company, with its capital unimpaired, that are not appropriated for any other purpose.

The Board of Directors of the Parent Company approved the declaration and payment of the following cash dividends to common and preferred stockholders as follows:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
March 31, 2024, 25.94% cash dividends to stockholders of record as of June 4, 2023 payable on June 25, 2023 (₱0.25 per share)	₱109,664,990	₱–	₱–
March 31, 2023, 24.89% cash dividends to stockholders of record as of June 4, 2022 payable on June 25, 2022 (₱0.25 per share)	–	105,214,515	–
March 31, 2022, 52.45% cash dividends to stockholders of record as of June 4, 2021 payable on June 25, 2021 (₱0.52 per share)	–	–	221,707,200
	₱109,664,990	₱105,214,515	₱221,707,200

On May 23, 2024, the Parent Company's Board of Directors approved the declaration of 2.9785% (₱0.33 per share) cash dividends to stockholders of record as of June 10, 2024 amounting to ₱139.4 million payable on June 25, 2024.

□ **HOLDERS**

The table below shows the top 20 common and preferred shareholders of the Company as of May 31, 2024:

Rank / Name of Holder	Number of Shares	Percentage of Ownership
1. Panasonic Corporation (Japanese)	337,994,588	79.96 %
2. PCD Nominee Corporation (Filipino)	38,031,706	9.00%
3. PMPC Employees Retirement Plan	21,586,360	5.11 %
4. Pan Malayan Management & Investment Corporation	6,076,341	1.44%
5. Jesus V. Del Rosario Foundation, Inc.	3,870,926	0.92%
6. Vergon Realty Investment Corporation	3,389,453	0.80 %
7. J.B. Realty and Development Corporation	1,778,915	0.42 %
8. So Sa Gee	855,716	0.20 %
9. David S. Lim	656,393	0.16 %
10. Efren M. Sangalang	603,156	0.14 %
11. Vicente L. Co	577,245	0.14%
12. Jason S. Lim	500,000	0.12%
13. Vincent S. Lim	500,000	0.12%
14. Jonathan Joseph C.C. Lim	500,000	0.12%
15. Falek Enterprises, Inc.	298,106	0.07%
16. Susan L. Tan	258,106	0.06%
17. So Ki Lin	252,995	0.06%
18. Jaime Agabin	252,995	0.06%
19. Vladimir Co	248,164	0.06%
20. Edgar N Lim	246,712	0.06%

□ **RECENT SALE OF UNREGISTERED SECURITIES**

The Company has neither issued/sold any new securities nor reacquired its securities within the past three (3) years.

MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

Loss due to Fire Incident

On December 13, 2023, a fire occurred in the Company's Washing Machine and Electric Fan factories located in Sta. Rosa, Laguna. As of March 31, 2024, the Company already recognized insurance claim receivable and related income equivalent to 100% of the loss recognized amounted to ₱286.4 million payable in fiscal year 2025.

Fixed assets and inventories were written-off as follows, *in thousand pesos*:

	<u>March 31, 2024</u>
Property, plant and equipment	₱ 119,590
Raw materials and finished goods	156,675
Other expenses incurred	10,132
Total Claims	₱ 286,397
Covered by Insurance – as confirmed by the Insurance Company	₱ 288,500

On February 6, 2024, the Electric Fan Department resumed its production of finished goods at the Company's location at Ortigas Avenue Extension, Taytay, Rizal and started sales to the market in March 2024 while the production of Washing Machine Department started in March 2024 at PMPC Taytay production office and sales in April 2024.

The Company's President's Report and the Management Discussion and Analysis or Plan of Operation is attached hereto as Annex "B".

The following are discussions on the consolidated financial conditions and operating results of the Company and its Subsidiary's operations (The Group) based on the Financial Statements as of and for the years ended March 31, 2024, 2023 and 2022.

FINANCIAL PERFORMANCE

Comparison of key performance for the last three (3) years are summarized in the following table.

	For the Years Ended March 31		
	2024	2023 (Restated)	2022 (Restated)
	<i>(In thousand Pesos)</i>		
Net Sales	14,251,252	15,178,323	12,590,534
Cost of Goods Sold	(11,555,664)	(12,644,938)	(10,086,429)
Gross Profit	2,695,588	2,533,385	2,504,105
Selling Expenses	(1,275,136)	(1,263,363)	(1,329,008)
General & Administrative Expenses	(1,200,937)	(1,118,642)	(1,064,675)
Other Income-Net	116,905	104,512	91,422
Income Before Income Tax	336,420	255,892	201,844
Income Tax	(63,920)	(58,759)	(77,925)
Net Income	272,500	197,133	123,919
Other Comprehensive Income (Loss)	4,504	(11,112)	8,796
Total Comprehensive Income	277,004	186,021	132,715
Net Income Attributable to Equity Holders of the Parent Company	272,137	197,490	123,913
Net Income Attributable to Non-controlling Interest	363	(357)	6
	272,500	197,133	123,919

FY2024 vs FY2023

	March		Horizontal Analysis		Vertical Analysis	
	2024	2023 (Restated)	Amount	%	2024	2023
	<i>(In Thousand Pesos)</i>					
Net Sales	14,251,252	15,178,323	(927,071)	-6.1%	100.0%	100.0%
Cost of Goods Sold	(11,555,664)	(12,644,938)	1,089,274	-8.6%	-81.1%	-83.3%
Gross Profit	2,695,588	2,533,385	162,203	6.4%	18.9%	16.7%
Selling Expenses	(1,275,136)	(1,263,363)	(11,773)	0.9%	-8.9%	-8.3%
General & Administrative Expenses	(1,200,937)	(1,118,642)	(82,295)	7.4%	-8.4%	-7.4%
Other Income-Net	116,905	104,512	12,393	11.9%	0.8%	0.7%
Income Before Income Tax	336,420	255,892	80,528	31.5%	2.4%	1.7%
Income Tax	(63,920)	(58,759)	(5,161)	8.8%	-0.4%	-0.4%
Net Income	272,500	197,133	75,367	38.2%	1.9%	1.3%
Other Comprehensive Income (Loss)	4,504	(11,112)	15,616	-140.5%	0.0%	-0.1%
Total Comprehensive Income	277,004	186,021	90,983	48.9%	1.9%	1.2%
Net Income Attributable to Equity Holders of the Parent Company	276,641	186,378	90,263	48.4%	1.9%	1.2%
Net Income Attributable to Non-controlling Interest	363	(357)	720	-201.7%	0.0%	0.0%
	277,004	186,021	90,983	48.9%	1.9%	1.2%

The Group's consolidated sales for fiscal year 2023 ending March 31, 2024 decreased by ₱927 million (-6.1%) versus last year.

The following contributed to the non-achievement of sales for the period:

Domestic sales: Airconditioner ₱514.9 million (15%), washing machine ₱398.7 million (18%), refrigerator by ₱381.0 million (7%) while for export sales: airconditioner by ₱1.181 billion (74%). This is mainly due to the market competition especially the emergence of China products with aggressive promotions, the impact of high interest and inflation rate in the first half of fiscal year and also consumers' spending shift mostly to travel.

Cost of good sold amount decreased by ₱1,089.3 million (8.6%) due mainly to decrease in sales and production of finished goods.

Gross profit amount improved by ₱162.2 million (6.4%) due mainly to the improvement of cost of sales ratio by 2.2% versus last year.

Selling expenses increased by ₱11.8 million (0.9%) in total, though there was a reduction in sales promotion expenses by ₱47.7 million (6.8%), however, freight and handling cost increased by ₱27.6 million (6.6%) due to higher trucking and shipping charges brought by increase in fuel prices.

General and administrative expenses increased by ₱82.3 million (7.4%) due mostly to the new accounting system charges – SAP Hana S4 effective fiscal year 2024 by ₱51.7 million.

Other income – net increased by ₱12.4 million (11.9%) due to higher income from scrap sales of materials and finished goods and improvement on money placement interest income for the period.

Net income before and after tax higher by ₱80.5 million (31.5%) due to decrease in cost of sales amount and ratio as compared to same period last year. Income tax is higher than last year due to increase in taxable income.

FY2023 vs FY2022

	March		Horizontal Analysis		Vertical Analysis	
	2023	2022	Amount	%	2023	2022
	<i>(In Thousand Pesos)</i>					
Net Sales	15,178,323	12,590,534	2,587,789	20.6%	100.0%	100.0%
Cost of Goods Sold	(12,659,892)	(10,044,816)	(2,615,076)	26.0%	-83.4%	-79.8%
Gross Profit	2,518,431	2,545,718	(27,287)	-1.1%	16.6%	20.2%
Selling Expenses	(1,263,363)	(1,329,008)	65,645	-4.9%	-8.3%	-10.6%
General & Administrative Expenses	(1,118,642)	(1,064,675)	(53,967)	5.1%	-7.4%	-8.5%
Other Income-Net	104,512	91,422	13,090	14.3%	0.7%	0.7%
Income Before Income Tax	240,938	243,457	(2,519)	-1.0%	1.6%	1.9%
Income Tax	(58,759)	(77,925)	19,166	-24.6%	-0.4%	-0.6%
Net Income	182,179	165,532	16,647	10.1%	1.2%	1.3%
Other Comprehensive Income (Loss)	(11,112)	8,796	(19,908)	-226.3%	-0.1%	0.1%
Total Comprehensive Income	171,067	174,328	(3,261)	-1.9%	1.1%	1.4%
Net Income Attributable to Equity Holders of the Parent Company	182,537	165,526	17,011	10.3%	1.2%	1.3%
Net Income Attributable to Non-controlling Interest	(357)	6	(363)	-6050.0%	0.0%	0.0%
	182,180	165,532	16,648	10.1%	1.2%	1.3%

The Group's consolidated sales for fiscal year 2022 ending March 31, 2023 increased by ₱2.588 billion (20.6%) versus last year's mostly because of the following favorable sales in the following product lines:

Domestic sales: Airconditioner ₱514.9 million (15%), washing machine ₱398.7 million (18%), refrigerator by ₱381.0 million (7%) while for export sales: airconditioner by ₱1.181 billion (74%).

Cost of sales amount increase because of higher production and sales of merchandise.

Gross profit amount declined by ₱27.3 million (-1.1%) despite the 20.6% increase in sales due to higher cost of sales ratio by 3.6% brought by unfavorable forex and material cost.

Selling expenses declined by ₱65.6 million (-4.9%) due to reduction in sales promotion expenses by ₱181.3 million (20.5%), while freight and handling cost increased by ₱120.0 million (40.3%) due to higher trucking and shipping charges brought by increase in fuel prices.

General and administrative expenses increased by ₱54.0 million (5.1%) mostly attributable to technical and brand license fee by ₱67.0 million due to increase in sales.

Other income – net increased by ₱13.1 million (14.3%) due to higher income from scrap materials by ₱15.3 million and service income by ₱6.8 million. On the other hand, foreign exchange loss increased by ₱9.5 million.

Total income before tax lower by ₱2.5 million (-1.0%) due to higher cost of sales ratio by 3.6%. Income tax expense decreased by ₱19.2 million (-24.6%) due to lower taxable income under regular corporate income tax and reduction in income taxes provision for retirement liability and estimated liabilities – others. As a result, net income after tax increased by ₱16.7 million.

FY2022 vs FY2021

	March		Horizontal Analysis		Vertical Analysis	
	2022	2021	Amount	%	2022	2021
	<i>(In Thousand Pesos)</i>					
Net Sales	12,590,534	10,883,095	1,707,439	15.7%	100.0%	100.0%
Cost of Goods Sold	(10,044,816)	(8,316,814)	(1,728,002)	20.8%	-79.8%	-76.4%
Gross Profit	2,545,718	2,566,281	(20,563)	-0.8%	20.2%	23.6%
Selling Expenses	(1,329,008)	(1,204,276)	(124,732)	10.4%	-10.6%	-11.1%
General & Administrative Expenses	(1,064,675)	(950,375)	(114,300)	12.0%	-8.5%	-8.7%
Other Income-Net	91,422	67,019	24,403	36.4%	0.7%	0.6%
Income Before Income Tax	243,457	478,649	(235,192)	-49.1%	1.9%	4.4%
Income Tax	(77,925)	(120,634)	42,709	-35.4%	-0.6%	-1.1%
Net Income	165,532	358,015	(192,483)	-53.8%	1.3%	3.3%
Other Comprehensive Income (Loss)	8,796	22,053	(13,257)	-60.1%	0.1%	0.2%
Total Comprehensive Income	174,328	380,068	(205,740)	-54.1%	1.4%	3.5%
Net Income Attributable to Equity Holders of the Parent Company	165,526	379,292	(213,766)	-56.4%	1.3%	3.5%
Net Income Attributable to Non-controlling Interest	6	776	(770)	-99.2%	0.0%	0.0%
	165,532	380,068	(214,536)	-56.4%	1.3%	3.5%

The Company's consolidated group sales for fiscal year 2021 ending March 31, 2022 increased by ₱1.707 billion (15.7%) versus last year's because of the following favorable sales in the following product lines:

Airconditioner by ₱590 million (16%) and refrigerator by ₱452 million (10%).

Gross profit amount declined by ₱20.6 million (-0.8%) despite the increase in sales due to increase in cost of sales ratio by 3.4%.

Selling expenses rose by ₱124.7 million (10.4%) due to increase in sales promotion expenses ₱167.7 million (23.5%), provision for warranty claims ₱14.8 million (46%), advertising and commissions expenses ₱15.5 million (17.9%) inspite of the decrease in freight and handling cost by ₱73.3 million (-19.7%).

General and administrative expenses increased by ₱114.3 million (12%) mostly attributable to salaries, wages and employee benefits ₱36.9 million, provision for other estimated liabilities ₱16.5 million and technical and brand license fee by ₱27.5 million due to increase in sales.

Other income – net increased by ₱24.4 million (36.4%) due to higher income from scrap materials by ₱8.5 million and service income by ₱8.3 million and recovery of allowance of credit and impairment losses by 6.2 million.

Total income before tax decreased by ₱235.2 million (-49.1%) due to increase in general and administrative expense, selling expense and cost of goods sold ratio as stated above.

Income tax expense decreased by ₱42.7 million (-35.4%) and net income after tax decreased by ₱192.5 million (-53.8%) due to increase in operating and general and administrative expenses.

FINANCIAL POSITIONS

Comparison of key performance for the last three (3) years are summarized in the following table

	For the Years Ended March 31		
	2024	2023 (Restated)	2022 (Restated)
	<i>(In Thousand Pesos)</i>		
Cash and cash equivalents	3,077,652	2,592,954	3,162,894
Receivables	1,999,202	1,753,338	1,766,394
Inventories	2,271,491	2,526,231	2,424,578
Other current assets	266,283	189,784	139,774
Total Current Assets	7,614,628	7,062,307	7,493,640
Property, plant and equipment	823,211	913,799	899,516
Deferred tax assets - net	153,724	145,432	132,673
Other noncurrent assets	63,399	18,183	23,168
Total Noncurrent Assets	1,040,334	1,077,414	1,055,357
Total Assets	8,654,962	8,139,721	8,548,997
Accounts payable and accrued expense:	3,249,455	2,874,070	3,292,655
Lease liabilities - current portion	5,374	2,521	4,763
Other current liabilities	75,888	84,571	84,671
Total Current Liabilities	3,330,717	2,961,162	3,382,089
Retirement Liability	117,890	145,028	143,991
Lease liabilities - net of current portion	10,634	-	2,521
Other noncurrent liabilities	247,534	252,684	320,355
Total Noncurrent Liabilities	376,058	397,712	466,867
Total Liabilities	3,706,775	3,358,874	3,848,956
Capital stock	422,718	422,718	422,718
Additional paid-in capital	4,780	4,780	4,780
Other comprehensive loss	(121,291)	(125,796)	(115,392)
Retained Earnings			
Appropriated	3,992,400	3,992,400	3,892,400
Unappropriated	576,034	413,562	421,995
Non-controlling interest	73,546	73,183	73,540
Total Equity	4,948,187	4,780,847	4,700,041
Total Liabilities and Equity	8,654,962	8,139,721	8,548,997

MATERIAL CHANGES OF ANY MATERIAL ITEM

FY 2024 vs FY 2023

	March		Horizontal Analysis		Vertical Analysis	
	2024	2023 (Restated)	Amount	%	2024	2023
	<i>(In Thousand Pesos)</i>					
Cash and cash equivalents	3,077,652	2,592,954	484,698	18.7%	35.6%	31.9%
Receivables	1,999,202	1,753,338	245,864	14.0%	23.1%	21.5%
Inventories	2,271,491	2,526,231	(254,740)	-10.1%	26.2%	31.0%
Other current assets	266,283	189,784	76,499	40.3%	3.1%	2.3%
Total Current Assets	7,614,628	7,062,307	552,321	7.8%	88.0%	86.8%
Property, plant and equipment	823,211	913,799	(90,588)	-9.9%	9.5%	11.2%
Deferred tax assets - net	153,724	145,432	8,292	5.7%	1.8%	1.8%
Other noncurrent assets	63,399	18,183	45,216	248.7%	0.7%	0.2%
Total Noncurrent Assets	1,040,334	1,077,414	(37,080)	-3.4%	12.0%	13.2%
Total Assets	8,654,962	8,139,721	515,241	6.3%	100.0%	100.0%
Accounts payable and accrued expenses	3,249,455	2,874,070	375,385	13.1%	37.5%	35.3%
Lease liabilities - current portion	5,374	2,521	2,853	113.2%	0.1%	0.0%
Other current liabilities	75,888	84,571	(8,683)	-10.3%	0.9%	1.0%
Total Current Liabilities	3,330,717	2,961,162	369,555	12.5%	38.5%	36.4%
Retirement Liability	117,890	145,028	(27,138)	-18.7%	1.4%	1.8%
Lease liabilities - net of current portion	10,634	-	10,634	0.0%	0.1%	0.0%
Other noncurrent liabilities	247,534	252,684	(5,150)	-2.0%	2.9%	3.1%
Total Noncurrent Liabilities	376,058	397,712	(21,654)	-5.4%	4.3%	4.9%
Total Liabilities	3,706,775	3,358,874	347,901	10.4%	42.8%	41.3%
Capital stock	422,718	422,718	-	0.0%	4.9%	5.2%
Additional paid-in capital	4,780	4,780	-	0.0%	0.1%	0.1%
Other comprehensive loss	(121,291)	(125,796)	4,505	-3.6%	-1.4%	-1.5%
Retained Earnings						
Appropriated	3,992,400	3,992,400	-	0.0%	46.1%	49.0%
Unappropriated	576,034	413,562	162,472	39.3%	6.7%	5.1%
Non-controlling interest	73,546	73,183	363	0.5%	0.8%	0.9%
Total Equity	4,948,187	4,780,847	167,340	3.5%	57.2%	58.7%
Total Liabilities and Equity	8,654,962	8,139,721	515,241	6.3%	100.0%	100.0%

The Company's consolidated total assets as of March 31, 2024 amounted to ₱8.644 billion, increased by ₱464 million (5.68%) from ₱8.179 billion last March 31, 2023 mainly due to the increase in cash and cash equivalent amounting to ₱484.7 million and decrease in inventory.

Current ratio for the period ending March 31, 2024 was recorded at 2.3:1 versus 2.4:1 of last year's due to increase in accounts payable and accrued expenses.

Cash and cash equivalent – net increase of ₱484.7 million (18.69%) was due mainly to decrease in operating assets: inventories by ₱290.0 million and accounts payable and accrued expenses by ₱369.6 million.

Accounts receivable increased by ₱245.9 million (14.0%) mainly coming from insurance claim from Malayan-Tokio Marine Insurance due to Fire incident happened last December 13, 2023. A total of ₱286.4M was recorded consist of Fixed Assets and Inventories.

Inventory amount decreased by ₱290 million mainly due to raw materials reduction of ₱331.6 million. The Company has written-off the related inventory due to fire incident occurred last December 13, 2023 amounting to ₱156.7 million. On top of this write-off, our Airconditioner division reduced inventories by ₱133M thru arrival control, utilization and introduction of Hongkong 16 models and phased-out old models.

Other current assets higher by ₱77.5 million (40.85%) due mainly to creditable withholding taxes for the period.

Property, plant and equipment – net reduced by ₱107.2 million (11.73%) due mainly to written-off asset attributed to the fire incident last December 13, 2023 amounting to ₱119.6 million – net book value. As of March 31, 2024, the Company's total capital expenditures amounted to ₱249.0 million which mainly pertained to construction in progress for the improvements of factory machinery and equipment due to the increase of production and volume capacity especially in its Refrigerator and Air Conditioning Department. The Company is also shifted to new accounting system – SAP Hana S4 effective fiscal year 2024. Total amortization of depreciation expense amounted to ₱194.4 million.

Deferred tax assets increased by ₱8.2 million (5.65%) mainly due to the Company's recognition of additional retirement liability.

The Company's consolidated total liabilities as of March 31, 2024 amounted to ₱3.694 billion increased by ₱335.2 million versus March 31, 2023. This was mainly due to trade accounts payable to related parties and third parties ₱216.3 million and ₱268.5 million respectively. On the other hand, non trade payable to related parties decreased by ₱113.9 million and output vat payable – net by ₱68.7 million.

The total stockholders' equity improved by ₱129.1 million – net of cash dividend payment and profit for the period. Total comprehensive income amounted to ₱232.9 million while cash dividend payment amounted to ₱139.4 million.

FY 2023 vs. FY 2022

	March		Horizontal Analysis		Vertical Analysis	
	2023	2022	Amount	%	2023	2022
	<i>(In Thousand Pesos)</i>					
Cash and cash equivalents	2,592,954	3,162,894	(569,940)	-18.0%	31.7%	36.8%
Receivables	1,753,338	1,766,394	(13,056)	-0.7%	21.4%	20.5%
Inventories	2,566,118	2,479,419	86,699	3.5%	31.4%	28.8%
Other current assets	189,784	139,774	50,010	35.8%	2.3%	1.6%
Total Current Assets	7,102,194	7,548,481	(446,287)	-5.9%	86.8%	87.7%
Property, plant and equipment	913,799	899,516	14,283	1.6%	11.2%	10.5%
Deferred tax assets - net	145,432	132,673	12,759	9.6%	1.8%	1.5%
Other noncurrent assets	18,183	23,168	(4,985)	-21.5%	0.2%	0.3%
Total Noncurrent Assets	1,077,414	1,055,357	22,057	2.1%	13.2%	12.3%
Total Assets	8,179,608	8,603,838	(424,230)	-4.9%	100.0%	100.0%
Accounts payable and accrued expense:	2,874,070	3,292,655	(418,585)	-12.7%	35.1%	38.3%
Lease liabilities - current portion	2,521	4,763	(2,242)	-47.1%	0.0%	0.1%
Other current liabilities	84,571	84,671	(100)	-0.1%	1.0%	1.0%
Total Current Liabilities	2,961,162	3,382,089	(420,927)	-12.4%	36.2%	39.3%
Retirement Liability	145,028	143,991	1,037	0.7%	1.8%	1.7%
Lease liabilities - net of current portion	-	2,521	(2,521)	-100.0%	0.0%	0.0%
Other noncurrent liabilities	252,684	320,355	(67,671)	-21.1%	3.1%	3.7%
Total Noncurrent Liabilities	397,712	466,867	(69,155)	-14.8%	4.9%	5.4%
Total Liabilities	3,358,874	3,848,956	(490,082)	-12.7%	41.1%	44.7%
Capital stock	422,718	422,718	-	0.0%	5.2%	4.9%
Additional paid-in capital	4,780	4,780	-	0.0%	0.1%	0.1%
Other comprehensive loss	(125,796)	(115,392)	(10,404)	9.0%	-1.5%	-1.3%
Retained Earnings						
Appropriated	3,992,400	3,892,400	100,000	2.6%	48.8%	45.2%
Unappropriated	453,449	476,836	(23,387)	-4.9%	5.5%	5.5%
Non-controlling interest	73,183	73,540	(357)	-0.5%	0.9%	0.9%
Total Equity	4,820,734	4,754,882	65,852	1.4%	58.9%	55.3%
Total Liabilities and Equity	8,179,608	8,603,838	(424,230)	-4.9%	100.0%	100.0%

The Company's consolidated total assets as of March 31, 2023 amounted to ₱8.179 billion, decreased by ₱425 million (-4.9%) from ₱8.604 billion last March 31, 2022 mainly due to deterioration of cash and cash equivalent for the year.

Current ratio for the period ending March 31, 2023 was recorded at 2.4:1 versus 2.2:1 of last year's.

Cash and cash equivalent – net decrease of ₱569.9 million (-18.0%) was due mainly to increase in operating assets: inventories by ₱284.5 million and accounts payable and accrued expenses by ₱419.8 million. In addition, payment of cash dividend amounting to ₱105.2 million, contribution to the Company's retirement fund by ₱50.0 million and acquisitions of plant, property and equipment amounted to ₱218.0 million. On the other hand the following improved net cash: net income for the period ₱240.9 million and adjustment for depreciation by ₱212.5 million and provision for inventory write-down by ₱197.8 million for the period.

Inventory amount increased by ₱86.7 million due to non-achievement of sales forecast and in preparation for the increase in sales during summer season.

Other current assets decreased by ₱2.8 million (-1.9%) due mainly to creditable withholding taxes for the period

Property, plant and equipment – net increased by ₱14.2 million (1.6%). As of March 31, 2023, the Company's total capital expenditures amounted to ₱227.4 million which mainly pertained to construction in progress for the improvements of factory machinery and equipment due to the increase of production and volume capacity especially in its Refrigerator and Air Conditioning Department. The Company is also shifting to new accounting system – SAP Hana S4 effective fiscal year 2024. Total depreciation and disposal amounted to ₱220.3 million and ₱14.9 million, respectively. Investment properties were transferred to property, plant and equipment for their use in its operation.

Deferred tax assets increased by ₱12.8 million (9.6%) mainly due to unamortized past service cost and unrealized foreign currency exchange loss – net.

The Company's consolidated total liabilities as of March 31, 2023 amounted to ₱3.358 billion, decreased by ₱491.2 million versus March 31, 2022. This was mainly due to current liabilities decrease of ₱420.9 million (12.4%).

The total stockholders' equity improved by ₱67.0 million – net of cash dividend payment and profit for the period. Total comprehensive income amounted to ₱172.2 million while cash dividend payment amounted to ₱105.2 million.

FY 2022 vs. FY 2021

	March		Horizontal Analysis		Vertical Analysis	
	2022	2021	Amount	%	2022	2021
	<i>(In Thousand Pesos)</i>					
Cash and cash equivalents	3,162,894	3,743,228	(580,334)	-15.5%	36.8%	45.4%
Receivables	1,766,394	1,476,639	289,755	19.6%	20.5%	17.9%
Inventories	2,479,419	1,741,172	738,247	42.4%	28.8%	21.1%
Other current assets	139,774	142,544	(2,770)	-1.9%	1.6%	1.7%
Total Current Assets	7,548,481	7,103,583	444,898	6.3%	87.7%	86.2%
Property, plant and equipment	899,516	984,692	(85,176)	-8.7%	10.5%	12.0%
Deferred tax assets - net	132,673	127,188	5,485	4.3%	1.5%	1.5%
Other noncurrent assets	23,168	22,430	738	3.3%	0.3%	0.3%
Total Noncurrent Assets	1,055,357	1,134,310	(78,953)	-7.0%	12.3%	13.8%
Total Assets	8,603,838	8,237,893	365,945	4.4%	100.0%	100.0%
Accounts payable and accrued expenses	3,292,655	2,889,647	403,008	13.9%	38.3%	35.1%
Lease liabilities - current portion	4,763	4,361	402	9.2%	0.1%	0.1%
Other current liabilities	84,671	76,686	7,985	10.4%	1.0%	0.9%
Total Current Liabilities	3,382,089	2,970,694	411,395	13.8%	39.3%	36.1%
Retirement Liability	143,991	122,445	21,546	17.6%	1.7%	1.5%
Lease liabilities - net of current portion	2,521	7,284	(4,763)	-65.4%	0.0%	0.1%
Other noncurrent liabilities	320,355	335,209	(14,854)	-4.4%	3.7%	4.1%
Total Noncurrent Liabilities	466,867	464,938	1,929	0.4%	5.4%	5.6%
Total Liabilities	3,848,956	3,435,632	413,324	12.0%	44.7%	41.7%
Capital stock	422,718	422,718	-	0.0%	4.9%	5.1%
Additional paid-in capital	4,780	4,780	-	0.0%	0.1%	0.1%
Other comprehensive loss	(115,392)	(124,187)	8,795	-7.1%	-1.3%	-1.5%
Retained Earnings						
Appropriated	3,892,400	3,842,400	50,000	1.3%	45.2%	46.6%
Unappropriated	476,836	583,016	(106,180)	-18.2%	5.5%	7.1%
Non-controlling interest	73,540	73,534	6	0.0%	0.9%	0.9%
Total Equity	4,754,882	4,802,261	(47,379)	-1.0%	55.3%	58.3%
Total Liabilities and Equity	8,603,838	8,237,893	365,945	4.4%	100.0%	100.0%

The Company's consolidated total assets as of March 31, 2022 increased by ₱365.9 million (4.4%) to ₱8.604 billion from March 31, 2021. This was mainly due to increase in inventories and accounts receivables.

Current ratio for the period ending March 31, 2022 was recorded at 2.2:1 versus 2.4:1 of last year's.

Current assets increased by ₱444.9 million and current liabilities increased by ₱411.4 million.

Cash and cash equivalent – net decrease of ₱580.3 million (-15.5%) was due mainly to increase in operating assets: inventories by ₱820.2 million and accounts receivable by ₱281.9 million. In addition, payment of cash dividend amounting to ₱221.7 million and acquisitions of plant, property and equipment amounted to ₱129.7 million. On the other hand the following improved net cash: increase in accounts payable and accrued expenses by ₱404.8 million, adjustment for depreciation by ₱221 million, and net income for the period ₱243.4 million.

Total accounts receivable (net) increase of ₱289.8 million was due to increase in sales during the last quarter of the period versus last year's, collection of which was due the following month.

Inventory amount increased by ₱738.2 million due to non-achievement of sales forecast and in preparation for the increase in sales during summer season.

Property, plant and equipment – net decreased by ₱85.2 million (-8.6%). As of March 31, 2022, the Company's total capital expenditures amounted to ₱135.5 million which mainly pertained to construction in progress for the improvements of factory machinery and equipment due to the increase of production and volume capacity in its Washing Machine Department, as well as building renovation of Washing Machine and Electric Fan Production. Total depreciation and disposal amounted to ₱220.3 million and ₱15.3 million, respectively. Investment properties were transferred to property, plant and equipment for their use in its operation.

Other current assets decreased by ₱2.8 million (-1.9%) due mainly to creditable withholding taxes for the period.

The Company's consolidated total liabilities as of March 31, 2022 amounted to ₱3.849 billion, increased by ₱413.3 million versus March 31, 2021. This was mainly due to current liabilities increase of ₱411.4 million (13.8%).

The total stockholders' equity decreased by ₱47.4 million (-1.0%) caused by the decline of net income versus last year's by ₱192.5 million and declaration of cash dividend amounting to ₱221.7 million.

CASH FLOW

A brief summary of cash flow movement is shown below:

<i>(in thousands)</i>	Years Ended March 31		
	2024	2023	2022
Net cash provided by (used in) operating activities	₱803,721	(₱242,621)	(₱229,890)
Net cash used in investing activities	(204,962)	(212,591)	(126,365)
Net cash used in financing activities	(114,124)	(110,289)	(226,639)
Effect of exchange rate changes	63	(4,440)	2,560
Net increase (decrease) in cash and cash equivalents	484,698	(569,941)	(580,334)

Net cash flows used in operating activities for the year ended 2024 were at ₱803.7 million, net of income before income tax of ₱336.4 million. The increase in operating activities were mainly due to decrease in inventory and increase in accounts payable and accrued expenses.

Net cash used in investing activities included the following:

<i>(in thousands)</i>	2024	2023	2022
Proceeds from disposal of PPE	₱1,120	₱3,415	₱2,272
Acquisitions of property, plant and equipment	(227,916)	(217,996)	(129,746)
Acquisition of software	21,643	(2,983)	(157)
Decrease (increase) in other assets	191	4,973	1,266
Total	(₱204,962)	(₱212,591)	(₱126,365)

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

<i>(in thousands)</i>	2024	2023	2022
Cash dividends paid	(₱109,665)	(₱105,215)	(₱221,713)
Finance lease liabilities paid	(4,459)	(5,074)	(4,926)
Total	(₱114,124)	(₱110,289)	(₱226,639)

The Group can internally provide its own cash requirements for its operation for the next twelve months and in succeeding years. Various cash flow improvements such as aggressive operational cost reduction, cost negotiation, productivity and system enhancements are being implemented to maintain the Group's loan-free operation.

IV. ADDITIONAL INFORMATION ON UNAPPROPRIATED RETAINED EARNINGS

On September 18, 1990, the Parent Company entered into a Merger Agreement with National Panasonic (Phils.) Inc. (NPPI), a related party and the exclusive distributor of the "National" brand of electronic products. The terms and conditions of the merger, as set forth in the Articles of Merger which was approved by the SEC on October 29, 1990, include, among others, the transfer by NPPI to the Parent Company, being the surviving corporation, of all its assets, liabilities and business on the same date. The transaction was accounted for using the pooling of interests method.

The retained earnings inherited from NPPI before the effectivity of the merger amounting to ₱64.7 million are included in the consolidated statement of financial position under "unappropriated retained earnings". Such is not available for distribution to stockholders in the form of cash or property dividends. Based on the SEC guidelines and after considering this adjustment, the retained earnings available for dividend declaration as of March 31, 2024 and 2023 amounted to ₱384.6 million and ₱266.7 million, respectively.

In 2024 and 2023, the consolidated retained earnings include the retained earnings of PERC amounting to ₱43.9 million and ₱43.7 million, respectively, which are not available for dividend declaration.

V. TOP KEY PERFORMANCE INDICATORS

The following are the major key performance indicators that the Group uses.

RATIO	March ending March 31		
	2024	2023	2022
Current Ratio	2.29	2.38	2.22
Acid Test Ratio	1.52	1.47	1.46
Solvency Ratio	0.07	0.06	0.03
Debt to Equity Ratio	0.75	0.70	0.82
Debt Ratio	0.43	0.41	0.45
Asset to Equity Ratio	1.75	1.70	1.82
Interest Rate Coverage Ratio	636.78	821.39	357.09
Return on Assets	0.03	0.02	0.01
Return on Equity	0.06	0.04	0.03
Net Profit Margin	0.19	0.17	0.20

The Manner by which the Company calculates its key performance indicators are as follows:

Current Ratio – Total current assets divided by total current liabilities.

Acid Test Ratio – Total of cash equivalents, marketable securities and receivable divided by total current liabilities

Solvency Ratio – Net income divided by total liabilities

Debt to Equity Ratio – Total liabilities divided by total equity

Debt Ratio - Total liabilities divided by total assets

Asset to Equity Ratio – Total assets divided by total equity

Interest Rate Coverage Ratio – Earnings before interests and taxes divided by interest expense and other financing charges

Return on Assets – Net income divided by average total assets

Return on Equity – Net income divided by average total equity

Net Profit Margin – Gross Profit divided by total revenue

VI. OTHER MATTERS

▪ **Known Trends**

There are no known events, trends, and demands, commitments or uncertainties that might affect the Company's liquidity or cash flows within the next twelve (12) months.

There are no trends, events or uncertainties known to management that are reasonably expected to have material favorable or unfavorable impact on the net income or revenues from continuing operations of the Company.

▪ **Events that will trigger direct or contingent financial obligation**

In the normal course of business, the Group has various commitments and contingent liabilities that are not presented in the accompanying financial statements.

The management believes that these actions are without merit or that the ultimate liability, if any, resulting from these cases will not adversely affect the financial position or results of operation of the Parent Company. The Group does not anticipate material losses as a result of these commitments and contingent liabilities.

▪ **Material off-balance transactions, arrangements or obligations**

There were no material off-balance transactions, arrangement or obligations that had a material effect on the Company's financial conditions or result of operations.

▪ **Capital expenditures**

The Parent Company has commitments for capital expenditures. Among these are investments on IT-related projects, relocation and renovation of branch premises, acquisition and repairs of furniture, fixtures and equipment needed to bring the Company at par with competitors.

▪ **Significant Elements of Income or Loss**

Significant elements of income or loss will come from continuing operations.

▪ **Seasonal Aspects**

There was no seasonal aspect that had a material effect on the Company's financial conditions or result or operations.

RETAINED EARNINGS

Retained Earnings in excess of 100% of paid-in capital will be declared as dividends and/or appropriated for plant expansion and modernization and upgrading of factory facilities and equipment in the future.

The appropriated retained earnings pertain to the appropriation for plant expansion and modernization and upgrade of factory facilities and equipment of the Parent Company and for the purchase of industrial land for future business expansion of PERC.

CORPORATE GOVERNANCE

OVERVIEW OF FINANCIAL REPORTING 2024

Panasonic Manufacturing Philippines Corp. (PMPC) since its establishment, has operated its business under its business philosophy, “contributing to the progress and development of society and the well-being of people worldwide through its business activities.” The Company believes it is important to increase corporate value by fulfilling accountability through dialogue with various stakeholders such as shareholders and customers, making effort to execute transparent business activities, and swiftly conducting business activities with fairness and honesty based on its basic philosophy of “A company is a public entity of society.” The company recognizes that corporate governance is the important basic structure for the aforementioned purpose, and endeavors to establish and strengthen an effective board governing body. Thus, PMPC will continue to strive harder to achieve beyond mere compliance and promote sound ethical corporate culture which is guided by principles of accountability, fairness and transparency.

MEASURE TO FULLY COMPLY WITH CORPORATE GOVERNANCE

In 2024, PMPC substantially complied with its Manual on Corporate Governance, the provisions of the Revised Code of Corporate Governance of the Securities and Exchange Commission (SEC) and the Corporate Governance Guidelines Disclosure Template of the Philippine Stock Exchange (PSE). As a mechanism to comply with corporate governance principles and practices, the company has a corporate governance framework, which is initiated and implemented by the company’s President, Compliance Officer, Corporate Governance Committee, Audit Committee, Internal Audit, Nominations Committee, Remuneration and compensation Committee and Risk Management Committee. The Corporate Governance Committee has taken various initiatives in the past to embed the good corporate governance practices and principles recommended by the ASEAN Corporate Governance and Integrated Annual Corporate Governance Reports (IACGR) which include the increase in the number of independent directors to three (3) members, the adoption of Corporate Compliance Pro-gram Policy headed by a Compliance Officer, Related Party Transactions Policy, Board Related Party Transactions Committee, Beneficial Ownership Policy, Fraud Statement Policy, among others. These initiatives are closely monitored by the board and facilitated by the company’s compliance officer. PMPC has put in place a policy on Corporate Compliance Program to strengthen its compliance initiatives consistent with the corporate governance issuances of regulatory agencies.

A duly appointed Compliance Officer is responsible for monitoring compliance with the provisions and requirements of the Code of Corporate Governance, rules, and regulations, reporting violations and recommending the imposition of disciplinary actions, and adopting measures to prevent repetition of violations. She also ensures that the company’s corporate governance education and communication program promotes the development of knowledge, skills, attitudes, and culture that would enhance observance of corporate governance policies.

The company has a Board Assessment Policy and Procedures that provide, at the minimum, criteria and process to determine the performance of the Board, individual directors, and board committees and whether they comply with the Manual of Corporate Governance.

In fiscal year 2023, the onboarding of an additional independent director improved the Company’s compliance with the Code of Corporate Governance and Integrated Annual Corporate Governance Report.

NO MATERIAL DEVIATION

The Company has established various internal controls, procedures, and mechanisms to ensure compliance with the Code of Corporate Governance and to avert any possible deviation thereof. PMPC shall continue to monitor, adopt, and evolve in conjunction with corporate governance developments. There have been no material deviations noted by the compliance officer for the fiscal year 2024.

PLANS TO IMPROVE CORPORATE GOVERNANCE

PMPC will continue to monitor any developments in Corporate Governance to consistently comply with local regulatory agencies and improve the Company's governance practices. Areas for improvement noted during the preparation of SEC and PSE corporate governance reports and the result of Corporate Governance audit conducted by the Company's Internal Audit Department will be addressed with positive action.

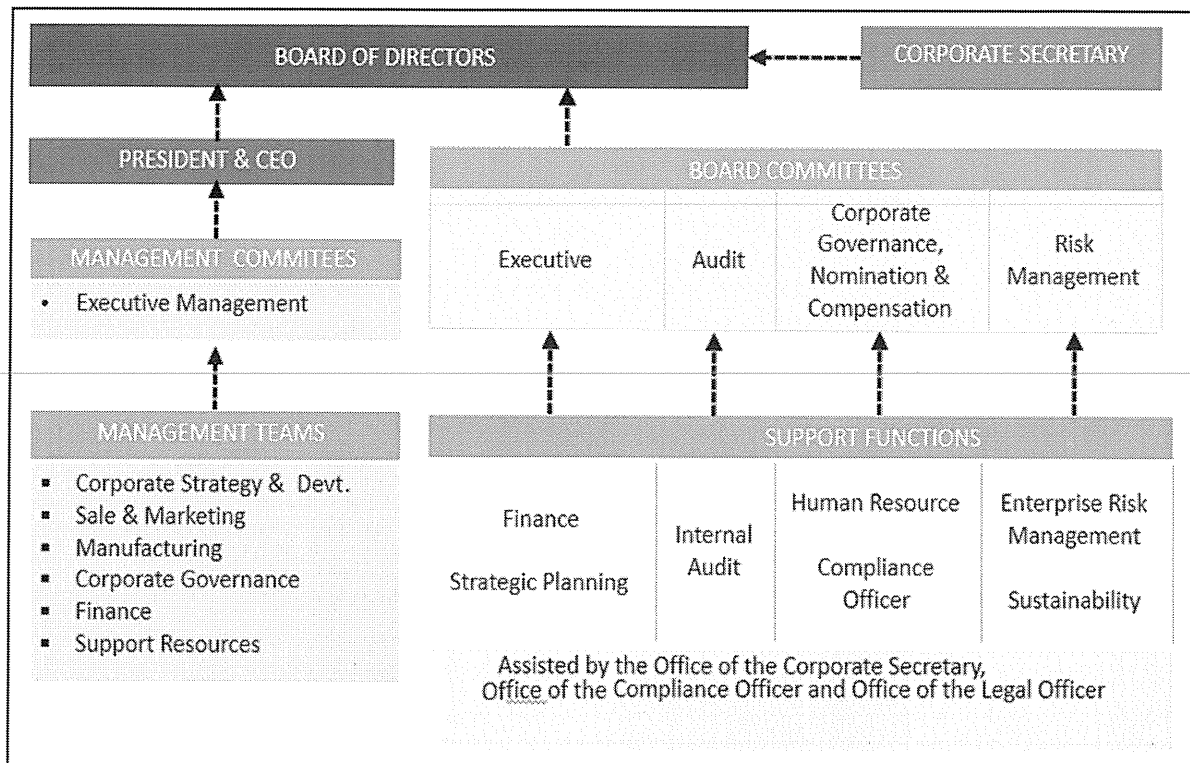
The Corporate Governance Committee shall principally and periodically review the provisions and enforcement of the company's Manual on Corporate Governance. The said manual is subject to annual review and amendment to continuously improve the company's corporate governance practices by assessing their effectiveness and comparing them with evolving best practices, standards identified by leading governance authorities and the company's changing circumstances and needs. Specifically, PMPC plans to fully comply with the ASEAN Corporate Governance practices and Integrated Annual Corporate Governance Report to reflect global principles and internationally recognized good practices in corporate governance applicable to public listed corporations. The company also adopts SEC's Revised Corporate Governance pursuant to SEC Memorandum Circular No.24 Series of 2019 to improve its Corporate Governance Practices. It revised its Manual of Corporate Governance accordingly.

BOARD GOVERNANCE

The Corporate Governance structure of the Board prescribes the authority and responsibilities. It is the company's highest governance body which ensures there is an effective governance framework and system in place. It is also responsible for the stewardship of the company, which means that it oversees the day-to-day management delegated to the President and the other officers of the company.

Good corporate governance is essential for the long term success and sustainability of the company. The board of directors plays a crucial role in setting the tone for good governance by ensuring transparency, accountability, and ethical conduct throughout the organization. They are responsible for establishing and upholding the company's mission, vision, and strategic objectives, as well as assessing and managing risks effectively. Additionally, the board oversees the implementation of internal controls and procedures to safeguard the interests of stakeholders and maintain the corporation's integrity. It is the responsibility of the Board to foster and engender the long-term success of the Company and secure its sustained competitiveness in a manner consistent with its fiduciary responsibility, exercised in the best interest of the Company, its shareholders, and other stakeholders.

Key Components of PMPC's Governance System



BOARD COMPOSITION

The Board consists of ten members, each elected by the common stockholders during the Annual Stockholders' Meeting (ASM). The Board members hold office for one year until their successors are duly elected and qualified in accordance with the amended by-laws of the Company. PMPC Board is a combination of executive and non-executive that are possessed with qualifications and stature that enable them to effectively participate in the deliberations of the Board. It is composed of qualified and competent individuals that provide complementary skills from their respective areas of expertise in the exercise of their fiduciary responsibilities.

The Board includes three independent directors who were selected by the Nomination Committee based on independence criteria as set forth under the SEC's revised Securities Regulation Code and implementing rules and regulation, PMPC By-laws, and the company's Manual of Corporate Governance (MCG). The Board of Directors and the senior management of the Company have all undergone the requisite training on corporate governance. The names, profiles, and shareholdings of each director are found in the Definitive Information Statement, distributed prior to the ASM.

Appointment and Years of Service of Board of Directors as of March 31, 2024

Director's Name	Type of Director ¹	Date First Elected	Date Last Elected	Manner of Election	No. of Years as Director of PMPC
<i>Kazuya Higami</i>	ED	4/01/2023	7/21/2023	Annual Meeting	1.2
<i>Atsushi Kozuma</i>	ED	10/01/2021	7/21/2023	Annual Meeting	2.6
Satoshi Kono	ED	09/01/2020	7/21/2023	Annual Meeting	3.7
Angelo Tamayo	ED	10/20/2022	7/21/2023	Annual Meeting	1.5
Hirokazu Yoshida	NED	09/01/2020	7/21/2023	Annual Meeting	3.7
Shinichi Hayashi	NED	04/01/2023	7/21/2023	Annual Meeting	1.2
Takahiro Oyama	NED	12/09/2021	7/21/2023	Annual Meeting	2.3
Marlon Molano	ID	03/01/2021	7/21/2023	Annual Meeting	3.0
Elizabeth Gildore	ID	05/04/2015	7/21/2023	Annual Meeting	8.10
Atty. Justina Callangan	ID	09/01/2020	7/21/2023	Annual Meeting	3.7

¹Type: Executive Director (ED), Non-Executive Director (NED) and Independent Director (ID)

²Based on Type of Director

DIRECTOR QUALIFICATIONS

The Board enjoys the trust and respect of the shareholders and business community. They provide perspective, objectivity, practical wisdom, and sound judgment in their oversight, recommendations, and evaluation of the Company's operations and management. The qualifications for membership in the Board are dictated by the Amended By-Laws, MCG, the Revised Corporation Code, and other relevant regulations of the SEC.

As a publicly listed company, special care is taken to ensure that the Board composition and director qualifications, particularly with respect to independent directors, also meet the pertinent governance regulations, requirements, and standards of the PSE. As required by the SEC, all the company's annual reports contain comprehensive profiles of the Directors which disclose, among other information, the age, qualifications, date of appointment, relevant experience. The directors comply with the fit and proper qualifications and requirements of the SEC, and PSE and remain qualified throughout the one-year term. These include required working knowledge, experience or expertise, and competence relevant to the business of the company. Statutory requirements on qualifications and disqualifications for directors are stated in the MCG which can be accessed in its website, www.panasonic.com.ph.

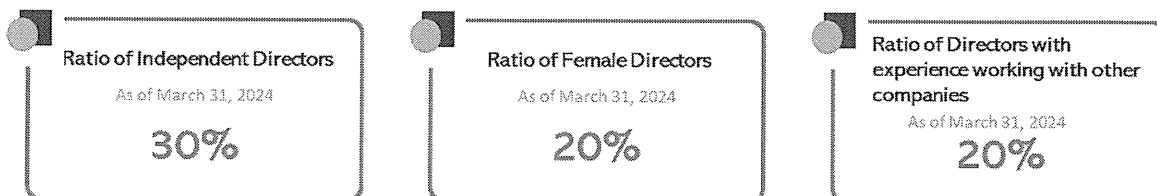
TERM LIMIT OF INDEPENDENT DIRECTOR

The Board's independent directors shall serve for a maximum cumulative term of nine (9) years. After

which, the independent director shall be perpetually barred from re-election as such in the same company but may continue to qualify for nomination and election as a non-independent director. In the instance that a company wants to retain an independent director who has served for nine years, the Board shall provide meritorious justification/s and seek shareholders' approval during the annual shareholders' meeting. Any term beyond nine years for an ID is subjected to rigorous review, taking into account the need for progressive change in the Board to ensure an appropriate balance of skills and experience.

BOARD DIVERSITY

PMPC recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at Board level as an essential element in maintaining a competitive advantage. The company's diversity model ensures an appropriate balance of power, accountability, and independence in decision-making. Diversity—in terms of gender, age, cultural background, education, professional experience, engagement in sustainability, skills, knowledge, length of service, and other regulatory requirements—is duly considered in the design and selection of the Board's composition. The Board also strives to ensure that there is appropriate representation of women. From 2020, 2 out of 10 or 20% of the Board was comprised of women, which included two independent directors. Best global practice recommends at least three female directors in a 7-member or larger board.



BOARD COMMITTEES

The Board of Directors is considered as the highest governance body of the company. It provides direction and delegates the conduct of business to the company's management and operating levels under the leadership of the President. PMPC has standing committees to support the Board. The Audit Committee, Corporate Governance Committee, Risk Management Committee, and Related Party Transaction Committee have their respective charters approved by the Board. Charters defines the objectives of the committees, specify their functions, composition and procedures. These charters were prepared and benchmarked consistent with SEC's Code of Corporate Governance for PLC's and existing rules and regulations. Every PMPC board committee has at least two independent directors or majority member of the committee. The Board committee convenes regularly on a quarterly basis and special meetings may be called for as needed.

AUDIT COMMITTEE

The Audit Committee is composed of at least three (3) members, majority of whom are Independent Directors including the Chairman. The Committee is composed of two independent directors and one

executive director. The Chairman of the Audit Committee is a Certified Public Accountant (CPA). The Chairman of the Audit Committee is Mr. Marlon Molano. Members of the committee must have accounting, auditing, or related financial management expertise, or experience commensurate with the size, complexity of operations, and risk profile of the Company. The Chairperson of the Audit Committee is not the Chairperson of the Board or of any other board-level committees.

The purpose of the Audit Committee is to assist the Board in fulfilling its responsibilities for general oversight of: (1) PMPC's financial reporting processes and the audit of financial statements, (2) PMPC's compliance with legal and regulatory requirements, (3) the external auditors' qualifications and independence, (4) the performance of PMPC's internal audit function and external auditors, and (5) risk assessment and risk management.

For fiscal year 2024, the Audit Committee monitored and evaluated the adequacy and effectiveness of the Company's internal control systems, risk management system, compliance, and governance practices. It provided oversight on the integrity of the Company's financial statements and financial reporting process, performance of the internal and external audit functions and compliance with Company's policies, applicable laws, and regulatory requirements. The Committee also approved the external auditor's annual audit plan and scope of work and assessed its overall performance and effectiveness. In consultation with management, this Committee also approved the external auditor's terms of engagement and audit fees.

As for Internal Audit function, the Audit Committee reviewed and approved the Internal Audit performance report in 2023, internal audit plan for 2024, and the revised internal audit charter. The Internal Audit periodically reports on the status of relevant auditable areas and recommendations which include the status of internal control over financial reporting. The quarterly Audit Committee meetings were conducted to report significant audit issues and accomplishments of the Internal Audit. The Audit Committee and Internal Auditor reviewed the audited consolidated financial statements in accordance with Philippine Financial Reporting Standards (PFRS) and Philippine Accounting Standards (PAS) for Board approval. The Internal Auditor reports functionally to the Audit Committee Chairman.

CORPORATE GOVERNANCE COMMITTEE

The Corporate Governance Committee is composed of at least three (3) members of the Board, who shall all be non-executive directors, majority of whom are Independent Directors including the Chairman. The Board appointed Independent Director Atty. Justina Callangan as PMPC's Corporate Governance Chairman.

The Corporate Governance Committee is appointed to assist the Board in fulfilling its responsibility with respect to four (4) fundamental issues: (i) overseeing the development and the regular assessment of the Corporation's approach to corporate governance issues, (ii) ensuring that such approach supports the effective functioning of the Corporation with a view to promote the best interests of the Corporation's shareholders and effective communication between the Board of Directors and management of the Corporation, (iii) overseeing the process, structure and effective system of accountability by management to the Board of Directors and by the Board to the shareholders, in accordance with applicable

laws, regulations and industry standards for good governance practices, and (iv) carrying out the functions and responsibilities of a nomination and compensation committees.

RISK MANAGEMENT COMMITTEE

The Risk Management Committee is composed of at least three (3) members of the Board, majority of whom shall be Independent Directors, including the Chairperson. Committee members should possess a range of knowledge and expertise on risk management issues and best practices. Ms. Elizabeth Gildore, Chairperson, is not the Chairperson of the Board or of any other board-level committee.

The Risk Management Oversight Committee monitors the risk environment for PMPC and provides direction for the activities to mitigate, to an acceptable level, the risks that may adversely affect the company's ability to achieve its goals. The committee facilitates continuous improvement of the company's capabilities around managing its priority risks. In addition, the committee supports the Audit Committee's efforts to monitor and evaluate, as mandated by the SEC's Code of Corporate Governance, the risk management processes of the company.

RELATED PARTY TRANSACTIONS COMMITTEE

The Related Party Transactions Committee is composed of at least three (3) Non-Executive Directors, majority of whom are Independent Directors including the Chairperson. The Board also appointed Independent Director Atty. Justina Callangan as the Committee chairman and she is not the Chairman of the Board.

The purpose of the Related Party Transactions Committee is to assist the Board of Directors of the company to provide independent review, approval, and exercise oversight function over Related Party Transactions (RPTs) to ensure that the transactions are conducted arms-length. The company is exercising extensive effort to ensure that all significant related party transactions are done arm's length. The transactions with related parties involve the supply of raw materials, service, and management consulting. The RPT Committee is guided by approved thresholds for the disclosure of and for the determination of the level of approval required for a particular RPTs. The aggregate amount of RPTs within any twelve (12) month period is monitored and considered for purposes of applying the thresholds for disclosure and approval. In 2019 PMPC adopted the Related Party Transaction Guidelines of SEC pursuant to SEC Memorandum Circular No. 10 Series of 2019.

BOARD MEETINGS

The members of the Board shall attend its regular and special meetings in person or via teleconferencing conducted in accordance with the rules and regulations of the SEC.

Scheduling of Meetings. The Board and the board committees conduct business through meetings for the effective discharge of their duties and responsibilities. Regular board meetings are convened quarterly, scheduled at the beginning of the fiscal year to cover the full term of the newly elected or re-elected Directors. The Board meetings in FY 2024 were held on the following dates:

DATE OF MEETING	NATURE OF MEETING
April 17, 2023	Special Meeting
April 18, 2023	Special Meeting
April 19, 2023	Special Meeting
April 20, 2023	Regular
June 12, 2023	Special Meeting
June 13, 2023	Special Meeting
July 3, 2023	Special Meeting
July 20, 2023	Regular
July 21, 2023	Annual Stockholders' Meeting
July 21, 2023	Organizational Meeting
August 1, 2023	Special Meeting
August 30, 2023	Special Meeting
October 19, 2023	Regular
October 31, 2023	Special Meeting
November 10, 2023	Special Meeting
December 13, 2023	Special Meeting
December 29, 2023	Special Meeting
January 4, 2024	Special Meeting
January 24, 2024	Special Meeting
January 18, 2024	Regular
February 1, 2024	Special Meeting
February 20, 2024	Special Meeting

Conduct of Meetings. The Chairman presides over the meetings of the Board. Board and committee meetings are conducted consistent with the Company's Amended By-Laws.

Meeting Materials. The board and board committee meeting materials are made available to the directors at least five (5) days prior to the scheduled meeting. All materials for Board and board committee meetings are uploaded through a secured email system to ensure immediate receipt and quick access. Smart devices are connected with the Company's email system.

Director Attendance. The table below shows the attendance of elected directors in fiscal year 2023. When exigencies prevent a director from physically attending a Board or board committee meeting, facilities for conferencing are made available via Microsoft Teams video conferencing.

DETAILS	MEMBERSHIP AND ATTENDANCE							
	STOCKHOLDERS' & BOARD		BOARD COMMITTEE					
MEETING	AS	BOD	AC	BROC	BCGC	RPTC	NC	CRC
NO. OF MEETING	1	22	4	4	4	4	4	4
Kazuya Higami <i>Executive Director</i>	1/1	C 21/21						
Atsushi Kozuma <i>Executive Director</i>	1/1	VC 21/21	M 3/3	M 2/3	M 3/3	M 2/3	C 3/3	C 3/3
Satoshi Kono <i>Executive Director</i>	1/1	M 19/21						
Angelo Tamayo <i>Executive Director</i>	1/1	M 21/21						
Hirokazu Yoshida <i>Non-Executive Director</i>	1/1	M 15/21						
Takahiro Oyama <i>Non-Executive Director</i>	1/1	M 16/21						
Shinichi Hayashi <i>Non-Executive Director</i>	1/1	M 16/21						
Marlon Molano <i>Independent Director</i>	1/1	M 21/21	C 3/3	M 2/3	M 3/3	M 2/3	M 3/3	M 3/3
Elizabeth Gildore <i>Independent Director</i>	1/1	M 21/21	M 3/3	C 2/3	M 3/3	M 2/3	M 3/3	M 3/3
Atty. Justina Callangan <i>Independent Director</i>	1/1	M 21/21			C 3/3	C 2/3		

Committee Meeting scheduled on December 13, 2023 was cancelled due to fire incident at PMPC Sta.Rosa Plant

C - Chairman

VC - Vice Chairman

M - Member of the board

AS - Annual Stockholders'

BOD - Board of Directors

ED - Executive Directors

NED - Non Executive Director

ID - Independent Director

AC - Audit Committee

BROC - Board Risk Oversight Committee

BCGC - Board Corporate Governance Committee

RPTC - Related Party Transaction Committee

NC - Nomination Committee

CRC - Compensation & Remuneration Committee

TRAINING AND CONTINUING EDUCATION PROGRAM FOR THE DIRECTORS AND OFFICERS

The Company has a training policy that requires all directors to annually attend at the least, a four-hour training on topics related to good corporate governance. All new directors are required to undergo, at a minimum an eight-hour orientation program on the company's business and structure, vision and mission, business strategy, Governance Codes and Policies, Articles, By-Laws, Corporate Governance Manual, Board and Committee Charters, SEC-mandated topics on governance matters and other subjects essential for the effective performance of their duties and responsibilities. It is the Compliance Officer's responsibility to ensure that each director has underdone the necessary trainings for the year.

Below table shows the training attended by the Board of Directors

Director	2023	2022
Kazuya Higami ¹	▪ Governance of Information Security in Environmental, Social, and Governance	
Atsushi Kozuma	▪ Governance Framework on Data Protection and Cybersecurity	▪ Anti-corruption – Designing & Implementing an FCPA-Oriented Integrity Compliance Program
Satoshi Kono		▪ Executive Briefing on Sustainability Reporting
Angelo Tamayo		
Hirokazu Yoshida		
Takahiro Oyama		
Shinichi Hayashi ¹		
Elizabeth Gildore		
Marlon Molano		▪ Anti-corruption – Designing & Implementing an FCPA-Oriented Integrity Compliance Program
Atty. Justina Callangan		▪ Executive Briefing on Sustainability Reporting

¹ Elected director in Fiscal Year 2023

SHAREHOLDER RIGHTS

The company shall treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights. It is the responsibility of the Board to adopt a policy informing the shareholders of all their rights. The Company encourages shareholders to exercise their rights by providing clear-cut processes and procedures for them to follow.

Voting rights. Each common share in the name of the shareholder entitles such shareholder to one vote, which may be exercised in person or by proxy at shareholders' meetings, including the Annual General Stockholders' Meeting. Common shareholders have the right to elect, remove, and replace directors, as well as vote on certain corporate acts specified in the Revised Corporation Code and its Bylaws.

Preferred shareholders have the right to vote on matters involving certain corporate acts specified in the Revised Corporation Code. They enjoy certain preferences over holders of common shares in terms of dividends and in the event of liquidation of the Company.

- **Electronic Voting in Absentia.** In its meeting, the Board approved Management's recommendations for the Company to provide the Company's shareholders with the option to vote in absentia in the 2023 ASM. Hence, at the July 21, 2023 ASM, shareholders were able to effectively participate and had the option to cast votes in absentia through an online electronic system, as provided for in the Revised Corporation Code.

- Cumulative voting is used in the election of directors, who may be removed with or without cause. Directors however shall not be removed without cause if it would deny minority shareholders representation in the Board. Removal of directors requires an affirmative vote of two-thirds of the outstanding capital of PMPC.
- No stockholders' meeting may be held unless a majority of the outstanding and subscribed capital stock entitled to vote is represented, except to adjourn from day to day until such time may be deemed proper.
- The Company also strictly complies with the rules and regulations of the SEC in relation to sending out the notice of meeting at least 28 days prior to the meeting, right to vote, and right to appoint a proxy.
- PMPC adheres to the "One Share, One Vote" rule. Its Amended By-Laws state that shareholders are entitled to voting rights equivalent to the number of shares they hold.

Pre-emptive rights. A pre-emptive right is provided to existing shareholders to avoid involuntary dilution of their ownership stake. The right gives them the chance to buy a proportional interest of any future issuance or disposition of the company's shares of stock.

Right to Information. Shareholders are provided, through the Investor Relations in our website, disclosures, announcements, and, upon request, periodic reports filed with the SEC. All disclosures of the Company are likewise immediately available and downloadable at the Company's website upon disclosure to the Philippine Stock Exchange (PSE).

Right of inspection. Shareholders shall be allowed, within certain reasonable limits, to inspect corporate books and records including minutes of Board meetings and stock registries in accordance with the Revised Corporation Code. They shall be provided with an annual report, including financial statements. The Corporate Secretary reiterates this right during the annual stockholders meeting.

Dividends. Shareholders are entitled to receive dividends as the Board, in its discretion, may declare from time to time, out of its unrestricted retained earnings. However, the Company is required, subject to certain exceptions under the law, to declare dividends when the retained earnings exceed 100% of its paid-in capital stock. The Company has been consistently paying dividends to its shareholders annually.

Appraisal right. In accordance with the Revised Corporation Code, shareholders may exercise their appraisal rights under the following instances:

- In case any amendment to the Articles of Incorporation has the effect of changing or restricting the rights of any shareholders or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence;
- In case of sale, lease, exchange, transfer, mortgage, pledge, or other disposition of all or substantially all of the corporate property and assets as provided in the Revised Corporation Code;

- In case of merger or consolidation; and
- In case of investment of corporate funds for any purposes other than the primary purpose of the corporation.

List of Material Information on Stockholders. The table below is a list of material information that requires disclosure pursuant to the Company's policy and procedure on Material Disclosures. The following gives a general description of matters which would be regarded as material information. This list is not exhaustive and is for guidance purposes only.

List of Material Information on Stockholders	
a)	A change in control of the issuer
b)	The filing of any legal proceeding by or against the Issuer and/or its subsidiaries, involving a claim amounting to ten percent (10%) or more of the Issuer's total current assets or any legal proceeding against its President and/or any member of its Board of Directors in their capacity as such;
c)	Changes in the Issuer's corporate purpose and any material alterations in the Issuer's activities or operations or the initiation of new ones;
d)	Resignation or removal of directors, officers or senior management and their replacements and the reasons for such;
e)	Any decision taken to carry out extraordinary investments or the entering into financial or commercial transactions that might have a material impact on the Issuer's situation;
f)	Losses or potential losses, the aggregate of which amounts to at least ten percent (10%) of the consolidated total assets of the Issuer;
g)	Occurrence of any event of dissolution with details in respect thereto;
h)	Acts and facts of any nature that might seriously obstruct the development of corporate activities, specifying its implications on the Issuer's business;
i)	Any licensing or franchising agreement or its cancellation which may materially affect the Issuer's operations;
j)	Any delay in the payment of debentures, negotiable obligations, bonds, or any other publicly traded security;
k)	Creation of mortgages or pledges on assets exceeding ten percent (10%) or more of the Issuer's total assets;
l)	Any purchase or sale of stock or convertible debt securities of other companies when the amount is ten percent (10%) or more of the Issuer's total assets;
m)	Contracts of any nature that might limit the distribution of profits, with copies thereof;
n)	Facts of any nature that materially affect or might materially affect the economic, financial or equity situation of those companies controlling, or controlled by the Issuer including the sale of or the constitution of sureties/pledges on a substantial part of its assets;
o)	Authorization, suspension, retirement, or cancellation of the listing of the Issuer's securities on an exchange or electronic marketplace domestically or abroad;
p)	Fines of more than ₱50,000.00 and/or other penalties on the Issuer or on its subsidiaries by regulatory authorities and the reasons therefor;
q)	Merger, consolidation, or spin-off of the Issuer;
r)	Any modification in the rights of the holders of any class of securities issued by the Issuer and the corresponding effect of such modification upon the rights of the holders;
s)	Any declaration of cash dividend, stock dividend and pre-emptive rights by the Board of Directors;
t)	Any change in the Issuer's fiscal year and the reason(s) therefor;
u)	All resolutions, approving material acts or transactions, taken up in the meetings of the Board of Directors and Stockholders of the Issuer;
v)	A joint venture, consolidation, acquisition, tender offer, take-over or reverse take-over and a merger;
w)	Capitalization issues, options, directors/officers/employee stock option plans, warrants, stock splits and reverse splits;
x)	All calls to be made on unpaid subscriptions to the capital stock of the Issuer;
y)	Any change of address and contact numbers of the registered office of the Issuer;
z)	Any change in the auditors of the Issuer and the corresponding reason for such change;

aa)	Any proposed amendment to the Articles of Incorporation and By- Laws and its subsequent approval by the Commission;
bb)	Any action filed in court, or any application filed with the Commission, to dissolve or wind-up the Issuer or any of its subsidiaries, or any amendment to the Articles of Incorporation shortening its corporate term;
cc)	The appointment of a receiver or liquidator for the Issuer or any of its subsidiaries;
dd)	Any acquisition of shares of another corporation or any transaction resulting in such corporation becoming a subsidiary of the Issuer;
ee)	Any acquisition by the Issuer of shares resulting in its holding ten percent (10%) or more of the issued and outstanding shares of another Issuer or where the total value of its holdings exceeds five percent (5%) of the net assets of an unlisted corporation;
ff)	Any sale made by the Issuer of its shareholdings in another listed or unlisted corporation: (1) resulting in such corporation ceasing to be its subsidiary; (2) resulting in its shareholding falling below ten percent (10%) of the issued capital stock;
gg)	Firm evidence of significant improvement or deterioration in near term earnings prospects;
hh)	The purchase or sale of significant assets amounting to ten percent (10%) or more of the Issuer's total assets otherwise than in the ordinary course of business;
ii)	A new product or discovery;
jj)	The public or private sale of additional securities;
kk)	A call for redemption of securities;
ll)	The borrowing of a significant amount of funds not in the ordinary course of business;
mm)	Default of financing or sale agreements;
nn)	Deviation from capital investment funds equivalent to twenty percent (20%) of the original amount appropriated;
oo)	Disputes with subcontractors, customers, or suppliers or with any other parties;
pp)	An increase or decrease by ten percent (10%) in the monthly, quarterly, and annual revenues on a year-on-year basis.
qq)	Material changes in the Group's business or its strategy or investment plans

Alternative Dispute Mechanism. The Company maintains policy and procedures on alternative dispute mechanism. It is the policy of the Company to resolve disputes or differences with shareholders, regulatory authorities and other third parties, if and when such disputes or differences arise, through mutual consultation or negotiation, mediation, or arbitration.

SHARE INFORMATION

Listing Date: January 21, 1983

Class of Shares: Common A & B Shares

Voting Rights: One vote per share

Authorized: 847,000,000 as of March 31, 2024

Outstanding: 422,718,020 as of March 31, 2024

Rights, obligations, and restrictions attaching to shares. The rights and obligations attaching to each class of ordinary common in PMPC's share capital are set out in full in its Articles of Incorporation which may be amended by special resolution of the shareholders and can be found on www.panasonic.com.ph investor relation section.

Share Distribution Ownership. The table below summarizes PMPC's share lots ownership statistics as of March 31, 2024.

Size of Shareholdings	Common Share Class	No. of Shareholders	%	No. of Shares	%
1-100	A	70	15.37%	3,398	0.00%
101-500	A	82	17.96%	21,527	0.00%
501-1000	A	62	13.42%	52,188	0.01%
1001-5000	A	114	24.67%	270,450	0.06%
5001-10,000	A	31	6.70%	210,738	0.05%
10,0001-50,000	A	54	11.69%	1,035,256	0.25%
50,001-100,000	A	16	3.50%	970,874	0.23%
100,001-500,000	A	20	4.33%	4,738,261	1.12%
500,001-1,000,000	A	4	0.86%	2,692,510	0.64%
1,000,001-5,000,000	A	3	0.65%	9,039,294	2.14%
5,000,001-10,000,000	A	1	0.21%	6,076,341	1.44%
10,000,001-50,000,000	A	2	0.43%	59,612,602	14.10%
50,000,001 - 500,000,000	B	1	0.21%	337,994,588	79.96%
Grand Total		460	100.00%	422,718,020	100.00%

STAKEHOLDER INVESTOR RELATION

PMPC strives, as matter of policy, to maintain its corporate credibility to instill investor confidence in the Company by practicing a structured approach to the communication of material information. It assists in achieving a fair market value for PMPC's securities – a benefit to both shareholders and the Company. PMPC makes every effort to ensure that all material information concerning the Company is made as freely and widely available as possible. PMPC encourages an exchange of opinion between itself and its principal stakeholders and organizes, programs, if feasible, to facilitate that dialogue.

PMPC responds to information requests from the investing community and keeps shareholders informed through timely disclosures to the PSE and the SEC and through regular quarterly briefings, annual shareholders meeting, investor briefings and the Company's website, and responses to email and telephone queries. The Company's disclosures and other filings with the SEC and PSE are available for viewing and download at the Company's website.

STOCKHOLDERS' MEETING AND VOTING PROCEDURES

Notices of the 2023 ASM were sent to the stockholders on June 28, 2023 prior to the ASM which was held on July 21, 2023. Voting procedures on matters presented for approval of the stockholders in the ASM were set out in the Definitive Information Statement which were distributed to all shareholders of the Company.

The ASM also continues to be a key communications event for the Board and Management. It is a primary opportunity for a meaningful discussion of the company's narratives, to engage with its shareholders and investors on key issues facing the Company, review fiscal information for the past year, and respond to any questions regarding goals and directions the Company will take in the future. PMPC's Chairman and members of the Board, chairmen and members of the Board Committees, and

senior executive officers led by the President and CEO, CFO, and Heads of Risk, Control, and Compliance, including the Corporate Secretary, and the Investor Relations Officer, are always in attendance and available for informal discussion before and after the formal business of the ASM. The table below is the list of directors, officers who attended the ASM.

List of directors, officers, and stockholders who attend the Annual Stockholders' Meeting	
Director:	
Yasushi Kondo	Chairman
Atsushi Kozuma	Vice-Chairman
Hiroshi Yamada	Executive Director
Satoshi Kono	Executive Director
Hirokazu Yoshida	Non-Executive Director
Shigero Dono	Non-Executive Director
Yukio Hirose	Non-Executive Director
Marlon Molano	Independent Director
Elizabeth Gildore	Independent Director
Atty. Justina Callangan	Independent Director
Officers:	
Yasushi Kondo	President / Chairman
Atsushi Kozuma	Executive Director / Treasurer and Vice-Chairman
Hiroshi Yamada	Executive Director
Satoshi Kono	Executive Director
Atty. Mamerto Mondragon	Corporate Secretary
Ma. Virginia Arevalo	Compliance Officer
Stockholders:	
Thirty (39) Shareholder	Shareholders

For the benefit of all the stockholders, the Chairman of the Board and the Corporate Secretary discussed the Rules of Conduct and Procedures for the meeting after the requisite call to order, certification of notice of meeting, and determination of quorum. The Rules of Conduct and Procedures were also detailed in the explanations of agenda items in the Notice of ASM. All items in the agenda requiring approval by the shareholders, including the election of the Board, need the affirmative vote of shareholders representing at least a majority of the issued and outstanding voting stock. Voting is considered on a poll, by shares of stock; that is, one share entitles the holder to one vote, two shares to two votes. Cumulative voting as provided for in the Revised Corporation Code may be applied in the election of the Board. The Office of the Corporate Secretary tabulates all votes received and the Company's external auditor validates the results.

The Company proactively encourages the full participation of its shareholders, including institutional shareholders, at the ASM. Shareholders may participate in person or through their authorized representative. For the 2023 ASM, only shareholders of record as of July 1, 2023 were entitled to the notice and to vote at the meeting. As a mitigating measure against Covid-19, the annual shareholder meeting

remain virtual. Some stockholders participated through the livestreamed webcast of the meeting and were given the option to vote in absentia through an online electronic system or by appointing the Chairman of the meeting as their proxy.

Voting Results. The results of the voting of the ASM were counted and tabulated by the Office of the Corporate Secretary and independent external third-party auditor. The voting results for the 2023 ASM were as follows:

Total Number of Votes (Present and Proxy) – 359,609,298			
Total Issued and Outstanding Shares – 422,718,020			
Percentage of Attendees – 85.07%			
Resolution	For	Against	Abstain
Approval of Minutes of Annual Stockholders' Meeting held on July 21, 2023	359,609,298 100%		
Approval of Annual Report and Audited Financial Statements as of March 31, 2023	359,609,298 100%	-	
Ratification of the Acts of the Board of Directors and Officers	359,609,298 100%	-	
Election of External Auditors and Fixing of their Remuneration	359,609,298 100%	-	
Election of Members of the Board of Directors			
Yasushi Kondo	359,609,298	-	
Atsushi Kozuma	359,609,298	-	
Hiroshi Yamada	359,609,298	-	
Satoshi Kono	359,609,298	-	
Hirokazu Yoshida	359,609,298	-	
Shigeru Dohno	359,609,298	-	
Yukio Hirose	359,609,298	-	
Marlon Molano	359,609,298	-	
Elizabeth Gildore	359,609,298	-	
Atty. Justina Callangan	359,609,298		

Voting results were submitted to the SEC and disclosed in the website of the PSE, where the Company's shares are traded, and made publicly-available in the company's website as well the next working day or sooner.

Minutes of the ASM. The Minutes of the ASM includes all information pertinent to the meeting: date, time, and location of the annual meeting; qualified participants, attendance, and quorum present to conduct business; approval of prior minutes; general report of the President and CEO; record of action items in the meeting including election of the members of the Board, pertinent discussions, and actual votes; and corporate resolutions that were adopted. The minutes also records the dialogue between shareholders and the Board and Management, facilitating Board and Management's responses to shareholders' questions and clarifications, as well as determining any follow up actions that need to be taken by the Board and Management in the future. Minutes of the previous year's ASM were provided to shareholders prior to the start of the meeting of the current year. Minutes of the 2023 ASM were likewise posted on the company website within five calendar days from the date of the ASM. Minutes of the ASM for the current and prior years may be viewed at the Company's website.

RISK MANAGEMENT

PMPC recognizes that risks are associated with achieving value-based objectives. Managing these risks forms an essential part of PMPC's business. The aim of risk management within PMPC is to provide reasonable assurance that it understands the risks associated with achieving its business objectives and that it responds appropriately to these risks at all levels within the organization. This is achieved by always ensuring that:

- Risks are properly identified, assessed, managed and reported;
- Risk ownership is taken and communicated;
- Resources are effectively and efficiently allocated to manage risks;
- Risks that could significantly affect employees, the company, suppliers, or clients are suitably managed;
- The company is compliant with regulatory and legal requirements.

ACCOUNTABILITY AND AUDIT

External Auditors. The Audit Committee has the primary responsibility to recommend the appointment and removal of the external auditor to the Board. The external auditors are directly accountable to the Audit Committee in helping ensure the integrity of the company's financial statements and financial reporting process. Their responsibility is to assess and provide an opinion on the conformity of the audited financial statements with Philippine Financial Reporting Standards and the overall quality of the financial reporting process. The Audit Committee oversees the work of the external auditors and ensures that they have unrestricted access to records, properties, and personnel to enable performance of the required audit. During the ASM last July 21, 2023, the shareholders re-appointed Sycip Gorres Velayo & Co. (SGV & Co.) as the company's external auditor for the year 2023 to 2024, with Bryan Chrisnel M. Baes as the lead engagement partner.

The Committee met with the external auditors without the presence of the management team to discuss any issues or concern. To ensure that the external auditor maintains the highest level of independence from the company, both in fact and appearance, the Audit Committee approved all audit, and audit-related, services rendered by the external auditor. The company has paid the following fees, exclusive of taxes, to its external auditors in the past two years:

External Auditor Fees in Millions of Pesos for fiscal year ending March 31st

	2024	2023	2022
Audit and Audit Related Fees	₱ 3.5	₱ 3.4	₱ 3.4
Non-audited Fees	1.7	-	-
GRAND TOTAL	₱ 5.2	₱ 3.4	₱ 3.4

Internal Audit. Internal Audit supports the Audit Committee in the effective discharge of its oversight role and responsibility. The Head of Internal Audit, Andrei R. Tibi, reports functionally to the Audit Committee of the Board of Directors, and administratively to the President / CEO. The activities of Internal Audit are governed by a separate Internal Audit Charter approved by the Audit Committee and the Board.

Internal Audit adopts a risk-based audit approach in developing its annual work plan, which is reassessed quarterly to consider emerging risks. The Audit Committee reviews and approves the annual work plan and all deviations therefrom and ensures that internal audit examinations cover the evaluation of adequacy and effectiveness of controls encompassing the company's governance, operations, and information systems; reliability and integrity of financial and operational information; safeguarding of assets; and compliance with laws, rules, and regulations. The Committee also ensures that audit resources are adequate and reasonably allocated to the areas of highest risk, including the effectiveness of the internal audit function. Its audit activities conform to the International Standards for the Professional Practice of Internal Auditing. During the year, the Committee regularly met with the Head of Internal Audit without the presence of management to discuss any issues or concern.

CODE OF BUSINESS CONDUCT AND ETHICS

PMPC's business environment is constantly changing. It can count on changes in its products, its people, customers, and suppliers. What will not change is its commitment to its company values. Its basic business philosophy helps determine its objectives, its approach to business activities, and the general direction of the company. It serves as a compass, to help it set and maintain the right direction for its business. It is timeless and remains valid regardless of where its business takes it. Its values are the foundation for sustaining its business environment. Among them, include:

- Contribution to society
- Fairness & honesty
- Cooperation & team spirit
- Untiring effort for improvement
- Courtesy and humility
- Adaptability
- Gratitude

These values define who PMPC is as a company — to each other, to its customers, to its suppliers shareholders and other stakeholders. They define what it stands for, and they are the guiding principles for behavior.

Internal policies such as conflict of interest policy, insider trading policy, whistleblower policy and related party transaction policy lend guidance, provide support, and lay the proper context in PMPC's adherence to its Code of Business Conduct and Ethics.

Anti-Corruption Policy. PMPC is steadfast in abiding by the highest ethical standards in doing its business. A zero-tolerance policy is adopted towards fraud, corruption, bribery in any form, and all unethical practices, coupled with a firm commitment to full compliance with all relevant laws and standards. The anti-corruption policy contained in the Code of Business Conduct and Ethics guides all directors, officers, and employees on how to conduct business in a fair, ethical, and legal manner. Strict observance of the policy is mandated in all their transactions and dealings with customers, suppliers, and business partners of the company as well as with the government.

Conflict of Interest. It is PMPC's policy that all employees avoid any activity that is or has the appearance of being hostile, adverse, or competitive with the company, or that which interferes with the proper performance of their duties, responsibilities, and loyalty to the company. PMPC has in place a conflict-of-interest policy that elevates the interest of the company above that of the personal interest of directors, officers, and employees. The policy covers specific conflict of interest situations and mandates that directors, officers and employees do not tolerate corruption or any form of bribery nor provide or accept improper inducement during any business dealing.

Insider Trading. It is the policy of the Company to oppose the unauthorized disclosure of any nonpublic information acquired in the workplace and the misuse of Material Nonpublic Information in securities trading. The company prohibits a director, officer, or employee of, or consultant or contractor to, the Company, and no member of the immediate family or household of any such person, shall engage in any transaction involving a purchase or sale of Company's securities, including any offer to purchase or offer to sell, during any period commencing with the date that he or she possesses Material Nonpublic Information concerning the Company, and ending at the close of business on the second Trading Day following the date of public disclosure of that information, or at such time as such nonpublic information is no longer material.

Whistleblower. PMPC has a whistleblower policy in place. This is another important mechanism for preventing the incidence of fraud, bribery, and other forms of misconduct. All stakeholders which include the board members, officers, and employees, as well as customers, and suppliers can report any violation of the Code of Business Conduct, policies, procedures and applicable laws and regulations. A whistleblower can raise his concerns of violations of the Code of Business Conduct and Ethical Guidelines, or other illegal or unethical conduct, without fear of being disciplined or terminated. The company does not permit retaliation of any kind against an employee for reporting such information in good faith. The whistleblower may approach the internal audit or any officer of the company who is designated as contact person for the purpose of whistleblowing.

DISCLOSURE AND TRANSPARENCY

PMPC adheres to a high level of standard in its corporate disclosure and adopts transparency with respect to the Company's financial condition and state of corporate governance.

Ownership Structure. The top 20 shareholders of the Company, including the shareholdings of certain record and beneficial owners who own at least 2% of its capital stock, its directors, and key officers, are disclosed annually in the Definitive Information Statement which are distributed to shareholders prior to ASM.

Financial Reporting. PMPC provides the investing community with regular updates on operating and financial information through adequate and timely disclosures filed with the SEC and the PSE. Consolidated audited financial statements are submitted to the SEC and the PSE on or before the prescribed period and are available to the shareholders prior to the ASM.

PMPC's financial statements conform to the Philippine Accounting Standards and Philippine Financial Reporting Standards, which are also in compliance with International Accounting Standards. Quarterly

financial results, on the other hand, are released and are duly disclosed to the SEC and PSE in accordance with the prescribed rules. These disclosures are likewise posted on the Company's corporate website.

In addition to compliance with structured reportorial requirements, the Company discloses in a timely manner market-sensitive information such as dividend declarations, acquisitions, and sale of significant assets that materially affect the share price performance of the Company.

Securities Dealing. The Company has adopted a policy which regulates the acquisition and disposal of Company shares by its directors, officers, and employees, and the use and disclosure of price-sensitive information by such persons. Under the policy, directors, officers, and employees who have knowledge or are in possession of material nonpublic information are prohibited from dealing in the Company's securities prior to disclosure of such information to the public.

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Distressed peso may yet stall BSP from tweaking rates

By Ian Nicolas P. Cigaral
@ipcigaral

The Bangko Sentral ng Pilipinas (BSP) would likely keep its ultra-tight monetary policy settings unchanged at its meetings later this week, although monetary authorities would maintain their "less hawkish" tone that had put the peso in much distress in recent weeks.

All nine economists polled by the inquiry expect the BSP's policy rate to stay at a 4.75-year high of 6.5 percent at the June 27 meeting of the Monetary Board (MB), the highest policymaking body of the central bank.

Although inflation remained within the BSP's 2-percent to 4-percent target range so far this year, analysts said a weak peso that had fallen to a near 20-month low is preventing the MB from easing much sooner.

"Despite the [foreign exchange] pressures mounting on the economy, we don't think the BSP will make any change in its tone," Aris Dacanay, economist at HSBC Global Research, said.

While many economists had attributed the bearish sentiment on the peso to hawkish signals from the US Federal Reserve—which is expected to delay its rate cuts amid persistently high inflation state-side—some observers also said

the volatility can also be due to recent dovish remarks from some BSP officials.

BSP Governor Eli Remolona Jr. had said the central bank might start loosening its monetary policy settings in August by 25 basis points (bp), while penciling in another rate cut of the same size thereafter for a total of 50-bp reduction for the year.

Ahead of the Fed?

Remolona also floated the possibility of the BSP cutting ahead of the Fed. Figures showed inflation quickened to 3.9 percent in May from 3.8 percent in the previous month, which was not as bad as many

analysts had expected.

But there are also some market watchers who pointed out that the BSP cannot ease ahead of the Fed.

This is because the peso may come under pressure if local yields become less attractive to foreign investors seeking high returns while interest rates are still high elsewhere, especially in the US which is considered a safe haven by investors.

A sharp currency slump could risk fanning inflation by making imports more expensive. It can also bloat the value of foreign debts held by the government and Philippine companies.

"The peso's fragility, exacerbated by external economic pressures and capital outflows, makes a compelling case for maintaining higher interest rates to support the currency and mitigate potential inflationary pressures from further depreciation," Robert Dan Roces, chief economist at Securities Bank, said.

"Furthermore, the Federal Reserve's recent monetary policy pronouncements could also influence the BSP's stance, as synchronized actions may be necessary to manage cross-border financial stability and prevent disruptive capital movements," he added.

Miguel Chanco, economist at Pantheon Macroeconomics, said the BSP would have to see a more convincing easing of inflation before making a move.

"I'm expecting a continued rate hold, especially as there's still a small risk that inflation temporarily breaches the BSP's target range in the June [consumer price index] report," Chanco said.

"The headline should start to turn around sustainably by the time of the BSP's next meeting, in August, when we expect it to start a rate-cutting cycle, beginning with a 25-bp reduction," he added.

MARKET OUTLOOK

BORED TRADERS LOOK TO BSP FOR SHOT IN THE ARM

By Meg J. Adonis
@MegJNQ

The Bangko Sentral ng Pilipinas' (BSP) rate-setting meeting on Thursday, June 27, will likely buoy investor sentiment this week, correcting misperceptions from a lack of clear guidance that caused the local bourse's deepest dive so far this year.

For the first time in seven months, the benchmark Philippine Stock Exchange Index (PSEI) touched the 6,100 level, ending on Friday at 6,158.48, a 3.53-percent drop from the previous week.

Analysts said traders were mostly wary because of the weakening peso and expectations of fewer rate cuts this year, causing the index to extend its losing streak to eight consecutive sessions.

Its longest losing streak was recorded in April, when the PSEI stayed in the red for nine consecutive trading days due to escalating tensions in the Middle East.

Short-term

In the short-term, the PSEI may still continue its downturn due to "persisting investor disinterest," according to Rastine Mercado, research director at China Bank Securities.

"We think, however, that this has likely more to do with technical conditions and lack of near-term market catalysts as earnings growth prospects remain intact," he added.

But Mercado noted there may also be hope in the BSP's policy meeting as investors take cues from the central bank as to when it would begin cutting rates, especially with the "encouraging progress on and improving outlook for inflation."

Likely within target

London-based think tank Capital Economics had said inflation in the Philippines was expected to likely remain within the government's 2-percent to 4-percent target range.

It added the BSP may also begin cutting rates in August in a bid to boost needed liquidity.

Trading platform 2TradeAsia.com sees the index's immediate support level at 6,000 and resistance at 6,300 this week. w



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ONE OF THE WORST PERFORMERS

MOODY'S: AT 5% GROWTH FOR 2024, PH STILL AN UNDERACHIEVER

By Marieloid Irish U. Catilogo
@CatilogoIrish

While the Philippines is expected to grow by more than 5 percent this year, it is still considered one of the worst performers by Moody's Analytics. "Output in the Association of Southeast Asian Nations group of economies is more than 6 percent behind the pre-pandemic trend, with the Philippines and Thailand faring the worst," the credit ratings agency said in a report.

For the first quarter, the Philippine economy expanded by 5.7 percent, outdoing most of its neighbors in Southeast Asia amid slowing household consumption and public spending.

The country's first-quarter growth sits with Vietnam's 5.6 percent and above China's 5.3 percent, Indonesia's 5.1 percent, Singapore's 2.7 percent, Thailand's 1.5 percent and Malaysia's 3.9 percent.

Michael Ricafort, chief economist at Rizal Commercial Banking Corp. attributed the Philippine's weak performance to accelerating inflation and high interest rates, which increased

borrowing costs and hampered businesses from returning to pre-pandemic level of activities.

Alongside its neighbors in Southeast Asia, the Philippines, Moody's said, remained "outperforming but under-achieving," as growth in the region in the coming months could be dragged down by sticky inflation and a high interest rate environment.

"Gross domestic product in much of the region is running far below potential, especially in Southeast Asia, where output tumbled during the COVID-19 pandemic. Without stronger growth, the region has little chance to repair this damage," Moody's Analytics said.

In its June forecast, Asia-Pacific is set to grow by 3.9 percent in 2024 and 2025, well above the global economic growth forecast of 2.6 and 2.7 percent, respectively.

On the local front, the Monetary Board has kept the benchmark rate steady at a 17-year high of 6.5 percent, following cumulative hikes of 450 basis points to bring down inflation. wq

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ALHAMBRA GOLF AND COUNTRY CLUB	Call 1834	METROCLUB "A"	Call 355K
ALVERA COUNTRY CLUB "B"	Call 1834	METROCLUB "B"	Call 355K
ALVERA COUNTRY CLUB "C"	Call 1834	MONTENAPOLI	Call 850K
ANAVITA COVE BEACH "B"	Call 48	MT. MALABAYAT GOLD "A"	Call 19K
ANAVITA COVE GOLF "B"	Call 48	MT. MALABAYAT GOLD "C"	Call 19K
ALABANG COUNTRY CLUB "A"	Call 1834	ORCHARD GOLF CLUB "B"	Call 24M
CAMP JOHN HAY	Call 450K	ORCHARD GOLF CLUB "C"	Call 24M
CAMP JOHN HAY	Call 450K	PALMS COUNTRY CLUB "A"	Call 25M
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ALABANG COUNTRY CLUB "B"	1,000,000	MANILA SOUTHWOODS "B"	1,000,000
ALHAMBRA GOLF AND COUNTRY CLUB	1,000,000	METROCLUB "A"	1,000,000
ALVERA COUNTRY CLUB "B"	1,000,000	METROCLUB "B"	1,000,000
ALVERA COUNTRY CLUB "C"	1,000,000	MONTENAPOLI	1,000,000
ANAVITA COVE BEACH "B"	1,000,000	MT. MALABAYAT GOLD "A"	1,000,000
ANAVITA COVE GOLF "B"	1,000,000	MT. MALABAYAT GOLD "C"	1,000,000
ALABANG COUNTRY CLUB "A"	1,000,000	ORCHARD GOLF CLUB "B"	1,000,000
ALABANG COUNTRY CLUB "B"	1,000,000	ORCHARD GOLF CLUB "C"	1,000,000
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BIZ BUZZ: SCAMMERS IMPERSONATE IP-RIGHTS BODY OFFICIAL

FROM BI
annual general membership meeting in Mandaluyong on June 19.

Elvin Hayes Nidea was re-elected, taking the helm anew as the group's president, while Noel Abobot of Team Energy Corp. continues to hold the chairmanship.

"PEMC has played a pivotal role in advancing renewable energy integration and sustainability initiatives across the Philippines with the establishment of the REM," Nidea said, referring to the Renewable Energy Market or the venue for trading renewable energy certificates.

The other executives elected as part of the board of directors until 2027 are: Independent Electricity Market Operator of the Philippines Inc.'s Richard Nethercott as PEMC market operator; National Grid Corp. of the Philippines' Ronald Dylan Concepcion as system operator; and Daguapan Electric Corp.'s Augusto Sarmiento and Manila Electric Co.'s Jose Ronald Valles, representing private distribution utilities.

Representatives from generation companies have also secured spots: Danel Abotitz of Abotitz Power Corporation, Elenita Go of SMC Global Power Holdings Corp., Juan Eugenio Roxas of FDC Misamis Power Corp. and Victor Emmanuel Santos Jr. of First Gen Corp. —LESET ESMAEL

La Mesa to partially open
East Zone concessionaire Manila Water Co. Inc. will partially open the La Mesa Ecopark in Quezon City on June 29 to mark the local observance of environment month.

According to Manila Water, opening the first phase of the ecopark coincides with the close of the Philippine Environment Month.

"Join us in our mission to achieve net-zero and heal the planet by adopting sustainable practices and maintaining an eco-friendly environment," Manila Water Foundation president Jocot de Dios said.

The park features spaces for environmental learning and leisure activities, including picnic spots and team-building areas:

Families and groups can relax and spend time at the viewing deck pavilion and the food park while ecotours can be arranged to include a visit to the La Mesa Ecopark Museum.

"With more spacious areas, the walkways and road networks of the 33-hectare Ecopark were also upgraded to enhance accessibility for persons with disabilities and senior citizens," Manila Water said.

Aside from expanding parking areas, the listed firm also established a nursery where *plantitas* and *plantitas* may purchase seedlings.

Other amenities include a boardwalk, landscaped flower hill and amphitheater, a revamped lagoon, wetland habitat and butterfly garden, playground, eco-lodging for overnight stays, spaces for outdoor cooking, biking and hiking.

The La Mesa Ecopark will be open to the public from 7 a.m. to 4 p.m., Tuesdays to Sundays. An online ticketing system will be introduced to manage the influx of visitors. —JORDENE B. LAGARE inq

Panasonic
Panasonic Manufacturing Philippines Corporation
Ortigas Avenue Extension, Taytay, Rizal, 1920 Philippines

NOTICE OF REGULAR ANNUAL STOCKHOLDERS' MEETING
July 19, 2024

Notice is hereby given that the 2024 Annual Stockholders' Meeting of PANASONIC MANUFACTURING PHILIPPINES CORPORATION (PMPC) will be held on Friday, July 19, 2024 at 3:00 P.M. The meeting will be conducted virtually via Microsoft Teams. Stockholders can therefore only attend the meeting by remote communication.

The Agenda of the Meeting is as follows:

- Certification of Notice of the Annual Stockholders' Meeting and Establishment of Quorum
- Approval of the Minutes of the Regular Stockholders' Meeting held on July 21, 2023
- Presentation of President's Annual Report
- Presentation of Financial Reports
- Resolution of all Acts, Resolutions and Proceedings of the Board of Directors and Corporate Officers since 2023
- Annual Stockholders' Meeting
- Approval of all Related Material Party Transactions
- Election of all Board of Directors
- Appointment of External Auditors
- Other Matters
- Adjournment

The Board of Directors have fixed the close of business on June 1, 2024, as the record date for the determination of stockholders entitled to notice of, to attend and vote at the said Annual Stockholders' Meeting.

Stockholders who intend to participate or be represented in the virtual meeting shall first pre-register and submit the following requirements via e-mail to annualregistration@pmc.panasonic.com not later than July 10, 2024, subject to validation procedures to gain access to the secure on-line meeting link:

- Individual Stockholders
 - Scanned copy of Stockholder's valid and government-issued ID showing photo, signature, and personal details, preferably with residential address.
 - A valid and active e-mail address and contact number.
- Corporate Stockholders
 - A secretary's certificate attesting to the authority of the representative to participate by remote communication for, and on behalf of the Corporation.
 - Scanned copy of Stockholder's valid and government-issued ID showing photo, signature, and personal details, preferably with residential address.
 - A valid and active e-mail address and contact number.

Once validated, the successful registrant will receive a confirmation and an electronic invitation via e-mail with a complete guide on how to join the virtual meeting. For any registration concerns, you may get in touch with annualregistration@pmc.panasonic.com or call 888-888-8888. For more information, please visit <https://www.panasonic.com/annualshareholdermeeting> for reference and other details. A stockholder who fails to comply with the registration requirement will not be able to participate in the virtual ASH.

Stockholders who cannot join the virtual meeting may send their authorized representative on their behalf. They may download, fill out and sign the sample proxy form found in <https://www.panasonic.com/annualshareholdermeeting> and send a scanned copy to annualregistration@pmc.panasonic.com not later than July 10, 2024.

Stockholders who provide their personal information shall be deemed to agree to the collection and processing of this personal information in accordance with Company's privacy policy for its Regular Annual Stockholders' Meeting posted on its website.

Electronic and relevant copies of the Notice of Meeting, Definitive Information Statement, and other related documents in connection with the meeting may be accessed through any of the following options:

- Go to the PMPC website via the link: <https://www.panasonic.com/annualshareholdermeeting>
- Go to the PSE EDGE portal via <https://edge.pse.com.ph>
- Request for a copy by sending an e-mail to: annualregistration@pmc.panasonic.com

The Company shall entertain questions and comments from the stockholders only during discussion of other matters. Questions and comments must be submitted either in advance or during the meeting by e-mail to the Offices of the Corporate Secretary secretary@pmc.com. Questions, which will not be answered during the meeting shall be forwarded to the Office of the Corporate Secretary for its appropriate response.

Taytay, Rizal, 11 June 2024.

[Signature]
ANGELNENE MIRA, JR.
Corporate Secretary

(PDF - June 24 & 25, 2024)

NONGAMING OPTIONS FOR TOURISTS

INTEGRATED RESORTS URGED TO FURTHER DIVERSIFY OFFERS

By Mariel Irish U. Catilog
@CatilogIrish

The Philippine Amusement and Gaming Corp. (Pagcor) has urged integrated resorts to offer more nongaming attractions including restaurants and retail establishments to further drive growth in local tourism.

Ma. Vina Claudette Oca, assistant vice president for gaming licensing and development department at Pagcor, said in a statement that casinos were but a small part of the attractions offered by integrated resorts.

"In fact, they are only allowed to allocate 7.5 percent of their facility's total floor area to gaming. The rest of the floor area is allocated for nongaming facilities such as hotel rooms, retail areas, dining and other attractions," Oca said.

Pagcor is pushing for the further development of integrated resorts due to their high employment numbers.

High rollers

Existing integrated gaming resorts that include Solaire Resort, City of Dreams and Newport World Resorts employ 20,000 Filipinos then 80 percent of their earnings from regulated gaming go to the government to fund various projects, according to Oca.

They have become a significant tourism draw, with high rollers mainly coming from Asia.

In total, visitor arrivals as of May totaled 2.56 million, up by 14 percent compared to 2.25 million seen in the same period last year, according to data from the Department of Tourism. **INQ**

By Ian Nicolas P. Cigaral
@picigaral

Tourist arrivals in the Philippines are projected to fully recover in 2025, driven by growth in visitors from key markets despite headwinds like high borrowing rates that may crimp spending on travel, BMI Research said.

In a report sent to journalists on Monday, the unit of the Fitch Group said international arrivals in the Philippines are forecast to reach 8.3 million next year, finally beating the prepandemic level of 8.2 million.

This year alone, BMI said it expects 6.6 million foreign tourists to visit the Philippines,

PH tourism set for full recovery in 2025, says BMI

which would mark an annual increase of 32.6 percent and account for 81 percent of arrivals registered before the pandemic triggered harsh lockdowns that sapped demand for travel.

By 2028, BMI said the number of foreign visitors would reach 9.4 million.

"We forecast the Philippines' arrivals to continue to increase over the remainder of our medium-term forecast period fully recovering in 2025," BMI said.

"We expect arrivals growth to be driven by key source markets in Asia-Pacific, North America and Europe," it added.

Data from the Department of Tourism (DOT) showed the

Philippines had 1.6 million tourist arrivals in the first quarter, growing by 21.3 percent year-on-year. During the period, South Korea, the United States, mainland China, Japan and Australia were the country's top five source markets.

Dollar source

For Fitch, the figures from the DOT indicated that the market's postpandemic recovery "remains underway." When the pandemic hit home in 2020, foreign visitor arrivals in the Philippines crashed by 82.9 percent after countries sealed off their borders to break the virus contagion.

That said, the expected rebound in arrivals bodes well for

the Philippines, where tourism receipts are a major source of dollars for the economy. The Bangko Sentral ng Pilipinas projects annual tourism earnings growth to hit 40 percent this year before easing to 10 percent in 2025.

Moving forward, BMI said there were still some headwinds that may hamper tourism recovery in the Philippines.

"While we have a positive outlook for Philippines' arrivals, there are short-term risks stemming from high living costs in many markets globally and tighter credit conditions, which will weigh on consumer spending, particularly on non-essential categories—such as travel," the Fitch unit said. **INQ**

BIZ BUZZ: PAREX-SERYE RAGES ON

President Marcos during his campaign in 2022.

Still, the indicative price is lower than the selling price of local regular milled and well-milled rice ranging from P45 to P55 per kg as of Monday.

We said it before—a promise is a promise.

But will Filipino consumers really feel the effect of reduced rice tariffs at the retail level, as claimed by Prism? Or will promises be broken? —**JORDEENE B. LAGARE**

Maya reaps fruit of savings innovation

In a country where many people are still unbanked, Maya's efforts to develop a variety of saving tools to meet the

diverse needs of its clients are now paying off.

The digital bank reported that it has seen a surge in active users who, the company said, transact up to four times more frequently than those using only e-wallets.

At the same time, Maya's depositor base had expanded by 74 percent year-on-year to 3.7 million as of May, while deposit balances increased by 24 percent to P32 billion.

While nondigital banks offer minimal interest, Maya Savings can yield up to 14 percent annually, offering 200 times the typical market rate.

That, along with Maya's other savings tools like the in-app "personal goals feature"

that aid first-time savers develop stronger saving habits, helped the company attract more deposits, a major lifeline for banks.

Though 18 million Filipino adults have a bank account, central bank data showed only 9 million actively saved with a bank. But with the help of digital banks like Maya, financial inclusion is becoming more achievable by the day. —**IAN NICOLAS P. CIGARAL INQ**

FROM B1

year, has seen little movement

Edgar Saavedra's CREC closed at P2.69 per share on Monday, just a centavo under its IPO price of P2.70.

Meanwhile, curtain-raiser OceanaGold Philippines, which debuted on May 13, seems to be faring better. It closed at P14.06 each on the first trading day of the week, up by 5.46 percent from its IPO price of P13.33.

Analysts have been warning that it may still be a difficult journey for clean energy companies planning to go public this year, but the government's ambitious renewable energy targets may lift their spirits. **Abangan! —MEG J. ADONIS**

Affordable rice for sale

It's not yet P20 a kilo, but rice prices may get there, eventually.

This after the Philippine Rice Industry Stakeholders Movement (Prism) assured the public that the price of rice—a staple food among Filipino households—will go down as low as P12 a kilo in July.

"We expect our rice prices in the market to decline to around P42 to P44 or P45 to P46 per kilo in public markets starting this July after tariff is lowered to 15 percent," Prism founder Orly Manuntag said on Monday.

Prism founder Rowena Sadicon also assured farmers that their own interests will not

be overlooked despite the tariff reduction that will cause greater competition and pull down their selling prices.

"We'd like to assure also our farmers that we will promote cluster farming and provide as much assistance to rice farmers so that local production will not be affected," Sadicon said.

Prism—composed of various stakeholders across the rice value chain from seed growers to retailers—made the commitment following the issuance of Executive Order No. 62, which lowered the tariff on imported rice from 35 percent to 15 percent.

The promised reduction puts rice prices still far from the P20 per kilogram vowed by

Fraudsters are evolving. What can we do to stay ahead?

In today's digital world, fraud prevention is more important than ever.

Fraud prevention strategies for businesses aren't merely checkboxes to meet consumer or regulatory expectations; they are cornerstones for sustainable business success.

Having measures in place to prevent digital fraud enables greater trust between businesses and consumers, particularly among Filipinos who are now growing comfortable with transacting online.

However, as technology continues to evolve and consumer behavior continues to change, fraudsters will diversify their tactics to target unprepared businesses and unsuspecting consumers.

Fraudsters are striking earlier in the consumer journey

According to TransUnion's 2024 State of Omnichannel Fraud Report, 8.3 percent of all digital transactions in 2023 where the consumer was in the Philippines were suspected digital fraud. This figure is 66 percent higher than the global suspected digital fraud rate of 5 percent over the same period.

Moreover, the report also revealed that changes in fraudster schemes are indeed occurring.

Aside from going after consumers in the transaction stage of the customer journey, more fraudsters have chosen to strike at an even earlier phase.

In 2023, for digital transactions where the consumer was based in the Philippines, the report further indicated that 13.3 percent of transactions associated with account logins were suspected to be digital fraud.

The second highest percentage of suspected digital fraud in the customer journey, still for transactions where the consumer was in the Philip-

COMMENTARY
YOGESH DAWARE

Individuals risk falling victim to identity theft and incurring financial losses

pinies, was account creation at 3.2 percent.

With many businesses and e-commerce platforms aiming to grow their customers by making the account creation process as streamlined as possible, this creates opportunities for fraudsters to capitalize on any vulnerabilities and oversights.

Fraud at the account creation stage can take on many forms. To go through an account registration flow, fraudsters can either use the details of real people, such as names and email addresses, or they can create false identities using a combination of fabricated and verifiable information.

The occurrence of suspected digital fraud at the initial stages of account login and creation is significantly higher compared to the final financial transaction stage, which had a rate of 1.2 percent for transactions where the consumer was located in the Philippines. This stage usually involves activities, such as purchases, withdrawals and deposits, which typically occur toward the end of a customer's journey.

Either way, these schemes

pose serious threats to consumers and businesses. Individuals risk falling victim to identity theft and incurring financial losses, while companies can lose customers and damage their reputations.

Protecting information to foster greater trust

The rise in both account login and account creation fraud in the country are not isolated cases.

Both forms of fraud utilize stolen information obtained from data breaches or social engineering scams, such as phishing (fraudulent emails, websites, social posts, QR codes, etc. meant to steal data) or smishing (fraudulent text messages meant to trick you into revealing data), that exploit a person's trust to obtain money or information.

In an age where information is currency, I believe the ways to safeguard information must continue to advance as well.

At TransUnion, information is at the core of our business. We uncover stories, trends, and insights behind data to not only help businesses manage risk, but also for consumers to protect and manage their credit, personal information, and identity.

By working together, we can build a safer online ecosystem for businesses and consumers—building better trust in digital systems as the world continues its march toward further digitalization. —**CONTRIBUTED INQ**

I
The author is chief commercial officer of TransUnion Philippines, the local office of Chicago-based TransUnion, a global information and insights company with over 13,000 associates operating in more than 30 countries, including the Philippines.

Panasonic

Panasonic Manufacturing Philippines Corporation
Offices Avenue Extension, Taytay, Rizal, 1026 Philippines

NOTICE OF REGULAR ANNUAL STOCKHOLDERS' MEETING
July 19, 2024

Notice is hereby given that the 2024 Annual Stockholders' Meeting of PANASONIC MANUFACTURING PHILIPPINES CORPORATION (PMPC) will be held on Friday, July 19, 2024 at 3:00 P.M. The meeting will be conducted virtually via Microsoft Teams. Stockholders can therefore only attend the meeting by remote communication.

The Agenda of the Meeting is as follows:

1. Certification of Notice of the Annual Stockholders' Meeting and Establishment of Quorum
2. Approval of the Minutes of the Regular Stockholders' Meeting held on July 21, 2023
3. Presentation of President's Annual Report
4. Presentation of Financial Reports
5. Ratification of all Acts, Resolutions and Proceedings of the Board of Directors and Corporate Officers since 2023 Annual Stockholders' Meeting
6. Approval of all Related Material Party Transactions
7. Election of the Board of Directors
8. Appointment of External Auditors
9. Other Matters
10. Adjournment

The Board of Directors have fixed the close of business on June 1, 2024, as the record date for the determination of stockholders entitled to notice of, and attend and vote at the said Annual Stockholders' Meeting.

Stockholders who intend to participate or be represented in the virtual meeting shall first pre-register and submit the following requirements via e-mail to shareregistrations@ph.panasonic.com not later than July 10, 2024, subject to validator procedures to gain access to the secure on-line meeting link.

1. Individual Stockholders:
 - i. Scanned copy of Stockholder's valid and government-issued ID showing photo, signature, and personal details, preferably with residential address.
 - ii. A valid and active e-mail address and contact number.
2. Corporate Stockholders:
 - i. A secretary's certificate attesting to the authority of the representative to participate by remote communication for and on behalf of the Corporation.
 - ii. Scanned copy of Stockholders' valid and government-issued ID showing photo, signature, and personal details, preferably with residential address.
 - iii. A valid and active e-mail address and contact number.

Once validated, the successful registrant will receive a confirmation and an electronic invitation via e-mail with a complete guide on how to join the virtual meeting. For any registration concerns, you may get in touch with shareregistrations@ph.panasonic.com or call Mr. Francisco Tolentino or go to <https://www.panasonic.com.ph/corporateaffairs/ir> for reference and other details. A stockholder, who fails to comply with the registration requirement will not be able to participate in the virtual AGM.

Stockholders who cannot join the virtual meeting may send their authorized representative on their behalf. They may download, fill out and sign the sample proxy form found at <https://www.panasonic.com.ph/corporateaffairs/ir> and send a scanned copy to shareregistrations@ph.panasonic.com not later than July 10, 2024.

Stockholders who provide their personal information shall be deemed to agree to the collection and processing of their personal information in accordance with Company's privacy policy for its Regular Annual Stockholders' Meeting posted on its website.

Electronic and relevant copies of the Notice of Meeting, Definitive Information Statement, and other related documents in connection with the meeting may be accessed through any of the following options:

1. Go to the PMPC website via this link: <https://www.panasonic.com.ph/corporateaffairs/ir>
2. Go to the PSE EDGE portal via <https://edge.pse.com.ph>
3. Request for a copy by sending an e-mail to shareregistrations@ph.panasonic.com

The Company shall entertain questions and comments from the stockholders only during discussion of other matters. Questions and comments must be submitted either in advance or during the meeting by e-mail to the Office of the Corporate Secretary at shareinfo@gmail.com. Questions, which will not be answered during the meeting shall be forwarded to the Office of the Corporate Secretary for the appropriate response.

Taytay, Rizal, 11 June 2024.


ANGEL ENRICO MILLA, JR.
Corporate Secretary

REPUBLIC OF THE PHILIPPINES)
CITY OF MANILA) s.s.

AFFIDAVIT OF PUBLICATION

I, **MARIQUITA O. ADRIANO**, of legal age, single, Filipino and with office address at c/o PhilSTAR Daily, Inc., Amvel Business Park, Dr. A. Santos Ave., Brgy. San Dionisio, Parañaque City after being duly sworn to in accordance with law depose.

That I am the **ADVERTISING MANAGER** of **The PhilSTAR Daily, Inc.** a domestic corporation duly organized and existing under by virtue of Philippine laws with office and business Amvel Business Park, Dr. A. Santos Ave., Brgy. San Dionisio, Parañaque City.

That the said corporation publishes **The Philippine STAR**, a daily broadsheet newspaper published in English and of general circulation.

That the order of PANASONIC MANUFACTURING PHILIPPINES CORPORATION

Captioned as follows: NOTICE OF REGULAR ANNUAL STOCKHOLDERS' MEETING
JULY 19, 2024

(Please see attached printed text) had been published in The Philippine STAR in its issue/s of:

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FURTHER AFFIANT SAYETH NAUGHT.
Manila, Philippines


MARIQUITA O. ADRIANO
Affiant

SUBSCRIBED AND SWORN to before me this 26th day of June 2024 affiant exhibited to me her Driver's License ID No. N25-09-013541.


ATTY. GARY A. SANCIO

Notary Public

Until December 31, 2024

Adm. Matter No. 177

Roll No. 44261

IBP -No. 1082447 (LIFETIME)/06-30-17/ QC

PTR No. 5573890/01-04-24/QC

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SM Prime seeks more fundraising schemes

By RICHMOND MERCURIO

SM Prime Holdings Inc., the Sy family's listed integrated property developer, is still considering additional fundraising activities this year following its successful P25-billion oversubscribed bond offering.

"We'll keep our options open because based on our capex requirement for the year, we still have certain requirements," SM Prime chief finance officer John Ong told THE STAR in an interview.

SM Prime is looking at a P100-billion capital spending this year to support its various programs and expansion initiatives.

Last May, SM Prime an-

nounced the establishment of a \$3 billion multi-issuer European Medium Term Note (EMTN) program.

Jointly established by SM Investment Corp.'s wholly owned subsidiary SMIC SG Holdings Pte. Ltd. and SM Prime's wholly owned subsidiary SMPH SG Holdings Pte. Ltd., the EMTN program will allow the companies to tap the offshore bond market to fund its continued growth and expansion.

"The EMTN program is an added option for funding so we do not limit ourselves to local. We also have foreign funding options in which the EMTN is a foreign option," Ong said.

"So we'll look at whether

to tap the local (market) or we can also look at other options like EMTN. It can be in the second half (this year) or early next year," he said.

To fund its capital expenditures this year, SM Prime recently raised P25 billion from a fixed rate bond offer.

The issuance is part of SM Prime's P100-billion shelf registration of fixed rate bonds approved by the Securities and Exchange Commission last May 23.

Ong said the bond offer-



ing was met with strong demand, resulting in a three-fold oversubscription.

The bonds were listed at Philippine Dealing & Exchange Corp. yesterday.

"We take immense pride in celebrating another significant achievement, the successful listing of SM Prime's fixed rate retail bonds Series V, W and X. And these bonds which are due in the years 2027, 2029 and 2031, respectively, have been met with overwhelming demand from the investing public," Ong said.

The bonds were rated PRS Aaa, the highest rating assigned by Philippine Rating Services Corp.

"The highest credit rating of PRS Aaa with a Stable Outlook as awarded to us by the Philippine Rating Services Corp. is a further endorsement of our financial strength and our ability to deliver on our promises," he said.

After the recent opening of SM City Calocan, SM Prime is scheduled to open three additional new malls this year, SM City J Mall in Cebu, SM City San Fernando, La Union and SM City Laaag.

The company is likewise making significant progress in its ongoing reclamation project in Pasay City.

SM Smart City is envisioned to be a mixed-use development similar to the success of the Mall of Asia reclamation project.

"As we embark on our next chapter of the journey, we reaffirm our commitment to be a catalyst for economic growth, delivering innovative and sustainable lifestyle cities and enriching the quality of lives of millions of people across the Philippines," Ong said.

MPTC eyes new investor to fund CCLEX expansion

By ELIJAH FELICE ROSALES

The Metro Pacific Group is looking for an investor who can finance the P7-billion expansion that would improve the traffic viability of the Cebu-Cordova Link Expressway (CCLEX).

This as Metro Pacific Tollways Corp. (MPTC) is struggling to recover the investments it made in building CCLEX, the third bridge that connects the city and the island sides of Cebu.

MPTC president and CEO Rogelio Singson said the company is negotiating with a foreign entity for the infusion of at least P7 billion to be spent on the expansion of CCLEX.

CCLEX is currently being used by about 17,000 motorists daily, far from the original projection of between 45,000 and 50,000. Singson attributed the gap on the absence of infrastructure that bridges CCLEX to the airport and to the city.

If MPTC closes the deal with the

prospective investor, CCLEX will be expanded to reach Cebu South Road, one of the main thoroughfares in Cebu City. Further, MPTC will use the proceeds to pave an access road leading to the Mactan-Cebu International Airport (MCIA).

At present, motorists going to Cebu City through CCLEX go down at the South Road Properties, which is 10 minutes away from Cebu South Road.

Travelers also have to go through half an hour of drive to get to CCLEX from the airport, forcing them to just use either the Mactan-Mandawe Bridge or Marcelo Fernan Bridge to reach the city.

"We are doing everything to make it viable. We are looking for a strategic investor who can bring in cash. It will all go to project expansion, no equity recovery," Singson said.

If things go as planned, Singson said the foreign entity will take on 45 percent of CCLEX Corp., the operator of CCLEX.

As committed, all of the proceeds from the investment will be deployed for capital expenditures.

Singson said MPTC is rushing the negotiations with the prospective investor, hoping to close the deal in around two months. Since CCLEX is a public-private partnership (PPP) with the local government of Cebu, MPTC expects that the entry of a new investor will be approved as quickly as possible.

CCLEX, the engineering pride of Pangilinan-led MPTC, is a cable-stayed infrastructure that serves as a third bridge connecting Cebu City and Mactan Island.

The bridge is designed to be linked to the Metro Cebu Expressway, another PPP undertaking that aims to cover the north and south of Cebu and boost trade and travel in the province.

Emperador earmarks P6.5 B capex

Emperador Inc., the global brandy and whisky conglomerate led by tycoon Andrew Tan, is earmarking P6.5 billion for capital expenditures this year as the company aims to beat its performance last year.

Emperador president Winston Co said the company hopes to finish the year better than it did in 2023.

"As you have seen, we had a very strong performance last year in 2023. And we believe that this year, we will continue to perform hopefully better than last year," Co said.

"And when you look at the horizon for the next five years, we are excited about the prospect because we believe that there will be a rebound in consumer spending, particularly so on the super and luxury category. With this, we are very excited about the future and confident that we will continue to grow," he said.

Last year, Co said the company encountered a lot of challenges, such as conflicts that affected prices of commodities and caused disruption to the supply chain and logistics.

"All of these have cost implications. Global inflation is also a concern. But what we've seen is that there is an easing in global stress, if I may call it, and we believe that after these adjustments, I think we had some difficulty last year but we did well internationally," Co said.

"I think the pressure will continue to be present this year, but we're trying our extreme best to outperform 2023. So the challenges will always be with us. We just need to be more flexible, more resilient and more creative in our approach to the market," he also said.

Emperador intends to utilize bulk of its capex this year for its whisky business, particularly for the Dalmore distillery expansion which will be completed in the latter half of the year.



Co

The expansion will double the capacity of the current Dalmore distillery.

"The Dalmore expansion will be fully completed by the end of the year so we would be able to double our capacity so we will be able to meet future requirements for the year 2025, 2026 and beyond," Co said.

The company has also started expanding the maturation complex in Invergordon, Scotland, building more warehouses for whisky aging to house the additional liquid to be produced by the larger Dalmore distillery.

Aside from capacity expansion, Emperador said the capex will also partly fund Whyte and Mackay's goal to be carbon neutral by 2030.

Among Whyte and Mackay's sustainability projects are an anaerobic digestion bioenergy center and a biomass boiler system.

A small portion of the capex, meanwhile, will be used by the brandy business for upgrades in machinery and equipment to facilitate more efficient operations.

"Emperador has maintained its momentum of success. We remain steadfast in fulfilling our strategic initiatives and expansion plans," Tan said.

"Emperador looks ahead with optimism. We will engage in continuous improvement not just in operational excellence, but also in our environmental, social and governance initiatives. As we look to the future, we remain committed to sustaining our momentum for long term growth and success," he said.

Emperador, which is publicly-listed at both the Philippine Stock Exchange and the Singapore Exchange, owns Emperador Brandy, Its portfolio of brands also includes Funder Brandy, The Dalmore, Fettercairn, Jura and Tamnavulin Single Malt Scotch whiskies. — Richmond Mercurio

P42/kilo From B1

those tools," NEDA Secretary Arsenio Balisacan told reporters yesterday when asked if it would be possible for the reduced rice tariffs to not remain in place until 2028.

He said tariffs need to be reviewed as situations change.

"If world prices go down, you have to do what you can to adjust the tariff. That's what many countries do," he said.

Similar to what is done when oil prices go up, he said there is a need to have a mechanism to reduce the domestic price to ensure developments outside, especially sharp price increases, are not transmitted completely to the local economy.

"That way, we stabilize our prices and we don't suffer from high inflation and we don't suffer from high interest rates," he said.

He said a dynamic economy is about being flexible.

"If you cannot navigate major changes around us, because you are so constrained from all your policy tools, then you will not be able to survive a major shock," the NEDA chief also said.

As part of EO 62, the tariff rate for rice will be subject to a review every four months from the order's effectivity.

For the review, the NEDA will be submitting its findings and recommendations.

— With Louella Desiderio

NGCP From B1

the project still encountered various issues, particularly on right-of-way due to objections from landowners, long judicial processes and protracted permitting.

The project was also delayed after a temporary restraining order (TRO) was issued by the Supreme Court for a portion of the line owned by Phirst Park Homes Inc.

The NGCP immediately complied with the order upon receipt in July 2023, stopping activities along Towers 170-178, which stalled the ongoing stringing of the line's remaining circuit.

In a resolution promulgated in April this year, the High Tribunal ordered the lifting of the TRO.

"NGCP assures the public and its stakeholders that it will continue to deliver on its commitment to improve, expand, strengthen and reinforce the country's power grid," the company added.

Sun Life Financial	Investment Funds of Variable Life Insurance Contracts	
	JUNE 30, 2024	JUNE 30, 2023
Investment Funds of Variable Life Insurance Contracts	1,234,567,890	1,123,456,789
Investment Funds of Variable Life Insurance Contracts	987,654,321	876,543,210
Investment Funds of Variable Life Insurance Contracts	654,321,098	543,210,987
Investment Funds of Variable Life Insurance Contracts	321,098,765	210,987,654
Investment Funds of Variable Life Insurance Contracts	109,876,543	98,765,432
Investment Funds of Variable Life Insurance Contracts	87,654,321	76,543,210
Investment Funds of Variable Life Insurance Contracts	65,432,109	54,321,098
Investment Funds of Variable Life Insurance Contracts	43,210,987	32,109,876
Investment Funds of Variable Life Insurance Contracts	21,098,765	10,987,654
Investment Funds of Variable Life Insurance Contracts	9,876,543	8,765,432
Investment Funds of Variable Life Insurance Contracts	7,654,321	6,543,210
Investment Funds of Variable Life Insurance Contracts	5,432,109	4,321,098
Investment Funds of Variable Life Insurance Contracts	3,210,987	2,109,876
Investment Funds of Variable Life Insurance Contracts	1,098,765	987,654
Investment Funds of Variable Life Insurance Contracts	876,543	765,432
Investment Funds of Variable Life Insurance Contracts	654,321	543,210
Investment Funds of Variable Life Insurance Contracts	432,109	321,098
Investment Funds of Variable Life Insurance Contracts	210,987	109,876
Investment Funds of Variable Life Insurance Contracts	98,765	87,654
Investment Funds of Variable Life Insurance Contracts	76,543	65,432
Investment Funds of Variable Life Insurance Contracts	54,321	43,210
Investment Funds of Variable Life Insurance Contracts	32,109	21,098
Investment Funds of Variable Life Insurance Contracts	10,987	9,876
Investment Funds of Variable Life Insurance Contracts	8,765	7,654
Investment Funds of Variable Life Insurance Contracts	6,543	5,432
Investment Funds of Variable Life Insurance Contracts	4,321	3,210
Investment Funds of Variable Life Insurance Contracts	2,109	1,098
Investment Funds of Variable Life Insurance Contracts	987	876
Investment Funds of Variable Life Insurance Contracts	765	654
Investment Funds of Variable Life Insurance Contracts	543	432
Investment Funds of Variable Life Insurance Contracts	321	210
Investment Funds of Variable Life Insurance Contracts	109	98
Investment Funds of Variable Life Insurance Contracts	87	76
Investment Funds of Variable Life Insurance Contracts	65	54
Investment Funds of Variable Life Insurance Contracts	43	32
Investment Funds of Variable Life Insurance Contracts	21	10
Investment Funds of Variable Life Insurance Contracts	9	8
Investment Funds of Variable Life Insurance Contracts	7	6
Investment Funds of Variable Life Insurance Contracts	5	4
Investment Funds of Variable Life Insurance Contracts	3	2
Investment Funds of Variable Life Insurance Contracts	1	0

Panasonic

Panasonic Manufacturing Philippines Corporation
Ortigas Avenue Extension, Taytay, Rizal, 1920 Philippines

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Taytay, Rizal, 11 June 2024.

ANGEL ENRICO MIRA
Corporate Secretary

State infra spending jumps to P119 B in April

By LOUISE MAUREEN SIMEON

The government ramped up its infrastructure spending to P119 billion in April, mainly to finance road projects, the Department of Budget and Management (DBM) said.

Based on the latest national government disbursement performance report of the DBM, state infrastructure expenditure and other capital outlays jumped by 36.2 percent to P118.9 billion in April from P87.3 billion in the same period last year.

The DBM said the substantial increase was due to the spending performance of the implementation of infrastructure projects of the Department of Public Works and Highways (DPWH).

These include the construction, repair and rehabilitation of roads, bridges and flood control structures, as well as the construction of administrative, hospital and multi-purpose buildings.

Similarly, it was also attributed to the release of local counterpart funds for various foreign-assisted projects of the Department of Transportation and the implementation of projects under the Revised Armed Forces of the Philippines Modernization Program of the Department of National Defense (DND).

For the four-month period, infrastructure spending picked up by 18 percent to P335.7 billion from P284 billion.

The DBM said this was largely due to the implementation of various road infrastructure programs and defense modernization projects of the DPWH and the DND, respectively.

Meanwhile, overall government spending for April reached P494.5 billion, soaring by 32 percent from the P373.9 billion a year ago.

Apart from infrastructure, personnel services expenditures also inched up by five percent to P100.4 billion amid higher clothing allowance of government employees and bigger employer contribution

to the Philippine Health Insurance Corp. and the Pag-IBIG Fund.

The government also recorded higher maintenance and other operating expenses to P92.4 billion due to assistance and subsidies for the agriculture, transport and social services sectors.

On the other hand, combined allotment and capital transfers to local government units picked up by 6.7 percent to P79.1 billion on higher tax allotments due to the Mandanas Ruling.

It should be noted that the tax revenue base, from which the tax allotment shares of LGUs this year is determined, was the actual tax collections

in 2021 when the economy was starting to recover from the pandemic.

Interest payments also increased by 46 percent to P67.5 billion due to coupon payments for domestic and global bonds, variation in the timing of payments, as well as the impact of higher exchange rates.

An improvement in government spending was similarly noted in subsidy support to government corporations which tripled to P27.7 billion largely for the power sector, irrigation projects and resettlement and housing programs.

Meanwhile, net lending dropped by almost 70 percent

to just P1.6 billion on lower government advances to the National Food Authority for the debt servicing of both its short-term and long-term loans.

As of end-April, the remaining program balance amounts to P809.2 billion or 14 percent of the record P5.768 trillion 2024 budget.

The DBM said the robust disbursement performance is expected to be sustained in the coming months as line agencies submit their special budget requests to implement their respective programs.

"These will consequently accelerate the pace of government spending for the rest of the year," the DBM said.

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"These will consequently accelerate the pace of government spending for the rest of the year," the DBM said.

New tollway to bring in P30 B revenue for MPTC

By ELIJAH FELICE ROSALES

Metro Pacific Tollways Corp. (MPTC) is scheduled to sign this week the concession for toll operations in Indonesia, a contract expected to generate around P30 billion in revenue per year.

On the sidelines of the opening of an MPTC project in Paranaque City, MPTC chairman Manuel V. Pangilinan said the company will sign this week the concession for its largest tollway outside the Philippines.

MPTC won the bidding for a 35 percent share in PT Jasamarga TransJava Toll, the operator of a 676-kilometer segment of the Trans-Java Toll.

Once the deal is signed, MPTC will work on the financial closing of the project with Jasamarga. The company will then be able to add it to its portfolio an expressway used by at least 800,000 motorists every day.

Pangilinan said MPTC expects to gain about P30 billion in revenue per year from this venture alone, more than double the P27.21 billion it earned from Philippine toll operations in 2023.

MPTC said at least 1.2 million vehicles go through its toll roads every day last year, and adding the Trans-Java Toll may push this daily count up to two million.

"Roughly, (the tollway will facilitate) 750,000 to 800,000 vehicles per day, and it is



the longest tollway in Indonesia," Pangilinan said.

For this concession, MPTC has teamed up with Singapore's sovereign wealth fund GIC Pte. Ltd. in bidding for a stake in Jasamarga.

MPTC is determined to expand its portfolio within and outside of the Philippines to take advantage of the recovering traffic in the aftermath of the pandemic. In the country, it will pursue a P72-

billion project with San Miguel Corp. (SMC) to put up the Cavite-Batangas Expressway and the Nasugbu-Bauan Expressway.

Meanwhile, MPTC, through Metro Pacific Tollways Asia, owns 40 percent of the operator of the Sheikh Mohamed Bin Zayed Flyover in Indonesia. It also manages two projects in Vietnam, the Hanoi Highways Expansion Phase 2 and the Rach Mieu Bridge.

The addition of the Trans-Java Toll in MPTC's toll network will play a crucial role in finalizing the value of the joint venture that Pangilinan and SMC's Ramon Ang are forming.

Pangilinan and Ang are negotiating the possibility of merging their toll interests with the goal of listing a tollway giant at the Philippine Stock Exchange.

SSS housing loan collectibles hit P6.8 B

Housing loan collectibles of the Social Security System (SSS) have reached P6.8 billion with the state-run pension fund now transitioning to a real-time processing of loans for members' convenience.

As of end-December 2023, SSS said it has 3,744 mortgagors with home loan collectibles worth P6.83 billion.

As such, SSS is implementing the mandatory use of payment reference number (PRN) for housing loan payments starting this month.

The PRN for loans is a system-generated number corresponding to a billing statement of the individual loans by the borrower, which contains certain characters to distinguish the housing loan from other SSS loan programs. SSS president and CEO Rolando Macasaet said the transition to the real-time processing of loans would make settling obligations easier and efficient for borrowers with same day posting of their payments.

SSS senior vice president Pedro Baoy explained that mortgagors will have one PRN for each outstanding SSS loan. Borrowers can obtain the PRN every 10th day of the month.



Macasaet

Baoy noted that once the PRN expires, borrowers need to get a new PRN that contains the past due and current amounts as an expired PRN will no longer be accepted for payment.

Further, SSS will send a monthly billing containing the PRN to the mortgagors' registered email addresses and mobile numbers.

Mortgagors may pay their monthly housing loan amortizations over the counter at SSS branch offices or through SSS-accredited collecting partner banks and payment centers.

Borrowers with outstanding loans in the Direct Individual Housing Loan Program and the Direct Housing Loans for Overseas Filipino Workers, Workers' Organization Members and Trade Union Members should have a PRN whenever they pay their loan payments. — Louise Maureen Simeon

Industry From B1

of support programs to farmers that include subsidies, financial assistance and training to help local producers improve their productivity and competitiveness in light of reduced tariff protection.

Furthermore, the tariff reduction, a difference of 20 percentage points, must be gradual and should be done in tranches to cushion its economic impact to local farmers, according to Prism.

This, the group added, would also allow for a "smoother" transition toward an "educated" import decision by traders that is based on the prevailing supply and demand situation of the country.

The industry group also put forward the establishment of a "robust" monitoring mechanism to track the impact of the tariff reduction on rice prices as well as local production. Pundits have earlier noted that palay prices would drop between P3 and P4 per kilogram while retail rice prices could fall by as much as P7 per kilogram because of the tariff cut.

Prism also called for higher public investments in agricultural research and development that could improve farmers' yield and reduce production costs as well as in critical infrastructure improvements like irrigation and post-harvest facilities.

The group urged the government to keep an "open" communication and consultation with industry stakeholders to "assess the impact of tariff changes and adjust policies accordingly."

The government should also promote the consumption of locally-produced rice instead of imported grains to domestic consumers, the group added.

— Jasper Emmanuel Arcalaz

MANILA ELECTRIC COMPANY (MERALCO)
 Invitation to Bid
 ELECTRICAL PREVENTIVE MAINTENANCE OF PAD-MOUNTED AND VAULT DISTRIBUTION TRANSFORMER SERVICES

Interested vendors are invited to participate in the bidding for the Electrical Preventive Maintenance of Pad-Mounted and Vault Distribution Transformer Services with the scope as below:

- Prepare the following items:
 - Task order form
 - Priority List
 - Working Clearance Form
 - Insulation Resistance Test and Polarization Index
 - Flow Chart, Voltage Logs, and 4-String Current Tests
 - Insulation Power Factor Test
- Task order form and related (OT) whenever the following activities shall be performed:
 - Visual Inspection
 - Thermographic Imaging
 - Leak Test
 - Foreign Object Removal and Orientation of Winding
 - Oil Sampling
 - Oil Analysis
 - Primary Current Test
 - Arresters

The following activities shall be performed based on the scope of work as indicated in the above table:

- Biweekly condition assessment
- Biannual condition assessment
- Standardizing of Pad-Mounted Transformer (PMT) and Vault Distribution Transformer (VDT) Task order form and related attachments

ACTIVITY	DATE	TIME
Submission of Letter of Intent (LOI) and Bid Requirements	June 24 - July 01, 2024	8:00 - 12:00 PM of July 01, 2024
Release of Bid Documents	July 11, 2024	8:00 - 12:00 PM of July 11, 2024

Interested vendors may submit the following for eligibility and verification in a separate envelope:

- For Meralco Accredited Vendors:
 - Certificate of Meralco vendor accreditation
 - Valid and active e-mail address for business communication
- For Non-Accredited Vendors:
 - SSS TR Certificate of Registration
 - Local or Foreign Business Registration
 - Organization Type
 - Company Address
 - Business Registration
 - Company ID
 - Valid and active e-mail address for business communication

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Interested vendors may submit the following for eligibility and verification in a separate envelope:

- For Meralco Accredited Vendors:
 - Certificate of Meralco vendor accreditation
 - Valid and active e-mail address for business communication
- For Non-Accredited Vendors:
 - SSS TR Certificate of Registration
 - Local or Foreign Business Registration
 - Organization Type
 - Company Address
 - Business Registration
 - Company ID
 - Valid and active e-mail address for business communication

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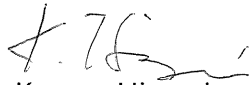
Internal Control and Compliance System Attestation

For the fiscal year ended, March 31, 2024

Panasonic Manufacturing Philippines Corporation's corporate governance practice includes a combination of internal and external mechanism such as the structure of the board of directors and our committees, the supervision, oversight and control it exercises over management, and the formulation of sound policies, systems and procedures.

- a. The Board of Directors is responsible for providing governance and oversight functions for the implementation of adequate internal control system and risk management processes.
- b. Top Management has the responsibility for designing and implementing an adequate and effective internal control system and risk management processes to ensure compliance with the law, rules and regulations.
- c. Management is responsible for system development to monitor and manage risk.
- d. External auditor, SGV and Co. is responsible for assessing and expressing an opinion on the conformity of the audited financial statements with the Philippine Financial Reporting Standards and the overall quality of the financial reporting process.
- e. Internal Audit adopts a risk-based audit approach in developing an annual work plan and conducts reviews to assess the adequacy of the company's internal control.
- f. The Internal Audit head reports to the Board Committee on Audit on a quarterly basis to ensure that independence and objectivity, allowing Internal Audit to fulfill its responsibilities as stated by its committee on audit charter.
- g. Internal Audit activities conform with the International Standards for the Professional Practice of Internal Auditing and are continuously evaluated through an Independent Quality Assessment Review.

Based on the above assurance provided by the internal auditors as well as the external auditors as a result of their reviews, we attest that PMPC's internal control and compliance systems, which covers governance, risk and control processes, are generally adequate.



Kazuya Higami
President & CEO



Andrei Tibi
Internal Audit Head

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **MARLON MOLANO**, Filipino, of legal age and a resident of Laguna Bel-Air 2 P4 B71 L37, Santa Rosa City, Laguna, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of Panasonic Manufacturing Philippines Corporation and have been its independent director since **January 2021**.
2. I am affiliated with the following companies or organizations:

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
NONE	N/A	N/A

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Panasonic Manufacturing Philippines Corporation, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.
4. I am related to the following director/officer/substantial shareholder of Panasonic Manufacturing Philippines Corporation and its subsidiaries and affiliates other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code.

NAME OF DIRECTOR/OFFICER/SUBSTANTIAL SHAREHOLDER	COMPANY	NATURE OF RELATIONSHIP
NONE	N/A	N/A

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding / I disclose that I am the subject of the following criminal/administrative investigation or proceeding:

OFFENSE CHARGED/INVESTIGATED	TRIBUNAL OR AGENCY INVOLVED	STATUS
NONE	N/A	N/A

6. I am neither in government service nor affiliated with a government agency or government-owned and –controlled corporation.
7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.
8. I shall inform the Corporate Secretary of Panasonic Manufacturing Philippines Corporation of any changes in the abovementioned information within five (5) days from its occurrence.

Done, this TAYTAY, RIZAL day of MAY 07 2024, at


Marlon Molano
Affiant

SUBSCRIBED AND SWORN to before me this MAY 07 2024 day of _____ at
TAYTAY, RIZAL, affiant personally appeared before me and exhibited to me
his Driver's license No. D-04-95-084904
issued at Sta. Rosa City, Laguna on _____

Doc. No. 74 ;
Page No. 16 ;
Book No. VIII ;
Series of 2024


ATTY. JOHN KENNETH T. MORENO
NOTARY PUBLIC
ROLL NO. 35640
IBP No. 383785 - 01 Jan. 2024, RSM
PTR No. 21047210 - 02 Jan. 2024, Rizal
MCLE No. VII - 0011285 - April 14, 2025
Appt. No. 24-28 - 01 Feb. 2024
Until Dec. 31, 2025
For Antipolo City, Taytay, Cainta
Province of Rizal

CERTIFICATION OF INDEPENDENT DIRECTOR


I, **JUSTINA CALLANGAN**, Filipino, of legal age and a resident of Block 164, Lot 17, Castello St, Casa Milan Subdivision, Fairview, Quezon City, after having duly sworn to in accordance with law do hereby declare that:

1. I am a Nominee for Independent Director of Panasonic Manufacturing Philippines Corporation (PMPC) and have been its independent director since **2020**.
2. I am affiliated with the following corporations:

CORPORATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
VReit	Independent Director	Elected March 16, 2022
Vista Land and Lifescapes Inc.	Independent Director	Elected June 15, 2021
Securities Investors Protection Fund Inc	Director – Public sector	Elected August 1, 2020
Orix Metro Leasing and Finance Corp.	Independent Director	June 2019 to date
ASA Philippines Foundation, Inc.	Consultant	October 4, 2018 to date
Philippine Stock Exchange	Consultant, Listings Department	Nov. 2018 to Dec 2019
Securities and Exchange Commission	Director, Corporate Governance and Finance Department Director, Corporation Finance Department Various position	2012 to 2017 2001 to 2011 1982 to 1995
Urban Bank	Assistant Vice President, Legal Department	Nov. 1995 to Nov. 2000


3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Panasonic Manufacturing Philippines Corporation as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.
4. I am not related to any director/officer/substantial shareholder of Panasonic Manufacturing Philippines Corporation and its subsidiaries and affiliates other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code.
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
6. I am neither in government service nor affiliated with a government agency or government-owned and controlled corporation.
7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance, and other SEC issuances.
8. I shall inform the Corporate Secretary of Panasonic Manufacturing Philippines Corporation of any changes in the abovementioned information within five days from its occurrence.

Done this _____ day of MAY 07 2024, at
TAYTAY, RIZAL.


Justina Callangan
Affiant

SUBSCRIBED AND SWORN to before me this MAY 07 2024 day of _____ at
TAYTAY, RIZAL, affiant personally appeared before me and exhibited to me her
TIN 116-240-934

Doc. No. 76
Page No. 17
Book No. VIII
Series of 2024


ATTY. JOHN KENNETH T. MORENO
NOTARY PUBLIC
ROLL NO. 35640
IBP No. 383785 - 01 Jan. 2024, RSM
PTR No. 21047210 - 02 Jan. 2024, Rizal
MCLE No. VII - 0011285 - April 14, 2025
Appt. No. 24-28 - 01 Feb. 2024
Until Dec. 31, 2025
For Antipolo City, Taytay, Cainta
Province of Rizal

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **MIGUEL CASTRO**, Filipino, of legal age and a resident of Lot 6 Block 14 Hilldrive Street, Beverly Hills Subd., Antipolo City, Rizal, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of Panasonic Manufacturing Philippines Corporation and have been its independent director since **May 1, 2024**.
2. I am affiliated with the following companies or organizations:

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
NONE	N/A	N/A

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Panasonic Manufacturing Philippines Corporation, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.
4. I am not related to any director/officer/substantial shareholder of Panasonic Manufacturing Philippines Corporation and its subsidiaries and affiliates other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code.
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding / I disclose that I am the subject of the following criminal/administrative investigation or proceeding:

OFFENSE CHARGED/INVESTIGATED	TRIBUNAL OR AGENCY INVOLVED	STATUS
NONE	N/A	N/A


6. I am neither in government service nor affiliated with a government agency or government-owned and –controlled corporation.
7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.
8. I shall inform the Corporate Secretary of Panasonic Manufacturing Philippines Corporation of any changes in the abovementioned information within five (5) days from its occurrence.

Done, this _____ day **MAY 07 2024** of _____, at
_____ **TAYTAY, RIZAL**


Miguel Castro
Affiant

SUBSCRIBED AND SWORN to before me this **MAY 07 2024** day of _____
at _____ **TAYTAY, RIZAL** affiant personally appeared before me and exhibited to
me his TIN 106-290-939.

Doc. No. 75 _____;
Page No. 16 _____;
Book No. VII _____;
Series of 2024


ATTY. JOHN KENNETH T. MORENO
NOTARY PUBLIC
ROLL NO. 35640
IBP No. 383785 - 01 Jan. 2024, RSM
PTR No. 21047210 - 02 Jan. 2024, Rizal
MCLE No. VII - 0011285 - April 14, 2025
Appt. No. 24-28 - 01 Feb. 2024
Until Dec. 31, 2025
For Antipolo City, Taytay, Cainta
Province of Rizal

Panasonic

Annex "B"

PANASONIC MANUFACTURING
PHILIPPINES CORPORATION

FISCAL YEAR

2023.

ANNUAL REPORT

FY2023 ended March 31, 2024

A photograph of a modern Panasonic building with the company name in large blue letters on the roof. The building has a white facade and dark horizontal slats. There are green plants in the foreground and a clear blue sky.

Panasonic

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.

CONTENTS	<i>Financial Highlights</i>	3
	<i>Message to Shareholders</i>	4
	<i>FY2023 Highlights of Operation</i>	5

FINANCIAL HIGHLIGHTS

Fiscal Year 2023, 2022, and 2021

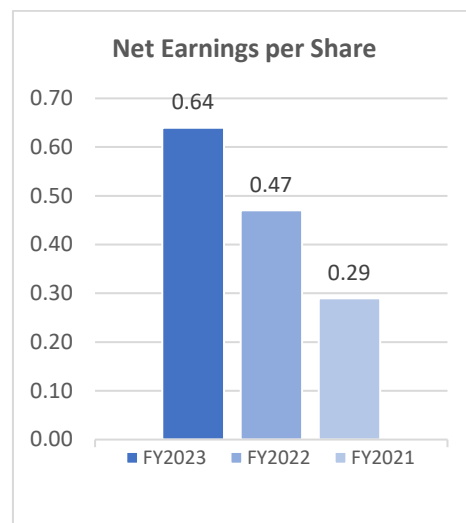
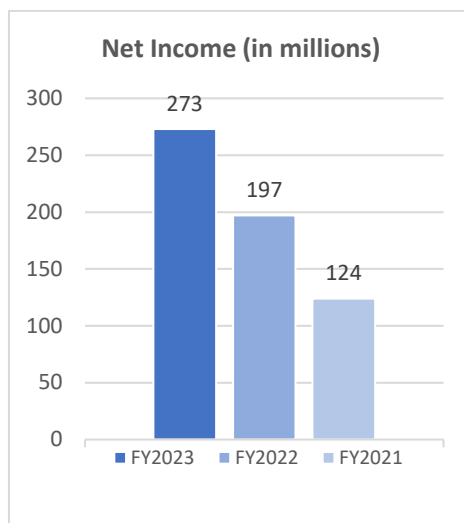
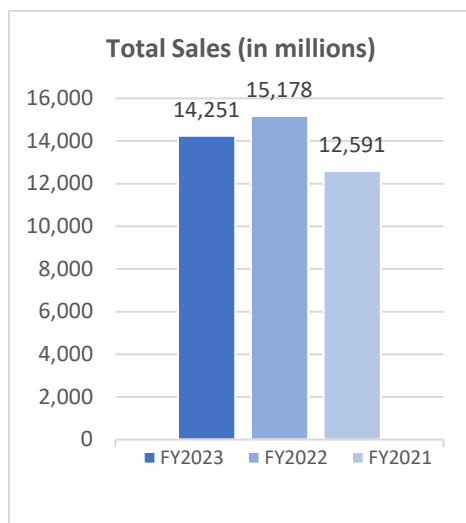
TOTAL OPERATIONS			
	FY 2023	FY 2022	FY2021
NET SALES	14,251,252,120	15,178,323,266	12,590,533,901
NET INCOME AFTER TAX	272,500,158	197,133,428	123,919,329
Attributable to:			
Equity Holders of the Parent Company	272,137,311	197,490,614	123,913,433
Minority Interest	362,847	(357,186)	5,896
Earnings Per Share	0.64	0.47	0.29
TOTAL EQUITY	4,948,186,885	4,780,847,243	4,700,041,104
Book Value Per Share	11.71	11.31	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.



Kazuya Higami
President / Chairman of the Board



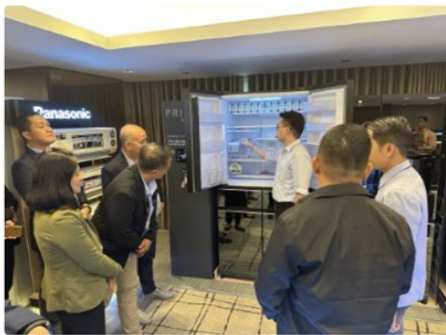
Highlights of Fiscal Year 2023 Operation

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 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.



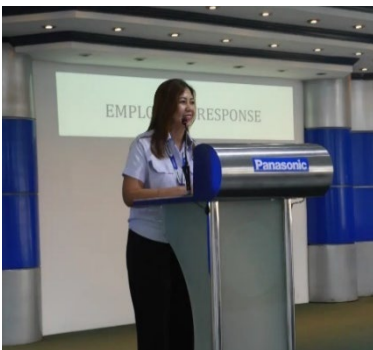
56th Anniversary Celebration – Live Your Best

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.










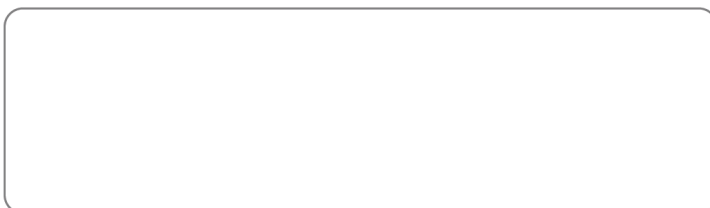
A Special Exhibition on Management Philosophy was also launched, honoring the legacy of Founder Mr. Konosuke Matsushita with the theme "Start Anew Every Day." This exhibition emphasized the company's commitment to societal contribution and improving quality of life. Ending the celebration was an exhibition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



Panasonic

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-  [@panasonicph](https://twitter.com/panasonicph)
-  youtube.com/PanasonicPhilippines
-  pmpc_csdic@ph.panasonic.com



Panasonic Manufacturing Philippines Corporation

Ortigas Avenue Extension
Taytay, Rizal 1920

ANNEX - C

SEC-17Q As of December 31,2023
With Proof of Submission

COVER SHEET
for
QUARTERLY REPORTS

SEC Registration Number

C	S	0	0	0	0	2	3	0	2	2
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Company Name

P	A	N	A	S	O	N	I	C		M	A	N	U	F	A	C	T	U	R	I	N	G		P	H	I	L	I	P
P	I	N	E	S		C	O	R	P	O	R	A	T	I	O	N		A	N	D		S	U	B	S	I	D	I	A
R	Y																												

Principal Office (No./Street/Barangay/City/Town/Province)

O	r	t	i	g	a	s		A	v	e	n	u	e		E	x	t	e	n	s	i	o	n	,		B	a	r	r
i	o		M	a	p	a	n	d	a	n	,		B	a	r	a	n	g	a	y		S	a	n		I	s	i	d
r	o	,		T	a	y	t	a	y	,		R	i	z	a	l													

Form Type

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Department requiring the report

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Secondary License Type, If Applicable

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COMPANY INFORMATION

Company's Email Address

www.panasonic.com/ph
--

Company's Telephone Number/s

(632) 8635-2260 to 65

Mobile Number

N/A

No. of Stockholders

461

Annual Meeting
Month/Day

3 rd Friday of July

Fiscal Year
Month/Day

March 31 st

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person

Imelda Garcia

Email Address

imelda.garcia@ph.panasonic.com
--

Telephone Number/s

(632) 8635-2260

Mobile Number

(+63) 917 8112175

Contact Person's Address

Ortigas Avenue Extension Bo. Mapandan San Isidro, Taytay, Rizal
--

Note: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

11. Are any or all these securities listed on a Stock Exchange?

Yes [X] No []

If yes, state the name of such stock exchange and the classes of securities listed therein.

As of December 31, 2023, 84,723,432 common shares are listed with the Philippine Stock Exchange ("PSE").

12. Check whether the registrant:

(a) Has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 there under or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports):

Yes [X] No []

(b) Has been subjected to such filing requirements for the past 90 days.

Yes [X] No []

PART I – FINANCIAL INFORMATION

Item I. Financial Statements

The Unaudited Consolidated Financial Statements of Panasonic Manufacturing Philippines Corporation (PMPC) and its subsidiary, Precision Electronics Realty Corporation (PERC), as of and for the period ended December 31, 2023 (with comparative figures as of March 31, 2023 and period ended December 30, 2022 & 2021) and selected Notes to Consolidated Financial Statements are on pages 12 to 30.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

Key Performance Indicators

Name of Index	Calculation	FY 2023 Apr – Dec	FY 2022 Apr – Dec
1. Rate of Sales Increase ^(a)	$\frac{\text{CY}^{(b)} \text{ Sales} - \text{LY}^{(c)} \text{ Sales}}{\text{LY Sales}} \times 100\%$	-7.1%	13.5%
2. Rate of Profit Increase ^(a)	$\frac{\text{CY Profit Before Tax} - \text{LY Profit Before Tax}}{\text{LY Profit Before Tax}} \times 100\%$	623.2%	-89.4%
3. Rate of Profit on Sales ^(a)	$\frac{\text{Profit Before Tax}}{\text{Total Sales}} \times 100\%$	1.7%	0.2%
4. Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$	2.24:1	2.33:1
5. Dividend Ratio to Capital	$\frac{\text{Dividend}}{\text{Average Capital}} \times 100\%$	25.94%	24.89%

(a) Continuing operations only

(b) Current Year

(c) Last Year

- (a) **Rate of Sales Increase** - This measures the sales growth versus the same period last year. For the nine months ended December 31, 2023, the Group sales decreased by 7.1% from ₱10.827 billion to ₱10.057 billion.
- (b) **Rate of Profit Increase** - This measures the increase in profit before tax versus the same period last year. Rate of profit increases to 623.2% from negative 89.4% due to a 133.6% increase in other income.
- (c) **Rate of Profit on Sales** - This measures the percentage of profit before tax versus total sales for the period. Rate of profit increased to 1.7% from .2% of the same period last year.
- (d) **Current Ratio** - This measures the liquidity of the Group and its ability to pay off current liabilities. The Company registered current ratio of 2.24:1 and 2.23:1 as of December 31, 2023 and 2022, respectively.
- (e) **Dividend Ratio to Capital** - This measures the dividend payout ratio versus capital for the period. The Group paid 25.94% and 24.89% cash dividend for the nine months of 2023 and 2022 respectively.

NINE MONTHS ENDED DECEMBER 31, 2023 vs. 2022**RESULTS OF OPERATION****Material Changes (+/-5% or more) in the financial statements (in thousands):**

Accounts	Dec 2023 (Unaudited)	Dec 2022 (Unaudited)	Difference (%)
Sales	10,056,944	10,827,845	-7.1%
Cost of Sales	8,565,375	9,526,370	-10.1%
Gross profit	1,491,569	1,301,474	14.6%
General & administrative expense	933,987	851,547	9.7%
Selling expenses	464,221	458,220	1.3%
Other income – net	73,178	31,321	133.6%
Income before tax	166,539	23,028	623.2%
Income tax expense	90,620	42,330	114.1%
Income after tax	75,919	-19,302	493.3%

The total sales for the nine months of FY 2023 amounted to ₱10.056 billion, decreased by ₱770.901 million (-7.1%) from ₱10.827 billion posted in the same period last year. Decrease in sales was mainly due to television, imported refrigerator and aircon export sales, strong competition vs China product with regards to television and imported refrigerator.

Cost of sales decreased by ₱961.0 million (-10.1%) due mainly to lower material cost ratio by 2.8% related to cost effective activities versus of last year. Cost of sales amount reduction was due to raw materials good cost down activities and some product & channel mix.

Gross profit improved by 14.6% amounting to ₱190.1 million despite the lower sales achievement. This was mainly attributable to lower cost sales ratio for the period.

General administrative expenses increased by ₱82.4 million (9.7%) mainly due to increase in salary expenses.

Selling expenses - net increased by ₱6.0 million (1.3%) mainly due to freight expense by ₱308.7 million while sales promotion decreased by ₱321.0 million. Higher freight cost contributes the increase in selling expense due to increasing cost of gasoline/fuel resulting to increase trucking/shipment cost.

Net non-operating income increased to ₱73.2 million from ₱31.3 million last year due to interest income from the company's time deposits and proceeds from sale of scraps.

The Group's net income before tax and net income after tax increased by ₱143.5 million (623.2%) and ₱95.2 million (493.3%), respectively mainly due to the increase in other income by ₱41.9 million and improvement on cost of sales ratio by 2.8% versus last year.

FINANCIAL POSITIONS

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

Accounts	Dec 2023 (Unaudited)	March 2023 (Audited)	Difference (%)
Cash and cash equivalents	3,489,997	2,592,954	34.6%
Receivables	1,898,140	1,753,338	8.3%
Inventories	1,972,875	2,566,118	-23.1%
Other current assets	279,977	189,784	47.5%
Property & equipment	723,192	913,799	-20.6%
Other noncurrent assets	68,274	18,183	275.5%
Accounts payable & accrued expenses	3,265,063	2,874,070	13.6%
Other current liabilities	95,834	84,571	13.3%
Other noncurrent liabilities	386,996	252,684	53.2%
R/E – Unappropriated	419,934	453,449	-7.4%

The Group total assets recorded at ₱8.578 billion as of December 31, 2023, increased by ₱398.5 million from March 31, 2023. Total equity amounted to ₱4.787 billion and ₱4.821 billion as of December 31, 2023 and March 31, 2023, respectively.

Cash and cash equivalents increased by ₱897.0 million (34.6%) mainly due to decrease in inventories by ₱593.0 million and net income before tax ₱166.5 million.

Accounts receivable increased by ₱144.8 million (8.3%) due to the recognition of insurance claims from the fire incident occurred in its Santa Rosa factory last December 2023.

Inventories decreased by ₱593.2 million (-23.1%) mainly due to decrease in merchandise and imported raw materials and finished goods production for the first nine months of FY2024 and the Company has written-off the related inventory to the fire occurred last December 2023 amounting to ₱133.9 million.

Other current assets higher by ₱90.2 million (47.5%) due mainly to creditable withholding taxes for the period ₱45.7 million and advances to suppliers.

Property, plant, and equipment – net for the nine months period reduced by ₱187.52 million due mainly to written-off asset attributed to the fire incidents last December 13, 2023, amounting to ₱125.0 million – net book value. Total purchases for the period amounted to ₱120.5 million while total amortization of depreciation expense amounted to ₱141.4 million.

Accounts payable and accrued expenses increased by ₱391.0 million (13.6%) due to increase in accrued expenses to third parties amounting to ₱114.2 million.

Provision for estimated liabilities increases by ₱134 million was due mainly for price risk related to import merchandise and raw materials.

Retained earnings – unappropriated reduced by ₱33.5 million (-7.4%) because of cash dividends paid to shareholders amounted to ₱109.6 million.

NINE MONTHS ENDED DECEMBER 31, 2022 vs. 2021**RESULTS OF OPERATION****Material Changes (+/-5% or more) in the financial statements (in thousands):**

Accounts	Dec 2022 (Unaudited)	Dec 2021 (Unaudited)	Difference (%)
Sales	10,827,845	9,540,439	13.5%
Cost of Sales	9,526,370	7,345,311	29.7%
Gross profit	1,301,474	2,195,129	-40.7%
General & administrative expense	851,547	761,473	11.8%
Selling expenses	458,220	1,251,761	-63.4%
Other income – net	31,321	36,305	-13.7%
Income before tax	23,028	218,200	-89.4%
Income tax expense	42,330	84,551	-49.9%
Income after tax	-19,302	133,649	-114.4%

The total sales for the nine months of FY 2022 amounted to ₱10.827 billion, increased by ₱1.287 billion (13.5%) from ₱9.540 billion posted in the same period last year. Growth in sales was mainly due to higher demand on export for inverter window air conditioner with nanoe-x, increase in demand for refrigerator because of customers upgrading their unit.

Cost of sales increased by ₱2.181 billion (29.7%) due mainly to increase in cost of sales ratio versus last year due to peso depreciation and the high cost of imported merchandise and raw materials used in the Company's production of its finished goods.

Gross profit worsens by 40.7% due to 29.7% increase of cost of sales ratio despite the increase in sales by 13.5% as compared to last year.

General administrative expenses increased by ₱90.07 million (11.8%) mainly due to technical assistance fee and brand license fee by ₱45.6 million resulted in sales performance.

Selling expenses decreased by ₱793.5 million (63.4%) compared to last year mainly due to decrease in product promotional expenses.

Net non-operating income decreased to ₱31.32 million from ₱36.31 million last year due to interest income paid and unfavorable change in the exchange rate during the year.

The Group's net income before tax and net income after tax decreased by ₱195.17 million (-89.4%) and ₱152.95 million (-114.4%), respectively mainly due to increase in cost of sales ratio by 10.99%.

FINANCIAL POSITIONS

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

Accounts	Dec 2022 (Unaudited)	March 2022 (Audited)	Difference (%)
Cash and cash equivalents	2,239,645	3,162,894	-29.2%
Receivables	1,724,591	1,766,394	-2.4%
Inventories	3,218,927	2,479,419	29.8%
Other current assets	190,061	139,774	36.0%
Property & equipment	878,039	891,797	-1.5%
Right of use assets	4,245	7,719	-45.0%
Other noncurrent assets	23,003	23,167	-0.7%
Accounts payable & accrued expenses	3,071,311	3,292,655	-6.7%
Provision for estimated liabilities	541,079	385,253	40.4%
R/E – Unappropriated	352,901	476,836	-26.0%

The Group total assets recorded at ₱8.411 billion as of December 31, 2022, decreased by ₱192.65 million from March 31, 2022. Total equity amounted to ₱4.630 billion and ₱4.755 billion as of December 31, 2022 and March 31, 2022, respectively.

Cash and cash equivalents decreased by ₱923.25 million (-29.19%) from ₱3.163 billion in fiscal year 2021 ending March 31, 2022 due to higher inventory and other current assets for the nine month period. In addition, accounts payable and provision for estimated liabilities decreased by ₱65 million.

Accounts receivable decreased by ₱41.8 million (-2.4%) due to good collection efficiency especially on its export sales.

Inventories increased by ₱739.5 million (29.8%) mainly due increase in merchandise and finished goods.

Other current assets higher by ₱50.28 million (36.0%) due mainly to creditable withholding taxes for the period not applied to income tax payment.

Property, plant, and equipment – net for the nine months period reduced by ₱13.8 million due mainly to amortization and depreciation expense amounted to ₱148.0 million while total purchases for machineries and equipment amounted to ₱134.2 million.

Accounts payable and accrued expenses decreased by ₱221 million (6.7%) due to accrued expenses related to parties ₱183 million.

Provision for estimated liabilities increase of ₱155 million was due mainly for price risk related to import merchandise and raw materials.

Retained earnings – unappropriated reduced by ₱124 million (26.0%) because of cash dividends paid to shareholders amounted to ₱105.2 million. Net loss for the period recorded at ₱19.3 million.

CASHFLOWS

A brief summary of cash flow movement is shown below

<i>(In thousands pesos)</i>	Dec 2023	Dec 2022
Net cash provided by (used in) operating activities	1,152,770	(679,877)
Net cash used in investing activities	(143,552)	(134,629)
Net cash used in financing activities	(112,174)	(108,743)
Net increase (decrease) in cash and cash equivalents	897,043	(923,249)

Net cash flows provided by operating activities for the quarter ended December 2023 were at ₱1,153 million, net of income before income tax of ₱166.6 million. The increase in operating activities were mainly due to inventories and accounts payables.

Net cash flow from operations consists of income for the period less change in non – cash current assets, certain current liabilities and others, which include increase in inventory level.

Major component of net cash flows used in investing activities included the following:

<i>(In thousands pesos)</i>	Dec 2023	Dec 2022
Additions to property and equipment - net	(142,153)	(136,487)
Additions to other assets	(1,399)	1,858
Total	(143,552)	(134,629)

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

<i>(In thousands pesos)</i>	Dec 2023	Dec 2022
Cash dividends paid	(109,653)	(102,515)
Payment of portion of finance lease liability	(2,521)	(3,528)
Total	(112,174)	(108,743)

RETAINED EARNINGS

Retained Earnings in-excess of 100% of paid-in capital will be declared as dividends and/or appropriated for plant expansion and modernization and upgrading of factory facilities and equipment in the future.

The appropriated retained earnings pertain to the appropriation for plant expansion and modernization and upgrade of factory facilities and equipment of the Parent Company.

OTHER MATTERS

- a. There were no material changes in estimates of amounts reported in prior interim periods of the current year or changes in estimates of amounts reported in prior financial years.

The causes for any material change from period to period of the relevant accounts were discussed in the Management's Discussion and Analysis of Financial Conditions and Results of Operation.

- b. There were no known events, trends, and demands, commitments or uncertainties that might affect or might have a material impact on the Company's liquidity or cash flows within the next twelve (12) months, except those stated in Management's Discussion and Analysis of Financial Conditions and Results of Operations.
- c. There were no known events that will trigger direct or contingent financial obligation that is material to the Group, including any default or acceleration of an obligation and there were no changes in contingent liabilities and contingent assets since the last annual balance sheet date.
- d. There were no material off-balance sheet transactions, arrangements, obligations and other relationship of the Parent Company with unconsolidated entities or other persons created during the reporting period.
- e. The Company has commitments for capital expenditures. Among these are investments on relocation and renovation of its head office and branch premises, acquisition and repairs of machinery and equipment, furniture and fixtures, and IT-related projects needed to bring the Company at par with competitors.
- f. There were no known trends, events or uncertainties that have had or that are reasonably expected to have a favorable or unfavorable impact on net sales or revenues or income from continuing operation.
- g. There were no significant elements of income or loss that did not arise from the Company's continuing operations.
- h. There were no seasonal aspects that have had a material effect on the Company's financial condition or results of operations.

PART II – OTHER INFORMATION

NOT APPLICABLE

SIGNATORIES

Pursuant to the requirements of the Securities Regulation Code, Panasonic Manufacturing Philippines Corporation has duly caused this report to be signed on its behalf by the following persons in their capacities stated below in Taytay, Rizal on February 13, 2024.

PANASONIC MANUFACTURING PHILIPPINES CORPORATION

By:


ATSUSHI KOZUMA
Treasurer & Executive Director

**PANASONIC MANUFACTURING PHILIPPINES
CORPORATION AND SUBSIDIARY**

CONSOLIDATED FINANCIAL STATEMENTS

As of December 31, 2023 (Unaudited) and March 31, 2023 (Audited)
And for the Nine Months ended December 31, 2022 and 2021 (Unaudited)

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

(In Thousand Pesos)

	(Unaudited) December 31, 2023	(Audited) March 31, 2023
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	₱3,489,997	₱2,592,954
Receivables - net (Notes 5)	1,898,141	1,753,338
Inventories - net (Note 6)	1,972,875	2,566,118
Other current assets (Note 8)	279,978	189,784
Total Current Assets	7,640,991	7,102,194
Non-current Assets		
Property, plant and equipment - net (Note 7)	723,399	913,799
Deferred tax assets – net	145,432	145,432
Other assets – net (Note 8)	68,275	18,183
Total Non-current Assets	937,106	1,077,414
	₱8,578,097	₱8,179,608
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable and accrued expenses (Notes 9)	₱3,265,063	₱2,874,070
Lease liabilities	-	2,521
Other noncurrent liability	139,037	84,571
Total Current Liabilities	3,404,100	2,961,162
Noncurrent Liability		
Retirement liability	145,028	145,028
Other noncurrent liabilities (Note 10)	241,969	252,684
Total Noncurrent Liabilities	386,997	397,712
	3,791,097	3,358,874
Stockholders' Equity		
Equity attributable to equity holders of the parent		
Capital stock - ₱1 par value (Note 11)	422,718	422,718
Additional paid-in capital	4,780	4,780
Other comprehensive income	(125,796)	(125,796)
Retained earnings (Note 12)		
Appropriated	3,992,400	3,992,400
Unappropriated	419,934	453,449
	4,714,036	4,747,551
Non-controlling interest	72,964	73,183
Total Stockholders' Equity	4,787,000	4,820,734
	₱8,578,097	₱8,179,608

See accompanying Notes to Financial Statements.

PANASONIC MANUFACTURING PHILIPPINES CORP. & SUBDIARY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE NINE MONTHS ENDED DECEMBER 31, 2023 & 2022
(In Thousand Pesos except Earnings per Common Share Amount)

	UNAUDITED			
	Apr-Dec 2023	Apr-Dec 2022	Oct-Dec 2023	Oct-Dec 2022
NET SALES	₱10,056,944	₱10,827,845	₱3,099,454	₱3,387,592
COST OF GOODS SOLD (Note 13)	(8,565,375)	(9,526,370)	(2,659,218)	(3,015,939)
GROSS PROFIT	1,491,569	1,301,474	440,236	371,653
SELLING EXPENSES (Note 14)	(464,221)	(458,220)	(150,124)	(148,980)
GENERAL AND ADMINISTRATIVE EXPENSES (Note 15)	(933,987)	(851,547)	(303,009)	(273,806)
INCOME FROM OPERATIONS	93,361	(8,293)	(12,898)	(51,134)
OTHER INCOME – Net (Note 17)	73,178	31,321	34,027	42,545
INCOME BEFORE INCOME TAX	166,539	23,028	21,130	(8,588)
PROVISION FOR INCOME TAX	90,620	42,330	43,203	15,088
NET INCOME FOR THE PERIOD	₱75,920	(₱19,302)	(₱22,074)	(₱23,676)
OTHER COMPREHENSIVE INCOME				
TOTAL COMPREHENSIVE INCOME	₱75,920	(₱19,302)	(₱22,074)	(₱23,676)
Attributable to:				
Equity holders of the parent	₱76,139	(₱18,720)	(₱21,593)	(₱23,407)
Minority interest	(219)	(582)	(481)	(269)
Earnings Per Share (Note 19)	₱0.18	(₱0.05)	(₱0.06)	(₱0.06)

See accompanying Notes to Financial Statements.

PANASONIC MANUFACTURING PHILIPPINES CORP. & SUBSIDIARY
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the Nine Months Ended December 31, 2023, 2022 & 2021
(In thousand pesos)

	DECEMBER (UNAUDITED)		
	2023	2022	2021
CAPITAL STOCK (Note 11)	₱422,718	₱422,718	₱422,718
ADDITIONAL PAID-IN CAPITAL	4,780	4,780	4,780
Net Unrealized Gain on AFS	699	989	699
Re-measurement Loss on Retirement Liability	(126,495)	(116,380)	(124,886)
RETAINED EARNINGS (Note 12)			
Appropriated:			
Balance at beginning of period	3,992,400	3,892,400	3,892,400
Appropriations			
Reversals			
Balance at end of period	3,992,400	3,892,400	3,892,400
Unappropriated:			
Balance at beginning of period	453,449	476,836	583,016
Total comprehensive income	76,138	(18,720)	133,707
Reversals	-	-	-
Appropriations	-	-	(50,000)
Cash dividends	(109,653)	(105,215)	(221,716)
Balance at end of period	419,934	352,901	445,007
	4,714,036	4,557,407	4,640,718
Minority interest	72,964	72,959	73,401
Total Stockholders' Equity	₱4,787,000	₱4,630,366	₱4,714,119

See accompanying Notes to Financial Statements.

PANASONIC MANUFACTURING PHILIPPINES CORP. & SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Nine Months Ended December 31, 2023 and 2022
(In thousand pesos)

(UNAUDITED)	DECEMBER	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	₱166,539	₱23,028
Adjustments for:		
Depreciation and amortization (Note 18)	158,797	152,024
Loss on equipment disposal	125,063	-
Interest income (Note 17)	(58,697)	(22,336)
Net movement for estimated liabilities	547	156,734
Operating income before working capital changes	392,248	309,450
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Receivables	(144,802)	41,803
Inventories	593,243	(739,508)
Other current assets	(90,194)	(50,287)
Increase (decrease) in:		
Accounts payable and accrued expenses	434,196	(221,341)
Net cash generated in (used in) operations	1,184,692	(659,883)
Income taxes paid	(90,620)	(42,330)
Interests received	58,697	22,336
Net cash provided by (used in) operating activities	1,152,770	(679,877)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of property and equipment –net	(120,510)	(136,487)
Acquisitions of software	(21,643)	-
Decrease (increase) in other assets	(1,399)	1,858
Net cash used in investing activities	(143,552)	(134,629)
CASH FLOW FROM FINANCING ACTIVITIES		
Cash dividends paid	(109,653)	(105,215)
Finance lease liabilities paid	(2,521)	(3,528)
Cash used in financing activities	(112,174)	(108,743)
NET INCREASE (DECREASE) IN CASH AND CASH		
EQUIVALENTS	897,043	(923,249)
CASH AND CASH EQUIVALENTS		
AT BEGINNING OF PERIOD	2,592,954	3,162,894
CASH AND CASH EQUIVALENTS		
AT END OF PERIOD	₱3,489,997	₱2,239,645

See accompanying Notes to Financial Statements.

PANASONIC MANUFACTURING PHILIPPINES CORP. & SUBSIDIARY
SELECTED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

Panasonic Manufacturing Philippines Corporation (the Parent Company) was incorporated in the Philippines on May 14, 1963 and is a subsidiary of Panasonic Holdings Corporation (the Ultimate Parent Company) which was incorporated in Japan on December 15, 1935. The Securities and Exchange Commission (SEC) approved on March 19, 2013 the extension of Parent Company's corporate life for another 50 years or until May 15, 2063. The Parent Company holds 40.0% interest in Precision Electronics Realty Corporation (PERC or the Subsidiary), over which the Parent Company has the control over the Subsidiary.

On February 20, 2019, Republic Act No. 11232, otherwise known as the "Revised Corporation Code of the Philippines" or "RCC", was signed into law. The RCC took effect on February 23, 2019. The corporate term of a corporation with certificate of incorporation issued prior to the effectivity of the RCC and which continue to exist, shall be deemed perpetual upon the effectivity of the RCC, without any action on the part of the corporation. As of February 23, 2019, the Group is deemed to have selected a perpetual term.

The Parent Company is a manufacturer, importer and distributor of electronic, electrical, mechanical, electro-mechanical appliances, other types of machinery, parts and components, battery and other related products bearing the "Panasonic" brand. The Subsidiary is in the business of realty brokerage and leases out the land to the Parent Company in which the latter's manufacturing facilities are located (see Note 7).

The Parent Company's registered address is Ortigas Avenue Extension, Barrio Mapandan, Barangay San Isidro, Taytay, 1920, Rizal.

2. Summary of Significant Accounting and Financial Reporting Policies

Basis of Preparation

The accompanying consolidated financial statements of the Parent Company and the Subsidiary (collectively referred to as the "Group") have been prepared on a historical cost basis, except for financial assets at fair value through other comprehensive income (FVOCI) that have been measured at fair value and inventories that have been measured at lower of cost or net realizable value (NRV). The accompanying consolidated financial statements are presented in Philippine peso (₱), which is also the Parent Company's functional currency. The functional currency of PERC is also the Philippine peso. All values were rounded to the nearest peso except when otherwise indicated.

Statement of Compliance

The accompanying consolidated financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs).

Basis of Consolidation

The consolidated financial statements include the financial statements of the Parent Company and PERC, a subsidiary which it controls (see Note 3).

Control is achieved when the Parent Company is exposed, or has rights, to variable returns from its involvement with the Subsidiary and has the ability to affect those returns through its power over the Subsidiary.

Changes in Accounting Policies

Except for these new and amended standards which were adopted as of April 1, 2022, the accounting policies adopted are consistent with those of previous financial year.

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

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

4. Cash and Cash Equivalents

This account consists of: (in thousand)

	(Unaudited) December 2023	(Audited) March 2023
Cash on banks	₱1,609,327	₱470,514
Cash equivalents	1,880,670	2,122,440
	₱3,489,997	₱2,592,954

5. Receivables

This account consists of: (in thousands)

	(Unaudited) December 2023	(Audited) March 2023
Trade		
Domestic	₱1,338,258	₱1,387,533
Export	146,460	313,295
Non-trade		
Insurance claims – fire related	259,076	-
Related parties	135,724	27,323
Third parties	1,354	5,153
Employees	394	6,714
Others	22,354	15,132
	1,902,266	1,757,150
Less allowance for doubtful accounts	4,125	3,812
	₱1,898,141	₱1,753,338

6. Inventories

This account consists of: (in thousands)

	(Unaudited) December 2023	(Audited) March 2023
At NRV:		
Finished goods and merchandise	-	₱17,118
At cost:		
Finished goods and merchandise	₱918,106	1,143,474
Raw materials	1,000,281	1,343,878
Supplies	43,516	46,905
Goods in process	11,180	14,743
	₱1,972,875	₱2,566,118

The total amount of inventory damaged by the fire occurred last December 13, 2023 and the Company has written-off the related inventory amounted to ₱133.9 million and correspondingly recognized a receivable from its insurance company.

7. Property, Plant and Equipment

This account consists of (Php1,000):

As of December 31, 2023	Land and Improvement	Factory Machinery, Equipment and Tools	Building and Improvements	Office Furniture, Fixtures and Equipment	Transportation Equipment	Construction in Progress	Right-of-Use Asset-Building	Total
Cost								
Balance at beginning of period	₱236,029	₱2,255,925	₱1,261,968	₱178,952	₱157,757	₱77,954	₱13,893	₱4,182,479
Acquisitions		27,605	1,494	14,486	10,247	66,678	-	120,510
Retirements/disposals		(186,079)	(339,220)	(7,865)	(4,534)	(22,528)	13,893	(574,119)
Reclassification		27,189	775	4,251	-	(76,060)	-	(43,845)
Balances at end of period	236,029	2,124,640	925,017	189,824	163,470	46,044	-	3,685,024
Accumulated Depreciation And Amortization								
Balance at beginning of period	₱2,851	₱1,973,371	₱982,502	₱164,634	₱134,515	-	10,806	₱3,268,680
Depreciation (Note 18)		93,894	27,285	9,106	8,060	-	3,087	141,434
Retirements/disposals		(165,919)	(256,703)	(7,557)	(4,416)	-	(13,893)	(448,489)
Reclassification		-	-	-	-	-	-	-
Balances at end of period	2,851	1,901,347	753,085	166,182	138,159	-	-	2,961,625
Net Book Value								
(Unaudited) December 2023	₱233,178	₱223,293	₱171,932	₱23,641	₱25,310	₱46,044	₱-	₱723,399
(Audited) March 2023	₱233,178	₱284,401	₱281,618	₱10,034	₱23,242	₱78,239	₱3,087	₱913,799

On December 13, 2023, a fire occurred in the Company's Sta. Rosa plant which significantly damaged property, plant and equipment stored in that plant. The Company has written-off the related assets amounted to ₱532.35 million and correspondingly recognized a receivable from its insurance company.

8. Other Current Assets and Other Assets

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

	December 2023	March 2023
Other current assets		
Creditable withholding taxes (CWTs)	₱192,338	₱146,598
Prepaid expenses	47,432	41,107
Advances to employees	40,208	2,079
	₱279,978	₱189,784
Other assets		
Refundable deposits	₱16,542	₱15,142
Software	51,733	3,041
	₱68,275	₱18,183

The composition and movements of Intangible Assets - software follow:

	December 2023	March 2023
Cost		
Balances at beginning of year	₱99,672	₱104,860
Additions	21,643	2,983
Write-off	-	(8,171)
From CIP	44,413	-
Balances at end of period	165,728	99,672

forward

Accumulated amortization		
Balances at beginning of year	96,631	103,756
Amortization (Note 18)	17,364	1,046
Write-off	-	(8,171)
Balances at end of period	113,995	96,631
Net book value	₱51,733	₱3,041

Software is included under “Other assets” account in the consolidated statements of financial position. Amortization of software cost is included in the “Depreciation and amortization” account under general and administrative expenses in profit or loss.

9. Accounts Payable, Accrued Expenses and Provisions for Estimated Liabilities

Accounts payable consists of:

	December 2023	March 2023
Trade payable		
Related parties	₱368,045	₱394,502
Third parties	546,669	356,515
Non-trade payable		
Related parties	20,319	153,790
Third parties	10,380	9,418
Accrued expense		
Third parties	2,285,172	1,850,612
Related parties	1,406	33,867
Others		
Advances from customers	17,894	33,120
Output VAT	15,178	42,246
	₱3,265,063	₱2,874,070

Trade accounts payable are non-interest-bearing and are generally on 30- to 60- day terms. Other accrued expenses include withholding taxes and utilities.

Accrued expense to third parties consists of:

	December 2023	March 2023
Accrued advertising expenses and sales promotions	₱1,521,881	₱1,226,259
Suppliers	552,590	592,709
Salaries and other employee benefits (retirement)	210,701	31,644
	₱2,285,172	₱1,850,612

10. Retirement and Other Liabilities

This account consists of:

	December 2023	March 2023
Current		
Other liabilities		
Provisions for estimated liabilities	₱95,834	₱84,571
Noncurrent		
Other liabilities		
Provisions for estimated liabilities	₱364,266	₱233,670
Other long-term employee benefits	22,730	19,014
	386,996	252,684
	₱482,830	₱337,255

Provisions for estimated liabilities

Current and noncurrent portion of this account follows:

	December 2023	March 2023
Current		
Warranty claims	₱95,834	₱84,571
Noncurrent		
Warranty claims	9,616	8,486
Others	354,650	225,183
	364,266	233,669
	₱460,100	₱318,240

The roll-forward of this account follows:

	December 2023		
	Warranty Claims	Others	Total
Balances at beginning of year	₱93,057	₱225,183	₱318,240
Provisions	42,183	134,469	176,652
Claims/usage/reclassifications	(29,789)	(5,003)	(34,792)
Balances at end of year	₱105,451	₱354,650	₱460,100

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

Provisions for warranty claims are recognized for expected warranty claims on products sold, based on past experience of the level of repairs and returns.

Provision for other estimated liabilities consists of provisions for discounts and other liabilities.

11. Capital Stock

Details of capital stock follow:

	Par Value	Shares Authorized	Amount	Shares Issued and Outstanding	Amount
Class A	₱1	169,400,000	₱169,400,000	84,723,432	₱84,723,432
Class B	1	677,600,000	677,600,000	337,994,588	337,994,588
		847,000,000	₱847,000,000	422,718,020	₱422,718,020

- a. The Class A shares of stock can be issued to Philippine nationals only, while the Class B shares of stock can be issued to either Philippine or foreign nationals. As of December 31, 2023, all Class B shares are issued to foreign nationals only. The Group's Class A shares of stock are listed in the Philippine Stock Exchange.

- b. Below is the summary of the Parent Company's track record of registration of securities under the Securities Regulation Code (SRC):

Date	Number of Shares	Issue Price
January 21, 1983	44,100,000	₱1
July 14, 1986	74,042,783	1
January 16, 1992	104,988,723	1

As of December 31, 2023, the total number of shares registered under the SRC is 84,723,432 shares being held by 461 stockholders.

The Parent Company declared cash dividends amounting to ₱105.2 million and ₱221.7 million in the first quarter of fiscal year 2023 and 2022, respectively.

12. Retained Earnings

- a. On September 18, 1990, the Parent Company entered into a Merger Agreement with National Panasonic (Phils.) Inc. (NPPI), a related party and the exclusive distributor of the "National" brand of electronic products. The terms and conditions of the merger, as set forth in the Articles of Merger which was approved by the SEC on October 29, 1990, include, among others, the transfer by NPPI to the Parent Company, being the surviving corporation, of all its assets, liabilities and business on the same date. The transaction was accounted for using the pooling of interests method.

The retained earnings inherited from NPPI before the effectivity of the merger amounting to ₱64.7 million are included in the consolidated statement of financial position under "unappropriated retained earnings". Such is not available for distribution to stockholders in the form of cash or property dividends. Based on the SEC guidelines and after considering this adjustment, the retained earnings available for dividend declaration as of March 31, 2023 and 2022 amounted to ₱266.7 million and ₱320.8 million, respectively.

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

- b. On April 18, 2023, the Parent Company's BOD authorized and directed the reversal of the appropriated retained earnings amounting to ₱1.2 billion. On the same date, the BOD authorized the appropriation of retained earnings amounting to ₱1.3 billion, having a total appropriated retained earnings amounting to ₱4.0 billion of which, ₱3.6 billion, represents the reinstatement of the previous appropriations for in-plant production of plastic and metal parts, the Parent Company's change of IT System and other future projects of the Parent Company, while the additional ₱383.2 million appropriations represents appropriations for expansion of warehouses to cope with business growth and the replacement and upgrading of old machines, molds and dies and other expected undertakings to expand production including target increase in B2B sales volume. Several projects of the Parent Company that were expected to be completed in 2023 were delayed. These projects are expected to be completed by 2030.
- c. On April 18, 2022, the Parent Company's BOD authorized and directed the reversal of the appropriated retained earnings amounting to ₱696.1 million. On the same date, the BOD authorized the appropriation of retained earnings amounting to ₱746.1 million, having a total appropriated retained earnings amounting to ₱3.9 billion of which, ₱3.6 billion, represents the reinstatement of the previous appropriations for in-plant production of plastic and metal parts, the Group's change of IT System and other future projects of the Parent Company, while the additional ₱293.9 million appropriations represents appropriations for expansion of warehouses to cope with business growth and the replacement and upgrading

Goods in process:		
Beginning of period	14,743	15,857
End of period	(43,516)	(17,439)
Cost of goods manufactured	5,865,594	5,873,777
Finished goods and merchandise:		
Beginning of period	1,160,591	878,215
Add purchases – net	2,464,511	4,213,493
End of period	(918,106)	(1,439,115)
	₱8,565,375	₱9,526,370

14. Selling Expenses

This account consists of: (in thousand pesos)

	(Unaudited) Dec 2023	(Unaudited) Dec 2022
Freight	₱325,324	₱16,609
Advertising	98,167	78,794
Sales promotion, rebates and discounts	35,414	356,417
Provision for warranty costs	5,316	6,400
	₱464,221	₱458,220

15. General and Administrative Expenses

This account consists of: (in thousand pesos)

	(Unaudited) Dec 2023	(Unaudited) Dec 2022
Salaries, wages, and employees' benefits (Note 16)	₱301,652	₱283,351
Technical assistance fees	175,755	190,665
Brand license fees	68,776	72,996
Taxes and dues	55,429	49,346
Repairs and maintenance	42,738	7,331
Depreciation and amortization (Note 18)	42,426	21,123
Traveling	40,868	32,465
Outsourcing	40,831	39,569
Information processing expenses	32,039	46,177
Rent	20,680	19,743
Communication	11,722	4,513
Supplies	11,594	7,167
Allocated Cost – Regional Headquarter	9,230	14,605
Insurance	8,345	15,245
Freight and storage	2,017	2,505
Electricity, gas and water	1,690	5,718
Provision for other estimated liabilities	(1,952)	3,051
Others	70,147	35,975
	933,987	₱851,547

machines, LCD projectors, Flat Panel Display, Closed-circuit television, self-order kiosk, smart food locker, etc.); cooling equipment (package/split-type air conditioners, air-moving equipment, air purifier); and various kitchen and home appliances (rice cookers, vacuum cleaners, hair dryers/stylers, etc.).

The Group's business segments are grouped in accordance with that of the Ultimate Parent Company's (PHD) lines of business, which are grouped on product basis follow: Panasonic Appliances Marketing Asia Pacific (PAPMAP), System Solution Group (SSG) and others. Under this structure, each business domain will integrate its research and development, manufacturing, and sales, thereby establishing an autonomous structure that expedites business operations to accelerate growth.

Products under each business segment are as follows:

Consumer – This segment includes audio, video primarily related to selling products for media and entertainment industry. This also includes home appliance and household equipment primarily related to selling for household consumers.

System Solutions Group (SSG) – This segment includes office automation equipment such as telecommunication products, security system and projectors primarily related to selling for business consumers.

Electric Works (EW) – This segment includes lamps, ventilation fans, Panasonic Nanoe Generator (PNG) and other lighting accessories primarily use and sell to business consumers or thru distributors and dealers.

Others – This segment includes supermarket refrigeration such as cold room, showcases and bottle coolers primarily related to selling to supermarkets and groceries. This also includes solar panel which is primarily a project-based selling.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements. However, current and deferred taxes are managed on a group basis and are not allocated to operating segments.

The Group's segment information for the periods ended December 31, 2023 and 2022 are as follows:
(in thousands)

Nine Months ended December 31, 2023 vs. 2022 (Unaudited)

	2023				Total
	Consumer	SSG	Others	Adjustments/ Eliminations	
Consolidated Statement of Comprehensive Income					
Net sales	₱9,665,317	₱151,141	₱240,486	₱-	₱10,056,944
Cost of goods sold (Note 13)	(8,230,519)	(120,886)	(213,970)	-	(8,565,375)
Selling expenses (Note 14)	(500,642)	(3,276)	39,698	-	(464,221)
General and administrative expenses (Note 15)	(855,203)	(23,006)	(55,778)	-	(933,987)
Other expense - net (Note 17)	74,104	(398)	(528)	-	73,178
Income before income tax	₱153,057	₱3,575	₱9,908	₱-	166,539
Provision for income tax					90,620
Net income					₱75,920

2022

	Consumer	SSG	Others	Adjustments/ Eliminations	Total
Consolidated Statement of Comprehensive Income					
Net sales	₱10,797,590	₱4,372	₱25,884	₱-	₱10,827,845
Cost of goods sold (Note 13)	(9,497,492)	(4,182)	(24,697)	-	(9,526,370)
Selling expenses (Note 14)	(461,796)	(37)	3,613	-	(458,220)
General and administrative expenses (Note 15)	(856,740)	(2,345)	7,538	-	(851,547)
Other expense - net (Note 17)	17,136	-	14,185	-	31,320
Income before income tax	(₱1,303)	(₱2,193)	₱26,524	₱-	23,028
Provision for income tax					42,330
Net income					(₱19,302)

21. Subsequent Events

None

22. Financial Risk Management Objectives and Policies

Risk management structure

All policy directions, business strategies and management initiatives emanate from the BOD which strives to provide the most effective leadership for the Group. The BOD endeavors to remain steadfast in its commitment to provide leadership, direction and strategy by regularly reviewing the Group's performance. For this purpose, the BOD convenes at least once a month.

The Group has adopted internal guidelines setting forth matters that require BOD approval. Under the guidelines, all new investments, any increase in investment in businesses and any divestments require BOD approval.

The Group's principal financial instruments consist of cash and cash equivalents, receivables and AFS investments. The main purpose of these financial instruments is to raise finances for the Group's operations. The Group has various other financial instruments such as, accounts payable and accrued expenses, dividends payable and technical assistance fees payable which arise from normal operations.

The main risks arising from the Group's financial instruments are credit risk, liquidity risk and market risk. The Group also monitors the market price risk arising from all financial instruments.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur financial loss. With respect to credit risk arising from financial assets of the Group, which comprise of cash and cash equivalents, receivables, financial assets at FVOCI and other assets, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of the instrument.

The Group manages credit risk by assessing the creditworthiness of its counterparties. The Group trades only with recognized, creditworthy third parties. It is the Group's practice that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis.

As of December 31, 2023 and March 31, 2023, the Group does not hold collateral or other credit enhancement for cash and cash equivalents, receivables and refundable Meralco deposits (included in other noncurrent assets). Thus, carrying values represent maximum exposure to credit risk. The Group acquired credit insurance for its domestic trade receivables, which covers both fully secured and partially secured receivables. Other than for domestic trade receivables, the Group's maximum exposure to credit risk is equivalent to the carrying value of the Group's financial assets as of December 31, 2023 and March 31, 2023.

Risk concentrations of the maximum exposure to credit risk

Concentrations arise when a number of counterparties are engaged in similar business activities or activities in the same geographic region or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographical location. Such credit risk concentrations, if not properly managed, may cause significant losses that could threaten the Group's financial strength and undermine public confidence.

Liquidity Risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through collection of receivables and cash management. Liquidity planning is being performed by the Group to ensure availability of funds needed to meet working capital requirements.

Overall, the Group's funding arrangements are designed to keep an appropriate balance between equity and debt to give financing flexibility while continuously enhancing the Group's business.

Market Risk

Market risk is the risk to earnings or capital arising from adverse movements in factors that affect the market value of financial instruments. The Group manages market risks by focusing on two market risk areas such as foreign currency risk and equity price risk.

Foreign currency risk

Exposure to currency risk arises from sales and purchases in currencies other than the Parent Company's functional currency. Foreign currency risk is monitored and analyzed systematically and is managed by the Group. The Group ensures that the financial assets denominated in foreign currencies are sufficient to cover the financial liabilities denominated in foreign currencies.

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

(in thousands)

	December 2023		
	USD	JPY	Equivalents in PHP
Financial assets			
Cash in banks and cash equivalents	1,945	68	108,305
Receivables – net	2,834	-	157,769
	4,779	68	266,074
Financial liabilities			
Accounts payable and accrued expenses	4,929	87,440	308,796

AGING OF ACCOUNTS RECEIVABLE
As of December 31, 2023

	Amount (Php 1,000)
Trade Receivables:	
Current Due	1,454,092
01 – 30 days	19,976
31 – 60 days	2,992
61 – 90 days	4,360
Over 90 days	7,423
	1,488,843
Less: Allowance for doubtful accounts	(4,125)
Total	1,484,718
Other Receivables:	
Insurance claims	259,076
Related parties	135,724
Third parties	1,354
Employees	394
Others	22,354
	417,548
Total	1,898,141

RENZ DIMACULANGAN

From: Philippine Stock Exchange <no-reply@pse.com.ph>
Sent: Thursday, February 15, 2024 7:53 AM
To: aeemiea@gmail.com; aeemira@gmail.com; Imelda Garcia
<imelda.garcia@ph.panasonic.com>; disclosure@pse.com.ph
Subject: Quarterly Report

Dear Sir/Madam:

Your disclosure was approved as Company Report. Details are as follows:

Company Name: Panasonic Manufacturing Philippines Corporation Reference Number: 0005439-2024 Date and Time: Thursday, February 15, 2024 07:55 AM Template Name: Quarterly Report Report Number: CR01152-2024

Best Regards,
PSE EDGE

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The Philippine Stock Exchange, Inc., 6th to 10th Floors, PSE Tower, 5th Avenue corner 28th Street, Bonifacio Global City, Taguig City, Philippines 1634

RENZ DIMACULANGAN

From: ICTD Submission <ictdsubmission+canned.response@sec.gov.ph>
Sent: Wednesday, February 14, 2024 4:17 PM
To: RENZ DIMACULANGAN
Subject: Re: CGFD_Panasonic Manufacturing Philippines Corporation_SEC 17Q December 31, 2023_14February2024

Thank you for reaching out to ictdsubmission@sec.gov.ph!

Your submission is subject for Verification and Review of the Quality of the Attached Document only for Secondary Reports. The Official Copy of the submitted document/report with Barcode Page (Confirmation Receipt) will be made available after 7 working days via order through the SEC Express at <https://secexpress.ph/>. For further clarifications, please call (02) 8737-8888.

----- NOTICE TO
COMPANIES -----

Please be informed of the reports that shall be filed only through ictdsubmission@sec.gov.ph.

Pursuant to SEC MC Circular No. 3 s 2021, scanned copies of the printed reports with wet signature and proper notarization shall be filed in PORTABLE DOCUMENT FORMAT (pdf) through email at ictdsubmission@sec.gov.ph such as the following SECONDARY REPORTS:

1. 17-A 6. ICA-QR 11. IHAR 16. 39-AR 21. Monthly Reports
2. 17-C 7. 23-A 12. AMLA-CF 17. 36-AR 22. Quarterly Reports
3. 17-L 8. 23-B 13. NPM 18. PNFS 23. Letters
4. 17-Q 9. GIS-G 14. NPAM 19. MCG 24. OPC (Alternate Nominee)
5. ICASR 10. 52-AR 15. BP-FCLC 20. S10/SEC-NTCE-EXEMPT

Further, effective 01 July 2023, the following reports shall be submitted through <https://efast.sec.gov.ph/user/login>.

1. FORM MC 18 7. Completion Report
2. FORM 1 - MC 19 8. Certificate-SEC Form MCG- 2009
3. FORM 2- MC 19 9. Certificate-SEC Form MCG- 2002, 2020 ETC.
4. ACGR 10. Certification of Attendance in Corporate Governance
5. I-ACGR 11. Secretary's Certificate Meeting of Board Directors (Appointment)
6. MRPT

Please be informed that the submission of the abovementioned eleven (11) reports through the ictdsubmission@sec.gov.ph shall no longer be accepted. For further information, please access this link Notice for guidance on the filing of reports:

Likewise, the following reports shall be filed through the Electronic Filing and Submission Tool (eFAST) at <https://efast.sec.gov.ph/user/login> :

1. AFS 7. IHFS 13. SSF
2. GIS 8. LCFS 14. AFS with Affidavit of No Operation
3. BDFS 9. LCIF 15. AFS with NSPO Form 1,2, and 3
4. FCFS 10. OPC_AO 16. AFS with NSPO Form 1,2,3 and 4,5,6
5. FCIF 11. PHFS 17. FS - Parent
6. GFFS 12. SFFS 18. FS – Consolidated

For the submission and processing of compliance in the filing of Memorandum Circular No. 28 Series of 2020, please visit this link – <https://apps010.sec.gov.ph/>

For your information and guidance.

Thank you.

COVER SHEET

for AUDITED FINANCIAL STATEMENTS

SEC Registration Number

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COMPANY NAME

P	A	N	A	S	O	N	I	C		M	A	N	U	F	A	C	T	U	R	I	N	G		P	H	I	L	I	P	
P	I	N	E	S		C	O	R	P	O	R	A	T	I	O	N		A	N	D		S	U	B	S	I	D	I	A	
R	Y																													

PRINCIPAL OFFICE (No. / Street / Barangay / City / Town / Province)

O	r	t	i	g	a	s		A	v	e	n	u	e		E	x	t	e	n	s	i	o	n	,		B	a	r	r	
i	o		M	a	p	a	n	d	a	n	,		B	a	r	a	n	g	a	y		S	a	n		I	s	i	d	
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Form Type

A	F	S	
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Department requiring the report

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Secondary License Type, If Applicable

N	/	A	
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COMPANY INFORMATION

Company's Email Address

N/A

Company's Telephone Number

(632) 8635-2260 to 65

Mobile Number

N/A

No. of Stockholders

460

Annual Meeting (Month / Day)

3 rd Friday of July

Fiscal Year (Month / Day)

March 31 st

CONTACT PERSON INFORMATION

The designated contact person **MUST** be an Officer of the Corporation

Name of Contact Person

Ms. Imelda Garcia

Email Address

imelda.garcia@ph.panasonic.com

Telephone Number/s

(632) 8635-2260

Mobile Number

(+63) 917 8112175

CONTACT PERSON'S ADDRESS

Ortigas Avenue Extension, Barrio Mapandan, Barangay San Isidro, Taytay, Rizal

NOTE 1: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

2: All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.



Panasonic

Panasonic Manufacturing Philippines Corporation
Ortigas Avenue Extension, Taytay, Rizal, 1920 Philippines

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS


The management of **Panasonic Manufacturing Philippines Corporation and its Subsidiary** (the "Group") is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, for the years ended March 31, 2024, 2023 and 2022, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors reviews and approves the consolidated financial statements including the schedules attached therein, and submits the same to the stockholders.

SyCip Gorres Velayo & Co, the independent auditor appointed by the stockholders, has audited the consolidated financial statements of the Company in accordance with Philippine Standards on Auditing, and its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

Signed under oath by the following:


KAZUYA HIGAMI
Chairman & President


ATSUSHI KOZUMA
Vice – Chairman & Chief Finance Officer


SATOSHI KONO
Executive Director

Signed on this 25th day of June, 2024

SUBSCRIBED AND SWORN to before me these affiants exhibiting to me their passport numbers as follows:

NAMES	PASSPORT NO.	DATE ISSUED	PLACE ISSUED
Kazuya Higami	TT2127269	May 20, 2022	Japan
Atsushi Kozuma	TS0579539	April 17, 2018	Japan
Satoshi Kono	TR5272182	January 04, 2016	Japan

Doc. No. _____
Page No. 336
Book No. 69
Series of 2024 X1

NOTARY PUBLIC


ATTY. JOHN KENNETH T. MORENO
NOTARY PUBLIC
ROLL NO. 35640
IBP No. 383785 - 01 Jan. 2024, RSM
PTR No. 21047210 - 02 Jan. 2024, Rizal
MCLE No. VII - 0011285 - April 14, 2025
Appt. No. 24-28 - 01 Feb. 2024
Until Dec. 31, 2025
For Antipolo City, Taytay, Cainta
Province of Rizal

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
Panasonic Manufacturing Philippines Corporation
Ortigas Avenue Extension
Barrio Mapandan, Barangay San Isidro
Taytay, Rizal

Opinion

We have audited the consolidated financial statements of Panasonic Manufacturing Philippines Corporation and its Subsidiary (the Group), which comprise the consolidated statements of financial position as at March 31, 2024 and 2023, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended March 31, 2024, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended March 31, 2024 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.



We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Provision for estimated liabilities

The Group, in the ordinary course of its business, recognizes provision for estimated liabilities related to expected warranty claims from products sold and other estimated liabilities. This matter is significant to our audit because the determination of whether the provision should be recognized and the estimation of the potential liability resulting from these assessments require significant estimate and judgment by management. The estimate of the provision for warranty claims requires an analysis of past experience on the level of repairs and returns. The inherent uncertainty over the outcome of the matters related to other estimated liabilities is brought about by the differences in the interpretation and implementation of the relevant laws and regulations.

The relevant accounting policy and discussion of significant judgments and estimates for provisions are included in Notes 2 and 3 to the consolidated financial statements. The amount of provisions recognized is disclosed in Note 11 to the consolidated financial statements.

Audit response

We reviewed the underlying data used in the estimate for warranty claims by comparing the level of repairs and returns across various product lines applied in the calculation against documents supporting the actual claims such as completed service invoices and service reports from accredited service centers. We tested the mathematical accuracy of management's calculation of warranty claims. We also involved our internal specialist in the evaluation of management's assessment on whether any provision for contingencies should be recognized for the other estimated liabilities, and the estimation of such amount. We discussed with management the status of the claims and obtained correspondences with the regulatory authorities and opinions from the external legal counsel. We evaluated the position of the Group by considering the relevant laws, rulings and jurisprudence applicable to the Group.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended March 31, 2024, but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended March 31, 2024 are expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.



Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is
Bryan Chrisnel M. Baes.

SYCIP GORRES VELAYO & CO.



Bryan Chrisnel M. Baes

Partner

CPA Certificate No. 128627

Tax Identification No. 275-229-188

BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026

BIR Accreditation No. 08-001998-148-2022, November 7, 2022, valid until November 6, 2025

PTR No. 10079899, January 5, 2024, Makati City

June 26, 2024



**PANASONIC MANUFACTURING PHILIPPINES CORPORATION
AND SUBSIDIARY**

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	March 31		April 1
	2024	2023 (As restated – Note 2)	2022 (As restated – Note 2)
ASSETS			
Current Assets			
Cash and cash equivalents (Note 4)	₱3,077,651,812	₱2,592,953,705	₱3,162,894,454
Receivables (Note 5)	1,999,201,903	1,753,338,255	1,766,394,155
Inventories (Note 6)	2,271,491,263	2,526,230,873	2,424,577,678
Other current assets (Note 9)	266,283,019	189,783,854	139,774,028
Total Current Assets	7,614,627,997	7,062,306,687	7,493,640,315
Noncurrent Assets			
Property, plant and equipment (Note 7)	823,210,960	913,799,137	899,515,952
Deferred tax assets - net (Note 22)	153,723,944	145,432,378	132,673,106
Other noncurrent assets (Note 9)	63,398,830	18,182,727	23,167,485
Total Noncurrent Assets	1,040,333,734	1,077,414,242	1,055,356,543
	₱8,654,961,731	₱8,139,720,929	₱8,548,996,858
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable and accrued expenses (Note 10)	3,249,453,998	2,874,069,698	3,292,654,836
Lease liabilities - current portion (Note 8)	5,374,436	2,521,241	4,762,604
Other current liabilities (Note 11)	75,887,914	84,571,115	84,671,156
Total Current Liabilities	3,330,716,348	2,961,162,054	3,382,088,596
Noncurrent Liabilities			
Retirement liability (Note 11)	117,890,788	145,027,893	143,990,807
Lease liabilities - net of current portion (Note 8)	10,633,819	–	2,521,241
Other noncurrent liabilities (Note 11)	247,533,891	252,683,739	320,355,110
Total Noncurrent Liabilities	376,058,498	397,711,632	466,867,158
	3,706,774,846	3,358,873,686	3,848,955,754
Equity			
Equity Attributable to Equity Holders of the Parent Company			
Capital stock (Note 12)	422,718,020	422,718,020	422,718,020
Additional paid-in capital (Note 12)	4,779,762	4,779,762	4,779,762
Other comprehensive loss (Notes 9, 11 and 12)	(121,291,031)	(125,795,505)	(115,391,581)
Retained earnings (Notes 12 and 13)			
Appropriated	3,992,400,000	3,992,400,000	3,892,400,000
Unappropriated	576,034,287	413,561,966	421,994,717
	4,874,641,038	4,707,664,243	4,626,500,918
Non-controlling Interest	73,545,847	73,183,000	73,540,186
Total Equity	4,948,186,885	4,780,847,243	4,700,041,104
	₱8,654,961,731	₱8,139,720,929	₱8,548,996,858

See accompanying Notes to Consolidated Financial Statements.



**PANASONIC MANUFACTURING PHILIPPINES CORPORATION
AND SUBSIDIARY**

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended March 31		
	2024	2023 (As restated – Note 2)	2022 (As restated – Note 2)
NET SALES (Note 25)	₱14,251,252,120	₱15,178,323,266	₱12,590,533,901
COST OF GOODS SOLD (Note 14)	(11,555,664,313)	(12,644,938,176)	(10,086,428,728)
GROSS PROFIT	2,695,587,807	2,533,385,090	2,504,105,173
SELLING EXPENSES (Note 15)	(1,275,136,192)	(1,263,363,466)	(1,329,008,500)
GENERAL AND ADMINISTRATIVE EXPENSES (Note 16)	(1,200,937,104)	(1,118,641,957)	(1,064,675,121)
OTHER INCOME – Net (Note 19)	116,905,435	104,512,479	91,422,430
INCOME BEFORE INCOME TAX	336,419,946	255,892,146	201,843,982
PROVISION FOR INCOME TAX (Note 22)	(63,919,788)	(58,758,718)	(77,924,653)
NET INCOME	272,500,158	197,133,428	123,919,329
OTHER COMPREHENSIVE INCOME (LOSS)			
Items that may not be reclassified to profit or loss			
Remeasurement gain (loss) on the net defined benefit liability, net of tax (Note 11)	4,504,474	(9,415,113)	8,506,020
Unrealized gain (loss) on financial assets at fair value through other comprehensive income (Note 9)	–	–	289,787
Realized loss on write-off of financial assets at fair value through other comprehensive income (Note 9)	–	(1,697,661)	–
TOTAL COMPREHENSIVE INCOME	₱277,004,632	₱186,020,654	₱132,715,136
Net income attributable to:			
Equity holders of the Parent Company (Note 24)	₱272,137,311	₱197,490,614	₱123,913,433
Non-controlling interest	362,847	(357,186)	5,896
	₱272,500,158	₱197,133,428	₱123,919,329
Total comprehensive income attributable to:			
Equity holders of the Parent Company	₱276,641,785	₱186,377,840	₱132,709,240
Non-controlling interest	362,847	(357,186)	5,896
	₱277,004,632	₱186,020,654	₱132,715,136
Basic/diluted earnings per share (Note 24)	₱0.64	0.47	0.29

See accompanying Notes to Consolidated Financial Statements.



PANASONIC MANUFACTURING PHILIPPINES CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Equity Attributable to Equity Holders of the Parent Company							Non-controlling Interest	Total
	Capital Stock (Note 12)	Additional Paid-in Capital (Note 12)	Net Unrealized Gains on Financial Assets at FVOCI (Note 9)	Remeasurement Loss on Retirement Liability (Notes 11 and 12)	Appropriated Retained Earnings (Notes 12 and 13)	Unappropriated Retained Earnings (restated) (Notes 12 and 13)	Total		
Balances at April 1, 2023, as previously reported	₱422,718,020	₱4,779,762	₱-	(₱125,795,505)	₱3,992,400,000	₱453,449,058	₱4,747,551,335	₱73,183,000	₱4,820,734,335
Cumulative effect of retrospective application of change in inventory costing method	-	-	-	-	-	(39,887,092)	(39,887,092)	-	(39,887,092)
Balances at April 1, 2023, as restated	₱422,718,020	₱4,779,762	₱-	(₱125,795,505)	₱3,992,400,000	₱413,561,966	₱4,707,664,243	₱73,183,000	₱4,780,847,243
Total comprehensive income	-	-	-	4,504,474	-	272,137,311	276,641,785	362,847	277,004,632
Cash dividends (Note 13)	-	-	-	-	-	(109,664,990)	(109,664,990)	-	(109,664,990)
Balances at March 31, 2024	₱422,718,020	₱4,779,762	₱-	(₱121,291,031)	₱3,992,400,000	₱576,034,287	₱4,874,641,038	₱73,545,847	₱4,948,186,885
Balances at April 1, 2022, as previously reported	₱422,718,020	₱4,779,762	₱988,811	(₱116,380,392)	₱3,892,400,000	₱476,835,568	₱4,681,341,769	₱73,540,186	₱4,754,881,955
Cumulative effect of retrospective application of change in inventory costing method	-	-	-	-	-	(54,840,851)	(54,840,851)	-	(54,840,851)
Balances at April 1, 2022, as restated	422,718,020	₱4,779,762	988,811	(116,380,392)	3,892,400,000	421,994,717	4,626,500,918	73,540,186	4,700,041,104
Total comprehensive income	-	-	(1,697,661)	(9,415,113)	-	197,490,614	186,377,840	(357,186)	186,020,654
Transfer of fair value reserve of financial assets at FVOCI (Note 9)	-	-	708,850	-	-	(708,850)	-	-	-
Reversals of appropriation (Note 13)	-	-	-	-	(1,240,759,000)	1,240,759,000	-	-	-
Appropriations (Note 13)	-	-	-	-	1,340,759,000	(1,340,759,000)	-	-	-
Cash dividends (Note 13)	-	-	-	-	-	(105,214,515)	(105,214,515)	-	(105,214,515)
Balances at March 31, 2023, as restated	₱422,718,020	₱4,779,762	₱-	(₱125,795,505)	₱3,992,400,000	₱413,561,966	₱4,707,664,243	₱73,183,000	₱4,780,847,243
Balances at April 1, 2021, as previously reported	₱422,718,020	₱4,779,762	₱699,024	(₱124,886,412)	₱3,842,400,000	₱583,016,225	₱4,728,726,619	₱73,534,290	₱4,802,260,909
Cumulative effect of retrospective application of change in inventory costing method	-	-	-	-	-	(13,227,741)	(13,227,741)	-	(13,227,741)
Balances at April 1, 2021, as restated	422,718,020	4,779,762	699,024	(124,886,412)	3,842,400,000	569,788,484	4,715,498,878	73,534,290	4,789,033,168
Total comprehensive income	-	-	289,787	8,506,020	-	123,913,433	132,709,240	5,896	132,715,136
Reversals of appropriation (Note 13)	-	-	-	-	(696,142,000)	696,142,000	-	-	-
Appropriations (Note 13)	-	-	-	-	746,142,000	(746,142,000)	-	-	-
Cash dividends (Note 13)	-	-	-	-	-	(221,707,200)	(221,707,200)	-	(221,707,200)
Balances at March 31, 2022, as restated	₱422,718,020	₱4,779,762	₱988,811	(₱116,380,392)	₱3,892,400,000	₱421,994,717	₱4,626,500,918	₱73,540,186	₱4,700,041,104

See accompanying Notes to Consolidated Financial Statements.



**PANASONIC MANUFACTURING PHILIPPINES CORPORATION AND
SUBSIDIARY**

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended March 31		
	2024	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	₱336,419,946	₱255,892,146	₱201,843,982
Adjustments for:			
Depreciation and amortization (Note 18)	220,321,717	212,495,599	221,023,171
Interest income (Notes 4 and 19)	(79,081,334)	(32,706,187)	(31,271,616)
Retirement and other long-term employee benefits expense (Notes 11 and 17)	43,759,598	43,218,538	35,294,960
Provision for warranty claims and estimated liabilities (Note 11)	12,396,978	28,398,360	63,569,140
Unrealized foreign currency exchange (gain) loss (Notes 4, 5, 10 and 19)	20,770	2,160,864	(3,966,129)
Gain on disposal/retirement of property, plant and equipment and software (Notes 7 and 19)	(1,120,000)	(1,734,058)	(1,932,528)
Interest on lease liability (Notes 8 and 16)	528,313	311,536	565,242
Operating income before changes in working capital	533,245,988	508,036,798	485,126,222
Changes in operating assets and liabilities:			
Decrease (increase) in:			
Inventories	254,739,610	(101,653,195)	(696,633,632)
Receivables	(243,868,566)	8,762,436	(288,035,903)
Other current assets	(76,499,165)	(50,089,568)	2,769,579
Increase (decrease) in:			
Accounts payable and accrued expenses	353,005,856	(419,803,004)	404,797,841
Other liabilities	(26,014,767)	(95,410,678)	(77,981,392)
Net cash generated from operations	794,608,956	(150,157,211)	(169,957,285)
Interest received from bank deposits (Notes 4 and 19)	79,066,998	31,330,064	31,403,809
Income taxes paid	(4,795,933)	(68,662,188)	(87,921,807)
Contributions to the retirement fund (Note 11)	(60,000,000)	(50,000,000)	-
Other retirement liability and long-term employee benefits paid (Note 11)	(5,159,316)	(5,131,719)	(3,414,920)
Net cash provided by (used in) operating activities	803,720,705	(242,621,054)	(229,890,203)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of:			
Property, plant and equipment (Notes 7 and 27)	(227,916,156)	(217,995,702)	(129,746,565)
Software (Note 9)	21,643,026	(2,983,365)	(156,789)
Proceeds from disposal of property, plant and equipment (Note 7)	1,120,000	3,415,082	2,272,474
Decrease (increase) in other non-current assets (Note 9)	191,468	4,972,796	1,266,180
Net cash used in investing activities	(204,961,662)	(212,591,189)	(126,364,700)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash dividends paid (Notes 13 and 27)	(109,664,990)	(105,214,515)	(221,712,691)
Payment of principal portion of lease liability (Notes 8 and 27)	(4,458,900)	(5,074,140)	(4,926,358)
Net cash used in financing activities	(114,123,890)	(110,288,655)	(226,639,049)

(Forward)



	Years Ended March 31		
	2024	2023	2022
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS (Note 4)	₱62,953	(₱4,439,851)	₱2,559,821
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	484,698,107	(569,940,749)	(580,334,131)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	2,592,953,705	3,162,894,454	3,743,228,585
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	₱3,077,651,812	₱2,592,953,705	₱3,162,894,454

See accompanying Notes to Consolidated Financial Statements.



**PANASONIC MANUFACTURING PHILIPPINES
CORPORATION AND SUBSIDIARY**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

Panasonic Manufacturing Philippines Corporation (the Parent Company) was incorporated in the Philippines on May 14, 1963 and is a subsidiary of Panasonic Holdings Corporation (the Ultimate Parent Company) which was incorporated in Japan on December 15, 1935. The Securities and Exchange Commission (SEC) approved on March 19, 2013 the extension of Parent Company's corporate life for another 50 years or until May 15, 2063. The Parent Company holds 40.0% interest in Precision Electronics Realty Corporation (PERC or the Subsidiary), over which the Parent Company has the control over the Subsidiary.

On February 20, 2019, Republic Act (RA) No. 11232, otherwise known as the "Revised Corporation Code of the Philippines" or "RCC", was signed into law. The RCC took effect on February 23, 2019. The corporate term of a corporation with certificate of incorporation issued prior to the effectivity of the RCC and which continue to exist, shall be deemed perpetual upon the effectivity of the RCC, without any action on the part of the corporation. As of February 23, 2019, the Group is deemed to have selected a perpetual term.

The Parent Company is a manufacturer, importer and distributor of electronic, electrical, mechanical, electro-mechanical appliances, other types of machinery, parts and components, battery and other related products bearing the "Panasonic" brand. The Subsidiary is in the business of realty brokerage and leases out the land to the Parent Company in which the latter's manufacturing facilities are located (see Note 7).

The Parent Company's registered address is Ortigas Avenue Extension, Barrio Mapandan, Barangay San Isidro, Taytay, Rizal.

2. Material Accounting Policy Information

Basis of Preparation

The accompanying consolidated financial statements of the Parent Company and the Subsidiary (collectively referred to as the "Group") have been prepared on a historical cost basis, except for inventories that have been measured at lower of cost or net realizable value (NRV). The accompanying consolidated financial statements are presented in Philippine peso (₱), which is also the Group's functional currency. All values were rounded to the nearest peso except when otherwise indicated.

Statement of Compliance

The accompanying consolidated financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs).

Basis of Consolidation

The consolidated financial statements include the financial statements of the Parent Company and PERC, a subsidiary which it controls (see Note 3).



Control is achieved when the Parent Company is exposed, or has rights, to variable returns from its involvement with the Subsidiary and has the ability to affect those returns through its power over the Subsidiary.

The Parent Company controls an investee if, and only if the Parent Company has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

When the Parent Company has less than a majority of the voting or similar rights of an investee, the Parent Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Parent Company's voting rights and potential voting rights

The Parent Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Parent Company obtains control over the subsidiary and ceases when the Parent Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Parent Company gains control until the date the Parent Company ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of its Subsidiary to bring the accounting policies used in line with those used of the Group.

All intragroup transactions, balances, income and expenses are eliminated in the consolidation.

Non-controlling interest is presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from Parent Company shareholders' equity. The interest of non-controlling shareholders may be initially measured at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, non-controlling interest consists of the amount attributed to such interest at initial recognition and the non-controlling interest's share of changes in equity since the date of acquisition.

Changes in the Parent Company's interest in a subsidiary that do not result in a loss of control are accounted for as equity transaction. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the Parent Company.

If the Parent Company loses control over a subsidiary, it:

- derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- derecognizes the carrying amount of any non-controlling interest;



- derecognizes the related other comprehensive income recorded in equity and recycles the same to profit or loss or retained earnings;
- recognizes the fair value of the consideration received;
- recognizes the fair value of any investment retained; and
- recognizes any surplus or deficit in profit or loss in the consolidated statement of comprehensive income.

The consolidated financial statements include the financial statements of the Parent Company and PERC. The summarized financial information of PERC is provided below. The information is based on amounts before intercompany eliminations.

	2024	2023
<i>Summarized financial position information</i>		
Total current assets	₱44,474,109	₱45,432,883
Total noncurrent assets	233,177,867	233,177,867
Total current liabilities	1,085,384	2,648,904
Total noncurrent liabilities	153,990,175	153,990,175
Total equity	₱122,576,417	₱121,971,671
<i>Summarized comprehensive income information</i>		
Revenues	₱30,975,708	₱29,400,065
Cost and expenses – net	30,028,915	29,812,669
Income before income tax	946,793	(412,604)
Provision for income tax	342,048	182,706
Total comprehensive income	₱604,745	(₱595,310)
<i>Summarized cash flow information</i>		
Operating activities	(₱1,504,892)	(₱497,753)
Net decrease in cash and cash equivalents	(₱1,504,892)	(₱497,753)

Changes in Accounting Policies

Except for these new and amended standards which were adopted as of April 1, 2023, the accounting policies adopted are consistent with those of previous financial year.

The adoption of the following amendments did not have a significant impact on the consolidated financial statements of the Group:

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*
- Amendments to PAS 8, *Definition of Accounting Estimates*
- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
- Amendments to PAS 12, *International Tax Reform – Pillar Two Model Rules*

Change in accounting policy for inventories

Effective April 1, 2023, the Group changed its accounting policy to measure the cost of its inventories using the weighted average cost method. Previously, the Group measured the cost of its inventories using the first-in, first-out (FIFO) method.



The change in policy has been made due to financial system upgrade and the Group believes that the weighted average cost method provides more reliable and relevant information in a systematic way unaffected by when goods are purchased and when they are sold.

Below is a summary of the impact of the change in policy in the previous years:

As at March 31, 2023			
<i>Statement of Financial Position</i>	As previously reported	Adjustment	As restated
Inventory (Note 6)	₱2,566,117,965	(₱39,887,092)	₱2,526,230,873
Unappropriated retained earnings	453,449,058	(39,887,092)	413,561,966

Year ended March 31, 2023			
<i>Statement of Comprehensive Income</i>	As previously reported	Adjustment	As restated
			₱
Cost of goods sold (Note 14)	₱12,659,891,935	(₱14,953,759)	12,644,938,176
Net income	182,179,669	14,953,759	197,133,428

As at March 31, 2022			
<i>Statement of Financial Position</i>	As previously reported	Adjustment	As restated
Inventory (Note 6)	₱2,479,418,529	(₱54,840,851)	₱2,424,577,678
Cost of goods sold	10,044,815,618	41,613,110	10,086,428,728

Year ended March 31, 2022			
<i>Statement of Comprehensive Income</i>	As previously reported	Adjustment	As restated
Net income	₱165,532,439	(₱41,613,110)	₱123,919,329
Unappropriated retained earnings	476,835,568	(54,840,851)	421,994,717

As at March 31, 2021			
<i>Statement of Financial Position</i>	As previously reported	Adjustment	As restated
Inventory (Note 6)	₱1,741,171,787	(₱13,227,741)	₱1,754,399,528
Unappropriated retained earnings	583,016,225	(13,227,741)	569,788,484

Fair Value Measurement

For measurement and disclosure purposes, the Group determines the fair value of an asset or a liability at initial measurement date or each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.



The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfer have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Cash and Cash Equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise cash in banks and time deposits with original maturities of three months or less and are subject to an insignificant risk of change in value. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and time deposits as defined above.

Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Date of recognition

The Group recognizes a financial asset or a financial liability in the statement of financial position when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial instruments that require delivery of assets and liabilities within the time frame established by regulation or convention in the marketplace are recognized on the trade date.

Initial recognition of financial instruments

Financial instruments are initially recognized at fair value of the consideration given. The initial measurement of financial instruments includes transaction costs, except for financial instruments at financial assets at fair value through profit and loss (FVTPL).

'Day 1' difference

Where the transaction price in a non-active market is different to the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a 'Day 1' difference) in the profit or loss in the consolidated statement of comprehensive income unless it qualifies for recognition as some other type of asset. In cases where transaction price used is made of data which is not observable, the difference between the transaction price and model value is only recognized in the profit or loss in the consolidated statement of comprehensive income when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the 'Day 1' difference amount.



In 2024, 2023 and 2022, there were no 'Day 1' differences recognized in the profit or loss in the consolidated statement of comprehensive income.

a) Financial assets

Classification and measurement

Financial assets are classified at fair value at initial recognition and subsequently measured at amortized cost, FVOCI, and FVTPL.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under PFRS 15.

In order for a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that are solely for principal and interest (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. 'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortization of the premium/discount). In making this assessment, the Group determines whether the contractual cash flows are consistent with a basic lending arrangement, i.e., interest includes consideration only for the time value of money, credit risk and other basic lending risks and costs associated with holding the financial asset for a particular period of time. In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed;
- How managers, if any, of the business are compensated.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realized in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.



Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at FVTPL

The financial assets of the Group as of March 31, 2024 and 2023 consist of financial assets at amortized cost.

Financial assets at amortized cost (debt instruments)

The Group measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Group's financial assets at amortized cost include cash and cash equivalents and receivables and other assets.

Financial assets designated at FVOCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at FVOCI when they meet the definition of equity under PAS 32, *Financial Instruments: Presentation*, and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the consolidated statements of income when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at FVOCI are not subject to impairment assessment.

The Group elected to classify irrevocably its investments in unquoted equity instruments under this category.

The Group does not have financial liabilities at FVOCI as of March 31, 2024 and 2023.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or



- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognizes an allowance for ECLs for all debt instruments not held at FVTPL. ECL represents credit losses that reflect an unbiased and probability-weighted amount which is determined by evaluating a range of possible outcomes, the time value of money and reasonable and supportable information about past events, current conditions and forecasts of future economic conditions. The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime ECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12-month ECL. The 12-month ECL is the portion of lifetime ECL that results from default events on a financial instrument that are possible within the 12 months after the reporting date. Lifetime ECL are credit losses that results from all possible default events over the expected life of a financial instrument.

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other financial assets such nontrade receivable, due from related parties and other receivables, ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk (SICR) since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been an SICR since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For cash and cash equivalents and short-term investments, the Group applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. It is the Group's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk origination, the allowance will be based on the lifetime ECL. The Group uses the ratings from reputable credit rating agencies to determine whether the debt instrument has SICR and to estimate ECLs.



The key inputs in the model include the Group's definition of default and historical data of three years for the origination, maturity date and default date. The Group considers trade receivables and contract assets in default when contractual payment are 90 days past due, except for certain circumstances when the reason for being past due is due to reconciliation with customers of payment records which are administrative in nature which may extend the definition of default. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

Determining the stage for impairment

At each reporting date, the Group assesses whether there has been a SICR for financial assets since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and forward-looking analysis.

An exposure will migrate through the ECL stages as asset quality deteriorates. If, in a subsequent period, asset quality improves and also reverses any previously assessed SICR since origination, then the loss allowance measurement reverts from lifetime ECL to 12-months ECL.

b) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities Designated upon initial recognition as at FVTPL.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognized in profit or loss in the consolidated statement of comprehensive income.

Financial liabilities designated upon initial recognition at FVTPL are designated at the initial date of recognition, and only if the criteria in PFRS 9 are satisfied.

The Group does not have financial liabilities at FVTPL as of March 31, 2024 and 2023.

Other financial liabilities

This category pertains to financial liabilities that are not held for trading or not designated as at FVTPL upon the inception of the liability. These include liabilities arising from operations and borrowings.



After initial measurement, other financial liabilities are measured at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on the acquisition and fees or costs that are an integral part of the EIR. Gains and losses are recognized in profit or loss when other financial liabilities are derecognized, as well as through the EIR amortization process.

This category applies to the Group's accounts payable and accrued expenses (excluding statutory and taxes payables).

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in profit or loss.

c) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statements of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

Inventories

Inventories are valued at the lower of cost or NRV. NRV is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale. Cost is determined primarily using the weighted average method. For manufactured inventories, cost includes the applicable allocation of fixed and variable overhead costs.

Creditable Withholding Tax

This pertains to the tax withheld at source by the Group's customers and is creditable against the income tax liability of the Group.

Property, Plant and Equipment

Property, plant and equipment, except land, are carried at cost less accumulated depreciation, amortization and any impairment in value except land which is carried at cost less any impairment in value. The initial cost of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Significant renewals and improvements are capitalized.

Expenditures incurred after the properties have been put into operation, such as repairs and maintenance and overhaul costs, are normally charged to income in the year the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property, plant and equipment.

Depreciation and amortization is computed using the straight-line method on land improvements and buildings and improvements over their estimated useful lives and the declining balance method on other property, plant and equipment.



The estimated useful lives of property, plant and equipment are as follows:

	Years
Land improvements	10
Factory machinery, equipment and tools	2 - 10
Buildings and improvements	5 - 25
Office furniture, fixtures and equipment	2 - 5
Transportation equipment	3 - 5

The useful life and depreciation and amortization methods are reviewed at each reporting date to ensure that the period and method of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property, plant and equipment.

When assets are sold or retired, their cost and accumulated depreciation and amortization and any accumulated impairment losses are eliminated from the accounts and any gain or loss resulting from their disposal is included in profit or loss.

Fully depreciated property, plant and equipment are retained in the accounts until these are no longer in use.

Software

Software acquired separately is measured on initial recognition at cost. Following initial recognition, software is carried at cost less any accumulated amortization and any accumulated impairment losses.

Amortization of software is computed using the declining balance method over its estimated useful life of 2 to 5 years. The estimated useful life and amortization method for software are reviewed at least at each financial year end to ensure that the period and method of amortization are consistent with the expected pattern of economic benefits from these assets.

The amortization expense on software is recognized in profit or loss under general and administrative expenses. Software is assessed for impairment whenever there is an indication that this asset may be impaired.

Impairment of Nonfinancial Assets

At each reporting date, the Group assesses whether there is any indication that its nonfinancial assets (e.g., property, plant and equipment, investment properties, software, creditable withholding taxes and value-added tax) may be impaired.

Where there is an indication of impairment, the Group makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

A previously recognized impairment loss is reversed by a credit to current operations, unless the asset is carried at a revalued amount, in which case, the reversal of the impairment loss is credited to the revaluation increment of the same asset, to the extent that it does not restate the asset to a carrying amount in excess of what would have been determined (net of any accumulated depreciation and amortization) had no impairment loss been recognized for the asset in prior years.



Leases

The Group determines at contract inception whether a contract is, or contains, a lease by assessing whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes right-of-use assets representing the right to use the underlying assets and lease liabilities to make lease payments.

i. Right-of-use assets

The Parent Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Depreciation of right-of-use assets is presented under 'Depreciation and amortization' in 'Cost of goods sold (Note 14)' and 'General and administrative expenses' (Note 16).

The Group presents the right-of-use assets in 'Property, plant and equipment' and subjects it to impairment. Refer to the accounting policies in section *Impairment of nonfinancial assets*.

ii. Lease liability

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset. The accretion is presented as 'Interest expense' (Note 16) in the consolidated statement of comprehensive income.

iii. Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of office spaces (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the leases of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e., below ₱250,000). Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.



Group as a lessor

The Group classifies a lease as finance lease if it transfers substantially all the risks and rewards incidental to ownership of asset arising from the lease. Leases where the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as an income in profit or loss on a straight-line basis over the lease term. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income.

Business Combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are recognized in profit or loss.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree. The measurement period is the period from the date of acquisition to the date the Group receives complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum period of one year.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration, which is deemed to be an asset or liability, will be recognized in accordance with PFRS 9 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units (CGU) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquired are assigned to those units.

Where goodwill forms part of a CGU and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the CGU retained.



Equity

Capital stock is measured at par value for all shares issued and outstanding. When the shares are sold at premium, the difference between the proceeds and the par value is credited to 'Additional paid-in capital' account. Direct costs incurred related to equity issuance, such as underwriting, accounting and legal fees, printing costs and taxes are chargeable to 'Additional paid-in capital' account. If additional paid-in capital is not sufficient, the excess is charged against the retained earnings.

When the Group issues more than one class of stock, a separate account is maintained for each class of stock and the number of shares issued.

Retained earnings represent accumulated earnings of the Group less any dividends declared.

Revenue Recognition

To account for the revenues arising from contracts with customers, the Group applies the following five step model:

- a. Identify the contract(s) with a customer
- b. Identify the performance obligations in the contract
- c. Determine the transaction price
- d. Allocate the transaction price to the performance obligations in the contract
- e. Recognize revenue when (or as) the entity satisfies a performance obligation.

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has concluded that it is the principal in its revenue arrangements because it controls the goods or services before transferring them to the customer.

The following specific recognition criteria must also be met before revenue and other income are recognized:

Revenue within the scope of PFRS 15:

Sale of goods and services

Revenue from sale of goods is recognized at a point in time upon transfer of control to the buyer, usually upon delivery of goods.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of goods and services, the Group considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer, if any.

Sale of scrap and gain (loss) on sale of property, plant and equipment

Revenue from sale of scrap is recognized upon delivery, when the control has passed to the buyer and the amount of revenue can be measured reliably.

Service income

Service income is earned from rendering services in the form of general advice and assistance fees to related parties.



Other income

Other income is recognized in the profit or loss as it accrues when there is reasonable degree of certainty as to its collectivity. It includes foreign currency exchange gain, refund for damaged goods in cargo, administration fees, insurance claims and gain on pre-termination of lease.

Revenue outside the scope of PFRS 15:

Interest income

Interest income is recognized as interest accrues, taking into account the effective yield on the assets.

Dividend income

Dividend income is recognized when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms.

Costs and Expenses

Costs and expenses encompass losses as well as those expenses that arise in the course of the ordinary activities of the Group. Cost and expenses are recognized as incurred. The following specific recognition criteria must be met before costs and expenses are recognized:

Cost of goods sold

Cost of goods sold includes all expenses associated with the specific sale of goods. Cost of goods sold include all materials and supplies used, direct labor, occupancy cost, depreciation of production equipment and other expenses related to production. Such costs are recognized when the related sales have been recognized.

Selling expenses

Selling expenses constitute costs which are directly related to selling, advertising and delivery of goods to customers. These include sales commissions and marketing expenses. Selling expenses are recognized when incurred.

General and administrative expenses

General and administrative expenses constitute costs of administering the business and are recognized when incurred.

Dividends on Common Shares

Dividends on common shares are recognized as a liability and deducted from equity when declared and approved by the Board of Directors (BOD) of the Parent Company. Dividends for the year that are declared and approved after the consolidated statement of financial position date, if any, are dealt with as an event after the financial reporting date and disclosed accordingly.

Earnings Per Share (EPS)

Basic EPS is computed by dividing net income for the year attributable to ordinary equity holders of the parent by the weighted average number of common shares issued and outstanding during the year, after giving retroactive adjustment to any stock dividend declared or stock split made during the year.

Diluted EPS is calculated by dividing the net income attributable to common shareholders by the weighted average number of common shares outstanding during the year adjusted for the effects of any dilutive convertible common shares.



The Group has no dilutive convertible common shares. Thus, basic and diluted EPS are the same.

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalized. All other borrowing costs are recognized as expense in the year which they are incurred.

Retirement Costs

The Parent Company operates a funded noncontributory defined benefit retirement plan, which requires contributions to be made to a separate administered fund.

The cost of providing benefits under the defined benefit pension plan is determined by an independent actuary using the projected unit credit method. Under this method, the current service cost is the present value of retirement benefits payable in the future with respect to services rendered in the current period.

The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method.

Retirement expenses comprise the following:

- Current service cost
- Net interest on the net defined benefit liability or asset
- Remeasurement of retirement liability

Current service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in profit or loss.

Remeasurement comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurement is not classified to profit or loss in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Parent Company, nor can they be paid directly to the Parent Company. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected



period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The Parent Company's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

Termination benefit

Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either an entity's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept an offer of benefits in exchange for the termination of employment.

A liability and expense for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of those benefits and when the entity recognizes related restructuring costs. Initial recognition and subsequent changes to termination benefits are measured in accordance with the nature of the employee benefit, as either post-employment benefits, short-term employee benefits, or other long-term employee benefits.

Employee leave entitlement

Employee entitlements to annual leave are recognized as a liability and expense when they are accrued to the employees. The cost of employee entitlements to annual leave is actuarially computed using the projected unit credit method.

Income Taxes

Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The rates and tax laws used to compute the amount are those that have been enacted or substantially enacted as of the reporting date.

The Company periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretations and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.



Deferred tax assets are recognized for all deductible temporary differences, carryforward of unused tax credits from excess minimum corporate income tax (MCIT) over regular corporate income tax (RCIT) and unused net operating losses carryover (NOLCO), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carryforward of unused tax credits from excess credits and unexpired NOLCO can be utilized, except:

- when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date, and are recognized to the extent that it has become probable that future taxable income will allow the deferred tax assets to be recognized.

Deferred tax assets and liabilities are measured at the tax rate that is expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantially enacted as of the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss in the consolidated statement of comprehensive income. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognized subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognized in profit or loss.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Foreign Currency-denominated Transactions and Translation

Foreign currency-denominated transactions are recorded using the exchange rate at the date of transaction. Foreign currency-denominated monetary assets and liabilities are translated using the prevailing closing exchange rate at reporting date. Exchange gains or losses from foreign currency-denominated transactions and translation are credited or charged to profit or loss.

Operating Segment

Operating segments for management reporting purposes are organized into three major segments according to the nature and user of the products. Common income and expenses are allocated among business segments based on sales or other appropriate bases. Segment assets include operating assets used by a segment and consist principally of operating cash, receivables, inventories and property, plant and equipment, net of allowances, provisions and depreciation and amortization. Segment



liabilities include all operating liabilities and consist principally of accounts payable and accrued liabilities. Information on business segments is presented in Note 25.

Provisions

Provisions are recognized when the following conditions are present: (a) the Group has a present obligation (legal or constructive) as a result of a past event; (b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense in profit or loss in the consolidated statement of comprehensive income. Where the Group expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is probable.

Provision for estimated liabilities

Provision for estimated liabilities consists of provision for warranty claims and other liabilities. Provision for warranty claims is recognized for expected warranty claims on products sold, based on past experience in the level of repairs and returns. Provision for other liabilities is recognized when all of the conditions mentioned above are present.

Contingencies

Contingent liabilities are not recognized in the consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but are disclosed when an inflow of economic benefits is probable.

Events after the Reporting Period

Post year-end events that provide additional information about the Group's position at the reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

Standards Issued but not yet Effective

Standards issued but not yet effective up to the date of issuance of the Group's consolidated financial statements are listed below. The listing consists of standards and interpretations issued, which the Group reasonably expects to be applicable at a future date. The Group intends to adopt these standards when they become effective. Except as otherwise indicated, the Group does not expect the adoption of these new and amended standards and interpretations to have significant impact on the consolidated financial statements.

Effective beginning on or after April 1, 2024

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*

The amendments clarify:

- That only covenants with which an entity must comply on or before reporting date will affect a liability's classification as current or non-current.
- That classification is unaffected by the likelihood that an entity will exercise its deferral right.



- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively.

- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*

The amendments specify how a seller-lessee measures the lease liability arising in a sale and leaseback transaction in a way that it does not recognize any amount of the gain or loss that relates to the right of use retained.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively. Earlier adoption is permitted and that fact must be disclosed.

- Amendments to PAS 7 and PFRS 7, *Disclosures: Supplier Finance Arrangements*

The amendments specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024. Earlier adoption is permitted and that fact must be disclosed.

Effective beginning on or after April 1, 2025

- PFRS 17, *Insurance Contracts*

PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

On December 15, 2021, the Financial and Sustainability Reporting Standards Council FSRSC amended the mandatory effective date of PFRS 17 from January 1, 2023 to January 1, 2025. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of PFRS 17 by two (2) years after its effective date as decided by the IASB.

PFRS 17 is effective for reporting periods beginning on or after January 1, 2025, with comparative figures required. Early application is permitted.



- Amendments to PAS 21, *Lack of Exchangeability*

The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

The amendments are effective for annual reporting periods beginning on or after January 1, 2025. Earlier adoption is permitted and that fact must be disclosed. When applying the amendments, an entity cannot restate comparative information.

Deferred effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

On January 13, 2016, the FSRSC deferred the original effective date of January 1, 2016 of the said amendments until the IASB completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

3. Significant Accounting Judgments, Assumptions and Estimates

The preparation of the consolidated financial statements in compliance with PFRSs requires the Group to make judgments, estimates and assumptions that affect reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and contingent liabilities. Future events may occur which can cause the assumptions used in arriving at those estimates to change. The effects of any changes in estimates will be reflected in the consolidated financial statements as they become reasonably determinable.

Judgments, assumptions and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the consolidated financial statements:

- a. Revenue recognition on sale of goods and services
Revenue recognition under PFRS 15 involves the application of significant judgment and estimation in the: (i) identification of the performance obligations; (ii) accounting for consideration paid or payable to customer; and (iii) determination when control is transferred.
 - (i) *Identification of performance obligations*
The Group identifies performance obligations by considering whether the promised goods or services in the contract are distinct goods or services. A good or service is



distinct when the customer can benefit from the good or service on its own or together with other resources that are readily available to the customer and the Group's promise to transfer the good or service to the customer is separately identifiable from the other promises in the contract.

Based on management assessment, business-to-consumer (B2C) sales have only one performance obligation, while business-to-business (B2B) sales may include one or more performance obligations depending on the satisfaction of the criteria mentioned above.

(ii) *Accounting for consideration paid or payable to customer*

The Group determines the nature of its consideration paid or payable to customer if it represents purchases by the Group of goods or services offered by the customer, or incentives given by the Group to the customer. Consideration payable to a customer includes cash amounts that the Group pays, or expects to pay, to the customer. The consideration payable to a customer is accounted for as a reduction of the transaction price unless the payment to the customer is in exchange for a distinct good or service that the customer transfers to the entity

(iii) *Determination when control is transferred*

The Group recognizes its revenue for B2C sales at a point in time, when the goods are sold and delivered and when services are already rendered. The Group may recognize revenue for B2B sales over time if the buyer simultaneously receives and consumes the benefits as the Group performs its obligation, the buyer controls the goods and services as it is created or enhanced, or if the goods and services has no alternative use to the Group and the Group has enforceable right to payment for performance completed to date.

b. *Control over PERC*

The Group considers that it controls PERC even though it owns less than majority equity interest in PERC. The Parent Company holds a 40.0% equity interest in PERC. The 58.0% of the equity shares in PERC are held by the retirement fund of the Parent Company. The Parent Company determined that it has control over PERC since it has the practical ability to direct the relevant activity of PERC and is exposed to variable returns from PERC. The sole purpose of PERC's establishment and continuing existence is to hold several parcels of land as location for the Parent Company's manufacturing facilities. Thus, the relevant activity of PERC includes the acquisition of parcels of land through funding from the Parent Company and the subsequent lease thereto. The decision to set up the structure of PERC through lease and loan agreements is devised by the Parent Company for it to have location for its facilities since it could not hold more than 40.0% ownership in private lands in the Philippines. The BOD and officers of the Parent Company are also the BOD and officers of PERC.

c. *Distinction between investment properties and owner-occupied properties*

The Group determines whether a property qualifies as an investment property. In making its judgement, the Group considers whether the property is not occupied substantially for use by, or in operations of the Group, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation. Owner-occupied properties generate cash flows that are attributable not only to the property but also to the other assets used in the production or supply process.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions cannot be sold separately, the property is accounted for as an investment property, only if an insignificant portion is held for use in the production or



supply of goods or services or for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as an investment property. The Group considers each property separately in making its judgment.

Estimates

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

a. Provisions for estimated liabilities

Provision for estimated liabilities pertain to provision for warranty claims from products sold and other estimated liabilities. The determination of whether the provision should be recognized and the estimation of the potential liability from these assessments requires significant estimate and judgment by management.

The estimate of the provision for warranty claims requires an analysis of past experience on the level of repairs and returns. Other provisions for estimated liabilities include provisions for legal cases and other claims. The Group makes provisions on the basis of management's and its legal counsel's opinion and assessment of the outcome of the claims arising from interpretations and applications of statutes applicable to the Group.

The amounts of provisions for estimated liabilities as of March 31, 2024 and 2023 are disclosed in Note 11.

b. NRV of inventories

Inventories are carried at lower of cost or NRV. NRV of inventories are assessed regularly based on the prevailing selling prices of inventories less the estimated costs necessary to sell and to complete. Any increase in NRV will increase the carrying amount of inventories but only to the extent of their original acquisition costs.

The carrying value of inventories as of March 31, 2024 and 2023 are disclosed in Note 6. The amounts of provision for inventory write-down included under cost of goods sold in 2024, 2023 and 2022 are disclosed in Notes 6 and 14.

c. Determining method to estimate variable consideration and assessing the constraint

The Group includes some or all the amounts of variable consideration estimated but only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. The Group considers both the likelihood and magnitude of the revenue reversal in evaluating the extent of variable consideration the Group will subject to constraint. Factors such as i) highly susceptibility to factors outside the Group's influence, ii) timing of resolution of the uncertainty, and iii) having a large number and broad range of possible considerations amount are considered.

Some contracts with customers provide prompt payment, volume discount and special discounts that give rise to variable consideration. In estimating the variable consideration, the Group is required to use either the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will be entitled. The expected value method of estimation takes into account a range of possible outcomes while the most likely amount is used when the outcome is binary.



The Group determined that the expected value method is the appropriate method to use in estimating the variable consideration given the large number of customer contracts that have similar characteristics and the range of possible outcomes.

d. Assessment for ECL on trade receivables

The Group, applying the simplified approach in the computation of ECL, initially uses a provision matrix based on historical default rates for trade receivables. The provision matrix specifies provision rates depending on the number of days that a trade receivable is past due. The Group also uses appropriate groupings if its historical credit loss experience show significantly different loss patterns for different customer segments. The Group then adjusts the historical credit loss experience with forward-looking information on the basis of current observable data affecting each customer segment to reflect the effects of current and forecasted economic conditions.

The Group adjusts historical default rates to forward-looking default rate by determining the closely related economic factor affecting each customer segment. The Group regularly reviews the methodology and assumptions used for estimating ECL to reduce any differences between estimates and actual credit loss experience.

The determination of the relationship between historical default rates and forecasted economic conditions is a significant accounting estimate. Accordingly, the provision for ECL on trade receivables is sensitive to changes in assumptions about forecasted economic conditions. The Group has assessed that the ECL on trade receivables is not material because substantial amount of receivables are normally collected within one year.

The carrying amount of trade receivables as at March 31, 2024 and 2023 are disclosed in Note 5.

e. Present value of benefit obligation

The determination of the obligation and cost of retirement and other employee benefits is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions include, among others, discount rates, expected returns on plan assets and salary increase rates.

While the Group believes that the assumptions are reasonable and appropriate, significant differences between actual experiences and assumptions may materially affect the cost of employee benefits and related obligations.

The details of the Group's defined benefit plan as of March 31, 2024 and 2023 are disclosed in Note 11.

f. Deferred tax assets

The Group reviews the carrying amounts of deferred tax assets at each reporting date and reduces them to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized based upon the likely timing and the level of future taxable profits together with future tax planning strategies considering expected future market or economic conditions and the expected performance of the Group. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax assets to be recovered.



The amounts of recognized and unrecognized deferred tax assets as of March 31, 2024 and 2023 are disclosed in Note 22.

4. Cash and Cash Equivalents

This account consists of:

	2024	2023
Cash on hand	₱1,641,992	₱-
Cash in banks	1,046,769,820	470,513,705
Cash equivalents	2,029,240,000	2,122,440,000
	₱3,077,651,812	₱2,592,953,705

Cash in banks earned annual interest ranging from 0.06% to 1.10% in 2024 and from 0.06% to 1.00% in 2023 and 2022.

Cash equivalents pertain to time deposits made for varying periods with maturity of up to three months depending on the immediate cash requirements of the Group. Interest on cash equivalents ranged from 3.25% to 6.00% in 2024, from 2.55% to 5.80% in 2023 and from 0.02% to 1.00% in 2022.

Interest income from cash in banks and cash equivalents amounted to ₱79.1 million, ₱32.7 million and ₱31.3 million in 2024, 2023 and 2022, respectively (see Note 19).

Foreign exchange loss resulting from translation of foreign currency-denominated cash in banks into Philippine peso amounted to ₱15.2 million, ₱3.0 million and ₱6.5 million in 2024, 2023 and 2022, respectively (see Note 19).

5. Receivables

This account consists of:

	2024	2023
Trade		
Domestic	₱1,239,324,649	₱1,387,533,073
Export (Note 20)	397,786,972	313,294,792
Non-trade		
Related parties (Note 20)	37,524,636	27,322,622
Employees	578,037	6,714,556
Third parties	5,556,058	5,153,204
Others	320,483,551	17,132,008
	2,001,253,903	1,757,150,255
Less allowance for credit losses	2,052,000	3,812,000
	₱1,999,201,903	₱1,753,338,255

Trade receivables are non-interest-bearing and are generally on 30 to 60-day terms. Trade receivables classified as “domestic” are those claims against local customers. Trade receivables classified as “export” are those claims arising from export sales of air conditioner units to related parties.



Others include receivable from insurance company due to fire incident, factory support, scrap sales and container deposits.

The changes in the allowance for expected credit losses on trade receivables in 2024 and 2023 follow:

	2024	2023
Balances at beginning of year	₱3,812,000	₱6,097,000
Recovery of provision for credit losses (Note 19)	(1,760,000)	(2,285,000)
Balances at end of year	₱2,052,000	₱3,812,000

Foreign exchange gain (loss) on translation of receivables amounted to (₱2.0 million), (₱4.1 million), and ₱3.3 million in 2024, 2023 and 2022, respectively (see Note 19).

6. Inventories

This account consists of:

	2024	2023 (As restated)
At NRV:		
Finished goods and merchandise	₱25,564,331	₱17,117,603
At cost:		
Finished goods and merchandise	1,038,571,862	1,150,664,910
Raw materials	1,107,026,542	1,296,799,847
Supplies	59,929,094	46,905,177
Goods in process	40,399,434	14,743,336
	₱2,271,491,263	₱2,526,230,873

The amount of write-down of inventories included under cost of goods sold amounted to ₱95.8 million, ₱197.8 million and ₱82.0 million in 2024, 2023 and 2022, respectively (see Note 14). As of March 31, 2024 and 2023, the cost of finished goods and merchandise at NRV is ₱86.5 million and ₱44.5 million, respectively.

The amount of inventories recognized in cost of goods sold during the year amounted to ₱11.6 billion, ₱12.6 billion and ₱10.1 billion in 2024, 2023 and 2022, respectively (see Note 14).

7. Property, Plant and Equipment

The rollforward of this account follows:

	2024							
	Land and Land Improvements	Factory Machinery, Equipment and Tools	Buildings and Improvements	Office Furniture, Fixtures and Equipment	Transportation Equipment	Construction in Progress	Right-of-Use Asset-Building (Note 8)	Total
Cost								
Balances at beginning of year	₱236,029,162	₱2,250,712,402	₱1,265,472,753	₱180,620,607	₱158,517,398	₱78,239,411	₱13,893,389	₱4,183,485,122
Additions	-	54,970,422	6,241,033	23,601,002	15,615,982	148,576,114	18,772,157	267,776,710
Retirements/disposals	-	(213,152,670)	(302,125,668)	(11,474,134)	(17,657,317)	(23,578,355)	(13,893,389)	(581,881,533)
Transfers from CIP (Note 9)	-	-	-	-	-	(44,412,971)	-	(44,412,971)
Reclassifications	-	79,073,755	17,632,469	1,011,213	-	(97,717,437)	-	-
Balances at end of year	236,029,162	2,171,603,909	987,220,587	193,758,688	156,476,063	61,106,762	18,772,157	3,824,967,328
(Forward)								



2024								
	Land and Land Improvements	Factory Machinery, Equipment and Tools	Buildings and Improvements	Office Furniture, Fixtures and Equipment	Transportation Equipment	Construction in Progress	Right-of-Use Asset-Building (Note 8)	Total
Accumulated depreciation								
Balances at beginning of year	₱2,851,295	₱1,966,311,595	₱983,855,016	₱170,586,337	₱135,275,772	₱-	₱10,805,970	₱3,269,685,985
Depreciation (Note 18)	-	130,997,756	35,061,634	14,005,896	11,244,277	-	5,247,609	196,557,172
Retirements/disposals	-	(198,247,518)	(223,232,148)	(11,599,854)	(17,513,880)	-	(13,893,389)	(464,486,789)
Balances at end of year	2,851,295	1,899,061,833	795,684,502	172,992,379	129,006,169	-	2,160,190	3,001,756,368
Net book value	₱233,177,867	₱272,542,076	₱191,536,085	₱20,766,309	₱27,469,894	₱61,106,762	₱16,611,967	₱823,210,960

2023								
	Land and Land Improvements	Factory Machinery, Equipment and Tools	Buildings and Improvements	Office Furniture, Fixtures and Equipment	Transportation Equipment	Construction in Progress	Right-of-Use Asset-Building (Note 8)	Total
Cost								
Balances at beginning of year	₱236,029,162	₱2,197,786,109	₱1,250,903,675	₱192,038,079	₱146,728,518	₱21,997,531	₱13,893,389	₱4,059,376,463
Additions	-	43,913,182	5,124,574	12,583,157	15,641,101	150,151,768	-	227,413,782
Retirements/disposals	-	(74,754,468)	(697,805)	(24,000,629)	(3,852,221)	-	-	(103,305,123)
Reclassifications	-	83,767,579	10,142,309	-	-	(93,909,888)	-	-
Balances at end of year	236,029,162	2,250,712,402	1,265,472,753	180,620,607	158,517,398	78,239,411	13,893,389	4,183,485,122
Accumulated depreciation								
Balances at beginning of year	2,851,295	1,903,009,417	937,291,205	184,588,985	125,944,769	-	6,174,840	3,159,860,511
Depreciation (Note 18)	-	136,378,477	47,261,616	9,995,126	13,183,224	-	4,631,130	211,449,573
Retirements/disposals	-	(73,076,299)	(697,805)	(23,997,774)	(3,852,221)	-	-	(101,624,099)
Balances at end of year	2,851,295	1,966,311,595	983,855,016	170,586,337	135,275,772	-	10,805,970	3,269,685,985
Net book value	₱233,177,867	₱284,400,807	₱281,617,737	₱10,034,270	₱23,241,626	₱78,239,411	₱3,087,419	₱913,799,137

As of March 31, 2024, the construction in progress mainly pertains to the improvements of factory machinery, equipment and tools and building improvements in Panasonic Philippines (PPH) and Refrigerator Division. As of March 31, 2023, the construction in progress mainly pertains to the improvements of factory machinery, equipment and tools and building improvements in PPH, Electric Fan, Refrigerator and Aircon Division.

The cost of fully depreciated property and equipment still in use by the Group amounted to ₱2.1 billion and ₱1.9 billion as of March 31, 2024 and 2023, respectively.

Additions during the year include acquisitions of property, plant and equipment on account amounting to ₱21.1 million and ₱9.4 million in 2024 and 2023, respectively, recorded under 'Non-trade payable - third parties' (see Notes 10 and 27). Gain on disposal and retirement of property, plant and equipment amounted to ₱1.1 million, ₱1.7 million and ₱1.9 million in 2024, 2023 and 2022, respectively (see Note 19). Proceeds received from the disposal and retirement of property, plant and equipment amounted to ₱1.1 million, ₱3.4 million and ₱2.3 million in 2024, 2023 and 2022, respectively.

8. Leases

Group as a Lessee

The Group entered into cancellable operating leases of office spaces and warehouses (presented as 'Right-of-Use Assets – Building' under 'Property, Plant and Equipment') for one (1) to three (3) years, renewable under certain terms and conditions.

Some leases include a clause to enable upward revision of the rental charge on an annual basis based on prevailing market conditions.

The Group also has certain leases of office space with lease terms of 12 months or less and leases with low value assets. The Group applies the recognition exemptions for these types of leases.



Rent expense charged against current operations amounted to ₱26.2 million, ₱26.2 million and ₱11.9 million in 2024, 2023 and 2022, respectively (see Note 16). Rent expense in 2024, 2023 and 2022 pertains to expenses from short-term leases.

The following are the amounts recognized in the consolidated statements of comprehensive income:

	2024	2023	2022
Expenses relating to short-term leases (Note 16)	₱26,170,999	₱26,235,378	₱11,913,693
Depreciation expense of right-of-use assets (Note 7)	5,249,609	4,631,130	4,631,130
Interest expense on lease liabilities (Note 16)	528,313	311,536	565,242
Total amount recognized in the consolidated statements of comprehensive income	₱31,948,921	₱31,178,044	₱17,110,065

The rollforward of lease liability follows:

	2024	2023
Balance at beginning of year	₱2,521,241	₱7,283,845
Acquisitions	17,417,601	-
Accretion of interest (Note 16)	528,313	311,536
Payments	(4,458,900)	(5,074,140)
Balance at end of year	₱16,008,255	₱2,521,241

The following are the amounts recognized in the consolidated statements of financial position:

	2024	2023
Current lease liabilities	₱5,374,436	₱2,521,241
Noncurrent lease liabilities	10,633,819	-
	₱16,008,255	₱2,521,241

Shown below is the maturity analysis of the undiscounted lease payments as of March 31, 2024 and 2023:

	2024	2023
Within one (1) year	₱6,335,492	₱2,574,558
More than one (1) year	11,401,462	-
	₱17,736,954	₱2,574,558

9. Other Current Assets and Other Noncurrent Assets

Other current assets consist of the following:

	2024	2023
Creditable withholding taxes (CWTs)	₱200,849,870	₱146,598,500
Prepaid expenses	64,048,260	41,106,535
Advances to employees	1,384,889	2,078,819
	₱266,283,019	₱189,783,854



Other noncurrent assets consist of the following:

	2024	2023
Refundable deposits	₱18,066,643	₱15,141,992
Software	45,332,187	3,040,735
	₱63,398,830	₱18,182,727

CWTs

This represents taxes withheld at source by the counterparty which can be applied against future income tax liability.

Prepaid Expenses

This pertains to prepayments related to insurance, association dues, rentals and municipal taxes.

Advances to Employees

Advances to employees pertain to cash advances made to employees for cost and expenses to be incurred on behalf of the Group, subject to liquidation.

Software

The composition and movements of software follow:

	2024	2023
Cost		
Balances at beginning of year	₱99,672,143	₱104,860,255
Additions	21,643,026	2,983,365
Transfers from CIP	44,412,971	-
Write-off	(17,464,538)	(8,171,477)
Balances at end of year	148,263,602	99,672,143
Accumulated amortization		
Balances at beginning of year	96,631,408	103,756,859
Amortization (Note 18)	23,764,545	1,046,026
Write-off	(17,464,538)	(8,171,477)
Balances at end of year	102,931,415	96,631,408
Net book value	₱45,332,187	₱3,040,735

10. Accounts Payable and Accrued Expenses

Accounts payable consist of:

	2024	2023
Trade		
Third parties	₱610,818,874	₱356,514,667
Related parties (Note 20)	522,711,105	394,501,690
Non-trade		
Related parties (Note 20)	142,230,545	153,790,485
Third parties (Note 7 and 27)	21,088,397	9,418,080
Accrued expenses		
Third parties	1,940,099,120	1,850,611,929
Related parties (Note 20)	6,009,410	33,867,202
<i>(Forward)</i>		



	2024	2023
Others		
Advances from customers	33,143,584	33,119,542
Output VAT – net	(26,647,037)	42,246,103
	₱3,249,453,998	₱2,874,069,698

Trade accounts payable are non-interest-bearing and are generally on 30 to 60-day terms.

Accrued expenses to third parties consist of:

	2024	2023
Advertising expenses and sales promotions	₱1,295,876,000	₱1,226,259,000
Suppliers	596,497,806	563,733,367
Salaries and other employee benefits	39,945,196	31,643,554
Freight expenses and releasing charges	7,780,118	28,976,008
	₱1,940,099,120	₱1,850,611,929

Foreign exchange gain (loss) on translation of payables amounted to ₱5.5 million, (₱17.7 million) and (₱12.1 million) in 2024, 2023 and 2022, respectively (see Note 19).

11. Retirement and Other Liabilities

Other liabilities account consists of:

	2024	2023
Current		
Provision for estimated liabilities	₱75,887,914	₱84,571,115
Noncurrent		
Provision for estimated liabilities	228,302,907	233,669,377
Other long-term employee benefits	19,230,984	19,014,362
	247,533,891	252,683,739
	₱323,421,805	₱337,254,854

Provision for Estimated Liabilities

Current and noncurrent portion of this account follows:

	2024	2023
Current		
Warranty claims	₱75,887,914	₱84,571,115
Noncurrent		
Warranty claims	12,941,086	8,485,885
Others	215,361,821	225,183,492
	228,302,907	233,669,377
	₱304,190,821	₱318,240,492



The rollforward of this account follows:

	2024		
	Warranty Claims	Others	Total
Balances at beginning of year	₱93,057,000	₱225,183,492	₱318,240,492
Provision (reversal of provision) for warranty claims and others (Notes 15 and 16)	38,995,752	(26,598,774)	12,396,978
Claims/usage/reclassifications	(43,223,752)	16,777,103	(26,446,649)
Balances at end of year	₱88,829,000	₱215,361,821	₱304,190,821

	2023		
	Warranty Claims	Others	Total
Balances at beginning of year	₱94,799,000	₱290,453,810	₱385,252,810
Provision (reversal of provision) for warranty claims and others (Notes 15 and 16)	43,516,686	(15,118,326)	28,398,360
Claims/usage/reclassifications	(45,258,686)	(50,151,992)	(95,410,678)
Balances at end of year	₱93,057,000	₱225,183,492	₱318,240,492

Provision for warranty claims are recognized for expected warranty claims on products sold, based on past experience in the level of repairs and returns.

Others primarily consist of provisions for legal cases and other liabilities. The other information usually required by PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, is not disclosed on the grounds that it may negatively affect the operations of the Group and prejudice the outcome of the litigations and assessments.

Retirement Liability

The Group's retirement liability consists of:

	2024	2023
Retirement liability under defined benefit plan	₱114,416,726	₱141,586,635
Others	3,474,062	3,441,258
	₱117,890,788	₱145,027,893

The Group has a funded, noncontributory defined benefit retirement plan covering all of its regular employees. The benefits are based on the years of service and percentage of latest monthly salaries.

Other retirement liability pertains to the Group's employee benefits outside its defined benefit plan that it expects to pay to its employees upon retirement.



The principal actuarial assumptions used in determining retirement benefits for the Group's retirement plan are as follows:

	2024	2023
Discount rate		
Beginning	6.4%	5.6%
Ending	6.3%	6.4%
Salary increase rate		
Beginning	5.0%	5.0%
Ending	5.0%	5.0%
Average expected future service years	14.6	14.4

Changes in retirement liability under defined benefit plan in 2024 and 2023 are as follows:

	2024		
	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability
Balances at beginning of year	₱523,217,916	(₱381,631,281)	₱141,586,635
Net benefit cost in the consolidated statement of comprehensive income (Note 17)			
Current service cost	29,428,840	-	29,428,840
Net interest cost (income)	33,485,947	(24,424,402)	9,061,545
	62,914,787	(24,424,402)	38,490,385
Contribution to plan assets	-	(60,000,000)	(60,000,000)
Benefits paid	(71,900,290)	71,900,290	-
Remeasurements in other comprehensive income			
Actuarial changes arising from changes in financial assumptions	3,365,843	-	3,365,843
Experience adjustments	(9,297,220)	-	(9,297,220)
Return on plan assets	-	271,083	271,083
	(5,931,377)	271,083	(5,660,294)
Balances at end of year	₱508,301,036	(₱393,884,310)	₱114,416,726
	2023		
	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability (asset)
Balances at beginning of year	₱551,028,651	(₱410,713,761)	₱140,314,890
Net benefit cost in the consolidated statement of comprehensive income (Note 17)			
Current service cost	31,398,396	-	31,398,396
Net interest cost (income)	30,857,604	(22,999,971)	7,857,633
	62,256,000	(22,999,971)	39,256,029
Contribution to plan assets	-	(50,000,000)	(50,000,000)
Benefits paid	(51,520,031)	51,520,031	-
Remeasurements in other comprehensive income			
Actuarial changes arising from changes in financial assumptions	(29,408,781)	-	(29,408,781)
Experience adjustments	(9,137,923)	-	(9,137,923)
Return on plan assets	-	50,562,420	50,562,420
	(38,546,704)	50,562,420	12,015,716
Balances at end of year	₱523,217,916	(₱381,631,281)	₱141,586,635



Changes in other retirement liability in 2024 and 2023 are as follows:

	Present value of defined benefit obligation	
	2024	2023
Balances at beginning of year	₱3,441,258	₱3,675,917
Net benefit cost in the consolidated statement of comprehensive income (Note 17)		
Current service cost	461,607	470,965
Net interest cost	220,240	205,852
	681,847	676,817
Benefits paid	(303,372)	(1,086,933)
Remeasurements in other comprehensive income		
Actuarial changes arising from changes in financial assumptions	26,423	(215,642)
Experience adjustments	(372,094)	391,099
	(345,671)	175,457
Balances at end of year	₱3,474,062	₱3,441,258

Rollforward of remeasurement losses in 2024 and 2023 on retirement follows:

	2024	2023
Balance at the beginning of year	(₱125,795,505)	(₱116,380,392)
Remeasurement gain (loss) on retirement plan in OCI		
Due to change in financial assumption	(3,392,266)	29,624,423
Due to experience	9,669,314	8,746,824
Actuarial gain (loss) on plan assets	(271,083)	(50,562,420)
Remeasurement gain (loss) during the year	6,005,965	(12,191,173)
Tax effect	(1,501,491)	2,776,060
Remeasurement gain (loss) on retirement plan during the year, net of tax effect	4,504,474	(9,415,113)
Balance at the end of year	(₱121,291,031)	(₱125,795,505)

Movement of remeasurement gain (loss) to be recognized in OCI in 2024, 2023 and 2022 follows:

	2024	2023	2022
Actuarial gain (loss):			
Due to change in financial assumption	(₱3,392,266)	₱29,624,423	₱39,959,477
Due to experience	9,669,314	8,746,824	(37,364,346)
Due to change in demographic assumption	-	-	(1,795,896)
	6,277,048	38,371,247	799,235
Actuarial gain (loss) on plan assets	(271,083)	(50,562,420)	10,542,125
Total gain (loss) to be recognized in OCI	6,005,965	(12,191,173)	11,341,360
Tax effect	(1,501,491)	2,776,060	(2,835,340)
Total gain (loss) to be recognized in OCI, net of tax effect	₱4,504,474	(₱9,415,113)	₱8,506,020



Other Long-term Employee Benefits

Other long-term employee benefits pertain to accumulated sick leave and vacation leave. Based on the Group's policy, employees are entitled to accumulate 10 days of vacation leave and 45 days of sick leave credits which are convertible to cash upon retirement or resignation.

The principal actuarial assumptions used in determining other long-term employee benefits for the Group are as follows:

	2024	2023
Discount rate		
Beginning	6.4%	5.6%
Ending	6.3%	6.4%
Salary increase rate		
Beginning	5.0%	5.0%
Ending	5.0%	5.0%
Average expected future service years	14.6	14.9
Average accumulated sick leaves	34.8 days	36.7 days
Average accumulated vacation leaves	9.9 days	10.2 days

Other long-term employee benefits incurred in 2024, 2023 and 2022 amounted to ₱4.6 million, ₱3.3 million and ₱2.0 million respectively, presented under 'Salaries, wages, and employee benefits' in the consolidated statement of comprehensive income (see Note 17).

The latest actuarial valuation reports of the Parent Company are prepared by an independent actuary as of March 31, 2024.

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of March 31, 2024 and 2023, assuming all other assumptions were held constant:

	Increase/ (Decrease)	2024	2023
Discount rates	+1.0%	(₱479,817,885)	(₱493,785,531)
	-1.0%	548,444,991	564,215,821
Future salary increases	+1.0%	548,556,417	564,367,648
	-1.0%	(479,157,623)	(493,075,324)

Shown below is the maturity analysis of the undiscounted benefit payments:

	2024	2023
Less than 1 year to 5 years	₱364,662,444	₱367,540,300
More than 5 years to 10 years	308,659,854	306,837,633
More than 10 years to 15 years	182,084,458	203,727,481
More than 15 years	1,586,339,490	1,499,826,244

The average duration of the defined benefit obligation as of March 31, 2024 and 2023 is 12.9 years and 12.4 years, respectively. The Group expects to contribute ₱60.0 million to the defined benefit plan in 2025.



The distribution of plan assets by each class as at the end of the reporting period of the Parent Company are as follow (see Note 20):

	2024	2023
Cash and cash equivalents	₱107,749,133	₱94,133,895
Loans and receivables	57,060,335	58,024,058
Investments	229,708,437	229,625,131
Accounts payable of plan assets to employee leave	(633,595)	(151,803)
	₱393,884,310	₱381,631,281

12. Capital Stock

Details of capital stock as of March 31, 2024 and 2023 follow:

	Par Value	Shares Authorized	Amount	Shares Issued and Outstanding	Amount
Class A	₱1	169,400,000	₱169,400,000	84,723,432	₱84,723,432
Class B	1	677,600,000	677,600,000	337,994,588	337,994,588
		847,000,000	₱847,000,000	422,718,020	₱422,718,020

- a. The Class A shares of stock can be issued to Philippine nationals only, while the Class B shares of stock can be issued to either Philippine or foreign nationals. As of March 31, 2024 and 2023, all Class B shares are issued to foreign nationals only. The Group's Class A shares of stock are listed in the Philippine Stock Exchange.
- b. Below is the summary of the Parent Company's track record of registration of securities under the Securities Regulation Code (SRC):

Date	Number of Shares	Issue Price
January 21, 1983	44,100,000	₱1
July 14, 1986	74,042,783	1
January 16, 1992	104,988,723	1

The total number of shares registered under the SRC is 84,723,432 shares being held by 460 and 461 stockholders as of March 31, 2024 and 2023, respectively.

Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios to support its business and maximize shareholder value.



The Group considers the following as its capital as of March 31, 2024 and 2023:

	2024	2023
Capital stock	₱422,718,020	₱422,718,020
Additional paid-in capital	4,779,762	4,779,762
Other comprehensive loss	(121,291,031)	(125,795,505)
Retained earnings (Note 13)		
Appropriated	3,992,400,000	3,992,400,000
Unappropriated	576,034,287	413,561,966
	₱4,874,641,038	₱4,707,664,243

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new shares.

The Parent Company declared cash dividends amounting to ₱109.7 million, ₱105.2 million, and ₱221.7 million in 2024, 2023 and 2022, respectively (see Note 13).

The Group and the Parent Company have no externally imposed capital requirements. There were no changes made in the objectives, policies or processes for the years ended March 31, 2024, 2023 and 2022, respectively.

13. Retained Earnings

- a. On September 18, 1990, the Parent Company entered into a Merger Agreement with National Panasonic (Phils.) Inc. (NPPI), a related party and the exclusive distributor of the “National” brand of electronic products. The terms and conditions of the merger, as set forth in the Articles of Merger which was approved by the SEC on October 29, 1990, include, among others, the transfer by NPPI to the Parent Company, being the surviving corporation, of all its assets, liabilities and business on the same date. The transaction was accounted for using the pooling of interests method.

The retained earnings inherited from NPPI before the effectivity of the merger amounting to ₱64.7 million are included in the consolidated statement of financial position under “unappropriated retained earnings”. Such is not available for distribution to stockholders in the form of cash or property dividends. Based on the SEC guidelines and after considering this adjustment, the retained earnings available for dividend declaration as of March 31, 2024 and 2023 amounted to ₱424.5 million and ₱266.7 million, respectively.

In 2024 and 2023, the consolidated retained earnings include the retained earnings of PERC amounting to ₱43.9 million and ₱43.7 million, respectively, which are not available for dividend declaration.

- b. On April 18, 2023, the Parent Company’s BOD authorized and directed the reversal of the appropriated retained earnings amounting to ₱1.2 billion. On the same date, the BOD authorized the appropriation of retained earnings amounting to ₱1.3 billion, having a total appropriated retained earnings amounting to ₱4.0 billion of which, ₱3.6 billion, represents the reinstatement of the previous appropriations for in-plant production of plastic and metal parts, the Group’s change of IT System and other future projects of the Parent Company, while the additional ₱383.2 million appropriations represents appropriations for expansion of warehouses to cope with business growth and the replacement and upgrading of old machines, molds and dies and other



expected undertakings to expand production including target increase in B2B sales volume. Several projects of the Parent Company that were expected to be completed in 2022 were delayed. These projects are expected to be completed by 2030.

- c. On April 18, 2022, the Parent Company's BOD authorized and directed the reversal of the appropriated retained earnings amounting to ₱696.1 million. On the same date, the BOD authorized the appropriation of retained earnings amounting to ₱746.1 million, having a total appropriated retained earnings amounting to ₱3.9 billion of which, ₱3.6 billion, represents the reinstatement of the previous appropriations for in-plant production of plastic and metal parts, the Group's change of IT System and other future projects of the Parent Company, while the additional ₱293.9 million appropriations represents appropriations for expansion of warehouses to cope with business growth and the replacement and upgrading of old machines, molds and dies and other expected undertakings to expand production including target increase in B2B sales volume. Several projects of the Parent Company that were expected to be completed in 2022 were delayed. These projects are expected to be completed by 2030.
- d. The Parent Company's BOD declared cash dividends as follows:

	2024	2023	2022
March 31, 2024, 25.94% cash dividends to stockholders of record as of June 4, 2023 payable on June 25, 2023 (₱0.25 per share)	₱109,664,990	₱-	₱-
March 31, 2023, 24.89% cash dividends to stockholders of record as of June 4, 2022 payable on June 25, 2022 (₱0.25 per share)	-	105,214,515	-
March 31, 2022, 52.45% cash dividends to stockholders of record as of June 4, 2021 payable on June 25, 2021 (₱0.52 per share)	-	-	221,707,200
	₱109,664,990	₱105,214,515	₱221,707,200

14. Cost of Goods Sold

This account consists of:

	2024	2023	2022
Direct materials	₱6,814,813,427	₱6,773,162,713	₱4,992,886,371
Direct labor (Note 17)	304,012,701	306,876,776	261,514,957
Manufacturing overhead:			
Indirect labor (Note 17)	205,053,404	216,515,546	212,484,130
Depreciation and amortization (Note 18)	158,856,812	180,750,232	191,851,232
Electricity, gas and water	83,433,591	75,701,932	58,108,747
Repairs and maintenance	73,167,108	53,475,262	29,842,190
Research and development	60,726,159	8,097,599	95,428,523
Indirect materials	36,911,569	32,638,109	27,786,166
Provision (reversal of provision) for inventory write-down (Note 6)	34,894,778	46,762,820	(5,469,240)
Supplies	28,822,216	24,449,894	20,224,405
Travel	27,007,893	29,019,673	28,818,234

(Forward)



	2024	2023	2022
Insurance	₱14,007,782	₱14,305,159	₱12,855,472
Taxes and dues	5,806,276	3,788,455	4,857,552
Others	51,729,090	43,224,381	35,552,004
Total manufacturing overhead	780,416,678	728,729,062	712,339,415
Total manufacturing costs	7,899,242,806	7,808,768,551	5,966,740,743
Goods in process (Note 6):			
Beginning of year	14,743,336	15,856,653	11,664,068
End of year	(40,399,434)	(14,743,336)	(15,856,653)
Cost of goods manufactured	7,873,586,708	7,809,881,868	5,962,548,158
Finished goods and merchandise (Note 6):			
Beginning of year, as restated	1,167,782,513	874,295,088	1,064,725,266
Purchases	3,517,495,285	4,977,496,270	3,845,982,857
Provision for inventory write-down (Note 6)	60,936,000	151,047,463	87,467,535
End of year	(1,064,136,193)	(1,167,782,513)	(874,295,088)
	₱11,555,664,313	₱12,644,938,176	₱10,086,428,728

15. Selling Expenses

This account consists of:

	2024	2023	2022
Sales promotions	₱653,318,394	₱701,076,796	₱882,437,705
Freight and storage	445,425,146	417,805,949	297,796,230
Advertising and commissions	137,396,900	100,964,035	101,713,350
Provision for warranty claims (Note 11)	38,995,752	43,516,686	47,061,215
	₱1,275,136,192	₱1,263,363,466	₱1,329,008,500

16. General and Administrative Expenses

This account consists of:

	2024	2023	2022
Salaries, wages, and employee benefits (Note 17)	₱405,591,810	₱377,361,624	₱396,064,396
Technical assistance fees (Note 20)	238,436,440	253,356,687	196,100,321
Brand license fees (Note 20)	90,576,581	96,193,462	86,469,562
Taxes and dues	70,541,944	68,875,083	67,078,620
Depreciation and amortization (Note 18)	61,464,905	31,745,367	29,171,939
Communications	57,803,882	6,711,977	8,889,031
Repairs and maintenance	54,994,819	70,178,380	75,992,795
Outsourcing	54,384,661	49,756,582	44,641,035
Travel	56,317,734	46,526,643	21,538,136
Provision for other estimated liabilities (Note 11)	(28,566,774)	(18,286,326)	16,507,925
Rent (Note 8)	26,170,999	26,235,378	11,913,693
Supplies	15,329,119	6,717,755	9,244,574
Insurance	15,121,808	19,832,032	19,087,372

(Forward)



	2024	2023	2022
Allocated costs	₱12,062,218	₱12,659,455	₱16,355,113
Conference	5,903,917	4,061,674	2,145,245
Electricity, gas and water	2,559,492	7,898,960	2,716,722
Freight and storage	2,373,879	3,234,738	3,219,972
Provision for overhead expense (Note 11)	1,968,000	3,168,000	2,721,459
Product testing	1,498,957	1,494,427	3,015,915
Interest expense on lease liabilities (Note 8)	528,313	311,536	565,242
Others	55,874,400	50,608,523	51,236,054
	₱1,200,937,104	₱1,118,641,957	₱1,064,675,121

Others include entertainment, amusement and recreation, research and development, credit investigation costs, hauling charges and others.

17. Salaries, Wages and Employee Benefits

This account consists of:

	2024	2023	2022
Compensation	₱743,531,858	₱745,594,190	₱713,139,020
Net retirement benefit expense (Note 11)	39,172,232	39,932,846	33,279,290
Other employee benefits	131,953,825	115,226,910	123,645,173
	₱914,657,915	₱900,753,946	₱870,063,483

Personnel expenses are shown in the consolidated statements of comprehensive income as follows:

	2024	2023	2022
Cost of goods sold (Note 14)	₱509,066,105	₱523,392,322	₱473,999,087
General and administrative expenses (Note 16)	405,591,810	377,361,624	396,064,396
	₱914,657,915	₱900,753,946	₱870,063,483

18. Depreciation and Amortization

Details of depreciation and amortization follow:

	2024	2023	2022
Property, plant and equipment (Note 7)	₱196,557,172	₱211,449,573	₱220,337,506
Software (Note 9)	23,764,545	1,046,026	685,665
	₱220,321,717	₱212,495,599	₱221,023,171
Cost of goods sold (Note 14)	₱158,856,812	₱180,750,232	₱191,851,232
General and administrative expenses (Note 16)	61,464,905	31,745,367	29,171,939
	₱220,321,717	₱212,495,599	₱221,023,171



19. Other Income - net

This account consists of:

	2024	2023	2022
Interest income (Note 4)	₱79,081,334	₱32,706,187	₱31,271,616
Service income (Note 20)	57,321,995	56,495,141	49,743,294
Income from scrap sales	37,606,416	32,970,358	17,645,716
Foreign currency exchange loss - net (Notes 4, 5 and 10)	(11,696,577)	(24,807,078)	(15,346,107)
Recovery of provision credit losses and impairment (Note 5)	1,760,000	2,285,000	6,175,383
Gain on disposal/retirement of property, plant and equipment and software (Note 7)	1,120,000	1,734,058	1,932,528
Miscellaneous income	(48,287,734)	3,128,813	-
	₱116,905,434	₱104,512,479	₱91,422,430

Unrealized foreign exchange gain (loss) amounted to ₱0.02 million, (₱2.2 million), ₱4.0 million in 2024, 2023 and 2022, respectively. Miscellaneous income includes insurance claims and rental.

20. Related Party Transactions

The Parent Company has entered into various transactions with related parties. Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence, such as affiliates. Related parties may be individuals or corporate entities. Transactions with related parties are made substantially on the same terms as with other individuals and businesses and are generally settled in cash.

The companies under common control of the Ultimate Parent Company (referred to as affiliates) that the Parent Company has transactions are as follows:

- Branch of Panasonic Appliances Vietnam Co., Ltd. In Hung Yen
- Panasonic Appliance Vietnam Co Ltd
- Panasonic Appliances India Co Ltd
- Panasonic Asia Pacific Pte Ltd
- Panasonic Commercial Equipment Systems Asia Pacific
- Panasonic Connect Asia
- Panasonic Consumer Marketing Appliance
- Panasonic Consumer Marketing Asia Pacific
- Panasonic Corporation Appliances Company Head Office
- Panasonic Corporation-Procurement Company
- Panasonic Ecology Systems (Hongkong)
- Panasonic Ecology Systems (Thailand) Co. Ltd. (Pesth)
- Panasonic Energy (Thailand) Co Ltd
- Panasonic Global Proc. Japan (Gprc)
- Panasonic Hong Kong Co., Ltd
- Panasonic Industrial Devices Automation Control Sales
- Panasonic Life Solutions (Thailand) Co Ltd



- Panasonic Life Solutions Asia Pacific
- Panasonic Life Solutions Asia Pacific (PPH Service Fee)
- Panasonic Life Solutions Sales (Thailand) Co Ltd
- Panasonic Life Solutions (Hong Kong) Co., Ltd.
- Panasonic Management (Thailand) Co., Ltd.
- Panasonic Management Malaysia Sdn.Bhd.
- Panasonic Manufacturing Ayuthayaco., Ltd.
- Panasonic Proc. Asia Pacific (PPAP)
- Panasonic Procurement (China) Co., Ltd.
- Panasonic Procurement Malaysia Sdn
- Panasonic System Solution Asia Pacific
- Panasonic Taiwan Co., Ltd.
- Panasonic Vietnam Co., Ltd.
- Panasonic Wanbao Appliances Comp. Co., Ltd.
- Panasonic Logistic Asia Pacific
- Pt.Panasonic Mfg.Indonesia (P.M.I)

As a result of the related party transactions, the Parent Company has outstanding balances with related parties as follows. Amounts due from and due to related parties are non-interest bearing and are normally settled within one year.

	Nature, terms and conditions	2024	
		Amount/ Volume	Outstanding Balance
Ultimate Parent Company			
Non-trade receivables (Note 5)	Related to promo support, 30-day term, non-interest bearing, unsecured	₹29,857,116	₹9,528,727
Non-trade payables (Note 10)	Related to brand license fees payable equivalent to 0.7% of the sales price of the products bearing the brand “KDK” and “Panasonic”, non-interest bearing, payable semi-annually, unsecured	90,576,581	39,939,919
	Related to technical assistance fees payable equivalent to 3.0% of selected products, non-interest bearing, payable semi-annually, unsecured	228,584,044	102,290,626
Dividends payable	Dividends declared by the Parent Company	87,675,796	—
Accrued expenses (Note 10)	Related to compensation and welfare expenses of certain employees, payable quarterly, non-interest bearing, unsecured	48,874,100	—
	Related to communication expenses incurred, 30-day term, non-interest bearing, unsecured	20,946,395	—
Technical assistance fee (Note 16)	Related to technical assistance fees payable equivalent to 3.0% of selected products	238,436,440	—
Brand license fee (Note 16)	Related to brand license fees payable equivalent to 1.0% of the sales price of the products bearing the brand “KDK” and “Panasonic”	90,576,581	—



			2024	
			Amount/ Volume	Outstanding Balance
<i>Affiliates</i>				
Nature, terms and conditions				
Trade receivables (Note 5)	Sale of air-conditioner units' products, 30-day term, non-interest bearing, unsecured, no impairment		₱2,582,811,605	₱397,786,972
Non-trade receivables (Note 5)	Related to service income from rendering services in the form of general advice and assistance fees, 30-day term, non-interest bearing, unsecured, no impairment		68,835,241	6,035,567
	Related to promo support, 30-day term, non-interest bearing, unsecured, no impairment		60,774,486	18,058,799
	Related to certain expenses paid in behalf of affiliates, 30-day term, non-interest bearing, unsecured, no impairment		28,719,643	3,901,543
	Related to MRO system charged by the Parent Company to a lessee-affiliate, 30-day term, non-interest bearing, unsecured, no impairment		1,563,621	-
Trade payable (Note 10)	Purchase of raw materials, merchandise and other spare parts, 30-day term, non-interest bearing, unsecured		5,559,975,440	522,711,105
Accrued expenses (Note 10)	Related to expenses payable for management fee, 30-day term, non-interest bearing, unsecured		9,329,845	969,860
	Related to communication expenses incurred, 30-day term, non-interest bearing, unsecured		30,407,054	4,223,931
	Related to allocated costs charged to the Company for certain services, 30-day term, non-interest bearing, unsecured		2,034,681	393,819
	Accrued expenses related to product development cost of Aircon		1,875,762	421,800
Service income (Note 19)	Related to service income earned from rendering services in the form of general advice and assistance fees		57,321,995	-
			2023	
			Amount/ Volume	Outstanding Balance
<i>Ultimate Parent Company</i>				
Non-trade receivables (Note 5)	Related to promo support, 30-day term, non-interest bearing, unsecured		₱8,662,998	₱4,711,958
	Related to various reimbursements and other expenses		366,753	326,320
Non-trade payables (Note 10)	Related to brand license fees payable equivalent to 0.7% of the sales price of the products bearing the brand "KDK" and "Panasonic", non-interest bearing, payable semi-annually, unsecured		96,193,462	42,109,235



			2023	
	Nature, terms and conditions	Amount/ Volume	Outstanding Balance	
	Related to technical assistance fees payable equivalent to 3.0% of selected products, non-interest bearing, payable semi-annually, unsecured	₱228,021,044	₱111,681,250	
Dividends payable	Dividends declared by the Parent Company	84,126,853	-	
Accrued expenses (Note 10)	Related to compensation and welfare expenses of certain employees, payable quarterly, non-interest bearing, unsecured	61,828,267	9,557,428	
	Related to communication expenses incurred, 30-day term, non-interest bearing, unsecured	15,056,300	1,929,925	
Technical assistance fee (Note 16)	Related to technical assistance fees payable equivalent to 3.0% of selected products	253,356,687	-	
Brand license fee (Note 16)	Related to brand license fees payable equivalent to 1.0% of the sales price of the products bearing the brand "KDK" and "Panasonic"	96,193,462	-	
<i>Affiliates</i>				
Trade receivables (Note 5)	Sale of air-conditioner units' products, 30-day term, non-interest bearing, unsecured, no impairment	2,771,757,380	313,294,792	
Non-trade receivables (Note 5)	Related to service income from rendering services in the form of general advice and assistance fees, 30-day term, non-interest bearing, unsecured, no impairment	57,218,688	8,869,314	
	Related to promo support, 30-day term, non-interest bearing, unsecured, no impairment	40,692,458	2,713,479	
	Related to certain expenses paid in behalf of affiliates, 30-day term, non-interest bearing, unsecured, no impairment	29,888,211	10,574,911	
	Related to MRO system charged by the Parent Company to a lessee-affiliate, 30-day term, non-interest bearing, unsecured, no impairment	1,552,159	126,640	
Trade payable (Note 10)	Purchase of raw materials, merchandise and other spare parts, 30-day term, non-interest bearing, unsecured	6,428,046,820	394,501,690	
Accrued expenses (Note 10)	Related to expenses payable for management fee, 30-day term, non-interest bearing, unsecured	12,290,200	-	
	Related to communication expenses incurred, 30-day term, non-interest bearing, unsecured	29,842,296	22,093,799	
	Related to allocated costs charged to the Company for certain services, 30-day term, non-interest bearing, unsecured	3,101,336	182,589	



			2023	
		Nature, terms and conditions	Amount/ Volume	Outstanding Balance
		Accrued expenses related to product development cost of Aircon	₱8,026,613	₱103,461
Service income (Note 19)		Related to service income earned from rendering services in the form of general advice and assistance fees	56,495,941	-
2022				
		Nature, terms and conditions	Amount/ Volume	Outstanding Balance
Ultimate Parent Company				
Non-trade receivables (Note 5)		Related to compensation and welfare expenses of certain employee, 30-days term, non-interest bearing, unsecured	₱1,726,145	₱768,546
		Related to promo support, 30-day term, non-interest bearing, unsecured	3,915,044	1,253,141
Non-trade payables (Note 10)		Related to brand license fees payable equivalent to 0.7% of the sales price of the products bearing the brand "KDK" and "Panasonic", non-interest bearing, payable semi-annually, unsecured	100,350	42,739,394
		Related to technical assistance fees payable equivalent to 3.0% of selected products, non-interest bearing, payable semi-annually, unsecured	176,490,289	89,025,204
Dividends payable (Note 10)		Dividends declared by the Parent Company	159,542,784	-
Accrued expenses (Note 10)		Related to compensation and welfare expenses of certain employees, payable quarterly, non-interest bearing, unsecured	65,078,149	11,888,826
		Related to communication expenses incurred, 30-day term, non-interest bearing, unsecured	12,012,979	2,298,425
		Accrued expenses related to export sales of the ACD (e.g. warranty expenses)	8,223,013	111,117
Technical assistance fee (Note 16)		Related to technical assistance fees payable equivalent to 3.0% of selected products	196,100,321	-
Brand license fee (Note 16)6/27/2024		Related to brand license fees payable equivalent to 1.0% of the sales price of the products bearing the brand "KDK" and "Panasonic"	86,469,562	-
Affiliates				
Trade receivables (Note 5)		Sale of air-conditioner unit's products, 30-day term, non-interest bearing, unsecured, no impairment	1,590,145,823	173,907,867
Non-trade receivables (Note 5)		Related to service income from rendering services in the form of general advice and assistance fees, 30-day term, non-interest bearing, unsecured, no impairment	60,154,767	7,798,224
		Related to promo support, 30-day term, non-interest bearing, unsecured, no impairment	45,751,667	24,664,524



			2022	
	Nature, terms and conditions	Amount/ Volume	Outstanding Balance	
	Related to certain expenses paid in behalf of affiliates, 30-day term, non-interest bearing, unsecured, no impairment	₱7,451,586	₱7,901,423	
	Related to MRO system charged by the Parent Company to a lessee-affiliate, 30-day term, non-interest bearing, unsecured, no impairment	-	49,600	
Trade payable (Note 10)	Purchase of raw materials, merchandise and other spare parts, 30-day term, non-interest bearing, unsecured	5,285,022,119	554,545,772	
Accrued expenses (Note 10)	Related to expenses payable for management fee, 30-day term, non-interest bearing, unsecured	16,354,213	3,104,400	
	Related to communication expenses incurred, 30-day term, non-interest bearing, unsecured	8,820,536	3,495,155	
	Related to allocated costs charged to the Company for certain services, 30-day term, non-interest bearing, unsecured	2,153,167	-	
	Accrued expenses related to product development cost of Aircon	65,371,986	5,472,690	
Service income (Note 19)	Related to service income earned from rendering services in the form of general advice and assistance fees	49,743,294	-	

Receivable from and payable to related parties are presented under 'Receivables' and 'Accounts payable and accrued expenses', respectively.

The sales to and purchases from related parties are made at terms equivalent to those that prevail in arm's length transactions. Outstanding balances as at March 31, 2024 and 2023 are unsecured and interest-free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. In 2024, 2023 and 2022, the Group has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

The Parent Company has interest-bearing loans receivable from its Subsidiary amounting to ₱154.0 million as of March 31, 2024 and 2023. The 12.0% nominal annual interest is to be paid on a monthly basis while the principal is payable on its maturity date, March 31, 2026.

The carrying amount of the receivable in the Parent Company's books and payable in the Subsidiary's books amounted to ₱154.0 million as of March 31, 2024 and 2023, which were eliminated in the consolidation. The net expenses in the Parent Company's books and net revenue in the Subsidiary's books amounted to ₱30.1 million in 2024, ₱28.9 million in 2023 and ₱19.1 million in 2022. These balances and transactions were eliminated in the consolidation.



Key Management Personnel

The Group's key management personnel include the president and directors. The compensation of key management personnel consists of:

	2024	2023	2022
Short-term employee benefits	₱39,468,908	₱44,938,646	₱53,361,273
Post-employment benefits	2,909,976	3,318,311	4,002,458
	₱42,378,884	₱48,256,957	₱57,363,731

There are no agreements between the Group and any of its key management personnel providing for benefits upon termination of employment, except for such benefits to which they may be entitled under the Parent Company's retirement plan.

Transactions with the retirement fund

Under PFRS, certain post-employment benefit plans are considered as related parties.

The Parent Company's retirement plan is in the form of different investments being managed by the Board of Trustees (BOT) of the retirement plan. The BOT of the retirement plan is mandated to approve the plan, trust agreement, investment plan including any amendments or modifications thereto, and any other activities of the plan. Certain members of the BOD of the Parent Company are represented in the BOT. The BOT manages the plan based on the mandate as defined in the trust agreement. The retirement fund has 58.0% interest in the subsidiary of the Parent Company amounting to ₱7.4 million and 5.1% interest in the Parent Company amounting to ₱21.6 million as of March 31, 2024 and carried at fair value. The Retirement Fund recognized a remeasurement gain (loss) amounting to ₱4.5 million and (₱9.4 million) in 2024 and 2023, respectively.

The fair value of the net plan assets of the fund by each classes as at the end of the reporting period are presented in Note 11.

As of March 31, 2024 and 2023, certain loans and receivables amounting to ₱53.3 million are receivables of the retirement fund from certain employees of the Parent Company. These are being deducted from the monthly salary of the employees and are payable within two (2) to four (4) years. Investments include equity instruments which have quoted market prices except for the investment in PERC amounting to ₱60.3 million and ₱60.5 million as of March 31, 2024 and 2023. The fair value of investment in quoted equity instruments as of March 31, 2024 and 2023 amounted to ₱148.3 million and ₱147.4 million, respectively. Investments also include investment properties pertaining to a parcel of land held for capital appreciation amounting to ₱21.0 million and ₱21.8 million as of March 31, 2024 and 2023.

There are no other transactions or outstanding balances by the Parent Company, or its related parties, with the retirement plan of the employees of the Parent Company as of March 31, 2024 and 2023.

21. Registration with the PEZA

The Parent Company is registered with the Philippine Economic Zone Authority (PEZA) pursuant to the provision of RA No. 7916 (otherwise known as the "Special Economic Development Zone Act of 1995"), for Ecozone Export Enterprise for the manufacture of air conditioners and related service parts. Under the terms and conditions of its registration, the Parent Company is subject to certain requirements primarily related to the monitoring of its registered activities.



As a PEZA registered nonpointers enterprise, the Parent Company's existing Board of Investments (BOI) operations, which were transferred to PEZA, are entitled to certain tax benefits and nontax incentives provided for the original project by the aforementioned law, which includes, among others, income tax holiday (ITH) for three years for incremental sales of air-conditioners starting April 1, 2003, 5.0% gross income taxation for air conditioners in lieu of national and local taxes, tax and duty-free importation of capital equipment and raw materials, exemption from realty taxes on machinery for four years from the date of acquisition, employment of foreign nationals and others. Any local sale of its registered products shall be subject to a separate application and prior PEZA approval.

The Parent Company's BOI registration is deemed cancelled upon approval of its PEZA registration.

The Parent Company also agrees that a first lien shall automatically be constituted upon any of its real or personal property found, existing and/or located in its registered operations to answer for any and all outstanding obligations or accounts owing, due and/or payable by the Parent Company to PEZA in the future, if any.

The revenue recognized from the sale of PEZA-registered products consists of:

	2024		
	Revenue	VAT	Other taxes
Export sales	₱2,580,607,253	₱-	₱-
Local sales	1,346,932,824	161,631,819	6,554,986
	₱3,927,540,077	₱161,631,819	₱6,554,986

	2023		
	Revenue	VAT	Other taxes
Export sales	₱2,770,319,391	₱-	₱-
Local sales	1,320,445,515	158,453,462	5,861,444
	₱4,090,764,906	₱158,453,462	₱5,861,444

22. Income Taxes

The provision for income tax consists of:

	2024	2023	2022
Current			
RCIT	₱55,179,703	₱44,834,702	₱66,768,009
Gross income tax (GIT)	18,533,142	23,907,228	19,476,467
Deferred	(9,793,057)	(9,983,212)	(8,319,823)
	₱63,919,788	₱58,758,718	₱77,924,653



The reconciliation of income before income tax computed at the statutory tax rate to provision for income tax as shown in the consolidated statements of comprehensive income follows:

	2024	2023	2022
Income tax at statutory income tax rate	₱74,322,373	₱60,255,228	₱63,308,442
Additions to (reductions in) income taxes resulting from:			
Movement in unrecognized deferred tax assets	13,235,054	17,420,894	13,745,378
Income from PEZA registered activities	(4,569,880)	(12,655,691)	3,852,743
Income subjected to final tax	(19,964,681)	(8,041,531)	(3,158,894)
Non-deductible expenses (non-taxable income)	896,922	1,779,818	6,285
Excess MCIT over RCIT	-	-	170,699
	₱63,919,788	₱58,758,718	₱77,924,653

The components of the Group's net deferred tax assets follow:

	2024	2023
Deferred tax assets:		
Provisions for estimated liabilities and other accruals	₱80,942,836	₱55,262,753
Retirement liability (Note 11)	24,883,356	42,043,580
Allowance for inventory losses	31,675,986	26,750,029
Unamortized past service cost	18,777,418	22,511,866
Allowance for credit and probable losses	4,002,064	953,000
Lease liability	513,000	630,310
Unrealized foreign currency exchange loss - net	48,282	2,178,542
	160,842,942	150,330,080
Deferred tax liabilities:		
Net book value of replacement and burned property, plant and equipment	₱4,145,667	₱4,125,847
Right-of-use asset	2,973,331	771,855
	7,118,998	4,897,702
	₱153,723,944	₱145,432,378

Movements in net deferred tax assets comprise of:

	2023	2023
At beginning of the year	₱145,432,378	₱132,673,106
Amounts credited to statements of income	9,793,057	9,983,212
Amount charged against statements of comprehensive income	(1,501,491)	2,776,060
At end of the year	₱153,723,944	₱145,432,378

As of March 31, 2024 and 2023, the Group did not recognize deferred tax assets amounting to ₱338.0 million and ₱351.7 million, respectively, on temporary differences related to provisions for estimated liabilities and other accruals. The Group assessed that it may not be probable that sufficient taxable income will be available in the foreseeable future against which these tax benefits can be realized.



In addition, the Group has certain activities entitled to tax benefits and nontax incentives granted by PEZA. As such, no deferred tax assets were set up on certain gross deductible temporary differences in 2024 and 2023.

On June 20, 2023, the Bureau of Internal Revenue issued Revenue Memorandum Circular (RMC) No. 69-2023 reverting the MCIT rate to 2.00% of gross income effective July 1, 2023 pursuant to RA No. 11534, otherwise known as the “Corporate Recovery and Tax Incentives for Enterprises (CREATE)” Act. MCIT rate was previously reduced from 2.00% to 1.00% effective July 1, 2020 to June 30, 2023 upon the effectivity of CREATE Act in 2021.

Consequently, the Group recognized MCIT using the effective rate of 1.75% in 2023 in accordance with RMC 69-2023.

23. Contingencies

The Group is contingently liable for lawsuits and tax assessments arising from the ordinary course of business. In the opinion of management and its legal counsels, the ultimate liability for the said lawsuits and tax assessments, if any, would not be material in relation to the Group’s financial position and operating results.

24. Basic/Diluted Earnings Per Share

Basic earnings per share is calculated by dividing the net income attributable to the equity holders of the Parent Company by the weighted average number of common shares outstanding during the year. Diluted earnings per share is the same as the basic earnings per share as there are no potential dilutive shares outstanding.

The following are the income and share data used in the basic/diluted earnings per share computation:

	2024	2023	2022
Net income attributable to the equity holders of the Parent Company (a)	₱272,137,311	₱197,490,614	₱123,913,433
Weighted average number of common shares (b) (Note 12)	422,718,020	422,718,020	422,718,020
Basic/diluted earnings per share (a/b)	₱0.64	₱0.47	₱0.29

There have been no other transactions involving common shares or potential common shares between the reporting date and the date of the completion of the consolidated financial statements.

25. Reporting Segments

For management purposes, the Group’s business segments are grouped in accordance with that of Parent Company’s lines of business, which are grouped on product basis as follows: GCMS (Global Consumer Marketing Sector), SNC (System Network and Communication) and others. Under this structure, each business domain will integrate its research and development, manufacturing and sales, thereby establishing an autonomous structure that expedites business operations to accelerate growth.



Products under each business segment are as follows:

Consumer - This segment includes audio, video primarily related to selling products for media and entertainment industry. This also includes home appliance and household equipment primarily related to selling for household consumers.

System Solutions Group (SSG) - This segment includes office automation equipment such as telecommunication products, security system and projectors primarily related to selling for business consumers.

Life Solutions (LS) – This segment includes lamps, ventilation fans, Panasonic Nano Generator (PNG) and other lighting accessories primarily use and sell to business consumers or thru distributors and dealers.

Others - This segment includes supermarket refrigeration such as cold room, showcases and bottle coolers primarily related to selling to supermarkets and groceries. This also includes solar panel which is primarily a project-based selling.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements. However, current and deferred taxes are managed on a group basis and are not allocated to operating segments.

The Group's segment information for the fiscal years ended March 31 is as follows (in thousands):

	2024				Adjustments/ Eliminations	Total
	Consumer	SSG	LS	Others		
Consolidated Statement of Comprehensive Income						
Net sales	₱13,686,962	₱213,468	₱70,166	₱280,656	₱-	₱14,251,252
Cost of goods sold (Note 14)	(11,342,202)	(153,198)	(60,018)	(245,650)	-	(11,555,664)
Selling expenses (Note 15)	(1,286,733)	(34,630)	46,137	90	-	(1,275,136)
General and administrative expenses (Note 16)	(1,099,106)	(23,045)	(53,447)	(25,339)	-	(1,200,937)
Other income - net (Note 19)	116,728	(317)	297	197	-	116,905
Income before income tax	₱75,649	₱2,278	₱3,135	₱255,358	₱-	336,420
Provision for income tax (Note 22)						63,920
Net income						₱272,500
Consolidated Statement of Financial Position						
Segment assets	₱3,455,358	₱280,281	₱59,265	₱4,706,410	₱153,648	₱8,654,962
Segment liabilities	2,887,684	33,435	25,000	760,656	-	3,706,775
Other Segment Information						
Capital expenditures ² (Notes 7 and 9)	30,954	1,764	1,497	255,205	-	289,420
Depreciation and amortization ³ (Note 18)	15,266	282	511	204,263	-	220,322
Interest income ⁴ (Note 19)	79,081	-	-	-	-	79,081

1. Segment assets do not include deferred tax assets amounting to ₱153.6 million.

2. Capital expenditures include acquisition of property, plant and equipment and software costs.

3. Depreciation and amortization is divided between cost of goods sold and general and administrative expenses.

4. Interest income is included in other income.



	2023					Total
	Consumer	SSG	LS	Others	Adjustments/ Eliminations	
Consolidated Statement of Comprehensive Income						
Net sales (Note 25)	₱14,755,142	₱142,255	₱65,830	₱215,096	₱-	₱15,178,323
Cost of goods sold (Note 14)	(12,289,372)	(104,093)	(61,976)	(189,497)	-	(12,644,938)
Selling expenses (Note 15)	(1,305,832)	(7,293)	47,176	2,586	-	(1,263,363)
General and administrative expenses (Note 16)	(1,020,421)	(28,734)	(46,125)	(23,362)	-	(1,118,642)
Other income - net (Note 19)	101,168	1,709	1,139	496	-	104,512
Income before income tax	₱240,685	₱3,844	₱6,044	₱5,319	₱-	255,892
Provision for income tax (Note 22)						58,759
Net income						₱197,133

Consolidated Statement of Financial Position

	Consumer	SSG	LS	Others	Adjustments/ Eliminations	Total
Segment assets	₱3,181,090	₱280,179	₱46,025	₱4,486,995	₱145,432	₱8,139,721
Segment liabilities	2,691,839	33,423	11,612	622,000	-	3,358,874

Other Segment Information

	Consumer	SSG	LS	Others	Adjustments/ Eliminations	Total
Capital expenditures ² (Notes 7 and 9)	16,222	713	-	213,462	-	230,397
Depreciation and amortization ³ (Note 18)	14,997	353	169	196,977	-	212,496
Interest income ⁴ (Note 19)	32,706	-	-	-	-	32,706

1. Segment assets do not include deferred tax assets amounting to ₱145.4 million.

2. Capital expenditures include acquisition of property, plant and equipment and software costs.

3. Depreciation and amortization is divided between cost of goods sold and general and administrative expenses.

4. Interest income is included in other income.

	2022					Total
	Consumer	SSG	LS	Others	Adjustments/ Eliminations	
Consolidated Statement of Comprehensive Income						
Net sales	₱12,191,108	₱169,849	₱109,054	₱120,523	₱-	₱12,590,534
Cost of goods sold (Note 14)	(9,746,072)	(139,021)	(97,893)	(103,443)	-	(10,086,429)
Selling expenses (Note 15)	(1,364,492)	(2,397)	37,282	599	-	(1,329,008)
General and administrative expenses (Note 16)	(980,393)	(25,412)	(42,928)	(15,942)	-	(1,064,675)
Other income - net (Note 19)	90,942	7	183	290	-	91,422
Income before income tax	₱191,093	₱3,026	₱5,698	₱2,027	₱-	201,844
Provision for income tax (Note 22)						77,925
Net income						₱123,919

Consolidated Statement of Financial Position

	Consumer	SSG	LS	Others	Adjustments/ Eliminations	Total
Segment assets	₱3,328,026	₱297,522	₱50,728	₱4,740,048	₱132,673	₱8,548,997
Segment liabilities	2,833,716	52,352	18,247	944,641	-	3,848,956

Other Segment Information

	Consumer	SSG	LS	Others	Adjustments/ Eliminations	Total
Capital expenditures ² (Notes 7 and 9)	4,881	166	-	130,611	-	135,658
Depreciation and amortization ³ (Note 18)	11,647	649	332	208,395	-	221,023
Interest income ⁴ (Note 19)	31,272	-	-	-	-	31,272

1. Segment assets do not include deferred tax assets amounting to ₱132.7 million.

2. Capital expenditures include acquisition of property, plant and equipment and software costs.

3. Depreciation and amortization is divided between cost of goods sold and general and administrative expenses.

4. Interest income is included in other income.

Geographic Information

The table below shows the net sales information of the Group based on the location of the customer (in thousands):

	2024	2023	2022
Philippines	₱11,670,645	₱12,408,003	₱11,001,382
Hongkong	1,450,631	2,221,031	1,589,152
Taiwan	1,129,976	549,289	-
	₱14,251,252	₱15,178,323	₱12,590,534



The Group has two customers each representing 10.0% or more of the Group's total revenue amounting to ₱4.2 billion in 2024 and ₱4.8 billion in 2023.

Disaggregated Revenue Information

The table below shows the net sales information of the Parent Company based on the revenue streams identified (in thousands):

	2024				
	Consumer	SSG	LS	Others	Total
B2B sales	₱554,359	₱213,468	₱70,166	₱280,656	₱1,118,649
B2C sales	13,132,603	–	–	–	13,132,603
	₱13,686,962	₱213,468	₱70,166	₱280,656	₱14,251,252

	2023				
	Consumer	SSG	LS	Others	Total
B2B sales	₱586,697	₱142,255	₱65,830	₱215,096	₱1,009,878
B2C sales	14,168,445	–	–	–	14,168,445
	₱14,755,142	₱142,255	₱65,830	₱215,096	₱15,178,323

	2022				
	Consumer	SSG	LS	Others	Total
B2B sales	₱343,367	₱169,849	₱109,054	₱120,523	₱742,793
B2C sales	11,847,741	–	–	–	11,847,741
	₱12,191,108	₱169,849	₱109,054	₱120,523	₱12,590,534

26. Financial Risk Management Objectives and Policies

Risk management structure

All policy directions, business strategies and management initiatives emanate from the BOD which strives to provide the most effective leadership for the Group. The BOD endeavors to remain steadfast in its commitment to provide leadership, direction and strategy by regularly reviewing the Group's performance. For this purpose, the BOD convenes at least once a month.

The Group has adopted internal guidelines setting forth matters that require BOD approval. Under the guidelines, all new investments, any increase in investment in businesses and any divestments require BOD approval.

The Group's principal financial instruments consist of cash and cash equivalents, receivables and AFS investments. The main purpose of these financial instruments is to raise finances for the Group's operations. The Group has various other financial instruments such as, accounts payable and accrued expenses, dividends payable and technical assistance fees payable which arise from normal operations.

The main risks arising from the Group's financial instruments are credit risk, liquidity risk and market risk. The Group also monitors the market price risk arising from all financial instruments.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur financial loss. With respect to credit risk arising from financial assets of the Group, which comprise of cash and cash equivalents, receivables, and other assets, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of the instrument.



The Group manages credit risk by assessing the creditworthiness of its counterparties. The Group trades only with recognized, creditworthy third parties. It is the Group's practice that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis.

As of March 31, 2024 and 2023, the Group does not hold collateral or other credit enhancement for cash and cash equivalents, receivables and refundable Meralco deposits (included in other noncurrent assets). Thus, carrying values represent maximum exposure to credit risk. The Group acquired credit insurance for its domestic trade receivables, which covers both fully secured and partially secured receivables. Other than for domestic trade receivables, the Group's maximum exposure to credit risk is equivalent to the carrying value of the Group's financial assets as of March 31, 2024 and 2023.

Risk concentrations of the maximum exposure to credit risk

Concentrations arise when a number of counterparties are engaged in similar business activities or activities in the same geographic region or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographical location. Such credit risk concentrations, if not properly managed, may cause significant losses that could threaten the Group's financial strength and undermine public confidence.

As of March 31, 2024, the Group had two customers that owed it for a total amount of ₱377.1 million, accounting for more than 29.21% of the total trade receivables outstanding. As of March 31, 2023, the Group had two customers that owed it for a total amount of ₱516.3 million, accounting for more than 35.71% of the total trade receivables outstanding.

As of March 31, 2024 and 2023, the Group's maximum exposure to credit risk pertaining to trade receivables follows:

	Carrying Value	Fair Value of Credit Enhancement	Maximum Exposure to Credit Risk	Financial Effect of Credit Enhancement
2024	₱1,637,111,621	₱4,606,590,000	₱20,898,495	₱1,616,213,126
2023	1,700,827,865	4,194,650,000	33,457,824	1,667,370,041

Credit risks from cash in banks and cash equivalents are minimal since these are placed and recoverable from banks. Accordingly, these financial assets are considered to be low credit risk investments. The ECL allowance of these financial assets are measured using 12-month ECL (Stage 1) which is considered insignificant as at March 31, 2024 and 2023.

For receivables, an impairment analysis is performed at each reporting date using a provision matrix to measure ECL.



The table below shows the information about the Group's credit risk exposures on trade receivables using a provision matrix:

	2024				Total
	Current	More than 30 days	More than 60 days	More than 90 days	
Trade receivables					
Expected credit loss rate	1.57%	6.85%	15.27%	17.41%	
Total gross carrying amount	₱1,625,785,990	₱7,106,684	₱1,541,541	₱2,677,406	₱1,637,111,621
Expected credit losses	863,885	486,617	235,438	466,060	2,052,000
	2023				Total
	Current	More than 30 days	More than 60 days	More than 90 days	
Trade receivables					
Expected credit loss rate	1.56%	7.27%	17.77%	21.08%	
Total gross carrying amount	₱1,693,434,773	₱1,590,991	₱2,856,248	₱2,945,853	₱1,700,827,865
Expected credit losses	2,971,031	78,196	343,016	419,757	3,812,000

The credit quality of financial assets was determined as follows:

Cash and cash equivalents - are composed of bank deposits and money market placements made with reputable financial institutions and hence, graded as "high grade".

Receivables - high grade receivables are receivables from related parties and employees while standard grade receivables are receivables from dealers who pay within the Group's normal credit terms.

Other assets - pertains to deposits in refundable Meralco deposits and advances to employees which are considered as "high grade" since collectability of the refund is reasonably assured.

Liquidity Risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through collection of receivables and cash management. Liquidity planning is being performed by the Group to ensure availability of funds needed to meet working capital requirements.

Overall, the Group's funding arrangements are designed to keep an appropriate balance between equity and debt to give financing flexibility while continuously enhancing the Group's business.

The tables below summarize the maturity profile of the Group's financial assets and liabilities, based on the contractual undiscounted collections and payments:

	2024					Total
	On demand	Up to 1 month	1 to 3 months	3 to 12 months	Beyond 1 year	
Financial Assets						
Cash in banks	₱1,046,769,820	₱-	₱-	₱-	₱-	₱1,046,769,820
Cash equivalents*	-	2,032,774,699	-	-	-	2,032,774,699
Receivables						
Trade						
Domestic	1,192,360,561	35,289,678	7,543,589	2,078,821	-	1,237,272,649
Export	-	397,786,972	-	-	-	397,786,972
Non-trade	-	115,384,002	-	248,758,280	-	364,142,282
	2,239,130,381	2,581,235,351	7,543,589	250,837,101	-	5,078,746,422
Refundable deposits	-	-	-	16,140,080	1,380,269	17,520,349
	2,239,130,381	2,581,235,351	7,543,589	266,977,181	1,380,269	5,096,266,771
Financial Liabilities						
Lease liability*	-	-	1,553,226	4,782,266	11,401,462	17,736,954
Accounts payable and accrued expenses**	-	1,856,546,124	13,929,433	1,305,418,113	51,898,613	3,227,792,283
	-	1,856,546,124	15,482,659	1,310,200,379	63,300,075	3,245,529,237
	₱2,239,130,381	₱724,689,227	(₱7,939,070)	(₱1,043,223,198)	(₱61,919,806)	₱1,850,737,534

*Includes future interest

**Excludes statutory liabilities amounting to ₱21.6 million



	2023						Total
	On Demand	Up to 1 month	1 to 3 months	3 to 12 months	Beyond 1 year		
Financial Assets							
Cash in banks	₱470,513,705	₱-	₱-	₱-	₱-	₱-	₱470,513,705
Cash equivalents*	-	1,936,036,619	190,002,011	-	-	-	2,126,038,630
Receivables							
Trade							
Domestic	1,363,808,601	13,360,348	4,026,028	2,526,096	-	-	1,383,721,073
Export	-	313,294,792	-	-	-	-	313,294,792
Non-trade	-	56,322,390	-	-	-	-	56,322,390
	1,834,322,306	2,319,014,149	194,028,039	2,526,096	-	-	4,349,890,590
Refundable deposits	-	-	-	13,908,603	1,213,389	-	15,141,992
	1,834,322,306	2,319,014,149	194,028,039	16,454,699	1,213,389	-	4,365,032,582
Financial Liabilities							
Lease liability*	₱-	₱-	₱1,287,279	₱1,287,279	₱-	₱-	₱2,574,558
Accounts payable and accrued expenses**	-	1,547,138,364	8,369,384	1,236,570,351	60,554,716	-	2,852,632,815
	-	1,547,138,364	9,656,663	1,237,857,630	60,554,716	-	2,855,207,373
	₱1,834,322,306	₱771,875,785	₱184,371,376	(₱1,221,402,931)	(₱59,341,327)	-	₱1,509,825,209

*Includes future interest

**Excludes statutory liabilities amounting to ₱21.4 million

Market Risk

Market risk is the risk to earnings or capital arising from adverse movements in factors that affect the market value of financial instruments. The Group manages market risks by focusing on two market risk areas such as foreign currency risk and equity price risk.

Foreign currency risk

Exposure to currency risk arises from sales and purchases in currencies other than the Parent Company's functional currency. Foreign currency risk is monitored and analyzed systematically and is managed by the Group. The Group ensures that the financial assets denominated in foreign currencies are sufficient to cover the financial liabilities denominated in foreign currencies.

As of March 31, 2024 and 2023, the foreign currency-denominated financial assets and financial liabilities in original currencies and their Philippine Peso (PHP) equivalents are as follows:

	2024			2023		
	USD	JPY	Equivalents in PHP	USD	JPY	Equivalents in PHP
Financial assets						
Cash and cash equivalents	\$1,596,000	¥625,000	₱89,991,228	\$6,421,000	¥1,070,000	₱349,484,367
Receivables	7,480,789	10,996,283	424,804,698	6,088,589	3,070,029	332,234,740
	\$9,076,789	¥11,621,283	₱514,795,926	\$12,509,589	¥4,140,029	₱681,719,107
Financial liabilities						
Accounts payable and accrued expenses	\$8,560,038	¥87,998,915	₱514,108,115	\$6,331,540	¥55,927,347	₱367,118,343

The following tables demonstrate the sensitivity to a reasonably possible change in the US dollar (USD) and Japanese yen (JPY) currency rates, with all variables held constant, of the Group's income before tax from continuing operations (due to changes in the fair value of monetary assets and liabilities).

	2024		2023	
	Percentage increase/decrease in foreign currency	Effect on income before tax	Percentage increase/decrease in foreign currency	Effect on income before tax
USD	+8%	₱2,324,966	+8%	₱27,738,509
JPY	+7%	(1,987,804)	+7%	(388,539)



	2024		2023	
	Percentage increase/decrease in foreign currency	Effect on income before tax	Percentage increase/decrease in foreign currency	Effect on income before tax
USD	-8%	(P2,324,966)	-8%	(P27,738,509)
JPY	-7%	1,987,804	-7%	388,539

The sensitivity analysis has been determined assuming the change in foreign currency exchange rates has occurred at the reporting date and has been applied to the Group's exposure to currency risk for financial instruments in existence at that date, and all other variables, interest rates in particular, remain constant.

The stated changes represent management assessment of reasonable possible changes in foreign exchange rates over the period until the next annual report date.

There is no impact on the Group's equity other than those already affecting profit or loss.

Fair Value Measurement

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

Cash and cash equivalents, receivables, refundable deposits and other assets

Carrying amounts of cash in banks, cash equivalents, receivables, refundable deposits and other assets maturing within twelve (12) months are assumed to approximate their fair values. This assumption is applied to liquid assets and the short-term elements of all other financial assets.

Accounts payable and accrued expenses

Carrying amounts of accounts payable and accrued expenses approximate their fair values due to the short-term nature of the transactions.

27. Notes to Statements of Cash Flows

Cash flows from investing activities include acquisitions of property, plant and equipment on account amounting to P21.1 million, P9.4 million and P5.8 million in 2024, 2023 and 2022, respectively (see Notes 7 and 10).

The table below provides for the changes in liabilities from financing activities:

	March 31, 2024			
	Beginning balance	Cash flows	Non-cash changes	Ending balance
Lease liability (Note 8)	P2,521,241	(P4,458,900)	P17,945,914	P16,008,255
Total liabilities from financing activities	P2,521,241	(P4,458,900)	P17,945,914	P16,008,255

	March 31, 2023			
	Beginning balance	Cash flows	Non-cash changes	Ending balance
Lease liability (Note 8)	P7,283,845	(P5,074,140)	P311,536	P2,521,241
Total liabilities from financing activities	P7,283,845	(P5,074,140)	P311,536	P2,521,241



	March 31, 2022			
	Beginning balance	Cash flows	Non-cash changes	Ending balance
Lease liability (Note 8)	¥11,644,961	(¥4,926,358)	¥565,242	¥7,283,845
Dividends payable (Notes 10 and 13)	5,491	(221,712,691)	221,707,200	–
Total liabilities from financing activities	¥11,650,452	(¥226,639,049)	¥222,272,442	¥7,283,845

28. Approval of the Release of Consolidated Financial Statements

The accompanying consolidated financial statements were approved and authorized for issue by the Parent Company's BOD on June 26, 2024.

29. Events after the Reporting Period

On May 23, 2024, the Parent Company's Board of Directors approved the declaration of 32.9785% (¥0.33 per share) cash dividends to stockholders of record as of June 10, 2024 amounting to ¥139.4 million payable on June 25, 2024.



INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
Panasonic Manufacturing Philippines Corporation
Ortigas Avenue Extension
Barrio Mapandan, Barangay San Isidro
Taytay, Rizal

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Panasonic Manufacturing Philippines Corporation and its Subsidiary (the Group) as at March 31, 2024 and 2023, and for each of the three years in the period ended March 31, 2024, and have issued our report thereon dated June 26, 2024. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state, in all material respects, the financial information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.


Bryan Chrisnel M. Baes
Partner

CPA Certificate No. 128627

Tax Identification No. 275-229-188

BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026

BIR Accreditation No. 08-001998-148-2022, November 7, 2022, valid until November 6, 2025

PTR No. 10079899, January 5, 2024, Makati City

June 26, 2024



PANASONIC MANUFACTURING PHILIPPINES CORPORATION
SCHEDULES REQUIRED UNDER SECURITIES REGULATION CODE RULE 68

PART 1

- Annex I: Reconciliation of Retained Earnings Available for Dividend Declaration
- Annex II: Map showing the relationships between and among the Company and its Ultimate Parent Company and Subsidiary
-
- Annex III: Schedule of Financial Soundness Indicators

PART 2

- Schedule A: Financial Assets
- Schedule B: Amounts Receivable from Directors, Officers, Employees and Principal Stockholders (Other than Related Parties)
- Schedule C: Amounts Receivable from Related Parties which are eliminated during the Consolidation of financial statements
- Schedule D: Long-Term Debt
- Schedule E: Indebtedness to Related Parties (Long-Term Loans from Related Companies)
- Schedule F: Guarantees of Securities of Other Issuers
- Schedule G: Capital Stock
-

Annex I

RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

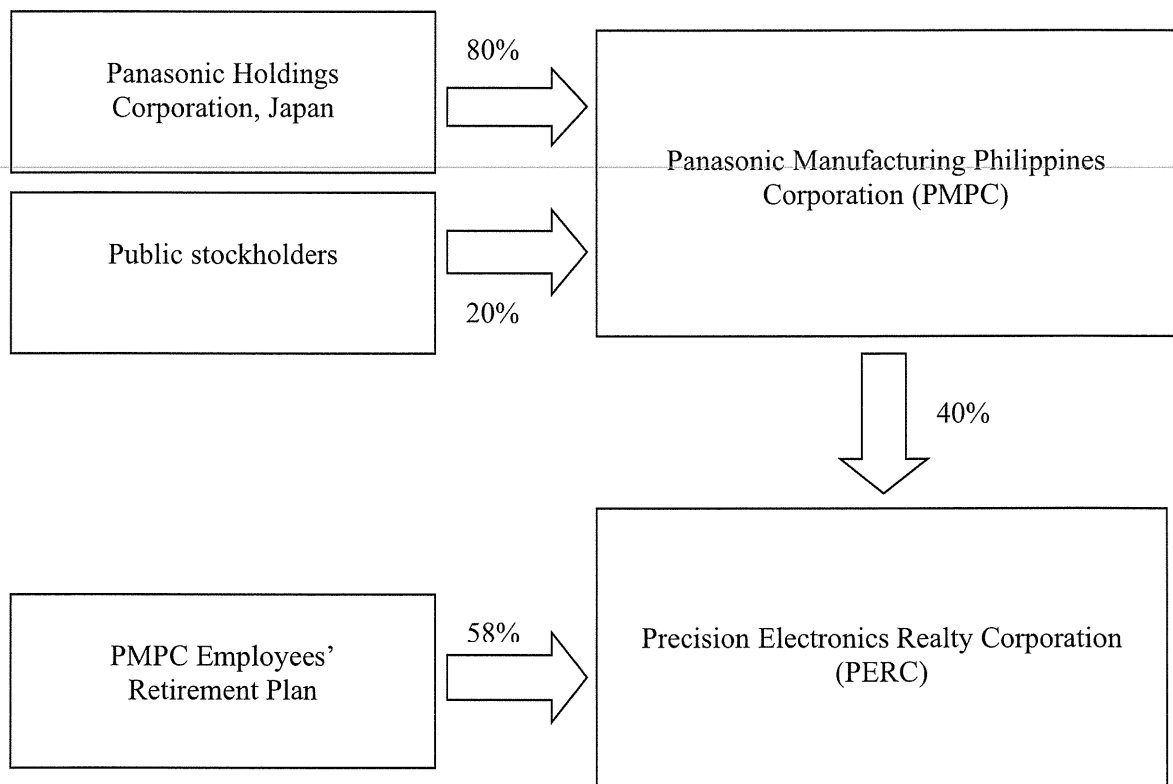
For the reporting period ended March 31, 2024

PANASONIC MANUFACTURING PHILIPPINES CORPORATION
Ortigas Avenue Extension, Barrio Mapandan, Barangay San Isidro, Taytay, Rizal

Unappropriated Retained Earnings, beginning of reporting period		₱266,743,197	
Add:	Category A: Items that are directly credited to Unappropriated Retained Earnings		
	Subtotal	-	
Less:	Category B: Items that are directly debited to Unappropriated Retained Earnings		
	Dividend declaration during the reporting period	109,664,990	
	Effect of restatements or prior-period adjustments	39,887,092	
	Subtotal	149,552,082	
Unappropriated Retained Earnings, as adjusted			117,191,115
Add:	Net income for the current year	272,488,222	
Less:	Category C.1: Unrealized income recognized in the profit or loss during the reporting (net of tax)		
	Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	247,946	
	Sub-total	247,946	
Add:	Category C.2: Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting (net of tax)		
	Realized foreign exchange gain	6,348,631	
	Sub-total	6,348,631	
Add:	Category C.3: Unrealized income recognized in the profit or loss in prior reporting periods but reversed in the current reporting (net of tax)		
	Sub-total	-	
Adjusted Net Income			278,588,907
Add:	Category D: Non-actual losses recognized in profit or loss during the reporting period (net of tax)		
	Sub-total	-	
Add/Less:	Category E: Adjustments related to relief granted by the SEC and BSP		
	Sub-total	-	
Less:	Category F: Other items that should be excluded from the determination of the amount of available for dividends distribution		
	Net movement of deferred tax asset not considered in the reconciling items under the previous categories	11,141,631	
	Sub-total	11,141,631	
Total Retained Earnings, end of the reporting period available for Dividend			₱384,638,391

PANASONIC MANUFACTURING PHILIPPINES CORPORATION

**MAP SHOWING THE RELATIONSHIPS BETWEEN AND AMONG THE COMPANY AND ITS ULTIMATE PARENT COMPANY AND SUBSIDIARY
MARCH 31, 2024**



INDEPENDENT AUDITOR'S REPORT ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Stockholders and the Board of Directors
Panasonic Manufacturing Philippines Corporation
Ortigas Avenue Extension
Barrio Mapandan, Barangay San Isidro
Taytay, Rizal

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Panasonic Manufacturing Philippines Corporation and its Subsidiary (the Group) as at March 31, 2024 and 2023, and for each of the three years in the period ended March 31, 2024, and have issued our report thereon dated June 26, 2024. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRSs) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRSs. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at March 31, 2024 and 2023 and for each of the three years in the period ended March 31, 2024 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.



Bryan Chrisnel M. Baes

Partner

CPA Certificate No. 128627

Tax Identification No. 275-229-188

BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026

BIR Accreditation No. 08-001998-148-2022, November 7, 2022, valid until November 6, 2025

PTR No. 10079899, January 5, 2024, Makati City

June 26, 2024



**PANASONIC MANUFACTURING PHILIPPINES
CORPORATION**

**SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS
MARCH 31, 2024**

RATIO	FORMULA	March 31, 2024	March 31, 2023	March 31, 2022
Current Ratio	Current Assets / Current Liabilities	2.29	2.38	2.22
Acid Test Ratio	(Cash Equivalents + Marketable Securities + Receivable) / Current Liabilities	1.52	1.47	1.46
Solvency Ratio	Net Income / Total Liabilities	0.07	0.06	0.03
Debt to Equity Ratio	Total Liabilities / Total Equity	0.75	0.70	0.82
Debt Ratio	Total Liabilities / Total Assets	0.43	0.41	0.45
Asset to Equity Ratio	Total Assets / Total Equity	1.75	1.70	1.82
Interest Rate Coverage Ratio	EBIT / Interest Expense	636.78	821.39	357.09
Return on Assets	Net Income / Average Total Assets	0.03	0.02	0.01
Return on Equity	Net Income / Average Total Equity	0.06	0.04	0.03
Net Profit Margin	Gross Profit / Total Revenue	0.19	0.17	0.20

Panasonic Manufacturing Philippines Corporation
Schedule A – Financial Assets
March 31, 2024

Name of Issuing entity and association of each issue	Number of shares or principal amount of bonds and notes	Amount shown in the statement of financial position	Valued based on market quotation at end of reporting period	Income received and accrued
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Nothing to report

Panasonic Manufacturing Philippines Corporation
Schedule B – Amounts Receivable from Directors, Officers, Employees and Principal Stockholders (Other than Related Parties)
March 31, 2024

Name and Designation of debtor	Balance at beginning of period	Additions	Deductions		Ending Balance		Balance at end of period
			Amounts collected	Amounts written off	Current	Not current	
Employees of Panasonic Manufacturing Philippines Corporation	₱3,568,281	₱72,153	₱425,422	₱49,325	₱3,165,687		₱3,165,687

Panasonic Manufacturing Philippines Corporation
Schedule C – Amounts Receivable from Related Parties which are eliminated during the Consolidation of financial statements
 March 31, 2024

Name and Designation of debtor	Balance at beginning of period	Addition	Deductions		Current	Not current	Balance at the end of the period
			Amounts collected	Amounts written off			
Precision Electronics Realty Corporation	₱153,990,175	₱–	₱–	₱–	₱–	₱153,990,175	₱153,990,175

Panasonic Manufacturing Philippines Corporation
Schedule D – Long-Term Debt
March 31, 2024

Title of Issue and type of obligation	Amount authorized by indenture	Amount shown under caption “Current portion of Long-term debt” in related statement of financial position	Amount shown under caption “Long-term Debt” in related statement of financial position
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Nothing to report

Panasonic Manufacturing Philippines Corporation
Schedule E – Indebtedness to Related Parties (Long-Term Loans from Related Companies)
March 31, 2024

Name of related party	Balance at beginning of period	Balance at end of period
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Nothing to report

Panasonic Manufacturing Philippines Corporation
Schedule F – Guarantees of Securities of Other Issuers
March 31, 2024

Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by persons for which statement is filed	Nature of guarantee
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Nothing to report

Panasonic Manufacturing Philippines Corporation
Schedule G – Capital Stock
March 31, 2024

Title of issue	Number of shares authorized	Number of shares issued and outstanding as shown under the related statement of financial position caption	Number of shares reserved for options, warrants, conversion, and other rights	Number of shares held by		
				Related parties	Directors, officers, and employees	Others
Panasonic Manufacturing Philippines Corporation- Common	847,000,000	422,718,020	–	359,580,941	96,015	63,041,064