COVER SHEET

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SEC Registration Number

TKC METALS CORPORATION AND
SUBSIDIARIES

(Company's Full Name)

2ND FLOOR W TOWER CONDOMINIUM
39TH STREET NORTH BONIFACIO
TRIANGLE BONIFACIO GLOBAL CITY
TAGUIG CITY PHILIPPINES

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

Efren A. Realeza Jr.
(Contact Person)

8864-0734
(Company Telephone Number)

12 **31**
Month *Day*
(Fiscal Year)

17-A
(Form Type)

Month *Day*
(Annual Meeting)

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

S T A M P S

Remarks: Please use BLACK ink for scanning purposes.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A
ANNUAL REPORT PURSUANT TO SECTION 17 OF
THE SECURITIES REGULATION CODE AND
SECTION 141 OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the fiscal year ended **December 31, 2023**

2. Commission identification number **A1996-10620** 3. BIR TIN: **005-038-162-000**

4. Exact name of issuer as specified in its charter **TKC METALS CORPORATION**

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

6. Industry Classification Code: [ ] (SEC Use Only)

7. Address of issuer's principal office Postal Code : **1231**

2nd Floor W Tower Condominium 39th St., North Bonifacio Triangle,
Bonifacio Global City, Taguig City, Philippines

8. Issuer's telephone number, including area code

(02) 864-0734

9. Former name, former address and former fiscal year, if changed since last report

TKC Steel Corporation
Unit B1-A/C, 2nd Flr. Bldg. B, Karrivin Plaza, 2316 Chino Roces Ave. Ext., Makati City

10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of each Class	Number of shares of common stock outstanding and amount of debt outstanding
Common	**1,690,000,000**

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 - 1,690,000,000 Common

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 [ ]

State the aggregate market value of the voting stocks held by non-affiliates of the registrant.

Ps. 122,849,729 (as of March 31, 2024)

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PART II - OPERATIONAL AND FINANCIAL INFORMATION

PART I - BUSINESS AND GENERAL INFORMATION

ITEM 1 - BUSINESS

General Information

TKC Metals Corporation, formerly TKC Steel Corporation (the Parent Company or TKC) was organized and registered with the Securities and Exchange Commission (SEC) on November 28, 1996. TKC's shares of stock were listed for trading in the Philippine Stock Exchange (PSE) July 20, 2001. The Parent Company is primarily a holding company and is also engaged in marketing and selling of purlins and galvanized iron (GI) sheets.

On January 19, 2007, Star Equities, Inc. (SEI) entered into a Memorandum of Agreement (MOA) with the then major shareholders of SQL*Wizard, Inc, intending the latter to be its backdoor listing vehicle for its investment in the steel business. In line with its plan to shift its business direction to new areas, both foreign and domestic, SQL and its shareholders decided to take advantage of the new investment opportunities that would be brought about by the entry of SEI as an investor in SQL. On this basis, SEI agreed to become a shareholder of SQL by initially subscribing to 240,000,000 new common shares following the increase of the latter's capital stock. Thereafter, with the change of its primary business, SQL was renamed TKC Steel Corporation, as approved by the SEC on February 28, 2007. Likewise, on July 25, 2007, the PSE approved the reclassification of TKC's listing status from the SME Board to the Second Board subject to the conditions specified in the Notice of Approval issued by the PSE. The conditions stated in said notice specifically the minimum number of stockholders and minimum offering to the public given its market capitalization, were complied with after the conduct of a Follow-On Offering of shares by the Corporation which culminated with the listing of the offer shares on November 23, 2007.

Business Consolidation

In meetings held on February 9, 2007, the Board of the Corporation and its shareholders approved the following resolutions:

(a) The amendment of the articles of incorporation, whereby:

i. The primary purpose will be changed to that of a holding company;
ii. The corporate name will be changed from "SQL *Wizard, Inc." to "TKC Steel Corporation";
iii. The principal office may be changed upon the Board's determination;
iv. A provision on the denial of pre-emptive rights will be inserted in the Seventh Article; and
v. The number of directors will be increased from 7 to 9.

(b) The increase in the Corporation's authorized capital stock from P40.0 million, divided into 40 million shares with par value of P1.00 a share to P1.0 billion, divided into 1.0 billion common shares with the same par value.

(c) The subscription by SEI to 240 million common shares at subscription price of P1.00 per share or total subscription price of P240.0 million.

(d) The assignment and/or sale of all and/or substantially all the Corporation's existing IT business assets to a new corporation.

These amendments were approved by the SEC on February 28, 2007, except for the increase in authorized capital stock, which was approved on April 13, 2007.

On June 22, 2007, the SEC approved the amendment to the primary purpose of the Corporation, as follows:

> "To invest in, operate, purchase, own, hold, use, develop, lease, trade, sell, exchange, deal in, on its own behalf or as agent or commission merchant, assign, transfer, encumber, and engage in the business of, either directly or indirectly, smelting, fusing, shaping, rolling, casting, fabricating, extruding or otherwise developing or processing of metals, steel or other alloys of metallic, non-metallic compounds, substances and raw materials of every nature, kind or description, and to invest in stocks, bonds, or other evidences of indebtedness or securities of any other corporation, domestic or foreign, whether engaged in the steel business or otherwise; Provided, that the Corporation shall not engage in the business of an Open End Investment Company as defined in the Investment Company Act (R.A. 2629), without first complying with the provisions of the Revised Securities Act; Provided, Further, that it shall not act as a Broker or Dealer of Securities.

Conformably with the change in business operations, the following transactions were consummated:

(a) Subscription of SEI into TKC

As stated above, SEI subscribed to 240.0 million common shares at P1.00 per share, out of the increase in authorized capital stock by the Corporation. Such subscription increased the outstanding number of common shares to 265.0 million with SEI owning 90.57% of the equity of TKC.

On April 16, 2007, SEI subscribed to an additional 440.0 million common shares, increasing its equity interest to 680.0 million shares out of the total outstanding capital stock of 705.0 million shares representing 96.45% ownership interest in TKC.

(b) Transfer of SEI Subsidiaries to TKC

As disclosed, SEI intended TKC to be its vehicle for listing of its investments in the steel business. Consistent with this direction, SEI consolidated its interests in Treasure Steelworks (TSC) and Billions Steel International Limited (Billions) (together with the latter's 90% interest in Zhangzhou Stronghold Steel Works Co. Ltd. (ZZS)) as follows:

i) Acquisition of Billions

On April 30, 2007, an agreement was executed whereby major shareholder, SEI, assigned all of its interest in Billions to TKC for P 594,056,700. Billions has a 90% direct interest in ZZS. Billions is a limited liability corporation incorporated under the laws of the Republic of Mauritius. ZZS was incorporated under the laws of the People's Republic of China on July 13, 2005. On January 9, 2009, Billions Steel International Limited, a corporation incorporated in Mauritius sold its entire interest in ZZ Stronghold to Billions Steel International Limited, a corporation registered in Hong Kong. It immediately began construction of its facilities thereafter. Its first batch of manufactured steel pipes was completed and sold in June 2007. Commercial operations of ZZS began officially after acceptance by its customer of the first batch of steel pipes manufactured and delivered.

ii) Acquisition of TSC

On June 29, 2007, SYL Holdings, Inc. and Billions (in-trust for the controlling shareholder group of SEI) each owning 48% in TSC, collectively transferred their shareholdings consisting of 479,998 shares and 479,997 shares, respectively, with the total par value of P95,999,500.00 to TKC on account. After execution of the Deed of Sale, TKC has 96% direct interest in Treasure.

In 2011 and 2013, TKC made an additional investment in Treasure and ZZ Stronghold resulting an increase in ownership to 98% and 91% respectively and reflect a change in ownership of non-controlling interest.

TKC's consolidated financial statements now include the following subsidiaries:

Name of Subsidiary	Country of Incorporation	Nature of Business	Percentage of Ownership		
			2023	2022	2021
Treasure Steelworks Corporation (TSC)	Philippines	Manufacture of steel products	98%	98%	98%
Billions Steel International Limited (Billions)	Hong Kong	Investment holdings	–	–	100%
Zhangzhou Stronghold Steel Works Co. Ltd. (ZZS)*	People's Republic of China or PRC	Manufacture of steel pipes	–	–	91%
Campanilla Mineral Resources, Inc. (Campanilla)**	Philippines	Mineral production	70%	70%	70%

* *Through Billions*
** *Has not commenced commercial operations*

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

In 2022, the Parent Company assigned and transferred all its rights, title and interest in Billions to a third party and recognized a gain on deconsolidation amounting to ₱1,370.7 million.

As at December 31, 2023, TKC is 44.38% directly owned by JTKC Equities, Inc. (JEI) and 39.47% indirectly owned by JEI through Star Equities, Inc. (SEI). The ultimate parent company of TKC is JTKC Equities, Inc. (JEI). Both JEI and SEI are both holding companies and were incorporated in the Philippines.

On December 5, 2023, the SEC approved the amendment of the Parent Company's Articles of Incorporation (AOI) for the change of the principal office address from Unit B1-A/C, 2nd Floor, Building B, Karrivin Plaza, 2316 Chino Roces Avenue Extension, Makati City to 2nd Floor, W Tower Condominium, 39th St., North Bonifacio Triangle, Bonifacio Global City, Taguig City.

On December 1, 2020, the Board of Directors (BOD) approved the amendment of the Parent Company's AOI to reduce the number of the Parent Company's BOD from eleven (11) to seven (7). These were subsequently approved by the stockholders on January 15, 2021.

On December 21, 2018, the Parent Company applied for the amendment of its Articles of Incorporation (AOI) for the change of the principal office address.

Equity Restructuring

In 2018, a stockholder assigned ₱1,500.0 million of his advances to Treasure to foreign investors who, in turn, reassigned these advances to the Parent Company and applied the advances against their subscription to the Parent Company's increase in authorized capital stock.

The increase in authorized capital of the Parent Company from ₱1,000.0 million divided into 1,000.0 million shares at ₱1 par value a share, to ₱3,000.0 million divided into 3,000.0 million shares at ₱1 par value a share, were approved by the Board of Directors (BOD) and the stockholders on September 3, 2018 and October 25, 2018, respectively.

Of the increase in authorized capital stock of ₱2,000.0 million divided into 2,000.0 million shares at ₱1 par value a share, 750.0 million shares were subscribed by third parties for ₱1,500.0 million against their assigned advances.

The Parent Company filed the application for the approval of the proposed increase in authorized capital stock with the SEC on December 21, 2018. The Parent has filed a request for reconsideration when the SEC considered the debt-to equity conversion not an acceptable payment for the issuance of the shares of stock. The SEC has not acted on the request. To break the impasse, the BOD of JEI approved to subscribe to the increase and pay for the subscription in cash on May 20, 2022, as substitution of the original subscribers who agreed to subscribe through conversion of their advances to equity. On the same day, the BOD of the Parent Company approved the substitution of the subscribers and mode of subscription.

On May 31, 2022, the Parent Company received cash amounting to ₱1,500.0 million from JEI for its subscription in the substitution of the original subscribers.

Accordingly, on June 8, 2022, the Parent Company refiled the application of the increase in authorized capital stock with the SEC to reflect the substitution of the subscribers including the payment made by JEI through cash.

On December 05, 2023, the SEC approved the application for the increase in authorized capital stock of the Parent Company. Consequently, the deposits for future subscription amounting to P1,500.0 million was applied against capital stock and additional paid-in capital**.**

Business of Issuer

Products

TKC is organized as an operating and holding company engaged in the manufacturing and the distribution of various steel products primarily through its two (2) subsidiaries, as follows:

(a) Treasure Steelworks Corporation (TSC)

TSC was incorporated with the primary purpose of operating a smelting, melting and rolling plant, among others. It manufactures steel billets which in turn become the raw materials of downstream steel products such as bars, wire rods and sections.

(b)Zhangzhou Stronghold Steel Works Co. Ltd. (ZZS)

ZZS manufactures the following steel pipes: (i) ERW and spiral welded pipes for general construction, water transmission and structural uses; and (ii) prospectively, seamless pipes for the oil and gas development industry. ZZS offers a wide range of specifications of steel pipes ranging from an outer diameter of 219 mm to 1920 mm, length up to 6 meters long, and thickness from 4mm to 20mm.

Operational Situation

The recent years from the end of 2013 saw the downward spiraling of the prices of steel. Both TSC and ZZS were constrained to cease and minimize their operation respectively for the past years due to volatile price of steel in the world market, scarcity and high cost of raw scrap materials and lack of sufficient electric power in the Mindanao area that severely hampered TSC's continuous production of its main product line. Realizing the volatility of steel prices and the continued problem on power supply, the Management has embarked on a restructuring and diversification of its product lines that demand a higher export price, less volatile price in the world market, better world-wide demand and less dependency on electric power supply.

Management Plans

Business Updates

The Company is presently exploring business opportunities, particularly in technology businesses and broadband internet, business solutions and application to diversify its portfolio and generate revenue to sustain Group's operations and to meet the Group's maturing obligations.

This business venture will enable entrepreneurs a full suite of solution to establish and operate their very own broadband company. The project aims to bring seamless connectivity using wired, wireless and VSAT capabilities for all the cities, municipalities and all the networking communities in the country. This will make internet universally accessible for everyone in the Philippines. The service extends from the basic connectivity on-wards to e-learning, e-health, security services, e-commerce and all the opportunities the internet brings.

Big market and major investor opportunity await this project as the demand for the internet services to address our basic needs and services, communications and deliveries continue to be strong amid the significant restrictions and limitations in our everyday lives. On the revenue streams, we are focusing on three profit centers namely Prepaid Card Sales combined with Subscription, Digital Platform combined with Subscription and Big Data and Analytics.

Organizational Restructuring

The Management is reviewing the current organizational set-up to implement management plans and programs of the Group.

Status of Operations

Because of the continuing losses of ZZ Stronghold, the operating steel subsidiary of Billions, due to volatile steel prices, low production and sales volume in China, the Parent Company sold all of its interest in Billions at cost amounting to ₱1,741.8 million on June 20, 2022. Accordingly, the Group's management deconsolidated the assets and liabilities of Billions and ZZS Stronghold in the consolidated statement of financial position as at the date when control was lost. The Group only recognized the profit or loss of Billions and ZZ Stronghold from January 1, 2022 up to the date of sale in the consolidated statement of comprehensive income. Moreover, on December 29, 2022, the Parent Company's BOD approved to dispose Treasure and Campanilla, its remaining subsidiaries. Treasure has ceased operations since 2013, while Campanilla has not commenced operations as at December 31, 2023.

The Group has a consolidated net income (loss) of (₱84.5) million, ₱915.1 million and (₱408.2) million for the years ended December 31, 2023, 2022 and 2021, respectively.

Additionally, the deficit of the Group amounted to ₱4,181.1 million and ₱4,097.3 million as at December 31,2023 and 2022, respectively.

Parent Company

In 2015, the Parent Company stopped the marketing and selling of purlins and GI sheets, its main business activity other than as a holding company. The Parent Company incurred a total comprehensive loss of ₱49.4 million, ₱1,116 million and ₱21.2 million for the years ended December 31, 2023, 2022 and 2021, respectively.

The Parent Company is currently undergoing business reorganization and realignment of business opportunities. On December 27, 2022, the Parent Company's BOD approved a resolution to enter into a business venture with third parties, particularly in the field of information technology businesses and broadband internet to diversify its portfolio and generate revenue.

Moreover, the stockholders and all related parties of the Group have continued to provide the financial support to sustain the Group's operations and meet its maturing obligations. Due to related parties aggregated ₱2,836.1 million as at December 31, 2023.

Treasure Steelworks

As at December 31, 2023, Treasure has not resumed its plant operations. Treasure's total comprehensive loss for the years ended December 31, 2023 and 2022 amounted to ₱35 million and ₱301million, respectively. Additionally, the capital deficiency amounted to ₱3,270.4 million and ₱3,235.3 million a s at December 31, 2023 and 2022, respectively.

In 2013, Treasure suspended its plant operations in the production of steel billets in Iligan City and terminated its contract with plant employees due to shortage in power supply in Mindanao. Treasure, however, is planning to produce nickel concentrate and nickel pig iron instead to lessen the plant's power supply requirement. By shifting to nickel concentrate and nickel pig iron, the power supply requirement will drop to 5 megawatts per hour (MWPH) as compared to producing steel billets at 15 to 20 MWPH.

ZZ Stronghold

Because of continuing operating losses, ZZ Stronghold, the operating steel subsidiary of Billions, due to low production and sales volume coupled with the low price in the steel market in China, the Parent Company sold all its interest in Billions to a third party on June 20, 2022.

With the deconsolidation of ZZS's operation in mid-2022 and TSC's suspended operation, the Group did not generate any revenue and resulted in a loss of Ps. 84.5 million during the period.

Distribution

Steel billets produced by TSC are primarily sold to local customers. On a limited scale, TSC taps the export market.

Competition

TSC

Prior to suspension of its plant operation in 2013 primarily due to shortage in power supply in Mindanao and volatile steel price, TSC has the largest installed capacity for steel billet manufacturing in the Philippines. Other manufacturers produce billets for their own production of downstream steel products.

Top billet producers in the Philippines are

	Annual Installed Capacity (000 MT)
(a) TSC	300
(b) Bacnotan Steel Corp	300
(c) Cathay Pacific Steel Corp	290
(d) Stronghold Steel Corp	150
(e) SKK	120

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Raw Materials

Raw materials used to produce billets are scrap sourced from neighboring provinces in Visayas and Mindanao. TSC buys the scrap from major scrap consolidators and their own collection networks. Scrap is old, wasted metal such as parts of vehicles, building supplies, and surplus materials.

Spiral welded pipes are produced from hot rolled steel strip while electric resistance welded pipes are produced from hot rolled steel coils/strips. On the other hand, seamless pipes are produced from billets through a hot draw and extrusion process.

Customer Base

The Corporation and its subsidiary (TSC) are not dependent upon a single or few customers.

Transactions with Related Parties

In the regular course of its business, the Corporation engages in transactions with related parties (stockholders and affiliates). These transactions may involve inter-company trade dealings, and the granting of advances and paying of expenses.

Government Regulations

TKC and its subsidiaries are not currently required to secure government approval for its products and services. Government approvals and permits in the Philippines, are currently, and may in the future be, required in connection with the companies' operations.

Costs and effects of Compliance with Environmental Laws

TSC is subject to environmental regulations. These regulations mandate, among other things, the maintenance of air, noise and water quality standards. They also set forth limitations on the generation, transportation, storage and disposal of solid and liquid hazardous waste.

As part of its efforts to ensure compliance with environmental regulations, the Corporation rehabilitated and upgraded the dust collection system to meet environmental standards, make it more effective and cope with the anticipated increase in production volume resulting from new facilities.

In line with the future diversification of our product lines and introduction of a new kind of production technology towards the planned shifting from billets production to nickel concentrate and nickel leaching process, the Management is actively and currently coordinating with the Government Environmental Regulators pertaining to the various requirements and compliance on environmental laws and regulations prior to commercial operations of this new production process.

Employees

TKC currently has 8 employees, namely: Chairman and Chief Executive Officer, Vice-Chairman, Treasurer, Chief Financial Officer, Head of Corporate Services and three (3) Administrative Staff.

Risk Management

a. Financial Risks

The Corporation is exposed to a variety of financial risks. The Corporation's risk management program focuses on safeguarding shareholder value to manage unpredictability of risks and minimize potential adverse impact on its operating performance and financial condition.

The Corporation's Board of Directors (BOD) is directly responsible for risk management. Management carries out risk management policies approved by the BOD. The Management identifies, evaluates reports and monitors significant risks, and submits appropriate recommendations. The BOD approves formal policies for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, credit risk and liquidity risk.

<u>Foreign Currency Risk</u>

Foreign currency risk arises as a result of change in exchange rates between Philippine peso and foreign currencies. Any change will affect our foreign currency denominated accounts and transactions.

The Corporation regularly monitors foreign exchange rates and any trends and changes thereupon. Measures will be adopted to protect our foreign account in the event there would be significant fluctuations in the exchange rate.

<u>Liquidity Risk</u>

Liquidity risk arises from the possibility that the Corporation may encounter difficulties in raising funds to meet or settle its obligations at a reasonable price. Despite the present operational situation of the Group, our related parties, however, have continued to finance the necessary financial support and funding to sustain operations and to meet the Group's maturing obligations.

The Corporation monitors potential sources of the risk to a shortage of funds through monitoring of financial investments and financial assets, and projected cash flows from operations. An essential part of this strategy is the proper matching of trade receivables and trade and other payables. The Corporation's objectives to manage its liquidity are: a) to ensure that adequate funding is available at all times; b) to meet commitments as they arise without incurring unnecessary costs; and c) to be able to access funding when needed at the least possible cost.

The Corporation also maintains a financial strategy that the scheduled principal and interest payments are well within the Corporation's ability to generate cash from its business operations.

<u>Capital Management Risk</u>

The Corporation is committed to maintaining adequate capital at all times to meet shareholders' expectations, withstand adverse business conditions and take advantage of business opportunities. The Company Management has submitted to the Philippine Stock Exchange a detailed restructuring plan of activities it will undertake and timetable to bring the stockholders' equity back to positive. In addition, the Group has been negotiating with the prospective investors for additional financing to complete the Group's plant construction, diversification using new production technology, resume commercial operation and generate adequate revenues that will result to a better capital position.

The Corporation regularly keeps track of its capital position and assesses business conditions to ensure early detection and determination of risks, and its consequent adverse impact. The Corporation adopts measures, as may be deemed necessary and appropriate, to mitigate risks.

We aim to achieve acceptable level of debt-to-equity ratio. This ratio is calculated as total liabilities divided by total equity.

As at December 31, 2023, the debt-to-equity ratio is:

Amount	
Total liabilities	Ps. 3,474,619,320
Total equity	162,777,038
Debt-to-equity ratio	21.35:1

Our main sources of capital include but not limited to:

a. Retained earnings, where available
b. Current earnings
c. Debt
d. Share issues
e. Shareholder advances

The Corporation seeks to generate reasonable rate of return on its capital. Corollary to this, our dividend policy will be dictated by the level of retained earnings and ongoing business earnings.

We will access the capital market when we consider it necessary. As we grow our business, we will retain sufficient flexibility to raise capital to support new business opportunities. We are prudent in our capital management.

b. Operational Risks

Fluctuation of Steel Demand and Prices

The industries in which steel are used, such as the construction industry, and the demand for steel products, are cyclical in nature. As a result, the prices at which our products are sold, both in the local and international markets, move in accordance with the local and global steel dynamics. Furthermore, any volatility in the steel prices may affect the normal timing of orders by customers. The volatility in steel prices could cause the Corporation's results of operation to vary and may have an adverse effect on the Corporation's business, financial position, results of operations and prospects.

Similarly, the volatility in the cost of raw materials and scrap for TSC may also cause fluctuations in the results of operations.

We closely monitor demand and price trends, both local and international markets, align our production and sales volumes to desired inventory levels, and put in place measures to ensure that we can access various sources of raw materials.

Single Production Site

TSC conduct its manufacturing activities in single production site in the Philippines. Closure of the production sites, interruption or prolonged suspension of any substantial part of the operations or any damage to, or destruction of, the facilities arising from unexpected events or catastrophes, or other similar events would prevent the operating subsidiaries from generating revenue. All existing facilities have been duly insured. Any new installations will likewise be covered by appropriate insurance coverage.

Scarcity of Raw Materials

Scrap metal is an essential raw material for the production of TSC's end-products. The supply of this raw material is currently sourced locally and any shortage in supply of scrap metal may adversely affect TSC's operations. Due to the scarcity of the availability of scrap materials and high cost of scrap, the operation of TSC was severely affected.

Insurance Risks

Our businesses are subject to a number of risks and hazards generally, including, but not limited to, adverse environmental conditions, industrial accidents, labor disputes, unusual or unexpected geological conditions, ground or slop failures, cave-ins, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods and avalanches. Such occurrences may result in damage to production, facilities, personal injury or death, environmental damage to properties or properties of third parties, monetary losses, and possible legal liability. Insurance coverage is maintained to protect against certain risks in such amounts as are considered reasonable and appropriate.

ITEM 2 - DESCRIPTION OF PROPERTY

TKC does not own any real or personal property other than its leasehold improvements, office fixtures, furniture and equipment located in its principal office. TSC leased the land where its plant facility is currently situated but it owns the machineries and equipment.

Leasehold Rights

Treasure

In 2005, Treasure (lessee) entered into a Memorandum of Agreement (MOA) with Global Ispat holdings Ltd and Global Steelworks International, Inc (lessors, both of whom are nonrelated parties) for the lease of a parcel land and steel billet making plant located in Iligan city, Lanao del Norte, Philippines for a period of 25 years.

The memorandum of agreement (MOA) is for 25 years starting 2006. At the expiration or earlier termination of the term of the MOA, TSC has the option to purchase the billet plant at an amount equivalent to its market value at the time the option is exercised. The market value shall be determined by three (3) recognized and competent appraisers to be nominated by the parties. However, this does not preclude the parties from arriving at an agreement and determining between themselves said purchase price.

In the performance of its obligations under the MOA, TSC paid the outstanding liens incurred by the former owners and inherited by the lessor pertaining to the billet making plant amounting to P46 million in 2006 and were recorded as "Leasehold rights" in the consolidated statements of financial position.

ZZ Stronghold
On December 8, 2005, ZZS entered into a contractual agreement with China Merchants ZhangZhou Development Zone Co., Ltd (China Merchants), for the right to use a parcel of land located in 1 M2-05 Zone I, China Merchants Development Zone to ZZS for a period of 42 years. The land is where the ZZ Stronghold steel plant facilities is located. In 2022, the Parent company assigned and transferred all its rights, title and interest in Billions to a third party. Consequently, leasehold rights amounting to ₱182.2 million were derecognized.

ITEM 3- LEGAL PROCEEDINGS

The Corporation is not a party to any pending material litigation, arbitration or other legal proceedings, and no litigation or claim of material importance is known by Management to have been filed against the Company.

ITEM 4- SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

There were no subject matters submitted for the approval of the stockholders as there was no Annual Meeting of the Stockholders held in 2023.

PART II – OPERATIONAL AND FINANCIAL INFORMATION

ITEM 5 - Market for Issuer's Common Equity and Related Stockholders Matters

Market Information

The common shares of TKC have been listed on the Philippine Stock Exchange since July 19, 2001. Following the amendment of the articles of incorporation whereby the (a) primary purpose was changed to that of a holding company, (b) corporate name was changed from SQL*Wizard to TKC Steel Corporation, (c) authorized capital stock was increased from P40 million (par value of P1.00 per share) to P 1 billion with the same par value, and the assignment and/or sale of all and/or substantially all of the Company's existing IT business assets in favor of a new corporation, TKC undertook a Follow On Offering (FOO) of 235,000,000 common shares on November 23, 2007 based on the offer price of Ps. 9.68 per share. After the FOO was completed, the Company's total issued and outstanding common shares stood at 940,000,000 shares. On December 21, 2018, TKC filed the application with SEC for the approval of the proposed increase in authorized capital stock from 1,000,000,000 shares to 3,000,000,000 shares. On December 05, 2023, the SEC approved the application for the increase in authorized capital stock of the Parent Company. The Company's total issued and outstanding common shares stood at 1,690,000,000 shares.

Presented in the table below are the high and low prices of TKC shares.

	High	Low
1st Quarter, 2024	0.45	0.45
Year Ended December 31, 2023		
1st Quarter	0.52	0.51
2nd Quarter	0	0
3rd Quarter	0.56	0.51
4th Quarter	0.42	0.42
Year Ended December 31, 2022		
1st Quarter	0.77	0.76
2nd Quarter	0.77	0.71
3rd Quarter	0.60	0.55
4th Quarter	0.55	0.55

Holders of Common Equity

As of December 31, 2023, the Corporation has a total of 1,690,000,000 issued and outstanding shares, owned by 42 common shareholders.

The top twenty (20) shareholders, and their corresponding shares and percentage ownership of TKC are as follows:

Name of Stockholders	No. of Shares	% to Total Outstanding
1. JTKC Equities, Inc.	750,000,000	44.3787%
2. Star Equities, Inc.	667,000,598	39.4675
3. PCD Nominee Corp	268,175,021	15.8683
4. Chuahiong, Gertim G.	2,912,000	0.1723
5. Sio, Elsie Chua	900,000	0.0533
6. Napoles, Janet	300,000	0.0178
7. Solar SEC, Inc.	230,000	0.0136
8. Uy, Maria Charito B.	125,000	0.0074
9. Hernandez, Elmer C.	100,000	0.0059
10. Ko, Michael Anthony Lee	100,000	0.0059
11. Uy, Anjelica B. Uy	25,000	0.0015
12. Uy, John Rainer B.	25,000	0.0015
13. De Villa, Henrietta	20,000	0.0012
14. Chua Co Kiong, William N.	15,000	0.0009
15. Resurrecion, Antonio	10,000	0.0006
16. Insua, Jose Cezar	10,000	0.0006
17. Puno, Orpha C.	10,000	0.0006
18. Estrada, Claudia Patricia D..	6,250	0.0004
19. Evangelista, Maria Imelda C.	6,250	0.0004
20. Garcia, Luningning	6,250	0.0004

Based on the records of our Stock Transfer Agent, Professional Stock Transfer, Inc., TKC Metals Corporation has 16.15% public ownership level as of March 31, 2024.

Dividends

The Corporation did not declared dividends in 2023 and 2022.

There are no known restrictions or impediments to the Corporation's ability to pay dividends on common equity, whether current or future.

Recent Issuance of Securities Constituting an Exempt Transaction

For the year ended December 31, 2023, we have not issued any securities constituting an exempt transaction.

ITEM 6 - Management Discussion and Analysis of Financial Condition and Results of Operations (Last Three Years: 2023, 2022 and 2021)

a. Corporate Restructuring

The Corporation completed a corporate restructuring which consisted of the following:

1. On April 13, 2007 and June 7, 2007, the primary business purpose was changed from providing complete information solutions to operating and holding investments in steel companies;
2. On April 13, 2007, the SEC approved the increase in authorized capital stock from P40 million to P1 billion;
3. Capital Stock was increased from P25 million to P705 million;
4. On April 30, 2007, it acquired 90% equity interest in ZZ Stronghold, a company located in China. In 2013, TKC made an additional investment in ZZ Stronghold resulting an increase in ownership to 91% and reflecting a change in ownership of non-controlling interest.
5. On June 29, 2007, it acquired 96% equity interest in Treasure, a corporation located in the Philippines. In 2011, TKC made an additional investment in Treasure resulting an increase in ownership in Treasure to 98% and reflecting a change in ownership of the non-controlling interest.

On the 26th of October 2015 the SEC approves the change in the Articles of Incorporation in amending the corporate name from TKC Steel Corporation to TKC Metals Corporation.

In June 2022, the Parent Company assigned and transferred all its rights, title and interest in Billions to a third party and recognized a gain on deconsolidation amounting to ₱1,370.7 million.

On December 5, 2023, the SEC approved the application for the increase in authorized capital stock of the Parent Company from ₱1,000.0 million to ₱3,000.0 million. Consequently, the deposits for future subscription amounting to ₱1,500.0 million was applied against capital stock and additional paid-in capital.

b. Financial Highlights

- Results of Operations

Accounts In Million Pesos)	2023	2022	2021	Increase (Decrease) 2023/2022 (%)	Increase (Decrease) 2022/2021 (%)
Revenue	0	204	1,155	-100%	-82%
Cost of Sales	0	186	1,132	-100%	-84%
Gross Income (Loss)	0	17	23	-100%	-26%
Operating Expenses	71	438	380	-84%	15%
Net Income	(84)	915	(408)	-109%	-324%

Operating performance has resulted in a loss due to non-operation of the Group's subsidiary. The Corporation posted a net loss of Ps. 84 million in 2023 compared to a net gain in 2022 amounting to Ps. 915 million as a result of non-operation of a subsidiary and deconsolidation of a foreign subsidiary in 2022 respectively.

The demand of the steel products is slowly recovering, although there is still an over-supply of steel products in the market, very volatile price of steel, highly competitive market conditions and the effect on business and commerce due continuous outbreak of other variants of Covid-19 virus. Eventually due to continued losses, non-operation of TSC and deconsolidation of Billions, the Group has registered nil sales in 2023 compared to Ps. 204 million and Ps. 1,155 million in 2022 and 2021 respectively.

During the period of non-operation, the total operating expenses went down by 49% or Ps. 66 million from Ps. 138 million in 2022 to Ps. 71 million in 2023. Notable decreases were noted in the following accounts such as: depreciation and amortization by 41%; salaries and wages by 69%; freight and handling by 100%; utilities by 65%; rent by 100%; repairs by 96%; representation by 90%; professional fees by 44% and other expenses by 93%. However, increases were noted in the following accounts as follows: taxes and licenses by 111%; and transportation and travel by 132%.

- Financial Condition

Accounts (In Million Pesos)	2023	2022	2021	Increase (Decrease) 2023/2022 (%)	Increase (Decrease) 2022/2021 (%)
Current Assets	2,004	2,015	605	-1 %	233%
Total Assets	3,637	3,664	4,262	-1 %	-14%
Current Liabilities	3,430	3,373	3,928	2 %	-14%
Total Liabilities	3,475	3,417	4,562	2 %	-25%
Equity	163	247	(299)	-34 %	183%

Our total asset base remains stable although reduced by 1% to Ps. 3,637 million from the previous year’s level of Ps. 3,664 million. Cash and cash equivalents went down by 73% or Ps. 7.6 million due to no sales and collection activity; trade and other receivables went up by 1% or Ps. 11 million as receivables-others from third party; inventories went down by 100% due to inventory write-down; advances to related parties decreased by 4% or Ps. 12 million from Ps. 330.7 million to Ps. 318.3 million due to partial liquidation; both creditable withholding tax and input vat amounted to Ps. nil million due to provision of allowance of impairment.

Current ratio for the years 2023 and 2022 remains stable at 0.58:1 and 0.60:1 respectively while debt-to-equity ratio for 2023 has resulted to 21.35:1 from 13.80:1 in 2022

c. 2023 versus 2022

- Results of Operations

The Corporation registered a consolidated net loss of Ps. 84 million in 2023 compared to a net income of Ps. 915 million a year ago as a result of non-operation of TSC and deconsolidation of Billions, our two main subsidiaries. Although TSC is non-operating for a decade, the prospect of looking for the right investors continued as there were parties who have shown interest and doing exploratory talks with the Group. The company’s direction is to shift into production of nickel concentrate and nickel pig iron that will only requires 25% of the original power supply requirement. TSC is still looking for the right party to provide the new technology for nickel leaching. This chemical process will take only two hours to extract nickel from laterite ores and will result to a nickel recovery rate of 20-50%.

Revenue significantly reduced by 100% to Ps. nil million compared to a year ago of Ps. 204 million. The Corporation also registered a nil gross profit in 2023 compared to a gross profit of Ps. 17 million in 2022.

Operating expenses went down to Ps. 71 million or 49% lower from the 2022 level of Ps. 138 million. Due to non-operation of our main subsidiary, notable decreases were in the following expenses accounts: salaries and wages by 69%; freight and handling by 100%; utilities by 65%; repairs by 96%; professional fee by 44%; and other expense by 93% however there were increases in taxes and licenses by 111%; and transportation and travel by 132%.

- Financial Condition

Total assets base still remains stable despite the decrease of 1% equivalent to Ps. 27 million from Ps. 3,664 million in 2022 to Ps. 3,637 million in 2023. The decrease was primarily due to the non-operation and deconsolidation of our two subsidiaries respectively, provision of impairment loss on current assets and inventory write-down: cash and cash equivalents went down by 73% from Ps. 10 million last year to Ps. 3 million; inventories have nil value; other current assets down by 100% from Ps. 2 million; property, plant and equipment by 1%; and leasehold rights by 14%. There was an increase however in trade and other receivables by 1% or Ps. 11 million from Ps. 1,672 million to Ps. 1,683 million. The current results of operational and financial conditions of the Group were attributable significantly due to deconsolidation of ZZS and TSC's a decade of non-operation primarily due to prolonged power crisis and not so competitive market price and conditions. Current assets accounted for 55% and 55% of the balance sheet for the year 2023 and 2022 respectively.

In 2023, total liabilities increased by 2% or Ps. 58 million from Ps. 3,417 million to Ps. 3,475 million. Significant increases were noted in the following accounts: accrued expenses up by 50% from Ps. 37 million to Ps. 56 million; salaries payable up by 8% from Ps. 16 million to Ps. 18 million; and due to related parties increased by 1% from P2,799 million to Ps. 2,836 million.

Our resulting capital base maintain its positive position although it went down by 34% or Ps. 84 million from Ps. 247 million in 2022 to Ps. 163 million in 2023. The depreciation in our equity was brought about by the current results of operation resulting to a consolidated loss of the Group in 2023 for Ps. 84 million. As a result of the depreciation in our capital base, debt to equity ratio went up to 21.35:1 from a year ago of 13.80:1.

- Causes for any Material Changes in the Balance Sheet Accounts:

• Cash and cash equivalents decreased significantly by 73% or Ps. 7.6 million to Ps. 2.8 million from Ps. 10.5 million a year ago as a result of continued non-operation of our subsidiary and day-to-day operation.

• Trade and other receivable went up by 1% or Ps. 11 million from Ps. 1,672 million to Ps. 1,683 million primarily due to recognized advances to a third party in the amount of Ps. 10.0 million.

• Inventories with a balance of Ps. 243 million and Ps. 286 million respectively in 2023 and 2022 were provided with 100% provision of allowance for inventory write down. Creditable tax withheld at source and Input Vat with balances of Ps. 68 million and Ps. 222 million respectively were both provided with 100% allowance for impairment due to uncertainty of its benefits in the future.

• Property, plant and equipment remains stable despite a 1% decrease or Ps. 14 million from Ps. 1,636 million in 2022 to Ps.1,622 million in 2023 due to disposal of transportation equipment and machinery and equipment.

• Trade and other payables increased by 7% or Ps. 20 million from Ps. 277 million to Ps. 297 million in 2023 primarily in accrued payable by Ps. 18.5 million or 50% from Ps. 37 million to Ps. 56 million and salaries payable by 8% or Ps. 1.4 million from Ps. 16 million to Ps. 18 million.

• Loan payable balance remain constant at Ps. 297 million in 2023 and 2022 respectively

d. 2022 versus 2021
- Results of Operations

The Corporation registered a consolidated net income of Ps. 915.1 million in 2022 compared to a net loss of Ps. 408 million a year ago. The bottom-line has resulted in a positive performance due to the significant gain of Ps. 1,371 million recognized in the deconsolidation of a subsidiary when the Parent Company sold all its rights and interest in Billions on June 2022. Although TSC is non-operating for almost a decade, the prospect of looking for the right investors continued as there were parties who have shown interest and doing exploratory talks with the Group. The company's direction is to shift into production of nickel concentrate and nickel pig iron that will only requires 25% of the original power supply requirement. TSC is still looking for the right party to provide the new technology for nickel leaching. This chemical process will take only two hours to extract nickel from laterite ores and will result to a nickel recovery rate of 20-50%.

Revenue significantly reduced by 82% to Ps. 204 million compared to a year ago of Ps. 1,155 million with ZZS contributing 100% of the Group sales. The Corporation also registered a % gross profit of Ps. 17 million in 2022 compared to a gross profit of Ps. 23 million in 2021. ZZS's performance during the first six months period, prior to disposal, in general production, sales and marketing activity are still depended on a lower market price and demand due to over-supply of steel products in the China market.

Operating expenses went up to Ps. 438 million or 23% higher from the 2021 level of Ps. 380 million. The major factor for the higher operating expenses were in the following accounts: a) outside services by 89%; representation by 246%; transportation and travel by 68%; professional fees by 304%; and provision for impairment loss on trade and other receivable, cwt, other current assets and due from related parties.

- Financial Condition

Total assets base still remains stable despite the decrease of 14% to Ps. 3,664 million in 2022 from last year's figure of Ps. 4,262 million. The Ps. 598 million decrease was primarily due to the deconsolidation of a subsidiary, provision of impairment loss and inventory write-down: cash and cash equivalents went down by 49% from Ps. 21 million last year to Ps. 10 million; inventories down by 100% from Ps. 289 million to Ps. nil million; other current assets down by 98% from Ps. 91 million to Ps. 2 million; property, plant and equipment by 52%; and leasehold rights by 94%. There were increases however in the following assets accounts: trade and other receivables by 911% or from Ps. 165 million to Ps. 1,672 million; and due from related parties by 754% from Ps. 39 million to Ps. 331 million; The current results of operational and financial conditions of the Group were attributable significantly to ZZS limited operating activity and eventually to deconsolidation and TSC's a decade of non-operation primarily due to prolonged power crisis and not so competitive market price and conditions. Current assets accounted for 55% and 14% of the balance sheet for the year 2022 and 2021 respectively.

In 2022, total liabilities went down by 25% or Ps. 1,145 million from Ps. 4,562 million to Ps. 3,416 million primarily due to deconsolidation of a subsidiary and liquidation of loans. Significant decreases were noted in the following accounts: trade payables down by 68% from Ps. 589 million to Ps. 188 million; accrued expenses up down by 77% from Ps. 161 million to Ps. 37 million; salaries payable down by 27% from Ps. 23 million to Ps. 17 million; loans payable down by 30% from Ps. 424 million to Ps. 297 million. There were increases in the other accounts but not so significant.

Our resulting capital base has appreciated significantly to a positive Ps. 248 million from a negative Ps. 299 million in 2021. The significant appreciation in our equity performance was brought about by a significant gain of Ps. 1,371 million from the deconsolidation of a subsidiary and resulted to a consolidated income of the Group in the amount of Ps. 915 million compared to a loss of Ps. 408 million in 2021. As a result of the appreciation in our capital base, debt to equity ratio resulted to a positive13.80:1 from a year ago of negative -15.23:1.

- Causes for any Material Changes in the Balance Sheet Accounts:

• Cash and cash equivalents decreased significantly by 49% or Ps. 10 million to Ps. 10.5 million from Ps. 21 million a year ago due to liquidation of trade and other payables on a day-to-day operation.

- Trade and other receivable went up by Ps. 1,506 million or 911% from Ps. 165 million to Ps. 1,672 million primarily due to recognized receivables from a third party as a result of deconsolidation of a subsidiary.

- Inventories went down by Ps. 289 million or 100% from Ps. 289 million to Ps. nil million due to ZZS limited operation during the first six months prior to its disposal and allowance on inventory write-down.

- Creditable tax withheld at source decreased by 100% or Ps. 68 million as a result of the provision of allowance for impairment due to uncertainty of its benefits in the future.

- Property, plant and equipment remains stable despite a 52% decrease or Ps. 1,802 million from Ps. 3,438 billion in 2021 to Ps. 1,636 billion in 2022 level primarily due to disposal and deconsolidation of a subsidiary.
- Other non-current assets decrease by 100% or Ps. 17 million with the provision of allowance for impairment loss.

- Trade and other payables went down by 65% or Ps. 510 million from Ps. 787 million to Ps. 277 million in 2022 notably in trade payables by Ps. 402 million or 68% from Ps. 589 million to Ps. 188 million.

- Loan payable went down by Ps. 127 million or 30% from Ps. 425 million to Ps. 297 million due to partial liquidation of the accounts and results of deconsolidation of a subsidiary. Equity appreciated significantly to a positive Ps. 248 million from a negative Ps. 299 million. The appreciation of the capital base was mainly brought about by the consolidated income of Ps. 915 million due to recognized gain on deconsolidation of a subsidiary amounting to Ps. 1,370 million. TSC as reported in 2013 has stopped its operation due to limited power supply.

e. 2021 versus 2020
- Results of Operations

The Corporation registered a consolidated net loss of Ps. 408 million in 2021 compared to a net loss of Ps. 170 million a year ago. The bottom-line results showed a negative performance due to lower production and sales volume and marketing activity in ZZS operation. The prevailing coronavirus (Covid-19) pandemic has adversely affected ZZ Stronghold’s operation and financial performance during the period. Although TSC is non-operating for the last eight years, the prospect of looking for the right investors continued as there were parties who have shown interest and doing exploratory talks with the Group. The company’s direction is to shift into production of nickel concentrate and nickel pig iron that will only requires 25% of the original power supply requirement. TSC is still looking for the right party to provide the new technology for nickel leaching. This chemical process will take only two hours to extract nickel from laterite ores and will result to a nickel recovery rate of 20-50%.

ZZS operation has resulted in gross profit of Ps. 23 million however the overall market condition is still unfavorable coupled with a very volatile steel prices in China due to higher steel supply and the long-term effect and the prevailing outbreak of the Covid-19 Pandemic in the big and key cities of China. ZZS partnered with a third party and resumed the construction and of its plant facilities which is estimated to be completed in 2022 pending all documentations before it would be allowed to be operational. ZZS Stronghold is also planning to venture into a heavy industrial structure project for its available idle land. This project will be ZZ Stronghold's third plant facility.

Revenue significantly went up by 125% to Ps. 1,155 million compared to a year ago of Ps. 512 million with ZZS contributing 100% of the Group sales. The Corporation also registered a 30% gross profit of Ps. 23 million in 2021 compared to a gross profit of Ps. 18 million in 2020. ZZS's performance on general production, sales and marketing activity still depended on a lower market price and demand due to over-supply of steel products in the China market.

Operating expenses went up to Ps. 380 million or 171% higher from the 2020 level of Ps. 139 million. The major factor for the higher operating expenses were in the following accounts: a) allowance for impairment of input vat by 100%; depreciation and amortization by 22%; salaries and wages by 28%; rent by 166%; repairs by 31%; and office supplies by 45%.

- Financial Condition

Total assets base still remains stable despite the slight decrease of 2.81% to Ps. 4,262 million in 2021 from last year's figure of Ps. 4,386 million. The Ps. 123 million decrease was primarily due to the following: cash and cash equivalents went down by 76% from Ps. 86 million last year to Ps. 21 million; inventories by 10% from Ps. 319 million from to Ps. 289 million; other current assets by 2% from Ps. 92 million to Ps. 91 million; and input vat by 100% due to provision impairment loss. There were increases however in the following assets accounts: trade and other receivables by 17% or from Ps. 141 million to Ps. 165 million; long-term deferred expenses by 8% from Ps. 11 million to Ps. 12 million; property plant and equipment by 5% from Ps. 3,269 million to Ps. 3,438 million; and leasehold rights by 3% from Ps. 197 million to Ps. 203 million. The current operational and financial conditions of the Group were attributable significantly to ZZS minimal but stable operating activity coupled with adverse effect of the prevailing corona virus (Covid-19) in China and TSC's nil production, sales and marketing activity primarily due to prolonged power crisis and not so competitive market price and conditions. Current assets accounted for 14% and 15% of the balance sheet for the year 2021 and 2020 respectively.

In 2021, total liabilities went up by 5.45% or Ps. 235 million from Ps. 4,326 million to Ps. 4,561 million. Significant increases were noted in the following accounts: accrued expenses up by 38% or Ps. 44 million from

Ps. 116 million to Ps. 160 million; salaries payable up by 11% or Ps. 2 million from Ps.21 million to Ps. 23 million; withholding taxes payable up by 28% or Ps. 1 million from Ps. 3.5 million to Ps. 4.5 million; statutory payables up by 187% or Ps. 0.6 million from Ps. 0.3 million to Ps. 0.9 million; due to related parties up by 17% or Ps. 388 million from Ps. 2,323 million to Ps. 2,711 million and retirement liability up by 6% or Ps. 0.6 million from Ps. 9 million to Ps. 10 million.

Our resulting capital base has depreciated by 602% or Ps. 358 million as of 2021 from a positive equity of Ps. 59 million in 2020. The significant depreciation in our equity performance was primarily due to stoppage and minimal production and sales activity of our two main steel subsidiaries, TSC and ZZS respectively and provision for impairment of some assets accounts resulting to a current consolidated loss of the Group in the amount of Ps. 408 million. As a result of the depreciation in our capital base, debt to equity ratio has resulted to -15.23:1 from a year ago of 72.65:1.

- Causes for any Material Changes in the Balance Sheet Accounts:

• Cash and cash equivalents decreased significantly by 76% or Ps. 65 million to Ps. 21 million from Ps. 86 million a year ago brought about by a significant liquidation in trade and other payables by 19% or Ps. 191 million from Ps. 978 million to Ps. 787 million.

• Trade and other receivable went up by Ps. 24 million or 17% from Ps. 141 million to Ps. 165 million due to slowdown in economy and the adverse effect of the Pandemic to both domestic and foreign accounts.

• Inventories went down by Ps. 30 million or 9% from Ps. 319 million to Ps. 289 million as ZZS is still not operating at full capacity and lockdowns of the plant during the height of the coronavirus pandemic in 2021.

• Creditable tax withheld at source remains constant at Ps. 68 million each respectively for the years 2021 and 2020 while the input value-added tax of Ps. 223 million was impaired due to uncertainty of its benefits due to minimal business activities of our two subsidiaries.

• Property, plant and equipment remains stable with a 5% or Ps. 169 million from Ps. 3,269 billion in 2020 to Ps. 3,438 billion in 2021 level as there was no provision for impairment loss for the current year.

• Other non-current assets remain constant at Ps. 17 million and Ps. 18 million respectively for the year 2021 and 2020

• Trade and other payables went down by 19% or Ps. 191million from Ps. 979 million to Ps. 787 million in 2021 notably in trade payables by Ps. 239 million by 29% from Ps. 829 million to Ps. 589 million.

- Loan payable went down by Ps. 465 million or 52% from Ps. 890 million to Ps. 425 million due partial liquidation of the accounts and the short-term renewal of credit facilities of ZZS for their production and selling activities.

- Equity depreciated significantly by 602% or Ps. 359 million from Ps. 59 million to negative Ps. 299 million. The depreciation of the capital base was mainly brought about by the continuing losses of the two main steel subsidiaries, ZZS operating at minimal capacity due to unfavorable market conditions while TSC as reported in 2013 has stopped its operation due to limited power supply.

f. Key Performance Indicators

Performance Ratios	**2023**	**2022**	**2021**
Revenue Growth (%)	**-100%**	**-82%**	**125%**
Gross Profit Margin (%)	**0%**	**8 %**	**2%**
Basic Loss per share 1/	**(Ps.0.08)**	**Ps. 0.98**	**(Ps. 0.42)**
Current Ratio 2/	**0.58**	**0.60**	**0.15**
Debt-to-Equity Ratio 3/	**21.35**	**13.80**	**(15.23)**
Return on Equity 4/	**-0.41**	**-35.27**	**3.4**

1/ Net income applicable to majority shareholders/weighted average of outstanding common shares
2/ Total current assets/total current liabilities
3/ Total liabilities/equity
4/ Net income /total equity (average)

g. Other Matters

There were no known trends, demands or uncertainties that will have a material impact on the Corporation's liquidity. The Corporation does not anticipate any cash flow or liquidity problems within the next twelve (12) months and is not at default or breach of any note, loan, lease or other indebtedness or financing arrangement requiring it to make payments. No significant amounts of trade payables have been unpaid within the stated
trade terms.

There are no known trends, or events, uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations nor any events that will trigger direct or contingent financial obligation that is material to the Corporation, including any default or acceleration of an obligation.

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

- There were no seasonal aspects that had a material impact on the financial condition or results of operations of the Corporation.

- Any material commitments for capital expenditure:

  The Corporation conducted a Follow-On Offering on November 23, 2007 that raised gross proceeds of Ps. 2, 275 million to finance expansion and development plans of its two (2) subsidiaries, TSC and ZZS. These projects are on-going both in our China and Iligan plants.

- There were no significant elements of income or loss that did not arise from the registrant's continuing operations except as presented in the Management Discussion and Analysis.

ITEM 7 – Financial Statements

Please refer to the attached audited consolidated financial statements of the Corporation as at and for the year ended December 31, 2023 which have been prepared in accordance with Philippine Financial Reporting Standards, as audited by Reyes Tacandong & Co.

ITEM 8 - Changes in and Disagreement with Accountants on Accounting and Financial Disclosure

Reyes Tacandong & Co. was appointed as external auditor for the years ended December 31, 2023, 2022 and 2021 to comply with the rotation of external auditors every 5 years. For the years ended December 31, 2010 and prior years, the external audit of the annual financial statements was performed by SGV & Co.

There were no disagreements with the external auditors on any matter pertaining to accounting and financial disclosure.

PART III – CONTROL AND COMPENSATION INFORMATION

ITEM 9 - Directors and Executive Officers

The Corporation's Board of Directors is responsible for the overall management of the business and assets of the Corporation. The Board of Directors is composed of five (5) members, each of whom serves for a term of one (1) year until his/her successor is duly elected and qualified**.**

Board of Directors

The following incumbent members of the Board of Directors of the Corporation were elected during the Annual Stockholders Meeting virtually held on the 29th of December 2022.

Ben C. Tiu, Filipino, 72, is the **Chairman** of the Corporation. Mr. Tiu is also the present Vice-Chairman and CEO of I-Remit, Inc. He served as Chairman and CEO of IRemit, Inc. from 2001 until 2004. He is an Independent Director of Macroasia Corporation from 1988 to present; as Corporate Nominee, Fidelity Securities, Inc. from 1995 to present; Chairman and CEO of Textra Corporation from September 2022 to present; Chairman of Treasure Steelworks Corporation from 2007 to present; Chairman and CEO of Goodwind Energy Corporation from March 2023 to present; Director of I-Remit global Remittance Limited (UK) from January 2002 to present; Board Member of I-Remit Consulting Societa Per Azioni (Italy) from June 2022 to present and Director of I-Remit Japan from June 2011 to present. He holds a Master in Business Administration from the Ateneo de Manila University and a degree in Mechanical Engineering from Loyola Marymount University, USA.

Ignatius F. Yenko, Filipino, 72, is a **Director** and **Vice-Chairman** of the Corporation. He is likewise a Director of Sterling Bank of Asia and member of the Executive Committee, Audit Committee, Risk Committee, Nomination and Compensation Committee and Loan Committee of the bank. He was Management Consultant for Cyan Management Corporation from July 2003 to December 2008. He was previously First Vice-President of Philippine Long Distance Telephone Company until his resignation in July 2003. Mr. Yenko was formerly a Vice President at The Chase Manhattan Bank, N.A. where he worked for almost 11 years. He graduated with honors from the Ateneo de Manila University with a Bachelor of Arts degree in Economics. He holds a Master in Business Management degree from the Asian Institute of Management and was a recipient of the Claude M. Wilson National Scholarship Grant.

Vicente V. de Villa, Jr., a Filipino, 90, is an **Independent Director** of the Corporation. He currently holds the position of Chairman and President of VICON Realty Corporation (1972-present), Director of Heavenly Angel Memorial Park (2006-present), EL Message Services (2006-present) and ELAD Telecom Phils., Inc. (2006-present). He is also the Executive Director of EL Enterprises, Incorporated, EL International Holdings (BVI) Limited (1989-present). Likewise, he is a Foreign Representative of JDP International (USA), Central International Corporation (KOREA), NW Technologies International, Inc. (USA) and BSI Corporate Services (ITALY). He holds a Bachelor of Laws Degree from Ateneo de Manila, Padre Faura.

Prudencio C. Somera, Jr., Filipino, 79, is a **Director** of the Corporation. He is an Independent Director of Basic Petroleum Corporation (1997-present), another publicly-listed corporation, and Director of Philcomsat Holdings Corporation (2004-present). He is a member Board of Advisers of Basic

Energy Corporation since August 2008 (board member, 1977 – 2008). He was previously Director of iVantage, Inc. (1998-2000) and Acoje Oil Exploration and Minerals Corporation (1997-1999). A columnist of Philippine Daily Inquirer, he holds a Master of Business Administration Degree from the University of the Philippines.

Kevin G. Khoe, Filipino, Filipino, 51, is a **Director** of the Corporation. He is the Founder and President of Big Big Holdings (2006-present). He was an Independent Director of ATR-Kim Eng Equity Opportunity Fund (2010-2016). He was previously an Independent Director of Home Guaranty Corporation (2008-2010). He served also as the Chief Operating Officer of Yehey.Com (2000-2005). He served also as the Research Head of Philequity Fund (1998-2000), Vantage Securities, Corp. (1997-1998) and Sapphire Securities, Inc. (1995-1997). He was also a Part-time Lecturer at the University of Asia and Pacific. He holds a Degree of Bachelor of Science in Quantitative Economics from the University of Asia and Pacific.

Executive Officers

Barbara April C. Tiu, Filipino, 35, is the **Treasurer** of TKC Metals Corporation. She also serves as Business Development Officer of the same company. She is a graduate of Immaculate Concepcion Academy as well as Ateneo de Manila University, where she obtained her degree in Business Administration with a minor in Entrepreneurship. She also runs a small home-based baking business and is part-owner of several small business.

Efren A. Realeza, Jr, Filipino, 63, is the **Chief Finance Officer** and **Head of Accounting Service**s of the Corporation. Prior to joining the Corporation, he was the Audit Manager of VBP Group of Companies-Derm-pharma and Derm Clinics; Triumph Development Corporation - a cement company with overseas operation and Ajinomoto Philippines Corporation as Audit Manager Financial Controller of Flavor Food Products International Inc., Union Hikari Fertilizer International, Inc. and Global Cebu Foods Corporation. He graduated with a degree of Bachelor of Science in Accountancy from the Polytechnic University of the Philippines. He is a Certified Public Accountant.

Edson T. Eufemio, Filipino, 55, is the **Corporate Secretary** and **Corporate Information Officer** of TKC Metals Corporation. He is a lawyer by profession and practices corporate and commercial law through his office, E.T. Eufemio Law Office. He is a legal and business consultant of small, medium and large enterprises in various industries. He is a graduate of Xavier School and U.P. Diliman, where he has obtained degrees in Psychology, Law and Masters in Business Administration. He sits on the board of directors and also acts as Corporate Secretary for many other private companies.

Significant Employees

Although the Corporation has and will likely continue to rely significantly on the continued individual and collective contributions of its senior management team, the Corporation is not dependent on the services of any particular employee. It does not have any special arrangements to ensure that any employee will remain with the Corporation and will not compete upon termination.

Involvement in Certain Legal Proceedings

None of the members of the Corporation's Board of Directors and its Executive Officers are involved in criminal, bankruptcy or insolvency investigation or proceedings against them.

ITEM 10 – Executive Compensation

The executive compensation information that is presented below covered the Executive Officers and Directors of TKC for 2022, 2023 and 2024. All members of the Board of Directors receive per diem per meeting only.

2022

Name and Principal Position	Salary (Annual)	Bonus	Other Annual Compensation
Ignatius F. Yenko Vice-Chairman			
Domingo S. Benitez Jr. President and Chief Operating Officer			
Efren A. Realeza Jr. Head-Accounting Services /Chief Finance Officer			
Aggregate Compensation of all Above-named Officers	4,395,167		
Aggregate Compensation of all above-Named Officers and Directors	4,395,167		

2023

Name and Principal Position	Salary (Annual)	Bonus	Other Annual Compensation
Ignatius F. Yenko Vice-Chairman			
Domingo S. Benitez Jr. President and Chief Operating Officer			
Efren A. Realeza Jr. Head-Accounting Services /Chief Finance Officer			
Aggregate Compensation of all Above-named Officers	4,060,000		

Aggregate Compensation of all Above-named Officers and Directors	4,060,000		

2024 (Estimated)

Name and Principal Position	Salary (Annual)	Bonus	Other Annual Compensation
Ignatius F. Yenko Vice-Chairman			
Aggregate Compensation of all Above-named Officers	2,340,000		
Aggregate Compensation of all Above-named Officers and Directors	2,340,000		

ITEM 11 - Security Ownership of Certain Record and Beneficial Owners and Management

Security Ownership of Certain Record and Beneficial Owners

As of December 31, 2023, the following stockholders beneficially own more than 5% of the Corporation's Outstanding and Issued Common Shares:

Title of Class	Name/Address of Record Owner & Relationship with Issuer	Name of Beneficial Owner & Relationship with Record Owner	Citizenship	Number of Shares	Percentage Of Holdings
Common	JTKC Equities, Inc. JTKC Centre, 2155 Pasong Tamo, Makati City		Filipino	750,000,000	44.38%
Common	Star Equities, Inc. 2nd Floor, JTKC Center 2155 Pasong Tamo Makati City		Filipino	667,000,598	39.47%
Common	PCD Nominee Corporation		Filipino	268,175,021	15.87%

Security Ownership of Directors and Management

Title of Each Class	**Name of Record/Beneficial Owner**	**Number of Shares and Nature of Record/ Beneficial Ownership**	**Percentage**
Common	Tiu, Ben C. Yenko, Ignatius F. De Villa, Vicente V. Somera, Jr., Prudencio C. Khoe, Kevin G.	1 1 1 1 1	-- -- -- -- --

Voting Trust Holders of 5% or more

There is no person holding more than 5% of any class of the Corporation's securities under a voting trust or similar agreement.

ITEM 12 – Certain Relationship and Related Transactions

The Corporation entered into the following transactions with related parties:

Date of Execution	Parties	Nature	Cause/Consideration
April 30, 2007	TKC and Star Equities, Inc. (SEI)	Agreement for Assignment of Advances	Acquisition at cost of the entire interest in the advances of SEI in Billions Steel International Limited
June 29, 2007	TKC and Billions	Absolute Deed of Assignment of Shares	Billions assigned all its rights and interests in 479,997 fully paid shares in Treasure Steel (TSC) for a total of consideration of Ps. 47,997,000.00
June 29, 2007	TKC and TSC	Marketing Agreement	TSC appointed TKC as the exclusive sales and marketing channel of all its products and gave TKC the right to enter into agreements with third parties to carry out said purpose. Under the Agreement, both parties acknowledge the existing agreement between TSC and

			Steel Alliance and thus, TKC assumed all the obligations of TSC to Steel Alliance.

PART IV - CORPORATE GOVERNANCE

ITEM 13 – Corporate Governance

The Corporation, through its Compliance Officer, has monitored the Corporation's compliance with SEC Memorandum Circular No. 60, Series of 2009, No. 20, Series of 2013 and other relevant SEC Circulars on Corporate Governance and with the Manual of Corporate Governance adopted by the Company.

PART V - EXHIBITS AND SCHEDULES

ITEM 14 – Exhibits and Reports on SEC Form 17-C

The Corporation has filed the SEC Form 17-C reports during the fiscal year ending December 31, 2023:

Date Filed	Items Reported
5 December 2023	SEC Approval of Certificate of Increase of Capital Stock from P1,000,000,000.00 divided into 1,000,000,000 shares of the par value of P1.00 each, to P3,000,000,000.00 divided into 3,000,000,000 shares of the par value of P1.00 each
5 December 2023	SEC Approval of the Certificate of Filing of the Amended Articles of Incorporation to reflect its change of principal office address from Makati City to Taguig City
11 September 2023	Replacement of Treasurer from Gilbert Gaw to Barbara April C. Tiu
11 May 2023	Resignation of Domingo S. Benitez Jr. as President and Chief Operating Officer
25 January 2023	Results of 2022 Annual Stockholders' Meeting held on 29 December 2022
25 January 2023	Result of Organizational Meeting held on 29 December 2022

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersign, thereunto duly authorized, in the City of _________ on __________, 2024.

By:

Ben C. Tiu Chairman/Chief Executive Officer	Ignatius F. Yenko Vice-Chairman
Efren A. Realeza Jr. Chief Financial Officer	Edson T. Eufemio Corporate Secretary

SUBSRIBED AND SWORN to before me this APR 26 2024 day of _______________ 2024 affiants exhibiting to me his/her Passport, as follows:

NAMES	PASSPORT NO.	VALID UNTIL	PLACE OF ISSUE
Ben C. Tiu	EC3799702	02/13/2028	DFA NCR East
Ignatius F. Yenko.	P0405937B	01/24/2029	DFA NCR Central
Efren A. Realeza Jr.	P4832475B	02/16/2030	DFA NCR North
Edson T. Eufemio	P5105605B	03/11/2030	DFA NCR North

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ATTY. RUBEN M. AZAÑES, JR.
NOTARY PUBLIC
Commission No. NP-025 (2023-2024)
VALID UNTIL DECEMBER 31, 2024
MCLE Compliance No. VII-0018605
Attorney's Roll No. 46427