

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS
INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:

- Preliminary Information Statement
 Definitive Information Statement

2. Name of Registrant as specified in its charter: **Steniel Manufacturing Corporation**

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

4. SEC Identification Number: **23736**

5. BIR Tax Identification Code: **000-099-128**

6. Address of Principal Office/Postal Code: **Gateway Business Park, Brgy. Javalera, General Trias, Cavite City**

7. Registrant's telephone number, including area code: **(046) 433-00-66**

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

**June 18, 2025, Wednesday, at 3:00 P.M.
via remote communication hosted at Gateway Business Park,
Brgy. Javalera, General Trias, Cavite City**

9. Approximate date on which the Information Statement is first to be sent or given to security holders: **On or before May 26, 2025**

10. Securities registered pursuant to Sections 8 and 12 of the Securities Regulation Code (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class	Number of Shares of Common Stock Outstanding or Amount of Debt Outstanding
Common Shares	1,418,812,081 876,182,045 (listed)

11. Are any or all of registrant's securities listed on a Stock Exchange?
Yes X No _____

If yes, disclose the name of such Stock Exchange and the class of securities listed therein:

The Philippine Stock Exchange, Inc.; Common Shares

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

PART I

GENERAL INFORMATION

ITEM 1. DATE, TIME AND PLACE OF MEETING OF SECURITY HOLDERS

The 2025 Annual Meeting of the Stockholders (“ASM” or “Annual Meeting”) of STENIEL MANUFACTURING CORPORATION (the “Company” or “STN”) will be held on **June 18, 2025 (Wednesday) at 3:00 P.M.** via remote communication hosted at Gateway Business Park, Brgy. Javalera, General Trias, Cavite City.

- (a) **Record Date for the purpose of determining stockholders entitled to notice of, and to vote at, the Special Meeting of Stockholders**

May 16, 2025

- (b) **Approximate date on which copies of the Information Statement are first to be sent or given to Security Holders:**

May 26, 2025

The processes for the registration, participation and voting by stockholders are provided in the Guidelines for Participation via Remote Communication and Voting in Absentia (the “Guidelines”) attached as *Annex A*.

ITEM 2. DISSENTERS’ RIGHT OF APPRAISAL

The appraisal right of dissenting stockholders is governed by Sections 80-85 of the Revised Corporation Code, which provide as follows:

The appraisal right may be exercised by any stockholder who shall have voted against (i) an amendment to the Articles of Incorporation that changes or restricts the rights of any stockholder or class of shares, or authorizes preferences in any respect superior to the outstanding shares of any class, or extends or shortens the corporate existence; (ii) a sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets; (iii) a merger and consolidation; and (iv) investment of corporate funds for any purpose other than the primary purpose of the corporation. The dissenting stockholder who votes against any of the aforementioned proposed corporate action shall make a written demand on the corporation for payment of the fair value of his share(s), within thirty (30) calendar days from the date on which the vote was taken. Failure to make the written demand within such period shall be deemed a waiver of the appraisal right.

If the proposed corporate action is implemented, the corporation shall pay the stockholder, upon surrender of the certificate/s of stock representing the stockholder’s shares, the fair value thereof as of the day before the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action.

If within sixty (60) days from the approval of the corporate action by the stockholders, the withdrawing stockholder and the corporation cannot agree on the fair value of the shares, it shall be determined and appraised by three (3) disinterested persons, one of whom shall be named by the stockholder, another by the corporation, and the third by the two thus chosen. The findings of the majority of the appraisers shall be final, and their award shall be paid by the corporation within thirty (30) days after such award is made. No payment shall be made to any withdrawing stockholder unless the corporation has unrestricted retained earnings in its books to cover such

payment. Upon payment by the corporation of the agreed or awarded price, the stockholder shall forthwith transfer his shares to the corporation.

From the time of the demand for the payment of the fair value by the dissenting stockholder until either the abandonment of the corporate action involved or the purchase of the shares by the corporation, all rights accruing to such shares, including voting and dividend rights shall be suspended. However, if the dissenting stockholder is not paid the value of his shares within the said 30 days after the award, his voting and dividend rights shall immediately be restored.

The right of the dissenting stockholder to be paid the fair value of his shares shall cease: (i) if the demand for payment is withdrawn by the stockholder with the consent of the corporation (ii) if the corporate action involved is abandoned or rescinded by the corporation or is disapproved by the Securities and Exchange Commission (SEC) where such approval is necessary; or (iii) if the SEC determines that the stockholder is not entitled to appraisal rights. In such cases, the status as stockholder shall be restored and all dividend distributions which would have been accrued on the shares shall be paid to the stockholder.

ITEM 3. INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

No director or officer of the Company since the beginning of the last fiscal year, or any nominee for election as director, nor any of their associates, has any substantial interest, direct or indirect, by security holdings or otherwise, in any matter to be acted upon at the meeting of stockholders, other than election to office.

The Company has not received any information from a director or nominee-director of the Company, either verbally or in writing, of his/her intention to oppose any action to be taken by the Company at the meeting.

B. CONTROL AND COMPENSATION INFORMATION

ITEM 4. VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

(a) Voting securities entitled to vote at the Annual Meeting

The Company has 1,418,812,081 common shares outstanding as of March 31, 2025. Each share is entitled to one vote, subject to cumulative voting, as explained below.

(b) Record Date

All stockholders of record at the close of business on May 16, 2025 are entitled to notice and vote at the Annual Meeting.

(c) Voting Rights

Each stockholder entitled to vote shall have the right to vote the number of shares of stock outstanding in his own name in the stock books of the Company.

In the election of directors, a stockholder may: (i) vote such number of shares for as many persons as there are directors to be elected; or (ii) cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of shares owned; or (iii) distribute them on the same principle among as many candidates as he shall see fit; provided, that the total number of votes cast by him shall not exceed the number of shares owned by him as shown in the books of the Company multiplied by the

whole number of directors to be elected. No delinquent stock shall be voted. Cumulative voting is allowed for election of members of the Board.

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

(1) Security Ownership of Certain Record and Beneficial Owners

The table below shows persons or groups known to the Company as of to be directly or indirectly the record or beneficial owner of more than 5% of the Company's outstanding common shares as of March 31, 2025:

Title of Class	Name, address of record owner and relationship with issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Common Shares Held	Percent
Common	Golden Bales Corporation Km. 14 After Panacan Substation, Panacan, Davao City, Davao del Sur	Nixon Lim as President and Clement Chua as Corporate Secretary are the ultimate beneficial owners of 70% of the record owner	Filipino	276,321,061	19.48%
Common	Corbox Corporation Purok Gemelina, Tayud, Lilo-an, Cebu	Esteban C. Ku as Treasurer holds 33.33% of the record owner. Nixon Lim as President and Clement Chua are the ultimate beneficial owners of 33.33 % of the record owner	Filipino	276,321,061	19.48%
Common	Roxburgh Investments Limited P.O. Box 957, Offshore Incorporations Center Road Town, Tortola, British Virgin Islands	Nixon Lim, Director	BVI	261,910,502	18.46%
Common	Greenkraft Corporation W. Ng Bldg., MacArthur Highway cor. Rovimar St., Brgy. Balibago, Angeles, Pampanga	Nixon Lim as President, and Clement Chua as Director are beneficial owners of 36% and 20%, respectively	Filipino	258,554,339	18.22%
Common	PCD Nominee Corporation	Various Participants of PCD	Filipino	155,817,746	10.98%

6 th Flr. Makati Stock Exchange, 6767 Ayala Ave., Makati City				
--	--	--	--	--

The natural persons who will be the duly authorized representative to vote the common shares of Greenkraft Corporation, Golden Bales Corporation, Corbox Corporation and Roxburgh Investments will be decided and voted upon by their respective Board of Directors in a separate meeting held for such purpose.

(2) *Security Ownership of Board of Directors and Senior Management*

The following are the number of shares known to the Company to be owned beneficially and/or of record by the directors/nominees and key officers of the Company, and the percentage of shareholdings of each, as of March 31, 2025:

Directors

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	Percentage
Common	Nixon Y. Lim	1 (Direct) 460,063,960 (Indirect)	Filipino	32.43%
Common	Mark O. Vergara	1 (Direct)	Filipino	nil
Common	Eliza C. Macuray	1 (Direct)	Filipino	nil
Common	Esteban C. Ku	1 (Direct) 93,084,575 (Indirect)	Filipino	6.56%
Common	Rhea M. Alarcon	1 (Direct)	Filipino	nil
Common	Arnold D. San Gabriel	1,000 (Indirect)	Filipino	nil
Common	Jose Luis G. Santillan	1,000 (Indirect)	Filipino	nil

Officers

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	Percentage
Common	Nixon Y. Lim	1 (Direct) 460,063,960 (Indirect)	Filipino	32.43%
Common	Eliza C. Macuray	1 (Direct)	Filipino	nil
Common	Janice L. Co	0	Filipino	nil
Common	Gino Paulo O. Uy	0	Filipino	nil
Common	Maribel O. Severino	0	Filipino	nil

(e) **Voting Trust Holders of 5% or More**

The Company is not aware of any voting trust or similar agreement where persons hold 5% or more of a class.

(f) **Changes in Control**

No change in control of the Company has occurred since the previous fiscal year. The Company is not aware of any existing arrangement which may result in a change in control of the Company.

ITEM 5. DIRECTORS AND EXECUTIVE OFFICERS

(a) The Board of Directors and Corporate Officers

The Board is responsible for the overall management and direction of the Company. Each Board member serves for a term of one year or until his/her successor is duly elected and qualified. Pursuant to the Company's articles of incorporation, the Board shall consist of seven (7) members.

The incumbent directors of the Company are as follows:

Name	Age	Nationality	Position	Term
Nixon Y. Lim	54	Filipino	Chairman/President/CEO	14.5 years
Mark O. Vergara	58	Filipino	Director	13.6 years
Eliza C. Macuray	67	Filipino	Director / Treasurer CFO / CAE	11.4 years
Esteban C. Ku	60	Filipino	Director	13.6 years
Rhea M. Alarcon	53	Filipino	Independent Director	6.8 years
Arnold D. San Gabriel	60	Filipino	Independent Director	0.82 years
Jose Luis G. Santillan	55	Filipino	Independent Director	0.82 years
Janice L. Co	41	Filipino	Corporate Secretary	3.6 years
Gino Paulo O. Uy	39	Filipino	Compliance Officer	0.82 years
Maribel O. Severino	66	Filipino	Investor Relations Officer	0.75 years

Below is a brief write-up of the business experience of the Board of Directors and the corporate officers and their business experience during the past five (5) years:

Nixon Y. Lim

Chairman of the Board
President and CEO
54 years old, Filipino

Mr. Lim was elected to the Board of Directors on October 20, 2010 and currently serves as Chairman of the Board. He is the President of Green Siam Resources Corporation, Greenkraft Corporation, Golden Bales Corporation and Greenkraft Corporation. Mr. Lim has worked extensively in the packaging business, particularly in the field of sales, marketing, manufacturing and finance. Mr. Lim is also a director of Crown Equities, Inc., a publicly listed company. He holds a degree in BS Physics from the De La Salle University, Manila, having graduated in 1992.

Mark O. Vergara

Director
58 years old, Filipino

Mr. Vergara was elected to the Board of Directors on October 14, 2011. He is a senior partner of the firm Martinez Vergara & Gonzalez Sociedad. He received his Juris Doctor degree from the Ateneo de Manila Law School in 1992, and his Bachelor of Science in Legal Management degree from the Ateneo de Manila University in 1988. He was admitted to the Philippine Bar in 1993. Mr. Vergara is currently a Director of MVG Securities, Inc., Antilia Property Holdings, Inc., Nikipak Philippines Incorporated, MDM Property Corporation, Korner Market Phils. Inc., and ExService Philippines, Inc. He is the Treasurer of Puhunan, Inc., MNMI Holdings, Inc., Tanguile Holdings, Inc., and Prime Genesis Central Capital, Inc. Mr. Vergara serves as Corporate Secretary of several companies, including GLG Crown Holdings Corporation, Crown Equities, Inc. Organisational

Support Services, Inc., Citifinancial Holdings Corporation, Pacific Harbor Investments Holdings Philippines, Inc., MV Holdings Inc. and Green Siam Resources Corporation.

Eliza C. Macuray

Director, Chief Financial Officer
Treasurer, Chief Audit Executive
67 years old, Filipino

Ms. Macuray was elected to the Board of Directors on December 26, 2013. She received her Bachelor of Science in Commerce, Major in Accounting, from Arellano University. Prior to joining the Group, her previous work experience was with United Pulp and Paper Co., Inc. for more than 2 decades, where she gained her experience in the paper business, particularly in finance with focus on tax matters. She also served as Accountant to Orange Performance Techniques Inc. She is currently the Comptroller of Container Corporation of the Philippines.

Esteban C. Ku

Director
60 years old, Filipino

Mr. Ku was elected to the Board of Directors on October 14, 2011. He holds a degree in Bachelor of Science, Major in Chemical Engineering from the University of San Carlos in Cebu City, where he graduated in 1988. From 1989 to 1992, he was a production supervisor for International Pharmaceutical, Inc. in Xiamen, China. He has since focused on the packaging business, having gained extensive experience in plant operations, sales and marketing and finance. Mr. Ku is currently the Managing Director of Corbox Corporation and Pakmaster Packaging Co.

Rhea M. Alarcon

Independent Director
53 years old, Filipino

Ms. Alarcon was elected to the Board of Directors on July 31, 2018. She is a Partner at Design to Make a Difference, Inc. (Plus63 Design Co.) and a Managing Partner at Gem Sign Company. Ms. Alarcon was formerly a Partner and Managing Director of Ideals Creatives, Inc. from 2006 to 2011. She also acted as Deputy Executive Director of Children's Hour Philippines, Inc. from 2002 to 2007, and the Executive Director of Culinary Education Foundation from 2001 to 2002. Ms. Alarcon was Supervisor and Department Head - Community Relations and Internal Affairs at Globe Telecom, Inc. from 1995 to 2000. Ms. Alarcon received her Bachelor of Science, Major in Hotel and Restaurant Administration, from the University of the Philippines. She also completed units in Masters of Community Development program from the same university.

Arnold D. San Gabriel

Independent Director
60 years old, Filipino

Mr. San Gabriel was elected to the Board of Directors on July 5, 2024. He is an expert in financial modeling for complex projects and has extensive experience in due diligence and structuring, analyzing key business/transaction issues. He is currently a Director and the Treasurer of Olongapo Maintenance Services, Inc., and oversees the financial management activities of the company. He is also a Director at LT Dausons Industries Inc. From 2014 to 2023, he acted as the Chief Risk Officer and Country Credit Risk Manager of Citibank. N.A.

Mr. San Gabriel holds a degree in Bachelor of Science, Management – Honors Program from Ateneo de Manila University, where he graduated in 1988. He obtained his Master’s degree in Business Administration from Cornell University in 1994.

Jose Luis G. Santillan

Independent Director

55 years old, Filipino

Mr. Santillan was elected to the Board of Directors on July 5, 2024. He has extensive experience as a financial advisor for debt restructuring, feasibility studies, and fund raising for various industries in the Philippines. He currently acts as fractional Chief Finance Officer or financial consultant to a farm-to-table social enterprise, a quick service restaurant chain, a healthcare facility and a circular economy company. Mr. Santillan is currently an Adjunct Faculty at the Asian Institute Management and a Senior Lecturer at the University of the Philippines, Diliman. From 2018 to 2020, he was the Director of Finance and the Risk and Compliance Officer of Dusit Hospitality Education Philippines Inc./Dusit Thani Philippines.

Mr. Santillan received his Bachelor of Science in Economics from the University of the Philippines in 1991. He also received a Financial Modeling and Valuation Analyst (FMVA) Certifications from the Corporate Finance Institute, and Post Graduate Certificate in Leadership from the Asian Institute of Management.

Janice L. Co

Corporate Secretary

41 years old, Filipino

Ms. Co was appointed Corporate Secretary on October 13, 2021. She is a Partner at Martinez Vergara & Gonzalez Sociedad from 2021 up to the present. She earned her Bachelor’s degree in Political Science from the Ateneo de Manila University and a Juris Doctor degree from the Ateneo de Manila University School of Law. Ms. Co serves as Corporate Secretary or Assistant Corporate Secretary to many companies, including Basic Energy Corporation, a publicly listed company.

Gino Paulo O. Uy

Compliance Officer

39 years old, Filipino

Mr. Uy was appointed Compliance Officer on July 5, 2024. He has extensive experience in assisting publicly-listed companies in their day-to-day corporate, legal and regulatory compliances and requirements. Aside from being a corporate services practitioner, he also handles inbound immigration requirements of individual and corporate clients. He has assisted corporate clients in transaction agreements for various capital market issuances such as long-term negotiable certificates of deposit, medium-term note and green bonds. He has been part of due diligence teams for listing applications and mergers & acquisitions, and have acted as counsel to both issuers and underwriters, as well as to sellers and acquirers in these transactions. He holds a Bachelor’s Degree in Psychology from the University of the Philippines Diliman and a Juris Doctor from the UP College of Law.

Maribel O. Severino
Investor Relations Officer
66 years old, Filipino

Ms. Severino was appointed Investor Relations Officer on August 2, 2024. Ms. Severino holds a Bachelor of Science degree in Business Management from Ateneo De Manila University. She is an experienced professional with credentials in Philippine Equities, Sales & Marketing, Investment Banking, Compliance, and Logistics. She has worked with PCCI Securities, Angping Securities, Nomura Securities (Phils), Nihao Mineral Resources Int'l, DHL Worldwide Express (Phils), Philippine National Bank, and Citytrust Banking Corporation.

Nomination of Directors for 2024-2025

The Company's Nomination Committee pre-screened and accepted the nominations of the following directors in accordance with the criteria provided in the Securities and Regulations Code, the Company's Revised Manual on Corporate Governance and the Company's By-Laws:

1. Nixon Y. Lim
2. Mark O. Vergara
3. Esteban Ku
4. Eliza C. Macuray
5. Rhea M. Alarcon (independent director)
6. Jose Luis G. Santillan (independent director)
7. Arnold San Gabriel (independent director)

All of the nominees are incumbent directors of the Company. Ms. Rhea M. Alarcon, Mr. Jose Luis G. Santillan and Mr. Arnold San Gabriel were nominated by Mr. Stanley Sy, a shareholder who owns 0.05% of the total voting shares of the Company. Mr. Sy is not related to any of the nominees for independent directors.

The certifications of the independent directors are attached as *Annexes B-1 to B-3*.

(b) Attendance in Meetings

A director's absence or non-participation in more than fifty percent (50%) of all meetings in a year is a ground for temporary disqualification in the succeeding election. Each of the Company's directors have complied with the requirements.

The attendance of the directors at the meetings of the Board of Directors and of stockholders from 2022 to present is as follows:

Director	No. of Board and Stockholders Meetings				Percentage
	2022	2023	2024	Jan 1 to April 30, 2025	
Nixon Y. Lim	4	3	15	3	100
Mark O. Vergara	4	3	15	3	100
Eliza C. Macuray	4	3	15	3	100
Esteban C. Ku	4	3	10	-	100
Kenneth George D. Wood	4	3	10	-	100
Adam Anthony S. Cabe III	4	3	15	3	100
Rhea M. Alarcon	4	3	15	3	100
Arnold D. San Gabriel	-	-	5	3	100
Jose Luis G. Santillan	-	-	5	3	100

(c) Duties and Responsibilities

The Board acts on behalf of the Company and as such, it is vested with fiduciary duties, loyalty and care for which Board members should act on a fully informed basis, in good faith, with due diligence, and in the best interest of the Company and its shareholders. They are collectively responsible for the sustainable long-term shareholder value of the Company, sustain its competitiveness and profitability in a manner consistent with its corporate objectives. Through its oversight, monitoring and review of functions, the Board ensures that the Company is being run in a sound and prudent manner on a going concern basis in order to fulfill its obligations to all majority and minority shareholders.

The Company recognizes that diversity among its directors will foster critical discussion and promote balanced decision by the Board by utilizing the differences in perspective of its directors. It views diversity at the Board level which includes differences in skills, experience, education, race, business, and other related expertise as an essential element in maintaining an effective board for strong corporate governance. The Company also recognizes the important role of women with appropriate and relevant skills and experience that can contribute to the diversity of perspective in the Board. There are currently two (2) female directors. The diversity representation of the Board is part of the annual performance and effectiveness evaluation of the board and committees.

All directors are required to familiarize themselves with their statutory/fiduciary roles and responsibilities in the Board and Committees, the Company’s strategic plans, enterprise risks, group structures, business activities and compliance. The directors and officers attended the following trainings in the past years:

Name	Title	Conducted By	Year
Nixon Y. Lim	Corporate Governance	Risks, Opportunities, Assessment and Management (ROAM), Inc.	2024
	New Code of Corporate Governance for Public Companies and Registered Issuers	Center for Global Best Practices Foundation	2020
	Corporate Governance Seminar	Philippine Corporate Enhancement & Governance, Inc.	2019
	Corporate Governance & AMLA Seminar	Philippine Corporate Enhancement & Governance, Inc.	2018
Mark O. Vergara	Corporate Governance	Risks, Opportunities, Assessment and Management (ROAM), Inc.	2024
	Corporate Governance	Risks, Opportunities, Assessment and Management (ROAM), Inc.	2023

	IC-ICD-GAPP Roundtable Discussion	Institute of Corporate Directors	2021
Eliza C. Macuray	Roles, Responsibilities and Liabilities of Board of Directors	Center for Global Best Practices	2023
	New Code of Corporate Governance for Public Companies and Registered Issuers	Center for Global Best Practices Foundation	2020
	Corporate Governance Seminar	Philippine Corporate Enhancement & Governance, Inc.	2019
	Corporate Governance & AMLA Seminar	Philippine Corporate Enhancement & Governance, Inc.	2018
Esteban C. Ku	New Code of Corporate Governance for Public Companies and Registered Issuers	Center for Global Best Practices Foundation	2020
	Corporate Governance Seminar	Philippine Corporate Enhancement & Governance, Inc.	2019
	Corporate Governance & AMLA Seminar	Philippine Corporate Enhancement & Governance, Inc.	2018
Rhea M. Alarcon	Roles, Responsibilities and Liabilities of Board of Directors	Center for Global Best Practices	2023
	New Code of Corporate Governance for Public Companies and Registered Issuers	Center for Global Best Practices Foundation	2020
	Corporate Governance Seminar	Philippine Corporate Enhancement & Governance, Inc.	2019
	Corporate Governance & AMLA Seminar	Philippine Corporate Enhancement & Governance, Inc.	2018
Arnold D. San Gabriel	Corporate Governance Orientation Program	Institute of Corporate Directors	2024
Jose Luis G. Santillan	Corporate Governance Orientation Program	Institute of Corporate Directors	2024
Janice L. Co	2024 Year-End Tax Updates & Compliance	Center for Global Best Practices	2024
	Risk Management in the Post-Covid Age	Institute of Corporate Directors	2023

	Best Practices of Effective Boards	Center for Global Best Practices	2023
Gino Paulo O. Uy	11th Annual SEC - PSE Corporate Governance Forum	Securities and Exchange Commission and The Philippine Stock Exchange	2024

(d) Board Performance Evaluation

The Company conducts annual performance evaluations of the Board, its individual members and Board Committees to ensure optimum Board performance. In this evaluation process, directors identify areas for improvement, some of which are: the timeliness and integrity of information given to them, directors' access to management, the Corporate Secretary, and other forms of assistance as needed. The Board reviews the results of these evaluations and agrees on clear action plans to address any issues raised.

The Board members assessed the Board as a whole based on their balance/diversity, competencies, background and experience. Board efficiency and importance as well as board activities were also given the appropriate ratings. The Board Committees were also assessed based on their performance. Individual performances were also assessed based on independence, participation and diligence.

(e) Significant Employees

The key officers of the Company who are expected to make a significant contribution to the business of the Company consist of the above-named directors holding executive positions and the corporate officers. Other than the foregoing, there are no other employee whose functions are expected to make a significant contribution to the business.

(f) Family Relationships

None of the directors, executive officers of the Company or persons nominated to the board of directors are related up to the fourth (4th) civil degree.

(g) Legal Proceedings

The Corporation is not aware of any bankruptcy proceedings filed against any of its directors or executive officers, nor of any criminal conviction or final judgment barring or limiting any business involvement or any order or judgment subjecting said directors or executive officers, or a violation of a securities or commodities law or regulation filed against any of its directors or executive officers, during the past five (5) years ending March 31, 2025.

(h) Certain Relationships and Related Transactions

Transactions with related parties in the day-to-day course of business include inter-company sale and/or transfer of basic raw materials, work-in-progress inventory, finished goods, and equipment. Related party transactions are always at arms-length.

In addition to the disclosures of Related Party Transactions in the financial statements, below are the elements of the transactions that are necessary for an understanding of the transactions' business purpose and economic substance, their effect on the financial statements, and the special risks or contingencies arising from these transactions.

Entities under Common Control

- i. *Reimbursements.* These are the various expenses paid in advance by the Company for the related party. This related party and STN is controlled by common shareholder. The business purpose of the arrangement is to pay in advance immaterial but necessary expenses of the related party, subject to reimbursement. Transaction prices were determined by the parties based on actual prices.

The transactions are evaluated based on the necessity and materiality. If the related party and the Group (i.e., STN and its subsidiaries) has the same necessary transactions/expenses with common entity and the amount is minimal, the Group pays it for the related party such as taxes and licenses, etc. subject for reimbursement subsequently. There are no ongoing contractual or other commitments as a result of the arrangement.

Other related parties

- i. *Lease and warehousing costs.* Steniel Mindanao Packaging Corporation (SMPC), a subsidiary of STN, entered into a lease and warehousing cost agreement with a related party for the lease and warehousing of certain properties for its plate-making process. The contract is for a period of 2 years. These transactions are made in the ordinary course of business. Hence, transaction price is based on the prevailing market price and such transactions are evaluated to compete with other entities with the same business. There are no ongoing contractual or other commitments as a result of the arrangement.
- ii. *Purchases.* Purchases of inventories from related parties are made in the ordinary course of business. Hence, transaction price is based on the prevailing market price. Such transactions are evaluated to compete with other entities with the same business. Transactions are on purchase order basis. There are no ongoing contractual or other commitments as a result of the arrangement.
- iii. *Sales.* SMPC and Steniel Cavite Packaging Corporation (SCPC), subsidiaries of STN, both have sales with related parties. SCPC transactions pertain to sale of all waste materials, including wastepaper trimmings, and scrap materials. The business purpose of the arrangement is for the continuous operations of Steniel Cavite Packaging Corporation (SCPC), a subsidiary of STN. While SMPC transactions pertain to sale of boxes and printing plate. Sales are made in the ordinary course of business. As such, transaction price is based on the prevailing market price. Such transactions are evaluated to compete with other entities with the same business. There are no ongoing contractual or other commitments as a result of the arrangement.
- iv. *Advances from customers.* This pertains to advance payments made by related parties as the Group's customers for sales made in the ordinary course of business. The advanced amount is part of the selling price which are based on the prevailing market price. Such transactions are evaluated to compete with other entities with the same business. There are no ongoing contractual or other commitments as a result of the arrangement.
- v. *Advances.* This pertains to the borrowed amount from the related party for working capital purposes. The amount was projected to meet the Group's working capital requirement many years back. As of this period, the Group is gradually paying back

the amount until fully settled. There are no ongoing contractual or other commitments as a result of the arrangement.

Key management personnel

Short-term benefits. This pertains to the amount to compensate services rendered by the key management personnel. The amount of the compensation is based on the average salary rates as compared to same business and same rank of employees with consideration to performance and management skills possessed by the individual. This transaction is evaluated based on the projected manpower necessary to meet the Group’s goals. There are no ongoing contractual or other commitments as a result of the arrangement.

The Company or its related parties have no material transaction with parties that fall outside the definition “related parties” under SFA/IAS No. 24 that are not available for other, more clearly independent parties on an arm’s length basis.

ITEM 6. COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS

(a) Compensation Table

The aggregate compensation paid or incurred during the last two (2) fiscal years and estimated to be paid in the ensuing fiscal years to the directors and executive officers of the Company are as follows:

	Year	Salary (in Php)	Bonus	Other Annual Compensation
Top 5 most highly compensated executive officers	2025 (est)	5,720,000.00	-	11,050,000.00
	2024	5,755,933.33	-	11,001,495.60
	2023	330,000.00	-	6,010,083.33
Aggregate compensation paid to all other officers and directors as a group	2025 (est)	-	-	2,799,998.40*
	2024	-	-	1,272,221.90*
	2023	1,230,865.39	-	-

**Pertain to per diem*

The Company’s By-Laws provide that directors as such shall receive compensation for their services as may be approved by stockholders representing at least a majority of the outstanding capital stock. During the current year, the stockholders did not pass any resolution authorizing payment of compensation to the Company’s directors. The members of the Board of Directors, except those holding management positions in the Company, are entitled to per diem allowance for his attendance at each Board and committee meetings.

There are no other arrangements for compensation either by way of payments for committee participation or special assignments other than reasonable per diem. There are also no outstanding warrants or options held by STN’s CEO, other officers and/or directors.

(b) Employment Contracts and Termination of Employment and Change-in-Control Arrangements.

The Company and its Subsidiaries have executed pro-forma employment contracts with their staff and officers. These contracts basically specify the scope of services expected from these individuals and the compensation that they shall receive.

There are no arrangements for compensation to be received by these named executive officers from the Company in the event of a change in control.

(c) Warrants and Options Outstanding

There are no warrants or options granted by the Company to any of its directors or executive officers.

ITEM 7. INDEPENDENT PUBLIC ACCOUNTANTS

(a) Appointment of External Auditor

The appointment of Valdes Abad & Company (VACo) as the external auditor of the Company for the period ended December 31, 2025 will be submitted for ratification by the stockholders. Representatives of Valdes Abad & Company are expected to be present at the Annual Meeting and they will have the opportunity to respond to appropriate questions from the stockholders, should there be any.

(b) Audit and Audit-Related Fees

The Company's financial statements for the years ended December 31, 2022 were audited by R.G. Manabat & Co, while the Company's financial statements for the years ended December 31, 2023 and 2024 were audited by Valdes Abad & Company, CPAs. The following table sets out the approximate aggregate fees billed for each of the last three (3) fiscal years for professional services rendered by the Company's external auditors:

Professional service fees rendered by the Company's external auditors			
	2022	2023	2024 (est)
Audit Fee	P2,300,000.00	P2,000,000.00	P2,000,000.00
Other Fees	345,000.00	200,000.00	400,000.00
TOTAL	P2,645,000.00	P2,200,000.00	P2,400,000.00

All Other Fees refer to out of pocket expenses by the auditors arising from the audit of the Company's financial statements.

It is the Company's policy to present audit findings to its Audit Committee, which reviews and makes recommendations to the Board on actions to be taken thereon. The Board of Directors passes upon and approves the Audit Committee's recommendations.

Under the Company's Revised Manual on Good Corporate Governance, the Audit Committee is mandated to, prior to the commencement of the audit, discuss with the external auditor the nature, scope and expenses of the audit scope, and ensure proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts. Further, the Audit Committee is tasked to evaluate and determine the non-audit work, if any, of the external auditor, and review periodically the non-audit fees paid to the external auditor in relation to their significance to the total annual income of the external auditor and to the Company's overall

consultancy expenses. The Audit Committee shall disallow any non-audit work that will conflict with his duties as an external auditor or may pose a threat to his independence.

(c) Changes in and disagreements with accountants on accounting and financial disclosure

The Company has engaged the services of Valdes Abad & Company during the most recent two fiscal year and R.G. Manabat & Co., during the fiscal tear 2022. The Company intends to hire R.G. Manabat & Co for the development of its STN Key Performance Indicator dashboard in 2024, hence, the need to change the external auditor for 2023.

There has been no event in the past three (3) years where the external auditors and the Company had any disagreement with regard to any matter relating to accounting principles or practices, financial statement disclosures or auditing scope or procedures.

There were no disagreements with the Company's external auditors on any accounting and financial disclosures.

ITEM 8. COMPENSATION PLANS

No action will be presented for the stockholders' approval at the Annual Meeting which involves employee compensation plans.

C. ISSUANCE AND EXCHANGE OF SECURITIES

ITEM 9. AUTHORIZATION OR ISSUANCE OF SECURITIES OTHER THAN FOR EXCHANGE

No action will be presented for the stockholders' approval at the Annual Meeting which involves (i) the authorization or issuance of any securities otherwise than for exchange for outstanding securities of the Company, (ii) the modification of any class of securities of the Company, or (iii) the issuance or authorization for issuance of one class of securities of the Company in exchange for outstanding securities of another class.

ITEM 10. MODIFICATION OR EXCHANGE OF SECURITIES

No action will be presented for the stockholders' approval at the Annual Meeting which involves the modification of any class of the Company's securities or the issuance of one class of securities in exchange for outstanding securities of another class.

ITEM 11. FINANCIAL AND OTHER INFORMATION

For the Management's Discussion and Analysis, Market Price of Shares and other data related to the Company's financial information, please refer to the Management Report attached as *Annex C* attached to this Information Statement.

Please refer to the audited financial statements for the period ended December 31, 2024 attached to the SEC Form 17-A for the said period marked as Annex D-1 and the unaudited interim financial statements for the period ended March 31, 2025 marked as Annex D-2.

ITEM 12. MERGERS, CONSOLIDATIONS, ACQUISITIONS AND SIMILAR MATTERS

No action is to be taken during the Annual Meeting with respect to any transaction involving: (i) merger or consolidation into or with any other person or of any other person into or with STN; (ii) acquisition by the Company or any of its security holders of securities of another person; (iii) acquisition of any other going business or of the assets thereof; (iv) sale or other transfer of all or

any substantial part of the assets of the Company; or (v) liquidation or dissolution of the Company.

ITEM 13. ACQUISITION OR DISPOSITION OF PROPERTY

No action is to be taken during the Annual Meeting with respect to acquisition or disposition of any property of STN.

ITEM 14. RESTATEMENT OF ACCOUNTS

The Group's operations were adjusted to incorporate a revision related to the previously disposed cost of an investment acquired from SCPC. This adjustment was necessitated by the completion of the dación en pago process in 2023 (refer to Note 1), resulting in a reduction of the gain on disposal, net of tax, amounting to ₱35.922 million. Additionally, an adjustment of ₱4.625 million was recognized on the cost of equity instruments, arising from discrepancies identified on the cost of disposed investments in the previous year.

Below is a summary of the changes reflected in the 2024 Consolidated Audited Financial Statements of the Company and its Subsidiaries:

Particulars	Balance as of December 31, 2023	Adjustments	Adjusted balance as of January 1, 2024
<i>Steniel Manufacturing Corporation – Parent</i>			
Statements of Financial Position:			
Prepaid expenses and other current assets (Note 7)	₱ 20	₱ 8,764	₱ 8,784
Investment in equity securities (Note 10)	62,016	(1,098)	60,918
Due to related parties (Note 13)	127,148	47,896	175,044
Income tax payable	3,210	(3,210)	-
Deficit (Note 12)	(1,422,906)	(37,020)	(1,459,926)
Statements of Comprehensive Income:			
Other income (Note 14)	221,431	(47,896)	173,535
Income tax expense (Note 16)	52,514	(11,974)	40,540
Other comprehensive income (Note 10)	14,560	(1,098)	13,461
<i>Steniel Cavite Packaging Corporation – Subsidiary</i>			
Statements of Financial Position:			
Due from related party (Note 13)	121,891	47,896	169,787
Asset held-for-sale (Note 8)	47,896	(47,896)	-
Investment in equity instruments (Note 10)	73,212	5,724	78,936
Retained earnings (Note 14)	208,171	5,724	213,895
Statements of Comprehensive Income:			
Other comprehensive income (Note 10)	4,396	5,724	10,120
<i>Effect to consolidated financial statements</i>			
Deficit	₱ (942,459)	₱ (31,297)	₱ (973,756)
Other comprehensive income	₱ 18,956	₱ 4,625	₱ 23,581

D. OTHER MATTERS

ITEM 15. ACTION WITH RESPECT TO REPORTS AND OTHER PROPOSED ACTION

The following shall be submitted at the Annual Meeting of the stockholders:

1. Approval of the Minutes of the Annual Stockholders' Meeting held on July 5, 2024. A copy of said Minutes is attached as *Annex E*;
2. Approval of the Audited Financial Statements for the period ended December 31, 2024 attached to the Annual Report marked as *Annex D-1*;
3. Ratification of all acts of the Board of Directors and Management for the period covering 2024 - 2025, a summary of which is provided in *Annex F*;
4. Election of the members of the Board of Directors;
5. Appointment of External Auditor.

ITEM 16. MATTERS NOT REQUIRED TO BE SUBMITTED

There are no matters to be taken at the Annual Meeting which are not required to be submitted for stockholders' vote or approval.

ITEM 17. AMENDMENT OF CHARTER, BY-LAWS OR OTHER DOCUMENTS

No action is to be taken during the Annual Meeting with respect to any amendment of the Company's charter, by-laws or other documents.

ITEM 18. OTHER PROPOSED ACTION

There are no other proposed action for confirmation/ratification by the stockholders.

ITEM 19. VOTING PROCEDURES

(a) Vote Required

Stockholders as of record date who successfully register for the meeting have the opportunity to cast their votes by the submission of proxies not later than June 6, 2025. Every stockholder shall be entitled to one vote for each share of stock standing in her/her/its name in the books of the Company.

For items other than the election of directors, the stockholders have the option either vote in favor of or against a matter for approval, or to abstain.

(b) Election of Directors

For the purpose of electing directors, a stockholder may vote such number of his shares for as many persons as there are directors and he may cumulate said shares and give one (1) candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them according to the same principle among as many candidates as he sees fit.

For this year's election, the top seven (7) nominees with most number of votes will be declared as the elected directors. If the number of nominees does not exceed the number of directors to be elected, all the shares present or represented at the meeting will be cast in favor of the nominees. If the number of nominees exceeds the number of directors to be elected, voting will be done by ballot.

(c) Method of Counting Votes

Counting of votes will be done by the Corporate Secretary (or his authorized representatives) with the assistance of the representatives of the independent auditors and stock transfer agent of the Company. All votes attaching to the shares of common stock owned by stockholders whose proxies were received by the Company will be cast in accordance with the instructions given or authority granted under the proxies.

The detailed guidelines for participation and voting for this meeting are set forth in the "Guidelines for Participating via Remote Communication and Voting in Absentia" appended as Annex "A" to this Information Statement.

PART II

SOLICITATION INFORMATION

Steniel Manufacturing Corporation will not be soliciting proxies in connection with the Annual Meeting of the Stockholders scheduled on June 18, 2025.

UNDERTAKING

UPON THE WRITTEN REQUEST OF A STOCKHOLDER, THE COMPANY UNDERTAKES TO FURNISH SAID STOCKHOLDER A COPY OF THIS INFORMATION STATEMENT FREE OF CHARGE, EXCEPT FOR EXHIBITS ATTACHED HERETO, WHICH SHALL BE CHARGED AT COST. ANY WRITTEN REQUEST SHALL BE ADDRESSED TO:

Office of the Corporate Secretary
Steniel Manufacturing Corporation
33rd Floor, The Orient Square, F. Ortigas Jr. Road
Ortigas Center, Pasig City
Attention: Atty. Janice L. Co

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Pasig, Metro Manila on May 20, 2025.


JANICE L. CO
Corporate Secretary

**Guidelines for
Participating via
Remote Communication
and Voting in Absentia**

REQUIREMENTS AND PROCEDURES FOR VOTING IN ABSENTIA AND PARTICIPATION VIA REMOTE COMMUNICATION AT THE ANNUAL STOCKHOLDERS' MEETING OF STENIEL MANUFACTURING CORPORATION

I. Participation and Voting in Absentia of Stockholders

Stockholders of Steniel Manufacturing Corporation (the "Company") as of May 16, 2025 ("Stockholders") may participate and exercise their right to vote on the agenda items in the Annual Stockholders' Meeting (ASM) of the Company, to be held on June 18, 2025 at 2:00 p.m. by remote communication and voting in absentia. Voting in absentia means that stockholders shall have the opportunity to vote during the ASM without being physically present during the meeting. Stockholders who vote in absentia or who participate via remote communication shall be deemed present for purposes of quorum.

II. Registration of Stockholders and Proxy Holders

- a. The right to participate and to vote are subject to the successful registration of the Stockholder who must notify the Office of the Corporate Secretary no later than 5:00 p.m. on June 6, 2025 by sending scanned copies of the following documentary requirements **via email to steniel.asm@gmail.com**.

Documentary Requirements

Certificated Individual Stockholders

1. Stockholder's valid government-issued ID with photo, signature and personal details, preferably with residential address
2. Stock certificate number/s
3. A valid and active e-mail address and contact number of the stockholder
4. In case of proxy appointment, a duly accomplished and signed proxy indicating the votes on the agenda items.

Certificated Multiple Stockholders or Joint Owners

1. Valid government-issued ID of all stockholders - with photo, signature and personal details, preferably with residential address
2. Stock certificate number/s
3. A valid and active e-mail address and contact number of the authorized representative
4. Proof of authority of stockholder voting the shares signed by the other registered stockholders, for shares registered in the name of multiple stockholders (need not be notarized)
5. In case of proxy appointment, a duly accomplished and signed proxy indicating the votes on the agenda items.

Certificated Corporate/Partnership Stockholders

1. Secretary's Certification of Board resolution attesting to the authority of the representative to participate by remote communication for and on behalf of the Corporation/Partnership
2. Stock certificate number/s
3. Authorized representative's valid government-issued ID with photo, signature and personal details, preferably with residential address
4. A valid and active e-mail address and contact number of the authorized representative
5. In case of proxy appointment, a duly accomplished and signed proxy indicating the votes on the agenda items.

Stockholders with Shares under PCD Participant/Broker Account

1. Certification from broker as to the number of shares owned by the stockholder
2. Stockholder's valid government-issued ID5 with photo, signature and personal details, preferably with residential address
3. A valid and active e-mail address and contact number of the stockholder
4. In case of proxy appointment, a duly accomplished and signed proxy indicating the votes on the agenda items.

Scanned copies of the documents submitted as attachments via email must be in clear copies in JPG or PDF format, with each file size not exceeding 2MB.

- b. The Company reserves its right to require additional personal data or documents to ensure the identity and validate the right of the Stockholder or his/her Proxy to participate and vote in the ASM. At all times, the right of the Stockholder to the privacy of his/her personal data as provided in the Data Privacy Act shall be ensured.
- c. The Stockholder and his/her proxy shall be advised by email acknowledging his/her registration, or should there be additional requirements needed by the Company.
- d. The registration data and other requirements shall be validated by the Company upon submission of the complete registration requirements not later than five (5) business days prior to the ASM. Should you not receive an e-mail reply at least five (5) business days prior to the ASM, please call +632 867 1195 to 96.
- e. Upon successful registration, the Stockholder or his/her proxy will be given access to the ASM live stream. His/her successful log-in in the livestream shall be considered as attendance in the ASM and shall be considered in the determination of quorum in the ASM.

III. Participation via Remote Communication

- a. Only the Stockholders, or their proxies, who have successfully registered may be given the link and meeting details to the Company's 2025 ASM. Instructions on how to access the meeting will also be provided to the registered Stockholders in the confirmation of registration via e-mail reply from the Office of the Corporate Secretary.
- b. The Company will provide mechanisms to ensure that Stockholders or their proxies shall have the opportunity to participate in the ASM, including the ability to read the presentations and hear substantially the discussions during the ASM.
- c. Stockholders or their proxies may raise questions and clarifications on the agenda items.
- d. Proceedings of the meeting shall be recorded. Stockholders may request for access to the recorded webcast of the ASM by sending an email request to steniel.asm@gmail.com.

IV. Voting Procedures

- a. All agenda items indicated in the Notice will be set out in the ballot form and the registered Stockholder, or his/her proxy, may vote as follows:
 1. For items other than the election of Directors, the registered Stockholder, or his/her proxy, will have the options to vote "Approve," "Disapprove," or

“Abstain”. The vote is considered cast for all the registered stockholder’s shares.

2. For the election of Directors, the registered Stockholder, or his/her proxy, may vote for all nominees or cumulate his vote for one or some of the nominees provided that the total number of allowable votes will not exceed the number of shares multiplied by the number of Board seats (Number of Shares x 7 Directors = Number of Voting Shares).
- b. Once the registered Stockholder, or his/her proxy, has finished voting on the Agenda items set forth in the Proxy Form, he/she can proceed to submit his/her ballot by sending a clear scanned copy thereof in jpg or pdf format to steniel.asm@gmail.com no later than 5:00 p.m. on June 6, 2025. The e-mail attachment file size must not exceed 2MB.
 - c. After the ballot has been submitted, the registered Stockholder or his/her proxy may no longer change his/her vote.
 - d. The integrity and secrecy of votes shall be protected. As such, all votes received will be tabulated and validated by the Office of the Corporate Secretary. The external auditors will validate the results.
 - e. The Corporate Secretary shall report the results of voting during the meeting.

--- nothing follows ---

Certification of Rhea M. Alarcon

REPUBLIC OF THE PHILIPPINES)
Pasig City) S.S.

CERTIFICATION

I, **RHEA M. ALARCON**, Filipino, of legal age and with address at 580 Bagumbayan St., Sta. Mesa, Manila, Philippines, after having been duly sworn in accordance with law, hereby certify that:

1. I am a nominee for independent director of **STENIEL MANUFACTURING CORPORATION** (the "Corporation") and have been its independent director since July 31, 2018.

2. I am affiliated with the following companies or organizations:

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Manalang-Alarcon Advertising Corporation	Managing Partner	2017 - Present
Design to Make a Difference, Inc.	Founding Partner	2011 - Present

3. I possess all the qualifications and none of the disqualifications to as Independent Director of the Corporation, as provided for in Section 38 of the Securities Regulation Code ("SRC"), its Implementing Rules and Regulations ("IRR") and other issuance of the Securities and Exchange Commission ("SEC").

4. I am not related to any director, officer or substantial shareholder of the Corporation and its subsidiaries and affiliates.

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.


6. I shall faithfully and diligently comply with my duties and responsibilities as an Independent Director under the SRC, its IRR, Code of Corporate Governance and other issuances of the SEC.

7. I shall inform the Corporate Secretary of the Corporation of any changes in the above-mentioned information within five (5) days from its occurrence.

IN WITNESS WHEREOF, I have hereunto affixed my signature this APR 30 2025 of _____.



RHEA M. ALARCON
Affiant

SUBSCRIBED AND SWORN to before me this day of APR 30 2025, affiant who exhibited to me her Philippine Passport No.  valid until April 19, 2028 as competent evidence of her identity.

Doc. No. 000 ;
Page No. 1 ;
Book No. IV ;
Series of 2025.

SOCRATES J. DE GUZMAN
Appointment No. 024-2025)
Notary Public for Pasig City and Pateros
Until December 31, 2025
Attorney's Roll No. 85318
33rd Floor, The Orient Square
F Ortigas Jr. Road, Ortigas Center, Pasig City
PTR Receipt No. 2863406; 01.02.25; Pasig City
IBP OR No. 496754; 01.03.25; RSM
MCLE Compliance VIII 0014202; 4.14.28

Certification of Arnold San Gabriel

REPUBLIC OF THE PHILIPPINES)
PASIG CITY) S.S.

CERTIFICATION

I, **ARNOLD D. SAN GABRIEL**, Filipino, of legal age and with address at 22H East Tower at One Serendra, Mckinley Parkway cor. 32nd Street, Bonifacio Global City, Taguig City, Philippines, after having been duly sworn in accordance with law, hereby certify that:

1. I am a nominee for independent director of **STENIEL MANUFACTURING CORPORATION** (the "Corporation") and have been its independent director since July 5, 2024.

2. I am affiliated with the following companies or organizations:

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Olongapo Maintenance Services, Inc.	Director	2022 - Present
	Treasurer	2023 - Present
LT Dausons Industries Inc.	Director	2022 - Present

3. I possess all the qualifications and none of the disqualifications to as Independent Director of the Corporation, as provided for in Section 38 of the Securities Regulation Code ("SRC"), its Implementing Rules and Regulations ("IRR") and other issuance of the Securities and Exchange Commission ("SEC").

4. I am not related to any director, officer or substantial shareholder of the Corporation and its subsidiaries and affiliates.

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. I shall faithfully and diligently comply with my duties and responsibilities as an Independent Director under the SRC, its IRR, Code of Corporate Governance and other issuances of the SEC.


7. I shall inform the Corporate Secretary of the Corporation of any changes in the above-mentioned information within five (5) days from its occurrence.

IN WITNESS WHEREOF, I have hereunto affixed my signature this 02 MAY 2025 of _____.



ARNOLD D. SAN GABRIEL

Affiant

SUBSCRIBED AND SWORN to before me this day of 02 MAY 2025, affiant who exhibited to me his Philippine Identification Card , competent evidence of his identity.

Doc. No. 390;
Page No. 17;
Book No. II;
Series of 2025.

GERALDINE MARIE V. PAULO
Appointant No. 81 (2024-2025)
Notary Public for Pasig City and Pateros
Until December 31, 2025
Attorney's Roll No. 81565
33rd Floor, The Orient Square
F. Ortigas Jr. Road, Ortigas Center, Pasig City
PTR Receipt No. 2863412; 01.02.25; Pasig City
IBP OR No. 497003; 01.03.25; RSM
MCLE Compliance VIII 0011644; 4.14.28

**Certification
of Jose Luis G. Santillan**

REPUBLIC OF THE PHILIPPINES)
Pasig City) S.S.

CERTIFICATION

I, **JOSE LUIS G. SANTILLAN**, Filipino, of legal age and with address at Unit 236, Chateau Verde Condominium, Kaimito St., Valle Verde I, Pasig City, Philippines, after having been duly sworn in accordance with law, hereby certify that:

1. I am a nominee for independent director of **STENIEL MANUFACTURING CORPORATION** (the "Corporation") and have been its independent director since July 5, 2024.

2. I am affiliated with the following companies or organizations:

COMPANY/ ORGANIZATION	POSITION/ RELATIONSHIP	PERIOD OF SERVICE
Asian Institute of Management	Adjunct Faculty	July 2022 - Present
University of the Philippines, Diliman	Senior Lecturer	September 2023 - Present
Institute of Corporate Directors	Associate Member	February 2025 - Present

3. I possess all the qualifications and none of the disqualifications to as Independent Director of the Corporation, as provided for in Section 38 of the Securities Regulation Code ("SRC"), its Implementing Rules and Regulations ("IRR") and other issuance of the Securities and Exchange Commission ("SEC").

4. I am not related to any director, officer or substantial shareholder of the Corporation and its subsidiaries and affiliates.


5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. I shall faithfully and diligently comply with my duties and responsibilities as an Independent Director under the SRC, its IRR, Code of Corporate Governance and other issuances of the SEC.

7. I shall inform the Corporate Secretary of the Corporation of any changes in the above-mentioned information within five (5) days from its occurrence.

IN WITNESS WHEREOF, I have hereunto affixed my signature this APR 28 2025 of _____.

JOSE LUIS G. SANTILLAN
Affiant

SUBSCRIBED AND SWORN to before me this day of APR 28 2025, affiant who exhibited to me his Philippine Passport No.  valid until August 13, 2028 as competent evidence of his identity.

Doc. No. 309 ;
Page No. 63 ;
Book No. II ;
Series of 2025.


GERALDINE MARIE V. PAULO
Appointment No. 181 (2024-2025)
Notary Public for Pasig City and Pateros
Until December 31, 2025
Attorney's Roll No. 81565
33rd Floor, The Orient Square
F. Ortigas Jr. Road, Ortigas Center, Pasig City
PTR Receipt No. 2863412; 01.02.25; Pasig City
IBP OR No. 497003; 01.03.25; RSM
MCLE Compliance VIII 0011644; 4.14.28

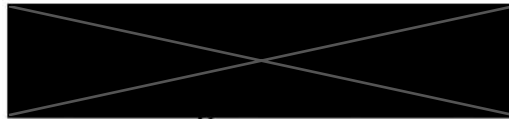


30 April 2025

CERTIFICATION

This is to acknowledge that MR. JOSE LUIS G. SANTILLAN, a part-time faculty member of the Cesar E.A. Virata School of Business with a rank of Senior Lecturer 1, has been appointed as an Independent Director of Steniel Manufacturing Corporation, a company listed in the Philippine Stock Exchange. His current appointment as Senior Lecturer 1 from September 1, 2024 to August 31, 2025 does not conflict with his role as Independent Director.

This certification is being issued as requested by Mr. Santillan to meet a Security and Exchange Commission requirement.



Chair, Department of Accounting and Finance
Cesar E.A. Virata School of Business
University of the Philippine Diliman

Management Report

MANAGEMENT REPORT

I. BUSINESS OVERVIEW AND GENERAL INFORMATION

Steniel Manufacturing Corporation and its subsidiaries are engaged in the manufacture and distribution of corrugated boxes. The Company is one of the oldest operating packaging manufacturers in the Philippines. STN has developed a niche in high-quality corrugated boxes for high-value consumer goods and agricultural exports. The Company has also developed strong in-house capabilities in sourcing, manufacturing, supply chain management, and quality assurance – this allows the Company to meet the demanding requirements of its clientele. STN was the largest independent manufacturer of corrugated boxes in the Philippines prior to its business slowdown amidst the Asian Financial Crisis in 1997.

STN's operations slowed down significantly after the 1997 Asian Financial Crisis, as increased competition as well as the Company's outdated infrastructure weighed on profitability. In 2006, Steniel's former shareholders authorized the Company to enter into debt rehabilitation proceedings. Petitions for rehabilitation were filed in 2007 for the Company and its subsidiaries, which were all dismissed in 2009. By 2012, a new shareholder group completed the acquisition of the outstanding debt of STN and equity interest in the Company as detailed in the History section below.

STN has a broad roster of multinational FMCGs, customers, fruit exporters, and domestic packaged food manufacturers. This includes well-known companies such as Dole Philippines, Lapanday Foods Corporation, Lapanday Diversified Products Corporation, and Philippines Spring Water Resources, among others. The Company has an aggregate production capacity of 129.0 million square feet per month across two wholly owned production plants in Mindanao.

The Company invests significant resources to ensure the quality of its products and the stability of its production. This includes the following:

- Establishment of a robust supply chain with multiple redundancies – STN sources high quality virgin pulp paper from USA, New Zealand, Finland, and Sweden, as well as high grade recycled pulp paper from Indonesia, Thailand, and Japan;
- Significant capital investment in state-of-the-art automated production lines to manufacture its corrugated boxes;
- Vertical integration efforts with in-house warehousing, adhesive manufacturing for corrugators, and ink kitchens;
- In-house quality assurance protocols and machinery to ensure that its products remain within pre-determined specifications;
- Acquisition and development of new technical innovations, such as its proprietary dehydrator and large-scale digital printer; and,
- Continuous training and talent development to ensure a deep pool of expertise.

The Company is continuously automating its process flow to maximize production capacity while ensuring quality. An overview of the Company's manufacturing flow is shown below:

- The Company obtains high quality paper reels from its global supplier list.
- The paper reels are fed into the corrugator, which manufactures the corrugated boards by pressing the paper into flutes, after which a top and bottom sheet is glued on.
- These boards are then scored/slotted, printed, and punched into the desired box shapes.

- These boxes are folded and packed and then shipped to the end customer.

The Company was incorporated on September 13, 1963 and was granted with extension of its corporate term for another 50 years on September 11, 2013 by the SEC. With the passage of the Revised Corporation Code, the Company now has perpetual existence.

History

Steniel Manufacturing Corporation (“Steniel”, “STN” or the “Company”) was incorporated and registered with the Securities and Exchange Commission on September 13, 1963. It was the largest independent producer of corrugated carton boxes in the Philippines, and was listed with the PSE on November 22, 1963.

Incorporation of Subsidiaries

The Company and the STN Subsidiaries (collectively, the “**Group**”) are engaged in the manufacturing, processing and selling of all kinds of paper products, paper board and corrugated carton containers, and all other allied products and processes. These STN Subsidiaries are:

STN Subsidiaries	Date of Registration	SEC Registration No.
Steniel Cavite Packaging Corporation (SCPC) ¹	Oct. 21, 1993	AS093-8725
Steniel Mindanao Packaging Corporation (SMPC)	June 30, 1995	AS095-006250

- SCPC was incorporated and registered with the SEC on November 9, 1993 primarily to engage in the manufacturing, processing and selling of all kinds of paper products, paper board and corrugated carton containers and all others allied products and processes.

TPC was incorporated and registered with the SEC on May 23, 1994 primarily to engage in the manufacturing, processing, purchasing, and selling on wholesale basis, paper, paper rolls, paper boards, cartons, containers, packaging material and other pulp and paper products. The registered office address and principal office of TPC was located at Hernan Cortes Street, Manduae City, Cebu, Philippines.

In 2016, the merger between SCPC and TPC (the former as the surviving entity) was approved by the Board of Directors and shareholders of both corporations. The application for merger was approved by the SEC on May 30, 2018.

SCPC’s principal office is located at Gateway Business Park, Brgy. Javalera, General Trias, Cavite, Philippines.

- SMPC was incorporated on June 30, 1995 primarily to engage in the business of manufacturing, importing, buying, selling or otherwise dealings in, at wholesale and retail, all kinds of paper, paper rolls, paper boards, cartons, containers, packaging materials and other pulp and paper products. SMPC was a wholly-owned subsidiary of the Company.

¹ Treasure Packaging Corporation (TPC) was merged with SCPC on May 30, 2018.

In December 2013, the Company sold its entire equity share in SMPC. The book value then of SMPC was Php 0.932 per share but it was sold by the Company at a price of Php 2.16 per share. The Company saw an opportunity to cash in on its investment considering that due to stagnating operations and with SMPC's increasing deficit, the continuing ownership of SMPC will further affect the deficit of STN. The sale was completed in December 2013 where STN realized a premium of Php 1.23 per share.

In 2019, the BOD and stockholders of the Company approved the reacquisition of shares of SMPC through a share swap transaction wherein all shareholders of SMPC will exchange all their shares in SMPC for shares of the Company. In preparation for these share issuances as a result of the share swap and conversion to equity transactions, the Company's BOD approved the increase of the Company's authorized capital stock from Php1 Billion to Php2 Billion. The same was approved and ratified by the stockholders during the annual stockholders' meeting held on July 17, 2019 and reconfirmed on November 19, 2020.

On December 29, 2020, the Company issued 269,250,000 shares to the shareholders of SMPC effecting the share swap following the SEC approval of the Company's increase in authorized capital stock on the same day. The transfer of the SMPC shares in favor of the Company was subsequently recorded after the relevant CARs were issued by the Philippine Bureau of Internal Revenue ("BIR").

SMPC's principal place of business is located at Km. 25 National Highway, Bunawan District, Davao City.

Petitions for Rehabilitation and Debt Restructuring

In 2000, the Company entered into a loan agreement with a group of banks and financial institutions pursuant to which the Company was granted a P636 Million term loan. The loan was secured by real and chattel mortgages. Unfortunately, due to the working capital drain as a result of prior debt service payments and the difficult business and economic conditions, the Company found it difficult to sustain further payments of debt while at the same time ensuring continued operations. STN failed to settle its outstanding short-term and long-term loans which were supposed to mature at various dates in 2004, 2005, and 2006 and was declared by the lending banks in default in May 2006. The lending banks subsequently sold and assigned the loan balances.

In July 2006, the Company's shareholders approved the filing of borrower-initiated petitions for rehabilitation. At the time of the filing of the said petitions, the Company lacked liquidity but had assets that can adequately cover its liabilities. Following the Company's disclosure of the authorization to enter into rehabilitation proceedings, PSE imposed a trading suspension on the shares of the Company on July 5, 2006.

From 2007 to 2009, petitions for corporate rehabilitation were filed with different regional trial courts, which were all dismissed in 2009.

In 2009, the Company commenced discussions on the restructuring of the loan. In October 2010, STN executed the Amended and Restated Omnibus Agreement (the "Restructuring Agreement") whereby the outstanding principal and accrued interest expense as at September 30, 2010 was restructured for 25 years.

In order to reduce the loan, the parties agreed to (i) exchange or dacion (a) all of the outstanding common and preferred shares of stock in Steniel Land Corporation and (b) identified idle assets of STN and SCPC in favor of Greenkraft. and (ii) convert the loan into equity through the issuance of shares from STN's unissued capital stock.

As at December 31, 2023, the restructured loan was fully paid.

Recent Acquisitions

The Company, through SCPC and SMPC, acquired the box plant assets used by Dole Philippines, Inc. ("Dole") in Davao del Norte for the production of its packaging materials. Dole is engaged in producing fresh fruits for export and local sales.

The box plant assets, all located in Davao Del Norte, consist of the buildings, other land improvements, machines, motor vehicles as well as the land where the box plant is located. SCPC acquired the land from Diamond Farms, Inc. on December 1, 2021 and the rest of the box plant assets from Dole on January 24, 2022. Dole turned over the operations of the box plant assets on February 24, 2022.

Simultaneous with the acquisition of the box plant assets was the execution of an agreement between Dole and SMPC for the supply of boxes, labels and other packaging materials made of paper related products.

With a minimum purchase commitment from Dole, the Supply and Purchase Agreement (also referred as Long Term Supply Agreement or LTSA) is effective from February 24, 2023 to February 23, 2032, and later extended to February 23, 2033.

With the foregoing acquisitions and contractual arrangements with Dole, the Company, through SCPC and SMPC, expects to increase STN's production capacity from 64.5 million square feet per month to 129 million square feet per month and to double its revenues.

II. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

Status of Operations

The Group has temporarily ceased its principal operations and has incurred recurring losses in prior years resulting to a deficit of Php 849 million, Php 869 million, and Php 974 million as at March 31, 2025, December 31, 2024, and December 31, 2023, respectively.

To improve this condition, the management has taken the following measures:

On July 17, 2019, the BOD and stockholders of the Company approved the acquisition of shares of SMPC through a share swap transaction and the conversion of loans from Greenkraft Corporation and Roxburgh Investments Limited into common shares in the Company. To accommodate the transactions discussed above, the BOD and stockholders approved the amendment of the Articles of Incorporation to increase the authorized capital stock from Php 1 billion, divided into one billion common shares to Php 2 billion, divided into two billion common shares with par value of Php 1 per share.

On December 29, 2020, upon the SEC's approval of the Company's application for increase in authorized capital stock, the Company issued shares to the lenders effecting the debt to equity conversion thereby reducing the outstanding balance of the borrowings by Php 149.56 million. Further, the Company also issued shares to the shareholders of SMPC effecting the share swap transaction resulting to a provisional gain of Php 158.27 million from the acquisition of a subsidiary. The realization of these transactions resolved the capital deficiency position of the Group as at 2021 and 2020.

Results of Operations

Consolidated revenues for the period ended March 31, 2025 totaled Php 804.59 million, while revenue recorded in the same period last year amounted to Php 798.95 million. Revenues mainly consist of the manufacturing and selling of cartons and packaging materials to domestic and international markets. There is a slight increase in the product sales revenue despite decrease in the volume due to higher selling prices.

Consolidated revenue for the year ended December 31, 2024 was recorded at Php 3.28 billion, consisting of Php 3.26 billion from products sales and Php 19.40 million service income. Meanwhile, consolidated revenues for the year ended December 31, 2023 totaled Php 3.41 billion.

Cost of sales and services applicable to the manufacturing business totaled Php 666.02 million for the current period ended March 31, 2025, and Php 661.14 million for the same period last year ended March 31, 2024. Gross profit margin for the current period posted at 17.22%, compared to same period last year's margin of 17.25%.

Cost of sales and services totaled Php 2.74 billion and Php 2.99 billion for the years ended December 31, 2024 and 2023, respectively.

Operating expenses during the current period ended March 31, 2025 posted Php 88.88 million compared to the same period last year ended March 31, 2024 of Php 58.45 million. The increase of Php 30.43 million was caused by the reversal of provision for expected credit losses and inventory obsolescence for the period ended March 31, 2024.

Operating expenses for the years ended December 31, 2024 and 2023 posted Php 380.87 million, and Php 331.94 million, respectively. The increase of Php 48.93 million from 2023 to 2024 was due to increase in salaries, wages and employee benefits, and professional fees and outside services, as a result of increased and improved administrative functions after the acquisition of SMPC, and the recognition of additional provision for expected credit losses for the year in compliance with PFRS 9.

Finance charges recognized during the current period ended March 31, 2025 and in the same period last year ended March 31, 2024 amounting to Php 32.02 million and Php 20.73 million, respectively, are related to short-term and long-term bank borrowings to support the plant's operation.

Finance charges recognized for the years ended December 31, 2024 and 2023 amounting to Php 93.6 million and Php 81.58 million, respectively, are related to short-term and long-term bank borrowings to support the plant's operation.

Other income, net for the period ended March 31, 2025, amounted to Php 10.1 million, compared to that for the same period last year ended March 31, 2024 of Php 8.64 million.

Other income, net for the year ended December 31, 2024, amounted to Php 76.37 million, compared to that for the year ended December 31, 2023 of Php 126.85 million. The significant decrease from 2023 to 2024 is attributable to gain on disposal of investments related to the completion of the dacion en pago recognized in 2023 amounting to Php 69.40 million.

Income tax expense for the current period ended March 31, 2025 amounted to Php 7.96 million compared to same period last year ended March 31, 2024 amounting to Php 11.13 million.

Income tax expense for the years ended December 31, 2024, and 2023 amounted to Php 42.17 million, and Php 44.45 million, respectively.

Overall, STN realized a consolidated net income of Php 19.81 million for the period ended March 31, 2025, compared to Php 56.15 million for the same period last year ended March 31, 2024. The decline was primarily due to the reversal of provisions for expected credit losses and inventory obsolescence for the period ended March 31, 2024, whereas no such reversals were recorded in the current period.

The Group realized a consolidated net income for the years ended December 31, 2024 and 2023 amounted to Php 100.16 million and Php 81.86 million, respectively. The increase was mainly attributed to the improvement in the operations in 2024.

Below is the illustrative disclosure of the changes in financial condition and/or results of operations comprising the Company's two comparative periods.

Changes in Financial Condition and/or Results of Operations

March 31, 2025 vs. December 31, 2024 (in thousands)

	31-Mar-2025	31-Dec-2024	Change	% of Change
Statements of Financial Position				
ASSETS				
Current Assets				
Cash	111,926	67,262	44,664	66.40%
Receivables - net	774,001	737,367	36,634	4.97%
Inventories - net	2,378,672	2,645,320	(266,648)	(10.08%)
Prepaid expenses and other current assets	257,740	208,140	49,600	23.83%
Total Current Assets	3,522,339	3,658,089	(135,750)	(3.71%)
Noncurrent Assets				
Property and equipment - net	797,010	828,093	(31,083)	(3.75%)
Right-of-use asset - net	12,870	12,870	-	-
Investments in equity instruments	192,748	180,992	11,756	6.50%
Deferred tax assets	9,606	9,606	-	-
Other noncurrent assets	1,490	1,490	-	-
Total Noncurrent Assets	1,013,724	1,033,051	(19,327)	(1.87%)
TOTAL ASSETS	4,536,063	4,691,140	(155,077)	(3.31%)
LIABILITIES AND EQUITY				
Current Liabilities				
Trade payables and other current	1,134,651	2,009,532	(874,881)	(43.54%)

liabilities				
Amounts owed to related parties	43,453	43,453	-	-
Current portion of lease liabilities	8,449	8,449	-	-
Current portion of borrowings	1,933,405	1,239,780	693,625	55.95%
Total Current Liabilities	3,119,958	3,301,214	(181,256)	(5.49%)
Noncurrent Liabilities				
Long term debt	389,532	389,368	164	0.04%
Retirement benefits liability	21,530	21,204	326	1.54%
Lease liabilities - net of current portion	6,709	6,709	-	-
Total Noncurrent Liabilities	417,771	417,281	490	0.12%
Total Liabilities	3,537,729	3,718,495	(180,766)	(4.86%)
Equity				
Capital stock	1,418,812	1,418,812	-	0.00%
Additional paid-in capital	408,423	408,423	-	0.00%
Reserve for retirement benefits liability	(3,089)	(3,089)	-	0.00%
Unrealized gain on available-for-sale financial assets	23,576	17,700	5,876	33.20%
Retained Earnings (Deficit)	(849,388)	(869,201)	19,813	2.28%
Total Equity	998,334	972,645	25,689	2.64%
TOTAL LIABILITIES AND EQUITY	4,536,063	4,691,140	(155,077)	(3.31%)

March 31, 2025 vs. March 31, 2024 (in thousands)

	31-Mar-2025	31-Mar-2024	Change	% of Change
Statements of Comprehensive Income				
REVENUES				
Product sales	804,591	770,488	34,103	4.43%
Service income	-	28,466	(28,466)	(100.00%)
TOTAL REVENUES	804,591	798,954	5,637	0.71%
COST OF SALES AND SERVICES	666,023	661,144	4,879	0.74%
GROSS PROFIT	138,568	137,810	758	0.55%
OPERATING EXPENSES	88,880	58,448	30,432	52.07%
INCOME FROM OPERATIONS	49,688	79,362	(29,674)	(37.39%)
FINANCE CHARGE	(32,015)	(20,725)	11,290	54.48%
OTHER INCOME (EXPENSES) - Net	10,095	8,641	1,454	16.83%
INCOME (LOSS) BEFORE PROVISION FOR INCOME TAX	27,768	67,278	(39,510)	(58.73%)
INCOME TAX EXPENSE	7,955	11,130	(3,175)	(28.53%)
NET INCOME (LOSS)	19,813	56,148	(36,335)	(64.71%)

December 31, 2024 vs. December 31, 2023 (in thousands)

	2024	2023	Change	% of Change
Statements of Financial Position				
ASSETS				
Current Assets				
Cash	67,262	113,041	(45,779)	(40.50%)
Receivables - net	737,367	852,652	(115,285)	(13.52%)
Inventories - net	2,645,320	2,040,582	604,738	29.64%
Prepaid expenses and other current assets	208,140	276,760	(68,620)	(24.79%)
Total Current Assets	3,658,089	3,283,035	375,054	11.42%
Noncurrent Assets				
Property and equipment - net	828,093	775,385	52,708	6.80%
Right-of-use asset - net	12,870	19,308	(6,438)	(33.34%)
Investments in equity instruments	180,992	139,854	41,138	29.41%

Deferred tax assets	9,606	4,580	5,026	109.74%
Other noncurrent assets	1,490	1,737	(248)	(14.27%)
Total Noncurrent Assets	1,033,051	940,865	92,186	9.80%
TOTAL ASSETS	4,691,140	4,223,900	467,240	11.06%
LIABILITIES AND EQUITY				
Current Liabilities				
Trade payables and other current liabilities	2,009,532	1,869,811	139,721	7.47%
Amounts owed to related parties	43,453	47,883	(4,430)	(9.25%)
Current portion of lease liabilities	8,449	9,403	(954)	(10.15%)
Current portion of borrowings	1,239,780	942,134	297,646	31.59%
Total Current Liabilities	3,301,214	2,869,231	431,983	15.06%
Noncurrent Liabilities				
Long term debt	389,368	468,231	(78,863)	(16.84%)
Retirement benefits liability	21,204	13,940	7,264	52.11%
Lease liabilities - net of current portion	6,709	12,812	(6,103)	(47.64%)
Total Noncurrent Liabilities	417,281	494,983	(77,702)	(15.70%)
Total Liabilities	3,718,495	3,364,214	354,281	10.53%
Equity				
Capital stock	1,418,812	1,418,812	-	0.00%
Additional paid-in capital	408,423	408,423	-	0.00%
Reserve for retirement benefits liability	(3,089)	204	(3,293)	(1,614.22%)
Unrealized gain on available-for-sale financial assets	17,700	6,003	11,697	194.85%
Retained Earnings (Deficit)	(869,201)	(973,756)	104,555	(10.74%)
Total Equity	972,645	859,686	112,959	13.14%
TOTAL LIABILITIES AND EQUITY	4,691,140	4,223,900	467,240	11.06%
Statements of Comprehensive Income				
REVENUES				
Product sales	3,257,753	3,225,431	32,322	1.00%
Service income	19,395	181,436	(162,041)	(89.31%)
TOTAL REVENUES	3,277,148	3,406,867	(129,719)	(3.81%)
COST OF SALES AND SERVICES	2,736,689	2,993,880	(257,191)	(8.59%)
GROSS PROFIT	540,459	412,987	127,472	30.87%
OPERATING EXPENSES	380,873	331,946	48,927	14.74%
INCOME FROM OPERATIONS	159,586	81,041	78,545	96.92%
FINANCE CHARGE	93,629	81,578	12,051	14.77%
OTHER INCOME (EXPENSES) - Net	76,375	126,847	(50,472)	(39.79%)
INCOME (LOSS) BEFORE PROVISION FOR INCOME TAX	142,332	126,310	16,022	12.68%
INCOME TAX EXPENSE	42,173	44,450	(2,277)	(5.12%)
NET INCOME (LOSS)	100,159	81,860	18,299	22.35%

December 31, 2023 and December 31, 2022 (in thousands)

	2023	2022	Change	% of Change
Statements of Financial Position				
ASSETS				
Current Assets				
Cash	113,041	49,609	63,432	127.86%
Receivables - net	852,652	861,271	(8,619)	(1.00%)
Inventories - net	2,040,582	1,888,460	152,122	8.06%
Prepaid expenses and	276,760	197,394	79,366	40.21%

other current assets				
Asset held-for-sale	-	120,600	(120,600)	(100.00%)
Total Current Assets	3,283,035	3,117,334	165,701	5.32%
Noncurrent Assets				
Property and equipment - net	775,385	873,317	(97,932)	(11.21%)
Right-of-use asset - net	19,308	24,870	(5,562)	(22.36%)
Investments in equity instruments	139,854	99,089	40,765	41.14%
Deferred tax assets	4,580	-	4,580	100.00%
Other noncurrent assets	1,737	3,619	(1,882)	(52.00%)
Total Noncurrent Assets	940,865	1,000,895	(60,030)	(6.00%)
TOTAL ASSETS	4,223,900	4,118,229	105,671	2.57%
LIABILITIES AND EQUITY				
Current Liabilities				
Trade payables and other current liabilities	1,869,811	2,037,233	(167,422)	(8.22%)
Amounts owed to related parties	47,883	59,620	(11,737)	(19.69%)
Current portion of lease liabilities	9,403	6,677	2,726	40.83%
Current portion of borrowings	942,134	723,388	218,746	30.24%
Total Current Liabilities	2,869,231	2,826,918	42,313	1.50%
Noncurrent Liabilities				
Long term debt	468,231	504,970	(36,739)	(7.28%)
Retirement benefits liability	13,940	9,904	4,036	40.75%
Lease liabilities - net of current portion	12,812	20,876	(8,064)	(38.63%)
Deferred tax liability- net	-	1,316	(1,316)	(100.00%)
Total Noncurrent Liabilities	494,983	537,066	(42,083)	(7.84%)
Total Liabilities	3,364,214	3,363,984	230	0.01%
Equity				
Capital stock	1,418,812	1,418,812	-	0.00%
Additional paid-in capital	408,423	408,423	-	0.00%
Reserve for retirement benefits liability	204	204	-	0.00%
Unrealized gain on available-for-sale financial assets	6,003	(3,346)	9,349	(279.41%)
Retained Earnings (Deficit)	(973,756)	(1,069,848)	96,092	(8.98%)
Total Equity	859,686	754,245	105,441	13.98%
TOTAL LIABILITIES AND EQUITY	4,223,900	4,118,229	105,671	2.57%
Statements of Comprehensive Income				
REVENUES				
Product sales	3,225,431	1,716,844	1,508,587	87.87%
Service income	181,436	483,186	(301,750)	(62.45%)
Rent income	-	5,383	(5,383)	(100.00%)
TOTAL REVENUES	3,406,867	2,205,413	1,201,454	54.48%
COST OF SALES AND SERVICES	2,993,880	1,823,634	1,170,246	64.17%
GROSS PROFIT	412,987	381,779	31,208	8.17%
OPERATING EXPENSES	331,946	268,133	63,813	23.80%
INCOME FROM OPERATIONS	81,041	113,646	(32,605)	(28.69%)
FINANCE CHARGE	81,578	45,933	35,645	77.60%
OTHER INCOME (EXPENSES) - Net	126,847	(36,723)	163,570	445.42%
INCOME (LOSS) BEFORE PROVISION FOR INCOME TAX	126,310	30,990	95,320	307.58%
INCOME TAX EXPENSE	44,450	2,635	41,815	1,586.91%
NET INCOME (LOSS)	81,860	28,355	53,505	188.70%

Operating Plans

The Company's key strategies are focused on efficiency and investing in technology in order to maximize production to increase market share while maintaining profitability.

Financial Conditions

Total current assets as at March 31, 2025 totaled Php 3.52 billion, compared to Php 3.66 billion as at December 31, 2024. The decline was primarily attributable to a reduction in inventories, resulting from lower purchases compared to issuances during the period. Non-current assets slightly decreased to Php 1.01 billion as at current period against Php 1.03 billion as at December 31, 2024.

Total current assets as at December 31, 2024 totaled Php 3.66 billion, compared to Php 3.28 billion in 2023. The increase was mainly due to the increase in inventories to supply the increasing sales of the Group. Non-current assets increased to Php 1.03 billion as at December 31, 2024 against Php 940.87 million in 2023.

The Group's consolidated current liabilities as at March 31, 2025 totaled Php 3.12 billion as compared to Php 3.30 billion as at December 31, 2024. The decline was primarily attributed to a reduction in purchases and the settlement of obligations to suppliers during the period. The working capital of SMPC, the operating subsidiary, was secured from bank loans to sustain its operation and commitments to clients.

The Group's consolidated current liabilities as at December 31, 2024 totaled Php 3.30 billion as compared to Php 2.87 billion in 2023. The increase was mainly attributed to the increase in purchases. SMPC, the operating subsidiary's working capital was secured from bank loans to sustain its operation and commitments to clients.

The Group's consolidated noncurrent liabilities as at December 31, 2024 totaled Php 417.28 million as compared to Php 494.98 million in 2023. Principal obligations are being settled as they fall due, in accordance with the amortization schedule.

Total assets as at March 31, 2025 totaled Php 4.54 billion compared to Php 4.69 billion and Php 4.22 billion as at December 31, 2024, and 2023, respectively. In view of the foregoing discussions, STN's current ratio as of period ended March 31, 2025 was recorded at 1.13 and those of the previous years ended December 31, 2024, and 2023 were recorded at 1.11 and 1.14, respectively. Debt-to-equity ratio in 2025 is 3.54 compared to previous years ended December 31, 2024, and 2023 at 3.65 and 3.91, respectively. The Retained Deficit as at period ended March 31, 2025 pared to Php 849.39 million from Php 869.2 million and Php 973.8 million as at December 31, 2024, and 2023, respectively.

Future expansions are considered, contemplating on business related to the company's core activities within the year. Significant capital spending is anticipated to support the project.

Key Performance Indicators ("KPIs")

The Company's and its majority-owned subsidiaries' top five (5) KPIs for both full fiscal years and interim periods are:

1. Production volume increase by 2% in 2025 compared last year 2024.

2. Yield improvement as a result of waste reduction by 2-3%.
3. Sales volume increase by 12% in 2025 compared to sales volume in 2024.
4. Improve collection effort to bring down the 365-days past due accounts by 50%.
5. Reduce interest charges through payment acceleration for long-term debt.

Financial Risk Management

The Company's financial assets and liabilities, comprising mainly of cash in banks, receivables, other non-current receivables, trade payables and borrowings and amounts due from/to related parties are exposed to a variety of financial risks, which include currency risk, credit risk, liquidity/funding risk and cash flow interest rate risk. The Company's management ensures that it has sound policies and strategies made to minimize potential adverse effects of those risks on its financial performance. Risk management is carried out through the policies approved by Board of Directors of the Company.

The foreign exchange risk of the Company arising from cash, trade receivables and payables is not significant. The net exposure is kept to an acceptable level by buying foreign currencies at spot rates when necessary to address short-term needs.

The Company is not significantly exposed to price risk on equity securities and proprietary club shares classified in the consolidated balance sheet as other assets. Furthermore, there are no foreign securities owned and held by the Company.

The fluctuation of future cash flows risk relates to the fluctuations of a financial instrument as a result of changes in the market interest rates with possible additional penalty charges. Since the declaration of default by the Company's lending banks in 2005, the interest rates applied are fixed.

As the borrowings are carried at amortized cost with fixed interest rate, the Company is not exposed to either cash flow or fair value interest rate risk. The Company has no significant interest-bearing assets, which are dependent on market interest rate that would affect the Group's income and operating cash flows.

Credit risk is managed on a Group basis. Credit risk arises from deposits with banks, receivables and deposits with third parties. Cash transactions are limited to high-credit-quality financial institutions and are maintained with universal and commercial banks.

Liquidity risk relate to the failure of the Company or another party to discharge its obligations/commitments arising from receivables, payables and borrowings. Cash balances are considered low. The tight cash position limits its obligation to take advantage of increasing demands.

Establishing new sources of trade credit and working capital facility will change this problem. The Company's financial liabilities, which include borrowings, trade payables and other current liabilities are due within 12 months.

The Company's objectives when managing capital are to safeguard the its 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.

Key Variable and Other Qualitative and Quantitative Factors.

A. Significant Elements of Income or Loss (from continuing operation)

The following are the significant elements of income or loss from continuing operation:

- Consolidated revenues for the period ended March 31, 2025 totaled Php 804.59 million, while revenue recorded in the same period last year amounted to Php 798.95 million. Revenues mainly consisted of the manufacturing and selling of cartons and packaging materials to domestic and international markets. There is a slight increase in product sales revenues despite the decrease in volume due to higher selling prices.

Consolidated revenue for the year ended December 31, 2024 was recorded at Php 3.28 billion, consisting of Php 3.26 billion in products sales and Php 19.40 million in service income. Meanwhile, the consolidated revenues for the year ended December 31, 2023 totaled Php 3.41 billion.

- Cost of sales and services applicable to the manufacturing business totaled Php 666.02 million for the current period ended March 31, 2025, and Php 661.14 million for the same period last year ended March 31, 2024. Gross profit margin for the current period posted at 17.22%, compared to that for same period last year of 17.25%.

Cost of sales and services totaled Php 2.74 billion and Php 2.99 billion for the years ended December 31, 2024 and 2023, respectively.

- Operating expenses during the current period ended March 31, 2025 posted at Php 88.88 million compared to same period last year ended March 31, 2024 of Php 58.45 million. The increase by Php 30.43 million was caused by the reversal of provision for expected credit losses and inventory obsolescence for the period ended March 31, 2024.

Operating expenses for the years ended December 31, 2024 and 2023 posted Php 380.87 million and Php 331.94 million, respectively. The increase of Php 48.93 million from 2023 to 2024 was due to increase in salaries, wages and employee benefits, and professional fees and outside services, as a result of increased and improved administrative functions after the acquisition of SMPC, and the recognition of additional provision for expected credit losses for the year in compliance with PFRS 9.

B. Material Changes in the Financial Statements (5% or more)

- For the period ended March 31, 2025

Balance sheet accounts (*peso amount in thousands*)

Financial Statements ("FS") line items	31-Mar-2025	31-Dec-2024	Change	% of Change
Cash	111,926	67,262	44,664	66.40%
Inventories - net	2,378,672	2,645,320	(266,648)	(10.08%)
Prepaid expenses and other current assets	257,740	208,140	49,600	23.83%
Investments in equity instruments	192,748	180,992	11,756	6.50%
Trade payables and other current	1,134,651	2,009,532	(874,881)	(43.54%)

liabilities				
Current portion of borrowings	1,933,405	1,239,780	693,625	55.95%
Unrealized gain on available-for-sale financial assets	23,576	17,700	5,876	33.20%

Causes of the material changes mentioned above are as follows:

- *Cash* - mainly due to collection of receivables during the period.
- *Inventories* - the decline was primarily attributable to a reduction in inventories, resulting from lower purchases compared to issuances during the period.
- *Prepaid expenses and other current assets* - due to the increase in the prepaid importation charges by Php 24.41 million caused by incoming imported paper rolls for this period and increase in the input taxes by Php 22.48 million.
- *Investments in equity instruments* - due to the additional investments during the period amounting to Php 5.879 million and an increase in its fair value by Php 5.876 million.
- *Trade payables and other current liabilities* - the decline was primarily attributed to a reduction in purchases and the settlement of obligations to suppliers during the period.
- *Current portion of borrowings* - increase was due to the additional utilization of loans throughout the period to settle its obligations to suppliers and to support the plant's expanding operations.

Income statement accounts (*peso amount in thousands*)

Financial Statements ("FS") line items	31-Mar-2025	31-Mar-2024	Change	% of Change
OPERATING EXPENSES	88,880	58,448	30,432	52.07%
FINANCE CHARGE	(32,015)	(20,725)	11,290	54.48%
INCOME TAX EXPENSE	7,955	11,130	(3,175)	(28.53%)

Causes of the material changes mentioned above are as follows:

- *Operating expenses* - the increase was caused by the reversal of provision for expected credit losses and inventory obsolescence for the period ended March 31, 2024.
- *Finance charge* - increase was due to the additional utilization of short-term loans throughout the period to settle its obligations to suppliers and to support the plant's expanding operations.
- *Income tax expense* - the decrease was the result of the decrease in the taxable income for the period.

b) For the year ended December 31, 2024

Balance sheet accounts (*peso amount in thousands*)

Financial Statements ("FS") line items	2024	2023	Change	% of Change
Cash	67,262	113,041	(45,779)	(40.50%)
Inventories - net	2,645,320	2,040,582	604,738	29.64%
Prepaid expenses and other current assets	208,140	276,760	(68,620)	(24.79%)
Investments in equity instruments	180,992	139,854	41,138	29.41%
Trade payables and other current liabilities	2,009,532	1,869,811	139,721	7.47%
Current portion of borrowings	1,239,780	942,134	297,646	31.59%
Loans payable	389,368	468,231	(78,863)	(16.84%)
Retained Earnings (Deficit)	(869,201)	(973,756)	104,555	(10.74%)

Causes of the material changes mentioned above are as follows:

- *Cash* - mainly due to payment of loans during the year.
- *Inventories* - mainly due to more purchased inventories than issued during the year.
- *Prepaid expenses and other current assets* - due to the decrease in the prepaid importation charges by Php 51.23 million caused by less incoming imported paper rolls this year than last year.
- *Investments in equity instruments* - due to the investment of excess working capital funds for the year to generate additional passive income for STN Parent and SCPC.
- *Trade payables and other current liabilities* - due to increase in purchased inventories during the year.
- *Current portion of borrowings* - increase was due to the additional utilization of loans throughout the year to support the plant's expanding operations.
- *Loans payable* - decrease was due to payment of long-term debt related to OLSA during the year.
- *Deficit* - the decrease in deficit was attributable to the net income generated from operations during the year.

Income statement accounts (*peso amount in thousands*)

Financial Statements ("FS") line items	2024	2023	Change	% of Change
TOTAL REVENUES	3,277,148	3,406,867	(129,719)	(3.81%)
COST OF SALES AND SERVICES	2,736,689	2,993,880	(257,191)	(8.59%)
OPERATING EXPENSES	380,873	331,946	48,927	14.74%
FINANCE CHARGE	93,629	81,578	12,051	14.77%
OTHER INCOME (EXPENSES) - Net	76,375	126,847	(50,472)	(39.79%)
NET INCOME	100,159	81,860	18,299	22.35%

Causes of the material changes mentioned above are as follows:

- *Revenues* – there is a slight decrease in the product sales revenue despite increase in the volume due to lower selling price as a result of lower paper cost for the year 2024 as compared last year 2023.
- *Cost of sales and services* – decrease was due to lower paper cost for the year 2024 as compared last year 2023 and due to improved cost management effort.
- *Operating expenses* – the increase was due to increase in salaries, wages and employee benefits, and professional fees and outside services, as a result of increased and improved administrative functions after the acquisition of SMPC, and the recognition of additional provision for expected credit losses for the year in compliance with PFRS 9.
- *Finance charge* – increase was due to the additional utilization of short-term loans throughout the year to support the plant's expanding operations.
- *Other income (expenses) – net* – the significant decrease is attributable to gain on disposal of investments related to the completion of dacion en pago recognized in 2023 amounting to Php 69.40 million.

c) For the year ended December 31, 2023

Balance sheet accounts (*peso amount in thousands*)

Financial Statements ("FS") line items	2023	2022	Change	% of Change
Cash	113,041	49,609	63,432	127.86%
Inventories – net	2,040,582	1,888,460	152,122	8.06%
Prepaid expenses and other current assets	276,760	197,394	79,366	40.21%
Asset held-for-sale	-	120,600	(120,600)	(100.00%)
Property and equipment - net	775,385	873,317	(97,932)	(11.21%)
Investments in equity instruments	139,854	99,089	40,765	41.14%
Trade payables and other current liabilities	1,869,811	2,037,233	(167,422)	(8.22%)
Current portion of borrowings	942,134	723,388	218,746	30.24%
Long term debt	468,231	504,970	(36,739)	(7.28%)
Retained Earnings (Deficit)	(973,756)	(1,069,848)	96,092	(8.98%)

Causes of the material changes mentioned above are as follows

- *Cash* – increase was due increase in borrowings during the year.
- *Inventories* – increase was due to increase in purchases during the year to support the increase in sales.
- *Prepaid expenses and other current assets* – increase was due to the increase in prepaid importation charges amounting to Php 95.975 million caused by the additional imported purchase of paper rolls during the year.

- *Asset held-for-sale* – decrease was due to the completion of dacion en pago in September 2023.
- *Property and equipment* – decrease was due to the depreciation expense amounting to Php 178.358 million.
- *Investments in equity instruments* – increase was due to acquisition of stocks amounting to Php 86.605 million.
- *Trade payables and other current liabilities* – decrease was due to the net application of advances from customers and net decrease in the accrued expenses amounting to Php 269.683 million and Php 161.393 million, respectively.
- *Current portion of borrowings* – the net increase was due to additional loans availed during the year amounting to Php 3,733 million.
- *Loans payable* – decrease was due to payment of long-term debt related to OLSA during the year.
- *Deficit* – decrease was mainly due to the net income result of the operations in 2023.

Income statement accounts (*peso amount in thousands*)

Financial Statements (“FS”) line items	2023	2022	Change	% of Change
TOTAL REVENUES	3,406,867	2,205,413	1,201,454	54.48%
COST OF SALES AND SERVICES	2,993,880	1,823,634	1,170,246	64.17%
OPERATING EXPENSES	331,946	268,133	63,813	23.80%
FINANCE CHARGE	81,578	45,933	35,645	77.60%
OTHER INCOME (EXPENSES) - Net	126,847	(36,723)	163,570	445.42%
INCOME TAX EXPENSE	44,450	2,635	41,815	1,586.91%
NET INCOME	81,860	28,355	53,505	188.70%

Causes of the material changes mentioned above are as follows:

- *Revenues* – the increase was due to the LTSA and improved operations of the Company.
- *Cost of sales and services* – the increase in cost was directly attributed to the increase in sales for the year.
- *Operating expenses* – increase was mainly due to increase in salaries, wages and employee benefits by Php 15.253 million, delivery expense by Php 15.313 million, insurance, taxes and licenses by Php 28.436 million, and representation and entertainment by Php 13.089 million.
- *Finance charges* – increase was mainly due to additional loans availed during the year.
- *Other income (expenses)* – net increase was mainly due to the gain on disposal of investment amounting to Php 69.40 million during the year as a result of completion of dacion en pago.

- *Income tax expense* – the increase was due to the income tax related to the gain on disposal of investment.
- *Net income* – increase was due to the gain on disposal of investment.

C. Seasonal Aspects that have Material Effect on the Financial Statements

1. Omnibus Loan and Security Agreement (OLSA)

On November 29, 2021, the SCPC, SMPC, and another affiliate, collectively as Borrowers, entered into an Omnibus Loan and Security Agreement (OLSA) with a local bank. The loan has seven-year term and up to an aggregate amount of Php 2 billion or its U.S. Dollar equivalent. The proceeds of the loan will be used to finance the purchase by the Borrowers of the subject assets as described in Section 1 of Part C of the OLSA. The loan drawdown will enable the Borrowers to purchase the subject properties and to operate the Dole Philippines Inc. (DPI) box plant property in Davao.

The loan has floating interest rate based on the prevailing market rate at each repricing date, with a one-time option to fix. The loan is secured by mortgaged properties as described in Part C, Section 3.02 and enumerated in Schedule II of the OLSA, and future receivables of the Borrowers, and guaranteed by the major shareholders of the Parent Company.

In December 2021, the SCPC initially availed of the loan amounting to \$2,588,000 equivalent to Php 130.401 million for the purchase of land (Note 11).

On January 24, 2022, the SCPC availed the second and final drawdown of the loan amounting to \$9,087,396.

As at November 29, 2022, the loan has been fully drawn by the SCPC and an affiliate. SMPC has no loan drawdown as of December 31, 2023.

In 2022, SCPC's outstanding loans payable were converted to Philippine peso.

2. Asset Sale Agreement

In May 2021 and August 2021, SCPC, SMPC and certain affiliates executed Asset Sale Agreement (ASA) with DPI, which was amended in December 2021. The asset sale agreement covered the purchase of parcels of land, machinery and equipment, motor vehicles, other assets and shared assets used in the Stanfilco Plants and Dolefil Box and Printing Plants. In the agreement. The SCPC will acquire Stanfilco Box Plant and Stanfilco machinery and equipment. SMPC will enter into long term supply agreement with DPI, and other affiliates will acquire other target assets listed in Schedule 2 of the ASA.

The SCPC has committed to purchase the allocated target assets with total purchase price of USD 9,383,761. As at November 29, 2022, the SCPC has completed the purchase of buildings and improvements, and machineries and equipment amounting to Php 484.038 million (inclusive of taxes).

3. Long-term Supply Agreement

In August 2021, the Company executed Asset Sale Agreement with Dole Philippines, Inc. (doing business under the name and style of among other, Dole Philippines and Dole Stanfilco) (DPI), which was amended in December 2021. The asset sale agreement covered parcels of land, machinery and equipment, motor vehicles, other assets and shared assets used in the Stanfilco Plants and Dolefil Box and Printing Plants. In the agreement, the assets will be acquired by SCPC and other affiliates while the Company will enter into long term supply agreement with DPI.

In January 2022, in relation to the Asset Sale Agreement, the Company entered into a long-term supply agreement with DPI to supply boxes, packaging materials, including parts thereof such as cartons, dividers, pods, lids, joints, walls, slots, panels, labels and other printed materials, made of paper, kraft, corrugated boxes and other paper related products. The long-term supply agreement has a term of nine years and six months beginning from August 24, 2022 until February 23, 2032. The agreement can be renewed subject to discussion of the parties.

The transition Initiated on February 24, 2022, taking over operations under a tolling arrangement for six months. This period was extended to aid DPI in depleting its substantial inventory of paper rolls. Despite the extension, DPI continued to hold a considerable inventory, leading to an agreement with the Company to further extend the tolling arrangement until depletion or reaching an acceptable inventory level, albeit with liquidation fees considerations.

4. Completion of *dacion en pago* in 2023

In September 2023, the remaining *dacion en pago* was implemented relating to the Group's shares in SLC. The Group assigned its shares in SLC with a carrying value of Php 120.601 million to Greenkraft as payment to its remaining balance of borrowings to Greenkraft amounting to Php 190 million resulting to a gain on disposal. As of December 31, 2023, the Group has fully-settled its borrowings to Greenkraft.

D. Financial Risk Disclosure

The Company is not aware of any known trends, demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the Group's liquidity increasing or decreasing in any material way.

The Company is not aware of any event that would trigger a direct or contingent financial obligation that is material to the Group, including default or acceleration of any obligation.

The Company does not have any material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships with unconsolidated entities or other persons created during the reporting period.

The Company does not have any material commitments for capital expenditures.

The Company is not aware of any known trends, events or uncertainties that have had or that are reasonably expected to have materially favorable or unfavorable impact on revenues or income from continuing operations.

E. *Changes in and Disagreements with Accountants on Accounting and Financial Disclosure*

The Company has engaged the services of Valdes Abad & Company during the most recent two fiscal year and R.G. Manabat & Co., during the fiscal year 2022. The Company intends to hire R.G. Manabat & Co for the development of its STN Key Performance Indicator dashboard in 2024, hence, the need to change the external auditor for 2023.

There has been no event in the past three (3) years where the external auditors and the Company had any disagreement with regard to any matter relating to accounting principles or practices, financial statement disclosures or auditing scope or procedures.

There were no disagreements with the Company's external auditors on any accounting and financial disclosures.

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following amended PFRS:

Amendment to PFRS 16 – Leases on sale and leaseback. These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.

Amendment to PAS 1 – Non-current liabilities with covenants. These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.

Amendment to PAS 7 and PFRS 7 - Supplier finance. These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.

The amendments do not have material impact on the consolidated financial statements.

III. MARKET PRICE, SHAREHOLDER AND DIVIDEND INFORMATION

A. Market Price

The table below sets out, for the periods indicated, the high and low sales for the Company's common shares in 2023, 2024 and first quarter of 2025.

Quarter	2023		2024		2025	
	High	Low	High	Low	High	Low
First	No transaction		No transaction		1.90	1.85
Second	No transaction		1.82	1.73	-	-
Third	No transaction		1.89	1.73	-	-
Fourth	No transaction		1.57	1.45	-	-

In ₱ per share

As of May 19, 2025, the closing price of the Company's common shares was Php1.80 with a total market capitalization of Php 2,553,861,745.80.

B. Holders

As of March 31, 2025, the top twenty (20) stockholders of the Company were the following:

	Name	Citizenship	No. of shares	%
1	Corbox Corporation	Filipino	276,321,061	19.48%
2	Golden Bales Corporation	Filipino	276,321,061	19.48%
3	Roxburgh Investments Limited	BVI	261,910,502	18.46%
4	Greenkraft Corporation	Filipino	258,554,339	18.22%
5	PCD Nominee Corporation	Filipino	155,817,746	10.98%
6	Ismael T. Cuan	Filipino	60,000,000	4.23%
7	Clement Chua	Filipino	30,671,637	2.16%
8	Rex Chua	Filipino	30,671,637	2.16%
9	Valmora Investment & Management Corporation	Filipino	10,443,860	0.74%
10	PCD Nominee Corporation	Non-Filipino	2,395,703	0.17%
11	Rustico and/or Lolita Garingan	Filipino	2,097,276	0.15%
12	Delfin R. Maceda	Filipino	1,980,000	0.14%
13	Calvin C. Chua	Filipino	1,828,500	0.13%
14	Sally C. Ong Pac	Filipino	1,450,000	0.10%
15	Leonardo T. Siguion-Reyna	Filipino	1,151,839	0.08%
16	Christopher Chua	Filipino	1,000,000	0.07%
17	Segovia Capital Holdings Phils., Inc.	Filipino	940,604	0.07%
18	Estate of Mamerto Endrigo	Filipino	906,011	0.06%
19	Stanley C. Sy	Singaporean	750,000	0.05%
20	Manuel T. Carmona	Filipino	727,879	0.05%

The Company's securities consist of outstanding common shares.

As of March 31, 2025, the Company has a public float level of 21.53%.

C. Dividends

The Company did not declare any dividends for the years ended December 31, 2022, 2023 and 2024. Based on its By-Laws, dividends may be declared from the surplus profit at such time or times and in such percentage as the Company's Board may deem proper. No dividend shall be declared that will impair the capital of the Company. Stock dividend shall be declared in accordance with the law.

**SEC Form 17-A
for the Period Ended
December 31, 2024**



SECURITIES AND EXCHANGE COMMISSION

THE SEC HEADQUARTERS 7907 Makati Avenue, Salcedo Village, Bel-Air, Makati City
1209 Trunk Line No:02-5322-7696 Email Us:www.sec.gov.ph/imessagemo@sec.gov.ph



The following document has been received:

Receiving: RICHMOND CARLOS AGTARAP

Receipt Date and Time: April 30, 2025 05:48:46 PM

Company Information

SEC Registration No.: 0000023736

Company Name: STENIEL MANUFACTURING CORPORATION

Industry Classification: D21010

Company Type: Stock Corporation

Document Information

Document ID: OST10430202583239298

Document Type: ANNUAL_REPORT

Document Code: SEC_Form_17-A

Period Covered: December 31, 2024

Submission Type: Original Filing

Remarks: WITH FS-C AND FS

Acceptance of this document is subject to review of forms and contents

COVER SHEET

2	3	7	3	6						
---	---	---	---	---	--	--	--	--	--	--

S.E.C. Registration Number

S	T	E	N	I	E	L	M	A	N	U	F	A	C	T	U	R	I	N	G	C	O	R	P	O	R	A	T	I	O	N
---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

(Company's Full Name)

G	A	T	E	W	A	Y	B	U	S	I	N	E	S	S	P	A	R	K	,										
---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	--	--	--	--	--	--	--	--	--	--

B	R	G	Y	.	J	A	V	A	L	E	R	A	,	G	E	N	E	R	A	L	T	R	I	A	S				
---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	--	--	--	--

C	A	V	I	T	E																								
---	---	---	---	---	---	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

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

Gino Paulo O. Uy

Contact Person

+632361-9061

Company Telephone Number

1	2	3	1
---	---	---	---

Month Day
Fiscal Year

1	7	-	A	
---	---	---	---	--

FORM TYPE

Last Tuesday of April

Month Day
Annual Meeting

--

Secondary License Type, If Applicable

C	F	D
---	---	---

Dept. Requiring this Doc.

--

Amended Articles Number/Section

--	--	--	--

Total No. of Stockholders

Total Amount of Borrowings	
-	-
Domestic	Foreign

To be accomplished by SEC Personnel concerned

--	--	--	--	--	--	--	--	--	--	--	--

File Number

LCU

--	--	--	--	--	--	--	--	--	--	--	--

Document I.D.

Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

**ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 141
OF THE CORPORATION CODE OF THE PHILIPPINES**

1. For the fiscal year ended : 31 December 2024
2. SEC Identification Number : 23736
3. BIR Tax Identification No. : 000-099-128
4. Exact name of issuer as specified in its charter: Steniel Manufacturing Corporation
5. Province, Country or other jurisdiction of incorporation or organization : Philippines
6. (SEC Use Only)
Industry Classification Code:
7. Address of principal office
Gateway Business Park, Brgy. Javalera, General Trias, Cavite
8. Issuer's telephone number, including area code
(046) 433-0066
9. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Shares	1,418,812,081

10. Are any or all of registrant's securities listed on a Stock Exchange?
Yes [] No []
11. The Company's 876,182,045 common shares are listed at the Philippine Stock Exchange.
12. Check whether the issuer:
- (a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports);
Yes [] No []
- (b) has been subject to such filing requirements for the past ninety (90) days.
Yes [] No []
13. The aggregate market value of voting stocks held by non-affiliates: About ₱ 598.6 million (based on the closing price as of March 31, 2025 and outstanding shares owned by the public as of December 31, 2024).

TABLE OF CONTENTS

PART I - BUSINESS AND GENERAL INFORMATION..... 3

Item 1. Business 3

Item 2. Properties 8

Item 3. Legal Proceedings..... 8

PART II - OPERATIONAL AND FINANCIAL INFORMATION 8

Item 5. Market for Issuer's Common Equity and Related Stockholder Matters 8

Item 6. Management's Discussion and Analysis or Plan of Operation 10

PART III - CONTROL AND COMPENSATION INFORMATION..... 12

Item 9. Directors and Corporate Officers of the Company..... 12

Item 10. Executive Compensation 14

Item 11. Security Ownership of Certain Record and Beneficial Owners and Management15

Item 12. Certain Relationships and Related Transactions 17

PART IV – CORPORATE GOVERNANCE..... 17

Item 13. Corporate Governance 17

PART V - EXHIBITS AND SCHEDULES..... 18

Item 14. Exhibits and Reports on SEC Form 17-C 18

PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Business

Steniel Manufacturing Corporation (“Steniel”, “STN” or the “Company”) and its subsidiaries are engaged in the manufacture and distribution of corrugated boxes. The Company is one of the oldest operating packaging manufacturers in the Philippines. STN has developed a niche in high-quality corrugated boxes for high-value consumer goods and agricultural exports. The Company has also developed strong in-house capabilities in sourcing, manufacturing, supply chain management, and quality assurance – this allows the Company to meet the demanding requirements of its clientele. STN was the largest independent manufacturer of corrugated boxes in the Philippines prior to its business slowdown amidst the Asian Financial Crisis in 1997.

STN’s operations slowed down significantly after the 1997 Asian Financial Crisis, as increased competition as well as the Company’s outdated infrastructure weighed on profitability. In 2006, Steniel’s former shareholders authorized the Company to enter into debt rehabilitation proceedings. Petitions for rehabilitation were filed in 2007 for the Company and its subsidiaries, which were all dismissed in 2009. By 2012, a new shareholder group completed the acquisition of the outstanding debt of STN and equity interest in the Company.

STN has a broad roster of multinational FMCGs, customers, fruit exporters, and domestic packaged food manufacturers. This includes well-known companies such as Dole Philippines, Lapanday Foods Corporation, Lapanday Diversified Products Corporation, and Philippines Spring Water Resources, among others. The Company has an aggregate production capacity of 129.0 million square feet per month across two wholly owned production plants in Mindanao.

The Company invests significant resources to ensure the quality of its products and the stability of its production. This includes the following:

- Establishment of a robust supply chain with multiple redundancies – STN sources high quality virgin pulp paper from USA, New Zealand, Finland, and Sweden, as well as high grade recycled pulp paper from Indonesia, Thailand, and Japan;
- Significant capital investment in state-of-the-art automated production lines to manufacture its corrugated boxes;
- Vertical integration efforts with in-house warehousing, adhesive manufacturing for corrugators, and ink kitchens;
- In-house quality assurance protocols and machinery to ensure that its products remain within pre-determined specifications;
- Acquisition and development of new technical innovations, such as its proprietary dehydrator and large-scale digital printer; and,
- Continuous training and talent development to ensure a deep pool of expertise.

The Company is continuously automating its process flow to maximize production capacity while ensuring quality. An overview of the Company’s manufacturing flow is shown below:

- The Company obtains high quality paper reels from its global supplier list.
- The paper reels are fed into the corrugator, which manufactures the corrugated boards by pressing the paper into flutes, after which a top and bottom sheet is glued on.
- These boards are then scored/slotted, printed, and punched into the desired box shapes.
- These boxes are folded and packed and then shipped to the end customer.

The Company was incorporated on September 13, 1963 and was granted with extension of its corporate term for another 50 years on September 11, 2013 by the SEC. With the passage of the Revised Corporation Code, the Company now has perpetual existence.

Petitions for Rehabilitation and Debt Restructuring

In 2000, the Company entered into a loan agreement with a group of banks and financial institutions pursuant to which the Company was granted a P636 Million term loan. The loan was secured by real and chattel mortgages. Unfortunately, due to the working capital drain as a result of prior debt service payments and the difficult business and economic conditions, the Company found it difficult to sustain further payments of debt while at the same time ensuring continued operations. STN failed to settle its outstanding short-term and long-term loans which were supposed to mature at various dates in 2004, 2005, and 2006 and was declared by the lending banks in default in May 2006. The lending banks subsequently sold and assigned the loan balances.

In July 2006, the Company's shareholders approved the filing of borrower-initiated petitions for rehabilitation. At the time of the filing of the said petitions, the Company lacked liquidity but had assets that can adequately cover its liabilities. Following the Company's disclosure of the authorization to enter into rehabilitation proceedings, PSE imposed a trading suspension on the shares of the Company on July 5, 2006.

From 2007 to 2009, petitions for corporate rehabilitation were filed with different regional trial courts, which were all dismissed in 2009.

In 2009, the Company commenced discussions on the restructuring of the loan. In October 2010, STN executed the Amended and Restated Omnibus Agreement (the "Restructuring Agreement") whereby the outstanding principal and accrued interest expense as at September 30, 2010 was restructured for 25 years.

In order to reduce the loan, the parties agreed to (i) exchange or dacion (a) all of the outstanding common and preferred shares of stock in Steniel Land Corporation and (b) identified idle assets of STN and SCPC in favor of Greenkraft. and (ii) convert the loan into equity through the issuance of shares from STN's unissued capital stock.

As at December 31, 2023, the restructured loan was fully paid.

STN Subsidiaries

The Company and the STN Subsidiaries (collectively, the "**Group**") are engaged in the manufacturing, processing and selling of all kinds of paper products, paper board and corrugated carton containers, and all other allied products and processes. These STN Subsidiaries are:

STN Subsidiaries	Date of Registration	SEC Registration No.
Steniel Cavite Packaging Corporation (SCPC) ¹	Oct. 21, 1993	AS093-8725
Steniel Mindanao Packaging Corporation (SMPC)	June 30, 1995	AS095-006250

- SCPC was incorporated and registered with the SEC on November 9, 1993 primarily to engage in the manufacturing, processing and selling of all kinds of paper products, paper board and corrugated carton containers and all others allied products and processes.

TPC was incorporated and registered with the SEC on May 23, 1994 primarily to engage in the manufacturing, processing, purchasing, and selling on wholesale basis, paper, paper rolls, paper boards, cartons, containers, packaging material and other pulp and paper products. The registered office address and principal office of TPC was located at Hernan Cortes Street, Manduae City, Cebu, Philippines.

¹ Treasure Packaging Corporation (TPC) was merged with SCPC on May 30, 2018.

In 2016, the merger between SCPC and TPC (the former as the surviving entity) was approved by the Board of Directors and shareholders of both corporations. The application for merger was approved by the SEC on May 30, 2018.

SCPC's principal office is located at Gateway Business Park, Brgy. Javalera, General Trias, Cavite, Philippines.

- SMPC was incorporated on June 30, 1995 primarily to engage in the business of manufacturing, importing, buying, selling or otherwise dealings in, at wholesale and retail, all kinds of paper, paper rolls, paper boards, cartons, containers, packaging materials and other pulp and paper products. SMPC was a wholly-owned subsidiary of the Company.

In December 2013, the Company sold its entire equity share in SMPC. The book value then of SMPC was Php 0.932 per share but it was sold by the Company at a price of Php 2.16 per share. The Company saw an opportunity to cash in on its investment considering that due to stagnating operations and with SMPC's increasing deficit, the continuing ownership of SMPC will further affect the deficit of STN. The sale was completed in December 2013 where STN realized a premium of Php 1.23 per share.

In 2019, the BOD and stockholders of the Company approved the reacquisition of shares of SMPC through a share swap transaction wherein all shareholders of SMPC will exchange all their shares in SMPC for shares of the Company. In preparation for these share issuances as a result of the share swap and conversion to equity transactions, the Company's BOD approved the increase of the Company's authorized capital stock from Php1 Billion to Php2 Billion. The same was approved and ratified by the stockholders during the annual stockholders' meeting held on July 17, 2019 and reconfirmed on November 19, 2020.

On December 29, 2020, the Company issued 269,250,000 shares to the shareholders of SMPC effecting the share swap following the SEC approval of the Company's increase in authorized capital stock on the same day. The transfer of the SMPC shares in favor of the Company was subsequently recorded after the relevant CARs were issued by the Philippine Bureau of Internal Revenue ("BIR").

SMPC's principal place of business is located at Km. 25 National Highway, Bunawan District, Davao City.

Recent Acquisitions

The Company, through SCPC and SMPC, acquired the box plant assets used by Dole Philippines, Inc. ("Dole") in Davao del Norte for the production of its packaging materials. Dole is engaged in producing fresh fruits for export and local sales.

The box plant assets, all located in Davao Del Norte, consist of the buildings, other land improvements, machines, motor vehicles as well as the land where the box plant is located. SCPC acquired the land from Diamond Farms, Inc. on December 1, 2021 and the rest of the box plant assets from Dole on January 24, 2022. Dole turned over the operations of the box plant assets on February 24, 2022.

Simultaneous with the acquisition of the box plant assets was the execution of an agreement between Dole and SMPC for the supply of boxes, labels and other packaging materials made of paper related products.

With a minimum purchase commitment from Dole, the Supply and Purchase Agreement (also referred as Long Term Supply Agreement or LTSA) is effective from February 24, 2023 to February 23, 2032, and later extended to February 23, 2033.

With the foregoing acquisitions and contractual arrangements with Dole, the Company, through SCPC and SMPC, expects to increase STN's production capacity from 64.5 million square feet per month to 129 million square feet per month and to double its revenues.

Operations

Marketing and sales

The Company maintains a dedicated sales team with a proprietary customer list. To develop its client base, STN primarily relied on the network and professional relationships of the STN Principals. Moreover, the Company continuously develops its pipeline of active customers by leveraging on Steniel's strong brand equity developed through its long history. STN also continuously supports its clients' events and participates in major trade shows of key industries, such as banana and tuna.

Steniel mainly relies on its strong brand equity and reputation for quality to entice new customers. However, the Company makes strong efforts to satisfy its clientele. This includes having an in-house design studio, as well as remaining very flexible in terms of product specification. The Company can work alongside its customers to ensure that the packaging design and specifications are tailored to its customers' specific requirements.

Suppliers

Paper is the key input product used by Steniel to manufacture corrugated boxes. To ensure the quality of its products and the stability of its production, Steniel relies on a broad base of paper suppliers. This strengthens the Company's supply chain by introducing redundancies in the event of paper shortages. Moreover, the Company uses several grades of paper, depending on the specifications stipulated by its customers. This allows STN to offer a broader suite of products to match its customers' price points. Key suppliers include providers from Japan, New Zealand, the United States, Sweden, Indonesia, and the Philippines. Meanwhile, STN relies on various local suppliers to provide ancillary inputs such as starches for its adhesives and dyes for its inks.


The Company deals directly with these suppliers through its in-house procurement team. This allows Steniel to develop deeper relationships with upstream manufacturers and further improves stability of supply. The Company has a proprietary warehouse where raw materials are stored. This allows STN to strategically increase paper inventory during low paper prices to maximize profitability .

Transactions with and/or Dependence on Related Parties

Transactions with related parties in the day-to-day course of business include inter-company sale and/or transfer of inventory and equipment. Related party transactions are always made at arms-length.

Patents, Trademarks Copyrights and Licenses

The operations of the Company are not dependent on any copyright, patent, trademark, license, concession or royalty agreement. The Company has registered the following with the Intellectual Property Office:

Registration No.	Mark	Registration Date	Expiry Date
518498		September 30, 2022	September 30, 2032
518501	STENIEL	September 30, 2022	September 30, 2032

New Products and Existing or Probable Government Approval for Products or Services

Not applicable.

Effect of Existing or Probable Government Regulations on the Business

The Company is not aware of any pending legislation or governmental regulation that is expected to materially affect its business.

Cost and Compliance with Environmental laws

The costs for the material permits (i.e., Incorporation process, Business Permits, Licenses to Sell) as well as the cost for compliance with environmental laws (i.e. obtaining an Environmental Compliance Certificate) only includes the requisite processing and filing fees amounting to approximately Php 28 million.

Material Reclassification, Merger, Consolidation, or Purchase or Sale of a Significant Amount of Assets Not Within the Ordinary Course of Business

As discussed in Note 10 in the Notes to the Consolidated Financial Statements, the Company reclassified certain remaining assets and shares of stocks in an associate from investment to assets held-for-sale which was subject to *dacion en pago* under the provisions of the Amended Agreement. The assets and shares are measured at lower of the carrying amount and fair value less cost to sell. The *dacion en pago* was completed in 2023.

Cost of Research and Development Activities

Not applicable.

Employees

As of December 31, 2024, STN and the STN Subsidiaries collectively have 256 regular employees and 16 probationary employees, totaling 272 employees.

	Company	SMPC	SCPC	Total
Managerial	8	10	4	22
Supervisory	-	25	21	46
Rank & File	-	103	101	204
Total	8	138	126	272

The Group also engages an independent service provider which assigned a total of 320 personnel to support the Group's operations

As of the date of this Prospectus, the Company does not intend to increase its manpower complement for the next 12 months.

43 of the rank-and-file employees of SMPC belong to the Steniel Mindanao Workers Union – Federation of Democratic Labor Organization (the “**Union**”). The Union is the sole and exclusive bargaining agent of the rank-and-file employees and does not include probationary employees, temporary employees, contractual employees, security guards, VP-General Manager and all managers and supervisors. The Collective Bargaining Agreement was effective until January 31, 2025. CBA negotiations are ongoing.

The Company's management has maintained good relations with its employees and has not experienced any strike or work stoppage in past 10 years.

Item 2. Properties

STN, through STN Subsidiaries, own fourteen (14) parcels of land and improvements where the manufacturing plants are located. Please refer to Note 11 – Property and Equipment, of the Notes to Consolidated Financial Statements for the table of properties. Majority of the Group's building and building improvements, leasehold improvements and machinery and equipment are encumbered in favor of BDO pursuant to the Omnibus Loan and Security Agreement dated November 29, 2021.

Item 3. Legal Proceedings

As of December 31, 2024, the Company and its subsidiaries are not involved in any material litigation, arbitration, or similar proceedings and is not aware of any such proceedings pending or threatened against it or any its properties, which are or might be material.

Item 4. Submission of Matters to a Vote of Security Holders

There were no matters submitted to the vote of security holders during the fiscal year covered by this report.

PART II - OPERATIONAL AND FINANCIAL INFORMATION

Item 5. Market for Issuer's Common Equity and Related Stockholder Matters

Market Price

The Company's common shares are listed on The Philippine Stock Exchange, Inc. ("PSE"). The table below sets out, for the periods indicated, the high and low sales for the Company's common shares in 2023, 2024 and first quarter of 2025.

Quarter	2023		2024		2025	
	High	Low	High	Low	High	Low
First	No transaction		No transaction		1.90	1.85
Second	No transaction		1.82	1.73	-	-
Third	No transaction		1.89	1.73	-	-
Fourth	No transaction		1.57	1.45	-	-

In ₱ per share

As of March 31, 2025, the closing price of the Company's common shares was ₱1.90 with a total market capitalization of ₱ 2,695,742,953.90.

Holders

The following are the top 20 stockholders of the Company as of December 31, 2024:

	Name	Number of Shares	% Ownership
1	Golden Bales Corporation	276,321,061	19.48
2	Corbox Corporation	276,321,061	19.48
3	Roxburgh Investments Limited	261,910,502	18.46
4	Greenkraft Corporation	258,554,339	18.22
5	PCD Nominee Corporation (Filipino)	155,492,606	10.96
6	Ismael T. Cuan	60,000,000	4.23
7	Clement O. Chua	30,671,637	2.16

	Name	Number of Shares	% Ownership
8	Rex Chua	30,671,637	2.16
9	Valmora Investment & Management Corporation	10,443,860	0.74
10	PCD Nominee Corporation (Non-Filipino)	2,342,703	0.17
11	Rustico &/Or Lolita Garingan	2,097,276	0.15
12	Delfin R. Maceda	1,980,000	0.14
13	Calvin C. Chua	1,828,500	0.13
14	Sally C. Ong Pac	1,450,000	0.10
15	Leonardo T. Siguion-Reyna	1,151,839	0.08
16	Christopher Chua	1,000,000	0.07
17	Segovia Capital Holdings Devt. Corp.	940,604	0.07
18	Estate of Mamerto Endriga	906,011	0.06
19	Stanley C. Sy	750,000	0.05
20	Manuel T. Carmona	727,879	0.05
	Subtotal	1,375,561,515	96.96
	Others	43,250,566	3.04
	GRAND TOTAL	1,418,812,081	100

The Company's securities consist of outstanding common shares.

As of December 31, 2024, the Company has a public float level of 22.20%.

Dividends

The Company did not declare any dividends for the years ended December 31, 2022, 2023 and 2024. Based on its By-Laws, dividends may be declared from the surplus profit at such time or times and in such percentage as the Company's Board may deem proper. No dividend shall be declared that will impair the capital of the Company.

Recent Sales of Unregistered Securities

On December 29, 2020, the Company issued a total of 418,821,081 common shares upon approval by the SEC of its application for increase of authorized capital stock from Php1 Billion to Php2 Billion. The subscription was partly paid by debt-to-equity conversion and partly through a share for share swap transaction. By virtue of this activity, (i) the Company's debt was reduced by Php149,562,081.00 upon conversion of the equivalent debt into equity, and (ii) SMPC became its wholly owned subsidiary.

Said issuance is considered an exempt transaction under SRC 10.1 (e) or the sale of capital stock of a corporation to its own stockholders exclusively, where no commission or other remuneration is paid or given directly or indirectly in connection with the sale of such capital stock and (i) or the subscriptions for shares of the capital stock of a corporation prior to the incorporation thereof or in pursuance of an increase in its authorized capital stock under the Corporation Code, when no expense is incurred, or no commission, compensation or remuneration is paid or given in connection with the sale or disposition of such securities and only when the purpose for soliciting, giving or taking of such subscriptions is to comply with the requirements of such law as to the percentage of the capital stock of a corporation which should be subscribed before it can be registered and duly incorporated, or its authorized capital increased.

Apart from the foregoing, there are no recent sales of unregistered or exempt securities.

Item 6. Management's Discussion and Analysis or Plan of Operation

Results of Operation

Consolidated revenues for the year ended December 31, 2024 totaled Php 3,277 million while revenue recorded in previous years amounted to Php 3,407 million and Php 2,205 million for the years ended December 31, 2023, and 2022, respectively. Revenues mainly consist of the manufacturing and selling of cartons and packaging materials to domestic and international markets.

Cost of sales and expenses applicable to the manufacturing business totaled Php 2,737 million for the current year ended December 31, 2024, and Php 2,994 million and Php 1,824 million for the previous years ended December 31, 2023, and 2022, respectively. Gross profit margin for the current period posted at 16.49%, compared to previous year's margin of 12.12% in 2023 and 17% in 2022. The increase was due to improved cost management effort.

Operating expenses during the current year ended December 31, 2024 posted Php 380.87 million compared to previous years ended December 31, 2023 and 2022 of Php 331.94 million and Php 268.13 million, respectively. The increase of Php 48.93 million from 2023 to 2024 was due to increase in salaries, wages and employee benefits, and professional fees and outside services, as a result of increased and improved administrative functions after the acquisition of SMPC, and the recognition of additional provision for expected credit losses for the year in compliance with PFRS 9.

Finance charges recognized during the current year ended December 31, 2024 and in the previous years ended December 31, 2023 and 2022 amounting to Php 93.6 million, Php 81.58 million, and Php 45.93 million, respectively, are related to short-term and long-term bank borrowings to support the plant's operation.

Other income, net for the year ended December 31, 2024 amounted to Php 76.37 million compared to previous years ended December 31, 2023 and 2022 other income of Php 126.85 million, and Php 36.72 million, respectively. The significant decrease from 2023 to 2024, and increase from 2022 to 2023, is attributable to gain on disposal of investments related to the completion of dacion en pago recognized in 2023 amounting to Php 69.40 million.

Income tax expense for the current year ended December 31, 2024 amounted to Php 42.17 million compared to previous years ended December 31, 2023 and 2022 amounting to Php 44.45 million and Php 2.64 million, respectively.

Overall, the Group realized a consolidated net income of Php 100.16 million for the year ended December 31, 2024 compared to Php 81.86 million, and Php 28.36 million for the previous years ended December 31, 2023, and 2022, respectively. The increase was mainly attributed to the improvement in the operations in 2024, while the increase in 2023 was due to the gain recognized from dacion en pago completion.

Financial Position

Total current assets as at December 31, 2024, totaled Php 3.66 billion as compared to Php 3.28 billion, and Php 3.12 billion in 2023, and 2022, respectively. The increase was mainly due to the increase in inventories to supply increasing sales of the Group. Non-current assets increased to Php 1.03 billion as at current year-end against Php 940.87 million, and Php 1.03 billion.

The Group's consolidated current liabilities as at current year-end totaled Php 3.30 billion as compared to Php 2.87 billion and Php 2.83 billion in 2022. The increase was mainly attributed to the increase in purchases. SMPC, the operating subsidiary's working capital was secured from bank loans to sustain its operation and commitments to clients.

Total assets as at year-end 2024 totaled Php 4.69 billion compared to Php 4.22 billion in 2023 and Php 4.12 billion in 2022. In view of the foregoing discussions, the Steniel Group's current ratio as of year ended December 31, 2024 recorded at 1.11 and previous years ended

December 31, 2023, and 2022 at 1.14 and 1.10, respectively. Debt-to-equity ratio in 2024 is 3.82 compared last year at 3.91 and 4.46.

Plans and Strategies

The Company temporarily ceased its operations due to heavy losses incurred in prior years that Management had to take measures to mitigate the losses and look for means to address the Retained Earnings and Capital Deficiency. Action plans had been gradually implemented until July 2019 when the Board approved the re-acquisition of SMPC through a share swap transaction and the conversion of the outstanding long-term loans from creditors Greenkraft and Roxburgh into common shares of the Company. Subsequently, the Company's shareholders approved the amendment of the Company's Articles of Incorporation to accommodate the transactions.

On December 29, 2020, following the approval of SEC of the Company's application for increase of authorized capital stock from Php1 Billion divided into 1 Billion common shares to Php2 Billion divided into 2 Billion common shares, the Company issued a total of 418,812,081 shares resulting from the debt to equity conversion and share swap transaction.

The issuance of 149,562,081 shares to the creditors effecting the debt to equity conversion reduced the outstanding loan by Php 149.56 Million. The issuance of 269,250,000 shares to the shareholders of SMPC and issuance of corresponding CARs, effecting the share swap transaction valued at Php269.250 Million, resulted to the reacquisition of SMPC as a wholly owned subsidiary of the Company.

Corollary to this, the Company recognized a provisional income of Php 158.265 Million for the period ending December 31, 2020 attributed to the share swap. Management employed the services of third-party valuation specialists to ascertain the fair value of consideration transferred and the fair value of the net assets of the acquired subsidiary amounting to Php 536.709 Million resulting to a final net gain on acquisition amounting to Php 267.459 Million lodged under Other Income in 2020 and 2021. Further, the realization of the foregoing transactions resolved the capital deficiency of the Group in 2021 and 2020.

The Management is optimistic for the Group to get back to its core business, more competitive with sustainable and profitable operation.

There are no known trends, events or uncertainties that will have a material impact on the Group's future operations except those that have already been disclosed in the foregoing.

Item 7. Financial Statements

The Company's consolidated and separate audited financial statements for the period ended December 31, 2024 attached as Annexes "A" and "B".

Item 8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

The Company has engaged the services of Valdes Abad & Company during the most recent two fiscal year and R.G. Manabat & Co., during the fiscal year 2022. The Company intends to hire R.G. Manabat & Co for the development of its STN Key Performance Indicator dashboard in 2024, hence, the need to change the external auditor for 2023.

There has been no event in the past three (3) years where the external auditors and the Company had any disagreement with regard to any matter relating to accounting principles or practices, financial statement disclosures or auditing scope or procedures.

There were no disagreements with the Company's external auditors on any accounting and financial disclosures.

PART III - CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Corporate Officers of the Company

Directors and Officers

The term of office of directors of the Company is one (1) year. As of December 31, 2024, the directors and corporate officers of the Company were:

Directors	Age	Position
Nixon Y. Lim	54	Chairman/President & CEO
Mark O. Vergara	58	Director
Eliza C. Macuray	67	Director and Treasurer
Esteban C. Ku	60	Director
Rhea M. Alarcon	53	Independent Director
Arnold S. San Gabriel	60	Independent Director
Jose Luis G. Santillan	55	Independent Director
Janice L. Co	41	Corporate Secretary
Gino Paulo O. Uy	39	Compliance Officer
Maribel O. Severino	66	Investor Relations Officer

Nixon Y. Lim

Mr. Lim was elected to the Board of Directors on October 20, 2010 and currently serves as Chairman of the Board. Mr. Lim is the President of Green Siam Resources Corporation, Greenkraft Corporation, Golden Bales Corporation and Greenkraft Corporation. Mr. Lim has worked extensively in the packaging business, particularly in the field of sales, marketing, manufacturing and finance. Mr. Lim is also a director of Crown Equities, Inc., a publicly listed company. He holds a degree in BS Physics from the De La Salle University, Manila, having graduated in 1992.

Mark O. Vergara

Mr. Vergara was elected to the Board of Directors on October 14, 2011. He is a senior partner of the firm Martinez Vergara & Gonzalez Sociedad. He received his Juris Doctor degree from the Ateneo de Manila Law School in 1992, and his Bachelor of Science in Legal Management degree from the Ateneo de Manila University in 1988. He was admitted to the Philippine Bar in 1993. Mr. Vergara is currently a Director of MVG Securities, Inc., Antilia Property Holdings, Inc., Nikipak Philippines Incorporated, MDM Property Corporation, Korner Market Phils. Inc., and ExlService Philippines, Inc. He is the Treasurer of Puhunan, Inc., MNMI Holdings, Inc., Tanguile Holdings, Inc., and Prime Genesis Central Capital, Inc. Mr. Vergara serves as Corporate Secretary of several companies, including GLG Crown Holdings Corporation, Crown Equities, Inc. Organisational Support Services, Inc., Citifinancial Holdings Corporation, Pacific Harbor Investments Holdings Philippines, Inc., MV Holdings Inc. and Green Siam Resources Corporation.

Eliza C. Macuray

Ms. Macuray was elected to the Board of Directors on December 26, 2013. She received her Bachelor of Science in Commerce, major in Accounting, from Arellano University. Prior to her joining the Group, her previous work experience was with United Pulp and Paper Co., Inc. for more than 2 decades, where she gained her experience in the paper business, particularly in finance with focus on tax matters. She also served as Accountant to Orange Performance Techniques Inc. She is currently the Comptroller of Container Corporation of the Philippines.

Esteban C. Ku

Mr. Ku was elected to the Board of Directors on October 14, 2011. He holds a degree in Bachelor of Science, Major in Chemical Engineering from the University of San Carlos in Cebu

City, where he graduated in 1988. From 1989 to 1992, he was a production supervisor for International Pharmaceutical, Inc. in Xiamen, China. He has since focused on the packaging business, having gained extensive experience in plant operations, sales and marketing and finance. Mr. Ku is currently the Managing Director of Corbox Corporation and Pakmaster Packaging Co.

Rhea M. Alarcon

Rhea M. Alarcon was elected to the Board of Directors on July 31, 2018. She is a Partner at Design to Make a Difference, Inc. (Plus63 Design Co.) and a Managing Partner at Gem Sign Company. Ms. Alarcon was formerly a Partner and Managing Director of Ideals Creatives, Inc. from 2006 to 2011. She also acted as Deputy Executive Director of Children's Hour Philippines, Inc. from 2002 to 2007, and the Executive Director of Culinary Education Foundation from 2001 to 2002. Ms. Alarcon was Supervisor and Department Head – Community Relations and Internal Affairs at Globe Telecom, Inc. from 1995 to 2000. Ms. Alarcon received her Bachelor of Science, Major in Hotel and Restaurant Administration, from the University of the Philippines. She also completed units in Masters of Community Development program from the same university.

Arnold D. San Gabriel

Mr. San Gabriel was elected to the Board of Directors on July 5, 2024. He is an expert in financial modeling for complex projects and has extensive experience in due diligence and structuring, analyzing key business/transaction issues. He is currently a Director and the Treasurer of Olongapo Maintenance Services, Inc., and oversees the financial management activities of the company. He is also a Director at LT Dausons Industries Inc. From 2014 to 2023, he acted as the Chief Risk Officer and Country Credit Risk Manager of Citibank. N.A.

Mr. San Gabriel holds a degree in Bachelor of Science, Management – Honors Program from Ateneo de Manila University, where he graduated in 1988. He obtained his Master's degree in Business Administration from Cornell University in 1994.

Jose Luis G. Santillan

Mr. Santillan was elected to the Board of Directors on July 5, 2024. He has extensive experience as a financial advisor for debt restructuring, feasibility studies, and fund raising for various industries in the Philippines. He currently acts as fractional Chief Finance Officer or financial consultant to a farm-to-table social enterprise, a quick service restaurant chain, a healthcare facility and a circular economy company. Mr. Santillan is currently an Adjunct Faculty at the Asian Institute Management and a Senior Lecturer at the University of the Philippines, Diliman. From 2018 to 2020, he was the Director of Finance and the Risk and Compliance Officer of Dusit Hospitality Education Philippines Inc./Dusit Thani Philippines.

Mr. Santillan received his Bachelor of Science in Economics from the University of the Philippines in 1991. He also received a Financial Modeling and Valuation Analyst (FMVA) Certifications from the Corporate Finance Institute, and Post Graduate Certificate in Leadership from the Asian Institute of Management.

Janice L. Co

Ms. Co was appointed Corporate Secretary on October 13, 2021. She is a Partner at Martinez Vergara & Gonzalez Sociedad from 2021 up to the present. She earned her Bachelor's degree in Political Science from the Ateneo de Manila University and a Juris Doctor degree from the Ateneo de Manila University School of Law. Ms. Co serves as Corporate Secretary or Assistant Corporate Secretary to many companies, including Basic Energy Corporation, a publicly listed company.

Gino Paulo O. Uy

Mr. Uy was appointed Compliance Officer on July 5, 2024. He has extensive experience in assisting publicly-listed companies in their day-to-day corporate, legal and regulatory compliances and requirements. Aside from being a corporate services practitioner, he also handles inbound immigration requirements of individual and corporate clients. He has assisted corporate clients in transaction agreements for various capital market issuances such as long-term negotiable certificates of deposit, medium-term note and green bonds. He has been part of due diligence teams for listing applications and mergers & acquisitions, and have acted as counsel to both issuers and underwriters, as well as to sellers and acquirers in these transactions. He holds a Bachelor's Degree in Psychology from the University of the Philippines Diliman and a Juris Doctor from the UP College of Law.

Maribel O. Severino

Ms. Severino was appointed Investor Relations Officer on August 2, 2024. Ms. Severino holds a Bachelor of Science degree in Business Management from Ateneo De Manila University. She is an experienced professional with credentials in Philippine Equities, Sales & Marketing, Investment Banking, Compliance, and Logistics. She has worked with PCCI Securities, Angping Securities, Nomura Securities (Phils), Nihao Mineral Resources Int'l, DHL Worldwide Express (Phils), Philippine National Bank, and Citytrust Banking Corporation.

Significant Employees

No single person is expected to make a significant contribution to the business since STN considers the collective efforts of all its employees as instrumental to the overall success of its performance.

Family Relationships

There are no family relationships between directors and executive officers of the Company.

Involvement in Legal Proceedings

The Company is not aware of any bankruptcy proceedings filed against any of its directors or executive officers, nor of any criminal conviction or final judgment barring or limiting any business involvement or any order or judgment subjecting said directors or executive officers, or a violation of a securities or commodities law or regulation filed against any of its directors or executive officers, during the past five (5) years ending December 31, 2024.

Item 10. Executive Compensation

Compensation Summary

The aggregate compensation paid or incurred during the last two (2) fiscal years and estimated to be paid in the ensuing fiscal years to the directors and executive officers of the Company are as follows:

	Year	Salary (in Php)	Bonus	Other Annual Compensation
Top 5 most highly compensated executive officers	2025 (est)	5,720,000.00	-	11,050,000.00
	2024	5,755,933.33	-	11,001,495.60
	2023	330,000.00	-	6,010,083.33
Aggregate compensation paid	2025 (est)	-	-	2,799,998.40*
	2024	-	-	1,272,221.90*

to all other officers and directors as a group	2023	1,230,865.39	-	-
--	------	--------------	---	---

**Pertain to per diem*

Standard Arrangements

The Company's By-Laws provide that directors as such shall receive compensation for their services as may be approved by stockholders representing at least a majority of the outstanding capital stock. During the current year, the stockholders did not pass any resolution authorizing payment of compensation to the Company's directors. The members of the Board of Directors, except those holding management positions in the Company, are entitled to per diem allowance for his attendance at each Board and committee meetings.

There are no other arrangements for compensation either by way of payments for committee participation or special assignments other than reasonable per diem. There are also no outstanding warrants or options held by STN's CEO, other officers and/or directors.

Employment Contracts and Termination of Employment and Change-in-Control Arrangements.

The Company and its Subsidiaries have executed pro-forma employment contracts with their staff and officers. These contracts basically specify the scope of services expected from these individuals and the compensation that they shall receive.

There are no arrangements for compensation to be received by these named executive officers from the Company in the event of a change in control.

Warrants and Options Outstanding

There are no warrants or options granted by the Company to any of its directors or executive officers.

Item 11. Security Ownership of Certain Record and Beneficial Owners and Management

Security Ownership of Certain Record and Beneficial Owners

As of December 31, 2024, the stockholders holding more than 5% of the Company's voting securities were:

Title of Class	Name, address of record owner and relationship with issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Common Shares Held	Percent
Common	Corbox Corporation Purok Gemelina, Tayud, Lilo-an, Cebu	Esteban C. Ku as Treasurer holds 33.33% of the record owner. Nixon Lim as President and Clement Chua are the ultimate beneficial owners	Filipino	276,321,061	19.48%

Common	Golden Bales Corporation Km. 14 After Panacan Substation, Panacan, Davao City, Davao del Sur	of 33.33 % of the record owner Nixon Lim as President, and Clement Chua as Corporate Secretary are the ultimate beneficial owners of 70% of the record owner	Filipino	276,321,061	19.48%
Common	Roxburgh Investments Limited P.O. Box 957, Offshore Incorporations Center Road Town, Tortola, British Virgin Islands	Nixon Lim, Director	BVI	261,910,502	18.46%
Common	Greenkraft Corporation W. Ng Bldg., MacArthur Highway cor. Rovimar St., Brgy. Balibago, Angeles, Pampanga	Nixon Lim as President, and Clement Chua as Director are beneficial owners of 36% and 20%, respectively	Filipino	258,554,339	18.22%
Common	PCD Nominee Corporation 6 th Flr. Makati Stock Exchange, 6767 Ayala Ave., Makati City	Various Participants of PCD	Filipino	155,492,606	10.96%

Security Interest of Directors and Management

As of December 31, 2024, the security interest of directors and management is as follows:

Directors

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	Percentage
Common	Nixon Y. Lim	1 (Direct) 457,778,182 (Indirect)	Filipino	32.26
Common	Mark O. Vergara	1 (Direct)	Filipino	nil
Common	Eliza C. Macuray	1 (Direct)	Filipino	nil
Common	Esteban C. Ku	1 (Direct) 92,097,809 (Indirect)	Filipino	6.49
Common	Rhea M. Alarcon	1 (Direct)	Filipino	nil
Common	Arnold D. San Gabriel	1,000 (Indirect)	Filipino	nil
Common	Jose Luis G. Santillan	1,000 (Indirect)	Filipino	nil

Officers

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	Percentage
Common	Nixon Y. Lim	1 (Direct) 457, 778,182 (Indirect)	Filipino	32.26
Common	Eliza C. Macuray	1 (Direct)	Filipino	nil

Common	Janice L. Co	0	Filipino	nil
Common	Gino Paulo O. Uy	0	Filipino	nil
Common	Maribel Severino	0	Filipino	nil

Except as disclosed above, there is no director or key officer of the Company that owns at least 10% of its issued and outstanding capital stock.

Voting Trust Holders of 5% or More

The Company is not aware of any voting trust or similar agreement where persons hold 5% or more of a class.

Change in Control

No change in control of the Company has occurred since the previous fiscal year. The Company is not aware of any existing arrangement which may result in a change in control of the Company.

Item 12. Certain Relationships and Related Transactions

Transactions with related parties in the day-to-day course of business include inter-company sale and/or transfer of inventories and equipment. Related party transactions are always at arm's-length. Please refer also to Note 17 - Related Party Transactions of the Notes to the Consolidated Financial Statements.

PART IV – CORPORATE GOVERNANCE

Item 13. Corporate Governance

(1) Evaluation System

On May 29, 2017, the Company approved its Revised Manual of Good Corporate Governance (the "Manual") based on the Code of Corporate Governance for Publicly-Listed Companies issued by the SEC. The Company constantly seeks to adhere to the principles of good corporate governance as embodied in the Manual. Internal systems are established to ensure feedback, control and accountability, that relates in particular to integrity of financial reporting and ensure compliance with applicable laws and regulations, thereby fostering Board and Management responsibility to the Company's stakeholders.

(2) Measures on leading practices of good corporate governance

The Board and Management continually seeks to enhance compliance with the Manual by undertaking measures to implement policies prescribed under the Manual. The Company acknowledges the vital importance of strong corporate governance in supporting its long-term success. It is dedicated to promoting best practices across its operations and fostering a culture of meaningful engagement with all stakeholders.

(3) Any Deviation from the Manual

There has been no known material deviation from the Manual.

(4) Improvement

The Company has implemented a policy of regularly reviewing its Manual to continuously enhance its corporate governance practices. Looking ahead, it remains committed to

supporting the initiatives and efforts of regulators and advocates aimed at advancing corporate governance standards, while further reinforcing its own governance culture.

PART V - EXHIBITS AND SCHEDULES

Item 14. Exhibits and Reports on SEC Form 17-C

Exhibits

Annex	Description of Document
A	2024 Consolidated Audited Financial Statements of Steniel Manufacturing Corporation and its subsidiaries
B	2024 Separate Audited Financial Statements of Steniel Manufacturing Corporation
C	Sustainability Report

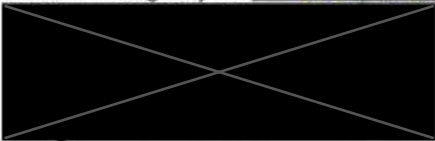
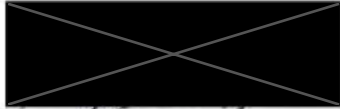

Reports on SEC Form 17-C (Current Report) filed in 2024

Date	Description of Document
February 28, 2024	- Approval of the 2022 Separate Annual Financial Statements
March 5, 2024	- Approval of the 2022 Consolidated Annual Financial Statements
March 14, 2024	- Setting the special stockholders' meeting and record date - Approval to conduct a public offering of shares of stock - Approval to change the date of the annual meetings of shareholders and amend the By-Laws
March 15, 2024	- Resignation of Mr. Randy Senense as Deputy Chief Financial Officer
April 12, 2024	- Postponement of the special stockholders' meeting earlier scheduled to be held on May 2, 2024 - Postponement of the annual stockholders' meeting for 2024
April 15, 2024	- Appointment of Valdez Abad & Company as the new external auditor to audit the financial statements of the Company for the years 2022-2023 and 2023-2024. - Issuance of the Company's Annual Financial Statement for the period ended December 31, 2023 - Appointment of Atty. Hosea Lejlan L. Salazar as the Assistant Corporate Secretary effective April 15, 2024
April 18, 2024	- Approval of the 2023 Consolidated Annual Financial Statements
April 24, 2024	- Payment of fines to the PSE
May 17, 2024	- Setting the annual stockholders' meeting and record date
May 23, 2024	- Payment of fines to the SEC
July 5, 2024	- Results of the annual stockholders' meeting - Appointment of members of the Board Committees - Appointment of Corporate Officers - Appointment of Ms. Rhea M. Alarcon as Lead Independent Director
August 2, 2024	- Issuance of the quarterly financial report for the period ended June 30, 2024 - Appointment of Maribel O. Severino as Investor Relations Officer
August 22, 2024	- Payment of fines to the SEC
September 5, 2024	- Payment of fines to the SEC - Resignation of Atty. Hosea Lejlan L. Salazar as Assistant Corporate Secretary

September 23, 2024	<ul style="list-style-type: none">- Authority to conduct a Follow-On Offering and approval of disclosures in the Registration Statement.- Adoption of Fit and Proper Rule for the selection of directors and officers
--------------------	--

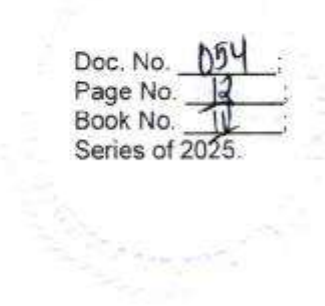
SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this Annual Report is signed on behalf of Steniel Manufacturing Corporation by the undersigned, thereunto duly authorized, in Pasig City on APR 30 2025.

 _____ Nixon Y. Lim Chairman & President	 _____ Eliza C. Macuray Treasurer/Chief Financial Officer
 _____ Janice L. Co Corporate Secretary	

SUBSCRIBED AND SWORN to before me this APR 30 2025 at Pasig City, affiants exhibiting to me the following:

<u>Name</u>	<u>Valid Identification</u>
Nixon Y. Lim	Philippine Passport [redacted] valid until September 23, 2031
Eliza C. Macuray	Philippine Passport [redacted] valid until September 9, 2030
Janice L. Co	Driver's License, Driver's License No. [redacted] valid until July 20, 2032




SOCRATES JEROME A. DE GUZMAN
Appointment No. 110 (2024-2025)
Notary Public for Pasig City and Pateros
Until December 31, 2025
Attorney's Roll No. 85318
33rd Floor, The Orient Square
F. Ortigas Jr. Road, Ortigas Center, Pasig City
PTR Receipt No. 2863406, 01.02.25; Pasig City
IBP OR No. 496754; 01.03.25; RSM
MCLE Compliance VIII 0014202; 4.14.28

ANNEX A

**2024 Consolidated Audited Financial Statements of
Steniel Manufacturing Corporation**

Your BIR AFS eSubmission uploads were received

From: eafs@bir.gov.ph

To: stenielmanufacturing@yahoo.com

Cc: elizmacuray@yahoo.com

Date: Wednesday, April 30, 2025 at 01:19 PM GMT+8

Hi STENIEL MANUFACTURING CORPORATION,

Valid files

- EAFS000099128AFSTY122024.pdf
- EAFS000099128ITRTY122024.pdf
- EAFS000099128TCRTY122024-01.pdf

Invalid file

- <None>

Transaction Code: **AFS-0-2RM1R4YT0QMZQVSMNPP2WMVST0242PSY2M**

Submission Date/Time: **Apr 30, 2025 01:19 PM**

Company TIN: **000-099-128**

Please be reminded that you accepted the terms and conditions for the use of this portal and expressly agree, warrant and certify that:

- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

This is a system-generated e-mail. Please do not reply.



STENIEL MANUFACTURING CORPORATION

Gateway Business Park, Brgy. Javalera, Gen. Trias, Cavite

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **STENIEL MANUFACTURING CORPORATION AND SUBSIDIARIES** (the "**Group**") is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, for the years ended **December 31, 2024, 2023 and 2022**, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable matters related to going concern basis of accounting unless management either intends to liquidate the Group or cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

The Board of Directors reviews and approves the consolidated financial statements including the schedules attached therein, and submits the same to the stockholders.

Valdes, Abad & Company, CPAs, the independent auditor appointed by the stockholders, has audited the consolidated financial statements of the Group 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.

Nixon Y. Lim
Chairman & President

Eliza C. Macuzay
Treasurer/Chief Financial Officer


Signed this 26th day of April, 2025

SUBSCRIBED AND SWORN to before me this 28 APR 2025, at PASIG CITY City,
affiants exhibited to me their respective competent evidence of identification, as follows:

<u>Name</u>	<u>Valid Identification</u>
NIXON Y. LIM	Philippine Passport No. [REDACTED] until September 23, 2031
ELIZA C. MACURAY	Philippine Passport No. [REDACTED] until September 9, 2030

WITNESS MY HAND AND SEAL on the date and at the place first above written.

Doc No. 306
Page No. 69
Book No. II
Series of 2025


GERALDINE MARIE V. PAULO
Appointment No. 181 (2024-2025)
Notary Public for Pasig City and Pateros
Until December 31, 2025
Attorney's Roll No. 81565
33rd Floor, The Orient Square
F. Ortigas Jr. Road, Ortigas Center, Pasig City
PTR Receipt No. 2863412; 01.02.25; Pasig City
IBP OR No. 497003; 01.03.25; RSM
MCLE Compliance VIII 0011644; 4.14.28

INDEPENDENT AUDITOR'S REPORT

The Stockholders and Board of Directors

STENIEL MANUFACTURING CORPORATION AND SUBSIDIARIES

Gateway Business Park

Brgy. Javalera, General Trias, Cavite

Opinion

We have audited the consolidated financial statements of **STENIEL MANUFACTURING CORPORATION AND SUBSIDIARIES** (the Group) which comprise the consolidated statements of financial position as of December 31, 2024 and 2023, and the related consolidated statements of comprehensive income, consolidated statements of changes in equity, and consolidated statements of cash flows for each of the three years in the period ended December 31, 2024, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2024 and 2023 and of its consolidated financial performances and its consolidated cash flows for each of the three years in the period ended December 31, 2024 in accordance with Philippine Financial Reporting Standards (PFRS).

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 Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of a Matter

We draw attention to Note 25 to the consolidated financial statements which describes the restatements on the consolidated financial statements that we originally reported on April 19, 2024 have been restated, and the matter that gives rise to the restatement of the consolidated financial statements. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements as at and for the year ended December 31, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement in the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter identified in our audit and how we addressed the matter is summarized as follows:

(a) Occurrence and Accuracy of Revenue Recognition

The Group booked a total revenue of P3.27 billion for the period ended December 31, 2024 which has decreased by P1.30 million or 3.81% as compared to the 2023 audited amount. Currently, the Group has financial goals which might be a pressure to the Management and may increase the risk on the proper revenue recognition.

The Group accounts the revenue when the control of goods or services is transferred to the customer overtime or at a point in time. The Group's revenue recognition process and measurement thereof are determined not to be complex and involve a simple judgment and estimation.

Audit response

We assessed the compliance of the on proper Revenue Recognition through a walkthrough of internal control, and its design, and tested material transactions posted on the revenue accounts by examining the related journal entries. Further, we have performed fluctuation analysis of revenue accounts with material increase. We also examined supporting documents such as contracts, sales invoices, and shipping documents such as delivery receipts to verify the occurrence and accuracy of recorded revenue on a test basis. Lastly, we reviewed the Group's adequacy of disclosures for revenue in Note 3 Summary of Significant Accounting Policies and Note 19 Revenue of the consolidated notes to financial statements.

(b) Existence and Impairment Assessment of Inventories

The carrying amount of inventories amounted to P2.65 billion as of December 31, 2024 representing 56.39% of the Group's total assets, and has increased by 29.64% from previous year. The management assesses the impairment of inventories whenever events or changes in circumstances indicate that the asset is impaired. This matter requires the use of significant judgments and estimates and hence, is significant to our audit.

Audit response

Initially, we examined the internal control of the inventory management and observed the physical ocular inspection for the period ended December 31, 2024 yearend count. Test count of inventories, and movement analysis were performed to determine the existence of inventory balance as of yearend. Further, we reviewed management's determination of impairment indicators and management's assessment on the recoverability of inventories which includes assumptions used by the Group on the determination of allowance for inventory losses, and compliance with the PAS 2 subsequent valuation of inventory. We also reviewed the adequacy of the Group's disclosures in Note 4, Management's Use of Judgements, Estimates and Assumptions, and Note 9, Inventories of the consolidated financial statements.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Philippine Financial Reporting Standards, 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 consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; to design and perform audit procedures responsive to those risks; and to obtain audit evidence that is sufficient and appropriate to provide a basis for the auditor's opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. In circumstances when the auditor also has a responsibility to express an opinion on the effectiveness of internal control in conjunction with the audit of the financial statements, the auditor shall omit the phrase that the auditor's consideration of internal control is not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If the auditor concludes that a material uncertainty exists, the auditor is required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the opinion. The auditor's conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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, 2024 but does not include the consolidated financial statements and our auditors' report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2024 are expected to be made available to us after the date of this auditors' report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

VALDES ABAD & COMPANY, CPAs

BOA/PRC Reg. No. 0314

Issued on July 15, 2024, Valid until July 14, 2027

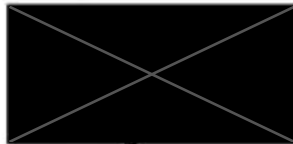
SEC Accreditation No. 0314 - SEC, Group A

Valid for 2022 – 2026 audit periods

BIR Accreditation No. 08-002126-000-2024

Issued on April 5, 2024, Valid until April 4, 2027

For the firm:



ALFONSO L. CAY-AN

Partner

CPA Registration No. 99805, Valid until December 14, 2026

TIN No. 213-410-741-000

PTR No. 10479078, Issued Date: January 10, 2025, Makati City

BOA/PRC Reg. No. 0314

Issued on July 15, 2024, Valid until July 14, 2027

SEC Accreditation No. 99805 - SEC, Group A

Valid for 2022 – 2026 audit periods

BIR Accreditation No. 08-002126-005-2024

Issued on: April 5, 2024, Valid until April 4, 2027

Makati City, Philippines

April 28, 2025

**INDEPENDENT AUDITOR'S REPORT TO ACCOMPANYING FINANCIAL STATEMENTS FOR
FILING WITH THE SECURITIES AND EXCHANGE COMMISSION**

The Stockholders and Board of Directors
STENIEL MANUFACTURING CORPORATION AND SUBSIDIARIES
Gateway Business Park
Brgy. Javalera, General Trias, Cavite

We have examined the consolidated financial statements of **STENIEL MANUFACTURING CORPORATION AND SUBSIDIARIES** for the year ended December 31, 2024, on which we have rendered the attached report dated April 28, 2025.

In compliance with Revised SRC Rule 68, we are stating that the Group has three thousand five hundred fifty-four (3,554) stockholders owning one hundred (100) or more shares each as of December 31, 2024.

VALDES ABAD & COMPANY, CPAs
BOA/PRC Reg. No. 0314
Issued on July 15, 2024, Valid until July 14, 2027
SEC Accreditation No. 0314 - SEC, Group A
Valid for 2022 – 2026 audit periods
BIR Accreditation No. 08-002126-000-2024
Issued on April 5, 2024, Valid until April 4, 2027

For the firm:



ALFONSO L. CAY-AN
Partner
CPA Registration No. 99805, Valid until December 14, 2026
TIN No. 213-410-741-000
PTR No. 10479078, Issued Date: January 10, 2025, Makati City
BOA/PRC Reg. No. 0314
Issued on July 15, 2024, Valid until July 14, 2027
SEC Accreditation No. 99805 - SEC, Group A
Valid for 2022 – 2026 audit periods
BIR Accreditation No. 08-002126-005-2024
Issued on April 5, 2024, Valid until April 4, 2027

Makati City, Philippines
April 28, 2025

STENIEL MANUFACTURING CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Amounts in Philippine Thousand Peso)

		December 31,	
ASSETS	Note	2024	<i>As restated</i> 2023
CURRENT ASSETS			
Cash	7	67,262	113,041
Receivables – net	8	737,367	852,652
Inventories – net	9	2,645,320	2,040,582
Prepayments and other current assets – net	10	208,140	276,760
Total Current Assets		3,658,089	3,283,035
NON-CURRENT ASSETS			
Property, plant and equipment – net	12	828,093	775,385
Investment in equity securities	13	180,992	139,854
Right-of-use asset – net	25	12,870	19,308
Deferred tax assets	24	9,606	4,580
Other assets	10	1,490	1,738
Total Non-Current Assets		1,033,051	940,865
TOTAL ASSETS		4,691,140	4,223,900
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Trade and other payables	14	2,009,532	1,869,811
Loans payable – net of non-current portion	15	1,239,780	942,134
Due to related parties	16	43,453	47,883
Lease liability – net of non-current portion	26	8,449	9,403
Total Current Liabilities		3,301,214	2,869,231
NON-CURRENT LIABILITIES			
Loans payable	15	389,368	468,231
Lease liability	26	6,709	12,812
Retirement liability	24	21,204	13,940
Total Non-Current Liabilities		417,281	494,983
EQUITY			
Share capital	17	1,418,812	1,418,812
Additional paid-in capital	18	408,423	408,423
Deficit		(869,201)	(973,756)
Reserve for retirement liability	25	(3,089)	204
Unrealized gain on available for sale financial assets	13	17,700	6,003
Total Equity		972,645	859,686
TOTAL LIABILITIES AND EQUITY		4,691,140	4,223,900

See accompanying Notes to the Consolidated Financial Statements

STENIEL MANUFACTURING CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in Philippine Thousand Peso, Except for Basic and Diluted Earnings Per Share)

For the Years Ended December 31,	Note	2024	<i>As restated</i> 2023	2022
REVENUE	19	3,277,148	3,406,867	2,205,413
COST OF SALES AND SERVICES	20	2,736,689	2,993,880	1,823,634
GROSS PROFIT		540,459	412,987	381,779
OPERATING EXPENSES	21	380,873	331,946	268,133
FINANCE CHARGES, NET		93,629	81,578	45,933
OTHER INCOME (LOSSES) – NET	22	76,375	126,847	(36,723)
NET INCOME BEFORE TAX		142,332	126,310	30,990
INCOME TAX EXPENSE	23	42,173	44,450	2,635
NET INCOME		100,159	81,860	28,355
OTHER COMPREHENSIVE INCOME (LOSS)				
Unrealized gain (loss) on financial assets at FVOCI	13	16,093	23,581	(4,382)
Unrealized gain (loss) on defined benefit obligation	24	(3,293)	-	(1,007)
TOTAL COMPREHENSIVE INCOME		112,959	105,441	22,966
BASIC AND DILUTED EARNINGS PER SHARE		0.0706	0.0577	0.0200

See accompanying Notes to the Consolidated Financial Statements

STENIEL MANUFACTURING CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Amounts in Philippine Thousand Peso)

		December 31,		
		<i>As restated</i>		
	Note	2024	2023	2022
SHARE CAPITAL				
Balance at Beginning and End of Year	17	<u>1,418,812</u>	<u>1,418,812</u>	<u>1,418,812</u>
ADDITIONAL PAID-IN CAPITAL				
Balance at Beginning and End of Year	18	<u>408,423</u>	<u>408,423</u>	<u>408,423</u>
DEFICIT				
Balance at beginning of year		(973,756)	(1,069,848)	(1,107,813)
Transfer of fair value reserve of equity instrument held at FVOCI	13	4,396	14,232	9,610
Net income for the year		<u>100,159</u>	<u>81,860</u>	<u>28,355</u>
Balance at end of year		<u>(869,201)</u>	<u>(973,756)</u>	<u>(1,069,848)</u>
NET UNREALIZED GAIN ON INVESTMENT IN EQUITY INSTRUMENTS				
Balance at beginning of year	13	6,003	(3,346)	10,646
Realized gain (loss) from fair valuation – net		16,093	23,581	(4,382)
Transfer of fair value reserve of equity instrument held at FVOCI		<u>(4,396)</u>	<u>(14,232)</u>	<u>(9,610)</u>
Balance at beginning and end of year		<u>17,700</u>	<u>6,003</u>	<u>(3,346)</u>
RESERVE FOR RETIREMENT BENEFITS LIABILITY				
Balance at beginning of year	24	204	204	1,211
Remeasurement gain (loss) – net		<u>(3,293)</u>	<u>-</u>	<u>(1,007)</u>
Balance at beginning and end of year		<u>(3,089)</u>	<u>204</u>	<u>204</u>
TOTAL EQUITY		<u>972,645</u>	<u>859,686</u>	<u>754,245</u>

See accompanying Notes to the Consolidated Financial Statements

STENIEL MANUFACTURING CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASHFLOWS

(Amounts in Philippine Thousand Peso)

For the Years Ended December 31,	Note	2024	<i>As restated</i> 2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before tax		142,332	126,310	30,990
Adjustment for:				
Dividend income	23	(6,791)	(5,550)	(4,759)
Interest income	23	(56)	(51)	(38)
Interest expense	15, 16	96,538	77,970	41,711
Interest on lease	26	1,187	3,608	4,223
Depreciation	12	190,245	249,378	232,198
Retirement expense	24	2,983	4,036	1,360
Provision (Reversal) for inventory obsolescence	9	(23,482)	-	3,960
Gain on disposal of investment	13	-	(69,399)	-
Gain on sale of property and equipment	12	-	-	(4,000)
Unrealized foreign exchange (gain) loss	22	(11,838)	-	(65,901)
Provision for loss due to earthquake		94	-	-
Provision for expected credit losses	8	29,885	-	12,582
Operating income before changes in working capital		421,097	386,302	252,326
Decrease (increase) in:				
Receivables, net		99,065	8,619	(449,067)
Inventories, net		(581,257)	(152,122)	(1,249,744)
Prepayments and other current asset		25,730	(129,712)	(81,507)
Increase (decrease) in:				
Trade and other payables		136,511	(167,422)	1,465,449
Cash generated from (used for) operations		101,146	(54,335)	(62,543)
Dividend received	22	6,791	5,550	4,759
Interest received	7	56	51	38
Interest paid	15, 16	(95,221)	(77,970)	(41,711)
Benefits paid	24	(108)	-	(184)
Net Cash from Operating Activities		12,664	(126,704)	(99,641)
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions of properties and equipment	12	(232,499)	(80,426)	(514,561)
Proceeds from properties and equipment	12	-	-	30,000
Additions of investments in equity securities	13	(44,716)	(86,605)	(26,830)
Proceeds from investments in equity securities	13	19,671	69,421	29,071
Decrease in other non-current assets	10	247	1,881	5,709
Net Cash from Investing Activities		(257,297)	(95,729)	(476,611)

See accompanying Notes to the Consolidated Financial Statements

STENIEL MANUFACTURING CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASHFLOWS – CONTINUATION

(Amounts in Philippine Thousand Peso)

For the Years Ended December 31,	Note	2024	<i>As restated</i> 2023	2022
CASH FLOWS FROM FINANCING ACTIVITIES				
Availment of loan	15	2,042,435	3,732,865	1,558,111
Payment of loan	15	(1,824,969)	(3,360,858)	(916,000)
Payment of finance lease liability	26	(12,995)	(70,797)	(69,878)
Interest paid on leases	26	(1,187)	(3,608)	(4,223)
Decrease in amounts owed to related parties	16	(4,430)	(11,737)	(8,002)
Net Cash from Financing Activities		198,854	285,865	560,008
NET INCREASE (DECREASE) IN CASH		(45,779)	63,432	(16,244)
CASH, BEGINNING	7	113,041	49,609	65,853
CASH, END	7	67,262	113,041	49,609

See accompanying Notes to the Consolidated Financial Statements

STENIEL MANUFACTURING CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2024, 2023 and 2022

(Amounts in Philippine Thousand Peso, Unless Otherwise Indicated)

NOTE 1 – GENERAL INFORMATION

Steniel Manufacturing Corporation (STN or the “Parent Company”) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on September 13, 1963. The Parent Company and its subsidiaries (the “Group”) are engaged in the manufacturing, processing, and selling of all kinds of paper products, paper board and corrugated carton containers, and all other allied products and processes. The Parent Company is listed in the Philippine Stock Exchange Inc. (PSE).

On September 11, 2013, the SEC approved the Amended Articles of Incorporation of the Parent Company, extending the corporate life for another 50 years from September 13, 2013. With the passage of the Revised Corporation Code of the Philippines (“RCC”), the Company now has perpetual existence.

Following a decision made by the Company’s Board of Directors (BOD) in 1996 to reorganize the Group, the Parent Company ceased manufacturing operations in June 1997 due to continuing business losses. As a result, reorganization of the Group was carried out and completed with the Parent Company’s principal activity now limited to holding of investments.

Prior to 2006, Steniel (Netherlands) Holdings B.V. (“SNHBV”), a company incorporated in Amsterdam, The Netherlands, owned 82.2716% of the shares of the Company. SNHBV was then 100%-owned by Steniel (Belgium) Holdings NV (“Steniel Belgium”). In 2006, Steniel Belgium sold its shares in SNHBV to certain directors and officers of the Company. With the sale of shares, SNHBV became the ultimate parent company.

Consequent to the restructuring of the loan in 2010, remaining unissued capital stock of the Parent Company totaling 123, 817,953 shares were issued to Roxburgh Investment Limited (Roxburgh) to reduce the Parent Company’s outstanding debts (Notes 15 and 16). The issuance of shares resulted to recognition of additional paid in capital. As a result, Roxburgh owns 12.3818% of the Parent Company, while the ownership of SNHBV as well as the public have been reduced to 72.0849% and 15.5333%, respectively.

On January 18, 2012, the shareholders of SNHBV entered into a Share Purchase Agreement with Right Total Investments Limited (Right Total, a limited liability company incorporated in British Virgin Islands as an investment company), to purchase up to 100% of the issued and outstanding shares of SNHBV. With the sale of shares of SNHBV, Right Total became the owner of the 72.0849% shares of SNHBV consequently making Right Total as the ultimate parent company.

On January 25, 2012, the Parent Company received a tender offer report from SNHBV offering to purchase the 279,151,088 shares of minority investing public or 27.92% of the total issued shares at a price of ₱0.0012 per share or an aggregate price of ₱334.9 million. On February 25, 2012, only a total of 2,115,692 common shares were tendered in the Tender Offer and accepted by SNHBV, constituting 0.0021% of the total outstanding capital stock of the Parent Company. On March 8, 2012, payment for the Tendered Shares was delivered to the relevant broker participants on behalf of interested parties and there was a transfer to SNHBV of only 0.76% of the minority shares. Such accepted tender offer did not significantly change the percentage ownership of the minority investing public.

On June 26, 2019, the Company approved the reacquisition of Steniel Mindanao Packaging Corporation (“SMPC”), as described below, through a share swap transaction involving the transfer of 100% of the outstanding capital stock of SMPC in favor of the Company in exchange for STN shares. The Company also approved the conversion of the loans extended by Greenkraft Corporation (“Greenkraft”) and Roxburgh into equity. These approvals were made in view of the need to address the negative capital of the Company.

As part of the preparations for these share issuances, the Board approved the increase of the Company’s authorized capital stock from Php1 Billion to Php2 Billion. The same was approved and ratified by the stockholders during the annual stockholders’ meeting held on July 17, 2019 and reconfirmed on November 19, 2020.

On October 7, 2020, Greenkraft Corporation (Greenkraft), Golden Bales Corporation (Goldenbales), Corbox Corporation (Corbox), Rex Chua and Clement Chua, as purchasers (collectively, the Buyers) entered into a Share Purchase Agreement with SNHBV as seller to acquire 649,908,308 common shares of the Parent Company, for a consideration of P64.99 million or P0.10 per share, broken down as follows:

Buyer	Number of shares	Percentage of Ownership
Greenkraft Corporation	216,679,430	21.67%
Corbox Corporation	194,972,492	19.50%
Goldenbales Corporation	194,972,492	19.50%
Clement Chua	21,641,947	2.16%
Rex Chua	21,641,947	2.16%
	<u>649,908,308</u>	<u>64.99%</u>

In compliance with the Securities and Regulations Code and its Implementing Rules and Regulations, the Buyer Group made a tender offer involving the remaining outstanding shares of the Company, excluding the 70,940,604 common shares of SNHBV not included in the Share Purchase Agreement. The tender offer commenced on October 12, 2020 and ended on November 10, 2020 (Tender Offer Period). A total of 11,780,533 common shares of STN were tendered during the Tender Offer Period, which comprise approximately 1.18% of the total issued and outstanding shares of STN.

Following the completion of the tender offer, SNHBV and the Buyer Group executed the deed of sale on November 23, 2020 involving the 649,908,308 shares of the Company. The relevant taxes were paid and the corresponding CAR was secured. As of the date hereof, the transfer of the 649,908,308 common shares in favor of the Buyer Group has been recorded in the books of STN. The transfer effectively reduced the shareholding of SNHBV to 5% of the Company's outstanding capital stock.

On December 29, 2020, the SEC approved STN's application for increase of authorized capital stock from Php1 Billion to Php2 Billion resulting to the issuance of 418,821,081 common shares in favor of the Buyer Group, Greenkraft and Roxburgh. The increase was (i) partly subscribed by the share swap transaction wherein STN reacquired SMPC in exchange for unissued shares of the STN; and (ii) partly subscribed through conversion of liability into equity.

As at December 31, 2024 and December 31, 2023, SNHBV owns 5% interest in STN.

The Parent Company's registered address and principal office is located at Gateway Business Park, Brgy. Javalera, General Trias, Cavite, Philippines.

Structure

The consolidated financial statements include the consolidated financial statements of the Parent Company and the following subsidiaries incorporated in the Philippines.

	Percentage of Ownership	
	2024	2023
Steniel Cavite Packaging Corporation (SCPC)*	100%	100%
Steniel Mindanao Packaging Corporation (SMPC)**	100%	100%

* *Treasure Packaging Corporation (TPC) was merged with SCPC as approved by the SEC on May 30, 2018.*

** *SMPC was reacquired on December 29, 2020*

Steniel Cavite Packaging Corporation (SCPC)

SCPC was incorporated and registered with the SEC on November 9, 1993 primarily to engage in the manufacturing, processing and selling of all kinds of paper products and processes.

On June 30, 2006, SCPC's BOD decided to discontinue its packaging operations in view of the continued business losses incurred since its incorporation, in addition to difficult economic and business conditions. SCPC used to purchase, process and resell various paper products and lease its machinery and equipment to generate income, until 2015 when the former was discontinued. On January 10, 2017, the SEC approved the equity restructuring of SCPC which has wiped out the deficit as at December 31, 2016.

TPC was incorporated and registered with the SEC on May 23, 1994 primarily to engage in the manufacturing, processing, purchasing, and selling on wholesale basis, paper, paper rolls, paper boards, cartons, containers, packaging material and other pulp and paper products. The registered office address and principal office of TPC is located at Hernan Cortes Street, Mandaue City, Cebu, Philippines.

On June 15, 2026 and July 8, 2016, SCPC's BOD and Shareholders, respectively, approved the change in its address and principal office at Gateway Business Park, Brgy. Javalera, General Trias, Cavite.

In 2016, the merger between SCPC and TPC (the former as the surviving entity) was approved by the BOD and Shareholders of the respective entities. The application for merger was filed with the SEC on April 10, 2017 and was approved on May 30, 2018.

Steniel Mindanao Packaging Corporation (SMPC)

SMPC was incorporated on June 30, 1995 primarily to engage in the business of manufacturing, importing, buying, selling or otherwise dealings in, at wholesale and retail, all kinds of paper, paper rolls, paper boards, cartons, containers, packaging materials and other pulp and paper products.

As at December 31, 2012, SMPC was a wholly-owned subsidiary of the Parent Company. In December 2013, the Parent Company sold its 9,249,995 common shares in SMPC to various entities and individuals.

In 2019, the BOD and Stockholders of the Parent Company approved the reacquisition of shares of SMPC through a share swap transaction wherein all shareholders of SMPC will exchange all their shares in SMPC for shares of the Parent Company. In preparation for these share issuances, the Parent Company's BOD approved the increase of the Company's authorized capital stock from Php1 Billion to Php2 Billion. The same was approved and ratified by the stockholders during the annual stockholders' meeting held on July 17, 2019 and reconfirmed on November 19, 2020.

On December 29, 2020, the Parent Company issued 269,250,000 shares to the shareholders of SMPC effecting the share swap following the SEC approval of the Company's increase in authorized capital stock on the same day. The transfer of the SMPC shares in favor of the Company was subsequently recorded after the relevant CARs were issued by the Philippine Bureau of Internal Revenue ("BIR").

As at December 31, 2024, and December 31, 2023, SMPC is a wholly owned subsidiary of the Parent Company.

The principal place of business of SMPC is located at Km. 25 National Highway, Bunawan District, Davao City.

Debt Restructuring

Due to the working capital drain experienced by the Group as a result of prior debt service payments and the difficult business and economic conditions during the period, the Group found it difficult to sustain further payments of debt while at the same time ensuring continued operations. The Parent Company failed to settle its outstanding short-term and long-term loans which were supposed to mature at various dates in 2004, 2005, and 2006 and was declared by the lending banks in default on May 25, 2006. Subsequently until 2009, the lending banks assigned and sold their respective outstanding loan balances to various third parties. On October 14, 2010, one of the new lenders, Greenkraft Corporation (Greenkraft), further assigned some of its loan receivables to Roxburgh.

After the assignment and sale of loans from the lending banks to third parties, discussions were made with new creditors/lenders to restructure the outstanding loans covered by the Omnibus Agreement which the Parent Company has defaulted in 2006. On October 15, 2010, the Parent Company and the creditors/lenders signed the Amended and Restated Omnibus Agreement (the "Amended Agreement"), which finally resolved the default situation. The essential elements of the Amended Agreement are summarized below:

- The outstanding principal and accrued interest expense as at September 30, 2010 was restructured for 25 years.
- Conditional waiver of penalty and other charges upon the faithful performance by the Parent Company of the terms of restructuring.

- The outstanding principal and accrued interest expense as at September 30, 2010 shall be reduced via dacion en pago or sale of the following properties: (a) all of the outstanding common and preferred shares of stock in Steniel Land Corporation (SLC); (b) identified idle assets of STN and its subsidiaries; and (c) by way of conversion into equity through the issuance of Parent Company's unissued capital stock.
- The outstanding principal amount after the dacion en pago or sale of properties shall be paid in 92 consecutive quarterly installments starting in January 2013.
- The outstanding portion of the accrued interest after equity conversion shall be paid in 40 consecutive quarterly installments starting after year 15 from the date of restructuring.
- Restructured outstanding principal will be subject to interest of 6% per annum for 15 years and 8% per annum on the 16th year onwards.
- The restructured accrued interest expense prior to loan restructuring will be subject to interest of 8% per annum.
- The restructured loan shall be secured by the assets/collateral pool under the Collateral Trust Agreement.
- All taxes and fees, including documentary stamp taxes and registration fees, shall be for the account of the Group.
- All other costs and expenses of restructuring including documentation costs, legal fees and out-of-pocket expenses shall be for the account of the Parent Company; and
- Other conditions include:
 - a. Lenders' representative to be elected as director in STN and in each of its subsidiaries.
 - b. A merger, reorganization or dissolution of certain subsidiaries in line with the Business Plan.
 - c. No dividend declaration or payments until the restructured obligations are fully paid.
 - d. No new borrowing, unless with written consent of the lenders.
 - e. No repayment or prepayment of any debt or obligation (other than operational expenses), unless with consent of the lenders.
 - f. Creditor's consent for change in material ownership in the Group and mortgagors.
 - g. Standard covenants, representations and warranties.

Dacion en pago and Equity Conversion

The dacion en pago of the Group's idle machineries, spare parts, and the equity conversion through the issuance of the Parent Company's capital stock have been completed as at December 31, 2010. The dacion en pago transaction reduced the outstanding loan principal amount by ₱122 million while the equity conversion reduced outstanding accrued interest by P248 million.

The dacion en pago relating to the Group's shares in SLC and a subsidiary's land and land improvements and building and building improvements has a total value of ₱290.0 million. In 2012, certain certificates authorizing registration were issued and reduced the total value from ₱290.00 million to ₱289.88 million.

In July 2019, the BOD and Stockholders of the Parent Company approved the conversion of debt into common shares of the Parent Company. Consequently, principal payments on long-term debt was suspended beginning July 2019. On December 29, 2020, the Parent Company issued shares to the lenders effecting the debt-to-equity conversion following the SEC approval of the Parent Company's increase in authorized capital stock on the same day (Notes 15 and 18). The outstanding balance of the borrowings were reduced by ₱149.56 million as a result of the debt-to-equity conversion.

In September 2023, the dacion en pago was completed relating to the Group's shares in SLC. The Group assigned its shares in SLC to Greenkraft as payment to its remaining balance of borrowings to Greenkraft amounting to ₱190,000. As of September 30, 2023, the Group has fully-settled its borrowings to Greenkraft.

Restructuring of Subsidiaries

In 2011, following the provisions in the Amended Agreement, the Parent Company filed a merger application with the SEC to absorb TPC. On August 12, 2013, following management's assessment, the Board of STN and TPC approved the withdrawal of the merger application filed with SEC as the same no longer appears feasible. Management has been instructed to explore other options, i.e., merger of or with other subsidiaries.

In addition, SCPC submitted a merger application with SEC in October 2011 to absorb three (3) dormant subsidiaries: (a) Metroplas Packaging Products Corporation (MPPC), (b) Metro Paper and Packaging Products, Inc. (MPPPI) and (c) Steniel Carton System Corporation (SCSC) using June 30, 2011 financial statements. On

March 2, 2012, the SEC approved the certificate of filing of the articles and plan of merger, which documents were received by SCPC on July 31, 2012. All financial information presented for the periods prior to the merger has been restated to reflect the combined financial statements of the absorbed corporation as though the merger had occurred at the beginning of 2010.

The Parent Company also has a 39.71% direct and indirect (through SCPC & TPC) interest in SLC. In 2010, all of the ownership interest of TPC and STN was assigned to Greenkraft, and the remaining interest of SCPC in SLC is 29.21% as of December 31, 2022. As at December 31, 2022, Greenkraft holds 70.77% interest in SLC while the remaining interest of SCPC is 29.21%.

In September 2023, the dacion en pago was completed relating to the Group's shares in SLC. The Group assigned its 727,050 preferred shares in SLC to Greenkraft to fully settle its remaining balance of borrowings to Greenkraft amounting to ₱190 million.

Interest Payments

On December 2, 2011, the current creditors/lenders agreed to waive the payment of interest for the first two (2) years of the loan commencing on the restructuring date, to correspond to the principal repayment as stated in the Amended Agreement. Hence, interest payments shall be made in accordance with the Amended Agreement but shall commence on the 27th month after the restructuring date, inclusive of a two (2) year grace period. In relation to this, on March 1, 2012, the accrued interest which was capitalized as part of the loan principal in 2010 in accordance with the Amended Agreement, was also condoned by its major creditors effective December 31, 2011.

In 2013, due to continuous working capital drain experienced by the Group as a result of difficult economic and business conditions, the Group requested reconsideration to defer the implementation of the loan agreement from the creditors which was acted favorably. The Group was granted another two (2) years extension of principal repayment, reduction of interest rate from 6% to 2% for the first five (5) years and further waive interest charges annually until 2019. Consequent to the BOD approval of the conversion of debt to common shares of the Parent Company in 2019, principal and interest payments on long-term debt was suspended beginning July 2019.

Status of Operations

The Group has temporarily ceased its principal operations and has incurred recurring losses in prior years resulting to a deficit of ₱884 million and ₱942 million as at December 31, 2024 and 2023, respectively.

To improve this condition, the management has taken the following measures:

On July 17, 2019, the BOD and Stockholders of the Parent Company approved the acquisition of shares of SMPC through a share swap transaction and the conversion of loans from Greenkraft Corporation and Roxburgh Investments Limited into common shares in the Parent Company. To accommodate the transactions discussed above, the BOD and Stockholders approved the amendment of the Articles of Incorporation to increase the authorized capital stock from ₱1 billion, divided into one billion common shares to ₱2 billion, divided into two billion common shares with par value of ₱1 per share (Notes 15 and 18).

On December 29, 2020, upon the SEC's approval of the Parent Company's increase in authorized capital stock, the Parent Company issued shares to the lenders effecting the debt-to-equity conversion thereby reducing the outstanding balance of the borrowings by ₱149.56 million. Further, The Parent Company also issued shares to the shareholders of SMPC effecting the share swap transaction resulting to a gain of ₱267.459 million from the acquisition of a subsidiary (Note 5). The realization of these transactions resolved the capital deficiency position of the Group.

Based on the foregoing, the consolidated financial statements have been prepared on a going concern basis, which assumes that the Group will continue in existence.

NOTE 2 - BASIS OF PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

2.1 Statement of compliance

The accompanying audited consolidated financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS). PFRS are based on International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). PFRS, issued by the Philippine Financial Reporting Standards Council (FRSC), consist of PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretations.

The accompanying consolidated financial statements of the Group as at December 31, 2024 and 2023, and for each of the three years in the period ended December 31, 2024 were approved and authorized for issuance by the Board of Directors on April 28, 2025.

2.2 Basis of measurement

The consolidated financial statements of the Group have been prepared on a historical cost basis except for investment in equity securities which are carried at fair value and retirement benefits liability – net which is measured at present value of defined benefits obligation less fair value of plan assets.

2.3 Going concern assumption

The preparation of the accompanying condensed consolidated financial statements of the Group is based on the premise that the Group operates on a going concern basis, which contemplate the realization of assets and settlement of liabilities in the normal course of business. The management does not intend to liquidate.

2.4 Functional and presentation currency

The consolidated financial statements are presented in Philippine peso (₱), which is the functional currency of the Group. All financial information expressed in Philippine peso is rounded off to the nearest thousand peso, except when otherwise indicated.

2.5 Basis of consolidation

The consolidated financial statements include the financial statements of the Parent Company and its subsidiaries.

Subsidiaries are entities controlled by the Group. In accordance with PFRS 10, *Consolidated Financial Statements*, the Group controls an entity when it is exposed to, or has the rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of the subsidiaries are included in the consolidated financial statements from the date when the Group obtains control and continue to be consolidated until the date when such control ceases.

The consolidated financial statements are prepared for the same reporting period as the Parent Company, using uniform accounting policies for like transactions and other events in similar circumstances. Intergroup balances and transactions, including intergroup unrealized profits and losses, are eliminated in preparing the consolidated financial statements.

2.6 Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and financial liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss. Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration, which is deemed to be an asset or liability, will be recognized in accordance with PFRS 9. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of PFRS 9, is measured at fair value with changes in fair value recognized either in profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of PFRS 39, it is measured in accordance with the appropriate PFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed.

If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the gain is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units (CGU) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Transactions with non-controlling interests

The Group's transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners of the Group in their capacity as owners. The difference between the fair value of any consideration paid and the relevant share acquired of the carrying value of the net assets of the subsidiary is recognized in equity. Disposals of equity investments to non-controlling interests results in gains and losses for the Group that are also recognized in equity.

Loss of control and disposal of subsidiaries

When the Group ceases to have control over a subsidiary, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Parent Company loses control over the subsidiary, it:

- derecognizes the assets, including goodwill, and liabilities of the subsidiary
- derecognizes the carrying amount of any non-controlling interest
- derecognizes the cumulative transaction differences recorded in equity
- recognizes the fair value of the consideration received
- recognizes the fair value of the any investment retained
- recognizes any surplus or deficit in profit or loss
- reclassifies the parent's share of components previously recognized in OCI to profit or loss retained earnings, as appropriate.

2.7 Use of judgment and estimates

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported in the Group's financial statements and accompanying notes.

Judgments are made by management in the development, selection and disclosure of the Group's significant accounting policies and estimates and the application of these policies and estimates.

The estimates and assumptions are reviewed on an on-going basis. These are based on management's evaluation of relevant facts and circumstances as of the reporting date. Actual results could differ from such estimates.

Revision to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The areas where significant judgments and estimates have been made in preparing the consolidated financial statements and their effects are disclosed in Note 4.

2.8 Adoption of new and revised accounting standards

The Group's accounting policies are consistent with those of the previous financial year, except for the adoption of the following new accounting pronouncements:

New and Amended Accounting Standards Effective in 2024

Effective beginning on or after January 1, 2024

Amendment to PFRS 16 – Leases on sale and leaseback. These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.

Amendment to PAS 1 – Non-current liabilities with covenants. These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.

Amendment to PAS 7 and PFRS 7 - Supplier finance. These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.

The amendments do not have material impact on the consolidated financial statements.

Standards and Interpretations Issued but not yet Effective

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

Effective beginning on or after January 1, 2025

Amendments to PAS 21 - Lack of Exchangeability. An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.

Effective beginning on or after January 1, 2026

- Amendments to PFRS 9 and PFRS 7, *Classification and Measurement of Financial Instruments*
- Annual Improvements to PFRS Accounting Standards - Volume 11
 - Amendments to PAS 7, *Cost Method*
 - Amendments to PFRS 1, *Hedge Accounting by a First-time Adopter*
 - Amendments to PFRS 7, *Gain or Loss on Derecognition*
 - Amendments to PFRS 9, *Lessee Derecognition of Lease Liabilities and Transaction Price*
 - Amendments to PFRS 10, *Determination of a "De Facto Agent"*

The Group is currently assessing the impact of adopting these standards on its consolidated financial statements.

Effective beginning on or after January 1, 2027

PFRS 18, Presentation and Disclosure in Financial Statements

The new standard impacts the classification of profit or loss items (i.e. into operating, investing, and financing categories) and the presentation of subtotals in the statement of profit or loss (i.e. operating profit, and profit before financing and income taxes). The new standard also changes the aggregation and disaggregation of information presented in the primary financial statements and in the notes. It also introduces required disclosures about management-defined performance measures.

PFRS 19, Subsidiaries without Public Accountability: Disclosures

The Group is currently assessing the impact of adopting this standard on its consolidated financial statements.

Deferred effectivity

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

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

On January 13, 2016, the Financial Reporting Standards Council deferred the original effective date of January 1, 2026 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.

The revised, amended, and additional disclosures or accounting changes provided by the standards and interpretations will be included in the financial statements in the year of adoption, if applicable.

The standard is not expected to have significant impact on the Group's financial reporting.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these consolidated financial statements are summarized below. The policies have been consistently applied to all years presented unless otherwise stated.

3.1 Financial assets and financial liabilities

Financial Instruments

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

Financial Assets

Initial Recognition and Measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL,

transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under PFRS 15.

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 payments of principal and interest ("SPPI")" on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Business Model and SPPI Test

The business model refers to how the Group manages the 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. The Group considers the following information in assessing the objective of the business model in which financial asset is held at a portfolio level, which reflects the way the business is managed and information is provided to management:

- The stated policies and objectives for the portfolio and the operation of those policies in practice;
- How the performance of the portfolio is evaluated and reported to the Group's management;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- How employees of the business are compensated; and
- The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

The Group considers the contractual terms of the instrument in assessing whether the contractual cash flows are solely payments of principal and interest. For purposes of this assessment, "Principal" is defined as the fair value of the financial asset on initial recognition. "Interest" is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin. The assessment includes whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. The Group considers the following in making the assessment:

- Contingent events that would change the amount or timing of cash flows;
- Terms that may adjust the contractual coupon rate, including variable rate features;
- Prepayment and extension features; and
- Terms that limit the Group's claim to cash flows from specified assets.

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

Subsequent Measurement

For purposes of subsequent measurement, financial assets are classified in to 4 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

Financial Assets at Amortized Cost (Debt Instruments)

The Group measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest rate method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

Financial Assets at FVOCI (Debt Instruments)

The Group measures debt instruments at FVOCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; 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.

For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in other comprehensive income (OCI). Upon de-recognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

Financial Assets at FVOCI (Equity Instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at FVOCI when they meet the definition of equity under PAS 32, Financial Instruments: Presentation and Disclosure, 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 the profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at FVOCI are not subject to impairment assessment.

Financial Assets at FVPL

Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at FVPL or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified as amortized cost or at FVOCI, as described above, debt instruments may be designated as FVPC on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at FVPL are carried in the consolidated statements of financial position at fair value with net changes in fair value recognized in profit or loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily de-recognized (i.e. removed from the Group's consolidated statements of financial position) when:

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of

the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to pay.

For a modification that does not result in derecognition, the difference between the present value of the modified cash flows discounted using the original effective interest rate and the present value of the original cash flows, is recognized in profit or loss as a gain or loss from modification. Costs or fees in relation to the modification of the financial asset are recognized as part of the carrying amount of the asset and amortized over the remaining term of the instrument. A modification of the original financial asset that results in the derecognition of the financial asset, requires the recognition of a new financial asset in line with the general requirements for the initial recognition (i.e. at fair value plus transaction costs).

Impairment of Financial Assets

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

ECLs are recognized under either a simplified or general approach, dependent on the nature of the related financial asset.

Under the general approach, 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 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 the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

Under the simplified approach, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward looking factors specific to the debtors and the economic environment.

For financial instruments with low credit risk such as cash in banks, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the financial instrument or the counterparty. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 180 days past due.

The Group considers a financial asset in default when contractual payments are 365 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

The Group analyzes the creditworthiness of each customer before the payment and delivery terms and conditions are offered. Sales are made to customers with satisfactory credit history. The Group has credit criteria and observes several layers of credit approval before engaging a particular customer or counterparty. The review includes external ratings, when available, and in some cases bank references. Purchase limits are established for each customer and are reviewed on a regular basis.

The Group ensures timely recognition of expected credit losses in accordance with the PFRS 9 wherein regular provisioning was being attested for sufficiency based on the existing data and analysis that aligns with the Group's historical loss experience and forward-looking assessments.

A financial asset is written-off when there is no reasonable expectation of recovering the contractual cash flows.

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 initially recognized at fair value and, in the case of loans and borrowings and payables, net of directly attributable costs.

Subsequent Measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial Liabilities at FVPL

Financial liabilities at FVPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVPL. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by PFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognized in the profit or loss.

Financial liabilities designated upon initial recognition at FVPL are designated at the initial date of recognition, and only if the criteria in PFRS 9 are satisfied. The Group has not designated any financial liabilities at FVPL.

Loans Payable

After initial recognition, interest-bearing loans payable are subsequently measured at amortized cost using the Effective Interest Rate (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 in to account any discount or premium on acquisition and fees or costs that are an integral part of the EIR.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When 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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in profit or loss.

Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statements of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and liabilities simultaneously.

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 by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: Quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Inputs for the asset or liability that are not based on observable market data.

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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

As at December 31, 2024 and 2023, no financial asset was recognized at fair value. The Group has no other assets or liabilities with recurring and non-recurring fair value measurements.

Business Combination

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included as part of "Operating expenses" account in the consolidated statements of comprehensive income.

When the Group acquires a business, it assesses the financial assets and financial liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured at the acquisition date fair value and any resulting gain or loss is recognized in the consolidated statements of comprehensive income.

The Group measures goodwill at the acquisition date as: a) the fair value of the consideration transferred; plus b) the recognized amount of any non-controlling interests in the acquiree; plus c) if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less d) the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed. When the excess is negative, a bargain purchase gain is recognized immediately in the consolidated statements of comprehensive income. Subsequently, goodwill is measured at cost less any accumulated impairment in value. Goodwill is reviewed for

impairment, annually or more frequently, if events or changes in circumstances indicate that the carrying amount may be impaired.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in the consolidated statements of comprehensive income. Costs related to the acquisition, other than those associated with the issuance of debt or equity securities that the Group incurs in connection with a business combination, are expensed as incurred. Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognized in profit or loss.

Goodwill in a Business Combination

Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units, or groups of cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities are assigned to those units or groups of units. Each unit or group of units to which the goodwill is allocated:

- Represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- Is not larger than an operating segment determined in accordance with PFRS 8, Operating Segments.

Impairment is determined by assessing the recoverable amount of the cash generating unit or group of cash-generating units, to which the goodwill relates. Where the recoverable amount of the cash-generating unit or group of cash generating units is less than the carrying amount, an impairment loss is recognized. Where goodwill forms part of a cash-generating unit or group of cash-generating units and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash generating unit retained. An impairment loss with respect to goodwill is not reversed.

3.2 Current versus non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/noncurrent classification.

An asset is current when:

- It is expected to be realized or intended to be sold or consumed in normal operating cycle
- It is held primarily for the purpose of trading
- It is expected to be realized within twelve months after the reporting period, or
- Cash on hand and in banks unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as noncurrent.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as noncurrent.

3.3 Foreign currency transactions and translation

Transactions in foreign currencies are initially recorded by the Group at the respective functional currency rates prevailing at the date of the transaction.

Monetary assets and monetary liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date.

All differences are taken to the statements of comprehensive income with the exception of all monetary items that provide an effective hedge for a net investment in a foreign operation. These are recognized in OCI until the disposal of the net investment, at which time they are recognized in profit or loss. Tax charges and credits applicable to exchange differences on these monetary items are also recorded in the OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the par value is determined.

3.4 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's Executive Committee (ExeCom), its chief operating decision-maker. The ExeCom is responsible for allocating resources and assessing performance of the operating segments.

In identifying its operating segments, management generally follows the Group's main service lines as disclosed in Note 7, which represent the main services provided by the Group.

Each of these operating segments is managed separately as each of these service lines require different resources as well as marketing approaches. All intersegment transfers are carried out at arm's length prices.

The measurement policies the Group uses for segment reporting under PFRS 8, Operating Segments, are the same as those used in its consolidated financial statements.

There have been no significant changes from prior periods in the measurement methods used to determine reported segment profit or loss.

3.5 Cash

Cash consists of cash on hand and in banks. Cash in banks earns interest at respective bank deposit rates. For the purpose of reporting cash flows, cash in banks is unrestricted and available for use in current operations.

3.6 Receivables

Receivables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest rate method less any allowance for impairment. Amortized cost is calculated taking into account any discount or premium on acquisition and includes fees that are integral part of the effective interest rate and transaction costs. Gains and losses are recognized in the statements of comprehensive income when the receivables are derecognized or impaired, as well as through the amortized process.

3.7 Inventories

Inventories are assets held for sale in the ordinary course of business, in the process of production for such sale or in the form of materials or supplies to be consumed in the production process or in the rendering of services.

Inventories are stated at the lower of cost and net realizable value (NRV). Cost is calculated using the weighted average method. NRV represents the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

When the NRV of the inventories is lower than the cost, the Group provides for an allowance for the decline in the value of the inventory and recognizes the write-down as an expense in profit or loss. The amount of any reversal of any write-down of inventories, arising from an increase in net realizable value, is recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

When inventories are used and sold, the carrying amount of those inventories is recognized as an expense in the period in which the related revenue is recognized.

3.8 Assets held for sale

Assets are classified as assets held-for-sale and stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered primarily through a sale transaction rather than continuing use. When the sale is expected to occur beyond one year, the entity shall measure the costs to sell at their present value. Any increase in the present value of the cost to sell that arises from the passage of time shall be presented as part of the operating expenses in profit or loss.

An impairment loss is recognized for any initial or subsequent write-down of the asset to fair value less costs to sell. The Group recognizes a gain for any subsequent increase in fair value less costs to sell of an asset, not in excess of the cumulative impairment loss that has been recognized.

Once classified as held-for-sale, property and equipment are no longer amortized or depreciated and any equity-accounted investee is no longer equity accounted.

When changes to the plan of sale are made and the Group ceases to classify the asset as held-for-sale, the Group remeasures the asset at the lower of its carrying amount before the asset was classified as held-for-sale, adjusted for any depreciation, amortization or revaluation that would have been recognized had the asset not been classified as held-for-sale, and its recoverable amount at the date of the subsequent decision not to sell. Gain or loss recognized on measurement of a non-current asset classified as held-for-sale is presented under the operating income (expense) in the consolidated statements of comprehensive income.

An item of asset held-for-sale is derecognized when either it has been disposed of or when it is permanently withdrawn from use and no future economic benefits are expected from its use or disposal. Any gain or loss arising on the retirement and disposal of an item of asset held-for-sale (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period of retirement or disposal.

3.9 Prepayments and other current assets

This account comprises of prepayments, prepaid taxes and input taxes. Prepayments are expenses paid in advance and recorded as assets before they are utilized. Prepayments that are expected to be realized for no more than 12 months after the reporting period are classified as current assets; otherwise, these are classified as other noncurrent asset.

Prepaid taxes pertain to the amount withheld by suppliers which can be applied against income tax due. It is carried at face value less allowance for unrecoverable tax credits. The Group maintains an allowance for the amount which can no longer be claimed or applied against income tax due.

3.10 Property and equipment

Property and equipment, except land, are recorded at cost less accumulated depreciation, and impairment losses, if any. The initial cost of property and equipment consists of its purchase, including import duties taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Land is stated at cost less any impairment in value.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance costs are charged to profit or loss during the period in which these are incurred.

Major renovations are depreciated over the remaining useful life of the related asset or to the date of the next major renovation, whichever is sooner.

Construction in progress represents structures under construction and is stated at cost. This includes cost of construction and other direct costs. Borrowing costs that are directly attributable to the construction of qualifying property and equipment are capitalized during the construction period. Construction in progress is not depreciated until such time that the relevant assets are ready for use.

Depreciation and amortization, which commences when the assets are available for its intended use, are calculated using the straight-line method over its estimated useful life as follows:

	<u>Number of years</u>
Building and improvements	5 to 7 years
Machinery and equipment	3 to 10 years
Transportation equipment	3 to 5 years
Furniture, fixtures and equipment	3 to 5 years
Leasehold improvement	2 to 10 years or lease term whichever is shorter

The asset's residual values, estimated useful lives and depreciation method are reviewed periodically, and adjusted if appropriate, at each reporting date to ensure that method and period of depreciation and are consistent with the expected pattern of economic benefits from items of property and equipment.

The carrying amounts of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amounts may not be recoverable.

Fully depreciated assets are retained in the accounts until they are no longer in use.

An item of property, and equipment is derecognized when either it has been disposed of or when it is permanently withdrawn from use and no future economic benefits are expected from its use or disposal. Any gain or loss arising from the retirement and disposal of an item of property, and equipment (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in the consolidated statements of comprehensive income in the period of retirement and disposal.

3.11 Other assets

Other assets pertain to other resources controlled by the Group as a result of past events. They are recognized in the financial statements when it is probable that the future economic benefits will flow to the Group and the asset has a cost or value that can be measured reliably.

Other assets are classified in the statements of financial position as current assets when the cost of goods or services related to the assets are expected to be incurred within one year or the Group's normal operating cycle, whichever is longer.

Other recognized assets of similar nature, where future economic benefits are expected to flow to the Group beyond one year after the end of the reporting period (or in the normal operating cycle of the business, if longer), are classified as noncurrent assets.

3.12 Impairments of non-financial assets

General

The carrying amounts of prepaid expenses and other current assets, asset held-for-sale, right-of-use asset and property and equipment, are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists, and if the carrying amount exceeds the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amounts. The recoverable amount of the asset is the greater of fair value less costs to sell and value in use. The fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments 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 are recognized in profit or loss in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss. After such reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

3.13 Employee benefits

Short-term Employee Benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Retirement Benefits

The Group is covered by a noncontributory defined benefits retirement plan. The net retirement benefits liability or asset is the aggregate of the present value of the defined benefits obligation at the end of the reporting period reduced by the fair value of plan assets.

Retirement benefits costs comprise the following:

Service cost

Service costs which include current service costs, past service costs and gains or losses on non-routine settlement are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs.

Net interest on the net defined benefits liability or asset

Net interest on the net defined benefits liability or asset is the change during the period in the net defined benefits liability or asset that arises from the passage of time which is determined by applying the discount rate based on the government bonds to the net defined benefits liability or asset. Net interest on the net defined benefits liability or asset is recognized as expense or income in profit or loss.

Remeasurements of net defined benefits liability or asset

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefits liability) are recognized immediately in OCI in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods. These are retained in OCI until full settlement of the obligation.

When the benefits of a plan are changed, or when a plan is curtailed, the resulting change in benefits that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefits retirement plan when the settlement occurs.

3.14 Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any noncash assets transferred or liabilities assumed, is recognized in profit or loss as other income or finance costs.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognized in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

3.15 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other borrowing costs are expensed in the period in which they are incurred.

3.16 Revenue recognition

The Group recognizes revenue from contracts with customers when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, excluding amounts collected on behalf of third parties.

The transfer of control can occur over time or at a point in time. Revenue is recognized at a point in time unless one of the following criteria is met, in which case it is recognized over time: (a) the customer simultaneously receives and consumes the benefits as the Group performs its obligations; (b) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or (c) the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Revenue from contracts with customers

The Group is principally engaged in the business of producing paper-based products. Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

The Group assesses its revenue arrangements to determine if it is acting as principal or agent. The Group has concluded that it acts as a principal as it controls the goods or services before transferring to the customer.

Revenue Streams

The following specific recognition criteria must also be met before revenue is recognized:

Revenue from Product Sales

The Group manufactures and sells a wide range of paper, cartons and packaging materials in the domestic and international markets. Revenue from product sales is recognized at the point in time when control of the goods is transferred to the buyer, which is normally upon delivery of the goods. Trade discounts are determined at inception of the contract and is not subject to variability. Returns do not result to significant variable consideration. The general payment terms with customers are cash upon order and credit terms which generally ranges from 30 to 90 days from invoice date.

Variable Consideration - Discounts

In the normal course of business, the Group provides incentives such as discounts to customers which are typically considered in the determination of consideration or prices to be charged to the customers of the date of transaction. There are no variable consideration that is dependent upon fulfillment of certain conditions in the future that may result to reversal of revenue.

Service Income

Service income represents revenue from tolling and is recognized over time, which is upon rendering of services to a customer through processing of the raw materials into finished goods, to which the customer simultaneously receives and consumes the benefits provided by the Group. Revenue is measured based on customer-approved output per month.

Rental Income

Rental income arising from certain machinery and equipment is accounted for on a straight-line basis over one year. Lease incentives granted are recognized as an integral part of the total rent income over the term of the lease.

Interest Income

Interest income on bank deposits, net of withholding tax, and other income are recorded when earned.

Other Income

Revenue is recognized when earned.

Contract balances

Receivable from customers

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).

Contract assets

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

Contract liabilities

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

3.17 Cost and expenses recognition

Costs and expenses are decreases in economic benefits during the reporting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decreases in equity, other than those relating to distributions to equity participants. Cost and expenses are recognized when incurred are presented in profit or loss using function of expense method.

3.18 Related party transactions and relationship

Related party relationship exists when one party has the ability to control, directly, or indirectly through one or more intermediaries, the other party or exercise 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 enterprise, or between, and/or among the reporting enterprise and its key management personnel, directors, or its shareholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form. Related parties may be individuals or corporate entities.

Due to/from related parties are non-interest-bearing borrowings. These are measured initially at their nominal values and subsequently recognized at amortized costs less settlement payments.

3.19 Equity

Share capital is measured at par value for all shares issued. When the shares are sold out at a premium, the difference between the proceeds and the par value is credited to the “Share Premium” account. When shares are issued for a consideration other than cash, the proceeds are measured by the fair value of the consideration received. In case the shares are issued to extinguish or settle the liability of the Group, the shares shall be measured either at the fair value of the shares issued or fair value of the liability settled, whichever is more reliably determinable.

Incremental costs incurred directly attributable to the issuance of new shares are shown in equity as a deduction from proceeds, net of tax.

Retained earnings represent the cumulative balance of periodic net income or loss, dividend distribution, prior period adjustments, effect of changes in accounting policy and other capital adjustments. When retained earnings account has a debit balance, it is called “deficit”, and presented as a deduction from equity.

Dividends are recognized when they become legally payable. Dividend distribution to equity shareholders is recognized as liability in the Group’s consolidated financial statements in the period in which the dividends are declared and approved by the Group’s Board of Directors.

3.20 Income taxes

Current income tax

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

Current income tax relating to items recognized directly in equity is recognized in equity and not in the statements of comprehensive income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on all temporary differences between the tax bases of assets and liabilities and their carrying amounts for reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interest in joint ventures, when timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry-forward of unused tax credits from excess minimum corporate income tax (MCIT) and net operating loss carry over (NOLCO), and any unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits from MCIT and NOLCO and unused tax losses can be utilized, except:

- When the deferred tax asset relating to the deductible temporary differences arises from the 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 taxable profit (or loss).
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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

Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend to either settle the liabilities simultaneously.

3.21 Value added taxes (VAT)

Revenues, expenses, and assets are recognized net of the amount of VAT except:

- Where the sales tax incurred on a purchased of assets or services is not recoverable from the taxation authority, in which case the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of VAT included.

3.22 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in PFRS 16.

This policy is applied to contracts entered into, on or after January 1, 2019.

Group as Lessor

The Group determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, the lease is classified as a finance lease; if not, it is classified as an operating lease. As part of the assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Group applies the recognition exemption, it classifies the sublease as an operating lease.

If an arrangement contains lease and non-lease components, the Group applies PFRS 15, Revenue from Contracts with Customers to allocate the consideration in the contract.

The Group recognizes lease payments received under operating leases as rent income on a straight-line basis over the lease term.

Group as a Lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

i. ROU Asset

The Group recognizes a ROU asset (i.e., the date the underlying assets is available for use) at the lease commencement date. The ROU asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The ROU asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the ROU asset reflects that the Group will exercise a purchase option. In that case, the ROU asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the ROU asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

ii. Lease Liability

At commencement date, the lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the ROU asset or is recorded in profit or loss if the carrying amount of the ROU asset has been reduced to zero. In the case of modification that is not accounted for as a separate lease and which decreases the scope of the lease, the carrying amount of the ROU asset is decreased to reflect partial or full termination and any gain or loss is recognized in profit or loss. A lease modification is accounted for as a separate lease if it adds the ROU to one or more underlying assets and the increase in consideration is commensurate with the stand-alone selling price for the increase in scope and any appropriate adjustments to reflect circumstances of the contract.

iii. Short-term Leases and Lease of Low-value Assets

The Group has elected not to recognize ROU assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

3.23 Provisions and contingencies

Provisions

Provisions are recognized when: (a) the Group has a present obligation (legal or constructive) as a result of past events; (b) it is probable (i.e., more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate of the amount of the obligation can be made. Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognized as a separate asset only when it is virtually certain that reimbursement will be received. The amount recognized for the reimbursement shall not exceed the amount of the provision. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense.

Contingencies

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

3.24 Group's operating segments

The Group's operating segments are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

SCPC is the only operating subsidiary of STN prior to the acquisition of SMPC. SCPC's activity after it ceased its packaging operations in 2006 is limited to leasing of properties. SMPC, on the other hand, was acquired on December 29, 2020. As such, SMPC's results of operations in 2020 were considered as pre-acquisition and were not consolidated in the consolidated statements of comprehensive income. Given the foregoing, SCPC's leasing business with SMPC represents the only reportable segment of the Group in 2020 and 2019. Following the acquisition of SMPC in 2020, the Group has only one business segment which is related to SMPC's packaging business.

3.25 Earnings per share (EPS) attributable to equity holders

Basic EPS is calculated by dividing the profit attributable to the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the Group and held as treasury shares. Diluted EPS is calculated by adjusting the weighted average number of ordinary shares outstanding and assume conversion of all dilutive potential ordinary shares.

If the number of ordinary or potential shares outstanding increases as a result of a capitalization, bonus issue or share split, or decreases as a result of a reverse share split, the calculation of basic and diluted EPS for all periods presented shall be adjusted retrospectively. If these changes occur after the reporting period but before the financial statements are authorized for issue, the per share calculations for those and any prior period financial statements presented shall be based on the new number of shares.

The Group has no dilutive potential common shares outstanding.

3.26 Events after the end of the reporting period

Post year-end that provides additional information about the Group's position at the balance sheet date (adjusting events), are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes when material.

NOTE 4 – MANAGEMENT'S USE OF JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the consolidated financial statements in accordance with PFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the amounts of assets, liabilities, income and expenses reported in the consolidated financial statements at the reporting date. However, uncertainty about these judgments, estimates and assumptions could result in an outcome that could require a material adjustment to the carrying amount of the affected asset or liability in the future.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions are recognized in the period in which the judgments and estimates are revised and in any future period affected.

Judgments

In the process of applying the 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:

Functional Currency. Based on the economic substance of the underlying circumstances relevant to the Group, the functional currency has been determined to be the Philippine Peso. It is the currency that mainly influences the sales price of services of the Group and the costs of providing these services.

Operating Lease Commitments - Group as Lessor. The Group has entered into an operating lease agreement as a lessor. The Group had determined that it retains all the significant risks and rewards of ownership of the properties leased out on the operating lease.

Rent income recognized in profit or loss amounted to nil both in 2024 and 2023, and ₱5.38 million in 2022, respectively.

Incremental Borrowing Rate on Leases. The Group cannot readily determine the interest rate implicit in the leases. Therefore, it uses its relevant incremental borrowing rate to measure lease liabilities.

The incremental borrowing rate is the rate of interest that the Group 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 incremental borrowing rate, therefore, reflects what the Group would have to pay, which requires estimation when no observable rates are available and to make adjustments to reflect the terms and conditions of the lease. The Group estimates the incremental borrowing rate using observable inputs (such as market interest rates) when available and is required to consider certain contract and entity-specific estimates.

The Group's lease liabilities amounted to ₱15.157 million, and ₱22.215 million, as at December 31, 2024, and 2023, respectively.

Determining the Lease Term of Contracts with Renewal Options - Group as Lessee

The Group has a lease contract that include extension options. At lease commencement date, the Group applies judgment in evaluating whether it is reasonably certain to exercise the option to renew the lease by considering all relevant factors that create an economic incentive for it to exercise the renewal option. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or change in circumstances within its control.

Classification of Financial Instruments. The Group exercises judgments in classifying financial instrument or its component parts, on initial recognition as a financial asset, a financial liability, or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial asset, a financial

liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the consolidated statements of financial position.

The Group uses its judgment in determining the classification of financial assets based on its business model in which assets are managed and their cash flow characteristics. The classification and fair values of financial assets and financial liabilities are presented in Note 6.

Business Model. The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to the management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- How the performance of the portfolio is evaluated and reported to the Company's management;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- How managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future salary activity.

Cash Flow Characteristics - Payments of Principal and Interest. For the purposes of this assessment, "principal" is defined as the fair value of the financial asset on initial recognition. "Interest" is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basis lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of the contractual cash flows such that it would not meet these conditions. In making this assessment, the Group considers:

- Contingent events that would change the amount or timing of cash flows;
- Terms that may adjust the contractual coupon rate, including variable rate features;
- Prepayment and extension features; and
- Terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

The Group determines that the business model for financial assets at amortized cost is held to collect contractual cash flows and meets the solely principal and interest criterion as at December 31, 2024, and 2023.

Determining whether the Group is Acting As a Principal or Agent in a Revenue Transaction. The determination of whether the Group acts as a principal or agent in a contract is made by identifying each specified service promised to the customers in the contract and evaluating whether the Group obtains control of the specified service before it is transferred to the customer.

The Group determined that it acts as a principal in its revenue transactions.

Measurement of Fair Values. A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group uses market observable data when measuring the fair value of an asset or liability. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques.

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy based on the lowest level input that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

The fair values of the Group's financial instruments are disclosed in Note 6.

Estimates and Assumptions

The key estimates and assumptions used in the consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the consolidated financial statements. Actual results could differ from such estimates.

Acquisition Accounting. At the time of acquisition, the Group considers whether the acquisition represents an acquisition of a business or a group of assets. The Group accounts for an acquisition as a business combination if it acquires an integrated set of business processes in addition to the group of assets acquired.

The Group accounts for acquired businesses using the acquisition method of accounting which requires that the assets acquired and the liabilities assumed are recognized at the date of acquisition based on their respective fair values.

The application of the acquisition method requires certain estimates and assumptions concerning the determination of the fair values of acquired assets as well as liabilities assumed at the acquisition date. Moreover, the useful lives of the acquired intangible assets, if any, and property and equipment have to be determined. Accordingly, for significant acquisitions, the Group obtains assistance from valuation specialists. The valuations are based on information available at the acquisition date.

The Group has determined that the acquisition of SMPC represents a business due to the presence of the integrated set of activities acquired.

In 2020, the Group recognized a gain amounting to ₱267.46 million resulting from the acquisition of SMPC. (Note 5)

Assessment of ECL Allowance on Receivables. The Group, applying the simplified approach in the computation of ECL, initially uses a provision matrix based on historical default rates for trade and other receivables. The Group also uses appropriate groupings if its historical credit loss experience shows significantly different loss patterns for different customer segments. The Group then adjusts the historical credit loss experience with forward-looking information on the basis of current observable data affecting each customer segment to reflect the effects of current and forecasted economic conditions.

The Group adjusts historical default rates to forward-looking default rate by determining the closely related economic factor affecting each customer segment. The Group regularly reviews the methodology and assumptions used for estimating ECL to reduce any differences between estimates and actual credit loss experience. The determination of the relationship between historical default rates and forecasted economic conditions is a significant accounting estimate.

The Group has assessed that the forward-looking default rate component of its ECL on receivables are not material because substantial amounts of receivables has been collected. Moreover, based on management's assessment, current conditions and forward-looking information does not indicate a significant increase in credit risk exposure of the Group from its receivables.

Allowance for impairment losses in receivables amounted to ₱107.408 million and ₱77.523 million as at December 31, 2024, and 2023. The carrying amounts of receivables amounted to ₱737.37 million and ₱852.71 million as at December 31, 2024, and 2023, respectively. (Note 9)

Assessment for ECL on Other Financial Assets at Amortized Cost. The Group determines the allowance for ECL using general approach based on the probability-weighted estimate of the present value of all cash shortfalls over the expected life of financial assets at amortized cost. ECL is provided for credit losses that result from possible default events within the next 12-months unless there has been a significant increase in credit risk since initial recognition in which case ECL is provided based on lifetime ECL.

When determining if there has been a significant increase in credit risk, the Company considers reasonable and supportable information that is available without undue cost or effort and that is relevant for the particular financial instrument being assessed such as, but not limited to, the following factors:

- Actual or expected external and internal credit rating downgrade;
- Existing or forecasted adverse changes in business, financial or economic conditions; and
- Actual or expected significant adverse changes in the operating results of the borrower.

The Group has assessed that the ECL on other financial assets at amortized cost is not material because the transactions with respect to these financial assets were entered into by the Group only with reputable banks. Accordingly, no additional provision of ECL on other financial assets at amortized cost was recognized in 2024 and 2023. The carrying amounts of other financial assets at amortized cost are as follows:

	<u>2024</u>	<u>2023</u>
Cash in banks	₱ 67,152	₱ 112,951
Receivables – net	737,367	852,652
Refundable security deposits	<u>17,675</u>	<u>13,099</u>
	<u>₱ 822,194</u>	<u>₱ 978,758</u>

Estimating Allowance for Inventory Obsolescence. The Group's inventories are written down to their net realizable value (NRV) whenever their NRV fall below carrying amounts due to physical damage, obsolescence or adverse changes in prices. In determining NRV, management considers estimated selling price of inventories less the estimated costs of completion and the estimated costs necessary to make the sale.

Allowance for inventory obsolescence amounted to ₱3.336 million and ₱26.819 million as at December 31, 2024, and 2023.

The carrying amounts of inventories amounted to ₱2,645.32 million and ₱2,040.58 million as at December 31, 2024, and 2023, respectively.

Estimation of Useful Lives of Property and Equipment

The Groups estimates the useful lives of property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets.

In addition, estimation of the useful lives of property and equipment is based on collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future financial performance could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of property and equipment would increase recorded costs and expenses and decrease noncurrent assets.

There was no change in the estimated useful lives of property and equipment in 2024 and 2023.

The carrying amount of the Group's property and equipment amounted to ₱828.093 million and ₱775.385 million as at December 31, 2024, and 2023, respectively.

Determination of Impairment on Nonfinancial Assets

FRS requires that an impairment review be performed on prepaid expenses and other current assets, asset held-for-sale, right-of-use asset and property and equipment when events or changes in circumstances indicate that the carrying amount may not be recoverable. Determining the recoverable amounts of these assets requires the estimation of cash flows expected to be generated from the continued use and ultimate disposition of such assets. While it is believed that the assumptions used in the estimation of fair values reflected in the consolidated financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable amounts and any resulting impairment loss could have a material adverse impact on the financial performance.

Based on the assessment of the Group, certain nonfinancial assets are to be provided with allowance for impairment.

Allowance for impairment losses on advances to suppliers amounted to ₱1.843 million as at December 31, 2024, and 2023.

No impairment loss was recognized on right-of use assets and property and equipment as at December 31, 2024, and 2023.

Present Value of Defined Benefit Retirement Obligation

The present value of the defined benefit retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. These assumptions are described in note to the financial statements and include discount rate and salary increase rate.

The Group determines the appropriate discount rate at the end of each reporting period. It is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the retirement obligations. In determining the appropriate discount rate, the Group considers the interest rates on government bonds that are denominated in the currency in which the benefits will be paid. The terms to maturity of these bonds should approximate the terms of the related retirement obligation.

Other key assumptions for the defined benefit retirement obligation are based in part on current market conditions.

While it is believed that the Group's assumptions are reasonable and appropriate, significant differences in actual experience or significant changes in assumptions may materially affect the Group's defined benefit retirement obligation.

As at December 31, 2024, and 2023, retirement benefits liability amounted to ₱21.204 million and ₱13.940 million, respectively. Retirement benefits expense amounted to ₱2.983 million, ₱4.036 million, and ₱1.36 million in 2024, 2023, and 2022, respectively. (Note 26)

Estimation of Realizability of Deferred Tax Assets

The Group reviews its deferred tax assets at each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. The Group's assessment on the recognition of deferred tax assets on deductible temporary differences and carry-forward benefits of NOLCO is based on the projected taxable income in the following periods.

Deferred tax assets amounting to ₱24.937 million and ₱24.325 million as at December 31, 2024, and 2023, respectively, related to the acquired deferred tax assets of SMPC. Deferred tax assets of STN and SCPC have not been recognized as at December 31, 2024 and 2023 because management believes that it is not probable that future taxable profit will be available against which the deferred tax assets may be utilized (Note 22).

Provisions and Contingencies

The Group, in the ordinary course of business, sets up appropriate provisions for its present legal or constructive obligations, if any, in accordance with its policies on provisions and contingencies. In recognizing and measuring provisions, management takes risks and uncertainties into account.

As of December 31, 2024, the Group has recognized provision for doubtful accounts amounting to ₱29.885 million.

NOTE 5 – BUSINESS COMBINATION

On December 29, 2020, the Group acquired 269,250,000 shares of SMPC, representing 100% equity interest in SMPC, in exchange for the 269,250,000 shares of stock of the Parent Company, issued at par value of ₱1.

The following summarizes the recognized provisional and final amounts of assets acquired and liabilities assumed at acquisition date:

	Provisional Amount	Fair Value Adjustment	Final Amount
Assets			
Cash	₱ 34,257	₱ -	₱ 34,257
Receivables	336,333	-	336,333
Inventories	671,367	-	671,367
Prepaid expenses and other current assets	27,822	-	27,822
Property and equipment	323,705	155,924	479,629
Right-of-use asset	5,767	86	5,853
Advances to third parties	1,060	-	1,060
Deferred tax assets	19,779	-	19,779
Input value-added taxes	12,847	-	12,847
Refundable security deposits	1,343	-	1,343
	<u>₱ 1,434,280</u>	<u>₱ 156,010</u>	<u>₱ 1,590,290</u>
Liabilities			
Trade payables and other current liabilities	₱ 537,866	₱ -	₱ 537,866
Loans payable	346,247	-	346,247
Amounts owed to related parties	108,653	-	108,653
Lease liabilities (including current portion)	6,283	(217)	6,066
Income tax payable	114	-	114
Deferred tax liability	-	46,777	46,777
Retirement benefits liability	7,858	-	7,858
	<u>₱ 1,007,021</u>	<u>₱ 46,560</u>	<u>₱ 1,053,581</u>
Total Identifiable Net Assets	<u>₱ 427,259</u>	<u>₱ 109,450</u>	<u>₱ 536,709</u>

Provisional and final gain as a result of the acquisition of a subsidiary follows:

	Provisional Amount	Fair Value Adjustment	Final Amount
Consideration transferred:			
Capital stock	₱ 269,250	₱ -	₱ 269,250
Total identifiable net assets	<u>427,259</u>	<u>109,450</u>	<u>536,709</u>
Gain on acquisition	<u>₱ 158,009</u>	<u>₱ 109,450</u>	<u>₱ 267,459</u>

As a result of adjustments to correct the fair values of properties and equipment acquired, the resulting gain in acquisition increased by ₱109.450 million. Accordingly, the gain on the acquisition of SMPC amounted to ₱267.459 million and recognized as "Gain in acquisition of a subsidiary" in the 2020 consolidated statement of comprehensive income.

Since SMPC was acquired on December 29, 2020, SMPC's results of operations in 2020 were considered as pre-acquisition. For the year ended December 31, 2020, the consolidated revenues and net income of the Group would have increased by ₱1,276.50 million and ₱15.94 million, respectively, had the acquisition been completed at the beginning of the reporting period.

Receivables

The fair value of receivables amounted to ₱336.333 million. The gross amounts of Receivables are ₱344.980 million, of which ₱8.646 million is expected to be uncollectible as at the acquisition date.

Acquisition-related Costs

The Group incurred acquisition-related costs of ₱5.800 million and ₱2.021 million for the years ended December 31, 2021 and 2020, respectively, which have been included in the "Operating expenses" account in the consolidated statements of comprehensive income.

NOTE 6 – FINANCIAL RISK AND CAPITAL MANAGEMENT OBJECTIVES AND POLICIES

Objectives and Policies

The Group's financial assets and liabilities, comprising mainly of cash in banks, receivables, investments in equity instruments, refundable security deposits, trade payables and other current liabilities, amounts owed to related parties, lease liabilities and loans and borrowings, are exposed to a variety of financial risks: liquidity risk, credit risk and market risk (includes foreign currency risk, and interest rate risk). Management ensures that it has sound policies and strategies in place to minimize potential adverse effects of these risks on the Group's financial performance.

Risk management is carried out through the policies approved by the BOD. They identify and evaluate financial risk. The BOD provides principles on overall risk management and on specific areas such as liquidity risk, credit risk and market risk.

Liquidity Risk

Liquidity risk pertains to the failure of the Group's to discharge its obligations and commitments. The tight cash position limits its obligation to take advantage of increasing demands. The Group's financial liabilities include trade payables and other current liabilities, amounts owed to related parties, lease liabilities and loans and borrowings.

The Group regularly monitors its cash position, continuously negotiates with creditors for new credit terms and depends on the financial support from its operating subsidiary and shareholders to meet its obligation as they fall due.

In December 2020, significant amount of the Group's borrowings was converted into equity. The remaining assets subject to dacion en pago under the provisions of the Amended Agreement pertain to investment in preferred shares of SLC with fair value of ₱190 million with reference to the municipality zonal value of land owned by SLC. In 2023, this transaction was completed and the balance of borrowings was paid in full.

Credit Risk

Credit risk is the risk of financial loss to the Group if a counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises from deposits with banks and receivables. Cash transactions are limited to high-credit-quality financial institutions.

The Group has established controls and procedures in its credit policy to determine and monitor the credit worthiness of its counterparties. The Group manages its credit risk mainly through the application of transaction limits and close risk monitoring. It is the Group's policy to enter into transactions with a wide diversity of creditworthy counterparties to mitigate any significant concentration of credit risk.

The gross maximum exposure of the Group to credit risk as at December 31, 2024 and 2023, without considering the effects of collaterals and other risk mitigation techniques, is presented below.

Particulars	2024	2023
Cash in banks	₱ 67,152	₱ 112,951
Receivables	737,367	852,652
Refundable security deposits	<u>17,105</u>	<u>13,099</u>
Total	₱ <u>821,624</u>	₱ <u>978,758</u>

The credit risk for cash in banks is considered negligible, since the counterparties are reputable entities with high quality external credit ratings.

The Group's exposure to credit risk arises from default of counterparty. Generally, the maximum credit risk exposure of receivables is its carrying amount without considering collaterals or credit enhancements, if any.

The Group does not execute any credit guarantee in favor of any counterparty.

Cash in Banks

Cash in banks are held with counterparties with high external credit ratings. The credit quality of these financial assets is considered to be high grade. Impairment on cash in banks has been measured on a 12-month ECL basis and reflects the short maturities of the exposures. The Group considers that its cash in banks have low credit risk based on the external credit ratings of its counterparties.

Receivables

The exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence credit risk of the Group's customer base.

The Group has established a credit policy under which each new customer is analyzed individually for creditworthiness before the standard payment and delivery terms and conditions are offered. The Group ensures that sales on account are made to customers with appropriate credit history. The Group has detailed credit criteria and several layers of credit approval requirements before engaging a particular customer or counterparty. The review includes external ratings, when available, and in some cases bank references. Purchase limits are established for each customer and are reviewed on a regular basis. Customers that fail to meet the benchmark creditworthiness may transact with the Group only on a prepayment basis.

Refundable Security Deposits

Deposits on property leased by the Group are generally refundable at the end of the term. The Group is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Based on historical information, management consider the credit quality of refundable deposits to be good.

Credit Quality and Expected Credit Loss Assessment

In monitoring and controlling credit extended to counterparty, the Group adopts a comprehensive credit rating system based on financial and non-financial assessments of its customers. Financial factors being considered comprised of the financial standing of the customer while the non-financial aspects include but are not limited to the assessment of the customer's nature of business, management profile, industry background, payment habit and both present and potential business dealings with the Group.

The table below shows the credit quality of the Group's financial assets as at:

2024	High Grade	Medium Grade	Low Grade	Total
Cash in banks	₱ 67,152	₱ -	₱ -	₱ 67,152
Trade and other receivables	-	629,959	107,408	737,367
Refundable deposits	-	<u>17,675</u>	-	<u>17,675</u>
Totals	₱ <u>67,152</u>	₱ <u>647,634</u>	₱ <u>107,408</u>	₱ <u>822,194</u>

<u>2023</u>	<u>High Grade</u>	<u>Medium Grade</u>	<u>Low Grade</u>	<u>Total</u>
Cash in banks	₱ 112,951	₱ -	₱ -	₱ 112,951
Trade and other receivables	-	775,129	77,523	852,652
Refundable deposits	-	13,099	-	13,099
Totals	₱ 112,951	₱ 788,228	₱ 77,523	₱ 978,702

The Group classifies its receivables into the following credit grades:

High Grade – This pertains to accounts with a very low probability of default as demonstrated by the customer/debtor long history of stability, profitability and diversity. The customer/debtor has the ability to raise substantial amounts of funds through the public markets. The customer/debtor has a strong debt service record and a moderate use of leverage.

Medium Grade – The customer/debtor has no history of default. The customer/debtor has sufficient liquidity to fully service its debt over the medium term. The customer/debtor has adequate capital to readily absorb any potential losses from its operations and any reasonably foreseeable contingencies. The customer/debtor reported profitable operations for at least the past 3 years.

Low Grade – The customer/debtor is expected to be able to adjust to the cyclical downturns in its operations. Any prolonged adverse economic conditions would however ostensibly create profitability and liquidity issues. Operating performance could be marginal or on the decline. The customer/debtor may have a history of default in interest but must have regularized its service record to date.

The table below presents the Group's exposure to credit risk and shows the credit quality of the financial assets by indicating whether the financial assets are subjected to 12-month ECL or lifetime ECL. Assets that are credit-impaired are separately presented.

	Financial Assets at Amortized Cost			
	12-month ECL	Lifetime ECL- not credit impaired	Lifetime ECL- credit impaired	Total
December 31, 2024				
Cash in banks	₱ 67,152	₱ -	₱ -	₱ 67,152
Receivables	-	629,959	107,408	737,367
Refundable security deposits	-	-	-	17,675
Total	₱ 67,152	₱ 629,259	₱ 107,408	₱ 822,194
	Financial Assets at Amortized Cost			
	12-month ECL	Lifetime ECL- not credit impaired	Lifetime ECL- credit impaired	Total
December 31, 2023				
Cash in banks	₱ 112,951	₱ -	₱ -	₱ 112,951
Receivables	-	775,129	77,523	852,652
Refundable security deposits	11,362	1,737	-	13,099
Total	₱ 124,313	₱ 776,866	₱ 77,523	₱ 978,702

The Group believes that the unimpaired amounts are past due by more than 60 days are still collectible based on historical payment behavioral analyses of the underlying counterparties' credit ratings.

Credit Risk Concentration

The Group's exposure to credit risk arises from default of counterparty. Generally, the maximum credit risk exposure of receivables is its carrying amount without considering collaterals or credit enhancements, if any. The Group has no significant concentration of credit risk since the Group deals with a large number of homogenous trade customers as at December 31, 2021. However, in 2024 and 2023, a customer accounted for more than 30% of the total revenues and receivables. The Group does not execute any credit guarantee in favor of any counterparty.

Market Risk

Market risk is the risk that the changes in market prices, such as foreign exchange rates, interest rates and other market prices, will affect the Group's income or the value of its holdings in financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Foreign Currency Risk

Foreign currency risk is the risk that the values of the financial assets and financial liabilities will fluctuate due to changes in foreign exchange rate. The Group's exposure to foreign exchange risk results from its business transactions and assets and liabilities denominated in foreign currencies.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of each reporting period are as follows:

Particulars	2024	
	USD	Peso equivalent
Cash in banks	\$ 379	₱ 21,988
Receivables – net	5,870	340,163
Loans payable	(1,625)	(94,169)
Total	\$ 4,624	₱ 267,982

*Exchange rate used is USD1=₱57.95 as of December 31, 2024

Particulars	2023	
	USD	Peso equivalent
Cash in banks	\$ 915	₱ 50,649
Receivables – net	6,134	339,507
Loans payable	(2,000)	(110,700)
Total	\$ 5,049	₱ 279,456

*Exchange rate used is USD1=₱55.35 as of December 31, 2023

The following table demonstrates the sensitivity to a reasonably possible change in the US dollar exchange rates, with all other variables held constant, of the Group's income before income tax.

	Appreciation/ Depreciation of foreign currency	Effect on Income Before tax
US Dollar 2024	+1%	₱ 2,658
	-1%	(2,658)
2023	+1%	2,801
	-1%	(2,801)

The analysis above is based on the forecasted foreign currency exchange rate to be reasonably possible at end of the next reporting period.

Interest Rate Risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposures to interest rate risk relates primarily to the Group's loans and borrowings. The Group's exposure to changes in interest rates relates mainly to the long-term loan drawn from a local bank in 2021 with a floating interest rate based on the prevailing market rate at each repricing date. The Group's short-term loans have fixed interest rates over the term of the loan.

Share Price Changes of Investments in Equity Instruments

The Group has investments in equity instruments traded in the Philippine Stock Exchange and are exposed to share price changes. Share price changes of investments in equity instruments arises from future commercial transactions and recognized assets and liabilities.

The following table demonstrates the sensitivity to a reasonably possible change in the fair value of investments in equity instruments, with all other variables held constant:

	Effect on Equity			
	2024		2023	
	3% Increase	3% Decrease	6% Increase	6% Decrease
Investment in equity instruments	₱ 6,378	₱ (6,378)	₱ 8,144	₱ (8,144)

Fair Value Estimation of Financial Assets and Liabilities

Cash in Banks and Receivables. The carrying amounts of cash in banks and receivables approximate fair values due to the relatively short-term maturities of these financial instruments.

Investments in Equity Instruments. The fair value of quoted investments in equity instruments is determined by reference to their quoted bid prices at the reporting date (Level 1). The fair values of golf shares and country club memberships are based on cost since there is no realizable basis for fair value.

The Group does not have financial assets classified under Level 2 and 3.

Refundable Security Deposits. The carrying amount of refundable security deposits approximate the fair value, since the Group does not anticipate the carrying amount to be significantly different from the actual value that these deposits would be eventually collected.

Trade Payables and Other Current Liabilities, Amounts Owed to Related Parties and Current Portion of Loans and Borrowings. The carrying amounts of trade payables and other current liabilities, amounts owed to related parties and current portion of borrowings approximate fair value due to the relatively short-term maturities of these financial instruments.

Borrowings, Net of Current Portion. Borrowings, net of current portion are reported at their present values, which approximate the cash amounts that would fully satisfy the obligations as of reporting date. The carrying amount of long-term loans payable with floating interest rate with monthly repricing approximates its fair value.

Capital Management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The Group manages its capital structure and makes adjustments in the light of changes in economic conditions.

The BOD has overall responsibility for monitoring capital in proportion to risk. Profiles for capital ratios are set in the light of changes in the Group's external environment and risks underlying the Group's business, operation and industry.

The Group monitors capital on the basis of debt-to-equity ratio, which is calculated as total debt divided by total equity. Total debt is defined as total liabilities. While equity is total equity as shown in the consolidated statements of financial position. The Parent Company being a listed entity is covered by the PSE requirement of 10% minimum public ownership. The Parent Company is under suspended trading status in PSE since 2006 pursuant to the PSE's Implementing Guidelines for Companies under Corporate Rehabilitation when the Company notified the PSE in a disclosure that the stockholders have approved entering into rehabilitation proceedings (Note 1).

There were no changes in the Group's approach to capital management during the year.

The Group is not subject to externally imposed capitalization requirements.

The Group monitors its financial leverage using the debt-to-equity which is computed as total liabilities divided by total equity as shown in the table below:

	<u>2024</u>	<u>2023</u>
Total liabilities	₱ 3,718,495	₱ 3,364,214
Total equity	<u>972,645</u>	<u>859,686</u>
Debt-to-equity ratio	<u>3.8231:1</u>	<u>3.9133:1</u>

NOTE 7 – CASH

As of December 31, the account consists of:

	<u>2024</u>	<u>2023</u>
Cash on hand	₱ 110	₱ 90
Cash in bank	<u>67,152</u>	<u>112,951</u>
Total	<u>₱ 67,262</u>	<u>₱ 113,041</u>

The Group's cash in bank earns annual interest at the respective bank deposit rates.

Interest income from cash in banks amounted to ₱0.055 million, ₱0.051 million, and ₱0.038 million in 2024, 2023, and 2022, respectively (Note 21).

NOTE 8 – RECEIVABLES – NET

As of December 31, the account consists of the following:

	<u>2024</u>	<u>2023</u>
Trade receivables:		
Third parties	₱ 562,140	₱ 582,076
Related party	<u>7,522</u>	<u>58,385</u>
	<u>569,662</u>	<u>640,461</u>
Less allowance for expected credit losses on:		
Trade receivables – third parties	<u>(107,408)</u>	<u>(77,523)</u>
	<u>462,254</u>	<u>562,938</u>
Other receivables:		
Third parties	197,882	175,639
Related party	<u>77,231</u>	<u>114,075</u>
	<u>275,113</u>	<u>289,714</u>
Net	<u>₱ 737,367</u>	<u>₱ 852,652</u>

Trade receivables are non-interest bearing and are generally with 30 to 90-day term. Non-trade receivables pertain to reimbursements of costs incurred on behalf of entity under common control.

Movement of allowance for expected credit losses is as follows:

	<u>2024</u>	<u>2023</u>
January 1, Provision	₱ 77,523 <u>29,885</u>	₱ 77,523 <u>-</u>
December 31,	₱ <u>107,408</u>	₱ <u>77,523</u>

For the period ended December 31, 2024, the Group recognized additional provision for expected credit losses amounting to ₱29,885,409 which was attributed to the increase of overdue accounts in 2024 arising from 2023 billings.

In 2023, the Group identifies additional uncollectible accounts wherein the respective debtors provided a collateral to secure the debt. Hence, the Group believes that the collectability of the receivables is high and no additional allowance for expected credit losses should be recognized. For the period ended December 31, 2023, no additional provision was recognized and the allowance for expected credit losses was deemed to be sufficient.

NOTE 9 – INVENTORIES – NET

As of December 31, the account consists of:

	<u>2024</u>	<u>2023</u>
Raw material	₱ 2,312,027	₱ 1,768,884
Work-in-process	36,858	33,916
Materials and supplies	208,209	193,263
Finished goods	<u>91,561</u>	<u>71,338</u>
Total	2,648,657	2,067,401
Allowance for inventory obsolescence	<u>(3,336)</u>	<u>(26,819)</u>
Lower of cost and net realizable value	₱ <u>2,645,320</u>	₱ <u>2,040,582</u>

Allowance for inventory write down pertains to damaged raw materials and unusable or obsolete materials and supplies.

Roll-forward of allowance for inventory losses as follows:

	<u>2024</u>	<u>2023</u>
Balance at beginning of year	₱ 26,819	₱ 26,819
Reversal of previously recognized inventory losses	<u>(23,482)</u>	<u>-</u>
Balance at end of year	₱ <u>3,336</u>	₱ <u>26,819</u>

In 2024, the Group has updated the estimated among its inventories which resulted to the reversal of allowance for inventory losses amounting to ₱23.482 million attributed to the increase of estimated net realizable value as compared to the carrying value of inventories as of December 31, 2024. No additional provision for inventory losses was recognized.

In 2023, there were no additional provisions for inventory losses because the Group was able to convert the scrap into saleable items.

NOTE 10 – PREPAYMENT AND OTHER CURRENT ASSETS – NET

The account consists of:

	<u>2024</u>	<u>2023</u>
Input VAT – net	₱ 14,887	₱ 55,360
Creditable withholding taxes	87,102	72,258
Prepaid importation charges	72,498	123,729
Refundable security deposits	16,185	11,362
Advances to suppliers	1,863	1,863
Prepaid insurance	7,917	6,897
Other prepayments	<u>9,531</u>	<u>7,134</u>
Total	209,983	278,603
Less: Allowance for impairment losses and unrecoverable prepaid taxes	<u>(1,843)</u>	<u>(1,843)</u>
Net	₱ <u>208,140</u>	₱ <u>276,760</u>

Input tax is the 12% value added tax (VAT) on purchase of goods or services in the course of its trade or business. At the end of each taxable period, input tax can be applied against output tax.

Prepaid taxes include creditable withholding taxes withheld by the Group's customers which can be applied against future income tax liability. Prepaid importation charges pertain to advance payments to various suppliers of imported paper rolls.

Refundable security deposits pertain to cash deposits on container vans and leases of warehouse and office space. Security deposits on container vans are refundable upon return of container vans while security deposits on leases are refundable at the end of the lease period.

As of December 31, 2024 and 2023, refundable deposits classified as non-current asset amounted to ₱1.490 million and ₱1.738 million, respectively.

NOTE 11 – ASSETS HELD FOR SALE

Investment in associate (SLC) represents 249,500 common shares and 4,920 voting preferred shares with a par value of ₱1 per share and ₱10 per share, respectively. The Parent Company's percentage of interest in SLC is based on its direct 10.22% equity plus the 29.49% equity in SLC held by its two (2) wholly-owned subsidiaries. All the shares are included in the dacion en pago in compliance with the approved loan restructuring (Note 1). This arrangement materialized in 2010 and the amount was reclassified from investment in associate to asset held-for-sale.

The ownership of the Group in SLC is measured at lower of the carrying amount and fair value less cost to sell. In 2012, the preferred shares held by the Parent Company in SLC amounting to ₱0.049 million were transferred to Greenkraft in relation to dacion en pago (Note 1) and reduced the loan for the same amount.

As at December 31, 2012, the carrying amount of the shares related to the Parent Company's preferred shares in SLC based on par value was also reduced to ₱0.249 million after issuance of the certificate authorizing registration.

In September 2023, the remaining dacion en pago was implemented relating to the Group's shares in SLC. The Group assigned its shares in SLC with a cost of ₱72.705 million to Greenkraft as payment to its remaining balance of borrowings to Greenkraft amounting to ₱190 million. As of December 31, 2023, the Group has fully-settled its borrowings to Greenkraft.

The carrying amount related to the shares of SCPC in SLC amounted to ₱47.895 million and ₱120.600 million, respectively.

The movements and balances of the asset held-for-sale as at December 31, 2024 and 2023 are as follows:

Investment in an Associate		
Cost		
January 1, 2010	₱	386,598,000
Accumulated Share in Net Losses		
January 1, 2010		(28,012,402)
Share in financial performance for the year		<u>(55,196,859)</u>
		<u>(83,209,261)</u>
Allowance for impairment		<u>(182,338,000)</u>
Carrying amount reclassified as asset held-for-sale in 2010	₱	121,050,739
Assigned/written-off in 2012		<u>(450,000)</u>
Balance since 2012	₱	<u>120,600,739</u>
		2024
		2023
Asset held-for-sale		
Beginning balance	₱	- ₱ 120,600,739
Disposal		<u>(120,600,739)</u>
Ending balance	₱	<u>- ₱ -</u>

Certificate Authorizing Registration of SCPC for the assignment of the preferred shares in SLC to Greenkraft has already been completed on June 5, 2023 after resubmission of all pertinent documents related to the deed of assignment. The transfer and issuance of new stock certificate to Greenkraft was fully consummated on September 29, 2023.

NOTE 12 – PROPERTY PLANT AND EQUIPMENT, NET

As of December 31, the account consists of:

Particulars	Land	Machinery and Equipment	Leasehold Improvements	Transportation Equipment	Furniture, Fixtures and Equipment	Building and Improvements	Construction in Progress	Total
Cost								
December 31, 2022	₱ 185,587	607,931	40,411	18,736	12,636	344,876	5,653	1,215,830
Additions	-	29,435	1,970	4,261	3,760	1,392	39,608	80,426
Disposals	-	-	-	(288)	-	-	-	(288)
Reclassifications	-	-	-	-	-	-	-	-
December 31, 2023	185,587	637,366	42,381	22,709	16,396	346,268	45,261	1,295,968
Additions	-	80,897	13,462	1,177	6,260	1,400	133,399	236,595
Disposals	-	-	-	-	-	-	-	-
Adjustments	-	135,390	4,345	-	1,245	(2,251)	(140,980)	(2,251)
December 31, 2024	185,587	853,653	60,188	23,886	23,901	345,417	37,680	1,530,312
Accumulated Depreciation and Amortization								
December 31, 2022	-	262,588	23,533	7,020	6,594	42,778	-	342,513
Depreciation	-	101,347	7,434	3,896	2,953	62,728	-	178,358
Disposals	-	-	-	(288)	-	-	-	(288)
December 31, 2023	-	363,935	30,967	10,628	9,547	105,506	-	520,583
Depreciation	-	104,856	6,178	3,766	4,157	63,008	-	181,965
Disposals	-	-	-	-	-	0	-	-
Adjustments	-	-	-	-	-	(328)	-	(328)
December 31, 2024	-	468,791	37,145	14,394	13,704	168,186	-	702,220
Carrying amount								
December 31, 2023	₱ 185,587	₱ 273,431	₱ 11,414	₱ 12,081	₱ 6,849	₱ 240,762	₱ 45,261	₱ 775,385
December 31, 2024	₱ 185,587	₱ 384,862	₱ 23,043	₱ 9,492	₱ 10,197	₱ 177,231	₱ 37,680	₱ 828,092

In 2021, SCPC availed of a long-term loan for the purchase of land acquired in December 2021. The acquired land serves as a security to the loan availment.

The land and improvements thereon in San Vicente, Davao del Norte and land in Carmen, Davao del Norte are subject to mortgage under the Omnibus Loan and Security Agreement (OLSA) entered by the SCPC, SMPC and another affiliate in 2021. As at December 31, 2024, and 2023, the carrying amount of mortgaged land and improvements amounted to ₱185.587 million.

Depreciation is recognized as follows:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Cost of sales	₱ 104,007	₱ 119,013	₱ 65,098
Cost of services	825	22,623	59,479
Operating expenses	<u>77,133</u>	<u>84,517</u>	<u>84,121</u>
Total	₱ 181,965	₱ 226,153	₱ 208,698

NOTE 13 – INVESTMENT IN EQUITY INSTRUMENTS

The account consists of investments in shares of stock of utility companies and golf/country club memberships which were designated as financial assets at FVOCI.

These investments were measured at fair value based on quoted prices as at December 31, 2024 and 2023.

As of December 31, the movements of investments in equity instruments are as follows:

	<u>2024</u>	<u>2023</u>
Cost		
Balance at beginning of year	₱ 133,852	₱ 102,435
Additions	44,715	86,605
Disposals	<u>(15,275)</u>	<u>(55,188)</u>
Balance at end of year	<u>163,292</u>	<u>133,852</u>
Changes in Fair Value		
Balance at beginning of year	6,003	(3,346)
Changes in fair value	16,093	23,581
Transfers of fair value reserve for investments in equity instruments designated at FVOCI	<u>(4,396)</u>	<u>(14,232)</u>
Balance at end of year	<u>17,700</u>	<u>6,003</u>
Total	₱ 180,992	₱ 139,855

NOTE 14 – TRADE AND OTHER PAYABLES

The account consists of the following:

	<u>2024</u>	<u>2023</u>
Trade payables		
Third parties	₱ 159,700	₱ 77,635
Related parties	<u>65,776</u>	<u>326,145</u>
	<u>225,475</u>	<u>403,780</u>
Advances from customers		
Third parties	102,704	120,723
Related parties	<u>309,282</u>	<u>303,435</u>
	<u>411,986</u>	<u>424,158</u>
Accrued expenses		
Third parties	388,996	495,496
Related parties	<u>43,212</u>	<u>48,507</u>
	<u>432,208</u>	<u>544,003</u>
Payable to bank	768,732	382,335
Deferred output tax - net	142,040	103,376
Payable to government agencies	15,402	11,768
Others	<u>13,688</u>	<u>391</u>
Total	₱ <u>2,009,532</u>	₱ <u>1,869,811</u>

Trade payables generally have 30-day term and includes interest-bearing letter of credits with terms ranging from 90 to 180 days.

Payables to bank pertain to trust receipts transaction with banks used to purchase imported paper with terms of 60 to 180 days. Interest expense on letter of credits recognized in profit or loss amounted to ₱15.77 million, ₱10.18 million, and ₱4.383 million in 2024, 2023, and 2022.

Advances from customers pertain to advance payments made by customers for purchase of goods. As of December 31, 2024, and 2023, the Group has not refunded any amount.

Accrued expenses mainly pertain to accrued charges from Bureau of Customs for raw materials importation, payable to other tolling customers and suppliers for paper purchases.

Details of accrued expenses as at December 31 are as follows:

<u>Particulars</u>	<u>2024</u>	<u>2023</u>
Importation cost	₱ 32,522	₱ 56,668
Salaries and other employee benefits	9,990	14,450
Other purchases:		
Third parties	314,412	389,490
Related parties	43,212	48,507
Insurance	6,766	2,434
Professional fees	8,360	19,563
Outside services	4,752	3,660
Taxes and licenses	2,287	2,299
Others	<u>9,907</u>	<u>6,932</u>
Total	₱ <u>432,208</u>	₱ <u>544,003</u>

Other purchases pertain to accruals of other supplies and services locally purchased and incurred for the period.

NOTE 15 – LOANS PAYABLE

This account consists:

	<u>2024</u>	<u>2023</u>
Current portion:		
Various local banks	₱ 1,239,780	₱ 942,134
Net of current portion:		
Local bank loan	<u>389,368</u>	<u>468,231</u>
Total	₱ <u>1,629,148</u>	₱ <u>1,410,365</u>

Short-term Loans

Short-term loans from local banks are unsecured, peso-denominated promissory notes intended for additional working capital requirements of the SMPC. These are payable within six months and bear annual interest rates ranging from 5.75% to 6.50% and 4.75% to 6.25% in 2024 and 2023, respectively.

The related interest expense on the above loans recognized in profit or loss amounted to ₱46.75 million, ₱33.674 million, and ₱37.328 million in 2024, 2023, and 2022, respectively.

For the period ended December 31, 2024, 2023 and 2022, the capitalizable borrowing cost amounted to ₱4,096,274, nil, and nil, respectively. Capitalizable borrowing rate is at 3.23% in 2024, nil for both years 2023 and 2022.

Omnibus Loan and Security Agreement (OLSA)

On November 29, 2021, the SCPC, SMPC, and another affiliate, collectively as Borrowers, entered into an Omnibus Loan and Security Agreement (OLSA) with a local bank. The loan has seven-year term and up to an aggregate amount of P2 billion or its U.S. Dollar equivalent. The proceeds of the loan will be used to finance the purchase by the Borrowers of the subject assets as described in Section 1 of Part C of the OLSA. The loan drawdown will enable the Borrowers to purchase the subject properties and to operate the Dole Philippines Inc. (DPI) box plant property in Davao.

The loan has floating interest rate based on the prevailing market rate at each repricing date, with a one-time option to fix. The loan is secured by mortgaged properties as described in Part C, Section 3.02 and enumerated in Schedule II of the OLSA, and future receivables of the Borrowers, and guaranteed by the major shareholders of the Parent Company.

The other essential elements of the OLSA, among others, are summarized below:

- a) The Borrowers are entitled to a grace period on principal payments for the first 12 months reckoned from the initial drawdown and shall pay only interest on the loan amount. At the end of the 13th month from the initial drawdown date, the Borrowers shall commence payment of the principal and interest. The principal payments shall be made in 72 equal monthly amortizations beginning on the 13th month from the initial drawdown date.
- b) The Borrowers shall pay interest on the outstanding advance monthly in arrears at the interest rate on each interest payment for the interest period. The interest rate on the advance payment shall be the prevailing market rate as of the repricing date.
- c) The Borrowers shall not sell, lease, transfer, grant or otherwise dispose all or substantially all of its properties and assets, except for leases entered into with any of the Borrower's affiliates for the lease of DPI Box Plant and Printing Plant.
- d) Cross default and cross acceleration provision as an event of default. This is when the Borrower defaults in the payment of principal or interest or commits violation of any terms and conditions, or accelerate or permit acceleration, of any agreement and the lender believes that the breach or violation will adversely and materially affect the Borrower's operations or ability to perform its obligation under the OLSA.

- e) No new borrowing, unless with consent of the lenders.
- f) Creditor's consent for change in material ownership in the borrowers and mortgagors.
- g) Standard covenants, representations and warranties

In December 2021, the SCPC initially availed of the loan amounting to \$2,588,000 equivalent to P130.401 million for the purchase of land (Note 11).

On January 24, 2022, the SCPC availed the second and final drawdown of the loan amounting to \$9,087,396.

As at November 29, 2022, the loan has been fully drawn by the SCPC and an affiliate. SMPC has no loan drawdown as of December 31, 2023.

In 2022, SCPC's outstanding loans payable were converted to Philippine peso.

In accordance with Part B, Section 5.01 (m) of the OLSA, the Borrowers are required to maintain debt to service coverage ratio of at least 1.25x, a total debt-to-equity ratio of 1.5 to 1, and a debt to EBITDA of no more than three times. The SCPC has failed to comply with the financial ratios indicated in the OLSA as at December 31, 2021. The OLSA provides that default provisions, other than payment default, are remediable within 30 days after written notice from the lender of such failure to comply with the terms or covenant in the OLSA.

As at December 31, 2024, and 2023, the Borrowers have not received any notice of default from the lender that will trigger the non-compliance with financial ratios an event of default. On February 17, 2025 and April 1, 2024, upon the request of SCPC, SCPC received a letter from the lender confirming that the bank did not declare SCPC in default under the OLSA notwithstanding their non-compliance with the required financial ratios as at December 31, 2024, and 2023, respectively.

Transaction cost on loan availment pertaining to documentary stamp tax paid in 2021 amounted to ₱4.522 million, of which ₱1.002 million relates to initial drawdown in 2021 and recorded as deduction from loans payable, and the remaining balance of ₱3.520 million relates to final drawdown in January 2022 recorded as part of Prepaid taxes (Note 9).

Omnibus Agreement (Amended in 2010)

Borrowings from Greenkraft and Roxburgh were secured loans and were originally obtained from lending banks under the Omnibus Agreement's revolving working capital facility subject to annual interest rates prior to assignment of the loan to third parties in 2006. The said creditors/lenders are now considered related parties of STN following the dacion en pago arrangements and reassessment of related party relationships in 2010.

The property and equipment of the Group and present and future receivables of the subsidiaries are used as collateral in accordance with the Amended Agreement. In 2012, the total fair value of assets pledged as security, which includes investment in an associate, land and land improvements and building and building improvements. Declined from P290 million to P289.88 million (Note 1). In 2014, the land and land improvements and building and building improvements of SCPC were transferred to the creditors/lenders.

Furthermore, the Amended Agreement provides for certain affirmative and negative covenants subject for compliance by the Company and payment terms as discussed in Note 1 which is due after completion of dacion en pago that is expected to be completed in 2022.

Upon approval of the Amended Agreement, the above creditors are aware of the Group's non-compliance with covenant due to the Group's financial condition and such will not be a ground to default from the Amended Agreement.

As discussed in Note 1, the accrued interest amounting to ₱294.6 million which was capitalized as part of the loan principal in 2010 in accordance with the Amended Agreement, was condoned by its major creditors in 2011. In addition, the accrued interest in 2010 amounting to ₱13.1 million was also reversed in 2011 in relation to the 2-

year grace period provided by its creditors. These were all offset against advances to SCPC as the proceeds of the original loan were loaned by the Parent Company to SCPC, subject to the same interest rates.

In 2012, TPC and SCPC's investment in shares of stock with SLC amounting to ₱0.64 million was assigned to Greenkraft as part of the dacion en pago arrangements (Note 1) resulting to a reduction of the borrowing balance.

In 2013, the creditors/lenders granted STN two (2) years extension of principal repayment, reduction of interest rate from 6% p.a. to 2% p.a. for the first five (5) years and further waive interest charges annually until 2019.

On July 17, 2019, the BOD and Stockholders of the Parent Company approved the conversion of loans from Greenkraft and Roxburgh into common shares in STN. The minority shareholders present or represented at the meeting unanimously voted to waive the requirement to conduct a right or public offering of the shares to be issued by virtue of debt-to-equity conversion. Consequently, principal and interest payments on long-term debt was suspended beginning July 2019.

On December 29, 2020, the Parent Company issued 149,562,081 shares to Greenkraft and Roxburgh effecting the debt-to-equity conversion following the SEC approval of the Parent Company's increase in authorized capital stock on the same day.

In September 2023, the remaining dacion en pago was implemented relating to the Group's shares in SLC. The Group assigned its shares in SLC with a cost of P72.705 million to Greenkraft as payment to its remaining balance of borrowings to Greenkraft amounting to P190 million resulting to a gain on disposal (Note 19). As of December 31, 2023, the Group has fully-settled its borrowings to Greenkraft.

Changes in liabilities from financing activities are as follows:

	2024	2023
Balance at beginning of year	₱ 1,410,365	₱ 1,038,358
Additions to borrowings	2,042,435	3,732,865
Payments to borrowings	(1,824,969)	(3,360,858)
Amortized discount	1,317	-
	₱ <u>1,629,148</u>	₱ <u>1,410,365</u>

NOTE 16 – RELATED PARTY TRANSACTIONS

In the normal course of business, the Group has transactions and balances with its related parties. All material related party transactions are subject to approval by the BOD. Material related party transactions pertain to those transactions, either individually or in aggregate over a 12-month period, that exceed 10% of the Group’s total assets based on the latest audited financial statements. All other related party transactions that are considered not material are approved by management.

The balances and transactions with related parties as at and for the years ended December 31 follows:

Category	Year	Note	Amount of Transaction	Trade and other receivables	Trade payables and other current liabilities	Due to Related Parties	Terms	Conditions
Entities under Common Control								
Reimbursements	2023	<i>b</i>	-	122	-	-	Collectible on demand; non-interest bearing	Unsecured; no impairment
	2024		-	87	-	-		
Other Related Parties								
Lease and warehousing costs	2023	<i>D</i>	5,322	-	5,322	-	Payable on demand; non-interest bearing	Unsecured; no impairment
	2024		6,993	-	7,250	-		
Purchases	2023	<i>C</i>	31,416	-	341,870	-	Payable on demand; non-interest bearing	Unsecured; no impairment
	2024		16,098	-	100,214	-		
Sales	2023	<i>c</i>	74,908	172,338	-	-	Collectible on demand; non-interest bearing	Unsecured; no impairment
	2024		74,255	84,666	-	-		
Advances from customers	2023	<i>f</i>	164,541	-	322,602	-	Payable on demand; non-interest bearing	Unsecured; no impairment
	2024		412,621	-	309,282	-		
Advances	2023	<i>a</i>	614	-	-	41,253	Payable on demand; non-interest bearing	Unsecured; no impairment
	2024		-	-	-	43,453		
Key Management Personnel								
Short-term benefits	2023	<i>20</i>	4,976	-	-	-	Payable on demand;	Unsecured
	2024		18,030	-	-	-		
TOTAL	2023			172,460	629,580	47,883		
TOTAL	2024			84,753	416,746	43,453		

- a. Amounts owed to related parties consist mainly of non-interest-bearing advances for working capital requirements with no definite repayment dates.
- b. Reimbursement of various expenses were paid in advance by the Parent Company and charged to the related party.
- c. SMPC has sales and purchases of inventories with related parties. These transactions are unsecured, non-interest bearing and are generally with 30 to 90-day term. Outstanding related party balances of SMPC were assumed by the Group upon acquisition in December 2020 (Note 5).
- d. *Sales to and Purchases from Related Parties*
Sales and purchases of inventories with related parties are made in the ordinary course of business. These transactions are unsecured, non-interest bearing and are generally with 30 to 90-day term.
- e. *Lease and Warehousing Costs*
On January 9, 2024, the Company entered into a one-year lease agreement with SCPC, renewable for another year subject to such terms and conditions mutually acceptable to the parties, for corrugators and converting equipment amounting to ₱5,000,000 per month. This agreement was terminated effective October 1, 2024.

On August 15, 2023, in relation to the OLSA disclosed in Note 9, the Company entered into a three-year lease agreement with SCPC starting January 1, 2024, renewable for another year subject to such terms and conditions mutually acceptable to the parties, for the rental of 8,000 sqm land including building and improvements and box making machine located in Alejal Carmen, Davao Del Norte with monthly rental of P5,000,000.

On December 20, 2024, the Company amended the lease agreement dated August 15, 2023 with an increase in monthly rental rate from ₱5,000,000 to ₱7,500,000 effective beginning October 1, 2024 and expiring on December 31, 2026, all other terms prior to the said amendment remains the same as mutually agreed and acceptable to the parties. The lease agreement qualified as lease under PFRS 16 (see Note 20).

On October, 21, 2023, SMPC entered into a lease and warehousing cost agreement with Golden Bales Corporation for the lease and warehousing of certain properties for its plate-making process. The contract is for a period of 2 years which will expire on October 2, 2025. The lease agreement qualified as lease under PFRS 16 (see Note 27).

- f. Advances from customers pertains to advance payments made by related parties for purchase of goods.
- g. The Company entered into an agreement wherein Steniel Cavite Corporation (SCPC) desires to engage the services of Steniel Manufacturing Corporation (SMC) to manage and operate its Business with management fee amounting to ₱25,000,000 for the year ended December 31, 2024.
- h. Compensation of the Group's key management personnel is comprised of short-term benefits amounting to P18.03 million, P4.976 million, and P4.263 million, in 2024, 2023 and 2022, respectively, recognized as part of "Professional fees and outside services" account under Operating expenses (Note 20).

Unless otherwise indicated, amounts due to/from related parties are expected to be settled in cash.

The long-term loan of SCPC under the OLSA is guaranteed by the Parent Company's major shareholders without any charge (Note 15).

NOTE 17 – SHARE CAPITAL

The share capital of the Group is as follows:

	<u>2024</u>		<u>2023</u>	
	<u>No. of shares</u>	<u>Amount in Thousand</u>	<u>No. of shares</u>	<u>Amount in Thousand</u>
Authorized ₱1.00 par	<u>2,000,000,000</u>	₱ <u>2,000,000</u>	2,000,000,000	₱ 2,000,000
Subscribed, issued, paid-up and outstanding:	<u>1,418,812,081</u>	₱ <u>1,418,812</u>	<u>1,418,812,081</u>	₱ <u>1,418,812</u>

On July 17, 2019, the BOD and Stockholders of the Parent Company approved the acquisition of shares of SMPC through a share swap transaction wherein all shareholders of SMPC will exchange all their shares in SMPC for shares of the Parent Company. On the same date, the BOD and Stockholders also approved the conversion of loans from Greenkraft and Roxburgh into common shares in STN. The said approvals were reconfirmed on November 19, 2020.

To accommodate the transactions discussed above, the BOD and Stockholders approved the amendment of the AOI to increase the authorized capital stock from ₱1 billion, divided into one billion common shares to ₱2 billion, divided into two billion common shares with par value of ₱1 per share.

On December 29, 2020, the SEC approved the increase in authorized capital stock of the Parent Company. On the same date, the Parent Company issued 269,250,000 shares to the shareholders of SMPC in exchange for all of their shareholdings to the latter. The Parent Company also issued 149,562,081 shares to its lenders effecting the debt-to-equity conversion.

Expenses incurred that are directly attributable to the issuance of shares. Net of related tax benefit, amounted to ₱6.21 million. Such amount was deducted against additional paid-in capital in 2020.

Additional Paid-in Capital

The Parent Company's loans were restructured in October 2010 and the 123,817,953 unissued shares amounting to ₱123.82 million were issued to a creditor to settle portion of the loan amounting to ₱247.63 million. The excess of the amount settled over the amount of issued shares (₱123.81 million) was recognized as part of additional paid-in capital (Note 1).

Earnings (Loss) Per Share

Basic earnings per common share in centavos for the years ended December 31, is calculated as follows:

	<u>2024</u>		<u>2023</u>		<u>2022</u>	
Net income	₱	<u>100,159</u>	₱	81,860	₱	28,355
Divided by weighted average number of common shares, in thousands		<u>1,418,812</u>		<u>1,418,812</u>		<u>1,418,812</u>
Basic and diluted earnings(loss) per share	₱	<u>0.071</u>	₱	<u>0.0577</u>	₱	<u>0.0200</u>

There are no dilutive shares used in the computation of the earnings per shares, hence, basic earnings per share is the same with the dilutive earnings per share.

NOTE 18 – SHARE PREMIUM

The movements of share premium are as follows:

	<u>2024</u>	<u>2023</u>
At January 1	₱ 408,423	₱ 408,423
Share premium on shares issued during the year		
Gross proceeds	-	-
Direct attributable issuance costs	-	-
End	<u>₱ 408,423</u>	<u>₱ 408,423</u>

Share premium arises when the amount subscribed is in excess of nominal value.

NOTE 19 – REVENUES

Recognition of each revenue stream is as follows:

<u>Particulars</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Products sold at point in time	₱ 3,257,753	₱ 3,225,431	₱ 1,716,844
Services transferred over time	<u>19,395</u>	<u>181,436</u>	<u>488,569</u>
Total	<u>₱ 3,277,148</u>	<u>₱ 3,406,867</u>	<u>₱ 2,205,413</u>

The Company's disaggregation of each source of product sales is presented below:

<u>Particulars</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Local sales	₱ 2,490,344	₱ 2,616,679	₱ 1,037,570
Indirect export sales	701,302	700,186	675,932
Sales of scrap	117,991	72,024	40,172
Sales discount	<u>(51,884)</u>	<u>(163,458)</u>	<u>(36,830)</u>
Total	<u>₱ 3,257,753</u>	<u>₱ 3,225,431</u>	<u>₱ 1,716,844</u>

NOTE 20 – COST OF SALES AND SERVICES

For the years ended December 31, the account consists of:

<u>Particulars</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Cost of sales	₱ 2,730,498	₱ 2,891,810	₱ 1,653,233
Cost of services	<u>6,191</u>	<u>102,070</u>	<u>170,401</u>
Total	<u>₱ 2,736,689</u>	<u>₱ 2,993,880</u>	<u>₱ 1,823,634</u>

Cost of Sales

Details of the account as follows:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Raw materials, beg	₱ 1,768,884	₱ 1,729,512	₱ 549,309
Add: Purchases	<u>2,789,186</u>	<u>2,548,867</u>	<u>2,630,557</u>
Total raw materials	4,558,070	4,278,379	3,179,866
Less: Raw materials, end	<u>(2,312,027)</u>	<u>(1,768,884)</u>	<u>(1,729,512)</u>
Raw materials used	2,246,043	2,509,495	1,450,354
Direct labor	40,918	41,968	15,528
Factory overhead	<u>466,704</u>	<u>376,609</u>	<u>221,704</u>
Total manufacturing cost	2,753,665	2,928,072	1,687,586
Add: Work-in-process, beg	<u>33,915</u>	<u>24,573</u>	<u>13,426</u>
Total goods available for manufacturing	2,787,580	2,952,645	1,701,012
Less: Work-in-process, end	<u>(36,858)</u>	<u>(33,916)</u>	<u>(24,574)</u>
Total goods manufactured	2,750,722	2,918,729	1,676,438
Add: Finished goods, beg	<u>71,338</u>	<u>44,419</u>	<u>21,214</u>
Total goods available for sale	2,822,060	2,963,148	1,697,652
Less: Finished goods, end	<u>(91,562)</u>	<u>(71,338)</u>	<u>(44,419)</u>
Total	₱ <u><u>2,730,498</u></u>	₱ <u><u>2,891,810</u></u>	₱ <u><u>1,653,233</u></u>

Cost of Services

Details of the account as follows:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Cost of services:			
Materials used	₱ 2,369	₱ 31,732	₱ 39,819
Indirect labor	1,188	18,159	30,231
Depreciation and amortization	825	23,142	62,123
Utilities	568	9,025	5,948
Salaries, wages and benefits	455	7,978	16,822
Supplies	445	3,531	2,443
Repairs and maintenance	139	3,612	
Outside services	82	1,255	4,919
Warehousing cost	56	695	1,861
Insurance	27	2,490	5,204
Fuel and oil	8	111	477
Rent	6	-	-
Taxes and licenses	2	40	113
Others	<u>22</u>	<u>300</u>	<u>441</u>
Total	₱ <u><u>6,191</u></u>	₱ <u><u>102,070</u></u>	₱ <u><u>170,401</u></u>

Details of factory overhead are as follows:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Indirect materials used	₱ 186,339	₱ 112,572	₱ 36,756
Depreciation and amortization	112,287	141,717	85,954
Indirect labor	63,858	43,685	40,614
Supplies	39,071	18,574	14,964
Utilities	24,691	15,329	18,197
Insurance	15,162	13,097	4,804
Repairs and maintenance	9,712	19,003	11,766
Outside services	7,319	6,600	4,540
Warehousing cost	4,997	3,655	3,155
Fuel and oil	633	585	441
Rent	188	-	-
Taxes and licenses	42	212	105
Others	2,405	1,580	408
Total	₱ 466,704	₱ 376,609	₱ 221,704

NOTE 21 – OPERATING EXPENSES

This account consists of the following:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Salaries, wages and employee benefits	₱ 86,184	₱ 72,605	₱ 56,328
Depreciation	77,133	84,517	84,121
Delivery expense	67,510	58,330	43,017
Insurance, taxes and licenses	50,338	46,477	18,041
Professional fees, outside services and legal fees	36,271	22,255	15,087
Provision for impairment	29,885	-	12,582
Utilities	26,638	24,378	16,043
Fines and penalties	6,293	-	-
Transportation and travel	4,972	4,706	6,504
Repairs and maintenance	4,726	2,191	1,687
Office and Computer supplies	3,571	4,206	2,819
Listing Fees	1,535	261	250
Representation and entertainment	1,194	6,906	3,717
Membership dues	829	-	-
Publication fees	185	-	-
Rent	182	-	-
Reversal of previously recognized inventory write-down	(23,482)	-	3,960
Miscellaneous	6,909	5,114	3,977
Total	₱ 380,873	₱ 331,946	₱ 268,133

NOTE 22 – OTHER INCOME (CHARGES) - NET

This account consists of the following:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Realized gain/loss on change in foreign exchange rate	₱ 15,725	₱ 5,624	₱ (51,432)
Dividend Income	6,791	5,550	4,759
Interest income	56	51	38
Loss due to earthquake	(94)	-	-
Gain on disposal of investment	-	69,399	-
Gain on sale of property and equipment	-	-	4,000
Others	53,897	46,223	5,913
Total	₱ <u>76,375</u>	₱ <u>126,847</u>	₱ <u>(36,722)</u>

Others include penalties, power charges, starch mark-up, consumers price index, and miscellaneous income from disposed materials.

NOTE 23 – INCOME TAXES

On January 5, 2024, Ease of Paying Taxes (EOPT) Act was passed into law. The EOPT Act introduced significant amendments to the National Internal Revenue Code of 1997 (“The Code”) which are intended to protect and safeguard taxpayer rights and welfare to modernize tax administration by providing mechanisms that encourage easy compliance at the best cost and resources, and to update the tax system and adopt best practices.

The amendments include the following:

- File and pay anywhere mechanism. Taxes shall be paid either electronically or manually at the time the return is filed.
- Classification of taxpayers into micro, small, medium and large taxpayers.
- Withholding of tax on income payments only when payable.
- Imposing value-added tax (VAT) on services, based on gross sales, no longer on gross receipts.
- VAT invoices are sufficient to substantiate input VAT arising from the purchase at both goods and services.
- Removal of “business style” as a VAT invoicing requirement.
- Removal of withholding tax as requirement for deductibility of income payments.

This account consists of the following:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Current tax expense	₱ 50,024	₱ 62,320	₱ 17,059
Deferred tax expense	(7,851)	(5,896)	(14,424)
Effect of change in income tax rate – current	-	-	-
Effect of change in income tax rate – deferred	-	-	-
Income tax expense	₱ <u>42,173</u>	₱ <u>56,424</u>	₱ <u>2,635</u>

The reconciliation of the income tax expense computed at the statutory income tax rates to the income tax expense recognized in profit or loss is as follows:

Particulars	2024	2023	2022
Income before income tax	₱ 142,332	₱ 126,310	₱ 30,990
Income tax expense (benefit) at statutory tax rate of 25%	₱ 35,583	₱ 31,578	₱ 7,748
Adjustments to income tax resulting from:			
Recognition of NOLCO which was previously unrecognized	(11,499)	-	(3,900)
Excess of MCIT over RCIT	-	13,843	60
Movement of unrecognized deferred tax asset	(3,923)	-	(98)
Dividend income	(1,698)	(1,389)	(1,190)
Deferred tax on leases	(309)	-	-
Interest income subjected to final tax	(14)	(12)	(10)
Gain on disposal of PPE	22,440	-	-
Nondeductible expenses	1,593	389	25
Effect of change in income tax rate - current	-	41	-
Effect of change in income tax rate - deferred	-	-	-
Total	₱ 42,173	₱ 44,450	₱ 2,635

The components of deferred tax assets (liabilities) are as follows:

	2024	2023
Deferred tax assets		
Allowance for ECL	₱ 17,982	₱ 10,511
Allowance for inventory obsolescence	834	6,705
Unrealized forex gain	914	3,873
Retirement liability	4,292	2,476
Leases	915	760
	24,937	24,325
Deferred tax liability		
Acquisition of subsidiary	(15,331)	(19,745)
Net	₱ 9,606	₱ 4,580

As at December 31, 2024 and 2023, deferred tax assets have not been recognized in respect of the following temporary differences and NOLCO as management believes that it is not probable that sufficient taxable profit will be available against which all deferred tax assets may be utilized.

	2024	2023
Temporary differences:		
Allowance for impairment losses of assets held-for-sale (previously recognized as investment in an associate)	₱ -	₱ 199,958
Allowance for impairment of receivables	35,480	35,480
Allowance for impairment losses of advances to suppliers	1,843	1,843
	37,323	237,281
MCIT	-	3,923
NOLCO	-	45,995
	₱ 37,323	₱ 287,199

The Group has NOLCO amounting to nil and ₱45.995 million as at December 31, 2024 and 2023,

respectively, which can be carried forward as deduction against future taxable income as follows:

<u>Year Incurred</u>	<u>Amount</u>	<u>Expired/ Applied</u>	<u>Balance</u>	<u>Date of Expiry</u>
2023	₱ 45,995	₱ 45,995	-	2026

NOTE 24 – RETIREMENT LIABILITY

The SMPC maintains a non-contributory, defined benefit pension plan (the “Plan”) covering substantially all of its regular employees. Under the provisions of the Plan, the normal retirement age is 60, employees, upon reaching retirement age with at least 5 years of service, can avail of early retirement. Employees covered have a vested right to a certain percentage of retirement benefits after completion of at least 5 years of service.

Contributions and costs are determined in accordance with the actuarial studies made for the Plan. Annual cost is determined using the projected unit credit method. The SMPC’s latest actuarial valuation date is as at December 31, 2022. Valuations are obtained on a periodic basis.

Under the existing regulatory framework, Republic Act 7641 requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided however that the employee's retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan.

The reconciliation of the present value of defined benefit obligation and the fair value of the plan assets to the recognized liability presented as "Retirement benefits liability - net" in the statements of financial position is as follows:

<u>Particulars</u>	<u>2024</u>	<u>2023</u>
Present value of defined benefit obligation	₱ 21,204	13,940
Fair value of plan assets	<u>-</u>	<u>-</u>
(Asset) / liability to be recognized	₱ <u>21,204</u>	<u>13,940</u>

Net plan costs for the year are as follows:

<u>Particulars</u>	<u>2024</u>	<u>2023</u>
Current service cost	₱ 1,982	₱ 3,325
Net interest cost	1,001	711
Net plan cost to be recognized on profit or loss	<u>2,983</u>	<u>4,036</u>
Actuarial (gain) loss – Obligation	4,390	-
Remeasurement gain (loss) – Plan assets	<u>-</u>	<u>-</u>
Actuarial (gain) loss to be recognized on other comprehensive income	<u>4,390</u>	<u>-</u>
Net plan cost to be recognized on total comprehensive income	₱ <u>2,983</u>	₱ <u>4,036</u>

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

Particulars	2024	2023
At beginning of the year	₱ 13,940	₱ 9,904
Interest cost	1,001	711
Current service cost	1,982	3,325
Benefits paid	(108)	-
Actuarial (gain) loss	<u>4,390</u>	<u>-</u>
At end of the year	₱ <u>21,204</u>	₱ <u>13,940</u>

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

Particulars	2024	2023
At beginning of the year	₱ -	₱ -
Interest income	-	-
Contributions	-	-
Benefits paid	-	-
Remeasurement gain (loss) – Return on plan assets	<u>-</u>	<u>-</u>
At end of the year	₱ <u>-</u>	₱ <u>-</u>

Movement in the net retirement benefits liability recognized in the statement of financial position are as follows:

Particulars	2024	2023
Net Liability (Assets) recognized at the beginning of year	₱ 13,940	₱ 9,904
Total retirement expense (income)	2,983	4,036
Total amount recognized in OCI	4,390	-
Benefits paid	<u>(108)</u>	<u>-</u>
Liability (asset) recognized at the end of the year	₱ <u>21,204</u>	₱ <u>13,940</u>

The principal assumptions used in determining retirement benefit obligations as of December 31, for the Company's plan are as shown below:

	2024	2023
Discount rate	6.10%	7.18%
Rate of increase in compensation	8.00%	8.00%

The mortality and the disability rates used in the valuation were the 1994 Group Annuity Table and the 1952 Disability Table, respectively.

As at December 31, 2023 and 2022, the weighted average duration of the defined benefit obligation is 18 years.

Sensitivity Analysis on Actuarial Assumptions

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the DBO by the amounts shown below:

	2024	2023
<u>2024</u>		
Discount rates	+100 basis points . -100 basis points	+100 basis points . -100 basis points
Future salary increases	+1.00%	+1.00%

<u>2023</u>			
Discount rates	+100 basis points	+100 basis points	
	-100 basis points	-100 basis points	
Future salary increases	+1 .000/0	+1 .000/0	

Although analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumption shown.

Maturity analysis of the benefit payments is shown below:

	Carrying amount	Contractual Cashflows	Less than 1 year	Within 1 to 5 years	More than 5 years
<u>2024</u>					
Defined benefit obligation	₱ 13,940	₱ 253,295	₱ 273	₱ 5,031	₱ 247,991
<u>2023</u>					
Defined benefit obligation	₱ 9,904	₱ 185,124	₱ 143	₱ 1,532	₱ 183,449

The retirement benefits cost recognized as part of "Salaries, wages and other employee benefits" in the statements of comprehensive income are recognized as follows:

Particulars	<u>2024</u>	<u>2023</u>
Cost of sales and services	₱ 2,926	₱ 2,926
Operating expenses	<u>57</u>	<u>1,109</u>
Total	₱ <u>2,983</u>	₱ <u>4,035</u>

Funding Arrangements

The Group is not required to pre-fund the future defined benefits payable under the Plan before they become due. For this reason, the amount and timing of contributions to the Retirement Fund are at the Group's discretion. However, in the event a benefit claim arises and the Retirement Fund is insufficient to pay the claim, the shortfall will then be due and payable from the Group to the Retirement Fund.

NOTE 25 – RESTATEMENT OF FINANCIAL STATEMENTS

In 2023, the Group's consolidated financial statements were restated to incorporate a revision related to the previously disposed cost of an investment acquired from SCPC. This adjustment was necessitated by the completion of the dación en pago process in 2023 (refer to Note 1), resulting in a reduction of the gain on disposal, net of tax, amounting to ₱35.922 million. Additionally, an adjustment of ₱4.625 million was recognized on the cost of equity instruments, arising from discrepancies identified on the cost of disposed investments in the previous year.

Particulars	Balance as of December 31, 2023	Adjustments	Adjusted Balance as of December 31, 2023
<u>Parent</u>			
Statements of Financial Position:			
Prepaid expenses and other current assets (Note 7)	₱ 20	₱ 8,764	₱ 8,784
Investment in equity securities (Note 10)	62,016	(1,098)	60,918
Due to related parties (Note 13)	127,148	47,896	175,044
Income tax payable	3,210	(3,210)	-
Deficit (Note 12)	(1,422,906)	(37,020)	(1,459,926)
Statements of Comprehensive Income:			
Other income (Note 14)	221,431	(47,896)	173,535
Income tax expense (Note 16)	52,514	(11,974)	40,540
Other comprehensive income (Note 10)	14,560	(1,098)	13,461

Subsidiary

Statements of Financial Position:

Due from related party (Note 13)	121,891	47,896	169,787
Asset held-for-sale (Note 8)	47,896	(47,896)	-
Investment in equity instruments (Note 10)	73,212	5,724	78,936
Retained earnings (Note 14)	208,171	5,724	213,895

Statements of Comprehensive Income:

Other comprehensive income (Note 10)	4,396	5,724	10,120
--------------------------------------	-------	-------	---------------

Effect to consolidated financial statements

Deficit	₱ <u>(942,459)</u>	₱ <u>(31,297)</u>	₱ <u>(973,756)</u>
Other comprehensive income	₱ <u>18,956</u>	₱ <u>4,625</u>	₱ <u>23,581</u>

NOTE 26 – SIGNIFICANT AGREEMENTS

Tolling Agreements

The SMPC has tolling agreements with certain customers wherein these customers will provide paper rolls for the SMPC to process or manufacture into corrugated fiber board boxes at a guaranteed volume subject to the production frequency and specifications to be agreed by both parties. For the services provided, the SMPC will receive tolling fees which are recorded as “Service income” account in the statement of comprehensive income.

Tolling fees amounted to ₱19.39 million and ₱181.4 million in 2024 and 2023, respectively (see Note 14).

Lease Agreements

The Company has existing lease agreements covering its office space, warehouses, machinery and equipment and other facilities which are presently used in Davao City for periods ranging from one (1) to ten (10) years, and a sales office and warehouse in General Santos City for a period of five (5) to ten (10) years, renewable under terms and conditions to be agreed upon by both parties.

In 2023 and 2022, the Group entered into new lease agreements for lease for land, office space, machinery, and equipment. Details of the lease agreements are as follows:

- a. The Group leases warehouse stall from BTY and Sons Development Corporation with floor area of 1000 sqm located at BTY Compound, National Highway, General Santos City. The lease commenced on January 1, 2021 and expiring on December 31, 2028. Based on the terms of agreement, rental rates is subject to 10% increase per annum and is required to pay security deposit upon execution of the contract with the amount of P660,225.
- b. The Group entered into lease agreement with Jasmine Banana, Inc for the land with a total land area of 18,510 sqm situated at the National Highway, Bunawan District, Davao City for a period of five (5) years, starting from January 1, 2021 and will expire on December 31, 2025. Rental rate for the leased premises is subject to 2.5% increase per annum. The continued use of the leased premises by the lessee upon expiration of the contract without written notice or renewal is allowed by the lessor, noting that this contract will be automatically renewed for one (1) year under the same terms and conditions.
- c. The Group leases 133.50 sqm of laboratory space located at Km. 14, After Panacan Sub-Station, Panacan, Davao City. The term of lease cover two (2) years, starting on October 21, 2021 and will expire on October 30, 2023 which is the parties renewed for another two (2) years, starting October 21, 2023 to October 20, 2025. The rental shall be payable within the first five (5) days of the month with the rate of P33.857 subject to 5% increase per annum.

Security deposits paid by the Group as required under the terms and covering lease agreements amounted to ₱17.68 million and ₱13.10 million as at December 31, 2024 and 2023, respectively, which were recognized under

"Prepaid expenses and other current assets" (see Note 8) and "Refundable security deposits" accounts in the statements of financial position.

Roll-forward of ROU assets related to the land and building are as follows:

Particulars	2024	2023
Cost		
Beginning balance	₱ 104,992	₱ 104,546
Additions	1,841	446
Disposals	(63,184)	-
Adjustment (reclassification)	-	-
Ending balance	43,649	104,992
Accumulated depreciation		
Beginning balance	85,683	79,676
Depreciation	8,280	71,021
Disposals	(63,184)	(65,013)
Adjustment (reclassification)	-	-
Ending balance	30,779	85,683
Total	₱ 12,870	₱ 19,308

Roll-forward in lease liabilities as follows:

Particulars	2024	2023
Beginning balance	₱ 22,215	₱ 27,553
Additions	1,841	-
Interest expense on lease liabilities	1,186	3,608
Changes from financing cash flows:		
Payment of principal	(8,898)	(5,338)
Payment of interest	(1,186)	(3,608)
Ending balances	₱ 15,158	₱ 22,215

The following table sets out a maturity analysis of lease payments, showing undiscounted and discounted lease payments to be received after the reporting date:

Particulars	2024		
	Minimum lease payable	Interest	Present value of MLP
Within one year	₱ 12,135	₱ 677	₱ 12,812
Between one to five years	1,836	510	2,346
More than five years	-	-	-
Ending balances	₱ 13,971	₱ 1,187	₱ 15,158

Particulars	2023		
	Minimum lease payable	Interest	Present value of MLP
Within one year	₱ 10,487	₱ 1,084	₱ 9,403
Between one to five years	15,336	2,524	12,812
More than five years	-	-	-
Ending balances	₱ <u>25,823</u>	₱ <u>3,608</u>	₱ <u>22,215</u>

Amounts recognized in profit or loss are as follows:

Particulars	2024		2023	
Interest on lease liabilities	₱	<u>1,187</u>	₱	3,608
Depreciation on ROU assets		<u>93,963</u>		<u>71,020</u>
Total	₱	<u>95,150</u>	₱	<u>74,628</u>

Total cash outflows for leases amounted to ₱14,182 and ₱74,405 in 2024 and 2023, respectively.

Asset Sale Agreement

In May 2021 and August 2021, SCPC, SMPC and certain affiliates executed Asset Sale Agreement (ASA) with DPI, which was amended in December 2021. The asset sale agreement covered the purchase of parcels of land, machinery and equipment, motor vehicles, other assets and shared assets used in the Stanfilco Plants and Dolefil Box and Printing Plants. In the agreement, the SCPC will acquire Stanfilco Box Plant and Stanfilco machinery and equipment. SMPC will enter into long term supply agreement with DPI, and other affiliates will acquire other target assets listed in Schedule 2 of the ASA.

The SCPC has committed to purchase the allocated target assets with total purchase price of USD 9,383,761. As at November 29, 2022, the SCPC has completed the purchase of buildings and improvements, and machineries and equipment amounting to P484.038 million (inclusive of taxes).

The assets acquired is not a business, and does not qualify to be accounted for under PFRS 3 Business Combination wherein the neither liabilities were assumed (acquisition of net assets), nor does not obtain shared control over the acquired assets (acquisition of equity shares) by the Group. Further, none of the business inputs, processes and outputs of the latter were resumed nor acquired. Hence, the Group accounted the transaction as an asset acquisition in accordance with the PAS 16 Property plant and equipment.

Long-term Supply Agreement

In August 2021, the Company executed Asset Sale Agreement with Dole Philippines, Inc. (doing business under the name and style of among other, Dole Philippines and Dole Stanfilco) (DPI), which was amended in December 2021. The asset sale agreement covered parcels of land, machinery and equipment, motor vehicles, other assets and shared assets used in the Stanfilco Plants and Dolefil Box and Printing Plants. In the agreement, the assets will be acquired by SCPC and other affiliates while the Company will enter into long term supply agreement with DPI.

In January 2022, in relation to the Asset Sale Agreement, the Company entered into a long-term supply agreement with DPI to supply boxes, packaging materials, including parts thereof such as cartons, dividers, pods, lids, joints, walls, slots, panels, labels and other printed materials, made of paper, kraft, corrugated boxes and other paper related products. The long-term supply agreement has a term of nine years and six months beginning from August 24, 2022 until February 23, 2032. The agreement can be renewed subject to discussion of the parties.

The transition initiated on February 24, 2022, taking over operations under a tolling arrangement for six months. This period was extended to aid DPI in depleting its substantial inventory of paper rolls. Despite the extension,

DPI continued to hold a considerable inventory, leading to an agreement with the Company to further extend the tolling arrangement until depletion or reaching an acceptable inventory level, albeit with liquidation fees considerations.

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

The Stockholders and Board of Directors
STENIEL MANUFACTURING CORPORATION AND SUBSIDIARIES
Gateway Business Park
Brgy. Javalera, General Trias, Cavite

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of **STENIEL MANUFACTURING CORPORATION AND SUBSIDIARIES** as at December 31, 2024 and 2023 and have issued our report thereon dated April 28, 2025. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplementary Schedule of Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission and is not a required part of the basic consolidated financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2024 and 2023 and no material exceptions were noted.

VALDES ABAD & COMPANY, CPAs

BOA/PRC Reg. No. 0314

Issued on July 15, 2024, Valid until July 14, 2027

SEC Accreditation No. 0314 - SEC, Group A

Valid for 2022 – 2026 audit periods

BIR Accreditation No. 08-002126-000-2024

Issued on April 5, 2024, Valid until April 4, 2027

For the firm:



ALFONSO L. CAY-AN

Partner

CPA Registration No. 99805, Valid until December 14, 2026

TIN No. 213-410-741-000

PTR No. 10479078, Issued Date: January 10, 2025, Makati City

BOA/PRC Reg. No. 0314

Issued on July 15, 2024, Valid until July 14, 2027

SEC Accreditation No. 99805 - SEC, Group A

Valid for 2022 – 2026 audit periods

BIR Accreditation No. 08-002126-005-2024

Issued on April 5, 2024, Valid until April 4, 2027

Makati City, Philippines

April 28, 2025

Valdes Abad & Company

(Formerly: Valdes Abad & Associates)

certified public accountants

CJV Building 108 Aguirre Street, Legaspi Village, Makati City, Philippines

Branches:

Cebu and Davao

Phone: (632) 8892-5931 to 35

(632) 8519-2105

Fax: (632) 8819-1458

Website: www.vacpa.ph

BOA/PRC Reg. No. 0314

SEC Accreditation No. 0314-SEC



REPORT OF INDEPENDENT PUBLIC AUDITORS TO ACCOMPANY SEC SCHEDULES FILED SEPARATELY FROM THE BASIC FINANCIAL STATEMENTS

The Stockholders and Board of Directors
STENIEL MANUFACTURING CORPORATION AND SUBSIDIARIES
Gateway Business Park
Brgy. Javalera, General Trias, Cavite

We have examined the consolidated financial statements of **STENIEL MANUFACTURING CORPORATION AND SUBSIDIARIES** as of December 31, 2024 on which we have rendered the attached report dated April 28, 2024. Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The applicable supplementary schedules of the Company as of December 31, 2024 and for the year then ended, required by the Securities and Exchange Commission, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The information in such supplementary schedules has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

VALDES ABAD & COMPANY, CPAs

BOA/PRC Reg. No. 0314

Issued on July 15, 2024, Valid until July 14, 2027

SEC Accreditation No. 0314 - SEC, Group A

Valid for 2022 – 2026 audit periods

BIR Accreditation No. 08-002126-000-2024

Issued on April 5, 2024, Valid until April 4, 2027

For the firm:



ALFONSO L. CAY-AN

Partner

CPA Registration No. 99805, Valid until December 14, 2026

TIN No. 213-410-741-000

PTR No. 10479078, Issued Date: January 10, 2025, Makati City

BOA/PRC Reg. No. 0314

Issued on July 15, 2024, Valid until July 14, 2027

SEC Accreditation No. 99805 - SEC, Group A

Valid for 2022 – 2026 audit periods

BIR Accreditation No. 08-002126-005-2024

Issued on April 5, 2024, Valid until April 4, 2027

Makati City, Philippines

April 28, 2025

STENIEL MANUFACTURING CORPORATION AND SUBSIDIARIES
INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTAL
SCHEDULES

DECEMBER 31, 2024 and 2023

I	SUPPLEMENTAL SCHEDULES REQUIRED BY REVISED SRC RULE 68 ANNEX 68-J	
	A FINANCIAL ASSETS	<u>Attached</u>
	AMOUNTS RECEIVABLES FROM DIRECTORS OFFICERS, EMPLOYEES, RELATED PARTIES AND PRINCIPAL	
	B STOCKHOLDERS (OTHER THAN RELATED PARTIES)	<u>Attached</u>
	AMOUNTS RECEIVABLES AND PAYABLE FROM/TO RELATED PARTIES WHICH ARE ELIMINATED DURING	
	C CONSOLIDATION PROCESS OF FINANCIAL STATEMENTS	<u>Attached</u>
	D LONG-TERM DEBT	<u>Attached</u>
	INDEBTEDNESS TO RELATED PARTIES (LONG-TERM	
	E LOANS FROM RELATED PARTIES)	<u>Not applicable</u>
	F GUARANTEES OF SECURITIES OF OTHER ISSUERS	<u>Not applicable</u>
	G CAPITAL STOCK	<u>Attached</u>
	Reconciliation of retained earnings available for dividend declaration	<u>Attached</u>
II		
III	Map of group of companies	<u>Attached</u>
	Financial Soundness Indicators as required by Revised SRC	
IV	Rule 68 Annex 68-E	<u>Attached</u>

STENIEL MANUFACTURING CORPORATION AND SUBSIDIARIES
SCHEDULE A - FINANCIAL ASSETS
DECEMBER 31, 2024

Name of Issuing Entity	Number of Shares	Amount Shown in the December 31, 2024 Consolidated Statements of Financial Position	Income Received and Accrued
ABOITIZ EQUITY VENTURES, INC.	575,000	P19,751,250	P-
ABOITIZ POWER CORPORATION	360,000	13,572,000	851,000
ACEN CORPORATION	-	-	30,000
AYALA CORPORATION	47,000	28,153,000	312,537
AYALA LAND, INC.	-	-	41,000
BELLE CORPORATION	250,000	415,000	-
CHINA BANKING CORPORATION	-	-	110,000
CITICORE ENERGY REIT CORP.	200,000	610,000	40,200
DDMP REIT, INC.	900,000	927,000	149,069
DMCI HOLDINGS, INC.	1,500,000	16,230,000	1,800,000
EAST WEST BANKING CORPORATION	10,000	98,500	5,400
MANILA ELECTRIC COMPANY	26,216	12,793,408	564,431
MANILA WATER COMPANY, INC.	1,190,000	32,130,000	1,328,833
METRO PACIFIC INVESTMENTS CORPORATION	3,000,000	15,540,000	720,300
PHINMA CORPORATION	125,823	2,390,637	72,300
PLDT INC.	1,100	1,424,500	82,600
RIZAL COMMERCIAL BANKING CORPORATION	13,800	329,130	13,993
ROCKWELL LAND CORPORATION	45,700	69,007	8,089
SECURITY BANK CORPORATION	150,000	13,050,000	135,000
SYNERGY GRID & DEVELOPMENT PHILS., INC.	1,135,000	11,123,000	394,299
SM PRIME HOLDINGS, INC.	300,000	7,545,000	34,600
UNION BANK OF THE PHILIPPINES	134,458	4,840,488	96,957
	9,964,097	P180,991,920	P6,790,608

STENIEL MANUFACTURING CORPORATION AND SUBSIDIARIES
SCHEDULE B - AMOUNTS RECEIVABLES FROM DIRECTORS OFFICERS, EMPLOYEES, RELATED PARTIES AND PRINCIPAL
STOCKHOLDERS (OTHER THAN RELATED PARTIES)
DECEMBER 31, 2024
(Amounts in Thousands)

December 31, 2024

Name and designation of debtor	Balance at beginning of period	Amounts (collected) /transferred	Amounts written-off	Current	Non-current	Balance at end of period
SMC employees	P122	(P35)	P-	P87	P-	P87
Other related parties of SCPC	823	(823)	-	-	-	-
Other related parties of SMPC	171,515	(86,849)	-	84,666	-	84,666
	P172,460	(P87,707)	P-	P84,753	P-	P84,753

STENIEL MANUFACTURING CORPORATION AND SUBSIDIARIES
SCHEDULE C - AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING CONSOLIDATION OF
FINANCIAL STATEMENTS
DECEMBER 31, 2024
(Amounts in Thousands)

December 31, 2024

Name and designation of Debtor	Beginning Balance	Additions (Collections)	Assignment / Condonation	Written Off	Current	Non-current	Balance at end of period
Trade receivables							
SCPC	P286,961	P142,584	P-	P-	P429,545	P-	P429,545
SMPC	-	1,792	-	-	1,792	-	1,792
Amounts owed by related party							
SCPC	121,892	32,228	-	-	154,120	-	154,120
SMC	12,125	3,090	-	-	9,035	-	9,035
	P420,978	P179,694	P-	P-	P594,492	P-	P594,492

STENIEL MANUFACTURING CORPORATION AND SUBSIDIARIES
SCHEDULE D - LONG-TERM DEBT
DECEMBER 31, 2024
(Amount in thousands)

December 31, 2024

Title of issue	Amount authorized by indenture	Amount shown under caption "Current portion of borrowings"	Amount shown under caption "Long term debt" in related balance sheet
Loans payable			
Omnibus Loan and Security Agreement (OLSA)	P461,729	P72,361	P389,368
Short-term loans from local banks	1,167,419	1,167,419	-
	P1,629,148	P1,239,780	P389,368

STENIEL MANUFACTURING CORPORATION AND SUBSIDIARIES
SCHEDULE E - INDEBTEDNESS TO RELATED PARTIES (LONG-TERM LOANS FROM RELATED PARTIES)
DECEMBER 31, 2024
(Amount in Thousands)

Name of related party	Balance at beginning of period	Balance at the end of the period
NOT APPLICABLE		

STENIEL MANUFACTURING CORPORATION AND SUBSIDIARIES
SCHEDULE F - GUARANTEES OF SECURITIES OF OTHER ISSUERS
DECEMBER 31, 2024

DECEMBER 31, 2024

Name of issuing entity of securities guaranteed by the Company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by person for which statement is filed	Nature of guarantee
--	--	---	---	------------------------

NOT APPLICABLE

STENIEL MANUFACTURING CORPORATION AND SUBSIDIARIES
SCHEDULE G – CAPITAL STOCK
DECEMBER 31, 2024

DECEMBER 31, 2024

Title of issue	Number of shares authorized	Number of shares issued and outstanding as shown under related balance sheet	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by		
				Related parties	Directors, officers and employees	Others
Common shares	2,000,000,000	1,418,812,081	-	1,131,322,398	7	287,489,595

**RECONCILIATION OF RETAINED EARNINGS
AVAILABLE FOR DIVIDEND DECLARATION
AS REQUIRED BY REVISED SRC RULE 68 ANNEX 68-D
AS AT DECEMBER 31, 2024
(Amount in Thousands)**

STENIEL MANUFACTURING CORPORATION
Gateway Business Park, Brgy. Javalera,
General Trias, Cavite, Philippines

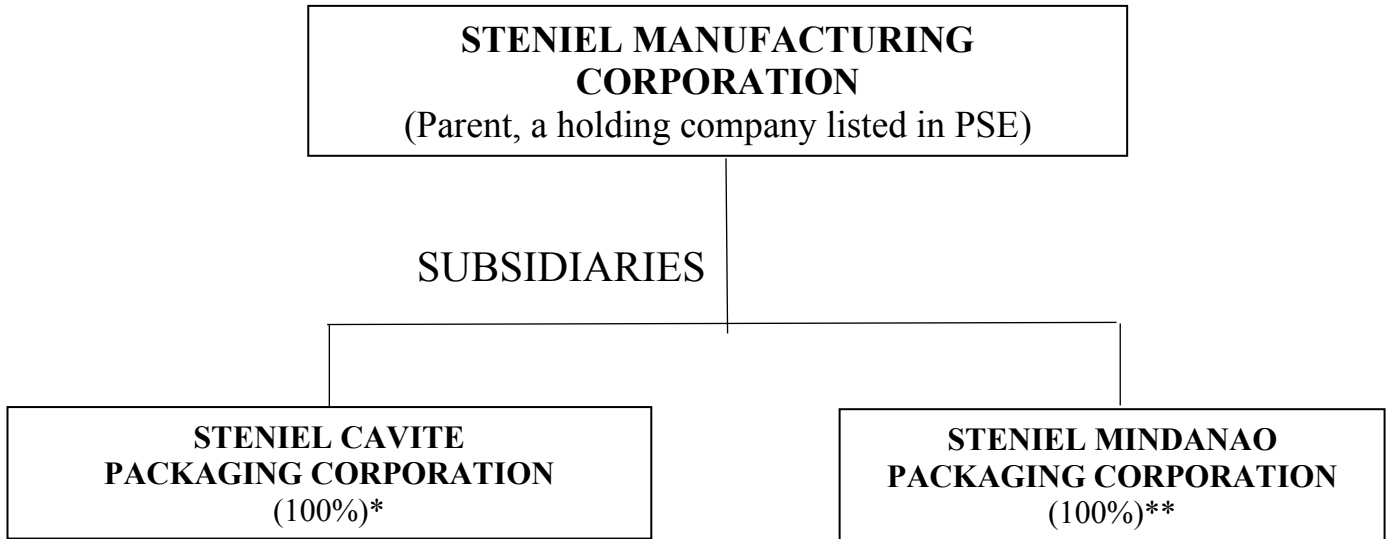
Unappropriated Retained Earnings (Deficit), as adjusted to available for dividend distribution, beginning*	(P1,465,215)
Net income actually earned during the period	
Net loss during the period closed to Retained Earnings (Deficit)	14,058
Unappropriated Retained Earnings (Deficit) available for dividend declaration, ending**	(P1,451,157)

**According to Section 5 of SEC Memorandum Circular No.11 (Series of 2008), a corporation cannot declare dividends when it has zero or negative Retained Earnings (otherwise known as Deficit).*

***Pursuant to the Restated and Amended Omnibus Agreement signed by the Company (as borrower) and lenders/creditor in October 2010, the Company is prohibited from declaring dividends to its owners until full payment of all amounts payable, unless consented in writing by the lenders/creditors.*

**STENIEL MANUFACTURING CORPORATION
AND SUBSIDIARIES**

MAP OF CONGLOMERATE



**Treasure Packaging Corporation is a wholly-owned subsidiary of Steniel Manufacturing Corporation (STN) which was merged with Steniel Cavite Packaging Corporation effective May 30, 2018.*

***Steniel Mindanao Packaging Corporation was acquired by STN on December 29, 2020*

STENIEL MANUFACTURING CORPORATION AND SUBSIDIARIES

Gateway Business Park,
Brgy. Javalera, General Trias, Cavite, Philippines

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

Ratio	Formula	As of December 31, 2024	As of December 31, 2023 (As restated)
Liquidity:			
Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$	1.11	1.14
Solvency:			
Debt to Equity Ratio	$\frac{\text{Total Liabilities (Current + Noncurrent)}}{\text{Equity}}$	3.82	3.91
Asset to Equity Ratio	$\frac{\text{Total Assets (Current + Noncurrent)}}{\text{Equity}}$	4.82	4.91
Profitability:			
Return on Average Equity Attributable to Equity Holders of the Parent Company	$\frac{\text{Net Income Attributable to Equity Holders of the Parent Company}}{\text{Average Equity Attributable to Equity Holders of the Parent Company}}$	4%	40%
		For the year ended December 31, 2024	For the year ended December 31, 2023
Operating Efficiency:			
Operating Margin	$\frac{\text{Income from Operating Activities}}{\text{Net Sales}}$	5%	2%
Return on Equity	$\frac{\text{Net Income}}{\text{Equity}}$	10%	10%
Return on Assets	$\frac{\text{Net Income}}{\text{Total Assets}}$	2%	2%

STENIEL MANUFACTURING CORPORATION AND ITS SUBSIDIARIES
SUPPLEMENTARY SCHEDULE OF EXTERNAL AUDITOR
FEE-RELATED INFORMATION
December 31, 2024

Audit and Non-Audit Fees (Parent)		2024		2023
Audit Fees (Section 2.1a)	₱	<u>1,000,000</u>	₱	<u>1,000,000</u>
Non-audit services fees:				
Other assurance services		-		-
Tax services		-		-
All other services		-		-
Total Non-audit Fees		<u>-</u>		<u>-</u>
Total Audit and Non-Audit Fees (Parent)	₱	<u>1,000,000</u>	₱	<u>1,000,000</u>
Audit and non-audit fees (Subsidiaries)				
Other related entities		2024		2023
Audit fees	₱	<u>1,000,000</u>	₱	<u>1,000,000</u>
Non-audit service fees:				
Other assurance services		-		-
Tax services		-		-
All other services		-		-
Total Non-audit Fees		<u>-</u>		<u>-</u>
Total Audit and Non-audit fees (Subsidiaries)	₱	<u>1,000,000</u>	₱	<u>1,000,000</u>
Total		<u>2,000,000</u>		<u>2,000,000</u>

ANNEX B

**2024 Separate Audited Financial Statements of Steniel
Manufacturing Corporation**

Your BIR AFS eSubmission uploads were received

From: eafs@bir.gov.ph

To: stenielmanufacturing@yahoo.com

Cc: elizmacuray@yahoo.com

Date: Wednesday, April 30, 2025 at 01:19 PM GMT+8

Hi STENIEL MANUFACTURING CORPORATION,

Valid files

- EAFS000099128AFSTY122024.pdf
- EAFS000099128ITRTY122024.pdf
- EAFS000099128TCRTY122024-01.pdf

Invalid file

- <None>

Transaction Code: **AFS-0-2RM1R4YT0QMZQVSMNPP2WMVST0242PSY2M**

Submission Date/Time: **Apr 30, 2025 01:19 PM**

Company TIN: **000-099-128**

Please be reminded that you accepted the terms and conditions for the use of this portal and expressly agree, warrant and certify that:

- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

This is a system-generated e-mail. Please do not reply.



STENIEL MANUFACTURING CORPORATION

Gateway Business Park, Brgy. Javalera, Gen. Inas, Cavite

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR ANNUAL INCOME TAX RETURN

The management of **STENIEL MANUFACTURING CORPORATION**, is responsible for all information and representations contained in the Annual Income Tax Return for the year ended December 31, 2024 and December 31, 2023. Management is likewise responsible for all information and representations contained in the financial statements accompanying the (*Annual Income Tax Return or Annual Information Return*) covering the same reporting period. Furthermore, the Management is responsible for all information and representations contained in all the other tax returns filed for the reporting period, including, but not limited, to the value added tax and/or percentage tax returns, withholding tax returns, documentary stamp tax returns, and any and all other tax returns.

In this regard, Management affirms that the attached audited financial statements for the years ended December 31, 2024 and December 31, 2023, and the accompanying Annual Income Tax Return are in accordance with the books and records of **STENIEL MANUFACTURING CORPORATION** complete and correct in all material respects. Management likewise affirms that:

- (a) the Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code, as amended, and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of the Internal Revenue;
- (b) any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to financial accounting standards and the preparation of the income tax return pursuant to tax accounting rules has been reported as reconciling item and maintained in the Company's books and records in accordance with the requirements of Revenue Regulations No. 8-2007 and other relevant issuances;
- (c) the **STENIEL MANUFACTURING CORPORATION** has filed all applicable tax returns, reports and statements required to be filed under Philippine tax laws for the reporting period, and all taxes and other impositions shown thereon to be due and payable have been paid for the reporting period, except those contested in good faith.

Nicanor T. Lim
Chairman

Eliza C. Macuzay
Chief Finance Officer

Signed this 23th day of April, 2025



STENIEL MANUFACTURING CORPORATION

Gateway Business Park, Brgy. Javalera, Gen. Trias, Cavite

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **STENIEL MANUFACTURING CORPORATION** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2024 and December 31, 2023, 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 basis of accounting unless management either intends to liquidate the Company or 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 or members.

Valdes, Abad & Company, CPAs, the independent auditor appointed by the stockholders or members, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.

Nixon Y. Lim
Chairman

Eliza C. Macaray
Chief Finance Officer

Signed this 28th day of April, 2025

SUBSCRIBED AND SWORN to before me this 28 APR 2025 at PASIG CITY
affiants exhibited to me their respective competent evidence of identification, as follows:

Name	Valid Identification
NIXON Y. LIM	Philippine Passport No. [REDACTED] until September 23, 2031
ELIZA C. MACURAY	Philippines Passport No. [REDACTED] until September 9, 2030

WITNESS MY HAND AND SEAL on the date and at the place first above written.

Doc No. 308
Page No. 03
Book No. I
Series of 2025



GERALDINE MARIE V. PAULO
Appointment No. 181 (2024-2025)
Notary Public for Pasig City and Pateros
Until December 31, 2025
Attorney's Roll No. 81565
33rd Floor, The Orient Square
F. Ortigas Jr. Road, Ortigas Center, Pasig City
PTR Receipt No. 2863412; 01.02.25; Pasig City
IBP OR No. 497003; 01.03.25; RSM
MCLE Compliance VIII 0011644; 4.14.28

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and the Stockholders
STENIEL MANUFACTURING CORPORATION
Gateway Business Park
Brgy. Javalera, General Trias, Cavite

Opinion

We have audited the financial statements of **STENIEL MANUFACTURING CORPORATION** (the "Company") which comprise the statements of financial position as of December 31, 2024 and 2023, and the related statements of comprehensive income, statement of changes in equity, and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023 and of its financial performances and its cash flows for the years then ended in accordance Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audit in accordance with the Philippine Standards on Auditing (PSA). 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 ethical requirements that are relevant to our audit of the financial statements in the Philippines, the *Code of Ethics for Professional Accountants in the Philippines (Philippine Code of Ethics)* and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of a Matter

We draw attention to Note 17 to the separate financial statements which describes the restatements on the separate financial statements that we originally reported on April 15, 2024 have been restated, and the matter that gives rise to the restatement of the separate financial statements. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Philippine Financial Reporting Standards, 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:

- (i) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; to design and perform audit procedures responsive to those risks; and to obtain audit evidence that is sufficient and appropriate to provide a basis for the auditor's 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.
- (ii) 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. In circumstances when the auditor also has a responsibility to express an opinion on the effectiveness of internal control in conjunction with the audit of the financial statements, the auditor shall omit the phrase that the auditor's consideration of internal control is not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- (iii) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- (iv) 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 the auditor concludes that a material uncertainty exists, the auditor is required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the opinion. The auditor's conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- (v) 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 be reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Bureau of Internal Revenue Requirement

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on Note 19 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 management. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

VALDES ABAD & COMPANY, CPAs

BOA/PRC Reg. No. 0314

Issued on July 15, 2024, Valid until July 14, 2027

SEC Accreditation No. 0314 - SEC, Group A

Valid for 2022 – 2026 audit periods

BIR Accreditation No. 08-002126-000-2024

Issued on April 05, 2024, Valid until April 04, 2027

For the firm:



ALFONSO L. CAY-AN

Partner

CPA Registration No. 99805, Valid until December 14, 2026

TTN No. 213-410-741-000

PTR No. 10479078, Issued Date: January 10, 2025, Makati City

BOA/PRC Reg. No. 0314

Issued on July 15, 2024, Valid until July 14, 2027

SEC Accreditation No. 99805 - SEC, Group A

Valid for 2022 – 2026 audit periods

BIR Accreditation No. 08-002126-005-2024

Issued on April 05, 2024, Valid until April 04, 2027

Makati City, Philippines

April 28, 2025

Valdes Abad & Company

(Formerly: Valdes Abad & Associates)

certified public accountants

CJV Building 108 Aguirre
Street, Legaspi Village,
Makati City, Philippines

Branches:
Cebu and Davao

Phone: (632) 8892-5931 to 35
(632) 8519-2105
Fax: (632) 8819-1468
Website: www.vacpa.ph
BOA/PRC Reg. No. 0314
SEC Accreditation No. 0314-SEC



INDEPENDENT AUDITOR'S REPORT TO ACCOMPANYING FINANCIAL STATEMENTS FOR FILING WITH THE BUREAU OF INTERNAL REVENUE

The Board of Directors and the Stockholders
STENIEL MANUFACTURING CORPORATION
Gateway Business Park
Brgy. Javalera, General Trias, Cavite

We have audited the financial statements of **STENIEL MANUFACTURING CORPORATION** for the year ended December 31, 2024, on which we have rendered the attached report dated April 28, 2025.

In compliance with Revenue Regulations V-20, we are stating the following:

- The taxes paid or accrued by the Company during the year are shown in the financial statement attached to annual income tax return.
- No partner of our firm is related by consanguinity or affinity to any of the principal shareholders of the Company.

VALDES ABAD & COMPANY, CPAs

BOA/PRC Reg. No. 0314

Issued on July 15, 2024, Valid until July 14, 2027

SEC Accreditation No. 0314 - SEC, Group A

Valid for 2022 – 2026 audit periods

BIR Accreditation No. 08-002126-000-2024

Issued on April 05, 2024, Valid until April 04, 2027

For the firm:



ALFONSO L. CAY-AN

Partner

CPA Registration No. 99805, Valid until December 14, 2026

TIN No. 213-410-741-000

PTR No. 10479078, Issued Date: January 10, 2025, Makati City

BOA/PRC Reg. No. 0314

Issued on July 15, 2024, Valid until July 14, 2027

SEC Accreditation No. 99805 - SEC, Group A

Valid for 2022 – 2026 audit periods

BIR Accreditation No. 08-002126-005-2024

Issued on April 05, 2024, Valid until April 04, 2027

Makati City, Philippines
April 28, 2025

**INDEPENDENT AUDITOR'S REPORT TO ACCOMPANYING FINANCIAL STATEMENTS FOR
FILING WITH THE SECURITIES AND EXCHANGE COMMISSION**

The Board of Directors and the Stockholders
STENIEL MANUFACTURING CORPORATION
Gateway Business Park
Brgy. Javalera, General Trias, Cavite

We have examined the financial statements of **STENIEL MANUFACTURING CORPORATION** for the year ended December 31, 2024, on which we have rendered the attached report dated April 28, 2025.

In compliance with SRC Rule 68, we are stating that the Company has 3,554 stockholders owning one hundred (100) or more shares each as of December 31, 2024.

VALDES ABAD & COMPANY, CPAs

BOA/PRC Reg. No. 0314

Issued on July 15, 2024, Valid until July 14, 2027

SEC Accreditation No. 0314 - SEC, Group A

Valid for 2022 – 2026 audit periods

BIR Accreditation No. 08-002126-000-2024

Issued on April 05, 2024, Valid until April 04, 2027

For the firm:



ALFONSO L. CAY-AN

Partner

CPA Registration No. 99805, Valid until December 14, 2026

TIN No. 213-410-741-000

PTR No. 10479078, Issued Date: January 10, 2025, Makati City

BOA/PRC Reg. No. 0314

Issued on July 15, 2024, Valid until July 14, 2027

SEC Accreditation No. 99805 - SEC, Group A

Valid for 2022 – 2026 audit periods

BIR Accreditation No. 08-002126-005-2024

Issued on April 05, 2024, Valid until April 04, 2027

Makati City, Philippines
April 28, 2025

STENIEL MANUFACTURING CORPORATION
SEPARATE STATEMENTS OF FINANCIAL POSITION
(In Philippine Peso)

ASSETS	Note	December 31,	
		2024	As Restated 2023
CURRENT ASSETS			
Cash in banks	5	5,956,569	16,223,721
Receivables	6	87,376	121,963
Due from related parties	13	9,034,410	12,125,000
Prepaid expenses and other current assets-net	7	<u>13,489,629</u>	<u>8,784,296</u>
Total Current Assets		<u>28,567,984</u>	<u>37,254,980</u>
NON-CURRENT ASSETS			
Investment in subsidiaries	8	457,820,296	457,820,296
Investment in equity securities	10	<u>57,497,476</u>	<u>60,918,323</u>
Total Non-Current Assets		<u>515,317,772</u>	<u>518,738,619</u>
TOTAL ASSETS		543,885,756	555,993,599
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Trade payables and other current liabilities	11	8,774,647	8,069,659
Due to related parties	13	146,820,220	175,043,516
Total Current Liabilities		<u>155,594,867</u>	<u>183,113,175</u>
EQUITY			
Capital stock	12	1,418,812,082	1,418,812,082
Additional paid-in capital		408,423,043	408,423,043
Deficit		(1,443,476,146)	(1,459,926,349)
Cumulative net unrealized loss in equity instruments	10	<u>4,531,910</u>	<u>5,571,648</u>
Total Equity		<u>388,290,889</u>	<u>372,880,424</u>
TOTAL LIABILITIES AND EQUITY		543,885,756	555,993,599

See Notes to Separate Financial Statements

STENIEL MANUFACTURING CORPORATION

SEPARATE STATEMENTS OF COMPREHENSIVE INCOME

(In Philippine Peso)

(With Comparative Figures for the year ended December 31, 2023)

For the Years Ended December 31,	Note	2024	As Restated 2023
OTHER INCOME	14	58,565,850	173,535,428
OPERATING EXPENSES	15	<u>38,503,349</u>	<u>10,301,093</u>
INCOME BEFORE INCOME TAX		20,062,501	163,234,335
INCOME TAX EXPENSE	16	<u>6,004,340</u>	<u>40,539,703</u>
NET INCOME		14,058,161	122,694,632
OTHER COMPREHENSIVE INCOME	10	1,352,305	14,559,705
TOTAL COMPREHENSIVE INCOME		15,410,466	137,254,337
BASIC AND DILUTED EARNINGS PER SHARE	12	0.00991	0.08648

See Notes to Separate Financial Statements

STENIEL MANUFACTURING CORPORATION

SEPARATE STATEMENTS OF CHANGES IN EQUITY

(In Philippine Peso)

For the Years Ended December 31,	Note	2024	As Restated 2023
CAPITAL STOCK			
Balance at beginning and end of year	12	<u>1,418,812,082</u>	<u>1,418,812,082</u>
ADDITIONAL PAID-IN CAPITAL			
Balance at beginning and end of year	13	<u>408,423,043</u>	<u>408,423,043</u>
DEFICIT			
Balance at beginning of year		1,459,926,349	1,586,810,860
Transfer of fair value reserve of equity instruments designated at FVOCI	10	2,392,042	4,189,879
Net income for the year		<u>14,058,161</u>	<u>122,694,632</u>
Balance at end of year		<u>1,443,476,146</u>	<u>1,459,926,349</u>
CUMULATIVE NET UNREALIZED GAIN(LOSS) IN EQUITY INSTRUMENTS			
Balance at beginning of year		5,571,648	(3,699,760)
Change in fair value of investments in equity instruments	10	1,352,304	13,461,287
Transfer of fair value reserve of equity instruments designated at FVOCI	10	<u>(2,392,042)</u>	<u>(4,189,879)</u>
Balance at end of year		<u>4,531,910</u>	<u>5,571,648</u>
TOTAL EQUITY		388,290,889	372,880,424

See Notes to Separate Financial Statements

STENIEL MANUFACTURING CORPORATION

SEPARATE STATEMENTS OF CASHFLOWS

(In Philippine Peso)

For the Years Ended December 31,	Note	2024	As Restated 2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before tax		20,062,501	163,234,335
Adjustment for:			
Depreciation	9	129,018	91,415
Gain on acquisition		-	(65,434,547)
Gain on disposal of investment		-	(69,399,261)
Dividend income	10,15	(1,895,559)	(1,195,240)
Interest income	5,15	(6,284)	(5,282)
Operating income before changes in working capital		18,289,677	27,291,420
Decrease (increase) in:			
Receivables		34,587	307
Due from related parties		3,090,590	12,125,000
Prepayments and other assets-net		(19,473,969)	(2,638,624)
Increase (decrease) in:			
Trade and other payables		(2,504,639)	(629,202)
Cash generated from (used for) operations		(563,754)	36,148,901
Dividends received	10	1,895,559	1,195,240
Interest received	5,15	6,284	5,282
Net Cash from Operating Activities		1,338,088	37,349,423
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment in equity securities			
Additions to investments in equity instruments	10, 12	(5,575,140)	(55,490,132)
Proceeds from sale	10, 12	10,348,291	28,795,230
Property and equipment-net			
Acquisitions		(129,018)	-
Net Cash from Investing Activities		4,644,133	(26,694,902)
CASH FLOWS FROM FINANCING ACTIVITIES			
Decrease in amounts owed to related parties		(16,249,373)	(62,501)
NET INCREASE (DECREASE) IN CASH		(10,267,152)	10,592,020
CASH, BEGINNING	5	16,223,721	5,631,701
CASH, END	5	5,956,569	16,223,721

See Notes to Separate Financial Statements

STENIEL MANUFACTURING CORPORATION
NOTES TO THE SEPARATE FINANCIAL STATEMENTS
December 31, 2024, and 2023

NOTE 1 – GENERAL INFORMATION

Steniel Manufacturing Corporation. (STN or the "Company") was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on September 13, 1963 primarily to engage in the manufacturing, processing, and selling of all kinds of paper products, paper board and corrugated carton containers, and all other allied products and processes. The Company's shares of stocks are listed for trading at the Philippine Stock Exchange Inc. (PSE). Its secondary purpose includes to do and perform all acts and things necessary, including the exercise of powers, authorities and attributes conferred upon corporations organized under the laws of the Republic of the Philippines in general and upon domestic corporations of like in particular.

On September 11, 2013, the SEC approved the Amended Articles of Incorporation (AOI) of the Company, extending the corporate life for another 50 years from September 13, 2013. Pursuant to the Revised Corporation Code of the Philippines, which took effect in February 2019, the Company shall have a perpetual existence because the Company did not elect to retain its specific corporate term under its AOI.

Following a decision made by the Board of Directors (BOD) in 1996 to reorganize the Company and its subsidiaries, the Company ceased manufacturing operations in June 1997 due to continuing business losses. As a result, reorganization of the Company was carried out and completed with the Company's principal activity now limited to holding of investments.

The ultimate parent of the Company is Steniel (Netherlands) Holdings B.V. (SNHBV), incorporated in Amsterdam and the registered owner of 82.2715% of the shares of the Parent Company prior to restructuring of the loan in 2019. The remaining 17.7284% of the shares are widely held.

Consequent to the restructuring of the loan in 2010, remaining unissued capital stock of the Company totaling 123,818,000 shares were issued to Roxburgh Investment Limited (Roxburgh) to reduce the Company's outstanding debts (Notes 12 and 13). The issuance of shares resulted to recognition of additional paid-in capital. As a result, Roxburgh owns 12.3818% of the Company, while the ownership of SNHBV as well as the public have been reduced to 72.0849% and 15.5333%, respectively.

On January 18, 2012, the shareholders of SNHBV entered into a Share Purchase Agreement with Right Total Investments Limited (Right Total, a limited liability company incorporated in the British Virgin Islands as an investment company), to purchase up to 100% of the issued and outstanding shares of SNHBV. With the sale of shares of SNHBV, Right Total became the owner of the 72.0849% shares of SNHBV consequently making Right Total as the ultimate parent company.

On January 25, 2012, the Company received a tender offer report from SNHBV to purchase the 279,151,088 shares of minority investing public or 27.92% of the total issued shares at a price of ₱0.0012 per share or an aggregate price of ₱334.9 million. On February 25, 2012, only a total of 2,115,692 common shares were tendered in the Tender Offer and accepted by SNHBV, constituting 0.0021% of the total outstanding capital stock of the Company. On March 8, 2012, payment for the Tendered Shares was delivered to the relevant broker participants on behalf of interested parties and there was a transfer to SNHBV of only 0.76% of the minority shares. Such accepted tender offer did not significantly change the percentage ownership of the minority investing public.

On October 7, 2020, Greenkraft Corporation (Greenkraft), Golden Bales Corporation (Goldenbales), Corbox Corporation (Corbox), Rex Chua and Clement Chua, as purchasers (collectively, the Buyers) entered into a Share Purchase Agreement with SNHBV as seller to acquire 649,908,308 common shares of the Company, for a consideration of ₱64.99 million or ₱0.10 per share, broken down as follows:

Buyer	No. of shares	Percentage of Ownership
Greenkraft Corporation	216,679,430	21.67%
Corbox Corporation	194,972,492	19.50%
Goldenbales Corporation	194,972,492	19.50%
Clement Chua	21,641,947	2.16%
Rex Chua	21,641,947	2.16%
	649,908,308	64.99%

The tender offer commenced on October 12, 2020 and ended on November 10, 2020 (Tender Offer Period). A total of 11,780,533 common shares of Steniel were tendered during the Tender Offer Period, which comprise approximately 1.18% of the total issued and outstanding shares of the Corporation. SNHBV owns 5% ownership with the Company after registration of the sale and tender offer. As at December 31, 2022 and 2021, STN is the ultimate parent company following the completion of the Tender Offer.

The Company's registered address and principal office is located at Gateway Business Park, Brgy. Javalera, General Trias, Cavite.

1.1 Debt restructuring

Due to the working capital drain experienced by the Company as a result of prior debt service payments and the difficult business and economic conditions during the period, the Company found it difficult to sustain further payments of debt while at the same time ensuring continued operations. The Company failed to settle its outstanding short-term and long-term loans which were supposed to mature at various dates in 2004, 2005 and 2006 and was declared by the lending banks in default on May 25, 2006. Subsequently until 2009, the lending banks assigned and sold their respective outstanding loan balances to various third parties. On October 14, 2010, one of the new lenders, Greenkraft Corporation (Greenkraft) further assigned some of its loan receivables to Roxburgh.

After the assignment and sale of loans from the lending banks to third parties, discussions were made with new creditors/lenders to restructure the outstanding loans covered by the Omnibus Agreement which the Company has defaulted in 2006. On October 15, 2010, the Company and the current creditors/lenders signed the Amended and Restated Omnibus Agreement (Amended Agreement). The restructuring of the loan finally resolved the default situation. The essential elements of the Amended Agreement are summarized below:

- The outstanding principal and accrued interest expense as at September 30, 2010 was restructured for 25 years.
- Conditional waiver of penalty and other charges upon the faithful performance by the Company of the terms of restructuring.
- The outstanding principal and accrued interest expense as of September 30, 2010 shall be reduced via *dacion en pago* or sale of the following properties:
 - a) all of the outstanding common and preferred shares of stock in the Company's land-holding entity, Steniel Land Corporation (SLC),
 - b) identified idle assets of STN and its subsidiaries, and
 - c) by way of conversion into equity through the issuance of the Company's unissued capital stock.
- The outstanding principal amount after the *dacion en pago* or sale of properties shall be paid in 92 consecutive quarterly installments starting in January 2013.

- The outstanding portion of the accrued interest after equity conversion shall be paid in 40 consecutive quarterly installments starting after year 15 from the date restructuring.
- Restructured outstanding principal will be subject to interest of 6% per annum for 15 years and 8% per annum on the 16th year onwards.
- The restructured accrued interest expense prior to loan restructuring will be subject to interest 8% per annum.
- The restructured loan shall be secured by the assets/collateral pool under the Collateral Trust Agreement.
- All taxes and fees, including documentary stamp taxes and registration fees, shall be for the account of the Company.
- All other costs and expenses of restructuring including documentation costs, legal fees and out-of-pocket expenses shall be of the account of Company; and
- Other conditions include:
 - a) Lenders' representative to be elected as director in STN and in each of its subsidiaries.
 - b) A merger, reorganization or dissolution of certain subsidiaries in line with the Business Plan.
 - c) No dividend declaration or payments until the restructured obligations are fully paid.
 - d) No new borrowing, unless with consent of the lenders.
 - e) No repayment or prepayment of any debt or obligation (other than operational expenses), unless with consent of the lenders.
 - f) Creditor's consent for change in material ownership in the Company and mortgagors.
 - g) Standard covenants, representations and warranties.

1.2 Dacion en pago and equity conversion

The dacion en pago relating to the Company's idle machineries and spare parts and the equity conversion through the issuance of the Company's capital stock have been completed as at December 31, 2010. The dacion en pago transaction reduced the outstanding loan principal amount by ₱122 million while the equity conversion reduced outstanding accrued interest by ₱248 million.

The dacion en pago relating to the Company's shares in SLC and a subsidiary's land and land improvements and building and building improvements has a total value of ₱290.00 million. In 2012, certain certificates authorizing registration were issued and reduced the total value from P290.00 million to ₱289.88 million. The remaining assignment of shares is still for finalization with buyers to meet the regulatory requirements on transfer of assets as at reporting date and this is expected to be completed in 2022 after the issuance of Certificate Authorizing Registration (CAR) by the BIR. The change in ownership and management in early 2012 and the issuance of CAR generally caused the delay in the implementation of the dacion en pago.

Treasure Packaging Corporation (TPC) and Steniel Cavite Packaging Corporation (SCPC)'s investment in shares of stock with SLC amounting to P0.64 million was assigned to Greenkraft as part of the dacion en pago arrangements resulting to a reduction of the borrowing balance. In 2014, the land and land improvements and building and building improvements of a subsidiary (SCPC) were transferred to the creditors/lenders.

In July 2019, the BOD and Stockholders of the Company approved the conversion of loans into common shares of the Company. Consequently, principal payments on long-term debt was suspended beginning July 2019. On December 29, 2020, the Company issued shares to the lenders effecting the debt-to-equity conversion following the SEC approval of the Company's increase in authorized capital stock on the same day (Notes 12 and 13). The outstanding balance of the borrowings were reduced by ₱149.56 million as a result of the debt-to-equity conversion.

In September 2023, the dacion en pago was completed relating to the Company's shares in SLC and the balance of borrowing was fully settled. The Company acquired shares in SLC from SCPC with a cost of ₱72.705 million for ₱7.271 million resulting to a gain on acquisition amounting to ₱65.435 million. Consequently, the Company assigned the shares in SLC to Greenkraft as payment to its remaining balance of borrowings to Greenkraft amounting to P190 million resulting to a gain on disposal amounting to ₱69.399 million (Note 16). As of December 31, 2023, the Company has fully-settled its borrowings to Greenkraft.

1.3 Restructuring of subsidiaries

In 2011, following the provisions in the Amended Agreement, the Company filed a merger application with the SEC to absorb TPC. On August 12, 2013, following management's assessment, the Board of STN and TPC approved the withdrawal of the merger application filed with SEC as the same no longer appears feasible. Management has been instructed to explore other options, (i.e., merger of or with other subsidiaries).

In addition, SCPC, a subsidiary, submitted a merger application with SEC in October 2011 to absorb three (3) dormant subsidiaries: (a) Metroplas Packaging Products Corporation (MPPC), (b) Metro Paper and Packaging Products, Inc. (MPPPI) and (c) Steniel Carton System Corporation (SCSC) using June 30, 2011 financial statements. On March 2, 2012, the SEC approved the certificate of filing of the articles and plan of merger, which documents were received by SCPC on July 31, 2012. All financial information presented for the periods prior to the merger has been restated to reflect the combined financial statements of the absorbed corporation as though the merger had occurred at the beginning of 2010.

The Company also had a 39.71% direct and indirect (through SCPC & TPC) interest in SLC. In 2010, all of the ownership interest of TPC and STN were assigned to Greenkraft (Note 8), and the remaining interest of SCPC in SLC is 29.21%.

In September 2023, the dacion en pago was completed relating to the Group's shares in SLC. The Group assigned its 727,050 preferred shares in SLC to Greenkraft to fully settle its remaining balance of borrowings to Greenkraft amounting to ₱190 million. As at December 31, 2024 and 2023, Greenkraft holds 100% interest in SLC.

1.4 Interest payments

On December 2, 2011, the current creditors/lenders agreed to waive the payment of interest for the first two (2) years of the loan commencing on the restructuring date, to correspond to the principal repayment as stated in the Amended Agreement. Hence, interest payments shall be made in accordance with the Amended Agreement but shall commence on the 27th month after the restructuring date, inclusive of a two (2) year grace period. In relation to this, on March 1, 2012, the accrued interest which was capitalized as part of the loan principal in 2010 in accordance with the Amended Agreement, was also condoned by its major creditors effective December 31, 2011.

In 2013, due to continuous working capital drain experienced by the Company as a result of difficult economic and business conditions, the Company requested reconsideration to defer the implementation of the loan agreement from the creditors which was acted favorably. The Company was granted another two (2) years extension of principal repayment, reduction of interest rate from 6% to 2% for the first five (5) years and further waived interest charges annually until January 1, 2019. Consequent to the BOD approval of the conversion of debt to common shares of the Company in 2019, the principal repayment was suspended beginning July 2019 and the interest on the remaining principal balance was waived.

1.5 Status of operations

The Company has temporarily ceased its principal operations and has incurred recurring losses in prior years resulting to a deficit of ₱1.46 billion and ₱1.42 billion as at December 31, 2024 and 2023, respectively. These conditions, among others, indicate the existence of material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern.

To address such going concern matter, the management has taken the following measures:

On July 17, 2019, the BOD and Stockholders of the Company approved the acquisition of shares of SMPC through a share swap transaction and the conversion of loans from Greenkraft Corporation and Roxburgh Investments Limited into common shares in the Company. To accommodate the transactions discussed above, the BOD and Stockholders approved the amendment of the Articles of Incorporation to increase the authorized capital stock from ₱1 billion, divided into one billion common shares to ₱2 billion, divided into two billion common shares with par value of ₱1 per share (Notes 12 and 13).

On December 29, 2020, upon the SEC's approval of the Company's increase in authorized capital stock, the Company issued shares to the lenders effecting the debt-to-equity conversion thereby reducing the outstanding balance of the

borrowings by ₱149.56 million. Further, the Company also issued shares to the shareholders of SMPC effecting the share swap transaction. The realization of these transactions resolved the capital deficiency position of the Company as at December 31, 2020.

Based on the foregoing, the separate financial statements have been prepared on a going concern basis, which assumes that the Company will continue in existence.

NOTE 2 – BASIS OF PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

2.1 Statement of Compliance

The separate financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS). PFRS which is issued by the Financial and Sustainability Reporting Standards Council (FSRSC) are based on International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). PFRS consist of PFRS, Philippine Accounting Standards (PAS), and Philippine Interpretations.

Approval of separate financial statements

The separate financial statements as at and for the year ended December 31, 2024 and 2023 were approved and authorized for issuance by the BOD on April 28, 2025.

2.2 Basis of Measurement

The separate financial statements of the Company have been prepared on a historical cost basis of accounting except for investment in equity securities which are carried at fair value.

2.3 Functional and Presentation Currency

The separate financial statements are presented in Philippine peso, which is also the Company's functional currency. All financial information expressed in Philippine peso, except when otherwise indicated.

2.4 Going concern assumption

The preparation of the accompanying financial statements of the Company is based on the premise that the Company operates on a going concern basis, which contemplate the realization of assets and settlement of liabilities in the normal course of business. The management does not intend to liquidate.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in the separate financial statements.

3.1 Adoption of new and revised accounting standards

The accounting policies adopted in the preparation of the Company's separate financial statements are consistent with those of the previous financial year except for the adoption of the following new and amended standards and interpretations. The adoption of these new and amended standards and interpretations did not have significant impact on the Company's separate financial statements unless otherwise stated.

Effective beginning on or after January 1, 2024

Amendment to PFRS 16 – Leases on sale and leaseback. These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the

transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.

Amendment to PAS 1 – Non-current liabilities with covenants. These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.

Amendment to PAS 7 and PFRS 7 - Supplier finance. These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.

The amendments do not have material impact on the separate financial statements.

Standards and Interpretations 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 separate financial statements. The Company intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2025

Amendments to PAS 21 - Lack of Exchangeability. An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.

Effective beginning on or after January 1, 2026

- Amendments to PFRS 9 and PFRS 7, *Classification and Measurement of Financial Instruments*
- Annual Improvements to PFRS Accounting Standards - Volume 11
 - Amendments to PAS 7, *Cost Method*
 - Amendments to PFRS 1, *Hedge Accounting by a First-time Adopter*
 - Amendments to PFRS 7, *Gain or Loss on Derecognition*
 - Amendments to PFRS 9, *Lessee Derecognition of Lease Liabilities and Transaction Price*
 - Amendments to PFRS 10, *Determination of a "De Facto Agent"*

The Company is currently assessing the impact of adopting these standards on its separate financial statements.

Effective beginning on or after January 1, 2027

PFRS 18, Presentation and Disclosure in Financial Statements

The new standard impacts the classification of profit or loss items (i.e. into operating, investing, and financing categories) and the presentation of subtotals in the statement of profit or loss (i.e. operating profit, and profit before financing and income taxes). The new standard also changes the aggregation and disaggregation of information presented in the primary separate financial statements and in the notes. It also introduces required disclosures about management-defined performance measures.

The Company is currently assessing the impact of adopting this standard on its separate financial statements.

PFRS 19, Subsidiaries without Public Accountability

Deferred effectivity

Amendments to PFRS 10, Consolidated Financial Statements, and PAS 28, Sale or Contribution of Assets between an

Investor and its Associate or Joint Venture

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

On January 13, 2016, the Financial Reporting Standards Council deferred the original effective date of January 1, 2026 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.

The revised, amended, and additional disclosures or accounting changes provided by the standards and interpretations will be included in the separate financial statements in the year of adoption, if applicable.

3.2 Current versus noncurrent classification

The Company presents assets and liabilities in the separate statements of financial position based on current and noncurrent classification. An asset is current when it is: (a) expected to be realized or intended to be sold or consumed in the normal operating cycle; (b) held primarily for the purpose of trading; (c) expected to be realized within 12 months after the reporting period; or (d) cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

A liability is current when: (a) it is expected to be settled in the normal operating cycle; (b) it is held primarily for trading; (c) it is due to be settled within 12 months after the reporting period; or (d) there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

The Company classifies all other assets and liabilities as noncurrent. Deferred tax assets and liabilities are classified as noncurrent.

3.3 Financial instruments

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

The Company recognizes a financial asset or a financial liability in the separate statements of financial position when it becomes a party to the contractual provisions of the instrument.

A financial asset (unless a receivable without significant financing component) or financial liability is initially measured at the fair value of the consideration given or received. The initial measurement of financial instruments, except for those designated as at fair value through profit or loss (FVPL), includes transaction costs. A receivable without a significant financing component is initially measured at the transaction price.

3.4 Financial assets

The Company classifies its financial assets, at initial recognition and subsequently measured at amortized cost, fair value through other comprehensive income (FVOCI) and FVPL. The classification depends on the contractual cash flow characteristics of the financial assets and the business model of the Company for managing the financial assets.

Subsequent to initial recognition, financial assets are not reclassified unless the Company changes the business model for managing financial assets. All affected financial assets are reclassified on the first day of the reporting period following the change in the business model.

The business model refers to how the Company manages the 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.

The Company considers the following information in assessing the objective of the business model in which a financial asset is held at a portfolio level, which reflects the way the business is managed and information is provided to management:

- The stated policies and objectives for the portfolio and the operation of those policies in practice;
- How the performance of the portfolio is evaluated and reported to the Company's management;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- How employees of the business are compensated; and
- The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

The Company considers the contractual terms of the instrument in assessing whether the contractual cash flows are solely payments of principal and interest. For purposes of this assessment, "Principal" is defined as the fair value of the financial asset on initial recognition. "Interest" is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin. The assessment includes whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. The Company considers the following in making the assessment:

- Contingent events that would change the amount or timing of cash flows;
- Terms that may adjust the contractual coupon rate, including variable rate features;
- Prepayment and extension features; and
- Terms that limit the Company's claim to cash flows from specified assets.

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

For purposes of subsequent measurement, financial assets are classified in the following categories: financial assets at amortized cost, financial assets at FVOCI (with or without recycling of cumulative gains and losses) and financial assets at FVPL.

Financial Assets at Amortized Cost. A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVPL:

- it is held within a business model with the objective of holding financial assets to collect contractual cash flows; and
- its contractual terms 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 method and are subject to impairment. Gains and losses are recognized in profit or loss when the financial asset is derecognized, modified or impaired.

The Company's cash in banks, receivables, and due from related parties are included under this category.

Cash in banks are stated at face value.

Financial Assets at FVOCI. Investment in debt instruments is measured at FVOCI if it meets both of the following conditions and is not designated as at FVPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

At initial recognition of an investment in equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the fair value in other comprehensive income. This election is made on an instrument-by- instrument basis.

Financial assets at FVOCI are subsequently measured at fair value. Changes in fair value are recognized in other comprehensive income.

Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment on investment in debt instruments are recognized in profit or loss. When investment in debt instruments at FVOCI is derecognized, the related accumulated gains or losses previously reported in the separate statements of changes in equity are transferred to and recognized in profit or loss.

Dividends earned on holding an investment in equity instrument are recognized as dividend income in profit or loss when the right to receive the payment has been established, unless the dividend clearly represents a recovery of the part of the cost of the investment. When investment in equity instruments at FVOCI is derecognized, the related accumulated gains or losses previously reported in the separate statements of changes in equity are never reclassified to profit or loss.

The Company's investments in equity instruments are classified under this category.

3.5 Financial liabilities

The Company classifies its financial liabilities, at initial recognition, in the following categories: financial liabilities at FVPL and other financial liabilities. The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

As at December 31, 2024 and 2023, the Company has no financial liabilities at FVPL.

Other Financial Liabilities. This category pertains to financial liabilities that are not designated or classified as at FVPL. After initial measurement, other financial liabilities are carried at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any premium or discount and any directly attributable transaction costs that are considered an integral part of the effective interest rate of the liability. The effective interest rate amortization is included in "Interest expense" account in the separate statements of comprehensive income. Gains and losses are recognized in the separate statements of comprehensive income when the liabilities are derecognized as well as through the amortization process.

Debt issue costs are considered as an adjustment to the effective yield of the related debt and are deferred and amortized using the effective interest method. When a loan is paid, the related unamortized debt issue costs at the date of repayment are recognized in the separate statements of comprehensive income.

The Company's trade payables and other current liabilities, due to related parties and borrowings are included under this category.

3.6 Derecognition of financial assets and financial liabilities

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

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

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes the associated liability. The transferred asset and the associated liability are measured on the basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company is required to repay.

Financial Liabilities. A financial liability is derecognized when the obligation under the liability is discharged or cancelled, or has expired. When 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. The difference in the respective carrying amounts is recognized in the separate statements of comprehensive income.

3.7 Impairment of financial assets

The Company recognizes allowance for expected credit loss (ECL) on financial assets at amortized cost. ECLs are probability-weighted estimates of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive), discounted at the effective interest rate of the financial asset, and reflects reasonable and supportable information that is available without undue cost or effort about past events, current conditions and forecasts of future economic conditions.

The Company recognizes an allowance for impairment based on either 12-month or lifetime ECLs, depending on whether there has been a significant increase in credit risk since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company recognizes lifetime ECLs for receivables that do not contain significant financing component. The Company uses provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the borrowers and the economic environment.

At each reporting date, the Company assesses whether these financial assets at amortized cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the restructuring of financial asset by the Company on terms that the Company would not consider otherwise;

- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- (e) the disappearance of an active market for that financial asset because of financial difficulties.

The Company considers a financial asset to be in default when a counterparty fails to pay its contractual obligations, or there is a breach of other contractual terms, such as covenants.

The Company directly reduces the gross carrying amount of a financial asset when there is no reasonable expectation of recovering the contractual cash flows on a financial asset, either partially or in full. This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

The ECLs on financial assets at amortized cost are recognized as allowance for impairment losses against the gross carrying amount of the financial asset, with the resulting impairment losses (or reversals) recognized in the separate statements of comprehensive income. The ECLs on investments in debt instruments at FVOCI are recognized as accumulated impairment losses, with the resulting impairment losses (or reversals) recognized in the separate statements of comprehensive income.

3.8 Classification of financial instruments between liability and equity

Financial instruments are classified as liability or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity, net of any related income tax benefits.

A financial instrument is classified as liability if it provides for a contractual obligation to:

- Deliver cash or another financial asset to another entity;
- Exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Company; or
- Satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Company does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument as a whole or in part, the amount separately determined as the fair value of the liability component on the date of issue.

3.9 Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the separate statements 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.

3.10 Prepaid expenses and other current assets

This account comprises prepayments and prepaid items such as prepaid taxes and advances to suppliers. Prepayments are expenses paid in advance and recorded as assets before they are utilized. Prepayments that are expected to be realized for no more than 12 months after the reporting period are classified as current assets; otherwise these are classified as other noncurrent asset.

Prepaid tax to the amount withheld by suppliers which can be applied against income tax due. It is carried at face value less allowance for unrecoverable tax credits. The Company maintains an allowance for the amount which can no longer be claimed or applied against income tax due.

3.11 Property and equipment

Property and equipment are recorded at cost less accumulated depreciation, and impairment losses, if any. The initial cost of property and equipment consists of its purchase, including import duties taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance costs are charged to profit or loss during the period in which these are incurred.

Major renovations are depreciated over the remaining useful life of the related asset or to the date of the next major renovation, whichever is sooner.

Depreciation, which commences when the assets are available for their intended use, is calculated using the straight-line method over its estimated useful life as follows:

Machinery and equipment	3 to 10 years
Computer equipment	1 to 5 years

The asset's residual values, estimated useful lives and depreciation method are reviewed periodically, and adjusted if appropriate, at each reporting date to ensure that method and period of depreciation and are consistent with the expected pattern of economic benefits from items of property and equipment.

The carrying amounts of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amounts may not be recoverable.

Fully depreciated assets are retained in the accounts until they are no longer in use.

An item of property, and equipment is derecognized when either it has been disposed of or when it is permanently withdrawn from use and no future economic benefits are expected from its use or disposal. Any gain or loss arising from the retirement and disposal of an item of property, and equipment (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in the separate statements of comprehensive income in the period of retirement and disposal.

3.12 Investments in subsidiaries

The Company's investments in shares of stock of subsidiaries are accounted for under the cost method as provided for under PAS 27, Consolidated and Separate Financial Statements. The investments are carried in the separate statements of financial position at cost less any impairment in value. The Company recognizes dividend from a subsidiary in the separate statements of comprehensive income when its right to receive the dividend is established.

A subsidiary is an entity controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

3.13 Impairment of non-financial assets

The carrying amounts of prepaid expenses and other current assets, property and equipment and investment in subsidiaries, are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists, and if the carrying amount exceeds the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amounts.

The recoverable amount of the asset is the greater of fair value less costs to sell and value in use. The fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their

present value using a pre-tax discount rate that reflects current market assessments 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 are recognized in profit or loss in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss. After such reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

3.14 Fair value measurements

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: (a) in the principal market for the asset or liability; (b) in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or most advantageous market must be accessible to the Company.

The fair value of an asset or 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.

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 separate financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Inputs for the asset or liability that are not based on observable market data.

For assets and liabilities that are recognized in the separate financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization at the end of each reporting period.

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

3.15 Employee benefits

Short-term Employee Benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Retirement Benefits

Republic Act (A) 7641 "Philippine Retirement Law" requires the Company to pay a minimum retirement benefit to employees who retire after reaching the mandatory age of 65 years old or optional retirement age of 60 years old with at least five (5) years of service to the Company.

Management determined that the present value of the obligation arising from RA 7641 is not material to the separate financial statements.

3.16 Capital stock

Capital stock consists of common shares and is classified as equity. Incremental costs directly attributable to the issuance of common shares are recognized as a deduction from equity, net of any tax effects.

3.17 Additional paid-in capital

Additional paid-in capital represents the excess of consideration received over the par value of capital stock.

3.18 Retained earnings (Deficit)

Retained earnings (deficit) represent the accumulated net income or losses, net of any dividend distributions and other capital adjustments.

3.19 Revenue recognition

The Company recognizes revenue from contract with customers when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for these goods or services, excluding amounts collected on behalf of third parties.

The following specific recognition criteria must also be met before revenue is recognized:

Dividend Income

Dividend income is recognized when the right to receive the payment is established.

Interest Income

Interest income is recognized as the interest accrues, taking into account the effective yield on the asset.

Other Income

Other income, management fee is recognized when earned.

3.20 Cost and expenses

Costs and expenses are decreases in economic benefits during the reporting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decrease in equity, other than those relating to distributions to equity participants. Expenses are recognized when incurred.

3.21 Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur.

3.22 Income taxes

Income tax expense for the year is composed of current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income, in which case it is recognized in equity or other comprehensive income. The Company periodically evaluates positions

taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretations and establishes provisions where appropriate.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized using the liability method in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or 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 taxable profit or loss; and
- with respect to taxable temporary differences associated with investments in shares of stock of subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits - Minimum Corporate Income Tax (MCIT) and unused tax losses - Net Operating Loss Carry Over (NOLCO), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward benefits of MCIT and NOLCO can be utilized, except:

- where the deferred tax asset relating to the deductible temporary difference arises from the 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 taxable profit or loss; and
- with respect to deductible temporary differences associated with investments in shares of stock of subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recover.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year 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 date.

Value-added Tax (VAT). Revenues, expenses and assets are recognized net of the amount of VAT, except:

- where the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of tax included.

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of "Prepaid expenses and other current assets" or "Trade payables and other current liabilities accounts" in the separate statements of financial position.

3.23 Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control and significant influence. Related parties may be individuals or corporate entities.

3.24 Provisions

Provisions are recognized when: (a) the Company has a present obligation (legal or constructive) as a result of past events; (b) it is probable (i.e., more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate of the amount of the obligation can be made. Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognized as a separate asset only when it is virtually certain that reimbursement will be received. The amount recognized for the reimbursement shall not exceed the amount of the provision. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense.

3.25 Contingencies

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

3.26 Events after the reporting date

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

NOTE 4 – SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the separate financial statements in accordance with PFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the amounts of assets, liabilities, income and expenses reported in the separate financial statements at the reporting date. However, uncertainty about these judgments, estimates and assumptions could result in an outcome that could require a material adjustment to the carrying amount of the affected asset or liability in the future. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions are recognized in the period in which the judgments and estimates are revised and in any future period affected.

4.1 Judgments

In the process of applying the 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 separate financial statements:

Classification of Financial Instruments. The Company exercises judgments in classifying financial instrument, or its component parts, on initial recognition as a financial asset, a financial liability, or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial asset, a financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the separate statements of financial position.

The Company uses its judgment in determining the classification of financial assets based on its business model in which assets are managed and their cash flow characteristics. The classification and fair values of financial assets and financial liabilities are presented in Note 18.

Business Model. The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to the management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future salary activity.

Cash Flow Characteristics - Payments of Principal and Interest. For the purposes of this assessment, "principal" is defined as the fair value of the financial asset on initial recognition. "Interest" is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basis lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of the contractual cash flows such that it would not meet these conditions. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

The Company determines that the business model for financial assets at amortized cost is held to collect contractual cash flows and meets the solely principal and interest criterion as at December 31, 2024 and 2023.

Measurement of Fair Values. A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Company uses market observable data when measuring the fair value of an asset or liability. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques (Note 3).

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy based on the lowest level input that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

The fair values of the Company's financial instruments are disclosed in Note 18.

4.2 Estimates and Assumptions

The key estimates and assumptions used in the separate financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the separate financial statements. Actual results could differ from such estimates.

Measurement of ECL on Financial Assets at Amortized Cost

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is "credit-impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Loss allowances for financial assets measured at amortized cost increase recorded operating expenses and decrease current assets.

The Company has assessed that the ECL on financial assets at amortized cost is not material because the transactions with respect to these financial assets were entered into by the Company only with reputable banks and companies with good credit standing and relatively low risk of defaults. Accordingly, no allowance for impairment losses on financial assets at amortized cost was recognized in 2024 and 2023.

The carrying amounts of other financial assets wat amortized cost are as follows:

	Note	2024	2023
Cash in banks	5	₱ 5,956,569	₱ 16,223,721
Receivables - net	6	87,376	121,963
Due from related parties	13	<u>9,034,410</u>	<u>12,125,000</u>
Total		₱ <u>15,078,355</u>	₱ <u>28,470,684</u>

Estimation of useful lives of property and equipment

The Company estimates the useful lives of property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets.

In addition, estimation of the useful lives of property and equipment is based on collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future financial performance could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of property and equipment would increase recorded costs and expenses and decrease noncurrent assets.

The carrying amount of the Company's property and equipment amounted to nil for both years. (Note 9)

Impairment of nonfinancial assets

PFRS requires that an impairment review be performed on prepaid expenses and other current assets, property and equipment and investment in subsidiaries when events or changes in circumstances indicate that the carrying amount may not be recoverable. Determining the recoverable amounts of these assets requires the estimation of

cash flows expected to be generated from the continued use and ultimate disposition of such assets. While it is believed that the assumptions used in the estimation of fair values reflected in the separate financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable amounts and any resulting impairment loss could have a material adverse impact on the financial performance.

Based on the assessment of the Company, certain nonfinancial assets are to be provided with allowance for impairment.

Allowance for impairment losses on advances to suppliers amounted to ₱1,842,500 as at December 31, 2024 and 2023 (Note 7).

Allowance for impairment on investment in subsidiaries amounted to ₱1,559,429,705 as at December 31, 2024 and 2023, respectively (Note 8).

No impairment loss was recognized on property and equipment as at December 31, 2024 and 2023 (Note 9).

Estimation of realizability of deferred tax assets

The Company reviews its deferred tax assets at each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. The Company's assessment on the recognition of deferred tax assets on deductible temporary differences and carry forward benefits of NOLCO is based on the projected taxable income in the following periods.

Deferred tax assets have not been recognized as at December 31, 2024 and 2023 because management believes that it is not probable that future taxable profit will be available against which the deferred tax assets may be utilized (Note 16).

Provisions and contingencies

The Company, in the ordinary course of business, sets up appropriate provisions for its present legal or constructive obligations, if any, in accordance with its policies on provisions and contingencies. In recognizing and measuring provisions, management takes risk and uncertainties into account.

The Company has not recognized any provision in 2024 and 2023.

NOTE 5 – CASH IN BANKS

This account consists of cash in banks amounting to ₱5,956,569 and ₱16,223,721, as at December 31, 2024 and 2023, respectively. Cash in banks earn annual interest at the respective bank deposit rates.

Interest income from cash in banks amounted to ₱6,284 and ₱5,282 in 2024 and 2023, respectively (Note 15).

NOTE 6 – RECEIVABLES

This account consists of advances to employees amounting to ₱87,376 and ₱121,963 as at December 31, 2024 and 2023 (Notes 13). No allowance has been recognized during the year.

NOTE 7 – PREPAID EXPENSES AND OTHER CURRENT ASSETS-NET

As of December 31, the account consists of:

Particulars	2024	2023
Prepaid tax	₱ 13,469,629	₱ 8,764,296
Advances to suppliers	1,862,500	1,862,500
Allowance for impairment loss	<u>(1,842,500)</u>	<u>(1,842,500)</u>
Total	₱ <u>13,489,629</u>	₱ <u>8,784,296</u>

The remaining balance on prepaid taxes of ₱13.469 million and ₱8.764 million as at December 31, 2024 and 2023, respectively, is not considered impaired as this relates to excess tax payments or creditable withholding taxes which have no prescription period and the balances are being carried forward annually in the tax returns

NOTE 8 – INVESTMENT IN SUBSIDIARIES

This account consists of:

Entity	2024	2023
SCPC:		
Cost	₱ 1,748,000,000	₱ 1,748,000,000
Allowance for impairment	<u>(1,559,429,704)</u>	<u>(1,559,429,704)</u>
SCPC	188,570,296	188,570,296
SMPC	<u>269,250,000</u>	<u>269,250,000</u>
Total	₱ <u>457,820,296</u>	₱ <u>457,820,296</u>

As of December 31, 2024 and 2023, both SCPC and SMPC are 100% owned by the Company.

8.1 SCPC and TPC

In 2006, the business operations of SCPC gradually slowed down. The temporary cessation of plant operations was approved by SCPC's BOD on March 27, 2007 in view of the continued losses incurred since its incorporation in addition to difficult economic and business conditions. Its operations are now limited to leasing its existing assets to a related party.

In 2008, TPC temporarily ceased its operations due to continuous losses incurred.

In 2016, the merger between SCPC and TPC (the former as the surviving entity) was approved by the BOD and Shareholders of the respective entities. The application for merger was filed with the SEC on April 10, 2017 and was approved on May 30, 2018.

As at December 31, 2019, the related investment cost for SCPC has been fully provided with allowance for impairment losses. In 2020, the Company has reversed allowance for impairment on investment in SCPC amounting to ₱188,570,000 following management review of SCPC's financial position (Note 16).

8.2 SMPC

As at December 31, 2012, SMPC was a wholly-owned subsidiary of the Company. On December 27, 2013,

the BOD of the Company approved the sale of its 99.99% ownership or 9,249,995 common shares in SMPC to various entities and individuals for a total consideration of ₱20,000,000. The sale resulted to a loss of ₱107,660,000 which further increased the deficit.

On July 17, 2019, the BOD and Stockholders approved the acquisition of shares of SMPC through a share swap transaction wherein all shareholders of SMPC will exchange all their shares in SMPC for shares of the Company. On December 29, 2020, the Company issued 269,250,000 shares to the shareholders of SMPC effecting the share swap transaction following the SEC approval of the Company's increase in authorized capital stock on the same day (Note 12).

As at December 31, 2024, and 2023, SMPC is a wholly-owned subsidiary of the Company.

NOTE 9 – PROPERTY AND EQUIPMENT - NET
--

As of December 31, 2024, the movement and balances of this account are as follows:

Particulars	Beginning Balances	Additions/ Provisions	Disposals/ Adjustments	Ending Balances
Cost:				
Machinery and equipment	₱ 19,278,742	₱ -	₱ -	₱ 19,278,742
Office equipment	-	129,018	-	129,018
Total	₱ 19,278,742	₱ 129,018	₱ -	₱ 19,407,760
Accumulated depreciation:				
Machinery and equipment	₱ 19,278,742	₱ -	₱ -	₱ 19,278,742
Office equipment	-	129,018	-	129,018
Total	₱ 19,278,742	₱ 129,018	₱ -	₱ 19,407,760
Net Book Value	₱ -			₱ -

Certain fully depreciated property and equipment are still being used by the Company for administrative purposes.

As of December 31, 2023, the movement and balances of this account are as follows:

Particulars	Beginning Balances	Additions/ Provisions	Disposals/ Adjustments	Ending Balances
Cost:				
Machinery and equipment	₱ 19,278,742	₱ -	₱ -	₱ 19,278,742
Office equipment	-	-	-	-
Total	₱ 19,278,742	₱ -	₱ -	₱ 19,278,742
Accumulated depreciation:				
Machinery and equipment	₱ 19,187,327	₱ 91,415	₱ -	₱ 19,278,742
Office equipment	-	-	-	-
Total	₱ 19,187,327	₱ 91,415	₱ -	₱ 19,278,742
Net Book Value	₱ -			₱ -

NOTE 10 – INVESTMENTS IN EQUITY INSTRUMENTS

This account consists of investments in shares of stock of golf and country club memberships and publicly-listed utility companies in which the Company does not intend to dispose in the short-term and were designated as financial assets at FVOCI in 2024 and 2023.

These investments were measured at fair value based on quoted prices as at December 31 as follows:

Particulars	2024	2023
Cost		
Balance at beginning of year	₱ 55,346,675	₱ 24,461,894
Purchases	5,575,140	55,490,132
Disposal	(7,956,249)	(24,605,351)
Balance at the end of year	52,965,566	55,346,675
Changes in Fair Value		
Balance at beginning of year	5,571,648	(3,699,760)
Changes in fair value	1,352,305	13,461,287
Transfer of fair value reserve within equity	(2,392,043)	(4,189,879)
Balance at end of year	4,531,910	5,571,648
Total	₱ 57,497,476	₱ 60,918,323

Dividend income recognized amounted to ₱1.896 million and ₱1.195 million in 2024 and 2023, respectively (Note 15).

NOTE 11 – TRADE PAYABLES AND OTHER CURRENT LIABILITIES

This account consists of:

Particulars	2024	2023
Trade payables	₱ 1,881,460	₱ 1,736,460
Nontrade payables	1,885,708	2,941,932
Payable to government agencies	<u>5,007,478</u>	<u>3,391,267</u>
Total	₱ 8,774,646	₱ 8,070,659

Trade payables mainly pertain to liability that arose from the purchase of investments in equity instruments. Trade payables have a credit term which generally ranges from 15 to 30 days.

Nontrade payables include accrued salaries and professional fees which are generally settled within the year.

Payable to government agencies includes VAT payable, withholding taxes, employee loans SSS and PAG-IBIG salary, and contribution to SSS, PAG-IBIG and PhilHealth.

NOTE 12 – EQUITY

This account consists of:

Particulars	2024		2023	
	No. of shares	Amount	No. of shares	Amount
Authorized at ₱1.00 par value	2,000,000,000	₱ 2,000,000,000	2,000,000,000	₱ 2,000,000,000
Issued and outstanding ₱1.00 par value	1,418,812,082	1,418,812,082	1,418,812,082	1,418,812,082

On July 17, 2019, the BOD and Stockholders approved the acquisition of shares of SMPC

Through a share swap transaction wherein all shareholders of SMPC will exchange all their shares in SMPC for shares of STN. On the same date, the BOD and Stockholders also approved the conversion of loans from Greenkraft and Roxburgh into common shares in STN (Notes 1 and 8).

To accommodate the transactions discussed above, the BOD and Stockholders approved the amendment of the AOI to increase the authorized capital stock from ₱1 billion, divided into one billion common shares to ₱2 billion, divided into two billion common shares with par value of ₱1 per share.

On December 29, 2020, the SEC approved the increase in authorized capital stock of the Company. On the same date, the Company issued 269,250,000 shares to the shareholders of SMPC in exchange for all of their shareholdings to the latter. The Company also issued 149,562,081 shares to its lenders effecting the debt-to-equity conversion (Notes).

Expenses incurred that are directly attributable to the issuance of shares, net of related tax benefit, amounted to ₱6.21 million. Such amount was deducted against additional paid-in capital in 2020.

12.1 Additional Paid-in Capital

The Company's loans were restructured in October 2010 and the 123,818,000 unissued shares amounting to ₱123.82 million were issued to a creditor to settle portion of the loan amounting to ₱247.63 million. The excess of the amount settled over the amount of issued shares (₱123.81 million) was recognized as part of additional paid-in capital (Note 1).

12.2 Earnings (Loss) Per Share

The Company has no dilutive equity instruments. Basic earnings per common share in centavos for the years ended December 31 is calculated as follows:

Particulars	2024	2023
Net income for the year available to common shareholders	₱ 14,058,162	₱ 122,694,632
Divide by weighted average number of common shares, in thousand	<u>1,418,812,082</u>	<u>1,418,812,082</u>
Basic earnings per share	₱ <u>0.0099</u>	₱ <u>0.0865</u>

NOTE 13 – RELATED PARTY TRANSACTIONS

In the normal course of business, the Company has transactions and balances with its related parties. All material related party transactions are subject to approval by the BOD. Material related party transactions pertain to those transactions, either individually or in aggregate over a 12-month period, that exceed 10% of the Company's total assets based on the latest audited financial statements. All other related party transactions that are considered not material are approved by management.

As at December 31, 2024 and 2023, outstanding balances arising from related party transactions are as follows:

Category	Year	Note/ Ref	Transaction	Receivables	Borrowings	Due from related parties	Due to related parties	Terms	Conditions
Entities under common control									
- Reimbursements	2024	6, 14b	₱ -	₱ 87,376	₱ -	₱ -	₱ -	Collectible on demand; non - interest bearing	Unsecured; no impairment
	2023		₱ -	₱ 121,963	₱ -	₱ -	₱ -		
- Services	2024	c	₱ 50,000,000	-	-	₱ 9,034,410	-	Collectible on demand; non - interest bearing	Unsecured; no impairment
	2023		₱ 37,500,000	-	-	₱ 12,125,000	-		
- Advances	2024	13a	-	-	-	-	₱ 146,820,220	Payable on demand; non - interest bearing	Unsecured
	2023		₱ 55,103,692	-	-	-	₱ 175,043,516		
- Borrowings	2024	1, 12	-	-	-	-	-	Payable in 25 years in equal quarterly installments; interest bearing at 2% p.a. on the first five years; 6% p.a. on the 6 th until the 15 th year, and 8% p.a. on the 16 th year onwards until maturity	Secured by various current and noncurrent assets of the Company
	2023		₱ (190,000,000)	-	-	-	-		
TOTAL	2024		₱ -	₱ 87,376	₱ -	₱ 99,034,410	₱ 146,820,220		
TOTAL	2023		₱ -	₱ 121,963	₱ -	₱ 12,125,000	₱ 175,043,516		

- a. Due to related parties consist mainly of non-interest-bearing advances for working capital requirements with no definite repayment dates.
- b. Reimbursement of various expenses were paid in advance by the Company and charged to the related party.
- c. In 2022, SCPC has entered into a management and operations agreement with the Company for a period of one (1) year amounting to ₱25,000,000, renewable for another year, subject to terms and conditions mutually agreed by the parties. The key officers of the Company shall manage the affairs of SCPC and shall include such services corporate and business management, planning and budgeting, finance and treasury functions, accounting functions, financial reporting and regulatory filing and reporting, risk management, government and regulatory affairs, and administrative/office services and leasing. The management and operations agreement was renewed for a period of one (1) year for the year 2023 and extended in 2024.
- d. In 2023, SMPC entered into a management and operations agreement with the Company for a period of one (1) year amounting to ₱12,500,000, renewable for another year, subject to terms and conditions mutually agreed by the parties. The key officers of the Company shall manage the affairs of SMPC and shall include such services corporate and business management, planning and budgeting, finance and treasury functions, accounting functions, financial reporting and regulatory filing and reporting, risk management, government and regulatory affairs, and administrative/office services and leasing. The management and operations agreement was renewed for a period of one (1) year for the year 2023 and extended in 2024 at an increased amount of ₱25,000,000.

- e. In June 2024, SLC and SMC entered into a memorandum of agreement where it provides that Steniel Land Corporation agreed to waive its receivables from Steniel Manufacturing Corporation amounting to ₱6.630 million (Note 15).

The Company's key management received compensation in 2024 and 2023 amounting to ₱18.029 million and ₱7.571 million, respectively.

Unless otherwise indicated, amounts due to/from related parties are expected to be settled in cash.

NOTE 14 – OPERATING EXPENSES

For the years ended December 31, the account consists of:

Particulars	Note	2024	2023
Professional fees		₱ 16,353,854	₱ 6,800,083
Salaries, wages and employee benefits		13,729,566	2,451,050
Penalties		5,856,700	-
Listing fees		1,535,249	261,250
Seminars and trainings		230,515	10,661
Publications		185,120	-
Depreciation	9	129,018	91,415
Taxes and licenses		94,407	175,330
Commission		39,118	210,713
Representation		25,153	-
Others		324,649	300,591
Total		₱ 38,503,349	₱ 10,301,093

Miscellaneous pertains to mailing and courier services, subscriptions, office supplies, and bank charges.

NOTE 15 – OTHER INCOME

For the years ended December 31, the account consists of:

Particulars	Note	2024	2023
Management fee		₱ 50,000,000	₱ 37,500,000
Others		6,630,353	1,098
Dividend income		1,895,559	1,195,240
Foreign exchange gain		33,655	-
Interest income		6,283	5,282
Gain on disposal of investment	1	-	69,399,261
Gain on acquisition of investment	1	-	65,434,547
Total		₱ 58,565,850	₱ 173,535,428

Dividend income pertains to the cash dividends received from investment in equity instruments.

Others pertain to gain of the Company from the liability waived by its creditor.

In September 2023, the dacion en pago was completed relating to the Company's shares in SLC and the balance of borrowing was fully settled. The Company acquired shares in SLC from SCPC with a cost of ₱72.705 million for ₱7.271 million resulting to a gain on acquisition amounting to ₱65.435 million. Consequently, the Company assigned the shares in SLC to Greenkraft as payment to its remaining balance of borrowings to Greenkraft amounting to P190 million resulting to a gain on disposal amounting to ₱69.399 million. As of December 31, 2023, the Company has fully-settled its borrowings to Greenkraft.

NOTE 16 – INCOME TAXES

On January 5, 2024, Ease of Paying Taxes (EOPT) Act was passed into law. The EOPT Act introduced significant amendments to the National Internal Revenue Code of 1997 ("The Code") which are intended to protect and safeguard taxpayer rights and welfare to modernize tax administration by providing mechanisms that encourage easy compliance at the best cost and resources, and to update the tax system and adopt best practices.

The amendments include the following:

- File and pay anywhere mechanism. Taxes shall be paid either electronically or manually at the time the return is filed.
- Classification of taxpayers into micro, small, medium and large taxpayers.
- Withholding of tax on income payments only when payable.
- Imposing value-added tax (VAT) on services, based on gross sales, no longer on gross receipts.
- VAT invoices are sufficient to substantiate input VAT arising from the purchase at both goods and services.
- Removal of "business style" as a VAT invoicing requirement.
- Removal of withholding tax as requirement for deductibility of income payments.

The reconciliation of the income tax expense computed at the statutory income tax rate to the income tax expense recognized in profit or loss is as follows:

Particulars	2024	2023
Income before income tax	₱ <u>20,062,502</u>	₱ 163,234,335
Income tax expense (benefit) at statutory tax rate of 25%	₱ <u>5,015,625</u>	₱ 40,808,584
Adjustments to income tax resulting from:		
Dividend income	(473,890)	(298,810)
Interest income subjected to final tax	(1,571)	(1,321)
Nondeductible expenses	<u>1,464,176</u>	<u>31,250</u>
Total	₱ <u>6,004,340</u>	₱ <u>40,539,703</u>

As at December 31, 2024 and 2023, deferred tax assets have not been recognized in respect of the temporary differences and NOLCO as management believes that it is not probable that sufficient taxable profit will be available against which all deferred tax assets may be utilized.

Particulars	2024	2023
Temporary Differences:		
Allowance for impairment losses on advances to suppliers	₱ <u>1,842,500</u>	₱ <u>1,842,500</u>
Total	₱ <u>1,842,500</u>	₱ <u>1,842,500</u>

NOTE 17 – RESTATEMENT

In 2024, the Company's operations were adjusted to incorporate a revision related to the previously disposed cost of an investment acquired from SCPC. This adjustment was necessitated by the completion of the dación en pago process in 2023 (refer to Note 1), resulting in a reduction of the gain on disposal, net of tax, amounting to ₱35.922 million. Additionally, an adjustment of ₱1.098 million was recognized on the cost of equity instruments, arising from discrepancies identified on the cost of disposed investments in the previous year.

Particulars	Balance as of December 31, 2023	Adjustments	Adjusted balance as of December 31, 2024
Statements of Financial Position:			
Prepaid expenses and other current assets (Note 7)	₱ 20,000	₱ 8,764,296	₱ 8,784,296
Investment in equity securities (Note 10)	62,016,741	(1,098,418)	60,918,323
Due to related parties (Note 13)	127,147,824	47,895,692	175,043,516
Income tax payable	3,209,627	(3,209,627)	-
Deficit (Note 12)	(1,422,906,162)	(37,020,187)	(1,459,926,349)
Statements of Comprehensive Income:			
Other income (Note 14)	221,431,120	(47,895,692)	173,535,428
Income tax expense (Note 16)	52,513,626	(11,973,923)	40,539,703
Other comprehensive income (Note 10)	14,559,705	(1,098,418)	13,461,287

NOTE 18 – FINANCIAL RISK AND CAPITAL MANAGEMENT OBJECTIVES AND POLICIES**18.1 Objectives and Policies**

The Company's financial assets and liabilities, comprising mainly of cash in banks, receivables, investments in equity instruments, trade payables and other current liabilities, borrowings and due to related parties, are exposed to a variety of financial risks: liquidity risk, credit risk and market risk (include price risk and cash flow interest rate risk). Management ensures that it has sound policies and strategies in place to minimize potential adverse effects of these risks on the Company's financial performance:

Risk management is carried out through the policies approved by the BOD of the Company. The BOD provides principles on overall risk management and on specific areas such as liquidity risk, credit risk and market risk.

18.2 Liquidity Risk

Liquidity risk pertains to the failure of the Company to discharge its obligations and commitments. The tight cash position limits its obligation to take advantage of increasing demands. The Company's financial liabilities include trade payables and other current liabilities, and due to related parties (Notes 10, 11 and 13).

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments used for liquidity management.

December 31, 2024	Carrying Amount	Contractual Cash flow	Less than 1 year	More than 1 year	Total
Trade payables and other current liabilities*	₱ 3,767,168	₱ 3,767,168	₱ 3,767,168	₱ -	₱ 3,767,168
Due to related parties	146,820,220	146,820,220	146,820,220	-	146,820,220
Total	₱ 150,587,388	₱ 150,587,388	₱ 150,587,388	₱ -	₱ 150,587,388

*Carrying amount excludes payable to government amounting to ₱5.007 million

December 31, 2023	Carrying Amount	Contractual Cash flow	Less than 1 year	More than 1 year	Total
Trade payables and other current liabilities*	₱ 4,678,392	₱ 4,678,392	₱ 4,678,392	₱ -	₱ 4,678,392
Due to related parties	175,043,516	175,043,516	175,043,516	-	175,043,516
Total	₱ 179,721,908	₱ 179,721,908	₱ 179,721,908	₱ -	₱ 179,721,908

*Carrying amount excludes payable to government amounting to ₱3.391 million

The Company regularly monitors its cash position, continuously negotiates with creditors for new credit terms and depends on the financial support from its operating subsidiary and shareholders to meet its obligation as they fall due.

In December 2020, significant amount of the Company's borrowings was converted into equity. The remaining asset subject to dacion en pago under the provisions of the Amended Agreement pertain to investment in preferred shares of SLC with fair value of ₱190.0 million with reference to the municipality zonal value of land owned by SLC (Notes 1, 12 and 13). This transaction was completed and the balance of borrowing was paid in full in September 2023.

18.3 Credit Risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. Credit risk is managed on a Company basis at the STN level. Credit risk arises from deposits with banks and receivables. Cash transactions are limited to high-credit-quality financial institutions.

For the Company's banks and financial institutions requirements, decisions are made at the Company level that considers and leverages on Company's needs and cost. Cash in banks are maintained with universal and commercial banks which represent the largest single group, resource-wise, of financial institutions in the Philippines.

The maximum exposure of the Company to credit risk as at December 31, without considering the effects of collaterals and other risk mitigation techniques, is presented below.

Particulars	Note	2024	2023
Cash in banks	5	₱ 5,956,569	₱ 16,223,721
Receivables	6	87,376	121,963
Due from related parties	13	9,034,410	12,125,000
Total		₱ 15,078,355	₱ 28,470,684

The table below shows the credit quality of the Company's financial assets as at December 31, 2024 and 2023.

		<u>Neither past due nor impaired</u>			
December 31, 2024	<u>Note</u>	<u>High Grade</u>	<u>Medium Grade</u>	<u>Low Grade</u>	<u>Total</u>
Cash in banks	5	₱ 5,956,569	₱ -	₱ -	₱ 5,956,569
Receivables	6	-	-	87,376	87,376
Due from related parties	13	-	9,034,410	-	9,034,410
Totals		₱ 5,956,569	9,034,410	87,376	15,078,355

		<u>Neither past due nor impaired</u>			
December 31, 2023	<u>Note</u>	<u>High Grade</u>	<u>Medium Grade</u>	<u>Low Grade</u>	<u>Total</u>
Cash in banks	5	₱ 16,223,721	₱ -	₱ -	₱ 16,223,721
Receivables	6	-	-	121,963	121,963
Due from related parties	14	-	12,125,000	-	12,125,000
Totals		₱ 16,223,721	₱ 12,125,000	₱ 121,963	₱ 28,470,684

It is the Company's policy to maintain accurate and consistent risk ratings across the financial assets which facilitates focused management of applicable risks. The Company utilizes an internal credit rating system based on its assessment of the quality of the financial assets. The Company classifies its unimpaired receivables into the following credit grades:

- High Grade - This pertains to accounts with a very low probability of default as demonstrated by the customer/debtor long history of stability, profitability and diversity. The customer/debtor has the ability to raise substantial amounts of funds through the public markets. The customer/debtor has a strong debt service record and a moderate use of leverage.
- Medium Grade - The customer/debtor has no history of default. The customer/debtor has sufficient liquidity to fully service its debt over the medium term. The customer/debtor has adequate capital to readily absorb any potential losses from its operations and any reasonably foreseeable contingencies. The customer/debtor reported profitable operations for at least the past 3 years.
- Low Grade - The customer/debtor is expected to be able to adjust to the cyclical downturns in its operations. Any prolonged adverse economic conditions would however ostensibly create profitability and liquidity issues. Operating performance could be marginal or on the decline. The customer/debtor may have a history of default in interest but must have regularized its service record to date. The use of leverage is above industry standards but has contributed to shareholder value.

The table below presents the Company's exposure to credit risk and shows the credit quality of the financial assets by indicating whether the financial assets are subjected to 12-month ECL or lifetime ECL. Assets that are credit-impaired are separately presented.

		Financial Assets at Amortized Cost			
<u>December 31, 2024</u>	<u>Note</u>	<u>12-month ECL</u>	<u>Lifetime ECL- not credit impaired</u>	<u>Lifetime ECL- credit impaired</u>	<u>Total</u>
Cash in banks	5	₱ 5,956,569	₱ -	₱ -	₱ 5,956,569
Receivables	6	87,376	-	-	87,376
Due from related parties	14	-	9,034,410	-	9,034,410
Total		₱ 6,043,945	₱ 9,034,410	₱ -	₱ 15,078,355

		Financial Assets at Amortized Cost			
<u>December 31, 2023</u>	<u>Note</u>	<u>12-month ECL</u>	<u>Lifetime ECL- not credit impaired</u>	<u>Lifetime ECL- credit impaired</u>	<u>Total</u>
Cash in banks	5	₱ 16,223,721	₱ -	₱ -	₱ 16,223,721
Receivables	6	121,963	-	-	121,963
Due from related parties	14	-	12,125,000	-	12,125,000
Total		₱ 16,345,684	₱ 12,125,000	₱ -	₱ 28,470,684

The Company believes that the unimpaired amounts are past due by more than 60 days are still collectible based on historical payment behavioral analyses of the underlying counterparties' credit ratings.

18.4 Market Risk

Market risk is the risk that the changes in market prices, such as foreign exchange rates, interest rates and other market prices, will affect the Company's income or the value of its holdings in financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Foreign Currency Risk

The Company is exposed to foreign currency risk on its cash in banks that is denominated in US Dollars. The Company regularly monitors the outstanding balance of its cash in banks that is denominated in US Dollars and maintains them at a level responsive to the current exchange rates so as to minimize the risks related to this foreign currency denominated asset. The Company expects that the effects of this foreign currency risk are immaterial to the separate financial statements.

Interest Rate Risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposures to interest rate risk relates primarily to the Company's borrowings. The Company manages its interest rate risk by limiting its borrowings to long-term loans with fixed interest rates over the term of the loan.

Share Price Changes of Investment in Equity Instruments

The Company has investments in equity instruments traded in the Philippine Stock Exchange and are exposed to share price changes. Share price changes of investments in equity instruments arises from future commercial transactions and recognized assets and liabilities.

The following table demonstrates the sensitivity to a reasonably possible change in the fair value of investments in equity instruments, with all other variables held constant, of the Company's equity:

	Effect on Capital Deficiency			
	2024		2023	
	3% Increase	3% Decrease	6% Increase	6% Decrease
Investment in equity securities	₱ 2,138,197	₱ (2,138,197)	₱ 4,071,312	₱ (4,071,312)

18.5 Fair Value Estimation of Financial Assets and Liabilities

Cash in Banks, Receivables, and Due from Related Parties. The carrying amounts of cash in banks, receivables, and due from related parties' approximate fair values due to the relatively short-term maturities of these financial instruments.

Investment in Equity Instruments. The fair value of quoted investment in equity instruments is determined by reference to their quoted bid prices at the reporting date (Level 1).

The fair values of golf shares and country club memberships are based on cost since there is no realizable basis for fair value.

Trade Payables and Other Current Liabilities and Due to Related. The carrying amounts of trade payables and other current liabilities, due to related parties and current portion of borrowings approximate fair value due to the relatively short-term maturities of these financial instruments.

18.6 Capital Management

The Company's objectives when managing capital are to safeguard its 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.

Cash flow from the activities of the Company's operating subsidiaries is considered a measure that reflects the Company's ability to generate funding from operations for its investing and financing activities and is representative of the realization of value or shareholders from the Company's operations.

Total capital comprises the total equity as shown in the separate statements of financial position. The Company being a listed entity is covered by the PSE requirement of 10% minimum public ownership. The Company is under trading status in Philippine Stock Exchange since 2006 pursuant to the PSE's Implementing Guidelines for Companies under Corporate Rehabilitation when the Company notified the PSE in a disclosure that the stockholders have approved entering into rehabilitation proceedings (Note 1).

The Company is not subject to externally imposed capitalization requirements.

NOTE 19 – SUPPLEMENTARY TAX INFORMATION REQUIRED BY THE BUREAU OF INTERNAL REVENUE (BIR)

I. Revenue Regulation (RR) No. 15-2010

In compliance with the requirements set forth by RR 15-2010 hereunder are the information on taxes, duties and license fees paid or accrued during the taxable year.

a) Value added tax (VAT)

Output VAT declared and movement in input VAT for the year ended December 31, 2024 and the revenues upon which the same was based consist of:

1. Output VAT	₱	<u>6,000,000</u>
Basis of the Output VAT:		
Vatable Sales	₱	<u>50,000,000</u>
2. Input VAT		
Beginning of the year	₱	-
Current year's domestic purchases:		
Purchases of capital goods		
a. Capital goods subject to amortization		-
b. Services lodged under other accounts		960,900
c. Capital goods more than ₱ 1 million		-
Capital goods exceeding ₱ 1 million deferred		-
Applied against output VAT		<u>(960,900)</u>
Balance at the end of the year	₱	<u>-</u>

b) Importation

The company did not have any purchases of imported goods subject to custom duties and tariff fees for the year ended December 31, 2024.

c) Excise tax

The Company did not have any transaction in 2024 which are subject to excise tax.

d) Documentary stamp tax

The Company has no documentary stamp taxes due and paid during the year.

e) Taxes and licenses

The taxes and licenses paid and accrued in 2024 are as follows:

Other taxes paid during the year recognized under "Taxes and Licenses" account under Operating Expenses	
License and permit fees	₱ <u>94,407</u>

f) Withholding taxes

The Company remitted the following withholding taxes in 2024:

Expanded withholding taxes	₱ 1,664,910
Withholding taxes on compensation	<u>2,292,438</u>
Total	₱ <u>3,957,348</u>

g) Deficiency tax assessment and tax cases

The Company does not have any deficiency tax assessments with the BIR or tax cases outstanding or pending in courts or bodies outside of the BIR in any of the open years.

h) Tax cases

As of December 31, 2024, the Company has no pending tax court cases. However, on January 14, 2025, the Company received a discrepancy notice from the BIR for taxable year 2023 on its VAT and Income Tax returns with under-declared sales amounting to ₱12,523,750. The Company has already submitted documentary evidences and these are currently under the review of the bureau.

II. Revenue Regulations No. 34-2020

On December 18, 2020, BIR issued RR 34-2020 which prescribed the guidelines and procedures for the submission of BIR Form 1709, Transfer Pricing Documentation (TPD) and other Supporting Documents, Amending the pertinent provision of RR No. 19-2020 and RR No. 15-2010 .

The Company is not covered by the requirements and procedures for related party transactions provided under this revenue regulation.

ANNEX C

Sustainability Report

STENIEL MANUFACTURING CORPORATION

Sustainability Report

Contextual Information

Company Details	
Name of Organization	STENIEL MANUFACTURING CORPORATION
Location of Headquarters	GATEWAY BUSINESS PARK, BRGY. JAVALERA, GEN. TRIAS CAVITE
Location of Operations	GATEWAY BUSINESS PARK, BRGY. JAVALERA, GEN. TRIAS CAVITE
Report Boundary: Legal entities (e.g. subsidiaries) included in this report*	STENIEL MANUFACTURING CORPORATION AND ITS SUBSIDIARIES, STENIEL MINDANAO PACKAGING CORPORATION AND STENIEL CAVITE PACKAGING CORPORATION.
Business Model, including Primary Activities, Brands, Products, and Services	MANUFACTURING, PROCESSING, AND SELLING OF PAPER PRODUCTS AND LEASING OF MACHINERY AND EQUIPMENT.
Reporting Period	CALENDAR YEAR 2024
Highest Ranking Person responsible for this report	ELIZA C. MACURAY – TREASURER/CFO/CAE

ECONOMIC

Economic Performance

Direct Economic Value Generated and Distributed

Disclosure	Amount	Units
Direct economic value generated (revenue)	3,277,148,289	PhP
Direct economic value distributed:		
a. Operating costs	3,117,562,351	PhP
b. Employee wages and benefits	86,638,958	PhP
c. Payments to suppliers, other operating costs	3,884,484,989	PhP
d. Dividends given to stockholders and interest payments to loan providers	Dividends - 0; Interest payments - 95,221,473	PhP
e. Taxes given to government	39,543,045	PhP
f. Investments to community (e.g. donations, CSR)	0	PhP

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<ul style="list-style-type: none"> • <i>Revenue performance did not meet expectations or forecasts, primarily due to decline in crop yields within the agri-business sector. Crop yields decreased due to various reasons such as diseases and abrupt climate changes which are out of the Company's control.</i> • <i>Higher cost of raw materials primarily due to ongoing tensions on shipping routes. The Company's involvement is in the planning and processing of purchase transactions.</i> 	<p><i>Shareholders, Employees, Customers, and Government</i></p>	<ul style="list-style-type: none"> • <i>The Company plans and implements various marketing strategies to expand market reach for non-agricultural business sectors, reducing reliance on industries vulnerable to diseases and environmental and seasonal fluctuations.</i> • <i>The Company will explore emerging markets or sectors with stable demand for paper-based packaging.</i> • <i>The Company will enhance raw materials procurement planning and explore alternative Asian suppliers to avoid incremental cost as a consequence of shipments passing through the tensioned area.</i>
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<ul style="list-style-type: none"> • <i>An industry-wide decline in demand for packaging materials used in agricultural produce—particularly for bananas and pineapples—due to climate change and crop diseases is negatively affecting the Company's revenue and market share in the agricultural packaging segment.</i> 	<p><i>Shareholders, Employees, Customers, and Government</i></p>	<ul style="list-style-type: none"> • <i>The Company will further strengthen its focus on additional market segments, including beverages, food, e-commerce, and other processed products, to enhance volume diversification.</i> • <i>The Company will prioritize expanding its supplier base, with a preference for those whose shipping routes remain</i>

<ul style="list-style-type: none"> • <i>Ongoing geopolitical tensions and global conflicts are driving up the cost of key raw materials, placing sustained pressure on the Company's production costs and impacting profitability.</i> • <i>Aggressive pricing strategies by competitors are intensifying market pressure, leading to potential loss of customers, reduced sales volumes, and margin compression, which may adversely impact the Company's revenue and long-term competitiveness.</i> 		<p><i>unaffected by geopolitical disruptions.</i></p> <ul style="list-style-type: none"> • <i>Implementing customer retention strategies—such as loyalty programs, exceptional customer service, and personalized follow-ups—will help foster long-term relationships with clients.</i> • <i>The company will continuously evaluate and optimize its production lines to minimize waste and increase flexibility, thereby lowering production costs. This will enable the company to offer more competitive pricing while maintaining its target profit margins.</i>
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<ul style="list-style-type: none"> • <i>The Company sees opportunities on emerging agricultural products and by-products requiring paper-based packaging materials (e.g. durian, coconut water, coconut shell charcoal, and etc.)</i> • <i>The Company sees potential in entering into the manufacturing and selling of plastic labels, stickers, and other secondary packaging materials.</i> 	<p><i>Shareholders, Employees, Customers, and Government</i></p>	<ul style="list-style-type: none"> • <i>The Company continues to collaborate with various customers on projects involving emerging agricultural products and by-products, offering its expertise in developing suitable packaging materials.</i> • <i>The Company is actively engaging with existing customers to understand their needs and trends related to the demand, supply, and specifications of plastic labels, stickers, and other secondary packaging materials.</i>

Procurement Practices

Proportion of spending on local suppliers

Disclosure	Quantity	Units
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers	10 to 20	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<ul style="list-style-type: none"> • <i>Raw materials inventory exceeded customer requirements and planned stock levels due to unpredictable delays stemming from issues in shipping routes, prompting the company to place larger orders as a precaution against potential stockouts. The Company's involvement is in the proper management of inventory to prevent obsolescence and to keep the inventory in good condition.</i> • <i>The company faced additional port charges as a result of port inefficiencies and congestion, driven by operational cut-offs imposed by the port authority and the simultaneous arrival of multiple shipments caused by ongoing shipping disruptions. The company is actively involved in ensuring that shipments are promptly</i> 	<p><i>Shareholders, Employees, Customers, and Government</i></p>	<ul style="list-style-type: none"> • <i>The Company conducts weekly and monthly review of inventory to determine the production requirements and the status of each inventory.</i> • <i>The company is actively working to mitigate these costs by maintaining close coordination with its third-party broker. This collaboration focuses on planning and executing timely clearance and efficient withdrawal of procured items from the port, helping to streamline the process and reduce delays and associated charges.</i>

<i>pulled out as soon as they are cleared by customs.</i>		
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<ul style="list-style-type: none"> • <i>The Company is exposed to risks related to the availability and affordability of raw materials, particularly those sourced from suppliers in the United States and European countries, which may be directly or indirectly impacted by the implementation of aggressive tariffs.</i> • <i>There is a risk that suppliers based in the United States and Europe may be unable to fulfill the Company's raw material requirements in a timely manner due to ongoing tensions and disruptions in major shipping routes. This could result in supply delays, increased procurement costs, and potential interruptions in production, ultimately affecting the Company's ability to meet customer demand and delivery timelines.</i> 	<p><i>Customers, Employees, Shareholder, Government, and the General Public</i></p>	<ul style="list-style-type: none"> • <i>The Company is taking a proactive approach to strengthen supply chain resilience. This includes diversifying its supplier base by identifying and qualifying alternative sources in less affected regions, and exploring local or regional suppliers to reduce dependency on long-haul shipping routes.</i> • <i>The Company is also enhancing its procurement planning by closely monitoring global trade developments, including tariff policies, and adjusting sourcing strategies accordingly to manage cost volatility.</i> • <i>The Company is collaborating more closely with logistics partners to anticipate and respond to shipping route disruptions, while maintaining optimal inventory levels to buffer against potential delays.</i>
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach

<ul style="list-style-type: none"> • <i>There is a clear opportunity to increase local sourcing to strengthen supply chain resilience and reduce exposure to global shipping disruptions and tariffs. By expanding partnerships with local or regionally-based suppliers, the Company can lower transportation and port-related costs, reduce lead times, and minimize the risks of inventory delays and obsolescence.</i> 	<p><i>Customers, Employees, Shareholder, Government, and the General Public</i></p>	<ul style="list-style-type: none"> • <i>The Company can pursue supplier development initiatives to enhance the capabilities of local partners, explore volume consolidation to gain cost advantages, and integrate local procurement into its strategic sourcing model.</i>
---	---	--

Anti-corruption

Training on Anti-corruption Policies and Procedures

Disclosure	Quantity	Units
Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated to	100	%
Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to	100	%
Percentage of directors and management that have received anti-corruption training	100	%
Percentage of employees that have received anti-corruption training	100	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<ul style="list-style-type: none"> • <i>Stakeholders are increasingly aware of the Company's anti-corruption practices and are more accountable for maintaining a corruption-</i> 	<p><i>Board of Directors and Officers, Employees, Government, and Public</i></p>	<ul style="list-style-type: none"> • <i>Management ensures that its anti-corruption policies and procedures are communicated to both employees and business partners.</i>

<p><i>free working environment. The Company—particularly the Board of Directors and key officers—plays an active role in setting a strong example and in developing and enhancing policies to reinforce internal controls.</i></p>		<ul style="list-style-type: none"> • <i>Copies of the Code of Conduct are discussed and distributed to officers and employees and they are strictly forbidden from participating in any form of direct or indirect bribery or corrupt activities.</i> • <i>Furthermore, all directors and officers of the Company are required to attend the annual Corporate Governance seminars, which cover anti-corruption subjects among other relevant topics.</i>
<p>What are the Risk/s Identified?</p>	<p>Which stakeholders are affected?</p>	<p>Management Approach</p>
<ul style="list-style-type: none"> • <i>The Company partners with suppliers and customers who uphold high standards of integrity. However, while every effort is made to mitigate risks, corruption can never be entirely eliminated. As such, the Company acknowledges the potential exposure to unethical practices by employees, customers, or suppliers who may be motivated and find opportunities to engage in such acts.</i> 	<p><i>Board of Directors and Officers, Employees, Customers, Suppliers, Government, and Public</i></p>	<ul style="list-style-type: none"> • <i>The Company maintains a strong commitment to integrity and ethical conduct across all levels of its operations and partnerships. This includes the implementation of the Company’s Code of Conduct that outlines guidelines, reporting mechanisms, and disciplinary measures.</i> • <i>The Company regularly conducts training and awareness programs for employees, suppliers, and business partners to reinforce its zero-tolerance stance on corruption and promote a culture of accountability.</i> • <i>The Company performs due diligence and periodic assessments of suppliers and customers to ensure alignment with its ethical standards.</i>

What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<ul style="list-style-type: none"> <i>The Company sees an opportunity to establish a comprehensive, standalone anti-corruption policy to further reinforce its internal controls and safeguard against corrupt practices.</i> 	<p><i>Board of Directors and Officers, Employees, Customers, Suppliers, Government, and Public</i></p>	<ul style="list-style-type: none"> <i>The Company will initiate the development of a comprehensive, standalone anti-corruption policy that clearly outlines prohibited practices, responsibilities, reporting mechanisms, and enforcement procedures. This policy will be aligned with both local regulations and international best practices to ensure broad applicability and effectiveness.</i>

Incidents of Corruption

Disclosure	Quantity	Units
Number of incidents in which directors were removed or disciplined for corruption	0	Incident/s
Number of incidents in which employees were dismissed or disciplined for corruption	0	Incident/s
Number of incidents when contracts with business partners were terminated due to incidents of corruption	0	Incident/s

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<ul style="list-style-type: none"> <i>Incidents of corruption have detrimental effects on both the Company's reputation and the morale of its employees. The Company's involvement is on the management of existing and potential risks.</i> 	<p><i>Directors and Officers, Employees, and Government</i></p>	<ul style="list-style-type: none"> <i>Management strictly enforces the Company's anti-corruption policies and procedures and reviews all transactions to ensure that there is no corruption involved.</i> <i>Risk-based assessments are conducted regularly to proactively manage potential risks.</i>
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach

<ul style="list-style-type: none"> • <i>Acts of corruption affect the reputation of the Company and the morale of the people.</i> • <i>Corrupt practices may put the company under tight government scrutiny.</i> 	<p><i>Directors and Officers, Employees, and Government</i></p>	<ul style="list-style-type: none"> • <i>Risk-based assessments are conducted regularly to proactively manage existing and potential risks.</i>
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<p><i>Enhance training on anti-corruption policies and procedures</i></p>	<p><i>Directors and Officers, Employees, and Government</i></p>	<p><i>Management is continuously looking into ways it can enhance training on anti-corruption policies and procedures.</i></p>

ENVIRONMENT

Resource Management

Energy consumption within the organization:

Disclosure	Quantity	Units
Energy consumption (renewable sources)	2,637.97	GJ
Energy consumption (gasoline)	0	GJ
Energy consumption (LPG)	5.00	GJ
Energy consumption (diesel)	33,096.70	GJ
Energy consumption (electricity)	5,784,513.20	kWh

Reduction of energy consumption

Disclosure	Quantity	Units
Energy reduction (renewable sources)	56.60	GJ
Energy reduction (LPG)	0	GJ
Energy reduction (diesel)	0	GJ
Energy reduction (electricity)	18,350.00	kWh
Energy reduction (gasoline)	0	GJ

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
--	---	----------------------------

<ul style="list-style-type: none"> <i>The Group is heavily dependent on electricity to operate, with its primary source being the power utility company, DLPC. Additionally, a portion of its electricity needs is fulfilled by a solar power generator leased and installed on the premises. Diesel is also utilized for operating equipment and vehicles. Optimizing the capacity of the solar power generator and ensuring efficient use of diesel and electricity significantly affect both costs and the environment positively.</i> 	<p><i>Directors and Officers Employees Customers Public</i></p>	<ul style="list-style-type: none"> <i>The Company performs routine evaluations to pinpoint significant energy users and their energy sources. Determining which areas to prioritize for energy conservation mainly depends on feasibility or the possibility of reducing energy consumption. Subsequently, a plan to decrease utility usage is developed to fulfill the company's energy consumption goals.</i> <i>The management strategically schedules operations to maximize the utilization of solar power due to its cost-effectiveness and minimal environmental footprint.</i> <i>Moreover, the management purposefully schedules production to minimize diesel consumption while maintaining efficient product output.</i>
<p>What are the Risk/s Identified?</p>	<p>Which stakeholders are affected?</p>	<p>Management Approach</p>
<ul style="list-style-type: none"> <i>Escalating power and diesel rates are attributed, but not limited, to factors such as heightened fuel costs resulting from conflicts in import routes.</i> <i>Reduced customer demand compels the company to operate at reduced capacities, consequently impacting the efficiency of power consumption; thus,</i> 	<p><i>Directors and Officers Employees Customers Public</i></p>	<ul style="list-style-type: none"> <i>The management is continuously working on optimizing the utilization of the solar power generator and exploring additional renewable energy sources. Through which, the company can reduce dependence on conventional electricity and volatile diesel. This shift towards renewable energy not only lowers operational costs but also enhances the</i>

<i>increasing the cost of operation.</i>		<i>organization's environmental sustainability profile.</i>
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<ul style="list-style-type: none"> <i>Transition to renewable source of energy that is cheaper and may potentially attract environmentally cautious customers and investors.</i> <i>Adoption and implementation of energy-efficient technologies and practices which may include upgrading equipment, improving insulation and adopting smart energy management system.</i> 	<p><i>Directors and Officers</i> <i>Employees</i> <i>Customers</i> <i>Government</i></p>	<ul style="list-style-type: none"> <i>The Company takes a proactive approach in adopting energy-efficient equipment. Additionally, the management is exploring the possibility of expanding the rooftop-mounted solar power generator.</i>

Water consumption within the organization

Disclosure	Quantity	Units
Water withdrawal	9,790.00	Cubic meters
Water consumption	38,651.00	Cubic meters
Water recycled and reused	2,664.00	Cubic meters

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<p><i>Taking into account the nature and size of operations, the Company has minimal water consumption. Nevertheless, the Company ensures that there is a safe and sufficient source of water for drinking and utility use.</i></p>	<p><i>Employee</i> <i>Community</i> <i>Government</i> <i>Customer</i></p>	<p><i>To guarantee the safety of potable water for both employees and guests, the management conducts routine inspections and/or audits of drinking water suppliers.</i></p> <p><i>Additionally, the management ensures that regular tests are</i></p>

		<p><i>carried out on alternative water sources to confirm their suitability for utility use.</i></p> <p><i>Furthermore, the management maintains the cistern facility and the newly installed 60 cubic meter water tank within the plant to store and utilize rainwater effectively.</i></p>
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<p><i>Increasing water rates and unstable water supply will have a direct effect on the operating cost and operation.</i></p> <p><i>Drinking water failing the standard quality poses health risks to employees.</i></p>	<p><i>Employees</i></p> <p><i>Government</i></p>	<p><i>The Company keeps the cistern and water tank in good condition to ensure that it effectively captures and stores rainwater and that the rainwater is efficiently used.</i></p>
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<p><i>Taking into account the nature and size of operations, the Company has minimal water consumption. Thus, opportunities in relation to this matter are negligible</i></p>	<p><i>NA</i></p>	<p><i>NA</i></p>

Materials used by the organization

Disclosure	Quantity	Units
Materials used by weight or volume	64,101.02	MT
<ul style="list-style-type: none"> renewable 	257.18	MT
<ul style="list-style-type: none"> non-renewable 	64,101.02	MT
Percentage of recycled input materials used to manufacture the organization's primary products and services	32.32	%

What is the impact and where does it occur? What is the	Which stakeholders are affected?	Management Approach
--	---	----------------------------

organization's involvement in the impact?		
<ul style="list-style-type: none"> <i>The Company's operations are significantly dependent on the accessibility and sustainability of its primary raw material, paper. In response to the substantial global demand, the Company collaborates with its customers to create products utilizing recycled papers, which not only offer cost advantages but also contribute to environmental preservation, thereby reducing the Company's working capital.</i> 	<p><i>Suppliers Customers Employees</i></p>	<ul style="list-style-type: none"> <i>Maximize the utilization of recycled papers through the implementation of novel technologies, ongoing process enhancements, and fostering innovation, alongside offering training programs to cultivate a proficient and technically skilled workforce.</i>
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<ul style="list-style-type: none"> <i>Several factors, including the environmental consequences of global warming and the requirement for domestic wood in bio-energy production, present challenges to the sustainability of paper mills in fulfilling worldwide demands for paper rolls. Furthermore, these factors directly influence the pricing of paper rolls in the market.</i> 	<p><i>Suppliers Customers Employees</i></p>	<ul style="list-style-type: none"> <i>Continuous improvement in supply chain management and technological innovation to efficiently consume raw materials.</i> <i>Market analysis and pricing strategies are conducted and implemented to negotiate better prices with the suppliers.</i>

What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<ul style="list-style-type: none"> • <i>With increasing consumer demand for environmentally friendly packaging, the Company can capitalize on this trend by offering sustainable packaging solutions made from recycled or responsibly sourced paper materials.</i> • <i>And as e-commerce continues to grow, there is a rising demand for packaging solutions tailored to shipping products directly to consumers. The Company can develop specialized packaging solutions optimized for e-commerce fulfillment, such as corrugated boxes designed for efficient shipping and product protection.</i> 	<p><i>Suppliers Customers Employees</i></p>	<ul style="list-style-type: none"> • <i>Conducting market research and analysis, investing in research and development, integration of sustainable practices, strategic partnership and collaboration, service expansion and differentiation, and maintaining strong customer relations.</i>

Ecosystems and biodiversity (whether in upland/watershed or coastal/marine)

Disclosure	Quantity	Units
Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	NA	
Habitats protected or restored	NA	ha
IUCN ¹ Red List species and national conservation list species with habitats in areas affected by operations	NA	

What is the impact and where does it occur? What is the	Which stakeholders are affected?	Management Approach
---	----------------------------------	---------------------

¹ International Union for Conservation of Nature

organization's involvement in the impact?		
N/A	N/A	N/A
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
N/A	N/A	N/A
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
N/A	N/A	N/A

Environmental impact management

Air Emissions

GHG

Disclosure	Quantity	Units
Direct (Scope 1) GHG Emissions	7,155.22	Tonnes CO ₂ e
Energy indirect (Scope 2) GHG Emissions	3,903.14	Tonnes CO ₂ e
Emissions of ozone-depleting substances (ODS)	NA	Tonnes

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<ul style="list-style-type: none"> Energy indirect Greenhouse Gase (GHG) emission is the impact of usage of electricity, which is one of the major inputs in production. 	<p>Employees Customers Government Community</p>	<ul style="list-style-type: none"> The Company has adopted and implemented energy conservation measures such as the use of LED lights, inverter drive motor, and upgraded the electrical power controls (power-saving devices).
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<ul style="list-style-type: none"> Poor air quality 	<p>Employees Customers Government</p>	<ul style="list-style-type: none"> The Company has embraced and put into effect energy-saving initiatives, including consistent

	Community	upkeep of APCD and APSE systems, complying with stack sampling outcomes, and preserving ambient air quality by installing air ventilation fan and air conditioning units.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<ul style="list-style-type: none"> Discover and implement new knowledge on power-saving technologies. 	Employee Government Community	<ul style="list-style-type: none"> The Company will invest in training and new equipment.

Air pollutants

Disclosure	Quantity	Units
NO _x	3,300.00	MT/Yr
SO _x	6,290.00	MT/Yr
Persistent organic pollutants (POPs)	NA	
Volatile organic compounds (VOCs)	NA	
Hazardous air pollutants (HAPs)	92.00	MT/Yr
Particulate matter (PM)	2,050.00	MT/Yr

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<i>Taking into account the nature and size of Operations, the Company has a negligible impact on this matter.</i>	Employee Community	<i>The management ensures that the prescribed DENR source emission standards are kept and regular testing is made for the boilers, vehicles, and stan-by generators.</i>
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<i>Taking into account the nature and size of Operations, the Company has negligible risks in relation this matter.</i>	Employee Community	<i>Sources of air pollution regularly undergo preventive maintenance and low sulfur fuel is used.</i>
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach

<i>Taking into account the nature and size of Operations, the Company has negligible opportunities in relation this matter.</i>	NA	NA
---	----	----

Solid and Hazardous Wastes

Solid Waste

Disclosure	Quantity	Units
Total solid waste generated	10,052,004.50	kg
Reusable	25,471.50	kg
Recyclable	9,376,687.00	kg
Composted	-	kg
Incinerated	509,632.00	kg
Residuals/Landfilled	140,214.00	kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<i>Taking into account the nature and size of Operations, the Company has negligible impact in relation this matter.</i>	<i>Employee Community</i>	<p><i>Waste management key performance indicators were set and regular inspections/audits are conducted to monitor compliance and performance.</i></p> <p><i>Material recovery facilities were established and baling machine was installed to recover recyclable materials.</i></p> <p><i>Consistent implementation of solid waste management like proper segregation of waste and recycling.</i></p>
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<i>Taking into account the nature and size of Operations, the Company has negligible risks in relation this matter.</i>	<i>Employee Community</i>	<i>Assessments are conducted to identify the risks and risks are managed in accordance to the IRR prescribed by the DENR.</i>

What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<i>Taking into account the nature and size of Operations, the Company has negligible opportunities in relation this matter.</i>	<i>Employee Community Customers</i>	<i>Enhance and endorse the company's current forward-thinking strategy aimed at minimizing solid waste.</i>

Hazardous Waste

Disclosure	Quantity	Units
Total weight of hazardous waste generated	14,869.25	kg
Total weight of hazardous waste transported	10,935.67	kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<i>Taking into account the nature and size of Operations, the Company has negligible impact in relation this matter.</i>	<i>Employee Community</i>	<i>Consistent implementation of hazardous waste management plan as prescribed by the implementing rules and regulations of RA 6969.</i>
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<i>Taking into account the nature and size of Operations, the Company has negligible risks in relation this matter.</i>	<i>Employee Community</i>	<i>Risks concerning hazardous waste are managed by conduction regular inspections and by designating a prescribed storage area, proper labeling for identification, and maintaining an updated inventory of hazardous wastes.</i>
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<i>Taking into account the nature and size of Operations, the Company has negligible opportunities in relation this matter.</i>	<i>Employee Community</i>	<i>Consistent implementation of hazardous waste management plan as prescribed by the implementing rules and regulations of RA 6969.</i>

Effluents

Disclosure	Quantity	Units
Total volume of water discharges	0	Cubic meters
Percent of wastewater recycled	10	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<p><i>The wastewater discharge permit is currently undergoing renewal, which poses a risk to the Company's compliance status. The Company is responsible for monitoring and maintaining the wastewater discharge facility to ensure that effluent levels remain within acceptable parameters. However, a root cause analysis indicates that the primary issue stems from the facility's location—situated in the middle of a banana plantation where fertilizers with high level of ammonia are used leading to contamination of the water source utilized for various plant operations.</i></p>	<p><i>Employee Community</i></p>	<p><i>Wastewater is temporarily held in the cesspool and undergoes treatment at the wastewater facility before being discharged.</i></p> <p><i>Regular inspection and review of waste streams are also conducted to identify instances of noncompliance and/or opportunities for improvement.</i></p>
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<p><i>Taking into account the nature and size of Operations, the Company has negligible risks in relation this matter.</i></p>	<p><i>Employee Community</i></p>	<p><i>On a periodic basis, the Company reviews compliance with the applicable government rules and internal campaign to use and recycle wastes.</i></p>

What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<i>Taking into account the nature and size of Operations, the Company has negligible opportunities in relation this matter.</i>	<i>Employee Community</i>	<i>The Company continuously adopts new ideas and considers new technology that will help reduce and reuse waste.</i>

Environmental compliance

Non-compliance with Environmental Laws and Regulations

Disclosure	Quantity	Units
Total amount of monetary fines for non-compliance with environmental laws and/or regulations	150,000.00	PhP
No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations	0	#
No. of cases resolved through dispute resolution mechanism	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<i>The Company was penalized for a violation under RA 8749, specifically the conformance of sulfur oxide emissions to the National Emissions Standards for Source Specific Air Pollutants (NESSAP). The Company is accountable for the management and monitoring of its operation thus, it is principally involved. The impact is on the environment and on the Company's compliance integrity.</i>	<i>Community Employees Customers</i>	<p><i>The Company carried out a root cause analysis to accurately pinpoint the issue and determine appropriate corrective actions. As a result, it discontinued sourcing raw materials from one of its suppliers and is now planning to enhance its quality assurance process for raw material acceptance. This includes investing in advanced technologies that enable more precise testing of materials prior to acceptance.</i></p> <p><i>The company conducts annual reviews to ensure compliance with relevant environmental laws and regulations. Additionally, it offers comprehensive seminars and training sessions to its Pollution Control Officers (PCOs) to maintain their proficiency and keep them</i></p>

		<i>abreast of updates in regulations, thereby ensuring the company's PCOs remain knowledgeable and skilled.</i>
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<i>Taking into account the nature and size of Operations, the Company has negligible risks in relation this matter.</i>	<i>Community Employees Customers</i>	<i>The company conducts annual reviews to ensure compliance with relevant environmental laws and regulations. Additionally, it offers comprehensive seminars and training sessions to its Pollution Control Officers (PCOs) to maintain their proficiency and keep them abreast of updates in regulations, thereby ensuring the company's PCOs remain knowledgeable and skilled.</i>
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<i>Taking into account the nature and size of Operations, the Company has negligible opportunities in relation this matter.</i>	<i>Community Employees Customers</i>	<i>The company conducts annual reviews to ensure compliance with relevant environmental laws and regulations. Additionally, it offers comprehensive seminars and training sessions to its Pollution Control Officers (PCOs) to maintain their proficiency and keep them abreast of updates in regulations, thereby ensuring the company's PCOs remain knowledgeable and skilled.</i>

SOCIAL

Employee Management

Employee Hiring and Benefits

Employee data

Disclosure	Quantity	Units
Total number of employees ²	261.00	Headcount
a. Number of female employees	58.00	Headcount
b. Number of male employees	203.00	Headcount
Attrition rate ³	2.38	Percent
Ratio of lowest paid employee against minimum wage	0	Percent

Employee benefits

List of Benefits	Y/N	% of female employees who availed for the year	% of male employees who availed for the year
SSS	Y	100.00	100.00
PhilHealth	Y	100.00	100.00
Pag-ibig	Y	100.00	100.00
Parental leaves	Y	3.98	10.52
Vacation leaves	Y	43.05	88.50
Sick leaves	Y	32.56	62.84
Medical benefits (aside from PhilHealth))	Y	100.00	100.00
Housing assistance (aside from Pag-ibig)	N		
Retirement fund (aside from SSS)	N		
Further education support	N		
Company stock options	N		
Telecommuting	N		
Flexible-working Hours	N		
(Others)	N		

² Employees are individuals who are in an employment relationship with the organization, according to national law or its application ([GRI Standards 2016 Glossary](#))

³ Attrition rate = (no. of new hires – no. of turnover)/(average of total no. of employees of previous year and total no. of employees of current year)

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<i>Benefits increase employee morale and productivity</i>	<i>Management complies with all pertinent labor laws and regulations of the Department of Labor and Employment and all relevant government entities.</i>
What are the Risk/s identified?	Management Approach
<i>Employee dissatisfaction and attrition due to competition</i>	<i>The Company explores strategies to enhance employee morale and regularly conducts employee engagement surveys to assess the current level of employee engagement and to determine which initiatives have to be prioritized or enhance.</i>
What are the Opportunity/ies identified?	Management Approach
<i>Periodic review of employee satisfaction</i>	<i>Management is looking in to periodically reviewing employee satisfaction to address the employees' needs and concerns. Currently consistent team check-ins were in place.</i>

Employee Training and Development

Disclosure	Quantity	Units
Total training hours provided to employees		
a. Female employees	268.50	hours
b. Male employees	1,176.00	hours
Average training hours provided to employees		
a. Female employees	7.85	hours/employee
b. Male employees	12.69	hours/employee

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<i>Trainings were conducted within and outside the company premises in partnership with the Company officers, customers, and government agencies.</i>	<i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects,</i>

<i>Employees who receive relevant training and skills development seminars generally have high morale and are efficient in performing their tasks, reducing operational costs.</i>	<i>programs, and initiatives do you have to manage the material topic?</i>
What are the Risk/s Identified?	Management Approach
<i>The growing demand for skilled workers abroad, combined with the ongoing need for business process outsourcing, presents a significant challenge in retaining trained and experienced employees.</i>	<p><i>The Company should implement a comprehensive employee engagement and retention strategy focused on competitive compensation, clear career development paths, and a positive work culture. Offering opportunities for upskilling, international exposure, and internal mobility can help meet employees' aspirations and reduce the lure of overseas opportunities.</i></p> <p><i>Additionally, the Company is investing in leadership trainings, regular feedback mechanisms, and employee recognition programs to foster loyalty and a sense of belonging, making the organization a more attractive long-term workplace despite global demand pressures.</i></p>
What are the Opportunity/ies Identified?	Management Approach
<i>The Company may be able to identify potential leaders who will carry on its culture of excellence.</i>	<i>The Company demonstrates support for people development programs and consistently reminds employees of the importance of improving their skill sets.</i>

Labor-Management Relations

Disclosure	Quantity	Units
% of employees covered with Collective Bargaining Agreements	20.84	%
Number of consultations conducted with employees concerning employee-related policies	5	Sessions

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<i>Harmonious labor-management relationship is a major factor in productivity and production quality. It has a big impact in promoting industrial peace and employee motivation.</i>	<i>The operations team conduct meetings to discuss work-related issues. Resolving grievance issue is a priority of HR.</i>
What are the Risk/s Identified?	Management Approach
<i>Labor dispute may affect productivity, industrial peace and harmony.</i>	<i>The operations team conduct meetings to discuss work-related issues. Resolving grievance issue is a priority of HR.</i>
What are the Opportunity/ies Identified?	Management Approach
<i>Quick dissemination of new policies. Opportunity to discover immediate solutions if there are labor issues.</i>	<i>Regular meetings between dedicated staff and the employees; representative(s) can help resolve labor related issues immediately.</i>

Diversity and Equal Opportunity

Disclosure	Quantity	Units
% of female workers in the workforce	22.07	%
% of male workers in the workforce	77.93	%
Number of employees from indigenous communities and/or vulnerable sector*	3.00	Headcount

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<i>Gender equality policies and campaigns are implemented and advocated in the Company. It has a significant impact on keeping the employees motivated, feeling secure, and involved, and preventing issues such as discrimination, bullying, and harassment.</i>	<i>The Management consistently implements related policies and exemplifies respect at all times, regardless of sex or gender. Related issues are thoroughly discussed to maintain equality in the workplace.</i>

What are the Risk/s Identified?	Management Approach
<p><i>Ineffective and unimplemented policies may result to attritions, discrimination, bullying, and harassment.</i></p> <p><i>Lacking policies may lead to unintended offense and mistrust within the organization.</i></p>	<p><i>The Company conducts pre-employment orientations and annual re-orientations related to gender sensitivity and other related topics.</i></p> <p><i>The Company also conducts individual counseling.</i></p>
What are the Opportunity/ies Identified?	Management Approach
<p><i>By working on the Company's gender-friendly image, the Company can attract more talents that will bring new skills and knowledge to the company.</i></p>	<p><i>The Company provides equal opportunities to employees regardless of gender and involves employees in planning.</i></p>

Workplace Conditions, Labor Standards, and Human Rights

Occupational Health and Safety

Disclosure	Quantity	Units
Safe Man-Hours	1,673,305.44	Man-hours
No. of work-related injuries	1.00	Incident/s
No. of work-related fatalities		Incident/s
No. of work related ill-health		Incident/s
No. of safety drills	5.00	Time/s

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<p><i>The Occupational Health and Safety Committee is responsible for devising and executing workplace programs aimed at ensuring the safety of all stakeholders. Additionally, employees are urged to adhere to health and safety protocols even outside of the workplace.</i></p>	<p><i>The Company, through its Health and Safety Committee, has successfully enhanced its overall health and safety performance and remains committed to continuously improving and implementing programs that support a safe and healthy work environment.</i></p>

<i>By implementing health and safety programs, the company will guarantee the well-being and safety of its workforce and surroundings.</i>	
What are the Risk/s Identified?	Management Approach
<i>Failure to adhere to the company's health and safety programs and protocols by stakeholders could lead to incidents and security threats that disrupt both the workforce and operations.</i>	<i>To mitigate the risks associated with non-compliance to health and safety protocols, the Company proactively approach the risk/s focusing on enforcement, education, and accountability. This includes regularly training all stakeholders—employees, contractors, and partners—on safety standards, clearly communicating responsibilities, and enforcing compliance through routine audits and disciplinary measures. Establishing a culture of safety, where leadership models best practices and workers are empowered to report violations or risks are is encouraged to help prevent incidents and ensure the continuity of safe operations across all levels of the organization.</i>
What are the Opportunity/ies Identified?	Management Approach
<i>More opportunities were seen in the skills and professional development.</i>	<i>The Company aligns its internal policies with those of leading organizations recognized for their exemplary health and safety programs, using them as benchmarks for continuous improvement.</i>

Labor Laws and Human Rights

Disclosure	Quantity	Units
No. of legal actions or employee grievances involving forced or child labor	0	Case/s

Do you have policies that explicitly disallows violations of labor laws and human rights (e.g. harassment, bullying) in the workplace?

Topic	Y/N	If Yes, cite reference in the company policy
Forced labor	N	

Child labor	N	
Human Rights	N	

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
NA	
What are the Risk/s Identified?	Management Approach
NA	
What are the Opportunity/ies Identified?	Management Approach
NA	

Supply Chain Management

Do you have a supplier accreditation policy? If yes, please attach the policy or link to the policy:

Do you consider the following sustainability topics when accrediting suppliers?

Topic	Y/N	If Yes, cite reference in the supplier policy
Environmental performance	N	
Forced labor	N	
Child labor	N	
Human rights	N	
Bribery and corruption	N	

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<i>Bribery and corruption within the supply chain can significantly impact the organization, much like environmental issues, human rights, and worker safety concerns.</i>	<i>Consistently conducts comprehensive business process reviews and audits to pinpoint potential risks, while rigorously assessing the adequacy and efficacy of established controls.</i>
What are the Risk/s Identified?	Management Approach

<p><i>The issues can expose the Company to various risks such as regulatory noncompliance, reputational damage, operational disruptions stemming from environmental incidents, and legal consequences.</i></p>	<p><i>The Company should implement a multifaceted strategy. This includes conducting thorough risk assessments to identify vulnerabilities, establishing robust compliance management systems, implementing proactive environmental practices, developing reputation management strategies, creating crisis response plans, ensuring legal compliance with the help of legal counsel, and continuously monitoring and improving risk management processes. Through these measures, management can mitigate the potential negative impacts on the company's performance and long-term sustainability, promoting resilience and responsible business practices.</i></p>
<p>What are the Opportunity/ies Identified?</p>	<p>Management Approach</p>
<p><i>Proactive environmental practices and reputation management enhance stakeholder trust, attracting new business. Improving operational efficiency through risk assessments and management boosts competitiveness and reduces costs. Robust compliance systems provide a competitive edge and mitigate regulatory risks. Crisis response plans foster innovation and leadership.</i></p>	<p><i>Management proactively prioritizes strategic initiatives aimed at enhancing stakeholder trust, operational efficiency, compliance, and crisis preparedness. This involves implementing environmentally sustainable practices and effective reputation management strategies to attract new business and solidify stakeholder relationships. Additionally, conducting thorough risk assessments enables the identification of operational inefficiencies and the implementation of measures to streamline processes, reduce costs, and enhance competitiveness.</i></p>

Relationship with Community
Significant Impacts on Local Communities

Operations with significant (positive or	Location	Vulnerable groups (if applicable)*	Does the particular operation have	Collective or individual rights that have been	Mitigating measures (if negative) or enhancement
--	----------	------------------------------------	------------------------------------	--	--

negative) impacts on local communities (exclude CSR projects; this has to be business operations)			impacts on indigenous people (Y/N)?	identified that or particular concern for the community	measures (if positive)
NA	NA	NA	NA	NA	NA

**Vulnerable sector includes children and youth, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E)*

For operations that are affecting IPs, indicate the total number of Free and Prior Informed Consent (FPIC) undergoing consultations and Certification Preconditions (CPs) secured and still operational and provide a copy or link to the certificates if available: _____

Certificates	Quantity	Units
FPIC process is still undergoing	NA	#
CP secured	NA	#

What are the Risk/s Identified?	Management Approach
NA	
What are the Opportunity/ies Identified?	Management Approach
NA	

Customer Management

Customer Satisfaction

Disclosure	Score	Did a third party conduct the customer satisfaction study (Y/N)?
Customer satisfaction	4.03/5	N

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
NA	

What are the Risk/s Identified?	Management Approach
NA	
What are the Opportunity/ies Identified?	Management Approach
NA	

Health and Safety

Disclosure	Quantity	Units
No. of substantiated complaints on product or service health and safety*	0	Incident/s
No. of complaints addressed	0	Incident/s

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<p><i>The Company implements health and safety protocols within the company premises and promotes to employees to extend the best practices outside the company premises.</i></p> <p><i>By adhering to these protocols, the Company provides a safe and healthy working environment for employees and other stakeholders, isolating the exposure to potential hazards.</i></p>	<p><i>Health and safety officers conduct regular site inspections to identify hazards and discuss them with management to develop plans to address and/or manage the risks.</i></p>
What are the Risk/s Identified?	Management Approach
<p><i>Among the risks identified were as follows:</i></p> <ol style="list-style-type: none"> <i>1. Inconsistent implementation of plant waste management</i> <i>2. Accumulated hazardous waste of predecessor owner</i> <i>3. Some electrical hazards were noted.</i> <i>4. Rate of obese employees is high</i> 	<p><i>Immediately discuss the hazards and health issues identified and implement action plans to address and manage the risks identified.</i></p> <p><i>Continuously improve the health and safety committee by providing training and seminars to update and acquire existing and new knowledge.</i></p>
What are the Opportunity/ies Identified?	Management Approach

<p><i>The Company has the opportunity to improve its health and safety programs by venturing into new services and programs such as:</i></p> <ol style="list-style-type: none"> <i>1. Health and Safety Consulting Services by the company's contracted doctor</i> <i>2. Remote health and safety training</i> <i>3. Emergency response and crisis management</i> <i>4. Promoting active lifestyle through sports events</i> 	<p><i>The company is fully committed to endorsing health and safety initiatives and has instructed the Human Resource Department to implement new programs aimed at enhancing health and safety standards.</i></p>
--	--

Marketing and labelling

Disclosure	Quantity	Units
No. of substantiated complaints on marketing and labelling*	0	#
No. of complaints addressed	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<p><i>There have been no grievances regarding the marketing and labeling of the Company's products because the customer owns the design and the Company only follows whatever design was provided. However, there have been a few isolated cases of complaints regarding the product quality. All of which were promptly dealt with.</i></p>	<p><i>Consistent communication with customers is in place to discuss issues and product improvements. Issues are resolved and CPAR (Corrective and Preventive Action Report) is communicated to customers to assure them that all issues are properly dealt and a long-term plan is in place to manage the risk of reoccurrence.</i></p> <p><i>Follow applicable customer quality assurance policies and other customer requirements.</i></p> <p><i>Simultaneously ensure compliance to internal quality assurance policies that is at par or even better than the customers.</i></p>
What are the Risk/s Identified?	Management Approach
<p><i>Persistent unresolved customer complaints could damage the Company's reputation for producing</i></p>	<p><i>The Company keeps a record of all customer complaints for future review reference to</i></p>

<i>high-quality products, potentially leading to customer loss and a decrease in revenue-generating capability.</i>	<i>identify recurring issues and evaluate the effectiveness of the corrective and preventive action plans implemented.</i>
What are the Opportunity/ies Identified?	Management Approach
<i>The company's identity as a well-known producer of quality products may be used in marketing and advertising to bolster revenue.</i>	<i>The company capitalizes on its reputation as a renowned producer of quality products by leveraging it in marketing and advertising campaigns to boost revenue. Additionally, it pursues opportunity to improve efficiency and reduce rejection rates by upgrading machinery and facilitating continuous skill development among employees.</i>

Customer privacy

Disclosure	Quantity	Units
No. of substantiated complaints on customer privacy*	NA	#
No. of complaints addressed	NA	#
No. of customers, users and account holders whose information is used for secondary purposes	NA	#

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<i>Considering no complaints were received related to customer privacy, the impact on the company is negligible.</i>	<i>The Company regularly reviews and strictly implements policies set forth to preserve data security.</i>
What are the Risk/s identified?	Management Approach
<i>Incidents of data breaches may result in a loss of confidence by stakeholders, dissuading them from being associated with the Company.</i>	<i>The Company strictly implements the policies and best practices related to data privacy.</i>
What are the Opportunity/ies identified?	Management Approach

<i>Periodically review, update, and improve the data privacy policies and practices.</i>	<i>Management shall periodically review, update, and improve the Company's data privacy policies and practices to ensure compliance with Data Privacy Law and regulations.</i>
--	--

Data Security

Disclosure	Quantity	Units
No. of data breaches, including leaks, thefts and losses of data	0	Incidents

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<i>The Company protects the data of all company stakeholders by implementing IT controls and secured archives for physical documents. Access to files and documents is also restricted to authorized employees and employees are trained to handle data with utmost confidentiality.</i> <i>The company remains trusted by stakeholders because it has a high regard for data security.</i>	<i>The Company regularly reviews and strictly implements policies set forth to preserve data security.</i>
What are the Risk/s Identified?	Management Approach
<i>Incidents of data breaches may result in a loss of confidence by stakeholders, dissuading them from being associated with the Company.</i>	<i>The Company strictly implements the policies and best practices related to data privacy.</i>
What are the Opportunity/ies Identified?	Management Approach
<i>Periodically review, update, and improve the data privacy policies and practices</i>	<i>Management shall periodically review, update, and improve the Company's data privacy policies and practices to ensure compliance with Data Privacy Law and regulations</i>

UN SUSTAINABLE DEVELOPMENT GOALS

Product or Service Contribution to UN SDGs

Key products and services and its contribution to sustainable development.

Key Products and Services	Societal Value / Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact
<p><i>Manufacturing of corrugated boxes, and other paper-based packaging products.</i></p> <p><i>Lease of land, facility, machineries and equipment.</i></p>	<p><i>Taking into account the nature and size of Operations, the Company has negligible societal value/contribution to UN SDGs.</i></p>	<p><i>Taking into account the nature and size of Operations, the Company has negligible potential negative impact of contribution to UN SDGs.</i></p>	<p><i>The Company adheres to good business practices and strives to achieve sustainable development where relevant.</i></p>

** None/Not Applicable is not an acceptable answer. For holding companies, the services and products of its subsidiaries may be disclosed.*

**SEC Form 17-Q
for the Period Ended
March 31, 2025**



SECURITIES AND EXCHANGE COMMISSION

THE SEC HEADQUARTERS 7907 Makati Avenue, Salcedo Village, Bel-Air, Makati City
1209 Trunk Line No:02-5322-7696 Email Us:www.sec.gov.ph/imessagemo@sec.gov.ph



The following document has been received:

Receiving: RICHMOND CARLOS AGTARAP

Receipt Date and Time: May 15, 2025 04:33:32 PM

Company Information

SEC Registration No.: 0000023736

Company Name: STENIEL MANUFACTURING CORPORATION

Industry Classification: D21010

Company Type: Stock Corporation

Document Information

Document ID: OST10515202583340722

Document Type: Quarterly Report

Document Code: SEC_Form_17-Q

Period Covered: March 31, 2025

Submission Type: Original Filing

Remarks: None

Acceptance of this document is subject to review of forms and contents

COVER SHEET

2	3	7	3	6						
---	---	---	---	---	--	--	--	--	--	--

S.E.C. Registration Number

S	T	E	N	I	E	L	M	A	N	U	F	A	C	T	U	R	I	N	G	C	O	R	P	O	R	A	T	I	O	N
---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

(Company's Full Name)

G	A	T	E	W	A	Y	B	U	S	I	N	E	S	S	P	A	R	K	,											
---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	--	--	--	--	--	--	--	--	--	--	--

B	R	G	Y	.	J	A	V	A	L	E	R	A	,	G	E	N	E	R	A	L	T	R	I	A	S				
---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	--	--	--	--

C	A	V	I	T	E																									
---	---	---	---	---	---	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

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

Eliza C. Macuray

Contact Person

+632361-9061

Company Telephone Number

1	2	3	1
---	---	---	---

Month Day
Fiscal Year

1	7	-	Q	
---	---	---	---	--

FORM TYPE

Last Tuesday of April

Month Day
Annual Meeting

--

Secondary License Type, If Applicable

C	F	D
---	---	---

Dept. Requiring this Doc.

--

Amended Articles Number/Section

3	5	4	0
---	---	---	---

Total No. of Stockholders

Total Amount of Borrowings	
-	-
Domestic	Foreign

To be accomplished by SEC Personnel concerned

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

File Number

_____ LCU

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Document I.D.

_____ Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes



STENIEL MANUFACTURING CORPORATION

Gateway Business Park, Brgy. Javalera, Gen. Trias, Cavite

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **STENIEL MANUFACTURING CORPORATION AND SUBSIDIARIES** (the "**Group**") is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, for the period ended **March 31, 2025 and March 31, 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 the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable matters related to going concern basis of accounting unless management either intends to liquidate the Group or cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

The Board of Directors reviews and approves the consolidated financial statements including the schedules attached therein, and submits the same to the stockholders.

Valdes, Abad & Company, CPAs, the independent auditor appointed by the stockholders, has reviewed the consolidated financial statements of the Group 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 review.

A black rectangular box with a white 'X' through it, used to redact the signature of Nixon Y. Lim.

Nixon Y. Lim
Chairman & President

A black rectangular box with a white 'X' through it, used to redact the signature of Eliza C. Macgray.

Eliza C. Macgray
Treasurer/Chief Financial Officer

Signed this 14th day of May, 2025

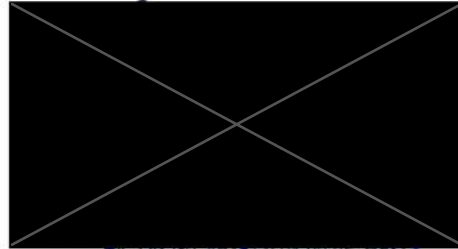
SUBSCRIBED AND SWORN to before me this 15 MAY 2025, at PASIG CITY City,
affiants exhibited to me their respective competent evidence of identification, as follows:

Name
NIXON Y. LIM
ELIZA C. MACURAY

Valid Identification
Philippine Passport No. P [REDACTED]
Philippine Passport No. P [REDACTED]

WITNESS MY HAND AND SEAL on the date and at the place first above written.

Doc No. 334
Page No. 68
Book No. 1
Series of 2025



OR No. 45513; 01.02.25; RSM
PTR Receipt No. 2863425; 01.02.25; Pasig City
33rd Floor, The Orient Square, F. Ortigas, Jr. Road
Ortigas Center, Pasig City, Metro Manila 1600
MCLE Compliance No. VIII-BEP003278; 04.14.28

SEC Number 23736
File Number _____

Steniel Manufacturing Corporation
(Company's Full Name)

Gateway Business Park, Bgry. Javalera, General Trias, Cavite
(Company's Address)

(046) 433-0066
(Telephone)

December 31
(Fiscal Year Ending) (month & day)

Form 17-Q
Form Type

Not Applicable
Amendment Designation (If applicable)

March 31, 2025
Period Date Ended

Not Applicable
Secondary License Type and File Number

The Board of Directors and the Stockholders
STENIEL MANUFACTURING CORPORATION AND SUBSIDIARIES
Gateway Business Park
Brgy. Javalera, General Trias, Cavite

We have reviewed the consolidated financial statements of **STENIEL MANUFACTURING CORPORATION AND SUBSIDIARIES** at March 31, 2025, which comprise of the consolidated statements of financial position, and the related consolidated statements of comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended. These consolidated financial statements are the responsibility of the Group's management. Our responsibility is to issue a report on these consolidated financial statements based on our review.

We conducted our review in accordance with the Philippine Standard on Auditing applicable to review engagements. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the consolidated financial statements are free of material misstatement. A review is limited primarily to inquiries of Group's personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the consolidated financial statements are not presented fairly, in all material respects in accordance with the Philippine Financial Reporting Standards (PFRS).

VALDES ABAD & COMPANY, CPAs

BOA/PRC Reg. No. 0314

Issued on July 15, 2024, Valid until July 14, 2027

SEC Accreditation No. 0314 - SEC, Group A

Valid for 2022 – 2026 audit periods

BIR Accreditation No. 08-002126-000-2024

Issued on April 05, 2024, Valid until April 04, 2027

For the firm:



ALFONSO L. CAY-AN

Partner

CPA Registration No. 99805, Valid until December 14, 2026

TIN No. 213-410-741-000

PTR No. 10479078, Issued Date: January 10, 2025, Makati City

BOA/PRC Reg. No. 0314

Issued on July 15, 2024, Valid until July 14, 2027

SEC Accreditation No. 99805 - SEC, Group A

Valid for 2022 – 2026 audit periods

BIR Accreditation No. 08-002126-005-2024

Issued on April 05, 2024, Valid until April 04, 2027

Makati City, Philippines
May 15, 2025

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND
THE REVISED CORPORATION CODE OF THE PHILIPPINES

1. For the fiscal year ended **March 31, 2025**
2. Commission identification number **23736**
3. BIR Tax Identification No **000-099-128**
4. Exact name of issuer as specified in its charter **Steniel Manufacturing Corporation**
5. Province, country or other jurisdiction of incorporation or organization: **Metro Manila, Philippines**
6. Industry Classification Code: (SEC Use Only)
7. **Gateway Business Park, Brgy. Javalera, General Trias, Cavite**
Address of issuer's office
8. Issuer's telephone number, including area code **(046) 433-0066**
9. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sections 4 and 8 of the RSA

Title of each Class	Number of shares of common stock outstanding and amount of debt outstanding
Common Shares	1,418,821,081

10. Are any or all of the securities listed on a Stock Exchange?

Yes [] No []

The Company's 876,182,045 common shares are listed at the Philippine Stock Exchange.

11. Check whether the issuer:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports);

Yes [] No []

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

Yes [] No []


TABLE OF CONTENTS

	Page
Exhibit 1 Unaudited Interim Consolidated Financial Statements	4
Exhibit 2 Notes to Unaudited Interim Consolidated Financial Statements	8
Exhibit 3 Performance Indicators and Management's Discussion and Analysis of Financial Condition and Results of Operations	57

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereto duly authorized.

Registrant : STENIEL MANUFACTURING CORPORATION

Signature : 
Title : Nixon Y. Lim
Date : President
May 14, 2025

Signature : 
Title : Eliza C. Macuray
Date : Chief Financial Officer
May 14, 2025

STENIEL MANUFACTURING CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Amounts in Thousands, Except Basic and Diluted Earnings Per Share)

	Note	31-Mar-25 Unaudited	31-Dec-24 Audited	31-Mar-24 Unaudited
Revenues				
Service Income		P-	P19,395	P28,466
Product Sales		804,591	3,257,753	770,488
Total revenues		804,591	3,277,148	798,954
Cost of sales and services	15	(666,023)	(2,736,689)	(661,144)
Gross profit		138,568	540,459	137,810
Operating expenses	16	(88,880)	(380,873)	(58,448)
Finance charges		(32,015)	(93,629)	(20,725)
Other income (expenses), net	17	10,095	76,375	8,641
Income provision for income tax		27,768	142,332	67,278
Income tax expense		(7,955)	(42,173)	(11,130)
Net Income (Loss)		19,813	100,159	56,148
Other Comprehensive Income (Loss)				
Item that may be reclassified to profit or loss				
Unrealized gain(loss) on financial assets at fair value through other comprehensive income		5,876	16,093	-
Remeasurement of defined benefit obligation		-	(4,390)	-
Income tax expense			1,097	-
Effect of changes in tax rate				-
		5,876	12,800	-
Total Comprehensive Income (Loss)		P25,689	P112,959	P56,148
Basic and Diluted Earnings (Loss)				
Per Common Share		0.0140	0.0706	P0.0396

STENIEL MANUFACTURING CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Amounts in Thousands)

	Note	31-Mar-25 Unaudited	31-Dec-24 Audited	31-Mar-24 Unaudited
ASSETS				
Current Assets				
Cash	5	P111,926	P67,262	P81,015
Receivables - net	6	774,001	737,367	931,842
Inventories - net	7	2,378,672	2,645,320	1,755,267
Prepaid expenses and other current assets - net	8	257,740	208,140	406,300
Total Current Assets		3,522,339	3,658,089	3,174,424
Noncurrent Assets				
Property and equipment - net	9	797,010	828,093	756,787
Right-of-use asset - net		12,870	12,870	19,308
Investments in equity instruments	10	192,748	180,992	137,757
Deferred tax assets		9,606	9,606	4,580
Other noncurrent assets	11	1,490	1,490	1,737
Total Noncurrent Assets		1,013,724	1,033,051	920,169
		4,536,063	4,691,140	4,094,593
LIABILITIES AND EQUITY				
Current Liabilities				
Trade payables and other current liabilities	12	1,134,651	2,009,532	2,101,390
Amounts owed to related parties		43,453	43,453	47,883
Current portion of borrowings	13	1,933,405	1,239,780	531,884
Current portion of lease liabilities		8,449	8,449	9,403
Income tax payable		-	-	9,192
Total Current Liabilities		3,119,958	3,301,214	2,699,752
Noncurrent Liabilities				
Borrowings, net of current portion	13	389,532	389,368	468,231
Lease liabilities - net of current portion		6,709	6,709	12,812
Retirement benefits liability		21,530	21,204	14,563
Deferred tax liabilities - net		-	-	-
Total Noncurrent Liabilities		417,771	417,281	495,606
Total Liabilities		3,537,729	3,718,495	3,195,358
Equity				
Capital stock	14	1,418,812	1,418,812	1,418,812
Additional paid-in capital	14	408,423	408,423	408,423
Reserve for retirement benefits liability		(3,089)	(3,089)	204
Net unrealized loss on investments in equity instruments		23,576	17,700	6,003
Deficit	14	(849,388)	(869,201)	(934,207)
Total Equity		998,334	972,645	899,235
		P4,536,063	P4,691,140	P4,094,593

Please refer to the accompanying Notes to Unaudited Interim Consolidated Financial Statements.

STENIEL MANUFACTURING CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Amounts in Thousands)

	31-Mar-25 Unaudited	31-Dec-24 Audited	31-Mar-24 Unaudited
Capital stock			
Authorized – 1 billion common shares P1 per share			
Issued and outstanding	P1,418,812	P1,418,812	P1,418,812
Additional paid-in capital			
	408,423	408,423	408,423
Reserve for retirement benefits liability			
Beginning	(3,089)	204	204
Reserve for retirement benefits liability	-	(3,293)	-
	(3,089)	(3,089)	204
Net unrealized loss on investments in equity instruments			
Beginning	17,700	6,003	6,003
Changes in fair value of investments in equity instruments	5,876	16,093	-
Transfer of fair value reserve of equity instruments designated at FVOCI	-	(4,396)	-
	23,576	17,700	6,003
Deficit			
Beginning	(869,201)	(973,756)	(942,459)
Prior period adjustments for written off cost of disposed investment	-	-	(47,896)
Net income(loss) during the year	19,813	100,159	56,148
Transfer of fair value reserve of equity instruments designated at FVOCI	-	4,396	-
	(849,388)	(869,201)	(934,207)
Total Stockholders' Equity	P998,334	P972,645	P899,235

STENIEL MANUFACTURING CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in Thousands)

	31-Mar-25 Unaudited	31-Dec-24 Audited	31-Mar-24 Unaudited
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	P27,768	P142,332	P67,278
Adjustments for:			
Depreciation	44,393	190,245	37,970
Interest expense	32,015	92,442	20,725
Dividend income	(377)	(6,791)	(340)
Interest on lease	-	1,187	-
Retirement expense	326	2,983	623
Interest income	(14)	(56)	(11)
Provision for (Reversal of) losses on receivables	-	29,885	(19,407)
Reversal of provision for inventory obsolescence	-	(23,482)	(15,409)
Unrealized foreign exchange loss	7	(11,838)	-
Loss due to earthquake	-	94	-
Operating income before working capital changes	104,118	417,001	91,429
Decrease(increase) in:			
Receivables	(36,641)	99,067	(59,727)
Inventories	266,648	(581,257)	300,724
Prepaid expenses and other current assets	(57,558)	25,726	(149,489)
Increase(decrease) in:			
Trade payables and other current liabilities	(874,881)	136,511	237,561
Net cash generated from operations	(598,314)	97,047	420,498
Interest paid	(31,850)	(91,125)	(20,725)
Dividend received	377	6,791	340
Benefits paid	-	(108)	-
Interest received	14	56	11
Net cash provided by operating activities	(629,773)	12,661	400,124
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property and equipment	(13,309)	(236,595)	(19,372)
Proceeds from sale of property and equipment	-	-	-
Proceeds from sale of investments in equity instruments	-	19,671	-
Additions to investments in equity instruments	(5,879)	(44,715)	(2,528)
Decrease in other noncurrent assets	-	248	-
Net cash provided by (used in) investing activities	(19,188)	(261,391)	(21,900)
CASH FLOWS FROM FINANCING ACTIVITIES			
Loan availment	1,410,000	2,042,435	-
Payments of borrowings	(716,375)	(1,824,969)	(410,250)
Increase (decrease) in amounts owed to related parties	-	(4,430)	-
Payment of finance lease liability	-	(8,898)	-
Interest paid on leases	-	(1,187)	-
Net cash provided by (used in) financing activities	693,625	202,951	(410,250)
NET INCREASE(DECREASE) IN CASH	44,664	(45,779)	(32,026)
CASH AT BEGINNING OF YEAR	67,262	113,041	113,041
CASH END OF YEAR	P111,926	P67,262	P81,015

STENIEL MANUFACTURING CORPORATION AND SUBSIDIARIES

NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2025, AND 2024, AND YEAR ENDED DECEMBER 31, 2024

1. Corporate informationBackground

Steniel Manufacturing Corporation (“STN” or the “Company”) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on September 13, 1963. The Company and its subsidiaries (the “Group”) are engaged in the manufacturing, processing, and selling of all kinds of paper products, paper board and corrugated carton containers, and all other allied products and processes. The Company is listed in the Philippine Stock Exchange Inc. (PSE).

On September 11, 2013, the SEC approved the Amended Articles of Incorporation of the Company, extending the corporate life for another 50 years from September 13, 2013. With the passage of the Revised Corporation Code of the Philippines (“RCC”), the Company now has perpetual existence

Following a decision made by the Company’s Board of Directors (BOD) in 1996 to reorganize the Group, the Company ceased manufacturing operations in June 1997 due to continuing business losses. As a result, reorganization of the Group was carried out and completed with the Company’s principal activity now limited to holding of investments.

Shareholdings

Prior to 2006, Steniel (Netherlands) Holdings B.V. (“SNHBV”), a company incorporated in Amsterdam, The Netherlands, owned 82.2716% of the shares of the Company. SNHBV was then 100%-owned by Steniel (Belgium) Holdings NV (“Steniel Belgium”). In 2006, Steniel Belgium sold its shares in SNHBV to certain directors and officers of the company. With the sale of shares, SNHBV became the ultimate parent company.

Consequent to the restructuring of the loan in 2010 as will be discussed in Item 1 (H) below, the Company issued a total of 123,817,953 shares to Roxburgh Investment Limited (Roxburgh) through the conversion of debt to equity. The conversion resulted to the reduction of the Company’s outstanding debt and recognition of additional paid in capital. As a result, Roxburgh became the owner of 12.3818% of the Company, while the ownership of SNHBV and the public was reduced to 72.0849% and 15.5333%, respectively.

On January 18, 2012, the shareholders of SNHBV entered into a Share Purchase Agreement with Right Total Investments Limited (Right Total, a limited liability company incorporated in British Virgin Islands as an investment company), to purchase up to 100% of the issued and outstanding shares of SNHBV. With the sale of shares of SNHBV, Right Total became the owner of the 72.0849% shares of SNHBV consequently making Right Total as the ultimate parent company.

On January 25, 2012, the Company received a tender offer report from SNHBV offering to purchase the 279,151,088 shares of minority investing public or 27.92% of the total issued shares at a price of P0.0012 per share or an aggregate price of P334.9 million. On February 25, 2012, a total of 2,115,692 common shares were tendered in the Tender Offer and accepted by SNHBV, constituting 0.0021% of the total outstanding capital stock of the Company. On March 8, 2012, payment for the Tendered Shares was delivered to the relevant broker participants on behalf of interested parties and there was a transfer to SNHBV of only 0.76% of the minority shares. Such accepted tender offer did not significantly change the percentage ownership of the minority investing public.

On June 26, 2019, the Company approved the reacquisition of Steniel Mindanao Packaging Corporation (“SMPC”), as described below, through a share swap transaction involving the transfer of 100% of the outstanding capital stock of SMPC in favor of the Company in exchange for STN shares. The Company also approved the conversion of the loans extended by Greenkraft Corporation (“Greenkraft”) and Roxburgh into equity. These approvals were made in view of the need to address the negative equity of the Company.

As part of the preparations for these share issuances, the Board approved the increase of the Company’s authorized capital stock from Php1 Billion to Php2 Billion. The same was approved and ratified by the stockholders during the annual stockholders’ meeting held on July 17, 2019 and reconfirmed on November 19, 2020.

On October 7, 2020, Greenkraft Corporation (Greenkraft), Golden Bales Corporation (Goldenbales), Corbox Corporation (Corbox), Rex Chua and Clement Chua, as purchasers (collectively, the Buyer Group) entered into a Share Purchase Agreement with SNHBV as seller to acquire 649,908,308 common shares of the Company, for a consideration of P64.99 million or P0.10 per share, broken down as follows:

Buyer	Number of Shares	Percentage of Ownership
Greenkraft Corporation	216,679,430	21.67%
Corbox Corporation	194,972,492	19.50%
Goldenbales Corporation	194,972,492	19.50%
Clement Chua	21,641,947	2.16%
Rex Chua	21,641,947	2.16%
	649,908,308	64.99%

In compliance with the Securities and Regulations Code and its Implementing Rules and Regulations, the Buyer Group made a tender offer involving the remaining outstanding shares of the Company, excluding the 70,940,604 common shares of SNHBV not included in the Share Purchase Agreement. The tender offer commenced on October 12, 2020 and ended on November 10, 2020 (“Tender Offer Period”). A total of 11,780,533 common shares of STN were tendered during the Tender Offer Period, which comprise approximately 1.18% of the total issued and outstanding shares of STN.

Following the completion of the tender offer, SNHBV and the Buyer Group executed the deed of sale on November 23, 2020 involving the 649,908,308 shares of the Company. The relevant taxes were paid and the corresponding CAR was secured. The transfer reduced the shareholding of SNHBV to 5% of the Company’s outstanding capital stock.

On December 29, 2020, the SEC approved STN’s application for increase of authorized capital stock from Php1 Billion to Php2 Billion resulting to the issuance of 418,821,081 common shares in favor of the Buyer Group, Greenkraft and Roxburgh. The increase was (i) partly subscribed by the share swap transaction wherein STN reacquired SMPC in exchange for unissued shares of the STN; and (ii) partly subscribed through conversion of liability into equity.

On October 6, 2023, SNHBV and Greenkraft sold a total of 130,940,604 shares in compliance with the backdoor listing rule which required the Company to comply with the minimum public ownership requirement of at least 20% of the outstanding capital stock. With the aforesaid sale, SNHBV ceased to be a shareholder of the Company.

The relevant taxes were paid and the corresponding CARs were secured. The Company’s public float increased from 13.09% to 22.27%.

The Company's registered address and principal office is located at Gateway Business Park, Brgy. Javalera, General Trias, Cavite, Philippines.

Subsidiaries

The consolidated financial statements include the financial statements of the Company and the following subsidiaries incorporated in the Philippines:

	Percent of Ownership	
	2025	2024
Steniel Cavite Packaging Corporation (SCPC)*	100	100
Steniel Mindanao Packaging Corporation (SMPC)**	100	100

* *Treasure Packaging Corporation (TPC) was merged with SCPC as approved by the SEC on May 30, 2018.*

** *SMPC was reacquired on December 29, 2020.*

1. Steniel Cavite Packaging Corporation (SCPC)

SCPC was incorporated and registered with the SEC on November 9, 1993 primarily to engage in the manufacturing, processing and selling of all kinds of paper products and processes.

On June 30, 2006, SCPC's BOD decided to discontinue its packaging operations in view of the continued business losses incurred since its incorporation, in addition to difficult economic and business conditions. SCPC used to purchase, process and resell various paper products and lease its machinery and equipment to generate income, until 2015 when the former was discontinued. On January 10, 2017, the SEC approved the equity restructuring of SCPC which has wiped out the deficit as at December 31, 2016.

TPC was incorporated and registered with the SEC on May 23, 1994 primarily to engage in the manufacturing, processing, purchasing, and selling on wholesale basis, paper, paper rolls, paper boards, cartons, containers, packaging material and other pulp and paper products. The registered office address and principal office of TPC is located at Hernan Cortes Street, Mandaue City, Cebu, Philippines.

On June 15, 2016 and July 8, 2016, SCPC's BOD and Shareholders, respectively, approved the change in its address and principal office at Gateway Business Park, Brgy. Javalera, General Trias, Cavite.

In 2016, the merger between SCPC and TPC (the former as the surviving entity) was approved by the BOD and Shareholders of the respective entities. The application for merger was filed with the SEC on April 10, 2017 and was approved on May 30, 2018.

SCPC's principal office is located at Gateway Business Park, Brgy. Javalera, General Trias, Cavite, Philippines.

2. Steniel Mindanao Packaging Corporation (SMPC)

SMPC was incorporated on June 30, 1995 primarily to engage in the business of manufacturing, importing, buying, selling or otherwise dealings in, at wholesale and retail, all kinds of paper, paper rolls, paper boards, cartons, containers, packaging materials and other pulp and paper products.

As at December 31, 2012, SMPC was a wholly-owned subsidiary of the Company. In December 2013, the Company sold its 9,249,995 common shares in SMPC to various entities and individuals.

In 2019, the BOD and Stockholders of the Company approved the reacquisition of shares of SMPC through a share swap transaction wherein all shareholders of SMPC will exchange all their shares in SMPC for

shares of the Company. In preparation for these share issuances, the Company's BOD approved the increase of the Company's authorized capital stock from Php1 Billion to Php2 Billion. The same was approved and ratified by the stockholders during the annual stockholders' meeting held on July 17, 2019 and reconfirmed on November 19, 2020.

On December 29, 2020, the Company issued 269,250,000 shares to the shareholders of SMPC effecting the share swap following the SEC approval of the Company's increase in authorized capital stock on the same day. The transfer of the SMPC shares in favor of the Company was subsequently recorded after the relevant CARs were issued by the Philippine Bureau of Internal Revenue ("BIR").

SMPC's principal place of business is located at Km. 25 National Highway, Bunawan District, Davao City.

As at March 31, 2025, the operating subsidiaries of the Company are SCPC and SMPC.

Debt Restructuring

Due to the working capital drain experienced by the Group as a result of prior debt service payments and the difficult business and economic conditions during the period, the Group found it difficult to sustain further payments of debt while at the same time ensuring continued operations. The Parent Company failed to settle its outstanding short-term and long-term loans which were supposed to mature at various dates in 2004, 2005, and 2006 and was declared by the lending banks in default on May 25, 2006. Subsequently until 2009, the lending banks assigned and sold their respective outstanding loan balances to various third parties. On October 14, 2010, one of the new lenders, Greenkraft Corporation (Greenkraft), further assigned some of its loan receivables to Roxburgh.

After the assignment and sale of loans from the lending banks to third parties, discussions were made with new creditors/lenders to restructure the outstanding loans covered by the Omnibus Agreement which the Parent Company has defaulted in 2006. On October 15, 2010, the Parent Company and the current creditors/lenders signed the Amended and Restated Omnibus Agreement (the "Amended Agreement"), which finally resolved the default situation. The essential elements of the Amended Agreement are summarized below:

- The outstanding principal and accrued interest expense as at September 30, 2010 was restructured for 25years.
- Conditional waiver of penalty and other charges upon the faithful performance by the Parent Company of the terms of restructuring.
- The outstanding principal and accrued interest expense as of September 30, 2010 shall be reduced via dacion en pago or sale of the following properties: (a) all of the outstanding common and preferred shares of stock in Steniel Land Corporation (SLC); (b) identified idle assets of the Parent Company and its subsidiaries; and (c) by way of conversion into equity through the issuance of the Parent Company's unissued capital stock.
- The outstanding principal amount after the dacion en pago or sale of properties shall be paid in 92 consecutive quarterly installments starting in January 2013.
- The outstanding portion of the accrued interest after equity conversion shall be paid in 40 consecutive quarterly installments starting after year 15 from the date of restructuring.
- The restructured accrued interest expense prior to loan restructuring will be subject to interest of 8% per annum.

- Restructured outstanding principal will be subject to interest of 6% per annum for 15 years and 8% per annum on the sixteenth (16th) year and onwards.
- The restructured loan shall be secured by the assets/collateral pool under the Collateral Trust Agreement.
- All taxes and fees, including documentary stamp taxes and registration fees, shall be for the account of the Group.
- All other costs and expenses of restructuring including documentation costs, legal fees, and out-of-pocket expenses shall be for the account of the Parent Company, and
- Other conditions include:
 - a. Lenders representative to be elected as director in the Parent Company and in each of its subsidiaries.
 - b. A merger, reorganization or dissolution of certain subsidiaries in line with the Business Plan.
 - c. No dividend declaration or payments until the restructured obligations are fully paid.
 - d. No new borrowing, unless with written consent of the lenders.
 - e. No repayment or prepayment of any debt or obligation (other than operational expenses), unless with consent of the lenders.
 - f. Creditor's consent for change in material ownership in the Group and mortgagors.
 - g. Standard covenants, representations and warranties.

Dacion en pago and Equity Conversion

The dacion en pago of the Group's idle machineries, spare parts and the equity conversion through the issuance of the Company's capital stock have been completed as at December 31, 2010. The dacion en pago transaction reduced the outstanding loan principal amount by P122 million while the equity conversion reduced outstanding accrued interest by P248 million.

The dacion en pago relating to the Group's shares in SLC and a subsidiary's land and land improvements and building improvements has a total value of P290.0 million. In 2012, certain certificates authorizing registration were issued and reduced the total value from P290.0 million to P289.88 million. The assignment of shares was completed in 2023 after the issuance of the CAR. The change in ownership and management in early 2012 and the issuance of CAR generally caused the delay in the implementation of dacion en pago.

Pursuant to the Amended Agreement, the Company's outstanding principal and accrued interest was reduced through the conversion of a portion of the debt due to Roxburgh into common shares of the Company. The Company issued a total of 123,817,953 shares to Roxburgh which resulted to the conversion resulted to the reduction of the Company's outstanding debt and recognition of additional paid in capital.

Restructuring of Subsidiaries

In 2011, following the provisions in the Amended Agreement, the Company filed a merger application with the SEC to absorb TPC. On August 12, 2013, following management's assessment, the Board of the Company and TPC approved the withdrawal of the merger application filed with the SEC as the same no longer appears feasible. Management has been instructed to explore other options, i.e., merger of or with other subsidiaries.

In addition, SCPC submitted a merger application with SEC in October 2011 to absorb three (3) dormant subsidiaries: (a) Metroplas Packaging Products Corporation (MPPC), (b) Metro Paper and Packaging Products, Inc. (MPPPI) and (c) Steniel Carton System Corporation (SCSC) using June 30, 2011 financial statements. On March 2, 2012, the SEC approved the certificate of filing of the articles and plan of merger, which documents were received by SCPC on July 31, 2012. All financial information presented for the periods prior to the merger has been restated to reflect the combined financial statements of the absorbed corporation as though the merger has occurred at the beginning of 2010.

The Company had 39.71% direct and indirect (through SCPC & TPC) interest in SLC. In 2010, all of the ownership interest of TPC and STN was assigned to Greenkraft, and the remaining interest of SCPC in SLC was 29.21%.

In September 2023, the dacion en pago was completed relating to the Group's shares in SLC. The Group assigned its 727,050 preferred shares in SLC to Greenkraft to fully settle its remaining balance of borrowings to Greenkraft amounting to P190 million. As at December 31, 2023, Greenkraft holds 100% interest in SLC.

Interest Payments

On December 2, 2011, the current creditors/lenders agreed to waive the payment of interest for the first 2 years of the loan commencing on the restructuring date, to correspond to the principal repayment as stated in the Amended Agreement. Hence, interest payments shall be made in accordance with the Amended Agreement but shall commence on the 27th month after the restructuring date, inclusive of a 2 year grace period. In relation to this, on March 1, 2012, the accrued interest which was capitalized as part of the loan principal in 2010 in accordance with the Amended Agreement, was also condoned by its major creditors effective December 31, 2011.

In 2013, due to continuous working capital drain experienced by the Group as a result of difficult economic and business conditions, the Group requested reconsideration to defer the implementation of the loan agreement from the creditors which was acted favorably. The Group was granted another 2 years extension of principal repayment, reduction of interest rate from 6% to 2% for the first 5 years and further waive interest charges annually until 2019. Consequent to the BOD approval of the conversion of debt to common shares of the Parent Company in 2019, principal and interest payments on long-term debt was suspended beginning July 2019.

Status of Operations

The Group has temporarily ceased its principal operations and has incurred recurring losses in prior years resulting to a deficit of P849 million, P934 million, and P869 million, as at March 31, 2025, and 2024, and December 31, 2024, respectively.

To improve this condition, the management has taken the following measures:

On July 17, 2019, the BOD and Stockholders of the Company approved the acquisition of shares of SMPC through a share swap transaction and the conversion of loans from Greenkraft and Roxburgh into common shares in the Company. To accommodate the transactions discussed above, the BOD and Stockholders approved the amendment of the Articles of Incorporation to increase the authorized capital stock from P1 billion, divided into one billion common shares to P2 billion, divided into two billion common shares with par value of P1 per share.

On December 29, 2020, upon the SEC's approval of the Company's application for increase in authorized capital stock, the Company issued shares to the lenders effecting the debt to equity conversion thereby

reducing the outstanding balance of the borrowings by P149.56 million. Further, the Company also issued shares to the shareholders of SMPC effecting the share swap transaction resulting to a provisional gain of P158.27 million from the acquisition of a subsidiary. The realization of these transactions resolved the capital deficiency position of the Group in 2021 and 2020.

There are no known trends, events or uncertainties that will have a material impact on the Steniel Group's future operations except those that have already been disclosed in the foregoing. There are no other sources of revenue or income that are not ordinary in nature.

Based on the foregoing, the consolidated financial statements have been prepared on a going concern basis, which assumes that the Group will continue in existence.

2. Basis of Preparation

Statement of Compliance

The accompanying unaudited interim consolidated financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS). PFRS are based on International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). PFRS, issued by the Philippine Financial Reporting Standards Council (FRSC), consist of PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretations.

The preparation of the financial statements in compliance with Philippine Financial Reporting Standards (PFRS) requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. The estimates and assumptions used in the accompanying unaudited interim consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the unaudited condensed consolidated financial statements. Actual results could differ from such estimates.

The unaudited interim consolidated financial statements include the accounts of Steniel Manufacturing Corporation and its subsidiaries. The unaudited condensed consolidated financial statements are presented in Philippine peso (Php), and all values are rounded to the nearest thousands except when otherwise indicated.

The accompanying consolidated financial statements of the Group as at and for the three months ended March 31, 2025 and 2024, and as at and for the year ended December 31, 2024 were approved and authorized for issuance by the Board of Directors on May 14, 2025.

Basis of Measurement

The unaudited interim consolidated financial statements of the Group have been prepared on a historical cost basis except for investment in equity securities which are carried at fair value.

Functional and Presentation Currency

The unaudited interim consolidated financial statements are presented in Philippine peso, which is also the Group's functional currency. All financial information expressed in Philippine peso is rounded off to the nearest thousand peso, except when otherwise indicated.

Basis of Consolidation

The unaudited interim consolidated financial statements include the financial statements of the Parent Company and its subsidiaries.

Subsidiaries are entities controlled by the Group. In accordance with PFRS 10, *Consolidated Financial Statements*, the Group controls an entity when it is exposed to, or has the rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of the subsidiaries are included in the consolidated financial statements from the date when the Group obtains control and continue to be consolidated until the date when such control ceases.

The unaudited interim consolidated financial statements are prepared for the same reporting period as the Parent Company, using uniform accounting policies for like transactions and other events in similar circumstances. Intergroup balances and transactions, including intergroup unrealized profits and losses, are eliminated in preparing the consolidated financial statements.

The consolidated financial statements include the financial statements of the Parent Company and the following subsidiaries incorporated in the Philippines.

	Percent of Ownership	
	2025	2024
Steniel Cavite Packaging Corporation (SCPC)*	100	100
Steniel Mindanao Packaging Corporation (SMPC)**	100	100

* *Treasure Packaging Corporation (TPC) was merged with SCPC as approved by the SEC on May 30, 2018.*

** *SMPC was reacquired on December 29, 2020.*

3. Summary of Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, except for the changes in accounting policies as explained below.

New and Amended Accounting Standards Effective in 2024

Effective beginning on or after January 1, 2024

Amendment to PFRS 16 – Leases on sale and leaseback. These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.

Amendment to PAS 1 – Non-current liabilities with covenants. These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.

Amendment to PAS 7 and PFRS 7 - Supplier finance. These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.

The amendments do not have material impact on the consolidated financial statements.

Standards and Interpretations Issued but not yet Effective

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

Effective beginning on or after January 1, 2025

Amendments to PAS 21 - Lack of Exchangeability. An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.

Effective beginning on or after January 1, 2026

- Amendments to PFRS 9 and PFRS 7, *Classification and Measurement of Financial Instruments*
- Annual Improvements to PFRS Accounting Standards - Volume 11
 - Amendments to PAS 7, *Cost Method*
 - Amendments to PFRS 1, *Hedge Accounting by a First-time Adopter*
 - Amendments to PFRS 7, *Gain or Loss on Derecognition*
 - Amendments to PFRS 9, *Lessee Derecognition of Lease Liabilities and Transaction Price*
 - Amendments to PFRS 10, *Determination of a “De Facto Agent”*

The Group is currently assessing the impact of adopting these standards on its consolidated financial statements.

Effective beginning on or after January 1, 2027

PFRS 18, Presentation and Disclosure in Financial Statements

The new standard impacts the classification of profit or loss items (i.e. into operating, investing, and financing categories) and the presentation of subtotals in the statement of profit or loss (i.e. operating profit, and profit before financing and income taxes). The new standard also changes the aggregation and disaggregation of information presented in the primary financial statements and in the notes. It also introduces required disclosures about management-defined performance measures.

PFRS 19, Subsidiaries without Public Accountability: Disclosures

The Group is currently assessing the impact of adopting this standard on its consolidated financial statements.

Deferred effectivity

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

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

On January 13, 2016, the Financial Reporting Standards Council deferred the original effective date of

January 1, 2026 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.

The revised, amended, and additional disclosures or accounting changes provided by the standards and interpretations will be included in the financial statements in the year of adoption, if applicable.

The standard is not expected to have significant impact on the Group's financial reporting.

Current versus non-current classification

The Group presents assets and liabilities in the consolidated statements of financial position based on current/non-current classification.

An asset as current when it is: (a) expected to be realized or intended to be sold or consumed in normal operating cycle; (b) primarily held for the purpose of trading; (c) expected to be realized within twelve months after the reporting period; or (d) cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is current when it is: (a) expected to be settled in normal operating cycle; (b) held primarily for the purpose of trading; (c) due to be settled within twelve months after the reporting period, or (d) There is no unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other assets and liabilities as noncurrent. Deferred tax assets and liabilities are classified as noncurrent.

Financial Instruments

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

A Group recognizes a financial asset or a financial liability in the consolidated statements of financial position when it becomes a party to the contractual provisions of the instrument.

Regular way purchases or sales of financial assets are accounted for at settlement date, i.e., the date that an asset is delivered to or by the Group. Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

A financial asset (unless a receivable without a significant component) or financial liability is initially measured at the fair value of the consideration given or received. The initial measurement of financial instruments, except for those designated as at fair value through profit or loss (FVPL), includes transaction costs. A receivable without a significant financing component is initially measured at the transaction price.

Financial Assets

The Group classifies financial assets at initial recognition, and subsequently measured at amortized cost, fair value through other comprehensive income (FVOCI) and FVPL. The classification depends on the contractual cash flow characteristics of the financial assets and the business model of the Group for managing the financial assets.

Subsequent to initial recognition, financial assets are not reclassified unless the Group changes the business model for managing financial assets. All affected financial assets are reclassified on the first day of the reporting period following the change in the business model.

The business model refers to how the Group manages the 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.

The Group considers the following information in assessing the objective of the business model in which a financial asset is held at a portfolio level, which reflects the way the business is managed and information is provided to the management:

- the stated policies and objectives for the portfolio and the operation of those policies in practice;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how employees of the business are compensated; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.
- Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets. Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

The Group considers the contractual terms of the instrument in assessing whether the contractual cash flows are solely payments of principal and interest. For the purposes of this assessment, "principal" is defined as the fair value of the financial asset on initial recognition. "Interest" is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basis lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin. The assessment includes whether the financial asset contains a contractual term that could change the timing or amount of the contractual cash flows such that it would not meet these conditions. The Group considers the following in making the assessment:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets.

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional

compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

For purposes of subsequent measurement, financial assets are classified in the following categories: financial assets at amortized cost, financial assets at FVOCI (with or without recycling of cumulative gains and losses) and financial assets at FVPL.

The Group has no financial assets at FVPL as at March 31, 2025, and 2024 and December 31, 2023.

Financial Assets at Amortized Cost. A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated at FVPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms 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 method and are subject to impairment. Gains and losses are recognized in profit or loss when the financial asset is derecognized, modified or impaired.

The Group's cash, receivables and refundable deposits are included under this category.

Cash in banks are stated at face value.

Financial Assets at FVOCI. Investments in debt instruments is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

At initial recognition of an investment in equity instrument that is not held for trading, the Group may irrevocably elect to present subsequent changes in the fair value in OCI. This election is made on an instrument-by-instrument basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets at FVOCI are subsequently measured at fair value. Changes in fair value are recognized in other comprehensive income.

Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment on investment in equity instruments are recognized in profit or loss. When investment in debt instrument at FVOCI is derecognized, the related accumulated gains and losses previously reported in the consolidated statements of changes in equity are transferred to and recognized in profit or loss.

Dividends earned on holding an investment in equity instrument are recognized as dividend income in the consolidated statement of comprehensive income when the right to receive the payment has been established, unless unless the dividend clearly represents a recovery of part of the cost of the investment.

When investment in equity instruments at FVOCI is derecognized, the accumulated gains or losses previously reported in the consolidated statements of changes in equity are never reclassified to profit or loss.

The Group's investments in equity instruments are classified under this category.

Financial Liabilities

The Group classifies its financial liabilities, at initial recognition, in the following categories: financial liabilities at FVPL and other financial liabilities. The Group determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

As at March 31, 2025, and 2024, and December 31, 2023, the Group has no financial liabilities at FVPL.

Other Financial Liabilities. This category pertains to financial liabilities that are not designated or classified as at FVPL. After initial measurement, other financial liabilities are carried at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any premium or discount and any directly attributable transaction costs that are considered an integral part of the effective interest rate of the liability. The effective interest rate amortization is included in "interest expense" account in the consolidated statements of comprehensive income. Gains and losses are recognized in the consolidated statements of comprehensive income when the liabilities are derecognized as well as through the amortization process.

Debt issue costs are considered as an adjustment to the effective yield of the related debt as are deferred and amortized using the effective interest method. When a loan is paid, the related unamortized debt issue costs at the date of repayment are recognized in the consolidated statements of comprehensive income.

The Group's trade payables and other current liabilities, amounts owed to related parties, lease liabilities and borrowings are included under this category.

Derecognition of Financial Assets and Liabilities

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

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of the

Group's continuing involvement. In that case, the Group also recognizes the associated liability. The transferred asset and the associated liability are measured on the basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset or the maximum amount of consideration that the Group is required to repay.

Financial Liabilities. A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired. When 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. The difference in the respective carrying amounts is recognized in the consolidated statements of comprehensive income.

Impairment of Financial Assets

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

ECLs are recognized under either a simplified or general approach, dependent on the nature of the related financial asset.

Under the general approach, 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 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 the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

Under the simplified approach, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward looking factors specific to the debtors and the economic environment.

For financial instruments with low credit risk such as cash in banks, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the financial instrument or the counterparty. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 180 days past due.

The Group considers a financial asset in default when contractual payments are 365 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

The Group analyzes the creditworthiness of each customer before the payment and delivery terms and conditions are offered. Sales are made to customers with satisfactory credit history. The Group has credit criteria and observes several layers of credit approval before engaging a particular customer or counterparty. The review includes external ratings, when available, and in some cases bank references. Purchase limits are established for each customer and are reviewed on a regular basis.

The Group ensures timely recognition of expected credit losses in accordance with the PFRS 9 wherein regular provisioning was being attested for sufficiency based on the existing data and analysis that aligns with the Group's historical loss experience and forward-looking assessments.

A financial asset is written-off when there is no reasonable expectation of recovering the contractual cash flows.

Classification of Financial Instruments between Liability and Equity

Financial instruments are classified as liability or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity, net of any related income tax benefits.

A financial instrument is classified as liability if it provides for a contractual obligation to:

- deliver cash or another financial asset to another entity;
- exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group; or
- satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Group does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument as a whole or in part, the amount separately determined as the fair value of the liability component on the date of issue.

Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statements 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.

Business Combination

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at proportionate

share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included as part of "Operating expenses" account in the consolidated statements of comprehensive income.

When the Group acquires a business, it assesses the financial assets and financial liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured at the acquisition date fair value and any resulting gain or loss is recognized in the consolidated statements of comprehensive income.

The Group measures goodwill at the acquisition date as: a) the fair value of the consideration transferred; plus b) the recognized amount of any non-controlling interests in the acquiree; plus c) if the business combination is achieved in stages, the fair value of the existing equity interest in the acquires; less d) the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed. When the excess is negative, a bargain purchase gain is recognized immediately in the consolidated statements of comprehensive income. Subsequently, goodwill is measured at cost less any accumulated impairment in value. Goodwill is reviewed for impairment, annually or more frequently, if events or changes in circumstances indicate that the carrying amount may be impaired.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in the consolidated statements of comprehensive income. Costs related to the acquisition, other than those associated with the issuance of debt or equity securities that the Group incurs in connection with a business combination, are expensed as incurred. Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognized in profit or loss.

▪ *Goodwill in a Business Combination*

Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units, or groups of cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities are assigned to those units or groups of units. Each unit or group of units to which the goodwill is allocated:

- represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- is not larger than an operating segment determined in accordance with PFRS 8, *Operating Segments*.

Impairment is determined by assessing the recoverable amount of the cash-generating unit or group of cash-generating units, to which the goodwill relates. Where the recoverable amount of the cash-generating unit or group of cash-generating units is less than the carrying amount, an impairment loss is recognized. Where goodwill forms part of a cash-generating unit or group of cash-generating units and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained. An impairment loss with respect to goodwill is not reversed.

Inventories

Inventories are stated at the lower of cost and net realizable value (NRV). Cost is determined on the basis of weighted average method. The cost of finished goods and work in process comprise raw materials used, direct labor costs and other direct costs and related production overheads (based on normal operating capacity). Materials and supplies are stated at invoice cost plus importation and other incidental charges. NRV is the estimated selling price in ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Inventories are derecognized either when sold or written-off. Provision for inventory losses is set up, when necessary, based on a review of the movement and current condition of each inventory item. Provision for inventory losses is provided, where necessary, for obsolete, slow-moving and defective inventories principally using age and physical condition as indicators. The amount of written-down inventories to NRV and all losses of inventories are recognized as expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in NRV, is recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

Prepaid Expenses and Other Current Assets

This account comprises of prepayments, prepaid taxes and input taxes. Prepayments are expenses paid in advance and recorded as assets before they are utilized. Prepayments that are expected to be realized for no more than 12 months after the reporting period are classified as current assets; otherwise these are classified as other noncurrent asset.

Prepaid taxes pertain to the amount withheld by suppliers which can be applied against income tax due. It is carried at face value less allowance for unrecoverable tax credits. The Group maintains an allowance for the amount which can no longer be claimed or applied against income tax due.

Property and Equipment

Property and equipment, except land, are recorded at cost less accumulated depreciation, and impairment losses, if any. The initial cost of property and equipment consists of its purchase, including import duties taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Land is stated at cost less any impairment in value.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance costs are charged to profit or loss during the period in which these are incurred.

Major renovations are depreciated over the remaining useful life of the related asset or to the date of the next major renovation, whichever is sooner.

Construction in progress represents structures under construction and is stated at cost. This includes cost of construction and other direct costs. Borrowing costs that are directly attributable to the construction of qualifying property and equipment are capitalized during the construction period. Construction in progress is not depreciated until such time that the relevant assets are ready for use.

Depreciation, which commences when the assets are available for their intended use, is calculated using the straight-line method over its estimated useful life as follows:

	Number of Years
Machinery and equipment	3-10
Building and improvement	5-7
Leasehold improvement	2 to 10 or lease term, whichever is shorter
Transportation equipment	3-5
Furniture, fixtures and equipment	3-5

The asset's residual values, estimated useful lives and depreciation method are reviewed periodically, and adjusted if appropriate, at each reporting date to ensure that method and period of depreciation and are consistent with the expected pattern of economic benefits from items of property and equipment.

The carrying amounts of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amounts may not be recoverable.

Fully depreciated assets are retained in the accounts until they are no longer in use.

An item of property, and equipment is derecognized when either it has been disposed of or when it is permanently withdrawn from use and no future economic benefits are expected from its use or disposal. Any gain or loss arising from the retirement and disposal of an item of property, and equipment (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in the consolidated statements of comprehensive income in the period of retirement and disposal.

Asset Held-for-Sale

Assets are classified as assets held-for-sale and stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered primarily through a sale transaction rather than continuing use. When the sale is expected to occur beyond one year, the entity shall measure the costs to sell at their present value. Any increase in the present value of the cost to sell that arises from the passage of time shall be presented as part of the operating expenses in profit or loss.

An impairment loss is recognized for any initial or subsequent write-down of the asset to fair value less costs to sell. The Group recognizes a gain for any subsequent increase in fair value less costs to sell of an asset, not in excess of the cumulative impairment loss that has been recognized.

Once classified as held-for-sale, property and equipment are no longer amortized or depreciated and any equity-accounted investee is no longer equity accounted.

When changes to the plan of sale are made and the Group ceases to classify the asset as held-for-sale, the Group remeasures the asset at the lower of its carrying amount before the asset was classified as held-for-sale, adjusted for any depreciation, amortization or revaluation that would have been recognized had the asset not been classified as held-for-sale, and its recoverable amount at the date of the subsequent decision not to sell. Gain or loss recognized on measurement of a non-current asset classified as held-for-sale is presented under the operating income (expense) in the consolidated statements of comprehensive income.

An item of asset held-for-sale is derecognized when either it has been disposed of or when it is permanently withdrawn from use and no future economic benefits are expected from its use or disposal. Any gain or loss arising on the retirement and disposal of an item of asset held-for-sale (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period of retirement or disposal.

Impairment of Nonfinancial Assets

The carrying amounts of prepaid expenses and other current assets, asset held-for-sale, right-of-use asset and property and equipment, are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists, and if the carrying amount exceeds the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amounts. The recoverable amount of the asset is the greater of fair value less costs to sell and value in use. The fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments 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 are recognized in profit or loss in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss. After such reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Fair Value Measurements

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: (a) in the principal market for the asset or liability or (b) in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or most advantageous market must be accessible to the Group.

The fair value of an asset or 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.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: inputs for the asset or liability that are not based on observable market data.

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization at the end of each reporting period.

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

Employee Benefits

Short-term Employee Benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Retirement Benefits

The Group's net obligation in respect of the defined benefits plan is calculated by estimating the amount of the future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed on a periodic basis by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan.

The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Remeasurements of the net defined retirement obligation or asset, excluding net interest, are recognized immediately in other comprehensive income. Such remeasurements are not reclassified to profit or loss in subsequent periods. Net defined retirement benefit obligation or asset comprise actuarial gains and losses, the return on plan assets, excluding interest, and the effect of the asset ceiling, if any. The Group determines the net interest expense or income on the net defined retirement obligation or asset for the period by applying the discount rate used to measure the defined benefit retirement obligation at the beginning of the annual period to the then-net defined retirement obligation or asset, taking into account any changes in the net defined benefit retirement obligation or asset during the period as a result of contributions and benefit payments.

Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss.

Capital Stock

Capital stock consists of common shares and is classified as equity. Incremental costs directly attributable to the issuance of common shares are recognized as a deduction from equity, net of any tax effects.

Additional Paid-in Capital

Additional paid-in capital represents the excess of consideration received over the par value of capital stock.

Retained Earnings (Deficit)

Retained earnings (deficit) represent the accumulated net income or losses, net of any dividend distributions and other capital adjustments.

Revenue Recognition

The Group recognizes revenue from contract with customers when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for these goods or services, excluding amounts collected on behalf of third parties.

The transfer of control can occur over time or at a point in time. Revenue is recognized at a point in time unless one of the following criteria is met, in which case it is recognized over time: (a) the customer simultaneously receives and consumes the benefits as the Group performs its obligations; (b) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or (c) the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

The Group assesses its revenue arrangements to determine if it is acting as principal or agent. The Group has concluded that it acts as a principal as it controls the goods or services before transferring to the customer.

The following specific recognition criteria must also be met before revenue is recognized:

Revenue from Product Sales

The Group manufactures and sells a wide range of paper, cartons and packaging materials in the domestic and international markets. Revenue from product sales is recognized at the point in time when control of the goods is transferred to the buyer, which is normally upon delivery of the goods. Trade discounts are determined at inception of the contract and is not subject to variability. Returns do not result to significant variable consideration. The general payment terms with customers are cash upon order and credit terms which generally ranges from 30 to 90 days from invoice date.

Service income

Service income is recognized at a point in time when the performance of contractually agreed task has been rendered and control over the service has been transferred to the customer. General payment terms are on an average of 30 days from invoice date.

Rent Income

Rent income from operating leases are recognized in profit or loss on a straight-line basis over the term of the lease agreement. Lease incentives granted are recognized as an integral part of the total rent income over the term of the lease.

Dividend income

Dividend income is recognized when the right to receive the payment is established.

Interest income

Interest income is recognized as the interest accrues, taking into account the effective yield on the asset.

Other income

Other Income is recognized when earned.

Cost and Expenses

Costs and expenses are decreases in economic benefits during the reporting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decrease in equity, other than those relating to distributions to equity participants. Expense is recognized when incurred. Cost and expenses are recognized when incurred are presented in profit or loss using function of expense method.

Borrowing Costs

Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur.

Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group assesses whether, throughout the period of use:

- the Group has the right to obtain substantially all the economic benefits from use of the identified asset, and
- the Group has the right to direct the use of the identified asset.

Group as Lessor

The Group determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, the lease is classified as a finance lease; if not, it is classified as an operating lease. As part of the assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Group applies the recognition exemption, it classifies the sublease as an operating lease.

If an arrangement contains lease and non-lease components, the Group applies PFRS 15, *Revenue from Contracts with Customers* to allocate the consideration in the contract.

The Group recognizes lease payments received under operating leases as rent income on a straight-line basis over the lease term.

Group as Lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date (i.e., the date the underlying asset is available for use). The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise of the following:

- fixed payments, including in-substance fixed payments, less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. The carrying amount of the lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or a change in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recognized in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases (i.e., lease that has a lease term of 12 months or less from the commencement date and does not contain a purchase option) and leases of low-value assets. The Group recognizes the lease payments associated with these leases as expense on a straight-line basis over the lease term.

Foreign Currency Transactions and Translation

Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rate of outstanding monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss under other expenses/income.

Taxes

Income tax expense for the year is composed of current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income, in which case it is recognized in equity or other comprehensive income. The Group periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretations and establishes provisions where appropriate.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized using the liability method in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or 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 taxable profit or loss; and
- with respect to taxable temporary differences associated with investments in shares of stock of subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits - Minimum Corporate Income Tax (NICIT) and unused tax losses - Net Operating Loss Carry Over (NOLCO), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward benefits of MCIT and NOLCO can be utilized, except:

- where the deferred tax asset relating to the deductible temporary difference arises from the 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 taxable profit or loss; and
- with respect to deductible temporary differences associated with investments in shares of stock of subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year 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 date.

Value-added Tax (VAT). Revenues, expenses and assets are recognized net of the amount of VAT, except:

- where the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of "Prepaid expenses and other current assets" or "Trade payables and other current liabilities" accounts in the consolidated statements of financial position.

Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control and significant influence. Related parties may be individuals or corporate entities.

Operating Segments

The Group's operating segments are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

SCPC was the only operating subsidiary of the Parent Company prior to the acquisition of SMPC. SCPC's activity after it ceased its packaging operations in 2006 is limited to leasing of properties. SMPC, on the other hand, was acquired on December 29, 2020. As such, SMPC's results of operations in 2020 were considered as pre-acquisition and were not consolidated in the consolidated statements of comprehensive income. Given the foregoing, SCPC's leasing business with SMPC represents the only reportable segment of the Group in 2020 and 2019. Following the acquisition of SMPC in 2020, the Group has only one business segment which is related to SMPC's packaging business.

Basic and Diluted Earnings Per Share (EPS)

Basic EPS is computed by dividing the net income for the period attributable to equity holders of the Parent Company by the weighted-average number of issued and outstanding common shares during the period.

For the purpose of computing diluted EPS, the net income for the period attributable to equity holders of the Parent Company and the weighted-average number of issued and outstanding common shares are adjusted for the effects of all potential dilutive instruments.

Provisions

Provisions are recognized when: (a) the Group has a present obligation (legal or constructive) as a result of past events; (b) it is probable (Le., more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate of the amount of the obligation can be made. Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognized as a separate asset only when it is virtually certain that reimbursement will be received. The amount recognized for the reimbursement shall not exceed the amount of the provision. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense.

Contingencies

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

Events After the Reporting Date

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

4. Management's Use of Judgments, Estimates and Assumptions

The preparation of the consolidated financial statements in accordance with PFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the amounts of assets, liabilities, income and expenses reported in the consolidated financial statements at the reporting date. However, uncertainty about these judgments, estimates and assumptions could result in an outcome that could require a material adjustment to the carrying amount of the affected asset or liability in the future.

Judgments and estimates are continually evaluated and are based on historical experience and other factors: including expectations of future events that are believed to be reasonable under the circumstances. Revisions are recognized in the period in which the judgments and estimates are revised and in any future period affected.

Judgments

In the process of applying the accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the consolidated financial statements:

Functional Currency. Based on the economic substance of the underlying circumstances relevant to the Group, the functional currency has been determined to be the Philippine Peso It is the currency that mainly influences the sales price of services of the Group and the costs of providing these services.

Operating Lease Commitments - Group as Lessor. The Group has entered into an operating lease agreement as a lessor. The Group had determined that it retains all the significant risks and rewards of ownership of the properties leased out on the operating lease.

Incremental Borrowing Rate on Leases. The Group cannot readily determine the interest rate implicit in the leases. Therefore, it uses its relevant incremental borrowing rate to measure lease liabilities.

The incremental borrowing rate is the rate of interest that the Group 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 incremental borrowing rate, therefore, reflects what the Group would have to pay, which requires estimation when no observable rates are available and to make adjustments to reflect the terms and conditions of the lease. The Group estimates the incremental borrowing rate using observable inputs (such as market interest rates) when available and is required to consider certain contract and entity-specific estimates.

Determining the Lease Term of Contracts with Renewal Options - Company as Lessee. The Group has a lease contract that include extension options. At lease commencement date, the Group applies judgment in evaluating whether it is reasonably certain to exercise the option to renew the lease by considering all relevant factors that create an economic incentive for it to exercise the renewal option. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or change in circumstances within its control.

Classification of Financial Instruments. The Group exercises judgments in classifying financial instrument, or its component parts, on initial recognition as a financial asset, a financial liability, or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial asset, a financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the consolidated statements of financial position.

The Group uses its judgment in determining the classification of financial assets based on its business model in which assets are managed and their cash flow characteristics.

Business Model. The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to the management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;

- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future salary activity.

Cash Flow Characteristics - Payments of Principal and Interest. For the purposes of this assessment, "principal" is defined as the fair value of the financial asset on initial recognition. "Interest" is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basis lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of the contractual cash flows such that it would not meet these conditions. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

The Group determines that the business model for financial assets at amortized cost is held to collect contractual cash flows and meets the solely principal and interest criterion as at March 31, 2025, and 2024 and December 31, 2024.

Determining whether the Group is Acting as a Principal or Agent in a Revenue Transaction. The determination of whether the Group acts as a principal or agent in a contract is made by identifying each specified service promised to the customers in the contract and evaluating whether the Group obtains control of the specified service before it is transferred to the customer.

The Group determined that it acts as a principal in its revenue transactions.

Measurement of Fair Values. A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group uses market observable data when measuring the fair value of an asset or liability. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques (Note 3).

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy based on the lowest level input that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Estimates and Assumptions

The key estimates and assumptions used in the consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the consolidated financial statements. Actual results could differ from such estimates.

Acquisition Accounting. At the time of acquisition, the Group considers whether the acquisition represents an acquisition of a business or a group of assets. The Group accounts for an acquisition as a business combination if it acquires an integrated set of business processes in addition to the group of assets acquired.

The Group accounts for acquired businesses using the acquisition method of accounting which requires that the assets acquired and the liabilities assumed are recognized at the date of acquisition based on their respective fair values.

The application of the acquisition method requires certain estimates and assumptions concerning the determination of the fair values of acquired assets as well as liabilities assumed at the acquisition date. Moreover, the useful lives of the acquired intangible assets, if any, and property and equipment have to be determined. Accordingly, for significant acquisitions, the Group obtains assistance from valuation specialists. The valuations are based on information available at the acquisition date.

The Group has determined that the acquisition of SMPC represents a business due to the presence of the integrated set of activities acquired.

Assessment for ECL on Receivables. The Group, applying the simplified approach in the computation of ECL, initially uses a provision matrix based on historical default rates for trade and other receivables. The Group also uses appropriate groupings if its historical credit loss experience show significantly different loss patterns for different customer segments. The Group then adjusts the historical credit loss experience with forward-looking information on the basis of current observable data affecting each customer segment to reflect the effects of current and forecasted economic conditions.

The Group adjusts historical default rates to forward-looking default rate by determining the closely related economic factor affecting each customer segment. The Group regularly reviews the methodology and assumptions used for estimating ECL to reduce any differences between estimates and actual credit loss experience. The determination of the relationship between historical default rates and forecasted economic conditions is a significant accounting estimate.

The Group has assessed that the forward-looking default rate component of its ECL on receivables are not material because substantial amount of receivables has been collected. Moreover, based on management's assessment, current conditions and forward-looking information does not indicate a significant increase in credit risk exposure of the Group from its receivables.

Assessment for ECL on Other Financial Assets at Amortized Cost. The Group determines the allowance for ECL using general approach based on the probability-weighted estimate of the present value of all cash shortfalls over the expected life of financial assets at amortized cost. ECL is provided for credit losses that result from possible default events within the next 12-months unless there has been a significant increase in credit risk since initial recognition in which case ECL is provided based on lifetime ECL.

When determining if there has been a significant increase in credit risk, the Group considers reasonable and supportable information that is available without undue cost or effort and that is relevant for the particular financial instrument being assessed such as, but not limited to, the following factors:

- Actual or expected external and internal credit rating downgrade;
- Existing or forecasted adverse changes in business, financial or economic conditions; and
- Actual or expected significant adverse changes in the operating results of the borrower.

The Group has assessed that the ECL on other financial assets at amortized cost is not material because the transactions with respect to these financial assets were entered into by the Group only with reputable banks. Accordingly, no additional provision for ECL on other financial assets at amortized cost was recognized in March 31, 2025, and 2024 and December 31, 2024. The carrying amounts of other financial assets at amortized cost are as follows:

	31-Mar-2025	31-Dec-2024	31-Mar-2024
Cash in banks	P111,816	P67,152	P80,925
Receivables	774,001	737,367	931,842
Refundable security deposits	12,503	17,675	14,892
	P898,320	P822,194	P1,027,659

Estimating Allowance for Inventory Obsolescence. The Group's inventories are written down to their net realizable value (NRV) whenever their NRV fall below carrying amounts due to physical damage, obsolescence or adverse changes in prices. In determining NRV, management considers estimated selling price of inventories less the estimated costs of completion and the estimated costs necessary to make the sale.

Estimation of Useful Lives of Property and Equipment. The Groups estimates the useful lives of property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets.

In addition, estimation of the useful lives of property and equipment is based on collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future financial performance could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of property and equipment would increase recorded costs and expenses and decrease noncurrent assets.

Determination of Impairment of Nonfinancial Assets - PFRS requires that an impairment review be performed on prepaid expenses and other current assets; asset held-for-sale, right-of-use asset and property and equipment when events or changes in circumstances indicate that the carrying amount may not be recoverable. Determining the recoverable amounts of these assets requires the estimation of cash flows expected to be generated from the continued use and ultimate disposition of such assets. While it is believed that the assumptions used in the estimation of fair values reflected in the consolidated financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable amounts and any resulting impairment loss could have a material adverse impact on the financial performance.

Based on the assessment of the Group, certain nonfinancial assets are to be provided with allowance for impairment.

Present Value of Defined Benefit Retirement Obligation. The present value of the defined benefit retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions.

The Group determines the appropriate discount rate at the end of each reporting period. It is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the retirement obligations. In determining the appropriate discount rate, the Group considers the interest rates on government bonds that are denominated in the currency in which the benefits will be paid. The terms to maturity of these bonds should approximate the terms of the related retirement obligation.

Other key assumptions for the defined benefit retirement obligation are based in part on current market conditions.

While it is believed that the Group's assumptions are reasonable and appropriate, significant differences in actual experience or significant changes in assumptions may materially affect the Group's defined benefit retirement obligation.

Estimation of Realizability of Deferred Tax Assets. The Group reviews its deferred tax assets at each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. The Group's assessment on the recognition of deferred tax assets on deductible temporary differences and carry-forward benefits of NOLCO is based on the projected taxable income in the following periods.

Deferred tax assets of STN and SCPC have not been recognized as at March 31, 2025, and 2024 and December 31, 2024, because management believes that it is not probable that future taxable profit will be available against which the deferred tax assets may be utilized.

Provisions and Contingencies. The Group, in the ordinary course of business, sets up appropriate provisions for its present legal or constructive obligations, if any, in accordance with its policies on provisions and contingencies in recognizing and measuring provisions, management takes risk and uncertainties into account.

The Group has not recognized any provisions in 2025 and 2024.

5. Cash

This account consists of:

	31-Mar-2025	31-Dec-2024	31-Mar-2024
Cash in banks	P111,816	P67,152	P80,925
Cash on hand	110	110	90
	P111,926	P67,262	P81,015

6. Receivables

This account consists of:

	31-Mar-2025	31-Dec-2024	31-Mar-2024
Trade receivables	P530,759	P569,662	P960,858
Non-trade receivables	350,650	275,113	29,100
	881,409	844,775	989,958
Less allowance for impairment losses on:			
Trade receivables - third parties	(107,408)	(107,408)	(58,116)
	P774,001	P737,367	P931,842

Trade receivables are non-interest bearing and are generally with 30 to 90-day term.

Non-trade receivables pertain to reimbursements of costs incurred on behalf of entity under common control.

The movements in the allowance for impairment losses is as follows:

	31-Mar-2025	31-Dec-2024	31-Mar-2024
Balance at beginning of year	P107,408	P77,523	P77,523
Reversal of provision for loss on receivables	-	-	(19,407)
Allowance during the year	-	29,885	-
Balance at end of year	P107,408	P107,408	P58,116

Non-trade receivables pertain to reimbursements of costs incurred on behalf of entity under common control.

For the period ended March 31, 2025, the Group believes that the collectability of the receivables is high, the allowance for expected credit losses was deemed to be sufficient, hence no additional allowance for expected credit losses should be recognized.

For the period ended December 31, 2024, the Group recognized additional provision for expected credit losses amounting to P29.87 million which was attributed to the increase of overdue accounts in 2024 arising from 2023 billings.

7. Inventories

Inventories stated at lower of cost and NRV consist of:

	31-Mar-2025	31-Dec-2024	31-Mar-2024
Raw Materials	P2,031,938	P2,312,028	P1,458,178
Work-in-process	40,461	36,858	33,664
Materials and supplies	226,637	208,209	199,825
Finished goods	82,973	91,562	75,010
	2,382,009	2,648,657	1,766,677
Less allowance for inventory write-down	(3,337)	(3,337)	(11,410)
	P2,378,672	P2,645,320	P1,755,267

The movements in the allowance for for inventory write-down is as follows:

	31-Mar-2025	31-Dec-2024	31-Mar-2024
Balance at beginning of year	P3,337	P26,819	P26,819
Reversal of provision for loss on receivables	-	(23,482)	(15,409)
Allowance during the year	-	-	-
Balance at end of year	P3,337	P3,337	P11,410

In 2024, the Group has updated the estimated among its inventories which resulted to the reversal of allowance for inventory losses amounting to ₱23.482 million attributed to the increase of estimated net realizable value as compared to the carrying value of inventories as of December 31, 2024. No additional provision for inventory losses was recognized for the period ended March 31, 2025 and December 31, 2024.

8. Prepaid Expenses and Other Current Assets

This account consists of:

	31-Mar-2025	31-Dec-2024	31-Mar-2024
Input VAT – net	P37,366	p14,887	P91,700
Creditable withholding taxes	95,173	87,102	73,093
Prepaid importation charges	96,905	72,498	208,064
Refundable security deposits	11,013	16,185	13,155
Advances to suppliers	1,863	1,863	1,863
Prepaid insurance	6,612	7,917	9,668
Other prepayments	10,651	9,531	10,600
	259,583	209,983	408,143
Less allowance for impairment losses and unrecoverable prepaid taxes	(1,843)	(1,843)	1,843
	P257,740	P208,140	P406,300

Input VAT represents accumulated input taxes from purchases of goods and services for business operations which can be applied against future output VAT.

Prepaid taxes include creditable withholding taxes withheld by the Group's customers which can be applied against future income tax liability. Prepaid importation charges pertain to advance payments to various suppliers of imported paper rolls.

Refundable security deposits pertain to cash deposits on container vans and leases of warehouse and office space. Security deposits on container vans are refundable upon return of container vans while security deposits on leases are refundable at the end of the lease period.

9. Property and Equipment

The movements and balances of property and equipment as at March 31, 2025, and December 31, 2024 and December 31, 2024 are as follows:

Particulars	Land	Machinery and Equipment		Leasehold Improvements	Transportation Equipment	Furniture, Fixtures and Equipment	Building and Improvements	Construction in Progress	Total
		Equipment	and						
Cost									
December 31, 2023	185,587	637,366		42,381	22,709	16,396	346,268	45,261	1,295,968
Additions	-	13,061		1,536	1,177	2,285	1,307	6	19,372
Disposals	-	-		-	-	-	-	-	-
March 31, 2024	185,587	650,427		43,917	23,886	18,681	347,575	45,267	1,315,340
December 31, 2023	185,587	637,366		42,381	22,709	16,396	346,268	45,261	1,295,968
Additions	-	80,897		13,462	1,177	6,260	1,400	133,399	236,595
Disposals	-	-		-	-	-	-	-	-
Adjustments	-	135,390		4,345	-	1,245	(2,250)	-	(2,250)
December 31, 2024	185,587	853,653		60,188	23,886	23,901	345,418	178,660	1,530,313
Additions	-	7,381		3,188	1,236	1,409	-	96	13,309
Disposals	-	-		-	-	-	-	-	-
March 31, 2025	185,587	861,034		63,376	25,122	25,310	345,418	37,776	1,543,622
Accumulated Depreciation									
December 31, 2023	-	363,935		30,967	10,628	9,547	105,506	-	520,583
Depreciation	-	19,733		923	852	692	15,770	-	37,970
Disposals	-	-		-	-	-	-	-	-
March 31, 2024	-	383,668		31,890	11,480	10,239	121,276	-	558,553
December 31, 2023	-	363,935		30,967	10,628	9,547	105,506	-	520,583
Depreciation	-	104,856		6,178	3,766	4,157	63,008	-	181,965
Disposals	-	-		-	-	-	-	-	-
Adjustments	-	-		-	-	-	(328)	-	(328)
December 31, 2024	-	468,791		37,145	14,394	13,704	168,186	-	702,220
Depreciation	-	25,170		1,582	768	1,082	15,790	-	44,392
Disposals	-	-		-	-	-	-	-	-
March 31, 2025	-	493,961		38,727	15,162	14,786	183,976	-	746,612

Carrying amount									
March 31, 2024	P185,587	P266,759	P12,027	P12,406	P8,442	P226,299	P45,267	P756,787	
December 31, 2024	P185,587	P384,862	P23,043	P9,492	P10,197	P177,232	P37,680	P828,093	
March 31, 2025	P185,587	P367,073	P24,649	P9,960	P10,524	P161,442	P37,776	P797,010	

The land and improvements thereon in San Vicente, Davao del Norte and land in Carmen, Davao del Norte are subject to mortgage under the Omnibus Loan and Security Agreement (OLSA) entered by the CPC, SMPC and another affiliate in 2021 (Note 15). As at March 31, 2025, and 2024, and December 31, 2024, the aggregate carrying amount of mortgaged land and improvements amounted to P185.587 million.

10. Investments in Equity Instruments

The account consists of investments in shares of stock of utility companies and golf/country club memberships which were designated as financial assets at FVOCI.

The movements in investments in equity instruments are as follows:

	31-Mar-2025	31-Dec-2024	31-Mar-2024
Cost			
Balance at beginning of year	P163,293	P133,852	P129,226
Additions	5,879	44,715	2,528
Disposals	-	(15,275)	-
Balance at end of year	169,172	163,292	131,754
Changes in Fair Value			
Balance at beginning of year	17,700	P6,003	6,003
Changes in fair value	5,876	16,093	-
Transfers of fair value reserve for investments in equity instruments designated at FVOCI		(4,396)	-
Balance at end of year	23,576	17,700	6,003
	P192,748	P180,992	P137,757

11. Other Noncurrent Assets

This account pertains to refundable security deposits.

12. Trade Payables and Other Current Liabilities

This account consists of:

	31-Mar-2025	31-Dec-2024	31-Mar-2024
Trade payables	P189,320	P225,476	P284,025
Payable to bank	183,561	768,732	423,317
Advances from customers	229,668	411,986	661,830
Accrued expenses	340,322	432,208	563,947
Deferred output VAT	178,702	142,040	145,852
Payable to government agencies	11,943	15,402	22,179
Others	1,135	13,688	240
	P1,134,651	P2,009,532	P2,101,390

Trade payables generally have 30-day term and includes interest-bearing letter of credits with terms ranging from 90 to 180 days.

Payables to bank pertain to trust receipts transaction with banks used to purchase imported paper with terms of 60 to 180 days.

Advances from customers pertain to advance payments made by customers for purchase of goods.

Accrued expenses mainly pertain to accrued charges from Bureau of Customs for raw materials importation, payable to other tolling customers and suppliers for paper purchases.

13. Loans and Borrowings

This account consists of:

	31-Mar-2025	31-Dec-2024	31-Mar-2024
Local bank loan:			
Short-term loans	P1,933,405	P1,239,780	P531,884
Net of current portion	389,532	389,368	468,231
	P2,322,937	P1,629,148	P1,000,115

Short-term Loans

Short-term loans from local banks are unsecured, peso-denominated promissory notes intended for additional working capital requirements of the SMPC.

For the year ended December 31, 2024, the capitalizable borrowing cost amounted to ₱4.096 million. Capitalizable borrowing rate is at 3.23%.

For the period ended March 31, 2025, and 2024, the capitalizable borrowing cost amounted to nil

Omnibus Loan and Security Agreement (OLSA)

On November 29, 2021, the SCPC, SMPC, and another affiliate, collectively as Borrowers, entered into an Omnibus Loan and Security Agreement (OLSA) with a local bank. The loan has seven-year term and up to an aggregate amount of P2 billion or its U.S_ Dollar equivalent. The proceeds of the loan will be used to finance the purchase by the Borrowers of the subject assets as described in Section 1 of Part C of the OLSA. The loan drawdown will enable the Borrowers to purchase the subject properties and to operate the Dole Philippines Inc. (DPI) box plant property in Davao.

The loan has floating interest rate based on the prevailing market rate at each repricing date, with a one-time option to fix. The loan is secured by mortgaged properties as described in Part C, Section 3.02 and enumerated in Schedule II of the OLSA, and future receivables of the Borrowers, and guaranteed by the major shareholders of the Parent Company.

The other essential elements of the OLSA, among others, are summarized below:

- a) The Borrowers are entitled to a grace period on principal payments for the first 12 months reckoned from the initial drawdown and shall pay only interest on the loan amount. At the end of the 13th month from the initial drawdown date, the Borrowers shall commence payment of the principal and interest. The principal payments shall be made in 72 equal monthly amortizations beginning on the 13th month from the initial drawdown date.
- b) The Borrowers shall pay interest on the outstanding advance monthly in arrears at the interest rate on each interest payment for the interest period. The interest rate on the advance payment shall be the prevailing market rate as of the repricing date.

- c) The Borrowers shall not sell, lease, transfer, grant or otherwise dispose all or substantially all of its properties and assets, except for leases entered into with any of the Borrower's affiliates for the lease of DPI Box Plant and Printing Plant.
- d) Cross default and cross acceleration provision as an event of default. This is when the Borrower defaults in the payment of principal or interest or commits violation of any terms and conditions, or accelerate or permit acceleration, of any agreement and the lender believes that the breach or violation will adversely and materially affect the Borrower's operations or ability to perform its obligation under the OLSA.
- e) No new borrowing, unless with consent of the lenders.
- f) Creditor's consent for change in material ownership in the borrowers and mortgagors.
- g) Standard covenants, representations and warranties

In December 2021, the SCPC initially availed of the loan amounting to \$2,588,000 equivalent to P130.401 million for the purchase of land (Note 11).

On January 24, 2022, the SCPC availed the second and final drawdown of the loan amounting to \$9,087,396.

As at November 29, 2022, the loan has been fully drawn by the SCPC and an affiliate.

In accordance with Part B, Section 5.01 (m) of the OLSA, the Borrowers are required to maintain debt to service coverage ratio of at least 1.25x, a total debt-to-equity ratio of 1.5 to 1, and a debt to EBITDA of no more than three times. The SCPC has failed to comply with the financial ratios indicated in the OLSA as at December 31, 2021. The OLSA provides that default provisions, other than payment default, are remediable within 30 days after written notice from the lender of such failure to comply with the terms or covenant in the OLSA.

As at December 31, 2021, the Borrowers have not received any notice of default from the lender that will trigger the non-compliance with financial ratios an event of default. On November 3, 2022, upon the request of SCPC, SCPC received a letter from the lender confirming that the bank did not declare SCPC in default under the OLSA notwithstanding their non-compliance with the required financial ratios as at December 31, 2021.

Transaction cost on loan availment pertaining to documentary stamp tax paid in 2021 amounted to P4.522 million, of which P1.002 million relates to initial drawdown in 2021 and recorded as deduction from loans payable, and the remaining balance of P3.520 million relates to final drawdown in January 2022 recorded as part of Prepaid taxes (Note 9).

14. Equity

Capital Stock

Capital stock as at March 31, 2025, and 2024, and December 31, 2024 consists of:

	No. of Common Shares	Par Value Per Share	Amounts in Thousand
Authorized	2,000,000,000	1	P2,000,000
Issued and Outstanding	1,418,812,081	1	P1,418,812

On July 17, 2019, the BOD and Stockholders of the Parent Company approved the acquisition of shares of SMPC through a share swap transaction wherein all shareholders of SMPC will exchange all their shares in SMPC for shares of the Parent Company. On the same date, the BOD and Stockholders also approved the conversion of loans from Greenkraft and Roxburgh into common shares in STN (Notes 1 and 15). The said approvals were reconfirmed on November 19, 2020.

To accommodate the transactions discussed above, the BOD and Stockholders approved the amendment of the AOI to increase the authorized capital stock from P1 billion, divided into one billion common shares to P2 billion, divided into two billion common shares with par value of P1 per share.

On December 29, 2020, the SEC approved the increase in authorized capital stock of the Parent Company. On the same date, the Parent Company issued 269,250,000 shares to the shareholders of SMPC in exchange for all of their shareholdings to the latter. The Parent Company also issued 149,562,081 shares to its lenders effecting the debt-to-equity conversion.

Expenses incurred that are directly attributable to the issuance of shares, net of related tax benefit, amounted to P6.21 million. Such amount was deducted against additional paid-in capital in 2020.

Additional Paid-in Capital

The Parent Company's loans were restructured in October 2010 and the 123,817,953 unissued shares amounting to P123.82 million were issued to a creditor to settle portion of the loan amounting to P247.63 million. The excess of the amount settled over the amount of issued shares (P123.81 million) was recognized as part of additional paid-in capital (Note 1).

Earnings(Loss) Per Share

Basic earnings per common share in centavos for the 3 months ended March 31, 2025 and 2024, and year ended December 31, 2024 is calculated as follows:

	31-Mar-2025	31-Dec-2024	31-Mar-2024
Net income(loss)	P19,813	P100,159	P56,148
Divided by weighted average number of common shares, in thousands	1,418,812	1,418,812	1,418,812
Basic and diluted earnings(loss) per share	P0.0140	P0.0706	P0.0396

There are no dilutive shares used in the computation of the earnings per shares, hence, basic earnings per share is the same with the dilutive earnings per share.

15. Cost of Sales and Services

This account consists of:

	31-Mar-2025	31-Dec-2024	31-Mar-2024
Cost of sales	P666,023	P2,730,498	P655,547
Cost of services	-	6,191	5,597
	P666,023	P2,736,689	P661,144

Cost of Sales

Details of the account as follows:

	31-Mar-2025	31-Dec-2024	31-Mar-2024
Cost of sales			
Raw materials, beg	P2,312,028	P1,768,884	P1,495,351
Add: Purchases	237,356	2,789,186	503,123
Total raw materials	2,549,384	4,558,070	1,998,474
Less: Raw materials, end	(2,031,938)	(2,312,027)	(1,458,178)
Raw materials used	517,446	2,246,043	540,296
Direct labor	9,453	40,918	9,307
Factory overhead	134,138	466,704	104,038
Total manufacturing cost	661,037	2,753,665	653,641
Add: Work-in-process, beg	36,858	33,915	35,623
Total goods available for manufacturing	697,895	2,787,580	689,264
Less: Work-in-process, end	(40,461)	(36,858)	(33,664)
Total goods manufactured	657,434	2,750,722	655,600
Add: Finished goods, beg	91,562	71,338	74,956
Total goods available for sale	748,996	2,822,060	730,556
Less: Finished goods, end	(82,973)	(91,562)	(75,009)
	P666,023	P2,730,498	P655,547

Cost of Services

Details of the account as follows:

	31-Mar-2025	31-Dec-2024	31-Mar-2024
Cost of services:			
Materials used	P-	P2,369	P1,649
Rent	-	6	1,098
Indirect labor	-	1,188	840
Depreciation and amortization	-	825	584
Supplies	-	445	460
Utilities	-	568	374
Repairs and maintenance	-	139	102
Salaries, wages and benefits	-	455	328
Outside services	-	82	64
Warehousing cost	-	56	41
Insurance	-	27	22
Fuel and oil	-	8	5

Taxes and licenses	-	2	1
Others	-	21	29
	P-	P6,191	P5,597

Details of factory overhead for the years ended

	31-Mar-2025	31-Dec-2024	31-Mar-2024
Indirect materials used	P58,951	P186,339	P31,342
Indirect labor	18,016	63,858	23,829
Depreciation and amortization	28,840	112,287	16,561
Supplies	10,206	39,071	13,056
Utilities	4,716	24,691	10,605
Repairs and maintenance	2,719	9,712	3,423
Outside services	1,571	7,319	1,809
Warehousing cost	1,588	4,997	1,157
Insurance	4,621	15,162	616
Rent	2,297	188	
Fuel and oil	157	633	153
Taxes and licenses	36	42	20
Others	420	2,405	1,467
	P134,138	P466,704	P104,038

16. Operating Expenses

This account consists of:

	31-Mar-2025	31-Dec-2024	31-Mar-2024
Depreciation	P15,553	P77,133	P20,828
Salaries, wages and employee benefits	20,048	86,184	19,462
Delivery expense	16,314	67,510	15,365
Professional fees, outside services and legal fees	6,875	36,271	13,405
Insurance, taxes and licenses	17,481	50,338	10,177
Utilities	6,502	26,638	7,656
Representation and entertainment	1,100	1,194	1,670
Office and Computer supplies	740	3,571	997
Transportation and travel	1,219	4,972	918
Repairs and maintenance	906	4,726	811
Listing Fees	568	1,535	250
Fines and penalties	-	6,293	-
Reversal of previously recognized inventory write-down	-	(23,482)	(15,409)
Provison for (Reversal of) impairment losses of receivables	-	29,885	(19,407)
Miscellaneous	1,574	8,105	1,725
	P88,880	P380,873	P58,448

17. Other Income (Charges)

This account consists of:

	31-Mar-2025	31-Dec-2024	31-Mar-2024
Dividend Income	P377	P6,791	P340
Interest Income	14	56	11
Realized gain/loss on change in foreign exchange rate	(1,260)	3,887	(936)
Unrealized foreign exchange gains (losses)	(7)	11,838	-
Loss due to earthquake		(94)	
Others	10,971	53,897	9,226
Total	P10,095	P76,375	P8,641

18. Significant Agreements

Tolling Agreements

The SMPC has tolling agreements with certain customers wherein these customers will provide paper rolls for the SMPC to process or manufacture into corrugated fiber board boxes at a guaranteed volume subject to the production frequency and specifications to be agreed by both parties. For the services provided, the SMPC will receive tolling fees which are recorded as "Service income" account in the statement of comprehensive income.

Lease Agreements

The Group has existing lease agreements covering its office space, warehouses, machinery and equipment and other facilities which are presently used in Davao City for periods ranging from one (1) to ten (10) years, and a sales office and warehouse in General Santos City for a period of five (5) to ten (10) years, renewable under terms and conditions to be agreed upon by both parties.

Details of the lease agreements are as follows:

- a. The Group leases warehouse stall from BTY and Sons Development Corporation with floor area of 1000 sqm located at BTY Compound, National Highway, General Santos City. The lease commenced on January 1, 2021 and expiring on December 31, 2028. Based on the terms of agreement, rental rates is subject to 10% increase per annum and is required to pay security deposit upon execution of the contract with the amount of P660,225.
- b. The Group entered into lease agreement with Jasmine Banana, Inc for the land with a total land area of 18,510 sqm situated at the National Highway, Bunawan District, Davao City for a period of five (5) years, starting from January 1, 2021 and will expire on December 31, 2025. Rental rate for the leased premises is subject to 2.5% increase per annum. The continued use of the leased premises by the lessee upon expiration of the contract without written notice or renewal is allowed by the lessor, noting that this contract will be automatically renewed for one (1) year under the same terms and conditions.
- c. The Group leases 133.50 sqm of laboratory space located at Km. 14, After Panacan Sub-Station, Panacan, Davao City. The term of lease cover two (2) years, starting on October 21, 2021 and will expire on October 30, 2023 which is the parties renewed for another two (2) years, starting October

21, 2023 to October 20, 2025. The rental shall be payable within the first five (5) days of the month with the rate of P33.857 subject to 5% increase per annum.

Asset Sale Agreement

In May 2021 and August 2021, SCPC, SMPC and certain affiliates executed Asset Sale Agreement (ASA) with DPI, which was amended in December 2021. The asset sale agreement covered the purchase of parcels of land, machinery and equipment, motor vehicles, other assets and shared assets used in the Stanfilco Plants and Dolefil Box and Printing Plants. In the agreement, the SCPC will acquire Stanfilco Box Plant and Stanfilco machinery and equipment. SMPC will enter into long term supply agreement with DPI, and other affiliates will acquire other target assets listed in Schedule 2 of the ASA.

The SCPC has committed to purchase the allocated target assets with total purchase price of USD 9,383,761. As at November 29, 2022, the SCPC has completed the purchase of buildings and improvements, and machineries and equipment amounting to P484.038 million (inclusive of taxes).

The assets acquired is not a business, and does not qualify to be accounted for under PFRS 3 Business Combination wherein the neither liabilities were assumed (acquisition of net assets), nor does not obtain shared control over the acquired assets (acquisition of equity shares) by the Group. Further, none of the business inputs, processes and outputs of the latter were resumed nor acquired. Hence, the Group accounted the transaction as an asset acquisition in accordance with the PAS 16 Property plant and equipment.

Long-term Supply Agreement

In January 2022, in relation to the Asset Sale Agreement, SMPC entered into a long-term supply agreement with DPI to supply boxes, packaging materials, including parts thereof such as cartons, dividers, pods, lids, joints, walls, slots, panels, labels and other printed materials, made of paper, kraft, corrugated boxes and other paper related products. The long-term supply agreement has a term of nine years and six months beginning from August 24, 2022 until February 23, 2032, and later extended to February 23, 2033. The agreement can be renewed subject to discussion of the parties.

The transition initiated on February 24, 2022, taking over operations under a tolling arrangement for six months. This period was extended to aid DPI in depleting its substantial inventory of paper rolls. Despite the extension, DPI continued to hold a considerable inventory, leading to an agreement with the Group to further extend the tolling arrangement until depletion or reaching an acceptable inventory level, albeit with liquidation fees considerations.

19. Financial Risk and Capital Management Objectives and Policies

Objectives and Policies

The Group's financial assets and liabilities, comprising mainly of cash in banks, receivables, investments in equity instruments, refundable security deposits, trade payables and other current liabilities, amounts owed to related parties, lease liabilities and loans and borrowings, are exposed to a variety of financial risks: liquidity risk, credit risk and market risk (includes foreign currency risk, and interest rate risk). Management ensures that it has sound policies and strategies in place to minimize potential adverse effects of these risks on the Group's financial performance.

Risk management is carried out through the policies approved by the BOD. They identify and evaluate financial risk. The BOD provides principles on overall risk management and on specific areas such as liquidity risk, credit risk and market risk.

Liquidity Risk

Liquidity risk pertains to the failure of the Group's to discharge its obligations and commitments. The tight cash position limits its obligation to take advantage of increasing demands. The Group's financial liabilities include trade payables and other current liabilities, amounts owed to related parties, lease liabilities and loans and borrowings.

The Group regularly monitors its cash position, continuously negotiates with creditors for new credit terms and depends on the financial support from its operating subsidiary and shareholders to meet its obligation as they fall due.

In December 2020, significant amount of the Group's borrowings were converted into equity. The remaining assets subject to dacion en pago under the provisions of the Amended Agreement pertain to investment in preferred shares of SLC with fair value of P190 million with reference to the municipality zonal value of land owned by SLC. Upon completion of this transaction, the balance of borrowings will be paid in full.

Credit Risk

Credit risk is the risk of financial loss to the Group if a counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises from deposits with banks and receivables. Cash transactions are limited to high-credit-quality financial institutions.

The Group has established controls and procedures in its credit policy to determine and monitor the credit worthiness of its counterparties. The Group manages its credit risk mainly through the application of transaction limits and close risk monitoring. It is the Group's policy to enter into transactions with a wide diversity of creditworthy counterparties to mitigate any significant concentration of credit risk.

	31-Mar-2025	31-Dec-2024	31-Mar-2024
Cash in banks	P111,816	P67,152	P80,925
Receivables	774,001	737,367	931,842
Refundable security deposits	12,503	17,675	14,892
Total	P898,320	P822,194	P1,027,659

The credit risk for cash in banks is considered negligible, since the counterparties are reputable entities with high quality external credit ratings.

The Group's exposure to credit risk arises from default of counterparty. Generally, the maximum credit risk exposure of receivables is its carrying amount without considering collaterals or credit enhancements, if any.

The Group does not execute any credit guarantee in favor of any counterparty.

Cash in Banks

Cash in banks are held with counterparties with high external credit ratings. The credit quality of these financial assets is considered to be high grade. Impairment on cash in banks has been measured on a 12-month ECL basis and reflects the short maturities of the exposures. The Group considers that its cash in banks have low credit risk based on the external credit ratings of its counterparties.

Receivables

The exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence credit risk of the Group's customer base.

The Group has established a credit policy under which each new customer is analyzed individually for creditworthiness before the standard payment and delivery terms and conditions are offered. The Group ensures that sales on account are made to customers with appropriate credit history. The Group has detailed credit criteria and several layers of credit approval requirements before engaging a particular customer or counterparty. The review includes external ratings, when available, and in some cases bank references. Purchase limits are established for each customer and are reviewed on a regular basis. Customers that fail to meet the benchmark creditworthiness may transact with the Group only on a prepayment basis.

Refundable Security Deposits

Deposits on property leased by the Group are generally refundable at the end of the term. The Group is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Based on historical information, management consider the credit quality of refundable deposits to be good.

Credit Quality and Expected Credit Loss Assessment

In monitoring and controlling credit extended to counterparty, the Group adopts a comprehensive credit rating system based on financial and non-financial assessments of its customers. Financial factors being considered comprised of the financial standing of the customer while the non-financial aspects include but are not limited to the assessment of the customer's nature of business, management profile, industry background, payment habit and both present and potential business dealings with the Group.

The table below shows the credit quality of the Group's financial assets as at:

March 31, 2025	High Grade	Medium Grade	Low Grade	Total
Cash in banks	P111,816	P-	P-	P111,816
Receivables	-	666,593	107,408	774,001
Refundable deposits	-	12,503	-	12,503
	P111,816	P679,096	107,408	P898,320

December 31, 2024	High Grade	Medium Grade	Low Grade	Total
Cash in banks	P67,152	P-	P-	P67,152
Receivables	-	629,959	107,408	737,367
Refundable deposits	-	17,675	-	17,675
	P67,152	P647,634	107,408	P822,194

March 31, 2024	High Grade	Medium Grade	Low Grade	Total
Cash in banks	P80,925	P-	P-	P80,925
Receivables	-	873,726	58,116	931,842
Refundable deposits	-	14,892	-	14,892
	P80,925	P888,618	P58,116	P1,027,659

The Group computes impairment loss on receivables based on past collection experience, current circumstances and the impact of future economic conditions, if any, available at the reporting period.

There are no significant changes in the credit quality of the counterparties' during the year.

It is the Group's policy to maintain accurate and consistent risk ratings across the financial assets which facilitates focused management of applicable risks. The Group utilizes an internal credit rating system based on its assessment of the quality of the financial assets.

The Group classifies its receivables into the following credit grades:

High Grade - This pertains to accounts with a very low probability of default as demonstrated by the customer/debtor long history of stability, profitability and diversity. The customer/debtor has the ability to raise substantial amounts of funds through the public markets. The customer/debtor has a strong debt service record and a moderate use of leverage.

Medium Grade - The customer/debtor has no history of default. The customer/debtor has sufficient liquidity to fully service its debt over the medium term. The customer/debtor has adequate capital to readily absorb any potential losses from its operations and any reasonably foreseeable contingencies. The customer/debtor reported profitable operations for at least the past 3 years.

Low Grade - The customer/debtor is expected to be able to adjust to the cyclical downturns in its operations. Any prolonged adverse economic conditions would however ostensibly create profitability and liquidity issues. Operating performance could be marginal or on the decline. The customer/debtor may have a history of default in interest but must have regularized its service record to date.

The Group believes that the unimpaired amounts are past due by more than 60 days are still collectible based on historical payment behavioral analyses of the underlying counterparties' credit ratings.

Market Risk

Market risk is the risk that the changes in market prices, such as foreign exchange rates, interest rates and other market prices, will affect the Group's income or the value of its holdings in financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Foreign Currency Risk

The Group is exposed to foreign currency risk on its cash in banks and loans payable that are denominated in US Dollars. The Group regularly monitors the outstanding balance of its cash in banks and loans payable that are denominated in US Dollars and maintains them at a level responsive to the current exchange rates so as to minimize the risks related to this foreign currency denominated asset.

Interest Rate Risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposures to interest rate risk relates primarily to the Group's loans and borrowings. The Group's exposure to changes in interest rates relates mainly to the long-term loan drawn from a local bank in 2021 with a floating interest rate based on the prevailing market rate at each repricing date. The Group's short-terms loans have fixed interest rates over the term of the loan.

Share Price Changes of Investments in Equity Instruments

The Group has investments in equity instruments traded in the Philippine Stock Exchange and are exposed to share price changes. Share price changes of investments in equity instruments arises from future commercial transactions and recognized assets and liabilities.

Fair Value Estimation of Financial Assets and Liabilities

Cash in Banks and Receivables. The carrying amounts of cash in banks and receivables approximate fair values due to the relatively short-term maturities of these financial instruments.

Investments in Equity Instruments. The fair value of quoted investments in equity instruments is determined by reference to their quoted bid prices at the reporting date (Level 1). The fair values of golf shares and country club memberships are based on cost since there is no realizable basis for fair value.

The Group does not have financial assets classified under Level 2 and 3.

Refundable Security Deposits. The carrying amount of refundable security deposits approximate the fair value, since the Group does not anticipate the carrying amount to be significantly different from the actual value that these deposits would be eventually collected.

Trade Payables and Other Current Liabilities, Amounts Owed to Related Parties and Current Portion of Loans and Borrowings. The carrying amounts of trade payables and other current liabilities, amounts owed to related parties and current portion of borrowings approximate fair value due to the relatively short-term maturities of these financial instruments.

Borrowings, Net of Current Portion. Borrowings, net of current portion are reported at their present values, which approximate the cash amounts that would fully satisfy the obligations as of reporting date. The carrying amount of long-term loans payable with floating interest rate with monthly repricing approximates its fair value.

Capital Management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The Group manages its capital structure and makes adjustments in the light of changes in economic conditions.

The BOD has overall responsibility for monitoring capital in proportion to risk. Profiles for capital ratios are set in the light of changes in the Group's external environment and risks underlying the Group's business, operation and industry.

The Group monitors capital on the basis of debt-to-equity ratio, which is calculated as total debt divided by total equity. Total debt is defined as total liabilities, while equity is total equity as shown in the consolidated statements of financial position. The Parent Company being a listed entity is covered by the PSE requirement of 10% minimum public ownership. The Parent Company is under suspended trading status in PSE since 2006 pursuant to the PSE's Implementing Guidelines for Companies under Corporate Rehabilitation when the Company notified the PSE in a disclosure that the stockholders have approved entering into rehabilitation proceedings (Note 1).

There were no changes in the Group's approach to capital management during the year.

The Group is not subject to externally imposed capitalization requirements.

Part 1: PERFORMANCE INDICATORS

The following key performance indicators have been identified in measuring the performance of the Company: a) sales revenues, b) operating expenses, c) income from operations, and d) financial ratios. Key performance indicators are expressed in absolute peso amounts. These indicators are monitored on a periodic basis and are compared against targets set at the beginning of each year.

Revenues Consolidated revenue for the 1st quarter of 2025 was recorded at Peso 804.59 million pertaining to products sales.

Operating expenses Operating cost expenses on a consolidated basis was kept sustainably controlled at its minimum.

Financial ratios Consolidated total assets as at March 31, 2025 amounted to Peso 4,536 million while current assets as at the same reporting date totaled Peso 3,522 million. Consequently, consolidated total liabilities as at March 31, 2025 amounted to Peso 3,538 million while current liabilities as at the same reporting date last year totaled Peso 3,120 million. Principal obligations are being settled as they fall due in accordance with the amortization schedule. Working capital ratio for the current quarter is 1.13. Working capital ratio is computed as the ratio of current assets over current liabilities. Debt-to-equity ratio is at 3.54. Below are the Financial Highlights and Key Performance Indicators of the Group.

Financial Highlights and Key Performance Indicators						
Consolidated Balance Sheet (amounts in thousands)						
	As at March 31		As at December 31		Increase (Decrease)	
	2025		2024		Amount	%
Total Assets	₱ 4,536,063		₱ 4,691,140		₱ (155,077)	(3.31%)
Current Assets	3,522,339		3,658,089		(135,750)	(3.71%)
Total Liabilities	3,537,729		3,718,495		(180,766)	(4.86%)
Current Liabilities	3,119,958		3,301,214		(181,256)	(5.49%)
Interest-bearing Loans	2,322,937		1,629,148		693,789	42.59%
Equity	998,334		972,645		25,689	2.64%
Consolidated Statements of Comprehensive Income						
	For the 3 months ended March 31		For the 3 months ended March 31		Increase (Decrease)	
	2025		2024		Amount	%
Revenues (gross)	₱ 804,591		₱ 798,954		₱ 5,637	0.71%
Gross Profit	138,568		137,810		758	0.55%
General & administrative expenses	88,880		58,448		(30,432)	(52.07%)
Earnings Before Interest, Taxes, Dep'n. & Amort.	104,176		125,973		(21,797)	(17.30%)
Profit / (Loss) before tax	27,768		67,278		(39,510)	(58.73%)
Profit / (Loss) after tax	19,813		56,148		(36,335)	(64.71%)
Total Comprehensive Income (loss)	25,689		56,148		(30,459)	(54.25%)
Consolidated Cash Flows						
	For the 3 months ended March 31		For the 3 months ended March 31		Increase (Decrease)	
	2025		2024		Amount	%
Net Cash from Operating Activities	₱ (629,773)		₱ 400,124		₱ (1,029,897)	(257.39%)
Net Cash from Investing Activities	(19,188)		(21,900)		2,712	12.38%
Net Cash from Financing Activities	693,625		(410,250)		1,103,875	269.07%

Key Performance Indicators	For the 3 months ended March 31, 2025	As at Dec. 31, 2024
Current Ratio	1.13	1.11
Quick Ratio	0.28	0.24
Solvency Ratio	1.28	1.26
Debt Ratio	0.78	0.79
Debt-to-Equity Ratio	3.54	3.82
Interest coverage ratio	1.87	2.52
Asset to Equity Ratio	4.54	4.82
Gross Profit Margin	0.17	0.16
Net Profit Margin	0.02	0.03
Return on Assets	0.004	0.02
Return on Equity	0.02	0.10
Book value per share	0.70	0.69

Part 2: MANAGEMENT DISCUSSION AND ANALYSIS

General Information and Group Structure

The Company has operating subsidiaries nationwide that produce their own corrugated boards for conversion to finished boxes. These facilities are located in Cavite and Davao and each is fully equipped with corrugators and converting machines. The finished products are mainly used for packaging consumer goods, fresh fruits, canned sardines, furniture and electronic goods. Marketing activities are coordinated centrally for most of the Company's high-volume customers. However, each of the operating subsidiaries is individually responsible for sales and marketing activities directed at their regional customers.

The business operations of Steniel Cavite Packaging Corporation (SCPC) gradually slowed down in 2006. The Board of Directors of SCPC approved the temporary cessation of plant operation on March 27, 2007 in view of the continued business losses incurred since its incorporation, in addition to difficult economic and business conditions. The machines and equipment of SCPC were disposed via dacion en pago during 2010 to reduce long-term borrowing as part of the loan restructuring agreement. The dacion en pago of its buildings was completed during the 1st semester of 2014. The salient points of the loan restructuring agreement are discussed in the succeeding portion of this report.

On August 20, 2008, Treasure Island Industrial Corporation (TIIC), owner of office space and warehouses, which Treasure Packaging Corporation (TPC) leases in Cebu, filed a case for ejectment, mandatory injunction and damages against TPC in the Municipal Trial Court Branch 2 (the "Court") in Mandaue City due to unpaid rental. On December 3, 2008, a decision was rendered by the Court finding that TIIC's complaint is meritorious and ordered TPC to vacate the subject premises and improvements and restore TIIC's possession thereof. Consequently, starting September 2008, TPC temporarily ceased its operations and separated all its employees. The Board formally approved the cessation of TPC's operation on March 10, 2009. Following its closure, the property and equipment of TPC were disposed of to partially settle its trade and other liabilities.

Effective year-end 2008, only the manufacturing facility in Davao under SMPC remains operational.

On January 18, 2012, the major and minority shareholders of SNHBV entered into a Share Purchase Agreement with Right Total Investments Limited (Right Total; a limited liability company incorporated in British Virgin Islands as an investment company), to purchase up to 100% of the issued and outstanding

shares of SNHBV. With this sale of shares by SNHBV, Right Total became the owner of the 72.0849% shares of SNHBV consequently making Right Total as the ultimate parent company.

On January 25, 2012, the Parent Company received a tender offer report from SNHBV offering to purchase the 279,151,088 shares of minority investing public or 27.92% of the total issued shares at a price of P0.0012 per share or an aggregate price of P334.9 million. On February 25, 2012, only a total of 2,115,692 common shares were tendered in the Tender Offer and accepted by SNHBV, constituting 0.0021% of the total outstanding capital stock of the Parent Company. On March 8, 2012, payment for the Tendered Shares was delivered to the relevant broker participants on behalf of interested parties and there was a transfer to SNHBV of only 0.76% of the minority shares. Such accepted tender offer did not significantly change the percentage ownership of the minority investing public.

On June 26, 2019, the Company approved the reacquisition of Steniel Mindanao Packaging Corporation (“SMPC”), as described below, through a share swap transaction involving the transfer of 100% of the outstanding capital stock of SMPC in favor of the Company in exchange for STN shares. The Company also approved the conversion of the loans extended by Greenkraft Corporation (“Greenkraft”) and Roxburgh into equity. These approvals were made in view of the need to address the negative capital of the Company.

As part of the preparations for these share issuances, the Board approved the increase of the Company’s authorized capital stock from Php1 Billion to Php2 Billion. The same was approved and ratified by the stockholders during the annual stockholders’ meeting held on July 17, 2019 and reconfirmed on November 19, 2020.

On October 7, 2020, Greenkraft Corporation (Greenkraft), Golden Bales Corporation (Goldenbales), Corbox Corporation (Corbox), Rex Chua and Clement Chua, as purchasers (collectively, the Buyers) entered into a Share Purchase Agreement with SNHBV as seller to acquire 649,908,308 common shares of the Parent Company, for a consideration of P64.99 million or P0.10 per share, broken down as follows:

Buyer	Number of Shares	Percentage of Ownership
Greenkraft Corporation	216,679,430	21.67%
Corbox Corporation	194,972,492	19.50%
Goldenbales Corporation	194,972,492	19.50%
Clement Chua	21,641,947	2.16%
Rex Chua	21,641,947	2.16%
	649,908,308	64.99%

In compliance with the Securities and Regulations Code and its Implementing Rules and Regulations, the Buyer Group made a tender offer involving the remaining outstanding shares of the Company, excluding the 70,940,604 common shares of SNHBV not included in the Share Purchase Agreement. The tender offer commenced on October 12, 2020 and ended on November 10, 2020 (Tender Offer Period). A total of 11,780,533 common shares of STN were tendered during the Tender Offer Period, which comprise approximately 1.18% of the total issued and outstanding shares of STN.

Following the completion of the tender offer, SNHBV and the Buyer Group executed the deed of sale on November 23, 2020 involving the 649,908,308 shares of the Company. The relevant taxes were paid and the corresponding CAR was secured. As of the date hereof, the transfer of the 649,908,308 common shares in favor of the Buyer Group has been recorded in the books of STN. The transfer effectively reduced the shareholding of SNHBV to 5% of the Company’s outstanding capital stock.

On December 29, 2020, the SEC approved STN's application for increase of authorized capital stock from Php1 Billion to Php2 Billion resulting to the issuance of 418,821,081 common shares in favor of the Buyer Group, Greenkraft and Roxburgh. The increase was (i) partly subscribed by the share swap transaction wherein STN reacquired SMPC in exchange for unissued shares of the STN; and (ii) partly subscribed through conversion of liability into equity.

Structure

The consolidated financial statements include the financial statements of the Parent Company and the following subsidiaries incorporated in the Philippines.

	Percent of Ownership	
	2025	2024
Steniel Cavite Packaging Corporation (SCPC)*	100	100
Steniel Mindanao Packaging Corporation (SMPC)**	100	100

*Treasure Packaging Corporation (TPC) was merged with SCPC as approved by the SEC on May 30, 2018.

** SMPC was reacquired on December 29, 2020.

SCPC is the only operating subsidiary of STN prior to the acquisition of SMPC. SCPC's activity after it ceased its packaging operations in 2006 is limited to leasing of properties. SMPC, on the other hand, was acquired on December 29, 2020. As such, SMPC's results of operations in 2020 were considered as pre-acquisition and were not consolidated in the statements of comprehensive income. Given the foregoing, SCPC represents the only reportable segment of the Group in 2020, 2019 and 2018.

On December 29, 2020, the Group acquired 269,250,000 shares of SMPC, representing 100% equity interest in SMPC, in exchange for the 269,250,000 shares of stock of the Parent Company, issued at par value of P1.

Status of Operations

The Group has temporarily ceased its principal operations and has incurred recurring losses in prior years resulting to a deficit of P849 million, P934 million and P869 million, as at March 31, 2025, and 2024, and December 31, 2023, respectively.

To improve this condition, the management has taken the following measures:

On July 17, 2019, the BOD and Stockholders of the Parent Company approved the acquisition of shares of SMPC through a share swap transaction and the conversion of loans from Greenkraft Corporation and Roxburgh Investments Limited into common shares in the Parent Company. To accommodate the transactions discussed above, the BOD and Stockholders approved the amendment of the Articles of Incorporation to increase the authorized capital stock from P1 billion, divided into one billion common shares to P2 billion, divided into two billion common shares with par value of P1 per share.

On December 29, 2020, upon the SEC's approval of the Company's application for increase in authorized capital stock, the Company issued shares to the lenders effecting the debt to equity conversion thereby reducing the outstanding balance of the borrowings by P149.56 million. Further, the Company also issued shares to the shareholders of SMPC effecting the share swap transaction resulting to a provisional gain of P158.27 million from the acquisition of a subsidiary. The realization of these transactions resolved the capital deficiency position of the Group in 2021 and 2020.

There are no known trends, events or uncertainties that will have a material impact on the Steniel Group's future operations except those that have already been disclosed in the foregoing. There are no other sources of revenue or income that are not ordinary in nature.

Based on the foregoing, the consolidated financial statements have been prepared on a going concern basis, which assumes that the Group will continue in existence.

Results of Operations

Consolidated revenues for the period ended March 31, 2025 totaled Php 804.59 million while revenue recorded in the same period last year amounted to Php 798.95 million. Revenues mainly consist of the manufacturing and selling of cartons and packaging materials to domestic and international markets. There is a slight increase in the product sales revenue despite decrease in the volume due to higher selling prices.

Cost of sales applicable to the manufacturing business totaled Php 666.02 million for the current period ended March 31, 2025, and Php 661.14 million for the same period last year ended March 31, 2024. Gross profit margin for the current period posted at 17.22%, compared to same period last year's margin of 17.25%.

Operating expenses during the current period ended March 31, 2025 posted Php 88.88 million compared to same period last year ended March 31, 2024 of Php 58.45 million. The increase of Php 30.43 million was caused by the reversal of provision for expected credit losses and inventory obsolescence for the period ended March 31, 2024.

Finance charges recognized during the current period ended March 31, 2025 and in the same period last year ended March 31, 2024 amounting to Php 32.02 million, and Php 20.73 million, respectively, are related to short-term and long-term bank borrowings to support the plant's operation.

Other income, net for the period ended March 31, 2025 amounted to Php 10.1 million compared to same period last year ended March 31, 2024 other income of Php 8.64 million.

Income tax expense for the current period ended March 31, 2025 amounted to Php 7.96 million compared to same period last year ended March 31, 2024 amounting to Php 11.13 million.

Overall, STN realized a consolidated net income of Php 19.81 million for the period ended March 31, 2025 compared to Php 56.15 million, for the same period last year ended March 31, 2024. The decline was primarily due to the reversal of provisions for expected credit losses and inventory obsolescence for the period ended March 31, 2024, whereas no such reversals were recorded in the current period.

Operating Plans

The Company's key strategies are focused on efficiency and investing in technology in order to maximize production to increase market share while maintaining profitability.

Financial Conditions

Total current assets as at March 31, 2025, totaled Php 4.54 billion as compared to Php 4.69 billion as at December 31, 2024. The decline was primarily attributable to a reduction in inventories, resulting from lower purchases compared to issuances during the period. Non-current assets slightly decreased to Php 1.01 billion as at current period against Php 1.03 billion as at December 31, 2024.

The STN's consolidated current liabilities as at current period totaled Php 3.12 billion as compared to Php 3.30 billion as at December 31, 2024. The decline was primarily attributed to a reduction in purchases and the settlement of obligations to suppliers during the period. SMPC, the operating subsidiary's working capital was secured from bank loans to sustain its operation and commitments to clients.

Total assets as at current period ended 2025 totaled Php 4.54 billion compared to Php 4.69 billion as at December 31, 2024. In view of the foregoing discussions, the STN's current ratio as of period ended March 31, 2025 recorded at 1.13 and previous year ended December 31, 2024 at 1.11. Debt-to-equity ratio in 2025 is 3.54 compared last year at 3.65. The Retained Deficit as at period ended March 31, 2025 pared to P849.39 million from P869.2 million as at December 31, 2024.

Future expansion are considered, contemplating on business related to the company's core activities within the year. Significant capital spending is anticipated to support the project.

Financial Risk Management

The Company's financial assets and liabilities, comprising mainly of cash in banks, receivables, other non-current receivables, trade payables and borrowings and amounts due from/to related parties are exposed to a variety of financial risks, which include currency risk, credit risk, liquidity/funding risk and cash flow interest rate risk. The Company's management ensures that it has sound policies and strategies made to minimize potential adverse effects of those risks on its financial performance. Risk management is carried out through the policies approved by Board of Directors of the Company.

The foreign exchange risk of the Company arising from cash, trade receivables and payables is not significant. The net exposure is kept to an acceptable level by buying foreign currencies at spot rates when necessary to address short-term needs.

The Company is not significantly exposed to price risk on equity securities and proprietary club shares classified in the consolidated balance sheet as other assets. Furthermore, there are no foreign securities owned and held by the Company.

The fluctuation of future cash flows risk relates to the fluctuations of a financial instrument as a result of changes in the market interest rates with possible additional penalty charges. Since the declaration of default by the Company's lending banks in 2005, the interest rates applied are fixed.

As the borrowings are carried at amortized cost with fixed interest rate, the Company is not exposed to either cash flow or fair value interest rate risk. The Company has no significant interest-bearing assets, which are dependent on market interest rate that would affect the Group's income and operating cash flows.

Credit risk is managed on a Group basis. Credit risk arises from deposits with banks, receivables and deposits with third parties. Cash transactions are limited to high-credit-quality financial institutions and are maintained with universal and commercial banks.

Liquidity risk relate to the failure of the Company or another party to discharge its obligations/commitments arising from receivables, payables and borrowings. Cash balances are considered low. The tight cash position limits its obligation to take advantage of increasing demands.

Establishing new sources of trade credit and working capital facility will change this problem. The Company's financial liabilities, which include borrowings, trade payables and other current liabilities are due within 12 months.

The Company's objectives when managing capital are to safeguard the its 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.

Steniel Manufacturing Corporation and Subsidiaries
Trade Receivables and Prepaid Expenses
As at March 31, 2025
In Thousands

Receivables

Trade Receivables	
1 to 60 days	P280,704
61 to 120 days	45,558
121-360 days	116,381
Over 360 days	88,115
	<hr/>
	530,758
Allowance for impairment losses	(107,408)
Net	<hr/>
	423,350
Other receivables	350,651
	<hr/>
Total	P774,001

Prepaid expenses and other current assets

Creditable withholding taxes	95,173
Prepaid importation charges	96,905
Input VAT	37,366
Other Prepayments	30,139
	<hr/>
	259,583
Allowance for impairment losses	(1,843)
Net	<hr/>
	257,740
	<hr/>
Total Net	P1,031,741

Minutes of the 2024 Meeting of Stockholders

**MINUTES OF THE ANNUAL MEETING
OF THE SHAREHOLDERS**

OF

STENIEL MANUFACTURING CORPORATION

Held on July 5, 2024 at 2:00pm
via Zoom Videoconferencing hosted at Gateway Business Park
Brgy. Javalera, General Trias, Cavite City

STOCKHOLDERS PRESENT / REPRESENTED:

	<u>No. of Shares</u>	<u>Percentage</u>
Total shares issued and outstanding	1,418,812,081	100%
Stockholders Present and Represented*	1,204,430,346	84.89%
In Person	1,133,469,742	79.89%
By Proxy	70,960,604	5.00%

For the list of attendees, kindly refer to Annex "A".

Directors Present:

Nixon Y. Lim	-	Chairman
Eliza C. Macuray	-	Director
Esteban Ku	-	Director
Mark O. Vergara	-	Director
Rhea M. Alarcon	-	Independent Director

Officers Present:

Nixon Y. Lim (same as above)	-	Chairman & President
Eliza C. Macuray (same as above)	-	Treasurer/CFO
Janice L. Co	-	Corporate Secretary
Hosea Lejlan L. Salazar	-	Assistant Corporate Secretary

PROCEEDINGS

I. CALL TO ORDER

Mr. Nixon Y. Lim, Chairman of the Board of Directors, called the meeting to order and presided over the same. After the Chairman informed the stockholders that the meeting is being recorded, Ms. Janice L. Co, the Corporate Secretary, recorded the minutes of the proceedings.

II. CERTIFICATION OF NOTICE AND QUORUM

The Chairman verified with the Corporate Secretary whether notices of the annual meeting of the stockholders were sent to the Corporation's stockholders. The Corporate Secretary replied that notices for the 2024 Annual Stockholder's Meeting ("**Notice**"), including the materials required by the Securities and Exchange Commission ("**SEC**") to be furnished all stockholders, were published in the business sections of BusinessWorld and The Daily Tribune, in print and online formats, on June 13 and 14, 2024. The Notice was posted on the Corporation's website and disclosed via PSE Edge.

The Corporate Secretary then certified that, based on the record of attendance, stockholders holding 1,204,430,346 common shares, equivalent to 84.89% of the outstanding capital stock of the Corporation, were present or represented. With 84.89% present or represented, there was a quorum to proceed with the meeting.

III. APPROVAL OF MINUTES OF 2021 ANNUAL SHAREHOLDERS' MEETING

The Chairman proceeded to the next item on the agenda, which was the approval of the minutes of the Annual Stockholders' Meeting held on October 13, 2021. The Chairman informed the stockholders that the minutes of the meeting was posted on the Corporation's website as one of the annexes to the Definitive Information Statement.

Upon request by the Chairman, the Corporate Secretary presented the results of voting¹ for the approval of the minutes:

No. of Shares Outstanding and Entitled to Vote	1,418,812,081
No. of Shares Present / Represented	1,204,430,346
No. of Votes Approving	1,204,430,346
No. of Votes Disapproving	0
No. of Votes Abstaining	0
Percentage Approving (Of Shares Present / Represented)	100%

The Corporate Secretary reported that stockholders owning 1,204,430,346 or 100% of the total number of voting shares represented at the meeting, approved the Minutes of the Stockholders' Meeting held on October 13, 2021. The Chairman, having deemed that more than a majority of shares present and represented voted for the approval, declared that the stockholders resolved to approve the Minutes of the Stockholders' Meeting held on October 13, 2021.

¹ A description of the voting procedures is provided in Annex "B".

IV. 2023 ANNUAL REPORT WITH HIGHLIGHTS OF THE AUDITED FINANCIAL STATEMENTS FOR 2021, 2022 AND 2023

The President, Mr. Lim, thereafter reported to the stockholders the status of the Corporation and the results of its operations in the past three (3) years. His report was focused on the following:

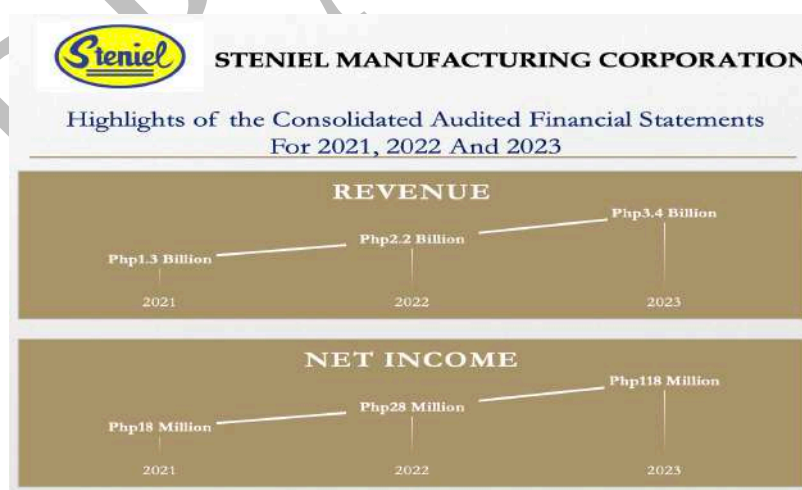
Capital Restructuring

1. Approval by the SEC of the Corporation’s application for increase of authorized capital stock from ₱1 billion to ₱2 billion. The increase was subscribed (i) partly by share swap transaction wherein the Corporation reacquired Steniel Mindanao Packaging Corporation (“SMPC”) in exchange for unissued shares of the Corporation, and (ii) partly through conversion of liability into equity. With this activity, the Corporation recognized a net gain of ₱267.459 million in December 2020.
2. These transactions resolved the capital deficiency of the Corporation and its subsidiaries in 2021.

Acquisition and Long-Term Supply Agreement

1. In late 2021 and early 2022, one of the Corporation’s subsidiaries, Steniel Cavite Packaging Corporation (“SCPC”), acquired the box manufacturing plant of Dole Philippines Inc. (“DPI”) in Carmen, Davao del Norte.
2. Simultaneous to the acquisition was the execution of a 10-year long-term supply agreement with DPI. This contract aims to ensure a stable revenue stream over the long term, aligned with the Corporation’s growth objectives.

Financial Performance from 2021 to 2023:



1. Revenue reached an all-time high of Php 3.4 billion in 2023, a significant increase from Php 2.2 billion in 2022 and Php 1.3 billion in 2021. This growth was primarily driven by the long term supply agreement with DPI.
2. Net income improved to Php 117.782 million in 2023 from Php 28.355 million in 2022 and Php 17.965 million in 2021. Growth was driven by higher revenues, improved operational efficiency, and effective financial management.

Outlook for the rest of the fiscal year 2024:

Management anticipates further improvements in 2024 as it will focus on optimizing capacity utilization, enhancing marketing strategies, and implementing cost-reduction measures to sustain competitiveness in the industry.

After the presentation, the floor was opened for questions from the stockholders and/or their representatives. The Corporate Secretary was requested to read the questions raised in the chatbox and those sent to the Company prior to the meeting. The Corporate Secretary reported that no questions were raised in both mediums.

The Chairman thereafter requested that the votes for the current agenda be presented.

The Corporate Secretary presented the results of voting for the approval of the Annual Report and the Audited Financial Statements for the period ended December 31, 2021, 2022 and 2023 of the Corporation:

No. of Shares Outstanding and Entitled to Vote	1,418,812,081
No. of Shares Present / Represented	1,204,430,346
No. of Votes Approving	1,204,430,346
No. of Votes Disapproving	0
No. of Votes Abstaining	0
Percentage Approving (Of Shares Present / Represented)	100%

Stockholders owning 1,204,430,346 or 100% of the total number of voting shares represented at the meeting, approved the Annual Report and the Audited Financial Statements for the period ended December 31, 2021, 2022 and 2023 of the Corporation. The Chairman, having deemed that more than a majority of shares present and represented voted for the approval, officially announced that the stockholders resolved to approve the Annual Report and the Audited Financial Statements for the period ended December 31, 2021, 2022 and 2023 of the Corporation.

V. APPROVAL AND RATIFICATION OF ALL ACTS OF THE BOARD OF DIRECTORS AND MANAGEMENT FOR 2021 TO 2024

The next item in the agenda was the ratification of all acts of the Board of Directors and Management of the Corporation for the years 2021 to 2024. A summary of these acts was included in the Definitive Information Statement of the Corporation.

Upon request of the Chairman, the Corporate Secretary presented the results of voting for the ratification of the acts of the Board of Directors and Management:

No. of Shares Outstanding and Entitled to Vote	1,418,812,081
No. of Shares Present / Represented	1,204,430,346
No. of Votes Approving	1,204,430,346
No. of Votes Disapproving	0
No. of Votes Abstaining	0
Percentage Approving (Of Shares Present / Represented)	100%

The Corporate Secretary reported that stockholders owning 1,204,430,346 or 100% of the total number of voting shares represented at the meeting, approved the acts of the Board of Directors and Management for the years of 2021 to 2024. The Chairman, having deemed that more than a majority of shares present and represented voted for the approval, officially announced the stockholders resolved to ratify all acts of the board of directors and management for 2021 - 2024.

VI. ELECTION OF DIRECTORS

The Chairman moved to the next item of agenda of the meeting which was the election of the directors of the Corporation for the term of 2024-2025. The Chairman explained that the Corporate Governance Committee, which also acts as the Nomination Committee, had screened and short-listed all candidates qualified to be nominated to the Board.

The nominees endorsed for director positions for the term 2024-2025 were as follows:

1. Nixon Y. Lim
2. Esteban C. Ku
3. Mark O. Vergara
4. Eliza C. Macuray

For the independent directors:

5. Rhea M. Alarcon

6. Jose Luis G. Santillan
7. Arnold San Gabriel

Thereafter, the Chairman requested the presentation of the results of voting for the above-nominees. The Corporate Secretary then presented the results of voting for each of the seven (7) nominees-directors:

Nominee	Votes Received
Nixon Y. Lim	1,204,430,346
Esteban C. Ku	1,204,430,346
Mark O. Vergara	1,204,430,346
Eliza C. Macuray	1,204,430,346
Rhea M. Alarcon	1,204,430,346
Jose Luis G. Santillan	1,204,430,346
Arnold San Gabriel	1,204,430,346

Stockholders owning 1,204,430,346 or 100% of the total number of voting shares represented at the meeting, elected the seven (7) nominees stated above to be members of the Board of Directors of the Corporation for the year 2024 to 2025 until such time as their respective successors shall have been duly elected and qualified.

The Chairman, having deemed that the above nominees received sufficient votes for their election, officially declared their election as members of the Board of Directors for the term 2024 to 2025.

VII. APPOINTMENT OF EXTERNAL AUDITOR

The next item in the agenda was the ratification by the stockholders of the appointment of Valdes Abad & Company (VACO) as the Corporation's external auditor for the fiscal years 2023 and 2024. The Chairman presented a description of the auditing firm and noted that the presence of VACO in Manila, Cebu, and Davao will result to easier coordination with the auditor.

Upon request by the Chairman, the Corporate Secretary presented the results of the voting:

No. of Shares Outstanding and Entitled to Vote	1,418,812,081
No. of Shares Present / Represented	1,204,430,346
No. of Votes Approving	1,204,430,346
No. of Votes Disapproving	0
No. of Votes Abstaining	0
Percentage Approving (Of Shares Present / Represented)	100%

Stockholders owning 1,204,430,346 or 100% of the total number of voting shares represented at the meeting, ratified the appointment of Valdes Abad & Company. The Chairman, having deemed that more than a majority of shares present and represented voted for the approval, officially announced that the stockholders resolved to confirm the appointment of Valdes Abad & Company as the Corporation's external auditor for the fiscal years 2023 and 2024.

VIII. OTHER MATTERS

A. Approval to Conduct a Public Offering:

The Corporate Secretary explained to the stockholders that approval was being sought for the authority of the Corporation to offer and sell up to 157,647,919 primary common shares by way of a follow-on offering, from the unissued portion of its authorized capital stock, and to apply for the listing of the same with The Philippine Stock Exchange, Inc. ("PSE"). The public offering will be conducted in compliance with PSE's Revised Rules on Backdoor Listing which requires a backdoor-listed company to conduct a public offering of at least 10% of its issued and outstanding shares.

The Corporate Secretary presented the summary of the terms of the public offering based on the discussions with the working team:

Offer Shares	: Up to 157,647,919 common shares
Offer Price	: To be determined by Management
Use of Proceeds	: Partly for expansion of the facility in Panabo, Davao del Norte, and partly for working capital
Issuer:	: Steniel Manufacturing Corporation
Issue Manager & Sole Underwriter	: Investment & Capital Corporation of the Philippines
Receiving Agent:	: Stock Transfer Service, Inc.
Stock Transfer Agent:	: Stock Transfer Service, Inc.
Escrow Agent	: RCBC Trust Corporation
Independent Auditor	: Valdes Abad & Company
Counsel to the Issuer	: Martinez Vergara & Gonzalez Sociedad
Counsel to the Underwriter	: Tan Venturanza Valdez
Independent Counsel	: Cayetano Sebastian Ata Dado & Cruz

The final terms of the offer shall be fixed by Management.

The following were presented for approval:

1. Authority to offer up to 157,647,919 primary common shares ("**Subject Shares**") to the public;
2. Authority to apply for the registration of the Subject Shares with the SEC and listing thereof with the PSE;
3. Ratification on the appointment of the underwriter, receiving and stock transfer agent, escrow agent, counsels, and auditor required for the transaction;

4. Authority of MVGS to represent the Corporation before the SEC and TVV/ICCP before the PSE;
5. Authority to undertake to be jointly liable for all acts of the stock transfer agent in relation to matters involving the Subject Shares
6. Authority of Management to determine the final terms of the Offer.

Upon the request of the Chairman, the Corporate Secretary presented the voting results:

No. of Shares Outstanding and Entitled to Vote	1,418,812,081
No. of Shares Present / Represented	1,204,430,346
No. of Votes Approving	1,204,430,346
No. of Votes Disapproving	0
No. of Votes Abstaining	0
Percentage Approving (of shares entitled to vote)	84.89%

The Corporate Secretary reported that stockholders owning 1,204,430,346 or 100% of the total number of voting shares represented at the meeting approved the public offering of the shares of the Corporation with the final terms of the offering to be fixed by Management. This represents 84.89% affirmative vote from the Corporation's outstanding capital stock.

The Chairman, having deemed that 84.89% of the shareholders voted for the approval, officially announced that the stockholders resolved to approve the proposal to conduct a follow on offering and that the Corporation is authorized to proceed with the public offering.

B. Approval of the Proposed Amendment to the By-Laws:

The Corporate Secretary then proceeded to present the proposed amendment to the Corporation's By-Laws which was approved by the Board of Directors on March 14, 2024. The amendment pertains to the change of the date of the annual meeting of stockholders from "the last Tuesday of April of each year" to "any day on the third week of June of each year". The amendment was proposed in order to give the Corporation sufficient time to prepare and file the Information Statement and comply with all the requirements and procedures in connection to its annual meeting.

Afterwards, the Corporate Secretary presented the proposed amendment to the relevant portion of the Corporation's By-Laws and compared the same to the existing relevant provisions of the By-Laws:

<u>FROM</u>	<u>TO</u>
Section 1. Annual Meetings -	Section 1. Annual Meetings -

<p>The annual meeting of stockholders for the purpose of electing directors and for the transaction of such business as may properly come before the meeting, shall be held on the last Tuesday of April of each year at 2:00 o'clock in the afternoon if not a legal holiday, if a legal holiday, then on the business day of the following. The Board of Directors may, for a good cause, postpone the regular meeting to a reasonable date.</p>	<p>The annual meeting of stockholders for the purpose of electing directors and for the transaction of such business as may properly come before the meeting, shall be held on <u>any day on the third week of June of each year as may be determined by the Board of Directors</u>, if a legal holiday, then on the <u>following</u> business day of the following. The Board of Directors may, for a good cause, postpone the regular meeting to a reasonable date.</p>
--	---

Upon request of the Chairman, the Corporate Secretary presented the results of the voting for the amendment of the Corporation's By-Laws.:

No. of Shares Outstanding and Entitled to Vote	1,418,812,081
No. of Shares Present / Represented	1,204,430,346
No. of Votes Approving	1,204,430,346
No. of Votes Disapproving	0
No. of Votes Abstaining	0
Percentage Approving (of shares entitled to vote)	84.89%

The Corporate Secretary reported that stockholders owning 1,204,430,346 or 100% of the total number of voting shares represented at the meeting approved the proposed amendment to the By-Laws of the Corporation. This represents 84.89% affirmative vote from the Corporation's outstanding capital stock.

The Chairman, having deemed that the stockholders holding at least two-thirds (2/3) of the outstanding capital stock voted for the approval, officially announced that the stockholders resolved to approve the change of the date of the annual meeting.

C. Open Forum

The Chairman then opened the floor for any questions from the stockholders. After some time, the Corporate Secretary informed the Chairman that the Corporation did not receive any questions, and advised the attendees that they may still submit their questions to the Corporation, which will be addressed through email.

IX. ADJOURNMENT

There being no other matters to be discussed or business to transact, the Chairman thanked the participants and the stockholders for their unwavering support and formally adjourned the meeting.

Certified Correct


JANICE L. CO
Corporate Secretary

ANNEX A
List of Participants

I. STOCKHOLDERS PRESENT / REPRESENTED:

Stockholder	No. of Shares
Nixon Y. Lim	1
Eliza C. Macuray	1
Esteban C. Ku	1
Mark O. Vergara	1
Rhea M. Alarcon	1
Clement O. Chua	30,638,920
Rex A. Chua	30,638,920
Jose Luis G. Santillan	1,000
Arnold San Gabriel	1,000
Golden Bales Corporation	276,026,311
Corbox Corporation	276,026,311
Roxburgh Investments Limited	261,910,502
Greenkraft Corporation	258,226,773
Monceau Philippine Holdings Inc.	70,000,000
Segovia Capital Holdings, Phils. Inc.	960,604
	1,204,430,346

II. DIRECTORS PRESENT:

Nixon Y. Lim	-	Chairman
Eliza C. Macuray	-	Director
Esteban Ku	-	Director
Mark O. Vergara	-	Director
Rhea M. Alarcon	-	Independent Director

III. OFFICERS PRESENT:

Nixon Y. Lim (same as above)	-	Chairman & President
Eliza C. Macuray (same as above)	-	Treasurer/CFO
Janice L. Co	-	Corporate Secretary
Hosea Lejlan L. Salazar	-	Assistant Corporate Secretary

IV. GUESTS

Alfonso Cay-An	-	Valdez Abad & Company
Keith Gawe	-	Valdez Abad & Company
Jesus Mariano P. Ocampo	-	Investment & Capital Corporation of the Philippines (ICCP)
Ann Camille H. Pastorel	-	ICCP
Gino Paulo O. Uy	-	Martinez Vergara & Gonzalez Sociedad (MVGS)
Harold V. Pasion	-	MVGS
Chamuel Jophiel Dave C. Baccay	-	MVGS

ANNEX B
Voting and
Vote Tabulation Procedures

- I. All agenda items indicated in the Notice of the Meeting were set out in the ballot form. Registered stockholders, or their proxies, were advised of the following voting procedures:
 - A. For items other than the election of Directors, the registered Stockholder, or his/her proxy, had the options to vote "Approve," "Disapprove," or "Abstain". The vote is considered cast for all the registered stockholder's shares.
 - B. For the election of Directors, the registered stockholder, or his/her proxy, may vote for all nominees or cumulate his vote for one or some of the nominees, provided that the total number of allowable votes will not exceed the number of shares multiplied by the number of Board seats (number of shares x 7 directors = number of voting shares).
- II. After voting, the stockholders or their proxies were required to submit their ballots by sending a clear scanned copy thereof in jpg or pdf format to steniel.asm@gmail.com no later than 5:00pm on June 21, 2024. The email attachment file size must not exceed 2MB.
- III. After the ballot has been submitted, the registered Stockholder or his/her proxy is no longer allowed to change his/her vote.
- IV. All votes received were tabulated and validated by the Office of the Corporate Secretary.
- V. The Corporate Secretary reported the results of voting during the annual stockholder's meeting.

**Actions taken by the
Board and Management
from 2024 to 2025**

**Actions taken by the Board and
Management from 2024 to 2025**

Date of Board Meeting	Action Taken
July 5, 2024	<ul style="list-style-type: none"> - Appointment of members of the Board Committees - Appointment of Corporate Officers - Appointment of Ms. Rhea M. Alarcon as Lead Independent Director
August 2, 2024	<ul style="list-style-type: none"> - Appointment of Maribel O. Severino as Investor Relations Officer
September 23, 2024	<ul style="list-style-type: none"> - Authority to conduct a Follow-On Offering and approval of disclosures in the Registration Statement. - Adoption of Fit and Proper Rule for the selection of directors and officers
January 3, 2025	<ul style="list-style-type: none"> - Authority to apply for an Authority to Print and update the Company's contact details registered with the BIR - Authority to apply for renewal of business permit
April 14, 2025	<ul style="list-style-type: none"> - Postponement of annual meeting from April 29, 2025 to June 218, 2025 - Setting of Record Date and Agenda for the annual meeting
April 25, 2025	<ul style="list-style-type: none"> - Approval of the Consolidated and Separate Financial Statements for the period ended December 31, 2024