

1. Questions raised by MSWG and Management's Response
2. Pre-Submitted Questions by Shareholders

<Questions addressed in order of presenters>

Presented by:-

PMMA

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**BUILDING  
RESILIENCE  
FOR A BETTER  
TOMORROW**

Question 1

For FYE March 31, 2021, the Company's revenue from domestic sales declined by 19% from RM426.6 million in FYE2020 to RM344 million. The decline was mainly due to Covid-19 pandemic (page 9 of AR2021).

- a) What are the Company's strategies in arresting the decline in domestic revenue for FYE2022?
- b) Is the Company looking out for new export markets to increase sales and if yes, what are these markets?

Answer 1

- a) The Company faced unprecedented challenges with the COVID-19 pandemic impacting almost all countries worldwide and overwhelming their respective economies.

The Company responded quickly with extra focus on initiatives to ensure the safety and health of its employees and thus preserve operational continuity.

Domestic sales contracted by 19% as compared to the previous year due to the implementation of various movement restrictions by the Malaysian government throughout the financial year; which in turn affected the sales of installation products such as Ceiling Fans and Home Showers.

The company's strategies in arresting the decline in domestic revenue is:-

1. To maximize in the export sales to the oversea market
2. To minimize the operation cost by promoting "job diet"
3. To promote automation in manufacturing processes with amidst the rising costs of labour

Answer 1

b) Yes, the company is continuously looking for new export market, for instance, Storage water heater first enter to Indonesia, Efan started penetrating into Thailand market. Moving forward, market expansion of High end Ceiling Fan targeted in Philippine and Vietnam with direct trade business.

Beside new export market, the company also looking for new product line up to generate more sales.

Question 2

The Company launched The Wifan series in the Malaysia market in December 2020 last year and offered 4 variant models with the state-of-art new blade design for users' comfort (page 11 of AR2021).

How have the sales for the Wifan fan series been since its launch?

Answer 2

Based on a recent dealers and users market survey, these models are well acceptable especially by the millennials who are savvier in embracing digital lifestyle.

The new Wifan sales has generated approximately RM3.9 million.

### Question 3

The Company has introduced a new Water Heater which was launched in 2020 named Multi Point Water Heater with the intention to penetrate the Thailand and Philippines markets. Apart from that, the Company also took the initiative to expand the Storage Water Heater new models to the Indonesia market? (page 14 of AR2021).

What has been the sales of this water heater since its launch?

### Answer 3

Despite the global pandemic circumstance causing the economy challenges and uncertain market situations, the Company continues to develop and deliver best quality products that meet the needs of our customers. In the financial year 2020, the Company had launched a Storage heater, Multipoint heater.

Sales generated from new water heater approximately RM8 million.

### Question 4

The Company's new factory building at its SA2 Plant has been completed in April 2021 (page 13 of AR2021).

- a) When is the factory expected to be operational?
- b) What is the production capacity of this factory?

### Answer 4

**a) When is the factory expected to be operational?**

The construction of the new factory building at SA2 Plant was completed in April 2021 and expected will only be operational from August 2021 due to delays encountered in obtaining clearance from the relevant government authorities, with the current movement restrictions in place.

**a) What is the production capacity of this factory?**

The new factory will be mainly used to increase the in-house production of injected parts which are currently mainly outsourced. The ratio of injected parts in-house is now 9%; with then new injection machines we target to increase to 39%. With this, we can reduce material costs by RM9.0 million per year.

Question 5

Other Operating Expenses increase significantly in FYE2021 from RM3.6 million previously to RM9.5 million? (page 81 of AR2021).

What were the reasons for the significant increase?

Answer 5

Higher other Operating Expenses mainly due to:		RM Million
1	Forex exchange loss compared to Forex Gain in previous year as a result of a strengthening in Ringgit Malaysia against US Dollars	+2.3
2	Higher MSS (Mutual Separation Scheme) and EWS (Employee Welfare Scheme) exercise during the year to streamline operational costs	+2.9
3	Others	+0.7
<b>Total Increased</b>		<b>+5.9</b>

### Question 6

Practice 4.1 of the Malaysian Code of Corporate Governance stipulates that at least half of the board comprises Independent Directors. As of March 31, only 44% of the Board was made up of Independent Directors.

Does the Company intend to apply Practice 4.1, and if yes, by when?

### Answer 6

The Board had earlier improved the ratio of independent directors to Non-Independent Directors from 4:7 to 4:5 and views that it sufficiently allows independent directors to have effective oversight of management. Currently, five (5) of the Directors on the Company's Board are representatives of Panasonic Corporation, to enable the latter to implement its policy and strategy for the Panasonic Corporation Group ("PC Group") as a whole. The Company would not be applying Practice 4.1 at this moment but will review it annually to ensure that the current Board composition of 44% independent directors satisfies the intended outcome of objective board decision.



### Question6

Is there any plan to split the share to allow more investor to join the game? As for now 60 Mil of share is very conservative and low liquidity.

### Answer 6

At this point of time, there's no plan for share splits. However, investors interested to buy our shares can purchase it on smaller lots such as 100 units which is available on the Stock Exchange.

Question 7

Refer to 2020 AGM question raised by MSWG. In Q2a, the Group expects RM28.8 million in automation from 2018-23 will reduce 294 headcounts and results in RM9.6 million cost reduction. What is the assumed duration for the RM9.6m cost reduction -- annually or over how many years?

Answer 7

The assumed duration for the RM 9.6 M cost reduction is over a period of 5 Years which means on an annual basis will be a reduction of RM 1.8 M ~ RM 2.0 M with an Annual investments of RM 6.0 M and Manpower Head Count reduction of 55 / Year.

### Question 8

How is The Group affected by the freight availability problem? How much has freight cost increased as compared to pre-pandemic period? What is the latest situation?

### Answer 8

During the financial year, the Company faced global supply disruptions due to material shortages (especially electronic components), vessel congestions at preceding ports and so on which resulted in higher freight costs. Freight costs for FY 2021 increased by approximately 146% (FY2021: RM 1.85Mil; FY2020: RM 0.75Mil).

For FY2022, the situation still persist in the first quarter but is expected to stabilize during the second quarter.

Question 9

Hope the board will give us faithful and sincere shareholders Panasonic vouchers for our continuous support in this unprecedented times. I have not used the e vouchers for the last 2 AGMs because for RM50/ =. i couldn't find anything to buy. could the board consider increasing the value of the e voucher or physical vouchers where we can survey the goods like before n then buy.

Answer 9

We will take your suggestion into consideration. However, due to the challenges faces this year, we will not be able to offer more.

Question 9

I suggest the board to continue offering the option of virtual AGM even after the pandemic. It's convenient and time saving for shareholders like me. Not to mention online meetings have become the new normal today.

Answer 9

We appreciate the suggestion and will take it into consideration when preparing next year's AGM.

### Question 10

The Group's Malaysian revenue has declined about 20% in 2021 (Note 20). However some Malaysian home appliance companies focusing on lower end markets have delivered good sales growth during the pandemic. Their online sales are doing well. Why the discrepancy in performance? Has Malaysian market shifted to the lower end? What measures are needed to reverse the trend?

### Answer 10

The decline in revenue was due to lack of supply as factories in Malaysia stopped operations due to lockdown (65% of Panasonic Malaysia comes from domestic factories ie PMMA, PAPAMY etc). Those home appliances companies focusing on low end markets did well mainly because their supply was not interrupted as they mainly sourced from China, which is the first country to recover from the pandemic.

Lockdown affected the income of many people, so to a certain extent demand has shifted to lower end but overall the demand for mid high end is still intact as stay at home demand has increased. Measures taken include intensifying promotion of our products via e-commerce as well as embarking on insight marketing to enhance shifting of entry level demand to premium categories.