

MABUHAY VINYL CORPORATION
MINUTES OF THE ANNUAL STOCKHOLDERS' MEETING
Via Remote Communication
on **27 April 2023**

I. CALL TO ORDER

After the invocation and singing of the Philippine national anthem, the meeting was called to order by the Chairman, Mr. Takahiro Machiba, at 3:00 pm.

II. PROOF OF NOTICE OF MEETING

The Corporate Secretary, Atty. Maria Melva E. Valdez, confirmed and certified that written notice of the meeting was published in print and online formats by two (2) newspapers of general circulation namely, by PhilSTAR Daily and The Manila Times, on 05 and 06 April 2023. The publication was made in accordance with the Company bylaws and the Securities and Exchange Commission (SEC) Memorandum Circular No. 6 series of 2020 and SEC Notice dated 13 March 2023.

A Certification to this effect was executed by Leo N. Alisgar of The Philippine Star and by Eden F. Del Rosario of The Manila Times. These Certificates are hereby submitted to form part of the Company records.

Additionally, the Notice of Meeting was posted on the Company website and disclosed via PSE Edge.

III. CERTIFICATION OF QUORUM

Certifying to the presence of a quorum, the Corporate Secretary stated that stockholders owning **93.98%** percentage of the outstanding capital stock were present, either by remote communication or by proxy. Hence, there was quorum for the transaction of any business during the meeting.

For the list of present directors and stockholders, see Annex "A".

IV. GUIDELINES IN PARTICIPATION BY REMOTE COMMUNICATION

The Chairman thanked all attendees for their patience and cooperation in making possible the Y2023 Annual Stockholders' Meeting (ASM) held by remote communication. Similar to last year's ASM, this year's ASM was held via remote communication in the interest of the health and safety of Company stakeholders and in order to observe the government regulations and prescribed precautionary measures during the pandemic.

To guide all participants, the Corporate Secretary reminded the stockholders of the basic guidelines, which was published on the Company website and disclosed on the PSE Edge System before the meeting, *to wit*:

Description of the voting and voting tabulation procedures

The holders of common stocks are entitled to one vote per share. An affirmative vote by the stockholders owning at least a majority of the outstanding capital stock shall be sufficient to approve matters requiring stockholder's action, except as to the election of directors. The holder of a majority interest of all outstanding stock of the Company entitled to vote at the meeting shall constitute a quorum for the transaction of business.

In connection with the election of directors, however, the system of cumulative voting will be followed. In cumulative voting, each stockholder is entitled to as many votes equal to the number of shares held by the stockholder at the close of business on the record date multiplied by the number of directors to be elected. A stockholder may cast all votes for a single nominee or may apportion such votes among any two or more nominees. The total number of votes cast shall not exceed the number of shares owned by him multiplied by the number of Directors to be elected.

Description of the opportunity given to stockholders or members to ask questions

An online web address (URL) was provided on the Company website, <http://www.mvc.com.ph>. Questions and comments could be sent via email prior to or during the meeting to asm@mvc.com.ph, and was limited to the items in the agenda of the meeting.

V. READING AND APPROVAL OF THE MINUTES OF THE ASM HELD ON 28 APRIL 2022

Copy of the minutes of the ASM held on 28 April 2022 was posted on the Company website before the meeting.

Upon motion duly made and seconded, the reading of the said minutes was dispensed with and the same was approved without amendments.

The Corporate Secretary recorded the following votes:

	FOR	AGAINST	ABSTAIN
NUMBERS OF SHARES VOTED	621,516,463 93.98%	0	0

VI. DECLARATION OF CASH DIVIDENDS

Mr. Machiba announced that the Board of Directors in its earlier meeting, declared a 10% per share (P 0.10/share) cash dividend to stockholders of record as of 26 May 2023, to be paid not later than 19 June 2023.

VII. PRESIDENT'S REPORT

The President and Chief Operating Officer (COO), Mr. Steve S.C. Pangilinan, reported highlights of the Y2022 operational and financial performance, significant events as well as Company outlook for the year 2023:

Mr. Pangilinan reported that MVC attained its highest revenue and profit since it began chemical operations in 1965.

The extraordinary performance was made possible because MVC was able to navigate the changing environment, provide quality products to our customers in a reliable manner, and focus on the long-term growth of the business.

To prepare for the future, MVC committed a P630 Million-investment to expand and modernize the chlor-alkali production facilities at the Iligan Plant. The project will increase production capacity by 68% and will also reduce carbon dioxide emissions through the use of state-of-the art electrolyzers, highly-efficient caustic evaporators and acid synthesis plants with heat-recovery systems once it starts commercial operations by January 2024.

Corporate Performance

MVC posted record-breaking revenues of P3.201 Billion in 2022. Compared to previous years, revenue in 2022 was P1.014 Billion or 46% higher than the previous year and also P348 Million or 12% higher than the previous record achieved in 2018.

The exemplary sales were due to strong demand for both caustic soda and chlorine-derivative chemicals which resulted in stable prices and higher volumes. In particular, the price of liquid caustic soda in the Asian market reached an all-time high of USD820/dmt in June thereby causing domestic prices to peak as well.

Net Profit after tax reached P399.4 Million or P123.2 Million (44%) higher than in 2021 as a result of the strong contribution from manufacturing operations, which successfully increased production volume while mitigating the high cost of energy. The consolidated income in 2022 was also the highest ever for the company.

Caustic Soda Market in 2021

Russia's invasion of Ukraine had far-reaching implications to chlor-alkali manufacturers globally. It disrupted energy sources when the world was gradually emerging from the pandemic. As a result, the cost of energy such as coal and natural gas prices doubled to \$400/mt and \$9/mmBTU, respectively. Since chlor-alkali production is an energy intensive activity, caustic soda prices increased as well, averaging above \$700/dmt in 2022 and peaking at \$820/dmt from June to July.

In Asia, demand was relatively weak due to China's COVID-19 restrictions, but prices remained elevated due to port congestions in China, improved demand for battery materials, and arbitrage opportunities in Europe.

All told, the profitability of chlor-alkali producers depended on their source of energy. Producers whose electricity is linked to coal or natural gas prices had a difficult year while those with low electricity cost made good profit.

On the other hand, sales of sodium hypochlorite increased due to its application as a disinfectant against COVID-19, which helped offset lower volumes for industrial water-biocide applications. Revenues from liquid chlorine likewise grew as demand for water disinfection remained stable due to sufficient water supply throughout the year.

Manufacturing Operations

MVC's productivity reached new heights with the Iligan Plant achieving higher output by 8.3% compared to 2021. Higher production and lower downtime were prioritized in 2022 due to the high price of imported caustic soda, which made domestic production highly favorable. Higher volume of chlorine derivatives was also necessary to support growing demand particularly in the electronics, water treatment and energy generation industries.

The Iligan Plant was also successful in mitigating the rising cost of electricity by maximizing power offtake of hydro-electric energy. The price of electricity generated from coal-fired power plants rates more than doubled when coal prices jumped above \$400/mt in March 2022. Good foresight, operations management and flexibility of power providers allowed MVC to minimize the impact of surging power cost.

MVC's Premium Bleach Plant in Laguna likewise performed well with production higher by 5.3% compared to 2021. Operation was reliable and safe throughout the year although the plant was burdened by high cost of raw materials.

Corporate Social Responsibility

Communities where MVC's businesses operate, particularly in Iligan Plant and Batangas Depot, benefited from CSR activities. These are in the form of medical missions, coastal clean-up drives, Brigada Eskwela and other activities.

MVC is also focused on identifying and reducing the amount of carbon dioxide emission from its operations. MVC will publish its Green House Gas Emission Report within 2023. In addition, the company's expansion and modernization project will be employing various technologies that will decrease energy consumption and GHG Emissions.

MVC also prepares a Sustainability Report as part of its 17-A Annual Report following the Global Reporting Initiative (GRI) Standard as required by the Securities and Exchange Commission. The report is available on the MVC website.

MVC continues to support the United Nations Global Compact Initiative and annually reports its progress and contributions toward its initiatives.

COVID-19 Response

From the surge in cases last January 2022 to the normalization of most activities by year-end, MVC has supported various initiatives to prevent the spread of COVID-19 with the implementation of health and safety protocols, providing free RT-PCR tests to employees and contractors, and purchasing vaccines and booster shots for all employees.

This was critical in preventing the spread of disease. There was no reported case of transmission within the company's premises. Moreover, only 10% of MVC employees contracted COVID-19 in 2022.

Future Expansion

MVC started implementation of the IEM2 Expansion Project last May 2022 with the goal of increasing caustic soda and chlorine production capacity at the Iligan Plant by 68% with an investment cost of P630 Million. The expansion includes related facilities for producing chlorine-derivatives such as hydrochloric acid and liquid chlorine.

The Project is scheduled to begin commercial operations by the end of 2023.

Outlook for the Rest of 2023

MVC faces a challenging 2023 with the combined impact of persistently high inflation, increasing interest rates and deflating consumer confidence resulting in a weak demand for chlor-alkali chemicals particularly in industries that are dependent on discretionary consumer spending.

MVC's basic chemicals are used in all facets of human activity. Although margins will be under pressure and volumes in certain industries may be lower, MVC is prepared to tackle the challenges that lie ahead.

Mr. Pangilinan also thanked the customers, shareholders, business partners, bankers, suppliers, employees and everyone who made MVC's resounding success possible.

VIII. RATIFICATION OF THE CORPORATE ACTS AND PROCEEDINGS OF THE BOARD OF DIRECTORS, OFFICERS AND MANAGEMENT FOR THE PERIOD UNDER REVIEW

After some discussion and on motion duly made and seconded, the following resolution was approved:

“RESOLVED, That the corporate acts and proceedings of the Board of Directors, Officers, and Management of Mabuhay Vinyl Corporation for the preceding year (28 April 2022 to 27 April 2023) are hereby approved and ratified.”

The Corporate Secretary recorded the following votes:

	FOR	AGAINST	ABSTAIN
NUMBERS OF SHARES VOTED	621,516,463 93.98%	0	0

IX. PRESENTATION & APPROVAL OF Y2022 ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

Copies of MVC's Y2022 Annual Report and Audited Financial Statements for the year ended 31 December 2022 were made available on the Company website prior to the meeting.

On motion duly made and seconded, the following resolution was approved:

“RESOLVED, That the Y2022 Annual Report and Audited Financial Statements for the year ended 31 December 2022 of Mabuhay Vinyl Corporation are hereby approved.”

The Corporate Secretary recorded the following votes:

	FOR	AGAINST	ABSTAIN
NUMBERS OF SHARES VOTED	621,516,463 93.98%	0	0

X. ELECTION OF DIRECTORS FOR THE YEAR 2023-2024

On behalf of the Nominations Committee, the Corporate Secretary announced the names of the nominees to the Board of Directors as well as the justifications for nominating as independent directors Messrs. Abejuela and Kong.

After tabulation of votes of proxies received and of those that participated by remote communication, the following were declared as the duly elected Directors of the Company for Y2023-Y2024 and until their successors are duly elected and qualified in accordance with the bylaws of MVC:

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

The Corporate Secretary recorded the following votes:

NAME OF DIRECTOR	FOR	AGAINST	ABSTAIN
Takahiro Machiba	621,516,463 93.98%	0	0
Steve S.C. Pangilinan	621,516,463 93.98%	0	0
Yasuhiro Fukuki	621,516,463 93.98%	0	0
Barbara Anne C. Migallos	621,516,463 93.98%	0	0
Francis J. Kong	621,516,463 93.98%	0	0
Ramon J. Abejuela	621,516,463 93.98%	0	0
Satoshi Maruyama	621,516,463 93.98%	0	0

XI. AMENDMENT OF THE SECOND ARTICLE OF THE ARTICLES OF INCORPORATION TO REFLECT ADDITIONAL PURPOSE

The Corporate Secretary discussed that the amendment is necessary in order to secure from the Food and Drugs Administration a License to Operate.

She added that the proposed Amendment is presented for stockholders' ratification. This matter is included in the Information Statement, posted on the Company's website and disclosed via PSE Edge.

On motion duly made and seconded, the following resolutions were approved:

“RESOLVED, That the Second Article of the Articles of Incorporation of Mabuhay Vinyl Corporation (“MVC” or the “Corporation”) shall be amended and read 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).”

The Corporate Secretary recorded the following votes:

	FOR	AGAINST	ABSTAIN
NUMBERS OF SHARES VOTED	621,516,463 93.98%	0	0

XII. APPOINTMENT OF EXTERNAL AUDITOR

On behalf of the Audit Committee, Mr. Pangilinan announced that Sycip Gorres Velayo & Co. (SGV) was recommended and endorsed by the Audit Committee and the Board of Directors as the Company’s external auditor.

On motion duly made and seconded, the following resolution was approved:

“RESOLVED, That Sycip Gorres Velayo & Co. is hereby appointed as Mabuhay Vinyl Corporation’s External Auditor for the fiscal year ending 31 December 2023, under such terms and conditions as Management may deem appropriate.”

The Corporate Secretary recorded the following votes:

	FOR	AGAINST	ABSTAIN
NUMBERS OF SHARES VOTED	621,516,463 93.98%	0	0

XIII. OTHER MATTERS

The Chairman inquired whether any stockholder who participated by remote communication raised questions.


After checking the online platform used, the Corporate Secretary reported that no questions were raised by stockholder.

XIV. ADJOURNMENT

There being no other matter to be discussed, the meeting was adjourned at around 4:00 p.m.


MARIA MELVA E. VALDEZ
Corporate Secretary

Attested by:


TAKAHIRO MACHIBA
Chairman of the Board of Directors
Presiding Officer of the Stockholders' Meeting

Annex A

STOCKHOLDERS PRESENT:

Total No. Shares Outstanding	661,309,398
Total No. Shares of Stockholders Present in Person	50,629
Total No. of Shares of Stockholders Represented by Proxy	621,465,834
Total No. of Shares Present (In Person and by Proxy)	621,516,463
Percentage of Shares of Stockholders Present	93.98%

DIRECTORS PRESENT:

Takahiro Machiba
 Steve S.C. Pangilinan
 Yasuhiro Fukuki
 Francisco J. Kong - Independent Director
 Barbara Anne C. Migallos
 Ramon J. Abejuela - Independent Director
 Satoshi Maruyama

OFFICERS PRESENT:

Romeo G. Dela Cruz - VP- Marketing
 Atsushi Utsunomiya - VP- Finance
 Michael S. Yu - Treasurer/VP-Corp. Planning
 Mark Francis D. Basan - AVP-Manufacturing
 Maria Melva E. Valdez - Corporate Secretary
 Pamela Ann T. Cayabyab - Assistant Corporate Secretary
 Betty Belle Irene S. Fabe - Bello Valdez & Fernandez

REPRESENTATIVE FROM THE AUDITOR:

Manolito R. Elle - Partner-in-charge (Sycip, Gorres, Velayo & Co.)

REPRESENTATIVE FROM THE STOCK TRANSFER AGENT

Roland Raymund P. Rojas - Security Services (BDO Stock Transfer)