

COVER SHEET

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S.E.C. Registration Number

C R O W N A S I A C H E M I C A L S
C O R P O R A T I O N

(Company's Full Name)

K M 3 3 M C A R T H U R H I G H W A Y
B O T U K T U K A N G U I G U I N T O B U L A C A N

NICASIO T. PEREZ

Contact Person

8 2 8 3 8 7 1 9

Company Telephone Number

1 2 3 1

Month Day
Fiscal Year

SEC FORM 17-Q MARCH 31, 2025

FORM TYPE

0 5 0 8

Month Day
Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

6 5

Total No. of Stockholders

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-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES
REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended **March 31, 2025**
2. SEC Identification number **159950**
3. BIR Tax Identification No. **000-240-902-000**
4. Exact name of issuer as specified in its charter **CROWN ASIA CHEMICALS
CORPORATION**
5. Province, country or other jurisdiction of incorporation or organization **Metro Manila**
6. Industry Classification Code: (SEC Use Only)
7. Address of issuer's principal office **Km 33 Mc Arthur Highway Tuktukan
Guiguinto, Bulacan**
- Postal Code **3015**
8. Issuer's telephone number, including area code **(632) 3412-0639 to 41**
9. Former name, former address and former fiscal
year, if changed since last report **Not Applicable**
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the
RSA

Title of each Class

Common stock

Number of shares of common
stock outstanding

610,639,000

Amount of debt outstanding

P328,040,426

11. Are any or all of the securities listed on a Stock Exchange?

Yes ☐ No ☐

If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

The Philippine Stock Exchange Inc.

12. Indicate by check mark whether the registrant:

- (a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 there under or Sections 11 of the RSA and RSA Rule 11(a)-1 there under, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)

Yes ☐ No ☐

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

Yes ☐ No ☐

PART I--FINANCIAL INFORMATION

Item 1. Financial Statements.

The Interim Financial Statements are attached as Exhibits 1 to 5 hereof and incorporated herein by reference.

Exhibit 1 – Statements of Financial Position as of March 31, 2025 and December 31, 2024

Exhibit 2 – Statements of Comprehensive Income for the periods ended March 31, 2025 and March 31, 2024

Exhibit 3 – Statements of Changes in Equity as of March 31, 2025 and March 31, 2024

Exhibit 4 – Statements of Cash Flow as of March 31, 2025 and March 31, 2024

Exhibit 5 – Notes to Interim Financial Information

Item 2. Management's Discussion and Analysis of Results of Operations and Financial Position

Please refer to Exhibit 6 hereof.

Item 3. Aging of Accounts Receivable

Please refer to Exhibit 7 hereof.

Item 4. Key Performance Indicators

Please refer to Exhibit 8 hereof.

CROWN ASIA CHEMICALS CORPORATION
(Formerly Crown Asia Compounders Corporation)
 STATEMENTS OF FINANCIAL POSITION
 MARCH 31, 2025 AND DECEMBER 31, 2024
(Amounts in Philippine Pesos)

	UNAUDITED MARCH 31, 2025	AUDITED DECEMBER 31, 2024
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	406,887,222	367,740,741
Trade and other receivables	291,129,314	302,571,018
Inventories	684,186,043	708,984,906
Prepayments and other current assets - net	226,376,217	167,563,289
Total Current Assets	1,608,578,796	1,546,859,954
NON-CURRENT ASSETS		
Property, plant and equipment - net	839,713,158	848,658,170
Investment properties	43,362,720	43,362,720
Right of Use Assets - net	11,238,587	12,385,480
Post-employment defined benefit asset	8,400,541	9,051,716
Other non-current assets - net	14,032,831	15,424,864
Total Non-Current Assets	916,747,837	928,882,950
TOTAL ASSETS	2,525,326,633	2,475,742,904
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Trade and other payables	173,726,009	182,546,769
Lease Liability-Current	3,167,128	4,310,078
Income tax payable	15,235,378	912,457
Total Current Liabilities	192,128,515	187,769,304
NON-CURRENT LIABILITIES		
Mortgage Payable	-	-
Lease Liability-Non Current	11,156,658	11,156,658
Deferred tax liabilities - net	92,895,253	92,895,253
Other Payables	31,860,000	31,860,000
Total Non-current Liabilities	135,911,911	135,911,911
Total Liabilities	328,040,426	323,681,215
EQUITY		
Capital stock	630,800,000	630,800,000
Additional Paid In capital	52,309,224	52,309,224
Revaluation reserves	302,321,762	302,321,762
Retained earnings	1,252,951,252	1,207,726,734
	2,238,382,238	2,193,157,720
Treasury Stock	(41,096,031)	(41,096,031)
Total Equity	2,197,286,207	2,152,061,689
TOTAL LIABILITIES AND EQUITY	2,525,326,633	2,475,742,904

See Notes to Financial Statements.

EXHIBIT 2

CROWN ASIA CHEMICALS CORPORATION
(Formerly Crown Asia Compounders Corporation)
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE (3) MONTHS ENDED MARCH 31, 2025 AND 2024
(Amounts in Philippine Pesos)

	<i>FOR THE PERIOD</i> <i>UNAUDITED</i>	
	MARCH 31, 2025	MARCH 31, 2024
REVENUE	300,617,519	426,560,117
COST OF GOODS SOLD	<u>188,811,672</u>	<u>281,589,959</u>
GROSS PROFIT	<u>111,805,847</u>	<u>144,970,158</u>
OTHER OPERATING EXPENSES	52,803,558	55,367,958
OTHER INCOME (CHARGES)		
Finance costs	(281,580)	(306,405)
Foreign currency gains (losses) - net	(1,068,799)	1,121,117
Finance income	2,440,150	3,041,953
Other income	<u>849,453</u>	<u>345,000</u>
	<u>1,939,224</u>	<u>4,201,665</u>
PROFIT BEFORE TAX	60,941,513	93,803,865
TAX EXPENSE		
Current income tax	(15,716,995)	(23,809,515)
Deferred income tax	-	-
NET PROFIT	<u>45,224,518</u>	<u>69,994,350</u>
OTHER COMPREHENSIVE INCOME (LOSS)		
Items that will not be reclassified subsequently to profit or loss		
Revaluation increment on land		
Remeasurements of post-employment defined benefit plan		
Tax income (expense)		
TOTAL COMPREHENSIVE INCOME	<u>45,224,518</u>	<u>69,994,350</u>
BASIC AND DILUTED EARNINGS PER SHARE	<u>0.07</u>	<u>0.11</u>

See Notes to Financial Statements.

EXHIBIT 3

CROWN ASIA CHEMICALS CORPORATION
(Formerly Crown Asia Compounders Corporation)
STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE (3) MONTHS ENDED MARCH 31, 2025 AND 2024
(Amounts in Philippine Pesos)

	UNAUDITED MARCH 31, 2025	AUDITED MARCH 31, 2024
CAPITAL STOCK		
Balance at beginning of year	630,800,000	630,800,000
Issuance of shares during the year	-	-
Balance at end of year	630,800,000	630,800,000
ADDITIONAL PAID IN CAPITAL		
Balance at beginning of year	52,309,224	52,309,224
Balance at end of year	52,309,224	52,309,224
REVALUATION RESERVES		
Balance at beginning of year		
As previously reported	302,321,762	295,801,165
Effect of revaluation of land - net of tax	-	-
As restated	302,321,762	295,801,165
Revaluation of land during the year	-	-
Tax effect of revaluation of land	-	-
Remeasurement of post-employment defined benefit - net of tax	-	-
Balance at end of year	302,321,762	295,801,165
RETAINED EARNINGS		
Appropriated		
Balance at beginning of year	340,000,000	220,000,000
Reversal of appropriation	-	-
Appropriation during the year	200,000,000	120,000,000
Balance at end of year	540,000,000	340,000,000
Unappropriated		
Balance at beginning of year	867,726,734	856,453,851
Net profit for the year	45,224,518	69,994,350
Reversal of appropriation	-	-
Appropriation during the year	(200,000,000)	(120,000,000)
	712,951,252	806,448,201
Cash dividend	-	-
Balance at end of year	712,951,252	806,448,201
Balance at end of year	2,238,382,238	2,125,358,590
Treasury stock (20,161,000 shares)	(41,096,031)	(41,096,031)
TOTAL EQUITY	P 2,197,286,207	P 2,084,262,559

See Notes to Financial Statements.

EXHIBIT 4

CROWN ASIA CHEMICALS CORPORATION
(Formerly Crown Asia Compounders Corporation)
STATEMENTS OF CASH FLOWS
FOR THE THREE (3) MONTHS ENDED MARCH 31, 2025 AND 2024
(Amounts in Philippine Pesos)

	<i>UNAUDITED</i>	
	MARCH 31, 2025	MARCH 31, 2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	60,459,896	93,803,865
Adjustments for:		
Depreciation and amortization	12,174,683	14,053,883
Unrealized Foreign currency (gains) loss - net	917,140.00 (	901,361)
Interest expense	281,580.00	306,405
Finance income	(2,440,149.00) (	3,041,953)
Other Income	(849,453.00) (	345,000)
Gain on sale of property and equipment	-	-
Operating profit before working capital changes	70,543,697	103,875,839
(Increase) decrease in trade and other receivables	11,441,704 (	79,760,529)
(Increase) decrease in inventories	24,798,863	39,540,446
(Increase) decrease in prepayments and other current assets	(58,812,928 ) (	4,528,613)
(Increase) decrease in post-employment defined benefit asset	651,175	477,918.00
(Increase) decrease in other non-current assets	1,392,033	20,476,694
Increase (decrease) in trade and other payables	(8,820,760) (	21,784,580)
Increase (decrease) in post-employment defined benefit obligation	-	-
Increase (decrease) in lease liability	-	-
Cash generated from (used in) operations	41,193,784	58,297,175
Cash paid for Income taxes	(912,457)	(8,767,103)
Net Cash From (Used In) Operating Activities	40,281,327	49,530,072
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(2,082,778.00) (	21,058,275)
Disposal of property, plant and equipment	-	-
Other Income	849,453	345,000
Interest received	2,440,149	2,458,064
Net Cash Used in Investing Activities	1,206,824 (	18,255,211)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends Paid	-	-
Interest paid for lease liabilities	(281,580)	-
Payments for principal portion of lease liabilities	-	(177,480)
Interest paid on loans and mortgages	-	(306,405)
Payment of short term loans and borrowings	(1,142,950 ) (	717,209)
Proceeds from short term loans	-	-
Net Cash From (Used in) Financing Activities	(1,424,530 ) (	1,201,094)
Effect of Exchange Rate Changes on Cash	(917,140)	901,361
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	39,146,481	30,975,128
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	367,740,741	374,244,448
CASH AND CASH EQUIVALENTS AT END OF PERIOD	P 406,887,222	P 405,219,576

See Notes to Financial Statements.

CROWN ASIA CHEMICALS CORPORATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2025 AND 2024 (UNAUDITED)
(With Comparative Figures for December 31, 2025)
(Amounts in Philippine Pesos)

1. CORPORATE INFORMATION

Crown Asia Chemicals Corporation (the Company) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on February 10, 1989 primarily to engage in, operate, conduct and maintain the business of manufacturing, importing, exporting, buying, selling or otherwise dealing in, at wholesale and retail such goods as plastic and/or synthetic resins and compounds and other allied or related products of similar nature.

The Company's Board of Directors (BOD) approved the change in name of the Company from Crown Asia Compounders Corporation to Crown Asia Chemicals Corporation on March 4, 2014. The SEC approved the change in name of the Company and the corresponding amendment in the Company's Articles of Incorporation on September 29, 2014. The change in name of the Company was registered with the Bureau of Internal Revenue (BIR) on October 24, 2014.

The Company's shares were listed in the Philippine Stock Exchange (PSE) on April 27, 2015.

On December 5, 2018, the Company's BOD approved the adoption of Share Buyback Program whereby the Company is authorized to reacquire its capital stock from the public for an aggregate acquisition price of P100.0 million.

The Company's registered office, which is also its principal place of business, is located at Km. 33, McArthur Highway, Bo. Tuktukan, Guiguinto, Bulacan. The Company's administrative office is located at Units 506 and 508 President's Tower, No. 81 Timog Ave., South Triangle, Quezon City. The Company also operates a manufacturing plant in Valenzuela City and sales depot in Cebu City and Davao City.

2. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policy information that have been used in the preparation of these financial statements are summarized below and in the succeeding pages. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of Preparation of Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

The financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRS Accounting Standards). PFRS Accounting Standards are adopted by the Financial and Sustainability Reporting Standards Council (FSRSC) from the pronouncements issued by the International Accounting Standards Board, and approved by the Philippine Board of Accountancy.

The financial statements have been prepared using the measurement bases specified by PFRS Accounting Standards for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies that follow.

(b) Presentation of Financial Statements

The financial statements are presented in accordance with Philippine Accounting Standard (PAS) 1, *Presentation of Financial Statements*. The Company presents the statement of comprehensive income separate from the statement of profit or loss.

The Company presents a third statement of financial position as at the beginning of the preceding period when it applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items that has a material effect on the information in the statement of financial position at the beginning of the preceding period. The related notes to the third statement of financial position are not required to be disclosed.

(c) Functional and Presentation Currency

These financial statements are presented in Philippine pesos, the Company's functional and presentation currency, and all values represent absolute amounts except when otherwise indicated.

Items included in the financial statements of the Company are measured using its functional currency. Functional currency is the currency of the primary economic environment in which the Company operates.

2.2 Adoption of New and Amended PFRS

(a) Effective in 2024 that are Relevant to the Company

The Company adopted for the first time the following amendments to existing standards, which are mandatorily effective for annual periods beginning on or after January 1, 2024:

PAS 1 (Amendments)	: Presentation of Financial Statements – Classification of Liabilities as Current or Non-current, and Current and Non-current With Covenants
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PAS 7 and PFRS
(Amendments)

: Statement of Cash Flow, Financial Instruments:
Disclosures – Supplier Finance
Arrangements

Discussed below and in the succeeding page are the relevant information about these pronouncements.

- (i) PAS 1 (Amendments), *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current*. The amendments provide guidance on whether a liability should be classified as either current or non-current. The amendments clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and that the classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability. The application of these amendments had no significant impact on the Company's financial statements.
- (ii) PAS 1 (Amendments), *Presentation of Financial Statements – Non-current Liabilities with Covenants*. The amendments specify that if the right to defer settlement for at least 12 months is subject to an entity complying with conditions after the reporting period, then those conditions would not affect whether the right to defer settlement exists at the end of the reporting period for the purposes of classifying a liability as current or non-current. For non-current liabilities subject to conditions, an entity is required to disclose information about the conditions, whether the entity would comply with the conditions based on its circumstances at the reporting date and whether and how the entity expects to comply with the conditions by the date on which they are contractually required to be tested. The application of these amendments had no significant impact on the Company's financial statements.
- (iii) PAS 7 and PFRS 7 (Amendments), *Statement of Cash Flows, Financial Instruments: Disclosures – Supplier Finance Arrangements*. The amendments add a disclosure objective to PAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, PFRS 7 is amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk. The application of these amendments had no significant impact on the Company's financial statements.

(b) Effective in 2024 that is not Relevant to the Company

Among the amendments to PFRS Accounting Standards, which are mandatorily effective for annual periods beginning on or after January 1, 2024, amendments to PFRS 16, *Leases – Lease Liability in a Sale and Leaseback*, are not relevant to the Company's financial statements.

(c) Effective Subsequent to 2024 but not Adopted Early

There are pronouncements effective for annual periods subsequent to 2024, which are adopted by the FRSB. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and unless otherwise indicated, none of these are expected to have significant impact on the Company's financial statements:

- (i) PAS 21 (Amendments), *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability* (effective from January 1, 2025)
- (ii) PFRS 9 and PFRS 7 (Amendments), *Financial Instruments, and Financial Instruments: Disclosures – Amendments to the Classification and Measurement of Financial Instruments* (effective from January 1, 2026)
- (iii) PFRS 18, *Presentation and Disclosure in Financial Statements* (effective from January 1, 2027). 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. The amendments, however, do not affect how an entity recognizes and measures its financial condition, financial performance and cash flows.

2.3 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Company's strategic steering committee, its chief operating decision-maker. The strategic steering committee is responsible for allocating resources and assessing performance of the operating segments.

In identifying its operating segments, management generally follows the Company's products, which represent the main products provided by the Company.

Each of these operating segments is managed separately as each of these product lines requires different technologies and other resources as well as marketing approaches. All inter-segment transfers are carried out at arm's length prices.

The measurement policies the Company uses for segment reporting under PFRS 8, *Operating Segments*, are the same as those used in its financial statements. However, corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to any segment.

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

2.4 Financial Instruments

(a) Financial Assets

The relevant financial asset classification applicable to the Company is only financial assets at amortized cost.

The expected credit losses (ECL) on trade and other receivables are estimated by applying the simplified approach using a provision matrix developed based on the Company's historical credit loss experience and credit information that are specific to the debtors, adjusted for general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. These assets are assessed for impairment on a collective basis based on shared credit risk characteristics.

(b) Financial Liabilities

Financial liabilities include Trade and Other Payables (except Advances from customers and tax-related payables), Mortgage and Loan Payables and Lease Liabilities.

2.5 Inventories

The cost of inventories is determined using weighted average method.

Finished goods include the cost of raw materials, direct labor and a proportion of manufacturing overhead based on actual units produced. The cost of raw materials includes all costs directly attributable to acquisitions, such as the purchase price, import duties and other taxes that are not subsequently recoverable from taxing authorities.

2.6 Property, Plant and Equipment

Following initial recognition at cost, land is carried at revalued amount which is the fair value at the date of the revaluation as determined by independent appraisers. All other property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value.

Revalued amount is the fair market value determined based on appraisal by external professional valuer once every two years or more frequently if market factors indicate a material change in fair value.

Depreciation and amortization are computed on the straight-line basis over the estimated useful lives of the assets as follows:

Building and improvements	3-25 years
Transportation equipment	3-15 years
Land improvements	2-15 years

Machineries, factory, and other equipment	2-15 years
Furniture, fixtures and office equipment	2-15 years

Leasehold improvements, presented as part of Building and improvements, are amortized over the asset's estimated useful lives ranging from three to five years or applicable lease terms, whichever is shorter.

2.7 Investment Properties

Investment properties are accounted for under the fair value model. These are revalued every two years and are reported in the statement of financial position at fair value. Fair value is supported by market evidence and is determined by independent appraisers with sufficient experience with respect to both the location and the nature of the investment property.

2.8 Intangible Assets

Intangible assets include registered trademarks which are accounted for under the cost model. Capitalized costs are amortized on a straight-line basis over the estimated useful life of 10 years as the lives of these intangible assets are considered finite. The carrying amounts of the intangible assets are presented as Trademarks under Other Non-current Assets account in the statement of financial.

2.9 Revenue and Expense Recognition

Revenue comprises sale of goods measured by reference to the fair value of consideration received or receivable by the Company for goods sold, excluding value-added tax (VAT).

The Company uses the practical expedient in PFRS 15, *Revenue from Contracts with Customers*, with respect to non-disclosure of the aggregate amount of the transaction price allocated to unsatisfied or partially satisfied performance obligations as of the end of the reporting period and the explanation of when such amount will be recognized as revenue as the Company's contracts with customers have original expected duration of one year or less.

Specifically, revenue from sale of goods is recognized when the control over the goods has been transferred at a point in time to the customer, i.e., generally when the customer has acknowledged delivery of goods. Invoices for goods transferred are due upon receipt by the customer.

The Company also assesses its revenue agreements in order to determine if it is acting as principal or agent. Both the legal form and the substance of the agreement are considered to determine each party's respective roles in the agreement. In all revenue agreements, Company is acting as a principal. Revenue is recorded at gross when acting as a principal while only net revenues are considered if only an agency service exists.

As applicable, if the Company is required to refund the related purchase price for returned goods, it recognizes a refund liability for the expected refunds by adjusting the amount of revenues recognized during the period. Also, if applicable, the Company recognizes a right of return asset on the goods to be recovered from the customers with a corresponding adjustment to Cost of Goods Sold account. However, there were no contracts that contained significant right of return arrangements that remain outstanding during the reporting periods.

In obtaining customer contracts, the Company incurs incremental costs. As the expected amortization period of these costs, if capitalized, would be less than one year, the Company uses the practical expedient in PFRS 15 and recognizes as outright expenses such costs as incurred.

2.10 Leases – Company as Lessee

Subsequent to initial recognition, the Company depreciates the right-of-use asset on a straight-line basis from the lease 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 which is from two to 10 years.

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term.

2.11 Impairment of Non-financial Assets

The Company's property, plant and equipment, right-of-use assets, intangible assets (presented under the Other Non-current Assets account) and other non-financial assets are subject to impairment testing.

2.12 Employee Benefits

The Company provides short-term and post-employment benefits to employees through defined benefit and defined contribution plans, and other employee benefits.

The Company's defined benefit post-employment plan covers all regular full-time employees. The pension plan is fully funded, tax-qualified, non-contributory and administered by a trustee.

The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

A defined contribution plan is a post-employment plan under which the Company pays fixed contributions into an independent entity such as Social Security System.

2.13 Related Party Transactions and Relationships

Based on the requirements of SEC Memorandum Circular No. 10, Series of 2019, *Rules on Material Related Party Transactions for Publicly-Listed Companies*, transactions amounting to 10% or more of the total assets based on the latest audited financial statements that were entered into with the related parties are considered material.

All individual material related party transactions shall be approved by at least two-thirds vote of the BOD, with at least a majority of the independent directors voting to approve the material related party transactions. In case that a majority of the independent directors' vote is not secured, the material related party transaction may be ratified by the vote of the stockholders representing at least two-third of the outstanding capital stock. For aggregate related party transactions within a 12-month period that breaches the materiality threshold of 10% of the Company's total assets based on the latest audited financial statements, the same BOD approval would be required for the transactions that meet and exceed the materiality threshold covering the same related party.

Directors with personal interest in the transaction should abstain from participating in the discussions and voting on the same. In case they refuse to abstain, their attendance shall not be counted for the purposes of assessing the quorum and their votes shall not be counted for purposes of determining approval.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Company's financial statements in accordance with PFRS requires management to make judgments and estimates that affect the amounts reported in the financial statements and related notes. 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. Actual results may ultimately differ from these estimates.

3.1 Critical Management Judgment in Applying Accounting Policies

In the process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimation, which have the most significant effect on the amounts recognized in the financial statements:

(a) Determination of Lease Term of Contracts with Renewal and Termination Options

In determining the lease term, management considers all relevant factors and circumstances that create an economic incentive to exercise a renewal option or not exercise a termination option. Renewal options and/or periods after termination options are only included in the lease term if the lease is reasonably certain to be extended or not terminated.

The factors that are normally the most relevant are (a) if there are significant penalties should the Company pre-terminate the contract, and (b) if any leasehold improvements are expected to have a significant remaining value, the Company is reasonably certain to extend and not to terminate the lease contract. Otherwise, the Company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

The Company did not include the renewal period as part of the lease term for leases of some of its office space and warehouse due to the provision in its contracts that requires mutual agreement of both parties on the terms and agreements of the renewal and termination of the lease contract.

The lease term is reassessed if an option is actually exercised or not exercised or the Company becomes obliged to exercise or not exercise it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the Company.

(b) *Determination of Timing of Satisfaction of Performance Obligations*

The Company determines that its revenue from sale of goods shall be recognized at a point in time when the control of the goods have passed to the customer, i.e., generally when the customer has acknowledged delivery of the goods.

(c) *Determination of Transaction Price*

The transaction price for a contract is allocated amongst the material right and other performance obligations identified in the contract based on their stand-alone selling prices, which are all observable. The transaction price for a contract excludes any amounts collected on behalf of third parties (e.g., VAT).

The transaction price is considered receivable to the extent of products sold with consideration on the right of return, if applicable (see Note 2.9). Also, the Company uses the practical expedient in PFRS 15, with respect to non-adjustment of the promised amount of consideration for the effects of any financing component as the Company expects, at contract inception, that the period between when the Company transfers promised goods or services to the customer and payment due date is one year or less.

(d) *Determination of ECL on Trade and Other Receivables*

The Company uses a provision matrix to calculate ECL for trade and other receivables. The provision rates are based on days past due for groupings of various customer segments to the extent applicable that have similar loss patterns (i.e., by geography, product type, or customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is based on the Company's historical observed default rates. The Company's management intends to regularly calibrate (i.e., on an annual basis) the matrix to consider the historical credit loss experience with forward-looking information (i.e., forecast economic conditions).

(e) *Determination of Cost of Inventories*

In inventory costing, management uses estimates and judgment in properly allocating the labor and overhead between the cost of inventories on hand and cost of goods sold. Currently, the Company allocates manufacturing overhead on the basis of actual units produced. However, the amount of costs charged to finished goods inventories would differ if the Company utilized a different allocation base. Changes in allocated cost would affect the carrying cost of inventories and could potentially affect the valuation based on lower of cost and net realizable value.

(f) *Distinction Between Investment Properties and Owner-Managed Properties*

The Company determines whether a property qualifies as investment property. In making its judgment, the Company considers whether the property generates cash flows largely independent of the other assets held by an entity. Owner-occupied properties generate cash flows that are attributable not only to the property but also to other assets used in the production or supply process.

(g) *Recognition of Provisions and Contingencies*

Provisions are recognized when present obligations will probably lead to an outflow of economic resources and they can be estimated reliably even if the timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive obligation that has resulted from past events.

Judgment is exercised by management to distinguish between provisions and contingencies.

3.2 Key Sources of Estimation Uncertainty

Presented in the succeeding pages are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

(a) Determination of Appropriate Discount Rate in Measuring Lease Liabilities

The Company measures its lease liabilities at present value of the lease payments that are not paid at the commencement date of the lease contract. The lease payments were discounted using a reasonable rate deemed by management equal to the Company's incremental borrowing rate. In determining a reasonable discount rate, management considers the term of the leases, the underlying asset and the economic environment. Actual results, however, may vary due to changes in estimates brought about by changes in such factors.

(b) Estimation of Allowance for ECL

The measurement of the allowance for ECL on financial assets at amortized cost is an area that requires the use of significant assumptions about the future economic conditions and credit behavior (e.g., likelihood of customers defaulting and the resulting losses).

(c) Determination of Net Realizable Value of Inventories

In determining the net realizable value of inventories, management takes into account the most reliable evidence available at the dates the estimates are made. Even though the Company's core business is not continuously subject to rapid technological changes which may cause inventory obsolescence, future realization of the carrying amounts of inventories as presented in Note 7 is still affected by price changes. Such aspect is considered a key source of estimation uncertainty and may cause significant adjustments to the Company's inventories within the next financial reporting period.

There was no inventory write-down to recognize the inventories at their net realizable value as of March 31, 2025, and in years 2024 and 2023 based on management's assessment.

(d) Estimation of Useful Lives of Property, Plant and Equipment, Right-of-use Assets and Intangible Assets

The Company estimates the useful lives of property, plant and equipment, right-of-use assets and intangible assets based on the period over which the assets are expected to be available for use. The estimated useful lives of property, plant and equipment, right-of-use assets and intangible assets 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.

Based on management's assessment as at March 31, 2025 and December 31, 2024 there is no change in estimated useful lives of property, plant and equipment, right-of-use assets and intangible assets during those years. Actual results, however, may

vary due to changes in estimates brought about by changes in the factors mentioned above.

(e) Fair Value Measurement of Land and Investment Properties

The Company's land and investment properties are carried at revalued amount and fair value, respectively, at the end of the reporting period. In determining its fair value, the Company engages the services of professional and independent appraisers applying the relevant valuation methodology.

When the appraisal is conducted prior to the end of the current reporting period, management determines whether there are significant circumstances during the intervening period that may require adjustments or changes in the disclosure of fair value of those properties.

(f) Determination of Realizable Amount of Deferred Tax Assets

The Company reviews its deferred tax assets at the end of 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 asset to be utilized. Management assessed that the deferred tax assets recognized as at March 31, 2025 and December 31, 2024 will be fully utilized in the coming years.

(g) Impairment of Non-financial Assets

In assessing impairment, management estimates the recoverable amount of each asset or a cash-generating unit based on expected future cash flows and uses an interest rate to calculate the present value of those cash flows. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate. Though management believes that the assumptions used in the estimation of fair values are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

Management has assessed that no impairment loss is required to be recognized on non-financial assets as of March 31, 2025 and in the years 2024 and 2023.

(h) Valuation of Post-employment Defined Benefit Obligation

The determination of the Company's obligation and cost of post-employment defined benefit is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions include, among others, discount rates and salary rate increase.

A significant change in any of these actuarial assumptions may generally affect the recognized expense and the carrying amount of the post-employment defined benefit obligation in the next reporting period.

4. SEGMENT REPORTING

4.1 Business Segments

The Company is organized into business units based on its products for purposes of management assessment of each unit. For management purposes, the Company is organized into four major business segments, namely: compounds, pipes, Polypropylene Random (PPR)/High-density Polyethylene (HDPE) and roofing. These are also the basis of the Company in reporting to its chief operating decision-maker for its strategic decision-making activities.

The products under the compounds segment are the following:

- Polyvinyl Chloride (PVC) compounds for wires and cable; and,
- PVC for bottles, integrated circuit tubes packaging, films and footwear.

The products under the pipes segment are only the PVC pipes and fittings.

The products under the PPR/HDPE segment are the following:

- PPR Copolymer Type 3 pipes and fittings; and,
- HDPE pipes and fittings.

The product under the roofing segment is only the unplasticized PVC roofing material, which started sales to the public in 2018.

The Company's products are located in Guiguinto, Bulacan; Davao branch; Cebu branch; and Valenzuela branch.

4.2 Segment Assets and Liabilities

Segment assets are allocated based on their use or direct association with a specific segment and they include all operating assets used by a segment and consist principally of property, plant and equipment, trade and other receivables and inventories, net of allowances and provisions. Segment assets do not include deferred taxes.

4.3 Intersegment Transactions

Segment revenues, expenses and performance do not include sales and purchases between business segments.

4.4 Disaggregation of Revenues

When the Company prepares its investor presentations and when the Company's Executive Committee evaluates the financial performance of the operating segments, it disaggregates revenue similar to its segment. The Company determines that the categories used in the investor presentations and financial reports used by the Company's Executive

Committee can be used to meet the objective of the disaggregation disclosure requirement of PFRS 15, which is to disaggregate revenue from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

5. POST-EMPLOYMENT DEFINED BENEFIT PLAN

5.1 Characteristics of Post-employment Defined Benefit Plan

The Company maintains a tax-qualified, fully funded and non-contributory post-employment defined benefit plan covering all regular full-time employees. The Company conforms with the minimum regulatory benefit of Republic Act No. 7641, The Retirement Pay Law, which is of a defined benefit type and provides for a lump sum retirement benefit equal to 22.5-day pay for every year of credited service. The normal retirement age is 60 with a minimum of five years of credited service.

5.2 Risks Associated with the Retirement Plan

The plan exposes the Company to actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk.

(i) Investment and Interest Risks

The present value of the defined benefit obligation is calculated using a discount rate determined by reference to market yields of government bonds. Generally, a decrease in the interest rate of a reference government bond will increase the plan obligation. However, this will be partially offset by an increase in the return on the plan's investments in debt securities and other assets and if the return on plan assets falls below this rate, it will create a deficit in the plan.

(ii) Longevity and Salary Risks

The present value of the defined benefit obligation is calculated by reference to the best estimate of the mortality of the plan participants both during and after their employment and to their future salaries. Consequently, increases in the life expectancy and salary of the plan participants will result in an increase in the plan obligation.

5.3 Other Information

The information on the sensitivity analysis for certain significant actuarial assumptions, the Company's asset-liability matching strategy, and the timing and uncertainty of future cash flows related to the post-employment defined benefit plan are described below and in the succeeding page.

(i) Sensitivity Analysis

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. This analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation recognized in the statements of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous years.

(ii) Asset-liability Matching Strategies

The retirement plan trustee has no specific matching strategy between the plan assets and the plan liabilities.

A large portion of the plan assets as of March 31, 2025 and December 31, 2024 consists of debt securities although the Company also has UITF for liquidity purposes.

There has been no change in the Company's strategies/practices to manage its risks from previous periods.

(iii) Funding Arrangements and Expected Contributions

The Company is not required to pre-fund the future defined benefits payable under the plan assets before they become due. For this reason, the amount and timing of contributions to the plan assets are at the Company's discretion. However, in the event a benefit claim arises and the plan assets are insufficient to pay the claim, the shortfall will be due, demandable and payable from the Company to the plan assets.

6. RELATED PARTY TRANSACTIONS

The Company's related parties include entities under common ownership, stockholders and key management personnel as described below and in the succeeding pages.

6.1 Sale of Goods

The Company sells finished goods to related parties under common ownership. Goods are sold on the basis of the price lists in force and terms that would be available to non-related parties. The outstanding receivables from sale of goods, which are generally noninterest-bearing, unsecured and settled through cash within three to six months, are presented as part of Trade receivables under Trade and Other Receivables in the statements of financial position.

6.2 Purchase of Goods and Services

Goods and services are purchased on the basis of the price lists in force with non-related parties. The related outstanding payables for goods and services purchased in as of March 31, 2025 and December 31, 2024 are presented as part of Trade payables under Trade and Other Payables in the statements of financial position. The outstanding payables from purchase of goods and services are generally noninterest-bearing, unsecured and settled through cash within three months.

The Company acquires the services of a related party under common ownership for the conversion of its pipe fittings. The Company provides its own raw materials to such related party for processing into finished goods. Once the processing is completed, the Company records the amount incurred for the services of the related party as part of the finished goods based on the billings received. The basis of the price charged to the Company is in line with related party's prevailing market rates. The related outstanding payables for these services from the related party as of March 31, 2025 and December 31, 2024 are presented as part of Trade payables under Trade and Other Payables in the statements of financial position. The outstanding payables from purchase of services are generally noninterest-bearing, unsecured and settled through cash within three months.

6.3 Acquisition of Land

In 2023, the Company purchased a parcel of land from a related party under common ownership with a total contract price of P113.8 million (VAT exclusive), which is payable in four equal annual installments starting July 2023 until July 2026. The title and ownership of the property shall remain with the related party under common ownership until the full payment of the balance of the contract price. The Company is prohibited from selling, transferring, conveying, and otherwise encumbering the subject property without the written consent of the related party under common ownership.

The first two installments were accordingly paid in 2024 and 2023. The outstanding liability due on July 1, 2025 is presented as Payable for acquisition of land under Trade and Other Payables account while the remaining portion due on July 1, 2026 is presented as Other Payables account under non-current liabilities section of the 2024 statement of financial position.

6.4 Lease of Properties

The Company entered into lease contracts with a related party under common ownership covering its office spaces and warehouse with lease terms ranging from two to five years.

The related deposit, which is refundable at the termination of the lease term, is presented as part of Security deposits under Other Non-current Assets in the statements of financial position.

7. COMMITMENTS AND CONTINGENCIES

The following are the significant commitments and contingencies involving the Company:

7.1 Unused Credit Lines

The Company had P420.0 million of unused credit lines of the approved Omnibus Line of Credit from local banks granted as of March 31, 2025 and December 31, 2024.

7.2 Others

There are other commitments and contingent liabilities that arise in the normal course of the Company's operations which are not reflected in the financial statements. As of March 31, 2025 and December 31, 2024, management and its legal counsel are of the opinion that losses, if any, from these items will not have a material effect on the Company's financial statements.

8. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company is exposed to a variety of financial risks in relation to financial instruments. The main types of risks are market risk, credit risk and liquidity risk.

The Company's risk management is coordinated by its BOD, and focuses on actively securing the Company's closely short-to-medium term cash flows by minimizing the exposure to financial markets.

The Company does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Company is exposed to are described below and in the succeeding pages.

8.1 Market Risk

The Company is exposed to market risk through its use of financial instruments and specifically to foreign currency risk and interest rate risk which result from both its operating, investing and financing activities.

(a) Foreign Currency Risk

Most of the Company's transactions are carried out in Philippine pesos, its functional currency. Exposures to currency exchange rates arise from the Company's overseas sales and purchases, which are primarily denominated in United States (U.S.) dollars. The Company also holds U.S. dollar-denominated cash and cash equivalents.

To mitigate the Company's exposure to foreign currency risk, non-Philippine peso cash flows are monitored.

Exposures to foreign exchange rates vary during the period depending on the volume of foreign currency denominated transactions.

(b) Interest Rate Risk

The Company's policy is to minimize interest rate cash flow risk exposures on long-term financing. When applicable, long-term borrowings are therefore usually made at fixed rates. At March 31, 2025 and December 31, 2024, the Company is exposed to changes in market interest rates through its cash and cash equivalents, which are subject to variable interest rates. All other financial assets and liabilities have fixed rates.

8.2 Credit Risk

Credit risk is the risk that counterparty may fail to discharge an obligation to the Company. The Company continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. The Company's policy is to deal only with creditworthy counterparties.

None of the financial assets are secured by collateral or other credit enhancements except for cash and cash equivalents, other short-term placements and certain trade receivables with entrusted and on hand post-dated checks issued by the customers.

(a) Cash and Cash Equivalents and Other Short-term Placements

The credit risk for cash and cash equivalents and other short-term placements are considered negligible, since bank deposits are only maintained with reputable financial institutions, as a matter of Company's policy. Included in cash and cash equivalents and other short-term placements are cash in banks and short-term placements which are insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of P0.5 million for every depositor per banking institution.

(b) Trade and Other Receivables

The Company applies the PFRS 9 simplified approach in measuring ECL which uses a lifetime expected loss allowance for all trade receivables and other receivables.

To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics and the days past due (age buckets). The Company also concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the other receivables as it shares the same credit risk characteristics.

The expected loss rates are based on the payment and aging profiles over a period of 36 months before March 31, 2025 and December 31, 2024, respectively, and the corresponding historical credit losses experienced within such period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified that the inflation rate and/or government spending were the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in this factor.

The Company identifies a default when the receivables become credit impaired or when the customer has not able to settle the receivables within the normal credit terms of 30 to 90 days, depending on the terms with customers; hence, these receivables were already considered as past due on its contractual payment. In addition, the Company considers qualitative assessment in determining default such as in instances where the customer is unlikely to pay its obligations and is deemed to be in significant financial difficulty.

(c) Security deposits

With respect to refundable security deposits, management assessed that these financial assets have low probability of default since the Company has utility contract and operating lease contracts as lessee with the counterparties. The Company can apply such deposits to future payments in case it defaults.

8.3 Liquidity Risk

The Company manages its liquidity needs by carefully monitoring scheduled debt servicing payments, if any, for long-term financial liabilities as well as cash outflows due in a day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a six-month and one-year period are identified monthly.

The Company maintains cash to meet its liquidity requirements for up to 60-day periods. Excess cash is invested in short-term placements. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities.

8.4 Offsetting Financial Assets and Financial Liabilities

For financial assets and financial liabilities subject to enforceable master netting agreements or similar arrangements above, each agreement between the Company and counterparties (i.e., related parties) allows for net settlement of the relevant financial assets and financial liabilities when both elect to settle on a net basis. In the absence of such an election, financial assets and liabilities will be settled on a gross basis; however, each party to the master netting agreement or similar agreement will have the option to settle all such amounts on a net basis in the event of default of the other party.

By default, the Company does not elect to settle financial assets and financial liabilities with counterparties through offsetting. Gross settlement is generally practiced.

9. FAIR VALUE MEASUREMENTS AND DISCLOSURES

9.1 Fair Value Hierarchy

In accordance with PFRS 13, *Fair Value Measurement*, the fair value of financial assets and financial liabilities and non-financial assets which are measured at fair value on a recurring or non-recurring basis and those assets and liabilities not measured at fair value but for which fair value is disclosed in accordance with other relevant PFRS, are categorized into three levels based on the significance of inputs used to measure the fair value. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and,
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within the asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

For purposes of determining the market value at Level 1, a market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

For investments which do not have quoted market price, the fair value is determined by using generally acceptable pricing models and valuation techniques or by reference to the current market of another instrument which is substantially the same after taking into account the related credit risk of counterparties, or is calculated based on the expected cash flows of the underlying net asset base of the instrument.

When the Company uses valuation technique, it maximizes the use of observable market data where it is available and relies as little as possible on entity specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in Level 2. Otherwise, it is included in Level 3.

The Company has no financial assets or financial liabilities measured at fair values.

9.2 Fair Value Measurement for Non-financial Assets

The fair value of the Company's land amounting to P642.8 million as of March 31, 2025 and December 31, 2024 is classified under Level 3 in the fair value hierarchy. The Level 3 fair value of land was derived using market comparable approach that reflects recent transaction prices for similar properties in nearby locations, adjusted for key attributes such as property size, age, condition and accessibility of the land. The most significant input into this valuation approach is the price per square meter; hence, the higher the price per square meter, the higher the fair value.

There has been no change to the valuation techniques used by the Company during the year for its non-financial assets. Also, there were no transfers into or out of Level 3 fair value hierarchy as of March 31, 2025 and December 31, 2024.

10. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Company's capital management objectives are to ensure the Company's ability to continue as a going concern and to provide an adequate return to stockholders by pricing products and services commensurate with the level of risk.

The Company monitors capital on the basis of the carrying amount of equity as presented in the statements of financial position.

There were no internally and externally imposed capital requirements to be complied with as of March 31, 2025 and December 31, 2024.

The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to stockholders, issue new shares or sell assets to reduce debt.

Item 2. Management's Discussion and Analysis of Results of Operations and Financial Condition**Results of Operation**

(Based on Financial Statements adopted in accordance with the Philippine Financial Reporting Standards)

Review of March 31, 2025 versus March 31, 2024

Sales Revenue for the 1st quarter of 2025 amounted to Php300.62. It is lower by 29.53% or Php125.94M compared to same period last year's revenue of Php426.56. Bringing in export sales transactions was a challenge since the 4th quarter of 2024 due to production issues which is continuously being resolved. Further, the PVC Pipes Division continues to experience decline in sales due to slowdown in the construction industry.

Cost of sales for the quarter ended at Php188.81M. Comparing to quarter 1 of 2024, it is lower by 32.95% or by P92.78M. This is mainly due to the decline in sales during the period.

Other Income (Charges) also decreased by 53.85% or Php2.26M. While we saw an improvement in value of Philippine Peso against US Dollars from quarter 4 of 2024 to quarter 1 of 2025 (Oct – 57.301, Nov – 58.695, Dec – 58.448, Jan – 58.391, Feb – 58.094, Mar – 57.425), it had an unfavorable effect on the Company's export sales transactions, as well as on the translation of US dollar dominated cash and receivable balances.

Income Tax Expense decreased by 33.99% or by Php8.09M. This was mainly due to the decline in sales resulting to lower taxable income for the period.

Financial Condition**Review of financial condition as of March 31, 2025 compared with financial condition as of December 31, 2024**

Cash and cash equivalents increased 10.65% or by Php39.15M from Php367.74M to Php406.89M. This was mainly due to collections from customers. Further, less purchases of raw materials were made to manage inventory stocks as the company experienced decline in sales.

Prepayment and other current asset increased by 35.10% or Php58.81M from Php167.56M to Php226.38M. In February, the Company made an additional short-term placement amounting to Php70M.

Right of use asset decreased by 9.26% or by Php1.15M from Php12.39M to Php11.24M. This was due to the monthly depreciation of right of use asset.

Post-employment defined benefit asset decreased by 7.19% or Php0.65M from Php9.05M to Php8.40M due to the monthly accrual of retirement expense.

Other non-current assets decreased by 9.02% or by Php1.39M from Php15.42M to Php14.03M. This was due to the receipt of goods paid in advance to suppliers.

Current Lease Liability decreased by 26.52% or by Php1.14M from Php4.31M to P3.17M resulting from amortization of financial lease on the right of use asset.

Income Tax Payable as of March 31, 2025 increased by Php14.32M from Php0.91M to Php15.24M. Due to higher costs/expenses incurred in Quarter 4 of 2024, it resulted to lower taxable income as compared to Quarter 1 of 2025.

Material Changes as of March 31, 2025 Financial Statements

Statement of Financial Position

(Increase/decrease of 5% or more versus December 31, 2024)

10.65% increase in cash and cash equivalents

Due to payments from customers and decline in purchases from suppliers

35.10% increase in prepayment and other current asset

Due to the additional short-term placement made in February amounting to Php70M

9.26% decrease in right of use asset

Due to the monthly depreciation of right of use asset

7.19% decrease post-employment defined benefit asset

Due to the monthly accrual of retirement expense

9.02% decrease in other non-current assets

Due to the receipt of goods paid in advance to suppliers

26.52% decrease in current lease liability

Due to amortization of financial lease on the right of use asset

1,569.71% increase in income tax payable

Due to higher costs incurred in the Quarter 4 of 2024 which resulted to lower taxable income as compared to Quarter 1 of 2025

Statement of Income

(Increase/decrease of 5% or more versus March 31, 2025)

29.53% decrease in sales revenues

Due to the decrease in the export sales transaction of the Compounds Division arising from production issues, and the decline in sales of the PVC Pipes Division due slowdown in the construction industry.

32.95% decrease in cost of goods sold

Due to the decrease in sales for the period

53.85% decrease in other income (charges)

Due to foreign currency losses from export sales transactions and revaluation of dollar denominated cash and receivables.

33.99% decrease in income tax expense

Due to the decline in sales resulting to lower taxable income for the period.

There are no other significant changes in the Company's financial position (5% or more) and condition that will warrant a more detailed discussion. Further, there are no material events and uncertainties known to management that would have impact or change the reported financial information and condition of the Company.

There are no known trends or demands, commitments, events or uncertainties that would result in or that are reasonably likely to result in increasing or decreasing the Company's liquidity in any material way. The Company does not anticipate having any cash flow or liquidity problems. The Company is not in default or breach of any note, loan, lease or other indebtedness or financing arrangement requiring it to make payments.

The Company has no unusual nature of transactions or events that affects assets, liabilities, equity, net income or cash flows.

The unaudited interim financial statements do not include all the information or disclosure required in the financial statements and should be read in conjunction with the Company's audited annual financial statements as of and for the year ended December 31, 2024.

The accounting policies and methods of computation adopted in preparation of the Company's unaudited interim financial statements are the same with the most recent audited annual financial statements for the year ended December 31, 2024.

There were no known material events subsequent to the end of the interim period that have not been reflected in the Company's Financial Statements for the first quarter of 2025.

There were no changes in estimates of amount reported in the current financial year or changes in estimates of amounts reported in prior financial years.

There was no contingent liability reflected in the most recent annual financial statements, the same in the current year financial statements for the first quarter of 2025. There are no commitments, guarantees, and contingent liabilities that arise in the normal course of operations of the Company which are not reflected in the accompanying interim financial statements. The management of the Company is of the opinion that losses, if any, from these items will not have any material effect on its interim financial statements.

There are no material commitments for capital expenditures, events or uncertainties that have had or that are reasonable expected to have material impact on the continuing operations of the Company.

Item 3 - Aging of Accounts Receivable

EXHIBIT 7

CROWN ASIA CHEMICALS CORPORATION
(Formerly Crown Asia Compounds Corporation)
Aging of Accounts Receivable
As of March 31, 2025
(Amounts in Philippine Pesos)
(UNAUDITED)

Type of Receivable	Balance	Not yet due	1 - 30 Days	Over 30 Days	Over 60 days	Over 90 days	Over 120 days
a. Trade and Other Receivables-net	<u>291,129,314</u>	<u>212,463,190</u>	<u>31,752,486</u>	<u>5,884,978</u>	<u>3,559,322</u>	<u>2,287,444</u>	<u>35,181,894</u>

Item 4 – Key Performance Indicators

Key Performance Indicators

LIQUIDITY RATIOS		
Key Indicators	arch 31, 2025	December 31, 2024
Current ratio	8.37 : 1.00	8.24 : 1.00
Acid test ratio	3.63 : 1.00	3.96 : 1.00
Book value per share	3.60	3.52
SOLVENCY RATIOS		
Key Indicators	March 31, 2025	December 31, 2024
Debt to equity ratio	0.15 : 1.00	0.15 : 1.00
Asset to equity ratio	1.15 : 1.00	1.15 : 1.00
PROFITABILITY RATIOS		
Key Indicators	March 31, 2025	March 31, 2024
Earnings per share	0.07	0.11
Return on assets	1.81%	2.78%
Return on equity	2.08%	3.42%
Gross profit ratio	37.19%	33.99%
Net profit ratio	15.04%	16.41%

Notes:

1. Current Ratio (Current Assets/Current Liabilities)
To test the Company's ability to pay its short-term debts
2. Acid Test Ratio (Quick Assets/Current Liabilities)
Measures the Company's ability to pay its short-term debts from its most liquid assets without relying on inventory.
3. Book Value per Share (Equity/Shares Outstanding)
Measures the amount of net assets available to stockholders of a given type of stock.
4. Debt to Equity Ratio (Total Liabilities/Total Equity)
Measures the amount of total assets provided by stockholders
5. Asset to Equity Ratio (Total Assets/Total Equity)
Shows the relationship of the total assets to the portion owned by the stockholders.
Indicates the Company's leverage, the amount of debt used to finance the firm.
6. Earnings per Share (Net Profit/Shares Outstanding)
Reflects the Company's earning capability.
7. Return on Assets (Net Profit/Average Total Assets)
Indicates whether assets are being used efficiently and effectively
8. Return on Equity (Net Profit/Total Equity)
Measures the company's efficiency in generating profits
9. Gross Profit Ratio (Gross Profit/Revenues)
Measures the percentage of gross income to sales
10. Net Profit Ratio (Net Profit/Revenues)
Measures the percentage of net income to sales

PART II--OTHER INFORMATION

There is no information not previously reported in a report on SEC Form 17-C.

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized

CROWN ASIA CHEMICALS CORPORATION

Issuer

By:

A handwritten signature in dark ink, appearing to read 'NICASIO T. PEREZ', with a stylized flourish at the end.

NICASIO T. PEREZ

Chief Financial Officer - OIC