SEC No. : **PW00000216**
File No. : ___

MABUHAY VINYL CORPORATION

22F The Salcedo Towers
169 H.V. Dela Costa Street, Salcedo Village
Barangay Bel-Air, Makati City

8817-8971 to 76
(Telephone Numbers)

8816-4785 / 8894-5325
(Fax Numbers)

01 January to 31 December 2023
(Calendar Year Ending)

2023 ANNUAL REPORT (SEC Form 17- A)
(Form Type)

For The Calendar Year Ended December 31, 2023
(Period Ended Date)

SECURITIES AND EXCHANGE COMMISSION

SEC Form 17-A

ANNUAL REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE

1.	For the yearly period ended	: 31 **December 2023**
2.	Commission Identification Number	: **PW00000216**
3.	BIR Tax Identification Number	: **000-164-009-00000 VAT**
4.	Exact name of issuer as specified in its charter	: **Mabuhay Vinyl Corporation**
5.	Province or country of incorporation	: **Philippines**
6.	Industry Classification Code and Chemical Products	: 20 – Manufacturer of Chemicals
7.	Address of issuer's principal office	: **22F The Salcedo Towers 169 H.V. Dela Costa Street Salcedo Village, Barangay Bel-Air, Makati City**
8.	Post Office Box	: **P.O. Box 2613 Makati Central Post Office, 1266 Makati City**
9.	Issuer's telephone number	: **(632) 8817-8971 to 76**

10. Securities registered pursuant to Sections 4 and 8 of the RSA:

Title of Each Class	: **Common Shares**
Number of Shares Outstanding	: **661,309,398 shares as of 31 Dec. 2023**

11. Are any or all of the securities listed in the Philippine Stock Exchange?

Yes (/) No ( )

12. Indicate by check mark whether the registrant:

a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder and Sections 126 and 141 of the Corporation Code of the Philippines during the preceding twelve (12) months (or such period the registrant was required to file such reports).

Yes (/) No ( )

b) has been subject to such filing requirements for the past ninety (90) days

Yes (/) No ( )

13. Aggregate Market Value of the Voting Stock held by Non-Affiliates of the Registrant

Total Outstanding Shares (as of Dec. 31, 2023)		**661,309,398**
Less: Shareholdings of Affiliates of MVC (Stockholders owning at least 5% of the capital stock and companies represented in the Board)		
1) Tosoh Corp.	581,785,835	
2) Mitsubishi Corp.	39,679,999	**621,465,834**
Shareholdings of Non-Affiliates		**39,843,564**
Average Market Value of MVC Shares		5.43
Aggregate Market Value of the Voting Stock held by Non-Affiliates		**P216,350,553**

DOCUMENTS INCORPORATED BY REFERENCE: NONE

PART I - BUSINESS

A. Description of Business

(1) Business Development

Mabuhay Vinyl Corporation (MVC or the “Company”) was incorporated and duly registered with the Philippine Securities and Exchange Commission (SEC) as a rubber shoe manufacturer on 20 July 1934 under the name Mabuhay Rubber Corporation, and subsequently reorganized in 1960 to engage in chemical and PVC resin manufacturing. On October 10, 1966, the corporate name Mabuhay Vinyl Corporation was adopted. In 1984, the Board of Directors (BOD) of the Company approved the amendment of its Articles of Incorporation to extend the corporate life of the Company, which expired on 20 July 1984, for another 50 years up to 20 July 2034. The amended Articles of Incorporation was approved by the SEC in the same year. In 2001, the Company underwent a major business realignment when it decided to exit from the PVC business and focus on the chlor-alkali business. Subsequently, the Company expanded its chlor-alkali capacity (IEM1 Project) which plant started commercial operations in October 2003. On 13 December 2006, MVC started implementation of its Ion Exchange Membrane Phase 2 (IEM2) Project and commenced commercial operation on 25 August 2008. MVC is the only chlor-alkali producing company in the Philippines and caters to the industrial and household markets.

On 26 November 2008, MVC’s landholding company, “MVC Properties, Inc.”, was registered with the SEC, which serves as the repository of all the real estate properties of MVC. MVC transferred/assigned ownership of the land assets of the Company to MVC Properties Inc. (“MPI”) in exchange for shares of stocks. MPI started commercial operations on the last quarter of 2009 with the issuance of the related TCTs in its name. In 2009, the Company and MPI, its subsidiary, entered into a contract of lease whereby MPI leases its parcels of land to the Company for a period of 10 years, commencing on 01 October 2009. The lease was renewed on 1 January 2020. The lease is for three years and will automatically renew thereafter unless terminated by both parties. On 1 January 2023, the lease was renewed for another three years or until December 31, 2025. Monthly rental rate amounted to P2,388,488 (inclusive of 12% value added tax and 5% annual escalation rate), subject to review and mutual agreement by both parties. Rental expense in 2023 and 2022 amounted to P25.59 Million and P24.37 Million, respectively.

To supply the growing market and enhance the Company’s competitive position, the Company expanded and modernized its Ion Exchange Membrane (IEM) plant in Iligan City. This Project will increase capacity by 68% and will be completed in 2024.

The principal products of the Company are caustic soda and chlorine derivatives which form about 99% of the total revenues of the Company.

Competition in the sale of caustic soda and liquid chlorine basically comes from imported materials brought in by traders and indentors in Metro Manila and neighboring industrial provinces. For hydrochloric acid, competition comes from two (2) fertilizer manufacturers utilizing another process. Sodium hypochlorite, on the other hand, is produced by two (2) other manufacturers. Competition is principally based on price and quality of products. The Company believes that it can provide a competitive price and comply with customer specifications which allow the Company to compete effectively in the local market.

The Company’s clientele are diverse in such a way that the business is not dependent on any single customer. All sales contracts are short term in nature and usually does not exceed one year in duration. Majority are usually on a per delivery basis. Nevertheless, higher import cost affects the pricing of the Company’s products but adverse effects is mitigated considering its leading position as both an importer and manufacturer.

The Company uses salt as raw material. In 2023 and 2022, the Company purchased salt from Marubeni Corporation.

The Company leases warehouse and depot facilities in major ports of entry. The products are transported to the depots via specialized shipping vessels then to customers’ warehouse via trucks contracted by MVC.

Most marketing research is done by in house personnel or with the cooperation of prospective principals/investors with minimal cost on the part of the Company. The Company incurred minimal amounts for research and development activities, which do not amount to a significant percentage of revenues.

Required permits were secured by the Company from the Philippine Drug Enforcement Agency (PDEA) for the manufacture, storage and handling of hydrochloric acid.

The Company has secured the required permits and clearances from the Department of Environment and Natural Resources (DENR) to operate all of its facilities. Implementation of the environmental laws particularly Republic Act (R.A.) 6969, as implemented by DENR Administrative Order (DAO) 29 cost MVC about P1.0 million annually.

Total Number of Full Time-Employees (As of December 31, 2023):

	Non CBA	With CBA	Total
Rank and File	9	63	72
Supervisors and Confidential Personnel	61	13	74
Managers and Top Management	14	0	14
Total	**84**	**76**	**160**

It is expected that there will be minimal hiring for the ensuing year covering the replacement of retired or resigned employees.

Except for a 15-day Christmas bonus when the financial condition of the Company allows, there is no other incentive arrangement with CBA-covered rank and file employees. CBA-covered supervisory employees are covered by a Performance Incentive Plan in addition to the 15-day Christmas bonus. For non-unionized employees, a separate incentive is in place based on performance with bonuses ranging from zero to 120% of a month's pay.

The major risks involved in the Company's business as well as the measures being undertaken by the Company to manage such risks are as follows:

Major Risks	Measures Undertaken
1. Price risk for caustic soda	MVC imports more caustic soda and set local production at its allowable minimum level in times of low prices. MVC maximizes caustic soda production when price of imported caustic soda is high.
2. Production loss due to breakdown of a major equipment	All the critical equipment has been identified; inventory of vital spare parts are maintained at sufficient levels. Contacts with concerned suppliers and technical people have been established.
3. Property loss due to accident	Have identified all possible safety hazards, installed appropriate safety equipment, strict implementation of safety rules, adequate insurance coverage like fire, machinery breakdown, comprehensive general liability, industrial all risk, and life.

B. Description of Property

The following properties are owned by the Group:

- **Iligan Plant**

The Group's main plant is located at Assumption Heights, Iligan City, Lanao Del Norte .

Among the manufacturing facilities in the Iligan Plant are the Ion-Exchange Membrane Plants 1 and 2, Sodium Hypochlorite plant, product storage facilities, and Industrial Salt bulk storage yard (with a capacity of 30,000 MT), which are all in good operating condition.

All machineries and equipment installed in the facilities of the Company were covered by a Mortgage Trust Indenture (MTI) with BDO as trustee to secure the Company's 5-year term loan with the Bank of the Philippine Islands for P350 Million on January & March 2008. The loan partly financed the retrofitting project (IEM2) of its Diaphragm Cell Plant in Iligan City. The Mortgage Participation Certificate was cancelled upon full payment of the loan in January 2013.

Sta. Rosa Plant

The property is located inside the Laguna Technopark in Biñan, Laguna. It has a highly automated 20,000 MTPY Sodium Hypochlorite production facility. This plant is equipped with adequate storage facilities and a 250 kilovolt-amperes (KVA) standby diesel-power generator owned by the Group.

The following properties are leased by the Group:

Property	*Location*	*Renewal Option*
Head office with 5 parking slots	Makati City	Subject to mutual agreement of both parties
BBTI depot **BBTI extension lot**	Bauan, Batangas -do-	Subject to mutual agreement
Mandaue depot	Mandaue City	Subject to renegotiation
Pulupandan depot	Negros Oriental	Subject to renegotiation
Davao depot	Davao City	Subject to renegotiation. Lessee shall notify lessor in writing at least thirty (30) days prior to the expiration of the original term.

The Group has allocated funds for the acquisition or rehabilitation of the following properties in 2024:

a.	Purchase and Installation of New nx-BITAC Plus Elements and Refurbishment of Bipolar Elements	To increase production efficiency, P24.0 Million was budgeted for the purchase and installation of new Electrolyzer Elements, Accessories and Membrane as well as for the refurbishment and repair of Bipolar Ion Exchange Elements.
b.	MT Snoopy II and Snoopy III Drydocking	P34.0 Million was budgeted for the dry docking cost of the vesselss to comply with regulatory requirements.
c.	Fabrication and Construction of New Hydrochloric Acid and Caustic soda Storage Tanks	To improve inventory management and consistently meet customer requirements, P13.0 Million was budgeted for the construction of Hydrochloric Acid storage tanks in the Batangas Depot while P8.5 Million was budgeted for the construction of a new Caustic soda storage tank in the Mandaue Depot.
d.	Stainless Steel Piping to MVC Pier	P8.5 Million was budgeted to replace the old corroded pipes which carries products from Iligan plant to MVC pier.

C. Legal Proceedings

1.	Case Title	:	MVC vs. Manugas/Acero
	Nature	:	Recovery of excess separation benefits
	Progress/Status	:	After granting MVC's petition, the Supreme Court returned the case to the Court of Appeals for disposition of the substantial issues specifically the recovery of separation benefits which were erroneously paid by MVC. Pending action on the part of Court of Appeals.
	Possible Gain/Loss	:	₱508,662.61
2.	Case Title	:	In Re: Petition for Corporate Rehabilitation of PRI/NPIC, Land Bank of the Philippines (Petitioner)
	Nature	:	Corporate Rehabilitation
	Progress/Status	:	Case is suspended due to pendency of the case at the Supreme Court involving interlocutory order. Land Bank filed motion to convert proceedings to liquidation proceedings. Awaiting resolution of Supreme Court so that the case at the trial court could move.
	Evaluation	:	MVC is an unsecured creditor.
	Possible Gain/Loss	:	₱25,921,775.65
3.	Case Title	:	Mabuhay Vinyl Corporation vs. Ernesto C. Ouano Development & Management Corporation, et. al.
	Nature	:	Petition for Interim Relief (Deposit of Amount of Money)
	Progress/Status	:	ECODEMCOR filed an Ex-Parte Motion to Release Funds. The Motion's objective was to get the trial court to release funds, which MVC deposited to the RTC of Mandaue, to be used for repair of the roads inside the property MVC is leasing. The trial court ordered the other party to comment on the Motion. Motion for consignment of rental fees was granted by the trial court after receiving the requested comments from MVC. MVC has been regularly depositing with the court the rent due to ECODEMCOR. A memorandum of agreement (MOA) between the disputing parties / directors of ECODEMCOR has been provided and is pending finalization.

	Possible Gain/Loss	:	None
4.	Case Title	:	In Re: Petition for Liquidation of Daeduck Philippines, Inc. Civil Case No, 7150-21 before Imus, Cavite RTC Branch 21
	Nature	:	Collection of sum of money in the amount of P1,180,771.24
	Progress/Status	:	The final registry / liquidation plan of claims have been submitted for court's approval. The court liquidator is still compiling the notices of claim from abroad. In an order dated 09 January 2024, RTC ordered PEZA, one of the creditors to comply with the Order dated 19 June 2023 approving the Liquidation Plan.
	Possible Gain/Loss	:	P1,180,771.24
5.	Case Title	:	Mabuhay Vinyl Employee Union-Federation of Democratic Labor Organization (MVEU-FDLO), et. al. vs. MVC and Wilfredo Simprota CA GR SP No. 06386-MIN
	Nature	:	Labor Case
	Progress/Status	:	MVC filed an appeal with National Labor Relations Commission (NLRC) which resulted in the reversal of the Labor Arbiter's ruling. The NLRC ruled that Wilsim is an independent contractor and is solely liable to the claims. The union elevated the case to the Court of Appeals who later sustained the NLRC's ruling. The union filed a petition before the Supreme Court. Until the present, the Supreme Court has not acted yet on the petition.
6.	Case Title	:	Underpayment of Night Differential on Special and Regular Holidays CA-G.R. SP No. 09176-MIN VA Case No. AC-978-RB-10-04-03-08-218 ROX Case No. RO10-CV-2015-10-0086-G
	Nature	:	Complaint by the Union re: underpayment of night shift differential (NSD) on special and regular holidays.
	Progress/Status	:	MVC maintains that its computation of night premiums is in accordance with the specific provision of the Collective Bargaining Agreement (CBA) which is more than what the DOLE Handbook requires. After having been pending with the DOLE Region X, the case was referred back to NCMB on 03 August 2018. The Voluntary Arbitrator (VA), in its decision dated 15 November 2018, decided in favor of MVC. The Union filed a motion for reconsideration for the VA's decision. The VA denied the Motion and on 23 January 2019, the Union filed a Petition for Review to question the VA's Decision before the Court of Appeals (CA). On 15 March 2019, MVC received a resolution directing the Company to file a Comment to the Petition. The Court later directed the parties to submit their respective memorandum. In the Decision promulgated 27 August 2020, the CA reversed and set aside the Decision of the VA. The Court further directed the VA to compute the night premiums in accordance with the formula derived on the Decision. On 21 September 2020, MVC filed a Motion for Reconsideration but it was denied by the CA. On 06 January 2021, MVC filed a Motion for Extension of Time until 06 February 2021 to file Petition for Review on Certiorari. On June 8, 2022, MVC received the Resolution of the SC, which denied the petition for review for failure of the petitioner to sufficiently show that the Court of Appeals committed any reversible error in the challenged decision and resolution as to warrant the exercise of the Court's discretionary appellate jurisdiction. MVC has decided to move for reconsideration. MVC was able to finalize the motion and filed it on June 22, 2022. The SC, in the Resolution received on May 17, 2023, denied the reconsideration with finality. On October 11, 2023, the Union filed its Motion for Execution. However, the union realized that the formula prescribed by the CA was erroneous. The union intends to file with the Court of Appeals a manifestation for the correction of the formula. The union has not filed the manifestation as of date.
7.	Case Title	:	MVEU-FDLO vs. MVC re: extra one day holiday pay SC G.R. 238160 CA G. R. SP-07592-MIN VA Case No. AC-209-RB 10-0107-05-2016
	Nature	:	This pertains to the recent correction made by MVC, after it discovered the erroneous payment by MVC of an extra one day, whenever an employee works on his rest day or on special and legal holidays and on unworked legal holidays, in view of the absence

of any valid basis thereto either by deliberate company grant, the Collective Bargaining Agreement (CBA), or by the Labor Code; thus, beginning 01 January 2016, the Company discontinued the payment of the extra one (1) day pay.

Progress/Status : The Voluntary Arbitrator (VA) decided the case against the Company. The Company elevated the case to the Court of Appeals. After the filing of the required pleadings, a decision was rendered by the Court of Appeals reversing the decision of the VA and affirmed the validity of the action of the Company discontinuing the payment of extra one day. The Union filed a motion for reconsideration but was subsequently denied by the Court of Appeals on 15 February 2018. On 14 March 2018, the union filed its motion for extension of time to file Petition for Review on Certiorari with the Supreme Court (SC). The SC has in the resolution dated 05 December 2018 directed the Company to file its Comment on the Petition. MVC already filed the Comment. Until now, no further action was taken by the SC.

8. Case Title : MVEU-FLDO vs. MVC
NLRC RAB Case No. RAB X-09-22531-19

Nature : Labor Case

Progress/Status : Complainants filed a case for unfair labor practices, payment of wage differentials and damages. MVC filed for a motion to dismiss under the grounds of lack of jurisdiction since the complainant's cause of action is anchored on an interpretation or implementation of the Collective Bargaining Agreement between the parties. On the supplement to the Motion to dismiss by way of rejoinder filed by MVC, the Company raised that the subject matter of the suit comprise the same subject matter threshed out in the ongoing CBA negotiations between the complainants and the respondent, hence, the complainants are engaged in forum shopping which is a ground for dismissal. The Company is still waiting for resolution of the motion to dismiss.

9. Case Title : MVC vs. Heirs of Tomas Canoy
Case No. 22-8414

Nature : Civil Case

Progress/Status : This has reference to the 69 kV transmission line supplying power to MVC from the Agus 6 69 kV switchyard. The line was constructed in the 1970's with the affected lot owners opting to have a member of the family employed by MVC. This is actually causing strained relations between the Company and the lot owners especially that the original landowner is dead and the first set of heirs have subdivided the property among themselves. The first sets of heirs are also deceased and the second sets are now making unreasonable demands. To determine compensation due defendants, the judge will appoint commissioners to fix the fair market value of the property. Commissioners have been named and MVC is waiting for the report of the commissioner designated by the Canoys.

10. Case Title : People of the Philippines vs. John Rey Alpuerto
Case No. 22-228

Nature : Theft

Progress/Status : This is a case filed by the Company in relation to the theft of scrap metals last January 4, 2022. From the inventory conducted by the Company, it would appear that a total of 1,688.32 kgs of non-special metals and 22.4 kgs of special metals, with a total value of ₱30,248.00 were stolen. All the witnesses for the prosecution have already testified. The accused presented his evidence during the hearing held on 28 February 2023. On 23 May 2023, the court ruled in favor of the accused due to insufficient evidence. The case has been dismissed as of date.

PART II – SECURITIES OF THE REGISTRANT

(A) Market Price, Dividend and Related Stockholder Matters

(1) Market Information

The principal market of Mabuhay Vinyl's common equity is the Philippine Stock Exchange (PSE) where it was listed last February 05, 1997. The offering price was at P1.90 per share. The high and low sales prices by quarter for the last two (2) years are as follows:

	1st Quarter		2nd Quarter		3rd Quarter		4th Quarter		1st Quarter
Market Price	*2022*	*2023*	*2022*	*2023*	*2022*	*2023*	*2022*	*2023*	2024
High	4.48	5.89	6.00	5.74	5.59	6.20	6.77	6.00	6.54
Low	4.10	4.80	4.00	5.00	4.61	4.80	4.40	5.24	4.95

The price as of 02 April 2024 (latest practicable trading date) is P5.43.

(2) Holders

There are approximately 2,251 holders of common shares of the Company as of 31 March 2024.

Top 25 Stockholders (As of 31 March 2024)

STOCKHOLDER	*NATIONALITY*	*NUMBER OF SHARES*	*PERCENT OF OWNERSHIP*
1. Tosoh Corporation	Japanese	317,779,029	48.053%
2. Tosoh Corporation	Japanese	264,006,806	39.922%
3. Mitsubishi Corporation	Japanese	22,260,000	3.366%
4. Mitsubishi Corporation	Japanese	17,419,999	2.634%
5. PCD Nominee Corporation (Filipino)	Filipino	13,105,157	1.982%
6. Dennis T. Villareal	Filipino	1,203,300	0.182%
7. William Lines, Inc.	Filipino	1,050,000	0.159%
8. Santiago Sr. Tanchan	Filipino	765,730	0.116%
9. Gonzalo Puyat & Sons, Inc.	Filipino	585,169	0.088%
10. MultiFarms Agro-Industrial	Filipino	336,000	0.051%
11. J E L P Real Estate Development Corporation	Filipino	300,000	0.045%
12. Wilfredo C. Tecson	Filipino	300,000	0.045%
13. Yang Songbo	Chinese	300,000	0.045%
14. PCD Nominee Corporation (Non-Filipino)	Other Alien	297,826	0.045%
15. F. C. Roque Agro-Industrial	Filipino	255,092	0.039%
16. Kenneth T. Gatchalian	Filipino	250,000	0.038%
17. Ana Beatriz R. Medrano and/or Victoriano S. Medrano, Jr.	Filipino	250,000	0.038%
18. FGU Insurance Corporation	Filipino	243,000	0.037%
19. Jacinto U. Tiu	Filipino	219,493	0.033%
20. Victoneta Investment Corporation	Filipino	213,931	0.032%
21. Ricardo Paras	Filipino	197,823	0.030%
22. Felicito H. Tiu	Filipino	186,000	0.028%
23. Gilbert Liu	Filipino	180,000	0.027%
24. Vicente Tiu	Filipino	178,568	0.027%
25. Josefa R. Luz	Filipino	146,600	0.022%
Total		**642,029,523**	**97.084%**

(3) Dividends

Dividend Information on the Two Most Recent Fiscal Years

No dividends were declared as of March 2024.

Below is a summary of the dividends declared for the years ended December 31, 2022 and 2023:

Date of Declaration	Date of Record	Dividend rate	Dividend per share
April 28, 2022	May 26, 2022	10%	0.10
April 27, 2023	May 26, 2023	10%	0.10

The cash dividend declaration does not require the approval of the stockholders.

There are no restrictions that limit the payment of dividends on Common Shares.

There is no recent sale of unregistered or exempt securities.

PART III - FINANCIAL INFORMATION

A. Management's Discussion and Analysis or Plan of Operation

Management's Discussion and Analysis

The following table shows the consolidated financial highlights of the Company for the years then ended December 31, 2023, 2022 and 2021:

	As of December 31 (In Thousands)		
	2023	***2022***	***2021***
Income Statement Data			
Total Revenues	P3,073,772	P3,201,054	P2,187,417
Gross Profit	1,207,762	1,187,915	885,322
Operating Income	484,175	525,009	361,231
Net Income (Loss) *	409,078	399,429	276,233
Total Resources	**4,333,772**	**3,955,807**	**3,452,415**

** See page 12, Changes in Operating Results (2023 vs. 2022)*

Revenues in 2023 was lower compared to 2022 due to lower selling price of liquid caustic soda compared to the previous year as a result of the decrease in price of caustic soda in the world market. Lower revenues were partially offset by the lower cost of importation and higher sales volume. The decline in revenues was mitigated by higher volume of products sold. Gross profit increased by 1.7% due to lower cost of importation while Operation Income declined by 7.8% due to higher administrative and distribution expenses.

Caustic soda prices in the world market declined significantly in 2023 due to stable supply brought about by higher chlor-alkali operating rates. However, demand in the region was weak due to various macro-economic factors such as higher inflation and weakness in major end-use applications.

Excess cash from operations were invested on loan receivables and short-term placements resulting in interest income amounting to P46.57 million. Increase in the interest income is due to higher interest rates.

Revenues from logistics services and custom-tailored environmental services amounted to P6.58 million.

KEY PERFORMANCE INDICATORS
(Note: Mabuhay Vinyl Corporation and its subsidiary, MVC Properties, Inc.)

Ratio	Formula	Current Year	Prior Year
a. Quick ratio	(cash and cash equiv. + A/R + short term deposits) / current liabilities Cash and cash equivalents 680,073,832 Short-term investment 93,865,567 Accounts receivable 727,693,170 Total 1,501,632,569 Divided by: Total Current Liabilities 358,059,299 Quick ratio 4.19	4.19	3.35
b. Current ratio	current assets / current liabilities Total Current Assets 2,476,864,204 Divided by: Total Current Liabilities 358,059,299 Current ratio 6.92	6.92	6.41
c. Solvency ratio	(net income + depreciation expense) / average liabilities Net income 409,078,318 Depreciation expense 105,416,885 Total 514,495,203 Divided by Average Total Liabilities* 586,032,442 Solvency ratio 0.88 *(beginning plus ending) / 2	0.88	1.00
d. Debt to equity ratio	total liabilities/ total stockholders' equity Total Liabilities 603,476,832 Divided by: Total Stockholders' Equity 3,730,295,288 Debt to equity ratio 0.16	0.16	0.17
e. Net profit margin	net income / sales Net income 409,078,318 Divided by: Total Net sales 3,073,772,249 Net profit margin 0.13	0.13	0.12
f. Return on equity	net income / average stockholders' equity Net income 409,078,318 Divided by: Average Total Stockholders' Equity* 3,558,757,176 Return on equity 0.11 *(beginning plus ending) / 2	0.11	0.12
g. Return on assets	net income / average assets Net income 409,078,318 Divided by: Average Total Assets* 4,144,789,618 Return on assets 0.10 *(beginning plus ending) / 2	0.10	0.11

Ratio	Formula		Current Year	Prior Year
h. Debt to total asset ratio	total liabilities / total assets		0.14	0.14
	Total Liabilities	603,476,832		
	Divided by: Total Assets	4,333,772,120		
	Debt to total asset ratio	0.14		
i. Asset to equity ratio	total assets / total stockholders equity		1.16	1.17
	Total Assets	4,333,772,120		
	Divided by: Total Stockholders' Equity	3,730,295,288		
	Asset to equity ratio	1.16		
j. Interest rate coverage ratio	earnings before interest and taxes / interest expense		76.90	137.73
	Net income	409,078,318		
	Interest Expense	7,176,403		
	Provision for Income Tax	135,618,656		
	EBIT	551,873,377		
	Divided by: Interest Expense	7,176,403		
	Interest rate coverage ratio	76.90		

2023 COMPARED TO 2022

Current Assets. Cash and cash equivalent increased by P83.5M due to cash set aside for settlement of liabilities to suppliers. P7.0 million of the cash balance was invested in short-term money market placements with less than three months maturity. **Short-term Investments** increased by P93.9M due to investment of excess cash to short term placements with more than three months maturity. **Trade and other receivables** increased by P26.3M due to higher trade receivables during the year. **Loans Receivable** decreased by P100.0M due to collection of loans. Decrease in the value of **Inventories** of P172.7M is due to sale of finished goods and normal depletion of materials and supplies used in production. **Other current assets** increased by P58.24M due to advances made to suppliers.

Increase in **Equity instruments designated at fair value through other comprehensive income** is due to the increase in the fair value of the quoted and unquoted instruments and purchase of shares of stocks.

Increase in the value of **Property, plant and equipment - at cost** is primarily due to the acquisition of assets net of the depreciations and disposals during the year.

Land, at appraised value increased by P0.02M due to revaluation increment recognized resulting from the increase in the fair value of the land.

Net retirement benefits asset decreased by P10.7M due to reclassification of retirement benefits to liability position as a result of loss/present value of defined benefit obligation recognized during the year net of retirement fund assets. Increase in the **Other noncurrent assets** is due to advances made to suppliers related to purchases of property plant and equipment.

Current Liabilities. Trade and other payables decreased by P25.9M due to settlement of liabilities to suppliers.

Decrease in the **Deferred income tax liabilities - net** is mainly due to the tax effect of the revaluation of land, reversal of provision for contingencies, movement on the allowance for inventory losses and other temporary tax differences.

Changes in Operating Results

Gross Margin increased by 2% compared to last year due to lower import costs. **Operating expenses** increased due to higher distribution expense resulting from higher sales volume. **Interest and financing charges** increased by P3.3M due to adjustments to interest recognized for the adoption of PFRS 16 - Leases. **Other income** increased by P16.7M due to higher miscellaneous income.

2022 COMPARED TO 2021

Current Assets. Cash and cash equivalent decreased by P46.2M due to expenditures related to the Company's expansion project. P205.5 million of the cash balance was invested in short-term money market placements with less than three months maturity. **Trade and other receivables** increased by P90.6M due to higher sales during the year. Increase in the value of **Inventories** of P123.7M is due to receipt of imported materials. **Other current assets** increased by P4.3M due to advances made to suppliers.

Increase in **Equity instruments designated at fair value through other comprehensive income** is due to the increase in the fair value of the unquoted instruments and purchase of shares of stocks.

Increase in the value of **Property, plant and equipment - at cost** is primarily due to the acquisition of assets net of the depreciations and disposals during the year.

Land, at appraised value increased by P14.2M due to revaluation increment recognized resulting from the increase in the fair value of the land.

Net retirement benefits asset increased by P10.3M due to contributions to the retirement fund and gains on retirement fund assets during the year net of the present value of defined benefit obligation. Increase in the **Other noncurrent assets** is due to advances made to suppliers related to purchases of property plant and equipment.

Current Liabilities. Trade and other payables increased by P144.4M due to accruals made for imported materials.

Increase in the **Deferred income tax liabilities - net** is mainly due to the tax effect of the revaluation of land, reversal of provision for contingencies, movement on the allowance for inventory losses and other temporary tax differences.

Changes in Operating Results
Gross Margin Rate dropped by 3% points compared to last year due to higher cost importation and production. **Operating expenses** increased due to higher distribution expense resulting from higher trucking and shipping expenses. **Interest and financing charges** increased by P1.3M due to adjustments to interest recognized for the adoption of PFRS 16 - Leases. **Other income** increased by P1.4M due to higher miscellaneous income.

2021 COMPARED TO 2020

Current Assets. Cash and cash equivalent decreased by P394.6M due to investment of excess funds to loans receivable to a related party. P392.0M of the cash balance was invested in short-term money market placements with less than three months maturity. **Trade and other receivables** increased by P110.4M due to higher trade receivables during the year. **Loans Receivable** increased by P300.0M due to the loans granted during the period. Increase in the value of **Inventories** of P69.18M is due to receipt of imported materials. **Other current assets** decreased by P34.5M due to advances made to suppliers and excess input tax from purchases and importations.

Increase in **Equity instruments designated at fair value through other comprehensive income** is due to the increase in the fair value of the unquoted instruments.

Increase in the value of **Property, plant and equipment - at cost** is primarily due to the acquisition of assets net of the depreciations and disposals during the year.

Land, at appraised value increased by P31.8M due to revaluation increment recognized resulting from the increase in the fair value of the land.

Net retirement benefits asset increased by P0.4M due to reclassification of retirement benefits to asset position as a result of gains/retirement fund assets recognized during the year net of the present value of defined benefit obligation. Increase in the **Other noncurrent assets** is due to advances made to suppliers related to purchases of property plant and equipment.

Current Liabilities. Trade and other payables increased by P10.2M due to purchases of inputs and accruals made for distribution and administrative expenses.

Increase in the **Deferred income tax liabilities - net** is mainly due to the tax effect of the revaluation of land, reversal of provision for contingencies, movement on the allowance for inventory losses and other temporary tax differences.

<u>Changes in Operating Results</u>
Gross Margin Rate dropped by 6% points compared to last year due to higher cost importation and production. **Operating expenses** increased due to higher distribution expense resulting from higher sales volume. **Interest and financing charges** increased by P0.4M due to adjustments to interest recognized for the adoption of PFRS 16 - Leases. **Other income** decreased by P0.3M due to lower scrap sales.

There are no known trends, events or uncertainties that have material impact on liquidity. Nevertheless, Management still continues to pursue intensive collection efforts to reduce accounts receivables and improve cash management.

The Company is involved in legal proceedings, tax and/or regulatory assessments. The estimate of the probable costs for the resolution of possible claims against the Company has been developed in consultation with outside counsel handling the Company's defense in these matters and is based upon an analysis of potential results. The inherent uncertainty over the outcome of these matters is brought about by the differences in the interpretation and application of the laws and rulings.

The Company, in consultation with its external counsels, does not believe that these proceedings will have a material adverse effect on the consolidated financial statements.

There are no material off-balance sheet transactions, arrangements, obligations and other relationships of the Company with unconsolidated entities or other persons created during the reporting period.

The Company continues to spend for regular capital expenditures to improve the reliability of manufacturing plants and depots.

With no known trends, events or uncertainties, 2024 sales is projected to be at P2.98 Billion.

Material changes on line items in the financial statements are included in "Management's Discussion and Analysis" above (refer to pages 10-14).

The financial condition or results of operations of the Company are not affected by any seasonal change.

There were no disagreements with the external auditors regarding the accounts on accounting and financial disclosures.

STATUS OF OPERATIONS DUE TO COVID-19 OUTBREAK

On 16 March 2020, the President of the Philippines issued Proclamation No. 929 declaring a state of calamity throughout the Philippines due to COVID-19 which resulted to the imposition of an Enhanced Community Quarantine throughout Luzon starting midnight of 16 March 2020 until 12 April 2020 and was further extended until 15 May 2020. The government eased the lockdown to a General Community Quarantine starting June 1, 2020.

2021 saw a degree of recovery in the Philippine economy as evidenced by improving performance of various industries. Likewise, MVC's sales volumes have gradually stabilized resulting to a Net Income higher than budget for the year ending December 31, 2021.

In 2022, the improving business environment demonstrated how the business community has adapted to the pandemic. With the continuous ramping up of inoculations, the Company is looking forward to further reopening of the economy and sustaining its positive trajectory.

In July 2023, successful efforts to contain the pandemic has led to the lifting of mobility restrictions and state of public health emergency throughout the Philippines ushering the return to normal level of consumer and business activities. As a result, the impact of COVID-19 to the Company have significantly diminished.

Nonetheless, the Company shall continue to monitor any potential risk that might still arise from COVID-19 and take necessary measures to mitigate this risk, if any.

B. Information on Independent Accountant and Other Related Matters

(a) Reappointment of External Auditor

The Corporation's External Auditor is the auditing firm of SyCip Gorres Velayo & Co. ("SGV") and is being recommended by the Board of Directors and the Audit Committee for reappointment and approval by the stockholders for the fiscal year ended 2024 for a fee of Php800,000, exclusive of VAT and out-of-pocket expenses.

The auditing partner in charge for the financial year ended 31 December 2023, Mr. Manolito R. Elle, was appointed in 15 February 2018. Consistent with Rule 68, paragraph 3(b)(iv) of the Amended Implementing Rules and Regulations of the Securities Regulation Code ("SRC") regarding the rotation of external auditors, there is no need to change the audit partner for the Corporation.

During the two (2) most recent fiscal years or any subsequent interim period, the independent auditor has not resigned nor was dismissed or has declined to stand for reappointment after the completion of the current audit.

Representatives from SGV are expected to be present at the Annual Stockholders' Meeting, where they will have the opportunity to make a statement, if they so desire. They will also be available to respond to appropriate questions raised by stockholders.

(b) Audit and Audit-Related Fees

The aggregate annual external audit fees billed for each of the last two (2) fiscal years for the audit of the Corporation's annual financial statements and audit services normally provided by the external auditor are as follows:

For the year 2022 - P781,389 (billed and paid in 2022 and 2023)
For the year 2023 - P770,000 (billed and accrued as of March 2024)

The audit fees described above include the following: (a) audit, other assurance, and related services by the External Auditor that are reasonably related to the performance of the audit or review of the Company's financial statements (P700,000); and (b) All Other Fees, including estimated out of pocket expenses paid by the Company as of February 2024 (P70,000).

The Company engaged the services of SGV to handle the open tax assessment conducted for the Corporation covering the years 2018 and 2019. Total fees billed and paid by MVC related to this service for the year 2022 amounted to P2,105,550 (nil in 2023).

(c) The Audit Committee's approval of policies and procedures for the above services

The Audit Committee has the function of assessing the independence and professional qualifications of the external auditor, in compliance with the requirements under applicable law, rules and regulations; reviewing the performance of the external auditors; and recommending to the Board of Directors the appointment or discharge of external auditors as well as reviewing and approving audit related and non-audit services to be rendered by external auditors. Prior to the commencement of the audit, the Audit Committee shall discuss, review and recommend with the external auditors the nature, scope and fees of the audit, and ensure proper coordination, if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts.

The following are the members of the Audit Committee for the year 2023 – 2024:

Mr. Ramon J. Abejuela, *Chairman*
Mr. Francisco J. Kong, *Member*
Mr. Yohei Chikamoto, *Member*
Atty. Barbara Anne C. Migallos, *Member*

PART IV – MANAGEMENT AND CERTAIN SECURITY HOLDERS

(A) Directors, Executive Officers

(1) Directors

There are seven (7) members of the Board of Directors, two (2) of whom are Independent Directors. The term of office of each Director is one (1) year or from election at the Annual Stockholders' Meeting until the succeeding Annual Stockholders' Meeting and until his successor is elected and qualified. A Director who is elected to fill any vacancy in the Board of Directors during the interim will hold office only for the unexpired term of his predecessor. The following are the incumbent members of the Board of Directors:

1. Yohei Chikamoto
2. Steve S.C. Pangilinan
3. Ramon J. Abejuela – Independent Director
4. Yasuhiro Fukuki
5. Francisco J. Kong – Independent Director
6. Satoshi Maruyama
7. Barbara Anne C. Migallos

1. **YOHEI CHIKAMOTO* -** 50, Japanese

Graduated from Aoyama Gakuin University, School of International Politics, Economics & Communications

Positions held: Chairman of the Board and Director [June 2023 to present], Mabuhay Vinyl Corporation; President [June 2023 to present], Philippine Resins Industries, Inc.; General Manager for Export Activities [2020 to 2023] Taiyo Vinyl Corporation; Deputy General Manager for Export Activities [2016 to 2020] Taiyo Vinyl Corporation; Deputy General Manager for Organic Chemicals (Singapore) [2011 to 2015] Tosoh Asia Pte. Ltd.; Chlor-Alkali Division [2008 to 2010] Tosoh Corporation; New Core System Introduction Project [2006 to 2007] ,Tosoh Corporation; Chlor-Alkali Division, [2001 to 2005], Tosoh Corporation; Logistics Control & Administration [1996 to 2000], Tosoh Corporation.

TRAININGS AND CONTINUING EDUCATION

None. The Director intends to attend seminars and trainings within the year.

2. **STEVE S.C. PANGILINAN -** 57, Filipino

B.S. Chemical Engineering, University of San Carlos-Technological Center, Cebu City; Master in Business Administration, Ateneo de Cagayan-Xavier University

Positions held: President, Chief Operating Officer and Director since August 2020 of Mabuhay Vinyl Corporation; Vice-President, Manufacturing [July 2015 to July 2020], Mabuhay Vinyl Corporation; Assistant Vice-President, Manufacturing [May 2013 to June 2015], Mabuhay Vinyl Corporation; Manufacturing Manager [Nov 2009 to April 2013], Mabuhay Vinyl Corporation; Production Manager [June 2003 to Oct 2009], Mabuhay Vinyl Corporation; Shift Manager [Oct 1998 to May 2003], Mabuhay Vinyl Corporation; Production Engineer [Jan 1995 to Sept 1998], Mabuhay Vinyl Corporation; Section Supervisor – Liquid Chlorine Plant [June 1992 to Jan 1995], Mabuhay Vinyl Corporation; Industrial Engineer [Nov 1989 to June 1992], Mabuhay Vinyl Corporation; Temporary Cadet Engineer [May 1989 to Nov 1989], Mabuhay Vinyl Corporation.

TRAININGS AND CONTINUING EDUCATION

Updates on Corporate Practices in the Philippines, SGV &Co. [November 2014]
Corporate Governance Seminar, SGV &Co. [December 2022]

3. **RAMON J. ABEJUELA -** 74, Filipino

Graduated from De La Salle University, Bachelor of Science in Chemical Engineering (Cum Laude); Master's Degree in Business Management, Asian Institute of Management

Positions held: Independent Director [August 2022 to present], Mabuhay Vinyl Corporation; Independent Director [September 2017 to present], Keppel Philippines Holdings, Inc.; Independent Director [1999-2008; 2009 to present], Keppel Philippines Properties Inc.; Director and Vice Chairman of the Board [2004 to present], Philippine Nutri-Foods Corporation (PNFC) and Health and Development Solutions Inc. (HDSI).

TRAININGS AND CONTINUING EDUCATION

Online Training on Corporate Governance, P&A Grant Thornton, [June 2021]
Revised Corporation Code of the Philippines, Center for Global Best Practices [October 2022].
Leading Change: Best Leadership Practices for Fast & Effective Change Management [August 2023]

4. **YASUHIRO FUKUKI -** 54, Japanese

Graduated from Tohoku University, Japan, Faculty of Economics

Positions held: Director [May 2019 to present], Mabuhay Vinyl Corporation; Division Head, Petroleum, Chemicals & Industrial Materials Division [May 2019 to present], Mitsubishi Corporation, Manila Branch; Inorganic Chemicals Dept., Basic Chemicals Division [April 2017], Mitsubishi Corporation, Tokyo; Functional Materials Dept., Functional Chemicals Division [May 2008], Mitsubishi Corporation, Tokyo; [August 2003] - Mitsubishi Corporation, Kansai Branch; [March 1999] – PT. Peroksida Indonesia Pratama; [February 1998] – Inorganic Chemicals Dept., Mitsubishi Corporation, Tokyo; [April 1995] – Mitsubishi Corporation, Kansai Branch; [April 1992] – Inorganic Chemicals Dept., Mitsubishi Corporation, Tokyo Head Office.

TRAININGS AND CONTINUING EDUCATION

None. The Director intends to attend seminars and trainings within the year.

5. **FRANCISCO J. KONG -** 68, Filipino

Graduated from San Sebastian College, Bachelor of Science in Commerce Major in Business Management (Magna Cum Laude)

Positions held: Podcaster (2021 to present); Independent Director since 2022 of Mabuhay Vinyl Corporation; Independent Director, Primer Holdings, Inc. [2014 to present]; Columnist, Philippine Star [Jan.2008 to present]; Director, Inspire Leadership Consultancy, Inc. [Jan.2005 to present]; Business and Inspirational Speaker, Success Options, Inc. [2015 to present]; Author [1996 to present]

TRAININGS AND CONTINUING EDUCATION

World of Business Ideas, New York [2021-2022]; AD World Conference [2022]; The Art of Leadership Academy [2022-present]

6. **SATOSHI MARUYAMA -** 43, Japanese

Graduated from Keio University, Japan, Bachelor of Economics

Positions held: Director since 2021 of Mabuhay Vinyl Corporation; Manager, Corporate Strategy, [June 2021] Tosoh Corporation Tokyo Head Office; Raw Materials & Fuel Operations, [June 2017] Tosoh Corporation Tokyo Head Office; Chlor-alkali Division [Apr 2009] Tosoh Corporation Head Office; Logistics Strategy Planning Dept. [Apr 2009] Tosoh Logistics Corporation.

TRAININGS AND CONTINUING EDUCATION

None. The Director intends to attend seminars and trainings within the year.

7. **BARBARA ANNE C. MIGALLOS -** 69, Filipino

Bachelor of Laws, University of the Philippines

Positions held: Director since August 2000 of Mabuhay Vinyl Corporation; Managing Partner, [2006 to present] Migallos & Luna Law Offices; Director [2001 to present] Phil. Resins Industries, Inc.; Director [2013 to present] Philex Mining Corporation; Corporate Secretary [1998 to present] Philex Mining Corp; Director [2010-2017]; Corporate Secretary [since 2007], PXP Energy Corporation; Corporate Secretary [since 2010] Nickel Asia Corporation; Cordillera Exploration Co., Inc.; Director [2013 to present] Philex Gold Phils. Inc.; Corporate Secretary, Philex Gold Phils. Inc.; Corporate Secretary [2005 to present] Eastern Telecommunications, Philippines, Inc.; Corporate Secretary [2005 to present] Telecommunications Technologies Philippines, Inc.; Corporate Secretary, [2015 to present] Alliance Select Foods International Inc.; Senior Partner [1988-2006] / Managing Partner [2000-2005], Roco, Kapunan, Migallos & Luna Law Offices; Corporate Secretary since 2020, HWAO Foundation, Inc.; Director since 2022, Philippine-Italian Association; Professional Lecturer [2012 to present] De La Salle University, College of Law; Chair, Mercantile Law Dept. [2016 to present], De La Salle University, College of Law

TRAININGS AND CONTINUING EDUCATION

2023 Annual Corporate Governance Seminar [10 November 2023]; Governance Imperatives, Opportunities and Challenging in the Ages of AI [09 November 2023]; Global Development in AI Standards and Regulations [09 November 2023]; NAC Group Annual Corporate Governance Seminar [6 October 2022]; Becoming Obsessed with the Customer, 2021 Annual Corporate Governance Enhancement Session [17 September 2021]; NAC Group Annual Corporate Governance Seminar [29 September 2021]; Agile Leadership, 2021 Annual Corporate Governance Enhancement Session [12 November 2021];

8. **TAKAHIRO MACHIBA** -** 54, Japanese

Graduated from Sophia University, Japan, Faculty of Economics

Positions held: Chairman of the Board and Director [June 2018 to June 2023] of Mabuhay Vinyl Corporation; President [June 2018 to June 2023] Philippine Resins Industries, Inc.; Organic Chemical Division, Tosoh (Shanghai) Co. Ltd. [2007-2012]; Corporate Planning, Tosoh Corporation [2007]; Chlor-alkali Division, Tosoh Corporation [2002]; Accounting Department, Tosoh Corporation [1994].

TRAININGS AND CONTINUING EDUCATION
None.

** Elected as Director June 23, 2023*
*** Resigned as Director June 23, 2023*

(2) Executive Officers

The Company's key executive officers as of 31 March 2024 are as follows:

Yohei Chikamoto	- Chairman, Chief Executive Officer
Steve S.C. Pangilinan	- President, Chief Operating Officer
Michael S. Yu	- Treasurer, Vice President ("VP") - Corporate Planning
Atsushi Utsunomiya	- VP-Finance
Romeo G. Dela Cruz	- VP-Marketing
Mark Francis D. Basan	- AVP-Manufacturing
Maria Melva E. Valdez	- Corporate Secretary, Compliance Officer
Pamela Ann T. Cayabyab	- Assistant Corporate Secretary

Consistent with the Corporation's By-laws, the Executive Officers are elected or appointed annually by the Board of Directors during its Organizational Meeting held following the Annual Stockholders' Meeting. The Executive Officers each hold office for one (1) year until the next Organizational Meeting of the Board of Directors in the following year and until a successor shall has been elected or appointed and has duly qualified.

INCUMBENT OFFICERS

1. **YOHEI CHIKAMOTO** - Chairman and Chief Executive Officer see foregoing Director's Profile

2. **STEVE S.C. PANGILINAN** - President and Chief Operating Officer see foregoing Director's Profile

3. **MICHAEL S. YU** - Treasurer/Vice-President, Corporate Planning

   49, Filipino, B.S. Chemical Engineering, De La Salle University; Master in Business Administration, Ateneo de Manila University; Updates on Corporate Practices in the Philippines, SGV &Co. [November 2014]; Corporate Governance Seminar, SGV &Co. [December 2022]

   Positions held: Vice-President, Corporate Planning since May 2017 and Treasurer since 2011; Assistant Vice-President, Corporate Planning [July 2009 to April 2017]; Head of Makati Purchasing [Aug 2004-2010]; Senior Manager, Corporate Planning, [2006-2009]; Corporate Planning, IT, Business Development Manager, [2004-2005]; Corporate Planning Officer, [1999-2001]; and Corporate Planning Engineer, [1997-1999].

4. **ATSUSHI UTSUNOMIYA** - Vice-President, Finance

   45, Japanese, Bachelor of Commerce, Osaka City University, Japan

   Positions held: Vice-President, Finance since October 2020; Planning and Business Development, Bioscience Division [January 2015], Tosoh Corporation; Corporate Control & Accounting Department [June 2006], Tosoh Corporation; Accounting Department [May 2003] Nanyo Complex, Tosoh Corporation.

5. **ROMEO G. DELA CRUZ** - Vice-President, Marketing

   56, Filipino, B.S. Chemical Engineering, Mapua Institute of Technology; Master in Business Administration (completed academic requirements), De La Salle University; Updates on Corporate Practices in the Philippines, SGV &Co. [November 2014]; Corporate Governance Seminar, SGV &Co. [December 2022]

   Positions held: Vice-President, Marketing since July 2015; Assistant Vice-President, Marketing [May 2008 to June 2015]; Area Sales Manager - Luzon [July 2004 to April 2008]; Head of Logistics/Regional Sales Manager for Luzon [Jan 2002 to June 2004]; Area Sales Manager for Luzon/Distribution Manager [Feb 1998 to Dec 2001]; Distribution Manager [Jan 1995 to Jan 1998]; Corporate Planning Engineer/Technical Specialist [July 1993 to Dec 1994]; Marketing Technical Assistant [July 1991 to June 1993]; Market Researcher & Technical Service Assistant [June 1989 to June 1991].

6. **MARK FRANCIS D. BASAN** - Assistant Vice-President, Manufacturing

   54, Filipino, B.S. Chemical Engineering, University of San Carlos, Cebu City; Corporate Governance Seminar, SGV &Co. [December 2022]

   Positions held: Assistance Vice-President, Manufacturing since December 2021; Manufacturing Manager [Jan 2021 to Nov 2021]; Regional Sales Manager - VisMin [May 2008 to Dec 2020]; Area Sales Manager – Mindanao [Oct 2005 to April 2008]; New Business Development Officer/Assistant Sales Manager – Mindanao

[April 2002 to Sep 2005]; Account Executive - Marketing Division [Nov 1996 to Apr 2002]; Corporate planning (Temporary Assignment) [Apr 1996 to Nov 1996]; Industrial Engineer [Mar 1995 to Apr 1996]; Process Engineer [Nov 1993 to Mar 1995]; Shift Supervisor (on training) – Amalgam Plant [Apr 1993 to Nov 1993]; Cadet Engineer [Nov 1991 to Apr 1993].

7. **MARIA MELVA E. VALDEZ** - Corporate Secretary

64, Filipino, Bachelor of Arts in Political Science and Bachelor of Laws, University of the Philippines; Corporate Governance Training, Risks, Opportunities. Assessment and Management [June 2019], Online Training on Corporate Governance, P&A Grant Thornton, [June 2021]

Positions held: Corporate Secretary since 1997 of Mabuhay Vinyl Corporation; Senior Partner [since 1998], Bello Valdez and Esguerra Law; Corporate Secretary/Director since 1998 Keppel Phils. Holdings, Inc.; Corporate Secretary [since 1998] Seatrium Philippines Marine, Inc., Keppel Phils. Properties, Inc., and Asian Institute of Management; Corporate Secretary since 2004 Seatrium Subic Shipyard, Inc.; Director/Corporate Secretary of various Keppel affiliates & subsidiaries and Toyota Corolla Sapporo Philippines Holdings; Director since December 2000 Leighton Contractors Phils., Inc.; Director/Chairman/President since September 2000 Servier Philippines, Inc.; Corporate Secretary/Trustee of AIM-Scientific Research Foundation, Inc., FIF Foundation, Inc.; Corporate Secretary of Asian Institute of Management, Gruppo EMS Inc. group of Companies, Wartsila Philippines Inc., Calamba Medical Center, Inc., Calamba Cancer Center, Inc., Saint John the Baptist Medical Center, Inc., Kopiko Philippines Corporation, and Sagara Metro Plastics Industrial Corporation; Current Chair, Membership Committee of Inter-Pacific Bar Association (IPBA). A member of the Philippine-Italian Association, Makati Business Club, The Philippines-Japan Economic Cooperation Committee, Inc., The Philippines-Japan Society, Inc. and Philippines-Singapore Business Council. Trustee, Philippine Japan Economic Cooperation Committee. Trustee and Corporate Secretary,AIM Scientific Research Foundation, Inc.

8. **PAMELA ANN T. CAYABYAB** - Assistant Corporate Secretary

41, Filipino, Juris Doctor, Ateneo de Manila University; Bachelor of Arts in Political Science, University of the Philippines; Online Training on Corporate Governance, P&A Grant Thornton, [June 2021]; Corporate Governance – Executive Briefing on Crisis Management for Board Directors and Management, Corporate Governance Updates and Economic Briefing, Center for Global Best Practices [June 2022],

Positions held: Assistant Corporate Secretary of Mabuhay Vinyl Corporation since November 2020; Assistant Corporate Secretary of Keppel Philippines Holdings Inc. (a listed company) since May 2021, Keppel Philippines Properties, Inc. (a listed company) since June 2021 and various Keppel companies; Assistant Corporate Secretary since May 2015 of Brother International Philippines Corporation; Assistant Corporate Secretary since April 2017 of Fujita Philippines Construction and Development, Inc.; Assistant Corporate Secretary since March 2012 of PPG Coatings (Philippines) Inc.; Assistant Corporate Secretary since March 2011 of Tosoh Polyvin Corporation; Corporate Secretary since April 2024 of Toyota Corolla Sapporo Philippines Holdings; Corporate Secretary since 2020 of FIF Foundation, Inc.; Assistant Corporate Secretary of Seatrium Philippines Marine, Inc., and Seatrium Subic Shipyard, Inc.; Senior Partner, Bello Valdez and Esguerra Law.

(3) Significant Employees

The contribution of each of the Corporation's employees is valued. The Company relies significantly on the continued collective efforts of its senior Executive Officers and expects each employee to do his share in achieving the Company's goals.

(4) Family Relationships

There are no family relationships up to the fourth civil degree either by consanguinity or affinity among Directors; Executive Officers; persons nominated, appointed, or elected by the Corporation to become Directors, Executive Officers, security holders of certain record, beneficial owner, or member of Management.

(5) Certain Relationships and Related Transactions

The Corporation, in its regular conduct of business, entered into transactions with related parties which are mostly for the purchase and sale of inventories and lease agreements. The transactions were made on an arm's length basis and at current market prices at the time of the transactions. The related party transactions of the Corporation are discussed in the Notes to the Consolidated Financial Statements (pages 41 to 44).

The Corporation's Directors, Executive Officers, employees, and other related parties are required to promptly disclose any business and family-related transactions with the Corporation to ensure that potential conflicts of interest are identified and brought to the attention of management.

(6) Involvement in Certain Legal Proceedings

As of 31 March 2024, to the knowledge of the Corporation, none of the Company's Directors or Executive Officers have been involved in any legal proceedings during the last five (5) years that are material to an evaluation of their ability or integrity to act as such.

No director has resigned or declined to stand for re-election to the board of directors since the date of the last annual meeting of security holders due to disagreement with the registrant on any matter relating to the registrant's operations, policies and practices.

None of the Directors and Executive Officers of the Corporation is involved in any of the following in the past five (5) years:

(i) A bankruptcy petition by or against any business of which a such person was a general partner or Executive Officer either at the time of the bankruptcy or within two (2) years prior to that time;
(ii) A conviction by final judgement in a criminal proceeding, domestic or foreign, or is being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;
(iii) An order, judgement, or decree, not subsequently reversed, suspended, or vacated, by any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities, or banking activities; nor
(iv) A conviction by a domestic or foreign court of competent jurisdiction in a civil action, the SEC or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated securities or commodities law or regulation, and the judgement has not been reversed, suspended, or vacated.

(B) Compensation of Directors and Executive Officers

(a) Summary Compensation Table

The following table summarizes the compensation of the Chief Executive Officer ("CEO") and five most highly compensated Executive Officers of the Corporation and the aggregate compensation of all Directors and Officers as a group for the last two completed fiscal years, and their estimated aggregate compensation for the present fiscal year.

SUMMARY COMPENSATION TABLE
Annual Compensation (in Pesos)

<table>
<tr><th>Name & Principal Position</th><th>Year</th><th>Salary</th><th>Bonus</th><th>Other Compensation</th></tr>
<tr><td rowspan="3">CEO and five most highly compensated Executive Officers:
Yohei Chikamoto
Chairman / CEO

Steve S.C. Pangilinan
President / COO

Michael S. Yu
Treasurer / VP-Corporate Planning

Atsushi Utsunomiya
VP-Finance

Romeo Dela Cruz
VP-Marketing</td><td>2024 (Projected)</td><td>10,376,930</td><td>1,925,259</td><td>2,598,828</td></tr>
<tr><td>2023</td><td>9,882,791</td><td>1,833,580</td><td>2,475,074</td></tr>
<tr><td>2022</td><td>9,027,717</td><td>1,984,433</td><td>994,882</td></tr>
</table>

All Directors and Executive Officers As A Group	2024 (Projected)	10,376,930	1,925,259	3,438,828
	2023	9,882,791	1,833,580	3,275,074
	2022	9,027,717	1,984,433	1,764,882

(b) Standard Arrangements

Each member of the Board of Directors receives a per diem of Ten Thousand Pesos (PhP10,000.00) per meeting of the Board of Directors. Independent Directors receive quarterly miscellaneous allowances. The Directors and Executive Officers do not receive any regular bonus and are not entitled to a percentage of the Corporation's profits.

Members of the Board of Directors received the following remuneration in 2023:

	Name	Total (PHP)
1.	Yohei Chikamoto*	80,000.00
2.	Steve S.C. Pangilinan	60,000.00
3.	Ramon J. Abejuela – Independent Director	270,000.00
4.	Yasuhiro Fukuki	130,000.00
5.	Francisco J. Kong – Independent Director	250,000.00
6.	Satoshi Maruyama	60,000.00
7.	Barbara Anne C. Migallos	90,000.00
8.	Takahiro Machiba**	80,000.00

** Elected as Director June 23, 2023*
*** Resigned as Director June 23, 2023*

The Corporation has a registered non-contributory retirement plan. All regular employees, including the Executive Officers, are covered by the retirement plan.

No warrants or options on the Corporation's shares of stock were issued or given to the Directors and Executive Officers as a form of compensation of services rendered.

During the last two (2) years, no director of the Corporation has received or become entitled to receive any benefit by reason of any contract with the Corporation, a related corporation, a firm of which the Director is a member or a corporation of which a director has a substantial financial interest.

There are no transactions in the last two (2) years or proposed transactions to which the registrant was or is to be a party, in which any of the following persons had or is to have a direct or indirect material interest:

i. Any Director or Executive Officer of the Corporation;
ii. Any nominee for election as a Director;
iii. Any security holders;
iv. Any member of the immediate family of the preceding persons.

(C) Security Ownership of Certain Record and Beneficial Owners

(1) The persons known to the registrant to be directly or indirectly the record or beneficial owner of more than 5% of the registrant's voting securities as of 31 March 2024 are as follows:

Title of Class	Name, Address of record owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percent
Common	**Tosoh Corporation ("Tosoh")** 4560 Kaisei-Cho, Shuunara-Shi, Yamaguchi 746-8501, Japan	Tosoh is both the record and beneficial owner. The right to vote or to direct the voting or disposition of the Corporation's shares held by Tosoh are lodged in its Board of Directors. The following are the	Japanese	581,785,835 ("r")	87.9748

		representatives of Tosoh: Yohei Chikamoto Yasuhiro Fukuki Barbara Anne C. Migallos Satoshi Maruyama			
Common	**Mitsubishi Corporation ("Mitsubishi")** 6-3 Marunouchi 2-Chome Chiyoda-Ku, Tokyo, Japan	Mitsubishi is both the record and beneficial owner. The right to vote or to direct the voting or disposition of the Corporation's shares held by Mitsubishi are lodged in its Board of Directors. Mr. Yasuhiro Fukuki is the representative of Mitsubishi.	Japanese	39,679,999	6.0001

(2) Security Ownership of Directors and Management as of 31 March 2024:

Title of Class	Name of Beneficial Owner	Position	Amount and Nature of Beneficial Ownership	Citizenship	Percentage (%) of Class
	Board of Directors:				
Common	Yohei Chikamoto	Chairman/CEO	10,000 (d)	Jpn	0.0015
Common	Steve S.C. Pangilinan	Director/ President/COO	5,000 (d)	Fil	0.0008
Common	Ramon J. Abejuela	Indep. Director	5,629 (d)	Fil	0.0009
Common	Yasuhiro Fukuki	Director	10,000 (d)	Jpn	0.0015
Common	Francisco J. Kong	Indep. Director	10,000 (d)	Fil	0.0015
Common	Satoshi Maruyama	Director	5,000 (d)	Jpn	0.0008
Common	Barbara Anne C. Migallos	Director	5,000 (d)	Fil	0.0008
Total for Directors			**50,629**		**0.0080**

Executive Officers:					
Common Shares	Yohei Chikamoto	Chairman & CEO/Director	-	Fil	-
Common Shares	Steve S.C. Pangilinan	President & COO/Director	-	Fil	-
N/A	Michael S. Yu	Treasurer / VP-Corporate Planning	-	Fil	-
N/A	Atsushi Utsunomiya	VP-Finance	-	Jpn	-
N/A	Romeo G. Dela Cruz	VP-Marketing	-	Fil	-
N/A	Maria Melva E. Valdez	Corporate Secretary	-	Fil	-
N/A	Pamela Ann T. Cayabyab	Asst. Corporate Secretary	-	Fil	-
N/A	Mark Francis D. Basan	AVP-Manufacturing	-	Fil	-
Total for Officers			**-**		**-**
Total Shares of Directors, Executive Officers, and Management			**50,629**		**0.0080**

(3) There are no voting trust holders of 5% or more of the common shares.

(4) There are no arrangements that may result to a change in control of the Corporation. No change in control of the Corporation has occurred since the beginning of its last fiscal year.

(D) Certain Relationships and Related Transactions

(1) Tosoh Corporation and Mitsubishi Corporation supplies the Company with Liquid Caustic Soda and other materials. The commercial dealings with Tosoh Corporation started in 2018 while that of Mitsubishi have been in effect for more than fifteen years under normal arms-length commercial terms and on a basis consistent with applicable Philippine laws on conflicts of interest and related party transactions. Pricing is dictated by prevailing international market. Total purchases from Tosoh amounted to P322.2M in 2023, P600.5M in 2022 and P223.6M in 2021 while purchases from Mitsubishi amounted to P351.4M in 2023, P408.4M in 2022 and P87.2M in 2021. Outstanding trade payable to Tosoh Corporation as of 31 December 2022 amounted to P113.2M (nil in 2023 and 2021). There was no outstanding trade payable to Mitsubishi Corporation as of 31 December 2023, 2022 and 2021.

(2) Aside from the party mentioned above, there is no other relationship that has existing negotiations on material transactions.

List of parents of the registrant

a. Tosoh Corp.

No. of MVC shares owned	581,785,835
Percentage of control	87.9748%

(3) There is no transaction with promoters for the past 5 years.

PART V – CORPORATE GOVERNANCE

Pursuant to its Vision and Mission, the Corporation had significantly acted in accordance with its new Manual on Corporate Governance (MCG). The Corporation had consistently performed its responsibilities, with its Corporate Values complementing the directions and activities for the corporation's directors, officers and employees. The Board committees, including the Nominations and Audit committees, have consistently complied with their duties and responsibilities under the MCG. The Nominations Committee observes the nomination and election process for Independent directors, as provided under SRC Rule 38 (as amended). The Audit committee, on the other hand, has put in place an internal audit system which complies with the pertinent regulatory requirements and which ensures the integrity of internal control activities throughout the Company. There were no major deviations from the adopted MCG.

In support of the foregoing, the following programs and interventions for employees and officers were implemented:

1. Annual kick-off planning and alignment of departmental objectives in line with the Company's directions was held at the start of the year. Also, annual strategic planning of Industrial Peace Council, Council of Solidarity, Corporate Council of Quality, Safety, Security, Health and Environment and other plant-wide committees to map out CSR, Employees and Family Welfare, Quality, Safety, Security and Environmental Programs and Activities for the current year.

2. Corporate Social Responsibility (CSR) initiatives in the areas of Education, Environment, and Health.

   a. Education

      - Feeding program during literacy sessions for Alternative Learning System (ALS) / DepEd Learners at Brgy. Kalilangan, Iligan City
      - Donation of caustic soda sample for laboratory use of Grade 9 students of St. Therese Academy, Iligan City
      - Donation of assorted bond papers to be used as blended learning materials in Cesar M. Cabahug Elementary School in Looc, Mandaue City, Cebu
      - Donation of Sodium Hypochlorite to Mindanao State University students for their thesis study
      - Construction of Alternative Learning System (ALS) Building at Mimbalot Elementary School, Iligan City
      - Ready for School Activity in San Joaquin Elementary School, Pasig City in partnership with PBSP where employee-volunteer covered 200 school books
      - Donation of thirteen (13) assorted electric fans to Enriqueta Montilla De Esteban Memorial High School at Pulupandan, Negros Oriental

- Distribution of school supplies and school uniforms to fourteen (14) MVC scholars in elementary and high school students from Purok 1&2 Tonggo and Purok 13 Timoga, Iligan
- Theater Workshop of 40 kids from Purok 1 & 2 of Tonggo and Purok 13 of Timoga
- Cited with recognition during the Kaamulan Awards from the Division of Iligan City, Department of Education for MVC's collaboration and unwavering commitment to education and for being instrumental in fostering positive change in the learning environment

b. Environment

- Planting 400 seedlings of Narra and Batino at the vicinity of Ipo Dam Watershed in partnership with Maynilad Water Services Inc.
- Coastal clean-up at Purok 11, 12 & 13 Buru-un Iligan as part of the International Coastal Clean Up drive
- Donation of used drums for hazardous waste temporary storage to Gregorio T. Lluch Memorial Hospital
- Donation of used HDPE drums to the following:
  1. Iligan City Police Office (ICPO) to be used as fuel, oil, and lubricant containers
  2. Girl Scouts of the Philippines (GSP) for water storage during the 21st citywide encampment
  3. TESDA Iligan to be used as fertilizer, concoction, and extract container for their organic farming
  4. Lanao del Norte Police Provincial Office, BJMP Region 10, Iligan City Traffic and Management Office, 55th Engineer Brigade and Iligan City Agriculturist Office to be used as water container
- Donation of used carbouys for urban gardening at Ditucalan Elementary School in Iligan City
- Donation of used blue plastic drums to Lanao Del Norte Police Provincial Office
- Donation of scrap metals to 554th Engineering Battalion for the construction of railings for their new building

c. Health

- Donation of multivitamins and medicines (cough, colds and fever) for adults and children to Barangay San Miguel Health Center in Bauan, Batangas in lieu of the face-to-face medical mission activity
- Medical & dental mission and haircutting activity for Purok 1 & 2, Tonggo, Iligan City in partnership with Adventist Medical Center and 554th Engineer Battalion
- Quarterly Mobile Blood Donation and recognized as an awardee during the Sandugo Awards of the Department of Health for the continuous support and promotion of voluntary blood donation drive
- Cited with highest number of Mobile Blood Donation organized and awarded as the Bloodiest Company by Philippine Red Cross Iligan City Chapter in recognition of MVC's support organizing regular mass blood donation
- Donation of two carbouys of 5% Sodium Hypochlorite to Little Sisters of Abandoned Elderly to be used for their day-to-day cleaning of facility

3. Donation and initiatives strengthening relationship with partner – communities and institutions:
   a. Gift items to the 554th Engineer Brigade for their Christmas Party
   b. Snack items for Purok 1 & 2 duing the celebration of Tonggo fiesta novena
   c. Gift packs to 300 indigent kids from Barangay Buru-un, Brgy. Ma. Cristina. Brgy. Ditucalan, and Brgy. Suarez in cooperation with Iligan City Police Station 2's Pamaskong Handog Program
   d. Food packs for the Iligan City Urban Poor Leaders gathering
   e. Cash and streamers to Purok 13, Timoga for the "Christ the King" annual fiesta celebration
   f. Snacks to PWDs at Iligan City Public Plaza during the PWD national event
   g. Major sponsorship package for the Tourism Week 2023 celebration of Brgy. Ma. Cristina
   h. Food packs and water to Iligan City National High School of Fisheries (ICNSF) for *"Kasikas sa Kadalanan"* (street dancing)
   i. Long sleeves and portable flashlights to Purok 13 Timoga *"Bantay Purok"*
   j. Sponsorship for t-shirts, snacks, and venue during the 2nd MVC Alumni get-together
   k. Cash donation to the following:
      1. Bancathon contest of Brgy. Ma. Cristina
      2. Holy Spirit Shrine (Spiritan Church) in Pindugangan for the *Feast of the Pentecos*t
      3. Carolers from Sto. Rosario Himig Musika

4. "My Voluntary Contribution Drive" (M.V.C.) aimed to raise funds through employee donations:

a. To support operational needs of Little Sisters of the Abandoned Elderly (Home for the Aged)
b. To support school needs of MVC scholars

5. Activities under the Labor-Management Cooperation and through the Industrial Peace Council in Iligan and Council of Solidarity in Luzon were Health Awareness Campaign, Brigada Eskwela, Flores de Mayo, and Pamaskong Handog for adopted indigent communities in Iligan, and other Community Outreach programs. All these programs were made possible with management-union participation and cooperation.

6. Small Improvement Group Activities-Productivity in Action program (SIGA-SI-PIA) aimed to imbibe a performance-based culture which remains an important direction for the Company, as well as recognition of employee contributions to productivity.

7. Corporate Council on Quality, Safety, Security, Health and Environment (CCoQSSHE) and Council of Solidarity (COS) continuously carried out programs for the health and welfare of the employees and their families/dependents such as the Palaro / Sportsfest, Bowling Tournament, Family Day, Productivity Talks, Nutrition Programs, Health Talks, and Annual Physical Examination for employees and dependents.

The Company submitted its Integrated Annual Corporate Governance Report (I-ACGR) on 01 June 2023 in compliance with SEC Memorandum circular No.15, series 2017.

The directors and officers of the Corporation have attended Corporate Governance Seminars in compliance with SEC Memorandum Circular No. 20, series of 2013 and the Corporation's Manual on Corporate Governance.

The Independent directors have submitted their Certificates of Qualification as required by the SEC vis-à-vis Section 38 of the Securities Regulation Code.

PART VI – SUSTAINABILITY REPORT

Please refer to attached Sustainability Report

PART VII - EXHIBITS AND SCHEDULES

(a) Exhibit

* 2023 Audited Financial Statements

(b) Reports on SEC Form 17-C

26 January 2023	• Setting of the Annual Stockholders' Meeting (ASM) date and fixing of Record Date, Approval for ASM to be held via remote communication • Board approval of amendment to the second articles of incorporation to add a secondary purpose • Board approval of extension of loan to Philippine Resins Industries, Inc. (PRII) and reduction of loan to Php600M
15 February 2023	• Advisement Report on Material Related Party Transaction
28 February 2023	• Appointment of external auditors, Board approval of Audited Financial Statements (AFS) for the period ended 31 December 2022 and its release/issuance
27 April 2023 (Board)	• Declaration of Cash Dividend
27 April 2023 (ASM)	• Election of Directors • Ratification of Y2022 Annual Report and Audited Financial Statements • Appointment of External Auditor • Stockholders' approval of Amendment to the Second Articles of the Corporation's Articles of Incorporation to add a secondary purpose as follows: "SECOND: (i) To engage in the business operations (manufacture, importation, sale, offer for sale, distribution, transfer and promotion) involving household/urban hazardous substances (HUHS)."
27 April 2023 (Organizational Meeting)	• Election of Officers/Committee Members
15 June 2023	• Resignation of Mr. Takahiro Machiba as Director/Chairman/CEO effective 23 June 2023 • Election of Mr. Yohei Chikamoto as Director/Chairman/CEO to replace Mr. Takahiro Machiba effective 23 June 2023
28 July 2023	• Approval of extension of terms of the existing loan receivables to PRII amounting to PHP600M for a period of 180 days from 08 August 2023 to 04 February 2024
08 August 2023	• SEC approval of the Amendment to the Second Article of the Articles of Incorporation
15 August 2023	• Approval of SEC Form 17-Q for the period ended 30 June 2023
29 September 2023	• Advisement Report on Material Related Party Transaction
15 November 2023	• Approval of SEC Form 17-Q for the period ended 30 September 2023

SIGNATURES

Pursuant to the requirements of Section 17 of the Securities Regulation Code and Section 141 of the Corporate Code of the Philippines, this amended annual report has been signed on behalf of the issuer, by the following persons in the capacities and on the dates indicated.

STEVE S.C. PANGILINAN
President and Chief Operating Officer

MARIA MELVA E. VALDEZ
Corporate Secretary

MICHAEL S. YU
Treasurer

FATIMA BIANCA C. LENON
Accounting Manager

NOTE: There is no "Comptroller" position in the existing organizational structure of MVC.

SUBSCRIBED AND SWORN to before me this 12th day of April 2024, affiants exhibiting to me their Tax Identification Number (TIN)/Social Security System (SSS) ID Nos., as follows:

AFFIANTS	TIN/SSS Nos.
Steve S.C. Pangilinan	112-075-833
Maria Melva E. Valdez	123-493-209
Michael S. Yu	193-284-786
Fatima Bianca C. Lenon	242-635-363

ATTY. GERVACIO B. ORTIZ JR.
NOTARY PUBLIC
Notary Public City of Makati
Until December 31, 2024
IBP No. 05729- Lifetime Member
MCLE Compliance No. VII-0022734
valid until April 14, 2025
Appointment No. M-39 (2023-2024)
PTR No. 10073909 Jan. 2, 2024 / Makati
Makati City Roll No. 40091
101 Urban Ave. Campos Rueda Bldg.
Brgy.Pio Del Pilar, Makati City

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Book No. XIV
Series of 2024

Upon the written request of the stockholder, the Company undertakes to furnish said stockholder a copy of SEC Form 17-A free of charge, except for exhibits attached thereto which shall be charged at cost. Please direct all requests to the Corporate Secretary, Atty. Ma. Melva E. Valdez, at the following address:

Mabuhay Vinyl Corporation
22F The Salcedo Towers
169 H.V. Dela Costa Street, Salcedo Village
Barangay Bel-air, Makati City
Attention: The Corporate Secretary

INDEX OF EXHIBIT

EXHIBIT A	AUDITED FINANCIAL STATEMENTS For the year 2023 and 2022

SEC No. : PW00000216
File No. : ___

MABUHAY VINYL CORPORATION

22F Salcedo Towers, 169 H.V. Dela Costa St., Bel-Air
Salcedo Village, Makati City

(632) 8817-8971 to 76
(Telephone Numbers)

(632) 8816-4785 or 8894-5325
(Fax Numbers)

01 January to 31 December
(Calendar Year Ending)

2023 SUSTAINABILITY ANNUAL REPORT

(Form Type)

For The Calendar Year Ended December 31, 2023

(Period Ended Date)

SECURITIES AND EXCHANGE COMMISSION

SUSTAINABILITY REPORT

Pursuant to Memorandum Circular No. 4 Series of 2019

(ATTACHMENT TO SEC Form 17-A)

1.	For the yearly period ended	: **December 31, 2023**
2.	Commission Identification Number	: **216**
3.	BIR Tax Identification Number	: **000-164-009-000 VAT**
4.	Exact name of issuer as specified in its charter	: **Mabuhay Vinyl Corporation**
5.	Province or country of incorporation	: **Philippines**
6.	Industry Classification Code	: ___________
7.	Address of issuer's principal office	: **22F Salcedo Towers, 169 H.V. Dela Costa St., Bel-Air Salcedo Village, Makati City**
8.	Post Office Box	: **P.O. Box 2613 Makati Central Post Office, 1266 Makati City**
9.	Issuer's telephone number	: **(632) 8817-8971 to 76**

10. Securities registered pursuant to Sections 4 and 8 of the RSA:

Title of Each Class	: **Common Shares**
Number of Shares Outstanding	: **661,309,398 shares as of Dec. 31, 2023**

This Sustainability Report follows the guidelines set forth by the Global Reporting Initiative's (GRI) Sustainability Reporting Standards.

GRI 102: General Disclosures

1. Organizational Profile

102-1 Name of Organization

Mabuhay Vinyl Corporation

102-2 Primary products, activities and/or services

MVC is engaged in the sale, production, importation, trading and distribution of the following basic chemicals:

1. Liquid Caustic Soda
2. Hydrochloric Acid
3. Liquid Chlorine
4. Sodium Hypochlorite

102-3 Location of headquarters

22F Salcedo Towers
169 H.V. Dela Costa St., Bel-Air
Salcedo Village, 1209 Makati City,
Philippines

102-4 Location of Operations

1. Office – Salcedo Towers, 169 H.V. Dela Costa St., Salcedo Vill., Makati City
2. Plant – 109 Commerce Road, Laguna Technopark Inc., Binan, Laguna
3. Plant – Assumption Heights, Buru-un, Iligan City
4. Depot – Batangas Bay Terminal Inc. Compound, Bauan, Batangas
5. Depot – Ouano Reclamation Area, Mandaue City, Cebu
6. Depot – Pulupandan, Negros Occidental
7. Depot – Pacific Oil Farmers, Inc. Compound, Bunawan, Davao City

102-5 Ownership and Legal Form

Mabuhay Vinyl Corporation (MVC) was incorporated and duly registered with the Philippine Securities and Exchange Commission as a rubber shoe manufacturer on July 20, 1934 under the name Mabuhay Rubber Corporation, and was reorganized in 1960 to engage in chemical and PVC resin manufacturing. The name Mabuhay Vinyl Corporation was adopted in October 10, 1966. The company corporate life was extended in 1984 by another 50 years up to July 20, 2034.

MVC's major shareholder is Tosoh Corporation of Japan (87.9748%).

102-6 Markets served

MVC is the only manufacturer of liquid caustic soda and liquid chlorine in the Philippines. It is also the largest supplier of liquid caustic soda, hydrochloric acid and merchant sodium hypochlorite in the country.

MVC primarily serves the domestic market such as manufacturing industries, power plants and water utilities.

102-7 Scale of the organization

Total Number of employees:	160
Total Number of operations:	7 (Makati, Laguna, Batangas, Cebu, Pulupandan, Iligan, Davao)
Net Sales:	PhP 3,073,772,249
Total Capitalization:	Php 661,309,398
Quantity of products provided:	
a. Caustic Soda	20,072 Dry Metric Tons
b. Hydrochloric Acid	38,042 Liquid Metric Tons
c. Liquid Chlorine	5,027 Metric Tons
d. Sodium Hypochlorite	43,740 Metric Tons

102-8 Information on employees and other workers

	Number of Employees	
	Male	**Female**
1. Makati	10	14
2. Laguna	6	-
3. Batangas	4	-
4. Cebu	4	2
5. Negros Occidental	1	-
6. Davao	2	
7. Iligan	99	18
Total	**126**	**34**

	Number of Employees				
	Management Group	**Supervisory**		**Rank and File**	
		Non-CBA	CBA	Non-CBA	CBA
1. Makati	10	14	0	0	0
2. Laguna	1	4	0	1	0
3. Batangas	0	1	0	3	0
4. Cebu	1	2	0	3	0
5. Negros Occidental	0	0	0	1	0
6. Davao	1	0	0	1	0
7. Iligan	10	31	13	0	63
Total	**23**	**52**	**13**	**9**	**63**
Age Profile	**Number of Employees**				
Below 30 years old	0	23	3	1	19
30 – 40 years old	4	27	9	4	32
41 – 50 years old	5	2	1	4	8
51 – 60 years old	12	0	0	1	5

102-9 Supply chain

Suppliers	**Location**	**Number**
Industrial Salt	Australia	1
Electric Power	Philippines	7
Service Contractors	Philippines	12
Logistic Providers	Philippines	25
Traded chemicals	Japan, China, Korea, Taiwan, Indonesia, India	5

MVC’s suppliers employ automated and mechanized processes that are not labor-intensive. The most labor-intensive components are the Logistic Providers which are composed of the marine vessel and truck lorry crews.

102-10 Significant changes to the organization and its supply chain

There are no significant changes to the organization's size, structure, ownership and supply chain including the location of its operations, capital structure, location of and relationship with suppliers.

102-11 Precautionary principle or approach

Mabuhay Vinyl Corporation implements a procedure on risk assessment, the Identification of Internal and External Issues and Risks, where every department identifies the issues or risks it may face and identify preventive controls. Evaluation on the identified issues or risks is done regularly.

In addition, the Company, through its EHS team, continually identifies ways to improve its processes and procedures in order to minimize environmental impact in times of emergencies.

102-12 External initiatives

MVC subscribes to the following economic, environmental and social charters, principles and initiatives:

a. United Nations Global Compact Initiative

MVC was a signatory to the UN Global Compact Initiative in May 2002 and has been making a clear statement of this commitment to its stakeholders and the general public since April 2004 through a Communication of Progress section that is part of the company's Annual Report which is distributed to the shareholders and available to the general public.

The UN Global Compact Initiative is a voluntary world-wide commitment to implement universal sustainability principles on human rights, environment and anti-corruption.

b. Responsible Care ®

Responsible Care is the chemical manufacturing industry's environmental, health, safety and security performance initiative.

102-13 Membership in associations

1. Samahan sa Pilipinas ng mga Industriyang Kimika (Chemical Industries Association of the Philippines)
2. Federation of Philippine Industries
3. Philippine Business for Social Progress
4. Iligan Bay Chamber of Industries
5. Semiconductor and Electronics Industries in the Philippines, Inc.
6. The Philippines-Japan Economic Cooperation Committee, Inc. (PHILJEC)

2. Strategy

102-14 Statement from Senior decision maker

The management of MVC firmly believes that the Company must operate in a manner that enables it to grow its present business without compromising the ability of the company and the future generations to meet their own needs.

The management also puts emphasis in the exploration of carbon emission reduction measures, and prioritizes the need to continuously improve inefficient processes through the use of technological innovations in line with the country's UNDP goals.

Through Sustainability Reporting, the Company is able to assess and manage its economic, environmental and social impacts which ultimately benefits stakeholders interested in the organization's ability to create value over time including employees, customers, suppliers, investors, business partners, local communities and regulators.

102-15 Key impacts, risks and opportunities
102-34 Nature and total number of critical concerns

The following are the key risks MVC recognizes and manages:

- Market risk
  MVC sells to a wide range of industries and customers. Except for a petroleum and petrochemical producer, no other customer accounts for more than 10% of revenues. Sales contracts are likewise not longer than 1 year in duration. A certain portion of sales is based on an annual fixed price contract. Fixed price sales contracts are hedged by a) allocation of products sourced from local production and/or b) securing imported material at a price favorable to supplying the fixed-price sales contract.

- Credit risk
  There is credit risk as the Company's counterparty may fail to perform its obligations. To manage this risk, it is the Company's policy to require all customers, who wish to trade on credit terms, to comply with and undergo the credit verification process. This process emphasizes on the customer's capacity and willingness to pay. In addition, receivables are closely monitored so that exposure to bad debts is minimized.

- Human Resource risk
  This is the lack of qualified and capable people to manage the business and operate the plants due to retirement or resignations. To address this risk, MVC continually implements training programs to enhance the capability and experience of its employees based on future expected requirements arising from retirement or expansion. Employee engagement activities are also conducted to minimize resignations.

- Competitive risk
  The risk of declining business revenue or margins due to the actions of a competitor, higher cost of goods (for traded products), higher cost of production (for manufactured products), and distribution. Management regularly reviews and analyzes its cost to ensure competitiveness. Traded goods are procured on a spot basis to ensure the material's cost is reflective of market situation.

- Foreign Currency risk
  The risk that the fair value of future cash flows from the Company's foreign currency denominated assets or liabilities may fluctuate due to changes in foreign exchange rates. The Company manages this exposure by matching its receipts and payments for each individual currency. Purchases of finished goods and raw materials are subject to an open account from foreign suppliers and are settled immediately through a purchase of dollars from a local bank at spot rate once all documentation requirements are complete. The Company may also enter into currency forward contracts to manage the currency risks.

- Liquidity risk
  Liquidity risk arises when a company encounters difficulties in meeting commitments associated with financial instruments. Such risk may result from inadequate market depth, disruption or refinancing problems.

  The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans and purchase contracts. Loans through trust receipts availed for operating requirements usually mature within 180 days while trade and other payables usually mature within 60 days. The Company also has existing credit lines with local banks which could be drawn when necessary.

- Environmental impact
  As a chemical company, pollution is a major concern and must be avoided at all times. To promote environmental preservation, MVC must ensure that the environmental implications of every proposal or actions undertaken are considered before the decisions are implemented.

  MVC is committed to provide clean, orderly and safe working conditions for the health and welfare of employees, customers and members of the community. The company implements systems and processes that ensure compliance with all laws on Safety, Health and Environmental standards.

3. Ethics and Integrity

102-16 Values, principles, standards, and norms of behavior

STATEMENT OF ETHICAL STANDARDS
Mabuhay Vinyl Corporation adheres to the highest ideals of ethics in conducting its business. To this end, the company and its employees shall ensure commitment through words and deeds, to conform to the basic tenets of service, integrity, teamwork, excellence and social responsibility consistent with the value of God-centeredness.

OUR CORPORATE CORE VALUES
Values serve as our guide in our day-to-day behavior as we collectively create our desired organizational culture.

1. God-centeredness
2. Integrity
3. Entrepreneurial Spirit
4. Customer Focus
5. Innovation
6. Teamwork
7. Excellence
8. Social Responsibility

ETHICAL STANDARDS FOR SPECIFIC RELATIONAL DOMAINS

Human Resources
MVC is committed to develop and maintain highly trained employees. As an “equal opportunity employer”, MVC adheres to the policy and practice of providing equal opportunities for employment, development and advancement for those qualified, and offering job vacancies and opportunities to qualified existing personnel without regard to sex, age and creed. Bound by the fundamental principles of decency and propriety, MVC employees should refrain from any behavior and relationships which border on or might be considered obscene, indecent or immoral. As much as

possible, let a good, wholesome and clean atmosphere pervade the workplace.

Customers
MVC shall, at all times, seek to attain customer satisfaction and loyalty by delivering only quality products and services, stressing value and safety to the user while affirming the Company's reliability. To enhance and maintain customer confidence, an MVC employee is expected to attend to customers in an ethical manner and with utmost competence, knowing that the customers are the reason for the company's existence.

Product Quality and Safety Control
MVC shall:

- Obtain/maintain ISO or other appropriate certifications and observe their procedures to enhance product quality assurances and keep the continued trust of our customers.
- Provide customers with accurate product information. MVC shall design and develop its products in accordance with applicable laws and standards for product safety as well as in consideration of the environment, safety and health.
- Comply with the procedures of Chemical Material Safety Data Sheets (MSDS) when MVC supplies products to customers and carriers.

Shareholders
Being the very source of MVC's lifeblood, shareholders deserve no less than fair and full disclosure of information on the Company's worth. Transparency shall always be espoused.

Competitors
MVC undertakes to promote and market its products by abiding by the rules of free competition and fair play. It shall not resort to blackmail, negative publicity and similar unfair practices aimed at securing undue advantage over its competitors.

Government
Having in mind the nobility of the government and the integrity of its officials and employees, MVC will not resort to offering or giving questionable payments, expensive gifts, bribes or other similar payments and gifts to public officials and personnel, with or without anticipation of favor, privilege or facilitation. It shall faithfully comply with pertinent and existing statutes, ordinances, rules and regulations. MVC shall comply with applicable laws pertaining to donations for political purposes.

Environmental Conservation and Protection
MVC shall:

- Respect the value of environmental conservation and protection, and comply with applicable environmental laws, regulations and internal MVC policies/rules.

- Be responsible for the entire process from research and development to waste disposal. We will endeavor to reduce material consumption, save energy, decrease waste, and protect the environment.

Community
Being a responsible corporate citizen, MVC undertakes to share in the concerns of the communities where it operates. In conducting its business, it shall observe safe and environment-friendly practices. MVC shall comply with all applicable environmental and ecological statutes, ordinances and regulations.

Suppliers/Contractors
MVC will only do business with suppliers or contractors who deliver quality materials and services, safeguard the rights and welfare of its workers by providing wages and benefits that comply with government laws and regulations, and do not engage in forced labor and the hiring of minors.
MVC will only do business with suppliers/contractors who commit to contribute and abide with the company's programs on security, health, safety, environment and social responsibility. MVC will place an order for production, maintenance, or other services to a contractor with a written document that specifies all purchase conditions, and will not engage in unfair treatment of contractors, including unjustified delay in payment, unjustified return, or unjustified discount to the agreed price. MVC shall not give/receive any gift or entertainment to/from a customer or business partner that is outside of accepted social norms.

MVC has also defined Ethical Standards in the areas of:

- *Security Export Control*
- *Compliance with Import and Export Laws and Regulations*
- *Compliance with Antitrust Laws and Regulations*
- *No Relations with Antisocial Force*
- *Intellectual Property Rights Policy*

ENSURING A COMFORTABLE, SAFE, HEALTHY WORKPLACE
MVC shall comply with the law, regulations and norms of the society. The officers and employees shall always act with sound common sense and responsibility as a member of society. Sound common sense and responsibility require genuine and fair respect for societal norms and compliance with applicable laws and rules. Compliance with applicable laws and rules means compliance with the laws listed in this Code, other local and international laws and regulations, pertaining to our business activities, including production, sales, research and development and others. In its production, research and development activities, MVC shall comply with business laws applicable to high-pressure gas, poisonous and deleterious substances, and pharmaceutical affairs. MVC is committed to provide clean, orderly and safe working conditions for the health and welfare of employees, customers and members of the community. A safe and clean place of work dignifies workers and instills pride in employment. The company implements systems and processes that ensure compliance with all laws on Safety, Health and environmental standards. MVC expects its employees to be well-informed on safety and environmental issues. All employees and contractors are mandated to undergo environmental and safety training. They are required to comply with the company's health and safety rules and regulations. In the event of an accident or disaster, MVC shall take appropriate action to minimize damage and notify the relevant departments of the company and government authorities. It shall conduct the appropriate investigation of the accident or disaster and provide the report required within the company promptly.

Stewardship of Social Responsibility
MVC shall endeavor to continuously innovate products that contribute to the healthy development of society, provide a reliable supply of its products, and acquire the trust of society. MVC shall strive to be prosperous business and a cooperative and contributing member of the local communities where it conducts business.

COMPLIANCE WITH RULES OF EMPLOYMENT
MVC shall comply with applicable labor laws and strive to maintain and improve its work environment. It shall control its working days or hours in

accordance with the Labor Law. The Company will not allow the consumption or possession of alcohol at the workplace except for specific situations with appropriate, advance corporate authorization, such as company-sponsored events. MVC shall not allow the consumption or possession of any illegal drug at the workplace. MVC shall not engage in political or religious activities at the workplace, including solicitation on behalf of political or religious groups or requests for votes, except for specific situations, i.e. Christmas/Anniversary/First Friday masses, Fiesta mass sponsorship and other religious activities like Daily Prayer Offering, Retreat/Recollection/Way of the Cross during Lenten season which are with appropriate corporate authorization. MVC shall not act unfairly or dishonestly in violation of the requirements and policies stated in our employee manual. It shall not discriminate against any person based on his or her origin, nationality, race, religion, sex, age, handicap or sexual preference. MVC shall not use any child or forced or compulsory labor. MVC shall also not condone any form of sexual harassment, power harassment, violence or bullying, and not engage or condone harsh or abusive words and behavior.

MVC also has specific policies in the areas of:

- *Personal Information Protection*
- *Proper Use of Corporate Assets*
- *Proper Use of Information Technology System*
- *Dispatched Workers*
- *Compliance with Noncompetition Duty*
- *Trade Secrets Control*
- *Prohibition of Insider Dealings*

CONFLICT OF INTEREST
A conflict of interest exists whenever an MVC official or employee by reason of his position or influence, makes use of said position or influence for his personal advantage to the prejudice or detriment of the company. MVC officials or employees are expected to place MVC's interests in any business dealing above any personal interest.

FINANCIAL INTEGRITY
MVC's accounting records accurately and fairly reflect the Company's financial condition. The Company complies with all laws and regulations, and with generally accepted accounting principles. MVC shall process all business transactions using proper accounting procedures to ensure the reliability of the company's financial reports and its compliance with applicable laws, regulations and internal MVC rules. MVC shall not fraudulently record transactions or have unrecorded assets or liabilities. MVC shall manage and maintain all records of the company's business transactions and activities properly and in accordance with applicable laws and regulations and relevant MVC internal policies. MVC shall provide the appropriate cooperation to internal and external audits as well as investigations by public authorities, and shall not obstruct them by discarding, concealing, or tampering with the records. For investor relations, MVC shall disclose timely and precisely, information regarding the company's business operations and financial results that could materially influence investors' judgments.

VIOLATION OF THIS CODE AND OTHER MVC REGULATIONS
Failure by an MVC officer or employee to comply with this Code of Business Conduct and other regulations governing the Company's business may result in disciplinary action including but not limited to removal from office or termination of employment.

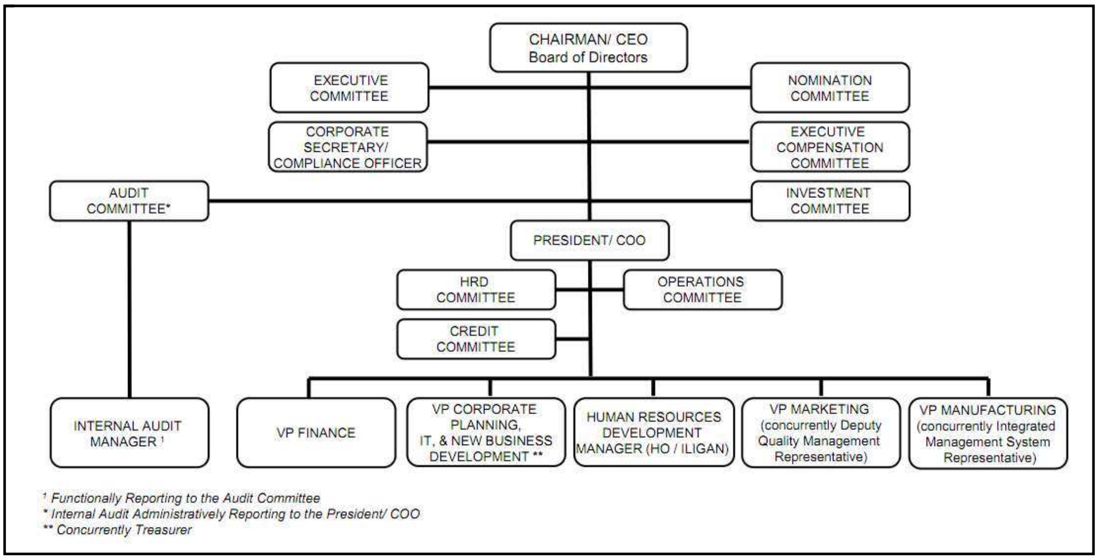
102-17 Mechanisms for advice and concerns about ethics

MVC adheres to the highest ideals of ethics in conducting its business. To this end, the company and its employees shall ensure commitment through words and deeds, to conform to the basic tenets of service, integrity, teamwork, excellence and social responsibility consistent with the value of God-centeredness.

The Company has an internal reporting system which covers reporting of violations against company policies as well as immoral behaviors. The guidelines aim to provide a sustainable and reliable flow/process of internal reporting in the Company and to encourage its application by the employees/officers.

4. Governance

102-18	Governance structure
102-19	Delegating Authority
102-20	Executive-level responsibility for economic, environmental, and social topics
102-22	Composition of the highest governance body and its committees
102-23	Chair of the highest governance body
102-24	Nominating and selecting the highest governance body
102-26	Roles of highest governance body in setting purpose, values, and strategy
102-29	Identifying and managing economic, environmental, and social impacts
102-35	Remuneration policies
102-36	Process for determining remuneration
102-37	Stakeholders' involvement in remuneration



The Board of Directors (BOD) and Management of Mabuhay Vinyl Corporation commit themselves to the principles of good corporate governance as guide in the performance of their functions and accomplishment of MVC's goals and objectives.

BOARD OF DIRECTORS

Compliance with the principles of good corporate governance shall start with the BOD.

It shall be the BOD's responsibility to foster MVC's long-term success and ensure its sustained competitiveness in a manner consistent with its fiduciary responsibility, which shall be exercised in the best interest of MVC, as well as its shareholders and other stakeholders. To ensure a high standard of best practice for the corporation, its stockholders, the Board should conduct itself with utmost honesty and integrity in the discharge of its duties, functions and responsibilities.

BOARD COMMITTEES

To aid in complying with the principles of good corporate governance, the BOD shall constitute the following Committees, which shall directly report to the BOD in accordance with procedures duly approved by the BOD. The Committees shall focus on specific board functions to aid in the optimal performance of its roles and responsibilities.

Executive Committee

The BOD shall create an Executive Committee, which shall be composed of not less than three (3) members of the BOD, including the Chairman thereof,

Nominations Committee

The Nominations Committee shall pre-screen and shortlist all candidates nominated to the BOD elections in accordance with the following qualifications and disqualifications and shall submit the same to the BOD for further review and approval

Executive Compensation Committee

The Executive Compensation Committee is responsible for developing and fixing executive remuneration packages of by-laws officers and directors, and provides oversight over remuneration of senior management and other key personnel to ensure that compensation is consistent with MVC's culture, strategy and internal control environment.

Audit Committee

The Audit Committee shall have the following responsibilities:

- Recommend the approval of the Internal Audit Charter (IA Charter) Through the Internal Audit Unit, monitor and evaluate the adequacy and effectiveness of the corporation's internal control system, integrity of financial reporting, and security of physical and information assets. Well-designed internal control procedures and processes that will provide a system of checks and balances shall be in place in order to (a) safeguard the company's resources and ensure their effective utilization, (b) prevent occurrence of fraud and other irregularities, protect the accuracy and reliability of the company's financial data, and (d) ensure compliance with applicable laws and regulations;
- Review and monitor Management's responsiveness to the Internal Auditor's findings and recommendations;
- Recommend to the Board the appointment, reappointment, removal and fees of the External Auditor
  Details are provided in the Company's Manual on Corporate Governance

102-21 Consulting stakeholders on economic, environmental and social topics

The company conducts consultations with its stakeholders in the following manner:

	Stakeholder	Method of Consultation
Economic	Shareholders	Budget process and meetings
	Customers	Meetings and surveys
Environmental	Government	Reports
	Host community	Meetings and CSR activities
Social	Host community	Meetings and CSR activities

102-25 Conflicts of interest

Everyone in MVC, its directors, officers and employees, are expected to uphold the interest of the Company whenever a conflict of interest arises.

Where a potential conflict of interest arises, a Director must adhere to procedures provided by law and policies of the company. The Directors should ensure that there is transparency in all their decisions and that there is full and accurate disclosure of all material information on the financial and opening results of the Company.

102-27 Collective knowledge of highest governance body

In accordance with the Company's Manual on Corporate Governance, a director shall, before assuming as such, be required to attend a seminar on corporate governance, which shall be conducted by a duly recognized private or government institute. If necessary, funds shall be allocated for the purpose of conducting an orientation program or workshop to operationalize the Manual.

102-28 Evaluating the highest governance body's performance

In accordance with the Company's Manual on Corporate Governance:
- The Board should conduct an annual self-assessment of its performance, including the performance of the Chairman, individual members and committees. Every three (3) years, the assessment shall be supported by an external facilitator.
- The Board shall have in place, a system that provides, at the minimum, criteria and process to determine the performance of the Board, the individual directors, committees and such system shall allow for a feedback mechanism from the shareholders.
- Each Committee shall report regularly to the Board of Directors.
- The Compliance Officer shall establish an evaluation system to determine and measure compliance with the Manual; subject, however, to the adoption and approval by the BOD. Any violation thereof shall subject the responsible officer or employee to the penalty provided under the Manual.

102-30 Effectiveness of risk management processes

Management conducts a risk assessment and evaluates the effectiveness of countermeasures every six (6) months.

102-31 Review of economic, environmental, and social topics
102-33 Communicating critical concerns

MVC has monthly Executive Committee meetings (except for months when there is a scheduled BOD meeting), BOD meetings, and Audit Committee meetings where updates in company operations, financials, and relevant risks faced by the company are discussed.

102-32 Highest governance body's role in sustainability reporting

The Sustainability Report is prepared by the management team and approved by the Board of Directors.

5. Stakeholder engagement

102-40 List of stakeholder groups

1. Employees / Workers

2. Customers
3. Stockholders
4. Government Agencies
    - DOLE
    - PHILHEALTH
    - HDMF
    - SSS/ECC
    - OTS
    - DENR
    - BIR
    - BFP
    - LGUs
5. External Service Providers / Contractors / Suppliers
6. Communities where MVC Operates / Neighborhood
7. NGO's / Professional Associations / Media Group

102-41 Collective bargaining agreements

1. Collective Bargaining Agreement made and entered between MVC and Rank and File Union since 1978. Latest CBA entered between MVC and Mabuhay Vinyl Employees Union – Federation of Democratic Labor Organizations (MVEU-FDLO) covered the CBA period Y2021-2026 for 64 union member-employees.

2. Collective Bargaining Agreement made and entered between MVC and Supervisors Union since 1995. Latest CBA entered between MVC and Mabuhay Vinyl Supervisory Union (MVSU) covered the CBA period Y2021-2026 for 12 supervisory union member-employees.

102-42 Identifying and selecting stakeholders

Stakeholders are identified and selected based on the following:
1. As interested parties relevant to MVC Integrated Management System
2. Those with relevant requirements – needs and expectations
3. Compliance/ legal obligations
4. Beneficiaries of Corporate Social Responsibility Programs & Activities
5. Those that affect and affected by the business operations

102-43 Approach to stakeholder engagement

1. Upon determination of stakeholder requirements, programs and activities are initiated and implemented, and the status of program implementation monitored.
2. Customer Surveys
3. Employee Satisfaction Surveys
4. Participation to relevant stakeholder welfare activities
5. Participation of workers through policy-determining bodies such as the Corporate Council on Quality, Safety, Security, Health and Environment (CCoQSSHE), Industrial Peace Council (IPC), Council of Solidarity and the other relevant Committees
6. Regular meetings

102-44 Key topics and concerns raised

1. Environmental Protection and Hazards Prevention
2. Compensation and Benefits
3. Safety, Security and Health
4. Livelihood
5. Family Welfare
6. Community Outreach Programs
7. Need for Dialogues and Consultative Meetings

6. Reporting practice

102-45 Entities included in the consolidated financial statements

Mabuhay Vinyl Corporation (Parent)
MVC Properties Inc. (Subsidiary)

102-46 Defining report content and topic Boundaries

This report covers the operations of Mabuhay Vinyl Corporation (Parent) including its manufacturing operations in Iligan & Laguna, and depot operations in Batangas, Cebu, Negros Occidental & Davao.

Specific reporting boundaries are already explicitly shown in this GRI Index Table.

102-47 List of material topics

Materiality Table

Protecting the Environment	Developing our employees	Helping Build Communities	Safeguarding Health, Safety and Security	Contributing to Local and National Economies
• Energy conservation • Waste generation, treatment & disposal • GHG emissions • Biodiversity • Environmental advocacy	• Employment • Training & Development • Employee Engagement • Succession Planning and Leadership Development	• Customer Health & Safety • Customer Service • Community Programs • Business Continuity	• Occupational Health & Safety • Compliance to regulations • Customer product handling trainings	• Economic performance • Indirect economic impacts • Procurement practices • Business partners • Supplier assessment • Risk management • Integrity and anti-corruption

102-48 Restatements of information

There are no restatements of information from last year’s report.

102-49 Changes in reporting

None

102-50 Reporting period

January 1 to December 31, 2023

102-51 Date of most recent report

The 2022 Sustainability Report was made available last April 14, 2023.

102-52 Reporting cycle

Annual

102-53 Contact point for questions regarding the report

Michael S. Yu
Vice President, Corporate Planning
mikeyu@mvc.com.ph

102-54 Claims of reporting in accordance with the GRI Standards

This report has been prepared in accordance with the GRI Standards: Core Option.

102-56 External assurance

No external assurance is provided for this report.

GRI 203: Indirect Economic Impacts

203-1 Infrastructure investments and services supported

a. Education
   - Feeding program during literacy sessions for Alternative Learning System (ALS) / DepEd Learners at Brgy. Kalilangan, Iligan City
   - Donation of caustic soda sample for laboratory use of Grade 9 students of St. Therese Academy, Iligan City
   - Donation of assorted bond papers to be used as blended learning materials in Cesar M. Cabahug Elementary School in Looc, Mandaue City, Cebu
   - Donation of Sodium Hypochlorite to Mindanao State University students for their thesis study
   - Construction of Alternative Learning System (ALS) Building at Mimbalot Elementary School, Iligan City
   - Ready for School Activity in San Joaquin Elementary School, Pasig City in partnership with PBSP where employee-volunteer covered 200 school books
   - Donation of thirteen (13) assorted electric fans to Enriqueta Montilla De Esteban Memorial High School at Pulupandan, Negros Oriental
   - Distribution of school supplies and school uniforms to fourteen (14) MVC scholars in elementary and high school students from Purok 1&2 Tonggo and Purok 13 Timoga, Iligan
   - Theater Workshop of 40 kids from Purok 1 & 2 of Tonggo and Purok 13 of Timoga
   - Cited with recognition during the Kaamulan Awards from the Division of Iligan City, Department of Education for MVC's collaboration and unwavering commitment to education and for being instrumental in fostering positive change in the learning environment

b. Environment

   - Planting 400 seedlings of Narra and Batino at the vicinity of Ipo Dam Watershed in partnership with Maynilad Water Services Inc.
   - Coastal clean-up at Purok 11, 12 & 13 Buru-un Iligan as part of the International Coastal Clean Up drive
   - Donation of used drums for hazardous waste temporary

storage to Gregorio T. Lluch Memorial Hospital

- Donation of used HDPE drums to the following:
  1. Iligan City Police Office (ICPO) to be used as fuel, oil, and lubricant containers
  2. Girl Scouts of the Philippines (GSP) for water storage during the 21st citywide encampment
  3. TESDA Iligan to be used as fertilizer, concoction, and extract container for their organic farming
  4. Lanao del Norte Police Provincial Office, BJMP Region 10, Iligan City Traffic and Management Office, 55th Engineer Brigade and Iligan City Agriculturist Office to be used as water container
- Donation of used carbouys for urban gardening at Ditucalan Elementary School in Iligan City
- Donation of used blue plastic drums to Lanao Del Norte Police Provincial Office
- Donation of scrap metals to 554th Engineering Battalion for the construction of railings for their new building

c. Health

- Donation of multivitamins and medicines (cough, colds and fever) for adults and children to Barangay San Miguel Health Center in Bauan, Batangas in lieu of the face-to-face medical mission activity
- Medical & dental mission and haircutting activity for Purok 1 & 2, Tonggo, Iligan City in partnership with Adventist Medical Center and 554th Engineer Battalion
- Quarterly Mobile Blood Donation and recognized as an awardee during the Sandugo Awards of the Department of Health for the continuous support and promotion of voluntary blood donation drive
- Cited with highest number of Mobile Blood Donation organized and awarded as the Bloodiest Company by Philippine Red Cross Iligan City Chapter in recognition of MVC's support organizing regular mass blood donation
- Donation of two carbouys of 5% Sodium Hypochlorite to Little Sisters of Abandoned Elderly to be used for their day-to-day cleaning of facility

203-2 Significant indirect economic impacts

1. Continuing capability building and support to the Hypochlorite Repacking Livelihood Project initiated by Mabuhay Vinyl Corporation through the started up Timoga Multi-Purpose Cooperative. The livelihood project is now a multi-million repacking and selling business from its humble beginning of 3 drums hypo worth P5,000 as investment capital. The business improved the quality of life of at least 100 families in a once indigent community of Purok 13, Timoga, Iligan City.
2. Support to academe-industry linkage research and immersion programs, on-the-job trainings of graduating students and other related educational programs. (e.g. MSU-IIT, MSU-Marawi, MSU-Naawan, San Carlos, and other Schools and Universities)
3. CSR donations in cash or in kind to LGU's, Schools, religious organizations, community organizations such as purok, women's and fisherfolks associations.

GRI 204: Procurement Practices

204-1 Proportion of spending on local suppliers

The Company follows the standard procurement practices that promote transparency and equality among suppliers. The procurement policies and procedures of the Company aim to conduct business with its suppliers on an arm's length basis and under fair terms and conditions. All officers and employees of the Company involved in the procurement process for materials and services are required to comply fully with the established procurement policies.

As part of our corporate social responsibility, the Company is committed in working with local suppliers to promote their access to business opportunity and growth. In 2023, around 50% of materials and services were procured from local suppliers, from 67% of 2022. These suppliers are appraised annually to ensure that they provide the best value to the Company.

Supplier Accreditation and Evaluation

As business partners of MVC, suppliers are expected to deliver the materials and/or services within the established requirements. The Company, having two HALAL Certifications with the IDCP and HDIP, ensures that procured critical raw materials have Halal Certificates. In ensuring that the Company deals with reliable and competent suppliers, a vendor accreditation process was developed examining the suppliers' impact on the Company's operation and Safety, Health, and Environment. The company implements systems and processes that ensure suppliers compliance with all laws on Safety, Health and Environmental standards. The Company, before selecting suppliers, requires that they comply with all the regulatory requirements and are able to manifest their financial ability to supply the needed materials and/or services.

To enhance sustainability of the Company's procurement process, suppliers' performance is evaluated annually based on their ability to meet criteria focusing on the quality of the product delivered, timeliness of delivery, price competitiveness and compliance to Health, Safety & Environment.

GRI 205: Anti-Corruption

205-1 Operations assessed for risks related to corruption

MVC's long years of operation are grounded in maintaining high ethical standards in the conduct of its business. The Company has developed its Code of Conduct, Employee Handbook and policies; these outline MVC's ethical principles and core values that it adheres to and serves as a guide in relating with co-employees, customers, and all the Company's other stakeholders. MVC also has a policy on Compliance with Anti-bribery and Corruption.

The Company expects its employees to appropriately observe all laws, regulations, internal policies/rules, and social norms applicable to our daily business activities, to foster respect, fairness and integrity. None of our business operations were assessed for risks related to corruption.

205-2 Communication and training about anti-corruption policies and procedures

The Company, through the HR Department, conducts regular and up-to-date communication on the provisions of the policy as it directly applies to everyday business practices, during new employee orientation and regular re-orientations for existing employees. All employees shall sign an attestation confirming their understanding and acceptance of the policy.

Each employee has a copy of the Company's Code of Conduct and Employee Handbook; policy on the Compliance with Anti-bribery and

Corruption is also available for all employees to access.

205-3 Confirmed incidents of corruption and actions taken

We are not aware of any incident of corruption during 2023.

GRI 206: Anti-Competitive Behavior

206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices

The Company has established policy on Compliance with Antitrust or Competition Law which aims to provide all company employees with tools to identify situations that might run against such issuances on antitrust/ competition law requirements and undertake immediate steps to address or correct the situation.

We are not aware of any legal actions pending or completed during 2023 regarding anti-competitive behavior and violations of anti-trust.

GRI 301: Materials

301-1 Materials used by weight or volume

	Total Qty used in production
Salt	35,193 metric tons
Water	9,066 million liters (Iligan) 22.97 million liters (MPBP)
Bunker Fuel	2.685 million liters

The major raw material in the manufacturing of chlor-alkali products is industrial salt. This is externally sourced from the salt mines of Australia with a minimum purity of 96%. It is combined with water to produce a brine solution which then undergoes a series of treatment steps leading to one of the Company's major unit operation.

301-2 Recycled input materials used

Lean brine, containing 17% salt, is recycled back to the start of the process.

301-3 Reclaimed products and their packaging materials

Spent caustic soda from customers is recovered for treatment.

GRI 302: Energy

302-1 Energy consumption within the organization

For 2023:

Site	Total Energy Consumption (kWh)
Iligan Plant	54,943,737
Laguna Plant	156,880

302-2 Energy consumption outside of the organization

No disclosures are provided for energy consumption outside of the organization.

302-3 Energy intensity

MVC's energy intensity for 2023 based on electrical consumption from non-renewable source per dry metric tons of Caustic Soda is 829.87 kWh/dry metric ton NaOH.

	2021	2022	2023
Energy Intensity (kWh/MT NaOH)	1,068	769.30	829.87

The increase in energy intensity, compared with 2022, is due to lower production.

The Company has programs to reduce the use of electricity and fuel in its operations.

302-4 Reduction of energy consumption

Compared with 2022, MVC Iligan Plant's total energy consumption decreased by 3.2% for 2023 due to lower production resulting from decreasing market price of chlor-alkali products, leading to the reduced raw material consumption such as power, salt, and fuel.

302-5 Reductions in energy requirements of products and services

Topic is not applicable since MVC's products are chemicals.

GRI 303: Water and Effluents

303-1 Interactions with water as a shared resource

a. Iligan Plant:

Water coming from the Agus River and Mimbalut is a surplus and renewable resource near Iligan Plant and is used in the various chlor-alkali production processes. Municipal water, used for firefighting, cleaning, gardening, cooking and other activities, is sourced from Iligan City Waterworks System.

Spent water coming from the different production processes is subjected to pH adjustment and then discharged to Agus River, Timoga Creek and Iligan Bay.

b. MPBP (Laguna) Plant:

The plant is located inside the Laguna Technopark Industrial Park where water is supplied by Laguna AAA Water. The plant practices zero-discharge wherein all water used in production processes are recycled and reused.

303-2 Management of water discharge-related impacts

MVC complies with the Water Quality Guidelines and General Effluent Standards under DAO 2016-08 of the Department of Environment and

Natural Resources (DENR).

For the Iligan Plant, Agus River and Timoga Creek are both classified as Class C freshwater bodies while Iligan Bay is Class SC marine waters. To meet the requirements of DAO 2016-08, spent water from the various processes are treated prior to discharge into the receiving bodies of water. Monitoring equipment and other safeguards are also provided to ensure that compliance to effluent standards is met.

303-3 Water withdrawal

Water Source	Total Water Withdrawal (ML)
Agus River	1,010
Mimbalut Creek	8,055
ICWS	11
Laguna	22.97

303-4 Water discharged by Plants

Total water discharged for MVC Iligan Plant is 2,364 million liters. Spent water is treated to meet regulatory requirements prior to discharge. MPBP has zero discharge.

303-5 Water consumption

Total water consumption for MVC Iligan Plant is 9,065 million liters.
Total water consumption for MPBP is 22.97 million liters.

GRI 304: Habitats Protected or Restored

304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas;
304-2 Significant impacts of activities, products and services on biodiversity;
304-3 Habitats protected or restored

- At MVC's manufacturing complex in Iligan City which is 60 meters above sea level, nestled a man-made Victor and Patro Park and Lagoon, which is regarded by the Iligan City Tourism must-see attraction for nature lovers and environmental enthusiasts. The Park and Lagoon is famous for its natural fauna and flora and has become the sanctuary or home to dozens of endangered iguana species and other wildlife like birds, butterflies and some other flying and crawling species. Wildlife from the protected areas of Maria Cristina Falls that is a stone throw away often visits the park and lagoon area.
- Fishing ban surrounding the MVC pier in Iligan City resulted to breeding and restoration of schools of fish in the area which now became a fish sanctuary. Neighboring communities and fishermen nearby had already benefited due to this protection.
- MVC actively support mangrove planting and growing restoration in Bayug, Iligan City, a multiple-joint project of Iligan LGU's, government agencies, institutions and Iligan Bay Chamber of Industries where MVC is a member industry.

GRI 305: Emissions

305-1 Direct (Scope 1) GHG emissions

In 2023, total direct GHG emission for Iligan Plant is 8,016.62 metric tons of CO_2 equivalent based on fuel oil and diesel consumption, while for MPBP

Plant is 3.74 metric tons of CO_2 equivalent based on diesel consumption. Source of emission factors and global warming potential (GWP) rates is the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard, revised edition.

305-2 Energy indirect (Scope 2) GHG emissions

In 2023, total energy indirect GHG emission for Iligan Plant is 13,194.27 metric tons CO_2 equivalent, while for MPBP Plant is 93.80 metric tons CO_2 equivalent based on the energy consumption from non-renewable sources. Source of emission factors and global warming potential (GWP) rates used is the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard, revised edition.

305-3 Other indirect (Scope 3) GHG emissions

No disclosures are provided for Indirect GHG emissions.

305-4 GHG emissions intensity

The GHG emissions intensity for MVC Iligan Plant is 1.06 metric tons CO_2 per dry metric tons of liquid caustic soda. This is based on the total direct and indirect GHG emissions divided by the actual production of Caustic Soda during 2023.

	2021	2022	2023
GHG Intensity (MT CO2/ DMT NaOH)	1.59	0.998	1.06

The rise in GHG emission intensity, compared with 2022, is due to the increase of the coal component in MVC's purchased electricity.

305-5 Reduction of GHG emissions

One of the Company's targets is to reduce GHG emissions by improving the efficiency of current equipment in the manufacture of chlor-alkali products by ion exchange membrane technology and attaining the planned specific usages for fuel oil and power.

MVC's current expansion project will also implement the latest technologies that will reduce power and steam consumption, generate steam from waste process heat and utilize the hydrogen gas by-product as supplemental boiler fuel. Through these energy-efficient technologies, MVC will be able to further reduce its GHG emission after expansion.

305-6 Emissions of ozone-depleting substances (ODS)

MVC does not use or purchase materials and equipment with ozone-depleting substances.

305-7 Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions

Based on the December 20, 2023 stack sampling analysis by a DENR-accredited testing laboratory on the emissions of the primary boiler used in the production of steam in Iligan Plant, the quantity of significant air emissions is as follows:

- Particulate Matter – 29 mg/Ncm
- NOx – 174 mg/Ncm
- SOx – 73 mg/Ncm

- CO – 314 mg/Ncm

These results are in compliance to the National Emission Standards for Source Specific Standards by the DENR.

GRI 306: Effluents and Waste

306-1 Water discharge by quality and destination

For Iligan Plant:

Water Body	Discharge (m^3/day)	Quality (Average pH)	Acceptable Quality	Status
Agus River	54.4	8.31	6.0 to 9.5	Pass
Timoga Creek	65.0	8.37	6.0 to 9.5	Pass
Iligan Bay	32.5	8.47	6.0 to 9.0	Pass

MPBP has zero discharge.

306-2 Waste by type and disposal method

For MPBP, the quantity of generated hazardous and non-hazardous wastes are as follows:

Type	**2022**	**2023**
Hazardous wastes		
Oil (used) – inventory only	470 li	470 li
Containers – inventory only	191 bottles	191 bottles
Non-hazardous wastes		
Solid wastes (dried sludge)	4,497 kg	4,956 kg

Due to their minimal amount, used oil (in HDPE drums) and small chemical containers are kept stored at the MRF. Non-hazardous dried sludge is packed and sent to the Iligan Plant for disposal.

For Iligan Plant, the quantity of generated hazardous and non-hazardous wastes are as follows:

Type	**2022**	**2023**
Hazardous wastes		
Recovered fuel oil	1,838 li	14,326 li
Busted fluorescent bulbs/lamps	20 kg	20 kg
Oil-contaminated materials	3,870 kg	1,960 kg
Non-hazardous wastes		
Solid wastes	1,824 kg	1,098 kg

Recovered fuel oil from Boiler operations in MVC Iligan Plant and other identified hazardous wastes are treated by DENR-accredited third-party treaters and transporters. Fuel oil amount generated has considerably increased due to the repairs done on the boiler.

Solid wastes are sorted at source as metal, paper, plastics, and biodegradable. Recyclable wastes are brought to the Materials Recovery Facility (MRF) for segregation, reuse and/or resale. Biodegradable wastes are composted and used as landfill material.

306-3 Significant spills

There is no recorded incidence of spills for all MVC sites during 2023.

306-4 Transport of hazardous waste

MVC Iligan Plant contacted different DENR-accredited treater and transporter for the treatment of MVC's hazardous wastes for 2023. Transport, treatment and disposal shall follow proper handling, labelling and manifest procedure according to DENR rules and regulations.

306-5 Water bodies affected by water discharges and/runoff

The receiving bodies of water for MVC's treated used water are Agus River, Timoga Creek, and Iligan Bay. The latter is largely influenced by freshwater run-off from Agus River and Timoga Creek which contributes to a muddy substrate seashore. The coral reef can be found 300 meters from the shoreline. In terms of fish fauna, four coral reef-related species are identified along with other fish commonly caught by fishermen in the area. This is based on the 2001 survey of the area. Iligan Bay is primarily used for fishing, bathing, and other recreational uses.

Since MPBP has zero wastewater discharge, no nearby water bodies are affected.

GRI 307: Effluents and Waste

307-1 Non-compliance with environmental laws and regulations

MVC is compliant with all relevant environmental laws and regulations.

In keeping with our Environmental Management System, MVC has established plans, policies, and procedures to comply with identified relevant environmental laws and regulations promulgated by DENR and other associated governing bodies. Any non-compliance issues are addressed in accordance with documented information on corrective actions.

GRI 308: Supplier Environmental Assessment

308-1 New suppliers that were screened using environmental criteria

The company has set performance rating criteria in evaluating its suppliers. This evaluation process considers assessment of their impact and compliance on Safety, Health and Environment policies of the Company. MVC's Environmental Management System is accredited under ISO 14001 since 2007 and is now certified under the latest version of the standard, ISO 14001: 2015. The Iligan plant was also awarded certification of its Occupational Health and Safety Management System as required by ISO 45001:2018 standards. In addition, the Iligan Plant is also compliant with the Halal Standards and certified under two Halal Certifications from the IDCP and HDIP.

308-2 Negative environmental impacts in the supply chain and actions taken

We are not aware of any negative environmental impacts in our supply chain that occurred in 2023.

GRI 401: Employment

401-1 New employee hires and employee turnover

MVC Site	New Hires	Employee Turnover
Makati	3	4
Laguna	1	1
Batangas	-	-
Cebu	-	-
Negros Occidental	-	-
Davao	-	-
Iligan	12	5
Total	**16**	**10**

401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees

1. Transportation Allowance / Shuttle Service
2. Rice Subsidy
3. Medical Insurance (HMO) including dependents
4. Life Insurance
5. Vacation Leaves
6. Sick Leaves
7. Uniform
8. Maternity Benefit
9. Christmas Package
10. Retirement Benefit
11. Loyalty Awards
12. Bereavement Assistance
13. Merit Increase for Management Group / Across the Board Increase for CBA members
14. Other CBA negotiated benefits

401-3 Parental leave for Solo Parents

As stated in the MVC Employee Handbook, any employee, who has been certified as a solo parent by the Department of Social Welfare and Development (DSWD), shall be entitled to avail of seven (7) working days parental leave in any given year subject to the allowable reasons stated in the company's policy on leaves under the Solo Parent Act.

GRI 402: Labor/Management Relations

402-1 Minimum notice periods regarding operational changes

There are several communication channels in place to notify operational changes.

1. Through memos at least one-week prior to implementation
2. For significant operational changes which created new rules and guidelines, 2 notices are given – the first is for the soft implementation and the second notice for full implementation after at least a month.
3. Operational changes are communicated through Department meetings, weekly production planning, monthly labor-management meetings through the Industrial Peace Council and Council of Solidarity and monthly Safety Council meetings.
4. A bi-monthly publication, the Pipeline, also features information of significant operational changes.
5. Online notifications for real-time communication platform

GRI 403: Occupational Health and Safety

403-1 Occupational health and safety management system

The Company is committed to the prevention of work-related injuries and illnesses to workers and to provide safe and healthy workplaces. Accordingly, the Company takes effective preventive and protective measures to eliminate hazards and minimize Occupational Health and Safety (OH&S) risks.

The OH&S management system of the main manufacturing site in Iligan City is certified with the latest international standard for OH&S which is ISO 45001 version 2018. With this standard, a risk-based approach in identifying workplace hazards and determining the needs and expectations of workers and other interested parties is implemented.

The Company continually improves the suitability, adequacy, and effectiveness of the OH&S management system and determines opportunities for improvement through monitoring, measurement, and analysis of its performance, and through the conduct of internal audit and management review.

The scope of Iligan Plant's OH&S management system covers all employees, in-house contractor personnel in-charge of project and maintenance activities, suppliers/vendors, student On-the-Job trainees, product transport service providers, visitors, and other identified interested parties that have access to plant premises.

403-2 Hazard identification, risk assessment, and incident investigation

The Company has a documented procedure on Hazard Identification, Risk Assessment and Determining Controls, or HIRADC. Hazards due to interaction with people, work environment, machines/equipment, and materials are identified for the following: routine and non-routine activities, off-site activities done by people under the control of the Company, activities outside the plant premises but may affect the workplace, new or proposed/modified processes, and new activities that are part of corrections and/or corrective actions. The OH&S risks are then identified for each hazard and an assessment of the risks is performed. The hazard is significant if it is covered by legal or regulatory requirements and if incidents have occurred in the past with respect to the identified hazard. Control measures are then provided for significant hazards according to the hierarchy of controls: (1) elimination, (2) substitution, (3) engineering controls, (4) administrative controls and, (5) personal protective equipment. Residual risk assessment is done in order to verify effectiveness of existing controls. A review for changes to the controls is performed annually according to the procedure on Management of Change. The output for such activity is then discussed during the Management Review.

Workers may report in person, in writing, or through the online reporting system any work-related hazard and hazardous situation to their immediate superior, the department manager, or to the Environment, Health and Safety (EHS) Section without fear of discrimination or reprisal. Any reports are treated with confidentiality and subjected to investigation according to the procedures on Accident/Incident Investigation and Corrective Action.

In the event that an incident has occurred, the supervisor of the area involved conducts an immediate investigation and submits a report to the EHS Section. EHS then evaluates and gives recommendations to prevent recurrence of the incident. The details of the incident and corrective actions provided are presented during the monthly Health and Safety Committee meeting, in the form of the CCOQSSHE.

403-3 Occupational health services

The Company is compliant to the requirements mandated by Republic Act 11058 and the Occupational Safety and Health Standards by the Department of Labor and Employment (DOLE) with regard to the provision of competent and qualified Occupational Health (OH) personnel and facilities. Part-time OH Physicians, one (1) each for Iligan Plant and Makati Head Office, as well as one (1) full-time OH Nurse in Iligan Plant, are provided by the Health Maintenance Organization (HMO) provider of the Company to render OH services. Certified first-aiders of the Company are trained annually by DOLE accredited training organizations. The OH personnel are duly complemented with the required medical supplies, equipment, and Clinic facility. In case of emergencies, an emergency service vehicle is readily available for transporting workers to the nearest hospital from the Plant.

Workers' personal health-related information is private and subjected to strict confidentiality. Safeguards are put into place to ensure that medical records are kept classified and restricted to relevant OH personnel and the Management.

403-4 Worker participation, consultation, and communication on occupational health and safety

The Company ensures that appropriate communication, participation, and consultation processes are established on OH&S related matters. Workers are involved, consulted, and represented in the development and review of policies and procedures to manage OH&S issues.

The Corporate Council of Quality, Security, Safety, Health, and Environment (CCOQSSHE) is the planning and policymaking group of the MVC Iligan Plant for the Quality Management System (QMS), Environmental Management System (EMS) and Occupational Safety and Health Management System (OSHMS). It provides the venue for discussion of all matters pertaining to quality, security, safety & health and environment through monthly meetings with representatives from the unions. The CCOQSSHE is the counterpart of DOLE's requirement for a company Health & Safety Committee and is composed of the IMS Management Representative, EHS Section, department heads, workers' representatives, and chairpersons of committees.

The Industrial Peace Council (IPC) of the MVC Iligan Plant also serves as an avenue for participation of workers in policy and decision-making processes of the Company in so far as those processes will directly affect their rights, benefits and welfare, except those which are covered by collective bargaining agreements or are traditional areas of bargaining. The IPC is composed of representatives from the unions (rank & file, and supervisory), and management group, chairpersons of committees, and department representatives. The IPC is equivalent to the Labor Management Council as required by DOLE. In 2022, the IPC was awarded one of the Country's Outstanding Labor and Management Cooperation by NCMB-DOLE.

403-5 Worker training on occupational health and safety

The Company trains and develops its workers to ensure that all jobs are performed in the required manner and its current and future needs for skills are met. The Company ensures that persons performing work under its control are aware of the OH&S policies and relevant objectives. These policies are also communicated to other interested parties.

The Human Resource Department (HRD) is responsible for establishing, maintaining, and continuously improving systems and procedures to identify training needs, develop training plans and courses, prepare for conduct of trainings, evaluate training effectiveness, and retain documented information on training.

Department and Section Heads are responsible for defining the training needs of workers on OH&S, confirming training plans and courses, ensuring that training programs for workers are implemented, and monitoring and supporting the application of workers learning on the job.

In compliance to RA 11058, all workers, including new hires, are provided training and information for hazards associated with their work, health promotion, health risks involved or to which they are exposed to, preventive measures to eliminate or minimize OH&S risks, emergency response, and safety instructions for activities and tasks handled. All safety and health personnel are required to undergo the mandatory orientation on OH&S as prescribed by DOLE.

403-6 Promotion of worker’s health

The Company ensures that workers are protected against health hazards in the workplace and provided with access to adequate medical care and treatment.

Workers are required to undergo physical examinations prior to their employment and every year through the Annual Physical Examination (APE).

A clinic is provided within the premises of the Company where workers may be brought for examination and treatment of their injuries or illnesses, medical consultations, or health monitoring by competent and qualified OH personnel.

Medicines, medical supplies and first aid equipment are also provided in the clinic and other strategic locations or in portable kits. The least minimum quantity of each is according to the provisions of Rule 1960 of the OSH Standards.

A 24-hour emergency vehicle is also provided as a means of transportation and access to the nearest hospital.

Periodic inspection of premises is conducted to ensure that the working environment is fit for all workers.

Personal health maintenance, physical fitness, and proper nutrition practices can be availed by workers through health talks and other proper communication channels so that workers will be adequately informed.

The Company has also implemented a protocol to strengthen the prevention and control of the transmission of COVID-19 in the workplace. Strict measures are in place to ensure that compliance to local and national guidelines are being followed.

403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships

The Company has determined the needs and expectations of interested parties that are relevant to the OH&S management system, including those with access to the workplace and their activities, such as contractors, visitors and other persons; those in the vicinity of the workplace who can be affected by the activities of the organization; and workers at a location not under the direct control of the organization.

The requirements of the OH&S management system and other pertinent OH&S information are communicated to the interested parties as identified by the Company.

403-8 Workers covered by an occupational health and safety management system

The scope of the OH&S management system for MVC Iligan Plant involves the following:

- All MVC employees (including regular and probationary, and temporary workers)
- In-house contractors or service providers for projects, maintenance, and other service activities (Electrical, Mechanical, Instrumentation, Steel Works, PVC Works, Carpentry and Masonry, Machining, Rubber-lining, Motorpool, Janitorial, Transportation, Security, Canteen, Product Handling)
- Product trucking service providers
- Suppliers/vendors
- Student On-the-Job trainees
- Visitors (VIP, government inspectors, academe, etc.)
- Other identified interested parties

Due to the COVID-19 pandemic, student on-the-job trainings and educational tours or field trips have been suspended to control and prevent the spread of the disease in the workplace.

403-9 Work-related injuries

MVC Iligan Plant has achieved a frequency rate of 0.00 for year 2023; the severity rate is 0. The frequency rate is calculated using the number of disabling injuries or illnesses divided by the employees-hours of exposure, multiplied by the million man-hour unit. The severity rate, on the other hand, is based on the total days lost divided by the employees-hours of exposure, multiplied by the million man-hour unit. The formulas are stipulated in Rule 1050 of the OSH Standards of DOLE.

The 1,250,000 safe man-hours were attained by MVC Iligan Plant last September 23, 2023. Next target safe man-hours is 1,500,000, which will be achieved by September 16, 2024. As of December 31, 2023, safe man-hours for MVC Iligan Plant is 1,317,752.

403-10 Work-related ill health

No work-related illnesses have occurred for year 2023 according to the Annual Physical Examination (APE) results and records provided by the Clinic and OH personnel.

GRI 404: Training and Education

404-1 Average hours of training per year per employee

A Training Plan is executed/implemented each year that ensures training for every employee at an average of 24 hours per year:

1. Safety, environment and health related training for 8 hrs.
2. Competency-based training for at least 8 hrs.
3. Continuing Education for Professionals for at least 8 hours
4. Refresher course skills training for rank and file for at least 8 hours

404-2 Programs for upgrading employee skills and transition assistance programs

1. Attendance to Seminars and Conventions
2. Leadership Development Program
3. Supervisory Development Programs / MVC Academy

4. Succession Planning and Intervention Program, On-the -Job Trainings, Job Rotation, Coaching & Mentoring
5. Regular Drills
6. Continuing Education Assistance (Scholarship) Program
7. TESDA Accreditation
8. Certification Programs

404-3 Percentage of employees receiving regular performance and career development reviews

Performance review:
1. Luzon – 100%
2. Cebu – 100%
3. Davao – 100%
4. Iligan – 100%

Career Development review:
1. Luzon – 10%
2. Cebu – 0%
3. Davao – 0%
4. Iligan - 31%

GRI 405: Diversity and Equal Opportunity

405-1 Diversity of governance bodies and employees

MVC adopts the policy of non-discrimination in hiring and promotion regardless of age, gender or sexual preference, and creed or religion.
(Please refer to 102-8)

Percentage of workers by age group

Age Group	Headcount	% of Workers
Below 30 years old	46	28.75%
30 – 40 years old	76	47.50%
41 – 50 years old	21	13.125%
51 – 60 years old	17	10.625%

Governance bodies like the Board of Directors and Management Team's Field of Interest and/or Profession include:

1. Filipino Management Team	• Banking and Finance • Engineering / Manufacturing • Law • Mining
2. Japanese Management Team / Counterparts	• Accounting and Finance • Chemical Manufacturing • Law • Audit

405-2 Ratio of basic salary and remuneration of women to men

The ratio is 1:1 for male and female. The Company's salary structure and salary administration scheme is applicable to all regardless of employee category, gender and age.

GRI 406: Non-Discrimination

406-1 Incidents of non-discrimination and corrective action taken

None. The MVC Employee Handbook has a major section on rules and discipline that have a specific sanction on discriminatory acts. Company policies have specific provision on non-discrimination and stipulation of roles and responsibilities of employer and employees.

GRI 407: Freedom of Association and Collective Bargaining

407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk

Since the Iligan Plant was inaugurated in 1965 and the R&F Union was established in 1978, there were no known operations and suppliers which prevented the workers to their right to freedom of association and collective bargaining as management systems and Labor-Management Cooperation (LMC) best practices are in place.

However, for risk assessment purposes, the contractors and vendors are identified as possible suppliers that may pose risk to collective bargaining.

GRI 408: Child Labor

408-1 Operations and suppliers at significant risk for incidents of child labor

- MVC never had an incident of child labor. The corporate policy on Child Protection and Child Friendly Environment Policy laid down worksite programs to ensure that there will be no incidents of child labor starting from the recruitment and employment process. Should there be employed below 18 years old, guidelines for work arrangement, work accommodation and continuing education are in place.

- MVC extended its commitment to “no child labor” by imposing its child protection policy to contractors and vendors thru contract agreements and inspections.

GRI 409: Forced or Compulsory Labor

409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor

- MVC ensures that there shall be no incidents of forced and compulsory labor by strict adherence and compliance to Labor Standards and Occupational Health and Safety Standards in all MVC worksites.

- MVC’s continued strict adherence to UNGCI principles of elimination of forced and compulsory labor and the effective abolition of child labor implemented child friendly programs and activities has earned the recognition of the Employers’ Confederation of the Philippines (ECOP) and International Labor Organization. These institutions awarded MVC as a Child Friendly Firm in 2001 and 2007. MVC’s child friendly programs have been institutionalized, and its implementation is improved every year.

MABUHAY VINYL CORPORATION

**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS**

The management of **MABUHAY VINYL CORPORATION** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 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 is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the 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 financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the Stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

Signature______________________
Yohei Chikamoto
Chairman

Signature______________________
Steve S.C. Pangilinan
President

Signature______________________
Michael S. Yu
Treasurer

Signed this 28th day of February 2024

MAR 1 4 2024

SUBSCRIBED AND SWORN to before me this __ day of __________ 2024; affiants exhibiting to me the following:

Yohei Chikamoto	628-429-240
Steve S.C. Pangilinan	112-075-833
Michael S. Yu	193-284-786

Doc. No.: 305;
Page No.: 62;
Book No.: XI;
Series of 2024

ATTY. GERVACIO B. ORTIZ JR.
Notary Public City of Makati
Until December 31, 2024
IBP No. 05729-Lifetime Member
MCLE Compliance No. VII-0022734
valid until April 14, 2025
Appointment No. M-39 (2023-2024)
PTR No. 10073909 Jan. 2, 2024 / Makati
Makati City Roll No. 40091
101 Urban Ave. Campos Rueda Bldg.

C O V E R   S H E E T
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

P W 0 0 0 0 0 2 1 6

COMPANY NAME

MABUHAY VINYL CORPORATION AND SUBSIDIARY

PRINCIPAL OFFICE *(No. / Street / Barangay / City / Town / Province)*

22F The Salcedo Towers, 169 H.V. Dela Costa St., Salcedo Village, Makati City

Form Type	Department requiring the report	Secondary License Type, If Applicable
ACFS	CRMD	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
Corpsec@mvc.com.ph	(632) 8817-8971 to 76	0917-857-0633

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
2,225	Last Thursday of April	December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Michael S. Yu	mikeyu@mvc.com.ph	(632) 8817-8971	–

CONTACT PERSON's ADDRESS

22F The Salcedo Towers 169 H.V. Dela Costa St. Salcedo Village Makati City

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.*

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
ey.com/ph

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
Mabuhay Vinyl Corporation
22F The Salcedo Towers,
169 H.V. Dela Costa St.,
Salcedo Village, Makati City

Opinion

We have audited the accompanying consolidated financial statements of Mabuhay Vinyl Corporation and its subsidiary (collectively referred to as the "Group"), which comprise the consolidated balance sheet as at December 31, 2023 and 2022, and the consolidated statements of income, 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 December 31, 2023, 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 December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2023 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 matter below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Determining Physical Quantities in the Costing of Inventories

Inventories, consisting mainly of industrial salt and chemicals – caustic soda, hydrochloric acid, liquid chlorine and sodium hypochlorite, are held in various forms throughout the different stages of the production process and are mostly contained in carriers or storage tanks. The physical quantities of inventories on hand, in process or consumed are determined through quantity surveys, soundings and a set percentage of raw material usage based on output. The determination of quantities considers factors such as concentration, density and split of inputs and outputs at different stages in the process, which involve management estimates. This is a key audit matter because of the significance of management's estimates in determining the physical quantities in the costing of the inventory.

The Group's disclosures about inventories are included in Notes 3 and 6 to the consolidated financial statements.

Audit Response

We evaluated the competence, capabilities and objectivity of independent surveyor by considering their qualifications, experience and reporting responsibilities. We observed how management conducted the physical count and determined the quantities and tested the quantity conversion. On a sampling basis, we traced the key inputs to the costing of inventories to the source documents.

Valuation of Land Stated at Revalued Amount

The Group's property, plant and equipment includes parcels of land, which are stated at revalued amount, amounting ₱563.00 million, being the fair value as of December 31, 2023, and represent 13% of the consolidated total assets. The determination of the fair values of these properties involve significant judgment and estimations. The valuation also requires the assistance of external appraisers whose calculations also depend on certain assumptions, such as sales and listing of comparable properties registered within the vicinity and adjustments to sales price based on internal and external factors. Thus, we considered the valuation of land as a key audit matter.

The disclosures relating to the land are included in Notes 3 and 9 to the consolidated financial statements.

Audit Response

We evaluated the competence, capabilities and objectivity of the external appraiser by considering their qualification, experience and reporting responsibilities. We evaluated the methodology and assumptions used in the valuation of the land. We assessed the methodology adopted by referencing common valuation models and inspected the relevant information supporting the sales and listing of comparable properties. We also inquired from the external appraiser the basis of adjustments made to the sales price.

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 December 31, 2023 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 December 31, 2023 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 will 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 Manolito R. Elle.

SYCIP GORRES VELAYO & CO.

Manolito R. Elle

Manolito R. Elle
Partner
CPA Certificate No. 106471
Tax Identification No. 220-881-929
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
BIR Accreditation No. 08-001998-128-2023, January 25, 2023, valid until January 24, 2026
PTR No. 10079932, January 5, 2024, Makati City

February 28, 2024

MABUHAY VINYL CORPORATION AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS

	December 31	
	2023	2022
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	**₱680,073,832**	₱596,601,804
Short-term investment (Note 4)	**93,865,567**	–
Trade and other receivables (Note 5)	**727,693,170**	701,362,261
Loans receivable (Note 22)	**600,000,000**	700,000,000
Inventories (Notes 6, 14 and 22)	**220,349,797**	393,031,466
Other current assets (Note 7)	**154,881,838**	96,638,874
Total Current Assets	**2,476,864,204**	2,487,634,405
Noncurrent Assets		
Equity instruments designated at fair value through other comprehensive income (FVOCI) [Note 8]	**37,629,548**	29,792,637
Property, plant and equipment:		
At cost (Note 9)	**983,063,982**	615,038,010
Land of a subsidiary at appraised value (Notes 9 and 20)	**563,000,000**	562,978,000
Net retirement benefit assets (Note 17)	–	10,684,734
Other noncurrent assets (Notes 10 and 21)	**273,214,386**	249,679,329
Total Noncurrent Assets	**1,856,907,916**	1,468,172,710
TOTAL ASSETS	**₱4,333,772,120**	₱3,955,807,115
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables (Notes 11 and 12)	**₱278,215,889**	₱304,165,857
Customers' deposits (Note 9)	**26,438,143**	25,821,780
Income tax payable	**19,105,044**	37,655,359
Current portion of lease liabilities (Note 21)	**12,800,223**	9,361,045
Provisions (Note 24)	**21,500,000**	11,000,000
Total Current Liabilities	**358,059,299**	388,004,041
Noncurrent Liabilities		
Lease liabilities - net of current portion (Note 21)	**116,117,916**	47,736,563
Deferred tax liabilities - net (Note 18)	**121,770,901**	131,053,947
Net retirement benefits payable (Note 17)	**5,735,216**	–
Other noncurrent liabilities	**1,793,500**	1,793,500
Total Noncurrent Liabilities	**245,417,533**	180,584,010
Total Liabilities	**603,476,832**	568,588,051

(Forward)

	December 31	
	2023	2022
Equity		
Equity attributable to equity holders of the Company		
Capital stock (Note 12)	**₱661,309,398**	₱661,309,398
Capital paid in excess of par (Note 12)	**176,594,308**	176,594,308
Revaluation increment - net of deferred income tax effect (Notes 9 and 12)	**412,120,357**	412,103,857
Remeasurement losses on retirement benefits - net of deferred income tax effect (Notes 12 and 17)	**(11,711,104)**	(4,708,382)
Reserve for fluctuations in investments in equity instruments (Notes 8 and 12)	**4,630,063**	(3,206,848)
Retained earnings (Note 12):		
Appropriated	**1,000,000,000**	1,000,000,000
Unappropriated	**1,478,730,384**	1,136,421,715
	3,721,673,406	3,378,514,048
Noncontrolling interest	**8,621,882**	8,705,016
Total Equity	**3,730,295,288**	3,387,219,064
TOTAL LIABILITIES AND EQUITY	**₱4,333,772,120**	₱3,955,807,115

See accompanying Notes to Consolidated Financial Statements.

MABUHAY VINYL CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF INCOME

	Years Ended December 31		
	2023	2022	2021
REVENUE FROM CONTRACTS WITH CUSTOMERS (Note 13)	**₱3,073,772,249**	₱3,201,053,915	₱2,187,416,543
COST OF GOODS SOLD (Notes 14 and 22)	**(1,866,010,087)**	(2,013,139,157)	(1,302,094,875)
GROSS PROFIT	**1,207,762,162**	1,187,914,758	885,321,668
Operating expenses (Note 15)	**(723,586,790)**	(662,905,601)	(524,090,900)
Interest income (Notes 4, 10 and 22)	**46,566,227**	20,084,373	11,843,741
Interest expense (Note 21)	**(7,176,403)**	(3,904,851)	(2,558,372)
Foreign exchange gain (loss) - net (Note 19)	**1,788,305**	(9,875,277)	(1,462,226)
Other income - net (Note 16)	**19,343,473**	2,607,894	1,205,962
INCOME BEFORE INCOME TAX	**544,696,974**	533,921,296	370,259,873
PROVISION FOR INCOME TAX (Note 18)			
Current	**142,572,961**	133,816,652	92,271,706
Deferred	**(6,954,305)**	676,078	1,755,071
	135,618,656	134,492,730	94,026,777
NET INCOME	**₱409,078,318**	₱399,428,566	₱276,233,096
Net income attributable to:			
Equity holders of the Company	**₱408,439,609**	₱399,068,571	₱275,871,248
Noncontrolling interest	**638,709**	359,995	361,848
	₱409,078,318	₱399,428,566	₱276,233,096
BASIC/DILUTED EARNINGS PER SHARE (Note 23)	**₱0.618**	₱0.603	₱0.417

See accompanying Notes to Consolidated Financial Statements.

MABUHAY VINYL CORPORATION AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2023	2022	2021
NET INCOME	**₱409,078,318**	₱399,428,566	₱276,233,096
OTHER COMPREHENSIVE INCOME (LOSS)			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Increase in revaluation increment due to appraisal (Note 9)	**22,000**	14,235,000	31,838,000
Income tax effect	**(5,500)**	(3,558,750)	(7,959,500)
Change in tax rate (Note 18)	**–**	–	25,169,940
	16,500	10,676,250	49,048,440
Remeasurement gains (losses) on retirement benefits (Note 17)	**(9,336,963)**	5,040,366	16,487,392
Income tax effect	**2,334,241**	(1,260,092)	(4,121,848)
Change in tax rate (Note 18)	**–**	–	(1,390,280)
	(7,002,722)	3,780,274	10,975,264
Net changes in fair values of equity instruments designated at FVOCI (Note 8)	**7,836,911**	5,176,816	1,782,889
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods	**850,689**	19,633,340	61,806,593
TOTAL COMPREHENSIVE INCOME	**₱409,929,007**	₱419,061,906	₱338,039,689
Total comprehensive income attributable to:			
Equity holders of the Company	**₱409,290,298**	₱418,701,911	₱337,677,841
Noncontrolling interest	**638,709**	359,995	361,848
	₱409,929,007	₱419,061,906	₱338,039,689

See accompanying Notes to Consolidated Financial Statements.

MABUHAY VINYL CORPORATION AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021

	Attributable to the Equity Holders of the Company									
	Capital Stock (Note 12)	Capital Paid in Excess of Par (Note 12)	Revaluation Increment - Net of Deferred Income Tax Effect (Notes 9 and 12)	Remeasurement Gains (Losses) on Retirement Benefits - Net of Deferred Income Tax Effect (Notes 12 and 17)	Reserve for Fluctuations in Investments in Equity Instruments (Notes 8 and 12)	Retained Earnings (Note 12) Appropriated	Retained Earnings (Note 12) Unappropriated	Total	Non-controlling Interest	Total
BALANCES AT JANUARY 1, 2021	**₱661,309,398**	**₱176,594,308**	**₱352,379,167**	**(₱19,463,920)**	**(₱10,166,553)**	**₱1,000,000,000**	**₱593,743,776**	**₱2,754,396,176**	**₱10,139,999**	**₱2,764,536,175**
Net income	–	–	–	–	–	–	275,871,248	275,871,248	361,848	276,233,096
Other comprehensive income	–	–	49,048,440	10,975,264	1,782,889	–	–	61,806,593	–	61,806,593
Total comprehensive income	–	–	49,048,440	10,975,264	1,782,889	–	275,871,248	337,677,841	361,848	338,039,689
Cash dividends (Note 12)	–	–	–	–	–	–	(66,130,940)	(66,130,940)	(2,156,826)	(68,287,766)
BALANCES AT DECEMBER 31, 2021	**661,309,398**	**176,594,308**	**401,427,607**	**(8,488,656)**	**(8,383,664)**	**1,000,000,000**	**803,484,084**	**3,025,943,077**	**8,345,021**	**3,034,288,098**
Net income	–	–	–	–	–	–	399,068,571	399,068,571	359,995	399,428,566
Other comprehensive income	–	–	10,676,250	3,780,274	5,176,816	–	–	19,633,340	–	19,633,340
Total comprehensive income	–	–	10,676,250	3,780,274	5,176,816	–	399,068,571	418,701,911	359,995	419,061,906
Cash dividends (Note 12)	–	–	–	–	–	–	(66,130,940)	(66,130,940)	–	(66,130,940)
BALANCES AT DECEMBER 31, 2022	**661,309,398**	**176,594,308**	**412,103,857**	**(4,708,382)**	**(3,206,848)**	**1,000,000,000**	**1,136,421,715**	**3,378,514,048**	**8,705,016**	**3,387,219,064**
Net income	–	–	–	–	–	–	408,439,609	408,439,609	638,709	409,078,318
Other comprehensive income (loss)	–	–	16,500	(7,002,722)	7,836,911	–	–	850,689	–	850,689
Total comprehensive income (loss)	–	–	16,500	(7,002,722)	7,836,911	–	408,439,609	409,290,298	638,709	409,929,007
Cash dividends (Note 12)	–	–	–	–	–	–	(66,130,940)	(66,130,940)	(721,843)	(66,852,783)
BALANCES AT DECEMBER 31, 2023	**₱661,309,398**	**₱176,594,308**	**₱412,120,357**	**(₱11,711,104)**	**₱4,630,063**	**₱1,000,000,000**	**₱1,478,730,384**	**₱3,721,673,406**	**₱8,621,882**	**₱3,730,295,288**

See accompanying Notes to Consolidated Financial Statements.

MABUHAY VINYL CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2023	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱544,696,974**	₱533,921,296	₱370,259,873
Adjustments for:			
Depreciation and amortization (Notes 9, 10, 14 and 15)	**105,530,193**	93,998,624	96,588,502
Interest income (Notes 4, 10 and 22)	**(46,566,227)**	(20,084,373)	(11,843,741)
Interest expense (Note 21)	**7,176,403**	3,904,851	2,558,372
Movement in net retirement benefits asset (Note 17)	**7,082,987**	(5,247,011)	(2,361,044)
Unrealized foreign exchange loss (gain) - net	**(1,038,841)**	913,831	(131,317)
Amortization of interest on notes receivables (Note 16)	**190,131**	220,492	208,958
Unrealized interest income on notes receivables	–	(273,619)	(484,863)
Loss (gain) on sale of equipment (Note 16)	–	(196,696)	326,310
Operating income before working capital changes	**617,071,620**	607,157,395	455,121,050
Decrease (increase) in:			
Trade and other receivables	**(19,820,349)**	(89,969,281)	(110,379,256)
Inventories	**172,681,669**	(124,016,849)	(67,664,863)
Other current assets	**(47,149,205)**	1,223,631	(30,541,819)
Security and rental deposits	**(3,515,729)**	3,888,852	(4,492,700)
Increase (decrease) in:			
Trade and other payables and provisions	**(17,873,003)**	141,988,686	8,480,944
Customers' deposits	**616,363**	2,766,286	286,785
Cash generated from operations	**702,011,366**	543,038,720	250,810,141
Income taxes paid, including creditable and final withholding taxes	**(172,217,035)**	(132,871,223)	(108,237,306)
Net cash from operating activities	**529,794,331**	410,167,497	142,572,835
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of property and equipment, including advances to suppliers (Notes 9 and 10)	**(411,928,550)**	(395,200,486)	(170,259,052)
Collections of loans and notes receivable (Notes 5, 10 and 22)	**101,721,835**	2,509,322	2,592,598
Additions to short-term investments (Note 4)	**(93,865,567)**	–	–
Interest received (Notes 4, 10, and 22)	**39,954,800**	19,230,041	10,748,570
Issuance of loans and notes receivable (Notes 10 and 22)	–	(4,864,000)	(303,920,000)
Acquisition of golf shares (Note 8)	–	(1,205,000)	–
Proceeds from sale of equipment	–	196,696	830,354
Net cash used in investing activities	**(364,117,482)**	(379,333,427)	(460,007,530)
CASH FLOWS USED IN FINANCING ACTIVITIES			
Dividends paid to equity holders of the Company (Note 12)	**(62,577,657)**	(64,555,817)	(64,398,585)
Dividends paid to noncontrolling interest (Note 12)	**(721,843)**	–	(2,156,826)
Payment of principal portion of lease liabilities (Note 21)	**(11,728,918)**	(8,383,560)	(9,276,042)
Interest paid (Note 21)	**(7,176,403)**	(3,904,851)	(2,558,372)
Cash used in financing activities	**(82,204,821)**	(76,844,228)	(78,389,825)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	–	(138,959)	1,222,083
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**83,472,028**	(46,149,117)	(394,602,437)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**596,601,804**	642,750,921	1,037,353,358
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	**₱680,073,832**	₱596,601,804	₱642,750,921

See accompanying Notes to Consolidated Financial Statements.

1. Corporate Information

Mabuhay Vinyl Corporation (the Company) and its subsidiary, MVC Properties Inc. (MPI), collectively referred to as "the Group", were incorporated in the Philippines on July 20, 1934 and November 26, 2008, respectively. The Company's primary purpose is to engage in the business of manufacturing and distributing basic and intermediate chemicals with a wide range of household and industrial applications, including caustic soda, hydrochloric acid, liquid chlorine and sodium hypochlorite (chlor-alkali). MPI's principal activity is to lease its parcels of land to the Company. The primary purpose of the subsidiary also includes investing in, purchase or otherwise hold, use, sell, assign, transfer, mortgage, pledge, exchange, or otherwise dispose of real and personal property of every kind and description, including shares of stock, bonds, debentures, notes, evidence of indebtedness, and other securities or obligations of any corporation, association, domestic or foreign, for whatever lawful purpose the same may have been organized.

The Company is 87.97% owned by Tosoh Corporation, the parent company. The parent company is a foreign corporation based, organized, and existing under the laws of Japan.

The Company operates manufacturing plants in Assumption Heights, Buru-un, Iligan City and Laguna Technopark, Biñan, Laguna. The Company and MPI's registered address is 22F The Salcedo Towers, 169 H.V. Dela Costa St., Salcedo Village, Makati City.

The consolidated financial statements as at December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023 were approved for issue by the Board of Directors (BOD) on February 28, 2024.

2. Summary of Material Accounting Policies

<u>Basis of Preparation</u>
The consolidated financial statements of the Group have been prepared using the historical cost convention, except for land which is carried at revalued amount and equity instruments designated at fair value through other comprehensive income (FVOCI) which are carried at fair value.

The consolidated financial statements are presented in Philippine peso (Peso), which is the Group's functional and presentation currency. Amounts are rounded to the last Peso, unless otherwise indicated.

<u>Statement of Compliance</u>
The consolidated financial statements of the Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRSs).

<u>Basis of Consolidation</u>
The consolidated financial statements comprise the financial statements of the Company and its subsidiary, MPI, a 40%-owned entity over which the Company has control. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Company controls an investee if and only if the Company has all of the following:

- 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; and,
- The ability to use its power over the investee to affect its returns.

When the Company has less than a majority of the voting rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over the investee, including:

- Any contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Company's voting rights and potential voting rights

The Company reassesses 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.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

The financial statements of the subsidiary are prepared using consistent accounting policies for the same reporting period as the Company. All intra-group balances, transactions and gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Company and to the noncontrolling interests, even if this results in the noncontrolling interests having a deficit balance.

A change in the ownership interest in a subsidiary, without a loss of control, is accounted for as an equity transaction. When the Company loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary
- Derecognizes the carrying amount of any noncontrolling interests
- Derecognizes the cumulative translation differences recorded in equity
- Recognizes the fair value of the consideration received
- Recognizes the fair value of any investment retained
- Recognizes any surplus or deficit in profit or loss
- Recognizes the Company's share of components previously recognized in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Company has directly disposed of the related assets or liabilities.

Noncontrolling Interest

Noncontrolling interest represents the portion (60%) of income and expense and net assets in MPI not held by the Company and are presented separately in the consolidated statement of income, consolidated statement of comprehensive income and within equity in the consolidated balance sheet, separate from the equity attributable to the equity holders of the Company.

Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective in 2023. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Unless otherwise indicated, adoption of these new standards did not have an impact on the consolidated financial statements of the Group.

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

  The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

  - Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies, and
  - Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

  The amendments have had an impact on the Group's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the consolidated financial statements.

- Amendments to PAS 8, *Definition of Accounting Estimates*

  The amendments introduce a new definition of accounting estimates and clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amendments clarify that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

  The amendments had no impact on the Group's consolidated financial statements because the Group's accounting policies are aligned with the amendments to PAS 8.

- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

  The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

  The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense).

  The amendments had no impact on the Group's consolidated financial statements, except for the presentation of gross deferred tax assets and liabilities for long-term leases in the disclosure of deferred taxes.

- Amendments to PAS 12, *International Tax Reform – Pillar Two Model Rules*

  The amendments introduce a mandatory exception in PAS 12 from recognizing and disclosing deferred tax assets and liabilities related to Pillar Two income taxes.
  The amendments also clarify that PAS 12 applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organization for Economic Cooperation and Development (OECD), including tax law that implements qualified domestic minimum top-up taxes. Such tax legislation, and the income taxes arising from it, are referred to as 'Pillar Two legislation' and 'Pillar Two income taxes', respectively.

  The temporary exception from recognition and disclosure of information about deferred taxes and the requirement to disclose the application of the exception, apply immediately and retrospectively upon adoption of the amendments in June 2023.

  Meanwhile, the disclosure of the current tax expense related to Pillar Two income taxes and the disclosures in relation to periods before the legislation is effective are required for annual reporting periods beginning on or after January 1, 2023.

Standards Issued but not yet Effective
Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Group does not expect that the future adoption of the said pronouncements will have a significant impact on the consolidated financial statements. The Group intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 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 January 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 FRSC 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.

  The adoption will not materially affect the Group.

- 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 Financial and Sustainability Reporting Standards Council 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.

<u>Fair Value Measurement</u>
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 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 nonfinancial 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 the lowest level of 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 of input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level of 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 transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level of input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the assets or liability and the level of the fair value hierarchy.

As of December 31, 2023 and 2022, the Group's equity instruments and land are carried at fair value with recurring fair value measurements.

Financial Instruments
A financial instrument is any contract that gives rise to financial asset of one entity and a financial liability or equity instrument of another entity.

Initial recognition and measurement
Financial assets are classified, at initial recognition, and subsequently measured at amortized cost, FVOCI, and fair value through profit or loss (FVPL).

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 significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or which the Group has applied the practical expedient are measured at transaction price determined under PFRS 15. Refer to the *Accounting Policy in Section "Revenue".*

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 payment 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.

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.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

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 FVPL

The Group has no financial assets at FVPL and financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments).

Financial assets at amortized cost (debt instruments). This category is most relevant to the Group. 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 (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 includes cash in banks and cash equivalents, short-term investments, trade and other receivables, loans receivable, and security and rental deposits included under "Other noncurrent assets".

Financial assets designated at FVOCI (equity instruments). Upon initial recognition, the Group can elect to classify irrevocably its equity instruments 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 profit or loss 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 quoted and unquoted equity instruments under this category.

Impairment of financial assets
The Group recognizes an allowance for ECL for all debt instruments not held at FVPL and contract assets. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. (a) For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the 12 months (a 12-month ECL). (b) For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivables, 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 its historical credit loss experience, adjusted for forward-looking factors specific to debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 365 days past due. 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 cash flows in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

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 since origination, the allowance will be based on the lifetime ECL. To estimate the ECL, the Group uses the ratings published by a reputable rating agency.

For other financial assets such as security and rental deposits and notes receivable, ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for expected 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 a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over remaining life of the exposure, irrespective of the timing of default (a lifetime ECL).

Modification of financial assets
The Group derecognizes a financial asset when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new asset, with the difference between its carrying amount and the fair value of the new asset recognized as a derecognition gain or loss in profit or loss, to the extent that an impairment loss has not already been recorded.

The Group considers both qualitative and quantitative factors in assessing whether a modification of financial asset is substantial or not. When assessing whether a modification is substantial, the Group considers the following factors, among others:

- Change in currency
- Introduction of an equity feature
- Change in counterparty
- If the modification results in the asset no longer considered solely payment for principal and interest

The Group also performs a quantitative assessment similar to that being performed for modification of financial liabilities. In performing the quantitative assessment, the Group considers the new terms of a financial asset to be substantially different if the present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the present value of the remaining cash flows of the original financial asset.

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset, the Group recalculates the gross carrying amount of the financial asset as the present value of the renegotiated or modified contractual cash flows discounted at the original EIR (or credit-adjusted EIR for purchased or originated credit-impaired financial assets) and recognizes a modification gain or loss in profit or loss.

When the modification of a financial asset results in the derecognition of the existing financial asset and the subsequent recognition of a new financial asset, the modified asset is considered a "new" financial asset. Accordingly, the date of the modification shall be treated as the date of initial recognition of that financial asset when applying the impairment requirements to the modified financial asset. The newly recognized financial asset is classified as Stage 1 for expected credit loss measurement purposes, unless the new financial asset is deemed to be originated as credit impaired (POCI).

Financial Liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, 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

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortized cost (loans and borrowings)

Financial liabilities at amortized cost (loans and borrowings). This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss.

The Group's financial liabilities include trade and other payables, provisions, lease liabilities and customers' deposits. Gains and losses are recognized in the consolidated statement of income when these other financial liabilities are derecognized, as well as through the amortization process.

Derecognition of Financial Assets and Liabilities

Financial assets. A financial asset (or, where applicable, a part of a financial asset or part of similar financial assets) is derecognized when:

- the contractual right to receive cash flows from the asset has expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or,
- the Group has transferred its right to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of ownership of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of ownership of the asset, but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of ownership of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset.

Financial liabilities. A financial liability is derecognized when the obligation under the liability has been discharged, cancelled or has expired.

Where 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 a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated statement of income.

Offsetting of Financial Instruments
Financial assets and financial liabilities are offset and the net amount reported in the consolidated balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously. The Group assesses that it has a currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Group and all of the counterparties.

Inventories
Inventories are valued at the lower of cost and net realizable value. Cost is determined using the moving average method. Net realizable value for finished goods, merchandise, work-in-process and raw materials is the estimated selling price in the ordinary course of business, less estimated costs to complete and the estimated costs necessary to make the sale. Net realizable value for materials and supplies is the replacement cost. In determining the net realizable value, the Group considers any adjustment necessary for obsolescence.

Property, Plant and Equipment
Property, plant and equipment, except for land that is carried at revalued amount, are stated at cost less accumulated depreciation and any impairment in value.

The initial cost of property, plant and equipment consists of its purchase price, including import duties, taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Cost also includes: (a) interest and other financing charges on borrowed funds used to finance the acquisition of property, plant and equipment to the extent incurred during the period of installation and construction; and (b) asset retirement obligation specifically for property and equipment installed/constructed on the leased properties. Expenditures incurred after the fixed assets have been put into operation, such as repairs and maintenance, are normally charged to income in the period in which 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.

Land is stated at revalued amount based on the fair market value of the property as determined by an independent firm of appraisers. The increase in the valuation of land, net of deferred income tax liability, is credited to “Revaluation increment” and presented in the equity section of the consolidated balance sheet. Upon disposal, the relevant portion of the revaluation increment realized in respect of the previous valuation will be released from the revaluation increment directly to retained earnings. Decreases that offset previous increases in respect of the same property are charged against the revaluation increment; all other decreases are charged against current operations. The Group obtains an updated appraisal report if there are indicators that the value of the properties may have significantly changed.

The accounting policy on right-of-use assets are discussed under “Leases” section.

Depreciation is calculated using the straight-line method over the estimated useful lives of the assets as follows:

	Years
Land improvements	10
Buildings and structures	10
Machinery and equipment	3-10
Transportation equipment	2-10
Office furniture and equipment	3-5

Leasehold improvements are amortized over the term of the lease or the life of the assets (average of 10 years), whichever is shorter.
The useful lives and depreciation method are reviewed periodically to ensure that the periods and method of depreciation are consistent with the expected pattern of economic benefits from items of property, plant and equipment.

When items of property, plant and equipment are sold or retired, their cost and related accumulated depreciation and any impairment in value are removed from the accounts and any gain or loss resulting from their disposal is included in the consolidated statement of income.

Construction in progress represents projects under construction and is stated at cost (includes cost of construction, machinery and equipment under installation and other related costs). Construction in progress is not depreciated until such time as the relevant assets are completed and ready for its intended use. Interest costs on borrowings used to finance the construction of the project are accumulated under this account. Interest costs are capitalized until the project is completed and becomes operational. The capitalized interest is amortized over the estimated useful life of the related assets.

Impairment of Nonfinancial Assets
The carrying values of property, plant and equipment and other nonfinancial assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the assets or cash-generating units (CGU) are written down to their recoverable amount. The recoverable amount of these assets is the greater of fair value less cost to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses, if any, are recognized in the consolidated statement of income.

Revenue
Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods and services. The Group has generally concluded that it is principal in its revenue arrangements because it typically controls the goods and services before transferring them to the customer.

Sale of goods
Revenue from the sale of goods is recognized at the point in time when control of the asset is transferred to the customer, generally when the goods are delivered to and accepted by the customer. The normal credit term is 30 to 60 days upon delivery.

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, the Group considers the effects of variable consideration, the existence of significant financing component, noncash considerations, and considerations payable to the customer, if any.

Other revenue
The Group provides other services to certain customers and sale of excess power to market. The Group recognizes revenue upon completion of the related services or sales of excess power at the spot market.

<u>Contract Balances</u>
Contract assets. A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

Trade receivables. A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets under *Financial Assets and Financial Liabilities – Financial assets at amortized cost (debt instruments).*

Contract liabilities. A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If the customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group performs under the contract.

<u>Cost of Goods Sold and Operating Expenses</u>
Cost of goods sold
Cost of goods sold is recognized in the consolidated statement of income when the related goods are sold. These are measured at the fair value of the consideration paid or payable.

Operating expenses
Operating expenses primarily consist of shipping and delivery, payroll and related expenses, depreciation expense, professional fees and other expenses. These are recognized in the consolidated statement of income upon utilization of the services or materials or at the date that these expenses are incurred. These are measured at the fair value of the consideration paid or payable.

<u>Leases</u>
The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if 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 lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets. It is the Group's policy to classify right-of-use assets as part of property, plant and equipment. Prior to that date, all of the Group's leases are accounted for as operating leases in accordance with PAS 17, hence, not recorded on the consolidated balance sheet. The Group 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, lease payments made at or before the commencement date less any lease incentives received and estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the underlying leased assets, as follows:

	Years
Land	10
Building	5
Warehouse and storage tanks	10

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

Lease liabilities. 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 the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because 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 lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases
The Group applies the short-term lease recognition exemption to its short-term leases of parking rental (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). Lease payments on short-term leases are recognized as expense on a straight-line basis over the lease term.

Retirement Benefit Costs
Retirement benefits payable, as presented in the consolidated balance sheet, is the aggregate of the present value of the defined benefit obligation reduced by the fair value of plan assets, adjusted for the effect of limiting a net defined benefit asset to the asset ceiling, each at the end of the reporting period. 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 plan is actuarially determined using the projected unit credit method. The retirement benefit costs comprise of the service cost, net interest on the net defined benefit liability or asset and remeasurements of net defined benefit liability or asset.

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in the consolidated statement of income. 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 the consolidated statement of income.

Remeasurements comprising actuarial gains and losses, any difference in the interest income and actual 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 OCI in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held in trust and managed by a trustee bank. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. The 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 by the ceiling equivalent to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Income Tax

Current income tax

Current income tax assets and liabilities for the current and the prior periods are measured at the amount expected to be recovered from or paid to the taxation authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting period.

Deferred income tax

Deferred income tax is provided on all temporary differences at the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, including asset revaluations. Deferred income tax liabilities are also recognized for all taxable temporary differences associated with investment in subsidiaries unless the Company is able to control the timing of the reversal of the temporary differences and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. Deferred income tax, however, is not recognized when it arises from 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 the taxable profit or loss.

The carrying amount of deferred income tax assets is reviewed at each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and deferred income tax liabilities are measured at the tax rates that are 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 substantively enacted at the reporting period.

Income tax relating to items recognized in the consolidated statement of comprehensive income and directly in equity is recognized in the consolidated statement of comprehensive income and not included in the calculation of net income for the year.

Deferred income tax assets and deferred income tax liabilities are offset if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Earnings Per Share

Basic earnings per share is computed by dividing the net income for the year by the weighted-average number of issued and outstanding shares of stock during the year, excluding ordinary shares purchased by the Company and held as treasury shares. The Company has no potential dilutive common shares.

Provisions and Contingencies

Provisions are recognized when: (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. Where the Group expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at the pretax rate that reflects current market assessments of the time value of money and, where appropriate, the risk specific to the liability. Where discounting is used, the increase in provision due to the passage of time is recognized as interest expense.

Contingent liabilities are not recognized in the consolidated financial statements. They are disclosed in the notes to consolidated financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the consolidated financial statements but disclosed in the notes to consolidated financial statements when an inflow of economic benefits is probable.

Segment Information

For management reporting purposes, the Group considers the manufacturing and distribution of basic and intermediate chemicals as its primary business activity and only operating segment. Such business segment is the basis upon which the Group reports its operating segment information. The operating segments are reported in a manner that is more consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the BOD that makes strategic decisions. The Group has no inter-segment sales and transactions.

Events After the Balance Sheet Date

Post year-end events that provide additional information about the Group's financial position at the reporting period (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to financial statements when material.

3. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the consolidated financial statements requires management to make judgments and estimates that affect the amounts reported in the consolidated financial statements. The estimates and assumptions used in the consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the consolidated financial statements. Actual results could differ from such estimates. Future events may occur which will cause the judgments and assumptions used in arriving at the estimates to change. The effects of any change in judgments and estimates are reflected in the consolidated financial statements as they become reasonably determinable.

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:

Consolidation of MPI

An investee is included in consolidation even in cases where the Company owns less than one-half of the investee's equity, when the substance of the relationship between the Company and the investee indicates that the investee is controlled by the Company. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. While the Company has only 40% equity interest in MPI, the Company has majority representation in MPI's BOD. The Company is also designated to appoint personnel to manage the day-to-day operations of MPI. Moreover, the only activity of MPI is to lease out its parcels of land to the Company (see Notes 9 and 22). Based on these facts and circumstances, management concluded that the Company controls MPI and, therefore, included MPI in the consolidated financial statements.

Determining the lease term of contracts with renewal and termination options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain to be exercised.

The Group has several lease contracts that include renewal options subject to mutual agreement of both parties and termination options. The Group believes that renewal options are not enforceable as both parties still need to agree to renew, including the terms of the renewal. A renewal that is still subject to mutual agreement of the parties is legally unenforceable under the Philippine laws until both parties come to an agreement on the terms. The periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised (see Note 21).

Assessment of impairment of nonfinancial assets

The Group assesses the impairment of nonfinancial assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The factors that the Group considers important which could trigger an impairment review include: significant under performance relative to expected historical or projected operating results, significant changes in the manner of use of acquired assets or the strategy for overall business and significant negative industry or economic trends. Management assessed that there was no indication of impairment on the Group's property, plant and equipment as of December 31, 2023 and 2022.

Estimates and Assumptions
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 described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur:

Determination of inventory quantities in the costing of inventories
The Company's inventories, consisting mainly of industrial salt and chemicals – caustic soda, hydrochloric acid, liquid chlorine and sodium hypochlorite, are held in various forms throughout the different stages of the production process and are mostly contained in carriers or storage tanks. The physical quantities of inventories on hand, in process or consumed are determined through quantity surveys, soundings and a set percentage of raw material usage based on output. The determination of quantities considers factors such as concentration, density and split of inputs and outputs at different stages in the process, which involve management estimates. The quantities of inventories could vary significantly as a result of changes in the management's estimate of the factors considered in determining the physical quantities in the costing of inventories.

The carrying amounts of inventories as of December 31, 2023 and 2022 are disclosed in Note 6.

Revaluation of land
The land, included in property, plant and equipment, is stated at revalued based on the fair market value of the properties as determined by an SEC-accredited independent firm of appraisers. The valuation was made on the basis of the fair market value determined whose calculations depend on certain assumptions, such as sales and listing of comparable properties registered within the vicinity and adjustments to sales price based on internal and external factors. The latest valuation date is as of December 31, 2023. As of December 31, 2023, and 2022, the carrying value of land is disclosed in Note 9.

Estimation of useful lives of property, plant and equipment
The Group estimated the useful lives of its property, plant and equipment based on the period over which the assets are expected to be available for use. The Group reviews annually the estimated useful lives of property, plant and equipment based on factors that include asset utilization, internal technical evaluation, technological changes, environmental factors and anticipated use of the assets. There is no change in the estimated useful lives during the year. The carrying values of depreciable property, plant and equipment as of December 31, 2023 and 2022 are disclosed in Note 9.

Provision for ECL on trade receivables
The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns. The provision matrix is initially based on the Group's historical observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in forward-looking estimates are analyzed.

The assessment of the correlation between observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of the customer's actual default in the future. The carrying values of trade receivables as of December 31, 2023 and 2022 are disclosed in Note 5.

Determination of fair value of investment in unquoted equity instruments
The Group determines the fair value of unquoted equity instruments using acceptable valuation technique. The Group has investment in unquoted equity instruments which is measured at fair value using the adjusted net asset value method and discounted for any lack of control and lack of marketability. Under this method, the fair value is derived by determining the fair values of identifiable assets and liabilities of the investee company. The carrying value of unquoted equity investment as of December 31, 2023 and 2022 is disclosed in Note 8.

Estimation of retirement benefits cost
The determination of the obligation and cost of retirement benefits is dependent on certain assumptions used by the actuary in calculating such amounts. Those assumptions are described in Note 17 to the consolidated financial statements and include among others, discount rates and salary increase rates. While the Group believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the retirement cost and obligations.

The carrying values of net retirement benefits asset (payable) as of December 31, 2023 and 2022 are disclosed in Note 17.

Estimation and recognition of deferred income tax assets
The Group's assessment on the recognition of deferred income tax assets on deductible temporary differences is based on the forecasted taxable income of the following year. This forecast is based on the Group's past results and future expectations on revenues and expenses.

The carrying values of gross deferred income tax assets as at December 31, 2023 and 2022 are disclosed in Note 18.

4. Cash and Cash Equivalents and Short-term Investments

	2023	2022
Cash on hand and in banks	**₱673,073,832**	₱391,057,227
Cash equivalents	**7,000,000**	205,544,577
	₱680,073,832	₱596,601,804

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less and are subject to an insignificant risk of change in value. Cash in banks earn interest at the respective bank deposit rates. Cash equivalents are made for varying periods of between one day to three months and earn an average interest rate of 5.00% to 6.25% in 2023 and 0.50% to 5.25% in 2022.

Interest income earned on cash and cash equivalents amounted to ₱9.79 million in 2023, ₱4.08 million in 2022 and ₱3.55 million in 2021.

Additions to short-term investments amounted to ₱93.87 million in 2023. Short-term investments earn an average interest rate of 5.76% in 2023. Interest income earned on short-term investments amounted to ₱1.05 million in 2023.

5. Trade and Other Receivables

	2023	2022
Trade (Note 13):		
Private	**₱709,763,220**	₱692,713,838
Government	**9,641,983**	8,319,937
Related party (Note 22)	**330,174**	835,912
	719,735,377	701,869,687
Current portion of notes receivable (Note 10)	**1,902,507**	1,911,966
Interest receivable (Note 22)	**6,383,243**	2,019,863
Other receivables	**8,364,325**	4,253,027
	736,385,452	710,054,543
Less allowance for ECL	**(8,692,282)**	(8,692,282)
	₱727,693,170	₱701,362,261

Trade receivables are noninterest-bearing and are generally on 30-60 day terms.

The allowance for ECL relates to trade receivables. No allowance has been provided on other receivables. There were no movements in the allowance for ECL for each of the three years in the period ended December 31, 2023.

Total intercompany receivable eliminated upon consolidation amounted to ₱1.87 million and ₱0.37 million as of December 31, 2023 and 2022.

6. Inventories

	2023	2022
At cost:		
Finished goods and merchandise (Notes 14 and 22)	**₱100,429,876**	₱290,715,847
Work-in-process	**10,284,765**	15,655,376
Raw materials	**109,635,156**	86,660,243
	₱220,349,797	₱393,031,466

Inventories recognized as expense are presented as “Cost of goods sold” in the consolidated statements of income (see Note 14).

7. Other Current Assets

	2023	2022
Advances on purchases	**₱67,479,968**	₱24,216,300
Materials and supplies	**37,701,902**	32,134,055
Prepaid taxes	**37,621,428**	26,527,669
Prepaid expenses	**6,384,940**	5,718,183
Net input VAT	**5,423,213**	7,787,238
Prepaid insurance	**132,387**	132,387
Other prepayments	**138,000**	123,042
	₱154,881,838	₱96,638,874

Advances on purchases pertain to advances made to suppliers for purchase of goods and services.

Prepaid taxes include creditable withholding taxes to be applied against income tax payable.

8. Equity Instruments Designated at FVOCI

	2023	2022
Quoted equity instruments:		
Listed companies	**₱399,915**	₱399,915
Golf shares	**3,700,000**	3,005,000
Changes in fair value included in OCI	**4,600,000**	695,000
	8,699,915	4,099,915
Unquoted equity instruments:		
Balances at beginning of year	**25,692,722**	21,210,906
Changes in fair value included in OCI	**3,236,911**	4,481,816
Balances at end of year	**28,929,633**	25,692,722
	₱37,629,548	₱29,792,637

The fair value of investments in shares of listed companies was based on their bid prices as of December 31, 2023 and 2022. Fair value of golf shares was based on club share quotes that are publicly available from the local dailies and websites of club share brokers as of December 31, 2023 and 2022. In 2022, the Company acquired golf shares amounting to ₱1,205,000 (nil in 2023).

The investment in unquoted equity instruments consists of investments in 3,813 preferred, redeemable, non-convertible, non-voting shares of Tosoh Polyvin Corporation (TPC), representing 3% of total preferred shares and 10% of TPC's issued capital stock equivalent to 22,478 common shares. The fair value of the investment in unquoted equity instruments was based on the adjusted net asset value approach and discounted by lack of control and lack of marketability.

The following table presents the movements in "Reserve for fluctuations in investments in equity instruments":

	2023	2022
Balances at beginning of year	**(₱3,206,848)**	(₱8,383,664)
Change in fair value included in OCI	**7,836,911**	5,176,816
Balances at end of year	**₱4,630,063**	(₱3,206,848)

The Group follows the specific identification method in determining the cost of any investment in equity securities sold.

9. Property, Plant and Equipment

a. Property, plant and equipment at cost consist of:

As of December 31, 2023

	Beginning Balances	Additions	Disposals/ Retirement	Reclassifications	Ending Balances
Cost					
Land improvements	**₱43,588,645**	**₱–**	**₱–**	**₱–**	**₱43,588,645**
Buildings and structures	**334,568,497**	**–**	**–**	**–**	**334,568,497**
Machinery and equipment	**1,900,732,853**	**–**	**–**	**110,000**	**1,900,842,853**
Transportation equipment	**319,498,207**	**–**	**–**	**30,679,100**	**350,177,307**
Office furniture and equipment	**53,218,202**	**–**	**–**	**434,531**	**53,652,733**
Leasehold improvements	**23,137,750**	**–**	**–**	**–**	**23,137,750**
Right-of-use asset - land	**27,939,997**	**83,549,449**	**–**	**–**	**111,489,446**
Right-of-use asset - building	**26,134,698**	**–**	**–**	**–**	**26,134,698**
Right-of-use asset - warehouse and storage tanks	**31,486,187**	**–**	**–**	**–**	**31,486,187**
	2,760,305,036	**83,549,449**	**–**	**31,223,631**	**2,875,078,116**
Accumulated Depreciation					
Land improvements	**37,483,065**	**1,218,317**	**–**	**–**	**38,701,382**
Buildings and structures	**280,010,844**	**9,834,124**	**–**	**–**	**289,844,968**
Machinery and equipment	**1,640,661,455**	**46,508,619**	**–**	**–**	**1,687,170,074**
Transportation equipment	**279,741,973**	**27,867,106**	**–**	**–**	**307,609,079**
Office furniture and equipment	**48,805,880**	**2,753,185**	**–**	**–**	**51,559,065**
Leasehold improvements	**11,081,707**	**1,552,994**	**–**	**–**	**12,634,701**
Right-of-use asset - land	**12,514,998**	**8,030,398**	**–**	**–**	**20,545,396**
Right-of-use asset - building	**13,534,454**	**5,124,751**	**–**	**–**	**18,659,205**
Right-of-use asset - warehouse and storage tanks	**7,148,332**	**2,527,391**	**–**	**–**	**9,675,723**
	2,330,982,708	**105,416,885**	**–**	**–**	**2,436,399,593**
	429,322,328	**(21,867,436)**	**–**	**31,223,631**	**438,678,523**
Construction in progress	**185,715,682**	**389,893,408**	**–**	**(31,223,631)**	**544,385,459**
Net Book Values	**₱615,038,010**	**₱368,025,972**	**₱–**	**₱–**	**₱983,063,982**

As of December 31, 2022

	Beginning Balances	Additions	Disposals/ Retirement	Reclassifications	Ending Balances
Cost					
Land improvements	₱43,588,645	₱–	₱–	₱–	₱43,588,645
Buildings and structures	326,490,699	–	–	8,077,798	334,568,497
Machinery and equipment	1,837,034,160	1,105,356	–	62,593,337	1,900,732,853
Transportation equipment	282,894,871	2,591,357	(527,388)	34,539,367	319,498,207
Office furniture and equipment	50,178,401	1,099,168	–	1,940,633	53,218,202
Leasehold improvements	22,706,485	–	–	431,265	23,137,750
Right-of-use asset - land	27,939,997	–	–	–	27,939,997
Right-of-use asset - building	26,134,698	–	–	–	26,134,698
Right-of-use asset - warehouse and storage tanks	31,486,187	–	–	–	31,486,187
	2,648,454,143	4,795,881	(527,388)	107,582,400	2,760,305,036
Accumulated Depreciation					
Land improvements	36,251,964	1,231,101	–	–	37,483,065
Buildings and structures	269,258,566	10,752,278	–	–	280,010,844
Machinery and equipment	1,589,973,841	50,687,614	–	–	1,640,661,455
Transportation equipment	264,869,542	15,399,819	(527,388)	–	279,741,973
Office furniture and equipment	45,103,204	3,702,676	–	–	48,805,880
Leasehold improvements	9,532,025	1,549,682	–	–	11,081,707
Right-of-use asset - land	9,604,994	2,910,004	–	–	12,514,998
Right-of-use asset - building	8,409,703	5,124,751	–	–	13,534,454
Right-of-use asset - warehouse and storage tanks	4,620,941	2,527,391	–	–	7,148,332
	2,237,624,780	93,885,316	(527,388)	–	2,330,982,708
	410,829,363	(89,089,435)	–	107,582,400	429,322,328
Construction in progress	95,743,474	197,554,608	–	(107,582,400)	185,715,682
Net Book Values	₱506,572,837	₱108,465,173	₱–	₱–	₱615,038,010

There are no restrictions on title and no amounts of property, plant and equipment that were used as collateral for the Group's liabilities.

Cylinders, included under machinery and equipment, are used to store and transport the Group's finished goods to customers. The Group receives deposits from the customers while the cylinders are in the latter's possession. The customers' deposits are refundable when the cylinders are surrendered. Outstanding customers' deposits as of December 31, 2023 and 2022 amounted to ₱26.44 million and ₱25.82 million, respectively.

Construction in progress

Construction in progress includes amounts of ₱544.39 million and ₱185.72 million as of December 31, 2023 and 2022, respectively, relating to expenditures for property, plant and equipment in the course of construction or completion. As of December 31, 2023 and 2022, the Group has significant firm capital commitments relating to the completion of construction in progress amounting to ₱54.10 million and ₱83.86 million, respectively.

b. Land of a subsidiary at revalued amount as of December 31, 2023 and 2022 consists of:

	2023	2022
Cost	**₱13,506,189**	₱13,506,189
Appraisal increase:		
Balances at beginning of year	**549,471,811**	535,236,811
Increase in revaluation increment	**22,000**	14,235,000
Balances at end of year	**549,493,811**	549,471,811
	₱563,000,000	₱562,978,000

As of December 31, 2023, and 2022, the parcels of land are stated at revalued amount categorized under Level 3 based on the appraisal report with valuation date as at December 31, 2023 and December 2, 2022, respectively, by SEC-accredited and independent appraisal companies. The appraised value as of December 31, 2023 and 2022 was determined using the Market Approach wherein the market prices for comparable property listings are adjusted to account for the marketability, nature, bargaining allowance, location and size of the specific properties.

The significant unobservable input to the valuation is the price per square meter of ₱1,740 to ₱10,500 in 2023 and 2022. Significant increases (decreases) in the estimated price per square meter in isolation would result in a significantly higher (lower) fair value. The valuation considers an industrial land development as the highest and best use of the properties.

As of December 31, 2023 and 2022, the revaluation increment, net of the deferred income tax effect, amounted to ₱412.12 million and ₱412.10 million, respectively.

On March 19, 2009, the Company's BOD approved the transfer/assignment of ownership of the Company's parcels of land located at Buru-un, Iligan City and Biñan, Laguna in exchange for the shares of stock of MPI. On September 1, 2009, the Company and MPI executed a Deed of Exchange whereby the Company ceded, transferred and conveyed unto MPI, in a manner absolute and irrevocable, the said parcels of land (excluding any improvements thereon) free and clear of all liens and encumbrances, and all its rights, title and interest therein, in exchange for 5,131,515 Common A shares of MPI (representing 40% interest) with a par value of ₱30 per share or total value of ₱153,945,450. The transaction was considered a tax-free exchange, except for documentary stamp taxes, as certified by the Bureau of Internal Revenue (BIR).

The parcels of land are owned by MPI and are included in the consolidated financial statements in compliance with PFRS. The Company leases the land from MPI. The lease rentals have been eliminated in the consolidated financial statements. The title to the land remains with MPI and will not be transferred to the Company.

10. Other Noncurrent Assets

	2023	2022
Advances to suppliers	**₱247,382,151**	₱225,347,008
Security and rental deposits (Note 21)	**21,654,348**	18,138,619
Notes receivable - net of current portion (Note 5)	**4,043,646**	5,946,153
Intangible assets - net of amortization of ₱113,308	**134,241**	247,549
	₱273,214,386	₱249,679,329

The Company granted loans to third party borrowers with a total principal amount of ₱4.86 million in 2022 (nil in 2023) with an interest of 8% per annum. The loans are collectible in monthly amortizations over five years. The loans are secured by certain motor vehicles owned by the borrowers. Interest income earned on notes receivable amounted to ₱0.32 million in 2023, ₱0.31 million in 2022 and ₱0.23 million in 2021.

Advances to suppliers significantly represent downpayments to suppliers for purchases of property and equipment.

11. Trade and Other Payables

	2023	2022
Trade payables (Note 22)	**₱149,629,069**	₱186,474,147
Accrued expenses:		
Shipping and distribution	**45,991,000**	34,139,252
Rent and power	**5,475,834**	7,378,115
Professional fees and other services	**9,072,011**	6,350,287
Payroll and others	**31,500,970**	37,937,501
Dividends payable (Note 12)	**21,117,631**	17,564,348
Withholding taxes and other payables	**5,438,060**	6,535,026
Contract liabilities (Note 13)	**3,162,956**	3,162,956
Others	**6,828,358**	4,624,225
	₱278,215,889	₱304,165,857

Trade payables are noninterest-bearing and are normally settled on 15-day to 60-day terms.

Accrued expenses are noninterest-bearing and have average terms of one to two months.

12. **Equity**

Capital Stock
The number of shares authorized, issued and outstanding as of December 31, 2023 and 2022 are as follows:

Authorized at ₱1 par value per share	1,072,942,532
Issued and outstanding	661,309,398
Capital paid in excess of par	176,594,308

Track Record of Registration of Securities

Authorized capital stock

Date	Activity	Par Value	No. of Common Shares	Balance
February 5, 1997	Authorized	₱1.00	–	₱1,200,000,000
December 28, 2007	Retirement of capital stock	1.00	(100,057,468)	1,099,942,532
August 31, 2011	Retirement of capital stock	1.00	(27,000,000)	1,072,942,532

Issued and outstanding

Date	Activity	Offer Price	No. of Common Shares	Balance
February 5, 1997	Issued and outstanding before listing	₱–	–	₱433,785,389
February 5, 1997	Issued during offer	1.90	223,187,000	656,972,389
June 15, 1997	Stock dividend	–	131,394,477	788,366,866
December 28, 2007	Retirement of capital stock	–	(100,057,468)	688,309,398
August 31, 2011	Retirement of capital stock	–	(27,000,000)	661,309,398

The Company's shares are listed on and traded at the Philippine Stock Exchange (PSE) and the number of equity holders of the Company was 2,225 and 2,235 as of December 31, 2023 and 2022, respectively. The Company received its permit to offer its shares to the public from the Philippine SEC on October 7, 1996.

Retained Earnings
Below is a summary of the dividends declared for the years ended December 31, 2023, 2022 and 2021:

Date of Declaration	Date of Record	Dividend rate	Dividend per share	Amount
April 27, 2023	May 26, 2023	10%	₱0.10	₱66,130,940
April 28, 2022	May 26, 2022	10%	0.10	66,130,940
April 28, 2021	May 26, 2021	10%	0.10	66,130,940

On April 27, 2023, MPI declared and paid cash dividends amounting to ₱0.72 million to Common B stockholders of record as of April 30, 2023. On April 28, 2021, MPI declared and paid cash dividends amounting to ₱2.16 million to Common B stockholders of record as of April 30, 2021.

Movements of dividends payable follow:

	2023	2022	2021
Balances at beginning of year	**₱17,564,348**	₱15,989,225	₱14,256,870
Cash dividends declared	**66,852,783**	66,130,940	68,287,766
Dividends paid to equity holders	**(62,577,657)**	(64,555,817)	(64,398,585)
Dividends paid to noncontrolling interests	**(721,843)**	–	(2,156,826)
Balances at end of year	**₱21,117,631**	₱17,564,348	₱15,989,225

Retained earnings include ₱74.95 million and ₱56.95 million as of December 31, 2023 and 2022, respectively, representing deferred income tax assets, unrealized foreign exchange gain and undistributed earnings of MPI, which are not available for dividend declaration.

On November 21, 2018, the BOD issued a resolution to appropriate retained earnings of ₱700.00 million for future projects and capital expenditures. On February 27, 2020, the BOD issued a resolution to make an additional appropriation on retained earnings of ₱300.00 million for future projects and capital expenditures.

Details of the appropriated retained earnings as at December 31, 2023 and 2022 follow:

Projects	Time Line	**2023**	2022
Future projects and capital expenditures	2021 – 2023	**₱1,000,000,000**	₱1,000,000,000

Movements of OCI

	Revaluation Increment -Net of Deferred Income Tax Effect	Remeasurement Gains (Losses) on Retirement Benefits - Net of Deferred Income Tax Effect	Reserve for Fluctuations in Investments in Equity Instruments	Total
BALANCES AT JANUARY 1, 2021	**₱352,379,167**	**(₱19,463,920)**	**(₱10,166,553)**	**₱322,748,694**
Increase in revaluation increment due to appraisal	49,048,440	–	–	49,048,440
Remeasurement gains on retirement benefits	–	10,975,264	–	10,975,264
Net changes in fair values on equity instruments designated at FVOCI	–	–	1,782,889	1,782,889
BALANCES AT DECEMBER 31, 2021	**401,427,607**	**(8,488,656)**	**(8,383,664)**	**384,555,287**
Increase in revaluation increment due to appraisal	10,676,250	–	–	10,676,250
Remeasurement gains on retirement benefits	–	3,780,274	–	3,780,274
Net changes in fair values on equity instruments designated at FVOCI	–	–	5,176,816	5,176,816
BALANCES AT DECEMBER 31, 2022	**412,103,857**	**(4,708,382)**	**(3,206,848)**	**404,188,627**
Increase in revaluation increment due to appraisal	16,500	–	–	16,500
Remeasurement loss on retirement benefits	–	(7,002,722)	–	(7,002,722)
Net changes in fair values on equity instruments designated at FVOCI	–	–	7,836,911	7,836,911
BALANCES AT DECEMBER 31, 2023	**₱412,120,357**	**(₱11,711,104)**	**₱4,630,063**	**₱405,039,316**

13. Revenue from Contracts with Customers

Disaggregated Revenue Information

Set out below is the disaggregation of the Group's revenue from contracts with customers for the years ended December 31:

	2023	2022	2021
By type			
Goods	**₱3,067,191,521**	₱3,198,251,185	₱2,178,369,826
Others	**6,580,728**	2,802,730	9,046,717
	₱3,073,772,249	₱3,201,053,915	₱2,187,416,543

	2023	2022	2021
By customers			
Private	**₱3,031,921,680**	₱3,161,752,524	₱2,154,438,687
Government	**36,714,139**	33,157,273	28,914,649
Related party (Note 22)	**5,136,430**	6,144,118	4,063,207
	₱3,073,772,249	₱3,201,053,915	₱2,187,416,543

Contract Balances

The Group's trade receivables as at December 31, 2023 and 2022 are disclosed in Note 5 while contract liabilities, which pertain to advance payments from customers as at December 31, 2023 and 2022, are disclosed in Note 11. The advance payments from customers as of December 31, 2023 will be recognized as revenue in 2024.

Set out below is the amount of revenue recognized from:

	2023	2022	2021
Amounts included in contract liabilities at the beginning of the year	**₱3,162,956**	₱7,395,673	₱4,676,019

The Group has no contract assets as at December 31, 2023 and 2022.

Performance Obligations

For the sale of goods, the performance obligation is satisfied upon the delivery of the goods and payment is generally due within 30 to 60 days from delivery.

14. **Cost of Goods Sold**

	2023	2022	2021
Finished goods and merchandise inventories, January 1	**₱290,715,847**	₱195,099,409	₱136,443,933
Raw materials used and merchandise purchased (Note 22)	**1,339,795,075**	1,811,782,103	1,086,105,243
Direct labor	**41,442,808**	41,136,509	37,875,268
Manufacturing overhead:			
Supervision and indirect labor	**51,081,806**	48,724,927	46,123,025
Depreciation and amortization (Notes 9 and 10)	**48,408,862**	52,891,245	46,417,991
Supplies and facilities	**47,321,450**	42,342,671	37,796,341
Repairs and maintenance	**45,722,905**	35,646,467	37,346,258
Taxes and licenses	**18,765,937**	17,958,765	15,811,031
Rent and utilities (Note 21)	**8,983,658**	9,400,264	7,262,896
Others	**68,831,004**	58,755,291	47,504,578
Total manufacturing cost and merchandised purchased	**1,670,353,505**	2,118,638,242	1,362,242,631
Decrease (increase) in work in process inventories	**5,370,611**	(9,882,647)	(1,492,280)
Cost of goods manufactured and merchandise purchased	**1,675,724,116**	2,108,755,595	1,360,750,351
Total goods available for sale	**1,966,439,963**	2,303,855,004	1,497,194,284
Finished goods and merchandise inventories, December 31	**(100,429,876)**	(290,715,847)	(195,099,409)
	₱1,866,010,087	₱2,013,139,157	₱1,302,094,875

15. **Operating Expenses**

	2023	2022	2021
Shipping and delivery	**₱443,165,458**	₱446,746,950	₱317,414,698
Depreciation (Note 9)	**57,121,331**	41,107,379	50,170,511
Salaries and wages	**36,430,183**	36,335,113	33,036,178
Taxes and licenses	**35,729,138**	22,321,567	15,646,281
Supplies	**33,028,650**	24,727,769	23,421,043
Employee benefits	**24,996,074**	22,327,637	19,027,243
Retirement benefits costs (Note 17)	**23,582,987**	6,752,989	8,638,956
Rent, light and water (Note 21)	**13,777,882**	11,330,780	10,554,341
Repairs and maintenance	**11,730,490**	11,754,812	11,495,926
Professional fees	**9,967,723**	9,546,529	9,161,136
Insurance	**8,328,444**	7,007,275	6,530,610
Transportation and travel	**6,959,090**	4,772,660	2,552,625
Communication	**2,363,591**	2,667,291	3,321,489
Entertainment, amusement and recreation	**1,794,395**	2,025,596	791,783
Others	**14,611,354**	13,481,254	12,328,080
	₱723,586,790	₱662,905,601	₱524,090,900

Professional fees include remuneration of some members of the BOD amounting to ₱0.94 million in 2023, ₱0.93 million in 2022 and ₱0.96 million in 2021.

16. **Other Income (Charges) - Net**

	2023	2022	2021
Sale of excess power	**₱17,133,589**	₱–	₱–
Sale of scraps	**508,613**	128,062	237,769
Amortization of interest on notes receivable	**(190,131)**	(220,492)	(208,958)
Gain (loss) on sale of equipment	**–**	196,696	(326,310)
Others - net	**1,891,402**	2,503,628	1,503,461
	₱19,343,473	₱2,607,894	₱1,205,962

Sale of excess power pertains to unutilized contracted power sold at the spot market.

Others include rent income, docking fee and miscellaneous charges.

17. **Retirement Benefits Cost**

The Company has a funded, non-contributory defined benefit retirement plan providing for death and retirement benefits to all its regular employees. An independent actuary, using the projected unit credit method, conducted the actuarial valuation of the plan. The retirement benefits liability is determined according to the plan formula, taking into account the service rendered and compensation of covered employees as of valuation date.

The following tables summarize the components of net retirement expense recognized in the consolidated statements of income, other comprehensive income and the funding status and amounts recognized in the consolidated balance sheets.

The components of retirement benefits cost are as follows:

	2023	2022	2021
Current service cost	**₱5,318,298**	₱6,773,254	₱7,919,364
Past service cost	**19,044,674**	–	–
Net interest cost (income)	**(779,985)**	(20,265)	719,592
Retirement expense recognized in profit or loss (Note 15)	**23,582,987**	6,752,989	8,638,956
Remeasurements recognized in OCI	**9,336,963**	(5,040,366)	(16,487,392)
Retirement benefit costs (income)	**₱32,919,950**	₱1,712,623	(₱7,848,436)

The remeasurements on retirement benefits consists of:

	2023	2022	2021
Gains (losses) on obligation arising from:			
Changes in financial assumptions	**(₱11,408,643)**	₱18,605,748	₱12,361,258
Experience adjustments	**3,985,952**	(5,817,651)	6,099,561
	(7,422,691)	12,788,097	18,460,819
Losses on plan assets	**(1,914,272)**	(7,747,731)	(1,973,427)
Remeasurement gains (losses)	**(₱9,336,963)**	₱5,040,366	₱16,487,392

The details of the retirement benefits asset are as follows:

	2023	2022
Present value of defined benefits obligation	**₱120,111,153**	₱95,228,861
Fair value of plan assets	**(114,375,937)**	(105,913,595)
Net retirement benefits payable (asset)	**₱5,735,216**	(₱10,684,734)

The movements in the retirement benefits asset are as follows:

	2023	2022
Balances at beginning of year	**(₱10,684,734)**	(₱397,357)
Retirement benefit costs	**32,919,950**	1,712,623
Contributions	**(16,500,000)**	(12,000,000)
Balances at end of year	**₱5,735,216**	(₱10,684,734)

Changes in the present value of retirement benefit obligation are as follows:

	2023	2022
Balances at beginning of year	**₱95,228,861**	₱110,064,409
Current service cost	**5,318,298**	6,773,254
Past service cost	**19,044,674**	–
Interest cost on benefit obligation	**6,951,707**	5,613,285
Benefits paid	**(13,855,078)**	(14,433,990)
Remeasurement losses (gains) on obligation from:		
Change in assumptions	**11,408,643**	(18,605,748)
Experience adjustments	**(3,985,952)**	5,817,651
Balances at end of year	**₱120,111,153**	₱95,228,861

Changes in the fair value of plan assets are as follows:

	2023	2022
Balances at beginning of year	**₱105,913,595**	₱110,461,766
Interest income on plan assets	**7,731,692**	5,633,550
Contributions	**16,500,000**	12,000,000
Benefits paid	**(13,855,078)**	(14,433,990)
Remeasurement losses	**(1,914,272)**	(7,747,731)
Balances at end of year	**₱114,375,937**	₱105,913,595

Actual return (loss) on plan assets is as follows:

	2023	2022	2021
Interest income on plan assets	**₱7,731,692**	₱5,633,550	₱4,178,007
Remeasurement losses	**(1,914,272)**	(7,747,731)	(1,973,427)
	₱5,817,420	(₱2,114,181)	₱2,204,580

The fund is administered by a trustee bank (Trustee). The Trustee is responsible for investment of the assets. The Trustee proposes an investment strategy based on the investment instructions and, as approved, executes such strategy. When defining the investment strategy, the Trustee takes into account the plan's objectives, benefit obligations and risk capacity. The investment strategy is defined in the form of a long-term target structure (investment policy). The control, direction, and management of the fund shall reside in and be the sole responsibility of the Trustee.

The major categories of the net plan assets are as follows:

	2023	2022
Cash	**0.08%**	1.57%
Investments in debt securities:		
Government securities	**55.05%**	51.61%
Corporate debt securities	**18.76%**	17.56%
Loans and other receivables	**1.00%**	1.49%
Investments in equity securities:		
Property	**12.34%**	13.44%
Holding firms	**4.42%**	5.42%
Bank	**3.55%**	3.45%
Food, beverage, and tobacco	**1.32%**	1.38%
Telecommunications	**1.29%**	1.37%
Transportation services	**1.12%**	1.48%
Power and utilities	**0.69%**	0.66%
Retail	**0.38%**	0.57%
	100.00%	100.00%

The management and its trustee bank reviews the performance of the plan on a regular basis and assesses whether the plan will achieve an investment return which, together with contributions, will be sufficient to pay retirement benefits as they fall due. The Company also reviews its solvency position on an annual basis and estimates, through the actuary, the expected contribution to the plan in the subsequent year.

The investments in equity and debt securities are based on quoted prices as of balance sheet dates. The carrying value of cash and loans and other receivables approximate its fair value.

The Company expects to contribute ₱18.00 million in 2024.

The assumptions used to determine retirement benefits obligation as of January 1 are as follows:

	2023	2022	2021
Discount rate	**7.30%**	5.10%	3.90%
Salary increase rate	**6.00%**	6.00%	6.00%

As of December 31, 2023, discount rate and salary increase rate are 6.10% and 6.00%, respectively.

The latest actuarial valuation made for the plan was as of December 31, 2023.

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of December 31, 2023 and 2022, assuming all other assumptions were held constant:

	Increase (decrease) in rate	2023	2022
Discount rate			
Assumption 1	**+0.5%**	**(₱3,920,427)**	(₱14,072,267)
Assumption 2	**-0.5%**	**17,135,066**	7,023,551
Future salary increase rate			
Assumption 1	**+0.5%**	**16,230,107**	7,281,043
Assumption 2	**-0.5%**	**(3,326,844)**	(13,860,363)

There were no changes from the previous period in the methods and assumptions used in preparing sensitivity analysis.

The maturity profile of the undiscounted benefits payments as of December 31 follows:

	2023	2022	2021
Not later than one year	**₱8,439,061**	₱19,124,059	₱9,201,395
Later than one year and not later than five years	**65,765,386**	34,126,908	51,022,163
Later than five years	**596,107,150**	510,697,134	463,439,681

18. Income Taxes

a. The current provision for income tax consists of the following:

	2023	2022	2021
Regular corporate income tax	**₱140,324,914**	₱132,998,205	₱91,527,040
Final tax	**2,248,047**	818,447	744,666
	₱142,572,961	₱133,816,652	₱92,271,706

b. The components of the net deferred income tax liabilities of the Group are as follows:

	2023	2022
Deferred income tax assets recognized in profit or loss:		
Lease liabilities	**₱69,371,879**	₱14,274,402
Unamortized past service cost	**5,814,431**	4,968,277
Allowance for expected credit losses	**2,173,071**	2,173,071
Other noncurrent liabilities	**448,375**	448,375
Provision for incentives	**139,727**	139,727
Unrealized foreign exchange loss	–	181,010
	77,947,483	22,184,862
Deferred income tax liabilities recognized in profit or loss:		
Right-of-use assets	**(63,638,672)**	(13,090,775)
Net retirement benefits asset	**(2,469,897)**	(4,240,644)
Premium on notes receivable	**(61,363)**	(108,897)
Unrealized foreign exchange gains	**(78,700)**	–
	(66,248,632)	(17,440,316)
Deferred income tax asset on net retirement plan assets recognized directly in other comprehensive income	**3,903,701**	1,569,460
Deferred income tax liability on revaluation increment recognized directly in other comprehensive income	**(137,373,453)**	(137,367,953)
Net deferred income tax liabilities	**(₱121,770,901)**	(₱131,053,947)

The reconciliation of the net deferred income tax liabilities of the Group are as follows:

	2023	2022	2021
Balances at beginning of year	**(₱131,053,947)**	(₱125,559,027)	(₱135,502,268)
Recognized in profit or loss	**6,954,305**	(676,078)	(1,755,071)
Recognized in OCI	**(2,328,741)**	(4,818,842)	11,698,312
Balances at end of year	**(₱126,428,383)**	(₱131,053,947)	(₱125,559,027)

There are no income tax consequences attached to the payment of dividends by the Group to its stockholders for each of the three years in the period ended December 31, 2023.

c. A reconciliation of income tax computed at the statutory income tax rate of 25% to the provision for income tax reflected in the consolidated statements of income is as follows:

	2023	2022	2021
Income tax at statutory rate	**₱136,174,244**	₱133,480,324	₱92,564,968
Increase (decrease) in provision for income tax resulting from:			
Nondeductible expenses	**1,562,363**	1,270,259	1,005,727
Interest income subjected to final tax	**(508,076)**	(257,853)	(148,056)
Others	**(1,609,875)**	–	–
Change in tax rate	–	–	604,138
Provision for income tax	**₱135,618,656**	₱134,492,730	₱94,026,777

19. **Financial Risk Management Objectives and Policies**

The Group's principal financial assets include trade and other receivables, cash and cash equivalents that are derived directly from operations. The Group's principal financial liabilities comprise of trade and other payables, the main purpose of which is to finance the Group's operations. The Group does not engage in any trading of financial instruments.

The following are the Group's financial assets and liabilities:

	2023	2022
Equity instruments designated at FVOCI:		
Quoted	**₱8,699,915**	₱4,099,915
Unquoted	**28,929,633**	25,692,722
	37,629,548	29,792,637
Debt instruments at amortized cost:		
Cash and cash equivalents*	**677,973,832**	594,521,804
Short-term investments	**93,865,567**	–
Trade and other receivables	**727,693,170**	701,362,261
Loans receivable	**600,000,000**	700,000,000
Notes receivable - noncurrent	**4,043,646**	5,946,153
Security and rental deposits**	**9,944,234**	6,386,326
	2,113,520,449	2,008,216,544
Total financial assets	**₱2,151,149,997**	₱2,038,009,181
Current	**₱2,099,532,569**	₱1,995,884,065
Noncurrent	**51,617,428**	42,125,116
Total financial assets	**₱2,151,149,997**	₱2,038,009,181
Other financial liabilities:		
Trade and other payables and provisions***	**₱291,114,873**	₱305,467,875
Lease liabilities	**128,918,139**	57,097,608
Customers' deposits	**26,438,143**	25,821,780
Total financial liabilities	**₱446,471,155**	₱388,387,263

**Excludes cash on hand amounting to ₱2.10 million and ₱2.08 million as at December 31, 2023 and 2022, respectively.*
***Excludes nonfinancial deposits amounting to ₱11.71 million and ₱11.75 million as at December 31, 2023 and 2022, respectively.*
****Excludes nonfinancial liabilities amounting to ₱8.60 million and ₱9.70 million as at December 31, 2023 and 2022, respectively.*

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk and liquidity risk. The Group's exposure to equity price risk resulting from changes in the fair value of its investment in equity securities is not significant. The BOD reviews and approves the policies for managing each of these risks and they are summarized below.

Foreign currency risk
Foreign currency risk is the risk that the fair value or future cash flows from the Group's foreign-currency denominated assets or liabilities may fluctuate due to changes in foreign exchange rates.

The Group's exposure to foreign currency risk primarily arises from deposits and placements in foreign currency and importation of finished goods, raw materials and equipment. The Group manages this exposure by matching its receipts and payments for each individual currency. Purchases of finished goods and raw materials are subject to an open account from foreign suppliers and are settled immediately through a purchase of dollars from a local bank at spot rate once all documentation requirements are complete. The Group may also enter into currency forward contracts to manage the currency risks. There are no currency forward contracts outstanding as of December 31, 2023 and 2022.

The foreign currency-denominated financial instruments of the Group as of December 31 are as follows:

	2023	2022
Cash	**US$176,124**	US$326,962
Trade receivables	**143,112**	120,011
Trade payables	**–**	(2,024,809)
Net	**319,236**	(1,577,836)
Closing exchange rate	**55.37**	55.76
Peso equivalent	**₱17,676,097**	(₱87,980,135)

The net foreign exchange losses (gains) amounted to (₱1.79 million) in 2023, ₱9.88 million in 2022 and ₱1.46 million in 2021.

The following table shows the effect on income before income tax for the years ended due to a reasonably possible change in foreign currency rates. There is no other impact on the Group's equity other than those affecting net income.

	Increase (decrease) in rate	Effect on income before income tax
2023	**(0.7%)**	**(₱122,057)**
	0.7%	**122,057**
2022	9.3%	(8,204,004)
	(9.3%)	8,204,004

The sensitivity analysis takes into account historical movements of Peso in every US$1 foreign exchange rates. The foreign exchange rates amounted to ₱55.37 and ₱55.76 per US$ as of December 31, 2023 and 2022, respectively. The Group assumes parallel upward and downward effect on income due to a reasonably possible change in these foreign exchange rates.

Credit risk
Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables), including deposits with banks and financial institutions and other financial instruments.

The Group is not exposed to concentration of credit risk. The Group does not have any customer that accounts for more than 10% of its total revenue. It is the Group's policy to require all customers, who wish to trade on credit terms, to comply with and undergo the credit verification process. This process emphasizes on the customer's capacity to pay. In addition, receivables are closely monitored so that exposure to bad debts is minimized. The Group deals only with legitimate and duly accredited parties. The maximum gross credit exposure of the Group's financial assets is equal to their carrying values as of December 31, 2023 and 2022. These financial assets are not supported by any collateral from the counterparties, except for notes receivable which are secured by certain motor vehicles owned by the borrowers.

An impairment analysis is performed using a provision matrix to measure ECL. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecast of future economic conditions. Based on historical experience, the Group's trade receivables are fully collected and no history of write-offs.

Credit risk from balances with banks and financial institutions is managed by the Group's Finance Department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties. Counterparty credit limits are reviewed by the Group's Credit Committee on an annual basis, and may be updated throughout the year subject to the approval of the Group's Vice President for Finance. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments. The amount and timing of the ECLs, as well as the probability assigned thereto, have been based on the available information up to reporting date. This included probability-weighted shocks to macro-economic factors.

The following tables below summarize the credit quality of the Group's financial assets (gross of allowance for impairment losses) as at December 31:

	2023					
	Current			**Past Due**		
	High	**Standard**	**Substandard**	**1-90 Days**	**> 90 days**	**Total**
Cash and cash equivalents*	**₱677,973,832**	**₱–**	**₱–**	**₱–**	**₱–**	**₱677,973,832**
Short-term investments	**93,865,567**	**–**	**–**	**–**	**–**	**93,865,567**
Trade receivables						
Private	**96,624,200**	**361,940,161**	**4,200,975**	**211,934,193**	**35,063,691**	**709,763,220**
Government	**439,000**	**2,290,987**	**–**	**5,052,143**	**1,859,853**	**9,641,983**
Related party	**330,174**	**–**	**–**	**–**	**–**	**330,174**
Loans receivable	**600,000,000**	**–**	**–**	**–**	**–**	**600,000,000**
Notes receivable	**5,946,153**	**–**	**–**	**–**	**–**	**5,946,153**
Interest and other receivables	**14,747,568**	**–**	**–**	**–**	**–**	**14,747,568**
Security and rental deposits**	**9,944,234**	**–**	**–**	**–**	**–**	**9,944,234**
	₱1,499,870,728	**₱364,231,148**	**₱4,200,975**	**₱216,986,336**	**₱36,923,544**	**₱2,122,212,731**

**Excludes cash on hand amounting to ₱2.10 million as at December 31, 2023.*
***Excludes nonfinancial deposits amounting to ₱11.71 million as at December 31, 2023.*

	2022					
	Current			Past Due	Credit	
	High	Standard	Substandard	(1-90 Days)	Impaired	Total
Cash and cash equivalents*	₱594,521,804	₱–	₱–	₱–	₱–	₱594,521,804
Trade receivables						
Private	125,821,253	500,808,562	6,190,138	51,428,095	8,465,790	692,713,838
Government	391,964	5,509,292	–	2,192,189	226,492	8,319,937
Related party	835,912	–	–	–	–	835,912
Loans receivable	700,000,000	–	–	–	–	700,000,000
Notes receivable	7,858,119	–	–	–	–	7,858,119
Interest and other receivables	6,272,890	–	–	–	–	6,272,890
Security and rental deposits**	6,386,326	–	–	–	–	6,386,326
	₱1,442,088,268	₱506,317,854	₱6,190,138	₱53,620,284	₱8,692,282	₱2,016,908,826

**Excludes cash on hand amounting to ₱2.08 million as at December 31, 2022.*
***Excludes nonfinancial deposits amounting to ₱11.75 million as at December 31, 2022.*

The Group classifies credit quality risk as follows:

High grade receivables consist of receivables from customers and other parties with good credit standing and with a history of no delay in payments.

Standard grade receivables are those from customers with history of slight delay in payments.

Substandard grade receivables are receivables from customers with a history of recurring delayed payments.

The Group constantly monitors the receivables in order to identify any potential adverse changes in the credit quality. Short-term placements and cash in banks are maintained in banks duly approved by the BOD. Credit impaired receivables pertaining to individually impaired receivables are fully provided with allowance for expected credit losses.

The following tables below summarize the staging considerations (other than trade receivables subject to provision matrix) of the Group's financial assets as at December 31:

	2023			
	Stage 1 (12-Month ECL)	**Stage 2 (Life time ECL)**	**Stage 3 (Credit Impaired)**	**Total**
Cash and cash equivalents*	**₱677,973,832**	**₱–**	**₱–**	**₱677,973,832**
Short-term investments	**93,865,567**	**–**	**–**	**93,865,567**
Loans receivable	**600,000,000**	**–**	**–**	**600,000,000**
Notes receivable	**5,946,153**	**–**	**–**	**5,946,153**
Interest and other receivables	**14,747,568**	**–**	**–**	**14,747,568**
Security and rental deposits**	**9,944,234**	**–**	**–**	**9,944,234**
	₱1,402,477,354	**₱–**	**₱–**	**₱1,402,477,354**

**Excludes cash on hand amounting to ₱2.10 million as at December 31, 2023.*
***Excludes nonfinancial deposits amounting to ₱11.71 million as at December 31, 2023.*

	2022			
	Stage 1 (12-Month ECL)	Stage 2 (Life time ECL)	Stage 3 (Credit Impaired)	Total
Cash and cash equivalents*	₱594,521,804	₱–	₱–	₱594,521,804
Loans receivable	700,000,000	–	–	700,000,000
Notes receivable	7,858,119	–	–	7,858,119
Interest and other receivables	6,272,890	–	–	6,272,890
Security and rental deposits**	6,386,326	–	–	6,386,326
	₱1,315,039,139	₱–	₱–	₱1,315,039,139

**Excludes cash on hand amounting to ₱2.08 million as at December 31, 2022.*
***Excludes nonfinancial deposits amounting to ₱11.75 million as at December 31, 2022.*

Set out below is the information about the credit risk exposure on trade receivables using a provision matrix as of December 31:

	2023			
		Days Past Due		
	Current	**1-90 Days**	**> 90 Days**	**Total**
Expected credit loss rate	**0.19%**	**1.92%**	**9.88%**	
Estimated total gross carrying amount at default	**₱465,825,497**	**₱216,986,336**	**₱36,923,544**	**₱719,735,377**
Expected credit loss	**885,068**	**4,159,168**	**3,648,046**	**8,692,282**
Credit impaired	–	–	–	–
Total expected credit loss	**₱885,068**	**₱4,159,168**	**₱3,648,046**	**₱8,692,282**

	2022			
		Days Past Due		
	Current	1-90 Days	> 90 Days	Total
Expected credit loss rate	0%	0%	0%	
Estimated total gross carrying amount at default	₱639,557,121	₱53,620,284	₱–	₱693,177,405
Expected credit loss	–	–	–	–
Credit impaired	–	–	8,692,282	8,692,282
Total expected credit loss	₱–	₱–	₱8,692,282	₱8,692,282

Liquidity risk
Liquidity risk arises when a company encounters difficulties in meeting commitments associated with financial instruments. Such risk may result from inadequate market depth, disruption or refinancing problems.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans and purchase contracts. The Group also has existing credit lines with local banks which could be drawn when necessary.

The tables below summarize the maturity profile of the Group's financial liabilities and financial assets used to manage liquidity as of December 31, 2023 and 2022:

December 31, 2023

	On-demand	**Up to a year**	**1-3 years**	**More than 3 years**	**Total**
Financial liabilities:					
Trade and other payables and provisions*	**₱–**	**₱291,114,872**	**₱–**	**₱–**	**₱291,114,872**
Customers' deposits	**26,438,143**	–	–	–	**26,438,143**
Lease liabilities**	–	**21,352,580**	**38,966,946**	**114,370,110**	**174,689,636**
	26,438,143	**312,467,452**	**38,966,946**	**114,370,110**	**492,242,651**
Financial assets:					
Cash on hand and in banks	**673,073,832**	–	–	–	**673,073,832**
Cash equivalents**	–	**7,075,833**	–	–	**7,075,833**
Short-term investments**	–	**95,064,960**	–	–	**95,064,960**
Trade receivables					
Private	–	**709,763,220**	–	–	**709,763,220**
Government	–	**9,641,983**	–	–	**9,641,983**
Related party	–	**330,174**	–	–	**330,174**
Loans receivable	–	**600,000,000**	–	–	**600,000,000**
	673,073,832	**1,421,876,170**	–	–	**2,094,950,002**
Excess (deficiency) of financial assets over financial liabilities	**₱646,635,689**	**₱1,109,408,718**	**(₱38,966,946)**	**(₱114,370,110)**	**₱1,602,707,351**

**Excludes nonfinancial liabilities amounting to ₱8.60 million.*
***Includes interest until maturity*

December 31, 2022

	On-demand	Up to a year	1-3 years	More than 3 years	Total
Financial liabilities:					
Trade and other payables and provisions*	₱–	₱305,467,875	₱–	₱–	₱305,467,875
Customers' deposits	25,821,780	–	–	–	25,821,780
Lease liabilities**	–	12,803,336	42,048,465	16,322,867	71,174,668
	25,821,780	318,271,211	42,048,465	16,322,867	402,464,323
Financial assets:					
Cash on hand and in banks	391,057,227	–	–	–	391,057,227
Cash equivalents**	–	206,451,080	–	–	206,451,080
Trade receivables					
Private	–	685,144,643	–	–	685,144,643
Government	–	7,196,850	–	–	7,196,850
Related party	–	835,912	–	–	835,912
Loans receivable	–	700,000,000	–	–	700,000,000
	391,057,227	1,599,628,485	–	–	1,990,685,712
Excess (deficiency) of financial assets over financial liabilities	₱365,235,447	₱1,281,357,274	(₱42,048,465)	(₱16,322,867)	₱1,588,221,389

**Excludes nonfinancial liabilities amounting to ₱9.70 million.*
***Includes interest until maturity*

Capital Management

The primary objective of the Group's capital management is to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Group is not subject to externally imposed capital requirements.

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, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for the years ended December 31, 2023 and 2022. The Group was able to meet its capital management objectives as of December 31, 2023 and 2022.

For the purpose of capital management, the Group's capital consists of:

	2023	2022
Capital stock	**₱661,309,398**	₱661,309,398
Capital paid in excess of par	**176,594,308**	176,594,308
Retained earnings:		
Appropriated	**1,000,000,000**	1,000,000,000
Unappropriated	**1,478,730,384**	1,136,421,715
	₱3,316,634,090	₱2,974,325,421

20. Fair Value

Fair Value

Due to the short-term nature of the transactions, the carrying value of cash in banks and cash equivalents, short-term investments, trade and other receivables, customers' deposits, and trade and other payables approximate their fair values.

The following table sets forth the carrying values and estimated fair values of the Group's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

			2023		
	Carrying Value	**Fair Value**	**Quoted prices in active market (Level 1)**	**Significant Observable inputs (Level 2)**	**Significant Unobservable inputs (Level 3)**
Measured at fair value					
Equity instruments designated at FVOCI					
Quoted	**₱8,699,915**	**₱8,699,915**	**₱399,915**	**₱8,300,000**	**₱–**
Unquoted	**28,929,633**	**28,929,633**	**–**	**–**	**28,929,633**
Land at appraised value	**563,000,000**	**563,000,000**	**–**	**–**	**563,000,000**
Assets for which fair values are disclosed					
Debt instruments at amortized cost					
Security and rental deposits*	**9,944,234**	**6,225,913**	**–**	**6,225,913**	**–**
Notes receivable	**5,946,153**	**5,868,794**	**–**	**5,868,794**	**–**
	₱616,519,935	**₱612,724,255**	**₱399,915**	**₱20,394,707**	**₱591,929,633**

**Excludes nonfinancial deposits amounting to ₱11.71 million as of December 31, 2023.*

	2022				
	Carrying Value	Fair Value	Quoted prices in active market (Level 1)	Significant Observable inputs (Level 2)	Significant Unobservable inputs (Level 3)
Measured at fair value					
Equity instruments designated at FVOCI					
Quoted	₱4,099,915	₱4,099,915	₱399,915	₱3,700,000	₱–
Unquoted	25,692,722	25,692,722	–	–	25,692,722
Land at appraised value	562,978,000	562,978,000	–	–	562,978,000
Assets for which fair values are disclosed					
Debt instruments at amortized cost					
Security and rental deposits*	6,386,326	5,873,627	–	5,873,627	–
Notes receivable	7,858,119	7,633,018	–	7,633,018	–
	₱607,015,082	₱606,277,282	₱399,915	₱17,206,645	₱588,670,722

**Excludes nonfinancial deposits amounting to ₱11.75 million as of December 31, 2022.*

Reconciliation of fair value measurements categorized within Level 3 is disclosed in Notes 8 and 9.

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate such value:

Security, rental deposits and notes receivable
The fair value of security and rental deposits have been calculated as the sum of all future cash flows, discounted using prevailing market rate of interest for instruments with similar maturities (Level 2).

Quoted financial assets
The fair values of publicly traded instruments and similar investments are based on quoted bid prices (Level 1). For investments in golf shares, fair value of golf shares was based on club share quotes that are publicly available from the local dailies and websites of club share brokers as of December 31, 2023 and 2022 (Level 2).

Unquoted financial assets
The fair value of the investment in unquoted equity instruments as of December 31, 2023 and 2022 was based on adjusted net asset value approach (Level 3). The Company believes that the net asset value represents the fair value as of balance sheet date. The significant unobservable inputs used in the valuation pertain to the discount for lack of control and lack of marketability. The decrease (increase) in fair value of unquoted financial assets assuming an increase (decrease) in discount for lack of marketability and lack of control of +10% (-10%) amounted to (₱5,821,226) and ₱6,597,390, respectively, as of December 31, 2023 while (₱5,062,575) and ₱5,737,585, respectively, as of December 31, 2022.

Land of a subsidiary at appraised value
The fair value of the land is determined by external, independent property appraisers, having appropriate recognized professional qualifications and recent experience in the location and category of the property being appraised. The appraised value as of December 31, 2023 and 2022 was determined using the Market Approach wherein the market prices for comparable property listings are adjusted to account for the marketability, nature, bargaining allowance, location and size of the specific properties (Level 3). Significant increases (decreases) in the estimated price per square meter in isolation would result in a significantly higher (lower) fair value. The valuation considers an industrial land development as the highest and best use of the properties.

The Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level of input that is significant to the fair value measurement as a whole) at the end of each reporting date. There were no transfers between Level 1 and Level 2 in 2023, 2022 and 2021.

21. Leases

The Company has various noncancellable operating lease agreements covering its office spaces, parking slots, warehouse, storage tanks, piping system, pumps, and bulk storage and handling facilities with remaining lease terms ranging from 2 years to 10 years. These leases are renewable upon mutual agreement of the parties and subject to escalation at a rate of 2.5% to 6.5% annually. In 2023, there were changes in the lease fixed rental payments.

Set out below are the amounts recognized in the consolidated statements of income.

	2023	2022	2021
Depreciation expense of right-of-use assets	**₱15,682,540**	₱10,562,146	₱9,839,894
Interest expense on lease liabilities	**7,176,403**	3,904,851	2,558,372
Short-term leases included under:			
Operating expenses	**7,815,452**	4,896,543	4,989,693
Cost of goods sold	**213,854**	807,908	476,732
	₱30,888,249	₱20,171,448	₱17,864,691

Total cash outflow for leases amounted to ₱19.12 million in 2023, ₱17.99 million in 2022 and ₱17.30 million in 2021.

The covering agreements of these leases require the Company to pay certain amounts of security and rental deposits, which are included under "Other noncurrent assets" in the consolidated balance sheets. The related security deposits amounted to ₱21.65 million and ₱18.14 million as of December 31, 2023 and 2022, respectively (see Note 10).

Set out below, is the rollforward analysis of lease liabilities during the years ended December 31:

	2023	2022
Balances at beginning of year	**₱57,097,608**	₱65,481,168
Non-cash changes:		
Modifications	**83,549,449**	–
Interest expense	**7,176,403**	3,904,851
Payments:		
Principal portion	**(11,728,918)**	(8,383,560)
Interest	**(7,176,403)**	(3,904,851)
Balances at end of year	**128,918,139**	57,097,608
Less current portion	**(12,800,223)**	(9,361,045)
Noncurrent portion	**₱116,117,916**	₱47,736,563

Shown below is the maturity analysis of the undiscounted lease payments as of December 31:

	2023	2022
Within one year	**₱21,352,580**	₱12,803,336
More than 1 years to 2 years	**21,996,442**	26,520,406
More than 2 years to 3 years	**16,970,505**	15,528,059
More than 3 years to 4 years	**17,619,854**	8,344,608
More than 5 years	**96,750,255**	7,978,259

22. Related Party Transactions

Related party relationship exists when one party has the ability to control, directly or indirectly, through one or more intermediaries, or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities which are under common control with the reporting entity and its key management personnel, directors or stockholders.

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely the legal form.

All individual material related party transactions shall be approved by at least two-thirds vote of the BOD, with a least a majority of the independent directors voting to approve the material related party transactions. In the event that the majority of the independent directors' vote is not secured, the material related party transactions may be ratified by the vote of the stockholders representing at least two-thirds of the outstanding capital stock. Material related party transactions refer to any related party transaction, either individually or in the aggregate over a twelve-month period with the same related party, with an amount equivalent to at least 10% of the Group's consolidated assets.

Outstanding balances and transactions with related parties are as follows:

Related parties	Nature	Year	Volume	Outstanding Balance	Terms and Conditions
Stockholders					
Mitsubishi Corporation	Purchases	**2023**	**₱351,421,236**	**₱–**	Unsecured, payable 30 days from date of bill of lading; to be settled in cash
		2022	408,425,312	–	
		2021	87,190,681	–	
Tosoh Corporation	Purchases	**2023**	**322,165,110**	–	Unsecured, payable 30 days from date of bill of lading; to be settled in cash
		2022	600,489,892	113,186,826	
		2021	223,554,686	–	
Retirement fund	Investment in MPI	**2023**	**–**	**7,750,000**	Guaranteed dividends equivalent to T-Bill Rate plus 300 basis points subject to declaration by the MPI's BOD
Mabuhay Vinyl Corporation - Retirement Fund		2022	–	7,750,000	
		2021	–	7,750,000	
Entity under common control					
Philippine Resins Industries, Inc.	Sales	**2023**	**5,136,430**	**330,174**	Unsecured; 30 days; non-interest-bearing
		2022	6,144,118	835,912	
		2021	4,063,207	401,375	
	Loans receivable	**2023**	**(100,000,000)**	**600,000,000**	Interest-bearing; to be settled in cash
		2022	–	700,000,000	
		2021	300,000,000	700,000,000	
	Interest income	**2023**	**₱35,412,864**	**₱5,542,300**	To be settled in cash
		2022	15,686,729	1,649,569	
		2021	8,060,082	1,596,314	

a. Mitsubishi Corporation

The Company purchases inventories from Mitsubishi based on agreed commercial terms and conditions.

b. Tosoh Corporation

The Company purchases inventories from Tosoh based on agreed commercial terms and conditions.

c. MVC Properties, Inc.

The Company has a lease agreement with MPI which was renewed starting January 1, 2020. The lease is for three years and will automatically renew thereafter unless terminated by both parties (see Note 21). On January 1, 2023, the lease was renewed for another three years or until December 31, 2025.

The Company also granted noninterest-bearing advances to MPI amounting to ₱1.50 million in 2023, ₱1.42 million in 2022 and ₱1.95 million in 2021 to finance MPI's working capital requirements. These advances were partially offset against the rental due to MPI amounting to ₱24.37 million in 2021. In 2022, the Company paid the advances due to MVC amounting to ₱2.54 million. Outstanding balances from these transactions amounted to ₱1.87 million and ₱0.37 million as of December 31, 2023 and 2022, respectively.

The above intercompany transactions were eliminated upon consolidation.

d. Mabuhay Vinyl Corporation - Retirement Fund

As of December 31, 2023 and 2022, the Company's defined benefit retirement fund has investments in the shares of stock of MPI with a cost of ₱7.75 million. No gain was recognized by the fund in relation to the investment. The Company's retirement fund is being managed by a trustee bank. All of the fund's investing decisions are made by the trustee bank. The power to exercise the voting rights rests with the representative from the trustee bank.

On December 18, 2009, the Company and Mabuhay Vinyl Corporation – Retirement Fund (MVC-RF) executed a Shareholder's Agreement (the Agreement) with respect to their investment in MPI. Among others, the Agreement provides for the following:

i. MPI's authorized capital stock comprises (a) 5,140,000 Common A shares with par value of ₱30.00 and (b) 7,800,000 Common B shares with ₱1.00 par value. The Company will own shares not exceeding 40% of the outstanding capital stock of MPI and MVC-RF will own at least 60%.

ii. The Common A and Common B shares have full voting rights and shall enjoy the same rights and privileges, except as follows:

- Each common B shares earns a fixed annual dividend (Guaranteed Preferred Dividend or GPD) which, upon declaration of MPI's BOD, is payable within 60 days from the close of the calendar year. The annual GPD is computed using PDST-R2 one year Treasury Bill rate plus 300 basis points upon payment by MVC-RF of its subscription. Accumulated GPD amounted to ₱0.72 million and ₱0.36 million as of December 31, 2023 and 2022, respectively.

- Undeclared/unpaid GPD shall, in addition to and on top of the GPD, earn a bonus dividend.
- The GPD shall be guaranteed and cumulative.
- The Common B shares, other than the GPD and other payments related thereto, shall not participate in net earnings of MPI.
- In the event that MPI is liquidated or dissolved, MVC-RF, as holder of the Common B shares, shall be entitled to be paid in full the accrued and unpaid GPD, plus the par value of such Common B shares; provided that, whatever is left as residual assets of MPI shall be used to pay the value of the Common A shares.

iii. The right of MVC-RF, as holder of Common B shares, to petition for the redemption of the shares is recognized and guaranteed.

iv. The Company shall designate or appoint the personnel who will be responsible for the day-to-day operations of MPI.

v. The Common B shares are redeemable at the option of MPI (the issuer).

e. Philippine Resins Industries, Inc. (PRII)

The Company sells finished goods to PRII, a fellow subsidiary of Tosoh Corporation, based on agreed commercial terms and conditions.

On February 7, 2020 and November 23, 2020, the Company entered into a loan agreement with PRII amounting to ₱240.00 million and ₱160.00 million, respectively, for a period of six months.

On August 18, 2021, the Company entered into an additional loan agreement with PRII amounting to ₱300.00 million for a period of six months or until February 14, 2022, which may be extended upon mutual agreement of both parties.

The loans are subject to an interest rate based on the Philippine BVAL Reference Rate Tenor of one month, as published by the Bankers Association of the Philippines, plus 0.50% per year.

The loans have been extended several times and will mature on August 3, 2024.
Rollforward of the Company's loans receivable are as follows:

	2023	2022
Balances at beginning of year	**₱700,000,000**	₱700,000,000
Collection	**(100,000,000)**	–
Balances at end of year	**₱600,000,000**	₱700,000,000

f. The compensation of key management personnel follows:

	2023	2022	2021
Short-term employee benefits	**₱9,882,791**	₱9,027,717	₱8,180,307
Retirement benefits (Note 17)	**2,076,489**	594,603	760,663
	₱11,959,280	₱9,622,320	₱8,940,970

There are no agreements between the Company and any of its directors and key officers providing for benefits upon termination of employment, except for such benefits to which they may be entitled under the Company's retirement plan.

23. **Basic/Diluted Earnings Per Share**

	2023	2022	2021
Net income attributable to the equity holders of the Company (a)	**₱408,439,609**	₱399,068,571	₱275,871,248
Weighted average number of shares outstanding (Note 12) (b)	**661,309,398**	661,309,398	661,309,398
Basic/Diluted earnings per share (a/b)	**₱0.618**	₱0.603	₱0.417

24. **Commitments, Provisions and Contingencies**

a. Unused Credit Lines

As of December 31, 2023, and 2022, the Group has unused credit lines amounting to ₱946.57 million and ₱948.72 million, respectively.

b. Provisions

Provision for probable loss pertains to provisions made for various assessments, claims and litigations involving the Group in the ordinary course of business. The timing and amount of the cash outflows were uncertain then as they depended upon the outcome of the Group's negotiations and/or any legal proceedings. Disclosure of additional details beyond the present disclosures may seriously prejudice the Group's position and negotiating strategy. Thus, as allowed by PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, only general descriptions were provided.

Movement of provisions are as follows:

	2023	2022	2021
Beginning balances	**₱11,000,000**	₱20,000,000	₱9,000,000
Additions	**14,000,000**	–	11,000,000
Payments	**(3,500,000)**	(9,000,000)	–
Ending balances	**₱21,500,000**	₱11,000,000	₱20,000,000

c. Contingencies

The Group, in the normal course of business, is subject to periodic examinations by tax authorities and is involved in various labor and other legal cases either as the defendant or plaintiff. The Group, together with its counsels, believes that the outcome of these cases will not have a material effect on the consolidated financial statements.

25. **Summarized Financial Information of MPI**

The summarized significant financial information of MPI as at and for the years ended December 31 follow:

	2023	2022	2021
Total current assets	**₱110,218,252**	₱87,392,571	₱70,867,688
Total noncurrent assets	**153,945,450**	153,945,450	153,945,450
Total current liabilities	**4,393,531**	2,835,760	4,495,535
Total equity	**259,770,171**	238,502,261	220,317,603
Total equity attributable to noncontrolling interest	**8,621,882**	8,705,016	8,345,021
Rental income	**25,590,943**	24,372,321	24,372,321
Net income /total comprehensive income	**21,993,653**	18,184,658	16,930,247
Net income/total comprehensive income attributable to noncontrolling interest	**638,709**	359,995	361,848
Cash dividends declared and paid	**(721,843)**	–	(2,156,826)
Net cash flows from operating activities	**18,388,053**	24,452,539	18,772,081
Net cash flows from investing activities	**(89,501,600)**	1,435,569	242,965
Net cash flows used in financing activities	**(721,843)**	(2,538,975)	(2,156,826)

There are no significant restrictions on the ability of MPI to transfer funds to the Company in the form of dividends, payment of advances, among others.

26. **Segment Information**

The Group is engaged in manufacturing and distributing basic and intermediate chemicals and considers such as its primary activity and only operating segment. Management monitors the operating results (net sales and net income) of the Group for the purpose of making decisions about resource allocation and performance assessment.

Net sales, net income, total assets and total liabilities as of and for the years ended December 31, 2023, 2022 and 2021 are the same as reported elsewhere in the consolidated financial statements.

Segment information for this reportable business segment is shown in the following table:

	2023	2022	2021
		Amounts in millions	
Revenue	**₱3,074**	₱3,201	₱2,187
Net income	**409**	399	276
Total assets	**4,334**	3,956	3,452
Total liabilities	**603**	569	418
Interest income	**47**	20	12
Income taxes	**136**	134	94
Depreciation and amortization	**106**	94	97
Capital expenditures	**412**	395	170

Revenue from contracts with customers are all coming from Philippines based on the locations of the customers. The noncurrent operating assets of the Group are also located in the Philippines. The Group does not have any customer that accounts for more than 10% of its total revenue.

27. Notes to Consolidated Statements of Cash Flows

The non-cash investing and financing activities follow:

	2023	2022	2021
Investing activities:			
Addition to right-of-use assets	**(₱83,549,449)**	₱–	(₱49,598,950)
Changes in fair value of equity instruments designated at FVOCI	**7,836,911**	5,176,816	1,782,889
Financing activities:			
Accretion of lease liabilities	**(7,176,402)**	(3,904,851)	(2,558,372)

SGV
Building a better working world

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
ey.com/ph

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
Mabuhay Vinyl Corporation
22F The Salcedo Towers,
169 H.V. Dela Costa St.,
Salcedo Village, Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Mabuhay Vinyl Corporation and its subsidiary (the Group) as at December 31, 2023 and 2022, and for each of the three years in the period ended December 31, 2023, included in this Form 17-A, and have issued our report thereon dated February 28, 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.

Manolito R. Elle
Manolito R. Elle
Partner
CPA Certificate No. 106471
Tax Identification No. 220-881-929
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
BIR Accreditation No. 08-001998-128-2023, January 25, 2023, valid until January 24, 2026
PTR No. 10079932, January 5, 2024, Makati City

February 28, 2024

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
ey.com/ph

INDEPENDENT AUDITOR'S REPORT ON
COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Stockholders and the Board of Directors
Mabuhay Vinyl Corporation
22F The Salcedo Towers,
169 H.V. Dela Costa St.,
Salcedo Village, Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Mabuhay Vinyl Corporation and its subsidiary (the Group) as at December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023, and have issued our report thereon dated February 28, 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 December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

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Partner
CPA Certificate No. 106471
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February 28, 2024

MABUHAY VINYL CORPORATION AND SUBSIDIARY
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2023 Audited Consolidated Financial Statements

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MABUHAY VINYL CORPORATION

SUPPLEMENTARY SCHEDULE OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

December 31, 2023

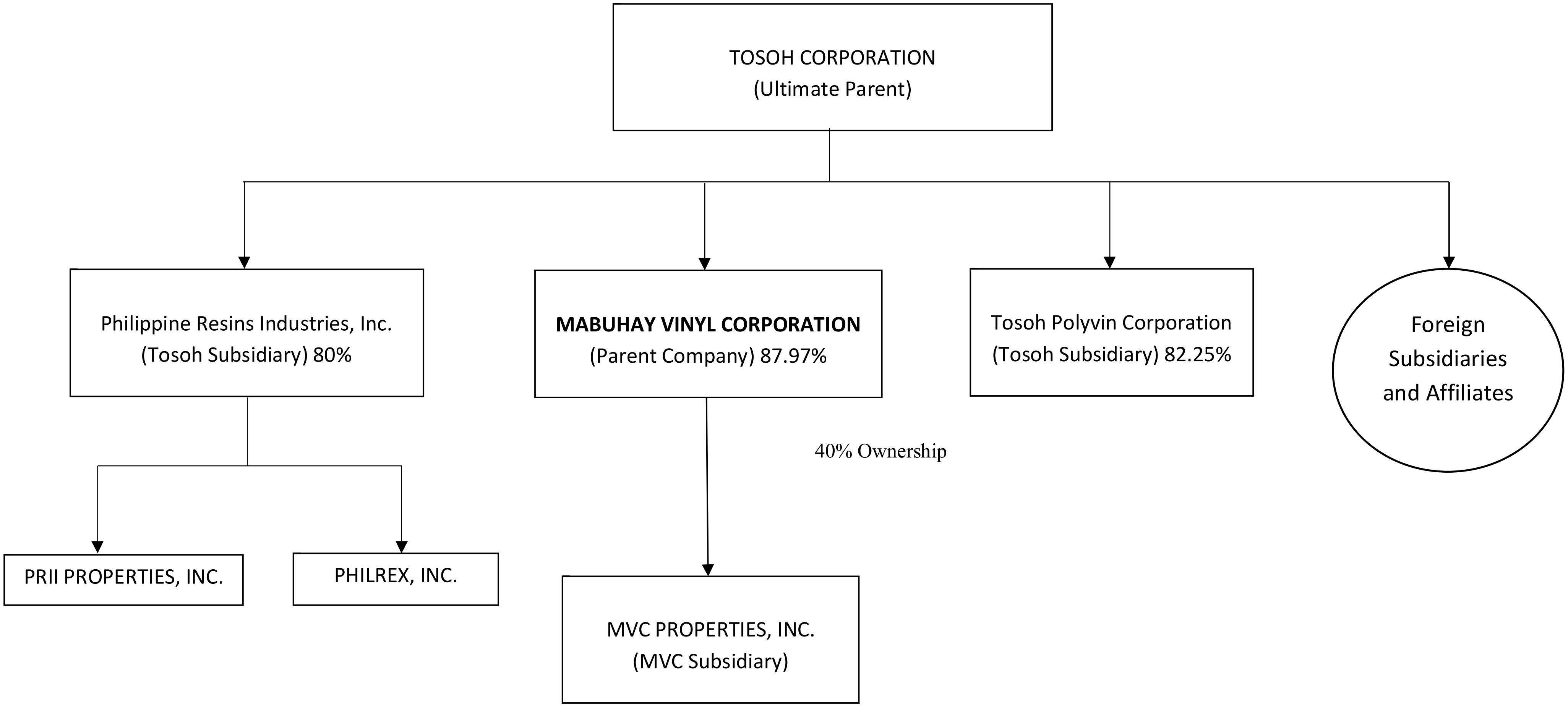
Unappropriated Retained Earnings, December 31, 2022		**₱997,994,575**
Add: Category A: Items that are directly credited to Unappropriated Retained Earnings		
Reversal of Retained Earnings Appropriation/s	₱–	
Effect of restatements or prior-period adjustments	–	
Deferred tax liability of right-of-use assets not offset against deferred tax assets of lease liabilities at beginning of year	48,199,889	48,199,889
Less: Category B: Items that are directly debited to Unappropriated Retained Earnings		
Dividend declaration during the reporting period	(66,130,940)	
Retained Earnings appropriated during the reporting period	–	
Effect of restatements or prior-period adjustments	–	
Others	–	(66,130,940)
Unappropriated Retained Earnings, as adjusted		**980,063,524**
Add: Net income for the current year		**378,694,841**
Less: Category C.1: Unrealized income recognized in the profit or loss during the reporting period (net of tax)	–	
Equity in net income of associate/joint venture, net of dividends declared	–	
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	(93,757)	
Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	–	
Unrealized fair value gain of investment property	–	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	–	
Sub-total		**(93,757)**
Add: Category C.2: Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)		
Realized foreign exchange gain, except those attributable to cash and cash equivalents	–	
Realized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	–	
Realized fair value gain of investment property	–	
Other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	–	
Sub-total		–

(Forward)

Add: Category C.3: Unrealized income recognized in profit or loss in prior periods but reversed in the current reporting period (net of tax)		
Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents	–	
Reversal of previously recorded fair value adjustment (mark-to market gains) of financial instruments at fair value through profit or loss (FVTPL)	–	
Reversal of previously recorded fair value gain of investment property	–	
Reversal of other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS, previously recorded	–	
Sub-total		–
Adjusted Net Income		**378,601,084**
Add: Category D: Non-actual losses recognized in profit or loss during the reporting period (net of tax)		
Depreciation on revaluation increment (after tax)	–	
Sub-total		–
Add/Less: Category E: Adjustments related to relief granted by the SEC and BSP		
Amortization of the effect of reporting relief	–	
Total amount of reporting relief granted during the year	–	
Others	–	
Sub-total		–
Add/Less: Category F: Other items that should be excluded from the determination of the amount of available for dividends distribution		
Net movement of treasury shares (except for reacquisition of redeemable shares)	–	
Net movement of deferred tax asset not considered in the reconciling items under the previous categories	(665,144)	
Net movement in deferred tax asset and deferred tax liabilities related to same transaction, e.g., set up of right of use of asset and lease liability, set-up of asset and asset retirement obligation, and set-up of service concession asset and concession payable	(2,599,256)	
Adjustment due to deviation from PFRS/GAAP - gain (loss)	–	
Others	–	
Sub-total		**(3,264,400)**
Total Retained Earnings available for dividend declaration, December 31, 2023		**₱1,355,400,208**

TOSOH CORPORATION

Map Showing the Relationship Between and Among the Company and its Ultimate Parent Company, Middle Parent, Subsidiaries or Co-subsidiaries, Associates, Wherever Located or Registered



Foreign Subsidiaries and Affiliates

TOSOH SUBSIDIARIES:

Ace Pack Co.,Ltd. (49.32%)
Organo Corporation (41.31%)
Kasumi Engineering Inc. (100%)
Kasumi Kyodo Jigyo Co.,Ltd. (65%)
Sankyo Kasei Industry Corporation (66.67%)
Sanwa Construction Co.,Ltd. (78.44%)
Seiwa Kouki Corp. (100%)
Taihei Chemicals Limited (74.59%)
Taiyo Vinyl Corporation (68%)
Tosoh AIA,Inc. (100%)
Tosoh SGM Corporation (100%)
Tosoh Quartz Corporation(NSG Japan) (100%)
Tosoh Information Systems Corporation (100%)
Tosoh Silica Corporation (100%)
Tosoh Speciality Materials Corporation (100%)
Tosoh Zeolum,Inc. (100%)
Tosoh Ceramics Co.,Ltd (100%)
Tosoh General Service Co.,Ltd (100%)
Tosoh Techno-System,Inc. (100%)
Tosoh Nikkemi Corporation (100%)
Tosoh Hi-Tec,Inc. (100%)
Tosoh Hyuga Corporation (100%)
Tosoh Finechem Corporation (100%)
Tosoh Logistics Corporation (100%)
Tosoh Analysis and Research Center Co.,Ltd. (100%)
Tohoku Denki Tekko Co.,Ltd. (96.76%)
Tohoku Tosoh Chemical Co.,Ltd. (100%)
Toyo Polymer Co.,Ltd. d. (100%)
Plas-Tech Corporation (65.06%)
Hokuetsu Kasei Co.,Ltd. (100%)
Minami Kyushu Chemical Industries Co.,Ltd. (72.29%)
Rinkagaku Kogyo Co.,Ltd. (100%)
Rensol Co.,Ltd. (100%)
Asia Industry Co.,Ltd. (100%)
Nippon Miractran Co.,Ltd. (100%)

Tosoh Europe N.V. (100%)
Tosoh Europe B.V. (100%)
Tosoh Bioscience A.G. (98%)
Tosoh Bioscience SRL (100%)
Tosoh Bioscience, Ltd. (100%)
Tosoh Bioscience GmbH (100%)
PT. Standard Toyo Polymer (60%)
Tosoh America, Inc. (100%)
Tosoh Bioscience LLC (100%)
Tosoh Bioscience, Inc. (100%)
Tosoh Quartz, Inc. (100%)
Tosoh SMD, Inc. (100%)
Tosoh SMD Korea, Ltd. (100%)
Tosoh SMD Taiwan, Ltd. (100%)
Tosoh SMD Shanghai, Ltd. (100%)
Tosoh Specialty Chemicals USA, Inc. (100%)
Tosoh USA, Inc. (100%)
Tosoh Asia Pte., Ltd. (100%)
Tosoh Hellas A.I.C. (65%)
Tosoh Quartz Co., Ltd. (100%)
Tosoh Advanced Materals Sdn. Bhd. (100%)
Tosoh India Private Limited (100%)
Tosoh China Holdings Co.,Ltd. (100%)
Tosoh (Ruian) Polyurethane Co.,Ltd (100%)
Tosoh (Shanghai) Polyurethan Co.,Ltd (100%)
Tosoh (Shanghai) Co.,Ltd. (100%)
Tosoh Bioscience Shanghai Co.,Ltd. (100%)
Tosoh (Guangzhou) Chemical Industries, Inc. (67%)

TOSOH AFFILIATES:

Izumi Sangyo Co.,Ltd. (46.67%)
Shinomura Chemical Industry Corporation (40%)
Toho Acetylene Co.,Ltd. (24.47%)
Yorin Construction Co.,td (50%)
Yokkaichi Oxyton Co.,Ltd. (40%)
Lonseal Corporation (36.16%)
Manac Incorporated (19.14%)
Delamine B.V. (50%)

MABUHAY VINYL CORPORATION
Schedule A. Financial Assets
December 31, 2023

Investments

Name of Issuing entity and association of each issue	Number of shares or principal amount of bonds and notes	Amount shown in the balance sheet	Valued based on market quotation at end of reporting period	Income received and accrued
Equity instruments designated at FVOCI:				
PLDT - Preferred stock - 10% cumulative, series U	350	₱4,025	₱4,025	₱–
Piltel	600	1,680	1,680	–
Atlas Consolidated Mining Corp.	79,000	394,210	394,210	–
Makati (Sports) Club, Inc.	1	1,000,000	1,000,000	–
The Orchard Golf and Country Club, Inc. (Class A)	1	2,300,000	2,300,000	–
Valley Golf and Country Club	1	5,000,000	5,000,000	–
Total quoted	79,953	**8,699,915**	**8,699,915**	–
Tosoh Polyvin Corporation	26,291	28,929,633	28,929,633	–
Total unquoted	26,291	**28,929,633**	**28,929,633**	–
	106,244	**₱37,629,548**	**₱37,629,548**	**₱–**
Debt instruments at amortized cost:				
Cash in banks and cash equivalents	–	₱677,973,832	₱–	₱–
Short-term investments	–	93,865,567	–	–
Trade and other receivables	–	727,693,170	–	–
Loans receivable	–	600,000,000	–	–
Notes receivables - noncurrent	–	4,043,646	–	–
Security and rental deposits	–	9,944,234	–	–
	–	**2,019,654,882**	–	–
Total financial assets	–	**₱2,057,284,430**	**₱–**	**₱–**

MABUHAY VINYL CORPORATION
Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
December 31, 2023

NOT APPLICABLE

MABUHAY VINYL CORPORATION
Schedule C. Amounts Receivable from Related Parties which were Eliminated during the Consolidation of Financial Statements
December 31, 2023

Name of Related Party	Balance at Beginning of Period	Balance at End of Period
MVC Properties Inc.	₱—	₱1,865,427

MABUHAY VINYL CORPORATION
Schedule D. Long-Term Debt
December 31, 2023

NOT APPLICABLE

MABUHAY VINYL CORPORATION
Schedule E. Indebtedness to Related Parties
December 31, 2023

Name of Related Party	Balance at Beginning of Period	Balance at End of Period
MVC Properties Inc.	₱–	₱–

MABUHAY VINYL CORPORATION
Schedule F. Guarantees of Securities and Other Issuers
December 31, 2023

NOT APPLICABLE

MABUHAY VINYL CORPORATION
Schedule G. Capital Stock
December 31, 2023

Title of Issue	Number of Shares Authorized	Number of Shares Issued and Outstanding	Number of Shares Reserved for Options, Warrants, Conversion and Other Rights	Number of Shares Held by Related Parties	Number of Shares Held by Directors and Officers	Number of Shares Held by Others
Common	1,072,942,532	661,309,398	–	621,465,834	50,629	39,792,935

MABUHAY VINYL CORPORATION
Financial Ratios
For the years ended December 31, 2023 and 2022

Ratio	Formula	Current Year	Prior Year
a. Quick ratio	(cash and cash equiv. + A/R + loan receivable + short term deposits) / current liabilities Cash and cash equivalents 680,073,832 Accounts receivable 727,693,170 Short term investments 93,865,567 Total 1,501,632,569 Divided by: Total Current Liabilities 358,059,299 Quick ratio 4.19	4.19	3.35
b. Current ratio	current assets / current liabilities Total Current Assets 2,476,864,204 Divided by: Total Current Liabilities 358,059,299 Current ratio 6.92	6.92	6.41
c. Solvency ratio	(net income + depreciation expense) / average liabilities Net income 409,078,318 Depreciation expense 105,416,885 Total 514,495,203 Divided by Average Total Liabilities* 586,032,442 Solvency ratio 0.88 *(beginning plus ending) / 2	0.88	1.00
d. Debt to equity ratio	total liabilities/ total stockholders' equity Total Liabilities 603,476,832 Divided by: Total Stockholders' Equity 3,730,295,288 Debt to equity ratio 0.16	0.16	0.17
e. Net profit margin	net income / sales Net income 409,078,318 Divided by: Total Net sales 3,073,772,249 Net profit margin 0.13	0.13	0.12
f. Return on equity	net income / average stockholders' equity Net income 409,078,318 Divided by: Average Total Stockholders' Equity* 3,558,757,176 Return on equity 0.11 *(beginning plus ending) / 2	0.11	0.12

Ratio	Formula	Current Year	Prior Year
g. Return on assets	net income / average assets Net income 409,078,318 Divided by: Average Total Assets 4,144,789,618 Return on assets 0.10 *(beginning plus ending) / 2	0.10	0.11
h. Debt to total asset ratio	total liabilities / total assets Total Liabilities 603,476,832 Divided by: Total Assets 4,333,772,120 Debt to total asset ratio 0.14	0.14	0.14
i. Asset to equity ratio	total assets / total stockholders' equity Total Assets 4,333,772,120 Divided by: Total Stockholders' Equity 3,730,295,288 Asset to equity ratio 1.16	1.16	1.17
j. Interest rate coverage ratio	earnings before interest and taxes / interest expense Net income 409,078,318 Interest Expense 7,176,403 Provision for Income Tax 135,618,656 EBIT 551,873,377 Divided by: Interest Expense 7,176,403 Interest rate coverage ratio 76.90	76.90	137.73

REPUBLIC OF THE PHILIPPINES)
CITY OF MAKATI) S.S.

TREASURER'S CERTIFICATION

I, **Michael S. Yu**, of legal age, Filipino and with office address at **22F The Salcedo Towers, 169 H.V. Dela Costa Street, Salcedo Village Makati City**, after being sworn in accordance with law, hereby certify that:

1. I am the Treasurer of **Mabuhay Vinyl Corporation** (the "Company"), a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines under SEC Certificate of Registration No. **PW00000216** with principal office address at **22F The Salcedo Towers, 169 H.V. Dela Costa Street, Salcedo Village Makati City**.

2. The Financial Statement ("F/S") diskette submitted contains the exact data stated in the hard copies of the F/S of the Corporation.

3. I am executing this certification to attest to the truth of the foregoing and in compliance with the reportorial requirements of SEC.

WITNESS MY HAND on this 28th day of February 2024 at Makati City.

Michael S. Yu
Treasurer

SUBSCRIBED AND SWORN to before me on this MAR 1 4 2024 day of ______ at CITY OF MAKATI, Affiant exhibited to me his Driver's License No. **N04-93-278955** issued on **August 24, 2019** at the **City of Manila**.

Doc. No.: 203
Page No.: 42
Book No.: XI
Series of 2024

ATTY. GERVACIO B. ORTIZ JR.
Notary Public City of Makati
Until December 31, 2024
IBP No. 05729- Lifetime Member
MCLE Compliance No. VII-0022734
valid until April 14, 2025
Appointment No. M-39 (2023-2024)
PTR No. 10073909 Jan. 2, 2024 / Makati
Makati City Roll No. 40091
101 Urban Ave. Campos Rueda Bldg.
Brgy. Pio Del Pilar, Makati City

Control No.:
Form Type: *GFFS (rev 2006)*

GENERAL FORM FOR FINANCIAL STATEMENTS

NAME OF CORPORATION: MABUHAY VINYL CORPORATION AND SUBSIDIARY
CURRENT ADDRESS: 22F THE SALCEDO TOWERS, 169 H.V. DELA COSTA STREET, SALCEDO VILLAGE, MAKATI CITY
TEL. NO.: 8817-8971 **FAX NO.:** 8816-4785
COMPANY TYPE : MANUFACTURING **PSIC:**

If these are based on consolidated financial statements, please so indicate in the caption.

Table 1. Balance Sheet

FINANCIAL DATA	2023 (in P'000)	2022 (in P'000)
A. ASSETS (A.1 + A.2 + A.3 + A.4 + A.5 + A.6 + A.7 + A.8 + A.9 + A.10)	**4,333,772**	**3,955,807**
A.1 Current Assets (A.1.1 + A.1.2 + A.1.3 + A.1.4 + A.1.5)	2,514,494	2,517,427
A.1.1 Cash and cash equivalents (A.1.1.1 + A.1.1.2 + A.1.1.3)	680,074	596,602
A.1.1.1 On hand and in Banks	673,074	391,057
A.1.1.2 Short term placements	7,000	205,545
A.1.1.3		
A.1.2 Trade and Other Receivables (A.1.2.1 + A.1.2.2)	727,693	701,362
A.1.2.1 Due from domestic entities (A.1.2.1.1 + A.1.2.1.2 + A.1.2.1.3 + A.1.2.1.4)	727,693	701,362
A.1.2.1.1 Due from customers (trade)	719,405	701,034
A.1.2.1.2 Due from related parties	330	836
A.1.2.1.3 Others, specify (A.1.2.1.3.1+A.1.2.1.3.2)	16,650	8,184
A.1.2.1.3.1 Tax Claims and Creditable Withholding Taxes		
A.1.2.1.3.2 Others	16,650	8,184
A.1.2.1.4 Allowance for doubtful accounts (**negative entry**)	(8,692)	(8,692)
A.1.2.2 Due from foreign entities, specify (A.1.3.2.1 + A.1.3.2.2 + A.1.3.2.3 + A.1.3.2.4)	-	-
A.1.2.2.1		
A.1.2.2.2		
A.1.2.2.3		
A.1.2.2.4 Allowance for doubtful accounts (**negative entry**)		
A.1.3 Inventories (A.1.3.1 + A.1.3.2 + A.1.3.3 + A.1.3.4 + A.1.3.5 + A.1.3.6)	258,052	425,165
A.1.3.1 Raw materials and supplies	109,635	86,660
A.1.3.2 Goods in process (including unfinished goods, growing crops, unfinished seeds)	10,285	15,655
A.1.3.3 Finished goods	100,430	290,716
A.1.3.4 Merchandise/Goods in transit		
A.1.3.5 Unbilled Services (in case of service providers)		
A.1.3.6 Others, specify (A.1.3.6.1+A.1.3.6.2)	37,702	32,134
A.1.3.6.1 Materials and supplies	37,702	32,134
A.1.3.6.2		
A.1.4 Financial Assets other than Cash/Receivables/Equity investments (A.1.4.1 + A.1.4.2 + A.1.4.3 + A.1.4.4+A.1.4.5+A.1.4.6)	637,630	729,793
A.1.4.1 Financial Assets at Fair Value through Profit or Loss - issued by domestic entities (A.1.4.1.1 + A.1.4.1.2 + A.1.4.1.3 + A.1.4.1.4 + A.1.4.1.5)		
A.1.4.1.1 National Government		
A.1.4.1.2 Public Financial Institutions		
A.1.4.1.3 Public Non-Financial Institutions		
A.1.4.1.4 Private Financial Institutions		
A.1.4.1.5 Private Non-Financial Institutions		
A.1.4.2 Held to Maturity Investments - issued by domestic entities (A.1.4.2.1 + A.1.4.2.2 + A.1.4.2.3 + A.1.4.2.4 + A.1.4.2.5)	-	-
A.1.4.2.1 National Government		
A.1.4.2.2 Public Financial Institutions		
A.1.4.2.3 Public Non-Financial Institutions		
A.1.4.2.4 Private Financial Institutions		
A.1.4.2.5 Private Non-Financial Institutions		

NOTE:

This general form is applicable to companies engaged in Agriculture, Fishery, Forestry, Mining, and Quarrying, Manufacturing, Electricity, Gas and Water, Construction, Wholesale and Retail Trade, Transportation, Storage and Communications, Hotels and Restaurants, Real Estate, Community, Social and Personal Services, other forms of production, and general business operations. This form is also applicable to other companies that do not have industry-specific Special Forms. Special forms shall be used by publicly-held companies and those engaged in non-bank financial intermediation

Domestic corporations are those which are incorporated under Philippine laws or branches/subsidiaries of foreign corporations that are licensed to do business in the Philippines where the center of economic interest or activity is within the Philippines. On the other hand, foreign corporations are those that are incorporated abroad, including branches of Philippine corporations operating abroad.

Financial Institutions are corporations principally engaged in financial intermediation, facilitating financial intermediation, or auxiliary financial services. Non-Financial institutions refer to corporations that are primarily engaged in the production of market goods and non-financial services.

Control No.:
Form Type: GFFS (rev 2006)

GENERAL FORM FOR FINANCIAL STATEMENTS

NAME OF CORPORATION: MABUHAY VINYL CORPORATION AND SUBSIDIARY
CURRENT ADDRESS: 22F THE SALCEDO TOWERS, 169 H.V. DELA COSTA STREET, SALCEDO VILLAGE, MAKATI CITY
TEL. NO.: 8817-8971 FAX NO.: 8816-4785
COMPANY TYPE : MANUFACTURING PSIC:

If these are based on consolidated financial statements, please so indicate in the caption.

Table 1. Balance Sheet

FINANCIAL DATA	2023 (in P'000)	2022 (in P'000)
A.1.4.3 Loans and Receivables - issued by domestic entities: (A.1.4.3.1 + A.1.4.3.2 + A.1.4.3.3 + A.1.4.3.4 + A.1.4.3.5)	600,000	700,000
A.1.4.3.1 National Government		
A.1.4.3.2 Public Financial Institutions		
A.1.4.3.3 Public Non-Financial Institutions		
A.1.4.3.4 Private Financial Institutions		
A.1.4.3.5 Private Non-Financial Institutions	600,000	700,000
A.1.4.4 Available-for-sale financial assets / Equity Instruments designated at fair value through other comprehensive income - issued by domestic entities: (A.1.4.4.1 + A.1.4.4.2 + A.1.4.4.3 + A.1.4.4.4 + A.1.4.4.5)	37,630	29,793
A.1.4.4.1 National Government		
A.1.4.4.2 Public Financial Institutions		
A.1.4.4.3 Public Non-Financial Institutions	400	400
A.1.4.4.4 Private Financial Institutions		
A.1.4.4.5 Private Non-Financial Institutions	37,230	29,393
A.1.4.5 Financial Assets issued by foreign entities: (A.1.4.5.1+A.1.4.5.2+A.1.4.5.3+A.1.4.5.4)		
A.1.4.5.1 Financial Assets at fair value through profit or loss		
A.1.4.5.2 Held-to-maturity investments		
A.1.4.5.3 Loans and Receivables		
A.1.4.5.4 Available-for-sale financial assets		
A.1.4.6 Allowance for decline in market value (negative entry)		
A.1.5 Other Current Assets (state separately material items) (A.1.5.1 + A.1.5.2 + A.1.5.3 + A.1.5.4)	211,045	64,505
A.1.5.1 Input tax - net	5,423	7,787
A.1.5.2 Creditable withholding tax	37,621	26,528
A.1.5.3 Prepaid expenses and other current assets	74,135	30,190
A.1.5.4 Short-term investments	93,866	0
A.2 Property, plant, and equipment (A.2.1 + A.2.2 + A.2.3 + A.2.4 + A.2.5 + A.2.6 + A.2.7+A.2.8)	1,546,064	1,178,016
A.2.1 Land	563,000	562,978
A.2.2 Building and improvements including leasehold improvement	401,295	401,295
A.2.3 Machinery and equipment (on hand and in transit)	1,900,843	1,900,733
A.2.4 Transportation/motor vehicles, automotive equipment, autos and trucks, and delivery equipment	350,177	319,498
A.2.5 Others, specify (A.2.5.1 + A.2.5.2 + A.2.5.3 + A.2.5.4 + A.2.5.5)	767,148	324,495
A.2.5.1 Office furniture and equipment	53,653	53,218
A.2.5.2 Construction in progress	544,385	185,716
A.2.5.3 Right-of-use asset-land	111,489	27,940
A.2.5.4 Right-of-use asset-building	26,135	26,135
A.2.5.5 Right-of-use asset-warehouse and storage tanks	31,486	31,486
A.2.6 Appraisal increase, specify (A.2.6.1 + A.2.6.2 + A.2.6.3 + A.2.6.4)	-	-
A.2.6.1		
A.2.6.2		
A.2.7 Accumulated Depreciation (**negative entry**)	(2,436,399)	(2,330,983)
A.2.8 Impairment Loss or Reversal (if loss, negative entry)		
A.3 Investments accounted for using the equity method (A.3.1 + A.3.2 + A.3.3)	-	-
A.3.1 Equity in domestic subsidiaries/affiliates		
A.3.2 Equity in foreign branches/subsidiaries/affiliates		
A.3.3 Others, specify (A.3.1.1 + A.3.2.1 + A.3.3.1 + A.3.3.4)	-	-
A.3.3.1		
A.4 Investment Property	0	0
A.5 Biological Assets		
A.6 Intangible Assets (A.6.1 + A.6.2)	-	-
A.6.1 Major item/s, specify (A.6.1.1 + A.6.1.2 + A.6.1.3 + A.6.1.4)	-	-
A.6.1.1	-	-
A.6.2 Others, specify (A.6.2.1 + A.6.2.2 + A.6.2.3 + A.6.2.4)	-	-
A.6.2.1		
A.7 Assets Classified as Held for Sale		
A.8 Assets included in Disposal Groups Classified as Held for Sale		

Control No.:
Form Type: *GFFS (rev 2006)*

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TEL. NO.: 8817-8971 **FAX NO.:** 8816-4785
COMPANY TYPE : MANUFACTURING **PSIC:**

If these are based on consolidated financial statements, please so indicate in the caption.

Table 1. Balance Sheet

F I N A N C I A L D A T A	2023 (in P'000)	2022 (in P'000)
A.9 Long-term receivables (net of current portion) (A.9.1 + A.9.2 + A.9.3)	-	-
A.9.1. From domestic entities, specify (A.9.1.1 + A.9.1.2 + A.9.1.3 + A.9.1.4)	-	-
A.9.1.1		
A.9.1.2		
A.9.1.3		
A.9.1.4		
A.9.2 From foreign entities, specify (A.9.2.1 + A.9.2.2 + A.9.2.3 + A.9.2.4)	-	-
A.9.2.1		
A.9.2.2		
A.9.2.3		
A.9.2.4		
A.9.3 Allowance for doubtful accounts, net of current portion (negative entry)		
A.10 Other Assets (A.10.1 + A.10.2 + A.10.3 + A.10.4+A.10.5)	273,214	260,364
A.10.1 Deferred charges - net of amortization		
A.10.2 Deferred Income Tax		
A.10.3 Advance/Miscellaneous deposits		
A.10.4 Others, specify (A.10.4.1 + A.10.4.2 + A.10.4.3 + A.10.4.4)	273,214	260,364
A.10.4.1 Security and rental deposits	21,654	18,139
A.10.4.2 Advances to suppliers noncurrent	247,382	225,347
A.10.4.3 Retirement benefits asset - net	0	10,685
A.10.4.4 Notes receivable - noncurrent portion	4,044	5,946
A.10.4.5 Intangible assets	134	247
A.10.5 Allowance for write-down of deferred charges/bad accounts (**negative entry**)		
B. LIABILITIES (B.1 + B.2 + B.3 + B.4 + B.5)	**603,477**	**568,588**
B.1 Current Liabilities (B.1.1 + B.1.2 + B.1.3 + B.1.4 + B.1.5 + B.1.6 + B.1.7)	474,177	435,740
B.1.1 Trade and Other Payables to Domestic Entities	296,336	321,784
B.1.1.1 Current portion of lease liabilities	12,800	9,361
B.1.1.2 Trade Payables	149,629	186,474
B.1.1.3 Payables to Related Parties, specify (B.1.1.3.1 + B.1.1.3.2 + B.1.1.3.3)	-	-
B.1.1.3.1		
B.1.1.3.2		
B.1.1.3.3		
B.1.1.4 Others, specify (B.1.1.4.1 + B.1.1.4.2 + B.1.1.4.3)	133,907	125,949
B.1.1.4.1 Accrued expenses	92,040	85,805
B.1.1.4.2 Customer deposits	26,438	25,822
B.1.1.4.3 Others	15,429	14,322
B.1.2 Trade and Other Payables to Foreign Entities (specify) (B.1.2.1+B.1.2.2+B.1.2.3+B.1.2.4)	-	-
B.1.2.1		
B.1.2.2		
B.1.2.3		
B.1.2.4		
B.1.3 Provisions	21,500	11,000
B.1.4 Financial Liabilities (excluding Trade and Other Payables and Provisions) (B.1.4.1 + B.1.4.2 + B.1.4.3)	-	-
B.1.4.1		
B.1.4.2		
B.1.4.3		
B.1.4.4		
B.1.5 Liabilities for Current Tax	19,105	37,655
B.1.6 Deferred Tax Liabilities		
B.1.7 Others, specify (If material, state separately; indicate if the item is payable to public/private or financial/non-financial institutions)	137,236	65,301
B.1.7.1 Dividends declared and not paid at balance sheet date	21,118	17,564
B.1.7.2 Lease Liabilities - net of current portion	116,118	47,737
B.1.7.3 Liabilities under Trust Receipts	0	0
B.1.7.4 Portion of Long-term Debt Due within one year	0	0
B.1.7.5 Deferred Income		
B.1.7.6 Any other current liability in excess of 5% of Total Current Liabiilities, specify: (B.1.7.6.1 + B.1.7.6.2 + B.1.7.6.3 + B.1.7.6.4)	-	-
B.1.7.6.1 Short term loans	0	0
B.1.7.6.2		
B.1.7.6.3		
B.1.7.6.4		

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GENERAL FORM FOR FINANCIAL STATEMENTS

NAME OF CORPORATION: MABUHAY VINYL CORPORATION AND SUBSIDIARY
CURRENT ADDRESS: 22F THE SALCEDO TOWERS, 169 H.V. DELA COSTA STREET, SALCEDO VILLAGE, MAKATI CITY
TEL. NO.: 8817-8971 **FAX NO.:** 8816-4785
COMPANY TYPE : MANUFACTURING **PSIC:**

If these are based on consolidated financial statements, please so indicate in the caption.

Table 1. Balance Sheet

FINANCIAL DATA		2023 (in P'000)	2022 (in P'000)
B.2 Long-term Debt - Non-current Interest-bearing Liabilities (B.2.1 + B.2.2 + B.2.3 + B.2.4 + B.2.5)		-	-
B.2.1 Domestic Public Financial Institutions		0	0
B.2.2 Domestic Public Non-Financial Institutions			
B.2.3 Domestic Private Financial Institutions			
B.2.4 Domestic Private Non-Financial Institutions			
B.2.5 Foreign Financial Institutions			
B.3 Indebtedness to Affiliates and Related Parties (Non-Current)			
B.4 Liabilities Included in the Disposal Groups Classified as Held for Sale			
B.5 Other Liabilities (B.5.1 + B.5.2)		129,300	132,848
B.5.1 Deferred Income Tax		121,771	131,054
B.5.2 Others, specify (B.5.2.1 + B.5.2.2 + B.5.2.3 + B.5.2.4)		7,529	1,794
B.5.2.1 Retirement benefits payable		5,735	0
B.5.2.2 Asset retirement obligation		1,794	1,794
B.5.2.3			
B.5.2.4			
C. EQUITY (C.3 + C.4 + C.5 + C.6 + C.7 + C.8 + C.9+C.10)		**3,730,295**	**3,387,219**
C.1 Authorized Capital Stock (no. of shares, par value and total value; show details) (C.1.1+C.1.2+C.1.3)		661,309	661,309
C.1.1 Common shares	**688,309,398 shares, P1 par value**	661,309	661,309
C.1.2 Preferred Shares			
C.1.3 Others			
C.2 Subscribed Capital Stock (no. of shares, par value and total value) (C.2.1 + C.2.2 + C.2.3)		-	-
C.2.1 Common shares			
C.2.2 Preferred Shares			
C.2.3 Others			
C.3 Paid-up Capital Stock (C.3.1 + C.3.2)		0	0
C.3.1 Common shares			
C.3.2 Preferred Shares			
C.4 Additional Paid-in Capital / Capital in excess of par value / Paid-in Surplus		176,594	176,594
C.5 Minority Interest		8,622	8,705
C.6 Others, specify (C.6.1 + C.6.2 + C.6.3 + C.6.4 + C.6.5)		(7,081)	(7,915)
C.6.1 Reserve for fluctuations in available-for-sale financial assets		4,630	(3,207)
C.6.2 Remeasurement gains (losses) on retirement benefits - net of deferred income tax effect		(11,711)	(4,708)
C.6.3			
C.6.4			
C.6.5			
C.7 Appraisal Surplus/Revaluation Increment in Property/Revaluation Surplus		412,120	412,104
C.8 Retained Earnings (C.8.1 + C.8.2)		2,478,731	2,136,422
C.8.1 Appropriated		1,000,000	1,000,000
C.8.2 Unappropriated		1,478,731	1,136,422
C.9 Head / Home Office Account (for Foreign Branches only)			
C.10 Cost of Stocks Held in Treasury (**negative entry**)		0	0
D. TOTAL LIABILITIES AND EQUITY (B + C)		**4,333,772**	**3,955,807**

Control No.:
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GENERAL FORM FOR FINANCIAL STATEMENTS

NAME OF CORPORATION: MABUHAY VINYL CORPORATION AND SUBSIDIARY
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TEL. NO.: 8817-8971 **FAX NO.:** 8816-4785
COMPANY TYPE : MANUFACTURING **PSIC:**

If these are based on consolidated financial statements, please so indicate in the caption.

Table 2. Income Statement

FINANCIAL DATA	2023 (in P'000)	2022 (in P'000)
A. REVENUE / INCOME (A.1 + A.2 + A.3)	**3,141,470**	**3,213,871**
A.1 Net Sales or Revenue / Receipts from Operations (manufacturing, mining,utilities, trade, services, etc.) (from Primary Activity)	3,073,772	3,201,054
A.2 Share in the Profit or Loss of Associates and Joint Ventures accounted for using the Equity Method		
A.3 Other Revenue (A.3.1 + A.3.2 + A.3.3 + A.3.4 + A.3.5)	19,344	2,411
A.3.1 Rental Income from Land and Buildings		
A.3.2 Receipts from Sale of Merchandise (trading) (from Secondary Activity)		
A.3.3 Sale of Real Estate or other Property and Equipment		
A.3.4 Royalties, Franchise Fees, Copyrights (books, films, records, etc.)		
A.3.5 Others, specify (A.3.5.1 + A.3.5.2 + A.3.5.3 + A.3.5.4 + A.3.5.5 + A.3.5.6 + A.3.5.7)	19,344	2,411
A.3.5.1 Other Income	19,344	2,411
A.3.5.2 Logistics and other services	0	0
A.3.5.3		
A.3.5.4		
A.3.5.5		
A.3.5.6		
A.3.5.7		
A.4 Other Income (non-operating) (A.4.1 + A.4.2 + A.4.3 + A.4.4)	48,354	10,406
A.4.1 Interest Income	46,566	20,084
A.4.2 Dividend Income		
A.4.3 Gain / (**Loss**) from selling of Assets, specify (A.4.3.1 + A.4.3.2 + A.4.3.3 + A.4.3.4 + A.4.3.5 + A.4.3.6 + A.4.3.7)	-	197
A.4.3.1 Gain (Loss) on sale of equipment	0	197
A.4.3.2 Unrealized interest income on notes receivables	0	0
A.4.3.3		
A.4.3.4		
A.4.4 Gain / (**Loss**) on Foreign Exchange (A.4.4.1 + A.4.4.2 + A.4.4.3 + A.4.4.4)	1,788	(9,875)
A.4.4.1 Foreign exchange gain (loss) - net	1,788	(9,875)
A.4.4.2		
A.4.4.3		
A.4.4.4		
B. COST OF GOODS SOLD (B.1 + B.2 + B.3)	**1,866,010**	**2,013,139**
B.1 Cost of Goods Manufactured (B.1.1 + B.1.2 + B.1.3 + B.1.4 + B.1.5)	1,675,724	2,108,756
B.1.1 Direct Material Used	1,339,795	1,811,782
B.1.2 Direct Labor	41,443	41,137
B.1.3 Other Manufacturing Cost / Overhead	289,116	265,719
Goods in Process, Beginning	15,655	5,773
B.1.5 Goods in Process, End (**negative entry**)	(10,285)	(15,655)
B.2 Finished Goods, Beginning	290,716	195,099
B.3 Finished Goods, End (**negative entry**)	(100,430)	(290,716)
C. COST OF SALES (C.1 + C.2 + C.3)	**-**	**0**
C.1 Purchases		
C.2 Merchandise Inventory, Beginning		
C.3 Merchandise Inventory, End (**negative entry**)		
D. COST OF SERVICES, SPECIFY (D.1 + D.2 + D.3 + D.4 + D.5 + D.6)	**-**	**-**
D.1		
D.2		
D.3		
D.4		
D.5		
D.6		

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GENERAL FORM FOR FINANCIAL STATEMENTS

NAME OF CORPORATION: MABUHAY VINYL CORPORATION AND SUBSIDIARY
CURRENT ADDRESS: 22F THE SALCEDO TOWERS, 169 H.V. DELA COSTA STREET, SALCEDO VILLAGE, MAKATI CITY
TEL. NO.: 8817-8971 FAX NO.: 8816-4785
COMPANY TYPE : MANUFACTURING PSIC:

If these are based on consolidated financial statements, please so indicate in the caption.

Table 2. Income Statement

FINANCIAL DATA	2023 (in P'000)	2022 (in P'000)
E. OTHER DIRECT COSTS, SPECIFY (E.1 + E.2 + E.3 + E.4 + E.5 + E.6)	**-**	**-**
E.1 Cost of sales - Property	0	0
E.2		
E.3		
E.4		
E.5		
E.6		
F. GROSS PROFIT (A - B - C - D - E)	**1,275,460**	**1,200,732**
G. OPERATING EXPENSES (G.1 + G.2 + G.3 + G.4)	**730,763**	**666,811**
G.1 Selling or Marketing Expenses		
G.2 Administrative Expenses		
G.3 General Expenses	723,587	662,906
G.4 Other Expenses, specify (G.4.1 + G.4.2 + G.4.3 + G.4.4 + G.4.5 + G.4.6)	7,176	3,905
G.4.1 Interest and other financing charges	7,176	3,905
G.4.2 Impairment loss on investment property	-	0
G.4.3		
G.4.4		
G.4.5		
G.4.6		
H. FINANCE COSTS		
I. NET INCOME (LOSS) BEFORE TAX (F - G - H)	**544,697**	**533,921**
J. INCOME TAX EXPENSE (negative entry)	**(135,619)**	**(134,493)**
K. INCOME AFTER TAX	**409,078**	**399,428**
L. Amount of (i) Post-Tax Profit or Loss of Discontinued Operations; and (ii) Post-Tax Gain or Loss Recognized on theMeasurement of Fair Value less Cost to Sell or on the Disposal of the Assets or Disposal Group(s) constituting the Discontinued Operation (if any)		
L.1 **Net changes in fairvalue of AFS**		
L.2 **Increase in revaluation increment**		
M. Profit or Loss Attributable to Minority Interest	**639**	**360**
N. Profit or Loss Attributable to Equity Holders of the Parent	**408,439**	**399,068**

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GENERAL FORM FOR FINANCIAL STATEMENTS

NAME OF CORPORATION: MABUHAY VINYL CORPORATION AND SUBSIDIARY
CURRENT ADDRESS: 22F THE SALCEDO TOWERS, 169 H.V. DELA COSTA STREET, SALCEDO VILLAGE, MAKATI
TEL. NO.: 8817-8971 FAX NO.: 8816-4785
COMPANY TYPE : MANUFACTURING PSIC:

If these are based on consolidated financial statements, please so indicate in the caption.

Table 3. Cash Flow Statements

FINANCIAL DATA	2023 (in P'000)	2022 (in P'000)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income (Loss) Before Tax and Extraordinary Items	544,697	533,921
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities		
Depreciation and amortization	105,530	93,999
Others, specify: Interest income	(46,566)	(20,084)
Retirement benefit cost	7,083	(5,247)
Unrealized interest income on notes receivables	190	(53)
Interest expense	7,176	3,905
Unrealized foreign exchange (gain) loss	(1,039)	913
Loss on sale of property and equipment	0	(197)
Dividend income	0	0
Loss on sale of Property, Plant, and Equipment		
Changes in Assets and Liabilities:		
Decrease (Increase) in:		
Receivables	(19,867)	(89,969)
Inventories	172,682	(123,700)
Other Current Assets	(47,149)	906
Others, specify: Other noncurrent assets	(3,516)	3,889
Increase (Decrease) in:		
Accounts payable and accrued expenses	(17,805)	141,989
Trust receipts payable	0	0
Others, specify: Customer deposits	616	2,766
Asset retirement obligation	0	0
Cash generated from operations		
Income Taxes paid, including creditable withholding taxes	(172,217)	(132,871)
Interest Paid		0
A. Net Cash Provided by (Used in) Operating Activities (sum of above rows)	529,815	410,167
CASH FLOWS FROM INVESTING ACTIVITIES		
(Increase) Decrease in Short-term investments	0	(1,205)
(Increase) Decrease in Advances to suppliers	-	0
Reductions/(Additions) to Property, Plant, and Equipment	(411,928)	(395,200)
Others, specify: Proceeds from sale of equipment	0	197
Issuance of loans and notes receivables	0	(4,864)
Withdrawals (additions to) of short-term investments	(93,866)	0
Interest received	40,002	19,230
Collection of Notes receivable	101,722	2,509
B. Net Cash Provided by (Used in) Investing Activities (sum of above rows)	(364,070)	(379,333)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from:		
Loans		
Long-term Debt		
Issuance of Securities		
Others, specify: Short term loans	0	0
Payments of:		
(Loans)		
(Long-term Debt)	0	-
(Notes Payable)	0	0
Others, specify (negative entry):		
Principal portion of lease liabilities	(11,729)	(8,384)
Interest paid	(7,176)	(3,905)
Dividends paid	(63,300)	(64,556)
C. Net Cash Provided by (Used in) Financing Activities (sum of above rows)	(82,205)	(76,845)
D. EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(68)	(138)
NET (DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C+ D)	83,472	(46,149)
Cash and Cash Equivalents		
Beginning of year	596,602	642,751
End of year	680,074	596,602

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GENERAL FORM FOR FINANCIAL STATEMENTS

NAME OF CORPORATION: MABUHAY VINYL CORPORATION AND SUBSIDIARY
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TEL. NO.: 8817-8971 FAX NO.: 8816-4785
COMPANY TYPE : MANUFACTURING PSIC:

If these are based on consolidated financial statements, please so indicate in the caption.

Table 4. Statement of Changes in Equity

FINANCIAL DATA	(Amount in P'000)								
	Capital Stock	Additional Paid-in Capital	Revaluation Increment	Remeasurement PAS 19R	Reserve for fluctuation of AFS	Appropriated Retained Earnings	Unappropriated Retained Earnings	Noncontrolling interest	TOTAL
A. Balance, *1-Jan-22*	**661,309**	**176,594**	**401,428**	**(8,489)**	**(8,384)**	**1,000,000**	**803,484**	**8,345**	**3,034,287**
A.1 Correction of Error(s)									0
A.2 Changes in Accounting Policy									0
B. Restated Balance	**661,309**	**176,594**	**401,428**	**(8,489)**	**(8,384)**	**1,000,000**	**803,484**	**8,345**	**3,034,287**
C. Surplus									
C.1 Surplus (Deficit) on Revaluation of Properties									0
C.2 Surplus (Deficit) on Revaluation of Investments									
C.3 Currency Translation Differences									
C.4 Other Surplus (specify)									
C.4.1 Net unrealized gain on AFS financila assets									0
C.4.2 Treasury shares									0
C.4.3 Other comprehensive			10,676	3,781	5,177				19,634
C.4.4									
C.4.5									**0**
D. Net Income (Loss) for the Period							399,068	360	**399,428**
E. Dividends (negative entry)							(66,130)		**(66,130)**
F. Appropriation for (specify)									**0**
F.1 Capital Expenditures									
F.2									
F.3									
F.4									
8									
G. Issuance of Capital Stock									
G.1 Common Stock									
G.2 Preferred Stock									
G.3 Redemption of preferred stock									**0**
H. Balance, *31-Dec-22*	**661,309**	**176,594**	**412,104**	**(4,708)**	**(3,207)**	**1,000,000**	**1,136,422**	**8,705**	**3,387,219**
H.1 Correction of Error (s)									
H.2 Changes in Accounting Policy									**0**
I. Restated Balance	**661,309**	**176,594**	**412,104**	**(4,708)**	**(3,207)**	**1,000,000**	**1,136,422**	**8,705**	**3,387,219**
J. Surplus									
J.1 Surplus (Deficit) on Revaluation of Properties									0
J.2 Surplus (Deficit) on Revaluation of Investments									
J.3 Currency Translation Differences									
J.4 Other Surplus (specify)									
J.4.1 Net unrealized gain									
on AFS financila assets									**0**

J.4.2 Retirement of TS									**0**
J.4.3 Other comprehensive			16	(7,003)	7,837				850
J.4.4									
K. Net Income (Loss) for the Period							408,439	**639**	**409,078**
L. Dividends (negative entry)							(66,130)	**(722)**	**(66,852)**
M. Appropriation for (specify)									
M.1 Capital Expenditures									**0**
M.2									
M.3									
M.4									
M.5									
N. Issuance of Capital Stock									
N.1 Common Stock									
N.2 Preferred Stock									
N.3 Others									
O. Balance, *31-Dec-23*	**661,309**	**176,594**	**412,120**	**(11,711)**	**4,630**	**1,000,000**	**1,478,731**	**8,622**	**3,730,295**