



# MABUHAY VINYL CORPORATION



## NOTICE OF ANNUAL STOCKHOLDERS' MEETING OF MABUHAY VINYL CORPORATION

To All Stockholders:

Notice is hereby given that the Annual Stockholders' Meeting ("Meeting") of Mabuhay Vinyl Corporation (the "Company") will be held on **25 April 2024, 3:00 p.m.** In the interest of the health and safety of the Company's stakeholders, the Meeting will be held virtually and a link to the virtual meeting will be posted on the Company website, <http://www.mvc.com.ph/investor-relations/asm2024/>, and will be disclosed on PSE Edge.

The Agenda for the Meeting shall be as follows:

1. Call to Order
2. Proof of Notice of Meeting
3. Certification of Quorum
4. Guidelines in Participation by Remote Communication
5. Reading and Approval of the Minutes of the Annual Stockholders' Meeting held on 27 April 2023
6. President's Report
7. Ratification of the Corporate Acts of the Board of Directors, Officers, and Management for the Period under Review
8. Presentation and Approval of the Y2023 Annual Report and Audited Financial Statements
9. Election of Directors for the year 2024-2025
10. Appointment of External Auditor for Fiscal Year 2024
11. Other Matters
12. Adjournment

Only stockholders of record at the close of business hours of **29 March 2024** are entitled to notice of and to vote at the Meeting. Stockholders may attend and participate by remote communication or by appointing a proxy, such as the Chairman of the Meeting.

If you will be appointing a proxy, kindly date, sign, and deliver your proxy form to the Corporate Secretary at Mabuhay Vinyl Corporation, 22F The Salcedo Towers, 169, H.V. Dela Costa Street, Salcedo Village, Barangay Bel-Air, Makati City, Makati City on or before **18 April 2024**. All proxies received will be validated on 21 April 2024.



# MABUHAY VINYL CORPORATION



Note that Management is not soliciting proxies.

Stockholders that will participate by remote communication should register by notifying the Company through email to **asm@mvc.com.ph** of their intent to participate by on or before **18 April 2024**. Stockholders may vote electronically or in absentia, subject to validation procedures. The guidelines for registration and for participation by remote communication is attached to this Notice and posted on the Company website.

Pasig City, 15 March 2024

Very truly yours,

**MARIA MELVA E. VALDEZ**

*Corporate Secretary*



# MABUHAY VINYL CORPORATION



## NOTICE OF TO STOCKHOLDERS OF MABUHAY VINYL CORPORATION TO DISCLOSE BENEFICIAL OWNERSHIP OF SHARES

To All Stockholders:

The Revised Corporation Code requires corporations to disclose to the Securities and Exchange Commission (SEC) the results of the Annual Stockholders Meeting (ASM) and the beneficial owner of shares no later than thirty (30) days from the ASM or 24 May 2024, Friday. To timely comply with the law, please inform in writing the Corporate Secretary on or before the ASM of the name of the natural person that ultimately owns, controls, or exercises that ultimate effective control of the shareholdings your shareholdings in Mabuhay Vinyl Corporation. In case of any change in beneficial ownership of shares, please inform the Corporate Secretary no later than five (5) days from such change to timely make the necessary disclosures to the SEC.

Please direct disclosures on beneficial ownership of shares to the Corporate Secretary, Atty. Maria 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, Makati City.

Very truly yours,

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



# MABUHAY VINYL CORPORATION



## GUIDELINES IN PARTICIPATION BY REMOTE COMMUNICATION IN THE ANNUAL STOCKHOLDERS MEETING OF MABUHAY VINYL CORPORATION ON 25 APRIL 2024

To All Stockholders:

1. Stockholders who intend to participate in the Annual Stockholders Meeting (“Meeting”) by remote communication or by proxy must inform the Company their intention to do so by email at [asm@mvc.com.ph](mailto:asm@mvc.com.ph) on or before **18 April 2024**. Only stockholders of record that duly submitted their valid proxy or notified the Company their intention to participate by remote communication may vote at the Meeting.
2. For validation purposes, the email should include the following information of the stockholder: (i) full name; (ii) address; (iii) contact number, landline or mobile number, and (iv) a scanned copy of the front and back portion of a valid government issued identification card, preferably with photo and residential address. Valid government issued IDs include the following: passport, driver’s license, unified multi-purpose ID, SSS ID, senior citizen ID, among others. The provided information will be used solely for purposes of validating the identity of the stockholder.
3. For corporate stockholders, a copy of the Secretary’s Certificate attesting to the authority of the representative to vote for and on behalf of the corporate stockholder should be sent by email as well. Similar to Item 2, the following information on the authorized representative should be provided in the email: (i) full name; (ii) address; (iii) contact number, landline or mobile number, and (iv) a scanned copy of the front and back portion of a valid government issued identification card, preferably with photo and residential address.
4. Any data from stockholders or their authorized representative will be collected, stored, processed, and used exclusively for the purpose of electronic registration for the Meeting.



# MABUHAY VINYL CORPORATION



5. An online web address (URL) will be provided on the Company website, <http://www.mvc.com.ph>. Questions and comments may be sent via email prior to or during the meeting to [asm@mvc.com.ph](mailto:asm@mvc.com.ph), and shall be limited to the items in the Agenda of the meeting.
6. 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.
7. 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.
8. For the convenience of the stockholders, we recommend to register early prior to the deadline on **18 April 2024**. This is to allow sufficient time to address any concerns prior to the Meeting.

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

## PROXY

The undersigned (hereinafter referred to as the "Principal"), being a stockholder of Mabuhay Vinyl Corporation ("MVC"), hereby appoints and empowers **Mr./Ms.** \_\_\_\_\_ as the proxy to act/vote in the principals name and stead at any and all meetings of the stockholders of MVC until his replacement is duly appointed/empowered, or this proxy is terminated, by the Principal.

Done this \_\_\_\_th of day of \_\_\_\_\_ 2024 at \_\_\_\_\_ City, Philippines.

\_\_\_\_\_  
Stockholder

\_\_\_\_\_  
(authorized officer)

# COVER SHEET

P W 0 0 0 0 0 2 1 6

S.E.C Registration Number

M A B U H A Y V I N Y L C O R P O R A T I O N

(Company's Full Name)

2 2 F T H E S A L C E D O T O W E R 1 6 9 H . V .  
 D E L A C O S T A S T . S A L C E D O V I L L A G E  
 B R G Y . B E L - A I R , M A K A T I C I T Y

(Business Address: No. Street City/Town/Province)

Attys. Maria Melva E. Valdez &  
 Pamela Ann T. Cayabyab

Contact Person

88178971/  
 88159071 to 78

Company Telephone Number

1 2

Month

3 1

Day

SEC FORM 20-IS

FORM TYPE

April 25

Month Day  
 Annual Meeting

Secondary License Type, if Applicable

Dept. Requiring this Doc.

Dept. Requiring this Doc.

Amended Articles Number/Section

Amended Articles Number/Section

2,251

Total No. of Stockholders

Domestic

Domestic

Foreign

Foreign

To be accomplished by SEC Personnel concerned

File Number

File Number

LCU

LCU

Document I.D.

Document I.D.

Cashier

Cashier

STAMPS

SEC Number : PW00000216  
 File Number :

# **MABUHAY VINYL CORPORATION**

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(Company's Full Name)

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

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(Company's Address)

**000-164-009-00000**

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(TIN Number)

**88178971**

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(Telephone Number)

**88164785**

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(Fax Number)

## **SEC FORM 20-IS** **DEFINITIVE INFORMATION STATEMENT**

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Form Type

Each Active Secondary License Type and File Name: NONE



**SECURITIES AND EXCHANGE COMMISSION  
SEC FORM 20-IS  
INFORMATION STATEMENT PURSUANT TO SECTION 20  
OF THE SECURITIES REGULATION CODE**

1. Check the appropriate box:

- Preliminary Information Statement  
 Definitive Information Statement

2. Name of Registrant as specified in its charter: **MABUHAY VINYL CORPORATION**

3. Province, country or other jurisdiction of incorporation or organization: **Philippines**

4. SEC Identification Number: **PW00000216**

5. BIR Tax Identification Code: **000-164-009-00000**

6. Address of Principal Office: Postal Code:

**22<sup>nd</sup> Floor The Salcedo Towers** **1227**  
**169 H.V. Dela Costa Street, Salcedo Village**  
**Barangay Bel-Air, Makati City**

7. Registrant's telephone number, including area code: **(02) 8817-8971 to 76**

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

Date : **25 April 2024**  
Time : **3:00 p.m.**  
Location : Virtual Meeting via <http://www.mvc.com.ph/investor-relations/asm2024/>  
Registration : Email **asm@mvc.com.ph** on or before **18 April 2024**

9. Approximate date on which the Information Statement is first to be sent or given to security holders:  
**04 April 2024**

10. In case of Proxy Solicitations: NOT APPLICABLE (N/A)

Name of Person Filing the Solicitation Statement: N/A  
Address and Tel. No. : N/A

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

| Title of Each Class  | Number of Shares of Common Stock Outstanding |
|----------------------|--|
| <b>Common Shares</b> | <b>661,309,398</b>                           |

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

Yes   **X**   No       

The common stocks are listed in the Philippine Stock Exchange.

## **A. GENERAL INFORMATION**

### **Item 1. Date, time and place of meeting of security holders.**

(a) The Annual Stockholders' Meeting shall be held on:

Date : **25 April 2024**  
Time : **3:00 p.m.**  
Location : Virtual Meeting via <http://www.mvc.com.ph/investor-relations/asm2024/>  
Registration : Email **asm@mvc.com.ph** on or before 18 April 2024

Registrant's Complete Mailing Address:

**MABUHAY VINYL CORPORATION**  
**22<sup>nd</sup> Floor The Salcedo Towers**  
**169 H.V. Dela Costa Street, Salcedo Village, Barangay Bel-Air, Makati City**

(b) This Information Statement and a copy of the Company's Management Report are to be sent to qualified stockholders of record on or before **04 April 2024**.

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

### **Item 2. Dissenter's Right of Appraisal**

The matters to be discussed in the Annual Stockholders' Meeting subject of this Notice do not give rise to any appraisal right in favor of the stockholders.

Title X, Section 80 and Title IV, Section 41 of the Revised Corporation Code of the Philippines ("RCCP") allow a shareholder to exercise his right of appraisal in the following instances: (1) in case an amendment to the Articles of Incorporation will change or restrict the rights of such shareholder or otherwise extend or shorten the term of the company; (2) in case of sale, lease, exchange, transfer, mortgage, pledge, or other disposition of all or substantially all of the company's properties; (3) in cases of merger or consolidation; or (4) in case the company decides to invest its funds in another corporation or business.

As required by Title X, Section 81 of the RCCP, a dissenting stockholder who voted against a proposed corporate act may exercise the right of appraisal, when available, by making a written demand on the corporation for the payment of the fair value of the shares held within thirty (30) days from the date on which the vote was taken.

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

No Director, Officer, or Nominee for election as Director of the Company, or associate of the foregoing has any substantial interest in any matter to be acted upon, other than election to office.

The Corporation has not received any information from any Director that he intends to oppose any matter to be acted upon in this year's Annual Stockholders' Meeting.

## B. CONTROL AND COMPENSATION INFORMATION

### Item 4. Voting Securities and Principal Holders Thereof

(a) *Total Number of Shares Issued and Outstanding as of 29 February 2024*

|                               | Shares Outstanding | No. of Vote Each Share Is Entitled |
|-------------------------------|--------------------|------------------------------------|
| <b>Common Shares held by:</b> |                    |                                    |
| <b>Filipino nationals</b>     | <b>39,155,663</b>  | <b>One (1) vote per share</b>      |
| <b>Foreign nationals</b>      | <b>622,153,735</b> | <b>One (1) vote per share</b>      |
| <b>TOTAL</b>                  | <b>661,309,398</b> |                                    |

(b) *Record Date*

All stockholders of record as of **29 March 2024** are entitled to notice of and to vote at the Annual Stockholders' Meeting.

(c) *Manner of Voting*

The holders of common stock are entitled to one (1) vote per share. With respect to the election of Directors, stockholders of record are entitled to as many number of votes equal to the number of shares he owns as of Record Date multiplied by seven (7), the number of Directors to be elected. The stockholder may (i) cast all votes in favor of one (1) nominee; or (ii) cast votes for as many Directors to be elected; or (iii) distribute the votes among as many nominees he shall see fit.

Stockholders may vote by remote communication or through proxy by appointing the Chairman of the meeting. Please refer to the Guidelines in Participation by Remote Communication in the Annual Stockholders' Meeting for information on voting by remote communication or by proxy.

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

(i) *Security Ownership of Certain Record and Beneficial Owners of more than 5% as of 29 February 2024*

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 29 February 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         | <b>Tosoh Corporation</b><br>("Tosoh")<br>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.<br><br>The following are the representatives of Tosoh:<br><br>Yohei Chikamoto<br>Yasuhiro Fukuki<br>Barbara Anne C. Migallos<br>Satoshi Maruyama | Japanese    | 581,785,835<br>("r") | 87.9748 |

|        |   |   |          |            |        |
|--------|---|---|----------|------------|--------|
| Common | <b>Mitsubishi Corporation</b><br>("Mitsubishi")<br>6-3 Marunouchi 2-Chome<br>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.<br><br>Mr. Yasuhiro Fukuki is the representative of Mitsubishi. | Japanese | 39,679,999 | 6.0001 |
|--------|---|---|----------|------------|--------|

(ii) Security Ownership of Directors and Management as of 29 February 2024:

| Title of Class             | Name of Beneficial Owner   | Position               | Amount and Nature of Beneficial Ownership | Citizenship | Percentage (%) of Class |
|----------------------------|----------------------------|------------------------|---|-------------|-------------------------|
|                            | <b>Board of Directors:</b> |                        |   |             |                         |
| 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          | Independent Director   | 5,629 (d)                                 | Fil         | 0.0009                  |
| Common                     | Yasuhiro Fukuki            | Director               | 10,000 (d)                                | Jpn         | 0.0015                  |
| Common                     | Francisco J. Kong          | Independent 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                  |
| <b>Total for Directors</b> |                            |                        | <b>50,629</b>                             |             | <b>0.0080</b>           |

| Title of Class   | Name of Beneficial Owner | Position                          | Amount and Nature of Beneficial Ownership | Citizenship | Percentage (%) of Class |
|--|--------------------------|-----------------------------------|---|-------------|-------------------------|
| <b>Executive Officers:</b>   |                          |                                   |   |             |                         |
| Common Shares  | Yohei Chikamoto          | Chairman & CEO/Director           | -   | Jpn         | -                       |
| 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  | Mark Francis D. Basan    | AVP-Manufacturing                 | -   | Fil         | -                       |
| N/A  | Maria Melva E. Valdez    | Corporate Secretary               | -   | Fil         | -                       |
| N/A  | Pamela Ann T. Cayabyab   | Asst. Corporate Secretary         | -   | Fil         | -                       |
| <b>Total for Officers</b>  |                          |                                   | <b>-</b>                                  |             | <b>-</b>                |
| <b>Total Shares of Directors, Executive Officers, and Management</b> |                          |                                   | <b>50,629</b>                             |             | <b>0.0080</b>           |

(iii) Voting Trust Holders of 5% or more

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

(iv) *Change in Control*

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.

**Item 5. Directors and Executive Officers**

**(a) 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

A summary of qualifications of the incumbent Directors is attached as Annex "A".

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

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

During the meeting held on 28 February 2024, the Nominations Committee approved the following nominees for election to the Board of Directors at the upcoming Annual Stockholders' Meeting and said nominees have accepted their nomination:

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

Nominated as Independent Directors are Messrs. Ramon J. Abejuela and Francisco J. Kong. The Corporation will be electing only two (2) Independent Directors considering its size and operations. All nominees for Independent Directors were duly evaluated by the Nominations Committee and were found to be compliant with the guidelines on nomination and election of Independent Directors provided in Rule 38 of the Securities Regulation Code and the Corporation's Manual on Corporate Governance.

The nominees for Independent Directors were advised of SEC Memorandum Circular No. 5, Series of 2017 regarding the required Certificate of Qualification of Independent Directors. They were likewise informed of SEC Memorandum Circular No. 15, Series of 2017 (SEC MC No.15-2017) on the term limits of Independent Directors.

Messrs. Ramon J. Abejuela and Francisco J. Kong were nominated as Independent Directors by Mr. Steve S.C. Pangilinan. The nominees are not related to the respective nominating stockholder.

**(b) Executive Officers**

The Company's key executive officers as of 29 February 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 have been elected or appointed and has duly qualified.

For a summary of qualifications of each of the Executive Officers, please refer to the attached Annex "A" (pages 18 to 22).

**(c) Significant Employees**

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

**(d) 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.

**(e) 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.

## **(f) Involvement in Certain Legal Proceedings**

As of 29 February 2024, to the knowledge the Corporation, none of the Company's Directors or Executive Officers has 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.

To the knowledge of the Corporation, 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 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.

## **Item 6. 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)

| Name & Principal Position  | Year                | Salary     | Bonus     | Other Compensation |
|--|---------------------|------------|-----------|--------------------|
| <b>CEO and five most highly compensated Executive Officers:</b><br><br><b>Yohei Chikamoto</b><br><i>Chairman / CEO</i><br><br><b>Steve S.C. Pangilinan</b><br><i>President / COO</i><br><br><b>Michael S. Yu</b><br><i>Treasurer / VP-Corporate Planning</i><br><br><b>Atsushi Utsunomiya</b><br><i>VP-Finance</i><br><br><b>Romeo G. Dela Cruz</b><br><i>VP-Marketing</i> | 2024<br>(Projected) | 10,376,930 | 1,925,259 | 2,598,828          |
|  | 2023                | 9,882,791  | 1,833,580 | 2,475,074          |
|  | 2022                | 9,027,717  | 1,984,433 | 994,882            |
|  | 2024<br>(Projected) | 10,376,930 | 1,925,259 | 3,438,828          |
| <b>All Directors and Executive Officers As A Group</b>   | 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:

|    | <b>Name</b>                              | <b>Total (PHP)</b> |
|----|--|--------------------|
| 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.

## **Item 7. Independent Public Accountants**

### **(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 February 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*

**Item 8. Compensation Plans**

No action will be presented for stockholders' approval at this year's Annual Stockholders' Meeting with respect to any plan wherein cash or non-cash compensation may be paid or distributed.

**C. ISSUANCE AND EXCHANGE OF SECURITIES (Items 9 to 14)**

No action will be presented for stockholders' approval at this year's Annual Stockholders' Meeting that involves any of the following: (a) authorization or issuance of securities other than for the Exchange; (b) modification or exchange of the class of securities; (c) merger, consolidation, acquisition of securities of another person, sale or transfer of all or any substantial part of the assets of the Corporation; (d) liquidation or dissolution of the Corporation; or (e) restatement of any of the Corporations' assets, capital, or surplus accounts.

**D. OTHER MATTERS**

**Item 15. Action with Respect to Reports**

**(a) Approval of the Minutes of the Annual Stockholders' Meeting on 27 April 2023**

The Minutes of the Annual Stockholders' Meeting held on 27 April 2023 will be submitted for approval of the stockholders. For the convenience of the stockholders, copies of the Minutes will be made available for inspection or review at the Annual Stockholders' Meeting.

**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  
 Ramon J. Abejuela - Independent Director  
 Yasuhiro Fukuki  
 Francisco J. Kong - Independent Director  
 Satoshi Maruyama  
 Barbara Anne C. Migallos

**OFFICERS PRESENT:**

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

The following were the significant matters discussed, resolutions reached, and the record of the voting results at the 27 April 2023 Annual Stockholders' Meeting:

| <b>MATTERS DISCUSSED</b>  | <b>RESOLUTION</b>  | <b>VOTING RESULTS</b>           |
|---|--|---------------------------------|
| Approval of the Minutes of the Annual Stockholders' Meeting held on 28 April 2022                   | Approved.  | F – 93.98%<br>A – 0%<br>Ab – 0% |
| The President's Report  | Noted.   |                                 |
| Ratification of corporate acts and proceedings of the Board of Directors, Officers, and Management; | Approved.  | F – 93.98%<br>A – 0%<br>Ab – 0% |
| The Annual Report and Audited Financial Statements for the Fiscal Year 2022;                        | Approved.  | F – 93.98%<br>A – 0%<br>Ab – 0% |
| Election of Directors, including Independent Directors  | 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 By-Laws of the Corporation:<br><br>1. Takahiro Machiba<br>2. Steve S.C. Pangilinan<br>3. Ramon J. Abejuela – Independent Director<br>4. Yasuhiro Fukuki<br>5. Francisco J. Kong – Independent Director<br>6. Satoshi Maruyama<br>7. Barbara Anne C. Migallos | F – 93.98%<br>A – 0%<br>Ab – 0% |
| Appointment of External Auditor for Fiscal Year 2023.   | Approved.  | F – 93.98%<br>A – 0%<br>Ab – 0% |

F – For; A – Against; Ab – Abstain

The approval of the Minutes refers to the correctness of the Minutes and will not constitute an approval or disapproval of the matters stated in the Minutes.

**Description of the voting and voting tabulation procedures used in the previous meeting**

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 and a record of the questions asked and answers given**

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

During the meeting, the Chairman inquired whether any stockholder that participated by remote communication raised questions. After checking the online platform used, the Corporate Secretary reported that no questions were raised by stockholder.

**(b) Approval of the Management Report and Financial Statements for the period ended 31 December 2023**

Management will report on the significant business transactions, financial targets, and achievements for the fiscal year 2023.

**(c) Reports of Directors, Officers and Committees**

Actions approved by the Board of Directors shall be endorsed for ratification of the shareholders on the forthcoming annual stockholders' meeting:

| <b>Date</b> | <b>Meeting Type</b> | <b>Resolution</b>   |
|-------------|---------------------|---|
| 27 Apr 2023 | Regular             | <ul style="list-style-type: none"> <li>• Declaration of Cash Dividends</li> <li>• Authorized signatories for the Implementation of IEM 2 Modernization and Expansion Project</li> <li>• Election of Directors/Officers/Committee Members</li> </ul> |
| 27 Apr 2023 | Organizational      | <ul style="list-style-type: none"> <li>• Election of officers</li> </ul>  |
| 15 Jun 2023 | Special             | <ul style="list-style-type: none"> <li>• Resignation of Mr. Takahiro Machiba as Director/Chairman/CEO, effective 23 June 2023</li> <li>• Election of Mr. Yohei Chikamoto as Director/Chairman/CEO to replace Mr. Takahiro</li> </ul>                |

|             |         |   |
|-------------|---------|---|
|             |         | Machiba effective 23 June 2023  |
| 27 Jul 2023 | Regular | <ul style="list-style-type: none"> <li>• Extension of existing loan receivable to a related party</li> </ul>  |
| 14 Aug 2023 | Special | <ul style="list-style-type: none"> <li>• Approval of SEC Form 17-Q as of 30 June 2023</li> </ul>  |
| 16 Nov 2023 | Regular | <ul style="list-style-type: none"> <li>• Approval of Y2024 Annual Business Plan</li> <li>• Acceptance of the Board of Investment's Specific and General Terms and Conditions in connection with the Company's IEM2 Modernization and Expansion Project and assignment of authorized signatory</li> <li>• Timetable of Activities related to Y2024 Annual Stockholders' Meeting</li> </ul>                       |
| 7 Feb 2024  | Special | <ul style="list-style-type: none"> <li>• Extension of existing loan receivable to a related party</li> <li>• Setting ASM date and record date</li> <li>• Authorization to transact with government agencies and secure documents for Batangas Depot due diligence</li> </ul>  |
| 28 Feb 2024 | Regular | <ul style="list-style-type: none"> <li>• Appointment of external auditors</li> <li>• Appointment of proxy for MPI and TPC's annual stockholders' meeting</li> <li>• Report of nomination committee regarding list of nominees</li> <li>• Authorization to file complaint against contractor's employee</li> <li>• Renewal of insurance coverage</li> <li>• Update of Secretary's Certificate for BDO</li> </ul> |

**Item 16. Matters Not Required to be Submitted**

The acts of the Board of Directors, Executive Officers, and Management during the fiscal year 2023 will be presented for ratification of the stockholders. These acts include resolutions regarding the usual course of business of the Corporation, including the opening of bank accounts and the designation of authorized signatories for various commercial transactions.

**Item 17. Amendment of Charter, By-laws, or Other Documents**

No action will be presented for stockholders' approval at this year's Annual Stockholders' Meeting with respect to any amendment of the Corporation's charter, by-laws, or other documents.

**Item 18. Other Proposed Action**

**(a) Election of Directors**

Seven (7) Directors will be elected, including the Independent Directors, for the year 2024 to 2025.

**(b) Appointment of External Auditor**

The External Auditor will be appointed for the fiscal year 2024.

**(c) Ratification of the Corporate Acts of the Board of Directors, Officers and Management for the Period under Review**

The acts of the Board of Directors, Executive Officers, and Management during the fiscal year 2023 will be presented for ratification of the stockholders. These acts include resolutions regarding the usual course of business of the Corporation, including the designation of authorized signatories for various commercial transactions.

**(d) Review of Shareholders' Agreement**

Management would like to review and revise certain provisions of the Shareholders' Agreement entered into by MVC and MVC-Retirement Fund executed in December 2009 to conform with the current laws and accounting standards.

**Item 19. Voting Procedure**

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, in person or by proxy, shall constitute a quorum for the transaction of business. Only written proxies signed by the stockholders and duly presented to the Corporate Secretary on or before 18 April 2024 shall be honored for purposes of voting.

The holders of common stocks are entitled to one vote per share. 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.

All votes shall be cast and counted by the Corporate Secretary, assisted by the External Auditor. Stockholders may vote by remote communication or through proxy by appointing the Chairman of the meeting. Please refer to the Guidelines in Participation by Remote Communication in the Annual Stockholders' Meeting for information on voting by remote communication or by proxy.

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. Maria Melva E. Valdez, at the following address: *Mabuhay Vinyl Corporation, 22<sup>nd</sup> Floor The Salcedo Towers, 169 H.V. Dela Costa Street, Salcedo Village, Barangay Bel-Air, Makati City.* The written request may also be sent electronically to [asm@mvc.com.ph](mailto:asm@mvc.com.ph).

Likewise, electronic copies of Notice of Meeting, Information Statement and Other Documents may also be accessed from the Company's website <http://www.mvc.com.ph/investor-relations/asm2024/>

#### SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Makati on \_\_ March 2024.

**MABUHAY VINYL CORPORATION**

By:

  
**MARIA MELVA E. VALDEZ**  
Corporate Secretary

## ANNEX “A”

### INCUMBENT BOARD OF DIRECTORS, EXECUTIVE OFFICERS, AND NOMINEES:

#### MEMBERS OF THE BOARD:

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** - 53, 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, HWA 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.

**CORPORATE OFFICERS:**

9. **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].

10. **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.

11. **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].

12. **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].

13. **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] and Management Committee Member, JGLaw Offices; Senior Partner, Bello Valdez and Esguerra Law Offices; Corporate Secretary/Director since 1998 Keppel Phils. Holdings, Inc.; Corporate Secretary since 1998 Keppel Phils. Marine, Inc., Keppel Phils. Properties, Inc., SM Keppel Land Inc. and Asian Institute of Management; Corporate Secretary since 2004 Keppel 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.

14. **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; Senior Partner, Bello Valdez and Esguerra Law Offices.

**FINAL LIST OF NOMINEES:**

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

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\* Elected as Director June 23, 2023

\*\* Resigned as Director June 23, 2023

**MANAGEMENT REPORT****A. Description of Business**

Mabuhay Vinyl Corporation (“MVC”) was incorporated and duly registered with the Philippine Securities and Exchange Commission 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 10 October 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 Philippine Securities and Exchange Commission (“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 invested in a major expansion of its chlor-alkali business (“IEM Project”); the plant started commercial operations in October 2003. On 13 December 2006, the Company started implementation of its Ion Exchange Membrane (“IEM”) Phase 2 Project. MVC is the only chlor-alkali producing company in the Philippines and caters to the industrial and household markets. The IEM2 Plant was placed into commercial operations on 25 August 2008.

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 January 1, 2020. The lease is for three years and will automatically renew thereafter unless terminated by both parties. 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 improve production efficiency and output, the Company purchased new ion exchange elements and electrolyzer membranes in 2023. Likewise, the Company also refurbished and repair the existing elements during the year.

To accommodate the growing market demand and maintain the Company’s competitive position, the Company expanded its Ion Exchange Membrane (IEM) plant in Iligan City. This Project 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 importers 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 uses salt as raw material. In 2023 and 2022, the Company purchased salt from Marubeni Corporation.

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.

The Company purchases inventories from Tosoh Corporation and Mitsubishi Corporation (Related parties) based on agreed commercial terms and conditions. Total purchases from Tosoh Corporation amounted to P322.17 million and P600.49 million in 2023 and 2022, respectively while purchases from Mitsubishi amounted to P351.42 million and P408.43 million in 2023 and 2022, respectively.

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 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.

The Company incurred minimal amounts for research and development activities, which do not amount to a significant percentage of revenues.

## B. 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 : P508,662.61
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 : P25,921,775.65
3. Case Title : Mabuhay Vinyl Corporation vs. Ernesto C. Ouano Development and 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 ₱1,180,771.24  
Progress/Status : The final registry / liquidation plan of claims have been submitted for courts 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 : ₱1,180,771.24
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  
Authority 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 (1) one 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). In the resolution dated 05 December 2018, the SC 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. Sub-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 Canoy's.



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 04 January 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.

### C. Securities of the Registrant

#### Market Price, Dividend and Related Stockholder Matters

The principal market of Mabuhay Vinyl's common equity is the Philippine Stock Exchange ("PSE") where it was listed last 05 February 1997. 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 |      |
|---------------------|-------------|------|-------------|------|-------------|------|-------------|------|
|                     | 2022        | 2023 | 2022        | 2023 | 2022        | 2023 | 2022        | 2023 |
| <i>Market Price</i> |             |      |             |      |             |      |             |      |
| High                | 4.48        | 5.89 | 6.00        | 5.74 | 5.59        | 6.20 | 6.77        | 6.00 |
| Low                 | 4.10        | 4.80 | 4.00        | 5.00 | 4.61        | 4.80 | 4.40        | 5.24 |

*\*No transaction for the period January 1 to March 25, 2024.*

The price as of 22 March 2024 (latest practicable trading date) is P5.57.

There are no recent sales of unregistered or exempt securities including recent issuance of securities constituting an exempt transaction.

There are approximately 2,251 holders of common shares of the Company as of 29 February 2024.

Please refer to Annex "C" page 42 for the List of material information on the current stockholders and their voting rights as of 29 February 2024.

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

| <u>Date of Declaration</u> | <u>Date of Record</u> | <u>Dividend rate</u> | <u>Dividend per share</u> |
|----------------------------|-----------------------|----------------------|---------------------------|
| 28 April 2022              | 26 May 2022           | 10%                  | 0.10                      |
| 27 April 2023              | 26 May 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.

#### D. Management's Discussion and Analysis or Plan of Operation

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

|                              | <i>As of December 31 (In Thousands)</i> |             |             |
|------------------------------|---|-------------|-------------|
|                              | <b>2023</b>                             | <b>2022</b> | <b>2021</b> |
| <b>Income Statement Data</b> |   |             |             |
| 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                   | 409,078                                 | 399,429     | 276,233     |

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 decline by 7.8% due to higher administrative and distribution expenses.

Caustic soda prices in the world market have 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.

In 2024, the Company intends to achieve revenues of P2.98 billion, gross profit of P1.15 billion and net income after tax of P274.06 million. Sales volume is targeted to be slightly higher than the prior year.

The Company intends to increase its caustic soda and chlorine production capacity at its Iligan Plant by 68%. The expansion includes related facilities for producing chlorine-derivatives such as hydrochloric acid and liquid chlorine. The expanded capacity will be implemented through a combination of investments in plant production capacity, upgrade of marine-tanker capability and improvement in depot facilities. The project will utilize the latest technologies that will result to reduced power and steam consumption, generate steam from waste process heat and utilize the hydrogen gas by-product as supplemental boiler fuel. These energy efficient technologies will also enable the plant to reduce carbon dioxide (CO<sub>2</sub>) emission after expansion.

MVC's expansion is a clear commitment by the Company to serve the growing needs of its customers in a reliable, sustainable and cost-effective manner. The Company expects to complete the expansion project in 2024.

There are no significant events that could have a negative impact on the Company's outlook for 2024 except for the price movements of liquid caustic soda. The Company expects its power allocation to be sufficient to meet planned production targets assuming no major breakdown in Mindanao's power plants. On the other hand, the movement of liquid caustic soda price in the international market may introduce some risks to the portion of the Company's trading business where it had entered into fixed-price supply contracts.

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.

There are no events that will trigger direct or contingent financial obligation that is material to the Company.

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. These expenditures were financed using cash from operations.

Material changes on line items in the financial statements for the year ending 31 December 2023 are included in "Management's Discussion and Analysis" below (refer to pages 28-36).

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.

#### MATERIAL CHANGES IN FINANCIAL CONDITION

| <i>From 01 January 2023 to<br/>31 December 2023</i>  | <i>From 01 January 2022 to<br/>31 December 2022</i>  | <i>From 01 January 2021 to<br/>31 December 2021</i>   |
|--|--|---|
| <p><b>a. Cash and cash equivalents increased by P83.5M</b><br/>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.</p> | <p><b>a. Cash and cash equivalents decreased by P46.2M</b><br/>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.</p> | <p><b>a. Cash and cash equivalents decreased by P394.6M</b><br/>due to investment of excess funds to loans receivable to a related party. P392.0 million of the cash balance was invested in short-term money market placements with less than three months maturity.</p> |
| <p><b>b. Short-term investments Increased by P93.9M</b><br/>due to investment of excess cash to short term placements with more than three months maturity.</p>  | <p><b>b. Short-term investments (nil)</b><br/>no change</p>  | <p><b>b. Short-term investments (nil)</b><br/>no change</p>   |
| <p><b>c. Accounts Receivable increased by P26.3M</b><br/>due to higher trade receivables during the year.</p>  | <p><b>c. Accounts Receivable increased by P90.6M</b><br/>due to higher sales.</p>  | <p><b>c. Accounts Receivable increased by P110.4M</b><br/>due to higher trade receivables during the year.</p>  |
| <p><b>d. Loans Receivable decreased by P100.0M</b><br/>due to collection of loans.</p>   | <p><b>d. Loans Receivable</b><br/>no change</p>  | <p><b>d. Loans Receivable increased by P300.0M</b><br/>due to the loans granted during the period.</p>  |
| <p><b>e. Inventories decreased by P172.7M</b><br/>due to sale of finished goods and normal depletion of materials and supplies used in production.</p>   | <p><b>e. Inventories increased by P123.7M</b><br/>due to receipt of imported materials.</p>  | <p><b>e. Inventories increased by P69.2M</b><br/>due to receipt of imported materials.</p>  |
| <p><b>f. Other current assets increased by P58.2M</b><br/>due to advances made to suppliers.</p>   | <p><b>f. Other current assets increased by P4.3M</b><br/>due to advances made to suppliers.</p>  | <p><b>f. Other current assets increased by P34.5M</b><br/>due to advances made to suppliers and excess input tax from purchases and importations.</p>   |

| <i>From 01 January 2023 to<br/>31 December 2023</i>   | <i>From 01 January 2022 to<br/>31 December 2022</i>  | <i>From 01 January 2021 to<br/>31 December 2021</i>   |
|---|--|---|
| <p><b>g. Equity instruments designated at fair value through other comprehensive income increased by P7.8M</b><br/>due to the increase in the fair value of the quoted and unquoted instruments and purchase of shares of stocks.</p>                                 | <p><b>g. Equity instruments designated at fair value through other comprehensive income increased by P6.4M</b><br/>due to the increase in the fair value of the unquoted instruments and purchase of shares of stocks.</p>     | <p><b>g. Equity instruments designated at fair value through other comprehensive income increased by P1.9M</b><br/>due to the increase in the fair value of the unquoted instruments.</p>   |
| <p><b>h. Property, plant and equipment - at cost increased by P368.0M</b><br/>due to the acquisition of assets net of the depreciations and disposals during the year.</p>  | <p><b>h. Property, plant and equipment - at cost increased by P108.5M</b><br/>due to the acquisition of assets net of the depreciations and disposals during the year.</p>   | <p><b>h. Property, plant and equipment - at cost increased by P97.8M</b><br/>due to the acquisition of assets net of the depreciations and disposals during the year.</p>   |
| <p><b>i. Land, at appraised value increased by P0.02M</b><br/>due to revaluation increment recognized resulting from the increase in the fair value of the land.</p>  | <p><b>i. Land, at appraised value increased by P14.2M</b><br/>due to revaluation increment recognized resulting from the increase in the fair value of the land.</p>   | <p><b>i. Land, at appraised value increased by P31.8M</b><br/>due to revaluation increment recognized resulting from the increase in the fair value of the land.</p>  |
| <p><b>j. Net retirement benefits asset decreased by P10.7M</b><br/>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.</p> | <p><b>j. Net retirement benefits asset increased by P10.3M</b><br/>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.</p> | <p><b>j. Net retirement benefits asset increased by P0.4M</b><br/>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.</p> |
| <p><b>k. Other noncurrent assets increased by P23.5M</b><br/>due advances made to suppliers related to purchases of property plant and equipment.</p>   | <p><b>k. Other noncurrent assets increased by P191.5M</b><br/>due to advances made to suppliers related to purchases of property plant and equipment.</p>  | <p><b>k. Other noncurrent assets increased by P30.4M</b><br/>due to advances made to suppliers related to purchases of property plant and equipment.</p>  |
| <p><b>l. Accounts payable and accrual decreased by P25.9M</b><br/>due to settlement of liabilities to suppliers.</p>  | <p><b>l. Accounts payable and accrual increased by P144.4M</b><br/>due to accruals made for imported materials.</p>  | <p><b>l. Accounts payable and accrual increased by P10.2M</b><br/>due to purchases of inputs and accruals made for distribution and administrative expenses.</p>  |
| <p><b>m. Retirement benefits payable increased by P5.7M</b><br/>Reclassification to liability position as a result of loss/present value of defined benefit obligation recognized during the year net of retirement fund assets.</p>                                  | <p><b>m. Retirement benefits payable (nil)</b><br/>no change</p>   | <p><b>m. Retirement benefits payable</b><br/>Reclassified to asset position as a result of gains/retirement fund assets recognized during the year net of the present value of defined benefit obligation.</p>  |

## CHANGES IN OPERATING RESULTS

| 2023 vs. 2022  | 2022 vs. 2021   | 2021 vs. 2020  |
|--|---|--|
| <p><b>a. Gross Margin increased to 39%</b><br/>Gross margin increased by 2% due to lower import costs.</p>   | <p><b>a. Gross Margin decreased to 37%</b><br/>Gross margin decreased by 3% due to higher cost importation and production.</p>                              | <p><b>a. Gross Margin decreased to 40%</b><br/>Gross margin decreased by 6% due to higher cost importation and production.</p>                         |
| <p><b>b. Operating expense increased by P60.7M or 9%</b><br/>due to higher distribution expense resulting from higher sales volume and higher trucking expenses.</p> | <p><b>b. Operating expense increased by P138.8M or 26%</b><br/>due to higher distribution expense resulting from higher trucking and shipping expenses.</p> | <p><b>b. Operating expense increased by P33M or 7%</b><br/>due to higher distribution expense resulting from higher sales volume.</p>                  |
| <p><b>c. Interest and financing charges increased by P3.3M</b><br/>due to adjustments to interest recognized for the adoption of PFRS 16 - Leases.</p>               | <p><b>c. Interest and financing charges increased by P1.3M</b><br/>due to adjustments to interest recognized for the adoption of PFRS 16 - Leases.</p>      | <p><b>c. Interest and financing charges increased by P0.4M</b><br/>due to adjustments to interest recognized for the adoption of PFRS 16 - Leases.</p> |
| <p><b>d. Other income increased by P16.7M</b><br/>due to higher miscellaneous income.</p>  | <p><b>d. Other income increased by P1.4M</b><br/>due to higher miscellaneous income.</p>  | <p><b>d. Other income decreased by P0.3M</b><br/>due to lower scrap sales.</p>   |

## 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 | 4.19         | 3.35       |
|                              | 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   |              |            |
| b. Current ratio             | current assets / current liabilities                                     | 6.92         | 6.41       |
|                              | Total Current Assets 2,476,864,204                                       |              |            |
|                              | Divided by: Total Current Liabilities 358,059,299                        |              |            |
|                              | Current ratio 6.92   |              |            |
| c. Solvency ratio            | (net income + depreciation expense) / average liabilities                | 0.88         | 1.00       |
|                              | 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 |  |              |            |
| d. Debt to equity ratio      | total liabilities/ total stockholders' equity                            | 0.16         | 0.17       |
|                              | Total Liabilities 603,476,832  |              |            |
|                              | Divided by: Total Stockholders' Equity 3,730,295,288                     |              |            |
|                              | Debt to equity ratio 0.16  |              |            |
| e. Net profit margin         | net income / sales   | 0.13         | 0.12       |
|                              | Net income 409,078,318   |              |            |
|                              | Divided by: Total Net sales 3,073,772,249                                |              |            |
|                              | Net profit margin 0.13   |              |            |
| f. Return on equity          | net income / average stockholders' equity                                | 0.11         | 0.12       |
|                              | Net income 409,078,318   |              |            |
|                              | Divided by: Average Total Stockholders' Equity* 3,558,757,176            |              |            |
|                              | Return on equity 0.11  |              |            |
|                              | *(beginning plus ending) / 2   |              |            |

| Ratio                                  | Formula  | Current Year | Prior Year |
|--|--|--------------|------------|
| <b>g. Return on assets</b>             | net income / average assets<br><br><div style="display: flex; justify-content: space-between;"> <span>Net income</span> <span>409,078,318</span> </div> <div style="display: flex; justify-content: space-between;"> <span>Divided by: Average Total Assets*</span> <span>4,144,789,618</span> </div> <hr/> <div style="display: flex; justify-content: space-between;"> <span>Return on assets</span> <span>0.10</span> </div><br>*(beginning plus ending) / 2  | 0.10         | 0.11       |
| <b>h. Debt to total asset ratio</b>    | total liabilities / total assets<br><br><div style="display: flex; justify-content: space-between;"> <span>Total Liabilities</span> <span>603,476,832</span> </div> <div style="display: flex; justify-content: space-between;"> <span>Divided by: Total Assets</span> <span>4,333,772,120</span> </div> <hr/> <div style="display: flex; justify-content: space-between;"> <span>Debt to total asset ratio</span> <span>0.14</span> </div>  | 0.14         | 0.14       |
| <b>i. Asset to equity ratio</b>        | total assets / total stockholders' equity<br><br><div style="display: flex; justify-content: space-between;"> <span>Total Assets</span> <span>4,333,772,120</span> </div> <div style="display: flex; justify-content: space-between;"> <span>Divided by: Total Stockholders' Equity</span> <span>3,730,295,288</span> </div> <hr/> <div style="display: flex; justify-content: space-between;"> <span>Asset to equity ratio</span> <span>1.16</span> </div>  | 1.16         | 1.17       |
| <b>j. Interest rate coverage ratio</b> | earnings before interest and taxes / interest expense<br><br><div style="display: flex; justify-content: space-between;"> <span>Net income</span> <span>409,078,318</span> </div> <div style="display: flex; justify-content: space-between;"> <span>Interest Expense</span> <span>7,176,403</span> </div> <div style="display: flex; justify-content: space-between;"> <span>Provision for Income Tax</span> <span>135,618,656</span> </div> <hr/> <div style="display: flex; justify-content: space-between;"> <span>EBIT</span> <span>551,873,377</span> </div> <div style="display: flex; justify-content: space-between;"> <span>Divided by: Interest Expense</span> <span>7,176,403</span> </div> <hr/> <div style="display: flex; justify-content: space-between;"> <span>Interest rate coverage ratio</span> <span>76.90</span> </div> | 76.90        | 137.73     |

There are no events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.

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

#### *Financial Risks*

- a. Interest Rate Risk – The Company's interest rate risk is limited to its trust receipts and short-term loans. There were no outstanding trust receipts and short term-loans as of December 31, 2023.
- b. Foreign Currency Risk – Exposure to said risk arises from deposits and importation of finished goods, raw materials and equipment in foreign currency. Purchases of finished goods and raw materials are subject to an open account with foreign suppliers and are settled immediately through purchase of dollars from a local bank at spot rate as soon as documentation requirements are completed.
- c. Credit Risk – The Company has a policy to require customers who wish to buy on credit terms to comply and undergo a credit verification process concentrating on capacity, character and willingness to pay. Receivables are closely monitored to ensure that changes in credit quality are recognized and exposure to bad debts is minimized.
- d. Liquidity Risk – The Company maintains a balance between continuity of funding and flexibility using bank loans and purchase contracts. Short-term loans availed for operating requirements usually mature within one year while loans through trust receipts within 180 days. Other payables usually mature within 60 days. There were no loans availed in 2023.

The Company has no investments in foreign securities.

## **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** decreased by 3% 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.

#### Changes in Operating Results

**Gross Margin** decreased by 6% 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.

## **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.

## **E. 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 Corporation |                         |             |
|                      | 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.

## **F. Management and Certain Security Holders**

### **Directors, Executive Officers**

There are currently seven (7) members of the Board, two (2) of whom are independent directors who hold office for one (1) year. Please refer to pages 5 and 6 for the list of incumbent directors/officers. The Corporation relies significantly on the continued collective efforts of its senior executive officers and expects each employee to do his share in achieving the Corporation's goals.

There are no family relationships up to the fourth civil degree either by consanguinity or affinity among directors, executive officers, persons nominated or chosen by the Company to become directors, or executive officers, any security holder of certain record, beneficial owner or management.

No director or executive officer has been involved in any legal proceeding during the last five (5) years.

## **G. Corporate Governance**

The Company remains committed to its Corporate Vision-Mission and mandate as reflected by the following programs and activities implemented for such:

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 Pulpandan, 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 21<sup>st</sup> 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 554<sup>th</sup> Engineer Brigade for their Christmas Party
    - b. Snack items for Purok 1 & 2 during 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 2<sup>nd</sup> 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 Pentecost*
      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.

## Directors Attendance Report

| Name                     | Date of Board Meetings |         |      |         |         |                 |         |      | % of Attendance |
|--------------------------|------------------------|---------|------|---------|---------|-----------------|---------|------|-----------------|
|                          | 26                     | 28      | 27   | 27      | 25      | 27              | 14      | 16   |                 |
|                          | Jan                    | Feb     | Apr  | Apr     | Jun     | Jul             | Aug     | Nov  |                 |
|                          | 2023                   | 2023    | 2023 | 2023    | 2023    | 2023            | 2023    | 2023 |                 |
| Special                  | Regular                | Regular | Org  | Special | Regular | Special         | Regular |      |                 |
| Takahiro Machiba*        | ✓                      | ✓       | ✓    | ✓       | ✓       | *Not applicable |         |      | 100%            |
| Yohei Chikamoto**        | **Not applicable       |         |      |         | ✓       | ✓               | ✓       | ✓    | 100%            |
| Steve S.C. Pangilinan    | ✓                      | ✓       | ✓    | ✓       | ✓       | ✓               | ✓       | ✓    | 100%            |
| Yasuhiro Fukuki          | ✓                      | ✓       | ✓    | ✓       | ✓       | ✓               | ✓       | ✓    | 100%            |
| Barbara Anne C. Migallos | ✓                      | ✓       | ✓    | ✓       | ✓       | ✓               | ✓       | ✓    | 100%            |
| Satoshi Maruyama         | ✓                      | ✓       | ✓    | ✓       | ✓       | ✓               | ✓       | ✓    | 100%            |
| Ramon J. Abejuela        | ✓                      | ✓       | ✓    | ✓       | ✓       | ✓               | ✓       | ✓    | 100%            |
| Francisco J. Kong        | ✓                      | X       | ✓    | ✓       | ✓       | ✓               | ✓       | ✓    | 86%             |

| Name                  | Date of Executive Committee Meetings |         |         |                 |         |         |      | % of Attendance |
|-----------------------|--------------------------------------|---------|---------|-----------------|---------|---------|------|-----------------|
|                       | 19                                   | 16      | 19      | 17              | 21      | 19      | 21   |                 |
|                       | Jan                                  | Mar     | May     | Aug             | Sep     | Oct     | Dec  |                 |
|                       | 2023                                 | 2023    | 2023    | 2023            | 2023    | 2023    | 2023 |                 |
| Regular               | Regular                              | Regular | Regular | Regular         | Regular | Regular |      |                 |
| Takahiro Machiba*     | ✓                                    | ✓       | ✓       | *Not applicable |         |         |      | 100%            |
| Yohei Chikamoto**     | **Not applicable                     |         |         | ✓               | ✓       | ✓       | ✓    | 100%            |
| Steve S.C. Pangilinan | ✓                                    | ✓       | ✓       | ✓               | ✓       | ✓       | ✓    | 100%            |
| Yasuhiro Fukuki       | ✓                                    | ✓       | ✓       | ✓               | ✓       | ✓       | ✓    | 100%            |

| Name                     | Date of Nominations Committee Meeting |         | % of Attendance |
|--------------------------|---------------------------------------|---------|-----------------|
|                          | 28                                    | 14      |                 |
|                          | Feb                                   | June    |                 |
|                          | 2023                                  | 2023    |                 |
|                          | Regular                               | Special |                 |
| Francisco J. Kong        | ✓                                     | ✓       | 100%            |
| Takahiro Machiba*        | ✓                                     | ✓       | 100%            |
| Yohei Chikamoto**        | Not applicable                        |         | N/A             |
| Barbara Anne C. Migallos | ✓                                     | ✓       | 100%            |

| Name                     | Date of Audit Committee Meeting |         |         | % of Attendance |
|--------------------------|---------------------------------|---------|---------|-----------------|
|                          | 21                              | 08      | 28      |                 |
|                          | Feb                             | Aug     | Nov     |                 |
|                          | 2023                            | 2023    | 2023    |                 |
|                          | Regular                         | Regular | Regular |                 |
| Ramon J. Abejuela        | ✓                               | ✓       | ✓       | 100%            |
| Francisco J. Kong        | ✓                               | ✓       | X       | 67%             |
| Takahiro Machiba         | ✓                               | ✓       | ✓       | 100%            |
| Barbara Anne C. Migallos | ✓                               | ✓       | ✓       | 100%            |

\* Resigned effective June 23, 2023

\*\* Appointment effective June 23, 2023

Legend: X - Absent

✓ - Present

### **Appraisal and performance reports for the board and the criteria and procedure for assessment**

The Board carries out evaluations to appraise its performance as a body and assess whether it possesses the right mix of backgrounds and competencies by conducting 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 Nominations Committee considers the performance of each director in the previous year when it shortlists the nominees for election to the Board of Directors. Criteria include the Director's attendance, active participation during meetings and compliance with the Company's Code of Business Conduct and Ethics.

The Nominations Committee graded the directors as follows:

| Name of Director         | Rating |
|--------------------------|--------|
| Yohei Chikamoto**        | 100%   |
| Steve S.C. Pangilinan    | 100%   |
| Ramon J. Abejuela        | 100%   |
| Yasuhiro Fukuki          | 100%   |
| Francisco J. Kong        | 100%   |
| Satoshi Maruyama         | 100%   |
| Barbara Anne C. Migallos | 100%   |
| Takahiro Machiba*        | 100%   |

\* Resigned effective June 23, 2023

\*\* Appointment effective June 23, 2023

## ANNEX “C”

**Mabuhay Vinyl Corporation**  
**List of material information on the current stockholders and their voting rights**  
**As of 29 February 2024**

|                                     | STOCKHOLDER'S NAME                                    | NATIONALITY | OUTSTANDING SHARES | PERCENTAGE     |
|-------------------------------------|---|-------------|--------------------|----------------|
| <b>TOP TWENTY (20) STOCKHOLDERS</b> |   |             |                    |                |
| 1                                   | TOSOH CORPORATION                                     |             | 317,779,029        | 48.053%        |
| 2                                   | TOSOH CORPORATION                                     |             | 264,006,806        | 39.922%        |
| 3                                   | MITSUBISHI CORPORATION                                |             | 22,260,000         | 3.366%         |
| 4                                   | MITSUBISHI CORPORATION                                |             | 17,419,999         | 2.634%         |
| 5                                   | PCD NOMINEE CORPORATION (FILIPINO)                    |             | 13,110,657         | 1.983%         |
| 6                                   | DENNIS T. VILLAREAL                                   |             | 1,203,300          | 0.182%         |
| 7                                   | WILLIAM LINES, INC.                                   |             | 1,050,000          | 0.159%         |
| 8                                   | SANTIAGO SR. TANCHAN                                  |             | 765,730            | 0.116%         |
| 9                                   | GONZALO PUYAT & SONS, INC.                            |             | 585,169            | 0.088%         |
| 10                                  | MULTIFARMS AGRO-INDUSTRIAL DEVELOPMENT CORPORATION    |             | 336,000            | 0.051%         |
| 11                                  | J E L P REAL ESTATE DEVT. CORP.                       |             | 300,000            | 0.045%         |
| 12                                  | WILFRIDO C. TECSON                                    |             | 300,000            | 0.045%         |
| 13                                  | YANG SONGBO   |             | 300,000            | 0.045%         |
| 14                                  | PCD NOMINEE CORPORATION (NON-FILIPINO)                |             | 292,326            | 0.044%         |
| 15                                  | F.C. ROQUE AGRO-INDUSTRIAL                            |             | 255,092            | 0.039%         |
| 16                                  | KENNETH T. GATCHALIAN                                 |             | 250,000            | 0.038%         |
| 17                                  | ANA BEATRIZ R. MEDRANO AND/OR VICTORINO S. MEDRANO JR |             | 250,000            | 0.038%         |
| 18                                  | FGU INSURANCE CORPORATION                             |             | 243,000            | 0.037%         |
| 19                                  | JACINTO U. TIU  |             | 219,493            | 0.033%         |
| 20                                  | VICTONETA INVESTMENT CORP.                            |             | 213,931            | 0.032%         |
| <b>OTHER STOCKHOLDERS</b>           |   |             |                    |                |
| 21                                  | RICARDO PARAS   |             | 197,823            | 0.030%         |
| 22                                  | FELICITO H. TIU                                       |             | 186,000            | 0.028%         |
| 23                                  | GILBERT LIU   |             | 180,000            | 0.027%         |
| 24                                  | VICENTE TIU   |             | 178,568            | 0.027%         |
| 25                                  | JOSEFA R. LUZ   |             | 146,600            | 0.022%         |
|                                     | TOTAL   |             | <b>642,029,523</b> | <b>97.085%</b> |



## CERTIFICATION OF QUALIFICATION OF INDEPENDENT DIRECTOR

I, **Ramon J. Abejuela**, Filipino, of legal age and a resident of 116 Ma. Cristina St., Ayala Alabang Village, Muntinlupa City, after having been duly sworn in accordance with law do hereby declare that:

1. I am a nominee for Independent Director of Mabuhay Vinyl Corporation ("MVC").
2. I am affiliated with the following companies or organizations:

| COMPANY/ORGANIZATION                                      | POSITION/RELATIONSHIP     | PERIOD OF SERVICE            |
|---|---------------------------|------------------------------|
|   | Financial Consultant      | 2007 to present              |
| Keppel Phils. Holdings, Inc.                              | Independent Director      | 1997 – 2002; 2017 to Present |
| Keppel Phils. Properties, Inc.                            | Lead Independent Director | 1999 to present              |
| Keppel Philippines Marine, Inc.                           | Independent Director      | 2020 to June 2022            |
| Philippine Nutri-Foods Corp.                              | Board Member              | 2000 to present              |
| Nutrition Center of the Philippines (NCP) Publishing Corp | Board Member              | 2000 to present              |
| St. James COPA Foundation                                 | Board Member              | 2010 to present              |

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Mabuhay Vinyl Corporation, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations, and other SEC issuances of the Securities and Exchange Commission ("SEC").
4. I am not related to any director, officer, or substantial shareholder of MVC and its subsidiaries and affiliates.
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
6. I am not in the government service or affiliated with any government agency or government owned and controlled corporation.
7. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance, and SEC issuances.
8. I shall inform the Corporate Secretary of Mabuhay Vinyl Corporation of any changes in the abovementioned information within five (5) days from its occurrence.


Done this 21<sup>st</sup> day of February 2024, at Makati City, Philippines.

  
**RAMON J. ABEJUELA**  
Affiant

**MAR 14 2024**

**SUBSCRIBED AND SWORN** to before me this 21<sup>st</sup> day of February 2024 at Makati City, Philippines, affiant personally appeared before me and exhibited to me his Senior Citizen ID No. 35397.

Doc. No. *202*  
Page No. *62*  
Book No. *X\*  
Series of *2023*

  
**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

## CERTIFICATION OF QUALIFICATION OF INDEPENDENT DIRECTOR

I, **Francisco J. Kong**, Filipino, of legal age and a resident of 56 L. Esteban St., Highway Hills, Mandaluyong City after having been duly sworn in accordance with law do hereby declare that:

1. I am a nominee for Independent Director of Mabuhay Vinyl Corporation (“MVC”).
2. I am affiliated with the following companies or organizations:

| COMPANY/<br>ORGANIZATION          | POSITION/<br>RELATIONSHIP             | PERIOD OF SERVICE       |
|-----------------------------------|---------------------------------------|-------------------------|
|                                   | Podcaster                             | Nov 2021 to present     |
| Success Options, Inc.             | Business and<br>Inspirational Speaker | April 2015 to present   |
| Primer Holdings, Inc.             | Independent Director                  | 2014 to present         |
| Philippine Star                   | Columnist                             | January 2008 to present |
| Inspire Leadership<br>Consultancy | Business and<br>Inspirational Speaker | 2005 to present         |
|                                   | Author                                | 1996 to present         |

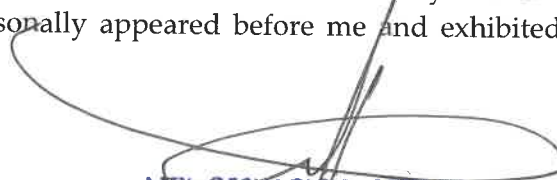
3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Mabuhay Vinyl Corporation, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations, and other SEC issuances of the Securities and Exchange Commission (“SEC”).
4. I am not related to any director, officer, or substantial shareholder of MVC and its subsidiaries and affiliates.
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
6. I am not in the government service or affiliated with any government agency or government owned and controlled corporation.
7. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance, and SEC issuances.
8. I shall inform the Corporate Secretary of Mabuhay Vinyl Corporation of any changes in the abovementioned information within five (5) days from its occurrence.

Done this 21<sup>st</sup> day of February 2024, at Makati City, Philippines.

  
FRANCISCO KONG  
Affiant

**SUBSCRIBED AND SWORN** to before me this ~~21<sup>st</sup>~~ <sup>MAR 14 2024</sup> day of February 2024 at Makati City, Philippines, affiant personally appeared before me and exhibited to me his driver's license no. N09-73-008451.

Doc. No. 301  
Page No. 6  
Book No. X1  
Series of 2023

  
ATTY. GERVACIO B. ORTIZ JR.  
Notary Public, City of Makati  
Until December 31, 2024  
IBP No. 05729 - Lifetime Member  
MCLE Compliance No. VII-0022734  
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PTR No. 10073909 Jan. 2, 2024 / Makati  
Makati City Roll No. 40091  
101 Urban Ave. Campos Rueda Bldg.  
Brgy. Pio Del Pilar, Makati City



# 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.

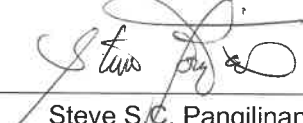
In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or 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 28<sup>th</sup> day of February 2024

**MAR 14 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.: 12 ;  
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.  
EDUCATION CITY, MAKATI CITY, PHILIPPINES

## 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.

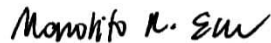
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



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

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**

|   | <b>December 31</b>    |                       |
|---|-----------------------|-----------------------|
|   | <b>2023</b>           | <b>2022</b>           |
| <b>ASSETS</b>   |                       |                       |
| <b>Current Assets</b>   |                       |                       |
| 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            |
| <b>Total Current Assets</b>   | <b>2,476,864,204</b>  | <b>2,487,634,405</b>  |
| <b>Noncurrent Assets</b>  |                       |                       |
| 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           |
| <b>Total Noncurrent Assets</b>  | <b>1,856,907,916</b>  | <b>1,468,172,710</b>  |
| <b>TOTAL ASSETS</b>   | <b>₱4,333,772,120</b> | <b>₱3,955,807,115</b> |
| <b>LIABILITIES AND EQUITY</b>   |                       |                       |
| <b>Current Liabilities</b>  |                       |                       |
| 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            |
| <b>Total Current Liabilities</b>  | <b>358,059,299</b>    | <b>388,004,041</b>    |
| <b>Noncurrent Liabilities</b>   |                       |                       |
| 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             |
| <b>Total Noncurrent Liabilities</b>   | <b>245,417,533</b>    | <b>180,584,010</b>    |
| <b>Total Liabilities</b>  | <b>603,476,832</b>    | <b>568,588,051</b>    |

(Forward)



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

*See accompanying Notes to Consolidated Financial Statements.*



**MABUHAY VINYL CORPORATION AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF INCOME**

|  | <b>Years Ended December 31</b> |                 |                 |
|--|--------------------------------|-----------------|-----------------|
|  | <b>2023</b>                    | <b>2022</b>     | <b>2021</b>     |
| <b>REVENUE FROM CONTRACTS WITH CUSTOMERS</b> (Note 13) | <b>₱3,073,772,249</b>          | ₱3,201,053,915  | ₱2,187,416,543  |
| <b>COST OF GOODS SOLD</b> (Notes 14 and 22)            | <b>(1,866,010,087)</b>         | (2,013,139,157) | (1,302,094,875) |
| <b>GROSS PROFIT</b>                                    | <b>1,207,762,162</b>           | 1,187,914,758   | 885,321,668     |
| Operating expenses (Note 15)                           | <b>(723,586,790)</b>           | (662,905,601)   | (524,090,900)   |
| Interest income (Notes 4, 10 and 22)                   | <b>46,566,227</b>              | 20,084,373      | 11,843,741      |
| Interest expense (Note 21)                             | <b>(7,176,403)</b>             | (3,904,851)     | (2,558,372)     |
| Foreign exchange gain (loss) - net (Note 19)           | <b>1,788,305</b>               | (9,875,277)     | (1,462,226)     |
| Other income - net (Note 16)                           | <b>19,343,473</b>              | 2,607,894       | 1,205,962       |
| <b>INCOME BEFORE INCOME TAX</b>                        | <b>544,696,974</b>             | 533,921,296     | 370,259,873     |
| <b>PROVISION FOR INCOME TAX</b> (Note 18)              |                                |                 |                 |
| Current  | <b>142,572,961</b>             | 133,816,652     | 92,271,706      |
| Deferred   | <b>(6,954,305)</b>             | 676,078         | 1,755,071       |
|  | <b>135,618,656</b>             | 134,492,730     | 94,026,777      |
| <b>NET INCOME</b>                                      | <b>₱409,078,318</b>            | ₱399,428,566    | ₱276,233,096    |
| Net income attributable to:                            |                                |                 |                 |
| Equity holders of the Company                          | <b>₱408,439,609</b>            | ₱399,068,571    | ₱275,871,248    |
| Noncontrolling interest                                | <b>638,709</b>                 | 359,995         | 361,848         |
|  | <b>₱409,078,318</b>            | ₱399,428,566    | ₱276,233,096    |
| <b>BASIC/DILUTED EARNINGS PER SHARE</b><br>(Note 23)   | <b>₱0.618</b>                  | ₱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         |
| <b>NET INCOME</b>   | <b>₱409,078,318</b>     | ₱399,428,566 | ₱276,233,096 |
| <b>OTHER COMPREHENSIVE INCOME (LOSS)</b>  |                         |              |              |
| <i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i> |                         |              |              |
| 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   |
|   | <b>16,500</b>           | 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)  |
|   | <b>(7,002,722)</b>      | 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     | <b>850,689</b>          | 19,633,340   | 61,806,593   |
| <b>TOTAL COMPREHENSIVE INCOME</b>   | <b>₱409,929,007</b>     | ₱419,061,906 | ₱338,039,689 |
| Total comprehensive income attributable to:   |                         |              |              |
| Equity holders of the Company   | <b>₱409,290,298</b>     | ₱418,701,911 | ₱337,677,841 |
| Noncontrolling interest   | 638,709                 | 359,995      | 361,848      |
|   | <b>₱409,929,007</b>     | ₱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<br>(Note 12)                        | Capital Paid in<br>Excess of Par<br>(Note 12) | Revaluation<br>Increment - Net<br>of Deferred<br>Income Tax<br>Effect<br>(Notes 9 and 12) | Remeasurement<br>Gains (Losses)<br>on Retirement<br>Benefits - Net of<br>Deferred Income<br>Tax Effect<br>(Notes 12 and 17) | Reserve for<br>Fluctuations in<br>Investments in<br>Equity<br>Instruments<br>(Notes 8 and 12) | Retained Earnings (Note 12) |                       | Total                 | Non-controlling<br>Interest | Total                 |
|                                      |   |   |   |   |   | Appropriated                | Unappropriated        |                       |                             |                       |
| <b>BALANCES AT JANUARY 1, 2021</b>   | <b>₱661,309,398</b>                               | <b>₱176,594,308</b>                           | <b>₱352,379,167</b>   | <b>(₱19,463,920)</b>  | <b>(₱10,166,553)</b>  | <b>₱1,000,000,000</b>       | <b>₱593,743,776</b>   | <b>₱2,754,396,176</b> | <b>₱10,139,999</b>          | <b>₱2,764,536,175</b> |
| 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)          |
| <b>BALANCES AT DECEMBER 31, 2021</b> | <b>661,309,398</b>                                | <b>176,594,308</b>                            | <b>401,427,607</b>  | <b>(8,488,656)</b>  | <b>(8,383,664)</b>  | <b>1,000,000,000</b>        | <b>803,484,084</b>    | <b>3,025,943,077</b>  | <b>8,345,021</b>            | <b>3,034,288,098</b>  |
| 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)          |
| <b>BALANCES AT DECEMBER 31, 2022</b> | <b>661,309,398</b>                                | <b>176,594,308</b>                            | <b>412,103,857</b>  | <b>(4,708,382)</b>  | <b>(3,206,848)</b>  | <b>1,000,000,000</b>        | <b>1,136,421,715</b>  | <b>3,378,514,048</b>  | <b>8,705,016</b>            | <b>3,387,219,064</b>  |
| 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)          |
| <b>BALANCES AT DECEMBER 31, 2023</b> | <b>₱661,309,398</b>                               | <b>₱176,594,308</b>                           | <b>₱412,120,357</b>   | <b>(₱11,711,104)</b>  | <b>₱4,630,063</b>   | <b>₱1,000,000,000</b>       | <b>₱1,478,730,384</b> | <b>₱3,721,673,406</b> | <b>₱8,621,882</b>           | <b>₱3,730,295,288</b> |

See accompanying Notes to Consolidated Financial Statements.



**MABUHAY VINYL CORPORATION AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

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

*See accompanying Notes to Consolidated Financial Statements.*





# **MABUHAY VINYL CORPORATION AND SUBSIDIARY**

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## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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### **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.

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### **2. Summary of Material Accounting Policies**

#### Basis of Preparation

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.

#### Statement of Compliance

The consolidated financial statements of the Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRSs).

#### Basis of Consolidation

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.

### Fair Value Measurement

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.

#### Contract Balances

*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.

#### Cost of Goods Sold and Operating Expenses

##### *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.

#### Leases

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.





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### 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 is 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.

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#### 4. Cash and Cash Equivalents and Short-term Investments

|                           | 2023                | 2022         |
|---------------------------|---------------------|--------------|
| Cash on hand and in banks | <b>₱673,073,832</b> | ₱391,057,227 |
| Cash equivalents          | <b>7,000,000</b>    | 205,544,577  |
|                           | <b>₱680,073,832</b> | ₱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                    |
|   | <u>719,735,377</u>         | <u>701,869,687</u>         |
| 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                  |
|   | <u>736,385,452</u>         | <u>710,054,543</u>         |
| Less allowance for ECL                        | (8,692,282)                | (8,692,282)                |
|   | <u><b>₱727,693,170</b></u> | <u><b>₱701,362,261</b></u> |

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<br>(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                 |
|   | <u><b>₱220,349,797</b></u> | <u><b>₱393,031,466</b></u> |

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                   |
|                        | <u><b>₱154,881,838</b></u> | <u><b>₱96,638,874</b></u> |



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                      | <b>₱399,915</b>    | ₱399,915    |
| Golf shares                           | <b>3,700,000</b>   | 3,005,000   |
| Changes in fair value included in OCI | <b>4,600,000</b>   | 695,000     |
|                                       | <b>8,699,915</b>   | 4,099,915   |
| Unquoted equity instruments:          |                    |             |
| Balances at beginning of year         | <b>25,692,722</b>  | 21,210,906  |
| Changes in fair value included in OCI | <b>3,236,911</b>   | 4,481,816   |
| Balances at end of year               | <b>28,929,633</b>  | 25,692,722  |
|                                       | <b>₱37,629,548</b> | ₱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        | <b>(₱3,206,848)</b> | (₱8,383,664) |
| Change in fair value included in OCI | <b>7,836,911</b>    | 5,176,816    |
| Balances at end of year              | <b>₱4,630,063</b>   | (₱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/<br>Retirement | Reclassifications | Ending Balances      |
|--|----------------------|---------------------|--------------------------|-------------------|----------------------|
| <b>Cost</b>                                      |                      |                     |                          |                   |                      |
| 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           |
|  | <b>2,760,305,036</b> | <b>83,549,449</b>   | -                        | <b>31,223,631</b> | <b>2,875,078,116</b> |
| <b>Accumulated Depreciation</b>                  |                      |                     |                          |                   |                      |
| 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            |
|  | <b>2,330,982,708</b> | <b>105,416,885</b>  | -                        | -                 | <b>2,436,399,593</b> |
|  | <b>429,322,328</b>   | <b>(21,867,436)</b> | -                        | <b>31,223,631</b> | <b>438,678,523</b>   |
| Construction in progress                         | 185,715,682          | 389,893,408         | -                        | (31,223,631)      | 544,385,459          |
| <b>Net Book Values</b>                           | <b>₱615,038,010</b>  | <b>₱368,025,972</b> | <b>₱-</b>                | <b>₱-</b>         | <b>₱983,063,982</b>  |

As of December 31, 2022

|  | Beginning Balances   | Additions           | Disposals/<br>Retirement | Reclassifications  | Ending Balances      |
|--|----------------------|---------------------|--------------------------|--------------------|----------------------|
| <b>Cost</b>                                      |                      |                     |                          |                    |                      |
| 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           |
|  | <b>2,648,454,143</b> | <b>4,795,881</b>    | <b>(527,388)</b>         | <b>107,582,400</b> | <b>2,760,305,036</b> |
| <b>Accumulated Depreciation</b>                  |                      |                     |                          |                    |                      |
| 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            |
|  | <b>2,237,624,780</b> | <b>93,885,316</b>   | <b>(527,388)</b>         | <b>-</b>           | <b>2,330,982,708</b> |
|  | <b>410,829,363</b>   | <b>(89,089,435)</b> | -                        | <b>107,582,400</b> | <b>429,322,328</b>   |
| Construction in progress                         | 95,743,474           | 197,554,608         | -                        | (107,582,400)      | 185,715,682          |
| <b>Net Book Values</b>                           | <b>₱506,572,837</b>  | <b>₱108,465,173</b> | <b>₱-</b>                | <b>₱-</b>          | <b>₱615,038,010</b>  |



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:

|                                   | <b>2023</b>         | 2022         |
|-----------------------------------|---------------------|--------------|
| Cost                              | <b>₱13,506,189</b>  | ₱13,506,189  |
| Appraisal increase:               |                     |              |
| Balances at beginning of year     | <b>549,471,811</b>  | 535,236,811  |
| Increase in revaluation increment | <b>22,000</b>       | 14,235,000   |
| Balances at end of year           | <b>549,493,811</b>  | 549,471,811  |
|                                   | <b>₱563,000,000</b> | ₱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                               | <b>₱247,382,151</b> | ₱225,347,008 |
| Security and rental deposits (Note 21)              | <b>21,654,348</b>   | 18,138,619   |
| Notes receivable - net of current portion (Note 5)  | <b>4,043,646</b>    | 5,946,153    |
| Intangible assets - net of amortization of ₱113,308 | <b>134,241</b>      | 247,549      |
|   | <b>₱273,214,386</b> | ₱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)             | <b>₱149,629,069</b> | ₱186,474,147 |
| Accrued expenses:                    |                     |              |
| Shipping and distribution            | <b>45,991,000</b>   | 34,139,252   |
| Rent and power                       | <b>5,475,834</b>    | 7,378,115    |
| Professional fees and other services | <b>9,072,011</b>    | 6,350,287    |
| Payroll and others                   | <b>31,500,970</b>   | 37,937,501   |
| Dividends payable (Note 12)          | <b>21,117,631</b>   | 17,564,348   |
| Withholding taxes and other payables | <b>5,438,060</b>    | 6,535,026    |
| Contract liabilities (Note 13)       | <b>3,162,956</b>    | 3,162,956    |
| Others                               | <b>6,828,358</b>    | 4,624,225    |
|                                      | <b>₱278,215,889</b> | ₱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<br>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<br>Common Shares | Balance      |
|-------------------|--|-------------|-------------------------|--------------|
| February 5, 1997  | Issued and outstanding<br>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 | <b>₱1,000,000,000</b> | ₱1,000,000,000 |

#### Movements of OCI

|   | Revaluation<br>Increment -Net<br>of Deferred<br>Income<br>Tax Effect | Remeasurement<br>Gains (Losses)<br>on Retirement<br>Benefits - Net of<br>Deferred Income<br>Tax Effect | Reserve for<br>Fluctuations in<br>Investments in<br>Equity<br>Instruments | Total               |
|---|--|--|---|---------------------|
| <b>BALANCES AT JANUARY 1, 2021</b>                                      | <b>₱352,379,167</b>  | <b>(₱19,463,920)</b>   | <b>(₱10,166,553)</b>  | <b>₱322,748,694</b> |
| 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<br>designated at FVOCI | –  | –  | 1,782,889   | 1,782,889           |
| <b>BALANCES AT DECEMBER 31, 2021</b>                                    | <b>401,427,607</b>   | <b>(8,488,656)</b>   | <b>(8,383,664)</b>  | <b>384,555,287</b>  |
| 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<br>designated at FVOCI | –  | –  | 5,176,816   | 5,176,816           |
| <b>BALANCES AT DECEMBER 31, 2022</b>                                    | <b>412,103,857</b>   | <b>(4,708,382)</b>   | <b>(3,206,848)</b>  | <b>404,188,627</b>  |
| 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<br>designated at FVOCI | –  | –  | 7,836,911   | 7,836,911           |
| <b>BALANCES AT DECEMBER 31, 2023</b>                                    | <b>₱412,120,357</b>  | <b>(₱11,711,104)</b>   | <b>₱4,630,063</b>   | <b>₱405,039,316</b> |

### 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           |
|----------------|-----------------------|----------------|----------------|
| <b>By type</b> |                       |                |                |
| Goods          | <b>₱3,067,191,521</b> | ₱3,198,251,185 | ₱2,178,369,826 |
| Others         | <b>6,580,728</b>      | 2,802,730      | 9,046,717      |
|                | <b>₱3,073,772,249</b> | ₱3,201,053,915 | ₱2,187,416,543 |



|                         | 2023                  | 2022           | 2021           |
|-------------------------|-----------------------|----------------|----------------|
| <b>By customers</b>     |                       |                |                |
| Private                 | <b>₱3,031,921,680</b> | ₱3,161,752,524 | ₱2,154,438,687 |
| Government              | <b>36,714,139</b>     | 33,157,273     | 28,914,649     |
| Related party (Note 22) | <b>5,136,430</b>      | 6,144,118      | 4,063,207      |
|                         | <b>₱3,073,772,249</b> | ₱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 | <b>₱3,162,956</b> | ₱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   | <b>₱290,715,847</b>   | ₱195,099,409   | ₱136,443,933   |
| Raw materials used and merchandise purchased (Note 22)  | <b>1,339,795,075</b>  | 1,811,782,103  | 1,086,105,243  |
| Direct labor  | <b>41,442,808</b>     | 41,136,509     | 37,875,268     |
| Manufacturing overhead:                                 |                       |                |                |
| Supervision and indirect labor                          | <b>51,081,806</b>     | 48,724,927     | 46,123,025     |
| Depreciation and amortization (Notes 9 and 10)          | <b>48,408,862</b>     | 52,891,245     | 46,417,991     |
| Supplies and facilities                                 | <b>47,321,450</b>     | 42,342,671     | 37,796,341     |
| Repairs and maintenance                                 | <b>45,722,905</b>     | 35,646,467     | 37,346,258     |
| Taxes and licenses                                      | <b>18,765,937</b>     | 17,958,765     | 15,811,031     |
| Rent and utilities (Note 21)                            | <b>8,983,658</b>      | 9,400,264      | 7,262,896      |
| Others  | <b>68,831,004</b>     | 58,755,291     | 47,504,578     |
| Total manufacturing cost and merchandised purchased     | <b>1,670,353,505</b>  | 2,118,638,242  | 1,362,242,631  |
| Decrease (increase) in work in process inventories      | <b>5,370,611</b>      | (9,882,647)    | (1,492,280)    |
| Cost of goods manufactured and merchandise purchased    | <b>1,675,724,116</b>  | 2,108,755,595  | 1,360,750,351  |
| Total goods available for sale                          | <b>1,966,439,963</b>  | 2,303,855,004  | 1,497,194,284  |
| Finished goods and merchandise inventories, December 31 | <b>(100,429,876)</b>  | (290,715,847)  | (195,099,409)  |
|   | <b>₱1,866,010,087</b> | ₱2,013,139,157 | ₱1,302,094,875 |



## 15. Operating Expenses

|   | 2023                | 2022                | 2021                |
|---|---------------------|---------------------|---------------------|
| Shipping and delivery                   | P443,165,458        | P446,746,950        | P317,414,698        |
| 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          |
|   | <b>P723,586,790</b> | <b>P662,905,601</b> | <b>P524,090,900</b> |

Professional fees include remuneration of some members of the BOD amounting to P0.94 million in 2023, P0.93 million in 2022 and P0.96 million in 2021.

## 16. Other Income (Charges) - Net

|  | 2023               | 2022              | 2021              |
|--|--------------------|-------------------|-------------------|
| Sale of excess power                         | P17,133,589        | P-                | P-                |
| 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         |
|  | <b>P19,343,473</b> | <b>P2,607,894</b> | <b>P1,205,962</b> |

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

The remeasurements on retirement benefits consists of:

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

The details of the retirement benefits asset are as follows:

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

The movements in the retirement benefits asset are as follows:

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

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

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



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

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

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

|                                | <b>2023</b>        | 2022         | 2021        |
|--------------------------------|--------------------|--------------|-------------|
| Interest income on plan assets | <b>₱7,731,692</b>  | ₱5,633,550   | ₱4,178,007  |
| Remeasurement losses           | <b>(1,914,272)</b> | (7,747,731)  | (1,973,427) |
|                                | <b>₱5,817,420</b>  | (₱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:

|                                   | <b>2023</b>    | 2022    |
|-----------------------------------|----------------|---------|
| Cash                              | <b>0.08%</b>   | 1.57%   |
| Investments in debt securities:   |                |         |
| Government securities             | <b>55.05%</b>  | 51.61%  |
| Corporate debt securities         | <b>18.76%</b>  | 17.56%  |
| Loans and other receivables       | <b>1.00%</b>   | 1.49%   |
| Investments in equity securities: |                |         |
| Property                          | <b>12.34%</b>  | 13.44%  |
| Holding firms                     | <b>4.42%</b>   | 5.42%   |
| Bank                              | <b>3.55%</b>   | 3.45%   |
| Food, beverage, and tobacco       | <b>1.32%</b>   | 1.38%   |
| Telecommunications                | <b>1.29%</b>   | 1.37%   |
| Transportation services           | <b>1.12%</b>   | 1.48%   |
| Power and utilities               | <b>0.69%</b>   | 0.66%   |
| Retail                            | <b>0.38%</b>   | 0.57%   |
|                                   | <b>100.00%</b> | 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<br>(decrease) in rate | 2023         | 2022          |
|------------------------------------|--------------------------------|--------------|---------------|
| <b>Discount rate</b>               |                                |              |               |
| Assumption 1                       | +0.5%                          | (₱3,920,427) | (₱14,072,267) |
| Assumption 2                       | -0.5%                          | 17,135,066   | 7,023,551     |
| <b>Future salary increase rate</b> |                                |              |               |
| 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   | <b>₱69,371,879</b>    | ₱14,274,402    |
| Unamortized past service cost   | <b>5,814,431</b>      | 4,968,277      |
| Allowance for expected credit losses  | <b>2,173,071</b>      | 2,173,071      |
| Other noncurrent liabilities  | <b>448,375</b>        | 448,375        |
| Provision for incentives  | <b>139,727</b>        | 139,727        |
| Unrealized foreign exchange loss  | -                     | 181,010        |
|   | <b>77,947,483</b>     | 22,184,862     |
| Deferred income tax liabilities recognized in profit or loss:   |                       |                |
| Right-of-use assets   | <b>(63,638,672)</b>   | (13,090,775)   |
| Net retirement benefits asset   | <b>(2,469,897)</b>    | (4,240,644)    |
| Premium on notes receivable   | <b>(61,363)</b>       | (108,897)      |
| Unrealized foreign exchange gains   | <b>(78,700)</b>       | -              |
|   | <b>(66,248,632)</b>   | (17,440,316)   |
| Deferred income tax asset on net retirement plan assets recognized directly in other comprehensive income | <b>3,903,701</b>      | 1,569,460      |
| Deferred income tax liability on revaluation increment recognized directly in other comprehensive income  | <b>(137,373,453)</b>  | (137,367,953)  |
| Net deferred income tax liabilities   | <b>(₱121,770,901)</b> | (₱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 | <b>(₱131,053,947)</b> | (₱125,559,027) | (₱135,502,268) |
| Recognized in profit or loss  | <b>6,954,305</b>      | (676,078)      | (1,755,071)    |
| Recognized in OCI             | <b>(2,328,741)</b>    | (4,818,842)    | 11,698,312     |
| Balances at end of year       | <b>(₱126,428,383)</b> | (₱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                                    | <b>₱136,174,244</b> | ₱133,480,324 | ₱92,564,968 |
| Increase (decrease) in provision for income tax resulting from: |                     |              |             |
| Nondeductible expenses  | <b>1,562,363</b>    | 1,270,259    | 1,005,727   |
| Interest income subjected to final tax                          | <b>(508,076)</b>    | (257,853)    | (148,056)   |
| Others  | <b>(1,609,875)</b>  | -            | -           |
| Change in tax rate  | -                   | -            | 604,138     |
| Provision for income tax  | <b>₱135,618,656</b> | ₱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           |
|--|-----------------------|----------------|
| <i>Equity instruments designated at FVOCI:</i> |                       |                |
| Quoted   | <b>₱8,699,915</b>     | ₱4,099,915     |
| Unquoted                                       | <b>28,929,633</b>     | 25,692,722     |
|  | <b>37,629,548</b>     | 29,792,637     |
| <i>Debt instruments at amortized cost:</i>     |                       |                |
| Cash and cash equivalents*                     | <b>677,973,832</b>    | 594,521,804    |
| Short-term investments                         | <b>93,865,567</b>     | -              |
| Trade and other receivables                    | <b>727,693,170</b>    | 701,362,261    |
| Loans receivable                               | <b>600,000,000</b>    | 700,000,000    |
| Notes receivable - noncurrent                  | <b>4,043,646</b>      | 5,946,153      |
| Security and rental deposits**                 | <b>9,944,234</b>      | 6,386,326      |
|  | <b>2,113,520,449</b>  | 2,008,216,544  |
| <b>Total financial assets</b>                  | <b>₱2,151,149,997</b> | ₱2,038,009,181 |
| <i>Current</i>                                 |                       |                |
| Current  | <b>₱2,099,532,569</b> | ₱1,995,884,065 |
| Noncurrent                                     | <b>51,617,428</b>     | 42,125,116     |
| <b>Total financial assets</b>                  | <b>₱2,151,149,997</b> | ₱2,038,009,181 |
| <i>Other financial liabilities:</i>            |                       |                |
| Trade and other payables and provisions***     | <b>₱291,114,873</b>   | ₱305,467,875   |
| Lease liabilities                              | <b>128,918,139</b>    | 57,097,608     |
| Customers' deposits                            | <b>26,438,143</b>     | 25,821,780     |
| <b>Total financial liabilities</b>             | <b>₱446,471,155</b>   | ₱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       | <b>₱17,676,097</b> | <b>(₱87,980,135)</b> |

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)<br>in rate | Effect on income<br>before income tax |
|-------------|--------------------------------|---------------------------------------|
| <b>2023</b> | <b>(0.7%)</b>                  | <b>(₱122,057)</b>                     |
|             | <b>0.7%</b>                    | <b>122,057</b>                        |
| 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           |              |             |              |             |                | Total |
|--------------------------------|----------------|--------------|-------------|--------------|-------------|----------------|-------|
|                                | Current        |              |             | Past Due     |             |                |       |
|                                | High           | Standard     | Substandard | 1-90 Days    | > 90 days   |                |       |
| 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           |              |             |             |            |                | Total |
|--------------------------------|----------------|--------------|-------------|-------------|------------|----------------|-------|
|                                | Current        |              |             | Past Due    | Credit     |                |       |
|                                | High           | Standard     | Substandard | (1-90 Days) | Impaired   |                |       |
| 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<br>(12-Month<br>ECL) | Stage 2<br>(Life time ECL) | Stage 3<br>(Credit Impaired) | Total                 |
| Cash and cash equivalents*     | P677,973,832                 | P-                         | P-                           | P677,973,832          |
| 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             |
|                                | <b>P1,402,477,354</b>        | <b>P-</b>                  | <b>P-</b>                    | <b>P1,402,477,354</b> |

\*Excludes cash on hand amounting to P2.10 million as at December 31, 2023.

\*\*Excludes nonfinancial deposits amounting to P11.71 million as at December 31, 2023.

| 2022                           |                           |                            |                              |                       |
|--------------------------------|---------------------------|----------------------------|------------------------------|-----------------------|
|                                | Stage 1<br>(12-Month ECL) | Stage 2<br>(Life time ECL) | Stage 3<br>(Credit Impaired) | Total                 |
| Cash and cash equivalents*     | P594,521,804              | P-                         | P-                           | P594,521,804          |
| 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             |
|                                | <b>P1,315,039,139</b>     | <b>P-</b>                  | <b>P-</b>                    | <b>P1,315,039,139</b> |

\*Excludes cash on hand amounting to P2.08 million as at December 31, 2022.

\*\*Excludes nonfinancial deposits amounting to P11.75 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   |                 |                   |                   |                   |
|--|-----------------|-------------------|-------------------|-------------------|
|  | Current         | Days Past Due     |                   | Total             |
|  |                 | 1-90 Days         | > 90 Days         |                   |
| Expected credit loss rate                        | 0.19%           | 1.92%             | 9.88%             |                   |
| Estimated total gross carrying amount at default | P465,825,497    | P216,986,336      | P36,923,544       | P719,735,377      |
| Expected credit loss                             | 885,068         | 4,159,168         | 3,648,046         | 8,692,282         |
| Credit impaired                                  | -               | -                 | -                 | -                 |
| Total expected credit loss                       | <b>P885,068</b> | <b>P4,159,168</b> | <b>P3,648,046</b> | <b>P8,692,282</b> |

| 2022   |              |               |                   |                   |
|--|--------------|---------------|-------------------|-------------------|
|  | Current      | Days Past Due |                   | Total             |
|  |              | 1-90 Days     | > 90 Days         |                   |
| Expected credit loss rate                        | 0%           | 0%            | 0%                |                   |
| Estimated total gross carrying amount at default | P639,557,121 | P53,620,284   | P-                | P693,177,405      |
| Expected credit loss                             | -            | -             | -                 | -                 |
| Credit impaired                                  | -            | -             | 8,692,282         | 8,692,282         |
| Total expected credit loss                       | <b>P-</b>    | <b>P-</b>     | <b>P8,692,282</b> | <b>P8,692,282</b> |



*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                 |
|---|---------------------|-----------------------|----------------------|-----------------------|-----------------------|
| <b>Financial liabilities:</b>   |                     |                       |                      |                       |                       |
| 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           |
| <b>Financial assets:</b>  |                     |                       |                      |                       |                       |
| 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         |
| <b>Excess (deficiency) of financial assets over financial liabilities</b> | <b>₱646,635,689</b> | <b>₱1,109,408,718</b> | <b>(₱38,966,946)</b> | <b>(₱114,370,110)</b> | <b>₱1,602,707,351</b> |

\*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                 |
|---|---------------------|-----------------------|----------------------|----------------------|-----------------------|
| <b>Financial liabilities:</b>   |                     |                       |                      |                      |                       |
| 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           |
| <b>Financial assets:</b>  |                     |                       |                      |                      |                       |
| 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         |
| <b>Excess (deficiency) of financial assets over financial liabilities</b> | <b>₱365,235,447</b> | <b>₱1,281,357,274</b> | <b>(₱42,048,465)</b> | <b>(₱16,322,867)</b> | <b>₱1,588,221,389</b> |

\*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                 | <b>₱661,309,398</b>   | ₱661,309,398   |
| Capital paid in excess of par | <b>176,594,308</b>    | 176,594,308    |
| Retained earnings:            |                       |                |
| Appropriated                  | <b>1,000,000,000</b>  | 1,000,000,000  |
| Unappropriated                | <b>1,478,730,384</b>  | 1,136,421,715  |
|                               | <b>₱3,316,634,090</b> | ₱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) |
| <b>Measured at fair value</b>                     |                     |                     |  |   |   |
| 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                               |
| <b>Assets for which fair values are disclosed</b> |                     |                     |  |   |   |
| 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                               | -   |
|   | <b>₱616,519,935</b> | <b>₱612,724,255</b> | <b>₱399,915</b>                          | <b>₱20,394,707</b>                      | <b>₱591,929,633</b>                       |

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



| 2022  |                     |                     |  |   |  |
|---|---------------------|---------------------|--|---|--|
|   | Carrying<br>Value   | Fair<br>Value       | Quoted prices in<br>active market<br>(Level 1) | Significant<br>Observable inputs<br>(Level 2) | Significant<br>Unobservable<br>inputs<br>(Level 3) |
| <b>Measured at fair value</b>                     |                     |                     |  |   |  |
| Equity instruments designated at FVOCI            |                     |                     |  |   |  |
| Quoted  | P4,099,915          | P4,099,915          | P399,915                                       | P3,700,000                                    | P-   |
| Unquoted  | 25,692,722          | 25,692,722          | -  | -   | 25,692,722   |
| Land at appraised value                           | 562,978,000         | 562,978,000         | -  | -   | 562,978,000  |
| <b>Assets for which fair values are disclosed</b> |                     |                     |  |   |  |
| 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                                     | -  |
|   | <b>P607,015,082</b> | <b>P606,277,282</b> | <b>P399,915</b>                                | <b>P17,206,645</b>                            | <b>P588,670,722</b>                                |

\*Excludes nonfinancial deposits amounting to P11.75 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 (P5,821,226) and P6,597,390, respectively, as of December 31, 2023 while (P5,062,575) and P5,737,585, 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                   | <b>₱15,682,540</b> | ₱10,562,146 | ₱9,839,894  |
| Interest expense on lease liabilities | <b>7,176,403</b>   | 3,904,851   | 2,558,372   |
| Short-term leases included under:     |                    |             |             |
| Operating expenses                    | <b>7,815,452</b>   | 4,896,543   | 4,989,693   |
| Cost of goods sold                    | <b>213,854</b>     | 807,908     | 476,732     |
|                                       | <b>₱30,888,249</b> | ₱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 | <b>₱57,097,608</b>  | ₱65,481,168 |
| Non-cash changes:             |                     |             |
| Modifications                 | <b>83,549,449</b>   | -           |
| Interest expense              | <b>7,176,403</b>    | 3,904,851   |
| Payments:                     |                     |             |
| Principal portion             | <b>(11,728,918)</b> | (8,383,560) |
| Interest                      | <b>(7,176,403)</b>  | (3,904,851) |
| Balances at end of year       | <b>128,918,139</b>  | 57,097,608  |
| Less current portion          | <b>(12,800,223)</b> | (9,361,045) |
| Noncurrent portion            | <b>₱116,117,916</b> | ₱47,736,563 |





Shown below is the maturity analysis of the undiscounted lease payments as of December 31:

|                              | 2023               | 2022        |
|------------------------------|--------------------|-------------|
| Within one year              | <b>₱21,352,580</b> | ₱12,803,336 |
| More than 1 years to 2 years | <b>21,996,442</b>  | 26,520,406  |
| More than 2 years to 3 years | <b>16,970,505</b>  | 15,528,059  |
| More than 3 years to 4 years | <b>17,619,854</b>  | 8,344,608   |
| More than 5 years            | <b>96,750,255</b>  | 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   |
|--|-------------------|-------------|----------------------|---------------------|--|
| <i>Stockholders</i>  |                   |             |                      |                     |  |
| Mitsubishi Corporation   | Purchases         | <b>2023</b> | <b>₱351,421,236</b>  | <b>₱-</b>           | 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         | <b>2023</b> | <b>322,165,110</b>   | -                   | 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          | -                   |  |
| <i>Retirement fund</i><br>Mabuhay Vinyl Corporation - Retirement Fund    | Investment in MPI | <b>2023</b> | -                    | <b>7,750,000</b>    | Guaranteed dividends equivalent to T-Bill Rate plus 300 basis points subject to declaration by the MPI's BOD |
|  |                   | 2022        | -                    | 7,750,000           |  |
|  |                   | 2021        | -                    | 7,750,000           |  |
| <i>Entity under common control</i><br>Philippine Resins Industries, Inc. | Sales             | <b>2023</b> | <b>5,136,430</b>     | <b>330,174</b>      | Unsecured; 30 days; non-interest-bearing   |
|  |                   | 2022        | 6,144,118            | 835,912             |  |
|  |                   | 2021        | 4,063,207            | 401,375             |  |
|  | Loans receivable  | <b>2023</b> | <b>(100,000,000)</b> | <b>600,000,000</b>  | Interest-bearing; to be settled in cash  |
|  |                   | 2022        | -                    | 700,000,000         |  |
|  |                   | 2021        | 300,000,000          | 700,000,000         |  |
|  | Interest income   | <b>2023</b> | <b>₱35,412,864</b>   | <b>₱5,542,300</b>   | 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 | <b>₱700,000,000</b>  | ₱700,000,000 |
| Collection                    | <b>(100,000,000)</b> | -            |
| Balances at end of year       | <b>₱600,000,000</b>  | ₱700,000,000 |

- f. The compensation of key management personnel follows:

|                               | 2023               | 2022       | 2021       |
|-------------------------------|--------------------|------------|------------|
| Short-term employee benefits  | <b>₱9,882,791</b>  | ₱9,027,717 | ₱8,180,307 |
| Retirement benefits (Note 17) | <b>2,076,489</b>   | 594,603    | 760,663    |
|                               | <b>₱11,959,280</b> | ₱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) | <b>₱408,439,609</b> | ₱399,068,571 | ₱275,871,248 |
| Weighted average number of shares outstanding (Note 12) (b)      | <b>661,309,398</b>  | 661,309,398  | 661,309,398  |
| Basic/Diluted earnings per share (a/b)                           | <b>₱0.618</b>       | ₱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 | <b>₱11,000,000</b> | ₱20,000,000 | ₱9,000,000  |
| Additions          | <b>14,000,000</b>  | -           | 11,000,000  |
| Payments           | <b>(3,500,000)</b> | (9,000,000) | -           |
| Ending balances    | <b>₱21,500,000</b> | ₱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  | <b>₱110,218,252</b> | ₱87,392,571 | ₱70,867,688 |
| Total noncurrent assets   | <b>153,945,450</b>  | 153,945,450 | 153,945,450 |
| Total current liabilities   | <b>4,393,531</b>    | 2,835,760   | 4,495,535   |
| Total equity  | <b>259,770,171</b>  | 238,502,261 | 220,317,603 |
| Total equity attributable to noncontrolling interest                          | <b>8,621,882</b>    | 8,705,016   | 8,345,021   |
| Rental income   | <b>25,590,943</b>   | 24,372,321  | 24,372,321  |
| Net income /total comprehensive income  | <b>21,993,653</b>   | 18,184,658  | 16,930,247  |
| Net income/total comprehensive income attributable to noncontrolling interest | <b>638,709</b>      | 359,995     | 361,848     |
| Cash dividends declared and paid  | <b>(721,843)</b>    | –           | (2,156,826) |
| Net cash flows from operating activities                                      | <b>18,388,053</b>   | 24,452,539  | 18,772,081  |
| Net cash flows from investing activities                                      | <b>(89,501,600)</b> | 1,435,569   | 242,965     |
| Net cash flows used in financing activities                                   | <b>(721,843)</b>    | (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   |
|-------------------------------|----------------------------|--------|--------|
|                               | <i>Amounts in millions</i> |        |        |
| Revenue                       | <b>₱3,074</b>              | ₱3,201 | ₱2,187 |
| Net income                    | <b>409</b>                 | 399    | 276    |
| Total assets                  | <b>4,334</b>               | 3,956  | 3,452  |
| Total liabilities             | <b>603</b>                 | 569    | 418    |
| Interest income               | <b>47</b>                  | 20     | 12     |
| Income taxes                  | <b>136</b>                 | 134    | 94     |
| Depreciation and amortization | <b>106</b>                 | 94     | 97     |
| Capital expenditures          | <b>412</b>                 | 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.

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## 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                                 | <b>(₱83,549,449)</b> | ₱—          | (₱49,598,950) |
| Changes in fair value of equity instruments designated at FVOCI | <b>7,836,911</b>     | 5,176,816   | 1,782,889     |
| Financing activities:   |                      |             |               |
| Accretion of lease liabilities                                  | <b>(7,176,402)</b>   | (3,904,851) | (2,558,372)   |

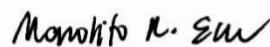


## **INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES**

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

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

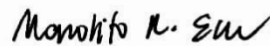


## **INDEPENDENT AUDITOR'S REPORT ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS**

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.



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**  
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**MABUHAY VINYL CORPORATION**

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**SUPPLEMENTARY SCHEDULE OF RETAINED EARNINGS  
AVAILABLE FOR DIVIDEND DECLARATION**

**December 31, 2023**

|   |                     |
|---|---------------------|
| <b>Unappropriated Retained Earnings, December 31, 2022</b>  | <b>₱997,994,575</b> |
| <b>Add: Category A: Items that are directly credited to Unappropriated Retained Earnings</b>  |                     |
| 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          |
| <b>Less: Category B: Items that are directly debited to Unappropriated Retained Earnings</b>  |                     |
| 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)        |
| <b>Unappropriated Retained Earnings, as adjusted</b>  | <b>980,063,524</b>  |
| <b>Add: Net income for the current year</b>   | <b>378,694,841</b>  |
| <b>Less: Category C.1: Unrealized income recognized in the profit or loss during the reporting period (net of tax)</b>  |                     |
| 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)            |
| <b>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)</b> |                     |
| 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  | — |

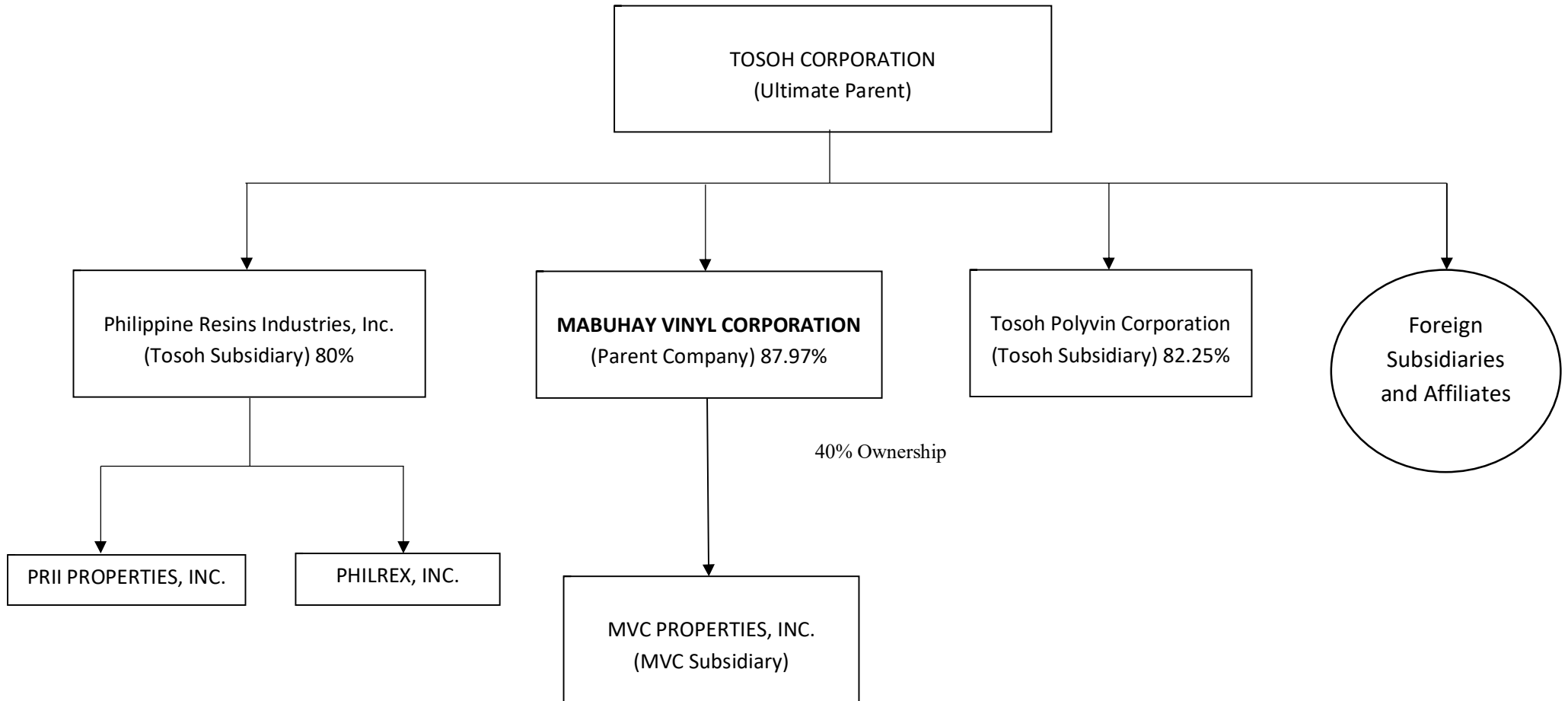
**Add/Less: Category F: Other items that should be excluded from the determination of the amount of available for dividends distribution**

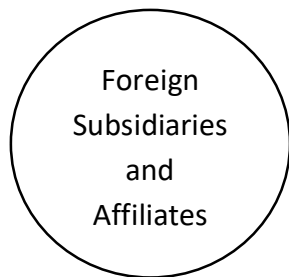
|  |                    |
|--|--------------------|
| Net movement of treasury shares (except for reacquisition of redeemable shares)  | —                  |
| Net movement of deferred tax asset not considered in the reconciling items under the previous categories   | (665,144)          |
| Net movement 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  | <u>(3,264,400)</u> |

**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**





| <b>TOSOH SUBSIDIARIES:</b>                          |   |
|---|---|
| Ace Pack Co.,Ltd. (49.32%)                          | Tosoh Europe N.V. (100%)                          |
| Organo Corporation (41.31%)                         | Tosoh Europe B.V. (100%)                          |
| Kasumi Engineering Inc. (100%)                      | Tosoh Bioscience A.G. (98%)                       |
| Kasumi Kyodo Jigy Co.,Ltd. (65%)                    | Tosoh Bioscience SRL (100%)                       |
| Sankyo Kasei Industry Corporation (66.67%)          | Tosoh Bioscience, Ltd. (100%)                     |
| Sanwa Construction Co.,Ltd. (78.44%)                | Tosoh Bioscience GmbH (100%)                      |
| Seiwa Kouki Corp. (100%)                            | PT. Standard Toyo Polymer (60%)                   |
| Taihei Chemicals Limited (74.59%)                   | Tosoh America, Inc. (100%)                        |
| Taiyo Vinyl Corporation (68%)                       | Tosoh Bioscience LLC (100%)                       |
| Tosoh AIA, Inc. (100%)                              | Tosoh Bioscience, Inc. (100%)                     |
| Tosoh SGM Corporation (100%)                        | Tosoh Quartz, Inc. (100%)                         |
| Tosoh Quartz Corporation(NSG Japan) (100%)          | Tosoh SMD, Inc. (100%)                            |
| Tosoh Information Systems Corporation (100%)        | Tosoh SMD Korea, Ltd. (100%)                      |
| Tosoh Silica Corporation (100%)                     | Tosoh SMD Taiwan, Ltd. (100%)                     |
| Tosoh Speciality Materials Corporation (100%)       | Tosoh SMD Shanghai, Ltd. (100%)                   |
| Tosoh Zeolum, Inc. (100%)                           | Tosoh Specialty Chemicals USA, Inc. (100%)        |
| Tosoh Ceramics Co.,Ltd (100%)                       | Tosoh USA, Inc. (100%)                            |
| Tosoh General Service Co.,Ltd (100%)                | Tosoh Asia Pte., Ltd. (100%)                      |
| Tosoh Techno-System, Inc. (100%)                    | Tosoh Hellas A.I.C. (65%)                         |
| Tosoh Nikkemi Corporation (100%)                    | Tosoh Quartz Co., Ltd. (100%)                     |
| Tosoh Hi-Tec, Inc. (100%)                           | Tosoh Advanced Materials Sdn. Bhd. (100%)         |
| Tosoh Hyuga Corporation (100%)                      | Tosoh India Private Limited (100%)                |
| Tosoh Finechem Corporation (100%)                   | Tosoh China Holdings Co.,Ltd. (100%)              |
| Tosoh Logistics Corporation (100%)                  | Tosoh (Ruian) Polyurethane Co.,Ltd (100%)         |
| Tosoh Analysis and Research Center Co.,Ltd. (100%)  | Tosoh (Shanghai) Polyurethan Co.,Ltd (100%)       |
| Tohoku Denki Tekko Co.,Ltd. (96.76%)                | Tosoh (Shanghai) Co.,Ltd. (100%)                  |
| Tohoku Tosoh Chemical Co.,Ltd. (100%)               | Tosoh Bioscience Shanghai Co.,Ltd. (100%)         |
| Toyo Polymer Co.,Ltd. d. (100%)                     | Tosoh (Guangzhou) Chemical Industries, Inc. (67%) |
| 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%)                    |   |

| <b>TOSOH AFFILIATES:</b>                      |
|---|
| 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 |
|--|---|-----------------------------------|---|-----------------------------|
| <b>Equity instruments designated at FVOCI:</b>       |   |                                   |   |                             |
| 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   | -                           |
| <b>Total quoted</b>                                  | <b>79,953</b>   | <b>8,699,915</b>                  | <b>8,699,915</b>  | <b>-</b>                    |
| Tosoh Polyvin Corporation                            | 26,291  | 28,929,633                        | 28,929,633  | -                           |
| <b>Total unquoted</b>                                | <b>26,291</b>   | <b>28,929,633</b>                 | <b>28,929,633</b>   | <b>-</b>                    |
|  | <b>106,244</b>  | <b>₱37,629,548</b>                | <b>₱37,629,548</b>  | <b>₱-</b>                   |
| <b>Debt instruments at amortized cost:</b>           |   |                                   |   |                             |
| 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                         | -   | -                           |
|  | -   | <b>2,019,654,882</b>              | -   | -                           |
| <b>Total financial assets</b>                        | <b>-</b>  | <b>₱2,057,284,430</b>             | <b>₱-</b>   | <b>₱-</b>                   |

**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**

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

| <b>Ratio</b>                           | <b>Formula</b>  | <b>Current Year</b> | <b>Prior Year</b> |
|--|---|---------------------|-------------------|
| <b>g. Return on assets</b>             | net income / average assets<br><br>Net income 409,078,318<br>Divided by: Average Total Assets 4,144,789,618<br><hr/> Return on assets 0.10<br><br>*(beginning plus ending) / 2  | 0.10                | 0.11              |
| <b>h. Debt to total asset ratio</b>    | total liabilities / total assets<br><br>Total Liabilities 603,476,832<br>Divided by: Total Assets 4,333,772,120<br><hr/> Debt to total asset ratio 0.14   | 0.14                | 0.14              |
| <b>i. Asset to equity ratio</b>        | total assets / total stockholders' equity<br><br>Total Assets 4,333,772,120<br>Divided by: Total Stockholders' Equity 3,730,295,288<br><hr/> Asset to equity ratio 1.16   | 1.16                | 1.17              |
| <b>j. Interest rate coverage ratio</b> | earnings before interest and taxes / interest expense<br><br>Net income 409,078,318<br>Interest Expense 7,176,403<br>Provision for Income Tax 135,618,656<br><hr/> EBIT 551,873,377<br>Divided by: Interest Expense 7,176,403<br><hr/> 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:

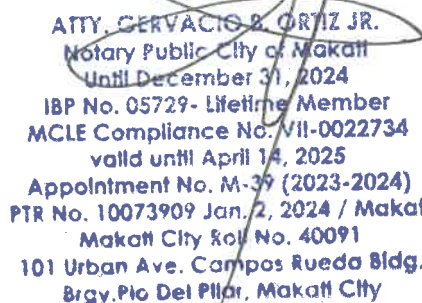
1. I am the Treasurer of **Mabuhay Vinyl Corporation** (the "Company"), a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines under SEC Certificate of Registration No. **PW00000216** with principal office address at **22F The Salcedo Towers, 169 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 28<sup>th</sup> day of February 2024 at Makati City.

  
Michael S. Yu  
Treasurer

SUBSCRIBED AND SWORN to before me on this MAR 14, 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.

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Book No.: 71  
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 Rol. No. 40091  
101 Urban Ave. Campos Rueda Bldg.  
Brgy. Pio Del Pilar, Makati City



**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<br>( in P'000 ) | 2022<br>( in P'000 ) |
|---|----------------------|----------------------|
| <b>A. ASSETS (A.1 + A.2 + A.3 + A.4 + A.5 + A.6 + A.7 + A.8 + A.9 + A.10)</b>   | <b>4,333,772</b>     | <b>3,955,807</b>     |
| 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 ( <b>negative entry</b> )   | <b>(8,692)</b>       | <b>(8,692)</b>       |
| 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 ( <b>negative entry</b> )   |                      |                      |
| 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.

**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**

| <b>FINANCIAL DATA</b> |   | <b>2023</b><br>( in P'000 ) | <b>2022</b><br>( in P'000 ) |
|-----------------------|---|-----------------------------|-----------------------------|
| A.1.4.3               | Loans and Receivables - issued by domestic entities:<br>(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<br>other comprehensive income - issued by domestic entities:<br>(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 ( <b>negative entry</b> )   |                             |                             |
| 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 ( <b>negative entry</b> )  | (2,436,399)                 | (2,330,983)                 |
| A.2.8                 | Impairment Loss or Reversal ( <b>if loss, negative entry</b> )  |                             |                             |
| 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  |                             |                             |

**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**

| <b>FINANCIAL DATA</b>  | <b>2023</b><br>( in P'000 ) | <b>2022</b><br>( 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>B. LIABILITIES (B.1 + B.2 + B.3 + B.4 + B.5)</b>  | <b>603,477</b>              | <b>568,588</b>              |
| 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 Liabilities, 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  |                             |                             |

**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**

| <b>FINANCIAL DATA</b>  |  | <b>2023</b><br>( in P'000 ) | <b>2022</b><br>( 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  |  |                             |                             |
| <b>C. EQUITY (C.3 + C.4 + C.5 + C.6 + C.7 + C.8 + C.9+C.10)</b>  |  | <b>3,730,295</b>            | <b>3,387,219</b>            |
| C.1 Authorized Capital Stock (no. of shares, par value and total value; show details)<br>(C.1.1+C.1.2+C.1.3) |  | 661,309                     | 661,309                     |
| C.1.1 Common shares <b>688,309,398 shares, P1 par value</b>  |  | 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 <b>(negative entry)</b>   |  | 0                           | 0                           |
| <b>D. TOTAL LIABILITIES AND EQUITY (B + C)</b>   |  | <b>4,333,772</b>            | <b>3,955,807</b>            |

**GENERAL FORM FOR FINANCIAL STATEMENTS**

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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**

| <b>FINANCIAL DATA</b>   |  | <b>2023</b><br>( in P'000 ) | <b>2022</b><br>( in P'000 ) |
|---|--|-----------------------------|-----------------------------|
| <b>A. REVENUE / INCOME (A.1 + A.2 + A.3)</b>  |  | <b>3,141,470</b>            | <b>3,213,871</b>            |
| 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>B. COST OF GOODS SOLD (B.1 + B.2 + B.3)</b>  |  | <b>1,866,010</b>            | <b>2,013,139</b>            |
| 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)                   |
| <b>C. COST OF SALES (C.1 + C.2 + C.3)</b>   |  | <b>-</b>                    | <b>0</b>                    |
| C.1 Purchases   |  |                             |                             |
| C.2 Merchandise Inventory, Beginning  |  |                             |                             |
| C.3 Merchandise Inventory, End (negative entry)   |  |                             |                             |
| <b>D. COST OF SERVICES, SPECIFY (D.1 + D.2 + D.3 + D.4 + D.5 + D.6)</b>   |  | <b>-</b>                    | <b>-</b>                    |
| D.1   |  |                             |                             |
| D.2   |  |                             |                             |
| D.3   |  |                             |                             |
| D.4   |  |                             |                             |
| D.5   |  |                             |                             |
| D.6   |  |                             |                             |

**GENERAL FORM FOR FINANCIAL STATEMENTS**

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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<br>( in P'000 ) | 2022<br>( in P'000 ) |
|---|----------------------|----------------------|
| <b>E. OTHER DIRECT COSTS, SPECIFY (E.1 + E.2 + E.3 + E.4 + E.5 + E.6)</b>   | -                    | -                    |
| E.1 Cost of sales - Property  | 0                    | 0                    |
| E.2   |                      |                      |
| E.3   |                      |                      |
| E.4   |                      |                      |
| E.5   |                      |                      |
| E.6   |                      |                      |
| <b>F. GROSS PROFIT (A - B - C - D - E)</b>  | <b>1,275,460</b>     | <b>1,200,732</b>     |
| <b>G. OPERATING EXPENSES (G.1 + G.2 + G.3 + G.4)</b>  | <b>730,763</b>       | <b>666,811</b>       |
| 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   |                      |                      |
| <b>H. FINANCE COSTS</b>   |                      |                      |
| <b>I. NET INCOME (LOSS) BEFORE TAX ( F - G - H )</b>  | <b>544,697</b>       | <b>533,921</b>       |
| <b>J. INCOME TAX EXPENSE (negative entry)</b>   | <b>(135,619)</b>     | <b>(134,493)</b>     |
| <b>K. INCOME AFTER TAX</b>  | <b>409,078</b>       | <b>399,428</b>       |
| <b>L. Amount of (i) Post-Tax Profit or Loss of Discontinued Operations; and (ii) Post-Tax Gain or Loss Recognized on the Measurement of Fair Value less Cost to Sell or on the Disposal of the Assets or Disposal Group(s) constituting the Discontinued Operation (if any)</b> |                      |                      |
| L.1 Net changes in fairvalue of AFS   |                      |                      |
| L.2 Increase in revaluation increment   |                      |                      |
| <b>M. Profit or Loss Attributable to Minority Interest</b>  | <b>639</b>           | <b>360</b>           |
| <b>N. Profit or Loss Attributable to Equity Holders of the Parent</b>   | <b>408,439</b>       | <b>399,068</b>       |

**GENERAL FORM FOR FINANCIAL STATEMENTS**

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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 3. Cash Flow Statements**

| FINANCIAL DATA  | 2023<br>( in P'000 ) | 2022<br>( in P'000 ) |
|---|----------------------|----------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |                      |                      |
| <b>Net Income (Loss) Before Tax and Extraordinary Items</b>                             | 544,697              | 533,921              |
| <b>Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities</b> |                      |                      |
| 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                    |
| <b>Loss on sale of Property, Plant, and Equipment</b>                                   |                      |                      |
| <b>Changes in Assets and Liabilities:</b>   |                      |                      |
| 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                    |
| <b>A. Net Cash Provided by (Used in) Operating Activities (sum of above rows)</b>       | <b>529,815</b>       | <b>410,167</b>       |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |                      |                      |
| (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>B. Net Cash Provided by (Used in) Investing Activities (sum of above rows)</b>       | <b>(364,070)</b>     | <b>(379,333)</b>     |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>   |                      |                      |
| 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)             |
| <b>C. Net Cash Provided by (Used in) Financing Activities (sum of above rows)</b>       | <b>(82,205)</b>      | <b>(76,845)</b>      |
| <b>D. EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>                  | <b>(68)</b>          | <b>(138)</b>         |
| <b>NET (DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C+ D)</b>                       | <b>83,472</b>        | <b>(46,149)</b>      |
| Cash and Cash Equivalents   |                      |                      |
| Beginning of year   | 596,602              | 642,751              |
| End of year   | 680,074              | 596,602              |





|  |  |         |         |         |          |       |           |           |       |           |
|--|--|---------|---------|---------|----------|-------|-----------|-----------|-------|-----------|
| J.4.2 Retirement of TS                     |  |         |         |         |          |       |           |           |       | 0         |
| J.4.3 Other comprehensive                  |  |         | 16      | (7,003) | 7,837    |       |           |           |       | 850       |
| J.4.4                                      |  |         |         |         |          |       |           |           |       |           |
| <b>K. Net Income (Loss) for the Period</b> |  |         |         |         |          |       | 408,439   | 639       |       | 409,078   |
| <b>L. Dividends (negative entry)</b>       |  |         |         |         |          |       | (66,130)  | (722)     |       | (66,852)  |
| <b>M. Appropriation for (specify)</b>      |  |         |         |         |          |       |           |           |       |           |
| M.1 Capital Expenditures                   |  |         |         |         |          |       |           |           |       | 0         |
| M.2  |  |         |         |         |          |       |           |           |       |           |
| M.3  |  |         |         |         |          |       |           |           |       |           |
| M.4  |  |         |         |         |          |       |           |           |       |           |
| M.5  |  |         |         |         |          |       |           |           |       |           |
| <b>N. Issuance of Capital Stock</b>        |  |         |         |         |          |       |           |           |       |           |
| N.1 Common Stock                           |  |         |         |         |          |       |           |           |       |           |
| N.2 Preferred Stock                        |  |         |         |         |          |       |           |           |       |           |
| N.3 Others                                 |  |         |         |         |          |       |           |           |       |           |
| <b>O. Balance, 31-Dec-23</b>               |  | 661,309 | 176,594 | 412,120 | (11,711) | 4,630 | 1,000,000 | 1,478,731 | 8,622 | 3,730,295 |