COVER SHEET

4 4 8 5 2

D & L INDUSTRIES INC

(Company's Full Name)

65 INDUSTRIA ST BAGUMBAYAN

QUEZON CITY

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

KRISTINE ANN CATINDIG-ONG
Contact Person

8635-0680
Company Telephone Number

1 2 3 1
Month Day
Fiscal Year

SEC Form 20-IS Definitive Information Statement
FORM TYPE

0 6 0 2
Month Day
Annual Meeting

Secondary License Type, if Applicable

C F D
Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

268
Total No. of Stockholders

P 15,477,823,713
Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

D&L

NOTICE OF ANNUAL STOCKHOLDERS' MEETING

Notice is hereby given that the Annual Stockholders Meeting of D&L INDUSTRIES, INC. will be held virtually on Monday, 02 June 2025 at 9:00 o'clock in the morning. The meeting and log-in credentials will be sent to the stockholders via email upon successful registration (guidelines in Annex "A"). The Agenda is as follows:

1. Call to Order
2. Certification of Notice and determination of Quorum
3. Approval of Minutes of Previous Meeting
4. Approval of Annual Report for the year ended December 31, 2024
5. Approval of Amendment to By-Laws
6. Election of Auditors
7. Election of Directors
8. Ratification of all acts of the Board of Directors and officers beginning June 04, 2024 to date
9. Consideration of such other business as may properly come before the meeting
10. Adjournment

Only stockholders of record as at the close of business on 08 May 2025 are entitled to notice, and to vote at the meeting. The Stock and Transfer Books of the Corporation will be closed from 08 May 2025 to 02 June 2025.

Stockholders may only attend by remote communication. Stockholders who wish to participate in the virtual meeting must register online at this link – https://shareholder.dnl.com.ph/ on or before 23 May 2025. Guidelines for registration, participation and voting are in Annex "A". Stockholders may attend the virtual meeting in person or through your authorized representative with the execution of a proxy. Deadline for submission of proxies is on 23 May 2025. The proxy form is enclosed and stockholder may accomplish and submit the proxy form by uploading the same during online registration at the above link. Please note that the Corporation is not soliciting proxies.

Further, a stockholder may vote in *absentia* in case the stockholder is unable to join or send a representative. Stockholders voting in *absentia* shall be considered present for purposes of determining quorum. Stockholders who wish to vote in *absentia* shall likewise register online at this link – https://shareholder.dnl.com.ph on or before 23 May 2025. Subject to registration and validation procedures, stockholders who registered to vote in *absentia* may cast their votes by the vote ballot included in this notice and uploading the same during the online registration at the above link.

A video and audio recording of the meeting will be taken in accordance with the requirements of the Securities and Exchange Commission. Electronic copies of the Information Statement, Management Report, SEC Form 17A and other pertinent documents are available on the: (a) on the Company's website; and (b) the PSE Edge.

Stockholders may submit written nominations for directors to the Corporate Secretary by email at dnlcorsec1@dnl.com.ph not later than 05 May 2025. All nominations shall be in writing duly signed by the nominating stockholders or their duly authorized (in writing) representatives, with the written acceptance of the nominee. The nomination form is attached herewith. Copies of valid government-issued identification cards with photo of the nominator and nominee shall likewise be enclosed. All nominees for Directors and Independent Directors shall possess the qualifications and none of the disqualifications prescribed by law and the Corporation's policies. If a nominee for Independent Director, the nominee shall likewise submit a duly accomplished Certificate of Qualification in the form prescribed by the Securities and Exchange Commission in its Memorandum Circular No. 5, Series of 2017 dated March 7, 2017.

Thank you.

(Sgd.) KRISTINE ANN C. CATINDIG-ONG
Corporate Secretary

EXPLANATION OF AGENDA ITEMS FOR STOCKHOLDERS' APPROVAL

Approval of minutes of previous meeting

The minutes of the meeting held on 03 June 2024 are available at the company website, www.dnl.com.ph.

Remarks: A resolution on this agenda item must be approved with the majority of the votes of the stockholders present and eligible to vote.

Annual report

The financial statements as of 31 December 2024 (FS) will be presented for approval by the stockholders. Prior thereto, the President, Mr. Alvin D. Lao, will deliver a report to the stockholders on the performance of the company in 2024 and the outlook for 2025. The FS is included in the Information Statement posted on the company's website - www.dnl.com.ph.

Remarks: A resolution on this agenda item must be approved with the majority of the votes of the stockholders present and eligible to vote.

Approval of Amendment to By-Laws

The amendment to Article III, Section 3 and Article IV, Section 6 of the By-Laws by allowing notice of regular or special meeting of the shareholders and notice of meeting of the Board of Directors, respectively, to be sent also via electronic mail. For the details, please refer to the Information Statement posted on at the company's website - www.dnl.com.ph.

Remarks: A resolution on this agenda item must be approved by the votes of stockholders present and eligible to vote representing at least 2/3 of the outstanding capital.

Election of auditors

The appointment of the external auditor, Isla Lipana and Co., for the ensuing year will be endorsed to the stockholders. The profile of the external auditor will be provided in the Information Statement and in the company website for examination by the stockholders.

Remarks: A resolution on this agenda item must be approved with the majority of the votes of the stockholders present and eligible to vote.

Election of directors

In accordance with the By-laws, the Corporate Governance Manual, and SEC rules, any stockholder, including minority stockholders, may submit to the Corporate Secretary nominations to the Board by 10 May 2022. The Nomination Committee will determine whether the nominees for directors, including the nominees for independent directors, have all the qualifications and none of the disqualifications to serve as members of the Board before submitting the nominees for election by the stockholders. The profiles of the nominees to the Board will be provided in the Information Statement and in the company website for examination by the stockholders.

Remarks: The directors are elected by plurality of votes using the cumulative voting method. The tally of votes will be reflected in the minutes of the meeting.

Ratification of all acts of the Board of Directors and officers beginning June 04, 2024 to date

The matters acted upon or approved by the Board of Directors, its Committees, and Management include –

(i) constitution of board committees and appointment of chairpersons and members and lead independent director;
(ii) appointment of officers;
(iii) appointment of authorized representatives and signatories;
(iv) ratification of the actions of the board committees;
(v) approval of contracts, agreements transaction made in the ordinary course of business;
(vi) treasury matters; and
(vii) acts and resolutions covered by disclosures to the Securities and Exchange Commission and Philippine Stock Exchange.

Remarks: A resolution to his agenda item must be approved with the majority of the votes of the stockholders present and eligible to vote.

Consideration of such other business as may properly come before the meeting

The Chairman will open the floor for comments and questions by the stockholders. Stockholders may also propose to consider such other relevant matters or issues.

PROXY

KNOW ALL MEN BY THESE PRESENTS:

The undersigned, stockholder of **D & L INDUSTRIES, INC.,** do hereby constitute and appoint ____________________ as my attorney-in-fact and proxy, to attend and represent me at the Annual Stockholders Meeting of D & L Industries, Inc. on **02 June 2025,** and thereat to vote upon ________________________ shares of stock owned by me on the following agenda items as I have indicated below and any and all business that may come before said meeting. If I fail to indicate my vote on the items specified below, my proxy shall vote in accordance with the recommendation of Management. Management recommends a "FOR ALL" vote for proposal 7, and a "FOR" vote for proposals 1 through 6 and 8.

ITEM NO.	**SUBJECT MATTER**	**ACTION**		
		For	**Against**	**Abstain**
3	Approval of Minutes of Previous Meeting			
4	Approval of Annual Report			
5	Approval of Amendment to By-Laws			
6	Appointment of Isla Lipana & Co. as External Auditor			
7	Election of Directors	**FOR ALL***	**WITHHOLD FOR ALL***	**EXCEPTION**
	*All nominees listed below 1. Mercedita S. Nolledo – Independent (Ind) 2. Corazon S. Dela Paz-Bernardo – Ind. 3. Lydia R. Balatbat-Echauz – Ind. 4. Karl Kendrick T. Chua – Ind. 5. Yin Yong L. Lao 6. John L. Lao 7. Alvin D. Lao *Note:* *To withhold authority to vote for any individual nominee(s) of Management, please mark Exception box and list the name(s) under.*			
8	Ratification of all acts of the Board of Directors and officers beginning June 03, 2024 to date			

In the absence of my proxy, this authority is hereby conferred upon the Presiding Officer of the meeting, provided that this proxy shall stand suspended where I am personally present thereat.

This proxy revokes and supersedes all previous proxies executed by me, and the power and authority herein granted shall be valid for said Stockholders Meeting and Adjournments thereof, unless earlier withdrawn by me with written notice filed with the Corporate Secretary of D&L Industries, Inc.

IN WITNESS WHEREOF, the undersigned has executed this PROXY this _____ of ___________ 2025 in ____________________.

____

Name and Signature of Stockholder/Authorized Representative

VOTING IN *ABSENTIA*

NAME OF STOCKHOLDER : ______________________

NUMBER OF SHARES : ______________________

TELEPHONE NUMBER : ______________________

ADDRESS : ______________________

ITEM NO.	SUBJECT MATTER	ACTION		
		For	**Against**	**Abstain**
3	Approval of Minutes of Previous Meeting			
4	Approval of Annual Report			
5	Approval of Amendment to By-Laws			
6	Appointment of Isla Lipana & Co. as External Auditor			
7	Election of Directors	**FOR ALL***	**WITHHOLD FOR ALL***	**EXCEPTION**
	*All nominees listed below 1. Mercedita S. Nolledo – Independent (Ind) 2. Corazon S. Dela Paz-Bernardo – Ind. 3. Lydia R. Balatbat-Echauz – Ind. 4. Karl Kendrick T. Chua – Ind. 5. Yin Yong L. Lao 6. John L. Lao 7. Alvin D. Lao *Note:* *To withhold authority to vote for any individual nominee(s) of Management, please mark Exception box and list the name(s) under.*			
8	Ratification of all acts of the Board of Directors and officers beginning June 03, 2024 to date			

If I fail to indicate my vote on the foregoing items, it is understood that I shall be considered to have voted in accordance with the recommendation of Management. Management recommends a "FOR ALL" vote for proposal 7, and a "FOR" vote for proposals 1 through 6 and 8.

____

Signature over Printed Name of Stockholder

Date: ______________________

NOMINATION FORM

Please check proper box

______ Nominee for Independent Director (Note: Please submit Certificate of Qualification)
______ Not Nominee for Independent Director

____
Name of Nominee

Citizenship: ____________________ Age: _________ Date of Birth: ____________________

Place of Birth: ______________________ Name of Spouse: ____________________

Residential
Address: ___________________________ Tel. No.: ___________ Cell. No.: __________________

Office
Address: ___________________________ Tel. No.: ___________ Cell. No.: __________________

Educational Background/Attainment:	
Work and/or Business Experience:	
Stockholdings (indicate direct and indirect shares)	

Name of Nominator-Stockholder or Authorized Representative: ______________________________________

Relation of Nominee and Nominator: _____________________________

Conformity and acceptance:

_______________________________ _______________________________
Nominee Nominator

____
Date

Annex "A"

D&L INDUSTRIES, INC.
VIRTUAL ANNUAL STOCKHOLDERS MEETING
GUIDELINES ON ONLINE REGISTRATION, VOTING AND PARTICIPATION

I. REGISTRATION

1. Only DNL stockholders as of 8 May 2025 (Record Date), may register, join and vote in the virtual Annual Stockholders Meeting ("ASM").

2. Stockholders may register online thru the DNL ASM registration portal ("Portal"), which may be accessed at this link **- https://shareholder.dnl.com.ph/**

3. Online registration will be open from 9 May 2025 until 23 May 2025.

4. Provide all the information and supporting documents required through the portal.

    a. Provide valid and active email and contact number of the stockholder and proxy, if any.

    b. Documentary Requirements:

        i. For Individual Stockholders with share recorded in their name
            1. Copy of a valid government-issued ID with photo and signature (front and back)

        ii. For Individual Stockholders under a Broker Account
            1. Copy of a valid government-issued ID with photo and signature (front and back)
            2. Broker's Certification stating the account name and number of shares

        iii. For Corporate Shareholders
            1. Copy of a Secretary's Certificate appointing its representative and attesting to the authority of the representative to vote for and on behalf of the corporate stockholder
            2. Copy of a valid government-issued ID with photo and signature (front and back) of the representative
            3. If under a Broker Account, Broker's Certification stating the account name and number of shares

        iv. For Stockholders under joint account
            1. Letter of authority signed by all joint stockholders, identifying who among them is authorized to cast the vote for the joint account
            2. Submit requirements per i, ii and iii above, as may be applicable
            3. Copy of valid government-issued ID with photo and signature (front and back) of each joint stockholder

        v. For Stockholders who will appoint s proxy
            1. Copy of a duly accomplished proxy form (submit on or before 23 May 2025)
            2. Regarding the stockholder, submit requirements per i, ii, iii and iv above, as may be applicable
            3. Copy of a valid government-issued ID with photo and signature (front and back) of the proxy, except if the proxy is the Chairman or President of DNL or the presiding officer of the ASM

vi. For Stockholders who will vote in absentia
  1. Requirements per i, ii, iii and iv above, as may be applicable
  2. Duly accomplished ballot for voting in absentia

c. Ensure that the photo and signature in the ID submitted are clearly displayed.

d. Files uploaded should be in JPEG format with a file size of not more than 2MB.

5. All stockholders who registered shall be subjected to a verification process. Only those who have been verified will receive the meeting link and log-in credentials via email.

6. DNL reserves the right to ask for additional requirements.

II. PARTICIPATION

1. Stockholders may join the ASM on 2 June 2025 at 9 o'clock in the morning through the meeting link and log-in credentials to be sent by email after registration and verification.

2. Stockholders may comment or raise questions via the chat box or raise hand function. To ensure an orderly meeting, stockholders are encouraged to send in their questions in advance to dnlcorsec1@dnl.com.ph. Relevant questions will be answered during the ASM.

3. The ASM will be recorded and the recording will be made available on the company website.

III. VOTING

1. In all items for approval except election of directors, each share of stock entitles its registered owner to one vote.

2. In case of election of directors, each stockholder may vote such number of shares for as many persons as there are directors to be elected or he may cumulate said shares and give one nominee as many votes as the number of directors to be elected multiplied by the number of his shares equal, or he may distribute them on the same principle among as many nominees as he shall see fit, provided that the whole number of votes cast by him shall not exceed the number of shares owned by him multiplied by the whole number of directors to be elected.

3. Stockholders participating in the ASM may cast their votes: 1) in advance by sending their votes on the agenda items, with the stockholder's name and number of shares, by email to dnlcorsec1@dnl.com.ph on or before 7 o'clock in the morning of 2 June 2025; or 2) during the meeting by typing the name of the stockholder and vote in the chat box.

4. Votes will be tabulated by DNL's stock transfer agent and verified by the external auditor.

5. Stockholders who are unable to join the ASM or appoint a proxy may vote in absentia by signifying this option in the Portal and accomplishing and uploading the accomplished vote form on or before 23 May 2025.

For any questions or inquiries, including request for assistance in the registration process, please email us at asm_registration@dnl.com.ph.

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 20-IS
INFORMATION STATEMENT
of
D&L INDUSTRIES, INC.

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 **D&L INDUSTRIES, INC.**

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

4. SEC Identification Number **44852**

5. BIR Tax Identification Code **000-421-957-000**

6. **65 Calle Industria, Bagumbayan, Quezon City** **1110**
   Address of principal office Postal Code

7. Registrant's telephone number, including area code **(02) 8635-0680**

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

   Date : June 2, 2025
   Time : 9:00 AM
   Place : Virtual Meeting; Via remote communication in accordance with SEC rules and Company's By-Laws; Meeting link and log-in credentials to be sent to the stockholder via email upon successful registration

9. Approximate date on which the Information Statement is first to be sent or given to security holders

   Not later than May 9, 2025 (Note: Per SEC's Notice posted on its website on March 12, 2025, the Company is permitted to make available this Information Statement on the company website and PSE Edge in lieu of physical distribution.)

10. ***In case of Proxy Solicitations:***

Name of Person Filing the Statement/Solicitor: ***N/A***

Address and Telephone No.: ***N/A***

11. 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: **Common Stock, P1 par value**
No. of Shares of Common Stock Issued and Outstanding: **7,142,857,990 Shares***

**Reported by stock transfer agent as of March 31, 2025*

Amount of Debt Outstanding: P21,090,267,652 (as of December 31, 2024)

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

Yes _/_____ No _____

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

A total of 7,142,857,990 common shares are listed in the Philippine Stock Exchange.

INFORMATION REQUIRED IN INFORMATION STATEMENT

A. GENERAL INFORMATION

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

(a) The annual stockholders' meeting of D&L Industries, Inc. will be held on:

Date : June 2, 2025
Time : 9:00 a.m.
Place : Virtual Meeting; Via remote communication in accordance with SEC rules and Company's By-Laws; Meeting link and log-in credentials to be sent to the stockholder via email upon successful registration

The complete mailing address of the principal office of the registrant is:

#65 Calle Industria
Bagumbayan
Quezon City, Metro Manila.

(b) Approximate date when the Information Statement is first to be sent to security holders: not later than **May 9, 2025**

Item 2. *Dissenters' Right of Appraisal*

A stockholder has a right to dissent and demand payment of the fair value of his share: (i) in case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholders or class of shares or of authorizing preferences over the outstanding shares or extending or shortening the term of corporate existence; (ii) in case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets; (iii) in case of merger or consolidation, and (iv) in case of investment of corporate funds for any purpose other than the primary purpose of the corporation.

The appraisal right may be exercised by a stockholder who has voted against the proposed corporate action, by making a written demand to the Company within thirty (30) days after the date on which the vote was taken for the payment of the fair market value of his shares.

There are no matters or proposed actions as specified in the attached Notice of Annual Meeting that may give rise to a possible exercise by shareholders of their appraisal rights or similar right as provided in the Title X of the Revised Corporation Code of the Philippines.

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

(a) No director, nominee for election as director, associate of the nominee or executive officer of the Company at any time since the beginning of the last fiscal year has had any substantial interest, direct or indirect, by security holdings or otherwise, in any of the matters to be acted upon in the meeting, other than election to office.

(b) None of the incumbent directors has informed the Company in writing of an 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) Number of Shares Outstanding as of March 31, 2025: 7,142,857,990 common shares

Number of Votes entitled: One (1) vote per share

(b) All stockholders of record at the close of business on May 8, 2025 are entitled to notice and to vote at the Annual Stockholders' Meeting.

(c) In case of election of directors, each stockholder may vote such number of shares for as many persons as there are directors or he may cumulate said shares and give one nominee 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 on the same principle among as many nominees as he shall see fit, provided that the whole number of votes cast by him shall not exceed the number of shares owned by him multiplied by the whole number of directors to be elected.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

(1) Security Ownership of Certain Record and Beneficial Owners

As of March 31, 2025, the beneficial owners of more than five (5) percent of any class of the Company's voting securities are as follows:

Title of Class	***Name, address of record owner and relationship with issuer***	***Name of Beneficial Owner & Relationship w/ Record Owner***	***Citizenship***	***No. of Shares Held***	***Percent (1)***
Common	Jadel Holdings Co., Inc. (2) 65 Calle Industria, Bagumbayan, Quezon City Stockholders	n/a	Filipino	3,930,114,072	55.02%

Common	PCD Nominee Corp (Non-Filipino) G/F Makati Stock Exchange, Ayala Avenue, Makati City	Standard Chartered Bank	Foreign	366,102,423	5.13%

Note: (1) *Percentage is based on total number of shares issued – 7,142,857,990*

(2) *Figures are based on the report rendered by the stock transfer agent; Jadel Holdings has yet to decide on who will vote the shares and what voting mode it will exercise*

(2) ***Security Ownership of Management***

The following table shows the security ownership of the Company's senior management as of March 31, 2025

Title of Class	Name of Beneficial Owner	Position	Citizenship	Amount and Nature of Beneficial Ownership (1) - Balance as of 12/31/2024	Total Acquisition and Disposal for Y2025		Amount and Nature of Beneficial Ownership (1) -Balance as of 3/31/2025		% to Total Outstanding
				0	-		0	(D)	0.00%
Common	Dean L. Lao	Chairman Emeritus	Filipino	1,123,660	-		1,123,660	(I)	0.02%
					-		0	(D)	0.00%
Common	Leon L. Lao	Member, Advisory Board	Filipino	2,010,493	-		2,010,493	(I)	0.03%
				32,579,888	-		32,579,888	(D)	0.46%
Common	Alex L. Lao	Member, Advisory Board	Filipino	9,705,812	-		9,705,812	(I)	0.14%
				5,000	-		5,000	(D)	0.00%
Common	Yin Yong L. Lao	Chairman	Filipino	12,827,571	-		12,827,571	(I)	0.18%
				54,987,202	-		54,987,202	(D)	0.77%
Common	John L. Lao	Vice Chairman	Filipino	15,375,185	-		15,375,185	(I)	0.22%
				100,000	-		100,000	(D)	0.00%
Common	Mercedita S. Nolledo	Independent Director	Filipino	600000	-		600,000	(I)	0.01%
Common	Corazon S. de la Paz-Bernardo	Independent Director	Filipino	100	-		100	(D)	0.00%
				5,000			5,000	(D)	0.00%
Common	Lydia R. Balatbat - Echauz	Independent Director	Filipino	139,500	50,000	A	189,500	(I)	0.00%
Common	Karl Kendrick T. Chua	Independent Director	Filipino	100	-		100	(D)	0.00%
				6,786,300	-		6,786,300	(D)	0.10%
Common	Alvin D. Lao	President & Chief Executive Officer	Filipino	6,367,288	100,000	A	6,467,288	(I)	0.09%
				1,140,000			1,140,000	(D)	0.02%
Common	Dean A. Lao, Jr.	President and CEO, CTI	Filipino	3,219,057	90,000	A	3,309,057	(I)	0.05%
				1,123,000	-		1,123,000	(D)	0.02%
Common	Lester A. Lao	President and CEO, FIC and DLPC	Filipino	42,748,874	-		42,748,874	(I)	0.60%
				5,848,000	-		5,848,000	(D)	0.08%
Common	Vincent D. Lao	President and CEO, Oleo-Fats, Inc.	Filipino	2,751,520	(200,000)	D	2,551,520	(I)	0.04%
				823,000	-		823,000	(D)	0.01%
Common	Franco Diego Q. Lao	CFO, Treasurer, & Chief Compliance Officer	Filipino	22,266,142	-		22,266,142	(I)	0.31%
				340,000	-		340,000	(D)	0.00%
Common	Kristine Catindig-Ong	Corporate Secretary	Filipino	126,000	-		126,000	(I)	0.00%
				676,000	-		676,000	(D)	0.01%
Common	Ainslee Anne T. Lao	Assistant Corporate Secretary	Filipino	21,981,559	-		21,981,559	(I)	0.31%
				470,000	-		470,000	(D)	0.01%
Common	Crissa Marie U. Bondad	Investor Relations Manager	Filipino	233,800	50,000	A	283,800	(I)	0.00%

Acquisition (A), Disposal (D)

Percentage is based on total number of shares issued of 7,142,857,990

Note: (1) Indirectly owned shares are attributable to the individual Lao family member's direct (D) and indirect (I) interests in the following companies, which are principal stockholders of the Company

Name of Company	No. of shares in the Company	% to Total Outstanding
Jadel Holdings Co., Inc.	4,488,787,296	62.84%
SmartWorks Trading Co., Inc.	153,533,498	2.15%
Allvee United, Inc.	95,524,564	1.34%
Jadana, Inc.	115,521,710	1.62%
Prime Spin, Inc.	95,651,296	1.34%
CEE Industries, Inc.	146,128,498	2.05%
Hansevian, Inc.	4,090,000	0.06%

(3) <u>Material Information on the current stockholders and their voting rights</u>[1]

The stockholders of record as of May 8, 2025 and their respective shareholdings are listed in Appendix 5 hereof.

Each stockholder shall, in every meeting of stockholders, be entitled to one vote for each share of the capital stock held by the stockholder, in person, by proxy duly appointed or *in absentia*, as herein provided and except in cases in which it is by statute, charter or by the By-laws, otherwise provided, a majority of the votes cast by the stockholders present in person, *in absentia* or by proxy at any meeting shall be sufficient for the adoption of any resolution.

In case of election of directors, each stockholder may vote such number of shares for as many persons as there are directors or he may cumulate said shares and give one nominee 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 on the same principle among as many nominees as he shall see fit, provided that the whole number of votes cast by him shall not exceed the number of shares owned by him multiplied by the whole number of directors to be elected.

There is no other material information on the current stockholders and their voting rights.

[1] In compliance with Section 49 of the Revised Corporation Code.

Item 5. ***Directors and Key Officers***

The incumbent Directors and Executive Officers of the Company are as follows:

Advisory Board Members

Name	Age	Nationality	Position
Dean L. Lao	86	Filipino	Chairman Emeritus
Leon L. Lao	82	Filipino	Member, Advisory Board
Alex L. Lao	79	Filipino	Member, Advisory Board

Directors, Executive Officers, and Key Officers of wholly-owned subsidiaries:

Name	Age	Nationality	Position
Yin Yong L. Lao	72	Filipino	Chairman
John L. Lao	70	Filipino	Director and Vice Chairman
Alvin D. Lao	53	Filipino	Director, President and Chief Executive Officer
Mercedita S. Nolledo	84	Filipino	Independent Director
Corazon S. de la Paz-Bernardo	84	Filipino	Independent Director
Lydia R. Balatbat-Echauz	77	Filipino	Independent Director
Karl Kendrick T. Chua	46	Filipino	Independent Director
Franco Diego Q. Lao	46	Filipino	CFO, Treasurer, Compliance Officer
Dean A. Lao, Jr.	57	Filipino	President and CEO, Chemrez Technologies
Lester A. Lao	56	Filipino	President and CEO, FIC and DLPC
Vincent D. Lao	51	Filipino	President and CEO, Oleo-Fats, Incorporated
Kristine Ann C. Catindig-Ong	43	Filipino	Corporate Secretary
Ainslee Anne T. Lao	34	Filipino	Assistant Corporate Secretary

	2022	2023	2024
Percentage of independent directors	57%	57%	57%
Percentage of women on the board	43%	43%	43%

As a policy, the Board sets the schedule of Board meetings prior to the start of the calendar year. For 2024, the Board met six (6) times. The record of attendance of the directors at the meetings of the Board of Directors held during 2024 is as follows:

Board	**Name**	**Date of Election**	**No. of Meetings Held during the year**	**No. of Meetings Attended**	**%**
Chairman	Yin Yong L. Lao	06-03-24	6	6	100
Member	John L. Lao	06-03-24	6	6	100
Member	Alvin D. Lao	06-03-24	6	6	100
Independent	Mercedita S. Nolledo	06-03-24	6	6	100
Independent	Corazon S. de la Paz-Bernardo	06-03-24	6	6	100
Independent	Lydia R. Balatbat-Echauz	06-03-24	6	6	100
Independent	Karl Kendrick T. Chua	06-03-24	6	6	100

There were six (6) meetings of the Board of Directors for the year 2024, which were held on the following dates: Feb. 28, May 7, June 3 (special), June 3 (Org.), Aug. 12 and Nov. 5. All the seven (7) directors were in attendance in all the said board meetings.

The record of attendance of the directors at the meetings of the Board Committees held during 2024 is as follows:

<table>
<tr><th>Board Committee</th><th>Members</th><th>No. of Meetings Held during the year</th><th>No. of Meetings Attended</th><th>%</th></tr>
<tr><td rowspan="4">Audit Committee</td><td>Corazon de la Paz-Bernardo</td><td>4</td><td>4</td><td>100%</td></tr>
<tr><td>Mercedita S. Nolledo</td><td>4</td><td>4</td><td>100%</td></tr>
<tr><td>Lydia Balatbat-Echauz</td><td>4</td><td>4</td><td>100%</td></tr>
<tr><td>Karl Kendrick T. Chua</td><td>4</td><td>4</td><td>100%</td></tr>
<tr><td colspan="5">There were four (4) meetings of the Audit Committee for the year 2024, which were held on the following dates: Feb. 28, May 7, Aug. 12 and Nov. 5. All the four (4) members were in attendance in all the said audit committee meetings.</td></tr>
<tr><td rowspan="2">Corporate Governance Committee</td><td>Mercedita S. Nolledo</td><td>2</td><td>2</td><td>100%</td></tr>
<tr><td>Corazon de la Paz-Bernardo</td><td>2</td><td>2</td><td>100%</td></tr>
</table>

	Lydia Balatbat-Echauz	2	2	100%
	Yin Yong L. Lao	2	2	100%
There were two (2) meetings of the Corporate Governance Committee for the year 2024, which were held on the following dates: April 22 and Oct. 18. All the four (4) members were in attendance in all the said CG committee meetings.				
Risk Oversight and Sustainability Committee	Lydia Balatbat-Echauz	2	2	100%
	Corazon de la Paz-Bernardo	2	2	100%
	Karl Kendrick T. Chua	2	2	100%
	John L. Lao	2	2	100%
	Alvin D. Lao	2	2	100%
There were two (2) meetings of the Risk Oversight and Sustainability Committee for the year 2024, which were held on the following dates: April 22 and Oct. 18. All the five (5) members were in attendance in all the said Risk committee meetings.				
Non-Executive Directors without any executive present	Mercedita S. Nolledo	2	2	100%
	Corazon de la Paz-Bernardo	2	2	100%
	Lydia Balatbat-Echauz	2	2	100%
	Yin Yong L. Lao	2	2	100%
	John L. Lao	2	2	100%
	Karl Kendrick T. Chua	2	2	100%
There were two (2) meetings of the NED for the year 2024, which were held on the following dates: May 7 and Nov. 5. All the five (5) members were in attendance in all the said NED meetings.				

As a policy, materials for meetings are sent to the directors at least five (5) business days in advance.

The following are the periods of service and a brief description of the business experience during the past five years of the incumbent directors and executive officers of the Company:

Yin Yong L. Lao, 72, Filipino, is the Chairman of the Company, having been a Director since July 1971 and having previously served as President. He is a Director as well as President and Chief Executive Officer of LBL Prime Properties Incorporated, Anonas LRT Property and Dev't Corp., Hotel Acropolis, Inc., Star Anise Properties Corporation and Ecozone Properties, Inc. Yin Yong is also a Trustee of the Association of Petrochemical Manufacturers of the Philippines. He also serves as a director of the following: Aero-Pack Industries, Inc., Chemrez Technologies, Inc., Chemrez Product Solutions, Inc., First in Colours, Incorporated, Oleo-Fats, Incorporated, Palmera Resources, Inc., Malay Resources, Inc., First Batangas Industrial Park, Inc., Color-Chem Corp., North Mactan Industrial Corporation, LBL Land Corporation and Jadel Holdings Co., Inc. He graduated from the Ateneo de Manila University with a Bachelor of Arts degree in General Studies.

John L. Lao, 70, Filipino, is the Vice Chairman of the Company, having been a Director since July 1971. He previously served as the President until August 2016. He is currently the President of Aero-Pack Industries, Inc. His other directorships include North Mactan Industrial Corporation, Chemrez Technologies, Inc., Chemrez Product Solutions, Inc., First in Colours, Incorporated, D&L Polymer & Colours, Inc., D&L Powder Coating, Inc., Oleo-Fats Incorporated, Best Value Factory Outlet Corp., Malay Resources, Inc., Palmera Resources, Inc., LBL Prime Properties Incorporated, Ecozone Properties, Inc., Anonas LRT Property and Dev't Corp., Hotel Acropolis, Inc., Star Anise Properties Corporation, First Batangas Industrial Park, Inc., Color-Chem Corp., LBL Land Corporation, Natura Aeropack Corporation and Jadel Holdings Co., Inc. John obtained his B.S. in Business Administration from the University of the East.

Alvin D. Lao, 53, Filipino, became a Director and President and Chief Executive Officer of the Company in August 2016. He also serves as a Director of Axis REIT, a REIT (real estate investment trust) listed in Malaysia. He is the Vice President of the Technology Club of the Philippines (Philippine alumni of the Massachusetts Institute of Technology) and past president of the Entrepreneurs Organization (EO, Philippine Chapter). He is a current member of the Financial Executives Institute of the Philippines (FINEX), Akademyang Filipino, and Management Association of the Philippines. He is also the Executive Vice President and Treasurer of LBL Prime Properties Incorporated and Ecozone Properties, Inc. His other directorships include: First in Colours, Incorporated, D&L Polymer & Colours, Inc., FIC Marketing, Inc., FIC Tankers Corporation, Palmera Resources, Inc., Anonas LRT Property and Dev't Corp., Ecozone Properties, Inc., and Hotel Acropolis, Inc. and Star Anise Properties Corporation. He was previously a faculty member of the De La Salle University Graduate School of Business. He graduated from the University of Western Australia with a Bachelor of Science in Information Technology (Honours) and Statistics. He also holds a Master's degree in Business Administration from the MIT Sloan School of Management.

Mercedita S. Nolledo, 84, Filipino, has been an independent director of the Company since April 2016. She also serves currently as a Director and/or officer in various capacities for BPI Foundation, Inc., Ayala Land Commercial REIT, Inc., Anvaya Cove Beach & Nature Club, Michigan Holdings, Inc. and Sonoma Properties, Inc.. Mrs. Nolledo obtained a B.S. in Business Administration and Accountancy (Magna Cum Laude and class valedictorian) and a Bachelor of Laws (LI.B degree – cum laude and class valedictorian) from the University of the Philippines. She placed 2nd in both the Certified Public Accountant exams and bar exams in 1960 and 1965, respectively.

Corazon de la Paz-Bernardo, 84, Filipino, has been an independent director of the Company since April 2017. She headed the Social Security System from 2001 to 2008 as President and CEO. Prior to this, she built a successful career as a certified public accountant at Joaquin Cunanan & Co (PriceWaterhouseCoopers Philippines) from 1967 to 2001 where she was the Chairman and Senior Partner of the firm from 1981 to 2001. She was also the first non-European President of the International Social Security Association from 2004 to 2010. She continues to be an independent director or trustee of other companies including Roxas & Co., Republic Glass Holdings Corp., University of the East, University of the East RMMMCI, Del Monte Philippines, Phinma Education Holdings Inc. and FINEX Foundation, Inc.

She is an adviser to the board of BDO Unibank, Inc. and adviser to the audit committee of PLDT. She was honored by the Institute of Corporate Directors (ICD) as an honorary member last November 30, 2023. Mrs. de la Paz-Bernardo is a graduate of the University of the East (Magna Cum Laude) and obtained first place in the 1960 CPA board examination. She obtained her MBA from the Cornell University Johnson School of Management as a Fulbright grantee and UE scholar.

Lydia Balatbat-Echauz, 77, Filipino, has been an independent director of the Company since April 2017. She has more than three decades of leading the country's top schools. She served as President of publicly listed Far Eastern University from 2002 to 2012. Previous to this, she was Associate Director at the Graduate School of Business, Ateneo de Manila University until 1985 and Dean of the Graduate School of Business, De La Salle University from 1986 to 2002. Her expertise extends beyond the academe as she also sits on the board of several companies which include Meralco, Shell Pilipinas Corp., SM Foundation, Inc., Henry Sy Foundation, Inc., Riverside College, Inc., NBS Educational Services, Inc., Mano Amiga Academy, Inc., FERN Realty Corporation, Museo del Galeon, Inc. and Akademyang Filipino Association, Inc.

Karl Kendrick Chua, 46, Filipino, has been an independent director of the Company since June 2023. He is a director of the Bank of the Philippine Islands, BPI Direct Banko, LH Paragon, Inc., AC Ventures, Inc., AC Infrastructure Holdings, Corporation, AC Industrial Technology Holdings Inc. He is also a board adviser in Golden ABC, Inc. He was a former Secretary of the National Economic and Development Authority and Undersecretary for Strategy, Economics, and Results at the Department of Finance. He was a senior official in the Government of the Philippines for six years. As Secretary of Socioeconomic Planning and Chief Economist of the country, he provided strategic leadership on economic policy during the Covid-19 pandemic and the further liberalization of key sectors of the economy. He also oversaw the implementation of the national ID program. As Undersecretary in the Department of Finance, he led the technical team in the passage of the Comprehensive Tax Reform Program and the Rice Tariffication Law. Prior to joining the government, he was with the World Bank for 12 years and was the senior economist for the Philippines. He graduated from the Ateneo De Manila University in 2000 with a degree in B.S. Management Engineering. He earned his M.A. Economics (2003) and Ph.D. Economics (2011) from the University of the Philippines, and recently studied data science at the Asian Institute of Management. In 2018, he was recognized as one of the Ten Outstanding Young Men of the Philippines (TOYM) for economic development.

Dean L. Lao, 86, Filipino, is the Co-founder and Chairman Emeritus of the Company, having previously served as Chairman and President of the Company from 1971 to 2013. He now sits on the Advisory Board of the Company since 2017. He was the founder of the various companies belonging to the Lao Family which include FIC Marketing, Inc. (1986), Oleo-Fats, Incorporated (1988), Corro-Coat, Inc (1990), Aero-Pack Industries, Inc. (1990), First in Colors, Incorporated (1991), and Chemrez Product Solutions, Inc. (1991). He currently serves as Director of the following companies: Aero-Pack Industries, Inc., Chemrez Product Solutions, Inc., First in Colours, Incorporated, Oleo-Fats, Incorporated, Malay Resources, Inc., FIC Tankers Corporation, LBL Prime Properties Incorporated, Ecozone Properties, Inc., First Batangas Industrial Park, Inc., Color-Chem Corp., North Mactan Industrial Corporation, LBL Land Corporation and Jadel Holdings Co., Inc. Dean obtained his B.S. in Chemical Engineering from the Polytechnic Colleges of the Philippines.

Leon L. Lao, 82, Filipino, is the co-founder of D&L Industries, Inc. Having previously served the Company in various capacities (Director, Chairman, President and Chief Operating Officer), Leon Lao now sits on the Advisory Board of the Company since 2017. He currently serves as the Chairman of First in Colors, Incorporated and D&L Polymer & Colours, Inc., and Director of Aero-Pack Industries, Inc., Chemrez Product Solutions, Inc., Chemrez Technologies, Inc., First in Colours, Incorporated, Oleo-Fats Incorporated, Malay Resources, Inc., LBL Prime Properties Incorporated, Ecozone Properties, Inc., First Batangas Industrial Park, Inc., Color-Chem Corp., North Mactan Industrial Corporation, LBL Land Corporation and Jadel Holdings Co., Inc. Leon obtained his B.S. in Chemical Engineering from the Polytechnic Colleges of the Philippines.

Alex L. Lao, 79, Filipino, is a member of the Advisory Board of the company. He was a Director of the Company from 1971 to 2017. He has also been a Director of other subsidiaries and affiliates of D&L Industries. He previously served as Alternate Director of Axis REIT, a real estate investment trust listed in Malaysia. Mr. Lao is also a Director of the following: Aero-Pack Industries, Inc., Chemrez Product Solutions, Inc., First in Colours, Incorporated, Oleo-Fats Incorporated, Malay Resources, Inc., Palmera Resources, Inc., LBL Prime Properties Incorporated, First Batangas Industrial Park, Inc., Anonas LRT Property and Dev't Corp., Hotel Acropolis, Inc., Star Anise Properties Corporation, Color-Chem Corp., North Mactan Industrial Corporation, LBL Land Corporation and Jadel Holdings Co., Inc. Alex obtained his B.S. in Chemical Engineering from the Polytechnic Colleges of the Philippines.

Franco Diego Q. Lao, 46, Filipino, was appointed as the Chief Financial Officer, Treasurer and Chief Compliance Officer of the Company on May 4, 2021. He has 21 years of experience with the group. Immediately before his appointment as CFO, he was the Finance Director of Oleo-Fats, Incorporated since February 2021. He was the Group Supply Chain Director for D&L Industries from 2017 to 2020. Before that, he was Supply Chain Manager from 2010-2016, Product Manager from 2006 to 2009 and Product Representative from 2000-2006 of Oleo Fats. He currently serves as Director of the following companies: D&L Polymer & Colours, Inc., Best Value Factory Outlet Corp., D&L Premium Foods Corp., Natura Aeropack Corporation and FIC Marketing, Inc. He holds a Bachelor of Commerce major in Accounting and Marketing degree from the University of Western Australia.

Dean A. Lao, Jr., 57, Filipino, is the President and CEO of Chemrez and Natura. He is also a member of the Management Committee of D&L Industries. He serves as Director of D&L Polymer & Colours, Inc., FIC Marketing, Inc., FIC Tankers Corporation, Anonas LRT Property and Dev't Corp., Hotel Acropolis, Inc. and Star Anise Properties Corp. He is currently the Chairman of the United Coconut Association of the Philippines, Director of the ASEAN Oleochemical Manufacturing Group, President of the Philippine Oleochemical Manufacturers Association, President of The Philippine Biodiesel Association and member of the Wallace Business Forum, Chemical Industries Association of the Philippines, Philippine Association of Paint Manufacturers and the Entrepreneurial Organization, Philippine Chapter. He graduated from Curtin University in Western Australia with a Bachelor of Business in Information Processing after completing his freshman year at the Ateneo de Manila University in the Philippines with a BA in Interdisciplinary Studies. He also completed the Advanced Management Program of Harvard Business School.

Lester A. Lao, 56, Filipino, is the President and CEO of First in Colours, Incorporated and D&L Polymer & Colours, Inc. and a member of the Management Committee of D&L Industries. He also serves as Director of First in Colours, Incorporated, D&L Polymer & Colours, Inc., FIC Marketing, Inc., Anonas LRT Property and Dev't Corp., and Hotel Acropolis, Inc. and Star Anise Properties Corporation. He finished his Bachelor of Applied Science (Information Business) in Edith Cowan University Australia.

Vincent D. Lao, 52, Filipino, is the President and CEO of Oleo-Fats, D&L Premium Foods Corp. and FIC Tankers Corporation and a member of the Management Committee of D&L Industries. He also serves as the President of Best Value Factory Outlet Corp. and FIC Tankers Corporation. He was previously Assistant Trader at Shuwa Co. Ltd. in Japan from 1994 to 1995. He also serves as Director of D&L Polymer & Colours, Inc., Oleo-Fats, Incorporated, FIC Marketing, Inc., Anonas LRT Property and Dev't Corp., Star Anise Properties Corporation and Hotel Acropolis, Inc. He graduated from the University of Western Australia with a Bachelor of Arts in Economics and Japanese Studies.

Kristine Ann C. Catindig-Ong, 43, Filipino, is the Corporate Secretary of the Company, Corporate Information Officer and Corporate Legal Counsel of the Company. She is likewise the Corporate Secretary of Chemrez Technologies, Inc. and Chemrez Product Solutions, Inc., and Assistant Corporate Secretary of the following subsidiaries: Oleo-Fats, Incorporated, D&L Polymer & Colours, Inc., First in Colours, Incorporated and Aero-Pack Industries, Inc. She is a lawyer with a juris doctor degree from the Ateneo School of Law and a member of the Integrated Bar of the Philippines.

Ainslee Anne T. Lao, 34, Filipino, is the Assistant Corporate Secretary of the Company. She also serves as Director and Corporate Secretary of D&L Premium Foods Corp., Natura Aeropack Corporation and Jadel Research Center, Incorporated. She is likewise the Assistant Corporate Secretary of the following subsidiaries: Oleo-Fats, Incorporated, D&L Polymer & Colours, Inc., First In Colours, Incorporated, Aero-Pack Industries, Inc., Chemrez Product Solutions, Inc., Chemrez Technologies, Inc. and Palmera Resources, Inc. She also serves as Chief Financial Officer of the following: LBL Prime Properties Incorporated, Anonas LRT Property and Dev't. Corporation, Ecozone Properties, Inc., Hotel Acropolis, Inc., LBL Land Corporation, Malay Resources, Inc. and Star Anise Properties Corporation. She holds a Bachelor of Arts degree in History and a Master's degree in International Business from the University of London.

Training[2]

A newly elected director is required to undergo an orientation on the businesses of the Company at the start of his or her tenure. The director is expected to complete a tour of all the facilities of the Company and receive briefing from the different business segments as regards the products and operations.

All the above-named directors and officers attend an annual corporate governance seminar conducted in-house. For 2024, the Company organized the seminar entitled, *"THE PHILIPPINES AT A CRITICAL JUNCTURE: RISKS, OPPORTUNITIES AND IDEAS FOR THE NEXT 10 YEARS* which was held virtually on November 5, 2024 via Google Meet.

[2] In compliance with Section 49 of the Revised Corporation Code

Term of Office

The Company's Articles of Incorporation provide for the election of seven (7) directors to serve for a term of one year. The directors are elected at each annual meeting of the stockholders by the stockholders entitled to vote. Unless he resigns, dies or is removed, each director holds office until the next annual election and until his successor is duly elected.

The Board of Directors

As of date, the nominees for election to the Board of Directors on June 2, 2025 are as follows:

1. MERCEDITA S. NOLLEDO, Independent Director
2. CORAZON S. DE LA PAZ-BERNARDO, Independent Director
3. LYDIA R. BALATBAT-ECHAUZ, Independent Director
4. KARL KENDRICK T. CHUA, Independent Director
5. JOHN L. LAO, Director
6. YIN YONG L. LAO, Director
7. ALVIN D. LAO, Director

A brief profile of the nominees are provided in Appendix 4 hereof.

The incumbent Independent directors of the Company are:

1. MERCEDITA S. NOLLEDO, Filipino
2. CORAZON S. DE LA PAZ-BERNARDO, Filipino
3. LYDIA R. BALATBAT-ECHAUZ, Filipino
4. KARL KENDRICK T. CHUA, Filipino

The following are the nominees for election as directors and independent directors of the Board of Directors on June 2 2025:

Nominee for Director (a)	Person/Group Recommending Nomination (b)	Relation of (a) and (b)
Yin Yong L. Lao	Kristine Ann Catindig-Ong	None
John L. Lao	Donnabelle W. Chua	None
Alvin D. Lao	Marife M. Maddawin	None
Mercedita S. Nolledo	Trisha Marcelo	None
Corazon S. de la Paz-Bernardo	Crissa Bondad	None
Lydia R. Balatbat-Echauz	Ramon Taniola	None
Karl Kendrick T. Chua	Cristina Santos	None

The independent directors have certified that they possess all the qualifications and none of the disqualifications provided for in the SRC (see their respective Certificates of Qualification attached here as Appendix 4-1).

In approving the nominations for independent directors, the Corporate Governance Committee, assuming the functions of the Nominations Committee, took into consideration the guidelines and procedures on the nomination of independent directors prescribed in SRC Rule 38. The Corporate Governance Committee is composed of Atty. Mercedita S. Nolledo, as Committee Chairperson and Dir. Corazon S. de la Paz-Bernardo, Dr. Lydia R. Balatbat-Echauz and Mr. Yin Yong L. Lao, as Committee members.

All the nominees for election to the Board of Directors satisfy the mandatory requirements specified under the provisions of Section 15, Article IV of the Company's By-Laws. Moreover, after due evaluation by the Committee, it was determined that the qualifications of the nominees are aligned with the company's strategic directions.

Important Note:
SEC Memorandum Circular (MC) No. 24-2019 set the term limit of the independent directors to a maximum of nine (9) years. In case the company wants to retain an independent director who has served for nine (9) years, the board of directors should provide meritorious justification and seek the approval of shareholders during the annual shareholders' meeting.

Atty. Mercedita S. Nolledo Engr. will reach her ninth (9th) year as Independent Director of the Company on June 6, 2025. In accordance with the SEC MC No. 24-2019, the Board seeks the reelection of Atty. Nolledo as Independent Director for the term 2025-2026 given the following reasons:

1. Atty. Nolledo has extensive experience in leading companies with diverse businesses having held directorial roles in several of the top conglomerates in the Philippines. Given her educational background and professional experience, she provides valuable insights into leading the Company to achieve its aspirations of becoming a global market player.

2. Atty. Nolledo has consistently shown integrity and probity. The Board is confident that she will be able to maintain her independence despite being an independent director of the Company for almost nine years.

FAMILY RELATIONSHIPS

Mr. Dean L. Lao, Mr. Leon L. Lao, Mr. Alex L. Lao, Mr. Yin Yong L. Lao and Mr. John L. Lao are brothers. Mr. Dean A. Lao, Jr. and Mr. Lester A. Lao are sons of Mr. Dean L. Lao. Mr. Alvin D. Lao and Mr. Vincent D. Lao are sons of Mr. Leon L. Lao. Ainslee Anne T. Lao and Franco Diego Q. Lao are the children of Mr. Alex L. Lao.

There are no family relationships between the current members of the Board of Directors and key officers other than the above.

DIRECTORS DISCLOSURES ON SELF DEALING AND RELATED PARTY TRANSACTIONS[3]

There were no transactions with directors that are not in the ordinary course of business of the Company.

Details of the Related Party Transaction are discussed under Notes 1 (General Corporate Information) and 18 (Related Party Transaction) of the Notes to the Consolidated Financial Statements of the Company for the year ended 2024. The related party transactions have been evaluated and executed on a fair and arm's length basis, in accordance with Company's policies and under what the Company believes to be terms and conditions as may reasonably obtained from non-related third parties.

LEGAL PROCEEDINGS

None of the directors and officers have been involved in any bankruptcy proceeding, nor have they been convicted by final judgment in any criminal proceeding, or been subject to any order, judgment, or decree of competent jurisdiction, permanent or temporarily enjoining, barring, suspending, or otherwise limiting their involvement in any type of business, securities, commodities or banking activities, or found in action by any court or administrative bodies to have violated a securities of commodities law, for the past five (5) years up the latest date.

As of date of this report, the Company is not a party to any litigation or arbitration proceedings of material importance, which could be expected to have a material adverse effect on the Company or on the results of its operations. No litigation or claim of material importance is known to be pending or threatened against the Company or any of its properties.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Details of the Related Party Transaction are discussed under Notes 1 (General Corporate Information) and 18 (Related Party Transaction) of the Notes to the Consolidated Financial Statements of the Company for the year ended 2024. The related party transactions have been evaluated and executed fairly in accordance with Company's policies and under what the Company believes to be terms and conditions as may reasonably obtained from non-related third parties.

There were no transactions with directors, officers or any principal stockholders (owning at least 10% of the total outstanding shares of the Company) that are not in the ordinary course of business of the Company.

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[3] In compliance with Section 49 of the Revised Corporation Code

<u>APPRAISAL AND PERFORMANCE REPORT FOR THE BOARD; CRITERIA AND PROCEDURE FOR ASSESSMENT</u>[4]

Criteria and Procedure for Assessment

The performance appraisal of the Board and the Board Committees were done through a self-assessment exercise conducted in March 2025. Through self-assessment questionnaires to be accomplished by the directors at the Board level and at the Board Committee level, the directors were asked to provide satisfaction ratings on four key areas: 1) fulfillment of duties and responsibilities; 2) quality of the relationship between board or board committee and management; 3) effectiveness of the processes and meetings of the board or board committees; and 4) performance of the individual member. The directors were to give their satisfaction ratings using the five-point scale:

1 - Strongly Disagree
2 - Disagree
3 - Neither Disagree or Agree
4 - Agree
5 - Strongly Agree

The performance appraisals of the Chairman and President & CEO were likewise done by the members of the Board in March 2025. Using the same five-point scale above, the Chairman and President & CEO were evaluated against six desirable traits of a head of a company: 1) leadership; 2) integrity; 3) diligence; 4) corporate governance; 5) entrepreneurial mindset; and 6) stewardship.

Item 6. ***Compensation of Directors and Executive Officers***

The total annual compensation received by Executive Officers and key senior personnel of the Company and its wholly-owned subsidiaries and affiliates in 2022, 2023 and 2024 amounted to P49,384,255, P51,485,338 and P46,351,115 respectively. The projected total annual compensation for the current year 2025 is P48,668,671. The table below shows the most highly compensated key officers and senior personnel of the Company.

Name	Position	Year	Salary	Bonus	Other Compensation
Alvin D. Lao	President and CEO	2024		-	-
Dean A. Lao, Jr.	President and CEO - Chemrez	2024		-	-
Lester A. Lao	President and CEO - DLPC/FIC	2024		-	-
Vincent D. Lao	President and CEO - Oleo-Fats	2024		-	-
Other Senior Officers		2024		-	-
Total			**P46,351,115**	**-**	**-**

[4] In compliance with Section 49 of the Revised Corporation Code

The following is the remuneration arrangement for directors for each meeting attended:

Board meetings -

- P60,000 for the Chairman of the Board
- P60,000 for each Board member

Board Committee meetings -

- P50,000 for the chairman of the Board Committee
- P40,000 for each member of the Board Committee

Aside from the above-mentioned per diem, each director is given a one-time fee of P500,000. The table below provides the compensation (net of withholding taxes) received by the members of the Board for 2024, given in their capacity as directors:

Name	ANNUAL RETAINER	PER DIEM (BOD MEETING)	PER DIEM (COMMITTEE MEETING)	TOTAL
Yin Yong L. Lao	500,000	270,000	216,000	**986,000**
John L. Lao	500,000	270,000	216,000	**986,000**
Alvin D. Lao	500,000	270,000	72,000	**842,000**
Alex L. Lao	-	270,000	-	**270,000**
Dean L. Lao		270,000	-	**270,000**
Leon L. Lao	-	270,000	-	**270,000**
Corazon S. Dela Paz-Bernardo	500,000	270,000	468,000	**1,238,000**
Karl Kendrick T. Chua	500,000	270,000	360,000	**1,130,000**
Lydia R. Balabat-Echauz	500,000	270,000	450,000	**1,220,000**
Mercedita S. Nolledo	500,000	270,000	414,000	**1,184,000**

Aside from the aforementioned director fees no other compensation is paid to Directors of the Company. Further, the Company does not have any stock option or management incentive plan as part of its current compensation for Directors and officers.

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

(a) Audit and Audit-Related Fees

The Company's independent public accountant is the accounting firm of Isla Lipana & Co. The Company's Audit Committee recommended for approval of the Board the appointment of external auditor for the ensuing year. The stockholders then approved and ratified the appointment of external auditor at the annual stockholder's meeting held on June 3, 2024. Isla Lipana has not expressed any intention to resign as the Company's principal auditor nor has it indicated any hesitance to accept re-election after the completion of their last audit. The stockholders approved the appointment of Isla Lipana & Co. as the Corporation's external auditors for the year 2023- 2024. Isla Lipana is recommended for re-appointment as external auditor for 2024-2025. Representatives of Isla Lipana will be present during the Annual Stockholders Meeting on June 2, 2025 where they will have the opportunity to make a statement, if they wish to do so, and respond to questions, if any.

Pursuant to the General Requirements of the SRC Rule 68, paragraph 3(b) (iv), the Company has engaged Isla Lipana & Co. as external auditor with the following audit engagement partner-in-charge rotation: Mr. Carlos Federico C. de Guzman is the engagement partner in charge of the Company's financial statements for 2023 to 2024, Mr. Roderick M. Danao was the audit engagement partner-in-charge for the Company's financial statement audit in 2018 up to 2022. Ms. Gina S. Detera was the audit engagement partner-in-charge for the Company's financial statement audit in 2017 and 2016.

The aggregate fees billed for each of the last three (3) fiscal years for professional services that are normally rendered by Isla Lipana & Co (formerly Joaquin Cunanan & Co.) for the audit of the company's Annual Financial Statements are the following:

Year	Audit Fees
2022	P5,780,000
2023	P5,870,000
2024	P6,475,000

There are no other assurance and related services by Isla Lipana & Co. that are related to the performance of the audit or review of the Company's Financial Statements.

(b) All Other Fees

Isla Lipana & Co. was engaged to provide a Comfort Letter covering financial information for the years 2017 to 2020 in line with the Company's Bond Issuance in 2021, for which fees in the amount of P1,528,000 were paid by the Company to the Isla Lipana & Co. Aside from this, there are no aggregate fees billed in each of the last three (3) fiscal years of Isla Lipana & Co. other than the services reported under item (a) above.

(c) Audit Committee's Approval Policies and Procedures

The Audit Committee is composed of Dir. Corazon S. de la Paz-Bernardo, as Chairperson (Independent Director), Atty. Mercedita S. Nolledo (Independent Director), Dr. Lydia R. Balatbat-Echauz (Independent Director) and Mr. Karl Kendrick Chua (Independent Director).

The Audit Committee meets on a regular basis to:

a) Assist the Board in the performance of its oversight responsibility for the financial reporting process, system of internal control, audit process, and monitoring of compliance with applicable laws, rules and regulations;

b) Provide oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risks of the corporation;

c) Perform oversight functions over the corporation's internal and external auditors. It should ensure that the internal and external auditors act independently from each other, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions;

d) Review the annual internal audit plan to ensure its conformity with the objectives of the corporation. The plan shall include the audit scope, resources and budget necessary to implement it;

e) Prior to the commencement of the external audit, discuss with the external auditor the nature, scope and expenses of the audit, and ensure proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts;

f) Establish an internal audit function, and consider the appointment of an independent internal auditor and the terms and conditions of its engagement and removal;

g) Monitor and evaluate the adequacy and effectiveness of the corporation's internal control system, including financial reporting control and information technology security;

h) Review the reports submitted by the internal and external auditors;

i) Review the quarterly, half---year and annual financial statements before their submission to the Board, with particular focus on the following matters:

- Any change/s in accounting policies and practices
- Major judgmental areas
- Significant adjustments resulting from the audit
- Going concern assumptions
- Compliance with accounting standards
- Compliance with tax, legal and regulatory requirements

j) Coordinate, monitor and facilitate compliance with laws, rules and regulations;

k) 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 corporation's overall consultancy expenses. The 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. The non-audit work, if allowed, should be disclosed in the corporation's annual report; and

l) Establish and identify the reporting line of the Internal Auditor to enable him to properly fulfill his duties and responsibilities. He shall functionally report directly to the Audit Committee. The Audit Committee shall ensure that, in the performance of the work of the Internal Auditor, he shall be free from interference by outside parties.

Item 8. ***Compensation Plans***

There are no matters or actions to be taken up in the meeting with respect to any stock option or management incentive plan pursuant to which cash or non-cash compensation will be paid or distributed.

C. ISSUANCE AND EXCHANGE OF SECURITIES

Item 9. ***Authorization or Issuance of Securities Other than for Exchange***

There are no matters or actions to be taken up in the meeting with respect to authorization or issuance of securities.

Item 10. ***Modification or Exchange of Securities***

There are no matters or actions to be taken up in the meeting with respect to the modification of any class of the Company's securities or the issuance of authorization for issuance of one class of the Company's securities in exchange for outstanding securities of another class.

Item 11. ***Financial and Other Information***

The audited financial statements as of December 31, 2024, Management's Discussion and Analysis, Market, Price of Shares and Dividends and other data related to the Company's financial information (Form 17-A) are attached hereto as Appendix 1.

Pursuant to SRC Rule 68, as amended, the Company's SEC 17-Q Reports for the quarterly period ended March 31, 2025 is likewise incorporated by reference, attached hereto as Appendix 2, presenting the unaudited interim financial statements as of March 31, 2025, Management's Discussion and Analysis and other data related to the Company's financial information for the first quarter of 2025.

Market for Issuer's Common Equity

The Company's common shares are traded on the First Board of the Philippine Stock Exchange. The common shares were listed on December 12, 2012. The following table shows the high and low prices of the Company's shares in the Philippines Stock Exchange for each quarter within the last two fiscal years and for the first quarter of 2024:

In Php	2025		2024		2023	
	High	**Low**	**High**	**Low**	**High**	**Low**
First Quarter	6.21	5.20	7.00	6.15	8.73	7.50
Second Quarter			6.40	5.96	8.39	6.88
Third Quarter			6.78	5.78	7.41	6.07
Fourth Quarter			6.82	5.99	6.52	5.98

Source: Bloomberg

The market capitalization of the Company's common shares as of May 7, 2025, based on the closing price of P5.76 per share was P41,142,862,022.

Compliance with leading practice on Corporate Governance

The Company has a Manual on Corporate Governance which aids the Company in monitoring and assessing the level of the Company's compliance with practices on good corporate governance, which are consistent with the relevant Philippine laws and regulations. With the aid of its committees, the Board of Directors shall be primarily responsible for the governance of the Company and shall, hence, ensure compliance with the principles of good corporate governance.

The Company's Manual on Corporate Governance outlines specific investor's rights and protections and enumerates particular duties expected from the Board members, officers and employees. It also features a disclosure system, which highlights adherence to the principles of transparency, accountability and fairness. A compliance officer is tasked with the formulation of specific measures to determine the level of compliance with the Manual by the Board members, officers and employees. There are no known material deviations from the Company's Manual of Corporate Governance.

For compliance with leading practices on corporate governance, please refer to the latest i-ACGR which can be accessed through the Company's website at this link: https://dnl.com.ph/wp-content/uploads/2024/05/2023-Integrated-Annual-Corporate-Governance-Report-I-ACGR-PSE.pdf . The Company will submit its I-ACGR covering the year 2024 on or before the deadline set by the SEC.

In addition, the Company has a Code of Business Principles (CoBP) which encapsulates the Company's general policies relative to its stakeholders. The CoBP contains policies on customer's welfare, dealing with suppliers and the government, whistle blowing, community welfare, the environment and sustainable development and employee welfare. The COBP can be accessed through the Company's website at this link: https://dnl.com.ph/wp-content/uploads/2019/02/DnL-Code-of-Business-Principles.pdf. The Company's programs for employee health, safety and welfare and training and development are presented in the ACGR.

The Company is taking further steps to enhance adherence to principles and practices of good corporate governance.

Item 12. ***Mergers, Consolidations, Acquisitions and Similar Matters***

There are no matters or actions to be taken up in the meeting with respect to merger, consolidation, acquisition by, sale or liquidation of the Company.

Item 13. ***Acquisition or Disposition of Property***

There are no matters or actions to be taken up in the meeting with respect to acquisition or disposition of any property by the Company.

Item 14. ***Restatement of Accounts***

The accounting policies adopted are consistent with those of the previous financial year.

D. OTHER MATTERS

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

The approval of the following will be considered and acted upon at the stockholders' meeting:

(a) Minutes of the annual meeting of stockholders held on June 03, 2024 (Appendix 3)
(b) Annual Report of the Company together with the Audited Financial Statement for the year ended December 31, 2024 (Appendix 1)

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

There are no actions to be taken up in the meeting with respect to any matter which is not required to be submitted to a vote of security holders.

Item 17. ***Amendment of Charter, Bylaws or Other Documents***

Approval by the stockholders will be sought to amend Article III, Section 3 and Article IV, Section 6 of the Corporation's By-Laws to allow notice of regular or special meeting of the shareholders and notice of meeting of the Board of Directors, respectively, to be sent also via electronic mail.

Article and Section Nos.	From	To
Article III – STOCKHOLDERS **Section 3**	Section 3. Notice of Meetings. Notice of regular or special meetings to the stockholders may be given in either one of the following ways: (a) By mailing to each stockholders not less than fifteen (15) days prior to the date set for each meeting a notice written or printed advising him of the day, hour and place of the meeting. In all cases where the registered address of the stockholder is outside the territorial limits of the Philippines, notices shall be sent by airmail. (b) By publication in a newspaper of general circulation published in Manila not less than fifteen (15) days prior to the date set for the meeting, which advertisement shall state the day, hour and place of the meeting. Provided, nevertheless, that in case the address of a registered address of the stockholder is outside the territorial limits of the Philippines, notices shall be sent by airmail not less that fifteen (15) days prior to the date of the meeting shall be sent to said stockholder. No failure or irregularity of notices of any regular or special meeting at which	Section 3. Notice of Meetings. Notice of regular or special meetings to the stockholders may be given in either one of the following ways: (a) By mailing***, whether by physical or electronic mail,*** to each stockholder not less than fifteen (15) days prior to the date set for each meeting a notice written or printed advising him of the day, hour and place of the meeting. In all cases where the registered ***physical*** address of the stockholder is outside the territorial limits of the Philippines, notices shall be sent by airmail ***or electronic mail; or*** (b) By publication in a newspaper of general circulation published in Manila not less than fifteen (15) days prior to the date set for the meeting, which advertisement shall state the day, hour and place of the meeting. Provided, nevertheless, that in case the address of a registered address of the stockholder is outside the territorial limits of the Philippines, notices shall be sent by airmail not less that fifteen (15) days prior to the date of the meeting shall be sent to said stockholder***; or*** ***(c) By any other means allowed by law.*** No failure or irregularity of notices of any regular or special meeting at which all the stockholders are present or re-presented and voting without protest shall invalidate such

	all the stockholders are present or represented and voting without protest shall invalidate such meeting or any proceeding thereat. No notice other than by verbal announcement need be given of any adjourned meetings of stockholders.	meeting or any proceeding thereat. No notice other than by verbal announcement need be given of any adjourned meetings of stockholders.
Article IV – BOARD OF DIRECTORS **Section 6**	Section 6. Notice of Meetings. No notice of regular meetings of the Board need be given. Notice of place, day and hour of every special meeting shall be given to each Director at least five (5) days before the meeting, by delivering the same to him personally, or by sending the same to him by telegraph, facsimile or via electronic transmission, or by leaving the same at his residence or usual place of business, or, in the alternative, upon fifteen (15) days notice, by mailing it, postage prepaid, and addressed to him at his last known mailing address, according to the records of the corporation. It shall not be requisite to the validity of any meeting of the Board of Directors, that notice thereof shall have been given to any Director who attends, or to any Director who, in writing, executed and filed with the records of the meeting either before or after the holding thereof, waives such notice. No notice of adjourned meeting of the Board of Directors need be given. All regular and special meetings shall be general meetings, that is to say, open for the transaction of any business within the powers of the Corporation without special notice of such business, except in cases in which special notice is required by law, by these By-Laws, or by the call of such meeting.	Section 6. Notice of Meetings. No notice of regular meetings of the Board need be given. Notice of place, day and hour of every special meeting shall be given to each Director at least five (5) days before the meeting, by delivering the same to him personally, or by sending the same to him by ***electronic mail,*** telegraph, facsimile or via electronic transmission, or by leaving the same at his residence or usual place of business, or, in the alternative, upon fifteen (15) days notice, by mailing it, postage prepaid, and addressed to him at his last known mailing address, according to the records of the corporation***, or any other means allowed by law.*** It shall not be requisite to the validity of any meeting of the Board of Directors, that notice thereof shall have been given to any Director who attends, or to any Director who, in writing, executed and filed with the records of the meeting either before or after the holding thereof, waives such notice. No notice of adjourned meeting of the Board of Directors need be given. All regular and special meetings shall be general meetings, that is to say, open for the transaction of any business within the powers of the Corporation without special notice of such business, except in cases in which special notice is required by law, by these By-Laws, or by the call of such meeting.

Item 18. ***Other Proposed Action***

The following are to be proposed for approval during the stockholders' meeting:

(a) Appointment of External Independent Auditors; and
(b) Election of the Members of the Board of Directors for the ensuing year
(c) Ratification of all acts of the Board of Directors and officers beginning June 03, 2024 to date.

The matters acted upon or approved by the Board of Directors, its Committees, and Management include –

(i) constitution of board committees and appointment of chairmen and members and lead independent director;
(ii) appointment of officers;
(iii) appointment of authorized representatives and signatories;
(iv) ratification of the actions of the board committees;
(v) approval of contracts, agreements transaction made in the ordinary course of business;
(vi) treasury matters; and
(vii) acts and resolutions covered by disclosures to the Securities and Exchange Commission and Philippine Stock Exchange.

(d) Approval and ratification of the Renewal of the Management Agreements between the Company and its subsidiaries and affiliates.

Item 19. ***Voting Procedures***

1. Manner of Voting

Method: Straight and Cumulative Voting

In all items for approval except election of directors, each share of stock entitles its registered owner to one vote.

In case of election of directors, each stockholder may vote such number of shares for as many persons as there are directors to be elected or he may cumulate said shares and give one nominee as many votes as the number of directors to be elected multiplied by the number of his shares equal, or he may distribute them on the same principle among as many nominees as he shall see fit, provided that the whole number of votes cast by him shall not exceed the number of shares owned by him multiplied by the whole number of directors to be elected.

2. Vote required for approval

Unless a different requirement is imposed by the Corporation Code and other relevant laws, the vote of stockholders representing at least a majority of the issued and outstanding capital stock entitled to vote is required.

3. Methods of Counting Votes

Each share shall be counted as one (1) vote.

The votes will be tabulated by the stock and transfer agent and verified by the accounting firm of Isla Lipana & Co (formerly Joaquin Cunanan PricewaterhouseCoopers).

UPON THE WRITTEN REQUEST OF A STOCKHOLDER, THE COMPANY UNDERTAKES TO FURNISH SAID STOCKHOLDER A COPY OF THE COMPANY'S ANNUAL REPORT ON SEC FORM 17-A AND THE LATEST QUARTERLY REPORT ON SEC FORM 17-Q, FREE OF CHARGE. ANY WRITTEN REQUEST FOR A COPY OF SEC FORM 17-A AND 17-Q SHALL BE ADDRESSED TO:

D&L Industries, Inc.
65 Calle Industria, Bagumbayan,
Quezon City, Philippines 1110
Attention: Ms. Crissa Bondad

SIGNATURE PAGE

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 Quezon City on May 8, 2025.

By: ______________________________

ALVIN D. LAO
PRESIDENT/CEO

D&L Industries Inc.
List of Top 20 Shareholders
as of 3/31/2025

No.	Name	No. of shares held	% to total outstanding
1	JADEL HOLDINGS CO., INC.,	3,930,114,072	55.02%
2	PCD NOMINEE CORPORATION (FILIPINO)	1,657,660,059	23.21%
3	PCD NOMINEE CORPORATION (NON-FILIPINO)	796,652,257	11.15%
4	SMARTWORKS TRADING CO., INC.,	153,533,498	2.15%
5	CEE INDUSTRIES INC.,	146,128,498	2.05%
6	JADANA INC.,	115,521,710	1.62%
7	ALLVEE UNITED, INC.,	95,524,564	1.34%
8	PRIME SPIN INC.,	91,146,296	1.28%
9	JOHN L. LAO	32,993,601	0.46%
10	ALEX L. LAO	32,579,888	0.46%
11	JOHN LEE LAO	21,993,601	0.31%
12	VINCENT D. LAO ITF LORENZO VINCE TAN LAO	5,025,000	0.07%
13	EMILY CHUA CATIENZA	4,520,000	0.06%
14	LAO ALVIN DIM AND/OR LAO JOHANNA SY	4,025,000	0.06%
15	HANSEVIAN , INC.	3,760,000	0.05%
16	IVIE MAE DIM LAO	3,125,000	0.04%
17	YVETTE ANN DIM LAO ITF KYLE ZACHARY LAO CHUA-UNSU	3,012,500	0.04%
18	YVETTE ANN DIM LAO ITF STELLA KATHLYN LAO CHUA-UNSU	3,012,500	0.04%
19	YVONNE KEH	2,402,900	0.03%
20	BENIYA ANTOINETTE CHUA CATIENZA	2,110,000	0.03%
	Total	7,104,840,944	99.47%

APPENDIX 1

COVER SHEET

4 4 8 5 2

D & L INDUSTRIES INC

(Company's Full Name)

65 CALLE INDUSTRIA

BAGUMBAYAN QUEZON CITY

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

KRISTINE ANN CATINDIG-ONG	8635-0680
Contact Person	Company Telephone Number

1 2 / 3 1	SEC Form 17-A as of December 31, 2024	0 6 / 0 3
Month Day Fiscal Year	FORM TYPE	Month Day Annual Meeting

Secondary License Type, if Applicable

C F D	
Dept. Requiring this Doc.	Amended Articles Number/Section

Total Amount of Borrowings

234	P 21,090,267,652	-
Total No. of Stockholders	Domestic	Foreign

To be accomplished by SEC personnel concerned

File Number

LCU

Document I.D.

Cashier

Stamps

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A, *AS AMENDED*

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: **December 31, 2024**

2. Commission identification number: **44852**

3. BIR Tax Identification No: **000-421-957-000**

4. Exact name of issuer as specified in its charter**: D&L Industries, Inc.**

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: **65 Calle Industria, Bagumbayan, Quezon City** Postal Code: **1110**

8. Issuer's telephone number, including area code: **(02) 8635 0680**

9. Former name, former address and former fiscal year: **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, P1 par value**
    No. of Shares of Common Stock Issued and Outstanding: **7,142,857,990 Shares***

    **Reported by stock transfer agent as of December 31, 2024*

    Amount of Debt Outstanding**: P21,090,267,652 (as of December 31, 2024)**

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:

    Philippine Stock Exchange; A total of 7,142,857,990 shares of common stock with par value of P1.00 each.

12. Check whether the issuer:

(a) Has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder or Sections 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 the registrant was required to file such reports)

Yes [**√**] No [ ]

(b) Has been subject to such filing requirements for the past one hundred eighty (90) days. Yes

[**√**] No [ ]

13. Aggregate market value of the voting stock held by non-affiliates of the registrant:

The aggregate market value of the 1,940,411,318 voting stock held by non-affiliates (public shares) as of December 31, 2024 computed based on the closing share price of P6.09 on the last trading day of the year was P11,623,063,795.

TABLE OF CONTENTS

PART I - BUSINESS AND GENERAL INFORMATION

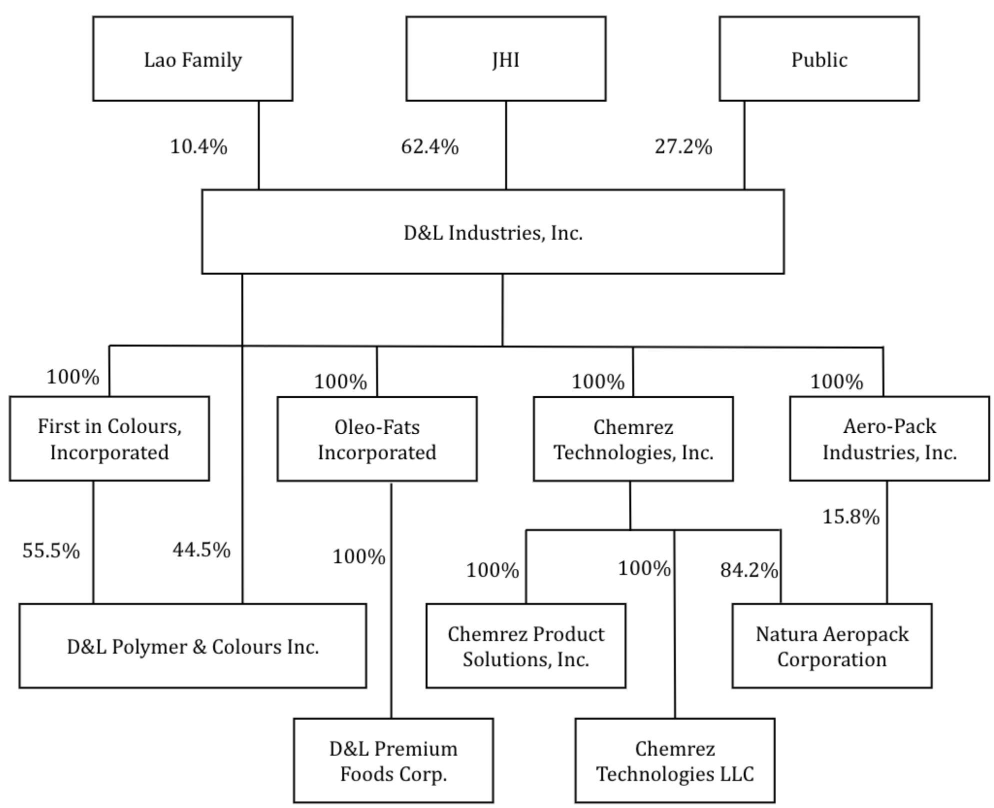
Item 1. Business

The Company

D&L Industries, Inc. (the "Company" or "D&L") was incorporated on July 27, 1971. The Company is a publicly listed company, which is 72.8% beneficially owned by the Lao family and 27.2% by the public. The Company's registered office address and principal place of business is 65 Calle Industria, Bagumbayan, Quezon City.

The Company is the holding company for a group of companies engaged in product customization and specialization for the food, chemicals, plastics and consumer products ODM (Original Design Manufacturing) industries. The company's principal business activities include manufacturing of customized food ingredients, oleochemicals for personal and home care use, and specialty raw materials for plastics. It also renders management and other services to subsidiaries and affiliate companies. It was officially listed on the Philippine Stock Exchange (PSE) on December 12, 2012.

The following diagram shows the corporate structure of the Company, excluding beneficial ownership of securities held by the Lao family members. As of December 31, 2024, the Company is 62.4% owned by Jadel Holdings Co., Inc. (JHI) and 10.4% owned by the Lao Family. The remaining 27.2% of the shares outstanding are publicly held.



D&L's major subsidiaries and their corresponding dates of incorporation with the SEC are as follows:

Subsidiary / Affiliate	Date of incorporation
Oleo-Fats, Incorporated (OFI)	May 04, 1987
Chemrez Product Solutions, Inc. (CPSI)	November 16, 1988
First in Colours, Incorporated (FIC)	November 17, 1988
Chemrez Technologies, Inc. (CTI)	June 01, 1989
Aero-Pack Industries, Inc. (API)	September 29, 1989
D&L Polymer & Colours, Inc. (DLPC)	March 30, 2006
Natura Aeropack Corporation (NAC)	July 20, 2016
D&L Premium Foods Corp. (DLPF)	June 29, 2017
Chemrez Technologies LLC (CT LLC)	June 30, 2022

Overview of the Business

The Company today is principally a holding company, which derives the majority of its income from subsidiaries engaged in four principal business lines, as set out below:

- *Food ingredients* – The Company, operating through its subsidiary Oleo-Fats, Incorporated (OFI) and D&L Premium Foods Corp (DLPF), manufactures a line of bulk and specialty fats and oils, culinary and other specialty food ingredients. The Company contract manufactures and provides food ingredient products to most of the leading food manufacturers and quick-service restaurant chains in the Philippines, and also produces food safety solutions such as cleaning and sanitation agents for various customers.

- *Oleochemicals, resins and powder coatings* – The Company, through Chemrez Technologies, Inc. (CTI) and its subsidiaries Chemrez Product Solutions, Inc. (CPSI) and Natura Aeropack Corporation (NAC), focuses on developing, manufacturing, and supplying high value customized resins, oleochemicals, and specialty products that are sustainable and cost-efficient, while enabling customers to build bigger markets. Its customer base includes many industries such as biofuels, personal and home care, health and nutrition, and construction industries. CTI and CPSI serve local and international customers.

- *Colorants and plastics additives* – The Company, operating through its subsidiaries First in Colours, Inc. (FIC) and D&L Polymer and Colours, Inc. (DLPC), develops and manufactures innovative plastic solutions that make plastics aesthetically appealing, functional, and sustainable. The group's products are mainly classified as plastic colorants, additive masterbatches, and engineered polymers. Plastic colorants give plastics precise coloring and special effects mainly used for brand and product identification. Additive masterbatches add functional features to plastics such as higher processability, antimicrobial properties, and anti-static properties. Meanwhile, engineered polymers are plastic compounds that have improved mechanical and thermal properties that make them ideal for films, bottles, furniture, appliances, electronic and automotive parts, etc. Lastly, the group offers sustainable options such as compostable plastics, biodegradable plastics, bio-based plastics, recycled compounds, and upcycled materials.

- *Consumer Products ODM* – The Company, operating through its subsidiary Aero-Pack Industries, Inc. (API), and Natura Aeropack Corp., (NAC), is a full original design manufacturer (ODM) and original equipment manufacturer (OEM) that offers customized aerosols and non-aerosols products to other businesses across different industries such as home care, personal care, and maintenance chemicals. The Company offers a full turnkey solution from product formulation to design, packaging, production, and delivery to customers. It is the first and the biggest aerosol manufacturing company in the Philippines with almost all of its sales coming from the domestic market.

Principal Products, Markets and Revenue Contribution

Food Ingredients

The Company, through OFI and DLPF, markets and distributes a line of bulk edible oils and specialty food ingredients. The Company believes that it is the leading manufacturer of bulk and specialty fats and oils and other food ingredients in the Philippines. It serves customers across the food and beverage industry, including manufacturers of instant noodles and snack food, dairy and culinary, food service, biscuits and confectionery and bakeries, as well as domestic and international quick-service restaurant chains. The Company also serves as a contract manufacturer of food ingredient products for certain customers. The Company's product line has expanded to thousands of varieties of food ingredients, including specialty fats, dry and liquid mixes, and specialty condiments, driven by its ability to create customized products according to its customers' requirements.

In addition to food ingredients and oils, the Company provides food safety solutions and services such as customized cleaning and sanitation systems designed and manufactured to meet the needs of customers. All of the Company's food safety solutions are supported by professional and technical services.

Oleochemicals, Resins, and Powder Coatings

The Company, through Chemrez Technologies, Inc. (CTI) and its subsidiary Chemrez Product Solutions, Inc. (CPSI), and through NAC, focuses on developing, manufacturing, and supplying high value customized resins, oleochemicals, and specialty products that are sustainable and cost-efficient, while enabling customers to build bigger markets. Its customer base covers industries such as personal and home care, biofuels, health and nutrition and construction. CTI and CPSI serve both local and international customers.

Oleochemicals – CME/biodiesel

Under its Oleochemicals division, Chemrez manufactures commodity biodiesel and high margin oleochemicals.

Biodiesel accounts for about half of the revenues of the Oleochemicals business. The company's biodiesel facility is implementing an integrated management system that is certified to ISO 9001, ISO 45001, and ISO 14001. It is the pioneer continuous-process methyl ester facility in the Philippines. The said facility and coco-biodiesel products are accredited with the Department of Energy (DOE) and registered with the Board of Investments with pioneer status.

Chemrez serves as a major contributor to the National Biofuels Program under RA 9367, otherwise known as the Biofuels Act of 2006. The national mandate for biodiesel blend is currently at three percent (3%, B3). This was recently increased from two percent (2%, B2) last October 1, 2024. The DOE intends to further increase the mandated blend to four percent (4%, B4) effective October 1, 2025 then to five percent (5%, B5) effective October 1, 2026.

The Company is one of the DOE-accredited biodiesel producers in the country. The Company believes that its commitment to excellence in quality, delivery, and cost competitiveness would allow it to be a primary domestic supplier of choice by oil companies and institutional buyers. The extensive quality management systems of the Company and its investments in logistics infrastructure and supply chain management were designed to help assure the continuous bulk supply of compliant biodiesel to local oil companies and generate cost efficiencies that are passed on to its customers.

While biodiesel accounts for about half of the revenues of the Oleochemicals business, high margin oleochemicals account for the majority of the gross profit given that its margins are higher than that of biodiesel. Products under high margin oleochemicals include Glycerin and other Coconut Methyl Ester (CME) derivatives which are used mainly as surfactants or foaming agents for many personal and home care products. Chemrez also manufactures and sells medium-chain triglyceride (MCT) oil derived from coconut oil. Products under this segment are sold principally in the export markets. As part of the Company's strategy to grow its CME exports, Chemrez continues to develop new applications of CMEs to expand its product and market base. Through the use of pioneering process technology, products that have high export potential have been recently developed.

Other Specialty Chemicals

The Company has a solid record of experience and expertise in the manufacture and marketing of powder coating, resins, and other specialty resin-based chemicals.

- Powder coatings are protective materials applied to metal and other surfaces through an electrostatic coating process to provide resistance against heat, weather and UV light, and certain chemicals. It is used in home appliances, metal furniture, fixtures and fittings, mechanical parts, tools and equipment and also in the construction industry.
- Resins are polymerized or chemically modified substances, which are manufactured in a variety of technical specifications to suit specific industry uses, end-user applications, and customer requirements. It includes polystyrene resins for the plastics industry, polymer emulsions for the paint industry, and polyester resins for the construction, shipping, and furniture industries.
- Other specialty resin-based chemicals consist of additives, colorants, and solvents.

The Company has maintained its market leadership in powder coatings and resins through competitive pricing, consistent quality, and the ability to offer product customization and provide on-site after-sales technical support to customers. The Company also continues to invest in research and development to develop new powder coating and resin products with improved and innovative features. It competes mainly against importers and traders.

The Company attributes its strong market position to several factors. Its operating scale allows it to manufacture products at highly competitive costs. Beyond price competition, the Company has established long-standing relationships with its customers. These partnerships allow the Company to respond quickly to customer requirements and offer newer and better products out of its extensive efforts and achievements in research and development.

Colorants and Plastics Additives

The Company, through its subsidiaries FIC and DLPC, manufactures custom designed and formulated pigment blends, color and additive masterbatches and engineered polymers for a wide range of applications in the plastics industry. FIC focuses on the domestic market, while DLPC focuses primarily on the export market.

The Company believes it has the longest history in the Philippine plastics color and compound industries, and its brands have been trusted by customers for over 50 years for their color concentrate requirements for films, tapes, moldings, wires and cables, high-end fibers and other engineered polymers. The Company at various times has entered into technical assistance agreements with select international partners to increase its expertise in terms of research and development. Also, the Company works with customers to create color products and solutions that best represent the customer's products in the market, with research showing that a product's color and appearance are key factors in a consumer's buying decision and a critical element in the successful marketing of products. The state-of-the-art technology used by the Company has given end-user customers a broad range of color choices and forms.

The Company also provides additives for plastics processed by customers that enable reduced production costs or add desirable features and properties to plastics. Appropriate filler additives can reduce production costs by substituting polymers with relatively inert and inexpensive materials that make the end product cheaper by weight. Filler additives may also increase the performance of a plastic by modifying its properties, as additives contribute a wide range of properties to plastic products. For example, additives can make plastic products biodegradable and compostable. Additives can also lower the flammability of plastics used in household items, reduce friction between plastic parts, or increase a plastic's resistance to degradation caused by light sources for items such as outdoor furniture.

In addition to providing colorants or additives to customers for their own processing, the Company also provides custom engineered polymers, or engineered polymers, designed to have the precise color and properties required by the customer. Custom compounded products are delivered as plastic pellets to the customer's production plant for conversion into end-use products.

The Company also offers its customers toll compounding services. Toll compounding services enable customers to offer specialty compounds branded with their own label. Customers may take advantage of the Company's extensive engineering and manufacturing experience to handle production and logistics, increasing their effective manufacturing capacity without incurring expansion costs.

Consumer Products Original Design Manufacturing

The Company, operating through its subsidiary Aero-Pack Industries, Inc. (API), and NAC, is a full original design manufacturer (ODM) and original equipment manufacturer (OEM) that offers customized aerosols and non-aerosols products to other businesses across different industries such as home care, personal care, and maintenance chemicals. The Company offers a full turnkey solution from product formulation to design, packaging, production, and delivery to customers. It is the first and the biggest aerosol manufacturing company in the Philippines with almost all of its sales coming from the domestic market.

Management and administration

D&L maintains significant operational control of OFI, DLPF, FIC, DLPC, CTI, CPSI, API and NAC as well as of several affiliate companies that provide goods and services complimentary to those provided by the Company, including FIC Marketing, Inc., FIC Tankers Corporation, Consumer Care Products, Incorporated and LBL Prime Properties Incorporated, among others**,** through a contractual "shared services" model. In particular, D&L Industries provides the following services to its subsidiaries and affiliate companies:

- *Executive Management* - including supervision of all business operations;

- *Administrative Support* - including finance, treasury, accounting, internal audit, human resources, information technology and legal services;

- *Logistics Support* - which includes warehousing, distribution and delivery, transportation fleet management, tank farm management, port clearing and procurement; and

- *Technical Services* - which include research and development, quality control and assurance and use of trademarks. The technical services for all business operations are concentrated in D&L's research and development department, which the Company believes has been a critical driver for the success of each of its business lines.

D&L maintains its own analytical laboratory that provides technical services and is located in its headquarters in Quezon City, Metro Manila. While D&L continues to provide management services for this facility, specific research, development and application activities are conducted, and expenses are incurred, by OFI, FIC (including DLPC), Chemrez Technologies, and Aero-Pack independently. D&L's and its subsidiaries' research laboratories employ highly qualified chemical engineers, chemists, consultants, technicians and support staff who service the customers of the Company in various industries.

General Operations

- Additional discussion on other business risks are also provided in Note 22 of the 2024 Consolidated Audited Financial Statement of the Company attached herein.

- The Company, in the ordinary course of business, transacts with related parties. These transactions include the purchase/sale of goods and services. Details of the Related Party Transaction are discussed under Notes 18 (Related Party Transaction) of the Notes to the Consolidated Financial Statements of the Company.

- As of December 31, 2024, the Company and its subsidiaries have a total of 1,219 employees. There are ancillary processes however that are serviced by different outsourced providers. None of the employee groups have a collective bargaining agreement. The Company does not expect any significant change in its existing workforce level for 2025.

Management of Key Risks related to the Company

Risks relating to the Philippines

As of end-2024, 70% of the Company's consolidated revenues are domestic. With a substantial portion of its business conducted and all of its assets located in the Philippines, the Company is exposed to risks associated with the Philippines, including political instability, exchange rate fluctuations, and occurrence of natural disasters such as typhoons and earthquakes.

The Company has put contingency plans in place to mitigate both natural and man-made incidents. These include centralized fire protection and disaster prevention systems. The Company also self-insures by maintaining a relatively high level of asset liquidity in the form of cash and cash equivalents and receivables, to protect its businesses against other potential risks. As of end-2024, cash and cash equivalents were 5.9% of the Company's total consolidated assets.

Risk relating to failure to keep up with technological innovation

The Company derives 53% of its consolidated revenues from high margin specialties. These are innovation-driven products, mostly tailor-made to the customer's needs. The higher the level of customization involved, the higher the profitability. Failure to anticipate and meet the requirements of our customers, as well as keep pace with evolving technological innovations in its markets might adversely impact business activities and profitability.

To make sure that the Company can respond effectively and efficiently to market needs, about 16% of its workforce is in the technical department (R&D and IT). These employees pursue various research and development activities, including product development and application, as well as quality assurance.

Risk from volatility in raw material prices

As a manufacturing company, 80% of total costs and expenses are raw materials, primarily palm oil, coconut oil, and other types of vegetable oils, as well as monomers, polymers, and other chemicals. Prices of these raw materials tend to be volatile and the Company's ability to pass on significant changes in the cost of raw materials to customers is largely dependent upon contractual relationships and market conditions.

The Company does not fix the selling price for most of its contracts with customers. Prices for the contracts are reset every 30-45 days on average, enabling the Company to pass on relevant price changes in raw material costs.

Risk from customer concentration

The Company's largest customers account for a sizable portion of the business. The top three largest customers, mostly OFI & CTI customers, accounted for 14% of consolidated revenues in 2024. These customers are large multinational and local corporations. Significant changes in any of these customers' purchases might have material impact on the Company's businesses and profitability.

The products sold to these customers are mostly customized for which the Company is almost the sole supplier, in turn generating a stable base of sales volume for the Company. Nonetheless, cognizant of the risk of customer concentration, the Company continues to work closely with customers in order to get good demand visibility. Part of managing risks associated with customer concentration is assessing such risks against operational and strategic factors including economies of scale and knowledge accumulation.

Risk associated with the identity of the company's controlling shareholders

The Company is effectively controlled by the Lao Family and their interests may differ significantly from the interests of other shareholders.

Through direct and indirect interests, the Lao Family effectively controls the Company and its subsidiaries. Mr. Dean A. Lao, Jr., Mr. Vincent D. Lao, Mr. Lester A. Lao and Mr. Alvin D. Lao, along with other second-generation members of the Lao Family, serve in various capacities as officers and directors of the boards and officers of D&L Industries and its subsidiaries. These positions allow the Lao Family to control shareholder decisions and exercise significant control over decisions of the Board in D&L Industries and each of its subsidiaries.

The Company has a track record of good corporate governance. From the time of its public listing on December 12, 2012, D&L and its key officers have been recognized by certain award-giving bodies as one of the best in the Philippines and the ASEAN region such as those cited below.

Finance Asia, a financial publication in the ASEAN region, named D&L as the country's 3rd best mid-cap company in 2014, best mid-cap company in 2015 and 2016, 2nd best mid-cap company in 2018, and best mid-cap in 2019. D&L also ranked as 7th best in the investor relations category.

New York-based *Institutional Investor* has named D&L as among the Most Honored Companies in ASEAN in 2017, 2019, 2020, 2022, and 2024. The Company's investor relations program, ESG and corporate governance initiatives were likewise recognized as among the best in the country.

The Institute of Corporate Directors (ICD) gave D&L 1-golden arrow recognition in 2019, 2020, 2021, 2022 and 2023. In 2024, D&L received 2-golden arrow recognition from ICD. ICD evaluates companies in five areas: right of shareholders, equitable treatment of shareholders, role of stakeholders, disclosure and transparency, and responsibilities of the Board.

Six of the seven members of the Board of Directors of the Company are non-executive officers, with four independent directors. Independent directors also chair several committees of the Board of directors such as audit, corporate governance, related-party transaction, and risk oversight.

Item 2. Properties

Real Properties

The Company does not own any land and operates an asset-light business model. It leases real property, barges, and storage tanks used in its businesses from related parties LBL Prime Properties Incorporated, Ecozone Properties, Inc., FIC Tankers, Inc., and FIC Marketing, Inc., as well as from other third party lessors. The Company's lease agreements are typically for a period of one to five years and are renewable unless terminated by either party. Lease rates are all on an arm-length basis, and annual escalations are done at reasonable levels. None of the Company's properties used in its operations are subject to any material liens, encumbrances or restrictions of use.

To support the Company's centralized distribution and motor pool functions, the Company owns 73 delivery trucks, with a total capacity of 2,053 MT. The Company also contracted 6 cargo barges owned by affiliates with an aggregate capacity of approximately 10,400 MT.

The company's supply chain facilities are ISO 9001 (quality), ISO 14001 (environmental), ISO 45001 (Occupational Health and Safety) certified which indicate its commitment to excellence in quality, delivery, care for the environment, health and safety of its employees, and cost competitiveness to its customers. In addition, OFI's facility is FSSC 22000 (Food Safety Standard Certification) and HALAL certified.

The Company's analytical laboratory has received accreditation for ISO 17025:2017 Chemical Testing from the Philippine Accreditation Office under the Department of Trade and Industry. This accreditation confirms the lab's commitment to high-quality facilities and personnel, and is valid through April 2, 2029.

Intellectual Properties

The Company believes that all proprietary product names, devices and logos used by the Company and its subsidiaries are registered with or are covered by a pending Application for Registration with the Intellectual Property Office of the Philippines, and have been filed or are owned by the Company.

As of December 31, 2024, the Company and its affiliates hold over 448 trademarks covering a wide range of products such as resins, colorants, foam concentrates, fats and oils, powder coating and biofuel compounds; among others.

Item 3. Legal Proceedings

As of date of this report, the Company is not a party to any litigation or arbitration proceedings of material importance, which could be expected to have a material adverse effect on the Company or on the results of its operations. No litigation or claim of material importance is known to be pending or threatened against the Company or any of its properties.

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

There were no matters submitted during the fourth quarter of the fiscal year covered by this report to a vote of security holders, through the solicitation of proxies or otherwise.

PART II - OPERATIONAL AND FINANCIAL INFORMATION

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

(1) The Company's common shares are traded on the First Board of the Philippine Stock Exchange. The common shares were listed on December 12, 2012. The following table shows the high and low prices (in pesos) of the Company's shares in the Philippines Stock Exchange for the year 2024:

	High	Low
Full Year 2024 (January 01 - December 31)	P7.00	P5.78

Source: Bloomberg

The market capitalization of the Company's common shares as of end-2024, based on the closing price of P6.09 per share was P43,500,005,159.

The last traded price of the Company's shares as of February 27, 2024 was P5.96.

(2) Total shares outstanding as of December 31, 2024 was 7,142,857,990 with a par value of P1.00.

The top 20 shareholders [1] as of the same date are:

1	JADEL HOLDINGS CO., INC.,	3,930,114,072	55.02%
2	PCD NOMINEE CORPORATION (FILIPINO)	1,607,435,579	22.50%
3	PCD NOMINEE CORPORATION (NON-FILIPINO)	848,636,737	11.88%
4	SMARTWORKS TRADING CO., INC.,	153,533,498	2.15%
5	CEE INDUSTRIES INC.,	146,128,498	2.05%
6	JADANA INC.,	115,521,710	1.62%
7	ALLVEE UNITED, INC.,	95,524,564	1.34%
8	PRIME SPIN INC.,	91,146,296	1.28%
9	JOHN L. LAO	32,993,601	0.46%
10	ALEX L. LAO	32,579,888	0.46%
11	JOHN LEE LAO	21,993,601	0.31%
12	VINCENT D. LAO ITF LORENZO VINCE TAN LAO	5,025,000	0.07%
13	EMILY CHUA CATIENZA	4,520,000	0.06%
14	LAO ALVIN DIM AND/OR LAO JOHANNA SY	4,025,000	0.06%
15	HANSEVIAN, INC.	3,760,000	0.05%
16	IVIE MAE DIM LAO	3,125,000	0.04%
17	YVETTE ANN DIM LAO ITF KYLE ZACHARY LAO CHUA-UNSU	3,012,500	0.04%
18	YVETTE ANN DIM LAO ITF STELLA KATHLYN LAO CHUA-UNSU	3,012,500	0.04%
19	YVONNE KEH	2,402,900	0.03%
20	OTHER SHAREHOLDERS	38,367,046	0.54%
		7,142,857,990	100%

Note: [1] Figures are based on the report rendered by the stock transfer agent and exclude shares under the PCD accounts.

Dividends

The Company's current dividend policy provides that at least 50% of its prior year's consolidated recurring net income shall be declared as dividends in favor of the stockholders of record date to be determined by the Board.

The dividends to be received by the stockholders shall be based on the recommendation of the Board after considering factors such as the Company's operating expenses, implementation of business plans, working capital requirements, cash flow position and capital expenditure requirements, as among other factors. The Company's Board of Directors may change the dividend policy at any time, as well as declare special dividends on top of the 50% commitment.

Declaration date	Payment Date	Dividend rate per share	Amount
June 03, 2024	July 03, 2024	P0.209 per share	P1,492,857,320
June 05, 2023	July 14, 2023	P0.3 per share	P2,142,857,397
June 06, 2022	July 15, 2022	P0.24 per share	P 1,714,285,918
June 07, 2021	July 15, 2021	P0.191 per share	P1,364,285,876
September 18, 2020	October 28, 2020	P0.183 per share	P1,307,143,012
June 11, 2019	July 22, 2019	P0.286 per share	P2,042,857,385
June 04, 2018	July 09, 2018	P0.260 per share	P1,857,143,077
July 13, 2017	August 10, 2017	P0.235 per share	P1,678,571,628
June 06, 2016	July 08, 2016	P0.20 per share	P1,428,571,598
June 08, 2015	July 08, 2015	P0.15 per share	P535,714,350
June 02, 2014	June 30, 2014	P0.20 per share	P714,285,799
June 24, 2013	August 19, 2013	P0.15 per share	P535,714,350

Item 6. Management's Discussion and Analysis of Financial Condition, Changes of Financial Conditions and Result of Operations

As at December 31, 2024, 2023 and 2022, the consolidated financial statements include the Company and 100% of its subsidiaries, namely: FIC, DLPC, OFI, API, CTI, CSPI, NAC, DLPF, and CTI LLC.

<u>FY2024 versus FY2023</u>

Results of Operations

- Reported net income available to common shareholders increased by 2% to P2.34 billion in 2024 from P2.3 billion in 2023, or earnings per share of P0.33 versus 2023's P0.32.

- Consolidated revenues of P40.7 billion in 2024 were 21% higher than P33.5 billion in 2023. The increase in revenue was mainly due to higher sales volume.

- Gross profit for the year increased by 9% to P6.3 billion from P5.7 billion in 2023, mainly due to higher sales volume for the year.

- Selling and marketing expenses increased by 43% to P1.6 billion for the period as the company incurred additional operating and marketing expenses related to the commercial operations of its new plant in Batangas.

- General and administrative expenses increased by 2% to P 1.0 billion for the period mainly driven by higher professional fees, contracted services, and taxes and licenses.
- The company booked other operating income of P95 million in 2024 mainly from forex gains and interest income from short term deposits from banks.
- Finance cost increased by 58% y-o-y to P971 million largely due to higher levels and interest rates.
- Income tax expense decreased by 41% to P424 million in 2024.

Segment Operations

Food Ingredients

- The food ingredients division delivered solid volume growth of 33% in FY24. This stellar volume growth drove profitability despite the incremental costs associated with the newly commissioned lines in Batangas. The food ingredients division ended the year with a 15% YoY earnings growth. For 2025, the company sees continued growth especially with the boost coming from election-related spending benefitting the consumer industry in general.
- With its global marketing initiatives and active participation in various world trade shows and conferences, the company has had several successes in gaining new export customers to date. As the new plant ramps up operations, coupled with the improving macroeconomic backdrop and an aggressive export thrust, management is optimistic on the long-term growth potential of this segment.

Oleochemicals and Specialty Oleochemicals

- Things have finally started to improve for Chemrez with total volume up 13% YoY. Despite the incremental expenses coming from the Batangas plant, Chemrez managed to book a 7% YoY earnings growth for the period.
- Chemrez sees a continued recovery into 2025 given a more favorable regulatory environment for biodiesel. The DOE earlier indicated another 1% blend increase to 4% (B4) by October 1, 2025. On the higher margin specialties and export side, Chemrez continues to expand its footprint globally especially with the new capacity and capabilities that the Batangas plant offers.

Specialty Plastics

- The Specialty Plastics division delivered strong results in FY24 with earnings growing by 18% YoY. Total volume for the period was up by 7% YoY while margins were higher by 1.9 ppts YoY. With its strong performance, the plastics division has overtaken both the food ingredients division and Chemrez in terms of net income contribution for the year.
- Improvements in the global auto industry translated to higher demand for engineered polymers for auto wire harness application, which the company manufactures under this division. In addition, there were successful market share grabs during the period, as the company continues

to demonstrate its reliability as a supplier and as it invests in resources to further develop customer relationships.

- In the long run, the company anticipates sustained growth in this segment, driven by its groundbreaking research and development efforts, particularly in enhancing the sustainability of plastics.

Consumer Products ODM

- Following a strong performance in FY23, the Consumer Products ODM segment faced challenges in FY24, with earnings plummeting 51% YoY due to the lingering effects of high inflation and incremental expenses from the Batangas plant. The weakness in this division largely mirrors the cautiousness in the domestic consumer market, as 93% of the segment's sales are concentrated locally. Looking ahead, the company anticipates a rebound as inflation eases and incomes gradually align with higher price levels. Additionally, exports are emerging as a fresh growth driver, now accounting for 7% of total sales—up from nearly zero six years ago—with management expecting this share to steadily increase over the long term.

Key Financial Performance Indicators

	2024	**2023**
Gross Profit margin [a]	15%	17%
Net profit margin [b]	6%	7%
Return on Equity [c]	11%	11%
Current ratio [d]	1.25x	1.25x
Interest cover [e]	4x	6x
Net debt to equity ratio [f]	0.84x	0.68x
Asset-to-Equity ratio [g]	2.22x	2.04x
Book Value per share [h]	3.05	2.92
Return on Invested Capital [i]	9%	10%

[a] Gross Profit/ Revenues
[b] Net Income available to common shareholders/ Revenues
[c] Net Income available to common shareholders/ Shareholders' Equity
[d] Current Assets/ Current Liabilities
[e] Earnings before interest and taxes/ Interest Expense
[f] (Borrowings – Cash)/ Shareholders' Equity
[g] Total Assets/Total Equity
[h] Shareholders' Equity (available to owners of the Parent) / weighted average outstanding number of common shares
[i] Pre-tax income / invested capital (total assets – cash – non-interest bearing liabilities)

Financial Condition

- The Company's current ratio stood at 1.25x in 2024 vs 1.25x in 2023.

- Cash level at the end of 2024 stood at P2.83 billion, unchanged from the end-2023 level.

- Excluding the impact of VAT in the account balances, cash conversion cycle stood at 139 days with Accounts Receivable days, Inventory days, and Accounts Payable days at 53, 107, and 21 respectively.

- Prepayments and other current assets were unchanged at P5.9 billion.

- Net debt to equity ratio in 2024 stood at 84%. Interest cover remains comfortable at 4x. Total borrowings as of end-2024 stood at P21 billion.

- Retained earnings increased by 8% in 2024 to P11.1 billion mainly as a result of net income for the year. Total dividends paid amounted to Php1.5 billion which translated to a 65% payout ratio based on previous year's net income.

- Total equity increased by 4% to P21.8 billion on the back of higher retained earnings.

- As the company moves past peak capex with the completion of its Batangas plant, the company's cash flows FY24 are.
  - Net cash generated by operating activities stood at P48 million.
  - Net cash used in investing activities amounted to P1 billion which was mainly spent on acquisition of property and equipment
  - Net cash from financing activities amounted to P1 billion which mainly went to dividend and interest payments.

<u>FY2023 versus FY2022</u>

Results of Operations

- Reported net income available to common shareholders decreased by 31% to P2.295 billion in 2023 from P3.32 billion in 2022, or earnings per share of P0.32 versus 2022's P0.46.

- Consolidated revenues of P33.50 billion in 2023 were 23% lower than P43.5 billion in 2022. The decrease in revenue was mainly due to lower sales volume as well as lower average selling prices.

- Gross profit for the year decreased by 6% to P5.71 billion from P6.07 billion in 2022, mainly due to lower volume for the year.

- Selling and marketing expenses fell by 4% to P1.11 billion for the period.

- General and administrative expenses increased by 25% % to P 1.01 billion for the period mainly due to higher rental expenses, repairs and maintenance, professional fees and contracted services.

- The company booked other operating income of P34 million in 2023 mainly from interest income from short term deposits from banks.

- Finance cost increased by 160% y-o-y to P613 million largely due to the booking of interest expenses in the income statement that were previously capitalized during the construction period of the new plant in Batangas.

- Income tax expense decreased by 7% to P725 million in 2023.

Segment Operations

Food Ingredients

- Excluding the impact of the incremental expenses from the new plant in Batangas, the food ingredients business showed encouraging results for the period. In FY23, this segment managed to grow its gross profits, which excludes the impact of higher opex and interest expenses from Batangas, by 16% YoY.

- The positive result was mainly driven by a combination of better margins and a pick up in HMSP volumes. With the normalization of commodity prices, the food ingredients business saw its margin recover sharply, increasing by 5.5 ppts in FY23. Meanwhile, HMSP volumes were up 6% YoY.

- Taking into account the incremental expenses from the Batangas plant, net income for the year was down 18% YoY. Looking forward, however, with an improving macroeconomic backdrop and an aggressive export thrust to penetrate new markets, management sees eventual return to earnings growth.

Oleochemicals and Specialty Oleochemicals

- The stellar performance of Chemrez last year with its FY22 earnings growing by 47% YoY set up a high base for this year. However, the confluence of 1) high inflation and weaker consumer spending, 2) incremental expenses from the Batangas plant, and 3) highly competitive landscape in the biodiesel business putting pressure on margins resulted in an earnings decline of 50% YoY in FY23.

- While 2023 proved to be challenging, green shoots have started to emerge. For instance, in the fourth quarter alone, HMSP volume under Chemrez grew by 88% YoY. This was largely driven by the new production from the Batangas plant. In addition, there are several catalysts on the horizon which should support growth. This includes 1) the implementation of a higher biodiesel blend from 2% (B2) to 3% (B3) effective July 01, 2024, 2) additional capabilities with the commercial operations of the Batangas plant that will enable the company to do deeper innovations and manufacture higher value-added products, and 3) the company's aggressive export thrust with the appointment of distributors in key export markets.

Specialty Plastics

- While the specialty plastics division was off to a slow start this year, with earnings falling as much as 20% YoY in the first half of the year, the second half was a turnaround story with second half earnings registering 46% growth from the first half.

- The normalization of semiconductor supply globally has prompted a bounce back in the demand for engineered polymers used for automotive applications. As a result, volumes picked up sharply in 2H23, up 20% YoY. This reversed the 4% volume decline recorded in 1H23, bringing FY volume growth to 7% YoY.

- Over the long term, this division is expected to continue to grow fuelled by the company's R&D investments that are aimed at developing new applications for its products and introducing new technologies that will make plastics more economical and environmentally-friendly at the same time. The company has started to fulfill trial orders for a new alternative to plastics that is equally durable and cost-competitive but is renewable, sustainable, and made from indigenous materials.

Consumer Products ODM

- Consumer Products ODM segment saw its income grow by 12% YoY in FY23. This resulted in the significant increase of the segment's income contribution to the group which stood at 11% for the period from a mere 7% income contribution in full-year 2022. The strong growth was mainly driven by the continued reopening of the economy and the resumption of face-to-face activities which fuelled demand for many personal care products. Total volume for the segment was up 40% YoY.

Key Financial Performance Indicators

	2023	**2022**
Gross Profit margin [a]	17%	15%
Net profit margin [b]	7%	9%
Return on Equity [c]	11%	14%
Current ratio [d]	1.25x	1.51x
Interest cover [e]	6x	24x
Net debt to equity ratio [f]	0.68x	0.45x
Asset-to-Equity ratio [g]	2.04x	1.90x
Book Value per share [h]	2.92	2.67
Return on Invested Capital [i]	10%	12%

[a] Gross Profit/ Revenues
[b] Net Income available to common shareholders/ Revenues
[c] Net Income available to common shareholders/ Shareholders' Equity
[d] Current Assets/ Current Liabilities
[e] Earnings before interest and taxes/ Interest Expense
[f] (Borrowings – Cash)/ Shareholders' Equity
[g] Total Assets/Total Equity
[h] Shareholders' Equity (available to owners of the Parent) / weighted average outstanding number of common shares
[i] Pre-tax income / invested capital (total assets – cash – non-interest bearing liabilities)

Financial Condition

- The Company's current ratio stood at 1.25x in 2023 vs 1.51x in 2022.

- Cash level at the end of 2023 stood at P2.84 billion from P3.25 billion at the end of 2022.

- Excluding the impact of VAT in the account balances, cash conversion cycle stood at 143 days with Accounts Receivable days, Inventory days, and Accounts Payable days at 55, 111, and 24 respectively.

- Prepayments and other current assets increased by 18% to P4.86 billion in 2023 due to input taxes and creditable withholding taxes.

- Net debt to equity ratio in 2023 stood at 68%. Interest cover remains comfortable at 6x. Total borrowings as of end-2023 stood at P17.14 billion.

- Retained earnings increased by 1.52% in 2023 to P10.22 billion mainly as a result of net income for the year. Total dividends paid amounted to Php2.14 billion which translated to a 65% payout ratio based on previous year's net income.

- Total equity increased by 1.05% to P20.87 billion on the back of higher retained earnings.

- As the company moves past peak capex with the completion of its Batangas plant, coupled with the normalization of commodity prices, the company's free cash flows (FCF) turned positive for the first time in two years which stood at P1.14 billion in FY23.
    - Net cash generated by operating activities stood at P2.65 billion.
    - Net cash used in investing activities amounted to P1.43 billion which was mainly spent on acquisition of property and equipment
    - Net cash used in financing activities amounted to P1.63 billion which mainly went to dividend payment and proceeds from loan.

D&L's Plan of Operation for 2025

With steady and consistent ramp up in operations, the new plant in Batangas turned profitable in 2024. This is ahead of the initial schedule of within two years of operations which was based on the performance of the older plants that the company had built over the years.

The promising results of operations of the new plant gives the company the confidence that, over time, its industry leading facilities will continue to play an increasingly significant role in boosting its overall net income. While it is still possible to see quarterly swings in profitability given the early stages of operations - going forward, the company expects Batangas to start contributing consistently to its bottom line. D&L believes that it has only just begun to tap into the plant's potential given the vast opportunities the company sees in both local and international markets

As such for 2025, the company remains focused on further increasing the utilization of its Batangas plant. With new capacity and capabilities to offer, D&L remains committed to achieving its medium-term goals of further increasing the share of its high margin business as well as increasing export revenue contribution to 50% of total revenues.

In line with its advocacy to champion Green Chemistry, the company continues to invest in developing products that are sustainable and more environmentally friendly. With coconut oil continuing to gain traction globally as a sustainable, natural, and organic substitute to many petroleum-based raw materials, D&L plans to further capitalize on this by entering more export markets and by using its R&D expertise to introduce more highly specialized, coconut-oil based products. In addition, the company is also doing a lot of work in developing an alternative to plastics that is equally durable and cost-competitive but is renewable, sustainable, and made from indigenous materials.

Item 7. Financial Statements

The Financial Statements of the Company are incorporated herein by reference and attached as an integral part of this SEC Form-17A.

Item 8. Information on Independent Public Accountant and Other Related Matters

1. Independent Public Accountant

(a) Audit and Audit-Related Fees

The Company's independent public accountant is the accounting firm of Isla Lipana & Co. The Company's Audit Committee recommended for approval of the Board the appointment of external auditor for the ensuing year. The stockholders then approved and ratified the appointment of external auditor at the annual stockholder's meeting held on June 6, 2024. Isla Lipana has not expressed any intention to resign as the Company's principal auditor nor has it indicated any hesitance to accept re-election after the completion of their last audit.

Pursuant to the General Requirements of the SRC Rule 68, paragraph 3 (Qualifications and Reports of Independent Auditors), the Company has engaged Isla Lipana & Co. as external auditor. Mr. Carlos Federico C. de Guzman is the engagement partner in charge of the Company's financial statements for 2023 and 2024. Mr. Roderick M. Danao was the audit engagement partner-in-charge for the Company's financial statement audit from 2018 up to 2022. Ms. Gina S. Detera was the audit engagement partner-in-charge for the Company's financial statement audit in 2017 and 2016.

The aggregate fees billed and payable for each of the last three (3) fiscal years for professional services that are normally rendered by Isla Lipana & Co for the audit of the company's Annual Financial Statements are the following:

Year	Audit Fees
2022	P5,780,000
2023	P5,870,000
2024	P6,475,000

There are no other assurance and related services by Isla Lipana & Co. that are related to the performance of the audit or review of the Company's Financial Statements.

(b) All Other Fees

Isla Lipana & Co was engaged to provide the comfort letter and arrangement letter covering years 2017 to 2020 required for the Company's Bond Issuance last 2021, for which fees in the amount of P1,528,000 were paid to Isla Lipana & Co. There are no aggregate fees billed in each of the last three (3) fiscal years for products and services provided by Isla Lipana & Co., other than this and the services reported under item (a) above.

(c) Audit Committee's Approval Policies and Procedures

The Audit Committee is entirely composed of independent directors:

Mrs. Corazon S. de la Paz-Bernardo, as Chairman (Independent Director), Atty. Mercedita S. Nolledo (Independent Director), Dr. Karl Kendrick T. Chua (Independent Director) and Dr. Lydia R. Balatbat-Echauz (Independent Director).

The Audit Committee meets on a regular basis to:

1. Recommend the approval of the Internal Audit Charter (IA Charter), which formally defines the role of Internal Audit and the audit plan as well as oversee the implementation of the IA Charter;

2. Through the Internal Audit (IA) Department, monitor and evaluate the adequacy and effectiveness of the Company's internal control system, integrity of financial reporting, and security of physical and information assets. Well-designed internal control procedures and processes that will provide a system of checks and balances should be in place in order to (a) safeguard the Company's resources and ensure their effective utilization, (b) prevent occurrence of fraud and other irregularities, (c) protect the accuracy and reliability of the company's financial data, and (d) ensure compliance with applicable laws and regulations;

3. Oversee the IA Department, and recommend the appointment and removal of an IA head or Chief Audit Executive (CAE) as well as his qualifications, and grounds for appointment and removal;

4. Approve the terms and conditions for outsourcing internal audit services;

5. Establish and identify the reporting line of the Internal Auditor, who shall directly report to the Audit Committee, to enable him to properly fulfill his duties and responsibilities;

6. Monitor Management's responsiveness to the Internal Auditor's findings and recommendations;

7. Prior to the commencement of the audit, discuss with the External Auditor the nature, scope and expenses of the audit, and ensure the proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts;

8. Evaluate and determine the non-audit work, if any, of the External Auditor, and periodically review the non-audit fees paid to the External Auditor in relation to the total fees paid to him and to the Company's overall consultancy expenses, provided 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; provided further, that the non-audit work, if allowed, should be disclosed in the Company's Annual Report and Annual Corporate Governance Report;

9. Review and approve the Interim and Annual Financial Statements before their submission to the Board, with particular focus on the following matters:
    a) Any change/s in accounting policies and practices
    b) Areas where a significant amount of judgment has been exercised
    c) Significant adjustments resulting from the audit
    d) Going concern assumptions
    e) Compliance with accounting standards
    f) Compliance with tax, legal and regulatory requirements

10. Review the disposition of the recommendations in the External Auditor's management letter;

11. Perform oversight functions over the Company's Internal and External Auditors and ensure the independence of Internal and External Auditors, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions

taking into consideration relevant Philippine professional and regulatory requirements;

12. Coordinate, monitor and facilitate compliance with laws, rules and regulations;

13. Recommend to the Board the appointment, reappointment, removal and fees of the External Auditor, duly accredited by SEC, who undertakes an independent audit of the Company, and provides an objective assurance on the manner by which the financial statements should be prepared and presented to the stockholders;

14. Assess the integrity and independence of external auditors and exercise effective oversight to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements; and;

15. Review and monitor the external auditor's suitability and effectiveness on an annual basis

2. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

Changes in Accounting Policies

Refer to Note 23 – Summary of Significant Accounting Policies under Changes in Accounting Policies and Disclosures discussion on the Consolidated Financial Statement as of the year ended December 31, 2024 included in this report.

PART III - CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Issuer

The Articles of Incorporation provide for the election of seven (7) directors to the Board to serve for a term of one year. The Board is responsible for the overall management and direction of the Company. It meets on a regular basis to review and monitor the Company's financial position and operations.

The following sets forth certain information as to the Directors and executive officers of the Company and key officers of the Company's wholly-owned subsidiaries:

Advisory Board Members

Name	Age	Nationality	Position
Dean L. Lao	86	Filipino	Chairman Emeritus
Leon L. Lao	82	Filipino	Member, Advisory Board
Alex L. Lao	79	Filipino	Member, Advisory Board

Directors, Executive Officers, and Key Officers of wholly-owned subsidiaries:

Name	Age	Nationality	Position
Yin Yong L. Lao	72	Filipino	Chairman
John L. Lao	70	Filipino	Director and Vice Chairman
Alvin D. Lao	53	Filipino	Director, President and Chief Executive Officer

Mercedita S. Nolledo	83	Filipino	Independent Director
Corazon S. de la Paz-Bernardo	83	Filipino	Independent Director
Lydia R. Balatbat-Echauz	77	Filipino	Independent Director
Karl Kendrick T. Chua	46	Filipino	Independent Director
Franco Diego Q. Lao	46	Filipino	CFO, Treasurer, Compliance Officer
Dean A. Lao, Jr.	57	Filipino	President & CEO, Chemrez Technologies
Lester A. Lao	56	Filipino	President & CEO, FIC and DLPC
Vincent D. Lao	51	Filipino	President & CEO, Oleo-Fats, Inc.
Kristine Ann C. Catindig-Ong	43	Filipino	Corporate Secretary, CIO
Ainslee Anne T. Lao	33	Filipino	Assistant Corporate Secretary

The following are the periods of service and a brief description of the business experience for the past five years of each of the directors and executive officers of the Company.

Yin Yong L. Lao, 72, Filipino, is the Chairman of the Company, having been a Director since July 1971 and having previously served as President. He is a Director as well as President and Chief Executive Officer of LBL Prime Properties Incorporated, Anonas LRT Property and Dev't Corp., Hotel Acropolis, Inc., Star Anise Properties Corporation and Ecozone Properties, Inc. Yin Yong is also a Trustee of the Association of Petrochemical Manufacturers of the Philippines. He also serves as a director of the following: Aero-Pack Industries, Inc., Chemrez Technologies, Inc., Chemrez Product Solutions, Inc., First in Colours, Incorporated, Oleo-Fats, Incorporated, Palmera Resources, Inc., Malay Resources, Inc., First Batangas Industrial Park, Inc., Color-Chem Corp., North Mactan Industrial Corporation, LBL Land Corporation and Jadel Holdings Co., Inc. He graduated from the Ateneo de Manila University with a Bachelor of Arts degree in General Studies.

John L. Lao, 70, Filipino, is the Vice Chairman of the Company, having been a Director since July 1971. He previously served as the President until August 2016. He is currently the President of Aero-Pack Industries, Inc. His other directorships include North Mactan Industrial Corporation, Chemrez Technologies, Inc., Chemrez Product Solutions, Inc., First in Colours, Incorporated, D&L Polymer & Colours, Inc., D&L Powder Coating, Inc., Oleo-Fats Incorporated, Best Value Factory Outlet Corp., Malay Resources, Inc., Palmera Resources, Inc., LBL Prime Properties Incorporated, Anonas LRT Property and Dev't Corp., Hotel Acropolis, Inc., Star Anise Properties Corporation, First Batangas Industrial Park, Inc., Color-Chem Corp., LBL Land Corporation and Jadel Holdings Co., Inc. John obtained his B.S. in Business Administration from the University of the East.

Alvin D. Lao, 53, Filipino, became a Director and President and Chief Executive Officer of the Company in August 2016. He also serves as a Director of Axis REIT, a REIT (real estate investment trust) listed in Malaysia. He is the Vice President of the Technology Club of the Philippines (Philippine alumni of the Massachusetts Institute of Technology) and past president of the Entrepreneurs Organization (EO, Philippine Chapter). He is a current member of the Financial Executives Institute of the Philippines (FINEX), Akademyang Filipino, and Management Association of the Philippines. He is also the Executive Vice President and Treasurer of LBL Prime Properties Incorporated and Ecozone Properties, Inc. His other directorships include: First in Colours, Incorporated, D&L Polymer & Colours, Inc., FIC Marketing, Inc., FIC Tankers Corporation, Palmera Resources, Inc., Anonas LRT Property and Dev't Corp., Ecozone Properties, Inc., Hotel Acropolis, Inc. and Star Anise Properties Corporation. He was previously a faculty member of the De La Salle University Graduate School of Business. He graduated from the University of Western Australia with a Bachelor of Science in Information Technology (Honours) and Statistics. He also holds a Master's degree in Business Administration from the MIT Sloan School of Management.

Mercedita S. Nolledo, 83, Filipino, has been an independent director of the Company since April 2016. She also serves currently as a Director and/or officer in various capacities for BPI Foundation, Inc., Ayala Land Commercial REIT, Inc., Anvaya Cove Beach & Nature Club, Michigan Holdings, Inc. and Sonoma Properties, Inc. Mrs. Nolledo obtained a B.S. in Business Administration and Accountancy (Magna Cum Laude and class valedictorian) and a Bachelor of Laws (LI.B degree – cum laude and class valedictorian) from the University of the Philippines. She placed 2nd in both the Certified Public Accountant exams and bar exams in 1960 and 1965, respectively.

Corazon de la Paz-Bernardo, 83, Filipino, has been an independent director of the Company since April 2017. She headed the Social Security System from 2001 to 2008 as President and CEO. Prior to this, she built a successful career as a certified public accountant at Joaquin Cunanan & Co (PriceWaterhouseCoopers Philippines) from 1967 to 2001 where she was the Chairman and Senior Partner of the firm from 1981 to 2001. She was also the first non-European President of the International Social Security Association from 2004 to 2010. She continues to be an independent director or trustee of other companies including Roxas & Co., Republic Glass Holdings Corp., University of the East, University of the East RMMMCI, Del Monte Philippines, Phinma Education Holdings Inc. and FINEX Foundation, Inc. She is an adviser to the board of BDO Unibank, Inc. and adviser to the audit committee of PLDT. She was honored by the Institute of Corporate Directors (ICD) as an honorary member last November 30, 2023. Mrs. de la Paz-Bernardo is a graduate of the University of the East (Magna Cum Laude) and obtained first place in the 1960 CPA board examination. She obtained her MBA from the Cornell University Johnson School of Management as a Fulbright grantee and UE scholar.

Lydia Balatbat-Echauz, 77, Filipino, has been an independent director of the Company since April 2017. She has more than three decades of leading the country's top schools. She served as President of publicly listed Far Eastern University from 2002 to 2012. Previous to this, she was Associate Director at the Graduate School of Business, Ateneo de Manila University until 1985 and Dean of the Graduate School of Business, De La Salle University from 1986 to 2002. Her expertise extends beyond the academe as she also sits on the board of several companies which include Meralco, Shell Pilipinas Corp., SM Foundation, Inc., Henry Sy Foundation, Inc., Riverside College, Inc., NBS Educational Services, Inc., Mano Amiga Academy, Inc., FERN Realty Corporation, Museo del Galeon, Inc. and Akademyang Filipino Association, Inc.

Karl Kendrick Chua, 46, Filipino, has been an independent director of the Company since June 2023. He is a director of the Bank of the Philippine Islands, BPI Direct Banko, Golden ABC, Inc., AC Ventures, Inc., AC Infrastructure Holdings, Corporation, AC Industrial Technology Holdings Inc. and Manila Water Company, Inc. He is also a board adviser in LH Paragon, Inc. He was a former Secretary of the National Economic and Development Authority and Undersecretary for Strategy, Economics, and Results at the Department of Finance. He was a senior official in the Government of the Philippines for six years. As Secretary of Socioeconomic Planning and Chief Economist of the country, he provided strategic leadership on economic policy during the Covid-19 pandemic and the further liberalization of key sectors of the economy. He also oversaw the implementation of the national ID program. As Undersecretary in the Department of Finance, he led the technical team in the passage of the Comprehensive Tax Reform Program and the Rice Tariffication Law. Prior to joining the government, he was with the World Bank for 12 years and was the senior economist for the Philippines. He graduated from the Ateneo De Manila University in 2000 with a degree in B.S. Management Engineering. He earned his M.A. Economics (2003) and Ph.D. Economics (2011) from the University of the Philippines, and recently studied data science at the Asian Institute of Management. In 2018, he was recognized as one of the Ten Outstanding Young Men of the Philippines (TOYM) for economic development.

Dean L. Lao, 86, Filipino is the Co-founder and Chairman Emeritus of the Company, having previously served as Chairman and President of the Company from 1971 to 2013. He now sits on the Advisory Board of the Company since 2017. He was the founder of the various companies belonging to the Lao Family which include FIC Marketing, Inc. (1986), Oleo-Fats, Incorporated (1988), Corro-Coat, Inc (1990), Aero-Pack Industries, Inc. (1990), First in Colors, Incorporated (1991), and Chemrez Product Solutions, Inc. (1991). He currently serves as Director of the following companies: Aero-Pack Industries, Inc., Chemrez Product Solutions, Inc., First in Colours, Incorporated, Oleo-Fats, Incorporated, Malay Resources, Inc., FIC Tankers Corporation, LBL Prime Properties Incorporated, Ecozone Properties, Inc., First Batangas Industrial Park, Inc., Color-Chem Corp., North Mactan Industrial Corporation, LBL Land Corporation and Jadel Holdings Co., Inc. Dean obtained his B.S. in

Chemical Engineering from the Polytechnic Colleges of the Philippines.

Leon L. Lao, 82, Filipino, is the co-founder of D&L Industries, Inc. Having previously served the Company in various capacities (Director, Chairman, President and Chief Operating Officer), Leon Lao now sits on the Advisory Board of the Company since 2017. He currently serves as the Chairman of First in Colors, Incorporated and D&L Polymer & Colours, Inc., and Director of Aero-Pack Industries, Inc., Chemrez Product Solutions, Inc., Chemrez Technologies, Inc., First in Colours, Incorporated, Oleo-Fats Incorporated, Malay Resources, Inc., LBL Prime Properties Incorporated, Ecozone Properties, Inc., First Batangas Industrial Park, Inc., Color-Chem Corp., North Mactan Industrial Corporation, LBL Land Corporation and Jadel Holdings Co., Inc. Leon obtained his B.S. in Chemical Engineering from the Polytechnic Colleges of the Philippines.

Alex L. Lao, 79, Filipino, is a member of the Advisory Board of the company. He was a Director of the Company from 1971 to 2017. He has also been a Director of other subsidiaries and affiliates of D&L Industries. He previously served as Alternate Director of Axis REIT, a real estate investment trust listed in Malaysia. Mr. Lao is also a Director of the following: Aero-Pack Industries, Inc., Chemrez Product Solutions, Inc., First in Colours, Incorporated, Oleo-Fats Incorporated, Malay Resources, Inc., Palmera Resources, Inc., LBL Prime Properties Incorporated, First Batangas Industrial Park, Inc., Anonas LRT Property and Dev't Corp., Hotel Acropolis, Inc., Star Anise Properties Corporation, Color-Chem Corp., North Mactan Industrial Corporation, LBL Land Corporation and Jadel Holdings Co., Inc. Alex obtained his B.S. in Chemical Engineering from the Polytechnic Colleges of the Philippines.

Franco Diego Q. Lao, 46, Filipino, was appointed as the Chief Financial Officer, Treasurer and Chief Compliance Officer of the Company on May 4, 2021. He has 21 years of experience with the group. Immediately before his appointment as CFO, he was the Finance Director of Oleo-Fats, Incorporated since February 2021. He was the Group Supply Chain Director for D&L Industries from 2017 to 2020. Before that, he was Supply Chain Manager from 2010-2016, Product Manager from 2006 to 2009 and Product Representative from 2000-2006 of Oleo Fats. He currently serves as Director of the following companies: D&L Polymer & Colours, Inc., Best Value Factory Outlet Corp., D&L Premium Foods Corp., Natura Aeropack Corporation and FIC Marketing, Inc. He holds a Bachelor of Commerce major in Accounting and Marketing degree from the University of Western Australia.

Dean A. Lao, Jr., 57, Filipino, is the President and CEO of Chemrez and Natura. He is also a member of the Management Committee of D&L Industries. He serves as Director of D&L Polymer & Colours, Inc., FIC Marketing, Inc., FIC Tankers Corporation, Anonas LRT Property and Dev't Corp., Hotel Acropolis, Inc. and Star Anise Properties Corp. He is currently the Chairman of the United Coconut Association of the Philippines, Director of the ASEAN Oleochemical Manufacturing Group, President of the Philippine Oleochemical Manufacturers Association, President of The Philippine Biodiesel Association and member of the Wallace Business Forum, Chemical Industries Association of the Philippines, Philippine Association of Paint Manufacturers and the Entrepreneurial Organization, Philippine Chapter. He graduated from Curtin University in Western Australia with a Bachelor of Business in Information Processing after completing his freshman year at the Ateneo de Manila University in the Philippines with a BA in Interdisciplinary Studies. He also completed the Advanced Management Program of Harvard Business School.

Lester A. Lao, 56, Filipino, is the President and CEO of First in Colours, Incorporated and D&L Polymer & Colours, Inc. and a member of the Management Committee of D&L Industries. He also serves as Director of First in Colours, Incorporated, D&L Polymer & Colours, Inc., FIC Marketing, Inc., Anonas LRT Property and Dev't Corp., Hotel Acropolis, Inc. and Star Anise Properties Corporation. He finished his Bachelor of Applied Science (Information Business) in Edith Cowan University Australia.

Vincent D. Lao, 51, Filipino, is the President and CEO of Oleo-Fats, D&L Premium Foods Corp. and FIC Tankers Corporation and a member of the Management Committee of D&L Industries. He also serves as the

President of Best Value Factory Outlet Corp. and FIC Tankers Corporation. He was previously Assistant Trader at Shuwa Co. Ltd. in Japan from 1994 to 1995. He also serves as Director of D&L Polymer & Colours, Inc., Oleo-Fats, Incorporated, FIC Marketing, Inc., Anonas LRT Property and Dev't Corp., Hotel Acropolis, Inc. and Star Anise Properties Corporation. He graduated from the University of Western Australia with a Bachelor of Arts in Economics and Japanese Studies.

Kristine Ann C. Catindig-Ong, 43, Filipino, is the Corporate Secretary of the Company, Corporate Information Officer and Corporate Legal Counsel of the Company. She is likewise the Corporate Secretary of Chemrez Technologies, Inc. and Chemrez Product Solutions, Inc., and Assistant Corporate Secretary of the following subsidiaries: Oleo-Fats, Incorporated, D&L Polymer & Colours, Inc., First in Colours, Incorporated and Aero-Pack Industries, Inc. She is a lawyer with a juris doctor degree from the Ateneo School of Law and a member of the Integrated Bar of the Philippines.

Ainslee Anne T. Lao, 33, Filipino, is the Assistant Corporate Secretary of the Company. She also serves as Director and Corporate Secretary of D&L Premium Foods Corp., Natura Aeropack Corporation and Jadel Research Center, Incorporated. She is likewise the Assistant Corporate Secretary of the following subsidiaries: Oleo-Fats, Incorporated, D&L Polymer & Colours, Inc., First In Colours, Incorporated, Aero-Pack Industries, Inc., Chemrez Product Solutions, Inc., Chemrez Technologies, Inc. and Palmera Resources, Inc. She also serves as Chief Financial Officer of the following: LBL Prime Properties Incorporated, Anonas LRT Property and Dev't. Corporation, Ecozone Properties, Inc., Hotel Acropolis, Inc., LBL Land Corporation, Malay Resources, Inc. and Star Anise Properties Corporation. She holds a Bachelor of Arts degree in History and a Master's degree in International Business from the University of London.

Involvement in Certain Legal Proceedings

No Director, executive officer or senior officer of the Company during the past five (5) years has been subjected to:

a) Any bankruptcy petition files by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;

b) Any conviction by final judgment, including the nature of the offense, in a criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;

c) Any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, and commodities or banking activities.

d) No Director, executive officer or senior officer of the Company has been found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign Exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation and the judgment has not been reversed, suspended, or vacated.

Board Meetings and Attendance

As a policy, the Board sets the schedule of Board meetings prior to the start of the calendar year. For 2024, the Board met six (6) times. The record of attendance of the directors at the meetings of the Board of Directors held during 2024 is as follows:

Board	Name	Date of Election	No. of Meetings Held during the year	No. of Meetings Attended	%
Chairman	Yin Yong L. Lao	06-3-24	6	6	100%
Member	John L. Lao	06-3-24	6	6	100%
Member	Alvin D. Lao	06-3-24	6	6	100%
Independent	Mercedita S. Nolledo	06-3-24	6	6	100%
Independent	Corazon S. de la Paz-Bernardo	06-3-24	6	6	100%
Independent	Lydia R. Balatbat-Echauz	06-3-24	6	6	100%
Independent	Karl Kendrick T. Chua	06-3-24	6	6	100%

The record of attendance of the directors at the meetings of the Board Committees held during 2024 is as follows:

Board Committee	Members	No. of Meetings Held during the year	No. of Meetings Attended	%
Audit Committee	Corazon de la Paz-Bernardo	4	4	100%
	Mercedita S. Nolledo	4	4	100%
	Lydia Balatbat-Echauz	4	4	100%
	Karl Kendrick T. Chua	4	4	100%
Corporate Governance Committee	Mercedita S. Nolledo	2	2	100%
	Corazon de la Paz-Bernardo	2	2	100%
	Lydia Balatbat-Echauz	2	2	100%
	Yin Yong L. Lao	2	2	100%
Risk Oversight and Sustainability Committee	Lydia Balatbat-Echauz	2	2	100%
	Corazon de la Paz-Bernardo	2	2	100%
	Karl Kendrick T. Chua	2	2	100%
	John L. Lao	2	2	100%
	Alvin D. Lao	2	2	100%

Non-Executive Directors without any executive present	Mercedita S. Nolledo	2	2	100%
	Corazon de la Paz-Bernardo	2	2	100%
	Lydia Balatbat-Echauz	2	2	100%
	Yin Yong L. Lao	2	2	100%
	John L. Lao	2	2	100%
	Karl Kendrick T. Chua	2	2	100%

As a policy, materials for meetings are sent to the directors at least five (5) business days in advance.

Item 10. Executive Compensation

The total annual compensation received by Executive Officers and key senior personnel of the Company and its wholly-owned subsidiaries and affiliates in 2022, 2023, and 2024 amounted to P49,384,255, P51,485,338 and P46,351,115 respectively. The projected total annual compensation for the current year 2025 is P48,668,671. The table below shows the most highly compensated key officers and senior personnel of the Company.

Name	Position	Year	Salary	Bonus	Other Compensation
Alvin D. Lao	President and CEO	2024		-	-
Dean A. Lao, Jr.	President and CEO - Chemrez	2024		-	-
Lester A. Lao	President and CEO - DLPC/FIC	2024		-	-
Vincent D. Lao	President and CEO - Oleo Fats	2024		-	-
Other Senior Officers		2024		-	-
Total			**P46,351,115**	**-**	**-**

The following table presents the fees received by the Directors for 2024.

Name	Position	Annual Retainer Fee	Per Diem (BOD Meetings)	Per Diem (Committee Meetings)	Total
Yin Yong L. Lao	Chairman	500,000	270,000	216,000	**986,000**
John L. Lao	Vice Chairman	500,000	270,000	216,000	**986,000**
Alvin D. Lao	President CEO	500,000	270,000	72,000	**842,000**
Alex L. Lao	Advisory Board		270,000		**270,000**
Dean L. Lao	Advisory Board		270,000		**270,000**
Leon L. Lao	Advisory Board		270,000		**270,000**

Corazon S. Dela Paz-Bernardo	Independent Director	500,000	270,000	468,000	**1,238,000**
Karl Kendrick T. Chua	Independent Director	500,000	270,000	360,000	**1,130,000**
Lydia R. Balabat-Echauz	Independent Director	500,000	270,000	450,000	**1,220,000**
Mercedita S. Nolledo	Independent Director	500,000	270,000	414,000	**1,184,000**
Total		**3,500,000**	**2,700,000**	**2,196,000**	**8,396,000**

Note: Above fees are net of withholding tax

Aside from the aforementioned fees no other compensation was paid to the Directors of the Company. Further, the Company does not have any stock option or management incentive plan as part of its current compensation for Directors and officers.

Item 11. Security Ownership of Certain Beneficial Owners and Management

As of December 31, 2024, the beneficial owners of more than five (5) percent of any class of the Company's voting securities are as follows:

Common	JADEL Holdings Co., Inc. (2) 65 Calle Industria, Bagumbayan, Quezon City Stockholders	n/a	Filipino	3,930,114,072	55.02%
Common	PCD Nominee Corp (Non-Filipino) G/F Makati Stock Exchange, Ayala Avenue, Makati City	Standard Chartered Bank	Foreign	369,880,823	5.18%

Note: (1) Percentage is based on total number of shares issued – 7,142,857,990
(2) Figures are based on the report rendered by the stock transfer agent

The following table shows the security ownership of the Company's senior management as of December 31, 2024:

Title of Class	Name of Beneficial Owner	Position	Citizenship	Amount and Nature of Beneficial Ownership (1) - Balance as of 1/1/2024	Total Acquisition and Disposal for Y2024	Amount and Nature of Beneficial Ownership (1) -Balance as of 12/31/2024		% to Total Outstanding
				1,081,600	-	1,081,600	(D)	0.02%
Common	Dean L. Lao	Chairman Emeritus	Filipino	42,060	-	42,060	(I)	0.00%
				100,000	-	100,000	(D)	0.00%
Common	Leon L. Lao	Member, Advisory Board	Filipino	1,910,493	-	1,910,493	(I)	0.03%
				33,706,338	-	33,706,338	(D)	0.47%
Common	Alex L. Lao	Member, Advisory Board	Filipino	8,579,362	-	8,579,362	(I)	0.12%
Common	Yin Yong L. Lao	Chairman	Filipino	5,000	-	5,000	(D)	0.00%

				19,090,188	-		19,090,188	(I)	0.27%
				60,797,202	-		60,797,202	(D)	0.85%
Common	John L. Lao	Vice Chairman	Filipino	9,560,185	5,000	A	9,565,185	(I)	0.13%
Common	Mercedita S. Nolledo	Independent Director	Filipino	700,000	-		700,000	(D)	0.01%
Common	Corazon S. de la Paz-Bernardo	Independent Director	Filipino	100	-		100	(D)	0.00%
Common	Lydia R. Balatbat - Echauz	Independent Director	Filipino	89,500	50,000	A	139,500	(D)	0.00%
Common	Karl Kendrick T. Chua	Independent Director	Filipino	100	-		100	(D)	0.00%
				11,053,000	169,000	A	11,222,000	(D)	0.16%
Common	Alvin D. Lao	President & Chief Executive Officer	Filipino	1,931,588	-		1,931,588	(I)	0.03%
				1,763,000	100,000	A	1,863,000	(D)	0.03%
Common	Dean A. Lao, Jr.	President and CEO, CTI	Filipino	2,298,057	198,000	A	2,496,057	(I)	0.03%
				1,023,000	100,000	A	1,123,000	(D)	0.02%
Common	Lester A. Lao	President and CEO, FIC and DLPC	Filipino	42,682,874	66,000	A	42,748,874	(I)	0.60%
				6,668,000	-		6,668,000	(D)	0.09%
Common	Vincent D. Lao	President and CEO, Oleo-Fats, Inc.	Filipino	1,931,520	-		1,931,520	(I)	0.03%
				1,279,000	100,000	A	1,379,000	(D)	0.02%
Common	Franco Diego Q. Lao	CFO, Treasurer, & Chief Compliance Officer	Filipino	21,710,142	-		21,710,142	(I)	0.30%
Common	Kristine Catindig-Ong	Corporate Secretary	Filipino	366,000	100,000	A	466,000	(D)	0.01%
				1,383,600	100,000	A	1,483,600	(D)	0.02%
Common	Ainslee Anne T. Lao	Assistant Corporate Secretary	Filipino	21,173,959	-		21,173,959	(I)	0.30%
Common	Crissa Marie U. Bondad	Investor Relations Manager	Filipino	553,800	150,000	A	703,800	(D)	0.01%

Acquisition (A), Disposal (D)

Percentage is based on total number of shares issued of 7,142,857,990

(1) *Indirectly owned shares are attributable to the individual Lao family member's direct (D) and indirect (I) interests in the following companies, which are principal stockholders of the Company*

Name of Company	No. of shares in the Company	% to Total Outstanding
Jadel Holdings Co., Inc.	4,456,994,496	62.40%
SmartWorks Trading Co., Inc.	153,533,498	2.15%
Allvee United, Inc.	95,524,564	1.34%
Jadana, Inc.	115,521,710	1.62%
Prime Spin, Inc.	95,651,296	1.34%
CEE Industries, Inc.	146,128,498	2.05%
Hansevian, Inc.	4,090,000	0.06%

Item 12. Certain Relationships and Related Transactions

Mr. Dean L. Lao, Mr. Leon L. Lao, Mr. Alex L. Lao, Mr. Yin Yong L. Lao and Mr. John L. Lao are brothers. Mr. Dean A. Lao, Jr. and Mr. Lester A. Lao are sons of Mr. Dean L. Lao. Mr. Alvin D. Lao and Mr. Vincent D. Lao are sons of Mr. Leon L. Lao. Ms. Ainslee Anne T. Lao and Franco Diego Lao are the children of Mr. Alex L. Lao.

All other directors and officers are not related either by consanguinity or affinity.

Details of the Related Party Transaction are discussed under Notes 1 (General Corporate Information) and 18 (Related Party Transaction) of the Notes to the Consolidated Financial Statements of the Company. There were no transactions with directors, officers or any principal stockholders (owning at least 10% of the total outstanding shares of the Company) that are not in the ordinary course of business of the Company.

PART IV – CORPORATE GOVERNANCE

Item 13. Compliance with Leading Practice on Corporate Governance

For compliance with leading practices on corporate governance, please refer to the latest I-ACGR which can be accessed through the Company's website at this link: https://dnl.com.ph/wp-content/uploads/2024/05/2023-Integrated-Annual-Corporate-Governance-Report-I-ACGR-PSE.pdf. The Company will submit its I-ACGR covering the year 2024 on or before the deadline set by the SEC and upload the same on the Company's website as soon as it is available.

In addition, the Company has a Code of Business Principles (CoBP) which encapsulates the Company's general policies relative to its stakeholders. The CoBP contains policies on customer welfare, dealing with suppliers and the government, whistle blowing, community welfare, the environment and sustainable development and employee welfare. The COBP can be accessed through the Company's website at this link: https://dnl.com.ph/wp-content/uploads/2019/02/DnL-Code-of-Business-Principles.pdf. The Company's programs for employee health, safety and welfare and training and development are presented in the I-ACGR.

PART V – EXHIBITS AND SCHEDULES

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

D&L INDUSTRIES, INC.
LIST OF CORPORATE DISCLOSURES/REPLIES TO SEC LETTERS
UNDER SECTION FORM 17-C
JANUARY 1, 2024 TO DECEMBER 31, 2024

Date	Description of disclosure
Jan 05, 2024	Press Release - Higher Biodiesel Blend - A win for the planet, consumers, and the industry
Jan 10, 2024	Public Ownership Report
Jan 10, 2024	List of Top 100 Stockholders (Common Shares)
Feb 26, 2024	Notice of Analysts'/Investors' Briefing
Feb 28, 2024	Notice of Annual or Special Stockholders' Meeting
Feb 28, 2024	Material Information/Transactions - Renewal of Management Agreements
Feb 28, 2024	Material Information/Transactions - Approval of the Audited Financial Statements for the period ending 31 December 2023
Feb 29, 2024	Material Information/Transactions - Consolidated Audited Financial Statements for the year 2023
Feb 29, 2024	Press Release - D&L Releases Full Year 2023 Financial Results
Mar 01, 2024	Clarification of News Reports
Mar 12, 2024	Annual Report
Mar 19, 2024	Statement of Changes in Beneficial Ownership of Securities
Mar 21, 2024	Statement of Changes in Beneficial Ownership of Securities
Mar 22, 2024	Statement of Changes in Beneficial Ownership of Securities
Mar 22, 2024	Statement of Changes in Beneficial Ownership of Securities
Mar 22, 2024	Statement of Changes in Beneficial Ownership of Securities
Mar 22, 2024	Statement of Changes in Beneficial Ownership of Securities
Mar 22, 2024	Statement of Changes in Beneficial Ownership of Securities
Mar 22, 2024	Statement of Changes in Beneficial Ownership of Securities
Mar 25, 2024	Press Release - D&L's Batangas plant "Central Hub" building gets LEED Gold Certification
Mar 27, 2024	Statement of Changes in Beneficial Ownership of Securities
Apr 12, 2024	List of Top 100 Stockholders (Common Shares)
Apr 12, 2024	Public Ownership Report
Apr 12, 2024	Statement of Changes in Beneficial Ownership of Securities
Apr 19, 2024	Press Release - D&L Industries paving the way for a circular economy through plastic upcycling technologies
Apr 19, 2024	Statement of Changes in Beneficial Ownership of Securities
Apr 25, 2024	Statement of Changes in Beneficial Ownership of Securities
Apr 25, 2024	Information Statement
Apr 29, 2024	Press Release - D&L Industries, Inc.'s Outstanding Bonds Maintain Highest Credit Rating
Apr 29, 2024	[Amend-1] Notice of Annual or Special Stockholders' Meeting
May 03, 2024	Notice of Analysts'/Investors' Briefing
May 08, 2024	Press Release - D&L Releases First Quarter 2024 Financial Results
May 08, 2024	Material Information/Transactions - Matters approved during the Board Meeting held on May 7, 2024
May 09, 2024	[Amend-1] Press Release - D&L Releases First Quarter 2024 Financial Results
May 13, 2024	Information Statement
May 13, 2024	Quarterly Report

May 24, 2024	Statement of Changes in Beneficial Ownership of Securities
May 30, 2024	Integrated Annual Corporate Governance Report
Jun 03, 2024	Material Information/Transactions - Renewal of Management Agreements
Jun 03, 2024	Declaration of Cash Dividends
Jun 03, 2024	Declaration of Cash Dividends
Jun 03, 2024	Material Information/Transactions - Guidelines for distribution of cash dividends
Jun 03, 2024	Press Release
Jun 03, 2024	Results of Organizational Meeting of Board of Directors
Jun 03, 2024	Results of Annual or Special Stockholders' Meeting
Jun 21, 2024	Statement of Changes in Beneficial Ownership of Securities
Jun 25, 2024	Other SEC Forms, Reports and Requirements - General Information Sheet
Jun 27, 2024	Statement of Changes in Beneficial Ownership of Securities
Jul 05, 2024	Statement of Changes in Beneficial Ownership of Securities
Jul 08, 2024	Public Ownership Report
Jul 10, 2024	List of Top 100 Stockholders (Common Shares)
Jul 12, 2024	Statement of Changes in Beneficial Ownership of Securities
Jul 12, 2024	Statement of Changes in Beneficial Ownership of Securities
Jul 26, 2024	Statement of Changes in Beneficial Ownership of Securities
Jul 29, 2024	Statement of Changes in Beneficial Ownership of Securities
Aug 08, 2024	Notice of Analysts'/Investors' Briefing
Aug 12, 2024	Material Information/Transactions - Approval of the results of operation for the quarterly period ending 30 June 2024
Aug 13, 2024	Press Release - D&L Releases Second Quarter 2024 Financial Results
Aug 14, 2024	Quarterly Report
Aug 22, 2024	Statement of Changes in Beneficial Ownership of Securities
Aug 30, 2024	Statement of Changes in Beneficial Ownership of Securities
Aug 30, 2024	Statement of Changes in Beneficial Ownership of Securities
Aug 30, 2024	Statement of Changes in Beneficial Ownership of Securities
Aug 30, 2024	Statement of Changes in Beneficial Ownership of Securities
Sep 13, 2024	Material Information/Transactions - Notice of Redemption DNL 3-Year Series A Bonds
Sep 13, 2024	Material Information/Transactions - Record Date for the last quarterly interest and principal payment
Sep 16, 2024	Material Information/Transactions - Notice of Redemption 3-Year Series A Bonds
Oct 01, 2024	Press Release - D&L's Batangas Plant brings Higher Value-added Coconut Derivatives to the Global Centerstage: A Sustainable Integration Story
Oct 03, 2024	Press Release - D&L Industries recognized for its good governance, wins ACGS Golden Arrow Award for the 5th consecutive year
Oct 11, 2024	List of Top 100 Stockholders (Common Shares)
Oct 11, 2024	Public Ownership Report
Oct 21, 2024	Press Release - D&L's Head Office gets LEED Gold Operations and Maintenance Certification
Oct 24, 2024	Statement of Changes in Beneficial Ownership of Securities

Oct 30, 2024	Notice of Analysts'/Investors' Briefing
Nov 05, 2024	Material Information/Transactions - Approval of the results of operation for the quarterly period ending 30 September 2024
Nov 06, 2024	Press Release - D&L Releases Third Quarter 2024 Financial Results
Nov 07, 2024	Other SEC Forms, Reports and Requirements - SEC Form 17-C Advisement Report on Corporate Governance Training of Directors and Officers
Nov 14, 2024	Quarterly Report
Nov 25, 2024	Statement of Changes in Beneficial Ownership of Securities
Dec 06, 2024	Statement of Changes in Beneficial Ownership of Securities
Dec 16, 2024	Statement of Changes in Beneficial Ownership of Securities
Dec 19, 2024	Statement of Changes in Beneficial Ownership of Securities
Dec 26, 2024	Statement of Changes in Beneficial Ownership of Securities
Dec 27, 2024	Statement of Changes in Beneficial Ownership of Securities

INDEX TO FINANCIAL STATEMENTS
Form 17-A, Item 7

Consolidated Financial Statements

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed in behalf of the issuer by the undersigned thereunto duly authorized, in the ~~city of~~ CITY OF MANILA on ~~MAR 0 1 2025~~.

By:

Alvin D. Lao President/CEO	Marife M. Maddawin Controller
Franco Diego T. Lao Chief Finance Officer	Kristine Ann Catindig-Ong Corporate Secretary

SUBSCRIBED AND SWORN to before me this _____ day o MAR 0 1 2025 nt (s) exhibiting to me his/their Driver's License, as follows:

NAMES	VALID ID	EXPIRE ON
Alvin D. Lao		
Franco Diego T. Lao		
Kristine Ann Catindig-Ong		
Marife M. Maddawin		

NOTARY PUBLIC

ATTY. TRISHA MARA A. MARCELO
NOTARY PUBLIC FOR MANILA CITY
Roll of Attorney No. 77701
PTR No. MLA2079500/01-02-2025/Manila City
IBP No. 476547/11-13-2024 for 2025/Manila III
Commission No. 2024-023 until December 31, 2025
MCLE-0002556 valid until April 14, 2028
TIN No. 449-424-554-000
MRI Food Terminal, 2821 F. Manalo St., Punta, Sta. Ana, Manila

Doc.No. 446
Page No. 93
Book No. 1
Series of 2025

D&L Industries, Inc. and Subsidiaries

Consolidated Financial Statements
With Supplemental Schedules
For the Securities and Exchange Commission
December 31, 2024

FIRST SECTION

Audited Consolidated Financial Statements with
Supplemental Schedules for the
Securities and Exchange Commission
December 31, 2024

TABLE OF CONTENTS

First Section

D&L

SECURITIES AND EXCHANGE COMMISSION
The SEC Headquarters
7907 Makati Avenue, Salcedo Village
Bel-Air, Makati City

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of D&L Industries, Inc. is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, as at December 31, 2024 and 2023 and 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

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

The Board of Directors reviews and approved the financial statements including the schedules attached therein, and submits the same to the stockholders or members.

Isla Lipana & Co, the independent auditor appointed by the stockholders, has audited the financial statements of the company in accordance with Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.

Yin Yong L. Lao
Chairman of the Board

Alvin D. Lao
President & CEO

Franco Diego T. Lao
Chief Finance Officer

SUBSCRIBED AND SWORN to before me this MAR 0 1 2025 at CITY OF MANILA, affiants exhibiting to me their Passports Nos:

		Valid ID	Expiration/Place of Issuance
YIN YONG L. LAO	PP		
ALVIN D. LAO	PP		
FRANCO DIEGO T. LAO	PP		

ATTY. TRISHA MAE A. MARCELO
NOTARY PUBLIC FOR MANILA CITY
Roll of Attorney No. 77701
PTR No. MLA2079500/01-02-2025/Manila City
IBP No. 476547/11-13-2024 for 2025/Manila III
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MRI Food Terminal, 2821 E. Manalo St., Punta, Sta. Ana, Manila

Doc. No. 445;
Page No. 93;
Book No. 1;
Series of 2025

Independent Auditor's Report

To the Board of Directors and Shareholders of
D&L Industries, Inc.
No. 65 Industria Street
Bagumbayan, Quezon City

Our Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of D&L Industries, Inc. (the "Parent Company") and its subsidiaries (together the "Group") as at December 31, 2024 and 2023, and their consolidated financial performance and their consolidated cash flows for the three years in the period ended December 31, 2024 in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2024 and 2023;
- the consolidated statements of total comprehensive income for each of the three years in the period ended December 31, 2024;
- the consolidated statements of changes in equity for each of the three years in the period ended December 31, 2024;
- the consolidated statements of cash flows for each of the three years in the period ended December 31, 2024; and
- the notes to the consolidated financial statements, comprising material accounting policy information.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

Our Audit Approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgments; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Key audit matters

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

Key audit matter identified in our audit is impairment of goodwill.

Key Audit Matter	How our audit addressed the key audit matter
Impairment of goodwill Refer to Note 1.3 to the consolidated financial statements. As at December 31, 2024, the Group reported goodwill amounting to P3.4 billion in the consolidated statement of financial position. An annual impairment review is performed based on the requirements of PAS 36, Impairment of Assets. Goodwill impairment testing was performed by management related to the oleochemicals, resins and powder coating segment which was assessed to be the lowest level of cash-generating unit (or CGU). Management's impairment testing over goodwill was significant to our audit because the assessment process is complex, and requires significant management estimate and judgment. The most significant assumptions used in management's impairment testing relate to the discount rate and terminal growth rate applied together with the assumptions supporting the underlying forecasted cash flows, in particular the revenue growth rate and cost ratio.	We addressed the matter by evaluating management's impairment testing which includes cash flow forecasts approved by the Board of Directors of the business segment. We tested the key assumptions and methodologies used, in particular the CGU determination, discount rate, terminal growth rate, revenue growth rate and cost ratio. Specific procedures are discussed below: • Reviewed management's basis for identifying the CGU where goodwill is allocated. • Involved our valuation experts to independently assess the reasonableness of the assumptions used in determining the Weighted Average Cost of Capital (WACC), which is the basis of the discount rate, with reference to comparable companies. In addition, we compared other key assumptions such as terminal growth rate and revenue growth rate, to externally derived data. • Tested reasonableness of cost ratio based on historical results and forecasted product mix based on future economic outlook that affects demand. In testing the discounted cash flow calculation, we also performed the following: • Tested mathematical accuracy of the discounted cash flow calculation. • Tested the calculation of the carrying amount of the CGU. • Performed sensitivity analysis of key assumptions such as discount rate, terminal growth rate, cost ratio and revenue growth rate to assess the level of changes to the assumptions based on historical, macroeconomic and industry performance would not cause the carrying amount of the CGU to exceed its recoverable amount.

Other Information

Management is responsible for the other information. The other information comprises the SEC Form 17-A, but does not include the consolidated financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the SEC Form 20-IS (Definitive Information Statement), which is expected to be made available to us after that date.

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 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.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the SEC Form 20-IS (Definitive Information Statement), if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Carlos Federico C. de Guzman.

Isla Lipana & Co.

Carlos Federico C. de Guzman
Partner
CPA Cert. No. 110973
P.T.R. No. 0011285, issued on January 03, 2025, Makati City
TIN 229-481-265
BIR AN: 08-000745-141-2023, issued October 23, 2023; effective until October 22, 2026
BOA/PRC Reg. No. 0142, effective until November 14, 2025

Makati City
March 1, 2025

Statement Required by Rule 68,
Securities Regulation Code (SRC)

To the Board of Directors and Shareholders of
D&L Industries, Inc.
No. 65 Industria Street
Bagumbayan, Quezon City

We have audited the accompanying consolidated financial statements of D&L Industries, Inc. (the "Parent Company") and its subsidiaries as at and for the year ended December 31, 2024, on which we have rendered the attached report dated March 1, 2025.

In compliance with SRC Rule 68 and based on the certification received from the Parent Company's corporate secretary and the results of the work we performed, the Parent Company has two hundred twenty-eight (228) shareholders owning one hundred (100) or more shares as at December 31, 2024.

Isla Lipana & Co.

Carlos Federico C. de Guzman
Partner
CPA Cert. No. 110973
P.T.R. No. 0011285, issued on January 03, 2025, Makati City
TIN 229-481-265
BIR AN: 08-000745-141-2023, issued October 23, 2023; effective until October 22, 2026
BOA/PRC Reg. No. 0142, effective until November 14, 2025

Makati City
March 1, 2025

Isla Lipana & Co., 29th Floor, AIA Tower, 8767 Paseo de Roxas, 1226 Makati City, Philippines
T: +63 (2) 8845 2728, www.pwc.com/ph

Statement Required by Rule 68
Securities Regulation Code (SRC)

To the Board of Directors and Shareholders of
D&L Industries, Inc.
No. 65 Industria Street
Bagumbayan, Quezon City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of D&L Industries, Inc. (the “Parent Company”) and its subsidiaries (together, the “Group”) as at December 31, 2024 and 2023 and for each of the three years in the period ended December 31, 2024, and have issued our report thereon dated March 1, 2025. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group’s management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) Accounting Standards 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 SRC 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 Accounting Standards. 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 for each of the three years in the period ended December 31, 2024 and no material exceptions were noted.

Isla Lipana & Co.

Carlos Federico C. de Guzman
Partner
CPA Cert. No. 110973
P.T.R. No. 0011285, issued on January 03, 2025, Makati City
TIN 229-481-265
BIR AN: 08-000745-141-2023, issued October 23, 2023; effective until October 22, 2026
BOA/PRC Reg. No. 0142, effective until November 14, 2025

Makati City
March 1, 2025

Statement Required by Rule 68
Securities Regulation Code (SRC)

To the Board of Directors and Shareholders of
D&L Industries, Inc.
No. 65 Industria Street
Bagumbayan, Quezon City

We have audited the consolidated financial statements of D&L Industries, Inc. (the “Parent Company”) and its subsidiaries (together, the “Group”) as at December 31, 2024 and 2023 and for each of the three years in the period ended December 31, 2024, on which we have rendered the attached report dated March 1, 2025.The supplementary information shown in the Reconciliation of Parent Company’s Retained Earnings Available for Dividend Declaration, Map Showing the Relationships between and among the Parent Company and its Ultimate Parent Company, Middle Parent, Subsidiaries or Co-Subsidiaries and Associates, and Schedules A, B, C, D, E, F, and G, as additional component required by Revised Rule 68 of the SRC, is presented for purposes of filing with the Securities and Exchange Commission and is not a required part of the basic consolidated financial statements. Such supplementary information is the responsibility of management and has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements. In our opinion, the supplementary information has been prepared in accordance with the Revised Rule 68 of the SRC.

Isla Lipana & Co.

Carlos Federico C. de Guzman
Partner
CPA Cert. No. 110973
P.T.R. No. 0011285, issued on January 03, 2025, Makati City
TIN 229-481-265
BIR AN: 08-000745-141-2023, issued October 23, 2023; effective until October 22, 2026
BOA/PRC Reg. No. 0142, effective until November 14, 2025

Makati City
March 1, 2025

D&L Industries, Inc. and Subsidiaries

Consolidated Statements of Financial Position
As at December 31, 2024 and 2023
(All amounts in Philippine Peso)

	Notes	2024	2023
Assets			
Current assets			
Cash and cash equivalents	3	2,837,928,091	2,844,171,390
Receivables, net	4	8,057,626,201	5,656,874,708
Inventories, net	5	11,371,805,235	9,056,492,790
Due from related parties	18	158,571,168	127,702,429
Financial assets at fair value through profit or loss (FVPL)	22.2	39,958,426	34,151,329
Prepayments and other current assets	6	5,929,734,365	4,863,205,314
Total current assets		28,395,623,486	22,582,597,960
Non-current assets			
Right-of-use (ROU) assets, net	9	936,143,886	626,526,764
Investments in equity securities at fair value through other comprehensive income (FVOCI)	7	343,066,891	266,224,629
Property, plant and equipment, net	8	12,724,023,484	12,526,615,430
Retirement benefit assets, net	19	31,539,337	26,897,429
Deferred income tax assets, net	20	189,796,692	136,014,868
Goodwill	1.3	3,367,846,840	3,367,846,840
Other non-current assets	6	2,381,358,589	3,092,421,827
Total non-current assets		19,973,775,719	20,042,547,787
Total assets		48,369,399,205	42,625,145,747
Liabilities and Equity			
Current liabilities			
Trade payables and other liabilities	10	4,475,493,597	3,764,921,685
Lease liabilities	9	285,135,275	250,371,079
Due to related parties	18	39,417,257	72,381,122
Bonds payable	11	-	2,990,809,865
Borrowings	11,18	17,850,000,000	10,900,000,000
Income tax payable		5,961,132	101,902,766
Total current liabilities		22,656,007,261	18,080,386,517
Non-current liabilities			
Bonds payable	11	1,990,780,368	1,985,445,108
Borrowings	11,18	1,249,487,284	1,259,231,665
Lease liabilities, net of current portion	9	536,687,322	304,417,351
Deferred income tax liabilities, net	20	1,536,595	3,301,884
Retirement benefit obligation, net	19	145,277,141	124,837,656
Total non-current liabilities		3,923,768,710	3,677,233,664
Total liabilities		26,579,775,971	21,757,620,181
Equity			
Attributable to the owners of the Parent Company:			
Share capital	12	7,142,857,990	7,142,857,990
Share premium	12	3,255,166,445	3,255,166,445
Reserve for remeasurement on retirement benefit		84,392,539	73,847,049
Fair value reserve on investments in equity securities at FVOCI		241,898,752	179,631,534
Retained earnings	12	11,065,307,508	10,216,022,548
Total equity		21,789,623,234	20,867,525,566
Total liabilities and equity		48,369,399,205	42,625,145,747

(The notes on pages 1 to 55 are an integral part of these consolidated financial statements)

D&L Industries, Inc. and Subsidiaries

Consolidated Statements of Total Comprehensive Income
For each of the three years in the period ended December 31, 2024
(All amounts in Philippine Peso, except earnings per share data)

	Notes	2024	2023	2022
Revenues				
Sales, net	13	40,586,388,848	33,398,960,020	43,379,421,431
Service income	13	88,419,332	103,317,973	105,125,970
		40,674,808,180	33,502,277,993	43,484,547,401
Cost of sales and services				
Cost of sales	14	(34,317,149,363)	(27,698,105,026)	(37,331,646,208)
Cost of services	14	(102,721,849)	(90,820,892)	(86,838,399)
		(34,419,871,212)	(27,788,925,918)	(37,418,484,607)
Gross profit		6,254,936,968	5,713,352,075	6,066,062,794
Selling and marketing expenses	15	(1,583,618,831)	(1,106,009,931)	(1,154,427,645)
General and administrative expenses	16	(1,028,988,022)	(1,007,405,760)	(805,690,529)
Other income, net	17	94,569,625	33,661,451	225,170,340
Operating profit		3,736,899,740	3,633,597,835	4,331,114,960
Finance costs	9,11	(970,669,047)	(613,326,233)	(236,142,201)
Profit before income tax		2,766,230,693	3,020,271,602	4,094,972,759
Income tax (expense) benefit				
Current		(498,809,993)	(782,449,393)	(801,621,164)
Deferred		74,721,580	57,590,820	24,168,412
	20	(424,088,413)	(724,858,573)	(777,452,752)
Profit for the year		2,342,142,280	2,295,413,029	3,317,520,007
Other comprehensive income				
Items that will not be subsequently reclassified to profit or loss				
Remeasurement gain (loss) on retirement benefit, net of tax	19	10,545,490	38,782,409	(89,141,711)
Fair value adjustment on investments in equity securities at FVOCI, net of tax	7	62,267,218	24,964,109	32,194,199
		72,812,708	63,746,518	(56,947,512)
Total comprehensive income for the year		2,414,954,988	2,359,159,547	3,260,572,495
Profit for the year attributable to:				
Owners of the Parent Company		2,342,142,280	2,295,413,029	3,317,520,007
Non-controlling interest		-	-	-
		2,342,142,280	2,295,413,029	3,317,520,007
Total comprehensive income attributable to:				
Owners of the Parent Company		2,414,954,988	2,359,159,547	3,260,572,495
Non-controlling interest		-	-	-
		2,414,954,988	2,359,159,547	3,260,572,495
Earnings per share				
Basic and diluted	12.3	0.33	0.32	0.46

(The notes on pages 1 to 55 are an integral part of these consolidated financial statements)

D&L Industries, Inc. and Subsidiaries

Consolidated Statements of Cash Flows
For each of the three years in the period ended December 31, 2024
(All amounts in Philippine Peso)

	Notes	2024	2023	2022
Cash flows from operating activities				
Profit before income tax		2,766,230,693	3,020,271,602	4,094,972,759
Adjustments for:				
Depreciation and amortization	8	879,349,796	447,837,741	398,364,143
Amortization of ROU assets	9	373,226,986	373,965,192	408,441,210
Provision for retirement benefit obligation	19	51,356,861	57,990,480	36,380,561
Provision for impairment of receivables	4	46,362,077	9,170,574	92,436,584
Interest expense on lease	9	22,698,159	41,343,508	30,254,624
Unrealized foreign exchange (gain) loss, net	22.4	(12,731,373)	7,756,855	32,236,709
Provision for inventory obsolescence	5	6,052,629	5,181,644	12,186,636
Unrealized loss (gain) on FV changes	17	2,712,995	(1,334,466)	(4,413,155)
Gain on disposal of property and equipment	17	(1,921,677)	(7,254,186)	(455,813)
Gain on lease modification	17	-	(7,598,572)	-
Input value-added tax not recoverable	6	-	-	12,000,000
Realized gain on redemption of FVPL	17	-	(172,895)	(31,543)
Dividend income	17	(151,672)	(137,589)	(128,909)
Interest income	17	(9,976,710)	(15,596,776)	(3,833,465)
Interest expense	11	970,669,207	531,214,390	205,887,577
Operating profit before working capital changes		5,093,877,971	4,462,637,502	5,314,297,918
(Increase) decrease in:				
Receivables		(2,403,063,391)	(52,638,494)	(334,569,868)
Inventories		(2,321,365,074)	(316,237,577)	(1,432,113,612)
Due from related parties		(30,868,739)	83,093,668	(102,109,310)
Prepayments and other current assets		(1,066,529,051)	(733,631,726)	(1,002,312,412)
Retirement benefit assets		(51,399,346)	(26,897,429)	(3,015,833)
Other non-current assets		711,063,238	(499,555,037)	(489,077,571)
Increase (decrease) in:				
Trade payables and other liabilities		702,567,498	757,218,119	367,996,977
Due to related parties		(32,963,865)	(252,394,722)	284,112,784
Retirement benefit obligation		30,984,975	(54,543,041)	-
Cash generated from operations		632,298,216	3,367,051,263	2,603,209,073
Income taxes paid		(594,751,627)	(728,502,270)	(623,319,536)
Interest received from banks		9,976,710	15,596,776	3,833,465
Net cash provided by operating activities		47,523,299	2,654,145,769	1,983,723,002
Cash flows from investing activities				
Dividend received	17	-	137,589	128,909
Additions to property and equipment	6, 8, 11	(1,089,793,066)	(1,511,199,329)	(3,707,412,534)
Proceeds from redemption of FVPL		111,631,580	50,061,382	572,219,762
Acquisition of investments at FVPL		(120,000,000)	-	-
Proceeds from disposal of property and equipment	8	14,956,893	28,862,120	181,616
Net cash used in investing activities		(1,083,204,593)	(1,432,138,238)	(3,134,882,247)
Cash flows from financing activities				
Payment of bonds	11	(3,000,000,000)	-	-
Proceeds from borrowings	11	15,800,000,000	2,250,000,000	8,500,000,000
Repayments of borrowings	11	(10,900,000,000)	(1,700,000,000)	(8,000,000,000)
Proceeds from loans from related party	18	2,050,000,000	2,300,000,000	1,170,000,000
Payments of loan to related party	18	-	(1,170,000,000)	-
Lease payments	9	(415,809,940)	(363,946,504)	(399,427,420)
Interest paid from lease liabilities	9	(22,698,159)	(41,343,508)	(30,254,624)
Dividends paid	12	(1,492,857,320)	(2,142,857,397)	(1,714,285,918)
Interest paid from bonds		(288,162,880)	(155,579,000)	(155,579,000)
Interest paid from borrowings	11	(683,669,519)	(602,887,691)	(152,679,308)
Net cash from (used in) financing activities		1,046,802,182	(1,626,614,100)	(782,226,270)
Net decrease in cash		11,120,888	(404,606,569)	(1,933,385,515)
Cash and cash equivalents, January 1	3	2,844,171,390	3,250,165,008	5,223,083,857
Effect of foreign exchange rate changes		(17,364,187)	(1,387,049)	(39,533,334)
Cash and cash equivalents, December 31	3	2,837,928,091	2,844,171,390	3,250,165,008

(The notes on pages 1 to 55 are an integral part of these consolidated financial statements)

D&L Industries, Inc. and Subsidiaries

Consolidated Statements of Changes in Equity
For each of the three years in the period ended December 31, 2024
(All amounts in Philippine Peso)

	Share capital	Share premium	Reserve for remeasurement on retirement benefit	Fair value reserve on investments in equity securities at FVOCI	Retained earnings		Total equity
					Appropriated	Unappropriated	
Balances at January 1, 2022	7,142,857,990	3,255,166,445	124,206,351	122,473,227	500,000,000	7,960,232,826	19,104,936,839
Comprehensive income							
Profit for the year	-	-	-	-	-	3,317,520,007	3,317,520,007
Other comprehensive income for the year	-	-	(89,141,711)	32,194,199	-	-	(56,947,512)
Total comprehensive income for the year	-	-	(89,141,711)	32,194,199	-	3,317,520,007	3,260,572,495
Transaction with owners							
Declaration of cash dividend (Note 12)	-	-	-	-	-	(1,714,285,918)	(1,714,285,918)
Balances at December 31, 2022	7,142,857,990	3,255,166,445	35,064,640	154,667,426	500,000,000	9,563,466,915	20,651,223,416
Comprehensive income							
Profit for the year	-	-	-	-	-	2,295,413,029	2,295,413,029
Other comprehensive income for the year	-	-	38,782,409	24,964,109	-	-	63,746,518
Total comprehensive income for the year	-	-	38,782,409	24,964,109	-	2,295,413,029	2,359,159,547
Transaction with owners							
Declaration of cash dividend (Note 12)	-	-	-	-	-	(2,142,857,397)	(2,142,857,397)
Balances at December 31, 2023	7,142,857,990	3,255,166,445	73,847,049	179,631,535	500,000,000	9,716,022,547	20,867,525,566
Comprehensive income							
Profit for the year	-	-	-	-	-	2,342,142,280	2,342,142,280
Other comprehensive income for the year	-	-	10,545,490	62,267,218	-	-	72,812,708
Total comprehensive income for the year	-	-	10,545,490	62,267,218	-	2,342,142,280	2,414,954,988
Transaction with owners							
Declaration of cash dividend (Note 12)	-	-	-	-	-	(1,492,857,320)	(1,492,857,320)
Balances at December 31, 2024	7,142,857,990	3,255,166,445	84,392,539	241,898,753	500,000,000	10,565,307,507	21,789,623,234

(The notes on 1 to 55 are an integral part of these consolidated financial statements)

1 General information

1.1 Business information

D&L Industries, Inc. (the “Parent Company” or “D&L”) was registered with the Securities and Exchange Commission (SEC) on July 27, 1971 primarily to invest in, purchase or otherwise acquire and own, hold, use, mortgage, pledge, exchange, or otherwise dispose of personal property of any corporation. The Parent Company is also engaged to carry on and conduct its business through any subsidiary companies or managers, or to enter into working agreements with other corporations including providing its subsidiaries corporate support services.

On November 5, 2012 and November 16, 2012, the SEC and Philippine Stock Exchange (PSE), respectively, approved the Parent Company’s application for the initial public offering. The Parent Company attained its status of being a “public company” on December 12, 2012 when it listed its shares in the PSE. As a public company, it is covered by the Securities Regulation Code (SRC) Rule 68. There is no follow-on offering after initial public offering.

On May 11, 2015, the Parent Company’s Board of Directors (BOD), through an amendment of the Parent Company’s Articles of Incorporation, added, as an additional secondary purpose, the business of establishing and operating an analytical laboratory and rendering chemical testing services. This amendment was approved and ratified by the Parent Company’s stockholders during the annual stockholders meeting on June 8, 2015. The SEC approved the amendment on July 24, 2015.

The Parent Company is a subsidiary of Jadel Holdings Co., Inc. (JHI). As at December 31, 2024, of the total shares outstanding, JHI holds 62.40% (2023 - 62.21%) and local individuals hold 10.43% (2023 - 10.42%). The remaining 27.17% (2023 - 27.37%) are publicly held.

The Parent Company is ultimately owned by Jadel II Trust, represented by BDO Unibank as Trustee, and beneficially owned by the Lao Family.

As at December 31, 2024, the Parent Company has 228 shareholders owning one hundred (100) or more shares each (2023 - 197).

The Parent Company’s registered office address which is also its principal place of business is at No. 65 Calle Industria, Bagumbayan, Quezon City. As at December 31, 2024, the Parent Company has 386 regular employees (2023 - 351).

The consolidated financial statements of the Group as at December 31, 2024 have been approved and authorized by the Parent Company’s BOD on February 27, 2025. There were no significant events that occurred from February 27, 2025 until March 1, 2025 requiring adjustment or disclosure in the consolidated financial statements.

1.2 Consolidation

As at December 31, 2024 and 2023, the consolidated financial statements include the financial statements of the Parent Company and its subsidiaries, namely, Oleo-Fats, Incorporated (OFI) and its subsidiary, D&L Premium Foods Corp. (DLPF), First in Colours, Incorporated (FIC), D&L Polymer and Colours, Inc. (DLPCI), Chemrez Technologies, Inc. (CTI) and its subsidiaries, Chemrez Product Solutions, Inc. (CPSI), Natura Aeropack (NAC) and Chemrez Technologies LLC (CTL), and Aero-Pack Industries, Inc. (API).

The Parent Company and its subsidiaries are collectively referred to here as the "Group".

The principal activities of the subsidiaries are set out below.

	Ownership interest/ participating share held			Registered place of business/ Country of incorporation	Main activity
	2024	2023	2022		
OFI	100%	100%	100%	Philippines	OFI was registered with the SEC on May 4, 1987 to carry on the business of manufacturing, processing, sourcing, marketing, selling, utilizing fats and oils, oleo chemicals and derivatives, distributing locally and abroad. OFI's registered address, which is also its principal place of business, is at No. 5 Mercury Avenue, Bagumbayan, Quezon City, Metro Manila.
DLPF	100%	100%	100%	Philippines	DLPF was registered with the SEC on June 29, 2017 to carry on the business of importing, exporting, distributing, processing, manufacturing, wholesale and retail of food and food safety products, machineries and equipment, and generally engage in and conduct any form of manufacturing or mercantile enterprise. DLPF is a wholly-owned subsidiary of OFI. Its registered address, which is also its principal place of business, is at Admin Bldg., First Industrial Township - SEZ, Brgy. Pagaspas, Tanauan City, Batangas. On December 6, 2018, the Philippine Economic Zone Authority (PEZA) approved DLPF's registration as an Ecozone Export Enterprise engaged in manufacturing of vegetable fats and oils and specialty food ingredients. On September 6, 2023, PEZA confirmed entitlement to four (4) years ITH of its registered acitivity of manufacturing vegetable fats and oil and specialty food ingredients which started commercial operation in July 2023 and will end in June 2027 (Note 20).
DLPCI	100%	100%	100%	Philippines	DLPCI was incorporated and registered with the SEC on March 30, 2006 primarily to carry on the business of buying, selling, importing, exporting, bartering, distributing, exchanging, processing, manufacturing, producing, refining, beneficiating and disposing at wholesale and retail of chemical products, compounds, derivatives or chemical substances and all kinds of goods, wares, manufactures, such as, but not limited to, machines, supplies and products and generally to engage in the conduct of manufacturing or mercantile enterprises. DLPC has existing tax incentives granted by PEZA for various registered activities (Note 20). DLPCI is indirectly a wholly-owned subsidiary of the Company. Its registered address, which is also its principal place of business, is at Carmelray Industrial Park, Laguna.

	Ownership interest/ participating share held			Registered place of business/ Country of incorporation	Main activity
	2024	2023	2022		
FIC	100%	100%	100%	Philippines	FIC was registered with the SEC on November 17, 1988 primarily to carry on the business of importing, exporting, manufacturing and distributing at wholesale and retail chemical products, compounds, derivatives or chemical substances and generally, engage in and conduct any form of manufacturing or mercantile enterprises. FIC's registered address, which is also its principal place of business, is at No. 65 Calle Industria, Bagumbayan, Quezon City, Metro Manila.
CTI	100%	100%	100%	Philippines	CTI was incorporated and registered with the SEC on June 1, 1989. CTI is engaged in the business of manufacturing, processing, refining all kinds of chemical products, compounds, derivatives or chemical substances and all kinds of goods, wares, supply and manufacture, buy, sell, trade, distribute or otherwise dispose of the same, locally or abroad, in the normal course of business without engaging in the business of manufacturing food, drugs and cosmetics. On May 12 and June 9, 2007, CTI's BOD and Shareholders, respectively, authorized CTI to invest and/or engage in the manufacture, sale and distribution of biodiesel under the brand "BioActiv". CTI's registered address, which is also its principal place of business, is at No. 65 Calle Industria, Bagumbayan, Quezon City, Metro Manila.
CPSI	100%	100%	100%	Philippines	CPSI was registered with the SEC on November 16, 1988 to carry on the business of buying, selling, importing, exporting, bartering, distributing, exchanging, processing, manufacturing, and disposing at wholesale and retail of chemical products, compounds, derivatives of chemical substances and generally engage in and conduct any form of manufacturing or mercantile enterprises. CPSI is a wholly-owned subsidiary of CTI, and indirectly a wholly-owned subsidiary of the Parent Company. Its registered address, which is also its principal place of business, is at No. 65 Calle Industria, Bagumbayan, Quezon City, Metro Manila.
NAC	100%	100%	100%	Philippines	NAC was incorporated and registered with the SEC on July 20, 2016 primarily to carry on the business of buying, selling, importing, exporting, bartering, distributing, exchanging, processing, manufacturing, and disposing at wholesale and retail chemical products, compounds, derivatives of chemical substances and generally engage in and conduct any form of manufacturing or mercantile enterprises. Subsequently on January 4, 2018, the Philippine Economic Zone Authority (PEZA) approved NAC's registration as an Ecozone Export Enterprise engaged in manufacturing of coconut oil fractions and coconut-based surfactants and downstream consumer products. NAC is a subsidiary of CTI, and indirectly a wholly-owned subsidiary of the Parent Company. NAC is 70% owned by CTI and 30% owned by API. Its registered address, which is also its principal place of business, is at Admin Bldg., First Industrial Township - SEZ, Brgy. Pagaspas, Tanauan City, Batangas.

	Ownership interest/ participating share held			Registered place of business/ Country of incorporation	Main activity
	2024	2023	2022		
					On January 16, 2018, NAC was registered with the Philippine Economic Zone Authority (PEZA) as an Ecozone Export Enterprise, pursuant to Revenue Regulations No. 16-2005 for NAC to engage in manufacturing of coconut oil fractions and coconut base surfactants and downstream consumer products directly used in its registered operations. On On September 11, 2023, PEZA confirmed entitlement to four (4) years ITH of its registered activity which started commercial operation in July 2023 and will end in June 2027 (Note 20).
CTL	100%	100%	100%	Delaware, USA	CTL was formed on June 30, 2022 as a limited liability company in the state of Delaware, USA. Its registered office is located at 16192 Coastal Highway, Lewes, Delaware 19958, County of Sussex. It is intended as a trading arm to distribute oleochemical products of CTI, CPSI and NAC in the US.
API	100%	100%	100%	Philippines	API was incorporated and registered with the SEC on September 29, 1989 to engage in the manufacture of aerosol packaging materials, aerosol products, chemical derivatives and compounds and other related products. API's registered address, which is also its principal place of business, is at No. 65 Calle Industria, Bagumbayan, Quezon City, Metro Manila.

1.3 Acquisition of controlling interest in CTI

On August 29, 2014, the Parent Company's BOD resolved to acquire all the outstanding shares of CTI not previously owned by the Parent Company for P6.00 per share through a public tender offer for a total acquisition cost of P5,078.5 million. On October 7, 2014 (the acquisition date), a total of 846,408,196 shares had been tendered, representing approximately 65% of the issued and outstanding shares of CTI. As a result, CTI became 99.7% owned by the Parent Company effective October 7, 2014.

The consideration given with respect to the acquisition is based on the fair market value of CTI's shares on the date of acquisition totaling P5,078.5 million net of acquisition-related costs amounting to P6.5 million which was charged to profit or loss in 2014. Goodwill amounting to P3,367 million was recognized from this acquisition.

1.3.1 Critical accounting estimate and judgment: Impairment tests for goodwill; key assumptions used for value-in-use (VIU) calculations

The Group reviews goodwill annually for impairment or whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. Goodwill is monitored by management at the level of oleochemicals, resin and powder coatings segment (lowest level of cash generating unit) following the business acquisition of CTI.

As at December 31, 2024 and 2023, the recoverable amount of oleochemicals, resin and powder coatings CGU (the "CGU") was determined based on VIU calculation (using Level 3 inputs) and require the use of assumptions. The calculations use cash flow projections over a five-year period.

The cash flow forecast reflects management's expectation of revenue growth, operating costs and margins based on past experience and outlook, consistent with internal measurements and monitoring.

Cash flows beyond the five-year period are extrapolated using the estimated terminal growth rate derived from the long-term domestic consumer price index forecast of 3.0%. The growth rates are consistent with externally derived data.

A weighted average cost of capital (WACC) is used in discounting the free cash flows projected. In developing the WACC, companies with a similar business model as the CGU were considered in calculating the industry beta and debt-to-equity ratio.

The following are the key assumptions used in the impairment testing for the years ended December 31:

	2024	2023	2022
Revenue growth rate	10%	14.1%	10%
Cost ratio	80%	77.2%	80%
WACC (or discount rate)	13%	13%	14%
Terminal growth rate	3.0%	3.5%	3.7%

Based on the above assessment, goodwill is not impaired as at December 31, 2024 and 2023 as the recoverable amount exceeds the carrying amount of the CGU included in the financial statements.

The Group’s goodwill impairment review includes sensitivity analysis on changes in key assumptions used for VIU calculations to those assumptions that are highly sensitive such as revenue growth rate, terminal growth rate, cost ratio and WACC. The changes in recoverable amount of CGU based on reasonable possible shift in the following assumptions as of December 31 is as follows:

	2024			2023		
		In Php millions			In Php millions	
	Reasonable possible shift	+Impact on VIU	-Impact on VIU	Reasonable possible shift	+Impact on VIU	-Impact on VIU
Revenue growth rate	+/-2%	2,810	(2,632)	+2%/-2%	2,005	(1,844)
Cost ratio	+/-2%	(4,043)	4,043	+2%/-2%	(1,954)	1,954
Terminal growth rate	+/-0.50%	1,169	(1,046)	+/-0.50%	724	(646)
WACC	+/-1%	(2,979)	3,732	+/-1%	(2,025)	2,569

Based on the sensitivity analysis performed using market-driven changes, management concluded that no reasonable change in the assumptions would cause the carrying amount of the CGU to exceed its recoverable amount because the calculated headroom is significant.

2 Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM), which is represented by the members of the Management Committee (ManCom), in making collective operating decisions with regard to the business segments. The ManCom, which is responsible for allocating resources and assessing performance of the operating segments, is identified as the one that makes strategic decisions for the Group.

Primary reporting - business segments

The Group’s operating businesses are organized and managed according to the nature of the products marketed. Each segment, representing a strategic business unit, offers different products and services to different markets.

The Group has organized its reporting structure based on the grouping of similar products and services resulting in the following business segments:

(i) Food ingredients

The Group, operating through its subsidiary OFI and DLPF, manufactures a line of industrial fats and oils, food ingredients, specialty fats and oils and culinary and other specialty food ingredients. The Group supplies food ingredients to leading food manufacturers and quick-service restaurant chains in the Philippines, and also produces food safety solutions such as cleaning and sanitation agents for various customers.

(ii) Colorants and plastics additives

The Group, operating through its subsidiaries FIC and DLPCI, manufactures a line of pigment blends, color and additive master batches and engineered polymers for a wide range of applications, for the Philippine and export markets. The Group's products add properties such as precise coloring, reduced friction or increased resistance to degradation for plastics used in consumer goods, appliances and outdoor furniture.

(iii) Oleochemicals, resins and powder coatings

The Group, operating through its subsidiary, CTI, and subsidiaries, CPSI, and NAC, manufactures Coconut Methyl Ester ("CME", also known as coco-biodiesel), other oleochemicals or chemicals derived from vegetable oils, resins such as polystyrene, acrylic emulsions and polyester; and a line of powder coatings.

(iv) Consumer Products Original Design Manufacturing (ODM)

The Group, operating through its subsidiary, API, manufactures aerosol cans and components, and provides contract aerosol filling and compounding services. The Group also manufactures a range of products, including insect control, industrial maintenance chemicals, and home and personal care products, among others.

(v) Management and administration

The Parent Company maintains significant operational control of its subsidiaries through a contractual "shared services" model (Note 18). The Parent Company also performs such management and administrative services for other related entities that are not consolidated in the Group.

The following table presents the segment information provided to the ManCom about the Group's business segments for the years ended December 31:

	Food ingredients	Colorants and plastics additives	Oleochemicals, resin and powder coatings	Consumer Products ODM	Management and administration	Eliminations	Total
2024							
External revenue	25,593,950,837	3,493,702,044	10,147,280,897	648,363,591	-	-	39,883,297,369
Sales to related parties	344,979,343	525,714	154,242,016	203,344,406	88,419,332	-	791,510,811
Intersegment sales	1,003,471,316	82,728,431	5,282,162,353	119,362,684	482,692,322	(6,970,417,106)	-
Total revenues	26,942,401,496	3,576,956,189	15,583,685,266	971,070,681	571,111,654	(6,970,417,106)	40,674,808,180
Segment result	1,890,317,143	951,799,363	1,068,392,296	154,810,257	(454,671,284)	31,682,341	3,642,330,116
General corporate income	18,897,644	354,093,233	243,578,853	4,397,684	2,280,257,214	(2,806,655,002)	94,569,626
Finance costs	(725,996,964)	(160)	(255,952,102)	(777,235)	(145,472,765)	157,530,179	(970,669,047)
Income tax (benefit) expense	(286,416,834)	(54,361,586)	(118,906,491)	(31,997,558)	64,656,221	-	(427,026,248)
Profit for the year	896,800,989	1,251,530,850	937,112,556	126,433,148	1,744,769,386	(2,617,442,482)	2,339,204,447
2023							
External revenue	19,999,402,814	3,258,622,045	8,545,101,944	868,168,972	-	-	32,671,295,775
Sales to related parties	387,754,175	-	38,981,032	300,929,039	103,317,973	-	830,982,219
Intersegment sales	121,402,509	69,169,316	3,261,474,167	164,656,360	541,260,614	(4,157,962,967)	-
Total revenues	20,508,559,498	3,327,791,362	11,845,557,144	1,333,754,371	644,578,587	(4,157,962,967)	33,502,277,993
Segment result	1,745,901,294	825,648,768	948,283,126	315,352,999	(289,257,494)	54,007,691	3,599,936,383
General corporate income	2,082,420	227,415,960	224,270,191	193,759	2,381,483,999	(2,801,784,879)	33,661,451
Finance costs	(508,717,983)	(206,663)	(79,880,007)	(1,231,233)	(174,010,260)	150,719,913	(613,326,233)
Income tax (benefit) expense	(459,089,745)	(48,239,456)	(205,101,774)	(55,604,657)	43,177,061	-	(724,858,572)
Profit for the year	780,175,986	1,004,618,608	887,571,537	258,710,868	1,961,393,306	(2,597,057,275)	2,295,413,029
2022							
External revenue	27,600,809,194	3,192,519,602	10,910,445,686	748,307,886	-	-	42,452,082,368
Sales to related parties	532,062,804	10,486,055	66,129,636	318,660,569	105,125,969	-	1,032,465,033
Intersegment sales	432,283,859	75,980,711	2,191,619,596	43,546,163	2,439,850,206	(5,183,280,535)	-
Total revenue	28,565,155,857	3,278,986,368	13,168,194,918	1,110,514,618	2,544,976,175	(5,183,280,535)	43,484,547,401
Segment result	1,428,541,770	796,929,979	1,596,167,928	284,349,896	(20,275,355)	20,230,401	4,105,944,619
General corporate income (loss)	93,189,350	26,549,828	91,946,795	(762,612)	198,618,567	(184,371,587)	225,170,341
Finance costs	(212,289,649)	(5,936,598)	(13,467,033)	(1,889,710)	(174,114,562)	171,555,351	(236,142,201)
Income tax (benefit) expense	(355,322,810)	(57,714,312)	(310,324,710)	(49,877,436)	(6,849,378)	2,635,894	(777,452,752)
Profit for the year	954,118,661	759,828,897	1,364,322,980	231,820,138	(2,620,728)	10,050,059	3,317,520,007

Eliminations pertain to the consolidation adjustments in the preparation of the consolidated financial statements as discussed in Note 23.6.1.

Other segment information as at December 31 are as follows:

	Food ingredients	Colorants and plastic additives	Oleochemicals, resin and powder coatings	Consumer Products ODM	Management and administration	Total
2024						
Segment assets	25,563,003,695	2,653,565,733	17,679,919,597	636,560,041	1,836,785,461	48,369,834,527
Segment liabilities	17,661,532,211	331,405,669	6,347,955,992	90,553,640	2,149,060,107	26,580,507,619
Capital expenditures	512,013,200	29,251,153	521,315,284	2,480,414	24,733,015	1,089,793,066
Depreciation and amortization	529,820,038	42,262,221	255,749,381	12,415,511	39,102,645	879,349,796
2023						
Segment assets	21,430,732,242	2,595,467,832	16,269,131,824	812,744,620	1,517,069,229	42,625,145,743
Segment liabilities	11,983,491,409	227,060,638	4,222,705,442	139,858,682	5,184,504,012	21,757,620,181
Capital expenditures	817,581,275	17,044,910	580,504,483	249,319	40,430,142	1,455,038,285
Depreciation and amortization	465,417,064	28,845,717	256,331,528	25,813,169	43,851,766	821,031,089
2022						
Segment assets	19,879,398,359	2,703,069,289	15,647,839,576	813,100,345	1,716,994,637	40,760,402,206
Segment liabilities	11,083,729,941	163,771,869	3,475,436,907	226,523,180	5,159,716,892	20,109,178,790
Capital expenditures	1,979,896,235	29,251,153	1,349,359,724	13,495,499	135,405,311	3,507,407,922
Depreciation and amortization	379,166,865	55,121,880	253,079,878	48,166,687	70,995,600	806,530,910

The amounts provided to the ManCom with respect to total assets, liabilities and profit or loss are recognized and measured in a manner consistent with those of the consolidated financial statements.

Secondary reporting - geographical information

Geographical information of the Group's revenue for each of the three years ended December 31 are as follows:

	2024	2023	2022
Customers in the Philippines	30,685,766,490	26,343,632,063	31,524,241,055
Customers in other countries	9,989,041,690	7,158,645,930	11,960,306,346
	40,674,808,180	33,502,277,993	43,484,547,401

Customers in other countries include exports to Asia, and developed economies such as China, USA, United Kingdom, EU and Australia. The table below shows the breakdown of revenue from outside Philippines based on geographical region.

	2024	2023	2022
China	2,183,254,601	1,687,575,586	4,970,942,249
United Kingdom	23,711,666	1,018,034,485	1,952,863,241
United States of America	1,048,055,268	1,844,922,775	1,593,084,704
Others (mainly EU and Australia)	6,734,020,155	2,608,113,084	3,443,416,152
	9,989,041,690	7,158,645,930	11,960,306,346

There were no non-current assets located outside the Philippines.

3 Cash and cash equivalents

Cash and cash equivalents as at December 31 consist of:

	2024	2023
Cash in banks	2,734,384,410	2,767,694,055
Cash on hand	97,303,980	70,534,228
Cash equivalents	6,239,701	5,943,107
	2,837,928,091	2,844,171,390

Cash in banks earn interest at the bank deposit rates of 0.05% to 0.625% per annum for the year ended December 31, 2024 (2023 - 0.50% to 0.13% per annum). Cash equivalents pertain to cash placements with a local bank with maturity of less than 3 months.

For the year ended December 31, 2024, the Group earned interest income from cash accounts amounting to P9,976,710 (2023 - P15,596,776; 2022 - P3,833,465) (Note 17).

4 Receivables, net

Receivables, net as at December 31 consist of:

	2024	2023
Trade receivables	8,221,503,860	5,805,239,480
Allowance for impairment of receivables	(168,826,389)	(154,864,153)
	8,052,677,471	5,650,375,327
Advances to officers and employees	3,615,918	4,387,751
Other receivables	1,332,812	2,111,630
	8,057,626,201	5,656,874,708

Trade receivables arose from sale of goods and services. These are unsecured and non-interest bearing with an average credit term ranging from 30 to 90 days.

Movements in the allowance for impairment of receivables for the years ended December 31 are as follows:

	Note	2024	2023	2022
Beginning of year		154,864,153	146,332,149	54,885,595
Provision	16	46,362,077	9,170,574	92,436,584
Write-off		(32,399,841)	(638,570)	(990,030)
End of year		168,826,389	154,864,153	146,332,149

4.1 Critical accounting estimate and judgment: Recoverability of receivables

Provision for impairment of receivables is maintained at a level considered adequate to provide for uncollectible receivables. Provision for impairment is calculated using expected credit losses (ECLs). ECLs are unbiased probability-weighted estimates of credit losses which are determined by evaluating a range of possible outcomes and taking into account past events, current conditions and assessment of future economic conditions.

The Group used relevant historical information and loss experience to determine the probability of default of the receivables arising from sale of goods and services to third parties and incorporated forward-looking information. The Group also evaluates specific account of customers who were unable to meet their financial obligations. In these cases, management uses judgment and assessment based on the best available facts, supported by historical defaults and credit losses.

5 Inventories, net

Inventories, net as at December 31 consist of:

	2024	2023
At net realizable value		
Finished goods	2,609,464,640	2,288,139,812
Allowance for inventory obsolescence	(51,934,432)	(45,504,139)
	2,557,530,208	2,242,635,673
At net realizable value		
Raw materials	8,636,173,441	6,728,342,838
Raw materials - in transit	213,029,602	120,819,959
Allowance for inventory obsolescence	(34,928,016)	(35,305,680)
	8,814,275,027	6,813,857,117
	11,371,805,235	9,056,492,790

The cost of inventories sold recognized in cost of sales for the year ended December 31, 2024 amounted to P29,385,072,306 (2023 - P23,999,847,523; 2022 - P33,888,330,435) (Note 14).

Movements in the allowance for inventory obsolescence for the years ended December 31 are as follows:

	2024	2023	2022
Beginning of year	80,809,819	75,628,175	63,441,540
Provision	6,052,629	5,181,644	12,186,635
End of year	86,862,448	80,809,819	75,628,175

Reversal of allowance for inventory obsolescence was due to sale and usage of previously provided inventories.

5.1 Critical accounting estimate and judgment: Provision for inventory obsolescence

Allowance for inventory obsolescence is maintained at a level considered adequate to provide for potential loss on inventory items. The level of provision is based on past experience and other factors affecting the recoverability and obsolescence of inventory items. An evaluation of inventories, designed to identify potential charges to the provision, is performed on a continuous basis throughout the period. Management uses judgment based on the best available facts and circumstances, including but not limited to evaluation of individual inventory items' future recoverability and utilization. The amount and timing of recorded provision for inventory obsolescence for any period would therefore differ based on the judgments made. A change in provision for inventory obsolescence would impact the Group's recorded expenses and carrying value of inventories.

The carrying values of the inventories at the end of the reporting period and the amount and timing of recorded provision for any period could be materially affected by actual experience and changes in such judgments such as effect of product obsolescence, competition in the market and changes in prices of finished products and manufacturing costs.

Management believes that the allowance for inventory obsolescence as at each reporting period is adequate.

6 Prepayments and other current assets; Other non-current assets

Prepayments and other current assets as at December 31 consist of:

	2024	2023
Input value-added tax (VAT)	3,436,149,133	3,455,763,668
Allowance for unrecoverable input VAT	(22,540,197)	(22,540,197)
	3,413,608,936	3,433,223,471
Deposits to suppliers	2,021,779,083	1,194,460,234
Creditable withholding taxes (CWT)	363,997,653	206,021,198
Prepaid tax	19,583	44,750
Others	130,329,110	29,455,661
	5,929,734,365	4,863,205,314

There are no movements in allowance for unrecoverable input VAT for the years ended December 31 2024 and 2023.

Input VAT

The Group's total input VAT, net of output VAT as at December 31 consist of:

	2024	2023
Current portion		
Carry-over claimable against output VAT	2,928,047,779	3,039,428,883
Tax credit claim (a)	428,187,643	379,268,542
Deferred input VAT (b)	57,373,514	14,526,046
	3,413,608,936	3,433,223,471
Non-current portion - Carry-over claimable against output VAT	1,285,880,929	1,486,456,810
	4,699,489,865	4,919,680,281

(a) Tax credit claim

Tax credit claim pertains to excess input VAT from zero-rated sales claimed by the Group for refund.

(b) Deferred input VAT

Deferred input VAT pertains to input VAT paid on services which is claimable upon payment of related liabilities and input VAT from purchase of capital goods which is subject to amortization.

Deposits to suppliers

Deposits to suppliers are payments made in advance for goods and services that have not yet been received or incurred. It will be derecognized when goods or services are received.

Prepaid taxes

Prepaid taxes as at December 31, 2024 and 2023 mainly pertain to actual tax credit certificates (TCC) issued by the Bureau of Internal Revenue (BIR) in favor of the Group relating to filed application claims to convert excess input VAT into TCC. The TCC may be applied to future income tax liabilities.

CWT

CWT pertains to taxes withheld from income payments made to the Group and are creditable against future income tax payable.

Other non-current assets as at December 31 consist of:

	2024	2023
Refundable deposits	424,584,746	865,094,698
Input VAT	1,285,880,929	1,486,456,810
CWT	305,691,458	324,974,355
Advances to contractors	227,893,716	271,170,029
Others	138,062,209	144,725,935
	2,381,358,589	3,092,421,827

As at December 31, 2024, the Group has reviewed the expected utilization of its input VAT and CWT, and accordingly classified input VAT and CWT amounting to P1,285,880,929 and P305,691,458, respectively, to non-current assets (2023 - P1,486,456,810 and P324,974,355).

Refundable deposits pertain to the security deposits covering the Group's lease of office space, warehouse and building (Note 9).

Advances to contractors are related to construction in progress. These are presented within investing activities in the statements of cash flow.

6.1 Critical accounting judgment: Recoverability of input VAT

Provision for impairment of input VAT is maintained at a level considered adequate to provide for recoverable claims or refund from excess input VAT. An evaluation of the tax credit claims from input VAT designed to identify potential charges to the provision, is performed on a continuous basis throughout the period. Management uses judgment based on the best available facts and circumstances, including but not limited to the evaluation of the aggregate tax credit future utilization, completeness of supporting documents and actual refund experiences with similar claims. Changes in those judgments could have a significant effect on the net amount of input VAT and the timing of recorded provision for any period.

Management has assessed that the carrying amount of input VAT as at each reporting period is recoverable based on management forecasts, strong legal basis and compliant supporting documents.

6.2 Critical accounting judgment: Recoverability of CWT

The Group recognizes CWT to the extent that it is probable that future tax liabilities will be available against which tax credits can be utilized. Determining the realizability and classification of CWT requires the assessment of the availability and timing of future taxable profit expected to be generated from the operations.

Significant judgment is required in determining the realizability of CWT. CWT arise mainly from the Parent Company's management and support services to its affiliates. Management believes based on long term forecasts that the Parent Company would be able to generate sufficient taxable income and future tax liabilities against which the CWT can be fully applied.

Based on management's assessment and judgment, no allowance for unrecoverable CWT is necessary to be recognized as at each reporting period as there are no indications of impairment or changes in circumstances indicating that the CWT may not be fully recoverable.

7 Investments in equity securities at FVOCI

As at December 31, 2024, investments in equity securities at FVOCI pertains to investment in shares of stock of a listed company and proprietary golf club share amounted to P343,066,891 (2023 - P266,224,629).

For the year ended December 31, 2024, fair value changes net of deferred income tax, amounted to P62,267,218 (2023 - P24,964,109; 2022 - P32,194,199).

For the year ended December 31, 2024, dividend income from these investments amounted to P151,672 (2023 - P137,589; 2022 - P128,909) (Note 17).

8 Property, plant and equipment, net

Property, plant and equipment, net as at December 31 consist of:

	Building and leasehold improvements	Transportation and delivery equipment	Office, furniture and fixtures	Tools, machinery and equipment	Construction in progress	Total
At January 1, 2023						
Cost	1,051,133,834	250,893,124	552,591,795	5,241,584,259	9,592,361,187	16,688,564,199
Accumulated depreciation and amortization	(412,959,206)	(198,212,457)	(478,312,924)	(4,058,828,638)	-	(5,148,313,225)
Net carrying value	638,174,628	52,680,667	74,278,871	1,182,755,621	9,592,361,187	11,540,250,974
For the year ended December 31, 2023						
Opening net carrying value	638,174,628	52,680,667	74,278,871	1,182,755,621	9,592,361,187	11,540,250,974
Additions	892,412	-	-	38,294,252	1,416,623,467	1,455,810,131
Disposals						
Cost	-	(9,478,341)	(33,454,285)	(60,639,027)	-	(103,571,653)
Accumulated depreciation	-	9,478,341	33,454,285	39,031,093	-	81,963,719
Transfers	2,082,301,952	128,294,883	160,751,881	3,013,162,077	(5,384,510,793)	-
Depreciation and amortization	(62,590,490)	(25,253,496)	(40,215,717)	(319,778,038)	-	(447,837,741)
Closing net carrying value	2,658,778,502	155,722,054	194,815,035	3,892,825,978	5,624,473,861	12,526,615,430
At December 31, 2023						
Cost	3,134,328,198	369,709,666	679,889,391	8,232,401,561	5,624,473,861	18,040,802,677
Accumulated depreciation and amortization	(475,549,696)	(213,987,612)	(485,074,356)	(4,339,575,583)	-	(5,514,187,247)
Net carrying value	2,658,778,502	155,722,054	194,815,035	3,892,825,978	5,624,473,861	12,526,615,430
For the year ended December 31, 2024						
Opening net carrying value	2,658,778,502	155,722,054	194,815,035	3,892,825,978	5,624,473,861	12,526,615,430
Additions	-	6,308,603	-	1,597,541	1,081,886,922	1,089,793,066
Disposals						
Cost	-	(2,825,147)	-	(29,190,298)	-	(32,015,445)
Accumulated depreciation	-	2,825,147	-	16,155,082	-	18,980,229
Transfers	2,463,166,771	75,220,712	328,796,937	2,510,258,882	(5,377,443,302)	-
Depreciation and amortization	(310,712,989)	(74,012,900)	(225,008,303)	(269,615,604)	-	(879,349,796)
Closing net carrying value	4,811,232,284	163,238,469	298,603,669	6,122,031,581	1,328,917,481	12,724,023,484
At December 31, 2024						
Cost	5,597,494,969	448,413,834	1,008,686,328	10,715,067,685	1,328,917,481	19,098,580,297
Accumulated depreciation and amortization	(786,262,685)	(285,175,365)	(710,082,659)	(4,593,036,104)	-	(6,374,556,813)
Net carrying value	4,811,232,284	163,238,469	298,603,668	6,122,031,581	1,328,917,481	12,724,023,484

Construction in progress represents building, leasehold improvements, various plant developments and machineries and equipment that will be used in operations. These will be used in operations and are expected to be fully completed in the next twelve (12) months.

Transfers represent reclassification of completed construction in progress to the appropriate class of property, plant and equipment.

Depreciation and amortization are charged for the years ended December 31 are as follows:

	Notes	2024	2023	2022
Depreciation	8	879,349,796	447,837,741	398,364,143
Amortization of ROU	9	373,226,986	373,965,192	408,441,210
		1,252,576,782	821,802,933	806,805,353
Recorded in profit or loss as follows:				
Cost of sales	14	1,226,805,454	685,652,578	648,311,428
Cost of services	14	6,053,860	6,259,477	9,641,046
General and administrative expenses	16	19,717,468	129,890,878	148,852,879
		1,252,576,782	821,802,933	806,805,353

The acquisition of property, plant and equipment as shown in the consolidated statements of cash flows for the years ended December 31 was determined as follows:

	2024	2023	2022
Capital expenditures payable, beginning	1,511,199,329	352,053,328	663,756,112
Additions during the year	1,089,793,066	1,455,810,131	3,507,407,922
Capitalized borrowing costs	-	(119,743,301)	(111,698,172)
Capital expenditures payable, ending	(1,511,199,329)	(176,920,829)	(352,053,328)
Additions per statement of cash flows	1,089,793,066	1,511,199,329	3,707,412,534

Additions during the year include advance lease payments (Note 9).

8.1 Critical accounting estimate and judgment: Useful life of property, plant and equipment

The useful life of each of the Group’s property, plant and equipment is estimated based on the period over which these assets are expected to be available for use. Such estimation is based on a collective assessment of internal technical evaluation and experience with similar assets. The estimated useful life of each asset is reviewed periodically and 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 asset. It is possible, however, that future results of operations could be materially affected by changes in the amounts and timing of recorded expenses brought about by changes in the factors mentioned above. A change in the estimated useful life of any property, plant and equipment would impact the recorded depreciation expense and carrying value of property, plant and equipment.

9 Leases

The Group leases various office space, warehouse, and equipment for its back office and manufacturing operations.

The lease agreements do not require any covenants other than the security deposits in the leased assets that are held by the lessor.

(i) Amounts recognized in the consolidated statements of financial position

Leased assets are presented as a separate line item in the statement of financial position. The statements of financial position show the following amounts relating to leases:

	2024	2023
Right-of-use assets, net	936,143,886	626,526,764
Lease liabilities		
Current	285,135,275	250,371,079
Non-current	536,687,322	304,417,351
	821,822,597	554,788,430

Among lease liabilities, P147,286,854 is pertaining to related party (2023 - P495,601,124) (Note 18).

Movements in the right-of-use assets are presented below:

	2024	2023
Beginning balance	626,526,764	896,810,952
Additions during the year	682,844,108	200,014,607
Lease modification	-	(96,333,603)
Amortization	(373,226,986)	(373,965,192)
Ending balance	936,143,886	626,526,764

Included in additions to ROU assets during the year amounting to P70,265,767 pertain to advance lease payments (2023 - P81,324,776) (Note 8).

Movements in lease liabilities are presented below:

				Non-cash changes		
	Beginning balance	Principal and interest payments	Additions during the year	Lease modification	Interest expense	Ending balance
2024	554,788,430	(368,242,333)	612,578,341	-	22,698,159	821,822,597
2023	822,652,502	(438,290,012)	225,620,703	(96,538,271)	41,343,508	554,788,430

On July 1, 2023, the Group entered a lease modification for its Batangas plant resulting to a gain on lease modification.

(ii) Amounts recognized in the consolidated statements of total comprehensive income

The consolidated statements of total comprehensive income show the following amounts relating to leases:

	2024	2023
Amortization of ROU	373,226,986	373,965,192
Interest expense (included in Finance costs)	22,698,159	41,343,508
Gain on lease modification	-	7,598,572
Expense relating to short-term leases (included in cost of sales and services and general and administrative expenses)	399,589,120	341,920,380
	795,514,265	764,827,652

The total cash outflows for leases for the year ended December 31, 2024 is P767,831,453 (2023 - P780,210,392).

(iii) Discount rate

Payments for leases of properties and equipment are discounted using the lessee's incremental borrowing rate, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

(iv) Lease term

The lease term applied in the calculation of right-of-use assets and lease liabilities are based on the contractual agreements of the Group with the lessor. There were no extension options applied in the calculation.

9.1 Critical accounting judgment: Determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For leases of land, the Group considers the following factors as the most relevant:

- If any constructed property, plant and equipment are expected to have a significant remaining value, the Group is typically reasonably certain to extend (or not terminate).
- Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group 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 lessee.

10 Trade payables and other liabilities

Trade payables and other liabilities as at December 31 consist of:

	Note	2024	2023
Trade payables		3,661,185,113	2,800,696,184
Accrued purchases		404,241,040	525,093,016
Accrued operating expenses		206,411,393	186,223,890
Due to regulatory agencies		121,250,723	157,277,821
Accrued interest expense	11	78,484,040	94,172,627
Advances from customers		69,329	56,785
Others		3,851,959	1,401,362
		4,475,493,597	3,764,921,685

Trade payables mainly pertain to purchases of inventories, repairs and maintenance and supplies. These are unsecured and non-interest bearing payable within six months.

Accrued operating expenses mainly pertain to contracted services of manpower providers for manufacturing operations. These are unsecured and non-interest bearing.

Due to regulatory agencies consists of VAT payable, expanded withholding tax payable and withholding tax payable on compensation.

11 Borrowings; Bonds payable

The movements in the Group's borrowings and the net debt reconciliation for the years ended December 31 are as follows:

	2024	2023	2022
Beginning of the year	17,135,486,638	15,477,823,713	13,790,005,642
Availment of borrowings and loans	17,850,000,000	4,550,000,000	9,670,000,000
Repayment of borrowings	(13,900,000,000)	(2,870,000,000)	(8,000,000,000)
Unamortized debt issuance cost for the year	(9,744,381)	(40,768,335)	-
Amortization of debt issuance cost for the year	14,525,395	18,431,260	17,818,071
End of the year	21,090,267,652	17,135,486,638	15,477,823,713
Cash at end of the year	(2,837,928,091)	(2,844,171,395)	(3,250,165,008)
Net debt	18,252,339,561	14,291,315,243	12,227,658,705

(a) Borrowings

As at December 31, 2024, the Group has outstanding short-term borrowings amounting to P15,800,000,000 (2023 - P9,900,000,000) from local banks and a branch of a foreign bank, with maturity dates ranging from one to eleven months from reporting date. These borrowings bear interest rates ranging from 5.70% to 5.90% (2023 - 5.75% to 6.5%).

As at December 31, 2024 and 2023, all outstanding external borrowings of the Group are covered by surety and corporate guarantee agreements discussed in Note 18.4.

On December 31, 2024, the Group has availed one-month, unsecured, short-cycle cash transfers from the Immediate Parent Company amounting to P2,050,000,000 (2023 - P1,000,000,000) (Note 18).

(b) Bonds payable

On March 15, 2021, the Board of Directors authorized the offer and issuance of the bonds in an aggregate principal amount of P3,000,000,000 with an oversubscription option of up to P2,000,000,000, for public distribution and sale in the Philippines. On September 14, 2021, the Group issued P5,000,000,000 fixed rate bonds. The amount comprises P3,000,000,000 ("Series A" bonds) and P2,000,000,000 ("Series B" bonds) fixed rate bonds due in 2024 and 2026, with annual interest rate of 2.79% and 3.60%, respectively. The net proceeds of the issue were used for the purpose of financing the ongoing construction of the manufacturing plant in Batangas presented in property, plant and equipment (Note 8) and partially repay maturing loans and its interest costs drawn by the Group to fund capital expenditure. Any excess amounts will be used for general corporate purposes as indicated in the prospectus.

The bonds will be redeemed in whole upon maturity dates except for Series B bonds which may be redeemed by the Group starting two years before maturity date and on the anniversary thereafter at a price equal to 101.00% and 100.50%, respectively, of the principal amount of the bonds and all accrued interest to the date of the redemption.

The carrying amount of the bonds payable as at December 31 are as follows:

	2024	2023
Face amount	5,000,000,000	5,000,000,000
Debt issuance cost, beginning of the year	(23,745,027)	(42,176,287)
Net carrying amount, beginning of the year	4,976,254,973	4,957,823,713
Bonds payment	(3,000,000,000)	-
Amortization of debt issuance cost for the year	14,525,395	18,431,260
Net carrying amount, end of the year	1,990,780,368	4,976,254,973

Movement of accrued interest expense relating to borrowings and bonds payable for the years ended December 31 are as follows:

	2024	2023	2022
Beginning of the year	94,172,627	179,344,553	32,256,183
Expense	970,669,207	613,326,232	205,887,577
Payment	(971,832,399)	(799,810,199)	(152,679,308)
Amortization of bond issuance cost	(14,525,395)	(18,431,260)	(17,818,071)
Capitalized borrowing cost	-	119,743,301	111,698,172
End of the year	78,484,040	94,172,627	179,344,553

In 2023, the Group capitalized borrowing cost using an average capitalization rate of 4.2%.

Except for the maintenance of financial ratios as discussed below, there are no covenants and warranties, including breaches thereof, related to these borrowings other than surety and corporate guarantee as disclosed in Note 18.4.

In relation to the bond offering, the Group is required to maintain a current ratio of 1.0 and debt to equity ratio of not more than 2.5. The Group has complied with this requirement as at each reporting period.

12 Equity

12.1 Share capital and share premium

Details of share capital and share premium as at December 31, 2024 and 2023 are as follows:

	Number of shares	Amount
Share capital		
Common shares at P1 par value per share		
Authorized	18,000,000,000	18,000,000,000
Subscribed, issued and outstanding	7,142,857,990	7,142,857,990
Share premium	3,255,166,445	3,255,166,445

The Parent Company undertook a public offering of its common shares on December 12, 2012 (Note 1), in which the Parent Company issued 1 billion additional shares at P4.30 per share for a total consideration of P4.3 billion, net of share issuance costs of P280.5 million. As a result of the public offering, share premium amounting to P3.3 billion has been recognized by the Parent Company as at December 31, 2023.

On November 5, 2013, which is also the date of approval by the SEC, the Parent Company registered its shares under the SRC with an issue/offer price of P4.30.

On May 11, 2015, the Parent Company's BOD, through an amendment of the Parent Company's Articles of Incorporation, resolved to increase its authorized share capital from four billion pesos (P4,000,000,000) divided into four billion (4,000,000,000) common shares with a par value of P1.00 each to eighteen billion pesos (P18,000,000,000) divided into eighteen billion (18,000,000,000) common shares with a par value of P1.00 each. The amendment was approved and ratified by the Parent Company's stockholders during the annual stockholders meeting on June 8, 2015. The SEC approved the increase in authorized share capital on July 24, 2015.

As at December 31, 2024 and 2023, the Parent Company's record of registration of its securities under the SRC reported 7,142,857,990 shares registered.

12.2 Dividend declaration

Stock dividends

On May 11, 2015, the Parent Company's BOD approved the declaration of 100% stock dividends amounting to P3,571,428,995 (P1 per share) out of the unrestricted retained earnings of the Parent Company as at March 31, 2015 to be issued out of the increase in authorized share capital to all shareholders as at a record date set by the SEC after approval of the increase in the Parent Company's authorized capital stock. Following the approval by the SEC of Parent Company's increase in authorized capital stock, the Parent Company set the Record Date on August 20, 2015, and the issue and listing date on September 17, 2015.

PSE approved the issue and listing of the additional shares on September 17, 2015.

Cash dividends

The Parent Company's BOD declared, and paid cash dividends as follows:

Declaration date	Payment date	Dividend rate per share	Amount
June 3, 2024	July 3, 2024	P0.209 per share (consisting of P0.161 regular cash dividend and P0.048 special cash dividend)	1,492,857,320
June 5, 2023	July 14, 2023	P0.300 per share (consisting of P0.240 regular cash dividend and P0.060 special cash dividend)	2,142,857,397
June 6, 2022	July 15, 2022	P0.240 per share (consisting of P0.185 regular cash dividend and P0.055 special cash dividend)	1,714,285,918

12.2 Appropriation of retained earnings

On December 20, 2017, the BOD of CTI approved the appropriation of retained earnings amounting to P500,000,000 for additional investments needed for plant expansion of CTI and its subsidiaries which is expected to be completed in 2026.

In 2024, the BOD of CTI evaluated to retain the existing appropriated retained earnings for the investments needed for plant expansion of CTI and its subsidiaries which is expected to be completed in 2026.

12.3 Earnings per share calculation

The calculation of earnings per share as at December 31 is as follows:

	2024	2023	2022
Profit for the year attributable to the owners of the Parent Company	2,342,142,280	2,295,413,029	3,317,520,007
Weighted average number of common shares	7,142,857,990	7,142,857,990	7,142,857,990
Basic and diluted earnings per share	0.33	0.32	0.46

The Parent Company has no potential dilutive ordinary shares. Therefore, the amount reported for basic and diluted earnings per share is the same.

13 Revenues from contracts with customers

For the years ended December 31, revenues consist of the following:

	Note	2024	2023	2022
Sale of goods, gross		40,658,930,190	33,492,245,221	43,471,262,528
Sales discounts		(62,841,142)	(70,528,384)	(70,284,520)
Sales returns		(9,700,200)	(22,756,817)	(21,556,577)
Sale of goods, net		40,586,388,848	33,398,960,020	43,379,421,431
Service income	18	88,419,332	103,317,973	105,125,970
		40,674,808,180	33,502,277,993	43,484,547,401

14 Cost of sales and services

The components of cost of sales and services for the years ended December 31 consist of:

	Notes	2024	2023	2022
Raw materials used	5	29,699,966,841	24,017,007,946	34,294,224,969
Net change in inventories	5	(314,894,535)	(17,160,423)	(405,894,534)
Direct labor		456,677,252	381,423,276	346,668,771
Overhead				
Depreciation and amortization	8	1,226,805,454	685,652,578	648,311,428
Contracted services		696,662,076	572,307,321	491,042,032
Utilities		505,807,310	369,115,438	362,650,185
Fuels and oil		501,547,827	520,895,743	523,640,927
Rental	9	348,675,567	291,343,468	146,691,548
Indirect labor		341,353,537	191,564,336	244,738,585
Supplies		317,597,140	244,379,309	140,727,420
Repairs and maintenance		280,189,110	268,982,986	356,686,440
Indirect materials used		135,709,473	86,632,262	67,626,833
Input VAT not recovered	6	73,125,613	31,614,333	12,000,000
Other direct costs		47,926,698	54,346,453	102,531,604
Cost of sales		34,317,149,363	27,698,105,026	37,331,646,208
Employee costs		50,639,520	49,280,637	41,632,844
Supplies		25,338,301	14,614,352	7,444,164
Contracted services		7,871,070	7,057,000	7,142,443
Depreciation and amortization	8	6,053,860	6,259,477	9,641,046
Utilities		4,496,597	4,196,558	3,572,362
Repairs and maintenance		1,959,495	3,086,713	3,293,803
Rental	9	12,076	56,000	2,595,771
Others		6,350,930	6,270,155	11,515,966
Cost of services		102,721,849	90,820,892	86,838,399
		34,419,871,212	27,788,925,918	37,418,484,607

15 Selling and marketing expenses

The components of selling and marketing expenses for the years ended December 31 consist of:

	2024	2023	2022
Delivery charges	1,058,519,217	684,028,227	817,518,644
Employee costs	293,060,757	266,098,528	223,668,857
Transportation and travel	82,093,616	66,751,412	37,593,395
Advertising and promotion	79,173,349	33,710,952	36,637,311
Representation expenses	58,285,246	54,807,750	38,681,292
Others	12,486,646	613,062	328,146
	1,583,618,831	1,106,009,931	1,154,427,645

16 General and administrative expenses

The components of general and administrative expenses for the years ended December 31 consist of:

	Notes	2024	2023	2022
Taxes and licenses		435,504,468	369,350,051	275,509,445
Contracted services		191,418,562	119,571,065	78,452,727
Professional fees		141,164,223	76,330,209	25,555,838
Rentals		50,901,477	50,520,912	-
Provision for impairment of receivables	4	46,362,077	9,170,574	92,436,584
Donations and contributions		34,974,995	34,464,173	28,014,995
Repairs and maintenance		22,839,769	17,414,321	12,587,401
Communications		21,556,173	19,469,568	13,246,824
Depreciation and amortization	8	19,717,468	129,890,878	148,852,879
Bank charges		16,514,733	75,995,356	41,290,036
Utilities and supplies		10,313,647	82,472,183	49,169,770
Membership dues		4,973,187	5,221,896	17,438,046
Others		32,747,243	17,534,574	23,135,984
		1,028,988,022	1,007,405,760	805,690,529

17 Other income, net

The components of other income, net for the years ended December 31 consist of:

	Notes	2024	2023	2022
Foreign exchange gain (loss), net		65,830,784	(15,646,761)	186,197,441
Interest income	3	9,976,710	15,596,776	3,833,465
Commission income		5,264,927	2,915,436	8,925,399
Gain on lease modification	9	3,967,957	7,598,572	-
Unrealized (loss) gain on FVPL		(2,712,995)	1,334,466	4,413,155
Gain on disposal of property and equipment	8	1,921,677	7,254,186	455,813
Freight income		400,554	6,017,912	3,923,097
Dividend income	7	151,672	137,589	128,909
Realized gain on redemption of FVPL		-	172,895	31,543
Realized gain on sale of FVPL		-	-	6,646,238
Income from calibration services		-	-	5,524,796
Others		9,768,339	8,280,380	5,090,484
		94,569,625	33,661,451	225,170,340

In 2024, the Group redeemed financial assets at FVPL and received P111,631,580 (2023 - P50,061,382) proceeds resulting to a loss of P2,712,995 (2023 - P172,895).

In 2024, the Group has existing lease agreements with EPI, an entity under common control, covering the lease of land. The Group entered into a lease modification in renewing the lease term for another three years (Note 18).

18 Related party transactions and balances

The Group, in the ordinary course of business, has transactions with related parties. Significant related party transactions and related balances include the following:

For the years ended December 31:

	Transactions			Due from related parties		
	2024	**2023**	**2022**	**2024**	**2023**	**Terms and conditions**
(a) Management service fees (18.1) Entities under common control - Trade	6,261,452	7,402,492	7,582,099	778,125	447,480	The fees for management services are equivalent to 0.25% of the net receipts from operations, and 0.25% of gross profit, excluding related party transactions. Outstanding receivables are unsecured, unguaranteed, non-interest bearing, collectible in cash at net amount, due 30 to 60 days after billing date, which is raised on a monthly basis.
(b) Shared service fees (18.2) Entities under common control - Trade	82,157,879	95,915,481	97,543,871	11,907,450	5,790,764	The fees for shared services range from 2.00% to 3.35% of the net receipts from operations, and 3.25 to 3.85% of gross profit, excluding related party transactions. Outstanding receivables are unsecured, unguaranteed, non-interest bearing, collectible in cash at net amount, due 30 to 60 days after billing date, which is raised on a monthly basis.
(c) Sale of goods and services Entities under common control - Trade	406,067,068	727,664,246	814,899,032	145,885,593	121,464,185	Sale of goods and services are negotiated with related parties at a margin. These receivables are unsecured, unguaranteed, non-interest bearing, collectible in cash at net amount, due 30 to 60 days after transaction date
Totals				158,571,168	127,702,429	

	Transactions			Due to related parties		Terms and conditions
	2024	**2023**	**2022**	**2024**	**2023**	
(d) Rental expenses Entities under common control	(341,641,127)	(341,920,380)	(149,287,319)	(4,177,299)	(3,661,417)	Lease rental are based on contracts mutually agreed by the parties. These payables are unsecured, unguaranteed, non-interest bearing, settled in cash at net amount, due 30 to 60 days after transaction date.
(e) Purchase of goods Entities under common control - Trade	(71,091,157)	(114,784,565)	(334,028,735)	(33,802,211)	(63,405,594)	Purchases of goods are negotiated with related parties on a cost-plus basis. These payables are unsecured, unguaranteed, non-interest bearing, settled in cash at net amount, due 30 to 60 days after transaction date.
(f) Interest payable Immediate Parent Company	(83,550,982)	(17,866,769)	(2,860,625)	(1,437,746)	(5,314,111)	Accrued interest payable for loan agreements entered into by DLPF and NAC.
Totals				(39,417,257)	(72,381,122)	

	Transactions			Outstanding balances		
	2024	**2023**	**2022**	**2024**	**2023**	**Terms and conditions**
(g) Short-cycle cash transfers (Note 11) Immediate Parent Company	(1,050,000,000)	(1,000,000,000)	(1,170,000,000)	(2,050,000,000)	(1,000,000,000)	The Group has an unsecured short-cycle cash transfer from JHI as part of the Group's cash management agreement. Term is generally less than three months.
(h) *Long-term loan payable* Immediate Parent Company	-	-	-	(1,215,000,000)	(1,215,000,000)	DLPF and NAC entered into 6.50% long-term unsecured interest bearing loans with JHI maturing on December 2028.
Totals				(3,265,000,000)	(2,215,000,000)	
(h) Initial recognition of lease liabilities Entities under common control	372,596,877	96,538,271	547,872,243	147,286,854	485,841,690	The Group obtained a right of use assets and recognized lease liabilities through lease contracts with related parties. Lease payments are based on rate mutually agreed by the parties and are payable on a monthly basis. Refer further to Note 18.3 for details.
(i) Interest from lease liabilities Entities under common control	21,578,247	2,179,021	182,239,497	12,813,285	9,759,434	
Totals				153,026,226	495,601,124	

The long-term loans from Immediate Parent Company is presented under financing activities in the statements of cash flows consistent with the financing management of the Group.

There was no offsetting done for due from related parties and due to related parties as at each reporting period.

There are no provisions for impairment recognized against due from related parties.

There are no collaterals held or guarantees issued, except as disclosed under surety and corporate guarantee agreements, with respect to related party transactions and balances.

The Group has an approved Material Related Party Transactions policy that sets forth the required thresholds for approval for related party transactions as part of the Group's corporate governance policy.

18.1 Management services

The Parent Company has a management agreement with its related parties for the provision of general management services and facilities, including necessary managerial expertise and skills. The consideration for the management services are based on net receipts from operations, excluding related party transactions.

18.2 Shared services

The Parent Company has a service agreement with its related parties whereby the Parent Company shall provide shared services such as asset management, production and manufacturing support, procurement, logistics and back-office support, among others. The consideration for the shared services are based on net receipts from operations, excluding related party transactions. The agreement shall remain in force until terminated by both parties.

18.3 Lease agreements

D&L

D&L has existing operating lease agreement with LBL Prime Properties, Inc. (LBL) whereby D&L leases from LBL its office space. The lease agreement is renewed annually subject to agreement by both parties

CTI

CTI has an existing operating lease agreement with LBL covering its factory and warehouse spaces. The lease is automatically renewed yearly subject to 5% escalation rate.

CPSI

CPSI has cancellable operating lease agreements with LBL covering the latter's factory and warehouse spaces. In 2021, the agreements were renewed, and the lease terms were extended until December 31, 2025. The 5-year lease is subject to five percent annual escalation rate starting January 1, 2022.

OFI

OFI has existing operating lease agreements with LBL covering its factory and warehouse spaces. The lease run for a period of three to five years until May 31, 2027 and are subject to five percent annual escalation rate. Subsequently, the lease agreements are renewed subject to agreement by both parties.

OFI also has existing operating lease agreement with FIC Tankers Corporation (FICT), an entity under common control, for the use of the latter's storage tanks. The agreement remains in force unless terminated by the parties.

API

API has various office and warehouse spaces for its manufacturing operations with LBL, an entity under common control, covering its factory and warehouse spaces. The lease runs for a period of five years until December 31, 2025 and is subject to five percent annual escalation rate.

FIC

FIC has a lease agreement with LBL Land Corporation (LBL), an entity under common control, for the latter's plant and warehouse in Quezon City. The term of the lease agreement commenced on January 1, 2016, subject to annual escalation rate of 5%. The lease agreement is renewed annually subject to agreement by both parties.

DLPCI

DLPCI has existing operating lease agreements with Ecozone Properties, Inc. (EPI), an entity under common control, covering the lease of land and warehouse for a period of five years until December 31, 2019. The lease agreement is renewed at the end of the lease term subject to agreement by both parties.

NAC

NAC has a lease agreement with EPI, an entity under common control, covering the lease of land and manufacturing plant for a period of three years until July 1, 2025. The lease agreement is renewed at the end of the lease term subject to agreement by both parties.

DLPF

DLPF has a lease agreement with EPI, an entity under common control, covering the lease of land and manufacturing plant for a period of three years until July 1, 2025. The lease agreement is renewed annually subject to agreement by both parties.

18.4 Surety agreement and corporate guarantee

The Parent Company and its subsidiaries (namely, FIC, DLPCI, API, CTI, CPSI, NAC, OFI and DLPF) have an existing agreement to provide surety for the obligations and indebtedness incurred or may be incurred by all aforementioned parties arising from short-term and long-term borrowings.

Pursuant to the agreement above, the participating related parties are solidarily liable for the payment of the underlying outstanding borrowings.

As at December 31, 2024 and 2023, there was no default from the borrowings covered by above surety agreements and corporate guarantee.

The surety agreement and corporate guarantee shall remain in full force and shall be effective unless otherwise terminated by contracting aforementioned parties.

18.5 Key management compensation

Key management compensation for the years ended December 31 consist of:

	Terms	2024	2023	2022
Salaries and wages	Key management compensation covering salaries and wages and other short-term benefits are determined based on contract of employment and payable in accordance with the Group's payroll period. These were fully paid as at reporting date.	342,017,205	297,503,468	281,874,840
Other short-term employee benefits		30,504,646	21,072,203	20,600,675
Retirement benefits	Retirement benefits are determined and payable in accordance with policies disclosed in Notes 19 and 23.13.	19,709,391	18,259,016	27,147,386
		392,231,242	336,834,687	329,622,901

The Group has not provided share-based payments, termination benefits or other long-term benefits, other than the retirement benefits, to its key management employees for the years ended December 31, 2024, 2023, and 2022.

As at December 31, 2024, advances to officers amounting to P3,615,918 (2023 - P4,387,751) represent advances granted to officers and employees (Note 4). These are unsecured and non-interest-bearing advances, subject to liquidation and/or collectible through salary deduction.

Other related party transactions for the years ended December 31, 2024 also include transfer of employees affecting retirement obligations and contributions (Note 19), and investment in shares of stock of the Parent Company held by the retirement fund (Note 19).

18.6 Amounts receivable and payable from related parties which are eliminated during consolidation of financial statements

The following related party transactions and balances were eliminated for the purpose of preparing the `consolidated financial statements:

	2024	2023	2022
As at December 31			
Investment in subsidiaries	15,361,241,536	11,022,192,481	11,022,192,481
Due to / from related parties	7,066,440,161	5,910,919,788	5,148,800,920
For the year ended December 31			
Service income	503,340,732	541,260,614	669,010,081
Revenue / Cost of sales	6,970,417,105	3,616,702,353	2,743,430,330
Other expense, net	179,621,139	617,344,214	551,156,488
Dividend income	2,627,033,872	2,184,440,665	1,770,840,126

There are no unrealized profits on intercompany sale of goods.

19 Retirement plan

The Group maintains a non-contributory defined benefit retirement plan for the benefit of its regular employees. The normal retirement age is 60. Normal retirement benefit is equal to three-fourth month salary as of date of retirement multiplied by retiree's years of service. Three-fourth month salary is equivalent to 22.5 days basic salary, cash equivalent of 5-day vacation leaves, and one-twelfth (1/12) of the 13th month pay. Actuarial valuation is performed by an independent actuary on an annual basis. The latest actuarial valuation report was prepared as of December 31, 2024.

The Group has plan assets, a group-administered fund, under the D&L Group of Companies Employees' Retirement Plan (the "Group Retirement Plan") that share risks and returns between various entities under common control within JHI. Plan assets are handled by a trustee bank, governed by local regulations and practices and approved policies and procedures by the Board of Trustees.

Net defined benefit cost and contributions are allocated to the participating entities in the Group Retirement Plan on the basis of retirement benefit expense and obligation attributable to each of the participating entities.

Retirement benefit asset and retirement benefit obligation recognized in the consolidated statements of financial position as at December 31 are determined as follows:

	2024	2023
Present value of defined benefit obligation	73,675,618	70,660,648
Fair value of plan assets	(105,214,955)	(97,558,077)
Retirement benefit asset	(31,539,337)	(26,897,429)

	2024	2023
Present value of defined benefit obligation	406,408,156	358,752,802
Fair value of plan assets	(261,131,015)	(233,915,146)
Retirement benefit obligation	145,277,141	124,837,656

The movements in the defined benefit obligation for the years ended December 31 are as follows:

	2024	2023
Beginning of year	429,413,450	440,190,729
Current service cost	45,251,448	46,279,169
Interest cost	26,175,573	30,925,980
Benefits paid	(19,709,391)	(18,977,312)
Transfers from affiliates	2,455,908	(1,440,470)
Remeasurement gain	(3,503,214)	(67,564,646)
End of year	480,083,774	429,413,450

Transfer to the Group pertains to retirement obligation transferred to related parties due to allocation of retirement obligation based on actual number of employees.

The movements in the fair value of plan assets for the years ended December 31 are as follows:

	2024	2023
Beginning of the year	331,473,223	270,553,942
Benefits paid	(19,709,391)	(18,977,312)
Contribution	25,000,000	80,000,000
Actual return on plan assets		
Interest income	20,070,160	19,214,669
Remeasurement gain (loss)	9,511,978	(19,318,076)
	34,872,747	60,919,281
End of the year	366,345,970	331,473,223

Retirement benefit expense recognized in profit or loss for the years ended December 31 are as follows:

	2024	2023	2022
Current service cost	45,251,448	46,279,169	34,032,317
Net interest cost	6,105,413	11,711,311	2,348,244
	51,356,861	57,990,480	36,380,561

Retirement benefit expenses is included as part of direct labor or employee costs as follows:

	2024	2023	2022
Cost of services	5,541,859	22,328,263	14,738,879
Cost of sales	31,287,505	21,640,661	11,450,452
Selling and marketing expenses	14,527,497	14,021,556	10,191,230
	51,356,861	57,990,480	36,380,561

Remeasurement gain (loss), net of tax recognized in other comprehensive income for the years ended December 31 are as follows:

	2024	2023	2022
Remeasurement gain (loss)			
On defined benefit obligation due to change in financial assumption	3,503,215	70,851,687	(35,490,683)
On defined benefit obligation due to experience adjustment	-	(3,287,041)	(37,610,823)
On plan assets due to experience adjustment	9,511,978	(19,318,076)	(31,677,659)
	13,015,193	48,246,570	(104,779,165)
Deferred income tax	(2,469,703)	(9,464,161)	15,637,454
	10,545,490	38,782,409	(89,141,711)

The movements in the retirement benefit obligation recognized in the consolidated statements of financial position as at December 31 are as follows:

	2024	2023
Beginning of the year	(97,940,227)	(169,636,787)
Retirement benefit expense recorded in profit or loss	(51,356,862)	(57,990,480)
Remeasurement gain recognized in other comprehensive income	13,015,193	48,246,570
Contributions	25,000,000	80,000,000
Transfer (to) from affiliates	(2,455,908)	1,440,470
End of the year	(113,737,804)	(97,940,227)

The Group Retirement Plan has net investments as at December 31 consisting of the following:

	2024		2023	
	Amount	Percentage	Amount	Percentage
Listed stocks	226,478,332	60.80%	213,757,946	59.94%
Treasury bonds and notes	114,129,541	30.64%	105,553,675	29.59%
Unit investment trust funds	19,324,796	5.19%	32,950,139	9.24%
Cash in banks	12,186,342	3.27%	3,996,977	1.12%
Other receivables	846,805	0.23%	750,252	0.21%
Other payables	(439,995)	(0.12%)	(344,233)	(0.10%)
	372,863,274	100%	356,664,756	100.00%

The defined benefit plan typically exposes the participating entities to a number of risks such as investment risk and interest rate risk.

The participating entities believe that due to the long-term nature of the retirement liability, the mix of debt and equity securities holdings of the plan is an appropriate element of the long-term strategy to manage the plan efficiently. Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets. The largest proportion of assets is invested in equities which include highly rated stocks, although there are also investments in treasury bonds and notes, mutual fund, and unit investment trust funds. The management believes that equities offer the best returns over the long term with an acceptable level of risk.

As at December 31, 2024, listed stocks include shares of stocks of the Parent Company amounting to P82,607,013 representing 0.19% interest in the Parent Company (2023 - P85,591,174; 0.19% interest). The voting rights over these shares are exercised by the trustee bank. The Group Retirement Plan recognized change in net value on these investments in listed stocks of the Parent Company for the year ended December 31, 2024 amounted to P2,984,161 (2023 - P21,567,349).

The allocated share of the Group in the Retirement Plan as at December 31 is as follows:

	2024		2023	
	Amount	Percentage	Amount	Percentage
Listed stocks	222,721,271	60.80%	198,685,050	59.94%
Treasury bonds and notes	112,236,240	30.64%	98,082,927	29.59%
Unit investment trust funds	19,004,216	5.19%	30,628,126	9.24%
Cash in banks	11,984,182	3.27%	3,712,500	1.12%
Other receivables	832,757	0.23%	696,094	0.21%
Other payables	(432,696)	(0.12%)	(331,473)	(0.10%)
	366,345,970	100%	331,473,223	100.00%

The principal annual actuarial assumptions used as at December 31 were as follows:

	2024	2023
Discount rate	6.11%-6.13%	6.03%-6.08%
Future salary increase rate	5.00%	5.00%

As at December 31, 2024, the average life expectancy in years of experience of a pensioner retiring at age 60 is 18-24 years (2023 - 16-33 years). Assumptions regarding future mortality experience are set based on published statistics and experience.

As part of its funding policy, the Group follows the recommended contribution to the plan as determined by an independent actuary. The recommended contribution to the plan consists of the annual amortization of the excess fund plus the current service cost for the year. The expected contribution to retirement fund by December 31, 2025 is P45,414,249.

19.1 Critical accounting estimate: Retirement benefit obligation

The present value of the retirement benefit obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for retirement benefit include the discount rate and future salary increases. Any changes in these assumptions will impact the carrying amount of retirement benefit obligation.

The Group determines the appropriate discount rate at the end of each year. This 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 benefit obligation. In determining the appropriate discount rate, the Group considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related retirement benefit obligation and related retirement benefit expense.

Other key assumptions for retirement benefit obligation are based in part on current market conditions.

The sensitivity of the defined benefit obligation as at December 31 to changes in the significant weighted principal assumptions follows:

	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
As at December 31, 2024			
Discount rate	+/-0.50%	(20,848,049)	22,747,355
Future salary increase	+/-1.00%	45,579,362	(39,023,433)
As at December 31, 2023			
Discount rate	+/-0.50%	(22,370,374)	24,399,895
Future salary increase	+/-1.00%	48,975,981	(41,989,193)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method has been applied as when calculating the retirement benefit obligation recognized within the consolidated statement of financial position.

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

Expected maturity analysis of undiscounted retirement benefits as at December 31 is as follows:

	Less than a year	1 to 5 years	5 to 10 years
2024	39,097,825	153,600,799	230,950,836
2023	39,044,081	135,217,498	269,241,262

There are no other related party transactions with the retirement fund except for the contributions to, benefits paid and investment in shares in the Parent Company by the retirement fund.

20 Taxation

Deferred income tax (DIT)

DIT assets, net as at December 31 consist of:

	2024	2023
Net operating loss carry-over (NOLCO)	141,995,167	52,632,101
Retirement benefit obligation	47,818,395	36,969,152
Allowance for doubtful accounts	34,813,386	31,322,828
Fair value adjustment of investment in equity securities at FVOCI	(432,373)	(28,342,160)
Allowance for inventory obsolescence	16,272,770	13,240,108
Provision for incentives		10,002,347
Minimum corporate income tax (MCIT)	8,288,798	9,122,470
Unrealized foreign exchange loss	(3,790,532)	5,208,178
Effect of PFRS 16	3,136,188	4,072,257
Remeasurement gain on retirement benefit obligation	(17,509,496)	(1,571,038)
Others	(42,332,206)	56,741
	188,260,097	132,712,984

The offset amounts within the deferred income tax assets, net and deferred income tax liabilities, net presented in the consolidated statements of financial position as at December 31 are as follows:

	2024	2023
DIT assets	244,974,378	165,043,124
DIT liabilities	(55,177,686)	(29,028,256)
Deferred income tax assets, net	189,796,692	136,014,868
DIT assets	3,974,266	2,554,465
DIT liabilities	(5,510,861)	(5,856,349)
Deferred income tax liabilities, net	(1,536,595)	(3,301,884)

The movements in the DIT assets, net for the years ended December 31 are as follows:

	2024	2023
Beginning of year	132,712,984	89,444,470
Credited to profit or loss	73,056,609	57,607,688
Credited to (charged to) other comprehensive income	(17,509,496)	(14,339,174)
End of year	188,260,097	132,712,984

Corporate income tax

In compliance with local tax law, the Group shall pay the greater of minimum corporate income tax (MCIT), which is 1% of gross income as defined under the law, and the normal income tax which is 25% of taxable income. Any excess of MCIT over the normal income tax shall be carried forward for the next three (3) consecutive taxable years immediately following the year such MCIT was paid.

The Tax Reform Act of 1997 (the Act) introduced NOLCO as a deduction from taxable income for the three consecutive years immediately following the year such loss was incurred.

NOLCO pertains to the net operating loss of the business, outside of the Company's PEZA-registered activities, for any taxable year which can be claimed as a deduction from taxable income for the next three (3) consecutive taxable years immediately following the year of such loss.

In 2020, pursuant to Section 4 (bbb) of Bayanihan II and as implemented under RR 25-2020, the net operating losses of a business or enterprise incurred for taxable years 2020 and 2021 can be carried over as a deduction from gross income for the next five (5) consecutive taxable years following the year of such loss.

Realization of the future tax benefit related to these DIT assets is dependent on the entity's ability to generate future taxable income during the periods the temporary differences reverse, and before NOLCO benefit prescribes.

PEZA registered activity

DLPC

On October 26, 2007, the PEZA approved DLPCI's application for registration to manufacture specialty polymer and colours compound. Under this registration, such activity is entitled to a four-year income tax holiday (ITH) from the start of commercial operations in April 2008. On March 16, 2009, PEZA approved DLPCI's request for the adjustment of the start date of commercial operations to March 1, 2009. As a result, the ITH was extended until February 28, 2013. On September 18, 2012, PEZA approved the extension of DLPCI's ITH to February 28, 2014 on the basis of its Net Foreign Exchange Earnings. On May 16, 2013, PEZA approved DLPCI's request for the grant of pioneer status. As a result, DLPCI was entitled to a six-year ITH until February 28, 2016. Beginning March 1, 2016, the gross income from the foregoing registered activity of DLPCI is subject to 5% tax rate.

On November 16, 2014, PEZA approved DLPCI’s application for registration to manufacture new generation, eco-friendly specialty polymer and colour compounds. Under this registration, such activity is entitled to a four-year ITH from the start of commercial operations in November 2014. Subsequently, PEZA approved extension of ITH for another 2 years ending on October 2020. On March 25, 2019, PEZA granted additional 1 year extension (up to October 2021) due to approved Net Foreign Exchange Earnings (NFEE) criterion was met.

On June 11, 2015, the Board of Directors (BOD) of PEZA approved Resolution No. 15-317, wherein the Company’s application for registration to manufacture color and effects system for paints and coating products was entitled to a four-year ITH from the start of commercial operation in July 2017 until July 2021. Subsequently, PEZA approved extension of ITH for another 2 years ending on June 2023. On November 7, 2023, PEZA approved the extension of ITH for another 1 year ending on June 2024.

On April 21, 2020 PEZA confirmed entitlement to four (4) years ITH of its new project the New Specialty High-End Polymer & Colour compounds which started commercial operation in February 2019 and will end on January 2023. On April 6, 2022, PEZA approved through a supplemental agreement an extension of the project’s ITH until January 31, 2025.

DLPF

On December 6, 2018, the Philippine Economic Zone Authority (PEZA) approved DLPF's registration as an Ecozone Export Enterprise engaged in manufacturing of vegetable fats and oils and specialty food ingredients. On September 6, 2023, PEZA confirmed entitlement to four (4) years ITH of its registered activity of manufacturing vegetable fats and oil and specialty food ingredients which started commercial operation in July 2023 and will end in June 2027.

NAC

On January 16, 2018, NAC was registered with the Philippine Economic Zone Authority (PEZA) as an Ecozone Export Enterprise, pursuant to Revenue Regulations No. 16-2005 for NAC to engage in manufacturing of coconut oil fractions and coconut base surfactants and downstream consumer products directly used in its registered operations. On September 11, 2023, PEZA confirmed entitlement to four (4) years ITH of its registered activity which started commercial operation in July 2023 and will end in June 2027.

BOI registered activity

On March 4, 2011, CTI’s registration with the BOI as “New export producer of oleochemical specialties and derivatives” was approved. As a result, the Group’s sales generated from oleochemical segment are entitled to ITH for a period of four (4) years. Upon expiration of its ITH in March 2015, CTI pays 10% income tax on income generated from its biodiesel operations. Subsequently, through a legal service letter from Board of Investment dated October 15, 2014, CTI amended its BOI status from non-pioneer to pioneer effectively extending its ITH period from 4 to 6 years until March 2017. On March 2, 2017, the BOI conditionally approved CTI’s application for extension of ITH for one year beginning March 27, 2017. On July 8, 2018, the BOI approved CTI’s application for extension of ITH for one year beginning March 27, 2018.

On March 22, 2019, CTI’s registration with the BOI as “expanding export producer of oleochemicals specialties and derivatives” was approved. As a result, the Group’s income generated from oleochemical segment are entitled to ITH for a period of three (3) years March 21, 2022.

Optional Standard Deduction

On December 20, 2008, Revenue Regulations No. 16-2009 on the Optional Standard Deduction (OSD) was published. The regulation prescribed the rules for the OSD application by corporations in the computation of their final taxable income. For corporations, OSD shall be 40% based on gross income; “cost of sales” and “cost of services” will be allowed to be deducted from gross sales.

Following are the election of the Group on OSD or itemized deduction for the years ended December 31:

	2024	2023	2022
Parent Company	Itemized	Itemized	Itemized
OFI	Itemized	Itemized	Itemized
DLPF	ITH/Itemized	ITH/Itemized	Itemized
DLPCI	ITH/Special/Itemized	ITH/Itemized	ITH/Itemized
FIC	OSD	OSD	OSD
API	OSD	OSD	OSD
CTI	Special/Itemized	ITH/OSD	ITH/OSD
CPSI	OSD	OSD	OSD
NAC	ITH/Itemized	ITH/Itemized	Itemized

A reconciliation of income tax expense computed at the statutory income tax rate to the income tax expense as reflected in the consolidated statement of total comprehensive income for the years ended December 31 are as follows:

	2024					
	PEZA registered activity (0%)	PEZA registered activity (5%)	BOI registered activity (0%)	BOI registered activity (10%)	Regular tax rate (25%)	Total
Net profit before tax	482,954,589	302,023,750	-	399,341,577	1,589,086,388	2,781,508,027
Availment of OSD	-	-	-	-	(50,401,356)	(50,401,356)
Interest income subject to final tax	(1,721,892)	(1,500,413)	-	(135,256)	(2,898,901)	(6,256,462)
Derecognized MCIT	-	-	-	-	7,948,960	7,948,960
Unrecognized NOLCO	-	-	-	-	(53,134,701)	(53,134,701)
Non-deductible expenses	39,260,770	24,153,383	-	2,769,029	(7,945,845)	58,237,337
Taxable gross/net income	520,493,467	324,676,720	-	401,975,350	1,482,654,545	2,737,901,805
Statutory income tax rates	0%	5%	-	10%	25%	
Income tax expense before change in tax rate	-	16,233,836	-	40,197,535	370,663,636	427,095,007
Change in tax rates for deferred tax assets	-	-	-	-	(3,006,594)	(3,006,594)
Income tax expense	-	26,586,142	-	42,985,307	367,657,042	424,088,413

	2023					
	PEZA registered activity (0%)	PEZA registered activity (5%)	BOI registered activity (0%)	BOI registered activity (10%)	Regular tax rate (25%)	Total
Net profit before tax	352,598,649	333,044,351	-	142,882,720	2,182,016,911	3,010,542,631
Availment of OSD	-	-	-	-	(280,714,020)	(280,714,020)
Interest income subject to final tax	(3,306,444)	(4,288,078)	-	(280,778)	(8,124,457)	(15,999,757)
Derecognized MCIT	-	-	-	-	3,371,022	3,371,022
Unrecognized NOLCO	-	-	-	-	779,195,678	779,195,678
Non-deductible expenses	33,864,100	46,922,604		39,146,370	75,854,058	195,787,132
Taxable gross/net income	383,156,305	375,678,877		181,748,312	2,751,599,192	3,692,182,686
Statutory income tax rates	0%	5%	0%	10%	25%	
Income tax expense	-	18,783,944	-	18,174,831	687,899,798	724,858,573

	2022					
	PEZA registered activity (0%)	PEZA Registered activity (5%)	BOI registered activity (0%)	BOI registered activity (10%)	Regular tax rate (25%)	Total
Net profit before tax	159,069,360	492,309,552	92,659,039	311,485,974	3,039,448,834	4,094,972,759
Availment of OSD	-				(428,843,216)	(428,843,216)
Interest income subject to final tax	(38,964)	(121,522)	(10,085)	(86,869)	(3,284,325)	(3,541,765)
Movement of unrecognized deferred tax	-	-	1,415,158	45,914,775	211,681,561	259,011,494
Non-deductible expenses	13,412,294	39,534,810	(3,298,236)	72,539,190	21,828,281	144,016,339
Taxable gross/net income	172,442,690	531,722,840	90,765,876	429,853,070	2,840,831,135	4,065,615,611
Statutory income tax rates	0%	5%	0%	10%	25%	
Income tax expense before change in tax rate	-	26,586,142		42,985,307	710,207,784	779,779,233
Change in current tax rate of prior period	-	-	-	-	2,635,894	2,635,894
Change in tax rates for deferred tax assets	-	-	-	-	(4,962,375)	(4,962,375)
Income tax expense	-	26,586,142	-	42,985,307	707,881,303	777,452,752

21 Critical accounting estimates, assumptions and judgments

Estimates, assumptions and judgments 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.

The Group makes estimates, assumptions and judgments concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates, assumptions and judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

21.1 Critical accounting estimates and assumptions

21.1.1 Key assumptions used for value-in-use calculations (Note 1.3.1)
21.1.2 Recoverability of receivables (Note 4.1)
21.1.3 Provision for inventory obsolescence (Note 5.1)
21.1.4 Useful life of property, plant and equipment (Note 8.1)
21.1.5 Key assumptions used to calculate retirement benefit obligation (Note 19.1)

21.2 Critical accounting judgments in applying the Group's accounting policies

21.2.1 Impairment tests for goodwill (Note 1.3.1)
21.2.2 Recoverability of receivables (Note 4.1)
21.2.3 Provision for inventory obsolescence (Note 5.1)
21.2.4 Recoverability of input VAT (Note 6.1)
21.2.5 Recoverability of CWT (Note 6.2)
21.2.6 Determining the lease term (Note 9.1)

22 Financial risk and capital management

22.1 Financial risk factors

The Group's activities expose it to a variety of financial risks and these activities involve the analysis, evaluation and management of some degree of risk or combination of risks. The Group's overall risk management program focuses on the unpredictability of financial markets, aims to achieve an appropriate balance between risk and return and seeks to minimize potential adverse effects on the Group's financial performance.

Risk management is carried out by the ManCom.

The most important types of risk the Group manages are: credit risk, market risk and liquidity risk. Market risk includes foreign currency exchange, price and interest risks.

22.2 Components of financial assets and liabilities by category

22.2.1 Financial assets

Details of the Group's financial assets as at December 31 are as follows:

	Notes	2024	2023
Financial assets at amortized cost			
Cash and cash equivalents	3	2,837,928,092	2,844,171,390
Receivables, gross	4	8,226,452,590	5,811,738,861
Due from related parties	18	158,571,168	127,702,429
Refundable deposits	6	424,584,746	865,094,698
		11,642,194,400	9,648,707,378
Financial assets at FVPL		39,958,426	34,151,329
Financial assets at FVOCI		343,066,891	266,224,629
		12,052,219,717	9,949,083,336

Receivables are presented gross of allowance for impairment as at December 31, 2024 amounting to P168,826,389 (2023 - P154,864,153).

The other components of other current and non-current assets are considered non-financial assets which include deposits to suppliers, input VAT, creditable withholding taxes and prepayments.

The carrying amounts of financial asset at amortized cost approximate their fair values (Level 1) as the impact of discounting is not considered significant. Financial assets at FVPL and FVOCI are measured at quoted prices (Level 1). Investments in FVPL include investments in open-ended unit investment trust funds that are redeemable anytime and reports daily net asset value.

22.2.2 Financial liabilities

Details of the Group's financial liabilities, categorized as other financial liabilities at amortized cost at December 31 are as follows:

	Notes	2024	2023
Trade payables and other liabilities	10	4,354,173,545	3,607,587,079
Due to related parties	18	39,417,257	72,381,122
Lease liabilities	9	821,822,597	554,788,430
Bonds payable	11	1,990,780,368	4,976,254,973
Borrowings	11	19,099,487,284	12,159,231,665
		26,305,681,051	21,370,243,269

Trade payables and other liabilities exclude amounts due to regulatory agencies and advances from customers as at December 31, 2024 amounting to P121,250,723 and P69,329 (2023 - P157,277,821 and P56,785), respectively (Note 10).

The carrying amounts of financial liabilities at amortized cost approximate their fair values (Level 2) due to their short-term nature and/or the impact of discounting is not considered significant. The estimated fair value (Level 2) of the lease liabilities and bonds payable as it approximates its carrying amount as it carries market interest rate (Note 11).

22.3 Credit risk

The Group's exposure to credit risk arises primarily from financial assets at amortized cost and financial assets at FVPL.

The Group has prudent credit policies to ensure that sales of its products are made to customers with good credit history. The senior management team, product group heads and the respective sales team perform credit evaluation and monthly review of outstanding receivables as part of the regular performance assessment process. All significant receivables from key customers are monitored for collectability and actual settlement performance, and specific action plans are required for any material overdue amounts from all categories of customers.

The Group's financial assets at December 31 that are subject to the expected credit loss model are as follows:

	2024	2023	Basis for recognition of ECL
Financial assets at amortized cost			
Cash and cash equivalents	2,740,624,111	2,773,637,162	12-month ECL
Trade and other receivables	8,221,503,860	5,805,239,480	Lifetime ECL
Due from related parties	158,571,168	127,702,429	12-month ECL
Refundable deposits	424,584,746	865,094,698	12-month ECL
Financial assets at FVPL	39,958,426	34,151,329	Marked to market
	11,579,900,115	9,605,825,098	

Cash and cash equivalents exclude cash on hand as at December 31, 2024 amounting to P97,303,980 (2023 - P70,534,228) which is not subject to credit risk.

The maximum exposure to credit risk at the reporting date is the carrying value of financial assets summarized above.

None of the financial assets that are fully performing has been renegotiated as at December 31, 2024 and 2023.

The Group does not hold any collateral as security to the above financial assets.

Cash in bank

Credit risk exposure arising from cash in bank arises from default of the counter party, with a maximum exposure equal to the fair value of financial asset. To minimize credit risk exposure, the Group deposits its cash in banks with good credit rating.

Cash deposited in these banks as at December 31 are as follows:

	2024	2023
Universal banks	2,734,384,410	2,767,608,447
Thrift banks	-	85,608
	2,734,384,410	2,767,694,055

While cash in bank are also subject to requirements of PFRS 9, expected credit loss is considered not significant. The Group does not hold any collateral as security to the above financial assets.

Due from related parties

Due from related parties pertain to amounts receivable for sale of inventories and services to related parties. These are non-interest bearing and are collectible generally within 30 to 60 days after transaction date. Due from related parties are fully recoverable. Management does not foresee significant credit risk on the outstanding balances of due from related parties as these are transacted with related parties with strong financial and liquidity position.

Trade and other receivables

(i) Trade receivables

The Group applies the PFRS 9 simplified approach to measuring expected credit losses which used a lifetime expected loss allowance for trade receivables arising from sale of goods and services to third parties. To measure the expected credit losses, receivables have been grouped based on shared credit risk characteristics and the historical collection cycle.

The expected loss rates are based on the payment profiles of counterparties over a period of 36 months before January 1, 2024 and the corresponding historical credit losses experienced within this 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 Group has identified the Gross Domestic Product (GDP) and the inflation rates to be the relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors that are assessed to be directly proportional.

On that basis, the loss allowance as at December 31 was determined as follows:

2024	Low risk	Moderate risk	Impaired	Total
Expected loss rate	1.57%	7.54%	20.86%	2.05%
Gross carrying amount - trade receivables	7,625,704,392	563,908,567	31,890,901	8,221,503,860
Loss allowance	(119,672,080)	(42,501,351)	(6,652,958)	(168,826,389)
Net receivables	7,506,032,312	521,407,216	25,237,943	8,047,370,980

2023	Low risk	Moderate risk	Impaired	Total
Expected loss rate	1.73%	5.67%	11.75%	2.7%
Gross carrying amount - trade receivables	4,498,047,727	1,256,547,429	50,644,324	5,805,239,480
Loss allowance	(77,668,077)	(71,245,368)	(5,950,708)	(154,864,153)
Net receivables	4,420,379,650	1,185,302,061	44,693,616	5,650,375,327

In assessing credit quality, the Company considers various factors such as Company's length of business with the customer, age of outstanding invoices and historical defaults. The Company's risk categorization is as follows:

Low risk - includes customers that have long history of credit quality based on the Company's experience, minimal to zero historical defaults and minimal invoices that exceed due dates.

Moderate risk - includes customers that are new or have no established track record, have certain history of past due and defaults.

Impaired - these are specifically identified customers that have been identified by management to be at high risk of uncollectability due to circumstances such as bankruptcy, substantial default and other factors.

(ii) Other receivables

Other receivables as at December 31, 2024 include loans to officers and employees amounting to P3,615,918 (2023 - P4,387,751). To address credit risk, these advances are subject to liquidation and/or collectible through salary deduction. Other receivables also include receivables from third parties to which the Group limits its exposure to credit risk by transacting only with counterparties that have appropriate and acceptable credit history. Advances to officers and employees and other receivables are considered to be fully recoverable and hence expected credit loss is considered insignificant.

Refundable deposits

This account pertains to security deposits on properties leased by the Group. Security deposits are generally refundable at the end of the lease term. Management does not expect significant credit risk on these deposits.

Financial assets measured at FVPL

The Group's investments in debt instrument are considered to have low credit risk. Management considers 'low credit risk' for unit investment trust funds, as they are managed by universal banks with good credit rating.

Market risk

22.4.1 Foreign currency exchange risk

The Group's material foreign currency denominated monetary assets and liabilities as at December 31 consist of:

		2024			2023		
	Currency	Amount in foreign currency	Rate	Peso equivalent	Amount in foreign currency	Rate	Peso Equivalent
Cash	USD	13,834,168	57.85	800,306,619	12,702,737	55.37	703,350,548
	EUR	667,371	36.08	24,078,746	656,592	61.47	40,360,710
				824,385,365			743,711,258
Receivables	USD	17,759,750	57.85	1,027,401,538	16,394,299	55.37	907,752,336
Trade payables	USD	(4,946,656)	57.85	(286,164,050)	(13,131,409)	55.37	(727,086,116)
and other	EUR	(106,888)	36.08	(3,856,519)	(685,804)	61.47	(42,156,372)
liabilities	SGD	(24,974)	42.69	(1,066,140)	(508,632)	42.08	(21,403,235)
				(291,086,709)			(790,645,723)
				533,298,656			860,817,871

Foreign exchange gain (loss), net for the years ended December 31 consist of:

	2024	2023	2022
Realized foreign exchange gain (loss)	53,099,411	(7,889,906)	218,434,150
Unrealized foreign exchange gain (loss)	12,731,373	(7,756,855)	(32,236,709)
Foreign exchange gain (loss), net	65,830,784	(15,646,761)	186,197,441

Foreign exchange risk arises when future commercial transactions and assets and liabilities are denominated in a currency that is not the Parent Company's functional currency.

The Group does not enter into derivative financial instruments to manage risks. Moreover, exposure to foreign currency risks is not yet considered to be material as foreign currency denominated trade receivables, partly offset by trade payables for imported raw materials, are generally short term in nature (less than 60 days terms). Also, the Group maintains sufficient cash in foreign currency to cover its maturing obligations.

A market driven change in foreign currency exchange rate, arising from US Dollar denominated assets (liabilities), as at December 31 would lead to immaterial pre-tax profit and equity movements.

22.4.2 Price risk

As at December 31, 2024, the Group is exposed to price risk in relation to its investments in debt and equity financial assets amounting to P39,958,426 and P343,066,891, respectively (2023 - P34,151,329 and P266,224,629). Components of debt and equity financial assets would increase or decrease as a result of gains or losses on these financial assets measured at fair value at the end of each reporting period. Management monitors such financial assets based on the net asset value of the debt instruments (unit investment trust funds) current market price of the shares. These financial assets are managed on an individual basis, and all buy and sell decisions are approved by the ManCom.

At December 31, 2024 and 2023, impact of a market driven change in fair value of the debt and equity investments, with all other variables held constant, would have been immaterial.

22.4.3 Cash flow and fair value interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial assets and liabilities will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial assets and liabilities will fluctuate because of changes in market interest rates.

Cash flow interest rate risk

The Group's exposure to cash flow interest rate risk pertains to short-term borrowings where the related interests are repriced at periodic intervals based on the prevailing lending rate, in accordance with the terms of the agreement. The Group's practice is to manage its interest cost by reference to current market rates in borrowings. The Group's exposure arising from short term borrowing is not considered material.

The Group's fixed rate borrowings are measured at amortized cost. They are therefore not subject to cash flow interest rate risk as defined in PFRS 7, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

Fair value interest rate risk

Changes in the market interest rates of the Group's financial liabilities with fixed interest rates only affect income if these are measured at their fair value. As such, the Group's financial liabilities with fixed interest rates that are measured at amortized cost are not subject to fair value interest rate risk as defined in PFRS 7.

22.4 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Group aims to maintain flexibility by keeping credit lines available.
On a regular basis, management monitors forecasts of the Group's liquidity reserve on the basis of expected cash flows. The Group places cash in excess of immediate requirements in banks.

The table below summarizes the maturity profile of the Group's non-derivative financial liabilities based on contractual undiscounted payments:

	Due and demandable	Less than 3 months	Between 3 to 6 months	Between 7 to 12 months	Over 12 months	Total
December 31, 2024						
Trade payables and other liabilities	138,942,721	3,535,898,755	679,332,069	-	-	4,354,173,545
Due to related parties	-	39,417,257	-	-	-	39,417,257
Borrowings and future interest payments	3,812,971,111	14,076,802,917	17,306,250	34,612,500	1,371,000,000	19,312,692,778
Bonds payable and future interest payments	-	17,981,000	17,981,000	35,962,000	1,918,856,368	1,990,780,368
Lease liabilities and future interest payments	-	96,816,955	154,523,221	195,395,825	430,070,048	876,806,049
	3,951,913,832	17,669,916,884	869,142,540	265,970,325	3,719,926,416	26,573,869,997

	Due and demandable	Less than 3 months	Between 3 to 6 months	Between 7 to 12 months	Over 12 months	Total
December 31, 2023						
Trade payables and other liabilities	104,544,729	1,675,259,034	836,808,144	991,031,957	-	3,607,643,864
Due to related parties	-	67,098,764	93,834	5,188,524	-	72,381,122
Borrowings and future interest payments	-	9,819,725,000	1,318,225,000	36,450,000	1,506,600,000	12,681,000,000
Bonds payable and future interest payments	-	38,894,750	38,894,750	3,056,875,750	2,125,867,000	5,260,532,250
Lease liabilities and future interest payments	-	93,483,678	93,487,990	180,265,265	214,100,000	581,336,933
	104,544,729	11,694,461,226	2,287,509,718	4,269,811,496	3,846,567,000	22,202,894,169

At December 31, 2024, borrowings, bond payable and lease liabilities include undiscounted cash flows on interest payable until its maturity.

The Parent Company, together with its related parties entered into surety agreements with local banks and a corporate guarantee with a foreign bank. The borrowings of the Group are covered by surety agreements and corporate guarantee agreements (Note 18).

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances equal their carrying balances, as the impact of discounting is not significant.

The Group believes that cash generated from its operating activities and current assets are sufficient to meet maturing obligations required to operate the business. The Group would also be able to meet unexpected cash outflows by accessing additional funding sources from local banks.

The Group expects to settle the above financial obligations in accordance with their maturity date. However, the Group may consider to roll-over short-term loans based on working capital requirements.

22.5 Capital management

The Group’s objective when managing capital is to generate the maximum possible returns for its shareholders while taking on a manageable degree of risk ensuring that the Group will continue to expand business and manufacturing facilities.

In order to maintain or adjust the capital structure, the Group reviews its capital structure from time to time to assess the proper financing mix necessary to grow and sustain its operations. As a matter of policy, capital expenditures have been financed from internally-generated cash flow, except for the Batangas plant expansion which has been funded partly by proceeds from bond offering, while working capital requirements will be augmented by short-term bank borrowings from time to time.

Earnings in excess of dividend distribution to shareholders have been continuously redeployed and reinvested in the growth of the Group’s business. Each instance of expansion of manufacturing capacity and entry into new products and markets undergo a thorough evaluation process to ensure that such investments and marketing programs are in consonance with the Group’s core competencies and would be enhancing shareholder value in the long run.

As part of the reforms of the PSE to expand capital market and improve transparency among listed firms, PSE required a minimum percentage of ten percent (10%) of the listed companies’ issued and outstanding shares, exclusive of any treasury shares, to be held by the public. On May 31, 2017, the SEC issued a Memorandum Circular to increase the minimum percentage requirement to at least fifteen percent (15%) on or before end of 2018 and then to at least twenty percent (20%) on or before end of 2020. The Parent Company is compliant with respect to this requirement as at each reporting period.

As at December 31, 2024 and 2023, total capital is equal to total equity (excluding any reserves) as shown in the consolidated statements of financial position.

	2024	2023
Total equity	21,789,623,234	20,867,525,566
Reserves	(326,291,291)	(253,478,583)
	21,463,331,943	20,614,046,983

There are no changes to the Group's capital management policies as at each reporting period.

23 Summary of material accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

23.1 Basis of preparation

These consolidated financial statements of the Group have been prepared in accordance with PFRS Accounting Standards. PFRS Accounting Standards comprise the following authoritative literature:

- PFRS Accounting Standards,
- PAS Standards, and
- Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), Philippine Interpretations Committee (PIC), and Standing Interpretations Committee (SIC) as approved by the Financial and Sustainability Reporting Standards Council (FSRSC) and the Board of Accountancy, and adopted by the Securities and Exchange Commission (SEC).

These consolidated financial statements have been prepared under the historical cost convention, as modified by revaluation of financial assets at FVPL and FVOCI, and retirement benefit plan where plan assets are measured at fair value.

The preparation of consolidated financial statements in conformity with PFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the Group's accounting policies. The areas involving higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 21.

23.1.1 Changes in accounting policy and disclosures

(a) New standards, amendments, and interpretations to existing standards adopted by the Company

The Group has applied the following standards and amendments for the first time for its annual reporting period commencing January 1, 2024:

- Classification of Liabilities as Current or Non-current and Non-current liabilities with covenants - Amendments to PAS 1;
- Lease Liability in Sale and Leaseback - Amendments to PFRS 16; and
- Supplier Finance Arrangements - Amendments to PAS 7 and PFRS 7.

The amendments listed above did not have any material impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods *(b) New standards, amendments and interpretations not yet adopted*

Certain new accounting standards and amendments to accounting standards have been published that are not mandatory for December 31, 2024 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and amendments is set out below:

(a) Amendments to IAS 21 - Lack of Exchangeability (effective for annual periods beginning on or after January 1, 2025)

In August 2023, the IASB amended PAS 21 to help entities to determine whether a currency is exchangeable into another currency, and which spot exchange rate to use when it is not. The Group does not expect these amendments to have a material impact on its operations or financial statements.

(b) Amendments to the Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7 (effective for annual periods beginning on or after January 1, 2026)

On May 30, 2024, the IASB issued targeted amendments to PFRS 9 and PFRS 7 to respond to recent questions arising in practice, and to include new requirements not only for financial institutions but also for corporate entities.

These amendments:

- clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
- add new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets); and
- update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI).

The Group does not expect these amendments to have a material impact on its operations or consolidated financial statements.

(c) PFRS 18 Presentation and Disclosure in Financial Statements (effective for annual periods beginning on or after January 1, 2027)

PFRS 18 will replace PAS 1 Presentation of financial statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though PFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the statement of financial performance and providing management-defined performance measures within the financial statements.

Management is currently assessing the detailed implications of applying the new standard on the Group's consolidated financial statements.

The Group will apply the new standard from its mandatory effective date of January 1, 2027. Retrospective application is required, and so the comparative information for the financial year ending December 31, 2026 will be restated in accordance with PFRS 18.

23.2 Financial assets

23.2.1 Classification and presentation

Classification

The Group classifies its financial assets in the following measurement categories:

(a) those to be measured subsequently at fair value (either through OCI or through profit or loss), and;
(b) those to be measured at amortized cost.

The classification depends on the Group business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income, otherwise it will be recognized at fair value through profit or loss.

The Group shall reclassify financial assets when and only when its business model for managing those assets changes.

The Group's financial assets measured at fair value through profit and loss includes unit investment trust fund (UITF) while financial assets measured at fair value through other comprehensive income includes investments in equity securities.

The Group's financial assets at amortized cost category include cash and cash equivalents, trade receivables, due from related parties and refundable deposits. The Group's financial assets are detailed in Note 22.2.

23.2.2 Recognition and derecognition

Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

23.2.3 Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

(a) Debt instruments - subsequent measurement

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in other income (expenses), net, using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other income (expenses), net, together with foreign exchange gains and losses. Impairment losses are presented in administrative expenses in the statement of total comprehensive income.

  The Group's financial assets at amortized cost consist of cash and cash equivalents, trade receivables, due from related parties and refundable deposits (Note 22.2.1).

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other income (expenses), net. Interest income from these financial assets is included in other income (expenses), net, using the effective interest rate method. Foreign exchange gains and losses are presented in other income (expenses), net and impairment expenses are presented as separate line item in the statement of total comprehensive income.

  The Group does not have debt instruments financial assets that are measured at FVOCI.

- FVPL: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL.
  A gain or loss on a debt investment that is subsequently measured at FVTPL is recognized in profit or loss and presented within other income, net, in the period in which it arises.

  The Group's financial assets at FVPL consists of investments in mutual funds (Note 22.2).

Equity instruments - subsequent measurement

The group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the equity investment. Dividends from such investments continue to be recognized in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognized in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

The Group's equity instrument financial assets that are measured at FVOCI consists of investments in listed shares and proprietary golf club shares (Note 22.2)

23.2.4 Impairment of financial assets

The Group assesses on a forward-looking basis the expected credit loss associated with its financial assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

With the exception of purchased or originated credit impaired financial assets, expected credit losses are required to be measured through a loss allowance at an amount equal to:

- 12-month expected credit losses (ECLs) - these are ECLs that result from default events that are possible within 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs - these are ECLs that result from all possible default events over the expected life of a financial instrument or contract asset.

(i) Simplified approach

The Group applies the simplified approach to provide for ECLs for all trade receivables arising from contracts with third party customers. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

(ii) General approach

The Group applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group 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 Group's historical experience and informed credit assessment and includes forward-looking information.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held); or
- the financial asset is more than 90 days past due or longer depending on the historical experience with particular customers.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Credit-impaired financial assets

At each reporting date, the Group 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.

Evidence that a financial asset is credit impaired includes the following observable data:

- significant financial difficulty of the counterparty;
- a breach of contract such as actual default; or
- it is probable that the borrower will enter bankruptcy or other financial reorganization.

Impairment losses and subsequent recoveries on financial assets are presented in administrative expenses within operating profit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in profit or loss. Reversals of previously recorded impairment provision are based on the result of management's update assessment, considering the available facts and changes in circumstances, including but not limited to results of recent discussions and arrangements entered into with customers as to the recoverability of receivables at the end of the reporting period. Subsequent recoveries of amounts previously written-off were credited against operating expense in profit or loss.

23.3 Financial liabilities

23.3.1 Classification and presentation

The Group classifies its financial liabilities in the following categories: (a) financial liabilities at fair value through profit or loss (including financial liabilities held for trading and those that are designated at fair value) and (b) financial liabilities at amortized cost. The classification depends on the purpose for which the financial liabilities were incurred. Management determines the classification of its financial liabilities at initial recognition.

The Group did not hold financial liabilities at fair value through profit or loss during and at the end of each reporting period.

Financial liabilities at amortized cost

Financial liabilities that are not classified as at fair value through profit or loss fall into this category and are measured at amortized cost. They are included in current liabilities, except for maturities more than twelve months after reporting date which are classified as non-current liabilities.

The Group's financial liabilities at amortized cost consist mainly of trade payables and other liabilities (excluding payables to government agencies for value-added tax, withholding and other taxes), due to related parties, lease liabilities, bonds payable and borrowings.

23.3.2 Initial recognition and subsequent measurement

The Group recognizes a financial liability in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

The Group's financial liabilities at amortized cost are initially measured at invoice amount, which approximates fair value plus transaction costs. Subsequently, these are measured at amortized cost using the effective interest method. Interest expense on financial liabilities is recognized within finance cost, at gross amount, in profit or loss.

23.3.3 Derecognition

Financial liabilities are derecognized when extinguished, that is, when the obligation specified in a contract is discharged or cancelled or when the obligation expires.

23.4 Determination of fair value

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 Group classifies its fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the reporting date, with the resulting value discounted back to present value.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

The Group's FVPL and FVOCI financial assets with quoted market price are valued using Level 1 of the fair value hierarchy and those with unquoted market price are measured at cost.

For non-financial assets, the Group uses valuation techniques that are appropriate in the circumstances and applies the technique consistently. The fair value of a non-financial asset is measured based on its highest and best use. The asset's current use is presumed to be its highest and best use.

The fair value of financial and non-financial liabilities takes into account non-performance risk, which is the risk that the Group will not fulfill an obligation.

23.5 Offsetting financial instruments

Financial assets and liabilities are offset, and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

23.6 Consolidation

23.6.1 Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group 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.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated.

Accounting policies and reporting period of its subsidiaries are consistent with the policies adopted by and the reporting period of the Parent Company.

23.6.2 Business combinations (including common control business combination)

The Group applies the purchase or acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired, and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of the acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss in the consolidated statement of total comprehensive income.

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with PAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified at equity is not re-measured, and its subsequent settlement is not accounted for within equity.

23.6.3 Goodwill

Goodwill is initially measured as the excess of the aggregate of the consideration transferred (including the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree) over the fair value of the Group's share of the identifiable net assets acquired. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, in the case of a bargain purchase, the difference is recognized directly in profit or loss.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units (CGUs), or groups of CGUs, that is expected to benefit from the synergies of the combination. 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. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognized immediately as an expense and is not subsequently reversed.

23.6.4 Changes in ownership interests in subsidiaries without change of control

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 in their capacity as owners. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired in the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

23.6.5 Disposal of subsidiary

When the Group ceases to have control, any retained interest in the subsidiary is re-measured to its fair value at the date when control is lost, with the change in carrying amount generally recognized in profit or loss. The fair value is the initial carrying amount for purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

If the Group surrenders control to a related party within the group it ultimately belongs, the difference between the consideration received and the fair value of the subsidiary at divestment date, is recognized as other charges to equity.

23.7 Inventories

Inventories are stated at the lower of cost and net realizable value (NRV). Finished goods are carried at actual manufacturing costs. Cost of raw materials used in production is measured using First-in First-out method (FIFO) while conversion costs, particularly direct labor and overhead, are initially measured at standard cost per production batch but subsequently adjusted to actual conversion costs, except for those in process inventories. Inventories in transit are valued at invoice cost including related importation costs. The cost of inventories excludes borrowing costs. NRV is the estimated selling price in the ordinary course of business, less cost to complete and to sell.

Allowance for inventory obsolescence and obsolescence is provided, when necessary, based on management's review of inventory turnover and projected future production demands, and is recognized in profit or loss. Provision for inventory obsolescence is established for slow moving, and defective inventories based on physical inspection and management evaluation. Inventories and its related allowance account are written off when the Group has determined that the related inventory is already obsolete and damaged. Destruction of the obsolete and damaged inventories is made in the presence of regulatory agencies.

Reversals of previously recorded impairment provisions are credited against provision within cost of sales account in profit or loss based on the result of management's update assessment, considering available facts and circumstances, including but not limited to net realizable value at the time of disposal.

23.8 Claim for input VAT, prepayments and other current assets

23.8.1 Claim for input VAT and prepaid taxes

Claims for input VAT and prepaid taxes is stated at face value less allowance for impairment, if any. They are included in current assets, except for those expected to be utilized after twelve months after the reporting date, which are classified as non-current assets.

The Group, on a continuing basis, makes a review of the status of the claim which is designed to identify those that may require provision for impairment. Provision for unrecoverable input VAT and prepaid taxes, if any, is maintained by the Group at a level considered adequate to provide for potential uncollectible portion of the claim.

A provision for unrecoverable input VAT and prepaid taxes is established when there is objective evidence that the Group will not be able to recover the claim or portions thereof. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in profit or loss. Write-off is recognized upon receipt and acceptance of a formal notice of disallowance from tax authorities that is not subject to appeal.

Claims for input VAT and prepaid taxes is derecognized when actually collected, applied against taxes due or disallowed by tax authority.

23.9 Property, plant and equipment

Property, plant and equipment is subsequently measured at cost. Depreciation is computed on the straight-line method to allocate the cost of each asset, less its residual value, if any, over its estimated useful life (in years), determined based on the Group's historical information and experience on the use of such assets, as follows:

Building and building improvements	3 to 40
Leasehold improvements	1 to 5
Transportation and delivery equipment	5
Office furniture and fixtures	5 to 10
Tools, machinery and equipment	5 to 40

23.10 Impairment of non-financial assets

Non-financial assets that have an indefinite useful life, such as goodwill, are not subject to amortization and are tested annually for impairment. Other non-financial assets, mainly property, plant and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units or CGUs). Impairment losses, if any, are recognized in profit or loss.

When impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but the increased carrying amount should not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or CGU in prior years. Reversals of an impairment loss are credited in profit or loss.

23.11 Current and deferred income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

23.12 Borrowings and borrowing costs

23.12.1 Borrowings, including bonds payable

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

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

Borrowings are derecognized when extinguished or paid, or when the obligation is discharged, cancelled or has expired.

23.12.2 Borrowing costs

Borrowing costs incurred for the construction of any qualifying asset, if any, are capitalized during the period of time that is required to complete and prepare the asset for its intended use.

Other borrowing costs are recognized and charged to profit or loss in the period in which these are incurred.

23.13 Revenue recognition

Revenue is measured based on the consideration which the entity is expected to be entitled to for the sale of goods and services in the ordinary course of the Group's activities. The Group recognizes revenue when it transfers control over a product or performs service to a customer.

Revenue is recognized as follows:

23.13.1 Sale of goods

Sale of goods are recognized in profit or loss when the Group has delivered the products to the customer and there is no unfulfilled obligation that could affect the acceptance of the products (point in time). Delivery does not occur until the products have been shipped to the agreed specific location, the risk of obsolescence and loss has been transferred to the customer, and the customer has accepted the products in accordance with the sales contract.

Sale of goods is shown net of returns, and/or discounts in the consolidated statement of total comprehensive income.

Sales price are agreed with customers upon order and credit terms vary from COD up to 90 days.

There are no warranties and other similar obligations for refunds agreed with customers for sale of goods.

23.13.2 Management and shared service fees

Service fees from management and shared services agreements are stand-ready performance obligation recognized in profit or loss overtime while the services are being rendered in accordance with the agreements.

23.13.3 Dividend income

Dividend income is recognized in profit or loss when the right to receive payment is established.

23.13.4 Interest income

Interest income from cash in banks and short-term investments, which is presented net of final taxes paid or withheld, is recognized in profit or loss on a time-proportion basis using the effective interest method.

23.13.5 Other income

Income from lighterage and sale of equipment is recognized in profit or loss when obligations have been rendered and accepted by the customer in accordance with the relevant agreements.

All other income items are recognized in profit or loss when earned.

23.14 Employee benefits

23.14.1 Retirement benefit obligation

The Group has a defined benefit retirement plan in accordance with the local conditions and practices in the Philippines. The plan is generally funded through payments to trustee-administered funds as determined by periodic actuarial calculations. Defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability (or asset) recognized in the consolidated statement of financial position is the present value of the defined benefit obligation less fair value of the plan assets at the reporting date. In cases when the amount determined results in an asset, the Group measures the resulting asset at the lower of such amount determined and the present value of any economic benefits available to the Group in the form of refunds or reductions in future contributions to the plan. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity which approximate the terms of the related retirement benefit obligation.

When the Group has a surplus in a defined benefit plan, the Group measures the net defined benefit asset at the lower of the surplus in the defined benefit plan, and the asset ceiling determined using the same discount rate in determining the present value of defined benefit obligations. The amount of the asset recognized should not exceed the aggregate of the present values of any refunds expected from the plan; and any expected reduction in future contributions arising from the surplus.

Plan assets are those that are: (a) held by an entity (a fund) that is legally separate from the Group, (b) available to be used only to pay or fund employee benefits; and (c) not available to the Group's creditors, and cannot be returned to the Group unless: (i) the remaining assets of the fund are sufficient to meet all the related employee benefit obligations of the plan or the Group; or (ii) the assets are returned to the Group to reimburse for employee benefits advanced by the Group. Plan assets exclude investments in group shares that are not transferrable.

Remeasurement gains or losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity (within reserve for remeasurement on retirement benefit) in other comprehensive income in the period in which they arise.

Past service costs are recognized immediately in profit or loss.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets.

Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the Group recognizes costs for a restructuring that is within the scope of PAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than twelve months after the end of the reporting period are discounted to their present value.

23.14.2 Salaries and wages, and other short-term benefits

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented within trade payables and other liabilities in the consolidated statement of financial position.

23.15 Leases

When the Group enters into an arrangement, comprising a transaction or a series of related transactions, that does not take the legal form of a lease but conveys a right to use an asset or is dependent on the use of a specific asset or assets, the Group assesses whether the arrangement is, or contains, a lease. The Group does not have such arrangements during and at the end of each reporting period.

23.15.1 The Group is the lessee

The Group recognizes leases as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use.

Assets and liabilities arising from a lease are initially measured on a present value basis. The interest expense is recognized in the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Measurement of lease liabilities

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for the Group's leases, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received,
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held for entities which do not have recent third-party financing, and
- makes adjustments specific to the lease (i.e., term, currency and security).

Extension and termination options

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (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 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 revised only if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

Short-term leases

Payments associated with short-term leases are recognized on a straight-line basis as an expense in the profit or loss. Short-term leases are leases with a lease term of 12 months or less.

23.16 Segment reporting

Reportable segments are presented by aggregating operating segments based on similar products and services. The accounting policies used to recognize and measure the segment's assets, liabilities and profit or loss is consistent with those of the consolidated financial statements.

23.17 Related party relationships and transactions

Related party relationship exists when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercises significant influence over the other party in making financial and operating decisions. Such relationship also exists between and/or among entities which are under common control with the reporting enterprise, or between and/or among entities 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.

23.18 Foreign currency transactions and balances

Items included in the financial statements of each of the Group's subsidiaries are measured using the currency of the primary economic environment in which the Group's subsidiaries operate (the "functional currency"). The consolidated financial statements are presented in Philippine Peso, which is the Parent Company's functional and presentation currency.

23.19 Subsequent events (or events after the reporting date)

Subsequent events that provide additional information about the Group's financial position at reporting date (adjusting events) are reflected in the financial statements. Subsequent events that are not adjusting events are disclosed in the notes to the financial statements when material.

SECOND SECTION

Second Section

Schedules	Supplementary Schedules	Remarks
A	Financial assets	Not applicable
B	Amounts Receivable and Payable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related parties)	Not applicable
C	Amounts Receivable and Payable from Related Parties which are eliminated during the consolidation of financial statements	Schedule C
D	Long-term Debt	Schedule D
E	Indebtedness to Related Parties	Not applicable
F	Guarantees of Securities of Other Issuers	Not Applicable
G	Capital Stock	Schedule G
Annex A	Supplementary Schedule of External Auditor Fee-Related Information	Annex A
Annex 68-D	Reconciliation of Parent Company's Retained Earnings Available for Dividend Declaration A Map Showing the Relationships between and among the Parent Company and its Ultimate Parent Company, Middle Parent, Subsidiaries or Co-subsidiaries and Associates	Annex 68-D
Annex 68-E	Schedule of Financial Soundness Indicator	Annex 68-E
Annex 68-I	Schedule for Listed Companies with a Recent Offering of Securities to the Public A Map Showing the Relationships between and among the Parent Company and its Ultimate Parent Company, Middle Parent, Subsidiaries or Co-subsidiaries and Associates	Annex 68-I

SCHEDULE A

D&L Industries, Inc. and Subsidiaries
Financial assets

As at and for the year ended December 31, 2024
(All amounts in Philippine Pesos)

Not applicable because the cost and fair market value of the financial assets at fair value through profit or loss (FVPL) is less than 5% of total consolidated current assets.

SCHEDULE B

D&L Industries, Inc. and Subsidiaries
Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties)

As at and for the year ended December 31, 2024
(All amounts in Philippine Pesos)

Not applicable because there is no receivable from directors, officers, employees, and principal stockholders with more than one million (P1 million) or 1% of total assets.

SCHEDULE C

D&L Industries, Inc. and Subsidiaries
Amounts Receivable and Payable from Related Parties which are eliminated during consolidation of financial statements

As at and for the year ended December 31, 2024
(All amounts in Philippine Pesos)

Name of Related Party	Balance at beginning of year	Additions	Collections/ Payments	Total	Current	Non-current	Balance at end of year
Due from(to) related parties:							
D&L Industries, Inc.	5,046,055,082	761,368,000	(3,753,739,538)	2,053,683,544	53,683,544	2,000,000,000	2,053,683,544
Aero-Pack Industries, Inc.	1,042,750	325,016,142	(219,939,891)	106,119,000	106,119,000	-	106,119,000
Chemrez Product Solutions, Inc.	181,641,060	4,048,165,577	(3,936,727,251)	293,079,386	293,079,386	-	293,079,386
Chemrez Technologies, Inc.	328,931,245	4,174,608,821	(1,134,542,150)	3,368,997,917	3,368,997,917	-	3,368,997,917
D&L Polymer and Colours, Inc.	301,417,462	675,916,989	(321,323,942)	656,010,509	656,010,509	-	656,010,509
D&L Premium Foods Corp.	-	926,061,930	(840,888,131)	85,173,799	85,173,799	-	85,173,799
First in Colours, Incorporated	201,463,594	300,634,606	(244,958,681)	257,139,519	257,139,519	-	257,139,519
Natura Aeropack Corporation	-	533,851,438	(465,018,656)	68,832,782	68,832,782	-	68,832,782
Oleo-Fats, Incorporated	-	3,698,175,411	(693,628,847)	3,004,546,564	3,004,546,564	-	3,004,546,564
	6,060,551,193	15,443,798,914	(11,610,767,087)	9,893,583,020	7,893,583,020	2,000,000,000	9,893,583,020

SCHEDULE D

D&L Industries, Inc. and Subsidiaries
Long-term Debt

December 31, 2024
(All amounts in Philippine Pesos)

Title of Issue and Type of Obligation	Amount	Amount shown under Caption “Current Portion of Long-term Debt” in Related Consolidated Statement of Financial Position	Amount shown under Caption “Long-term Debt” in Related Consolidated Statement of Financial Position	Notes
Bonds payable	2,000,000,000	N/A	1,990,780,368	On September 14, 2021, the Group issued P5,000,000,000 fixed rate bonds. The amount comprises P3,000,000,000 (“Series A” bonds) and P2,000,000,000 (“Series B” bonds) fixed rate bonds due in 2024 and 2026, with interest rate of 2.79% and 3.60%, respectively. The Series A bonds have been fully settled as it matured in 2024. Series B bonds remain outstanding as of December 31, 2024.
Borrowings	1,215,000,000	N/A	1,249,487,284	In 2024, the Group availed borrowings from the immediate Parent Company which is due in 2028.

SCHEDULE G

D&L Industries, Inc. and Subsidiaries
Capital Stock
December 31, 2024

Title of issue	Number of shares authorized	Number of shares issued	Treasury shares	Number of shares outstanding	Number of shares reserved for options, warrants, conversion and other rights	Number of shares issued to Related parties	Number of shares issued to Directors, officers and employees	Number of shares issued to Others
Common shares	18,000,000,000	7,142,857,990	-	7,142,857,990	-	4,470,558,855	246,355,051	2,425,944,084

Annex A

D&L Industries, Inc.
No. 65 Industria Street
Bagumbayan, Quezon City

Supplementary Schedule of External Auditor Fee-Related Information
For the year ended December 31, 2024
(All amounts in Philippine Peso)

	2024	2023
Total Audit Fees	**6,475,000**	**5,870,000**
Non-audit services fees:		
Other assurance services	-	-
Tax services	-	-
All other services	-	-
Total Non-audit fees	-	-
Total Non-audit Fees	**-**	**-**
Total Audit and Non-audit Fees	**6,475,000**	**5,870,000**

Annex 68-D

D&L Industries, Inc.
No. 65 Industria Street
Bagumbayan, Quezon City

Reconciliation of Parent Company's Retained Earnings Available for Dividend Declaration
For the year ended December 31, 2024
(All amounts in Philippine Peso)

		Amount
Unappropriated Retained Earnings, beginning		416,113,737
Add: Category A: Items that are directly credited to Unappropriated retained earnings		
Reversal of Retained earnings appropriation/s	-	
Effect of restatements or prior-period adjustments	-	
Others (describe nature)	-	-
Less: Category B: Items that are directly debited to Unappropriated retained earnings		
Dividend declaration during the reporting period	1,492,857,320	
Retained earnings appropriated during the reporting period	-	
Effect of restatements or prior-period adjustments	-	
Others (describe nature)	-	1,492,857,320
Unappropriated Retained Earnings, as adjusted		(1,076,743,583)
Net income actual earned during the year		1,744,620,952
Less: Category C.1: Unrealized income recognized in the profit or loss during the year/period (net of tax)		
Equity in net income of associate/joint venture, net of dividends declared	-	
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	-	
Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	153,307	
Unrealized fair value gain of investment property	-	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the	-	
PFRS (describe nature)	-	153,307
Add: Category C.2: Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)		
Realized foreign exchange gain, except those attributable to Cash and cash equivalents	-	
Realized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-	
Realized fair value gain of Investment property	-	
Other realized gains or adjustments to the retained earnings	-	

as a result of certain transactions accounted for under the PFRS (describe nature)		-
Add: Category C.3: Unrealized income recognized in profit or loss in prior periods but reversed in the current reporting period (net of tax)		
Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents	-	
Reversal of previously recorded fair value adjustment (markto- market gains) of financial instruments at fair value through	-	
profit or loss (FVTPL)	-	
Reversal of previously recorded fair value gain of investment property	-	
Reversal of other unrealized gains or adjustments to the retained earnings as a result of certain transactions	-	
accounted for under the PFRS, previously recorded (describe nature)	-	-
Adjusted net income/loss		1,744,467,647
Add: Category D: Non-actual losses recognized in profit or loss during the reporting period (net of tax)		
Depreciation on revaluation increment (after tax)		
Add/Less: Category E: Adjustments related to relief granted by the SEC and BSP	-	
Amortization of the effect of reporting relief	-	
Total amount of reporting relief granted during the year	-	
Others (describe nature)	-	-
Add/Less: Category F: Other items that should be excluded from the determination of the amount of available for dividends distribution		
Net movement of treasury shares (except for reacquisition of redeemable shares)	-	
Net movement of deferred tax asset not considered in the reconciling items under the previous categories	(62,209,537)	
Net movement in deferred tax asset and deferred tax liabilities related to same transaction, e.g., set up of	-	
right of use of asset and lease liability, set-up of asset and asset retirement obligation, and set-up of service	-	
concession asset and concession payable		
Adjustment due to deviation from PFRS/GAAP - gain (loss)	-	
Others (describe nature)	-	(62,209,537)
Total Retained Earnings, as adjusted to available for dividend distribution, ending		605,514,527

Annex 68-E

D&L Industries, Inc. and Subsidiaries

Schedule of Financial Soundness Indicator
December 31, 2024 and 2023

	2024	2023
Gross Profit margin[a]	15%	17%
Net Profit margin[b]	6%	7%
Return on equity[c]	11%	11%
Current ratio[d]	1.25x	1.25x
Interest cover[e]	4x	6x
Net debt to equity ratio[f]	0.84x	0.68x
Asset-to-equity ratio[g]	2.2x	2.04x
Book Value per share[h]	P3.05	P2.92

[a] Gross Profit / Revenues
[b] Net Income available to common shareholders / Revenues
[c] Net Income available to common shareholders / Shareholder's Equity
[d] Current Asset / Current Liabilities
[e] Earnings before interest and taxes / Interest Expense
[f] (Borrowings – Cash) / Shareholder's Equity
[g] Total Assets / Total Equity
[h] Shareholders' Equity (available to owners of the Parent) / Weighted average outstanding number of common shares

Annex 68-I

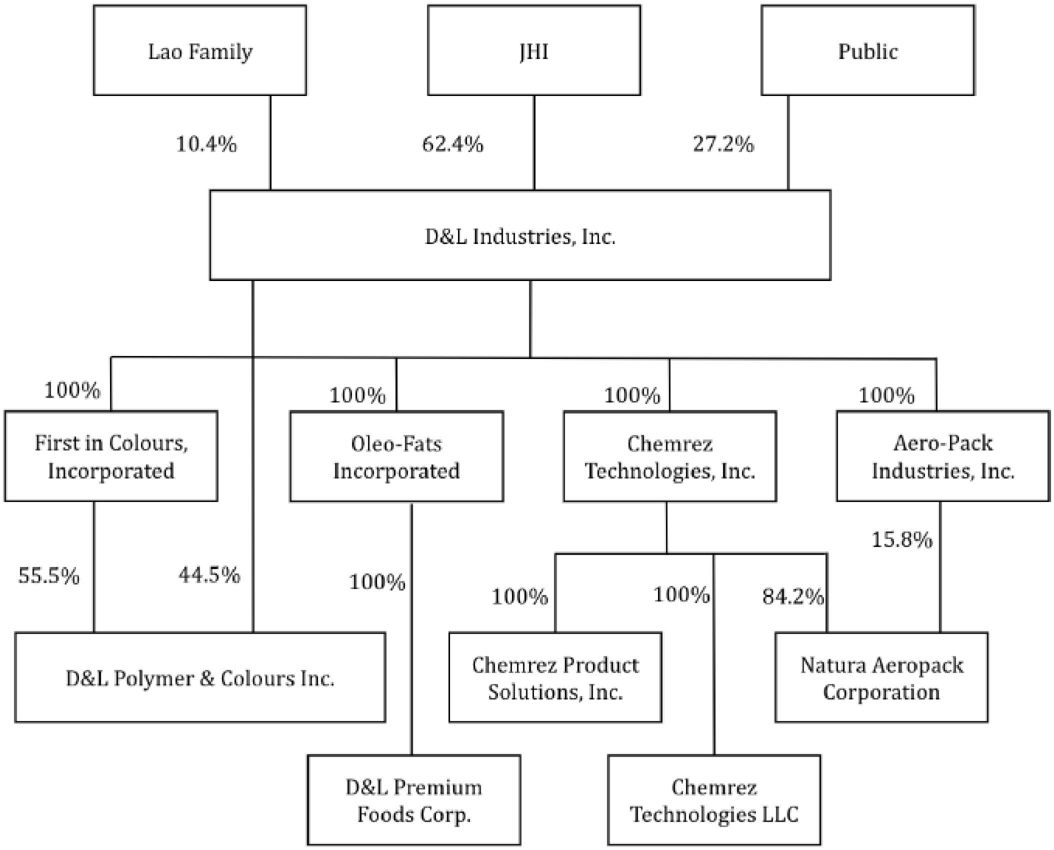
D&L Industries, Inc. and Subsidiaries
No. 65 Industria Street
Bagumbayan, Quezon City

Schedule for Listed Companies with a Recent Offering of Securities to the Public
For the year ended December 31, 2024
(All amounts in Philippine Peso)

Not applicable because there is no recent offering of securities to the public in 2024
Proceeds from the latest bond offering in 2021 were already used up as of December 31, 2022

D&L Industries, Inc. and Subsidiaries

A Map Showing the Relationships between and among the Company and its
Ultimate Parent Company, Middle Parent, Subsidiaries or Co-subsidiaries and Associates
December 31, 2024



APPENDIX 2

COVER SHEET

4 4 8 5 2

D & L INDUSTRIES INC

(Company's Full Name)

65 INDUSTRIA ST BAGUMBAYAN

QUEZON CITY

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

KRISTINE ANN CATINDIG-ONG	8635-0680
Contact Person	Company Telephone Number

12 31	SEC Form 17-Q as of March 31, 2025	06 02
Month Day	FORM TYPE	Month Day
Fiscal Year		Annual Meeting

Secondary License Type, if Applicable

CFD	
Dept. Requiring this Doc.	Amended Articles Number/Section

Total Amount of Borrowings

268	P 15,477,823,713	
Total No. of Stockholders	Domestic	Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

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. Commission identification number **44852**

3. BIR Tax Identification No. **000-421-957-000**

4. **D&L INDUSTRIES, INC.**
   Exact name of issuer as specified in its charter

5. **Metro Manila, Philippines**
   Province, country or other jurisdiction of incorporation or organization

6. Industry Classification Code: [ ] (SEC Use Only)

7. **65 Calle Industria, Bagumbayan, Q.C.** **1110**
   Address of issuer's principal office Postal Code

8. **(02) 8635 0680**
   Issuer's telephone number, including area code

9. **Not applicable**
   Former name, former address and former fiscal year, if changed since last report

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, P1 par value**
No. of Shares of Common Stock Issued & Outstanding	**7,142,857,990 Shares as of March 31, 2025**
Amount of Debt Outstanding	**P23,107,057,605 as of March 31, 2025**

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:

    Philippine Stock Exchange; A total of 7,142,857,990 shares of common stock with par value of P1.00 each.

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 thereunder or Sections 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 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 unaudited interim consolidated financial statements of D&L Industries, Inc. and its wholly-owned subsidiaries Oleo-Fats, Incorporated, First in Colours, Incorporated, D&L Polymer and Colours, Inc., Chemrez Technologies, Inc., Chemrez Product Solution Inc., Aero-Pack Industries, Inc., Natura Aeropack Corporation, D&L Premium Foods Corp., and Chemrez Technologies LLC (collectively, the "Company") for the **three months ended March 31, 2025** and the comparative period in 2024 is attached to this 17-Q report, comprising of the following:

1.1 Consolidated Balance Sheets as at March 31, 2025 and December 31, 2024 (Annex A)
1.2 Consolidated Statements of Income and Retained Earnings for the period ended March 31, 2025 and March 31, 2024 (Annex B)
1.3 Consolidated Statements of Cash Flows for the period ended March 31, 2025 and March 31, 2024 (Annex C)
1.4 Consolidated Statements of Changes in Shareholders' Equity for period ended March 31, 2025 and March 31, 2024 (Annex D)
1.5 Segment Revenue and Income Information for the period ended March 31, 2025 and March 31, 2024 (Annex E)
1.6 Other Segment Information as at March 31, 2025 and December 31, 2024 and for the period ended March 31, 2025 and March 31, 2024 (Annex F)
1.7 Aging of Receivables at March 31, 2025 and December 31, 2024 (Annex G)

The foregoing unaudited interim consolidated financial statements were approved by the Audit Committee and the Board of Directors in their respective meetings held last May 5, 2025.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (Based on the Unaudited Consolidated Results for the Period Ended March 31, 2025)

Business Overview

The Company is the holding company for a group of companies with interests in the customization, development, and manufacturing of food ingredients (Oleo-Fats, Incorporated and D&L Premium Foods Corp.), oleochemicals, resins, and powder coating (Chemrez Technologies, Inc., Natura Aeropack Corporation and Chemrez Technologies LLC), colorants, additives, and engineered polymers for plastics (D&L Polymer and Colours, Inc., and First in Colours, Inc.) as well as the manufacturing of consumer products for personal and home care and other applications (Aero-Pack Industries, Inc. and Natura Aeropack Corporation). The Company's registered office address and principal place of business is 65 Calle Industria Brgy. Bagumbayan, Quezon City.

The Company is a publicly-listed company, which was officially listed in the Philippine Stock Exchange (PSE) on December 12, 2012. As of March 31, 2025, the Company is 62%-owned by Jadel Holdings Co., Inc. (JHI) and 11% directly owned by the Lao family. The public holds the remaining 27% of the shares outstanding.

D&L's major subsidiaries are as follows:

- *Food ingredients* – The Company, operating through its subsidiary Oleo-Fats, Incorporated (OFI) and through D&L Premium Foods Corp. (DLPF), manufactures a line of bulk and specialty fats and oils, culinary and other specialty food ingredients. The Company contract manufactures and provides food ingredient products to most of the leading food manufacturers and quick-service restaurant chains in the Philippines, and also produces food safety solutions such as cleaning and sanitation agents for various customers.

- *Oleochemicals, resins and powder coatings* – The Company, through Chemrez Technologies, Inc. (CTI) and its subsidiaries Chemrez Product Solutions, Inc. (CPSI) and Chemrez Technologies LLC (CT LLC), and through Natura Aeropack Corporation (NAC), focus on developing, manufacturing, and supplying high value customized resins, oleochemicals, and specialty products that are sustainable and cost-efficient, while enabling customers to build bigger markets. Its customer base includes many industries such as biofuels, personal and home care, health and nutrition, and construction industries. CTI, CPSI and NAC serve local and international customers.

- *Colorants and plastics additives* – The Company, operating through its subsidiaries First in Colours, Inc. (FIC) and D&L Polymer and Colours, Inc. (DLPC), develops and manufactures innovative plastic solutions that make plastics aesthetically appealing, functional, and sustainable. The group's products are mainly classified as plastic colorants, additive masterbatches, and engineered polymers. Plastic colorants give plastics precise coloring and special effects mainly used for brand and product identification. Additive masterbatches add functional features to plastics such as higher processability, antimicrobial properties, and anti-static properties. Meanwhile, engineered polymers are plastic compounds that have improved mechanical and thermal properties that make them ideal for films, bottles, furniture, appliances, electronic and automotive parts, etc. Lastly, the group offers sustainable options such as compostable plastics, biodegradable plastics, bio-based plastics, recycled compounds, and upcycled materials.

- *Consumer Products ODM* – The Company, operating through its subsidiary Aero-Pack Industries, Inc., and through Natura Aeropack Corporation (NAC), is a full original design manufacturer (ODM) and original equipment manufacturer (OEM) that offers customized aerosols and non-aerosols products to other businesses across different industries such as home care, personal care, and maintenance chemicals. The Company offers a full turnkey solution from product formulation to design, packaging, production, and delivery to customers. It is the first and the biggest aerosol manufacturing company in the Philippines with almost all of its sales coming from the domestic market.

Results of Operations

For three months ended March 31, 2025 versus March 31, 2024

- D&L Industries' recurring income reached P681 million, or earnings per share of P0.095 in the first quarter of 2025. This is higher by 10% YoY, driven by the continued growth in exports and ramp up of operations in Batangas plant. Total volume growth for the period was strong although rising commodity prices tempered its potential positive effect on net income.

- The year started with strong momentum. However, the increasing global uncertainties have led to a noticeable slowdown and dampening of global business sentiment. Nonetheless, the Philippines may be one of the least affected countries given its import-heavy trade balance. In addition, the lower proposed reciprocal tariff for the Philippines versus its neighboring countries may put the Philippines in an advantageous position. Despite the macroeconomic noise, D&L still managed to book a 10% YoY earnings growth for the quarter on the back of robust volume growth for both High Margin Specialty Products (HMSP) and commodities.

- D&L's Batangas plant continues to ramp up operations well into the first quarter of the year with net income growing by 35% QoQ to P333 million. This positive momentum gives the company the confidence that, over time, its industry leading facilities in Batangas will continue to play an increasingly significant role in boosting its overall net income. D&L believes that it has only just begun to tap into the plant's potential, given the vast opportunities it sees in both local and international markets.

- Total volume growth was robust for the period as both HMSP and commodities booked double-digit volume growth. HMSP was up 36% YoY while commodities were up 30%, bringing total volume growth for the quarter at 33% YoY. The buoyant volume growth was driven by a combination of the strong exports, new customer wins, market share grab, and positive regulatory development with the increase in mandated biodiesel blend from 2% to 3% starting October 1, 2024.

- The potential significant boost of the robust volume growth to net income, however, was tempered by the unprecedented increase in commodity prices for the period which led to a temporary margin contraction. Coconut oil, which is one of the key raw materials of the company, saw its average price increase by 74% YoY for the quarter and 37% YTD.

- While D&L passes on price changes to customers, it takes the company an average of 30-45 days to adjust its prices which normally leads to a temporary margin contraction or expansion in an environment of rapidly changing commodity prices. The substantial increase in coconut oil prices was largely due to increasing global demand at a time when supply is temporarily constrained due to the negative effects of El Niño last year on coconut tree yield. The seasonal harvesting period from May to July may bring relief on the tight supply-demand situation leading to softening of prices. D&L expects its margins to recover once commodity prices start to stabilize.

- Exports continued its positive momentum in 1Q25 booking a total sales of P4.8 billion, which is higher by 69% YoY. Meanwhile, export gross profits jumped by a whopping 90% YoY over the same period. Average gross profit margin (GPM) for exports which stood at 18.3% is notably higher than average GPM of 9.8% for the domestic business. This shows that exports remain a bright spot amidst increasing global uncertainty and volatility.

- With low hanging fruits and markets that have yet to be penetrated, D&L sees a significant potential upside for this segment. Over the medium-term, the company targets exports to account for 50% of total sales. In 1Q25, export sales contribution stood at a record level of 34%.

	FY20	**FY21**	**FY22**	**FY23**	**FY24**	**3M24**	**3M25**
export as % of total sales	29%	33%	31%	27%	30%	32%	34%

- Gross profit for the first three months of the year increased by 20% to P1.8 billion from P1.5 billion from the same period last year.

- Operating expenses were higher by 29% YoY for the period mainly due to higher delivery charges which are directly related to the increased volume for the period.

- The Company booked other operating expenses of P6 million in the first three months of the year mainly from its unrealized forex loss due to the appreciation of the peso.

- Finance costs increased by 36% YoY to P304 million from P223 million mainly due to higher debt levels and higher effective interest rate compared to the same period last year.

- Income tax expense was lower by 31% YoY at P117 million due to the income tax holiday relating to the new plant in Batangas.

- With the increasing income contribution from Batangas plant, the company's return ratios have started to see improvements. ROE stood at 12.1% for the quarter, higher by 1.4ppts from FY24 level. Meanwhile, ROIC stood at 10% for the quarter, higher by 1 ppt from FY24 level. Management targets a steady improvement in both ratios to reach mid to high-teens in the medium-term.

- The company's balance sheet remained in a solid position even with the huge capex over the past couple of years and unprecedented increase in commodity prices which translates to higher working capital requirements. As of end-March 2025 interest cover remained at a comfortable level of 4x with net gearing at 92%. Average cost of debt was slightly lower at 6.2% as of end-March 2025 vs 6.29% as of end-December 2024. With the generally dovish stance of the Bangko Sentral ng Pilipinas (BSP), there is room for the average cost of debt to go down in 2025.

- From a capex standpoint, the company does not expect any major capex spending in the near-term. In 1Q25, capex stood at below P200 million, which if annualized will yield a sub-P1 bn capex for the year.

Segment Operations

- The **food ingredients division** delivered a stellar volume growth of 33% in 1Q25 as volumes for both HMSP and commodities were up double-digits. The robust volume growth, coupled with higher commodity prices, drove a 65% increase in revenues for the quarter. Gross profit margins were lower by 3.5 ppts largely due to the rapid increase in commodity prices and higher initial cost base at the Batangas plant as it continues to ramp up production. Overall, the food ingredients division booked an 18% YoY growth in earnings.

- **Chemrez** delivered a strong recovery in 1Q25 with earnings growing by 27% YoY for the period.The growth was mainly driven by the robust performance of the biodiesel division with the increase in mandated biodiesel blend from 2% to 3% starting October 1, 2024. From a strategic perspective, the company continues to invest in the development of more customized specialty ingredients which can yield better profitability and higher impact on net income. The new plant in Batangas gives Chemrez a new runway for growth given the additional capability and capacity to manufacture higher value-added products for both its local and international customers.

- The **specialty plastics division** takes a breather from the strong performance last year with 1Q25 earnings down 5% YoY. With 50% of this division's revenues coming from wire harness for global automotive industry applications, the uncertainties related to tariffs have dampened the business sentiment in the sector. While volatility remains, the company intends to continue to grow and keep itself relevant in this space by innovating and introducing new products that cater to Electric Vehicles (EV). In the long run, the company anticipates sustained growth in this segment, driven by its groundbreaking research and development efforts, particularly in enhancing the sustainability of plastics.

- The **Consumer Products ODM division** saw its volume grow by 23% YoY during the first quarter of the year as inflation started cooling off. However, as Batangas plant remains in the ramp up phase, higher fixed cost per unit resulted in lower margins. Overall, net income for this division fell by 30% YoY in 1Q25. The company expects margins to recover over time with the improvement in utilization rate. Meanwhile, exports provide a new leg of growth with contribution to total sales currently at 13% from virtually zero about six years ago. Management sees export contribution to continue to go up over the long term.

Key Performance Indicators

	For the period end March 31, 2025	**For the period end March 31, 2024**
Gross profit margin [a]	*12.7%*	*17.1%*
Net profit margin [b]	*4.8%*	*7.0%*
Interest cover [c]	*4x*	*5x*
Return on Equity [d]	*12.1%*	*11.5%*
	As of end March 31, 2025	**As of end December 31, 2024**
Net debt to equity ratio [e]	*92%*	*84%*
Asset-to-Equity ratio [f]	*2.27*	*2.22*
Current ratio [g]	*1.28*	*1.25*
Book Value per share [h]	*3.15*	*3.05*

[a] *Gross Profit / Revenues*
[b] *Net Profit available to owners of the Parent company / Revenues*
[c] *Earnings before interest and taxes / Finance costs*
[d] *Annualized Net Income available to owners of the Parent Company / Shareholders' Equity*
[e] *(Borrowings - Cash) / Shareholders' Equity*
[f] *Total Assets/ Total equity*
[g] *Current Assets / Current Liabilities*
[h] *Shareholders' Equity (available to owners of the Parent) / outstanding number of common shares*

Financial Condition

Period ended March 31, 2025 versus Period ended December 31, 2024

- The company remains in a good liquidity position as current ratio stood at 1.28x as of end March 2025.
- Cash decreased by P480 million to P2.36 billion.
- Receivables increased by 13% during the period to P9.1 billion from P8.1 billion. Meanwhile, average account receivable days stood at 50 days vs 53 days in FY24.
- Inventory level was relatively flat at P11.3 billion. Average days in inventory stood at 91 days vs 107 days in FY24.
- Net debt to equity ratio stood at 92%. Borrowings stood at P23 billion.
- Total equity increased by P 681 million to P22.5 billion largely due to income booked for the period.
- With the unprecedented increase in coconut oil prices for the period, the company generated negative cash flows from operations with cash flows from financing activities mainly funding the increase in working capital requirements.

- Net cash used in operating activities amounted to P3.3 billion.
- Net cash used in investing activities amounted to P60 million.
- Net cash generated by financing activities amounted to P2.9 billion, which mainly came from borrowings.

D&L's Plan of Operation for 2025

With steady and consistent ramp up in operations, the new plant in Batangas turned profitable in 2024. This is ahead of the initial schedule of within two years of operations which was based on the performance of the older plants that the company had built over the years.

The promising results of operations of the new plant gives the company the confidence that, over time, its industry leading facilities will continue to play an increasingly significant role in boosting its overall net income. While it is still possible to see quarterly swings in profitability given the early stages of operations - going forward, the company expects Batangas to start contributing consistently to its bottom line. D&L believes that it has only just begun to tap into the plant's potential given the vast opportunities the company sees in both local and international markets

As such for 2025, the company remains focused on further increasing the utilization of its Batangas plant. With new capacity and capabilities to offer, D&L remains committed to achieving its medium-term goals of further increasing the share of its high margin business as well as increasing export revenue contribution to 50% of total revenues.

In line with its advocacy to champion Green Chemistry, the company continues to invest in developing products that are sustainable and more environmentally friendly. With coconut oil continuing to gain traction globally as a sustainable, natural, and organic substitute to many petroleum-based raw materials, D&L plans to further capitalize on this by entering more export markets and by using its R&D expertise to introduce more highly specialized, coconut-oil based products. In addition, the company is also doing a lot of work in developing an alternative to plastics that is equally durable and cost-competitive but is renewable, sustainable, and made from indigenous materials.

Basis of preparation

The principal accounting policies adopted in the preparation of these condensed consolidated interim financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

This condensed consolidated interim financial statements for the three-month period ended March 31, 2025 has been prepared in accordance with Philippines Accounting Standard (PAS) 34 Interim Financial Reporting.

The condensed consolidated interim financial statements do not include all the notes normally included in annual financial statements. Accordingly, this report is to be read in conjunction with the annual financial statements for the year ended December 31, 2024 and any public announcements made by the Company during the three-month period.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the estimation of income tax.

There are no new accounting standards or amendments effective January 1, 2025 that have a material impact on these condensed consolidated interim financial statements.

There are no other future standards, amendments or interpretations that are effective beginning on or after January 1, 2025 that are expected to have a material impact on the Company's financial statements.

Selected Notes to the Interim Consolidated Financial Statements

In compliance with the requirements of the Securities Regulations Code

1. The same accounting policies and methods of computation were followed in the interim consolidated financial statements consistent with those adopted for the Company's annual consolidated financial statements for the year ended December 31, 2024.

2. Interim operations do not follow any particular seasonal or cyclical pattern. Except as discussed in the foregoing, demand for the Company's products have been historically fairly constant throughout the previous years.

3. Fixed asset additions during the periods pertain to the final construction works in the expansion facility in Batangas as well as additional fixed asset requirements as part of the normal operations of the business.

4. There were no items not in the ordinary course of business that affected assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidence.

5. There were no changes in estimates of amounts reported in prior interim periods of financial years prior to the commencement of results reporting on a consolidated basis.

6. There were no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Company with unconsolidated entities or other persons created subsequent to the end of the interim period that have not been reflected in the financial statements for the period.

7. There were no changes in contingent liabilities or contingent assets since the last annual balance sheet date.

8. Other than what has been disclosed in the foregoing report, there are no existing material contingencies, events or transactions that are material to an understanding of the current interim period.

9. There are no events other than those already disclosed that will trigger direct or contingent financial obligations that are material to the Company, including any default or acceleration of an obligation.

10. There are no trends, demands, commitments, events or uncertainties known to management that will have a material adverse impact on the Company's liquidity.

11. There are currently no material commitments for capital expenditures except as already disclosed.

12. The Company is not aware of any trend, event or transaction that would have a material impact on its results of operations or on its financial condition except as already disclosed.

13. Aside from interest earnings from the Company's cash deposits, there are no significant elements of income or loss that did not arise from the issuer's continuing operations.

14. Any material changes from period to period in any line items of the Company's financial statements that have not been explained in the **Management's Discussion and Analysis** section of this report were the results of normal fluctuations in operations.

15. The interim consolidated financial statements have been prepared in conformity with Philippine Financial Reporting Standards and reflect amounts that are based on the best estimates and informed judgment of management with an appropriate consideration to materiality.

Additional Disclosures on Risk Management and Financial Instruments

1. Financial risk factors

The Company's activities expose it to a variety of financial risks and these activities involve the analysis, evaluation and management of some degree of risk or combination of risks. The Company's overall risk management program focuses on the unpredictability of financial markets, aims to achieve an appropriate balance between risk and return and seeks to minimize potential adverse effects on the Company's financial performance.

Risk management is led by the Chief Risk Officer and overseen by the Board of Directors.

The most important types of risk the Company manages are: credit risk, market risk and liquidity risk. Market risk includes foreign currency exchange, price and interest risks.

2. Components of financial assets and liabilities by category

2.1 Financial assets

Details of the Company's financial assets are as follows:

	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
Financial assets at amortized cost		
Cash and cash equivalents	2,471,029,173	2,837,928,092
Receivables, gross	9,279,636,971	8,226,452,590
Due from related parties	250,153,118	158,571,168
Refundable deposits	344,489,661	424,584,746
	12,345,308,924	11,642,194,400
Financial assets at FVPL	48,009,645	39,958,426
Financial assets at FVOCI	343,066,891	343,066,891
	12,736,385,460	12,052,219,717

Receivables are presented gross of allowance for impairment as at March 31, 2025 amounting to P174,333,386 (December 31, 2024 - 168,826,389).

The other components of other current and noncurrent assets are considered non-financial assets which include deposits to suppliers, input VAT, creditable withholding taxes and prepayments.

The carrying amounts of financial assets at amortized cost approximate their fair values (Level 1) as the impact of discounting is not considered significant. Financial assets at FVPL and FVOCI are measured at quoted prices (Level 1). Investments in FVPL include investments in open-ended unit investment trust funds that are redeemable anytime and reports daily net asset value.

2.1 Financial liabilities

Details of the Company's financial liabilities, categorized as other financial liabilities at amortized cost at March 31, 2025 and at December 31, 2024 are as follows:

	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
Trade payables and other liabilities	3,518,007,696	4,354,173,545
Dividends Payable	-	-
Due to related parties	1,056,993,414	39,417,257
Lease liabilities	588,845,462	821,822,597
Bonds Payable	1,992,057,605	1,990,780,368
Borrowings	23,107,057,6050	19,099,487,284
	30,262,961,782	26,305,681,051

Trade payables and other liabilities exclude amounts due to regulatory agencies and advances from customers as at March 31, 2025 amounting to P1,048,010 and P56,875 (December 31, 2024 - P121,250,723 and P69,329, respectively.

The carrying amounts of financial liabilities at amortized cost approximate their fair values (Level 2) due to their short-term nature and/or the impact of discounting is not considered significant.

As at December 31, 2024, estimated fair value (Level 2) of the lease liabilities and bonds payable as it approximates its carrying amount as it carries market interest rate ranging from 5.75% to 6.5% .

3. Credit Risk

The Company's exposure to credit risk arises primarily from financial assets at amortized cost and financial assets at FVTPL.

The Company has prudent credit policies to ensure that sales of its products are made to customers with good credit history. The senior management team, product group heads and the respective sales team perform credit evaluation and monthly review of outstanding receivables as part of the regular performance assessment process. All significant receivables from key customers are monitored for collectability and actual settlement performance, and specific action plans are required for any material overdue amounts from all categories of customers.

The Company's financial assets that are subject to the expected credit loss model are as follows:

	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)	Basis for recognition of ECL
Financial assets at amortized cost			
Cash and cash equivalents	2,469,969,250	2,740,624,111	12-month ECL
Trade and other receivables	9,279,636,971	8,221,503,860	Lifetime ECL
Due from related parties	250,153,118	158,571,168	12-month ECL
Refundable deposits	344,489,661	424,584,746	12-month ECL
Financial assets at FVTPL	48,009,645	39,958,426	Marked to market
	12,392,258,646	11,579,900,115	

Cash and cash equivalents exclude cash on hand as at March 31, 2025 amounting to P1,059,923 (2024 - P97,303,980) which is not subject to credit risk.

The maximum exposure to credit risk at the reporting date is the carrying value of financial assets summarized above.

None of the financial assets that are fully performing has been renegotiated as at March 31, 2025 and December 31, 2024.

The Group does not hold any collateral as security to the above financial assets.

Cash in bank

Credit risk exposure arising from cash in bank arises from default of the counterparty, with a maximum exposure equal to the fair value of the financial asset. To minimize credit risk exposure, the Group deposits its cash in banks with good credit ratings.

Cash deposited in these banks are as follows:

	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
Universal banks	2,443,861,791	2,734,384,410
Thrift banks	26,107,459	-
	2,469,969,250	2,734,384,410

While cash in banks are also subject to requirements of PFRS 9, expected credit loss is considered not significant. The Group does not hold any collateral as security to the above financial assets.

Due from related parties

Due from related parties pertain to amounts receivable for sale of inventories and services to related parties. These are non-interest bearing and are collectible generally within 30 to 60 days after transaction date. Due from related parties are fully recoverable. Management does not foresee significant credit risk on the outstanding balances of due from related parties as these are transacted with related parties with strong financial and liquidity positions.

Trade and other receivables

i) Trade receivables

The Company applies the PFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for trade receivables arising from sale of goods and services to third parties. To measure the expected credit losses, receivables have been grouped based on shared credit risk characteristics and the historical collection cycle.

The expected loss rates are based on the payment profiles of counterparties over a period of 36 months and the corresponding historical credit losses experienced within this 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 the Gross Domestic Product (GDP) and the Inflation Rates to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

On that basis, the loss allowance as at period end was determined as follows:

March 31, 2025	Low Risk	Moderate Risk	Impaired	Total
Expected loss rate	2.02%	1.39%	-	1.88%
Gross carrying amount - trade receivables	7,155,440,260	2,124,196,712	-	9,279,636,971
Less allowance	(144,760,542)	(29,572,844	-	(174,333,386)
Net receivables	7,010,679,718	2,094,623,867	-	9,105,303,586

December 31, 2024	Low Risk	Moderate Risk	Impaired	Total
Expected loss rate	1.57%	7.54%	20.86%	2.05%
Gross carrying amount -trade receivables	7,625,704,392	563,908,567	31,890,901	8,221,503,860
Loss allowance	(119,672,080)	(42,501,351)	(6,652,958)	(168,826,389)
Net receivables	7,506,032,312	521,407,216	25,237,943	8,047,370,980

Trade receivables from its five major customers per segment as at March 31, 2025 and December 31, 2024 are as follows:

March 31, 2025 (Unaudited)	Carrying amount	Neither past due nor impaired	Past due but not impaired			Overdue and impaired
			31 - 60 days	61 - 90 days	Over 90 days	
TOP 5	7,734,596,004	4,045,878,375	1,716,091,481	425,159,712	1,547,466,437	

December 31, 2024 (Audited)	Carrying amount	Neither past due nor impaired	Past due but not impaired			Overdue and impaired
			31 - 60 days	61 - 90 days	Over 90 days	
TOP 5	2,006,531,840					

ii) Other receivables

Other receivables include loans to officers and employees amounting to P666,250 (2024 - P3,615,918). To address credit risk, these advances are subject to liquidation and/or collectible through salary deduction.

Refundable deposits

This account pertains to security deposits on properties leased by the Company. Security deposits are generally refundable at the end of the lease term. Management does not expect significant credit risk on these deposits.

Financial assets measured at FVPL

The Company's investments in debt instruments are considered to have low credit risk. Management considers 'low credit risk' for unit investment trust funds, as they are managed by universal banks with good credit ratings.

4. Market Risk

4.1 Foreign currency exchange risk

The Company's foreign currency denominated monetary assets and liabilities as at March 31 consist of:

	Currency	March 31, 2025 (Unaudited)	Rate	Peso Equivalent	December 31, 2024 (Audited)	Rate	Peso Equivalent
Cash	USD	9,788,716	57.21	560,012,442	13,834,168	57.85	800,306,619
	EUR	-	-	-	667,371	36.08	24,078,746
Receivables	USD	24,395 ,424	57.21	1,395,662,207	17,759,750	57.85	1,027,401,538
Financial assets at FVPL		-			-		
		34,184,140		1,955,674,649	32,261,289		1,851,786,903
Trade payable and other liabilities	USD	(14,45 7,954)	57.21	(827,139,548)	(4,946,656)	57.85	(286,164,050)
	EUR				(106,888)	61.47	(3,856,519)
	SGD				(24,974)	42.08	(1,066,140)
		(14,457,954)		(827,139,548)	(5,078,518)		(291,086,709)
Net assets		19,726,186		1,128,535,101	27,182,771		1,560,700,194

Foreign exchange gain, net for the periods ended March 31 consist of:

	March 31, 2025 (Unaudited)	March 31, 2024 Unaudited)
Realized foreign exchange gain/(loss)	(1,488,274)	53,099,411
Unrealized foreign exchange gain/(loss)	(14,275,934)	12,731,373
	(15,764,208)	65,830,784

Foreign exchange risk arises when future commercial transactions and assets and liabilities are denominated in a currency that is not the Parent Company's functional currency.

The Company manages its foreign currency exchange risk through minimizing foreign currency denominated transactions. Also, the Company maintains sufficient cash in foreign currency to cover its maturing obligations. A market driven change in foreign currency exchange rate, arising from US Dollar denominated assets (liabilities), as at March 31 would lead to immaterial pre-tax profit and equity movements.

4.2 Price risk

As at March 31, 2025, the Company is exposed to price risk in relation to its investments in debt and equity financial assets amounting to P48,009,645 and P343,066,891 respectively (December 31, 2024 - 2024 – P39,958,426, and P343,066,891, respectively). Components of debt and equity financial assets would increase or decrease as a result of gains or losses on these financial assets measured at fair value at the end of each reporting period. Management monitors such financial assets based on the net asset value of the debt instruments (unit investment trust funds) current market price of the shares. These financial assets are managed on an individual basis, and all buy and sell decisions are approved by the Management Committee.

The impact of a market driven change in fair value of the debt and equity investments, with all other variables held constant, would have been immaterial.

4.3 Cash flow and fair value interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of financial assets and liabilities will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of financial assets and liabilities will fluctuate because of changes in market interest rates.

Cash flow interest rate risk

The Company's exposure to cash flow interest rate risk pertains to short-term borrowings where the related interests are repriced at periodic intervals based on the prevailing mark-to-market prices, in accordance with the terms of the agreement. The Company's practice is to manage its interest cost by reference to current market rates in borrowings.

The Company's fixed rate borrowings are measured at amortized cost. They are therefore not subject to cash flow interest rate risk as defined in PFRS 7, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

Fair value interest rate risk

Changes in the market interest rates of the Company's financial liabilities with fixed interest rates only affect income if these are measured at their fair value. As such, the Company's financial liabilities with fixed interest rates that are measured at amortized cost are not subject to fair value interest rate risk as defined in PFRS 7.

5. Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Company aims to maintain flexibility by keeping credit lines available.

On a regular basis, management monitors forecasts of the Company's liquidity reserve on the basis of expected cash flows. The Company places cash in excess of immediate requirements in banks.

The table below summarizes the maturity profile of the Company's non-derivative financial liabilities based on contractual undiscounted payments:

	Due and demandable	Within 12 months	Over 12 months	Total
March 31, 2025				
Trade payables and other liabilities	212,666,331	7,678,394,639	-	7,891,060,969
Due to related parties	-	3,408,926,064	1,615,000,000	5,023,926,064
Borrowings and future interest payments	46,487,148	19,097,408,333	1,600,000,000	20,743,895,481
Bonds Payable and future interest payments	-	71,924,000	2,026,771,711	2,098,695,711
Lease liabilities and future interest payments	-	384,837,560	259,140,970	643,978,530
	259,153,479	30,641,490,595	5,500,912,681	36,401,556,755
December 31, 2024				
Trade payables and other liabilities	138,942,721	4,215,230,824	-	4,354,173,545
Due to related parties	-	39,417,257	-	39,417,257
Borrowings and future interest payments	3,812,971,111	14,128,721,667	1,371,000,000	19,312,692,778
Bonds Payable and future interest payments		71,924,000	1,918,856,368	1,990,780,368
Lease liabilities and future interest payments	-	446,736,001	430,070,048	876,806,049
	3,951,913,832	18,902,029,749	3,719,926,416	26,573,869,997

The Parent Company, together with its related parties entered into surety agreements with local banks and a corporate guarantee with a foreign bank. The borrowings of the Company are covered by surety agreements and corporate guarantee agreements.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances equal their carrying balances, as the impact of discounting is not significant.

The Company believes that cash generated from its operating activities and current assets are sufficient to meet maturing obligations required to operate the business. The Company would also be able to meet unexpected cash outflows by accessing additional funding sources from local banks and related parties.

The Company expects to settle the above financial obligations in accordance with their maturity date. However, the Group may consider to roll-over short-term loans based on working capital requirements.

Capital management

The Company's objective when managing capital is to generate the maximum possible returns for its shareholders while taking on a manageable degree of risk ensuring that the Company will continue to expand business and manufacturing facilities.

In order to maintain or adjust the capital structure, the Company reviews its capital structure from time to time to assess the proper financing mix necessary to grow and sustain its operations. As a matter of policy, capital expenditures have been financed from internally-generated cash flow while working capital requirements will be augmented by short-term bank borrowings from time to time.

Earnings in excess of dividend distribution to shareholders have been continuously redeployed and reinvested in the growth of the Company's business. Each instance of expansion of manufacturing capacity and entry into new products and markets undergo a thorough evaluation process to ensure that such investments and marketing programs are in consonance with the Company's core competencies and would be enhancing, rather than diminishing, shareholder value in the long run.

As part of the reforms of the PSE to expand the capital market and improve transparency among listed firms, PSE required a minimum percentage of ten percent (10%) of the listed companies' issued and outstanding shares, exclusive of any treasury shares, to be held by the public. On May 31, 2017, the SEC issued a Memorandum Circular to increase the minimum percentage requirement to at least fifteen percent (15%) on or before the end of 2018 and then to at least twenty percent (20%) on or before the end of 2022. The Parent Company is compliant with respect to this requirement.

Total capital is equal to total equity (excluding any reserves) as shown in the consolidated statements of financial position.

	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
Total equity	22,470,755,707	21,789,623,234
Reserves	(326,291,291)	(326,291,292)
	22,144,464,416	21,463,331,943

There are no changes to the Company's capital management policies as at March 31, 2025 and December 31, 2024.

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SIGNATURES

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

D&L INDUSTRIES, INC.

Alvin D. Lao
President & Chief Executive Officer

Franco Diego Q. Lao
Chief Financial Officer and Treasurer

May 7, 2025

ANNEX A

D&L Industries, Inc. and Subsidiaries
Unaudited Consolidated Statements of Financial Position
As at March 31, 2025 and December 31, 2024
(All amounts in Philippine Peso)

	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
ASSETS		
Current assets		
Cash and cash equivalents	2,358,420,454	2,837,928,091
Receivables, net	9,139,562,255	8,057,626,201
Inventories, net	11,260,553,910	11,371,805,235
Due from related parties	250,153,118	158,571,168
Financial assets at fair value through profit or loss (FVPL)	46,769,640	39,958,426
Prepayments and other current assets	8,721,448,445	5,929,734,365
Total current assets	31,776,907,822	28,395,623,486
Non-current assets		
Right of use (ROU) assets	629,722,268	936,143,886
Investments in equity securities at fair value through other comprehensive income (FVOCI)	343,066,891	343,066,891
Property, plant and equipment, net	12,579,979,002	12,724,023,484
Retirement benefit asset	-	31,539,337
Deferred income tax assets, net	210,339,399	189,796,692
Goodwill	3,367,846,840	3,367,846,840
Other non current assets	2,088,437,675	2,381,358,589
Total non-current assets	19,219,392,075	19,973,775,719
Total assets	50,996,299,897	48,369,399,205
LIABILITIES AND EQUITY		
Current liabilities		
Trade payables and other liabilities	3,519,112,981	4,475,493,597
Lease Liabilities	225,021,827	285,135,275
Due to related parties	1,056,993,414	39,417,257
Loan Payable to a related Party	1,000,000,000	2,050,000,000
Borrowings	18,900,000,000	15,800,000,000
Income tax payable	124,548,052	5,961,132
Total current liabilities	24,825,676,274	22,656,007,261
Non-current liabilities		
Lease Liabilities - Non-current	363,823,635	536,687,322
Loan payable to a related party	1,215,000,000	1,249,487,284
Deferred income tax liabilities, net	-	1,536,595
Retirement benefit obligation	128,986,676	145,277,141
Long-term borrowings	1,992,057,605	1,990,780,368
Total non-current liabilities	3,699,867,916	3,923,768,710
Total liabilities	28,525,544,190	26,579,775,971
Equity		
Attributable to the owners of the Parent Company:		
Share Capital	7,142,857,990	7,142,857,990
Share Premium	3,255,166,445	3,255,166,445
Reserve for remeasurement on retirement benefit	84,392,539	84,392,539
Fair value reserve on investments in equity securit at FVOCI	241,898,752	241,898,752
Retained earnings	11,746,439,981	11,065,307,508
Total equity	22,470,755,707	21,789,623,234
Total liabilities and equity	50,996,299,897	48,369,399,205

ANNEX B

D&L Industries, Inc. and Subsidiaries
Unaudited Consolidated Statements of Total Comprehensive Income
For three months ended March 31, 2025 and 2024
(All amounts in Philippine Peso)

	Three-month period ended Mar 31		Three-month periods ended Mar 31	
	2025 (Unaudited)	2024 (Unaudited)	2025 (Unaudited)	2024 (Unaudited)
Revenues				
Sales of goods, net	14,246,910,567	8,804,997,216	14,246,910,567	8,804,997,216
Service fees	20,896,508	26,662,479	20,896,508	26,662,479
	14,267,807,075	8,831,659,695	14,267,807,075	8,831,659,695
Cost of sales and services				
Cost of sales	(12,435,874,513)	(7,292,348,404)	(12,435,874,513)	(7,292,348,404)
Cost of services	(26,101,473)	(31,072,210)	(26,101,473)	(31,072,210)
	(12,461,975,986)	(7,323,420,614)	(12,461,975,986)	(7,323,420,614)
Gross profit	1,805,831,089	1,508,239,081	1,805,831,089	1,508,239,081
Selling and marketing expenses	(442,328,465)	(315,407,209)	(442,328,465)	(315,407,209)
General and administrative expenses	(255,425,560)	(224,864,749)	(255,425,560)	(224,864,749)
Other income, net	(5,574,855)	42,873,500	(5,574,855)	42,873,500
Operating profit	1,102,502,209	1,010,840,623	1,102,502,209	1,010,840,623
Finance costs	(304,471,437)	(223,101,779)	(304,471,437)	(223,101,779)
Profit before income tax expense	798,030,772	787,738,844	798,030,772	787,738,844
Provision for income tax	(116,898,300)	(169,835,961)	(116,898,300)	(169,835,961)
Profit for the period	681,132,472	617,902,883	681,132,472	617,902,883
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	681,132,472	617,902,883	681,132,472	617,902,883
Profit for the period attributable to				
Owners of the parent Company	681,132,472	617,902,883	681,132,472	617,902,883
Earning per share				
Basic and diluted	0.10	0.09	0.10	0.09

ANNEX C

D&L Industries, Inc. and Subsidiaries
Unaudited Consolidated Statements of Cash Flows
For three months ended March 31, 2025 and 2024
(All amounts in Philippine Peso)

	Three-month period ended Mar 31		Three-month periods ended Mar 31	
	2025 (Unaudited)	2024 (Unaudited)	2025 (Unaudited)	2024 (Unaudited)
Cash flows from operating activities				
Profit before income tax expense	798,030,772	787,738,844	798,030,772	787,738,844
Adjustments for:				
Depreciation and amortization	210,482,316	145,809,024	210,482,316	145,809,024
Depreciation of ROU Asset	97,821,983	95,143,782	97,821,983	95,143,782
Interest expense on lease	7,426,521	6,382,426	7,426,521	6,382,426
Unrealized foreign exchange (gain) loss, net	14,275,934	(27,636,225)	14,275,934	(27,636,225)
(Reversal of) provision for inventory obsolescence	5,250,000		5,250,000	-
Loss (Gain) on sale of property and equipment	1,569,313	(446,429)	1,569,313	(446,429)
Loss on direct write-off of receivables	11,282,563	2,141,525	11,282,563	2,141,525
Input VAT directly written-off	2,857,096		2,857,096	-
Unrealized loss (gain) on FV changes	(15,076,013)	(109,574,722)	(15,076,013)	(109,574,722)
Dividend income	(77,984)	(70,894)	(77,984)	(70,894)
Interest income	(6,081,420)	(2,054,302)	(6,081,420)	(2,054,302)
Interest expense	297,044,916	216,719,353	297,044,916	216,719,353
Operating income before working capital changes	1,424,805,997	1,114,152,382	1,424,805,997	1,114,152,382
(Increase) decrease in:				
Receivables	(1,103,115,814)	(125,911,059)	(1,103,115,814)	(125,911,059)
Due from related parties	(91,581,950)	(77,718,915)	(91,581,950)	(77,718,915)
Inventories	106,001,325	564,117,176	106,001,325	564,117,176
Prepayments and other current assets	(2,794,571,176)	(356,926,776)	(2,794,571,176)	(356,926,776)
Retirement benefit assets	31,539,337	26,897,429	31,539,337	26,897,429
Other non-current assets	292,920,914	345,854,025	292,920,914	345,854,025
(Decrease) increase in:				
Trade payables and other liabilities	(995,218,529)	1,216,942,842	(995,218,529)	1,216,942,842
Due to related parties	(168,911,127)	177,162,248	(168,911,127)	177,162,248
Cash generated from operations	(3,298,131,023)	2,884,569,352	(3,298,131,023)	2,884,569,352
Income taxes paid	704,931	36,182,338	704,931	36,182,338
Interest received from banks	6,081,420	2,054,302	6,081,420	2,054,302
Net cash from operating activities	(3,291,344,672)	2,922,805,992	(3,291,344,672)	2,922,805,992
Cash flows from investing activities				
Dividends received	77,984	70,894	77,984	70,894
Additions to property and equipment	(66,437,835)	(232,064,922)	(66,437,835)	(232,064,922)
Investment in financial assets at fair value through profit or	8,264,799	2,616,139	8,264,799	2,616,139
Proceeds from disposal of property and equipment	(1,569,313)	446,429	(1,569,313)	446,429
Net cash from (used in) investing activities	(59,664,365)	(228,931,460)	(59,664,365)	(228,931,460)
Cash flows from financing activities				
Availment / payment of borrowings, net	3,202,000,000	(1,595,491,075)	3,202,000,000	(1,595,491,075)
Lease payments	(24,377,499)	(99,828,530)	(24,377,499)	(99,828,530)
Interest paid from lease liabilities	(7,426,521)	(6,382,426)	(7,426,521)	(6,382,426)
interest paid from borrowings	(297,044,916)	(216,719,353)	(297,044,916)	(216,719,353)
Net cash used in financing activities	2,873,151,064	(1,918,421,384)	2,873,151,064	(1,918,421,384)
Net increase (decrease) in cash and cash equivalents	(477,857,973)	775,453,148	(477,857,973)	775,453,148
Cash and cash equivalents, beginning	2,837,928,091	2,844,171,390	2,837,928,091	2,844,171,390
Effect of foreign exchange rate changes	(1,649,664)	17,786,192	(1,649,664)	17,786,192
Cash and cash equivalents, ending	2,358,420,454	3,637,410,730	2,358,420,454	3,637,410,729

ANNEX D

D&L Industries, Inc. and Subsidiaries
Unaudited Consolidated Statements of Changes in Equity
For three months ended March 31, 2025 and 2024

	Share Capital	Share premium	Reserve for remeasurement on retirement benefit	Fair value reserve on available-for-sale financial assets	Retained earnings		Total equity
					Appropriated	Unappropriated	
Balances at January 1, 2024	7,142,857,990	3,255,166,445	73,847,049	179,631,534	500,000,000	9,716,022,548	20,867,525,566
Comprehensive income							
Profit for the year						617,902,883	617,902,883
Other comprehensive income for the year							-
Total comprehensive income for the year	-	-	-	-	-	617,902,883	617,902,883
Transactions with owners							
Declaration of cash dividend							-
Appropriation of retained earnings							-
Total transactions with owners	-	-	-	-	-	-	-
Balances at March 31, 2024	7,142,857,990	3,255,166,445	73,847,049	179,631,534	500,000,000	10,333,925,431	21,485,428,449
Balances at January 1, 2025	7,142,857,990	3,255,166,445	84,392,539	241,898,752	500,000,000	10,565,307,509	21,789,623,235
Comprehensive income							
Profit for the year						681,132,472	681,132,472
Other comprehensive income for the year							-
Total comprehensive income for the year	-	-	-	-	-	681,132,472	681,132,472
Transactions with owners							
Declaration of cash dividend							-
Total transactions with owners	-	-	-	-	-	-	-
Balances at March 31, 2025	7,142,857,990	3,255,166,445	84,392,539	241,898,752	500,000,000	11,246,439,981	22,470,755,707

ANNEX E

The following table presents the segment information provided to the ManCom about the Group's business segments for the three-month period ended March 31:

	Food ingredients	Colorant & Plastic Additives	Oleochemicals, resin and powder coatings	Aerosols	Management and administrative	Eliminations	Total
Three-month period ended March 31, 2025							
External revenue	9,448,046,610	902,012,558	3,517,096,105	345,422,267	20,896,508		14,233,474,047
Intersegment sales	5,427,532	4,618,727	50,866,169	10,961,094	135,612,075	(173,152,569)	34,333,028
Total revenues	9,453,474,142	906,631,285	3,567,962,274	356,383,361	156,508,583	(173,152,569)	14,267,807,075
Segment result	605,756,331	246,089,057	318,466,549	42,239,038	(109,699,760)	5,225,849	1,108,077,064
General corporate income/(loss)	(10,983,751)	(688,127)	(5,591,605)	3,536,461	29,071,488	(20,919,325)	(5,574,859)
Finance costs	(216,396,239)	(40)	(70,457,059)	(14,053,298)	(19,258,277)	15,693,476	(304,471,437)
income tax expense	(79,202,462)	(12,231,890)	(20,832,442)	(4,604,764)	(26,741)		(116,898,299)
Profit for the period	299,173,879	233,169,000	221,585,443	27,117,437	(99,913,290)	-	681,132,469
Three-month period ended March 31, 2024							
External revenue	5,711,945,879	850,620,217	2,009,455,309	232,975,812	26,662,479	-	8,831,659,695
Intersegment sales	4,553,562	3,593,335	22,888,785	5,889,239	118,801,539	(155,726,460)	-
Total revenues	5,716,499,440	854,213,552	2,032,344,094	238,865,051	145,464,017	(155,726,460)	8,831,659,695
Segment result	516,588,137	250,795,705	248,900,888	47,463,702	(100,153,768)	4,372,459	967,967,122
General corporate income	14,820,254	7,779,740	16,077,099	280,531	50,872,423	(46,956,546)	42,873,500
Finance costs	(159,792,220)	(84,430)	(61,999,510)	(238,710)	(43,570,997)	42,584,088	(223,101,779)
income tax expense	(118,171,068)	(13,481,764)	(29,095,675)	(8,957,231)	(130,223)		(169,835,961)
Profit for the period	253,445,102	245,009,251	173,882,802	38,548,292	(92,982,564)	-	617,902,883

ANNEX F

Other segment information are as follows:

	Food ingredients	Colorant & Plastic Additives	Oleochemicals, resin and powder coatings	Aerosols	Management and administrative	Total
as of March 31, 2025						
Segment assets	27,753,336,245	2,535,299,309	16,110,132,381	770,726,334	3,826,805,627	50,996,299,897
segment liabilities	22,570,018,022	(920,273,867)	4,659,708,525	105,386,484	2,110,705,027	28,525,544,191
Three-month period ended March 31, 2025						
Capital expenditures	163,391,322	4,596,995	22,541,915	-	5,960,762	196,490,994
Depreciation and Amortization	178,700,066	10,842,663	103,658,715	5,671,525	9,431,330	308,304,299
as of December 31, 2024						
Segment assets	25,563,003,695	2,653,565,733	17,679,919,597	636,560,041	1,836,785,461	48,369,834,527
segment liabilities	17,661,532,211	331,405,669	6,347,955,992	90,553,640	2,149,060,107	26,580,507,619
Three-month period ended March 31, 2024						
Capital expenditures	273,397,018	6,169,172	12,163,972	205,357	7,663,101	299,598,620
Depreciation and Amortization	126,677,539	10,127,738	87,889,047	6,513,698	9,744,783	240,952,805

ANNEX G

Aging of receivables:

March 31, 2025	Low Risk	Moderate Risk	Impaired	Total
Expected loss rate	2.02%	1.39%		1.88%
Gross carrying amount-trade	7,155,440,260	2,124,196,712		9,279,636,971
loss allowance	(144,760,542)	(29,572,844)		(174,333,386)
Net Receivables	7,010,679,718	2,094,623,867	-	9,105,303,586

December 31, 2024	Low Risk	Moderate Risk	Impaired	Total
Expected loss rate	1.57%	7.54%	-	2.05%
Gross carrying amount-trade	7,625,704,392	563,908,567	31,890,901	8,221,503,860
loss allowance	(119,672,080)	(42,501,351)	(6,652,958)	(168,826,389)
Net Receivables	7,506,032,312	521,407,216	25,237,943	8,052,677,471

MINUTES OF THE MEETING OF THE STOCKHOLDERS OF
D&L INDUSTRIES, INC.
HELD VIA VIDEO CONFERENCE (ZOOM WEBINAR)
ON JUNE 3, 2024 AT 9:00 AM

ATTENDANCE:

TOTAL NUMBER OF SHARES PRESENT/REPRESENTED:	5,825,820,465
ISSUED AND OUTSTANDING (NET OF TREASURY STOCK)	7,142,857,990
PERCENTAGE OF SHARES PRESENT /REPRESENTED	81.55%

PROCEEDINGS OF THE MEETING

I. CALL TO ORDER

Mr. Yin Yong L. Lao, Chairman, called the meeting to order at exactly 9:00 AM and thereafter presided. The Corporate Secretary, Atty. Kristine Ann C. Catindig-Ong, recorded the minutes thereof.

All of the incumbent directors and officers of the Corporation were present in the meeting, namely:

Chairman/Director	Mr. Yin Yong L. Lao
Chairman Emeritus	Mr. Dean L. Lao
Vice-Chairman/Director	Mr. John L. Lao
President and CEO/Director	Mr. Alvin D. Lao
Lead Independent Director	Atty. Mercedita S. Nolledo
Independent Director	Dr. Lydia R. Balatbat-Echauz
Independent Director	Ms. Corazon S. de la Paz-Bernardo
Independent Director	Mr. Karl Kendrick T. Chua
Advisory Board	Mr. Dean L. Lao
Advisory Board	Mr. Leon L. Lao
Advisory Board	Mr. Alex L. Lao

Treasurer/CFO	Mr. Franco Diego Q. Lao
Corporate Secretary	Atty. Kristine Ann C. Catindig-Ong
Compliance Officer	Mr. Franco Diego Q. Lao
Corporate Information Officer and Corporate Legal Counsel	Atty. Kristine Ann C. Catindig-Ong
Investment Relations Officer	Ms. Crissa Marie Bondad

Chair - Audit Committee (Ms. Corazon S. de la Paz-Bernardo)
Chair - Executive Committee (Mr. John L. Lao)
Chair – Corporate Governance Committee (Atty. Mercedita S. Nolledo)
Chair – Risk Oversight and Sustainability Committee
(Ms. Lydia R. Balatbat-Echauz)

Representatives from the Stock Transfer Agent, Stock Transfer Service, Inc., and external auditor, Isla Lipana & Co. were also present to record the attendance and tally the votes on agenda items.

II. PROOF OF NOTICE

The Corporate Secretary certified that the, notice of the Annual Shareholder's Meeting and definitive copies of the Information Statement were published via the Company's website and PSE Edge on May 13, 2024, in accordance with the SEC Notice dated February 23, 2024 providing for an alternative mode of distributing ASM notices. The notice was also published in two (2) newspapers of general circulation, in print and digital formats - in The Philippine Star and The Daily Tribune on May 6 and 7, 2024.

III. DETERMINATION OF QUORUM

The Corporate Secretary certified that based on the record of attendance, stockholders representing 5,825,820,465 shares or 81.55% of the total issued and outstanding capital stock of the Corporation (net of treasury stock) were present, either in person or by proxy, and that there was a quorum to consider the business stated in the agenda for the meeting.

IV. APPROVAL OF MINUTES OF PREVIOUS MEETING

On motion duly made and seconded, without any objection or questions, and taking into consideration that more than majority of the votes submitted to the Corporation already voted in favor of this agenda item, the stockholders approved the minutes of the annual stockholders' meeting held on June 05, 2023.

Prior to disclosure of the final tally of votes to the stockholders, stockholders were given a few more minutes to cast their votes on this agenda item through remote communication.

Summary of Votes for this matter is as follows:

VOTE	NUMBER OF VOTES
FOR	5,824,587,065 shares (81.54%)
AGAINST	0
ABSTAIN	299,500 (0.00%)

V. APPROVAL OF ANNUAL REPORT AND FINANCIAL STATEMENTS

Proceeding with the agenda, Mr. Alvin D. Lao, President and CEO, presented to the stockholders the Annual Report and the Audited Financial Statements as of December 31, 2023.

Mr. Alvin D. Lao reported that:

- 2023 is a milestone year for D&L Industries with the start of commercial operations of our new plant in Batangas, ushering in a transformational period for the company. The new plant issued its first invoice on July 10, 2023, which marks the start of its commercial operations.

- Specced to the highest standards and equipped with new capabilities, the Batangas plant elevates the company to operate on a whole new level. Its construction and completion during an unprecedented period due to COVID is a major milestone that attests to the commitment of all the people in the organization and to the resilience that was built over the years as a company. It enables D&L to explore opportunities that were previously beyond existing capabilities. With the new plant, the company sees new markets, higher value-added products, and deeper innovations that will further push our boundaries.

- The commercial operations of a new plant meant incremental expenses that drag near-term income. With the said incremental expenses, coupled with the lingering effects of high inflation last year, income for 2023 fell by 31% year-on-year to 2.3 billion pesos, or earnings per share of 32 centavos.

- As the operations of the new plant continue to ramp up, the earnings drag should continue to narrow. In fact, earnings have started to recover with the 1Q24 earnings up 4% year-on-year to 618 million pesos as the Batangas plant nears breakeven.

- Looking at quarterly losses of the Batangas plant, from a 315 million pesos loss recorded during the first quarter of commercial operations in the third quarter of 2023, losses have narrowed substantially to just 16 million pesos in the first quarter of this year. With the current run rate, it is possible that the plant may breakeven ahead of the initial schedule of two years from the Start of Commercial Operations.

- The new plant has already surpassed its first-year export commitment to PEZA. As of the end of the first quarter of this year, our new plant has already delivered 230% of its first-year export commitment to PEZA.

- As the company moves past peak capex after the completion of its Batangas plant, coupled with the normalization of commodity prices, the company's free cash flows (FCF) in the first quarter of the year has already exceeded the full-year amount booked in 2023. In the first quarter of 2024, the company's free cash flows stood at 2.7 billion pesos vs just 1.1 billion pesos in full-year 2023.

- As there are no major capex spending planned in the near term, the improvement in the free cash flows gives the company the financial flexibility to further reduce its debt levels over time.

- Net gearing as of end-March 2024 went down to 55% from 67% as of the end of 2023. Interest cover stood at 5x while the average interest rate slightly decreased to 5.59% from 5.74% in full-year 2023. The P5 billion maiden bond offering of the company issued in September 2021 is helping cushion the recent increase in interest rates. The bonds carry a coupon rate of 2.8% per annum and 3.6% per annum for the 3-year and 5-year tenors, respectively.

- The timing of the bond offering couldn't have been better as interest rates started to climb after the issuance. If we were to issue the bonds today, the rates would be significantly higher at around 6.9% for the 3-year tenor and 7.1% for the 5-year tenor, and total interest expense would have been higher by 721 million pesos over the life of the bond.

- With the help of the Batangas plant, the company is on track to reach one of its goals which is for exports to eventually account for at least 50% of its total sales. In the first quarter of 2024, exports recovered sharply with revenues up by 39% YoY, bringing the export contribution to total sales almost at a record high of 32% for the period. With the new capabilities and capacity that the Batangas plant brings, D&L reasonably expects that it will be able to achieve its goal of having exports account for at least 50% of total revenues in the next couple of years.

- Barring any unforeseen event, the company keeps its stance and continue to guide for at least double-digit growth in earnings for this year. Over the longer-term, the company is confident that the new investments made over the past years will pave the way for higher and more sustainable profit growth. To date, the Batangas plant has been instrumental in opening up new markets as D&L aspires to become a truly global Filipino manufacturing company.

- Market cap as of May 31, 2024 is 44.9 billion pesos. D&L ranks number 55 among the Philippines' largest companies by market cap. The public owns about 27% of total outstanding shares. Foreign ownership is about half of the public float or 13% of total outstanding shares.

After the presentation, floor was opened for questions and there was no question with respect to the Annual Report and Audited Financial Statement as of 31 December 2023.

A motion was thereafter made and duly seconded to approve the Annual Report and Audited Financial Statement as of 31 December 2023. There being no objection or questions, and taking into consideration that more than majority of the votes submitted to the Corporation already voted in favor of this agenda item, the stockholders approved the Annual Report and the Audited Financial Statements of the Corporation as of 31 December 2023.

Prior to disclosure of the final tally of votes to the stockholders, stockholders were give a few more minutes to cast their votes on this agenda item through remote communication.

Summary of Votes for this matter is as follows:

VOTE	NUMBER OF VOTES

FOR	5,824,886,565 shares (81.55%)
AGAINST	0
ABSTAIN	0

VI. APPROVAL OF THE RENEWAL OF THE MANAGEMENT AGREEMENTS

The next item in the agenda was the approval and ratification of the Board Resolution dated 28 February 2024.

On 28 February 2024, the Board approved the renewal of the management agreements between the Corporation and its following affiliates and subsidiaries:

- Aero-Pack Industries, Inc.
- Chemrez Product Solutions, Inc.
- Chemrez Technologies, Inc.
- First in Colours, Incorporated
- Oleo-Fats, Incorporated
- Consumer Care Products, Incorporated
- FIC Marketing, Inc.
- FIC Tankers Corporation
- LBL Prime Properties Incorporated

The Management Agreements shall be renewed for another five (5) years after expiration of the last term.

On motion duly made and seconded, without any objection or questions, and taking into consideration that more than majority of the votes submitted to the Corporation already voted in favor of this agenda item, the stockholders approved and ratified the renewal of the management agreements between the Corporation and its affiliates and subsidiaries.

Prior to disclosure of the final tally of votes to the stockholders, stockholders were give a few more minutes to cast their votes on this agenda item through remote communication.

Summary of Votes for this matter is as follows:

VOTE	NUMBER OF VOTES
FOR	5,775,669,765 (80.86%)
AGAINST	48,840,500 (0.68%)
ABSTAIN	376,300 (0.01%)

VII. APPOINTMENT OF EXTERNAL AUDITOR

The next item in the agenda was the designation of the Corporation's external auditor. Pursuant to the By-Laws, and the recommendation of the Board and the Audit Committee, the nomination of Isla Lipana & Co. as external auditor was endorsed to the stockholders.

On motion duly made and seconded, without any objection or questions, and taking into consideration that more than a majority of the votes submitted to the Corporation already voted in favor of this agenda item, the stockholders approved the appointment of Isla Lipana & Co. as the Corporation's external auditor for the year 2024-2025.

Prior to disclosure of the final tally of votes to the stockholders, stockholders were give a few more minutes to cast their votes on this agenda item through remote communication.

Summary of Votes for this matter is as follows:

VOTE	NUMBER OF VOTES
FOR	5,823,324,543 (81.53%)
AGAINST	1,562,022 (0.02%)
ABSTAIN	0

VIII. ELECTION OF DIRECTORS

The Chairman thereafter opened nominations for directors to serve for the term 2024-2025. Pursuant to the By-Laws, the nominations of directors were based on the recommendations of the Nomination Committee. The stockholders were previously given until May 6, 2024 to submit nominations to the Corporate Governance Committee, acting as the Nomination Committee. Only nominations of the seven (7) incumbent directors were submitted and evaluated during the given period. All nominees are found to possess all the qualifications and none of the disqualifications, prescribed for directors, including independent directors.

Based on the evaluation and recommendation of the Corporate Governance Committee, acting as the Nomination Committee, the following individuals are nominated as directors:

1. Mr. Yin Yong L. Lao
2. Mr. John L. Lao
3. Mr. Alvin D. Lao

And the following as Independent Directors:

4. Atty. Mercedita S. Nolledo
5. Dr. Lydia R. Balatbat-Echauz
6. Ms. Corazon S. de la Paz-Bernardo
7. Mr. Karl Kendrick T. Chua

On proper motion duly seconded, unanimously approved, and without any objection, the nomination for directors was closed.

In view of the fact that there were only seven (7) nominees to the seven (7) seats, a motion was made, duly seconded, and unanimously approved without any objection for the above-named nominees/incumbent directors to be elected as Directors of the Corporation without need of ballot to serve as such for the term 2024-2025 and until their successors shall have been elected and qualified.

1. Mr. Yin Yong L. Lao
2. Mr. John L. Lao
3. Mr. Alvin D. Lao
4. Atty. Mercedita S. Nolledo
5. Dr. Lydia R. Balatbat-Echauz
6. Ms. Corazon S. de la Paz-Bernardo
7. Mr. Karl Kendrick T. Chua

Atty. Mercedita S. Nolledo, Dr. Lydia R. Balatbat-Echauz, Ms. Corazon S. de la Paz-Bernardo, and Mr. Karl Kendrick T. Chua were nominated and elected as Independent Directors.

IX. RATIFICATION OF THE ACTS OF THE BOARD AND OFFICERS

The next item in the agenda was the approval and ratification of all acts of the Board of Directors and Officers of the Corporation during the preceding year.

A motion was thereafter made and duly seconded to approve all acts and transactions of the Board of Directors and Officers of the Corporation from the date of the last annual stockholders' meeting held on June 5, 2023 to date, as well as the contracts and transactions entered into by the Corporation for the same period, all as reflected in the minutes of the meetings of the Board of Directors, the Annual Report, and the Audited Financial Statements as of December 31, 2023.

There being no objection or questions, and taking into consideration that more than majority of the votes submitted to the Corporation already voted in favor of this agenda item, the stockholders approved and ratified all acts and transactions of the Board of Directors and Officers of the Corporation from the date of the last annual stockholders' meeting held on June 5, 2023 to date, as well as the contracts and transactions entered into by the Corporation for the same period, all as reflected in the minutes of the meetings of the Board of Directors, the Annual Report, and the Audited Financial Statements as of December 31, 2023.

Prior to disclosure of the final tally of votes to the stockholders, stockholders were give a few more minutes to cast their votes on this agenda item through remote communication.

Summary of Votes for this matter is as follows:

VOTE	NUMBER OF VOTES
FOR	5,823,332,850 (81.53%)
AGAINST	0
ABSTAIN	1,523,800 (0.02%)

X. <u>OTHER MATTERS</u>

Declaration of Cash Dividends

The Chairman informed the stockholders that at the meeting of the Board of Directors held immediately before the stockholders' meeting, the Board approved the declaration of cash dividends for stockholders of record as of June 19, 2024, regular cash dividend of Php0.161 per share and a special cash dividend of Php0.048 per share, or a total of Php0.209 per share, payable on July 3, 2024.

Including this year's dividend, it was reported that the Company has returned a total of 16.8 billion pesos in cash to shareholders through cash dividends since the IPO in December 2012.

Donation to the Lao Foundation, Inc.

The Chairman also reported that the Corporation, based on its previous resolution, has set aside and donated 1% of the net profits of the previous year (2023) to the Lao Foundation, Inc. For 2023, the Group has donated 31.2 million to the Foundation.

The donation is part of the Company's social corporate responsibility and endeavors to empower the marginalized sector of the community through education, values formation, and livelihood programs.

XI. <u>ADJOURNMENT</u>

Prior to the adjournment, the Chairman inquired if there is any other query or matter that the stockholders might want to take up. Ms. Crissa Marie Bondad, the Corporation's Investment Relations Officer, read the questions that were sent via the Zoom chatbox and Q&A Platform.

A question was asked: "*How much was DNL's maintenance CAPEX for full year 2022 and 2023 and for the first quarter of 2024?*" Mr. Alvin Lao explained that as far as the Batangas Plant is concerned, since it is a new plant everything is under warranty – there is nothing much that can be classified as maintenance CAPEX. For now, the Corporation's maintenance CAPEX is still running roughly around 400 million pesos a year or about 100 million pesos per quarter.

Next question was "*With DOE increasing the requirements of CME in biodiesel fuel, how much of that market is DNL targeting to capture and is the current capacity sufficient to supply the increased demand from October 2024 to 2026?*" Mr. Alvin Lao explained that right now, the Corporation's market share is more or less around 25% to 30%. Based on their view, when that mandate goes up – the increase is big from a 2% mandate going up to 3% by October 2024, or a 50% increase. The Corporation has room to increase its share but it was emphasized that should be done correctly and with the right margin in mind. He further explained that if the Corporation is too aggressive in increasing its share, the Corporation might end up with lower margins and that might defeat the purpose of getting the higher volume if the Corporation is not making money out of it. The Corporation is projecting just to increase in line with what is going on with the whole industry. The Corporation will try to balance the need or the ability to supply with the ability to generate a decent margin that will not be detrimental economically for the Corporation.

Next question was "*As to the debt levels, can money be used to pay debts and put dividends on hold?*" Mr. Alvin Lao explained that the Corporation can actually do it but based on Management's evaluation of the Corporation's debt level, it is currently moderate and the Corporation can pay dividends. It is also a sign of their commitment to the shareholders of the Corporation.

There being no other query, the meeting, on motion duly made and seconded, was adjourned at about 9:45 AM.

(signed)
KRISTINE ANN C. CATINDIG-ONG
Corporate Secretary

ATTEST:

(signed)
YIN YONG L. LAO
Chairman

YIN YONG L. LAO
Nominee for Director

Age: 72

Date of First Appointment as a Director: July 1971

Education: Bachelor of Arts in General Studies
Ateneo de Manila University

Affiliations:

Aero-Pack Industries, Inc. (Director)
Chemrez Technologies, Inc. (Director)
Chemrez Product Solutions, Inc. (Director)
Oleo-Fats, Incorporated (Director)
First in Colours, Incorporated (Director)
Palmera Resources, Inc. (Director)
LBL Prime Properties Incorporated (Director)
Malay Resources, Inc. (Director)
Ecozone Properties, Inc. (Director)
Anonas LRT Property and Dev't. Corp. (Director)
Hotel Acropolis, Inc. (Director)
Star Anise Properties Corporation (Director)
LBL Land Corporation (Director)
Association of Petrochemical Manufacturers of the Phils. (Trustee)

JOHN L. LAO
Nominee for Director

Age: 70

Date of First Appointment as a Director: July 1971

Education: Bachelor of Science in Business Administration
University of the East

Affiliations:

Aero-Pack Industries, Inc. (Director)
Chemrez Technologies, Inc. (Director)
Chemrez Product Solutions, Inc. (Director)
Oleo-Fats, Incorporated (Director)
First in Colours, Incorporated (Director)
D&L Polymer & Colours, Inc. (Director)
Natura Aeropack Corporation (Director)
Best Value Factory Outlet Corp. (Director)
LBL Prime Properties Incorporated (Director)
Malay Resources, Inc. (Director)
Anonas LRT Property and Dev't. Corp. (Director)
Hotel Acropolis, Inc. (Director)
Star Anise Properties Corporation (Director)
LBL Land Corporation (Director)

ALVIN D. LAO
Nominee for Director

Age: 53

Date of First Appointment as a Director: August 2016

Education: Master Degree in Business Administration
MIT Sloan School of Management
Cambridge, MA

Bachelor of Science in Information Technology
University of Western Australia
Perth, Western Australia

Affiliations:

Axis REIT (Director)
First in Colours, Incorporated (Director)
D&L Polymer & Colours, Inc. (Director
FIC Tankers Corporation (Director)
Jadel Research Center, Incorporated (Director)
Ecozone Properties, Inc. (Director)
Anonas LRT Property and Dev't Corp. (Director)
Hotel Acropolis, Inc. (Director)
Star Anise Properties Corporation (Director)
FIC Marketing, Inc. (Director)
Palmera Resources, Inc. (Director)
Lao Foundation, Inc. (Trustee)
Akademyang Filipino (Member)
Management Association of the Philippines (Member)
Financial Executives Institute of the Philippines (Member)

MERCEDITA S. NOLLEDO
Nominee for Independent Director

Age: 84

Date of First Appointment as a Director: April 2016

Profession:	Lawyer Certified Public Accountant
Education:	Bachelor of Laws Cum Laude University of the Philippines Bachelor of Science in Business Administration Magna Cum Laude University of the Philippines

Affiliations:

Ayalaland Commercial REIT, Inc. (Director)
Anvaya Cove Beach & Nature Club (Director)
Michigan Holdings, Inc. (Director)
Sonoma Properties, Inc. (Vice President)
BPI Foundation, Inc. (Trustee)

CORAZON S. DE LA PAZ-BERNARDO
Nominee for Independent Director

Age: 84

Date of First Appointment as a Director: April 2017

Profession: Certified Public Accountant

Education: Masters in Business Administration
Cornell University, New York

Bachelor in Business Administration
(Magna Cum Laude)
University of the East

Affiliations:

Republic Glass Holdings Corporation (Independent Director)
Roxas & Company, Inc. (Independent Director)
Del Monte Philippines, Inc. (Independent Director)
Phinma Education Holdings Inc. (Independent Director)
PLDT, Inc. (Adviser To The Board Audit Committee)
BDO Unibank, Inc. (Adviser To The Board and Audit Committee)
Jaime V. Ongpin Foundation, Inc. (Trustee)
Jaime V. Ongpin Microfinance Foundation (Chairman)
University of the East (Independent Trustee)
UE Ramon Magsaysay Memorial Medical Center (Independent Trustee)
Philippine Business for Education (Trustee)
Institute of Corporate Directors (Honorary Fellow)
FINEX Foundation, Inc. (Trustee)

LYDIA R. BALATBAT-ECHAUZ
Nominee for Independent Director

Age: 76

Date of First Appointment as a Director: April 2017

Education:

Doctor of Business Administration
De La Salle University

Master of Business Administration
Ateneo de Manila University

AB Economics and Mathematics
St. Theresa's College

Affiliations:

Meralco (Independent Director)
Shell Pilipinas Petroleum Corp. (Independent Director)
SP New Energy Corporation (Independent Director)
Riverside College Inc. (Director)
Fern Realty Corp. (Director)
NBS Educational Services, Inc. (Director)
Henry Sy Foundation, Inc. (Executive Director)
SM Foundation, Inc. (Trustee)
Mano Amiga Academy (Trustee)
Akademyang Filipino Association, Inc. (Trustee)
Museo del Galeon, Inc. (Trustee)

KARL KENDRICK T. CHUA
Nominee for Director

Age: 46

Date of First Appointment as a Director: June 2023

Education: Data Science
Asian Institute of Management

Doctor of Philosophy in Economics
University of the Philippines

Master of Arts in Economics
University of the Philippines

Bachelor of Science in Management Engineering
Ateneo De Manila University

Affiliations:

LH Paragon, Inc. (Director)
Bank of the Philippine Island, Inc. (Director)
Golden ABC, Inc. (Board Adviser)
BPI Direct BanKo Inc. (Director)
AC Ventures, Inc. (Director)
AC Infrastructure Holdings, Corporation (Director)
AC Industrial Technology Holdings Inc. (Director)

CERTIFICATION OF INDEPENDENT DIRECTORS

I, **MERCEDITA S. NOLLEDO**, Filipino, of legal age and a resident of Unit 16A Urdaneta Apts., 6735 Ayala Avenue, Makati City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of **D&L INDUSTRIES, INC.** and have been its independent director since April 2016.

2. I am affiliated with the following corporations or organizations (including Government Owned and Controlled Corporations):

Company Organization	Position Relationship	Period of Service
BPI Foundation, Inc.	Trustee	Since 1994
Michigan Holdings, Inc.	Director	Since May 2000
Anvaya Cove Beach & Nature Club	Director	Since 2005
Sonoma Properties, Inc.	Vice President	Since 2005
Ayalaland Commercial REIT, Inc.	Director	Since Sept. 2010

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of D&L Industries, Inc. as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am not related to any director/officer/substantial shareholder of D&L Industries, Inc. or any of its subsidiaries and affiliates.

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

6. I am not an officer or director of or affiliated with any government agencies or Government-Owned and Controlled Corporations.

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

8. I shall inform the Corporate Secretary of D&L Industries, Inc. of any changes in the abovementioned information within five (5) days from its occurrence.

Done, this APR 0 8 2025, at Quezon City.

MERCEDITA S. NOLLEDO
Affiant

SUBSCRIBED AND SWORN to before me this APR 0 8 2025 day of ____________ at Quezon City, affiant personally appeared before me and

Doc. No. 299;
Page No. 61;
Book No. XXVI;
Series of 2025.

ATTY. KRISTINE ANN C. CATINDIG
NOTARY PUBLIC for QUEZON CITY
Adm. Matter No. NP-112, Until Dec. 31, 2026
No. 65 Calle Industria, Bagumbayan, QC
PTR No. 6868426, 1-2-25, QC / IBP No. 485070, 12-19-24, QC
TIN NO. 210-016-964 / ROLL NO. 52735
MCLE No. VIII - 0017061, 4-14-2028

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **CORAZON S. DE LA PAZ-BERNARDO**, Filipino, of legal age and a resident of Unit 24A, Lorraine Tower, The Proscenium, Rockwell Center Makati, Estrella Street, Makati City 1210, Metro Manila, after having been duly sworn to in accordance with l aw do hereby declare that:

1. I am a nominee for independent director of D&L INDUSTRIES, INC. and have been its independent director since April 2017;

2. I am affiliated with the following corporations or:

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Jaime V. Ongpin Foundation, Inc.	Trustee	1991 To Present
Jaime V. Ongpin Microfinance Foundation	Chairman	2017 To Present
PLDT, Inc.*	Adviser To The Board Audit Committee	2004 To Present
BDO Unibank, Inc.*	Adviser To The Board	2012 To Present
University of the East	Independent Trustee	2007 To Present
UE Ramon Magsaysay Memorial Medical Center	Independent Trustee	2007 To Present
Republic Glass Holdings Corporation *	Director Independent Director	2025 2012 To 2024
Roxas & Co. *	Independent Director	2013 To Present
Del Monte Philippines, Inc.	Independent Director	2018 To Present
Phinma Education Holdings Inc.	Independent Director	January 2020 to Present
Philippine Business for Education	Trustee	2015 To Present
Institute of Corporate Directors	Honorary Fellow	2023 to Present
FINEX Foundation, Inc.	Trustee	2024 to Present

*Publicly Listed Company

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **D&L INDUSTRIES, INC**. as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

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*Publicly listed companies

4. I am not related to any director/officer/substantial shareholder of D&L Industries, Inc. or any of 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 independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

7. I shall inform the Corporate Secretary of D&L Industries, Inc. of any changes in the abovementioned information within five (5) days from its occurrence.

Done, this APR 08 2025 at Quezon City.

CORAZON S. DE LA PAZ-BERNARDO
Affiant

SUBSCRIBED AND SWORN to before me this _____ day of APR 08 2025 at Quezon City.

Doc. No. 302;
Page No. 62;
Book No. XXVI;
Series of 2025.

ATTY. KRISTINE ANN C. CATINDIG
NOTARY PUBLIC for QUEZON CITY
Adm. Matter No. NP-112, Until Dec. 31, 2026
No. 65 Calle Industria, Bagumbayan, QC
PTR No. 6868426, 1-2-25, QC / IBP No. 485070, 12-19-24, QC
TIN NO. 210-016-964 / ROLL NO. 52735
MCLE No. VIII - 0017061, 4-14-2028

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **LYDIA R. BALATBAT-ECHAUZ**, Filipino, of legal age and a resident of 836 Torres Street Addition Hills, Mandaluyong, Metro Manila, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of **D&L INDUSTRIES, INC.** and have been its independent director since April 2017.

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

COMPANY ORGANIZATION	POSITION	PERIOD OF SERVICE
SM Foundation, Inc.	Trustee	Since 1994
Fern Realty Corp.	Director	Since 2002
Akademyang Filipino Association, Inc.	Trustee	Since 2013
Museo del Galeon, Inc.	Trustee	Since 2013
Henry Sy Foundation, Inc.	Executive Director	Since 2014
Riverside College Inc.	Director	Since 2015
Mano Amiga Academy, Inc.	Trustee	Since 2016
NBS Educational Services, Inc.	Director	Since 2017
Shell Pilipinas Corp. (PLC)	Independent Director	Since 2017
Meralco (PLC)	Independent Director	Since 2021
SP New Energy Corporation (PLC)	Independent Director	Since 2024

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of D&L Industries, Inc. as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am not related to any director/officer/substantial shareholder of D&L Industries, Inc. or any of its subsidiaries and affiliates.

5. I am not the subject of any criminal/administrative investigation or proceeding.

6. I am not an officer or director of or affiliated with any government agencies or Government-Owned and Controlled Corporations.

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

8. I shall inform the Corporate Secretary of D&L Industries, Inc. of any changes in the abovementioned information within five days from its occurrence.

Done, this _______ day of APR 08 2025 at Quezon City.

LYDIA R. BALATBAT-ECHAUZ
Affiant

SUBSCRIBED AND SWORN to before me this APR 08 2025 at Quezon City, affiant

Doc. No. 300;
Page No. 61;
Book No. XXVI;
Series of 2025.

ATTY. KRISTINE ANN C. CATINDIG
NOTARY PUBLIC for QUEZON CITY
Adm. Matter No. NP-112, Until Dec. 31, 2026
No. 65 Calle Industria, Bagumbayan, QC
PTR No. 6868426, 1-2-25, QC / IBP No. 485070, 12-19-24, QC
TIN NO. 210-016-984 / ROLL NO. 52735
MCLE No. VIII - 0017061, 4-14-2028

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **KARL KENDRICK T. CHUA**, Filipino, of legal age and a resident of CP101 East of Galleria Condominium, Topaz Road, Ortigas Center, Pasig, Metro Manila, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of D&L INDUSTRIES, INC. and have been its independent director since June 2023.

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

COMPANY ORGANIZATION	POSITION	PERIOD OF SERVICE
LH Paragon group of companies	Director	From January 2023 to present
Bank of the Philippine Island, Inc.	Director	From April 2023 to present
Golden ABC, Inc.	Board Adviser	From July 2023 to present
BPI Direct BanKo Inc.	Director	From August 2023 to present
AC Ventures, Inc.	Director	From December 2023 to present
AC Infrastructure Holdings, Corporation	Director	From February 2024 to present
AC Industrial Technology Holdings Inc.	Director	From February 2024 to present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of D&L Industries, Inc. as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am not related to any director/officer/substantial shareholder of D&L Industries, Inc. or any of its subsidiaries and affiliates.

5. I am not the subject of any criminal/administrative investigation or proceeding.

6. I am not an officer or director of or affiliated with any government agencies or Government-Owned and Controlled Corporations.

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

8. I shall inform the Corporate Secretary of D&L Industries, Inc. of any changes in the abovementioned information within five (5) days from its occurrence.

Done, this _______ day of APR 08 2025 at Quezon City.

KARL KENDRICK T. CHUA
Affiant

SUBSCRIBED AND SWORN to before me this APR 08 2025 at Quezon City, affiant

Doc. No. 301;
Page No. 62;
Book No. XXVI;
Series of 2025.

ATTY. KRISTINE ANN C. CATINDIG
NOTARY PUBLIC for QUEZON CITY
Adm. Matter No. NP-112, Until Dec. 31, 2026
No. 65 Calle Industria, Bagumbayan, QC
PTR No. 6868426, 1-2-25, QC / IBP No. 485070, 12-19-24, QC
TIN NO. 210-016-964 / ROLL NO. 52735
MCLE No. VIII - 0017061, 4-14-2028

Stock Transfer Service Inc.
D & L INDUSTRIES, INC.
Stockholder MasterList
As of 05/08/2025

Count	Name	Holdings
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Stock Transfer Service Inc.
D & L INDUSTRIES, INC.
Stockholder MasterList
As of 05/08/2025

Count	Name	Holdings
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Stock Transfer Service Inc.
D & L INDUSTRIES, INC.
Stockholder MasterList
As of 05/08/2025

Count	Name	Holdings
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	Total Stockholders :	7,142,857,990