



MABUHAY VINYL CORPORATION

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9 H. V. Dela Costa St., Salcedo Village
El-Air, Makati City 1209 Philippines
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ANNIVERSARY RE

CELEBRATING 60 HONORARY CELEBRATION

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HONORING LEADERSHIP, CELEBRATING PARTNERSHIPS



Our Vision

A dominant chemical and related services company for enhancing life and preserving the environment. A dynamic and profitable company focused on value leadership, reliable service and premium customer satisfaction.

Our Mission

We shall be the supplier of choice in our markets by being responsive to the needs of our customers and providing them the best value for money.

We shall maintain an organization that relentlessly pursues market opportunities; driven by a shared passion for success; enabled by an empowering environment for pursuing business goals, innovation, personal fulfilment and professional growth; and supported by a culture that recognizes the value-added contribution of its employees.

We shall comply with quality requirements, continually improve our Quality Management System, practice Responsible Care in the way we conduct business, and contribute to the development of the communities where we operate to enhance the quality of life.

We are committed to continually undertake measures to enhance the value of the company to its shareholders.

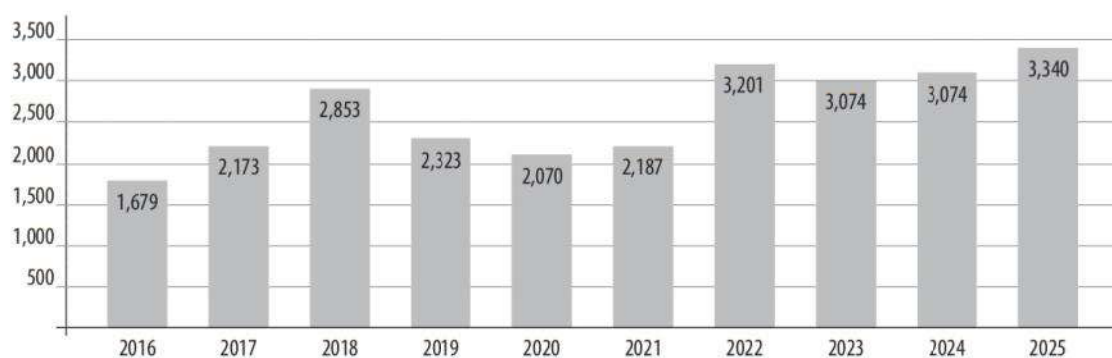
Corporate Values

- God-centeredness
- Integrity
- Entrepreneurial Spirit
- Customer Focus
- Innovation
- Teamwork
- Excellence
- Social Responsibility

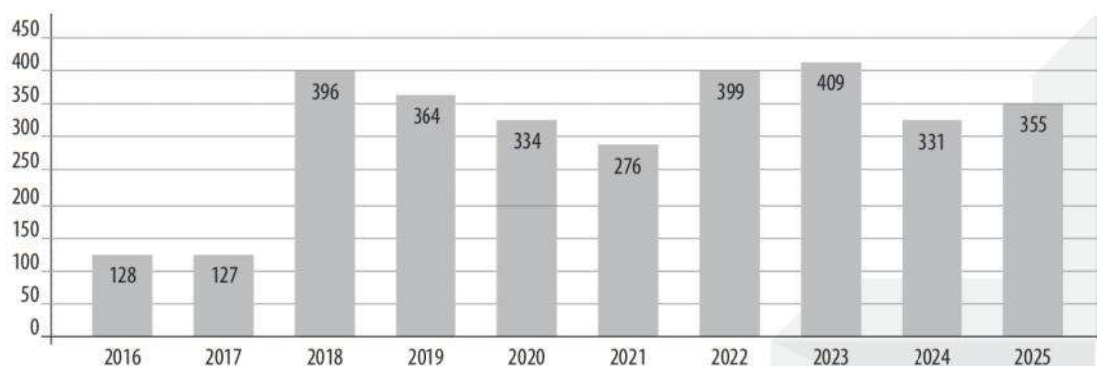
Financial Highlights

	2025	2024	% change
For the Year (in P'000)			
Net Sales	3,340,440	3,074,069	9%
Gross Profit	1,101,006	1,071,619	3%
Net Income after Tax	355,321	331,315	7%
As of December 31 (in P'000)			
Current Assets	2,817,953	2,642,280	7%
Current Liabilities	344,414	475,988	-28%
Total Equity	4,303,239	3,997,721	8%
For the Year			
Earning per share	0.537	0.500	7%
Book Value per share	6.507	6.045	8%
As of December 31 (in P'000)			
Current Ratio	8.18	5.55	47%
Debt to equity ratio	0.10	0.15	-30%

REVENUES (in PHP Millions)



NET INCOME (in PHP Millions)



Message to Shareholders

Greetings of peace and prosperity. We are pleased to present to you Mabuhay Vinyl Corporation's Annual Report for 2025, a year that marked both a significant milestone and a test of resilience.

On August 22, 2025, Mabuhay celebrated its 60th year as a chlor-alkali manufacturer. The company's origins actually date back to 1935, when we were a rubber shoe manufacturer. But our story was cut short by World War II. In 1965, we reemerged as a caustic soda producer in Iligan. Through the years, MVC has experienced growth, expansion, and prosperity, survived political and financial crises, heavy debt, and a global pandemic. Against a backdrop of challenges and triumphs, we thank our partners, friends, and employees for your steadfast support. We look forward to celebrating more milestones with you on the road ahead.

**Celebrating 60 years
of reliable service
and premium customer
satisfaction. MVC shall be
a company indispensable
to Philippine society and
its industrial development.**

The Philippine economy faced very challenging conditions in 2025. Gross domestic product, excluding earnings from overseas Filipinos, grew by only 4.4%, while the industry sector – comprising manufacturing, construction, utilities, and mining – expanded by only 1.5%. Outside of the COVID-19 period, 2025 marked the lowest GDP growth since 2011.

Despite the domestic economy's bleak performance, Mabuhay's continued focus on reliability, service, and quality delivered tangible results. MVC achieved record revenues of P3.340 billion in 2025, with all four product lines posting strong growth in sales volume compared to 2024. While profit from recurring business declined by 1.6% due to rising production and logistics costs, the company's operational performance remained solid.

Corporate Performance

MVC sustained robust business growth in 2025, with income after tax reaching P355.3 million, a 7.2% increase from P331.3 million in 2024. This growth was driven by strong sales volumes across all products, despite weak market demand throughout the year.

Revenues reached P3.340 billion in 2025, a huge 8.7% jump over the previous year, mainly due to higher sales of liquid caustic soda and hydrochloric acid.

Delivered volume of liquid caustic soda increased by almost 8%, equivalent to more than 4,000 dry metric tons, due to several bulk sales to new customers. The company was also successful in preventing unfair business practices, thereby strengthening competitiveness and improving price stability. Caustic soda sales volume in 2025 was the highest in the company's 60-year history.

Sales volume of hydrochloric acid grew by almost 7% year-on-year – an encouraging outcome despite continued softness in the electronics and semiconductor sectors amid the Trump tariff war.

Gross profit grew by P29.4 million, 2.7% higher than in 2024, driven by higher volumes and selling prices, which offset the rising import and production costs. Margins from traded commodities also improved, coming from challenging conditions in 2024.

Operating expenses increased by P34.8 million, or 4.7%, due to distribution expenses arising from significantly higher sales volume and deliveries to more distant customers. Nevertheless, delivery cost on a per-ton basis for most products declined slightly.

Interest income also increased by P3.0 million by the end of the year, reaching P52.3 million. Other income rose by P17.6 million, due to an increase in equity in the associate company's net earnings.

The IEM2 Modernization Project, registered with the Board of Investments, began operations in 2024. Benefits from income tax incentives amounted to P12.4 million in 2024 and P12.2 million in 2025.

Caustic Soda Market in 2025

Weak demand for liquid caustic soda across Asia persisted throughout 2025, weighed down by reduced consumption in downstream industries such as alumina and batteries, as well as the impact of US tariff policies. Additional capacity from new plants in China and Thailand in the second half of the year further increased regional supply, driving prices down from \$509/DMT in January to \$432/DMT in December.

Despite subdued demand, caustic soda prices did not decline further. This was because its chlorine co-product faced low margins, largely due to weak prices and muted activity in its primary end-market.

Manufacturing Operations

Production volume increased by 7.7% in 2025, supported by longer operating hours and stronger demand for chlorine-derivative products. Liquid chlorine production, in particular, rose by 9.1%, driven by robust sales of both liquid chlorine and sodium hypochlorite.

Production costs, however, increased by nearly 6% due to significantly higher power rates, as well as increased depreciation and maintenance expenses.

With the expanded IEM2 plant now operating efficiently, the company has turned its focus toward enhancing energy efficiency. In 2026, MVC will replace its bunker-fired steam boiler with modern systems powered by LPG and hydrogen gas—an initiative expected to reduce both operating costs and carbon emissions. Carbon dioxide emissions are projected to decrease by 54%.

At the Laguna facility, Mabuhay's Premium Bleach Plant delivered another strong performance in 2025, with sodium hypochlorite production up by 3.5%, following an explosive 35% surge in 2024. A key operational breakthrough also reduced production time by 35%, with further expansion of support infrastructure currently underway.

Environmental Responsibility

As a responsible member of and contributor to society, MVC monitors, reports, and implements measures to reduce the environmental impact of its operations.

In 2025, the company reduced the energy intensity of its production by 3%, achieved through lower steam consumption at the evaporator and reduced reliance on non-renewable power sources, while maintaining optimal production efficiency.

Energy Intensity	2023	2024	2025
Caustic Soda (kWh/DMT NaOH)	437.65	390.88	379.89
Hydrochloric Acid (kWh/LMT HCl)	140.05	125.08	121.56
Liquid Chlorine (kWh/MT Cl ₂)	437.65	390.88	379.89
Sodium Hypochlorite (kWh/MT Hypo)	15.35	18.92	18.20

MVC publishes its Sustainability Report as part of its 17-A Annual Report, in accordance with Global Reporting Initiative (GRI) Standards prescribed by the Securities and Exchange Commission. The report is also available on the company's website.

Outlook for the Rest of 2026

Geopolitical developments in 2026, particularly the US-Israel-Iran conflict and the resulting disruption in the Strait of Hormuz, have significantly constrained the global supply of oil and petrochemicals.

An extended shortage of fuel, including diesel and bunker oil, will have severe implications for both the Philippine economy and the company's operations. In anticipation, MVC has increased its bunker fuel inventory to sustain production and is actively coordinating with government agencies to secure fuel supply support for essential industries.

The impact on the caustic soda market has been significant and immediate. The chlor-alkali and vinyl production chain relies on ethylene for the conversion of chlorine into PVC resin. However, ethylene is produced in petrochemical plants using naphtha sourced from the Middle East as raw material.

- Numerous naphtha crackers in Asia could not secure feedstock and have declared force majeure.
- With significantly less available ethylene, some chlor-alkali producers have declared force majeure, while others have reduced operating rates.
- The supply of caustic soda in Asia has become very tight, and the price has increased by 50% from pre-crisis levels.

MVC's response is focused on maintaining continuity and managing risk:

- Secure materials needed for continuing sales, production, and logistics operations. These include imported caustic soda, bunker fuel oil, and other materials.
- Identify, quantify, and mitigate the impact of higher costs.
- Mitigate risks associated with existing sales commitments and foreign exchange risks.

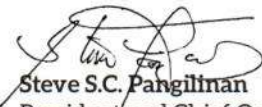
In this environment, MVC remains focused on its essential role – ensuring the reliable supply of critical chemicals to our customers. We recognize the responsibility that comes with being the only domestic chlor-alkali manufacturer and industry leader. We are confident in our capability, resilience, and adaptability to navigate the challenges ahead and emerge stronger.

As always, we extend our sincere appreciation to our customers, shareholders, business partners, bankers, suppliers, and employees for the continued trust and support that made this year a success.

One MVC.

Maraming salamat po.


Yohei Chikamoto
Chairman and Chief Executive Officer


Steve S.C. Pangilinan
President and Chief Operating Officer



MABUHAY VINYL CORPORATION



Statement of Management's Responsibility for Financial Statements

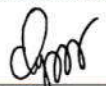
The management of **MABUHAY VINYL CORPORATION** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2025 and 2024, in accordance with the prescribed financial reporting framework indicated therein, 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.

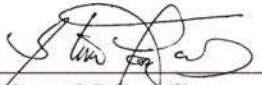
In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or 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 5th day of March 2026

SUBSCRIBED AND SWORN to before me this 12 day MAR 2026; affiants exhibiting to me the following:

Yohei Chikamoto
Steve S.C. Pangilinan
Michael S. Yu

628-429-240
112-075-833
193-284-786

Doc No. : 104 ;
Page No. : 10 ;
Book No. : XX4 ;
Series of 2026


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NOTARY PUBLIC for MAKATI CITY
Commission No. M-012 until Dec. 31, 2027
Roll of Attorneys 77327
PTR No. 10764513; 01/02/2026; Makati City
IBP OR No. 566188 12/16/2025; Pasig City
MCLE Compliance No. VIII-0000389
2553 San Jose St., Guadalupe Nuevo, Makati City

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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,
Barangay Bel-Air, Makati City

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Mabuhay Vinyl Corporation (the "Company"), which comprise the balance sheet as at December 31, 2025 and 2024, and the statements of income, statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in the period ended December 31, 2025, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2025 and 2024, and its financial performance and its cash flows for each of the three years in the period ended December 31, 2025 in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Basis for Opinion

We conducted our audit 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 financial statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (the Code of Ethics), as applicable to the audits of the financial statements of public interest entities, together with the ethical requirements that are relevant to the audits of financial statements of public interest entities 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 financial statements of the current period. These matters were addressed in the context of our audit of the 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 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 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 financial statements.

Determining Physical Quantities in the Costing of Raw Materials Inventories

The physical quantities of raw materials inventories, consisting mainly of industrial salt, which are on hand, in process or consumed, are determined through quantity surveys and a set percentage of raw material usage based on output. The determination of quantities considers factors such as 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 Company's disclosures about inventories are included in Notes 3 and 6 to the financial statements.

Audit Response

We evaluated the competence, capabilities and objectivity of the independent surveyor by considering its qualifications, experience and reporting responsibilities. We observed how management conducted the physical count and determined the quantities and tested the quantity conversion. We also reviewed the cost accumulation calculation for selected sample periods by tracing the cost inputs to the source documents and the recognition in the accounting system.

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, 2025 but does not include the 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, 2025 are expected to be made available to us after the date of this auditor's report.

Our opinion on the 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 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 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 Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRSs, 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.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 Company'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 Company'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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 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.

Report on the Supplementary Information Required Under Revenue Regulations No. 15-2010

Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information required under Revenue Regulations No. 15 2010 in Note 27 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of Mabuhay Vinyl Corporation. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The engagement partner on the audit resulting in this independent auditor's report is Djole S. Garcia.

SYCIP GORRES VELAYO & CO.

Djole S. Garcia

Djole S. Garcia

Partner

CPA Certificate No. 0097907

Tax Identification No. 201-960-347

BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026

SEC Partner Accreditation No. 97907-SEC (Group A)

Valid to cover audit of 2022 to 2026 financial statements

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements

BIR Accreditation No. 08-001998-102-2024, August 27, 2024, valid until August 26, 2027

PTR No. 10765054, January 2, 2026, Makati City

March 5, 2026



MABUHAY VINYL CORPORATION

Statement of Financial Position

	December 31	
	2025	2024
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	P 914,980,158	P 1,195,348,543
Short-term investment (Note 4)	616,563,600	—
Trade and other receivables (Note 5)	740,575,572	803,170,463
Loans receivable (Note 22)	—	100,000,000
Inventories (Notes 6, 14 and 22)	364,398,649	332,445,293
Other current assets (Note 7)	181,435,187	211,315,577
Total Current Assets	2,817,953,166	2,642,279,876
Noncurrent Assets		
Investment in an associate (Note 8)	565,454,881	542,494,439
Property, plant and equipment (Note 9)	1,260,604,194	1,326,596,737
Net retirement benefit assets (Note 17)	22,223,143	—
Deferred tax assets - net (Note 18)	7,418,717	13,026,525
Other noncurrent assets (Notes 10 and 21)	75,130,446	64,047,076
Total Noncurrent Assets	1,930,831,381	1,946,164,777
TOTAL ASSETS	P 4,748,784,547	P 4,588,444,653
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables (Notes 11 and 12)	P 288,396,266	P 408,352,458
Customers' deposits (Note 9)	26,910,631	26,225,842
Current portion of lease liabilities (Note 21)	10,180,882	41,409,355
Income tax payable	18,925,849	—
Total Current Liabilities	344,413,628	475,987,655
Noncurrent Liabilities		
Lease liabilities - net of current portion (Note 21)	99,338,546	109,519,426
Net retirement benefits payable (Note 17)	—	3,423,456
Other noncurrent liabilities	1,793,500	1,793,500
Total Noncurrent Liabilities	101,132,046	114,736,382
Total Liabilities	445,545,674	590,724,037
Equity (Note 12)		
Capital stock	661,309,398	661,309,398
Capital paid in excess of par	176,594,308	176,594,308
Remeasurement losses on retirement benefits - net of deferred income tax effect (Note 12)	(3,352,269)	(16,487,928)
Reserve for fluctuations in investments in equity instruments (Notes 10 and 12)	9,088,881	5,896,007
Retained earnings:		
Appropriated	1,500,000,000	1,000,000,000
Unappropriated	1,959,598,555	2,170,408,831
Total Equity	4,303,238,873	3,997,720,616
TOTAL LIABILITIES AND EQUITY	P 4,748,784,547	P 4,588,444,653

See accompanying notes to Financial Statements.

MABUHAY VINYL CORPORATION

Statements of Income

	Years Ended December 31		
	2025	2024	2023
REVENUE FROM CONTRACTS WITH CUSTOMERS (Note 13)	P 3,340,439,862	P 3,074,068,637	P 3,073,772,249
COST OF GOODS SOLD (Notes 14 and 22)	(2,239,434,302)	(2,002,449,705)	(1,866,010,087)
GROSS PROFIT	1,101,005,560	1,071,618,932	1,207,762,162
Operating expenses (Note 15)	(764,114,377)	(729,346,044)	(723,586,790)
Interest income (Notes 4, 10 and 22)	52,308,379	49,283,005	46,566,227
Interest expense (Note 21)	(9,273,420)	(9,450,585)	(7,176,403)
Foreign exchange gain (loss) - net (Note 19)	(1,842,987)	(4,636,390)	1,788,305
Other income - net (Note 16)	68,584,958	51,020,516	19,343,473
INCOME BEFORE INCOME TAX	446,668,113	428,489,434	544,696,974
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 18)			
Current	90,118,194	93,006,514	142,572,961
Deferred	1,229,255	4,168,302	(6,954,305)
	91,347,449	97,174,816	135,618,656
NET INCOME	P 355,320,664	P 331,314,618	P 409,078,318
Net income attributable to:			
Equity holders of the Company	P 355,320,664	P 330,629,030	P 408,078,318
Noncontrolling interest	—	685,588	638,709
	P 355,320,664	P 331,314,618	P 409,078,318
BASIC/DILUTED EARNINGS PER SHARE (Note 23)	P 0.537	P 0.500	P 0.618

See accompanying notes to Financial Statements.

MABUHAY VINYL CORPORATION

Statements of Comprehensive Income

	Years Ended December 31		
	2025	2024	2023
NET INCOME	P 355,320,664	P 331,314,618	P 409,078,318
OTHER COMPREHENSIVE INCOME (LOSS)			
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>			
Remeasurement gains (losses) on retirement benefits (Note 17)	17,514,212	(6,369,099)	(9,336,963)
Income tax effect	(4,378,553)	1,592,275	2,334,241
	13,135,659	(4,776,824)	(7,002,722)
Net changes in fair values of equity instruments designated at FVOCI (Note 10)	3,192,874	1,265,944	7,836,911
Increase in revaluation increment due to appraisal (Note 9)	—	20,080,000	22,000
Income tax effect	—	(5,020,000)	(5,500)
	—	15,060,000	16,500
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods	16,328,533	11,549,120	850,689
TOTAL COMPREHENSIVE INCOME	P 371,649,197	P 342,863,738	P 409,929,007
Total comprehensive income attributable to:			
Equity holders of the Company	P 371,649,197	P 342,178,150	P 409,290,298
Noncontrolling interest	—	685,588	638,709
	P 371,649,197	P 342,863,738	P 409,929,007

See accompanying notes to Financial Statements.

MABUHAY VINYL CORPORATION

Statements of Changes in Equity

For the Years Ended December 31, 2025, 2024 and 2023

	Attributable to the Equity Holders of the Company									
	Capital Stock (Note 12)	Capital Paid in Excess of Par (Note 12)	Revaluation Increment - Net of Deferred Income Tax Effect (Note 12)	Remeasurement Gains (Losses) on Retirement Benefits - Net of Deferred Income Tax Effect (Note 12)	Reserve for Fluctuations in Investments in Equity Instruments (Notes 10 and 12)	Retained Earnings (Note 12)		Total	Non- controlling Interest	Total
						Appropriated	Unappropriated			
BALANCES AT JANUARY 1, 2023	P 661,309,398	P 176,594,308	P 412,103,857	(P 4,708,382)	(P 3,206,382)	P 1,000,000,000	P 1,136,421,715	P 3,378,514,048	P 8,705,016	P 3,387,219,064
Net income	-	-	-	-	-	-	408,439,609	408,439,609	638,709	409,078,318
Other comprehensive income (loss)	-	-	16,500	(7,002,722)	7,836,911	-	-	850,689	-	850,689
Total comprehensive income (loss)	-	-	16,500	(7,002,722)	7,836,911	-	408,439,609	409,290,298	638,709	409,929,007
Cash dividends (Note 12)	-	-	-	-	-	-	(66,130,940)	(66,130,940)	(721,843)	(66,852,783)
BALANCES AT DECEMBER 31, 2023	661,309,398	176,594,308	412,120,357	(11,711,104)	4,630,063	1,000,000,000	1,478,730,384	3,721,673,406	8,621,882	3,730,295,288
Net income	-	-	-	-	-	-	330,629,030	330,629,030	685,588	331,314,618
Other comprehensive income (loss)	-	-	15,060,000	(4,776,824)	1,265,944	-	-	11,549,120	-	11,549,120
Total comprehensive income (loss)	-	-	15,060,000	(4,776,824)	1,265,944	-	330,629,030	342,178,150	685,588	342,863,738
Cash dividends (Note 12)	-	-	-	-	-	-	(66,130,940)	(66,130,940)	(638,709)	(66,769,649)
Impact of loss of control of a subsidiary (Notes 8 and 9)	-	-	(427,180,357)	-	-	-	427,180,357	-	(8,668,761)	(8,668,761)
BALANCES AT DECEMBER 31, 2024	661,309,398	176,594,308	-	(16,487,928)	5,896,007	1,000,000,000	2,170,408,831	3,997,720,616	-	3,997,720,616
Net income	-	-	-	-	-	-	355,320,664	355,320,664	-	355,320,664
Other comprehensive income	-	-	-	13,135,659	3,192,874	-	-	16,328,533	-	16,328,533
Total comprehensive income	-	-	-	13,135,659	3,192,874	-	355,320,664	371,649,197	-	371,649,197
Cash dividends (Note 12)	-	-	-	-	-	-	(66,130,940)	(66,130,940)	-	(66,130,940)
Reversal of appropriation (Note 12)	-	-	-	-	-	(1,000,000,000)	1,000,000,000	-	-	-
Appropriation for business expansion (Note 12)	-	-	-	-	-	1,500,000,000	(1,500,000,000)	-	-	-
BALANCES AT DECEMBER 31, 2025	P 661,309,398	P 176,594,308	P -	(P 3,352,269)	P 9,088,881	P 1,500,000,000	P 1,959,598,555	P 4,303,238,873	P -	P 4,303,238,873

See accompanying notes to Financial Statements.

MABUHAY VINYL CORPORATION

Statements of Cash Flows

	Years Ended December 31		
	2025	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	P 446,668,113	P 428,489,434	P 544,696,974
Adjustments for:			
Depreciation and amortization (Notes 9, 10, 14, 15 and 21)	183,942,990	169,128,397	105,530,193
Interest income (Notes 4, 10 and 22)	(52,308,379)	(49,283,005)	(46,566,227)
Equity in net earnings of an associate (Notes 8 and 16)	(22,960,442)	(9,191,920)	—
Interest expense (Note 21)	9,273,420	9,450,585	7,176,403
Movement in net retirement benefits (Note 17)	(8,132,387)	(8,680,859)	7,082,987
Unrealized foreign exchange gain - net	(683,769)	(436,132)	(1,038,841)
Gain on sale of equipment (Note 16)	(223,214)	(120,536)	—
Amortization of interest on notes receivables (Note 16)	93,519	93,338	190,131
Deconsolidation loss (Notes 8 and 16)	—	15,357,898	—
Operating income before working capital changes	555,669,851	554,807,200	617,071,620
Decrease (increase) in:			
Trade and other receivables	63,041,416	(79,255,612)	(19,820,349)
Inventories	(31,953,356)	(112,095,496)	172,681,669
Other current assets	29,686,068	(52,959,843)	(47,149,205)
Security and rental deposits	(280,002)	(46,269)	(3,515,729)
Increase (decrease) in:			
Trade and other payables and provision	(120,931,136)	110,178,983	(17,873,003)
Customers' deposits	684,789	(212,301)	616,363
Cash generated from operations	495,917,630	420,416,662	702,011,366
Income taxes paid, including creditable and final withholding taxes	(70,998,023)	(113,840,611)	(172,217,035)
Net cash from operating activities	424,919,607	306,576,051	529,794,331
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to short-term investments (Note 4)	(616,563,600)	—	(93,865,567)
Acquisitions of property and equipment, including advances to contractors (Notes 9 and 10)	(127,301,667)	(257,626,615)	(411,928,550)
Collections of loans and notes receivable (Notes 10 and 22)	102,244,684	501,976,060	101,721,835
Interest received (Notes 4, 10, and 22)	51,097,170	50,141,945	39,954,800
Proceeds from sale of equipment	223,214	135,000	—
Withdrawals of short-term investments (Note 4)	—	93,865,567	—
Cash of a deconsolidated subsidiary (Note 8)	—	(80,068,583)	—
Issuance of loans and notes receivable (Notes 10 and 22)	—	(1,900,000)	—
Net cash from (used in) investing activities	(590,300,199)	306,523,374	(364,117,482)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid to equity holders of the Company (Note 12)	(64,305,020)	(64,406,984)	(62,577,657)
Payment of principal portion of lease liabilities (Note 21)	(41,409,353)	(23,328,436)	(11,728,918)
Interest paid (Note 21)	(9,273,420)	(9,450,585)	(7,176,403)
Dividends paid to noncontrolling interest (Note 12)	—	(638,709)	(721,843)
Cash used in financing activities	(114,987,793)	(97,824,714)	(82,204,821)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENT	(280,368,385)	515,274,711	83,472,028
CASH AND CASH EQUIVALENT AT BEGINNING OF YEAR	1,195,348,543	680,073,832	596,601,804
CASH AND CASH EQUIVALENT AT END OF YEAR (Note 4)	P 914,980,158	P 1,195,348,543	P 680,073,832

See accompanying notes to Financial Statements.

MABUHAY VINYL CORPORATION

Notes to Financial Statements

1 Corporate Information

Mabuhay Vinyl Corporation (the "Company") was incorporated in the Philippines on July 20, 1934. 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).

In 2024, the Company and MVC-Retirement Fund (RF) entered into a revised shareholders' agreement with respect to their investment in MVC Properties Inc. (MPI). With the change in the shareholders' agreement, the Company lost its control over MPI and is now being accounted for as investment in associate (see Notes 3 and 8). Accordingly, the assets and liabilities of MPI are derecognized in the Company's financial statements. 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's registered address is 22F The Salcedo Towers, 169 H.V. Dela Costa St., Salcedo Village, Barangay Bel-Air, Makati City.

The financial statements as at December 31, 2025 and 2024 and for each of the three years in the period ended December 31, 2025 were approved for issue by the Board of Directors (BOD) on March 5, 2026.

2 Summary of Material Accounting Policies

Basis of Preparation

The financial statements of the Company have been prepared using the historical cost convention, except for land which was carried at revalued amount as at December 31, 2023, and equity instruments designated at fair value through other comprehensive income (FVOCI) which are carried at fair value.

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

As discussed in Note 1 to the financial statements, the Company lost its control over MPI by virtue of the revised shareholders' agreement, which resulted in the derecognition of assets and liabilities of MPI in the Company's financial statements in 2024. Accordingly, the statements of income, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Company for the years ended December 31, 2025 and 2024 represent the separate financial statements while the statement of income, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended December 31, 2023 represent the consolidated financial statements and therefore are not comparative.

Statement of Compliance

The financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Basis of Consolidation when the Company Still Exercised Control over MPI

The consolidated financial statements in previous periods comprise the financial statements of the Company and MPI, a 40%-owned entity, which the Company assessed then to have exercised control. Control was achieved when the Company was 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.

The financial statements of MPI is prepared for the same reporting period as the Company. All intra-group balances, transactions, unrealized gains and losses, resulting from intra-group transactions and dividends were eliminated in full.

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 statement of income, statement of comprehensive income and within equity in the statement of financial position, separate from the equity attributable to the equity holders of the Company.

Changes in Material Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective in 2025. The Company 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 financial statements of the Company.

■ 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.

Standards Issued but not yet Effective

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

Effective beginning on or after January 1, 2026

■ Amendments to Illustrative Examples on PFRS 7, PFRS 18, PAS 1, PAS 8, PAS 26 and PAS 37, *Disclosures about Uncertainties in the Financial Statements*

The amendments add illustrative examples to several PFRS Accounting Standards intended to improve the reporting of climate-related and other uncertainties in the financial statements, particularly to address stakeholders' concerns about consistency of information within the general-purpose financial reports and sufficient information on climate-related risks and other uncertainties in the financial statements.

The examples address topics such as materiality judgements, significant judgements and estimates, and aggregation and disaggregation.

The illustrative examples are not an integral part of PFRS Accounting Standards and, as such, do not have an effective date or transition requirements. However, an entity is expected to be entitled to sufficient time to implement any changes to align the information disclosed in its financial statements with the illustrative examples. Determining how much time is sufficient is a matter of judgement that depends on an entity's particular facts and circumstances. Nonetheless, an entity would be expected to implement any changes on a timely basis.

■ Amendments to PFRS 9 and PFRS 7, *Classification and Measurement of Financial Instruments*

The amendments clarify that a financial liability is derecognized on the 'settlement date', i.e., when the related obligation is discharged, cancelled, expires or the liability otherwise qualifies for derecognition. They also introduce an accounting policy option to derecognize financial liabilities that are settled through an electronic payment system before settlement date if certain conditions are met.

The amendments also clarify how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features. Furthermore, the amendments clarify the treatment of non-recourse assets and contractually linked instruments.

■ Amendments to PFRS 9 and PFRS 7, *Contracts Referencing Nature-dependent Electricity*

The amendments only apply to contracts that reference nature-dependent electricity such as contracts to buy or sell nature-dependent electricity, as well as financial instruments that reference such electricity. This amendment cannot be applied by analogy to other contracts, items or transactions.

The amendments clarify the application of the 'own-use' requirements for in-scope contracts, amend the designation requirements for a hedge item in a cash flow hedging relationship for in-scope contracts and include new disclosure requirements.

■ Annual Improvements to PFRS Accounting Standards—Volume 11

The amendments are limited to changes that either clarify the wording in an Accounting Standard or correct relatively minor unintended consequences, oversight or conflicts between the requirements in the Accounting Standards. The following is the summary of the Standards involved and their related amendments.

● Amendments to PFRS 1, *Hedge Accounting by a First-time Adopter*

The amendments included in paragraphs B5 and B6 of PFRS 1 cross references to the qualifying criteria for hedge accounting in paragraph 6.4.1(a), (b) and (c) of PFRS 9. These are intended to address potential confusion arising from an inconsistency between the wording in PFRS 1 and the requirements for hedge accounting in PFRS 9.

● Amendments to PFRS 7, *Gain or Loss on Derecognition*

The amendments updated the language of paragraph B38 of PFRS 7 on unobservable inputs and included a cross reference to paragraphs 72 and 73 of PFRS 13.

● Amendments to PFRS 9

– Lessee Derecognition of Lease Liabilities

The amendments to paragraph 2.1 of PFRS 9 clarified that when a lessee has determined that a lease liability has been extinguished in accordance with PFRS 9, the lessee is required to apply paragraph 3.3.3 and recognize any resulting gain or loss in profit or loss.

– Transaction Price

The amendments to paragraph 5.1.3 of PFRS 9 replaced the reference to 'transaction price as defined by PFRS 15 Revenue from Contracts with Customers' with 'the amount determined by applying PFRS 15'. The term 'transaction price' in relation to PFRS 15 was potentially confusing and so it has been removed. The term was also deleted from Appendix A of PFRS 9.

● Amendments to PFRS 10, *Determination of a 'De Facto Agent'*

The amendments to paragraph B74 of PFRS 10 clarified that the relationship described in B74 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor.

● Amendments to PAS 7, *Cost Method*

The amendments to paragraph 37 of PAS 7 replaced the term 'cost method' with 'at cost', following the prior deletion of the definition of 'cost method'.

Effective beginning on or after January 1, 2027

■ 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 FSRSC amended the mandatory effective date of PFRS 17 from January 1, 2023 to January 1, 2025. Thereafter, on February 14, 2025, the FSRSC approved the amendment to PFRS 17 that further defers the date of initial application by an additional two (2) years, to annual periods beginning on or after January 1, 2027. This will provide more time for the insurance industry to fully prepare and assess the impact of adopting the said standard.

■ PFRS 18, *Presentation and Disclosure in Financial Statements*

The standard replaces PAS 1 Presentation of Financial Statements and responds to investors' demand for better information about companies' financial performance. The new requirements include:

- Required totals, subtotals and new categories in the statement of profit or loss
- Disclosure of management-defined performance measures
- Guidance on aggregation and disaggregation

The Company is currently assessing the impact the standard will have on the primary financial statements and notes to the financial statements.

■ PPFRS 19, *Subsidiaries without Public Accountability*

The standard allows eligible entities to elect to apply PFRS 19's reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other PFRS Accounting Standards.

In 2025, PFRS 19 was amended to provide reduced disclosure requirements for new or amended PFRS Accounting Standards adopted by the FSRSC from the issuances of the IASB between February 2021 and May 2024.

The application of the standard is optional for eligible entities.

■ Amendments to PAS 21, *Translation to a Hyperinflationary Presentation Currency*

The amendments introduce translation requirements for entities translating their financial statements, or the results and financial position of a foreign operation, from a functional currency that is the currency of a non-hyperinflationary economy to a presentation currency that is the currency of a hyperinflationary economy.

Deferred effectivity

■ Amendments to PFRS 10 and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

On January 13, 2016, the FSRSC deferred the original effective date of January 1, 2016 of the said amendments until the IASB completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

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 Company. 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 Company 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 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 financial statements on a recurring basis, the Company 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 Company 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.

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 Company's business model for managing them. With the exception of trade receivables that do not contain significant financing component or for which the Company has applied the practical expedient, the Company 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 Company 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 Company'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 Company 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 Company 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 Company. The Company 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 Company's financial assets at amortized cost includes cash in banks and cash equivalents, 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 Company 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 Company 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 Company elected to classify irrevocably its quoted and unquoted equity instruments under this category.

Impairment of financial assets

The Company 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 Company 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 Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company 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 Company considers a financial asset in default when contractual payments are 365 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual cash flows in full before taking into account any credit enhancements held by the Company. 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 Company 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 Company'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 Company 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 Company 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 Company 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 Company 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 Company also performs a quantitative assessment similar to that being performed for modification of financial liabilities. In performing the quantitative assessment, the Company 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 Company 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 Company. 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 Company's financial liabilities include trade and other payables, lease liabilities and customers' deposits. Gains and losses are recognized in the 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 Company 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 Company 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 Company 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 Company'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 statement of income.

Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position 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 Company 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 Company 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 Company considers any adjustment necessary for obsolescence.

Prepayments

Prepayments and other current assets are expenses paid in advance and are recorded as an asset before they are utilized. This account comprises prepaid taxes, advances on purchases and other prepaid items. Prepaid income tax is deducted from income tax payable on the same year the revenue was recognized. Other prepaid items are apportioned over the period covered by the payment and charged to the appropriate accounts in profit or loss when incurred.

Investments in an Associate

Investment in an associate pertains to its investment in MPI, over which the Company has significant influence but not control starting 2024. The Company recognizes its investments in an associate using the equity method.

Under the equity method, an associate is carried in the statement of financial position at cost (which is the deemed cost when the Company lost control over MPI) plus post-acquisition changes in the Company's share of the net assets of the associate.

The Company determines, at the end of each reporting year, whether there is any evidence that the investment is impaired. If this is the case, the amount of impairment is calculated as the difference between the carrying amount of the investment and recoverable amount.

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 statement of financial position. 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 Company 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 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 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 Company expects to be entitled in exchange for those goods and services. The Company 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 Company 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 Company 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 Company provides other services to certain customers and sale of excess power to market. The Company recognizes revenue upon completion of the related services or delivery of the excess power.

Contract Balances

Contract assets. A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company 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 Company has received consideration (or an amount of consideration is due) from the customer. If the customer pays consideration before the Company 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 Company performs under the contract.

Cost of Goods Sold and Operating Expenses

Cost of goods sold

Cost of goods sold is recognized in the 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 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 Company 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 Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company 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 Company's policy to classify right-of-use assets as part of property, plant and equipment. The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, 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	3-10
Building	5-10
Warehouse and storage tank	10

If ownership of the leased asset transfers to the Company 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 Company 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 Company and payments of penalties for terminating the lease, if the lease term reflects the Company 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 Company 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 Company 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 statement of financial position, 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 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 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 Company, nor can they be paid directly to the Company. 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.

Foreign Currency-denominated Transactions and Translation

Transactions denominated in foreign currency are recorded using the exchange rate at the date of the transaction. Outstanding monetary assets and liabilities denominated in foreign currencies are translated using the closing exchange rate at reporting period. Foreign exchange gains or losses are credited to or charged against current operations.

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 statement of comprehensive income and directly in equity is recognized in the 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 Company 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 Company 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 financial statements. They are disclosed in the notes to financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the financial statements but disclosed in the notes to financial statements when an inflow of economic benefits is probable.

Segment Information

For management reporting purposes, the Company 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 Company 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 Company has no inter-segment sales and transactions.

Events After the Balance Sheet Date

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

3 Significant Accounting Judgments, Estimates and Assumptions

The preparation of the financial statements requires management to make judgments and estimates that affect the amounts reported in the financial statements. The estimates and assumptions used in the financial statements are based upon management's evaluation of relevant facts and circumstances as at the date of the 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 financial statements as they become reasonably determinable.

Judgments

In the process of applying the Company'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 financial statements:

Assessment of the Company's exercise of significant influence or control over MPI

In 2024, the Company and MVC-RF entered into a revised shareholders' agreement with respect to its investment in MPI. With the amendment of certain sections of the shareholders' agreement, MVC has lost its control over MPI considering that the majority voting rights through the representation of MPI's BOD reside with MVC-RF and the actions of the BOD require the approval of the chairman who is appointed by MVC-RF. In addition, the Company has no longer been designated to appoint personnel to manage the day-to-day operations of MPI.

Prior to the amendment of the shareholders' agreement, the Company assessed then that it exercised control over MPI as the Company was exposed, or has rights, to variable returns from its involvement with MPI and has the ability to affect those returns through its power over MPI. While the Company has only 40% equity interest in MPI, the Company has been 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 8 and 21).

Determining the lease term of contracts with renewal and termination options

The Company 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 Company has several lease contracts that include renewal options subject to mutual agreement of both parties and termination options. The Company 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 Company 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 Company 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 Company's property, plant and equipment and investment in an associate as at December 31, 2025 and 2024.

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 Company based its assumptions and estimates on parameters available when the 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 Company. Such changes are reflected in the assumptions when they occur:

Determination of the physical quantities in the costing of raw materials inventories

The physical quantities of raw materials inventories, consisting mainly of industrial salt, which are on hand, in process or consumed, are determined through quantity surveys and a set percentage of raw material usage based on output. The determination of quantities considers factors such as density and split of inputs and outputs at different stages in the process, which involve management estimates.

The carrying amounts of inventories as at December 31, 2025 and 2024 are disclosed in Note 6.

Valuation of deemed cost of investment in an associate at fair value

The deemed cost of the investment in an associate of the Company at the date when the control was lost over MPI is equal to the fair value of the Company's retained interest in MPI. The determination of the fair value of the retained interest is inherently subjective as it involves the use of valuation inputs that are not market observable. The Company applied judgment in selecting the valuation technique and the assumptions to be used. These assumptions include the fair values of the investee's identifiable assets, such as the appraised values of real estate properties and the noncontrolling interest discount applied.

The carrying amount of the Company's investment in an associate, including the key assumptions used in the valuation are disclosed in Note 8. The fair value of the retained interest which is the deemed cost of the investment in an associate is disclosed in Note 8.

Estimation of useful lives of property, plant and equipment

The Company 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 Company 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 at December 31, 2025 and 2024 are disclosed in Note 9.

Provision for ECL on trade receivables

The Company 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 Company's historical observed default rates. The Company 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 Company'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 at December 31, 2025 and 2024 are disclosed in Note 5.

Determination of fair value of investment in unquoted equity instruments

The Company determines the fair value of unquoted equity instruments using acceptable valuation technique. The Company has investment in unquoted equity instruments which is measured at fair value using the adjusted net asset value method and noncontrolling interest discount. 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 at December 31, 2025 and 2024 is disclosed in Note 10.

Estimating the incremental borrowing rate in measuring lease liabilities

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates. The carrying value of lease liabilities as of December 31, 2025 and 2024 are disclosed in Note 21.

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 18 to the financial statements and include among others, discount rates and salary increase rates. While the Company 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 payable as at December 31, 2025 and 2024 are disclosed in Note 17.

Estimation and recognition of deferred income tax assets

The Company'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 Company's past results and future expectations on revenues and expenses.

The carrying values of gross deferred income tax assets as at December 31, 2025 and 2024 are disclosed in Note 18.

4 Cash and Cash Equivalents and Short-term Investments

	2025	2024
Cash on hand and in banks	P 314,980,158	P 472,348,543
Cash equivalents	600,000,000	723,000,000
	P 914,980,158	P 1,195,348,543

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 5.75% in 2025, 4.75% to 6.25% in 2024 and 5.00% to 6.25% in 2023.

Interest income earned on cash and cash equivalents amounted to P 45.92 million in 2025, P 24.74 million in 2024 and P 9.79 million in 2023.

Placement of short-term investments amounted to P 616.56 million and nil in 2025 and 2024, respectively. Short-term investments earn an average interest rate of 5.00% to 5.375% in 2025. Interest income earned on these short-term investments amounted to P 7.85 million in 2025, nil in 2024, and P 1.05 million in 2023.

5 Trade and Other Receivables

	2025	2024
Trade (Note 13):		
Private	P 720,281,199	P 779,608,460
Government	8,494,386	10,135,030
Related party (Note 22)	769,070	985,094
	729,544,655	790,728,584
Interest receivable (Note 22)	6,735,512	5,524,303
Current portion of notes receivable (Note 10)	1,842,764	2,346,722
Advances to an associate (Note 22)	205,495	3,350,571
Other receivables	10,939,428	9,912,565
	749,267,854	811,862,745
Allowance for ECL	(8,692,282)	(8,692,282)
	P 740,575,572	P 803,170,463

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, 2025.

6 Inventories

	2025	2024
At cost:		
Finished goods and merchandise (Notes 14 and 22)	P 239,964,180	P 188,125,096
Work-in-process	11,949,207	12,924,177
Raw materials	112,485,262	131,396,020
	P 364,398,649	P 332,445,293

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

7 Other Current Assets

	2025	2024
Advances on purchases	P 81,600,657	P 125,450,960
Materials and supplies	48,398,867	37,925,584
Prepaid income taxes	34,195,249	34,389,571
Prepaid expenses	8,744,615	5,976,964
Prepaid withholding taxes	8,322,741	7,434,058
Prepaid insurance	173,058	138,440
	P 181,435,187	P 211,315,577

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

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

8 Investment in an Associate

On July 31, 2024, the Company and MVC-RF entered into a revised shareholders' agreement with respect to its investment in MPI. With the amendment of certain sections of the shareholders' agreement, MVC has lost control over MPI considering that the majority voting rights through the representation of MI's BOD reside with MVC-RF and the actions of the BOD require the approval of the chairman who is appointed by MVC-RF. In addition, the Company has no longer been designated to appoint personnel to manage the day-to-day operations of MPI.

As a result of the Company's loss of control over MPI, the Company deconsolidated the assets, liabilities and equity accounts of MPI. MPI's accounts have been classified in the Company's financial statements as of December 31, 2024 as follows:

- Accounts in the statement of financial position were deconsolidated; and
- Income statement accounts for the period January 1 to July 31, 2024 are included in the statement of income.

The net assets attributable to MPI, included in the consolidated financial statements, as at July 31, 2024 and the deemed cost of the investment in an associate are as follows:

Assets	
Cash and cash equivalents	P 80,068,583
Trade and other receivables	3,236,896
Other current assets	25,445
Land at appraised values	620,880,000
	704,210,924
Liabilities	
Accrued expenses and other payables	(2,718,006)
Income tax payable	(1,770,288)
Deferred tax liabilities	(142,393,452)
Equity	
Noncontrolling interest	(8,668,761)
	155,550,507
Net assets attributable to MPI	548,660,417
Less: Fair value of retained interest	(533,302,519)
Deconsolidated loss charged to profit or loss (Note 16)	P 15,357,898

The Company recognized deconsolidation loss representing the difference between the net assets of MPI, carried in the consolidated financial statements and the fair value of retained interest as of July 31, 2024. Net cash outflow representing the cash surrendered as a result of loss of control amounted to P 80.07 million in 2024.

The fair value of the investment in an associate was based on the adjusted net asset value (NAV) approach (Level 3). Under the NAV approach, the fair value was derived by determining the fair value of each identifiable assets and liabilities of the investee company.

Significant assumptions included in the NAV calculation are as follows:

- Fair values of land properties against appraisal reports; and
- Noncontrolling interest discount

The appraised values of land properties as at July 31, 2024 were determined by an SEC-accredited and independent appraisal company, 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). The valuation considers an industrial land development as the highest and best use of the properties.

The Company believes that no reasonably possible changes in any of the above key assumptions that would cause the fair value of retained interest to change materially.

Subsequent measurement

Subsequent to loss of control, the Company has significant influence over MPI and thus, accounted the investment in MPI at equity method. The rollforward of the investment in an associate for the years ended December 31 follows:

	2025	2024
Balance at beginning of year	P 542,494,439	P –
Fair value of retained interest (deemed cost)	–	533,302,519
Equity in net earnings of associate (Note 16)	22,960,442	9,191,920
Balance at end of year	P 565,454,881	P 542,494,439

The summarized significant financial information of MPI as at and for the years ended December 31 follow:

	2025	2024	2023
Total current assets	P 82,647,587	P 95,062,060	P 110,218,252
Total noncurrent assets	227,183,075	191,745,450	153,945,450
Total current liabilities	7,717,261	5,951,659	4,393,531
Total equity	302,113,401	280,855,851	259,770,171
Total equity attributable to noncontrolling interest	–	–	8,621,882
Rental income	30,187,232	26,870,490	25,590,943
Net income /total comprehensive income	24,115,577	21,724,389	21,993,653
Net income/total comprehensive income attributable to noncontrolling interest	–	–	638,709
Cash dividends declared and paid	(2,858,027)	(638,709)	(721,843)
Net cash flows from operating activities	21,400,639	24,126,422	18,388,053
Net cash flows from (used in) investing activities	(31,313,615)	56,065,567	(89,501,600)
Net cash flows used in financing activities	(2,858,027)	(638,709)	(721,843)

There are no significant restrictions on the ability of MPI to transfer funds to the Company in the form of dividends or repayment of loans and advances other than the guaranteed dividends payable to MVC-RF (see Note 22).

The reconciliation with the carrying amount of the investment in MPI in the financial statements as at December 31, 2025 and 2024, are set out below:

	2025	2024
Equity of MPI	P 302,113,401	P 280,855,851
Equity interest of the Company	40%	40%
Share in net assets of associate	120,845,360	112,342,340
Fair value adjustments on the underlying net assets of associate and additional share based on economic interest	444,609,521	430,152,099
Carrying value of investment in associate	P 565,454,881	P 542,494,439

9 Property, Plant and Equipment

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

As at December 31, 2025

	Beginning Balances	Additions	Disposals/ Retirement	Reclassifications	Ending Balances
Cost					
Land improvements	P 43,703,049	P –	P –	P –	P 43,703,049
Buildings and structures	411,789,809	–	–	6,843,262	418,633,071
Machinery and equipment	2,429,702,303	–	–	12,883,804	2,442,586,107
Transportation equipment	416,330,274	1,653,450	(587,054)	–	417,396,670
Office furniture and equipment	54,536,379	–	–	–	54,536,379
Leasehold improvements	23,137,750	–	–	–	23,137,750
Right-of-use asset - land	149,279,092	–	–	–	149,279,092
Right-of-use asset - building	33,684,130	–	–	–	33,684,130
Right-of-use asset - warehouse and storage tanks	31,486,187	–	–	–	31,486,187
	3,593,648,973	1,653,450	(587,054)	19,727,066	3,614,442,435
Accumulated Depreciation					
Land improvements	39,894,648	1,133,769	–	–	41,028,417
Buildings and structures	301,283,547	11,509,471	–	–	312,793,018
Machinery and equipment	1,767,384,386	99,604,988	–	–	1,866,989,374
Transportation equipment	350,878,176	25,261,273	(587,054)	–	375,552,395
Office furniture and equipment	53,653,275	415,228	–	–	54,068,503
Leasehold improvements	14,185,113	1,527,995	–	–	15,713,108
Right-of-use asset - land	41,397,194	36,412,241	–	–	77,809,435
Right-of-use asset - building	23,986,430	5,529,701	–	–	29,516,131
Right-of-use asset - warehouse and storage tanks	12,203,113	2,527,391	–	–	14,730,504
	2,604,865,882	183,922,057	(587,054)	–	2,788,200,885
	988,783,091	(182,268,607)	–	19,727,066	826,241,550
Construction in progress	337,813,646	116,276,064	–	(19,727,066)	434,362,644
Net Book Values	P 1,326,596,737	(P 65,992,543)	P –	P –	P 1,260,604,194

As at December 31, 2024

	Beginning Balances	Additions	Disposals/ Retirement	Reclassifications	Ending Balances
Cost					
Land improvements	P 43,588,645	P –	P –	P 114,404	P 43,703,049
Buildings and structures	334,568,497	–	–	77,221,312	411,789,809
Machinery and equipment	1,900,842,853	–	–	528,859,450	2,429,702,303
Transportation equipment	350,177,307	–	(548,800)	66,701,767	416,330,274
Office furniture and equipment	53,652,733	443,467	–	440,179	54,536,379
Leasehold improvements	23,137,750	–	–	–	23,137,750
Right-of-use asset - land	111,489,446	37,789,646	–	–	149,279,092
Right-of-use asset - building	26,134,698	7,549,432	–	–	33,684,130
Right-of-use asset - warehouse and storage tanks	31,486,187	–	–	–	31,486,187
	2,875,078,116	45,782,545	(548,800)	673,337,112	3,593,648,973
Accumulated Depreciation					
Land improvements	38,701,382	1,193,266	–	–	39,894,648
Buildings and structures	289,844,968	11,438,579	–	–	301,283,547
Machinery and equipment	1,687,170,074	80,214,312	–	–	1,767,384,386
Transportation equipment	307,609,079	43,817,897	(548,800)	–	350,878,176
Office furniture and equipment	51,559,065	2,094,210	–	–	53,653,275
Leasehold improvements	12,634,701	1,550,412	–	–	14,185,113

(Forward)

	Beginning Balances	Additions	Disposals/ Retirement	Reclassifications	Ending Balances
Right-of-use asset - land	P 20,545,396	P 20,851,798	P –	P –	P 41,397,194
Right-of-use asset - building	18,659,205	5,327,225	–	–	23,986,430
Right-of-use asset - warehouse and storage tanks	9,675,723	2,527,390	–	–	12,203,113
	2,436,399,593	169,015,089	(548,800)	–	2,604,865,882
	438,678,523	(123,232,544)	–	673,337,112	988,783,091
Construction in progress	544,385,459	466,765,299	–	(673,337,112)	337,813,646
Net Book Values	P 983,063,982	P 343,532,755	P –	P –	P 1,326,596,737

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

Cylinders, included under machinery and equipment, are used to store and transport the Company's finished goods to customers. The Company 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 at December 31, 2025 and 2024 amounted to P 26.91 million and P 26.23 million, respectively.

Construction in progress

Construction in progress includes amounts of P 434.36 million and P 337.81 million as at December 31, 2025 and 2024, respectively, relating to expenditures for property, plant and equipment in the course of construction or completion. As at December 31, 2023, the Company has significant firm capital commitments relating to the completion of construction in progress amounting to P 339.92 million, which was completed in 2024.

The remaining balance of construction in progress as at December 31, 2024 pertains to the refurbishment of Ion Exchange Membrane (IEM) 1. In 2025, construction in progress amounting to P 19.28 million was completed. The remaining balance of construction in progress as at December 31, 2025 pertains to the procurement and refurbishment of Electrolizer Elements and Membranes for Ion Exchange Membrane (IEM) Plants and Drydocking of vessels. These are expected to be completed in 2026.

There are no significant firm capital commitments relating to the completion of construction in progress as of December 31, 2025 and 2024, respectively.

B. Movements of land of a subsidiary at revalued amount in 2024 follow:

Cost:	
Balances at beginning of year	P 13,506,189
Addition	37,800,000
Derecognition arising from loss of control (Note 8)	(51,306,189)
	–
Appraisal increase:	
Balances at beginning of year	549,493,811
Increase in revaluation increment	20,080,000
Derecognition arising from loss on control (Note 8)	(569,573,811)
Balances at the end of year	–
	P –

Following the loss of control over MPI, the land of a subsidiary was deemed disposed and the related revaluation increment as at July 31, 2024 was closed to retained earnings (see Note 8).

10 Other Noncurrent Assets

	2025	2024
Equity instruments designated at FVOCI	P 42,088,366	P 38,895,492
Security and rental deposits (Note 21)	21,980,619	21,700,617
Advances to contractors	9,372,153	–
Notes receivable - net of current portion (Note 5)	1,689,308	3,430,034
Intangible assets - net of accumulated amortization amounting to P 7.34 million and P 7.32 million as of December 31, 2025 and 2024, respectively	–	20,933
	P 75,130,446	P 64,047,076

Breakdown of equity instruments designated at FVOCI is as follows:

	2025	2024
Quoted equity instruments:		
Listed companies	P 399,915	P 399,915
Golf shares	7,600,000	8,300,000
	7,999,915	8,699,915
Changes in fair value included in OCI	900,000	(700,000)
	8,899,915	7,999,915
Unquoted equity instruments:		
Balances at beginning of year	30,895,577	28,929,633
Changes in fair value included in OCI	2,292,874	1,965,944
Balances at end of year	33,188,451	30,895,577
	P 42,088,366	P 38,895,492

The fair value of investments in shares of listed companies was based on their bid prices as at December 31, 2025 and 2024. 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 at December 31, 2025 and 2024.

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 after applying noncontrolling interest discount.

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

	2025	2024
Balances at beginning of year	P 5,896,007	P 4,630,063
Change in fair value included in OCI	3,192,874	1,265,944
Balances at end of year	P 9,088,881	P 5,896,007

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

The Company granted loans to third party borrowers with a total principal amount of nil and P 1.90 million in 2025 and 2024, respectively, 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. The Company collected a portion of the notes receivable which amounted to P 2.24 million in 2025, P 1.76 million in 2024 and P 1.72 million in 2023. Interest income earned on notes receivable amounted to P 0.34 million in 2025, P 0.32 million in 2024 and P 0.32 million in 2023.

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

11 Trade and Other Payables

	2025	2024
Trade payables (Note 22)	P 76,357,180	P 230,393,779
Accrued expenses		
Shipping and distribution	67,237,135	45,072,327
Payroll and others	45,176,097	40,114,484
Professional fees and other services	19,052,885	24,927,641
Rent and power	3,058,411	3,538,979
Output VAT	38,061,044	25,841,464
Dividends payable (Note 12)	24,667,507	22,841,587
Withholding taxes and other payables	6,374,090	4,572,739
Others	8,411,917	11,049,458
	P 288,396,266	P 408,352,458

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 at December 31, 2025 and 2024 are as follows:

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

Track Record of Registration of Securities

Authorized capital stock

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

Issued and outstanding

Date	Activity	Offer Price	No. of Common Shares	Balance
February 5, 1997	Issued and outstanding before listing	P —	—	P 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 2,242 and 2,225 as at December 31, 2025 and 2024, 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, 2025, 2024 and 2023:

Date of Declaration	Date of Record	Dividend rate	Dividend per share	Amount
April 24, 2025	May 23, 2025	10%	P 0.10	P 66,130,940
April 25, 2024	May 24, 2024	10%	0.10	66,130,940
April 27, 2023	May 26, 2023	10%	0.10	66,130,940

On April 25, 2024, MPI declared and paid cash dividends amounting to P 0.64 million to Common B stockholders of record as at May 24, 2024. The dividend was also paid during the year.

On April 27, 2023, MPI declared and paid cash dividends amounting to P 0.72 million to Common B stockholders of record as at April 30, 2023. The dividend was also paid during the year.

Movements of dividends payable follow:

	2025	2024	2023
Balances at beginning of year	P 22,841,587	P 21,117,631	P 17,564,348
Cash dividends declared	66,130,940	66,769,649	66,852,783
Dividends paid to equity holders	(64,305,020)	(64,406,984)	(62,577,657)
Dividends paid to noncontrolling interests	—	(638,709)	(721,843)
Balances at the end of the year	P 24,667,507	P 22,841,587	P 21,117,631

Retained earnings include P 592.04 million and P 568.47 million as at December 31, 2025 and 2024, respectively, representing revaluation increment due to appraisal recycled to retained earnings, deferred income tax assets 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 P 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 P 300.00 million for future projects and capital expenditures.

On February 28, 2025, the BOD approved the following resolutions:

- Reversal of the appropriation of retained earnings amounting to P 1.00 billion; and
- Appropriation of retained earnings to support the acquisition and development of logistic assets and facilities in strategic locations in the Philippines for the next five years amounting to P 1.50 billion.

Details of the appropriated retained earnings as at December 31, 2025 and 2024 follow:

Projects	Timeline	2025	2024
Future projects and capital expenditures	2021 - 2023	P —	P 1,000,000,000
Future projects and capital expenditures	2025 - 2030	1,500,000,000	—

On March 5, 2026, the BOD approved the additional appropriation of retained earnings amounting to P 500 million to partially fund the acquisition and development of a supplemental power generating facility and chemical tanker for the next five years.

Movements of OCI

	Revaluation Increment - Net of Deferred Income Tax Effect	Remeasurement Gains (Losses) on Retirement Benefits - Net of Deferred Income Tax Effect	Reserve for Fluctuations in Investments in Equity Instruments	Total
BALANCES AT JANUARY 1, 2023	P 412,103,857	(P 4,708,382)	(P 3,206,848)	P 404,188,627
Increase in revaluation increment due to appraisal	16,500	—	—	16,500
Remeasurement gains on retirement benefits	—	(7,002,722)	—	(7,002,722)
Net changes in fair values on equity instruments designated at FVOCI	—	—	7,836,911	7,836,911
(Forward)				

	Revaluation Increment - Net of Deferred Income Tax Effect	Remeasurement Gains (Losses) on Retirement Benefits - Net of Deferred Income Tax Effect	Reserve for Fluctuations in Investments in Equity Instruments	Total
BALANCES AT DECEMBER 31, 2023	P 412,103,857	(P 4,708,382)	(P 3,206,848)	P 404,188,627
Increase in revaluation increment due to appraisal	16,500	—	—	16,500
Remeasurement losses on retirement benefits	—	(7,002,722)	—	(7,002,722)
Net changes in fair values on equity instruments designated at FVOCI	—	—	7,836,911	7,836,911
Impact of loss of control of a subsidiary (Note 8)	(427,180,357)	—	—	(427,180,357)
BALANCES AT DECEMBER 31, 2024	—	(16,487,928)	5,896,007	(10,591,921)
Remeasurement losses on retirement benefits	—	13,135,659	—	13,135,659
Net changes in fair values on equity instruments designated at FVOCI	—	—	3,192,874	3,192,874
BALANCES AT DECEMBER 31, 2025	P —	(P 3,352,269)	P 9,088,881	P 5,736,612

13 Revenue from Contracts with Customers

Disaggregated Revenue Information

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

	2025	2024	2023
By type			
Goods	P 3,340,439,862	P 3,073,040,951	P 3,067,191,521
Others	—	1,027,686	6,580,728
	P 3,340,439,862	P 3,074,068,637	P 3,073,772,249
	2025	2024	2023
By customers			
Private	P 3,302,386,712	P 3,037,641,360	P 3,031,921,680
Government	32,353,072	30,836,712	36,714,139
Related party (Note 22)	5,700,078	5,590,565	5,136,430
	P 3,340,439,862	P 3,074,068,637	P 3,073,772,249

Contract Balances

The Company's trade receivables as at December 31, 2025 and 2024 are disclosed in Note 5.

The Company has no contract asset and liability as at December 31, 2025 and 2024.

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

	2025	2024	2023
Finished goods and merchandise inventories, January 1	P 188,125,096	P 100,429,876	P 290,715,847
Raw materials used and merchandise purchased (Note 22)	1,826,505,125	1,682,408,789	1,339,795,075
Direct labor	45,155,140	42,224,486	41,442,808
Manufacturing overhead:			
Depreciation and amortization (Notes 9, 10 and 21)	130,174,552	95,728,131	48,408,862
Supervision and indirect labor	59,088,539	55,269,473	51,065,852
Repairs and maintenance	56,206,962	60,193,914	45,436,919
Supplies and facilities	49,758,067	47,014,086	47,262,290
Taxes and licenses	25,976,146	19,257,887	18,765,937
Rent and utilities	14,170,787	10,846,690	8,983,658
Others	83,263,098	79,840,881	69,192,104
Total manufacturing cost and merchandised purchased	2,290,298,416	2,092,784,337	1,670,353,505
Decrease (increase) in work in process inventories	974,970	(2,639,412)	5,370,611
Cost of goods manufactured and merchandise purchased	2,291,273,386	2,090,144,925	1,675,724,116
Total goods available for sale	2,479,398,482	2,190,574,801	1,966,439,963
Finished goods and merchandise inventories, December 31	(239,964,180)	(188,125,096)	(100,429,876)
	P 2,239,434,302	P 2,002,449,705	P 1,866,010,087

15 Operating Expenses

	2025	2024	2023
Shipping and delivery	P 492,691,267	P 438,106,981	P 443,165,458
Depreciation and amortization (Notes 9, 10 and 21)	53,768,438	73,400,266	57,121,331
Supplies	42,810,347	41,075,264	33,052,864
Salaries and wages	37,312,421	39,176,300	36,430,183
Employee benefits	29,075,942	26,965,262	24,996,074
Taxes and licenses	19,392,931	20,631,330	35,724,168
Rent, light and water (Note 21)	17,756,634	18,008,183	13,777,882
Repairs and maintenance	11,510,664	16,620,419	11,694,807
Retirement benefits costs (Note 17)	9,867,613	9,319,141	23,582,987
Insurance	8,586,185	8,741,135	8,328,444
Transportation and travel	8,505,792	8,717,198	6,974,038
Professional fees	8,497,205	7,491,950	9,967,723
Entertainment, amusement and recreation	5,016,806	3,004,311	1,794,395
Communications	2,536,022	2,316,737	2,363,591
Others	16,786,110	15,771,567	14,612,845
	P 764,114,377	P 729,346,044	P 723,586,790

Professional fees include remuneration of certain members of the BOD amounting to P 1.09 million in 2025, P 0.98 million in 2024 and P 0.94 million in 2023.

16 Other Income (Charges) – Net

	2025	2024	2023
Sale of excess power	P 41,693,144	P 46,932,939	P 17,133,589
Equity in net earnings of an associate (Note 8)	22,960,442	9,191,920	–
Sale of scraps	433,094	4,679,893	508,613
Gain on sale of equipment	223,214	120,536	–
Amortization of interest on notes receivable	(93,519)	(93,338)	(190,131)
Deconsolidation loss (Note 8)	–	(15,357,898)	–
Others - net	3,368,583	5,546,464	1,891,402
	P 68,584,958	P 51,020,516	P 19,343,473

Others include rent income, docking fee and miscellaneous charges.

17 Retirement Benefit 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 at valuation date.

The following tables summarize the components of net retirement expense recognized in the statements of income, other comprehensive income and the funding status and amounts recognized in the statement of financial position.

The components of retirement benefits cost are as follows:

	2025	2024	2023
Current service cost	P 9,658,782	P 8,969,293	P 5,318,298
Past service cost	–	–	19,044,674
Net interest cost (income)	208,831	349,848	(779,985)
Retirement expense recognized in profit or loss (Note 15)	9,867,613	9,319,141	23,582,987
Remeasurements recognized in OCI	(17,514,212)	6,369,099	9,336,963
Retirement benefit cost	(P 7,646,599)	P 15,688,240	P 32,919,950

The remeasurements on retirement benefits consists of:

	2025	2024	2023
Gains (losses) on obligation arising from:			
Experience adjustments	P 6,025,795	(P 5,456,920)	P 3,985,952
Changes in financial assumptions	4,474,124	–	(11,408,643)
	10,499,919	(5,456,920)	(7,422,691)
Gains (losses) on plan assets	7,014,293	(912,179)	(1,914,272)
Remeasurement gains (losses)	P 17,514,212	(P 6,369,099)	(P 9,336,963)

The details of the retirement benefits payable (asset) are as follows:

	2025	2024
Present value of defined benefits obligation	P 133,127,873	P 131,061,369
Fair value of plan assets	(155,351,016)	(127,637,913)
Net retirement benefits payable (asset)	(P 22,223,143)	P 3,423,456

The movements in the retirement benefits payable (asset) are as follows:

	2025	2024
Balances at beginning of year	P 3,423,456	P 5,735,216
Retirement benefit costs (benefit)	(7,646,599)	15,688,240
Contributions	(18,000,000)	(18,000,000)
Balances at end of year	(P 22,223,143)	P 3,423,456

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

	2025	2024
Balances at beginning of year	P 131,061,369	P 120,111,153
Current service cost	9,658,782	8,969,293
Interest cost on benefit obligation	7,994,744	7,326,780
Benefits paid	(5,087,103)	(10,802,777)
Remeasurement losses (gains) on obligation from:		
Experience adjustments	(6,025,795)	5,456,920
Change in assumptions	(4,474,124)	—
Balances at end of year	P 133,127,873	P 131,061,369

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

	2025	2024
Balances at beginning of year	P 127,637,913	P 114,375,937
Interest income on plan assets	7,785,913	6,976,932
Contributions	18,000,000	18,000,000
Benefits paid	(5,087,103)	(10,802,777)
Remeasurement gains (losses)	7,014,293	(912,179)
Balances at end of year	P 155,351,016	P 127,637,913

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

	2025	2024	2023
Interest income on plan assets	P 7,785,913	P 6,976,932	P 7,731,692
Remeasurement losses	7,014,293	(912,179)	(1,914,272)
	P 14,800,206	P 6,064,753	P 5,817,420

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:

	2025	2024
Cash	0.42%	0.42%
Investments in debt securities:		
Government securities	42.65%	63.95%
Corporate debt securities	8.37%	13.71%
Loans and other receivables	0.66%	1.11%
Investments in equity securities:		
Property	43.06%	10.27%
Holding firms	1.59%	3.73%
Banks	1.13%	2.83%
Transportation services	0.66%	1.16%
Telecommunications	0.51%	1.13%
(Forward)		

	2025	2024
Food, beverage, and tobacco	0.40%	0.90%
Power and utilities	0.40%	0.56%
Retail	0.15%	0.23%
	100.00%	100.00%

The management and its trustee bank review 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 at the dates of the statement of financial position. The carrying value of cash and loans and other receivables approximate its fair value.

The Company expects to contribute P 18.00 million in 2026.

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

	2025	2024	2023
Discount rate	6.10%	6.10%	7.30%
Salary increase rate	6.00%	6.00%	6.00%

The latest actuarial valuation made for the plan was as at December 31, 2025.

As at December 31, 2025, discount rate and salary increase rate are 6.50% and 6.00%, respectively.

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as at December 31, 2025 and 2024, assuming all other assumptions were held constant:

	Increase (decrease) in rate	2024	2023
Discount rate			
Assumption 1	+0.5%	(P 5,184,675)	(P 1,926,492)
Assumption 2	-0.5%	5,641,379	9,240,858
Future salary increase rate			
Assumption 1	+0.5%	5,212,822	8,796,649
Assumption 2	-0.5%	(4,832,516)	(1,564,413)

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 at December 31 follows:

	2025	2024	2023
Not later than one year	P 24,475,273	P 10,188,935	P 8,439,061
Later than one year and not later than five years	67,748,065	82,978,339	65,765,386
Later than five years	664,184,396	622,331,937	596,107,150

18 Income Taxes

A. The Company is registered with the Board of Investments (BOI) pursuant to its Charter and Title XIII of the National Internal Revenue Code of 1997, as amended by Republic Act No. 11534, or the Corporate Recovery Tax Incentives for Enterprises (CREATE) Act, as a domestic market enterprise engaged in manufacture of basic chemicals, modernization - domestic production of liquid caustic soda (NaOH), hydrochloric acid (HCl) and liquid chlorine (Cl₂), which was approved on December 1, 2023. The Company is entitled for income tax holiday (ITH) for three (3) years, from its actual start of commercial operations, afterwards, is entitled to enhanced deduction for five (5) years and duty exemption for twelve (12) years.

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

	2025	2024	2023
Regular corporate income tax	P 81,379,779	P 88,963,467	P 140,324,914
Final tax	8,738,415	4,043,047	2,248,047
	P 90,118,194	P 93,006,514	P 142,572,961

C. The components of the net deferred income tax asset of the Company are as follows:

	2025	2024
Deferred income tax assets recognized in profit or loss:		
Lease liabilities	P 27,379,857	P 37,732,195
Unamortized past service cost	5,963,246	6,118,722
Allowance for expected credit losses	2,173,071	2,173,071
Other noncurrent liabilities	448,375	448,375
Provision for incentives	139,727	139,727
	36,104,276	46,612,090
Deferred income tax liabilities recognized in profit or loss:		
Right-of-use assets	(23,098,333)	(34,215,668)
Net retirement benefits asset	(6,673,209)	(4,640,112)
Unrealized foreign exchange gains	(16,790)	(187,732)
Premium on notes receivable	(14,650)	(38,029)
	(29,802,982)	(39,081,541)
Deferred income tax asset on net retirement plan assets recognized directly in other comprehensive income	1,117,423	5,495,976
Net deferred income tax asset	P 7,418,717	P 13,026,525

The reconciliation of the net deferred income tax assets (liabilities) of the Company follows:

	2025	2024	2023
Balances at beginning of year	P 13,026,525	(P 121,770,901)	(P 131,053,947)
Recognized in profit or loss	(1,229,255)	(4,168,302)	6,954,305
Recognized in OCI	(4,378,553)	(3,427,724)	2,328,741
Derecognition arising from loss of control (Note 8)	—	142,393,452	—
Balances at end of year	P 7,418,717	P 13,026,525	(P 121,770,901)

There are no income tax consequences attached to the payment of dividends by the Company to its stockholders for each of the three years in the period ended December 31, 2025.

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

	2025	2024	2023
Income tax at statutory rates	P 111,667,028	P 107,122,359	P 136,174,244
Increase (decrease) in provision for income tax resulting from:			
Benefit from ITH	(12,239,581)	(12,378,234)	—
Nontaxable income	(5,740,110)	(3,092,027)	—
(Forward)			

	2025	2024	2023
Increase (decrease) in provision for income tax resulting from:			
Interest income subjected to final tax	(P 2,764,888)	(P 2,180,664)	(P 508,076)
Nondeductible expenses	425,000	8,481,613	3,513,662
Others	—	(778,231)	(3,561,174)
Provision for income tax	P 91,347,449	P 97,174,816	P 135,618,656

19 Financial Risk Management Objectives and Policies

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

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

	2025	2024
<i>Equity instruments designated at FVOCI:</i>		
Quoted	P 8,899,915	P 7,999,915
Unquoted	33,188,451	30,895,577
	42,088,366	38,895,492
<i>Debt instruments at amortized cost:</i>		
Cash and cash equivalents*	912,860,158	1,193,228,543
Short-term investments	616,563,600	—
Trade and other receivables	740,575,572	803,170,463
Loans receivable	—	100,000,000
Notes receivable - noncurrent	1,689,308	3,430,034
Security and rental deposits**	10,224,234	9,944,234
	2,281,912,872	2,109,773,274
Total financial assets	P 2,324,001,238	P 2,148,668,766
Current	P 2,269,999,330	P 2,096,399,006
Noncurrent	54,001,908	52,269,760
Total financial assets	P 2,324,001,238	P 2,148,668,766
<i>Other financial liabilities:</i>		
Trade and other payables***	P 240,798,176	P 374,775,299
Lease liabilities	109,519,428	150,928,781
Customers' deposits	26,910,631	26,225,842
Total financial liabilities	P 377,228,235	P 551,929,922

*Excludes cash on hand amounting to P 2.12 million as at December 31, 2025 and 2024, respectively.

**Excludes nonfinancial deposits amounting to P 11.76 million as at December 31, 2025 and 2024, respectively.

***Excludes nonfinancial liabilities amounting to P 47.60 million and P 33.58 million as at December 31, 2025 and 2024, respectively.

The main risks arising from the Company's financial instruments are foreign currency risk, credit risk and liquidity risk. The Company'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 Company's foreign-currency denominated assets or liabilities may fluctuate due to changes in foreign exchange rates.

The Company'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 Company manages this exposure by matching its receipts and payments for each individual currency. Purchases of finished goods and raw materials are subject to an

open account from foreign suppliers and are settled immediately through a purchase of dollars from a local bank at spot rate once all documentation requirements are complete. The Company may also enter into currency forward contracts to manage the currency risks. There are no currency forward contracts outstanding as at December 31, 2025 and 2024.

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

	2025	2024
Cash	US\$641,498	US\$358,258
Trade receivables	110,030	179,594
Trade payables	—	(1,613,943)
	751,528	(1,076,091)
Closing exchange rate	58.79	57.845
Peso equivalent	P 44,182,331	(P 62,246,484)

The net foreign exchange losses (gains) amounted to P 1.84 million in 2025, P 4.64 million in 2024 and (P 1.79 million) in 2023.

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 Company's equity other than those affecting net income.

	Increase (decrease) in rate	Effect on income before income tax
2025	1.6%	(P 721,796)
	(1.6%)	721,796
2024	4.5%	(2,782,374)
	(4.5%)	2,782,374

The sensitivity analysis takes into account historical movements of Peso in every US\$1 foreign exchange rates. The foreign exchange rates amounted to P 58.79 and P 55.845 per US\$ as at December 31, 2025 and 2024, respectively. The Company 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 Company is exposed to credit risk from its operating activities (primarily trade receivables), including deposits with banks and financial institutions and other financial instruments.

The Company is not exposed to concentration of credit risk. The Company does not have any customer that accounts for more than 10% of its total revenue. It is the Company's policy to require all customers, who wish to trade on credit terms, to comply with and undergo the credit verification process. This process emphasizes on the customer's capacity to pay. In addition, receivables are closely monitored so that exposure to bad debts is minimized. The Company deals only with legitimate and duly accredited parties. The maximum gross credit exposure of the Company's financial assets is equal to their carrying values as at December 31, 2025 and 2024. 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 Company'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 Company's Finance Department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties. Counterparty credit limits are reviewed by the Company's Credit Committee on an annual basis, and may be updated throughout the year subject to the approval of the Company'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 Company's financial assets (gross of allowance for impairment losses) as at December 31:

	2025					
	Current			Past Due		Total
	High	Standard	Substandard	(1–90 Days)	> 90 Days	
Cash and cash equivalents*	P 912,860,158	P –	P –	P –	P –	P 912,860,158
Short-term investment	616,563,600	–	–	–	–	616,563,600
Trade receivables						
Private	95,817,129	514,060,116	9,084,030	69,536,536	31,783,388	720,281,199
Government	150,220	3,995,694	–	1,089,609	3,258,863	8,494,386
Related party	–	769,070	–	–	–	769,070
Notes receivable	3,532,072	–	–	–	–	3,532,072
Interest and other receivables	17,880,435	–	–	–	–	17,880,435
Security and rental deposits**	10,224,234	–	–	–	–	10,224,234
	P 1,657,027,848	P 518,824,880	P 9,084,030	P 70,626,145	P 35,042,251	P 2,290,605,154

*Excludes cash on hand amounting to P 2.12 million as at December 31, 2025.

**Excludes nonfinancial deposits amounting to P 11.76 million as at December 31, 2025.

	2024					
	Current			Past Due		Total
	High	Standard	Substandard	(1–90 Days)	> 90 Days	
Cash and cash equivalents*	P 1,193,228,543	P –	P –	P –	P –	P 1,193,228,543
Trade receivables						
Private	144,569,881	487,558,460	5,406,712	99,394,938	42,678,469	779,608,460
Government	589,912	5,871,413	–	644,741	3,028,964	10,135,030
Related party	985,094	–	–	–	–	985,094
Loans receivable	100,000,000	–	–	–	–	100,000,000
Notes receivable	5,776,756	–	–	–	–	5,776,756
Interest and other receivables	18,787,439	–	–	–	–	18,787,439
Security and rental deposits**	9,944,234	–	–	–	–	9,944,234
	P 1,473,881,859	P 493,429,873	P 5,406,712	P 100,039,679	P 45,707,433	P 2,118,465,556

*Excludes cash on hand amounting to P 2.12 million as at December 31, 2024.

**Excludes nonfinancial deposits amounting to P 11.76 million as at December 31, 2024.

The Company 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 Company 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 Company's financial assets as at December 31:

	2025			
	Stage 1	Stage 2	Stage 3	Total
	(12-Month ECL)	(Life time ECL)	(Credit Impaired)	
Cash and cash equivalents*	P 912,860,158	P –	P –	P 912,860,158
Short-term investment	616,563,000	–	–	616,563,000
Notes receivable	3,532,072	–	–	3,532,072
Interest and other receivables	17,880,435	–	–	17,880,435
Security and rental deposits**	10,224,234	–	–	10,224,234
	P 1,561,060,499	P –	P –	P 1,561,060,499

*Excludes cash on hand amounting to P 2.12 million as at December 31, 2025.

**Excludes nonfinancial deposits amounting to P 12.07 million as at December 31, 2025.

	2024			Total
	Stage 1 (12-Month ECL)	Stage 2 (Life time ECL)	Stage 3 (Credit Impaired)	
Cash and cash equivalents*	P 1,193,228,543	P –	P –	P 1,193,228,543
Loans receivable	100,000,000	–	–	100,000,000
Notes receivable	5,776,756	–	–	5,776,756
Interest and other receivables	18,787,439	–	–	18,787,439
Security and rental deposits**	9,944,234	–	–	9,944,234
	P 1,327,736,972	P –	P –	P 1,327,736,972

*Excludes cash on hand amounting to P 2.12 million as at December 31, 2024.

**Excludes nonfinancial deposits amounting to P 11.76 million as at December 31, 2024.

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

	2025			
	Current	Days Past Due		Total
		1–90 Days	> 90 Days	
Expected credit loss rate	0.03%	0.95%	8.88%	
Estimated total gross carrying amount at default	P 623,876,259	P 70,626,145	P 35,042,251	P 729,544,655
Expected credit loss	299,289	903,004	3,972,501	5,174,794
Credit impaired	—	—	3,517,488	3,517,488
Total expected credit loss	P 299,289	P 903,004	P 7,489,989	P 8,692,282

	2024			
	Days Past Due			Total
	Current	1–90 Days	> 90 Days	
Expected credit loss rate	0.03%	0.95%	8.88%	
Estimated total gross carrying amount at default	P 644,981,472	P 100,039,679	P 45,707,433	P 790,728,584
Expected credit loss	164,980	949,487	4,060,327	5,174,794
Credit impaired	—	—	3,517,488	3,517,488
Total expected credit loss	P 164,980	P 949,487	P 7,577,815	P 8,692,282

Liquidity risk

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

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

The tables below summarize the maturity profile of the Company's financial liabilities and financial assets used to manage liquidity as at December 31, 2025 and 2024:

December 31, 2025

	On-demand	Up to a year	1-3 years	More than 3 years	Total
Financial liabilities:					
Trade and other payables*	P 76,357,180	P 164,440,996	P –	P –	P 240,798,176
Customers' deposits	26,910,631	–	–	–	26,910,631
Lease liabilities**	–	17,741,625	38,138,517	85,809,169	141,689,311
	103,267,811	182,182,621	38,138,517	85,809,169	409,398,118
Financial assets:					
Cash on hand and in banks	314,980,158	–	–	–	314,980,158
Cash equivalents**	–	606,671,875	–	–	606,671,875
Short-term investments**	–	624,356,279	–	–	624,356,279
(Forward)					

	On-demand	Up to a year	1-3 years	More than 3 years	Total
Trade receivables					
Private	P 240,721,763	P 470,867,154	P –	P –	P 711,588,917
Government	5,817,804	2,676,582	–	–	8,494,386
Related party	225,000	544,070	–	–	769,070
	561,744,725	1,705,115,960	–	–	2,266,860,685
Excess (deficiency) of financial assets over financial liabilities	P 458,476,914	P 1,522,933,339	(P 38,138,517)	(P 85,809,169)	P 1,857,462,567

*Excludes nonfinancial liabilities amounting to P 47.60 million as at December 31, 2025.

**Excludes interest until maturity.

December 31, 2024

	On-demand	Up to a year	1-3 years	More than 3 years	Total
<i>Financial liabilities:</i>					
Trade and other payables*	P 230,393,779	P 144,381,520	P –	P –	P 374,775,299
Customers' deposits	26,225,842	–	–	–	26,225,842
Lease liabilities**	–	50,682,776	36,446,339	105,242,973	192,372,088
	256,619,621	195,064,296	36,446,339	105,242,973	593,373,229
<i>Financial assets:</i>					
Cash on hand and in banks	472,348,543	–	–	–	472,348,543
Cash equivalents**	–	731,243,264	–	–	731,243,264
Trade receivables					
Private	314,560,315	456,355,863	–	–	770,916,178
Government	6,060,249	4,074,781	–	–	10,135,030
Related party	–	985,094	–	–	985,094
Loans receivable	–	100,000,000	–	–	100,000,000
	792,969,107	1,292,659,002	–	–	2,085,628,109
Excess (deficiency) of financial assets over financial liabilities	P 536,349,486	P 1,097,594,706	(P 36,446,339)	(P 105,242,973)	P 1,492,254,880

*Excludes nonfinancial liabilities amounting to P 33.58 million as at December 31, 2024.

**Excludes interest until maturity.

Capital Management

The primary objective of the Company's capital management is to safeguard the Company'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 Company is not subject to externally imposed capital requirements.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company 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, 2025 and 2024. The Company was able to meet its capital management objectives as at December 31, 2025 and 2024.

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

	2025	2024
Capital stock	P 661,309,398	P 661,309,398
Capital paid in excess of par	176,594,308	176,594,308
Retained earnings:		
Appropriated	1,500,000,000	1,000,000,000
Unappropriated	1,959,598,555	2,170,408,831
	P 4,297,502,261	P 4,008,312,537

20 Fair Value

Due to the short-term nature of the transactions, the carrying value of cash in banks and cash equivalents, 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 Company's financial instruments with recurring fair value measurements, other than those with carrying amounts that are reasonable approximations of fair values:

	2025				
	Carrying Value	Fair Value	Quoted prices in active market (Level 1)	Significant Observable inputs (Level 2)	Significant Unobservable inputs (Level 3)
Measured at fair value					
Equity instruments designated at FVOCI					
Quoted	P 8,899,915	P 8,899,915	P 8,899,915	P –	P –
Unquoted	33,188,451	33,188,451	–	–	33,188,451
Assets for which fair values are disclosed					
Debt instruments at amortized cost					
Security and rental deposits*	10,224,234	6,787,775	–	–	6,787,775
Notes receivable	3,532,072	4,655,266	–	4,655,266	–
	P 55,844,672	P 53,531,407	P 8,899,915	P 4,655,266	P 39,976,226

*Excludes nonfinancial deposits amounting to P 11.76 million as at December 31, 2025.

	2024				
	Carrying Value	Fair Value	Quoted prices in active market (Level 1)	Significant Observable inputs (Level 2)	Significant Unobservable inputs (Level 3)
Measured at fair value					
Equity instruments designated at FVOCI					
Quoted	P 7,999,915	P 7,999,915	P 7,999,915	P –	P –
Unquoted	30,895,577	30,895,577	–	–	30,895,577
Assets for which fair values are disclosed					
Debt instruments at amortized cost					
Security and rental deposits*	9,944,234	6,275,035	–	–	6,275,035
Notes receivable	5,776,756	7,613,757	–	7,613,757	–
	P 54,616,482	P 52,784,284	P 7,999,915	P 7,613,757	P 37,170,612

*Excludes nonfinancial deposits amounting to P 11.76 million as at December 31, 2024.

Reconciliation of fair value measurements categorized within Level 3 is disclosed in Notes 9 and 10.

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 at December 31, 2024 and 2023 (Level 2).

Unquoted financial assets

The fair value of the investment in unquoted equity instruments as at December 31, 2025 and 2024 was based on adjusted net asset value approach (Level 3). The Company believes that the net asset value represents the fair value as at the date of the statement of financial position. The significant unobservable inputs used in the valuation pertain

to the noncontrolling interest discount. The decrease (increase) in fair value of unquoted financial assets assuming an increase (decrease) in noncontrolling interest discount of +10% (-10%) amounted to (P 6,819,387) and P 7,728,638, respectively, as at December 31, 2025 and (P 6,281,994) and P 7,119,594, respectively, as at December 31, 2024.

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 statements of income.

	2025	2024	2023
Depreciation expense of right-of-use assets	P 44,469,333	P 28,706,413	P 15,682,540
Interest expense on lease liabilities	9,273,420	9,450,585	7,176,403
Short-term leases included under:			
Operating expenses (Note 15)	10,073,290	12,972,158	7,815,452
Cost of goods sold (Note 14)	4,184,343	1,288,254	213,854
	P 68,000,386	P 52,417,410	P 30,888,249

Total cash outflow for leases amounted to P 64.94 million in 2025, P 47.04 million in 2024 and P 26.94 million in 2023.

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 statement of financial position. The related security deposits amounted to P 21.98 million and P 21.70 million as at December 31, 2025 and 2024, respectively (see Note 10).

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

	2025	2024
Balances at beginning of year	P 150,928,781	P 128,918,139
Non-cash changes:		
Additions	—	45,339,078
Interest expense	9,273,420	9,450,585
Payments:		
Principal portion	(41,409,353)	(23,328,436)
Interest	(9,273,420)	(9,450,585)
Balances at end of year	109,519,428	150,928,781
Less current portion	(10,180,882)	(41,409,355)
Noncurrent portion	P 99,338,546	P 109,519,426

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

	2025	2024
Within one year	P 17,741,625	P 50,682,776
More than 1 years to 2 years	18,704,714	17,741,625
More than 2 years to 3 years	19,433,803	18,704,714
More than 3 years to 4 years	20,192,130	19,433,803
More than 5 years	65,617,039	85,809,170

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 12-month period with the same related party, with an amount equivalent to at least 10% of the Company's 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	2025	P 502,322,761	P –	Unsecured, payable 30 days from date of bill of lading; to be settled in cash
		2024	649,600,148	86,762,581	
		2023	351,421,236	–	
Tosoh Corporation	Purchases	2025	384,664,956	–	- do -
		2024	302,770,842	–	
		2023	322,165,110	–	
<i>Associate</i>					
MVC Properties, Inc.	Rental expense (Reflected as interest and depreciation)	2025	30,187,232	–	Unsecured, payable quarterly
		2024	11,795,875	27,274,882	
		2023	–	–	
	Rental income	2025	160,714	–	Unsecured, payable monthly
		2024	66,964	–	
		2023	–	–	
	Advances	2025	4,820,437	205,495	Unsecured, payable on demand
		2024	1,485,144	3,350,571	
		2023	–	–	
<i>Retirement fund</i> Mabuhay Vinyl Corporation - Retirement Fund	Investment in MPI	2025	–	7,750,000	Guaranteed dividends equivalent to T-Bill Rate plus 300 basis points subject to declaration by the MPI's BOD
		2024	–	7,750,000	
		2023	–	7,750,000	
<i>Entity under common control</i>					
Philippine Resins Industries, Inc.	Sales	2025	5,700,078	769,070	Unsecured; 30 days; noninterest-bearing
		2024	5,590,565	985,094	
		2023	5,136,430	330,174	
	Loans receivable	2025	(100,000,000)	–	Interest-bearing; payable within one year; to be settled in cash
		2024	(500,000,000)	100,000,000	
		2023	(100,000,000)	600,000,000	
	Interest income	2025	6,146,517	–	To be settled in cash
		2024	24,220,858	1,005,443	
		2023	35,412,864	5,542,300	

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.

Effective January 1, 2025, the Company entered into a contract of lease with MPI for a period of one year. The lease will automatically renew thereafter unless terminated by both parties.

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 P 4.82 million in 2025, P 1.49 million in 2024 and P 1.50 million in 2023 to finance MPI's working capital requirements. In 2025, MPI paid the advances due to the Company amounting to P 7.97 million. Outstanding balances from these transactions amounted to P 0.21 million and P 3.35 million as at December 31, 2025 and 2024, respectively.

As at December 31, 2025 and 2024, for the year ended December 21, 2025 and for the period July 31, 2024 to December 31, 2024, the above intercompany transactions were eliminated prior to recognizing equity from net earnings of an associate. As at and for the year ended December 31, 2023, the above intercompany transactions were eliminated upon consolidation.

D. Mabuhay Vinyl Corporation - Retirement Fund

As at December 31, 2025 and 2024, the Company's defined benefit retirement fund has investments in the shares of stock of MPI with a cost of P 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.

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 P 240.00 million and P 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 P 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 the remaining balance matured on January 30, 2025. The loans were repaid in 2025.

Rollforward of the Company's loans receivable are as follows:

	2025	2024
Balances at beginning of year	P 100,000,000	P 600,000,000
Collection	(100,000,000)	(500,000,000)
Balances at end of year	P –	P 100,000,000

F. The compensation of key management personnel follows:

	2025	2024	2023
Short-term employee benefits	P 10,910,844	P 10,703,722	P 9,882,791
Retirement benefits (Note 17)	1,004,488	996,386	2,076,489
	P 11,915,332	P 11,700,108	P 11,959,280

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

	2025	2024	2023
Net income attributable to the equity holders of the Company (a)	P 355,320,664	P 330,629,030	P 408,439,609
Weighted average number of shares outstanding (Note 12) (b)	661,309,398	661,309,398	661,309,398
Basic/Diluted earnings per share (a/b)	P 0.537	P 0.500	P 0.618

24 Commitments, Provisions and Contingencies

A. Unused Credit Lines

As at December 31, 2025, and 2024, the Company has unused credit lines amounting to P 947.63 million and P 958.59 million, respectively.

B. Provisions

Provision for probable loss pertains to provisions made for various assessments, claims and litigations involving the Company 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 Company's negotiations and/or any legal proceedings. Disclosure of additional details beyond the present disclosures may seriously prejudice the Company'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:

	2025	2024	2023
Beginning balances	P –	P 21,500,000	P 11,000,000
Additions	–	–	14,000,000
Payments	–	(21,500,000)	(3,500,000)
Ending balances	P –	P –	P 21,500,000

C. Contingencies

The Company, 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 Company, together with its counsels, believes that the outcome of these cases will not have a material effect on the financial statements.

25 Segment Information

The Company 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 Company for the purpose of making decisions about resource allocation and performance assessment.

Net sales, net income, total assets and total liabilities as at and for the years ended December 31, 2025, 2024, and 2023 are the same as reported elsewhere in the financial statements.

Segment information for this reportable business segment is shown in the following table (amounts in millions):

	2025	2024	2023
Revenue from contracts with customers	P 3,340	P 3,074	P 3,074
Net income	355	331	409
Total assets	4,749	4,588	4,334
Total liabilities	446	591	603
Interest income	52	49	47
Income taxes	91	97	136
Depreciation and amortization	184	169	106
Capital expenditures	127	258	412

Revenue from contracts with customers are all coming from Philippines based on the locations of the customers. The noncurrent operating assets of the Company are also located in the Philippines. The Company does not have any customer that accounts for more than 10% of its total revenue.

26 Notes to Statements of Cash Flows

The non-cash investing and financing activities follow:

	2025	2024	2023
Investing activities:			
Recognition of investment in an associate	P –	P 533,302,519	P –
Derecognition of land at appraised values	–	(620,880,000)	–
Addition to right-of-use assets	–	45,339,078	83,549,449
Changes in fair value of equity instruments designated at FVOCI	3,192,874	1,265,944	7,836,911
Financing activities:			
Accretion of lease liabilities	9,273,420	9,450,585	7,176,402

Details of the changes in liabilities from financing activities, primarily lease liabilities, are presented in Note 21.

27 Supplementary Information Required Under Revenue Regulations No. 15-2010

In compliance with Revenue Regulations No. 15-2010 issued by the BIR on November 25, 2010, the following present information on taxes, duties and license fees paid or accrued in 2025.

- A. The Company is a VAT-registered entity with output VAT declaration provided below. The amount of revenue is reflected in the “Revenue from Contracts with Customers”.

	Amount of revenue	Output VAT
Sales subject to 12% VAT	P 2,590,527,671	P 310,863,321
Zero-rated sales	752,762,826	–
Sales to government	32,353,072	3,882,369
VAT-exempt sales	9,018,071	–
Total	P 3,384,661,640	P 314,745,690

Zero-rated sales consist of direct and indirect export sales to PEZA-registered entities and BOI-registered entities with VAT-zero rating approval, pursuant to Section 106 and 108 of the Tax Code.

VAT-exempt sales consist of direct sales to cooperatives, pursuant to Section 109 of the Tax Code.

B. The details of the input VAT as of December 31, 2025 are as follows:

Beginning balances	P 174,430
Current year purchases/payments for	
Domestic purchase of goods	30,873,642
Imported purchase of goods	169,623,971
Capital goods subject to amortization	79,943
Capital goods not subject to amortization	6,409,627
Domestic purchase of services	90,383,914
Tax payments and other credits	17,200,162
Less: Application against output tax	(314,745,689)
Ending balances	P –

C. Total landed cost of importations for 2025 amounted to P 1,485,732,568, of which P 169,623,971 pertains to customs duties and tariff fees.

D. The details of taxes and licenses account for 2025 are as follows:

Real property tax	P 20,851,281
Business tax	16,066,829
Fringe benefit tax	3,421,575
Documentary stamps tax	874,518
Others	4,424,874
	P 45,369,077

The total amount is distributed as follows.

Cost of services	P 25,976,146
Operating expenses	19,392,931
	P 45,369,077

E. The Company's withholding taxes paid and accrued/withheld for 2025 are as follows:

Expanded withholding taxes	P 24,152,016
Tax on compensation and benefits	14,190,674
Final withholding taxes	10,158,601

F. The Company is not engaged in the manufacture or production of certain specified goods or articles subject to excise tax for domestic sale or consumption or for any other disposition.

G. The Company has no ongoing internal revenue tax case, litigation and/or prosecution in courts, bodies or tribunals outside the BIR as of December 31, 2025.



UN Global Compact Initiatives

2025 Communications on Progress Report

As one of the Philippines' pioneer signatories to the UN Global Compact, Mabuhay Vinyl Corporation (MVC) reaffirms its commitment to support, uphold, and advance its initiatives.

Mr. Steve S.C. Pangilinan, President and Chief Operating Officer, reiterates the company's pledge to further strengthen the UN Global principles through a range of programs and initiatives, as detailed in the following 2025 progress update:

PRINCIPLES	POLICIES, ACTIONS AND PERFORMANCE INDICATORS
HUMAN RIGHTS PRINCIPLE 1 Support and respect the protection of International Human Rights within MVC's sphere of influence PRINCIPLE 2 Make sure MVC is not complicit in human rights abuses	FINANCIAL ASSISTANCE ■ MVC Scholar tuition fees and school supplies DONATIONS ■ HDPE blue drums for Iligan City National High School, Sgt. Miguel Canoy Central School Iligan City, and Purok 13-Timago ■ Sodium Hypochlorite for Iligan City National High School, Brgy. Tomas Cabili High School, and eighteen (18) public elementary and high schools in Iligan City via DepEd's Adopt-a-School Program, for use as cleaning materials ■ Snacks for 210 learners during their moving up ceremony at seven (7) child development centers in Barangay Buru-un, Iligan City ■ Meals for the staff of Iligan City Health Office in support of their HIV/AIDS caravan as part of World AIDS Awareness Day ■ Fiesta contribution to Brgy. Buru-un, Iligan City, Purok 13, and the fisherfolk of Brgy. Ma. Cristina ■ Construction materials for RCDG-10 and purok leaders' uniforms ■ Volleyball Set for Purok 2-Tonggo, Iligan City residents ■ Food and grocery items for the victims of a fire in Brgy. Buru-un, Iligan City, in collaboration with the Iligan Bay Chamber of Industries; and to Purok 1-Tonggo, as prizes for the basketball games during their fiesta celebration ■ Festive flags for Purok 13, Iligan City, for their fiesta celebration ■ Lechon for Brgy. Ma. Cristina, Iligan City, during their charter day celebration ■ Tokens for the Barangay Health Workers for their year-end thanksgiving party ■ 503rd Battalion prizes for the Christmas Party ■ Jollibee food packs and Christmas gifts for Timoga Day Care Center, Iligan City, during their Christmas Party ■ Ceiling fans and sodium hypochlorite to Cesar Cabahug Elementary School, Mandaue City, Cebu ■ School supplies and air conditioning unit to San Miguel Day Care, Bauan, Batangas, as part of the Brigada Eskwela activity MEDICAL ■ Mobile Blood Donation at the Iligan Plant and at Brgy. Buru-un, Iligan City ■ Medical Mission at Purok 1&2 Tonggo, Buru-un, Iligan, with free clinic, circumcision, and haircut in partnership with MSU College of Medicine, Omicron Delta, and 503rd Combat Engineer Battalion ■ Medical consultation to all Community Fire Auxiliary Group Participants of Brgy. Buru-un in preparation for the Regional Fire Olympics ■ Medical consultation and distribution of medicines and vitamins to third-party hauler crews deployed at the MPBP Plant and Batangas Depot

	■ Dental hygiene learning session and distribution of dental kits and vitamins to Grade 1 students of Daniel M. Perez Elementary School, Bunawan, Davao City ■ Assistance to Brgy. Buru-un's Basic Life Support Training of BDRRMO volunteers ■ Activities in celebration of Occupational Medicine Week, including a Health Talk on Ergonomics ACTIVITIES ■ Plant tour for Iligan Medical Center College nursing students ■ Canva and PowerPoint Presentation workshop for the kids of Purok 1,2 Tonggo and Purok 13-Timoga, Brgy. Buru-un, Iligan City ■ PBSP's Ready For School Program at Balara Elementary School, Quezon City, where employee volunteers were tasked to cover books ■ Fire Olympics "Pinakurat Challenge 2025" hosted by the Bureau of Fire Protection, Iligan City ■ Flores De Mayo activity with participants from Purok 1 & 2, Tonggo, Brgy. Buru-un Iligan City ■ Pamaskong Handog sa mga Bata for 200 children of Purok 1 & 2 - Tonggo, and Purok 13 - Timoga, Iligan City
LABOR PRINCIPLE 3 Uphold the freedom of association and the effective recognition of the right to collective bargaining	■ Through the Industrial Peace Council (IPC), the Plant Central Safety Council in Iligan, and the Council of Solidarity (COS) in Makati, MVC management and employees continually address issues and concerns, and collaborate in forging solutions for health and overall plant safety concerns, employee and family welfare, solutions to work problems, and means towards process improvements. ■ Employee complaints and grievances are addressed via the company's established Grievance Machinery Procedures and are bound by the company's Handbook on Discipline. ■ MVC supports the active participation of Union Officers in various labor-related organizations and activities such as DOLE, TIPC, LMC-VAA, Inc., FFWC, NCMB programs, etc.
PRINCIPLE 4 Elimination of all forms of forced and compulsory labor	■ Participated in the DOLE Assessment/Compliance Audit. ■ No Violation on General Labor Standards was given to MVC per Notice of Results.
PRINCIPLE 5 Effective abolition of child labor	■ Reinforced the policy and procedures on Recruitment and Placement with regard to child labor ■ MVC regularly inspects and ensures that contractors and suppliers do not engage in forced labor and the hiring of minors.

PRINCIPLE 6 Elimination of discrimination in respect of employment and occupation	■ MVC ensures that individuals are not being discriminated nor treated any less favorably because of a 'protected characteristic': age, disability, marital or civil partner status, pregnancy or maternity, race (including color, nationality and ethnic or national origins), religion or belief, or gender or sexual orientation. ■ Job opportunities are circulated as widely as reasonably possible, and recruitment advertisements do not use wording that implies a preference against any one of the above-mentioned protected characteristics. ■ Health Talk and Awareness Information Drive on HIV/AIDS, Pulmonary Tuberculosis, Hepatitis B, mental health, and lifestyle diseases were conducted with emphasis on non-discrimination policy in the workplace.
ENVIRONMENT PRINCIPLE 7 Support a precautionary approach to environmental challenges	Organized and participated in the following pro-environment activities: ■ Bamboo planting in partnership with PNP Iligan, Iligan City National High School, and CENRO Iligan ■ Mangrove planting at Marcelo, Ma. Cristina, Brgy. Buru-un, Iligan City, in collaboration with the EHS Department ■ Coastal Clean Up at Purok 13,14 & 15, Timoga, Brgy. Buru-un, Iligan City ■ Tree Hugging at MVC Plant, in coordination with the Environment Health and Safety Section and Community Environment and Natural Resources Office – Iligan ■ Signing of a Memorandum of Agreement for the Community and Environmental Stewardship Team together with stakeholders and DENR-CENRO Iligan City
PRINCIPLE 8 Undertake initiatives to promote greater environmental responsibility PRINCIPLE 9 Encourage the development and diffusion of environmentally friendly technology	■ The Iligan Plant was certified as compliant with the Integrated Management System for ISO 9001:2015, ISO 14001, and ISO 45001 by TUV-SUD. ■ Mabuhay Premium Bleach Plant's (MPBP) Environmental Management System was certified as compliant to ISO 14001:2015 by TUV-SUD; Issuance of certificates was recommended by TUV-SUD for the Corporate Quality Management System. ■ Implements environmentally-aligned programs, i.e., No Plastic Policy Program in the canteen ■ "Lakbay Linis" (Company-wide Clean-up Campaign) was sustained every quarter as part of MVC's Good Housekeeping (GH) program to promote environmental responsibility among employees and contractors. The program included GH and safety audits in all plant areas.
ANTI-CORRUPTION PRINCIPLE 10 Work against corruption in all its forms, including extortion and bribery	■ MVC's Code of Business Conduct states that every employee is expected to faithfully comply with and perform one's tasks and shall not allow oneself to be placed in a situation that will cast doubt upon one's loyalty to the company or invite any opportunity to compromise one's fidelity. ■ Each contract and purchase order entered into by MVC contains a provision on anti-corruption. Suppliers and contractors warrant that no consideration or compensation was offered to any MVC employee, nor did anyone exert any corrupt or unlawful influence to secure the purchase order or contract; and that one will comply with government laws and regulations in the conduct of business.



L-R: Yasumasa Nishi (MVC VP-Finance), Yohei Chikamoto (MVC Chairman and CEO), Hisashi Murata (Tosoh Corp. VP, Chlor-Alkali Division), Romeo G. Dela Cruz (MVC VP-Marketing), Mark Francis D. Basan (MVC VP-Manufacturing Operations), Steve S.C. Pangilinan (MVC President and COO), Mamoru Kuwada (Tosoh Corp. President), Nakaba Aoyagi (Mitsubishi Corp. Division COO, Basic Materials Division), Takafumi Kuichi (Tosoh Corp. Exec. VP, Chlor-Alkali Group President)



SIX DECADES OF RESILIENCE AND VISION:

MVC Celebrates its Diamond Jubilee

Mabuhay Vinyl Corporation (MVC), the Philippines' sole chlor-alkali manufacturer, proudly marks its 60th anniversary under the theme "Honoring Leadership, Celebrating Partnerships." More than a milestone, the Diamond Jubilee affirms MVC as a company that has grown with purpose, drawn strength from enduring partnerships, and built a legacy of Filipino industrial excellence.

MVC commemorated this defining moment on August 22, 2025, with a landmark celebration at the Makati Shangri-La Hotel, bringing together an esteemed circle of global and local stakeholders. Among them were long-standing Japanese partners from Tosoh Corporation and Mitsubishi Corporation, as well as key diplomatic and government allies from the Embassy of Japan, the Department of Trade and Industry (DTI), and the Board of Investments (BOI).

The evening served as a tribute to past leaders, whose vision, commitment, and integrity built and sustained the company, and celebrated partners who continue to fuel its success.

Founded in 1965, MVC has evolved from a modest rubber shoe factory into a cornerstone of the Philippine chemical manufacturing industry. Today, it produces essential chemicals – caustic soda, hydrochloric acid, liquid chlorine, and sodium hypochlorite – that critically power industries at the heart of everyday life, from water and wastewater treatment, food production, electronics and semiconductors, to petroleum and mining.

MVC's contribution to national progress was highlighted by distinguished speakers. Naobumi Yokota, Minister for Economic Affairs at the Embassy of Japan in the Philippines, remarked, "MVC has supported public health, enabled industrial development, and provided livelihood to thousands of Filipino families."

This sentiment was echoed by DTI Undersecretary Ceferino S. Rodolfo, who noted, "For decades, MVC has been a steadfast partner in the industrial journey of the Philippines."

Sixty years on, MVC continues to exhibit its ability to overcome barriers through innovation and steadfast leadership. As the company looks ahead, Mark Francis D. Basan, Vice President for Manufacturing Operations, offered a unifying message for the generations that will carry the legacy forward:

"To the past that built us, to the present that sustains us, and to the future that awaits Mabuhay Vinyl Corporation... Mabuhay! (Long Live!)"



L-R: Michael S. Yu (MVC VP, Corporate Planning), Mamoru Kuwada (Tosoh Corp. President), Ceferino S. Rodolfo (DTI Undersecretary), Naobumi Yokota (Minister for Economic Affairs, Embassy of Japan in the Philippines)

MVC Board of Directors

YOHEI CHIKAMOTO

President
Philippine Resins Industries, Inc.
Unit 5 22F Zuellig Building
Makati Ave. cor. Paseo de Roxas
Makati City

STEVE S.C. PANGILINAN

President & Chief Operating Officer
Mabuhay Vinyl Corporation
22F Salcedo Towers,
169 H.V. Dela Costa St.,
Salcedo Village
Makati City

RAMON J. ABEJUELA

Financial Consultant

HIROYUKI KOBAYASHI

Division Head
Materials Solution & Energy Division
Manila Branch
Mitsubishi Corporation
18F Ayala Triangle Gardens Tower 2
Paseo de Roxas cor. Makati Ave.
Makati City

FRANCISCO J. KONG

Entrepreneur - Business Consultant -
Columnist - Book Author - Broadcaster

BARBARA ANNE C. MIGALLOS

Managing Partner
Migallos Luna Law Offices

KAZUYA NISHISAKA

Manager
Corporate Strategy
Tosoh Corporation
Tokyo, Japan

Members of Various Committees

A. EXECUTIVE COMMITTEE

Yohei Chikamoto - Chairman
Hiroyuki Kobayashi
Steve S.C. Pangilinan

B. AUDIT COMMITTEE

Ramon J. Abejuela - Chairman (Independent Director)
Francisco J. Kong (Independent Director)
Yohei Chikamoto
Barbara Anne C. Migallos

C. EXECUTIVE COMPENSATION COMMITTEE

Yohei Chikamoto - Chairman
Ramon J. Abejuela (Independent Director)
Hiroyuki Kobayashi

D. NOMINATIONS COMMITTEE

Francisco J. Kong - Chairman (Independent Director)
Yohei Chikamoto
Barbara Anne C. Migallos

MVC Officers

YOHEI CHIKAMOTO

Chairman & Chief Executive Officer

STEVE S.C. PANGILINAN

President & Chief Operating Officer

MICHAEL S. YU

Treasurer/VP-Corporate Planning

ROMEO G. DELA CRUZ

VP-Marketing

YASUMASA NISHI

VP-Finance

MARK FRANCIS D. BASAN

AVP-Manufacturing

MARIA MELVA E. VALDEZ

Corporate Secretary

PAMELA ANN T. CAYABYAB

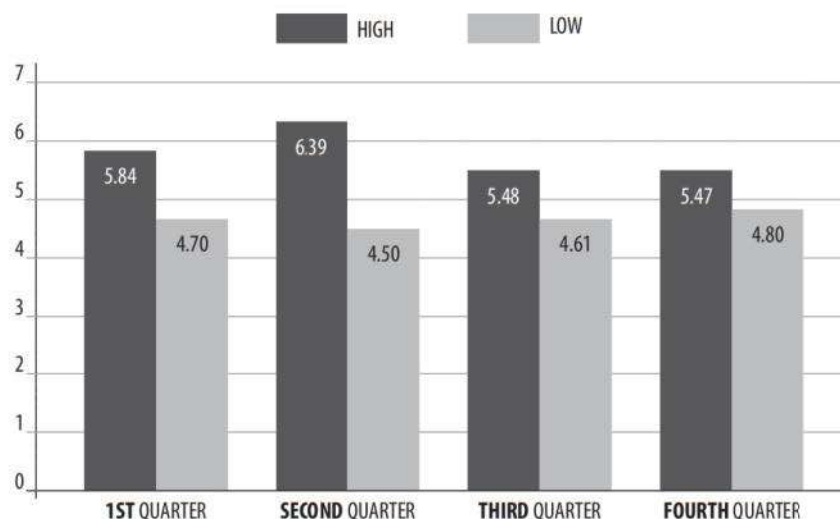
Assistant Corporate Secretary

Investor Information

MARKET PRICE PER SHARE

661,309,398

Shares issued & outstanding



CORPORATE HEAD OFFICE

22F The Salcedo Towers

169 H. V. Dela Costa St., Salcedo Village, Barangay Bel-air, 1209 Makati City, Philippines

Tel. Nos. (632) 8817 8971 to 76

Fax Nos. (632) 8816 4785

COMMON STOCK

The Company's authorized capital stock is composed of 1,072,942,532 common shares with a par value of One Peso (P1.00) each.

STOCKHOLDERS' MEETING

The 2026 Stockholders' Meeting will be held on April 30, 2026, 3:00 p.m. via virtual meeting.

STOCKHOLDER SERVICE AND ASSISTANCE

For inquiries regarding dividend payments, account status, lost or damaged stock certificates and change of address, please write or call the Company's Stock Transfer agent.

BANCO DE ORO

Stock Transfer Department
14th Floor BDO Towers Valero
8741 Paseo De Roxas
1226 Makati City, Philippines
Tel +63(2) 8878 4052
Tel +63(2) 8878 4964
Fax +63(2) 8878 4056
BDO Trunkline +63(2) 8840 7000

SEC FORM 17-A REPORT

The Financial Information in this report, in the opinion of the management, substantially conforms with the information required in the "17-A Report" submitted to the Securities and Exchange Commission. Copies of this report may be obtained upon request from the Corporate Secretary.

Banks, External Auditors, Trustees, Legal Consultant, Directory

BANKS

Banco de Oro Unibank, Inc.
Bank of the Philippine Islands
Mizuho Corporate Bank, Ltd. Manila Branch
MUFG Bank, Ltd. Manila Branch

EXTERNAL AUDITOR

SyCip Gorres Velayo & Co.

TRUSTEE

Banco de Oro Unibank, Inc.

LEGAL CONSULTANT

Bello, Valdez & Esguerra
Padilla Law Office

DIRECTORY

Corporate Head Office
22F The Salcedo Towers
169 H. V. Dela Costa St., Salcedo Village,
Barangay Bel-air, Makati City, Philippines

Tel No. (632) 8817 8971 to 76
Fax No. (632) 8816 4785
Email filvinyl@mvc.com.ph
Website www.mvc.com.ph

ILIGAN PLANT

Assumption Heights,
Buru-un, Iligan City
9200 Philippines

Tel Nos. (063) 221 3180
(063) 221 1190
(063) 221 5757
(063) 221 2736
Fax Nos. (063) 221 1753
(063) 221 9466
(063) 221 9467
(063) 221 5756

PREMIUM BLEACH PLANT

109 Commerce Road, Laguna Technopark, Inc. (LTI)
Bgy. Malamig, Biñan, Laguna Philippines

Tel No. (049) 541 1923
Fax No. (049) 541 1922

BATANGAS DEPOT

BBTI Compound Bgy. San Miguel, Bauan, Batangas

Tel No. (043) 980 5349
Fax No. (043) 980 5870

CEBU DEPOT

Ouano Reclamation Area, Mandaue City, Cebu

Tel No. (032) 345 0693
Fax No. (032) 346 0566

DAVAO DEPOT

Pacific Oil Farmers, Inc. Compound
Km. 23, Bunawan, Davao City

Tel No. (082) 236 0015

NEGROS DEPOT

Pulupandan, Negros Occidental