COVER SHEET

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S.E.C. Registration Number

H O L C I M   P H I L I P P I N E S ,   I N C .

(Company's Full Name)

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S Q U A R E   M C K I N L E Y   H I L L

F O R T   B O N I F A C I O ,   T A G U I G

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

c/o Atty. Erika B. Paulino
Martinez Vergara & Gonzalez Sociedad

Contact Person

(02) 8687-1195

Company Telephone Number

1 2 **3 1**

Month *Day*

Fiscal Year

Definitive Information Statement (20-IS)

FORM TYPE

May 11

Month *Day*

Annual Meeting

N/A

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 I.D.

Cashier

STAMPS

Remarks = pls. Use black ink for scanning purposes

Office of the Corporate Secretary

Holcim Philippines, Inc.
7th Floor, Two World Square
Mckinley Hill, Taguig City
1634 Philippines
Phone: +(632) 85811511

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
May 11, 2023
2:30 P.M., Philippine Time
8th Floor, Two World Square, McKinley Hill,
Fort Bonifacio, Taguig City 1634, Philippines
(via Remote Communication)

You are cordially invited to attend the Annual Meeting of Stockholders of **HOLCIM PHILIPPINES, INC.** (the "Company") which will be held virtually on **May 11, 2023 (Thursday) at 2:30 p.m. to 3:30 p.m., Philippine time**. The Chairman of the Annual Meeting shall call and preside over the meeting in Metro Manila which is the place where the principal office of the Company is located. The Agenda of the meeting is as follows:

1. Call to Order
2. Proof of Notice and Determination of Quorum
3. Approval of Minutes of Previous Meeting
2. Operations Report/ Approval of the Annual Report and the Audited Financial Statements of the Company for the period ended December 31, 2022
4. Election of Directors
5. Ratification of all acts, contracts, investments and resolutions of the Board, Committees and Management since the last Annual Shareholders' meeting
6. Appointment of External Auditor for 2023
7. Amendment of By-Laws
8. Other Matters
9. Adjournment

These items are fully discussed in the Information Statement, published in the Company's website at **www.holcim.ph**, and on PSE EDGE.

Given the current circumstances and taking into consideration the safety of everyone, stockholders may only attend the meeting via remote communication. Only stockholders of record in the books of the Company at the close of business on April 11, 2023 will be entitled to notice of, participation via remote communication, and voting *in absentia* at such meeting and any adjournment thereof.

Stockholders who intend to participate in the meeting via remote communication and to exercise their vote *in absentia* must register by filling up the form that can be found at **www.conveneagm.com/ph/HLCMASM2023**. Online registration will be open from April 19, 2023 at 8:00 A.M. to May 5, 2023 at 5:00 P.M. All information submitted will be subject to verification and validation by the Corporate Secretary and the Stock Transfer Agent.

Stockholders who wish to appoint a proxy should send a scanned copy of a duly accomplished proxy form, together with other supporting documents, via email to **hpilegalandcompliance-phl@holcim.com** and not later than May 6, 2023. Alternatively, should you wish to appoint the Chairman of the meeting as proxy, you may use the digital proxy form available at www.conveneagm.com/ph/HLCMASM2023. Please note that we are not soliciting proxies. A hard copy of the Proxy Form should be delivered to The Corporate Secretary, 7th Floor, Two World Square, McKinley Hill, Fort Bonifacio, Taguig City within five days after the proxy form has been sent via e-mail.

Stockholders who have successfully registered can cast their votes and will be provided access to the live streaming of the meeting. The procedures for attending the meeting via remote communication and for casting votes *in absentia* are explained further in the "***Requirements and Procedure for Registration, Participation and Voting in Absentia***" appended to the Information Statement.

For complete information on the annual meeting, please visit **www.holcim.ph**.

HOLCIM PHILIPPINES, INC.
By:

Belinda E. Dugan
Corporate Secretary

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

**INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE**

1. Check the appropriate box:

   [ ] Preliminary Information Statement
   [✓] Definitive Information Statement

2. Name of Registrant as specified in its charter: **Holcim Philippines, Inc.**

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

4. SEC Identification Number: **026126**

5. BIR Tax Identification Code: **000-121-507-000**

6. Address of Principal Office/Postal Code: **7th Floor, Two World Square McKinley Hill, Fort Bonifacio Taguig City 1634, Philippines**

7. Registrant's telephone number, including area code: **(632) 8581 1511**

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

   **May 11, 2023, Thursday, at 2:30 P.M.
   7th Floor, Two World Square, McKinley Hill,
   Fort Bonifacio, Taguig City 1634, Philippines
   (via Remote Communication)**

9. Approximate date on which the Information Statement is first to be sent or given to security holders: **April 17, 2023**

10. Securities registered pursuant to Sections 8 and 12 of the Securities Regulation Code or Sections 4 and 8 of the Revised Securities Act (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class	Number of Shares of Common Stock Outstanding or Amount of Debt Outstanding
Common Shares	**6,452,099,144**

11. Are any or all of registrant's securities listed on a Stock Exchange?

    Yes ___x____ No _______

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

HOLCIM PHILIPPINES, INC.

INFORMATION STATEMENT

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

A. GENERAL INFORMATION

ITEM 1. DATE, TIME AND PLACE OF ANNUAL MEETING OF SECURITY HOLDERS (THE ANNUAL MEETING)

(a) Date: **May 11, 2023, Thursday**

Time: **2:30 p.m.**

Place: **7th Floor, Two World Square, McKinley Hill, Fort Bonifacio, Taguig City 1634, Philippines via Remote Communication**

Principal office: **7th Floor, Two World Square**
McKinley Hill, Fort Bonifacio
Taguig City 1634, Philippines

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

April 17, 2023

ITEM 2. DISSENTERS' RIGHT OF APPRAISAL

Pursuant to Section 80 of the Revised Corporation Code of the Philippines (the **Revised Corporation Code**), (1) in case of amendment to the articles of incorporation that has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence, (2) in case of lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Revised Corporation Code, (3) in case of merger or consolidation, and (4) in case of investment of corporate funds for any purpose other than the primary purpose of the Company, any stockholder of Holcim Philippines, Inc. (the **Company** or **HPI**) shall have the right to dissent and demand payment of the fair value of his shares.

As provided in Section 81 of the Revised Corporation Code, this appraisal right may be exercised by any stockholder who shall have dissented to such corporate action, by making a written demand on the Company within 30 days after the date on which the vote was taken, for payment of the fair value of his shares. Failure to make the demand within such period shall be deemed a waiver of the appraisal right.

Within ten days after demanding payment for his shares, a dissenting stockholder shall submit to the Company the certificate(s) of stock representing his shares for notation thereon that such shares are dissenting shares. His failure to do so shall, at the option of the Company, terminate his appraisal rights. No demand for payment as aforesaid may be withdrawn by the dissenting stockholder unless the Company consents thereto.

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

If within a period of 60 days from the date the corporate action was approved by the stockholders, the withdrawing stockholder and the Company cannot agree on the fair value of the shares, it shall be determined and appraised by three disinterested persons, one of whom shall be named by the stockholder, another by the Company, and the third by the two thus chosen. The findings of the majority of the appraisers shall be final, and their award shall be paid by the Company within 30 days after such award is made. No payment shall be made to any dissenting stockholder unless the Company has unrestricted retained earnings in its books to cover such payment. Upon payment by the Company of the agreed or awarded price, the stockholder shall forthwith transfer his shares to the Company.

No matter will be presented for stockholders' approval during the Annual Meeting that may give rise to the exercise of a right of appraisal.

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

No director or officer of the Company since the beginning of the last fiscal year, or any nominee for election as director, or any of their associates, has any substantial interest, direct or indirect, by security holdings or otherwise, in any matter to be acted upon at the Annual Meeting, other than election to office.

No director of the Company has informed the Company in writing that he intends to oppose any action to be taken by the Company at the Annual Meeting.

B. CONTROL AND COMPENSATION INFORMATION

ITEM 4. VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

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

As of March 31, 2023, there are 6,452,099,144 shares of the Company's common stock outstanding and entitled to vote at the Annual Meeting. One share is equivalent to one vote except in the election of directors where one share is entitled to as many votes as there are directors to be elected.

(b) Record Date

All stockholders of record at the close of business on **April 11, 2023** (the **Record Date**) are entitled to notice of, and to vote at, the Annual Meeting.

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

(1) Security Ownership of Certain Record and Beneficial Owners

The table below shows persons or groups known to the Company as of March 31, 2023 to be directly or indirectly the record or beneficial owner of more than 5% of the Company's voting securities:

Title of Class	Name, Address, Citizenship of Record Owners and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	No. of Shares Held	% of Ownership
Common	Union Cement Holdings Corporation (**UCHC**) 7th Floor, Two World Square, McKinley Hill, Fort Bonifacio, Taguig City Filipino Stockholder	Union Cement Holdings Corp. (same as record owner)	3,906,425,506	60.55%
Common	Holderfin B.V. (**Holderfin**) De Lairessestraat 129Hs, 1075 HJ Amsterdam, The Netherlands Dutch Stockholder	Holderfin B.V. (same as record owner)	1,168,450,996	18.11%
Common	Sumitomo Osaka Cement Co., Ltd. (**Sumitomo**) 1-9-2 Higashi-Shimbashi, Minato-ku, Tokyo 105-8641, Japan Japanese Stockholder	Sumitomo Osaka Cement Co., Ltd. (same as record owner)	594,952,725	9.22%
Common	Cemco Holdings, Inc. (**Cemco**) 815/816 Tower One & Exchange Plaza, Ayala Avenue, Makati City Filipino Stockholder	Cemco Holdings, Inc. (same as record owner)	456,689,560	7.08%

The respective Board of Directors of each of UCHC, Holderfin, Sumitomo, and Cemco has the power to decide how their shares in the Company are to be voted. The following are the natural persons authorized to vote the shares of the foregoing record and beneficial owners upon the direction of their respective Board of Directors:

	Authorized Representative
UCHC	Horia Adrian
Holderfin	Horia Adrian
Sumitomo	Yoshinori Manabe
Cemco	Horia Adrian

The Company only has common shares outstanding. As of March 31, 2023, the Company's foreign stockholders hold 28.31% of the common shares.

(2) Security Ownership of Management

The table below shows the securities beneficially owned by all directors and executive officers of the Company as of March 31, 2023:

Title of Class	Name of Beneficial Owner	Amount & Nature of Beneficial Ownership	Citizenship	Registered (R) or Beneficial (B)	% of Ownership
Common	Tomas I. Alcantara	1(D)	Filipino	R	0.00%
Common	Martin Kriegner	1(D)	Austrian	R	0.00%
Common	Horia C. Adrian	1(D)	Romanian	R	0.00%
Common	Thomas G. Aquino	1(D)	Filipino	R	0.00%
Common	Tan Then Hwee	1(D)	Singaporean	R	0.00%
Common	Medel Nera	1(D)	Filipino	R	0.00%
	Total	**6**		**R**	**0.00%**

Directors and officers as a group hold a total of 6 common shares, equivalent to approximately 0.00% of the Company's issued and outstanding capital stock.

(d) Voting Trust Holders of 5% or more

No person holds 5% or more of the issued and outstanding shares of stock of the Company under a voting trust or similar agreement.

(e) Changes in Control

There were no material changes in the control of the Company since the beginning of the Company's last calendar year. There are no arrangements which may result in a change of control of the Company.

ITEM 5. DIRECTORS AND EXECUTIVE OFFICERS

(a) The Board of Directors

The Board is responsible for the overall management and direction of the Company. The Board meets regularly every quarter, or as often as required, to review and monitor the Company's financial position and operations. Each Board member serves for a term of one year or until his successor is duly elected and qualified. None of the members of the Board owns more than 2% of the total outstanding shares of the Company.

The following are the current members of the Board

Office	Name	Citizenship
Chairman	Tomas I. Alcantara	Filipino
Vice Chairman	Martin Kriegner	Austrian
Director	Horia C. Adrian	Romanian
Director	Tan Then Hwee	Singaporean
Independent Director	Thomas G. Aquino	Filipino
Independent Director	Medel Nera	Filipino

Set forth below are the business experience of the Board during the last five years:

Tomas I. Alcantara, 75, Filipino, holds a Bachelor of Science degree in Economics from Ateneo de Manila University, a Master's in Business Administration degree from Columbia University, USA, and attended the Advance Management Program of the Harvard Business School. He was the Chairman and President of Alsons Consolidated Resources, Inc., and of several power and property development companies in the Alcantara Group. Mr. Alcantara was Undersecretary for the Industry & Investment Group of the Department of Trade and Industry and the Vice Chairman and Managing Head of the Board of Investments from July 1986 to March 1995. He was also Special Envoy of the Philippine President to APEC in 1996.

He is currently the Chairman of the Eagle Ridge Golf & Country Club, Inc. On July 2, 2021, Mr. Alcantara was elected as one of the board of the Philippine Stock Exchange (PSE). He was elected Director of the Company on July 4, 2003.

Martin Kriegner, 60, Austrian, is a graduate of Vienna University with a Doctorate in Law and he obtained an MBA at the University of Economics in Vienna. He joined the Holcim Group in 1990 and became the CEO of the Austrian operations in 1998. He moved to India as CEO in 2002 and later served as Regional President Cement for Asia. In 2012, he was appointed CEO for India for Cement, RMX and Aggregates. In July 2015 he became Area Manager Central Europe and was appointed Head of India in 2016. Mr.Kriegner became a member of the Holcim Group Executive Committee in 2016 and is currently the Region Head for Asia, Middle East & Africa. He was elected as Director of the Company on August 18, 2016.

Horia-Ciprian Adrian, 54, Romanian, holds an MBA from the Ajou University in South Korea and a Master of Mechanical Engineering degree from University "Dunarea de Jos" in Romania. He is the former CEO of Holcim Romania and Head of Market for Serbia, Azerbaijan, Moldova & Bulgaria of LafargeHolcim. He joined LafargeHolcim in 2000 and has successfully held various management roles in the Group, including CEO roles for Russia, Eastern Europe & CIS and Middle East. He also managed the LafargeHolcim Group's Business Transformation. He was elected as Director of the Company on March 1, 2021.

Tan Then Hwee, 50, Singaporean, holds an MBA and BBA in marketing from Wichita State University, Kansas , USA. She has over 20 years of human resources management experience in an international business environment across Asia Pacific. She is currently the Vice President HR, Global Head Learning & Development of Lafargeholcim Ltd. and concurrently a director of Ambuja Cements Ltd, India. Prior to joining Lafargeholcim in 2019, Ms. Tan was the Vice President HR, Asia Pacific of Singapore from April 2007 to March 2019. She was elected as Director of the Company on September 17, 2020.

Thomas G. Aquino, 73, Filipino, holds a Doctorate degree in Management from IESE Business School, University of Navarre (Spain), Master of Science in Industrial Economics from the University of Asia and the Pacific, and Bachelor of Arts in Economics from the University of the Philippines. In 2000, he served at the Department of Trade and Industry as acting Secretary and as Senior undersecretary overseeing the country's international trade promotions with trading partners and policy negotiations at the World Trade Organization and in the ASEAN Economic Community. Dr. Aquino is the recipient of the Presidential Service Award for extraordinary contribution of national impact on public interest, security and patrimony, Gawad Mabini Award and the Philippines-Japan Society Medal of Honor.

Dr. Aquino is currently a Director of NOW CORPORATION, and an Independent Director of ACR Corporation and A Brown Company, Inc. and PRYCE Corporation, all publicly listed firms on the Philippine Stock Exchange.

He was elected as Director of the Company on May 24, 2019.

Medel T. Nera, 67, Filipino, is presently a director and a member of the Audit Committees of House of Investments, Inc., iPeople, Inc., EEI Corporation, and Seafront Resources Corporation. He is also an independent director and Audit Committee Chairman of the National Reinsurance Corporation of the Philippines, Ionics, Inc., Ionics EMS, Inc. In addition, he is also an independent director of Ionics Properties, Inc. He was also a director of the Rizal Commercial Banking Corporation for 5 years, from 2011 to 2016. He was formerly a Senior Partner of SyCip Gorres Velayo & Co. (SGV), where he had about 35 years of experience in professional services. He served as Markets leader and Financial Services Practice Head at SGV. From 2008 – 2010, he served as Assurance Leader for the Financial Services Assurance practice of Ernst & Young in the Far East covering China, Taiwan, Hongkong, Korea, Singapore, Philippines and Vietnam.

Mr. Nera was a partner of SGV for 22 years and had served in various other leadership positions. He received an undergraduate degree from Far Eastern University and an MBA from the Leonard N. Stern School of Business, New York University. He was elected as Director of the Company on January 15, 2021.

A report on the attendance of directors at each meeting of the Board and its committees and in the meetings of the stockholders is provided in **Annex A.** An appraisal and performance report relating to the Board is provided in **Annex B**.

Directorships in other reporting companies

The following are directorships held by the Company's directors in other reporting companies during the past five years:

Name of Director	Name of Reporting Company
Tomas I. Alcantara	Eagle Ridge Golf & Country Club, Inc. Alsons Consolidated Resources, Inc.
Thomas Aquino	Alsons Consolidated Resources, Inc. A Brown Company NOW Corporation PRYCE Corporation
Medel T. Nera	House of Investments, Inc. iPeople, Inc. EEI Corporation Seafront Resources Corporation National Reinsurance Corporation of the Philippines Ionics, Inc. Ionics EMS, Inc. Ionics Properties, Inc.

Nomination of Independent Director for 2023-2024

The directors of the Company elected at the Annual Meeting shall hold office for one year and until their respective successors have been elected and qualified.

The following are the nominees to the Board of Directors:

1. Tomas I. Alcantara
2. Martin Kriegner
3. Horia-Ciprian Adrian
4. Tan Then Hwee

5. Thomas Aquino (Independent Director)
6. Medel T. Nera (Independent Director)
7. Gerardo C. Ablaza, Jr. (Independent Director)

The business experience of Mr. Tomas I. Alcantara, Mr. Martin Kriegner, Mr. Horia Ciprian Adrian, Mr. Tan Then Hwee, Mr. Thomas Aquino, and Mr. Medel T. Nera for the last five years is provided above. Below sets forth the business experience of Mr. Gerardo C. Ablaza, Jr.:

Gerardo C. Ablaza, Jr. is a Board Director in a number of publicly-listed companies and privately held corporations in the Philippines which are operating in the fields of retail banking, property development, education, infrastructure and health. He is also a member of the Board of Trustees in a number of non-profit foundations engaged in social initiatives, namely Ayala Foundation, BPI Foundation and Gawad Kalinga Foundation.

Mr. Ablaza retired from full-time executive work in 2017, after performing various corporate executive roles over a period of 43 years. His experience spanned a variety of industries: FMCG, agribusiness, retail banking, telecommunication and water distribution. His last executive assignment, from 2010 to 2017, was as President and CEO of Manila Water Company (PLC) which operated the water distribution concession serving six million customers in the East Zone of Metro Manila. During his term, Gerry took Manila Water beyond its singular presence in Metro Manila and led an expansion into new markets in the provincial areas of the Philippines, as well as in Vietnam. Before this stint, Gerry was at the helm of a leading telecom company — Globe Telecom, Inc. (PLC) from 1997 to 2009. He joined the company as Chief Operating Officer in 1997, then became its President and CEO from 1998 to April 2009.

Before joining the Ayala Group of Companies, Gerry held several positions in Citibank, N.A. over a span of 14 years. He was Country Business Manager of Citibank's Global Consumer Bank for the Philippines and Guam (1996-1997); Head of the Credit Payments Products Division of Citibank Singapore (1994-1995); Consumer Bank Head and Board Director of Citytrust Banking Corp., a Citibank affiliate in the Philippines (1987-1994); and Group Head of Citibank Philippines' Branches and Account Management divisions (1983-1987).

Mr. Ablaza proudly received a couple of international awards. In 2004, he was recognized by CNBC as the Asia Business Leader of the Year, the first Filipino to be granted this award. In the same year, he was awarded by Telecom Asia as the Best Telecom CEO. In 2013, Citibank gave him the Citi Distinguished Alumni Award for Leadership and Ingenuity, in recognition of "his consistent leadership and innovation across the banking, investment, telecommunications and utility service industries". Gerry was the first Filipino Citibanker to be so honored.

Mr. Ablaza received a Liberal Arts Degree, major in Mathematics (Honors Program) from De La Salle University in 1974, graduating with Summa Cum Laude honors. As one of the most accomplished graduates of his alma mater, he was elected as member of the Board of Trustees of various De La Salle schools in the country where he served for six years until 2019: De La Salle University - Manila, De La Salle University - Dasmariñas, and De La Salle Medical and Health Sciences Institute.

Mr. Ablaza is currently a Director of iPeople, Inc. and Independent Director of Roxas and Company Inc., all publicly listed firms on the Philippine Stock Exchange.

The Company has no reason to believe that any nominees to the Board of Directors will be unwilling or unable to serve if elected as a director.

The nominees for independent directors possess the qualifications and none of the disqualifications of independent directors under relevant rules of the Securities Regulation Code (the **SRC**) and its implementing rules and regulations (the **SRC Rules**).

The matter of the nomination and election of Independent Directors form part of a set of guidelines from the Corporate Governance Committee. These guidelines define the qualifications, disqualifications, and procedures for the screening and short listing of candidates nominated to the Board.

The members of the Corporate Governance Committee are as follows:

1. Martin Kriegner - Chairman
2. Tomas I. Alcantara - Member
3. Thomas Aquino - Member (Independent Director)
4. Medel T. Nera - Member (Independent Director)

For this Annual Meeting, the Corporate Governance Committee shall screen and evaluate the candidates for Independent Directors, using the committee's guidelines, pertinent provisions of the Company's Manual on Good Corporate Governance, its By-Laws and relevant issuances under the SRC and the SRC Rules.

On June 15, 2012, the SEC approved the amendments to the Company's By-laws incorporating the procedures for the nomination and election of independent directors in accordance with SRC Rule 38, as amended.

The Certifications of the above-named nominees for independent director, in accordance with SEC Memorandum Circular No. 5, Series of 2017, are attached as **Annexes C, C-1, and C-2**.

(b) The Executive Officers

The Company's executive officers are likewise elected annually by the Board and serve for one (1) year and until their respective successors have been elected. None of the officers of the Company own more than 2% of the total outstanding shares of the Company.

The Company's executive officers as of March 31, 2022 are set forth below:

Office	Name	Nationality
President & Chief Executive Officer	Horia Ciprian Adrian	Romanian
SVP - Chief Financial Officer/ Investor Relations Officer	Eliana Nieto Sanchez	Colombian
SVP – Head of Cement Industrial Performance	Eung Rae Kim	Korean
SVP - Head of Infrastructure and Industrial Sales	Ramakrishna Maganti	Indian
SVP - Head of Sustainability	Zoe Verna M. Sibala	Filipino
SVP - Head of Organization and Human Resources	Elynor Roque	Filipino
SVP – Head of Logistics	Edwin Villas	Filipino
SVP – Head of Retail Sales	Albert Leoveras	Filipino
General Counsel/Corporate Secretary/ Compliance Officer	Belinda E. Dugan	Filipino
Treasurer	Alexander Taar	Filipino

The business experience of Mr. Horia Ciprian Adrian for the last five years is provided above. Below sets forth the business experience of the Company's other executive officers during the last five years:

Eliana Nieto Sanchez, 46, Colombian, is the Company's Senior Vice President, Chief Financial Officer. Ms. Sanchez has vast experience within the Holcim Group with an impressive record in leading multi-disciplinary teams involved in high-impact projects for the Company's operative and digital transformation. Prior to joining Holcim Philippines, Inc., she was the Chief Financial Officer of Holcim Ecuador since May 2016. She holds a degree in Public Accounting from Universidad Nacional de Colombia and Master of Business Administration from Inalde Universidad de la Sabana.

Eung Rae Kim, 62, Korean, is the Senior Vice President, Head of Cement Industrial Performance. Mr. Kim holds a degree in Electrical Engineering and Masteral in Electrical Engineering from Hoseo University in Korea. He has 33 years of experience in cement plant operation having joined the cement industry since 1987. He has held various leadership roles within the LafargeHolcim Group in South Korea, Malaysia, Regional (IPC Asia) and Bangladesh. Prior to joining Holcim Philippines, Inc. Mr. Kim was the Industrial Director of LafargeHolcim Bangladesh Ltd. since October 2015.

Ramakrishna Maganti, ***53***, ***Indian***, is the Senior Vice President, Head of Infrastructure and Industrial Sales. He holds a degree in Mechanical Engineering, MBA in Marketing from the Indian Institute of Management and a degree in Strategic Marketing Management from Harvard Business School. Mr. Maganti brings more than 20 years of combined experience in global marketing, brand development, digital transformation, and project management. Prior to joining the Company, he held various leadership and management positions in LafargeHolcim India, Malaysia, France and the most recently in Singapore as Head of Sales and Marketing for Asia Pacific Region. Mr. Maganti worked for Philips NV, a global consumer lifestyle and healthcare firm, before joining the LafargeHolcim Group in 2006.

Zoe Verna M. Sibala, ***48, Filipino***, is the Senior Vice President, Head of Sustainability. Ms. Sibala holds a master's degree in Business Administration from the Graduate School of Business, De la Salle University and a degree in Economics from the University of the Philippines. In January 2010, she joined Lafarge as a Finance Manager of Batong Angono Aggregates Corporation and later on became the commercial controller of the Lafarge's cement product line – Lafarge Cement Service Philippines, Inc. Prior to being appointed as Head of Strategy of the Company, she served Lafarge Republic Aggregates, Inc. as Project Manager from July 2014 to December 2014 and as Strategy and Business Development Manager from January to December 2015.

Elynor Roque, 52, ***Filipino***, is the Company's Senior Vice President, Head of Organization and Human Resource. Prior to her appointment, Ms. Roque was the Head of Talent Management of the Company. She has a solid background as a human resources professional, with 27 years of combined corporate and consulting work in different HR disciplines including organization development, change management, learning and development, executive coaching, and employee and labor relations. She completed the Management Development Program of Asian Institute of Management in 2015 and holds a degree in Bachelor of Science in Business Administration from the University of the Philippines.

Edwin Villas, ***49***, ***Filipino,*** is the Senior Vice President, Head of Logistics. He joined the Company in September 1997 as Strategic Sourcing Specialist. He served as the Company's Procurement Manager from October 2007 to August 2010 and was laterally transferred as Area Sales Manager for South Luzon in August 2011. In May 2016, he was appointed as the Head of Institutional Sales and thereafter as Manager, National Sales, Bulk Institutional Sales. He is a certified Information Systems Auditor and a certified Professional for Supply Management. He has a degree in Computer Science from the Philippine Christian University.

Albert Leoveras, 49, ***Filipino,*** is the Senior Vice President, Head of Retail Sales, Prior to his appointment to his current position, he was the Regional Head of sales for Northern and Central Luzon. He has over 15 years of experience in managing Sales Team, Distributors and key accounts sales. Prior to joining the Company, he was the Field Operations Manager and Regional Manager of Japan Tobacco International from 2012 to August 2015 and Sales Division Head of the Non-food Division of Wills International Sales Corporation.

Belinda E. Dugan, ***55***, ***Filipino,*** is the General Counsel, Corporate Secretary, and Compliance Officer of the Company. She obtained her Juris Doctor degree from Ateneo Law School and has over 23 years of experience with various multinational firms and a consulting company. Prior to joining the Company, she was Vice President for Legal Management Services of Aboitiz Equity Ventures, Inc. from October 2015 to October 2017. She served as Assistant Vice-President for Legal and Compliance of SN Aboitiz Power from May 2009 to October 2015.

Alexander V. Taar, 40, ***Filipino,*** is the Company's Treasurer and concurrently holds the position of Head for Financial Planning, Performance and Analysis. He joined the Company in 2013 and held various positions in Finance including Head of Business Process and Controls and Head of Accounting and Finance Reporting. Mr. Taar holds a degree in Accounting from Philippine School of Business Administration and obtained his Masters degree in Business Administration from Ateneo Graduate School of Business. Mr. Taar is a Certified Public Accountant and a Certified Management Accountant.

(c) Significant Employees

The Company's executive officers are enumerated under Item 5(b). The Company has no employee who is not an executive officer expected to make a significant contribution to the Company's business.

(d) Family Relationships

None of the incumbent members of the Board of Directors, the nominees for independent director, nor any Executive Officer of the Company is related by affinity or consanguinity.

(e) Independent Directors

Messrs. Thomas G. Aquino, and Medel Nera, Filipinos, are the Company's Independent Directors. They are neither officers nor substantial shareholders of the Company.

(f) Warrants and Options Outstanding

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

(g) Involvement of Directors and Officers in Legal Proceedings

To the knowledge and/or information of the Company, the present members of and the nominees to the Board of Directors or the Executive Officers are not, presently, or during the last five years, involved or have been involved in criminal, bankruptcy or insolvency investigations or proceedings.

Pending legal proceedings involving the Company and its subsidiaries are described in **Annex D** hereof.

(h) Certain Relationships and Related Transactions

For a detailed discussion of other material related party transactions, please see Note 28 – Related Party Transactions to the accompanying consolidated financial statements in Item 14.1.

Except for the transactions discussed in Note 28 – Related Party Transactions to the accompanying consolidated financial statements in Item 11, there were no other material related party transactions during the last three financial years, nor are there any material transactions currently proposed between the Company and any: (i) director, officer, direct or indirect owner of 10% or more of the outstanding shares in the Company; (ii) close family member of such director, officer or owner; (iii) associates of the Company; (iv) enterprises controlling, controlled by or under common control with the Company; or (v) enterprises in which a substantial interest in the voting power is owned, directly or indirectly, by any director, officer or owner of 10% or more of the outstanding shares in the Company or any close family member of such director, key officer or owner, or collectively, the Related Parties.

For the period ended March 31, 2023, there were no self-dealings or related party transactions by any director which require disclosure.

There was no outstanding indebtedness at any time during the last three financial years that was owed to the Company and/or its subsidiaries by any Related Party.

None of the directors or officers are connected with any government agency or its instrumentality. A certification to this effect is attached herein as **Annex E**.

(i) Disagreement with a Director

No director has resigned since the date of the last annual stockholders' meeting because of a disagreement with the Company on any matter relating to the Company's operations, policies or practices.

ITEM 6. COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS

The Company has local and expatriate executives. Expatriates are holding positions that are technical and advisory in nature. The compensation of local executives is benchmarked against the established Focus Group (FG*). At 100% performance attainment of the Company's financial and business goals, the executive compensation is targeted to be at median (P50) of the FG and at the 3rd quartile for performance attainment of 110% and above. Expatriates are paid in accordance with the International Assignment compensation guidelines of Holcim Group.

** The Company's Focus Group (FG) is composed of local and multi-national companies with annual gross revenues of PHP 5 - 50 billion and 500 to 5,000 employees.*

The compensation received by the Executive Officers represents salaries, bonuses and benefits.

The following table shows the compensation of the Company's Executive Officers serving as of December 31, 2022.

Executive Compensation (in Php)

Name and Principal Position	Year	Salary	Bonus	Benefits
The CEO and five (5) most highly compensated Executive Officers: 1. Horia Adrian – President and Chief Executive Officer 2. Eliana Nieto – SVP, Chief Finance Officer 3. Ramakrishna Maganti – SVP, Head of Infrastructure and Industrial Sales 4. Eung Rae Kim – SVP, Head of Cement Industrial Performance (CIP) 5. Edwin Villas – SVP, Head of Logistics	2023*	64,541,257	13,347,619	80,915,763
	2022	64,541,257	13,347,619	80,915,763
	2021	61,766,414	43,435,174	58,161,987

Name and Principal Position	Year	Salary	Bonus	Benefits
6. Albert Leoveras – SVP, Head of Retails Sales				
All other Executive Officers and Directors as a group unnamed	2023*	55,542,688	10,552,331	11,014,546
	2022	55,542,688	10,552,331	11,014,546
	2021	71,490,930	19,610,988	23,181,192

All other Executive Officers and Directors as a group unnamed in 2022 include all incumbents in the Leadership Team with the rank of Vice President and on current Officer-In-Charge (OIC) capacity.
2023 estimated compensation of executive officers for the ensuing year is assumed to approximate the 2022 level. Bonuses given are driven by actual performance of the company; hence, estimate may vary from actual.*
*2022** benefits of All Other Executive Officers and Directors include pro-rate salaries, bonuses and benefits of other four (4) separated local Executive Officers.*
*2022** benefits of All Other Executives Officers and Directors include the trailing income of two (2) expatriates repatriated to home country in 2021.*

Other than directors' per diem, the directors of the Company do not receive any other compensation from the Company, including any of the following arrangements:

a. Standard arrangement and any other material arrangements;
b. Employment contract (between the Company and named executive officers);
c. Compensatory plan or arrangement;
d. Outstanding warrants or options; and
e. Adjustments or amendments on the price of stock warrants or options.

Below is a summary of the per diem given to the directors of the Company as a group:

	Year Ended 31 December (in PhP)	
	2022	**2021**
Per diem to the Board of Directors as a group	13,633,333.33	15,075,000

ITEM 7. INDEPENDENT PUBLIC ACCOUNTANTS

At the regular Board Meeting held on March 22, 2023, the Board approved and endorsed for approval of stockholders the Audit Committee's recommendation for the appointment of SGV & CO. (**SGV**) as the Company's External Auditor for year 2023.

SGV has accepted the Company's invitation to stand for appointment this year. Representatives of said firm are expected to be present at the Annual Meeting. They will have the opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions.

The Company complies with SRC Rule 68, Part I, Item 3(B)(iv)(ix) on the five-year rotation of the External Auditor and the two-year cooling-off period on the re-engagement of the same signing partner or individual auditor. Previously, the Company engaged Navarro, Amper & Co. (**Deloitte**) for the examination of the Company's financial statements starting the year 2017. Prior to 2017, the Company engaged Mr. Gemilo San Pedro of SGV for the examination of the Company's financial statements for the years 2009 to 2011. He was replaced by Ms. Catherine E. Lopez, for the years 2012 to 2015, and, Mr. Roel E. Lucas, for the year 2016.

Audit and Audit-Related Fees

The aggregate fees billed for professional services rendered in 2022 and 2021 were inclusive of out-of-pocket expenses to cover the services rendered by the external auditor for audit of the financial statements of the Company and other services in connection with statutory and regulatory filings for years 2022 and 2021.

Tax Fees & All Other Fees

The Company did not engage SGV or Deloitte for tax and other services in 2022 and 2021.

There was no event in the past five years where SGV or its predecessor Deloitte, and the Company had any disagreement with regard to any matter relating to accounting principles or practices, financial statement disclosure or auditing scope or procedure.

The audit findings are presented to the Company's Audit Committee, which reviews and makes recommendations to the Board on actions to be taken thereon. The Board passes upon and approves the Audit Committee's recommendations.

The members of the Audit Committee of the Company are as follows:

1.	Medel T. Nera	-	Chairman (Independent Director)
2.	Thomas G. Aquino	-	Member (Independent Director)
3.	Tan Then Hwee	-	Member

ITEM 8. COMPENSATION PLANS

No action is to be taken with respect to any plan pursuant to which cash or non-cash compensation may be paid or distributed.

C. ISSUANCE AND EXCHANGE OF SECURITIES

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

Not applicable.

ITEM 10. MODIFICATION OR EXCHANGE OF SECURITIES

Not applicable.

ITEM 11. FINANCIAL AND OTHER INFORMATION

The consolidated audited financial statements of the Company for the period ended December 31, 2022 is attached as **Exhibit 1** to the Management Report and is incorporated herein by reference. Management's Discussion and Analysis of Financial Condition and Results of Operations are incorporated in the Management Report.

ITEM 12. MERGERS, CONSOLIDATIONS, ACQUISITIONS AND SIMILAR MATTERS

Not applicable.

ITEM 13. ACQUISITION OR DISPOSITION OF PROPERTY

Not applicable.

ITEM 14. RESTATEMENT OF ACCOUNTS

The Company is not taking any action, which involves the restatement of any of its assets, capital or surplus account.

D. OTHER MATTERS

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

There is no action to be taken with respect to any report of the Company or of its directors, officers or committees, except the approval of the minutes of the previous annual stockholders' meeting a copy of which is attached hereto as **Annex F**, and the Annual Report of the Company for 2022.

Other proposed actions include ratification of all acts, investments, proceedings and resolutions of the Board, the Board Committees and the acts of the officers and management since the date of the last annual meeting. The matters for stockholders' ratification are acts of the Board, the Board Committees, officers and management from the previous stockholders' meeting up to the date of the Annual Meeting which were entered into or made in the ordinary course of business and transactions and the following transactions, covered by appropriate disclosures with the Philippine Stock Exchange and the Securities and Exchange Commission:

Date	Disclosures
January 14, 2022	An advisory on the Resignation of Mr. Richard Cruz as the Company's Vice-president and Head of Health, Safety, Security & Environment (HSSE).
February 15, 2022	Notice on the Special Stockholders' meeting on April 28, 2022.
March 16, 2022	An advisory on the results of the Results of Q1 Regular Board Meeting as follows: 1. Approval on the cancellation of the Special Stockholders Meeting scheduled on April 28, 2022 and set the Annual Stockholders' meeting on May 12, 2022 at 10:00 AM; 2. Approval of the 2021 Audited Financial Statements for year ended December 31, 2021; 3. Approval and endorsement for approval of stockholders the Audit Committee's recommendation for the appointment of the SGV & Co. as the Company's External Auditor for calendar year ending December 31, 2022.
March 17, 2022	An advisory on the separation of Mr. Ernesto Paulo Tan, VP Head of Luzon Sales due to redundancy of position.
April 11, 2022	An advisory on the following: 1. Separation of Ms. Beatrix R. Guevarra as Assistant Corporate Secretary to pursue opportunities outside Holcim Philippines, Inc. 2. Approval of the promotion of Mr. Albert M. Leoveras from VP, Head of Geocycle to Senior Vice President-Head of Retail Sales and the change of Designation of Mr. Ramakrishna Maganti from

Date	Disclosures
	SVP, Head of Marketing and Innovation to Senior Vice President-Head of Infrastructure and Industrial Sales
May 12, 2022	An advisory on the Results of Q2 Regular Board Meeting as follows: 1. Approval of the closure of operations of HPI Terminals located in Calaca, Ilo-Ilo and Manila to mitigate the impact of the pandemic, the increasing prices of fuel and raw materials, increasing distribution cost and increasing competition. 2. Authorized the retrenchment of the 7 personnels affected by the terminal business closure as presented by Management affecting Logistics function and to pay separation benefits.
May 12, 2022	Separation of Ms. Ann Claire M. Ramirez, VP, Head Communications & CSR from the Company effective on or before August 31, 2022 due to redundancy of position.
May 12, 2022	Advisory on the Results of the Annual Stockholders' Meeting and Organizational Board Meeting
May 19, 2022	An advisory on the fine imposed by the National Water Resources Board (NWRB) to Holcim Philippines, Inc. – Bulacan Plant in connection with the freshwater withdrawal beyond the regulatory limit.
July 15, 2022	An advisory on the settlement entered in by Seasia and Holcim to amicably settle all disputes and terminate all pending litigation between the Parties and to withdraw/dismiss with prejudice all pending cases related hereto.
July 21, 2022	An advisory on the resignation of Mr. Leandro D. Javier as a member of Holcim Philippines, Inc.'s Board of Directors and Audit Committee.
September 12, 2022	An advisory on the results of the Q3 Regular Board Meeting approving the appointment of Dr. Thomas G. Aquino as a member of the Company's Audit Committee and appointment of Atty. Kristine Mae C. Manalo as the Assistant Corporate Secretary.
November 7, 2022	An advisory on the results of Q4 Regular Board Meeting approving the resignation of Ms. Guia Marie Tomaneng as Data Protection Officer (DPO) and the appointment of Atty. Belinda E. Dugan as the Company's DPO.
November 21, 2022	An advisory clarifying the News article entitled: "CTA Affirms denial of Holcim's tax refund claim"
November 24, 2022	An advisory on the receipt of the CTA's Notice of Decision denying HPI's Petition for review of erroneously and illegally collected LBT for the first three quarters of 2018.
March 22, 2023	An advisory that the Board approved the setting of the Company's Annual Stockholders' Meeting on May 11, 2023, via remote communication, and the setting of the record date for stockholders entitled to vote and participate at such meeting on April 11, 2023.
March 23, 2023	An advisory that the Board of Directors approved the Proposal to Amend the Corporation's By-Laws to allow conduct of Board and Annual Stockholder's Meeting via remote communication.
March 23, 2023	An advisory on the resignation of Atty. Belinda E. Dugan as Data Protection Officer (DPO) and appointment of Atty. Elaine S. Mendoza as the Company's DPO.

The approval of the minutes, Annual Report and audited financial statements for the period ended December 31, 2022, and ratification of all acts, proceedings and resolutions of the Board, the Board Committees and the acts of the officers and management since the date of the last annual meeting require the affirmative vote of a majority of the votes cast at the Annual Meeting by the stockholders entitled to vote.

ITEM 16. MATTERS NOT REQUIRED TO BE SUBMITTED

There is no action to be taken with respect to any matter which is not required to be submitted to a vote of security holders

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

On March 22, 2023, the Board of Directors of the Company approved the amendment of the Company's By-laws, to allow conduct via remote communication of the regular and special meetings of the Board of Directors and the annual and special meeting of the stockholders. The rationale for the proposed amendments is to provide flexibility for directors and stockholders who cannot physically attend or vote at board or stockholders' meetings to participate and vote through remote communication.

The amendment of the By-laws will be presented for stockholders' approval at the Annual Meeting. The approval of the amendment of the By-laws require the affirmative vote of a majority of the votes cast at the Annual Meeting by the stockholders entitled to vote.

Below sets forth the proposed by-laws provision:

> ***ARTICLE I, SECTION 1. Annual Meetings. -*** *The annual regular meetings of the stockholders shall be held at the principal office of the Corporation in Metro Manila, Philippines* ***<u>and/or via remote communication</u>*** *on the second Thursday of May of each year for the purpose of electing directors and for the transaction of such other business as may be properly brought before the meeting.*
>
> ***SECTION 2. Special Meetings. -*** *Special meetings of the stockholders may be called at the principal off ice of the Corporation* ***<u>and/or via remote communication</u>*** *at any time by resolution of the Board of Directors or by order of the President and must be called upon the written request of stockholder s registered as the owners of one-third (1/ 3) of the total outstanding stock.*
>
> ***ARTICLE II - DIRECTORS***
> ***SECTION 4. Regular Annual Meeting. -*** *The regular annual meeting of the Board of Directors for the purpose of organization and the transaction of other business shall be held without notice, at the principal office of the Corporation,* ***<u>at such other place and/or via remote communication</u>*** *as a majority of the Directors may designate immediately after the annual meeting of the stockholders of the Corporation.*
>
> ***SECTION 5. Regular Quarterly Meetings.*** *- The Board shall meet regularly once every quarter as or as often as the Board****, <u>at the principal office of the Corporation, at such other place and/or via remote communication</u>****, as the Board may deem practicable.*
>
> ***SECTION 6. Special Meetings****.- Special meeting of the Board of Directors may be called by the Secretary upon order of the President or any two (2) members of the Board of Directors and notice thereof shall be made in the most convenient manner not less than seven (7) days before such special meeting and the notice shall set the object and purpose of the same. A special meeting may be held at any place designated in the call thereof* ***<u>and/or via remote communication</u>.***

ITEM 18. OTHER PROPOSED ACTION

The following actions are also proposed to be taken up during the Annual Meeting:

1. Election of directors for 2023-2024
2. Appointment of External Auditor

ITEM 19. VOTING PROCEDURES

(a) Matters for Stockholders' Approval

As provided in Article I, Section 4 of the Amended By-laws, a quorum at any meeting of stockholders shall consist of a majority of the entire subscribed capital stock of the Company represented in person or by proxy, and a majority of such quorum shall decide any question that may come before the meeting, except the matters in which Philippine laws require the affirmative vote of a greater proportion. A majority of the quorum at the Annual Meeting shall decide the matters to be taken up at the meeting.

(b) Election of directors

Pursuant to Section 23 of the Revised Corporation Code, every stockholder entitled to vote shall have the right to vote in person or by proxy the number of shares of stock standing, as of the record date, in his own name in the stock and transfer book of the Company; and said 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 candidate as many votes as the number of directors to be elected multiplied by the number of his shares owned, or he may distribute them on the same principle among as many candidates as he shall see fit; provided, that the total number of votes cast by him shall not exceed the number of shares owned by him as shown in the books of the Company multiplied by the number of directors to be elected. By way of illustration, the formula may be stated as follows:

Number of shares held on record x 1 = Total votes that may be cast.

Stockholders of record are entitled to one vote per share. Voting may be done *viva voce*, by show of hands or by balloting.

In accordance with Article I, Section 5 of the Amended By-laws, stockholders may vote at all meetings the number of shares registered in their respective names, either in person or by proxy duly given in writing and duly presented to the Corporate Secretary for inspection and recorded at or prior to the opening of said meeting. No proxy bearing a signature which is not legally acknowledged shall be recognized at any meeting unless such signature is known and recognized by the Secretary of the meeting.

All proxies shall be in writing, signed by the stockholders and filed in the office of the Corporate Secretary at least five (5) days before the meeting.

Sections 23, 49 and 57 of the Revised Corporation Code provide that the Company may also allow a stockholder to participate in the meeting via remote communication and to cast his vote in *absentia* via modes which the Company shall establish taking into account the company's scale, number of shareholders or members, structure and other factors consistent with the basic right of corporate suffrage.

The external auditor of the Company, Deloitte, is authorized to count votes on any matter properly brought to the vote of the stockholders, including the election of directors.

(c) Participation of Shareholders by Remote Communication

Taking into consideration the health and welfare of its stockholders, directors, officers, and employees, stockholders may only attend the Annual Meeting virtually via remote communication. The Chairman of the Annual Meeting shall call and preside the meeting in Metro Manila which is the place where the principal office of the Company is located. The Company approved a resolution allowing stockholders to participate in the meeting via remote communication and to vote *in absentia* in the Annual Meeting.

To enable the Company to perform validation procedures, identify the stockholders participating by remote communication and record their presence for purpose of quorum, stockholders as of Record Date who wish to participate in the meeting by remote communication and to vote in *absentia* shall register by filling up the form that can be found at **www.conveneagm.com/ph/HLCMASM2023** (the **ASM Portal**). Online registration will be open from April 19, 2023 at 8:00 A.M. to May 5, 2023 at 5:00 P.M.

Stockholders as of Record Date who have successfully manifested their intention to participate in the Annual Meeting via remote communication, duly verified and validated by the Company, shall receive an email confirmation with the link to log in and participate in the Annual Meeting.

Upon successful validation of registration, stockholders will be notified by email that they can proceed to cast their vote via the ASM Portal. Registered stockholders shall have until 5:00 PM of May 6, 2023 to cast their votes. Stockholders may also vote by proxy by sending a scanned copy of a duly accomplished Proxy Form by email to **hpilegalandcompliance-phl@holcim.com** not later than May 6, 2023. The Proxy Form is provided in **Annex G** and may be downloaded at **https://www.holcim.ph**. A hard copy of the Proxy Form should be delivered to The Corporate Secretary, 7th Floor, Two World Square, McKinley Hill, Fort Bonifacio, Taguig City within five days after proxy form was sent via e-mail. Alternatively, should the stockholder of record wish to appoint the Chairman of the meeting as proxy, a digital proxy shall be available at **www.conveneagm.com/ph/HLCMASM2023**. Please note that we are not soliciting proxies.

Please refer to **Annex H** for the detailed guidelines for participation via remote communication and the procedures for registration and casting votes in *absentia*.

The agenda for the Annual Meeting is as follows:

1. Call to Order
2. Proof of Notice and Determination of Quorum
3. Approval of Minutes of Previous Meeting
4. Operations Report
5. Election of Directors
6. Ratification of all acts, contracts, investments and resolutions of the Board, Committees and Management since the last Annual Shareholders' meeting
7. Appointment of External Auditor for 2023
8. Amendment of By-Laws
8. Other Matters
9. Adjournment

(This space intentionally left blank. Signature page follows.)

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Taguig, Metro Manila, on April 14, 2023.

HOLCIM PHILIPPINES, INC.

By:

.

Belinda E. Dugan
General Counsel &
Corporate Secretary

ANNEX A

REPORT ON ATTENDANCE OF DIRECTORS

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REPUBLIC OF THE PHILIPPINES)
TAGUIG CITY) S.S

SECRETARY'S CERTIFICATE

I, **BELINDA E. DUGAN**, Filipino citizen, of legal age, with office address at 8th Floor, Three World Square, McKinley Hill, Fort Bonifacio, Taguig City, under oath, do hereby certify that:

1. I am the Corporate Secretary of **HOLCIM PHILIPPINES, INC.** (the "Corporation"), a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines with principal address at 7th Floor, Two World Square, McKinley Hill, Taguig City;

2. Based on the records of the Corporation, there are seven (7) Board meetings held for the period January 2022 to December 2022. The meetings were held on the following dates:

Date	Type of Meeting
15 February 2022	Special Board Meeting
16 March 2022	Regular Board Meeting
12 May 2022	Regular Board Meeting
	Organizational Board Meeting
09 June 2022	Special Board Meeting
09 September 2022	Regular Board Meeting
04 November 2022	Regular Board Meeting

3. The following is in the record of attendance of each incumbent member of the Board of Directors of the Corporation:

Name	Position	Date of Election	Total No. of Meetings	Total Meetings Attended	Percentage
Tomas I. Alcantara	Chairman	12 May 2022	7	7	100%
Martin Kriegner	Vice-Chairman	12 May 2022	7	7	100%
Horia C. Adrian	President & CEO	12 May 2022	7	7	100%
Tan Then Hwee	Member	12 May 2022	7	7	100%
Dr. Thomas G. Aquino	Independent Director	12 May 2022	7	7	100%
Medel T. Nera	Independent Director	12 May 2022	7	7	100%
Leandro D. Javier*	Independent Director	12 May 2022	5	5	100%

**Resigned effective July 21, 2022*

4. The foregoing is in accordance with the records of the Corporation in my possession and the same have not been revised, revoked or modified as of the date of this certification.

IN WITNESS WHEREOF, I have signed this Secretary's Certificate this JAN 04 2022 day of January 2023 at Taguig City.

BELINDA E. DUGAN
Corporate Secretary

SUBSCRIBED AND SWORN to before me this JAN 04 2022 at Taguig City, exhibiting to me her Philippine Passport No. P7916925A issued on 12 July 2018 at DFA Legazpi and expiring on 11 July 2028.

Doc. No. 165;
Page No. 34;
Book No. II;
Series of 2023.

JOSE ANGELO C. TIGLAO
NOTARY PUBLIC
ROLL NO. 73781
TAGUIG CITY, PHILIPPINES

JOSE ANGELO C. TIGLAO
Notary Public for Taguig City
Appointment No. 17 valid until 31 December 2023
6th Floor, One/NEO Building, 26th St. cor. 3rd Ave.
Crescent Park West, Bonifacio Global City, Taguig City
Roll of Attorney No. 73781.
PTR No. A-5400954; 01/18/2022; Taguig City
IBP Membership Receipt No. 177879; 02/10/2022, Makati City

ANNEX B

BOARD APPRAISAL AND PERFORMANCE REPORT

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Holcim Philippines, Inc.
7th Floor, Two World Square
Mckinley Hill, Taguig City
1634 Philippines

Legal & Compliance

Phone: +(632)85811511

2022 BOARD SELF-ASSESSMENT REPORT
OVERVIEW OF THE BOARD SELF-ASSESSMENT PROCESS

All members of the Board of Directors were afforded the opportunity to complete the Self-Assessment questionnaire. This report provides an overall assessment of the Board and reinforces the role and responsibilities of the Board as one unit and individually. It is intended to inform constructive dialogue on the Board's strengths, weaknesses and areas requiring greater attention. By conducting self-assessment, the Board helps set standards, clarifies expectations, and serves as an example of the ongoing commitment to responsibility and accountability.

We encourage the Board to use this report as a tool to facilitate group discussion, determine the effectiveness of the Board, address concerns, if any, clarify roles and responsibilities, and seek help from Management if necessary. We encourage all members of the Board and the CEO to set aside time to discuss the report as a group and reach a consensus on a plan of action and next steps.

We hope that the results of this 2022 Board Self-Assessment will facilitate open discussion to enhance board relationships.

HPI Board Profile:
The Board has six Board Members. All members of the Board participated in the assessment.

The average number of years of service for all Board of Directors is **4.67 years.**

Highlights of Board Self-Assessment

The Board Self-assessment questionnaire is composed of varying questions based on the roles, responsibilities and functions of the Board Members found under the Corporate Governance Manual of Holcim Philippines, Inc. It evaluates the Board's knowledge and readiness, individually and collectively, to promote and implement good corporate governance. The 26 questions focuses on Board responsibilities and overall board health. Respondents evaluated these questions on a 5-point rating scale, with 5 representing "Excellent", 2 representing "Above Average", 3 representing "Average", 2 representing "Below Average", and 1 representing "needs improvement".

Overall rating: 4.65 (Above Average)

Highest Rated Questions:

	Good Governance	Average Rating
4	I am aware of my fiduciary responsibility as a Director and I conduct myself in a manner characterized by transparency, accountability, integrity and fairness in the performance of my duties as a Director of HPI.	4.67
6	I conduct fair business transactions with HPI and ensure that my personal interest does not conflict with interests of the Company.	4.60
7	I keep myself informed of best corporate governance practices, industry developments and business trends and I take it into consideration when I participate in the discussions and give my recommendations	4.60
	Attendance, performance and participation	
8	I regularly attend and actively participate in all meetings of the Board, Committees, and shareholders, except when prevented by justifiable cause.	4.80
11	I act judiciously and independently on any matter brought before the Board.	4.80
12	My Board membership in other companies , if any, do not interfere with my commitment to effectively carry out my duties and responsibilities as a director of the Company	4.80
14	I am aware of HPI's disclosure requirements for directors and I timely make disclosures when necessary (Conflict of Interest, Policy in Dealing with securities, Related Party Transactions)	5.00

Lowest rated questions:

	Good Governance	Average Rating
7	I represent HPI in external dealings positively and constructively, and at all times in accordance with HPI's Code of Business Conduct	4.40
	Attendance, performance and participation	
9	I willingly offer alternative viewpoints and solutions during discussions to reflect my personal opinion based on my knowledge and experience	4.60
10	I willingly offer alternative viewpoints and solutions during discussions to reflect my personal opinion based on my knowledge and experience	4.60
22	I am familiar with specific areas of concern covered by the Committee that I am a member of, and do not seek to divert into other areas not specifically envisioned by the Committee mandate	4.25

23	I believe that, relative to the size the business of HPI, the Board's Committee structure effectively complements the full board in performing its functions.	4.00
24	I constructively engage and consult with the Company's CEO, Corporate Secretary and other key officers for the purpose of the Committee being informed.	4.00

Findings:
An over-all rating of 4.65 (Above Average) reflect a generally healthy and well-performing Board.

All members of the Board adheres to and understands their responsibilities as directors and their role in maintaining good governance in the Company. Opinions differ when it comes to reflecting knowledge and personal opinion, acting judiciously and keeping oneself informed of best practices and taking it into consideration when participating in discussions.

Recommendations:
Based on the assessment, the Board knows what their roles and responsibilities are and the contribution they provide for the strategic growth and sustainability of HPI. The following are recommendations to support:

1. Strengthen, consultation, engagement and interdependence of board members and management team to drive timely decisions on strategic growth and manage the potential enterprise risks of the company.
2. Continue to strengthen integrity, code of conduct implementation and sustainability directions for the company.

Proposed Action Plans:
1. Set periodic informal meetings with the management team.
2. Management team to provide ample time for Board to review strategy and issues to enable faster decision making.

ANNEXES C, C-1 AND C-3

CERTIFICATES OF INDEPENDENT DIRECTORS

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CERTIFICATION OF INDEPENDENT DIRECTOR

I, **THOMAS G. AQUINO**, Filipino, of legal age, with residence address at 24 Barcelona St., Merville Park Subd. Paranaque City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for Independent Director of Holcim Philippines, Inc. (the "Company") and have been its independent director since 24 May 2019.

2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

Company/ Organization	Position/ Relationship	Period Of Service
NOW Corporation	Director	2011 - Present
ACR Corporation	Independent Director	2011 - Present
A Brown Co.	Independent Director	2012 - Present
PRYCE Corporation	Independent Director	2021 - Present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of the Company, 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 Holcim Philippines, Inc. and its subsidiaries and affiliates other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code (where applicable).

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 the Company of any changes in the abovementioned information within five days from its occurrence.

Done, this 22nd day of March 2023, at Taguig City.

Thomas Aquino

THOMAS G. AQUINO
Affiant

SUBSCRIBED AND SWORN to before me this ____MAR 22 2023____ at ____TAGUIG CITY____, affiant personally appeared before me and exhibited to me his Driver's License ID No. N17-77-000546 issued by LTO Paranaque City valid until February 16, 2024.

Doc. No. 102;
Page No. 22;
Book No. V;
Series of 2023.

JOSE ANGELO C. TIGLAO
NOTARY PUBLIC
ROLL NO. 73781
TAGUIG CITY, PHILIPPINES

JOSE ANGELO C. TIGLAO
Notary Public for Taguig City
Appointment No. 17 valid until 31 December 2023
16th Floor, One/NEO Building, 26th St. cor. 3rd Ave.
Crescent Park West, Bonifacio Global City, Taguig City
Roll of Attorney No. 73781
PTR No. A-5727230; 01/07/2023; Taguig City
IBP Membership Receipt No. 294999; 02/10/2023; Makati City

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **MEDEL T. NERA**, Filipino, of legal age, with residence address at 42 Roseville St., White Plains, Quezon City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of Holcim Philippines, Inc. (the "**Company**") and have been its independent director since 15 January 2021.

2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

Company/ Organization	Position/ Relationship	Period Of Service
National Reinsurance Corporation of the Philippines	Director	2011 - Present
House of Investments, Inc.	Director	2011 - Present
Seafront Resources Corp	Director	2011 - Present
iPeople, Inc.	Director	2011 - Present
EEI Corporation	Director	2011 - Present
Ionics, Inc.	Director	2020 - Present
Ionics EMS, Inc.	Director	2020 - Present
Ionics Properties, Inc.	Director	2022 - Present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of the Company, 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 Holcim Philippines, Inc. and its subsidiaries and affiliates other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code (where applicable).

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 the Company of any changes in the abovementioned information within five days from its occurrence.

Done, this 22nd day of March 2023, at Taguig City.

MEDEL T. NERA
Affiant

SUBSCRIBED AND SWORN to before me this MAR 22 2023 at TAGUIG CITY, affiant personally appeared before me and exhibited to me his Driver's License ID No. N15-82-012443 issued by LTO Quezon City valid until July 5, 2023.

Doc. No. 103;
Page No. 22;
Book No. IV;
Series of 2023.

JOSE ANGELO C. TIGLAO
NOTARY PUBLIC
ROLL NO. 73781
TAGUIG CITY, PHILIPPINES

JOSE ANGELO C. TIGLAO
Notary Public for Taguig City
Appointment No. 17 valid until 31 December 2023
16th Floor, One/NEO Building, 26th St. cor. 3rd Ave.
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Roll of Attorney No. 73781
PTR No. A-5727230; 01/07/2023; Taguig City
IBP Membership Receipt No. 294999; 02/10/2023; Makati City

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **GERARDO C. ABLAZA, JR.**, Filipino, of legal age, with residence address at 154 San Enrique St., Ayala, Alabang Village, Muntinlupa City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of Holcim Philippines, Inc. (the "**Company**").

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

Company/ Organization	Position/ Relationship	Period Of Service
Advanced Info Services, PLC (Thailand)	Independent Director	2017 - Present
iPeople, Inc.	Director	2019 - Present
Roxas and Company Inc.	Independent Director	2021 – Present
Ayala Foundation, Inc.	Trustee	2000 - Present
Ayala Retirement Fund Holdings, Inc.	Director	2000 - Present
Ayala Healthcare Holdings, Inc.	Director	2012 - Present
AC Energy and Infrastructure Corporation (formerly AC Energy, Inc.)	Director	2012 - Present
AC Infrastructure Holding Corp.	Director	2012 - Present
BPI Asset Management and Trust Company (AMTC)	Director	2022 - Present
BPI Direct BanKo Microfinance Bank	Director	2022 - Present
BPI Foundation, Inc.	Trustee	2022 - Present
Gawad Kalinga Foundation, Inc.	Trustee	2007 - Present
Ayala Corporation	Consultant	2017 - Present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of the Company, 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 Holcim Philippines, Inc. and its subsidiaries and affiliates other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code (where applicable).

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 the Company of any changes in the abovementioned information within five days from its occurrence.

Done, this 31ST day of March, at Toronto, ON Canada

GERARDO C. ABLAZA, JR.
Affiant

SUBSCRIBED AND SWORN to before me this March 31, 2023 at Toronto, ON Canada, affiant personally appeared before me and exhibited to me his Philippine Passport ID No. P5889232A issued by DFA NCR South valid until 02 February 2028.

Doc. No. _____;
Page No. _____;
Book No. _____;
Series of 2023.

ANNEX D

INVOLVEMENT IN LEGAL PROCEEDINGS

MATERIAL LEGAL PROCEEDINGS

On 18 October 2018, Holcim Philippines, Inc. ('Holcim") received a copy of: (i) the petition for interim protection filed by Seasia Nectar Port Services, Inc. ("Seasia") under A.M. No. 07-11-08 SC or the Special Rules of Court on Alternative Dispute Resolution with Branch 95 of the Regional Trial Court at Mariveles, Bataan ("Bataan RTC"); and (ii) an Order dated 11 October 2018 issued by Bataan RTC granting Seasia's motion for the ex-parte issuance of a temporary protection order in the form of a writ of preliminary attachment. The said petition was filed by Seasia in connection with the Company's port services agreement with Seasia as port operator, which the Company terminated pursuant to its no-fault termination rights under the said agreement.

On 14 September 2020, the Arbitral Tribunal declared that the Company validly terminated the Port Services Agreement. However, the Arbitral Tribunal ruled that the Memorandum of Agreement, which required the Company and Seasia to enter into the Port Services Agreement after certain conditions had been fulfilled, was not superseded with the execution of the Port Services Agreement and, thus, continued to govern Seasia and the Company even after the Company's termination of the Port Services Agreement. The Arbitral Tribunal therefore ruled that Seasia was entitled to compensation as a result of the suspension of the Memorandum of Agreement.

On 22 September 2020, Seasia filed its Petition for Confirmation of Domestic Arbitral Award dated 18 September 2020 ("Petition for Confirmation dated 18 September 2020") with the Bataan RTC to confirm the Final Arbitral Award issued by the Arbitral Tribunal in PDRCI Case No. 95-2018 on 14 September 2020.

On 08 July 2022, Seasia and Holcim entered into a Settlement Agreement, duly signed and executed by both parties to amicably settle all disputes and terminate all pending litigation between the Parties. On 14 July 2022, the Court approved the Settlement Agreement, which primarily requires the parties to file a joint motion to withdraw/dismiss with prejudice all pending cases related hereto.

As of 31 December 2022, all Seasia related cases have been closed and terminated.

TAX CASES (Parent)

1. The Company filed on June 24, 2014, a Complaint before the Regional Trial Court of Malolos, Bulacan for the annulment of the *Notice of Assessment of Business Tax on Alleged Discovered Unreported Cement Sales* dated February 24, 2014 issued by the Municipal Treasurer of the Bulacan and for the reversal of the denial of Holcim's *Protest* letter dated April 23, 2014 questioning the Assessment Notice.

   While this action was pending, the Company received on October 26, 2015, an Assessment Notice which assessed the Company for an alleged deficiency local business tax (LBT) in the aggregate amount of P118.2 Million Pesos for the years 2006 to 2015. Unlike the 2014 Assessment Notice which involves the defendants' assessment of LBT against the Company based on the purported undeclared gross sales or receipts for the years 2006 to 2012, the 2015 Assessment Notice concerns the Treasurer's assessment of LBT against the against the Company based on the purported undeclared gross sales or receipts for the years 2006 to 2015. The Municipal Treasurer did not act on the Company protest within the 60-day period provided in Section 195 of the Local Government Code (LGC), and thus, on March 21, 2016, the Company filed a Complaint/Appeal with the Bulacan RTC which sought the cancellation/nullification of the 2015 Assessment Notice.

   On September 13, 2016, the Company filed a motion to consolidate the first and second case before Branch 19 of the RTC of Bulacan. Motion to consolidate was granted on November 29, 2016.

The hearing for initial presentation of evidence took place on April 16, May 28 and October 22, 2018. The hearing for the presentation of the Necessary Parties' evidence took place on February 4, 2019. On May 16, 2019, Holcim filed its Memorandum. On May 21, 2019, the court issued an Order stating that the case is now submitted for decision.

On October 28, 2020, the Company received the Decision issued by the Regional Trial Court Branch 19 Malolos, Bulacan dated July 1, 2020, which declared the 2014 and 2015 Assessment Notices issued by defendant Municipality of Norzagaray, Province of Bulacan against Holcim Phils. Inc. as NULL and VOID and ordered the Municipality of Norzagaray, Bulacan and Filipina D.G. De Mesa, in her capacity as ICO-Municipal Treasurer of Norzagaray, to jointly and severally pay Holcim Phils., Inc. the amount of One Hundred Fifty Thousand Pesos (P150,000.00) as attorney's fees and to pay the cost of litigation.

2. The Company received an Assessment from the Provincial Assessor and a Notice of Real Property Tax (RPT) Delinquencies issued by the Provincial and Municipal Treasurers of Norzagaray, Bulacan on December 18, 2012. The Assessment demanded total of P80.3M related to the RPT of machineries and equipment for the years 2011 and 2012. The Local Board of Assessment Appeals (LBAA) granted the Company's Motion to Post Bond amounting to P80.3M. The Appeal is still pending with the LBAA.

   On April 23, 2013, the Provincial Assessor of Bulacan issued a revised tax declaration on machineries and equipment at the Company's Bulacan Plant. Soon after, on June 2013, the Company received an assessment for the years 2011 to 2012 and a computation of RPT for the first and second quarter of 2013. The assessed additional RPT amounted to P23.8M. On September 13, 2013, the Company received an additional assessment from Municipal Treasurer of Norzagaray, Bulacan for RPT due on its 1998 and Additional Line 2 Properties for the third quarter of 2013. The said assessment also reiterated the previous assessments made for 2011 to second quarter of 2013. The Company's supplemental appeals, covering the first and second quarter RPT Assessment and September 2013 Assessments with the LBAA are pending resolution.

   On March 10, 2014, the Company received 71 tax declarations and 71 notices of assessments over its machineries for 2014 from the Municipal Assessor of Norzagaray, Bulacan. Thereafter on May 9, 2014, the Company received a notice of assessment from the Provincial Assessor of Norzagaray, Bulacan. On May 15, 2014, the Company also received an assessment from the Municipal Treasurer of Norzagaray, Bulacan requiring the Company to pay deficiency RPT for the years 2011 to 2013 amounting to P129M. The Company's supplemental appeals with the LBAA for the assessments are pending resolution.

   On December 9, 2014, at the suggestion of the Provincial Governor of Bulacan and the Municipal Mayor of Norzagaray, Bulacan, the Company paid under protest RPT amounting to P120M, allocated as follows: (a) land: P8.6M; (b) buildings: P3.3M; (c) machineries: P107.9M. On January 9, 2015, the Company filed three protests with the Provincial Treasurer. Following the Provincial Treasurer's inaction over the Company's protests, the Company filed its appeal with the LBAA, raising the following issues: (a) whether the Company is entitled to an annual depreciation allowance; (b) what is the correct amount that should be credited in the Company's favour on account of its RPT payments from 2011 to the third quarter of 2013; and (c) whether it is correct to assess interest, surcharges and penalties on the RPT that the Company attempted to pay on time but which the local government officials refused to accept with respect to the RPT for the 4th quarter of 2013 to 2014. This appeal is pending resolution.

   On March 30, 2015, the Company received an assessment of deficiency RPT for 2015 amounting to P49.3M. The Company paid the assessed amount and filed a protest with the Provincial Treasurer of Bulacan. Following the Provincial Treasurer's failure to act on the Company's protest within the prescribed period, the Company filed its appeal with the LBAA, which is pending resolution.

   On March 31, 2016, the Company received from the Municipal Treasurer of Norzagaray, Bulacan an assessment for deficiency RPT for 2016 amounting to P103M. The Company paid the said amount and filed a protest with the Provincial Treasurer. Thereafter, on May 13, 2016, the Municipal Treasurer issued of Norzagaray, Bulacan issued a revised computation of the Company's liabilities for 2016 amounting to P46.8M. The Company thus filed a supplement to its earlier protest with the Provincial Treasurer. Following the Provincial Treasurer's failure to act on the Company's protest within the prescribed period, the Company filed its appeal with the LBAA, which is pending resolution.

On March 31, 2016, the Company received from the Municipal Treasurer of Norzagaray, Bulacan an assessment for deficiency RPT for 2017 amounting to P41.1M for its lands, buildings and machineries located in its Bulacan plant. On August 17, 2017, the Company filed an appeal with the LBAA in respect to its payment under protest.

On March 26, 2018, the Company received an assessment computation of RPT due on Holcim's Bulacan Plant for the year 2018 in the amount of P52M. On the same date, the Company paid the RPT due on Holcim's properties, of which payment amounting to P41.1M for the machineries is under protest. The protest with the Provincial Treasurer was filed on April 25, 2018. Following the Provincial Treasurer's failure to act on the Company's protest within the prescribed period, the Company filed its appeal with the LBAA, which is pending resolution.

On December 17, 2018, the Company received an Assessment Notice for the RPT due on its machineries and equipment located at its cement manufacturing facility in Norzagaray, Bulacan for the year 2019 amounting to P40.5M. On December 28, 2018, Holcim paid under the protest the total amount assessed. The protest with the Provincial Treasurer was filed on January 25, 2019. Following the Provincial Treasurer's failure to act on the Company's protest within the prescribed period, the Company filed its appeal with the LBAA, which is pending resolution.

On January 25, 2019, the Company received an Assessment Notice which assessed Holcim alleged RPT in respect of its machineries and equipment located at its cement manufacturing facility in Norzagaray, Bulacan for the year 2016. The Company filed the Appeal on the 2016 Assessment Notice on May 23, 2019. Following the Provincial Treasurer's failure to act on the Company's protest within the prescribed period, the Company filed its appeal with the LBAA, which is pending resolution.

Holcim has filed a Motion to Resolve requesting the LBAA to act on all of Holcim's pending appeals.

On January 31, 2019, Holcim appeared in a hearing before the LBAA. The LBAA scheduled a hearing on March 28, 2019 for the rendition of its judgment.

On July 6, 2020, Holcim received the Joint Decision issued by LBAA, Bulacan dated March 6, 2020, which denied the Petition and disallowed the claims for tax credit and refund. Holcim was directed to pay the respondent its tax liabilities amounting to P315.6M with directive upon the respondent Treasurer of the Municipality of Norzagaray, Bulacan, to deduct from said amount all prior payments made under protest by Holcim that are covered by the assessment notices or orders of payment at issue.

On July 13, 2020, the LBAA received the Appeal filed by Holcim. LBAA denied petition for refund ordering Holcim to pay 315.6M but applying the P454.7M already paid from 2012 to 2020.The application reduced the refund amount to P139.1M.

All refund claims appeal are pending with Central Board of Assessment Appeals (CBAA).

3. HPI had an on-going tax audit for 2017 national taxes. Last June 8, 2022, the BIR has issued a Preliminary Assessment Notice (PAN) for all national taxes for alleged deficiency taxes amounting to P6.6B, inclusive of penalties and interest. The Company has filed its protest to PAN last June 23, 2022. On January 31, 2023 the BIR issued a Final Assessment Notice (FAN) for all national taxes for alleged deficiency taxes amounting to P48.5M, inclusive of penalties and interest. The case was closed via settlement for the same amount last February 2, 2023.

4. HPI had an on-going tax audit for 2018 national taxes. Last June 2, 2022, the BIR has issued a Preliminary Assessment Notice (PAN) for all national taxes for alleged deficiency taxes amounting to P18.4B, inclusive of penalties and interest. The Company has filed its protest to PAN last June 17, 2022. On January 31, 2023 the BIR issued a Final Assessment Notice (FAN) for all national taxes for alleged deficiency taxes amounting to P57M, inclusive of penalties and interest. The case was closed via settlement for the same amount last February 2, 2023.

5. HPI has an on-going tax audit for 2019 national taxes. As of December 31, 2022, the BIR has not made any determination of deficiency taxes.

6. HPI has an on-going tax audit for 2020 national taxes. As of December 31, 2022, the BIR has not made any determination of deficiency taxes.

<u>TAX CASES (Subsidiaries)</u>

1. ECLI has an on-going tax audit for 2017 national taxes. The Company received the Preliminary Assessment Notice (PAN) last February 5, 2021. The BIR issued a Warrant of Garnishment (WOG) last November 3, 2021 to Security Bank for P16.2M. ECLI applied for abatement and compromise for P5.4M last December 19, 2021.

2. HPMC has an on-going tax audit for 2000 capital gains tax. Last November 5, 2020, HPMC received a Final Decision on Disputed Claim for the alleged deficiency capital gains taxes for the amount of P 355.5M. On December 3, 2020, the Company filed its Petition for Review with the Court of Tax Appeals. The Pre-trial hearing was held last June 14, 2021 with succeeding hearings to file the Motions. A motion to set the case for Commissioner's hearing was granted by court last November 23, 2022 and was scheduled January 19, 2023. The independent Certified Public Accountant also presented her testimony last January 26, 2023.

3. On August 31, 2010, Holcim filed a Complaint for Interpleader against Iligan, Lugait, and Misor to compel them to litigate among themselves and determine who has taxing jurisdiction over Holcim's Lugait plant. On April 30, 2018, Holcim received the RTC's Decision dated January 22, 2018 dismissing said case. On May 15, 2018, Holcim filed its Motion for Reconsideration of the RTC's Decision. On July 24, 2019, Holcim received the court's Order dated January 9, 2019 denying its Motion for Reconsideration. On August 6, 2019, Holcim filed its Notice of Appeal dated July 30, 2019.

   On December 21, 2020, Holcim received a notice from the Court of Appeals directing it to file its Appellant's Brief within forty-five (45) days from receipt of the notice. Consequently, Holcim's Appellant's Brief was filed on February 3, 2021.

4. HPMC had an on-going tax audit for 2017 national taxes. Last June 3, 2022, the BIR has issued a Preliminary Assessment Notice (PAN) for all national taxes for alleged deficiency taxes amounting to P512.9M, inclusive of penalties and interest. The Company has filed its protest to PAN last June 20, 2022. On January 31, 2023 the BIR issued a Final Assessment Notice (FAN) for all national taxes for alleged deficiency taxes amounting to P14.9M, inclusive of penalties and interest. The case was closed via settlement for the same amount last February 2, 2023.

5. HPMC had an on-going tax audit for 2018 national taxes. Last May 31, 2022, the BIR has issued a Preliminary Assessment Notice (PAN) for all national taxes for alleged deficiency taxes amounting to P526.7M, inclusive of penalties and interest. The Company has filed its protest to PAN last June 15, 2022. On January 31, 2023 the BIR issued a Final Assessment Notice (FAN) for all national taxes for alleged deficiency taxes amounting to P12.7M, inclusive of penalties and interest. The case was closed via settlement for the same amount last February 2, 2023.

6. HPMC has an on-going tax audit for 2019 national taxes. As of December 31, 2022, the BIR has not made any determination of deficiency taxes.

7. HPMC has an on-going tax audit for 2020 national taxes. As of December 31, 2022, the BIR has not made any determination of deficiency taxes.

8. HSSI had an on-going tax audit for 2016 national taxes. As of December 31, 2022, the BIR has not provided a Preliminary Assessment Notice (PAN) and is considered closed as this is already prescribed by end of 2022.

9. HSSI has an on-going tax audit for 2017 national taxes. Last May 21, 2021, the BIR has issued a Preliminary Assessment Notice (PAN) for all national taxes for alleged deficiency taxes amounting to P341.3M, inclusive of penalties and interest. The Company has filed its protest to PAN last June 4, 2021. On July 15, 2021 the BIR issued a Final Assessment Notice (FAN) for all national taxes for alleged deficiency taxes amounting to P348.2M, reflecting the same findings as the PAN, inclusive of penalties and with updated interest. The Company filed its request for reinvestigation last October 11, 2021. No updates from the BIR on the request.

10. HSSI has an on-going tax audit for 2018 national taxes. Last September 30, 2022, the BIR has issued, via registered mail, a Preliminary Assessment Notice (PAN) for all national taxes for alleged deficiency taxes amounting to P38.3M, inclusive of penalties and interest. On December 10, 2022 the BIR issued a Final Assessment Notice (FAN) for all national taxes for alleged deficiency taxes amounting to P39.2M, reflecting the same findings as the PAN, inclusive of penalties and with updated interest. The Company filed its request for reinvestigation last January 9, 2023. No updates from the BIR on the request.

ANNEX E

SECRETARY'S CERTIFICATE
RE: CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

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REPUBLIC OF THE PHILIPPINES)
TAGUIG CITY) S.S

SECRETARY'S CERTIFICATE

I, **BELINDA E. DUGAN**, Filipino citizen, of legal age, with office and postal address at 8th Floor, Three World Square, McKinley Hill, Fort Bonifacio, Taguig City, do hereby certify that:

1. I am the Corporate Secretary of **HOLCIM PHILIPPINES, INC.** (the "Corporation"), a corporation duly organized and existing under and by virtue of the laws of the Philippiness laws with principal place of business at 7th Floor, Two World Square, McKinley Hill, Fort Bonifacio, Taguig City.

2. As of the date of this Certification, none of the member of the Board of Directors or officers of the Corporation are employed by or connected with any government agencies or instrumentalities.

3. This Certification is issued in connection with the submission of the Corporation's Definitive Information Statement.

IN WITNESS WHEREOF, I have hereunto affixed my signature this 22nd day of March 2023 in Taguig City, Philippines.

Belinda E. Dugan
Corporate Secretary

SUBSCRIBED AND SWORN to before me this MAR 22 2023 at Taguig City, exhibiting to me her Philippine Passport No. P7916925A issued on 12 July 2018 at DFA Legazpi and expiring on 11 July 2028.

Doc. No. 101;
Page No. 22;
Book No. IV;
Series of 2023.

JOSE ANGELO C. TIGLAO
NOTARY PUBLIC
ROLL NO. 73781
TAGUIG CITY, PHILIPPINES

JOSE ANGELO C. TIGLAO
Notary Public for Taguig City
Appointment No. 17 valid until 31 December 2023
16th Floor, One/NEO Building, 26th St. cor. 3rd Ave.
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PTR No. A-5727230; 01/07/2023; Taguig City
IBP Membership Receipt No. 294999; 02/10/2023; Makati City

ANNEX F

MINUTES OF 2022 ANNUAL STOCKHOLDERS' MEETING

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MINUTES OF THE ANNUAL MEETING OF THE STOCKHOLDERS
OF
HOLCIM PHILIPPINES, INC.
Conducted via Remote Communication
May 12, 2022 at 11:00 a.m.

DIRECTORS PRESENT:

TOMAS I. ALCANTARA	Chairman
HORIA-CIPRIAN ADRIAN	President/Chief Executive Officer
MARTIN KRIEGNER	Vice Chairman
TAN THEN HWEE	Director
THOMAS AQUINO	Independent Director
LEANDRO JAVIER	Independent Director
MEDEL NERA	Independent Director

ALSO PRESENT:

ELIANA NIETO SANCHEZ	Chief Financial Officer
BELINDA E. DUGAN	Corporate Secretary
ANN CLAIRE RAMIREZ	Head of Communications

Stockholders present in person or represented by proxy	**6,137,007,994** shares, representing **95.12%** of the total issued and outstanding shares of the Company (Please see Record of Attendance here attached as **Annex A**)

I. CALL TO ORDER

The Chairman, Mr. Tomas I. Alcantara, called the meeting to order and presided over the same. He acknowledged the presence of the other members of the Board of Directors (Mr. Martin Kriegner, Mr. Horia Ciprian-Adrian, Ms. Tan Then Hwee, Dr. Thomas Aquino, Mr. Leandro Javier, Mr. Medel Nera), the Chief Financial Officer, Ms. Eliana Nieto Sanchez, and the other members of the Company's Executive Committee.

II. PROOF OF NOTICE OF MEETING AND PRESENCE OF A QUORUM

Proof of notice was certified by the Corporate Secretary, Ms. Belinda E. Dugan. She further certified the following:

1. The Notice and Agenda of the meeting together with the Definitive Information Statement which also contains the "Requirements and Procedure for Registration, Participation and Voting in Absentia" were posted on the Company's official website www.holcim.ph, on the ASM Portal and disclosed in the PSE Edge.

2. The Notice and Agenda were published in The Manila Times and Business Mirror on April 19 and April 20, 2022, both in print and online formats.

3. There exists a quorum for the meeting being in person, by proxy or in absentia, stockholders owning **6,137,007,994** shares, representing **95.12%** of the total issued and outstanding shares of the Company.

4. The Chairman of the meeting and/or President are holding proxies for **6,135,737,787** shares representing **95.10%** of the total issued and outstanding shares of the Company and that **1,270,200** shares representing **.02%** of the total issued and outstanding shares of the Company voted in absentia.

5. The Corporate Secretary explained that the rules of conduct and voting procedures are set forth in the published Definitive Information Statement. She reminded the stockholders of the following:

- Shareholders who registered and are entitled to vote may vote by proxy - by uploading the signed copy of the proxy form not later than May 5, 2022, at http://conveneagm.com/ph/hpiasm2022 or by sending it via e-mail to HPI-Investor-Relations@lafargeholcim.com or (ii) in absentia by filling in the online voting form available at the ASM Portal or during the live voting.

- The tabulated votes represent stockholders owing **6,137,007,994** shares, representing **100%** of the total issued and outstanding shares represented in this meeting.

- Everyone was encouraged to send their questions to HPI-Investor-relations@ lafargeholcim.com. These questions will be read by our Vice President, Head of Communications, Ms. Ann Claire Ramirez, during the Q&A. Shareholders attending this meeting may still send their questions by sending an e-mail to HPI-Investor-Relations@lafargeholcim.com. However, due to time and technological challenges, we may not be able to read aloud and respond to each question during the meeting. Management will endeavor to reply to all your questions via e-mail.

III. **APPROVAL OF MINUTES OF PREVIOUS MEETINGS**

The Chairman proceeded to the first item in the Agenda which is the approval of the Annual Stockholders Meeting held via Remote Communication on May 27, 2021. The Chairman reminded the shareholders that copies of the minutes of meetings for approval were posted in the Company's website and annexed to the Company's Definitive Information Statement.

<u>VOTING RESULTS</u>

The Corporate Secretary reported that shareholders owning 6,137,007,994 shares of 100% of total number of shares represented in this meeting have voted in favor of the approval of the Minutes of the Annual Stockholders Meeting held on May 27, 2021. Therefore, the minutes of the previous 2021 Annual Shareholders meeting was approved.

IV. APPROVAL OF THE OPERATIONS REPORT COMPRISED OF THE MESSAGE OF THE PRESIDENT AND CHIEF EXECUTIVE OFFICER, THE ANNUAL REPORT AND THE AUDITED FINANCIAL STATEMENTS OF THE CORPORATION AS OF DECEMBER 31, 2021

MESSAGE OF THE PRESIDENT AND CHIEF EXECUTIVE OFFICER

Dear shareholders,

I hope everyone is safe and well.

I am pleased to inform you that despite market pressures brought by the pandemic, weather disturbances, and pandemic restrictions that impacted the continuity of construction activities and surges in energy and fuel prices, Holcim Philippines was able to deliver strong profit growth.

Our EBIT reached Php 3.6 billion, 29% higher than the previous year and faster than the 3.6% growth of our revenues to Php26.9 billion as demand in key markets were affected by the reimposition of tighter COVID-19 restrictions and the heavy rains in Luzon. Keys to our performance and resilience were our optimization of raw materials, increased use of alternative fuel and raw materials, and improved operational efficiency.

While our Company exceeded last year's net income, we are determined to further raise results moving forward and meet our high performance standards. Through innovation and sustainability, we aim to become the building solutions leader that delivers strong results and positive impact to all stakeholders.

Driving environmental and social impact and business performance

Reducing our carbon footprint is strongly embedded in our operations to contribute to the Company's Net Zero journey. This entails optimizing use of natural resources, providing more sustainable building solutions, and reducing our reliance on traditional fuels.

On the sales and marketing side, we introduced new blended cement products that have a lower carbon footprint and address specific building needs of customers. Among the highlights was the successful rollout in November of ***Holcim ECOPlanet***, a general purpose and highly durable low-carbon cement. The Philippines is one of the first markets to offer the Holcim Group's global brand of green cements, which helps in lowering the carbon footprint of our operations as well as the projects of our partner builders.

On the plant operations side, projects were implemented such as the upgrades to improve the efficiency of fuel and raw material consumption of our cement manufacturing facilities in La Union and Misamis Oriental by the first half of 2022. Furthermore, our Company signed in November a 20-year power purchase agreement that will make our cement plants the first in the country to be powered by solar energy by 2024.

Furthermore, we stepped up the use of alternative fuels and raw materials in cement production with 750,000 tons of waste-derived resources used in 2021 to lower our carbon footprint, preserve natural resources, contribute to the sustainable waste management in the country, and soften the impact of the spikes in energy and fuel prices. New facilities have been completed to further improve our use of AFR moving forward.

In relation to this, we are also excited to host the Holcim Group's ***Circular Explorer***, a solar-powered catamaran that can recover plastic wastes from bodies of water and advance marine research. The vessel will be deployed on the Manila Bay in the second half of 2022 to help in its rehabilitation. We are honored to partner with the University of the Philippines Marine Science Institute and the Marine Environment and Resource Foundation, Inc. to develop proposals in the sustainable rehabilitation of the Manila Bay.

We are also working with partners to help address the significant housing gap in the country while raising business performance. We forged closer partnerships with shelter organization Habitat for Humanity Philippines to better understand the affordable housing situation in the country and develop ideas on using our expertise in building solutions to make a difference.

Strengthening competitiveness with digitalization

These initiatives were complemented by embracing digitalization across the organization to further raise efficiency and safety of operations and make us more effective in serving customers.

We are already reaping the benefits of digitalization in our manufacturing, logistics and commercial operations with improvements in safety, costs, and data analysis for smarter decisions to drive business performance. We are determined to sustain our digitalization initiatives to further optimize our operations and uncover data-driven insights for better performance.

Growing our Company's performance and impact with our people

Another important health and safety achievement in 2021 was the full vaccination of our organization against COVID-19. This milestone is a key step towards returning to a better normal and gives us much peace of mind that our people are now better protected against this disease.

This caring culture was also displayed by our people and organization through our ***Holcim HELPS*** corporate citizenship campaign that benefited over 190,000 individuals in our communities and beyond in 2021. Our people also generously participated in outreach efforts for communities that were affected by natural disasters last year.

The resilience, drive, and care that our people have displayed during the pandemic are the main reasons for our remarkable achievements in the past year. They are why we firmly believe in our ability to deliver profitable growth and positive social and environmental impact. They are why we are confident that we can be among the best in the country and the Holcim Group.

From our Company values–***Collaboration, Empowerment and Accountability, Performance, Customer Focus, and Entrepreneurial Mindset***– to our winning strategies, we, at Holcim Philippines, are committed to further strengthen our main businesses and continue to expand to new ones.

There will be challenges along the way, but we are certain that we are on the right path and have the right people to achieve our goals of delivering sustainable profitable growth and making a positive difference. We are ready to continue winning with purpose.

We look forward to having you with us in this continuing journey.

VOTING RESULTS

The Chairman informed the shareholders that copies of the Company's 2020 Audited Financial Statements may be viewed and downloaded from the ASM Portal, the Company's website and PSE Edge.

Upon the request of the Chairman of the Meeting, the Corporate Secretary reported that shareholders owning **6,137,007,994** shares or 100% of total number of shares represented in this meeting have voted for the approval of Operations Report comprised of the Message of the Chief Executive Officer, the Annual Report and the Audited Financial Statements for the period ended December 31, 2021 are therefore approved.

V. ELECTION OF DIRECTORS

The Chairman asked the Corporate Secretary to advise the body of the nominations received. The Corporate Secretary then proceeded to read the names of the following persons who were nominated in accordance with the provisions of the By-Laws:

1. Tomas I. Alcantara
2. Martin Kriegner
3. Horia Ciprian-Adrian
4. Tan Then Hwee
5. Thomas Aquino - Independent Director
6. Leandro David Javier - Independent Director
7. Medel Nera - Independent Director

The Corporate Secretary confirmed that the Corporate Governance Committee has duly ascertained that the seven nominees are qualified to serve as Directors of the Company and that all the nominees have given their consent to their respective nominations.

Upon the request of the Chairman, the Corporate Secretary certified that based on the preliminary tabulation of votes, each of the nominees have received at least **6,136,184,294** votes. Based on such certification, the Chairman of the Meeting declared all the nominees as duly elected members of the Board of Directors for the ensuing year.

VI. RATIFICATION OF ALL ACTS, CONTRACTS, INVESTMENTS AND RESOLUTIONS OF THE BOARD, COMMITTEES, AND MANAGEMENT SINCE THE LAST ANNUAL MEETING

The Chairman proceeded to the next item in the agenda which is the approval and ratification of all acts, contracts, investments and resolutions of the Board of Directors, Board Committees and Management.

The Corporate Secretary reported that shareholders **6,137,007,994** shares or 100% of the total number of shares represented in the meeting have voted for the approval and ratification of all the acts, contracts, investments, and resolutions of the Board of Directors, the Board Committees, and Management since the last annual stockholders' meeting.

Based on the votes received, the Chairman of the meeting declared the approval and ratification of all acts, contracts, investments and resolutions of the Board of Directors and Management since the last annual stockholders' meeting.

VII. APPOINTMENT OF EXTERNAL AUDITOR

The next item on the agenda was the appointment of the Company's external Auditor. It was explained that the Audit Committee recommends the appointment of SGV & Co. as the External Auditor of the Company for the year 2022.

On the voting results, the Corporate Secretary reported that shareholders owning **6,137,007,994** shares or 100% total number of shares represented in this meeting have voted in favor of the appointment of SGV & Co. as the Company's external auditor for the year 2022. Having received a sufficient number of votes, the auditing firm of SGV & Co. was appointed as the Company's external auditor of the year 2022.

VIII. OTHER MATTERS

The Chairman of the meeting requested the Company's Vice-President, Head of Communications, Ms. Ann Claire Ramirez, to read aloud the questions received.

Below are the questions read and the corresponding response of the Company's President and CEO, Mr. Horia Adrian:

1. How are you being affected by rising energy prices and what are your actions to manage this?

   By boosting production of blended cement products, the Company plans to reduce the impact of rising fuel and energy prices. Blended cement production is more fuel efficient and helps minimize CO2 emissions. In addition, the Company expanded its use of alternative fuel and energy sources and leveraged on clinker production efficiency.

   In addition, the company took steps to cut procurement and operational costs. Finally, to retain profitability, product prices have been adjusted.

2. How are your new products performing? How much will these new products contribute to sales moving forward?

   Aqua X, the Philippines' first water-repellent cement, was unveiled last year. Aqua X does not require any additives to produce water-resistant structures, unlike traditional approaches that require builders to apply a repellent to walls or include a water-proofing component in the concrete mix.

   Another new product is ECOPlanet, a general-purpose blended cement that is perfect for structural applications and provides superior construction performance while reducing carbon emissions. The two new products have gotten a lot of interest and now account for around 3% of our total net sales. By the end of the year, the Company targets to increase sales to 10%.

3. There are more mentions about Sustainability, how is the Company progressing on this and is there any felt impact?

   The Company's primary goal in doing business in the Philippines is to promote sustainability. It is essential that Holcim not only achieves financial success, but also has a positive impact on communities and the environment. The Company's aim is to lead an innovative construction sector that is climate neutral and circular in its use of natural resources, with a focus on operational efficiency and long-term profitability.

The Company have several major initiatives to implement this vision. Holcim has made significant progress in this area over the years and wants to have a CO_2 footprint of less than 500 kilos per ton of cement by 2025.

Freshwater usage in cement manufacturing and plant operations is being reduced. As a result of its investments in various facilities and equipment, the Company has decreased its freshwater extraction by 40%, and it aims to sustain, if not further reduce, this reduction.

On Circular Economy, the Company works on enhancing the use of alternative fuels such as qualifying residual wastes and other raw materials for its products to require less clinker through its co-processing technology. To limit the use of traditional fuels, the company co-processed 70,680 kg of trash through Geocycle in 2020. These also allow the company to help public and private sector partners in diverting discarded materials from landfills.

Aside from that, the company is counting on digitization to boost its sustainability performance. The Company is taking part in the Holcim Group's Plants of Tomorrow Initiative and using data analytics in logistics to improve operations and minimize its environmental footprint.

IX. ADJOURNMENT

Upon confirmation by the Corporate Secretary that there were no other items in the agenda for the consideration of the stockholders, the meeting was adjourned.

BELINDA E. DUGAN
Corporate Secretary

ATTEST:

TOMAS I. ALCANTARA
Chairman

Annex A

Record of Attendance

Total number of voting shares outstanding **6,137,007,994**

Total number of shares present by proxy **6,135,737,787**

Total number of shares in absentia **1,270,200**

Total number of shares represented **6,137,007,994** Attendance percentage **100%**

Annex B
Voting Results

	RESOLUTION	FOR	AGAINST	ABSTAIN
1	Approval of Minutes of Previous Meeting held on May 27, 2021	**6,137,007,994**		
2	Approval of Operations Report comprised of the Message of the CEO, Annual report and Audited Financial Statements of the Corporation as December 31, 2022	**6,137,007,994**		
3	Approval and Ratification of All Acts, Contracts, Investments and Resolutions of the Board of Directors and Management	**6,137,007,994**		
4	Election of Directors • Tomas I. Alcantara • Martin Kriegner • Horia Adrian • Tan Then Hwee • Thomas Aquino • Leandro David Javier • Medel Nera	**6,136,184,294**		
5	Appointment of External Auditor	**6,137,007,994**		

ANNEX G

HOLCIM PHILIPPINES, INC.
FORM OF PROXY

PROXY

The undersigned stockholder of Holcim Philippines, Inc. (the "Corporation") hereby appoints:

[NAME OF AUTHORIZED REPRESENTATIVE]

or in his absence,
the Chairman of the Meeting

as my proxy to represent and vote on my behalf all of my shares in the Corporation at the Annual Stockholders Meeting of the Corporation to be held on May 11, 2023, 2:30 P.M., and at any adjournments and postponements thereof, for the purpose of acting on the following matters:

1. Approval of minutes of previous annual stockholders' meeting

   ___ Yes ___ No ___ Abstain

2. Approval of the Annual Report and the Audited Financial Statements of the Company for the period ended December 31, 2022.

   ___ Yes ___ No ___ Abstain

3. Election of Directors

   ___ a) Vote equally for all nominees or distribute or cumulate my shares to nominee/s listed below:

   i. Tomas I. Alcantara ________ shares
   ii. Martin Kriegner ________ shares
   iii. Horia-Ciprian Adrian ________ shares
   iv. Tan Then Hwee ________ shares

   Independent Directors
   v. Thomas G. Aquino ________ shares
   vi. Medel T. Nera ________ shares
   vii. Gerardo C. Ablaza, Jr. _______ shares

   __ b) Withhold authority to vote for all nominees listed above

   c) Withhold authority to vote for nominees listed below:

   ____
   ____
   ____

4. Approval and Ratification of all acts, contracts, investments and resolutions of the Board, Committees and Management since the last Annual Shareholders' meeting

   ___ Yes ___ No ___ Abstain

5. Appointment of External Auditor for 2023

   ___ Yes ___ No ___ Abstain

6. Amendment of By-Laws

   ___ Yes ___ No ___ Abstain

7. At his/her discretion, the proxy named above is authorized to vote upon such other matters as may properly come before the meeting

   ___ Yes ___ No ___ Abstain

Signed this __ day of ________ 2023 in ____________________.

[SIGNATURE OVER PRINTED NAME OF STOCKHOLDER]
Stockholder

ANNEX H

ANNUAL STOCKHOLDERS' MEETING
May 11, 2023 at 2:30 P.M.

Requirements and Procedure for Registration, Participation and Voting in Absentia

Given the current circumstances and taking into consideration the safety of everyone, Holcim Philippines, Inc. (HPI or the Company) will be conducting its Annual Stockholders Meeting (Annual Meeting) scheduled on May 11, 2023 at 2:30 P.M. virtually. The Chairman of the Annual Meeting shall call and preside the meeting in Metro Manila which is the place where the principal office of the Company is located.

Only stockholders of record as of April 11, 2023 are entitled to participate and vote in the Annual Meeting.

I. Registration and Participation/Attendance Procedure:

1. The platform for participation through webcast/ video conferencing (Remote Communication) for the Annual Meeting is via our virtual ASM platform, AGM@Convene.

2. Only stockholders of record as of April 11, 2023 and who have complied with the registration and validation process as outlined in this document may participate and vote in absentia in the Annual Meeting.

3. Stockholders who intend to participate in the Annual Meeting may register by filling up the form that can be found at **www.conveneagm.com/ph/HLCMASM2023**. Online registration will be open from April 19, 2023 at 8:00 A.M. to May 5, 2023 at 5:00 P.M.

4. Stockholders should complete the online registration and submit/ upload the following for validation:

   a. *For individual stockholders:*

      i. Scanned copy of any valid government-issued ID showing stockholder's personal details and photo;
      ii. Active contact number, either landline or mobile.

   b. *For stockholders with joint accounts:*
      i. Scanned copy of authorization letter signed by other stockholders indicating the person among them authorized to participate and/or vote in the Annual Meeting;
      ii. Documents required under items 4.a (i) and (iii) for the authorized stockholder;

   c. *For individual stockholders under PCD or a Brokers Account or "Scripless Shares":*

      i. Broker's certification on the stockholder's number of shareholdings (in PDF format). To facilitate the verification of your account, please copy HPI (hpilegalandcompliance-phl@holcim.com) and its stock transfer agent, Stock Transfer Services, Inc. (STSI) (**rdregala@stocktransfer.com.ph**) in all your email correspondence with your broker for the request for certification;
      ii. Documents required under items 4.a (i) and (ii).

   d. *For corporate stockholders:*

      i. Duly accomplished and signed proxy
      ii. Secretary's Certificate attesting to the authority of the person signing the proxy representative to participate and / or vote in the Annual Meeting;
      iii. Documents required under items 4.a (i) and (ii) for the authorized representative;
      iv. Valid and active email address and contact number of the representative

v. Scanned copy of the valid government-issued ID of the person signing the proxy

5. Please note that HPI will request for your consent to process your personal information in accordance with the Data Privacy Act.

6. HPI's Office of the Corporate Secretary and STSI will validate the registration requirements submitted by the stockholders. Incomplete or inconsistent information provided in the registration form will result to a rejection of the registration.

7. Upon successful registration and validation of the registration and documents submitted, the stockholder will receive an email confirmation with unique log in credentials which can be used to log in and participate in the Annual Meeting on May 11, 2023 at 2:30 P.M.

8. Only those stockholders who have successfully registered following the procedure above and stockholders who have voted by providing their executed Proxy Form shall be included for purposes of determining the existence of a quorum.

9. HPI reserves the right to request for additional information, and the submission of the originally signed copies of the documents forming part of the registration requirements at a later time.

10. For the Question and Answer portion during the ASM, stockholders may send their questions related to the agenda by email to hpilegalandcompliance-phl@holcim.com. While HPI will accept questions during the virtual meeting sent via email, we encourage everyone to send their questions related to the agenda on or before May 5, 2023, 5:00 P.M. Please note that due to time and technological limitations, only relevant questions will be answered during the Annual Meeting. HPI will endeavor to answer all other questions via e-mail at a later time.

11. As required by the Securities and Exchange Commission, the proceedings during the Annual Meeting will be recorded. A link to the recorded virtual website will be made available on HPI's website after the meeting.

II. Voting Procedure:

Stockholders may vote during the Annual Meeting either (1) by Proxy or (2) by voting in absentia through our Digital Ballot/ Online Stockholder Voting System.

1. *Voting by Proxy:*

    a. Download and fill up the Proxy Form at **www.conveneagm.com/ph/HLCMASM2023**.

    b. Send a scanned copy of the executed proxy Form by email to hpilegalandcompliance-phl@holcim.com not later than May 6, 2023. The hard copy of the signed Proxy Form should be delivered to: The Corporate Secretary, 7th Floor, Two World Square, McKinley Hill, Fort Bonifacio, Taguig City within five (5) days after the proxy form was sent via email.

    c. Alternatively, should you wish to appoint the Chairman of the meeting as proxy, you may use the digital proxy form available at www.conveneagm.com/ph/HLCMASM2023. The Chairman, or in his absence, the Vice-Chairman, the Chief Financial Officer or the Corporate Secretary is authorized to cast the votes pursuant to the instructions in the Proxy Form.

2. *Voting in absentia through the Digital Ballot/ Online Stockholder Voting System:*

    a. Follow the Registration and Participation/Attendance Procedure set forth above.

    b. Registered stockholders shall have until 5:00 PM of May 5, 2023 to cast their votes.

    c. All agenda items indicated in the Notice of Meeting will be included in the Digital Ballot and the registered stockholder may vote: as follows:

i. For items other than election of the Directors, the stockholder may vote: “For”, “Against”, or “Abstain”. The vote shall be considered as cast for all the stockholder’s shares.

ii. For the election of Directors, the stockholder may vote for 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 candidate as many votes as the number of directors to be elected multiplied by the number of his shares owned, or he may distribute them on the same principle among as many candidates as he shall see fit; provided, that the total number of votes cast by him shall not exceed the number of shares owned by him as shown in the books of the Company multiplied by the number of directors to be elected.

d. HPI’s Office of the Corporate Secretary shall tabulate all votes cast in absentia together with the votes cast by proxy. The votes cast in absentia will have equal effect as votes cast by proxy.

For any questions or clarification, you may contact us through hpilegalandcompliance-phl@holcim.com or our stock transfer agent, Stock Transfer Service, Inc. through their telephone number 8403-3798.

HOLCIM PHILIPPINES, INC.

MANAGEMENT REPORT

I. CONSOLIDATED AUDITED FINANCIAL STATEMENTS

The consolidated audited financial statements for the year ended December 31, 2022 of Holcim Philippines, Inc. (**HPI** or the **Company**) and its subsidiaries' (collectively, the **Company**) is attached hereto as **Exhibit 1** and is incorporated herein by reference.

II. CHANGES AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

There was no event in the past five years where Navarro Amper & Co. (**Deloitte**) or its predecessor, SyCip Gorres Velayo & Co., and the Company had any disagreement with regard to any matter relating to accounting principles or practices, financial statement disclosure or auditing scope or procedure.

III. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS BASED ON THE CONSOLIDATED AUDITED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022 AND 2021

Review of CY 2022 Operations vs. CY 2021

The Philippine Gross Domestic Product (GDP) posted a growth of 7.2 percent in the fourth quarter of 2022, resulting in 7.6 percent full-year growth in 2022.

Revenue generated for the year was Php26.6billion, lower compared to Php26.9billion reported in the same period last year mainly due to lower volumes in cement. Series of price increases have been implemented during the year to partly augment the rising costs attributed to coal, fuel and power. Despite the increase in selling prices and the aggressive cost reductions in general, administrative and selling expenses, these does not contributed in the overall profitability of the Group due to the increasing energy prices and raw materials purchases. The Company achieved total EBITDA of Php3.7billion, 31% lower than the same period last year.

The Company managed to incur lower financial expenses related to its short-term loans during the year. Net income after tax stood at Php0.9 bio giving earnings per share of Php0.15.

Key Performance Indicators (KPI)

The comparative financial KPI for the years ended December 31, 2022 and 2021 are as follows:

Financial KPI	Definition	For the Calendar Year ended December 31	
		2022	**2021**
Profitability			
Return on Assets (ROA)	Net Income / Ave. Total Assets	**2.3%**	6.3%
Return on Equity (ROE)	Net Income / Ave. Total Equity	**3.1%**	8.6%
Operating EBITDA Margin	Operating EBITDA / Net Sales	**14.1%**	20.1%

<u>Liquidity</u> Gearing Ratio	Net Financial Debt / Total Equity	**-15.3%**	-0.7%
EBITDA Net Interest Cover (times)	Operating EBITDA / Net Interest	0	152.7

<u>Profitability and Efficiency</u>

Lower compared with prior year from lower volume sold and higher operating costs despite higher net selling prices.

<u>Liquidity</u>

The Company's liquidity position remains strong evidenced by higher cash balance.

Significant Disclosures

Significant disclosures with the Philippine Stock Exchange and the Securities and Exchange Commission made by the Company from the previous stockholders' meeting up to the date of the Annual Meeting are as follows:

Date Filed	Disclosures
January 14, 2022	An advisory on the Resignation of Mr. Mr. Richard Cruz as the Company's Vice-president and Head of Health, Safety, Security & Environment (HSSE).
February 15, 2022	Notice on the Special Stockholders' meeting on April 28, 2022.
March 16, 2022	An advisory on the results of the Results of Q1 Regular Board Meeting as follows: 1. Approval on the cancellation of the Special Stockholders Meeting scheduled on April 28, 2022 and set the Annual Stockholders' meeting on May 12, 2022 at 10:00 AM; 2. Approval of the 2021 Audited Financial Statements for year ended December 31, 2021; 3. Approval and endorsement for approval of stockholders the Audit Committee's recommendation for the appointment of the SGV & Co. as the Company's External Auditor for calendar year ending December 31, 2022.
March 17, 2022	An advisory on the separation of Mr. Ernesto Paulo Tan, VP Head of Luzon Sales due to redundancy of position.
April 11, 2022	An advisory on the following: 1. Separation of Ms. Beatrix R. Guevarra as Assistant Corporate Secretary to pursue opportunities outside Holcim Philippines, Inc. 2. Approval of the promotion of Mr. Albert M. Leoveras from VP, Head of Geocycle to Senior Vice President-Head of Retail Sales and the change of Designation of Mr. Ramakrishna Maganti from SVP, Head of Marketing and Innovation to Senior Vice President-Head of Infrastructure and Industrial Sales
May 12, 2022	An advisory on the Results of Q2 Regular Board Meeting as follows: 1. Approval of the closure of operations of HPI Terminals located in Calaca, Ilo-Ilo and Manila to mitigate the impact of the pandemic, the increasing prices of fuel and raw materials, increasing distribution cost and increasing competition.

Date Filed	Disclosures
	2. Authorized the retrenchment of the 7 personnels affected by the terminal business closure as presented by Management affecting Logistics function and to pay separation benefits.
May 12, 2022	Separation of Ms. Ann Claire M. Ramirez, VP, Head Communications & CSR from the Company effective on or before August 31, 2022 due to redundancy of position.
May 12, 2022	Advisory on the Results of the Annual Stockholders' Meeting and Organizational Board Meeting
May 19, 2022	An advisory on the fine imposed by the National Water Resources Board (NWRB) to Holcim Philippines, Inc. – Bulacan Plant in connection with the freshwater withdrawal beyond the regulatory limit.
July 15, 2022	An advisory on the settlement entered in by Seasia and Holcim to amicably settle all disputes and terminate all pending litigation between the Parties and to withdraw/dismiss with prejudice all pending cases related hereto.
July 21, 2022	An advisory on the resignation of Mr. Leandro D. Javier as a member of Holcim Philippines, Inc.'s Board of Directors and Audit Committee.
September 12, 2022	An advisory on the results of the Q3 Regular Board Meeting approving the appointment of Dr. Thomas G. Aquino as a member of the Company's Audit Committee and appointment of Atty. Kristine Mae C. Manalo as the Assistant Corporate Secretary.
November 7, 2022	An advisory on the results of Q4 Regular Board Meeting approving the resignation of Ms. Guia Marie Tomaneng as Data Protection Officer (DPO) and the appointment of Atty. Belinda E. Dugan as the Company's DPO.
November 21, 2022	An advisory clarifying the News article entitled: "CTA Affirms denial of Holcim's tax refund claim"
November 24, 2022	An advisory on the receipt of the CTA's Notice of Decision denying HPI's Petition for review of erroneously and illegally collected LBT for the first three quarters of 2018.
January 30, 2023	An advisory that the Company converted around 1 million tons of wastes as alternative fuels, raw materials in making cement in 2022.
March 23, 2023	An advisory that the Board of Directors approved the Proposal to Amend the Corporation's By-Laws to allow conduct of Board and Annual Stockholder's Meeting via remote communication
March 23, 2023	An advisory that the Board approved the setting of the Company's Annual Stockholders' Meeting on May 11, 2023, via remote communication, and the setting of the record date for stockholders entitled to vote and participate at such meeting on April 11, 2023.
March 23, 2023	An advisory on the resignation of Atty. Belinda E. Dugan as Data Protection Officer (DPO) and appointment of Atty. Elaine S. Mendoza as the Company's DPO.

Other than those mentioned above, the Company is not aware of the following:

1. Unusual items that materially affect the Company's consolidated assets, liabilities, equity, net income or cash flows because of their nature, size or incidents.

2. Changes in estimates of amounts reported in prior interim periods of the current financial year or changes in estimates of amounts in prior financial years that have a material effect in the current period.

3. Issuances and repurchase of equity securities.

4. Material changes in contingent liabilities or contingent assets since the last annual balance sheet date.

5. Existence of material contingencies and other events of transactions that are material to an understanding of the current period.

6. Known trends, demands, commitments, events and uncertainties that will result in or likely decrease its liquidity in a material way. The Company does not anticipate having within the next 12 months any cash flow or liquidity problems nor does it anticipate any default or breach of any of its existing notes, loans, leases, other indebtedness or financial arrangements requiring it to make payments. With the improvement in the Company's operating performance, it expects to meet all financial loan covenants for the next interim period.

7. Events that will trigger direct or contingent material financial obligations to the Company.

8. Material off-balance sheet transactions, arrangements, obligations (direct or contingent), and other relationships of the Company with unconsolidated entities or other persons created during the year.

9. Material commitments for capital expenditures.

10. Known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable impact on net sales, revenues, net income from continuing operations.

11. Significant elements of income or loss that did not arise from the Company's continuing operations.

12. Material events subsequent to end of the reporting period that have not been reflected in the consolidated financial statements.

Notes to Financial Statements

Accounting Policies and Principles

The consolidated financial statements of the Company, which comprise the consolidated statements of financial position as of December 31, 2022 and 2021 and the consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2022 have been prepared in compliance with Philippine Financial Reporting Standards applied on a consistent basis. The detailed accounting policies are disclosed in Note 2 – Summary of Significant Accounting Policies in the Consolidated Financial Statements.

Seasonality Aspects of the Business

Like any other company in the construction industry, the operations of the Company are affected by seasonality. Net sales are generally higher in dry months from February to May and lower during the rainy months of June to November. Low sales are also experienced during December due to holidays until early January. Unpredictable weather could also significantly affect sales and profitability compared to previous periods coupled with any unforeseen circumstances like disruptions in productions.

Financial Risk Management Objectives and Policies

General Risk Management Approach

The Company is exposed to various financial risks, which include the effect of changes in debt structure, equity market prices, foreign currency exchange rates and interest rates. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential and adverse effects on the financial performance of the Company. The Company does not enter into other derivative or financial transactions which are unrelated to its operating business as a risk-averse approach is pursued.

Financial risk management of the Company is governed by policies approved by management. It provides principles for overall risk management, as well as policies covering specific risk areas such as interest rate risk, foreign exchange risk, counterparty risk, use of derivative financial instruments and investing assets in excess of liquidity requirements.

The Company's principal financial instruments, other than derivatives, consist of cash and cash equivalents and loans payable. The main purpose of these financial instruments is to raise funds for the Company's operations. The Company also has various other financial assets and liabilities such as trade and other receivables, advances to employees, guarantee deposits, restricted cash and trade and other payables which arise directly from operations.

The main risks arising from the Company's financial instruments are market risks (which include foreign currency risk and interest rate risk), credit risk and liquidity risk. The BOD reviews and approves the policies for managing each of these risks and they are summarized below. The Company's accounting policies in relation to financial instruments are set out in Note 2 to the consolidated financial statements.

Market Risks

The Company is exposed to market risks, such as foreign currency, interest rate and equity price risks. To manage volatility relating to these exposures, the Company enters into derivative financial instruments, when necessary. The Company's objective is to reduce, where appropriate, fluctuations in earnings and cash flows associated with changes in foreign currency, interest rate and equity price.

Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company has foreign exchange exposures, arising primarily from purchases of goods and services and debt servicing requirements in currencies other than the Philippine Peso that leads to currency translation effects. All of the Company's revenues in 2022 and 2021 were denominated in the Philippine Peso.

Due to the local nature of the cement business, transaction risk is limited. However, income may primarily be in local currency whereas debt servicing and significant amount of capital expenditures may be in foreign currencies. As a consequence thereof, the Company may enter into derivative contracts whenever necessary, which may be designated either as cash flow hedges or fair value hedges, as appropriate.

As of December 31, 2022, the Company had minimal assets and liabilities exposed to foreign currency risks.

Interest Rate Risk

Interest rate risk is the risk that future cash flows from a financial instrument (cash flow interest rate risk) or its fair value (fair value interest rate risk) will fluctuate because of changes in market interest rates.

The Company is exposed to fluctuations in financing costs and market value movements of its debt portfolio related to changes in market interest rates. The Company's interest rate exposure is mainly addressed through the steering of the fixed/floating ratio of net debt. To manage this mix, the Company may enter into derivative transactions, as appropriate. As at December 31, 2022 and 2021, the Company had minimal exposure to interest rate risk.

Credit Risk

Credit risk is the risk that counterparties may not be able to settle their obligations as agreed. To manage this risk, the Company periodically assesses the financial reliability of customers.

The Company constantly monitors its credit risk exposures. Counterparties to financial instruments consist of a large number of major financial institutions. The Company does not expect any counterparties to fail in meeting their obligations, given their high credit ratings. In addition, the Company has no significant concentration of credit risk with any single counterparty or group of counterparties.

The maximum and minimum exposure to credit risk is represented by the carrying amount of each financial asset.

The Company trades only with recognized, credit-worthy third parties. It is the Company's policy that all third-party customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis to reduce the Company's exposure to bad debts to minimal.

With respect to credit risk arising from the other financial assets of the Company, which consist of due from related parties, advances to employees, AFS financial assets, and guarantee and refundable deposits, the Company's exposures arise from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

The Company's exposure to credit risks arising from outstanding financial assets is disclosed in Note 30 – Financial Risk Management Objectives and Policies in the Consolidated Financial Statements.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet its contractual obligations and commitments. The seasonality of revenue generation exposes the Company to shortage of funds during slack season and may result in payment defaults of financial commitments. The Company monitors this risk using a recurring liquidity planning tool. This tool considers the maturity of both its financial assets and projected cash flows from operations. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank credit facilities, finance leases and purchase contracts. It is responsible for its own cash surpluses and the raising of loans to cover cash deficits, subject to policies and guidelines approved by management and in certain cases at the BOD level.

The Company maintains sufficient reserves of cash and cash equivalents, which are short-term in nature and unused credit lines to meet its liquidity requirements at all times. In addition, the strong credit worthiness of the Company allows it to make efficient use of the financial markets for financing purposes. As at December 31, 2022 and 2021, the Company has unutilized credit facilities of PhP12.9 billion and PhP13.6 billion, respectively.

The Company's financial assets and liabilities as of December 31, 2022 and 2021 are disclosed in Note 30 – Financial Risk Management Objectives and Policies in the Consolidated Financial Statements.

Capital Management Policy

The Company considers equity attributable to the equity holders of the Parent Company as its capital. The Company's objectives when managing capital are to secure the Company's ongoing financial needs to continue as a going concern as well as to cater to its growth targets to provide returns to shareholders and benefits for other stakeholders and to maintain a cost-efficient and risk-optimized capital structure.

The Company manages the capital structure and makes adjustments to it in light of the changes in economic conditions, its business activities, investment and expansion program and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Company monitors capital, among others, on the basis of gearing ratio. Gearing is calculated as net financial debt divided by total equity in the parent company balance sheets as shown in the table below:

		2022		2021
Loans payable - Group	₱	**300,000**	₱	-
Customers' deposits		**241,849**		**278,693**
Financial debt		**541,849**		**278,693**
Less cash and cash equivalents		**5,233,204**		501,208
Net financial asset		**(4,691,355)**		(222,515)
Total equity		**30,704,939**		29,804,455
Gearing ratio		**-15.3%**		-0.7%

The Company's target is to maintain a gearing in the range of no more than 100%. Total equity grew by 3.02% in 2022 as a result of increase in retained earnings is due to gain on remeasurement on retirement benefits, no dividend declaration in 2022 and from income from operations.

Material Changes in Balance Sheet Accounts

Cash and cash equivalents

Increase was mainly due to higher cash generated from operations and the release of previous garnishment resulting from settlement of previous case coupled with lower CAPEX spending.

Inventories

Decrease was due to higher inventory costs from clinker, cement and coal stock resulting from higher production cost and coal purchase, but inventory quantities are significantly lower compared to 2021 year end.

Trade and other receivables - net

Decrease was due to increase in accounts receivable collection during the year.

Other current assets

Increase was due to hedge of commodity price, higher advances to suppliers and higher CWTs partially offsetted by prepayments and lower input VAT.

Right-of-Use Assets

Decrease was mainly due to the normal depreciation expense recognized for the period.

Intangible assets -net

Decrease was due to usual amortization recognized during the year.

Retirement Benefit Assets - net

The increase was largely attributable to gains earned from changes in actuarial assumptions upon remeasurement of retirement fund asset.

Other non-current asset

Decrease was mainly due to the release of previous garnishment resulting from the settlement of previous.

Trade and other payables

Increase in payables was due to the negotiated payment terms to suppliers, extended payment terms, higher purchase prices and customer advances.

Loans Payable

Movement pertains to the loan obtained from related party (UCHC).

Income tax payable

Movement pertains mostly to the additional current tax expense for 2022 offsetted by actual remittances to BIR and Creditable Withholding Tax application.

Lease liabilities

Lower due to the decreasing balance of leases due to payments made to lessors in 2021 coupled with minimal additions during the year.

Deferred tax liabilities - net

Movement was mainly due to temporary differences pertaining to additional provision for doubtful accounts, lease related expenses, remeasurement gain on pension costs and bonus accruals.

Non-controlling interests

Decrease was due to lower profit of subsidiary compared with last year.

Material Changes in Income Statement Accounts

Revenue

Decrease was mainly due to lower volumes sold resulting from lower market and tight competition as compared to prior years.

Cost of goods sold

Movement was driven by higher production cost brought primarily by higher raw material, power fuel, and higher plant variable costs from operations coupled with higher distribution cost mainly from higher outbound costs.

Operating Expenses

The movement was due to reversal of personnel expenses resulting to lower operating expenses but partially offsetted by the increase on other third party services and IT costs.

Other income (expense) - net

Increase was mainly due to the settlement of the previous case, slightly offsetted by income from share in undistributed earnings of associates.

Provision for Income Tax

Decrease was due to lower taxable income generated as compared to prior year.

Review of CY 2021 Operations vs. CY 2020

The Philippine Gross Domestic Product (GDP) posted a growth of 7.7% in the fourth quarter of 2021, resulting in 5.6% full-year growth in 2021.

Revenue generated for the year was Php26.9 billion, higher compared to Php26.0 billion reported in the same period last year mainly due to higher volumes in both cement and aggregates. Series of price increases have been implemented during the year to partly augment the rising costs attributed to coal, fuel and power. Despite higher volumes produced, the aggressive cost reductions in production and distribution largely contributed in the overall profitability of the Company and in offsetting the increasing energy prices. The Company achieved total EBITDA of Php5.4billion, 14% higher than the same period last year.

The Company managed to incur lower financial expenses related to its short-term loans due to zero third party loans during the year. Net income after tax stood at Php2.6bio giving earnings per share of Php0.40.

Key Performance Indicators (KPIs)

The comparative financial KPIs for the years ended December 31, 2021 and 2020 are as follows:

Financial KPI	**Definition**	**For the Calendar Year ended December 31**	
		2021	**2020**
Profitability			
Return on Assets (ROA)	Net Income / Ave. Total Assets	6.3%	4.8%
Return on Equity (ROE)	Net Income / Ave. Total Equity	8.6%	7.2%
Operating EBITDA Margin	Operating EBITDA / Net Sales	20.1%	18.2%
Liquidity			
Gearing Ratio	Net Financial Debt / Total Equity	(0.7)%	(6.0)%
EBITDA Net Interest Cover (times)	Operating EBITDA / Net Interest	152.7	23.8

Profitability and Efficiency

Lower compared with prior year from lower volume sold and higher operating costs despite higher net selling prices.

Liquidity

The Company's liquidity position remains strong evidenced by higher cash balance.

Significant Disclosures

Please refer to the Company's Annual Report for 2021 for the significant disclosures made by the Company during the year. Other than those mentioned in the Annual Report, the Company is not aware of the following:

1. Unusual items that materially affect the Company's consolidated assets, liabilities, equity, net income or cash flows because of their nature, size or incidents.

2. Changes in estimates of amounts reported in prior interim periods of the current financial year or changes in estimates of amounts in prior financial years that have a material effect in the current period.

3. Issuances and repurchase of equity securities.

4. Material changes in contingent liabilities or contingent assets since the last annual balance sheet date.

5. Existence of material contingencies and other events of transactions that are material to an understanding of the current period.

6. Known trends, demands, commitments, events and uncertainties that will result in or likely decrease its liquidity in a material way. The Company does not anticipate having within the next 12 months any cash flow or liquidity problems nor does it anticipate any default or breach of any of its existing notes, loans, leases, other indebtedness or financial arrangements requiring it to make payments. With the improvement in the Company's operating performance, it expects to meet all financial loan covenants for the next interim period.

7. Events that will trigger direct or contingent material financial obligations to the Company.

8. Material off-balance sheet transactions, arrangements, obligations (direct or contingent), and other relationships of the Company with unconsolidated entities or other persons created during the year.

9. Material commitments for capital expenditures.

10. Known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable impact on net sales, revenues, net income from continuing operations.

11. Significant elements of income or loss that did not arise from the Company's continuing operations.

12. Material events subsequent to end of the reporting period that have not been reflected in the consolidated financial statements.

Notes to Financial Statements

Accounting Policies and Principles

The consolidated financial statements of the Company, which comprise the consolidated statements of financial position as of December 31, 2021 and 2020 and the consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2021 have been prepared in compliance with Philippine Financial Reporting Standards applied on a consistent basis. The detailed accounting policies are disclosed in Note 2 – Summary of Significant Accounting Policies in the Consolidated Financial Statements.

Seasonality Aspects of the Business

Like any other company in the construction industry, the operations of the Company are affected by seasonality. Net sales are generally higher in dry months from February to May and lower during the rainy months of June to November. Low sales are also experienced during December due to holidays until early January. Unpredictable weather could also significantly affect sales and profitability compared to previous periods coupled with any unforeseen circumstances like disruptions in productions.

Financial Risk Management Objectives and Policies

General Risk Management Approach

The Company is exposed to various financial risks, which include the effect of changes in debt structure, equity market prices, foreign currency exchange rates and interest rates. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential and adverse effects on the financial performance of the Company. The Company does not enter into other derivative or financial transactions which are unrelated to its operating business as a risk-averse approach is pursued.

Financial risk management of the Company is governed by policies approved by management. It provides principles for overall risk management, as well as policies covering specific risk areas such as interest rate risk, foreign exchange risk, counterparty risk, use of derivative financial instruments and investing assets in excess of liquidity requirements.

The Company's principal financial instruments, other than derivatives, consist of cash and cash equivalents and loans payable. The main purpose of these financial instruments is to raise funds for the Company's operations. The Company also has various other financial assets and liabilities such as trade and other receivables, advances to employees, guarantee deposits, restricted cash and trade and other payables which arise directly from operations.

The main risks arising from the Company's financial instruments are market risks (which include foreign currency risk and interest rate risk), credit risk and liquidity risk. The BOD reviews and approves the policies for managing each of these risks and they are summarized below. The Company's accounting policies in relation to financial instruments are set out in Note 2 to the consolidated financial statements.

Market Risks

The Company is exposed to market risks, such as foreign currency, interest rate and equity price risks. To manage volatility relating to these exposures, the Company enters into derivative financial instruments, when necessary. The Company's objective is to reduce, where appropriate, fluctuations in earnings and cash flows associated with changes in foreign currency, interest rate and equity price.

Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company has foreign exchange exposures, arising primarily from purchases of goods and services and debt servicing requirements in currencies other than the Philippine Peso that leads to currency translation effects. All of the Company's revenues in 2021 and 2020 were denominated in the Philippine Peso.

Due to the local nature of the cement business, transaction risk is limited. However, income may primarily be in local currency whereas debt servicing and significant amount of capital expenditures may be in foreign currencies. As a consequence thereof, the Company may enter into derivative contracts whenever necessary, which may be designated either as cash flow hedges or fair value hedges, as appropriate.

As of December 31, 2021, the Company had minimal assets and liabilities exposed to foreign currency risks.

Interest Rate Risk

Interest rate risk is the risk that future cash flows from a financial instrument (cash flow interest rate risk) or its fair value (fair value interest rate risk) will fluctuate because of changes in market interest rates.

The Company is exposed to fluctuations in financing costs and market value movements of its debt portfolio related to changes in market interest rates. The Company's interest rate exposure is mainly addressed through the steering of the fixed/floating ratio of net debt. To manage this mix, the Company may enter into derivative transactions, as appropriate. As at December 31, 2021 and 2020, the Company had minimal exposure to interest rate risk.

Credit Risk

Credit risk is the risk that counterparties may not be able to settle their obligations as agreed. To manage this risk, the Company periodically assesses the financial reliability of customers.

The Company constantly monitors its credit risk exposures. Counterparties to financial instruments consist of a large number of major financial institutions. The Company does not expect any counterparties to fail in meeting their obligations, given their high credit ratings. In addition, the Company has no significant concentration of credit risk with any single counterparty or group of counterparties.

The maximum and minimum exposure to credit risk is represented by the carrying amount of each financial asset.

The Company trades only with recognized, credit-worthy third parties. It is the Company's policy that all third-party customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis to reduce the Company's exposure to bad debts to minimal.

With respect to credit risk arising from the other financial assets of the Company, which consist of due from related parties, advances to employees, AFS financial assets, and guarantee and refundable deposits, the Company's exposures arise from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

The Company's exposure to credit risks arising from outstanding financial assets is disclosed in Note 30 – Financial Risk Management Objectives and Policies in the Consolidated Financial Statements.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet its contractual obligations and commitments. The seasonality of revenue generation exposes the Company to shortage of funds during slack season and may result in payment defaults of financial commitments. The Company monitors this risk using a recurring liquidity planning tool. This tool considers the maturity of both its financial assets and projected cash flows from operations. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank credit facilities, finance leases and purchase contracts. It is responsible for its own cash surpluses and the raising of loans to cover cash deficits, subject to policies and guidelines approved by management and in certain cases at the BOD level.

The Company maintains sufficient reserves of cash and cash equivalents, which are short-term in nature and unused credit lines to meet its liquidity requirements at all times. In addition, the strong credit worthiness of the Company allows it to make efficient use of the financial markets for financing purposes. As at December 31, 2021 and 2020, the Company has unutilized credit facilities of PhP13.6 billion and PhP12.0 billion, respectively.

The Company's financial assets and liabilities as of December 31, 2021 and 2020 are disclosed in Note 30 – Financial Risk Management Objectives and Policies in the Consolidated Financial Statements.

Capital Management Policy

The Company considers equity attributable to the equity holders of the Parent Company as its capital. The Company's objectives when managing capital are to secure the Company's ongoing financial needs to continue as a going concern as well as to cater to its growth targets to provide returns to shareholders and benefits for other stakeholders and to maintain a cost-efficient and risk-optimized capital structure.

The Company manages the capital structure and makes adjustments to it in light of the changes in economic conditions, its business activities, investment and expansion program and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Company monitors capital, among others, on the basis of gearing ratio. Gearing is calculated as net financial debt divided by total equity in the parent company balance sheets as shown in the table below:

		2021		**2020**
Loans payable - Group	₱	**-**	₱	-
Customers' deposits		**278,693**		**296,600**
Financial debt		**278,693**		**296,600**
Less cash and cash equivalents		**501,208**		2,080,791
Net financial asset		**(222,515)**		(1,784,191)
Total equity		**29,804,455**		29,632,055
Gearing ratio		**-0.7%**		-6.0%

The Company's target is to maintain a gearing in the range of no more than 100%. Total equity grew by 0.58% in 2021 as a result of increase in retained income coming from income from operations net of dividends declared.

Material Changes in Balance Sheet Accounts

Cash and cash equivalents

Decrease was mainly due to net of higher cash generated from operations coupled with higher capex spending.

Trade and other receivables - net

Decrease was due to partial settlement of outstanding short-term loan receivable from a related party and the impact of the offsetting agreements executed by the Company with their associates.

Inventories

Increase was due to recognition of inventory as a result of discontinuation of inventory consignment for imported materials..

Other current assets

Movement was due to lower prepaid expenses from amortization and lower input VAT from utilization, partially offset by the increase in advance payments to third party trade suppliers.

Right-of-Use Assets

Decrease was mainly due to the normal depreciation expense recognized for the period.

Retirement benefit assets – net

The increase was largely attributable to gains earned from changes in actuarial assumptions upon re-measurement of retirement fund asset.

Intangibles assets – net

Movement was due to capitalization of development costs incurred in product related projects net of the amortization expense recognized for the year.

Trade and Other Payables

Decrease was mainly was mainly due to payments made to local vendors and importation and the impact of the offsetting agreements executed by the Company with their associates.

Income Tax Payable

Movement was mainly due to additional current tax expense for 2021 from higher income generated net of actual remittances to BIR and application of creditable withholding tax. The impact of the change in tax rate brought by the CREATE bill also contributed largely in the overall decrease.

Lease liabilities

Lower due to the decreasing balance of leases due to payments made to lessors in 2021 coupled with minimal additions during the year.

Deferred tax liabilities - net

Movement was driven by the tax effect on the remeasurement gain of retirement fund.

Re-measurement gain (loss) on retirement benefits – net

The increase was due to net recognized gain from in remeasurement of plan assets due to changes in actuarial assumptions and experience adjustments.

Non-controlling interests

Increase was due to higher profit of subsidiary compared with last year.

Material Changes in Income Statement Accounts

Revenues

Increase was mainly due to higher volumes sold coupled with higher selling price as compared to prior year.

Cost of Sales

Movement was driven by lower production cost brought primarily by lower imported clinker and cement consumption coupled with savings in distribution cost mainly from lower outbound costs.

General and administrative expenses

Movement was mainly due to higher third party spending, software implementation cost and higher personnel expenses from full workforce deployment this year.

Selling Expenses

The increase was mainly due to higher spending on marketing campaign and personnel expenses due to the absence of the benefit of rationalized workforce deployment.

Interest and Financing Charges

Decrease was because there were no third party or related party loans obtained in the current year.

Interest and other financial income

The decrease was due to lower net interest earned on net defined benefit asset.

Other income (expense) - net

Decrease was due to the impact of the true up of share in undistributed earnings of associates coupled with the lower income from scrap sales.

Provision for Income Tax

The increase was mainly due to higher taxable income for the year.

Review of CY 2020 Operations vs. CY 2019

Philippines' Gross Domestic Product (GDP) grew by negative 9.5%*, lower than the 5.9% growth registered in the prior year.

Revenue generated for the year was Php26.0billion, lower compared to Php33.5billion reported in the same period last year mainly due to lower volumes in both cement and aggregates businesses due to pandemic outbreak. Sustaining our net selling prices was a challenge in the year from intensified market competition in a generally soft demand coupled with shift to more pick-up sales to counter the supply interruptions brought by local quarantine. Aggressive cost reductions in production, distribution and support process costs partially mitigated the topline decline. The Company achieved total EBITDA after lease of Php4.7billion, 29% lower than the same period last year.

The Company managed to incur lower financial expenses related to its short-term loans due to full settlement of third party loans during the year. Net income after tax stood at Php2.1bio giving earnings per share of Php0.32.

**Source: Philippine Statistics Authority*

Key Performance Indicators (KPIs)

The comparative financial KPIs for the periods ended September 30, 2020 and 2019 are as follows:

Financial KPI	Definition	For the Period ended December 31	
		2020	2019
Profitability			
Return on Assets (ROA)	Net Income / Ave. Total Assets	4.8%	7.9%
Return on Equity (ROE)	Net Income / Ave. Total Equity	7.2%	13.%
EBITDA Margin	Operating EBITDA / Net Sales	18.2%	20.0%
Liquidity			
Gearing	Net Financial Debt (Asset) / Stockholders' Equity	(6.0)%	4.7%
EBITDA Net Interest Cover (times)	Operating EBITDA / Net Interest	23.8	25.5

Profitability and Efficiency

While lower compared with last year, the profitability indicators remain to be at good levels remaining positive.

Liquidity

The Company's liquidity position remains strong evidenced by significant cash balance.

Significant Disclosures

Please refer to the Company's Annual Report for 2020 for the significant disclosures made by the Company during the year. Other than those mentioned in the Annual Report, the Company is not aware of the following:

1. Unusual items that materially affect the Company's consolidated assets, liabilities, equity, net income or cash flows because of their nature, size or incidents.

2. Changes in estimates of amounts reported in prior interim periods of the current financial year or changes in estimates of amounts in prior financial years that have a material effect in the current period.

3. Issuances and repurchase of equity securities.

4. Material changes in contingent liabilities or contingent assets since the last annual balance sheet date.

5. Existence of material contingencies and other events of transactions that are material to an understanding of the current period.

6. Known trends, demands, commitments, events and uncertainties that will result in or likely decrease its liquidity in a material way. The Company does not anticipate having within the next 12 months any cash flow or liquidity problems nor does it anticipate any default or breach of any of its existing notes, loans, leases, other indebtedness or financial arrangements requiring it to make payments. With the improvement in the Company's operating performance, it expects to meet all financial loan covenants for the next interim period.

7. Events that will trigger direct or contingent material financial obligations to the Company.

8. Material off-balance sheet transactions, arrangements, obligations (direct or contingent), and other relationships of the Company with unconsolidated entities or other persons created during the year.

9. Material commitments for capital expenditures.

10. Known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable impact on net sales, revenues, net income from continuing operations.

11. Significant elements of income or loss that did not arise from the Company's continuing operations.

12. Material events subsequent to end of the reporting period that have not been reflected in the consolidated financial statements.

Notes to Financial Statements

Accounting Policies and Principles

The consolidated financial statements of the Company, which comprise the consolidated statements of financial position as of December 31, 2020 and 2019 and the consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2020 have been prepared in compliance with Philippine Financial Reporting Standards applied on a consistent basis. The detailed accounting policies are disclosed in Note 2 – Summary of Significant Accounting Policies in the Consolidated Financial Statements.

Seasonality Aspects of the Business

Like any other company in the construction industry, the operations of the Company are affected by seasonality. Net sales are generally higher in dry months from February to May and lower during the rainy months of June to November. Low sales are also experienced during December due to holidays until early January. Unpredictable weather could also significantly affect sales and profitability compared to previous periods coupled with any unforeseen circumstances like disruptions in productions.

Financial Risk Management Objectives and Policies

General Risk Management Approach

The Company is exposed to various financial risks, which include the effect of changes in debt structure, equity market prices, foreign currency exchange rates and interest rates. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential and adverse effects on the financial performance of the Company. The Company does not enter into other derivative or financial transactions which are unrelated to its operating business as a risk-averse approach is pursued.

Financial risk management of the Company is governed by policies approved by management. It provides principles for overall risk management, as well as policies covering specific risk areas such as interest rate risk, foreign exchange risk, counterparty risk, and use of derivative financial instruments and investing assets in excess of liquidity requirements.

The Company's principal financial instruments, other than derivatives, consist of cash and cash equivalents and notes payable. The main purpose of these financial instruments is to raise funds for the Company's operations. The Company also has various other financial assets and liabilities such as trade and other receivables, advances to employees, guarantee deposits, restricted cash and trade and other payables which arise directly from operations.

The main risks arising from the Company's financial instruments are market risks (which include foreign currency risk and interest rate risk), credit risk and liquidity risk. The Board of Directors (**BOD**) reviews and approves the policies for managing each of these risks and they are summarized below. The Company's accounting policies in relation to financial instruments are set out in Note 2 to the consolidated financial statements.

Market Risks

The Company is exposed to market risks, such as foreign currency and interest rate risks. To manage volatility relating to these exposures, the Company enters into derivative financial instruments, when necessary. The Company's objective is to reduce, where appropriate, fluctuations in earnings and cash flows associated with changes in foreign currency, interest rate and equity price.

Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company has foreign exchange exposures, arising primarily from purchases of goods and services and debt servicing requirements in currencies other than the Philippine Peso that leads to currency translation effects. As of December 31, 2020, there are no revenues denominated in currencies other than the Philippine Peso.

Due to the local nature of the cement business, transaction risk is limited. However, income may primarily be in local currency whereas debt servicing and significant amount of capital expenditures may be in foreign currencies. As a consequence thereof, the Company may enter into derivative contracts whenever necessary, which may be designated either as cash flow hedges or fair value hedges, as appropriate.

As of December 31, 2020, the Company had minimal assets and liabilities exposed to foreign currency risks.

Interest Rate Risk

Interest rate risk is the risk that future cash flows from a financial instrument (cash flow interest rate risk) or its fair value (fair value interest rate risk) will fluctuate because of changes in market interest rates.

The Company is exposed to fluctuations in financing costs and market value movements of its debt portfolio related to changes in market interest rates. The Company's interest rate exposure is mainly addressed through the steering of the fixed/floating ratio of net debt. To manage this mix, the Company may enter into derivative transactions, as appropriate. As at December 31, 2020 and 2019, the Company has minimal exposure to interest rate risk.

Credit Risk

Credit risk is the risk that counterparties may not be able to settle their obligations as agreed. To manage this risk, the Company periodically assesses the financial reliability of customers.

The Company constantly monitors its credit risk exposures. Counterparties to financial instruments consist of a large number of major financial institutions. The Company does not expect any counterparties to fail in meeting their obligations, given their high credit ratings. In addition, the Company has no significant concentration of credit risk with any single counterparty or group of counterparties.

The maximum and minimum exposure to credit risk is represented by the carrying amount of each financial asset.

The Company trades only with recognized, credit-worthy third parties. It is the Company's policy that all third party customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis to reduce the Company's exposure to bad debts to minimal.

With respect to credit risk arising from the other financial assets of the Company, which consist of due from related parties, advances to employees, available-for-sale (**AFS**) financial assets, and guarantee and refundable deposits, the Company's exposures arise from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

The Company's exposure to credit risks arising from outstanding financial assets is disclosed in Note 30 – Financial Risk Management Objectives and Policies in the Consolidated Financial Statements.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet its contractual obligations and commitments. The seasonality of revenue generation exposes the Company to shortage of funds during slack season and may result in payment defaults of financial commitments. The Company monitors this risk using a recurring liquidity planning tool. This tool considers the maturity of both its financial assets and projected cash flows from operations. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank credit facilities, finance leases and purchase contracts. It is responsible for its own cash surpluses and the raising of loans to cover cash deficits, subject to policies and guidelines approved by management and, in certain cases, at the BOD level.

The Company maintains sufficient reserves of cash and cash equivalents, which are short-term in nature, unused credit lines and readily available marketable securities to meet its liquidity requirements at all times. In addition, the strong credit worthiness of the Company allows it to make efficient use of the financial markets for financing purposes. As of December 31, 2020 and 2019, the Company has unutilized credit facilities of PhP12.0 billion and PhP13.6 billion, respectively.

The Company's financial assets and liabilities as of December 31, 2020 and 2019 are disclosed in Note 30 – Financial Risk Management Objectives and Policies in the Consolidated Financial Statements.

Capital Management Policy

The Company considers equity attributable to the equity holders of the Parent Company as its capital. The Company's objectives when managing capital are to secure the Company's ongoing financial needs to continue as a going concern as well as to cater for its growth targets in order to provide returns to shareholders and benefits for other stakeholders and to maintain a cost-efficient and risk-optimized capital structure.

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

The Company monitors capital, among others, on the basis of gearing ratio. Gearing is calculated as net financial debt divided by total equity in the parent company balance sheets as shown in the table below:

	2020	2019
Loans payable - Group	₱ -	₱3,925,849
Customers' deposits	**296,600**	345,915
Financial debt	**296,600**	4,271,764
Less cash and cash equivalents	**2,080,791**	2,961,897
Net financial debt (asset)	**(1,784,191)**	1,309,867
Total equity	**29,632,055**	27,769,609
Gearing ratio	**-6.0%**	4.7%

The Company's target is to maintain a gearing in the range of no more than 100 percent. Total equity grew by 7% in 2020 as a result of increase in retained earnings coming from income from operations.

Material Changes in Balance Sheet Accounts

Cash and cash equivalents

Decrease was mainly due to settlement of third party and related party loans coupled with lower cash generated from operations.

Trade and other receivables - net

Decrease was primarily due to lower credit sales coupled with higher customer collections from resolute collection efforts.

Inventories

Decrease was due to consumption of own clinker and cement coupled with rationalization of purchase plan.

Other current assets

Decrease was largely attributable to lower input value added taxes brought by lower purchases/expenses as compared to prior year and lower advances to supplier caused by utilization/application of services.

Investments

Movement was due to due to the dividends received net of share from unrealized income from associates.

Property, plant and equipment – net

Decrease pertains to the depreciation, net of CAPEX additions and new and renewed lease contracts.

Right-of-Use Assets

Decrease was mainly due to the depreciation expense recognized for the period.

Retirement Benefit Assets - net

The decrease was due to recognized loss from re-measurement of retirement fund asset.

Other Non-current Asset

Increase pertains to movement in long-term prepaid assets pertaining to recognition of stranded cost for development.

Intangibles Assets - net

Decrease was mainly due to the amortization expense recognized for the period.

Loan payables

Decrease was due to the full settlement of loan extended by third parties and full settlement for related party loans.

Trade and other payables

Lower payables from the application of advances received from customers to their cement purchases,accrued rebates and settlement of amounts owed to related parties.

Income tax payable

Decrease was mainly due to payment for income taxes, net of lower income tax expense due to lower income generated for the period.

Provisions

Decrease in provisions was mainly due to amortization relating to stranded cost.

Deferred tax liabilities - net

Movement was driven by the tax effect on the remeasurement of retirement fund.

Remeasurement gain (loss) on retirement benefits

The decrease was due to the recognized loss in remeasurement of plan assets due to changes in actuarial assumptions and experience adjustments.

Retained earnings

Increase was due to net profit recognized for the period.

Non-controlling Interest

Decrease was due to lower profit of subsidiary compared with last year.

Material Changes in Income Statement Accounts

Revenue

Decrease was mainly due to lower volumes sold from the interruption in the sales operations as a result of the lockdown implemented by the government.

Cost of goods sold

Decrease was mainly attributable to lower volumes produced due to stoppage of operations. Other than lower volumes (sold, transported and produced) cost of goods sold was lower driven by lower fixed cost, lower raw material and fuel prices, lower energy cost, as well as lower distribution costs from savings in maintenance and third party services.

General and Administrative Expenses

The movement was due to lower third party / outside service costs; net of higher personnel and taxes and licenses expense.

Selling Expenses

The decrease was due to lower third party / outside service costs, personnel expenses, and transportation and communication costs.

Interest and Financing Charges

The decrease was due to full settlement of a loan from a third party.

Interest and Other Financial Income

The decrease was due to lower net interest on net defined benefit asset.

Foreign Exchange Gains (Losses) - net

Decrease was due to decrease in foreign currency denominated assets which were revalued at year-end.

Provision for income tax

Decrease was due to lower taxable income as of the current period.

External Audit Fees

The fees billed for professional services rendered by Sycip Gorres Velayo & Co. (Ernst & Young) and Navarro Amper & Co. (Deloitte) in 2022 and 2021, respectively, were inclusive of out-of-pocket expenses to cover the services rendered by the external auditor for audit of the financial statements of the Company and other services in connection with statutory and regulatory filings for years 2022 and 2021. The aggregate fees billed for audit-related services is Php7,180,000 for 2021 and Php6,737,666 for 2022.

Tax Fees & All Other Fees

The Company did not engage Deloitte or Ernst & Young for tax and other services (including other assurance and related services reasonably related to the performance of the audit or review of the Company's financial statements) in 2022 and 2021.

IV. BRIEF DESCRIPTION OF THE GENERAL NATURE AND SCOPE OF THE COMPANY'S BUSINESS AND ITS SUBSIDIARIES

Item 1. Business

HPI is one of the premier cement manufacturers in the Philippines and is a member of the Holcim Group (formerly LafargeHolcim), one of the world's leading suppliers of cement, aggregates, concrete and construction-related services. HPI is mainly engaged in the manufacture, sale and distribution of cement and cementitious products and the provision of technical support on various construction-related quality control, optimization, solutions development and skills upgrade.

The Company and its subsidiaries own four cement production facilities, one cement grinding mill, five ports, as well as multiple storage and distribution points across the country.

The consolidated operations of the four cement production facilities have fortified HPI's premier position in the Philippine cement industry with a total installed clinker production capacity of 5.2 million metric tons per year (**MTPY**) and cement production capacity of 10 million MTPY.

HPI was the first in the Philippine cement industry to receive ISO 9002 certification (Quality Management System Standards) from the International Organization for Standardization (ISO). Additionally, all four plants are ISO 14001 certified (Environment Management System Standards) and ISO 45001 (Occupational Health & Safety Management) certified.

"Holcim" is one of the top selling brands and quality leaders in the Philippines.

(1) History and Business Development

HPI was incorporated and registered with the Philippines Securities and Exchange Commission (**SEC**) on November 12, 1964 under the name Hi-Cement Corporation (**HCC**).

On February 8, 2000, the SEC approved the merger of HCC, Davao Union Cement Corporation, and Bacnotan Cement Corporation, with HCC as the surviving entity. Simultaneously, the SEC also approved the request for a change of corporate name from HCC to Union Cement Corporation (**UCC**).

On January 11, 2001, the SEC approved the merger of Atlas Cement Marketing Corporation, Davao Union Marketing Corporation and Bacnotan Marketing Corporation into UCC.

On July 17, 2002, the Board of Directors of UCC approved the acquisition of 88% of the issued and outstanding common shares of Alsons Cement Corporation (**ACC**) from Cemco Holdings, Inc. (**Cemco**). In consideration of such shares, new shares of UCC were issued to Cemco, at the exchange ratio of one UCC share for every 3.7 ACC shares owned by Cemco, thus, making ACC a subsidiary of UCC.

Pursuant to the Securities Regulation Code (**SRC**) and its implementing rules and regulations, HPI undertook a tender offer in favor of the remaining 12% non-controlling shareholders of ACC to exchange their holdings in ACC for new shares of UCC at the same exchange ratio, with the option to accept cash at a price of PhP0.28 per ACC share, in lieu of HPI shares. The foregoing transactions were approved by shareholders of UCC on September 4, 2002. The Company acquired additional ACC shares representing 0.02% equity interest in ACC after the end of the tender offer period.

On September 19, 2002, the Board of Directors of ACC approved a resolution for the delisting of the shares of stocks of the Company from the Philippine Stock Exchange (**PSE**). The PSE approved the resolution for the delisting on December 15, 2002.

On August 17, 2004, the SEC approved ACC's reverse stock split, increasing the par value of ACC's shares to PhP1,000 per share from PhP0.50 per share. As a result of additional purchases from the remaining non-controlling shareholders of ACC in 2004 and the effect of the reverse stock split, UCC equity interest in ACC increased from 98.74% to 99.6%.

On November 30, 2004, the SEC approved the request for change in corporate name from UCC to HPI. On January 19, 2005, the SEC also approved the change in corporate name of ACC to Holcim Philippines Manufacturing Corp. (**HPMC**).

On March 6, 2014, the SEC approved the increase in authorized capital stock of Holcim Mining and Development Corporation (**HMDC**) (formerly Sulu Resources Development Corp., later renamed Holcim Aggregates Corporation) to make way for additional subscription by HPI and HPMC, in consideration of properties such as parcels of land, mining claims and foreshore leases. On March 18, 2016, the SEC approved the increase in authorized capital stock of HMDC to make way for subscription by the Holcim Philippines, Inc. Retirement Fund of sixty percent of the issued and outstanding capital stock of HMDC. Today, HMDC is an associate company of HPI, providing most of the Company's raw materials from the quarries of HMDC and its subsidiaries in La Union, Bulacan, Lugait and Davao. HMDC and its subsidiaries also leases to the Company parcels of land and foreshore leases for the latter's operations.

As of December 31, 2022, HPI is 60.55% owned by Union Cement Holdings Corporation (**UCHC**), 18.11% owned by Holderfin B.V. (**Holderfin**), and 7.08% owned by Cemco while the remainder of its shares is owned by the public. HPI common shares are listed in the PSE.

<u>The Company's Subsidiaries</u>

Holcim Philippines Manufacturing Corporation

HPMC was incorporated and registered with the SEC on February 7, 1968 under the name of Victory Cement Corporation.

HPMC has a 1.5 million MTPY line which was successfully commissioned in 1998 and started commercial operation in January 1999. HPMC's terminal located in Calaca, Batangas, which had been idle for several years, was rehabilitated in 2010 and resumed operations in January 2011. Today, substantially all of HPMC's cement manufacturing assets are being leased by HPI.

In January 2019, HPMC renewed the bareboat agreement with HPI for the latter's vessel requirements to transport cement to various destinations within the Philippines. The bareboat agreement is valid until December 2023.

HPMC's subsidiary, Calamba Aggregates Company, Inc. (**CACI**), was incorporated and registered with the SEC on October 15, 1992, that operated an aggregates plant in Laguna. CACI ceased operations effective December 31, 2013.

HPMC's wholly owned subsidiary, Bulkcem Philippines, Inc. (**BPI**), was incorporated and registered with the SEC on April 5, 1995. Today, BPI owns a bulk terminal located in Iloilo which is currently being leased by HPI.

Alsons Construction Chemicals, Inc. (**ALCHEM)**, another subsidiary, was incorporated and registered with the Philippine SEC on December 23, 1996. ALCHEM owned a cement and mineral admixture plant in Lugait, Misamis Oriental. The operation of ALCHEM was discontinued since July 1999. ALCHEM filed an affidavit of non-operation with the SEC and is now going through the process of dissolution.

*Excel Concrete Logistics, Inc. (**ECLI**)*

ECLI was incorporated and registered with the SEC on August 9, 2012. On January 1, 2013, ECLI started its full operation servicing the distribution, transport and placing of concrete, as well as transport of cement and specialty products. On November 29, 2018, the Board of Directors of HPI approved the closure and dissolution of ECLI. On January 28, 2020, the SEC approved ECLI's application for amendment of ECLI's Articles of Incorporation to shorten its corporate term up to January 31, 2021. ECLI is now in the process of winding up its corporate affairs.

Shop and Build Corporation (formerly Holcim Philippines Business Services Center, Inc.)

Holcim Philippines Business Services Center, Inc. **(HPBSCI)** was incorporated and registered with the SEC on February 4, 2014. HPBSCI was set up to engage in the business of providing business process outsourcing and other information technology-enabled services to the Holcim Group. On February 13, 2015, HPBSCI transferred and sold its intellectual property rights and leasehold improvements to Holcim East Asia Business Service Centre B.V. – Philippine ROHQ.

On April 1, 2021, the Board of Directors and Stockholders of HPBSCI approved the proposal to amend its Articles of Incorporation to change HPBSCI's corporate name to Shop and Build Corporation and to amend its primary purpose. The Securities and Exchange Commission approved BSC's application to amend its Articles of Incorporation. Shop and Build Corporation will engage in the business of online selling (wholesale or retail), distributing, marketing and trading of cement and other construction materials.

*HuBB Stores and Services Inc. (**HSSI**)*

HSSI was incorporated and registered with the SEC on June 2, 2014. HSSI was set up to engage in the business of buying, selling and distributing construction and building materials, and to operate, maintain and franchise stores for the sale and distribution of said materials. HSSI ceased its business operations in August 2020. The Board of Directors and the stockholders of the Company approved the dissolution of HSSI on November 19, 2020 and January 15, 2021, respectively.

*Mabini Grinding Mill Corporation (**MGMC**)*

MGMC was incorporated and registered with the SEC on September 29, 1999. In August 2013, the rehabilitation of MGMC's grinding station in Mabini, Batangas was completed. HPI is leasing and operating the said grinding station.

Bankruptcy Proceedings

The Company is not a party to any bankruptcy, receivership or similar proceedings.

Material Reclassification, Merger, Consolidation

On May 10, 2019, a Sale and Purchase Agreement **(SPA**) for the sale and purchase of shares in the Company was executed by Holderfin, First Stronghold Cement Industries, Inc., San Miguel Corporation and Lafargeholcim Ltd. Subject to the prior written approval of the Philippine Competition Commission and fulfillment of customary closing conditions, it was agreed that Holderfin shall sell its shares in the Company and shall procure Cemco and UCC to likewise sell their shares in the Company to First Stronghold Cement Industries, Inc. The SPA has lapsed on May 10, 2020 and UCHC still holds the controlling interest in the Company.

On November 19, 2020, the Board of Directors of Holcim Philippines, Inc. approved the upstream merger of Holcim Philippines Manufacturing Corporation, Mabini Grinding Mill Corporation and Bulkcem Philippines, Inc. into Holcim Philippines, Inc. The stockholders likewise approved the upstream merger in a special meeting held on 15 January 2021. The presentation of the Plan of Merger to the Board and the stockholders of the constituent companies has been deferred.

(2) General Business Description

HPI is engaged in the manufacture, sale and distribution of cement, dry mix mortar products, clinker and aggregates. It also offers construction-related trainings, consultancies, testing and other technical services to its customers. With the Company's production facilities, ports, storage

& distribution terminals, sales offices and channel partners, HPI has an extensive sales and distribution footprint due to its strategically located plants and terminals in the Philippines.

The Company has a deep portfolio of innovative solutions fostered by a wide range of building products and solutions. Its portfolio of cement, aggregates, finishing and concrete solutions can help local builders execute a wide range of projects with high performance and efficiency, from massive infrastructures to simple home repairs. The Company's product quality and operational capability are geared toward meeting the customers' building needs.

(a) Product Lines

HPI manufactures seven main cement product brands namely: Holcim 4X (Type 1 high performance Portland cement), Holcim Premium (Type 1 Portland cement), Holcim Solido (Type IP Blended cement), Holcim Excel (Type 1P Blended cement), Holcim WallRight (Type S Masonry cement), Holcim Aqua X, and Holcim Eco Planet.

Its products are sold mostly in bags except for Holcim Premium (in bulk) and Holcim 4X (bulk). Other packaging formats include tonner, jumbo bags and bulk. HPI also sells to cement producers a semi-finished product called clinker, which is sold only in bulk.

The company has also in its portfolio aggregates and dry mix mortar products. Dry Mix mortar products are Holcim Tile Adhesive and Holcim Skim Coat and the recently launched Holcim Multifix, an all-in-one mortar for plastering, floor screed and thick bed tile installation.

All HPI products meet the Philippine National Standards (PNS) and the American Society for Testing and Materials (ASTM) product quality standards.

The Business continues to serve SF Crete as a one-day concrete solution for road application in line with the Conditional Approval awarded by DPWH for this technology.

Below is a brief description of HPI's various products:

Holcim 4X

Holcim 4X is an ASTM C150 high performance Portland cement. It is specially formulated for ready mix concrete applications. It has high compressive strength, high workability and is compatible with commonly available admixtures. Supplied in bulk, Holcim 4X is mainly used for high-rise buildings and vertical structures that require high-strength cement. It is ideal for construction that requires optimized concrete mix designs and fast construction cycles. With the high 28-day compressive strength of Holcim 4X, lower cement factor is needed resulting in lower construction costs. Longer setting time results to better slump retention and pumpability of concrete.

Holcim Premium

Holcim Premium is an ASTM Type I Portland Cement. It is used for general concrete construction. To make Portland cement, powdered limestone, silica and iron-rich materials are homogenized and burnt at 1500°C. The resulting material is called clinker. Portland cement is produced by grinding clinker with a small amount of gypsum, a set retarder. When Portland cement is mixed with water and aggregates to make concrete, the mixture is initially flowable and easy to place, mold and finish. Eventually, the concrete sets, hardens and produces a strong and durable construction material.

Holcim Solido

Holcim Solido is a premium quality ASTM Type IP Cement which is Portland cement combined with advanced mineral additives. It is sold in bulk, tonner bags and 40-kg bags and used for roads and general concrete applications. Advance mineral additives are inter-ground with higher composition of Portland cement clinker to improve durability of concrete.

Holcim Excel

Holcim Excel Cement is an ASTM Type IP Cement, which is Portland cement combined with advanced mineral additives. It is sold mainly in 40-kg bags and used for general concrete construction. Advanced mineral additives (including granulated blast furnace slag) are inter-ground with Portland cement clinker and gypsum to improve the workability and early strength. The product is used for the same applications as the Portland cement described above but is preferred by many customers because the additives improve its performance.

Holcim WallRight Cement

Holcim WallRight Cement is an ASTM C91 Type S Masonry Cement designed for block laying, plastering and finishing use. It is made by inter-grinding mineral additives and an air-entraining additive with Portland cement clinker during the finish milling operation. The resulting cement will produce smoother, more cohesive and more cost-effective mortars and plasters which are preferred by masons.

Clinker

Clinker is an intermediate product in cement production. It is produced by grinding and burning a proportioned mixture of limestone, shale and silica. When clinker is further subjected to grinding and added with gypsum, Portland cement is produced.

SF Crete Technology

SF Crete is a total solution offering for one day concrete pavement. This solution is a package of materials i.e., cement, aggregates and admixtures and technical support to meet one-day concrete design.

Aggregates

Aggregates are granular materials of mineral compositions used for various construction applications. It is used with a binding medium to form concrete, bitumous concrete, precast concrete, mortar, plaster and other concrete and asphalt applications. It can be used alone for road bases, structural beddings, railroad ballast, filter beds, backfills, etc. The grading and quality conforms to the ASTM C33 Standard Specifications for coarse and fine aggregates.

Holcim Tile Adhesive

Holcim Tile Adhesive is a premium cement-based adhesive for tiles specially formulated for thin-bed vertical and horizontal application. Its unique formulation combined with Holcim cement provides for a faster, stronger adhesion, with excellent non-slip properties.

Holcim Skim Coat

Holcim Skim Coat is a cementitious plaster specially designed to smoothen vertical structures suitable for both indoor and outdoor use. Skim Coat is used for rendering and smoothening surfaces prior to application of sealants or decorative paints.

Holcim Multi-fix

Holcim Multifix is a high performance polymer modified mortar formulated for internal and external wall plastering, floor screed and tile installation by thick bed method. It is the best substitute for traditional mortar.

Holcim Aqua X

Holcim Aqua X is the first general purpose cement with water-repellent properties. Its reliable strength and its ability to minimize the absorption of water by the concrete or mortar ensures a long lasting protection against damage and deterioration caused by water penetration.

Holcim Ecoplanet

Holcim ECOPlanet is an environment-friendly product with more than 30% lower carbon footprint than other general purpose cement. It is a general purpose blended cement ideal for structural applications.

Holcim AAC Block Adhesive

Holcim AAC Bloack Adhesive is a new dry mortar product is used for laying all types of AAC blocks and various types of cement blocks in the market. It is a polymer-based versatile thin joining adhesive specially formulated to provide high bonding, durability and speed up the build process of AAC blocks.

The Table 1 – Revenue by Product Line

	Calendar Year Ended	Calendar Year Ended	Calendar Year Ended
(In Thousand Pesos)	December 31, 2022	December 31, 2021	December 31, 2020
Cement and cementitious materials	**₱24,668,913**	₱25,153,069	₱24,745,235
Others	**1,918,771**	1,793,076	1,270,107
Total	**₱26,587,684**	₱26,946,145	₱26,015,342

Contribution of Export Sales

The amounts and percentages of revenue attributable to export sales, including breakdown per region, for the calendar years ended December 31, 2022, 2021 and 2020 are as follows:

Table 2 – Export Revenue

	Calendar Year Ended	Calendar Year Ended	Calendar Year Ended
(In Thousand Pesos)	December 31, 2022	December 31, 2021	December 31, 2020
Total Export Revenues	**NIL**	NIL	NIL
% to Total Revenues	**NIL**	NIL	NIL
Breakdown of Export Revenues per Region (in %)			
Southeast Asia			
Eastern Asia			
Oceania	**NIL**	NIL	NIL
North America			
Western Europe			
Middle East			
Total % to Total Revenues	**NIL**	NIL	NIL

There are no foreign sales in the last three fiscal years.

(b) *Marketing and Distribution*

The Company's major domestic customers are traders, wholesalers, retailers, contractors serving private and public projects, real-estate developers and concrete producers. Notably, HPI has supplied a number of big commercial and government flagship projects in the entire country.

(c) *New Product*

Holcim WallRight Prime

A Type M Masonry Cement conforming to ASTM C 91 standard. Holcim WallRight Prime is the ideal eco-friendly cement for masonry applications such as Hollow Block laying, filling and wall plastering. Manufactured with at least 30% reduced CO2 emission.

(d) *Competition*

The local cement industry currently has ten (10) operating cement manufacturers, namely, Holcim, Republic Cement, Cemex, Taiheiyo, Northern Cement, Southern Concrete, Eagle Cement, Goodfound, Mabuhay Filcement and Petra Cement. Seven (7) of these manufacturers are integrated cement plants, while Mabuhay Filcement, Southern Concrete and Petra Cement operate as grinding stations. Big Boss Cement, a local grinding station, has suspended operations in 2021.

The infrastructure development plan in the country promotes cement demand growth encouraging new investments in clinkering facilities such as Century Peak Cement. While Eagle Cement signed a share purchase agreement with San Miguel Corporation consolidating it together with Northern Cement and Southern Concrete. Meanwhile, independent traders continue to bring imported cement in bulk, tonner or 40kg bags mainly from Vietnam to be sold and distributed in key markets across the country. Big cement traders have invested in cement terminals with bagging and warehousing facilities in key trading ports to dispatch both bulk and bagged cement.

Among the local domestic manufacturers, HPI has the widest market reach and range of building products and solutions serving customers across the country from two integrated cement plants, one cement grinding plant and one dry mix plant in Luzon, and two integrated cement plants in Mindanao. HPI also operates cement terminals in Iloilo, Batangas and Manila. There are various warehouses strategically located in different geographic markets to support the company's distribution network.

Last November 2022, the Department of Trade and Industry (DTI) has dismissed the request of the Cement Manufacturer's Association of the Philippines (CeMAP) to extend the imposed safeguard duty for both ordinary portland cement (Type 1) and blended cement (Type 1P). The safeguard duty has subsequently expired last October 2022. On the other hand, a definitive anti-dumping duty has been approved by the DTI on cement exporters of ordinary portland cement (Type 1) and blended cement (Type 1P) from Vietnam for a period of five (5) years.

The four integrated cement plants of HPI are certified to meet the ISO 9002 (Quality Management), ISO 14001 (Environmental Management) and ISO 45001 (Occupational Health and Safety Management) standards.

(e) *Sources and Availability of Raw Materials and Supplies*

<u>Raw Materials</u>

The Company sources most of its raw materials (limestone, pozzolan, shale) from its associate company, Holcim Mining Development Corporation ("HMDC") and its subsidiaries ("HMDC Group") which hold Mineral Production Sharing Agreements for its quarries in various areas including La Union, Bulacan, Davao and Lugait, Misamis Oriental. HPI also source raw materials from third party suppliers and/or nearby sources for silica, flyash, pozzolana and limestone.

Granulated Blast Furnace requirements are covered with an annual supply contract with Holcim Trading. Synthetic and Natural Gypsum are imported materials via spot purchase.

Energy Supply

Being an energy-intensive process, cement production requires a reliable and competitively priced power supply for uninterrupted and cost-effective production.

The Bulacan plant's peak demand is currently at 35 megawatts ("MW") while La Union plant's peak demand is currently at 15 MW. On August 12, 2011, a 15-year Energy Services Agreement (ESA) was signed with Trans-Asia Oil and Energy Development Corp. (TA Oil), now Phinma Energy Corporation (PEC) for the supply of both Bulacan Line 2 and La Union plants starting in 2014. On September 21, 2020, an amended and restated Energy Services Agreement was signed effective June 26, 2020 and valid until December 25, 2030.

The Davao plant's total power requirement is 22 MW. Effective September 26, 2013, Davao plant became a captive customer of Davao Light and Power Company (DLPC), the Distribution Utility (DU) which holds the franchise for power distribution in the area pursuant to Energy Regulatory Commission Resolution No. 27, Series of 2010.

The Lugait plant's total power requirement is 33 MW for both lines or 27 MW with Line 2 only. After the expiration of the Power Supply Agreement with NPC on December 25, 2012, Misamis I Oriental Electric Cooperative (Moresco I) took over as the power supplier of Lugait plant pursuant to Energy Regulatory Commission Resolution No. 27, Series of 2010. Currently, only Line 2 is operating.

Mabini Grinding plant which is a 6MW capacity establishment has qualified as a "Contestable Customer (CC)" when the Retail Competition and Open Access (RCOA) was implemented last June 26, 2013. As a result, a 10-year Power Supply Agreement with TA Oil was signed and took effect on June 26, 2014 in lieu of an agreement with distribution utility Department of Energy (DOE) Batangas Electric Cooperative, Inc. (BATELEC II). On September 21, 2020, an amended and restated Energy Services Agreement was signed effective June 26, 2020 and valid until December 25, 2030.

Coal and Fuel Supply

HPI uses coal for heating the Company's kilns in La Union, Bulacan, Davao and Lugait.

HPI's imported coal requirements are covered with annual supply contracts. Spot purchases shall remain as an option to have a healthy balance of supply reliability, market competitive prices and opportunity for substitute fuels.

For local coal requirements, the Company entered into a 1-year contract with Semirara Mining & Power Corporation covering 2021.

HPI has an existing supply contract with Petron and SL Harbour for its Diesel and Bunker fuel needs. Contracts started from January 1, 2021 and valid until January 1, 2023.

The Company has not experienced any disruption in its solid and liquid fuel supply.

(f) Dependence on a Single or a Few Customers

The Company employs a multi-level distribution strategy in serving the market. This covers wholesaler and retailer intermediaries, traders, ready mix companies, concrete products manufacturers, international and local contractors, and real-estate developers. At the same time, HPI supports numerous large- and medium-scale government infrastructure projects.

The aim is for the business not to be dependent on a single or a few customers but rather achieve a well-balanced customer portfolio.

(g) Related Party Transactions

Please see Note 28 – Related Party Transactions to the Consolidated Financial Statements for details.

(h) Trademarks, Licenses, Concessions, Labor Contracts

In 2017, applications for transfer of MPSA to HMDC and/or its subsidiary, HRDC have been approved by the DENR.

On labor contracts, please see the discussion on employees under Item (m).

In 2016, the Philippine Intellectual Property Office issued Certificates of Registration to HSSI for the following trademarks: (1) “HuBB” logo; and (2) “HUB Builders Center”.

In 2021, the Philippine Intellectual Property Office issued a Certificate of Registration to HSSI for the Pinoy Builders Trademark which is valid until 18 November 2031.

(i) Governmental Approval of Principal Products

The Bureau of Product Standards (BPS) granted HPI the license to use the Philippine Standard Quality Certification Mark for its principal products. All other necessary licenses and permits required for the continuous production and sale of HPI products have been secured by the Company, including new licenses as well as those that have to be renewed periodically.

(j) Research and Development

The Company is engaged in research and development for improving the production process used in its plants and for improving the quality and strength of its products. The Company spent a total of ₱135.6 million research and development costs in the last three years as follows:

Table 3 – Research and Development Costs

Period Covered	**Amount (‘000 Pesos)**	**Percentage to Revenues**
CY ended December 31, 2022	**₱46,688**	0.18%
CY ended December 31, 2021	51,616	0.19%
CY ended December 31, 2020	37,251	0.14%
Total	₱135,555	

(k) Costs and Effects of Compliance with Environmental Laws

The Company conducts its operations consistent with sustainable development principles and continuously improves its environmental performance to ensure compliance to laws and regulations both locally and internationally.

The Company is committed to comply with environmental laws, regulations and standards applicable to its products and operations and subscribes to leading industry initiatives and internal requirements. It also assesses and measures its environmental impacts and continuously improves its processes, tools and capabilities and promotes best practices in the industry. For example, in order to ensure compliance to air emission standards, the plants maintain and operate electrostatic precipitators, bag houses, multi-cyclone and bag filters to mitigate dust emissions. The plants are also equipped with Continuous Emission Monitoring System (CEMS) for real time monitoring of gaseous emissions such as nitrogen oxide (NOx) and sulfur dioxide (SO2), carbon monoxide (CO) and volatile organic compound (VOC) emissions. Overall performance is validated regularly by quarterly monitoring of multi-stakeholders and government audits and is confirmed that HPI is compliant with the existing government standards.

The plants are ISO 14001 certified or have an effective environmental management system in place to ensure all environmental impacts and risks are effectively managed and mitigated. The company continuously optimize its use of resources through re-using, recovering and/or recycling waste materials in own production processes where feasible, minimizing the generation of any hazardous and non-hazardous waste, and disposing waste using safe and responsible methods. The Company has annual environmental improvement plans with programs to drive better environmental performance and sustain environmental compliance covering emissions, water, energy and waste management.

The Company proactively engages with stakeholders and cooperates with legislators and regulators to ensure environmental obligations are fulfilled and local regulations are complied.

(l) Employees

As of December 31, 2022, HPI and subsidiaries had a total of 1,036 officers and regular employees broken down as follows:

Table 4 – Officers and Employees

Location	**HPI**	**Subsidiaries**	**Managerial**	**Rank & File**	**Supervisory**	**TOTAL**
Head Office*	255	0	72	38	145	255
Bulacan Plant	223	0	23	121	79	223
La Union Plant	151	0	22	66	63	151
Davao Plant	191	0	25	99	67	191
Lugait Plant	95	98	23	82	88	193
Calumpit	21	0	1	13	7	21
Calaca	2	0	0	0	2	2
Total	938	98				1,036

** Includes Mabini plant*

The number of employees the company anticipates to hire for the year 2023 is approximately 82, which includes 23 employees on-boarded from January to March 2023.

There was a significant reduction in the company’s manpower complement compared to last year’s due to the transition of transactional activities of HPI to the Global Business Service Center (GHBS) and the deliberate decision to defer some of the hiring of replacements due to challenging business performance and changes in business direction. Over-all attrition rate recorded is 15.89%, higher than previous year due to the transition. 7.30% were due to resignations and early retirement.

The Company’s resiliency program was strongly driven in all sites of HPI including the promotion of vaccination programs. This allowed the Company to implement the 100% on-site in March of 2022.

Execution of Individual Development Plans (IDP) continued in 2022 to enhance the technical and leadership competence of employees. HPI's general framework for talent development is either through Experience, Exposure or Education. In 2022, a total of 181 employees experienced new jobs through temporary assignment, lateral transfer, promotion, or developmental assignment. For education, an average of 12.7 training hours per employee was recorded for the year.

Review of talents and succession planning remained important people activities in 2022. Talent strategy and actions were put in place to ensure ready now talents for critical positions, while promoting diversity and inclusion. HPI continues to send young leaders to the Early Career Leadership Program, a 6-month program sponsored by the HOlcim Group intended to speed up the development of future leadership.

1,072 employees participated in the Gallup Engagement Survey initiated by the Holcim Group last April 2022. Holcim Philippines scored 4.01 (out of 5), which is among the highest scores in the Group. 215 teams created a total of 338 action plans to address the low scores in their function and location. Some of these actions include various ways to recognize employee contributions, individual and team conversations, launch of "I Love Holcim" as an umbrella employee engagement program, and launch of "My Story" which celebrates employees and their Holcim journey.

Supervisory and rank-and-file employees in the four integrated cement plans, as well as the rank-and-file in the paper bag plant, are members of their respective labor unions, with existing Collective Bargaining Agreements (CBA) with the Company.

Table 6 – Labor Unions

Location of Cement Plant	Labor Union5	CBA Expiry Date
Bacnotan, La Union	La Union Cement Workers Union Holcim La Union Supervisory Employees Union	March 31, 2027 March 31, 2024
Norzagaray, Bulacan	Holcim Philippines Employees Association (HPEA) UCC Bulacan Supervisory Employees Union (UBSEU)	December 31, 2025 February 28, 2024
Lugait, Misamis Oriental	Holcim Lugait Employees Labor Union Holcim Lugait Supervisors Independent Union	July 31, 2021 *(Ongoing arbitration)* March 31, 2024
Davao City	Davao Holcim Employees Workers Union Holcim Davao Supervisory Independent Union	March 31, 2025 March 31, 2025
Calumpit, Bulacan	Holcim Paper Bag Plant Employees Association – FFW Chapter	December 31, 2023

Four (4) CBA Negotiations were successfully concluded in 2022. One (1) associates' union is ongoing arbitration.

(m) Risk Factors

Political and Economic Factors

The Company and its subsidiaries are primarily engaged in the manufacture of clinker and cement in the Philippines. Cement is one of the basic materials for building works and sales are highly dependent on the demand for construction activities and the aggregate growth of the economy as well as political conditions in the country.

One of the principal factors that may materially affect financial performance is the level of construction activity in the public and private sectors. Public sector construction activity has always been a significant part of cement demand. However, government spending on construction-related activities (e.g., infrastructure and housing) is dependent on various factors mainly budgetary constraints and political considerations that could impact government's ability to execute is planned projects.

On the other hand, private sector spending is primarily driven by investors' confidence in the country, which in turn, is dependent on the country's economic and political conditions.

Any perceived political instability or lower-than-expected economic growth could have an adverse effect on the Company's financial performance.

Availability of Stable Power Supply

The contract with AC Energy Philippines, Inc. (ACEPI) which is valid until December 25, 2030, provides stable and guaranteed power supply for La Union Plant, Bulacan Plant, and Mabini Grinding Plant. The contract also provides for the availability of island mode backup power for both Luzon plants during grid failures.

Lugait and Davao Plants, both situated in Mindanao, are now benefitting from electricity surplus brought about by the new coal power plants which started commercial operations from 2016 onwards. It is projected that the additional capacities from new coal power plants will provide Mindanao with surplus power supply in the medium-term.

WESM is not yet available in Mindanao. Also, the Retail Competition and Open Access (RCOA) can only be launched after WESM has been implemented. Hence, Lugait and Davao Plants will remain captive customers of Distribution Utility – Moresco I and Davao Light and Power Company (DLPC), respectively.

On November 16, 2021, Holcim Philippines, Inc. signed a 20-year power purchase agreement with GHRIAN EARTH CORP. (Blueleaf Energy), to deliver solar power to itsh plants in Bulacan and La Union. Under the agreement, Blueleaf Energy will finance, build, operate, and maintain solar energy facilities in Norzagaray, Bulacan and Bacnotan, La Union with a combined capacity of 29 megawatt peak and an annual generation of more than 50 gigawatt hours that will supply up to 15% of the energy requirements of Holcim Philippines' plants there. The solar energy facilities are scheduled to be completed in 2024.

The Company is exploring other measures to manage power costs and at the same time contribute to sustainability strategy.

Dependence on Key Facilities

Substantially all of HPI's income has been, and will be derived from the sale of products manufactured at its production facilities in Luzon and Mindanao. Any prolonged breakdown of, or significant damage to, the Company's production facilities could have an adverse effect on the results of its operations. HPI maintains comprehensive property and casualty insurance policies covering its production facilities and key assets under an Industrial All-Risk policy. However, there can be no assurance that the proceeds from HPI's insurance claims would be sufficient to compensate the Company for all the effects of possible loss and/or damage. Notwithstanding that, the Company has appropriate processes and measures in place to further mitigate the risk of any possible loss or damage.

Impact of the Exchange Rate Fluctuations

Based on the 2022 *Bangko Sentral ng Pilipinas* Annual Exchange Rate Report, the Philippine Peso appreciated from PhP50.77 against the US Dollar as of December 31, 2021 to PhP56.12 as of December 31, 2022. The Peso has undergone fluctuations during the year with an average rate of PhP54.48. The weakening of the Peso resulted in the increase of cost of production inputs such as imported fuel, coal and supplies.

<u>Environmental and Regulatory Matters</u>

Cement manufacturing uses extensive resource and energy. It uses raw materials such as limestone, fossil fuel (coal and bunker fuel), electric power and water. As such, the environmental risks and impacts should be mitigated to ensure compliance to regulatory requirements and maintain operations in sustainable manner. An effective environmental management system is in place to manage these risks and impacts.

HPI conforms to rules and regulations defined under the following: The Philippine Environmental Impact Statement System (PD 1586), The Philippine Clean Air Act 1999 (RA 8749), Philippine Clean Water Act of 2004 (RA 9275), Ecological Solid Waste Management Act of 2000 (RA 9003), and Toxic Substances & Hazardous & Nuclear Waste Control Act of 1990 (RA 6969). Other Applicable Laws & Regulations are also identified in the Company's Integrated Management System Manual.

In a group-wide program, the Company strives to reduce dust emissions below the prescribed 150 mg/Nm3 level that the government allows cement plants to emit under the Philippine Clean Air Act. The Company maintains and operates modern electrostatic precipitators, bag houses, multi-cyclone and bag filters for mitigating the dust coming from its plants' pre-heater towers, kilns and cement mill grinding systems. With these modern dust control systems in place, HPI‟s cement plants kept dust emission levels below the prescribed government standard. The Company has in place Continuous Emission Monitoring System (CEMS) in all its four plants for continuous monitoring of particulate and gaseous emissions of main stack. The emissions data are being reported daily to regulatory body. In terms of compliance to Clean Water Act, the Company has in place pollution control facilities to manage storm water run-off and seasonal process water discharge such as siltation ponds. In terms of managing domestic water discharge, the Company properly maintains and operates waste treatment facilities. The Company also have waste management disposal facilities in the plants. The wastes generated by the plant which are qualified to be used as alternative fuel for the kiln are being co-processed. This co-processing technology under Geocycle follows the highest standard of environmental compliance. The four plants are also granted with Treatment, Storage and Disposal (TSD) Certificate as attestation to Geocycle's responsible handling and Management of hazardous industrial wastes.

HPI's four plants continue to be recognized by the relevant national government agencies for its environmental performance and programs. The Company is committed to implement continuous improvement to ensure compliance and improve performance.

The status of compliance on the conditions stated in the Environmental Compliance Certificate (ECC) is regularly reported to DENR through the submission of Self-Monitoring Reports (SMR), Compliance Monitoring Reports (CMR), and Compliance Monitoring and Verification Reports (CMVR). Overall environmental performance is validated regularly by quarterly monitoring of multi-partite monitoring team (MMT) and government audits and is confirmed that HPI is compliant with the existing government standards.

(n) Effect of Existing or Probable Government Regulations on the Business

The Company does not expect existing or probable government regulations to have a material effect on the business of the Company.

Item 2. Properties

The Company's major items of property, plant and equipment are located in Norzagaray, Bulacan; Bacnotan, La Union; Bo. Ilang, Davao City; Lugait, Misamis Oriental; Mabini, Batangas; Calaca, Batangas; Iloilo; and Manila. The table shows the consolidated properties of HPI as of December 31, 2022 compared to December 31, 2021.

Table 6 – Plant, Property and Equipment (Consolidated)

(In Thousand Pesos)	**December 31, 2022**	**December 31, 2021**
Machinery and equipment	**₱ 31,646,847**	₱ 30,436,009
Buildings and installations	**14,332,468**	14,082,667
Furniture, vehicles and tools	**1,061,193**	1,041,204
Construction in progress	**1,210,342**	1,823,279
	48,250,850	47,383,159
Less: Accumulated depreciation, depletion		
and allowance for impairment loss	**29,403,950**	27,880,911
Total	**₱ 18,846,900**	₱ 19,502,248

In connection with the principal properties of the Company, there are no existing mortgages, liens or encumbrances nor limitations in the usage or ownership.

There are no imminent acquisitions of property of significant amount that cannot be funded either by the Company's working capital or debt.

The table below summarizes the significant lease agreements entered into by the Company as a lessee.

Description	**Start Date**	**Expiration Date**	**2022 Lease Payments (in '000)**	**Renewal Options**
Plants, Terminals, Ports	01.01.2016	01.01.2041	₱1,012,227	The contracts may be renewed or extended upon the mutual agreement of the Parties.
Industrial Warehouse	01.01.2019	31.12.2023	8,632	The contract may be renewed or extended upon the mutual agreement of the Parties.
Others (Housing, Vehicles)	15.03.2016	15.03.2022	814	The contract may be renewed or extended upon the mutual agreement of the Parties.

Item 3. Legal Proceedings

The Company is either a defendant or plaintiff in several civil, criminal and labor cases primarily involving collection and claims for damages. Based on the representation of management and the opinion of the Company's external legal counsels, the resolution of such cases will not result in any significant liability or loss of assets.

Pending material legal proceedings involving the Company are described in **Annex D** of the Information Statement.

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

Except for the matters taken up during the last annual meeting of the stockholders covered by the Company's Information Statement (SEC Form 20-IS), no matter was submitted to a vote of security holders through solicitation of proxies or otherwise during the calendar year covered by this Report.

IV. COMPANY'S DIRECTORS AND EXECUTIVE OFFICERS

Please refer to the Information Statement for the discussion of the identity of each of the Company's Board of Directors and Executive Officers including their principal occupation or employment, name and principal business of any organization by which such persons are employed.

V. MARKET FOR ISSUER'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

(1) Market Information

HPI common shares are listed in the PSE. The high and low market prices of HPI shares for each quarter of calendar year 2022, and that of the past two calendar years, as reported by the PSE, are shown below:

Table 8 – Market Prices of HPI Shares*

Quarter Period	CY 2023		CY 2022		CY 2021		CY 2020	
	High	Low	High	Low	High	Low	High	Low
January-March	3.90	3.90	6.28	5.20	6.28	5.00	14.08	10.08
April-June			5.65	5.06	6.98	6.05	8.93	6.02
July-September			4.57	3.72	7.20	6.12	6.44	5.20
October-December			4.20	3.85	5.90	5.01	7.92	6.72

**Source: Philippine Stock Exchange, Inc.*

As of March 24, 2023, the closing price of the Company's common shares at the PSE is ₱3.87 per share.

(2) Stockholders

As of December 31, 2022, HPI has 6,452,099,144 common shares outstanding held by 5,248 stockholders. The list of the top twenty stockholders of the Company as recorded by Stock Transfer Service, Inc., the Company's stock transfer agent, is as follows:

Table 9 – Top Twenty (20) Stockholders

Rank	**Name**	**Citizenship**	**Shares (Sum)**	**%**
1	UNION CEMENT HOLDINGS CORPORATION	FILIPINO	3,906,425,506	60.55%
2	HOLDERFIN B.V.	DUTCH	1,168,450,996	18.11%
3	SUMITOMO OSAKA CEMENT CO., LTD.	JAPANESE	594,952,725	9.22%
4	CEMCO HOLDINGS, INC.	FILIPINO	456,689,560	7.08%
5	PCD NOMINEE CORP (FILIPINO)	FILIPINO	226,562,262	3.51%
6	PCD NOMINEE CORP (NON-FILIPINO)	FILIPINO	70,171,229	1.09%
7	ANTONIO M. DUMALIANG &/OR ROSALINDA S. DUMALIANG	FILIPINO	922,363	0.01%
8	KAKUGARA AKIHIKO	FILIPINO	559,580	0.01%
9	LUIS CO CHI KIAT	FILIPINO	511,242	0.01%

Rank	Name	Citizenship	Shares (Sum)	%
10	JOAQUIN Q. TAN	FILIPINO	380,000	0.01%
11	AMERICAN WIRE AND CABLE CO., INC.	FILIPINO	290,993	0.00%
12	LILIA V. QUITO	FILIPINO	288,000	0.00%
13	UNIVERSITY OF SANTO TOMAS	FILIPINO	190,750	0.00%
14	FRANCIS L. ESCALER	FILIPINO	186,935	0.00%
15	ANG GUAN PIAO	FILIPINO	184,030	0.00%
16	ISABELA CULTURAL CORPORATION	FILIPINO	156,439	0.00%
17	ROSALINA M. AMANDO	FILIPINO	141,069	0.00%
18	FRANCISCO C. EIZMENDI, JR.	FILIPINO	137,459	0.00%
19	BENITO G. OBLENA	FILIPINO	137,337	0.00%
20	ALBERTO G. MENDOZA &/OR JEANIE C. MENDOZA	FILIPINO	134,027	0.00%
		TOTAL	6,427,472,502	**99.62%**

(3) Dividends

The Company is authorized to pay cash or stock dividends, or a combination thereof, subject to approval by the Company's Board of Directors and/or its shareholders. Dividends paid in the form of additional shares are subject to approval by the Company's Board of Directors, the SEC and the stockholders of at least two thirds of the outstanding shares of the Company. Holders of outstanding shares on a dividend record date for such shares will be entitled to the full dividend declared without regard to any subsequent transfer of shares.

Other than the provisions in the loan covenants agreed to by the Company, there are no other limitations for the Company to declare dividends to its common stock.

Cash dividends were declared in for the years ended December 31, 2022, 2021 and 2020 as follows:

	2022	2021	2020
Cash Dividend Per Share (PhP)	**NIL**	₱0.43	NIL
Amount Declared (PhP)	**NIL**	₱2,774,402,632	NIL
Declaration Date	**-**	May 27, 2021	-
Record Date	**-**	June 16, 2021	-

The Company's dividend declaration is constantly being reviewed against the financial results of the Company, in compliance with laws and regulations, and the Company's Corporate Governance Manual. The Company's dividend policy is found in Section 6.1(e) of its proratete Governance Manual and Article V, Section 2 of the By-laws, which respectively provide as follows:

Corporate Governance Manual

"(e) Right to Dividends

"(i) Shareholders shall have the right to receive dividends subject to the discretion of the Board.

"(ii) The Company shall be compelled to declare dividends when its distributable retained earnings shall be in excess of 100% of its paid-in capital stock, except: (i) when justified by definite corporate expansion projects or programs approved by the Board; or (ii) when the Company is

prohibited under any loan agreement with any financial institution or creditor, and such retention is necessary under special circumstances obtaining in the Company, such as when there is a need for special reserve for probable contingencies."

By-Laws

"Section 2. Dividends. – Dividends shall be declared only from the surplus profits and shall be payable at such time and in such manner and in such amounts as the Board of Directors shall determine. No dividend shall be declared which will impair the paid-in capital of the corporation. Stock dividends shall be declared according to law."

(4) Sales of Unregistered Securities Within the Last Three (3) Years

There are no other securities sold for cash by the Company within the last three years that were not registered under the SRC.

VI. CORPORATE GOVERNANCE

The Company has in place a robust internal control system which is an overall process effected by the Board, management and other personnel designed to provide reasonable assurance concerning: (i) the reliability of the financial reporting and statements; (ii) compliance with laws and regulations; (iii) protection of assets and fraud prevention; (iv) effectiveness and efficiency of processes. Additionally, in accordance with the Company's Revised Corporate Governance Manual, the Board is assisted by a Compliance Officer who is in charge of evaluating and ensuring compliance by the Company, the Board of Directors and officers with its Manual of Corporate Governance, Code of Corporate Governance for Publicly-Listed Companies (the **CG Code**) and all relevant laws, rules and regulations

The Board has established a Corporate Governance Committee which ensures that the Board and the Company, as a whole, is sufficiently conversant and compliant with the adopted leading practices in corporate governance. This committee is required to be composed of at least three independent directors and one non-executive non-independent director.

There has been no known deviation from the Company's Manual of Corporate Governance.

The Board always seeks to improve corporate governance of the Company by improving existing policies, developing and establishing new policies required by the Company's Corporate Governance Manual and undertaking measures to implement such policies.

THE ANNUAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2022 (SEC FORM 17-A) IS ACCESSIBLE AT THE COMPANY'S WEBSITE (WWW.HOLCIM.PH) OR AVAILABLE UPON REQUEST OF THE STOCKHOLDERS. YOUR REQUEST MAY BE SENT DIRECTLY TO THE OFFICE OF THE CORPORATE SECRETARY, AT THE 7TH TWO WORLD SQUARE, MCKINLEY HILL, FORT BONIFACIO, TAGUIG CITY, PHILIPPINES AND A COPY WILL BE SENT TO YOU, FREE OF CHARGE.

Exhibit 1

Consolidated Financial Statements

For the years ended

December 31, 2022 and 2021

HOLCIM PHILIPPINES, INC. AND SUBSIDIARIES

INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

FORM 17-A

COVER SHEET

for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

2 6 1 2 6

COMPANY NAME

HOLCIM PHILIPPINES, INC. AND SUBSIDIARIES

PRINCIPAL OFFICE *(No. / Street / Barangay / City / Town / Province)*

7th Floor, Two World Square, McKinley Hill, Fort Bonifacio, Taguig City

Form Type	Department requiring the report	Secondary License Type, If Applicable
AAFS	CRMD	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
	(02)-8459-3333	N/A

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
5,234	May 12	December 31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Dennis G. Segovia Jr.	Dennis.segovia@holcim.com	(02)-8459-3333	09175308837

CONTACT PERSON's ADDRESS

7/F Two World Square McKinley Hill, Fort Bonifacio, Taguig City

NOTE 1 : *In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.*

2 : *All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.*

Holcim
Holcim Philippines, Inc.
7th Floor , Two World Square
McKinley Town Center,
Fort Bonifacio, Taguig 634
Philippines
Phone +63 2 81581 1511
www.holcim.ph

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of Holcim Philippines, Inc. and its Subsidiaries (the "Group") is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2022 and 2021, 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 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.

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

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

SyCip Gorres Velayo & Co. and Navarro Amper & Co., the independent auditors appointed by the stockholders for the periods December 31, 2022 and 2021, respectively, have audited the financial statements of the Group's in accordance with Philippine Standards on Auditing, and in their reports to the stockholders or members, have expressed their opinion on the fairness of presentation upon completion of such audit.

Tomas I. Alcantara
Chairman of the Board

Horia Adrian
President and Chief Executive Officer

Eliana Nieto
Chief Financial Officer

Holcim Philippines, Inc.
7th Floor , Two World Square
McKinley Town Center,
Fort Bonifacio, Taguig 634
Philippines

Phone +63 2 81581 1511
www.holcim.ph

MAR 22 2023 TAGUIG CITY

SUBSCRIBED AND SWORN to before me this MAR 22 2023 with the presentation of the following:

Name	UMID ID	Place Issued	Date Issued
Tomas I. Alcantara	0111- 05213746		
	Passport No.		
Horia Adrian	056390642	Bucuresti	August 22, 2018
Eliana Nieto	AU876069	C. Guayaquil	June 11, 2018

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Book No. IV
Series of 2023.

JOSE ANGELO C. TIGLAO
NOTARY PUBLIC
ROLL NO. 73781
TAGUIG CITY, PHILIPPINES

JOSE ANGELO C. TIGLAO
Notary Public for Taguig City
Appointment No. 17 valid until 31 December 2023
16th Floor, One/NEO Building, 26th St. cor. 3rd Ave.
Crescent Park West, Bonifacio Global City, Taguig City
Roll of Attorney No. 73781
PTR No. A-5727230; 01/07/2023; Taguig City
IBP Membership Receipt No. 294999; 02/10/2023; Makati City

SGV
Building a better working world

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
ey.com/ph

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and the Stockholders
Holcim Philippines, Inc. and Subsidiaries
(A Subsidiary of Union Cement Holding Corporation)
7th floor, Two World Square, McKinley Hill, Fort Bonifacio
Taguig City, Metro Manila

Opinion

We have audited the consolidated financial statements of Holcim Philippines, Inc. and Subsidiaries (collectively referred to as "the Group"), which comprise the consolidated statement of financial position as at December 31, 2022, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year-ended December 31, 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2022 and its consolidated financial performance and its consolidated cash flows for the year ended December 31, 2022 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audit in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

Impairment assessment of goodwill

Under PFRSs, the Group is required to annually test the amount of goodwill for impairment. As of December 31, 2022, the Group's goodwill attributable to the acquisition of Mabini Grinding Mill Corp. amounted to ₱2.6 billion which is considered significant to the consolidated financial statements. In addition, management's assessment process requires significant judgment and is based on assumptions which are subject to higher level of estimation uncertainty, specifically, forecasted long-term revenue growth rate, operating expenses, gross margin and discount rate.

The Group's disclosures about goodwill is included in Notes 3 and 11 to the consolidated financial statements.

Audit Response

We obtained an understanding of the management's process for evaluating the impairment of goodwill. We involved our internal specialist in evaluating the methodologies and the assumptions used in determining the value-in-use of the cash generating unit related to the Mabini Grinding Mill Corp. (MGMC) cement business. We compared the key assumptions used, such as revenue growth rate, operating expenses and gross margin against the historical performance of the CGU, and other relevant external data. We tested the parameters used in the determination of the discount rate against market data. We also reviewed the Group disclosures about those assumptions to which the outcome of the impairment test is most sensitive; specifically, those that have the most significant effect on the determination of the recoverable amount of goodwill.

Other Matter

The consolidated financial statements of the Group as at December 31, 2021 and for the years ended December 31, 2021 and 2020 were audited by another auditor who expressed an unmodified opinion on those statements on March 16, 2022.

Other Information

Management is responsible for the other information. The other information comprises the SEC Form 17-A for the year ended December 31, 2022, but does not include the consolidated financial statements and our auditor's report thereon which we obtained prior to the date of the Auditor's Report, and the SEC Form 20 - IS (Definitive Information Statement) and Annual Report for the year ended December 31, 2022, which are expected to be made available to us after the date of this auditor's report.

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

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

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.

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 PFRSs, 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the 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 Company's internal control.

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 Company to cease to continue as a going concern.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Maria Pilar B. Hernandez.

SYCIP GORRES VELAYO & CO.

Maria Pilar B. Hernandez

Maria Pilar B. Hernandez
Partner
CPA Certificate No. 105007
Tax Identification No. 214-318-972
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 105007-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-116-2022, January 20, 2022, valid until January 19, 2025
PTR No. 9564632, January 3, 2023, Makati City

March 22, 2023

HOLCIM PHILIPPINES, INC. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2022
(With Comparative Figures as at December 31, 2021)

	December	
	2022	2021
	(In Thousands)	
ASSETS		
Current Assets		
Cash in banks (Note 5)	**₱5,233,204**	₱501,208
Trade and other receivables (Note 6)	**1,902,369**	1,955,800
Financial assets at fair value through profit or loss	**5,056**	–
Inventories (Note 7)	**4,130,963**	4,347,057
Other current assets (Note 8)	**533,377**	360,052
Total Current Assets	**11,804,969**	7,164,117
Noncurrent Assets		
Investments (Note 9)	**4,161,759**	4,124,345
Property, plant and equipment (Note 10)	**18,846,900**	19,502,248
Right-of-use assets (Note 14)	**1,336,837**	1,544,292
Goodwill (Note 11)	**2,635,738**	2,635,738
Intangible assets (Note 11)	**27,874**	32,505
Retirement benefit asset (Note 26)	**2,697,634**	2,468,661
Other noncurrent assets (Note 12)	**984,159**	2,879,572
Total Noncurrent Assets	**30,690,901**	33,187,361
Total Assets	**₱42,495,870**	₱40,351,478
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables (Note 13)	**₱9,738,715**	₱8,566,340
Current portion of lease liabilities (Note 14)	**214,506**	171,418
Income tax payable	**47,886**	148,958
Total Current Liabilities	**10,001,107**	8,886,716
Noncurrent Liabilities		
Provisions (Note 15)	**61,434**	73,043
Deferred tax liabilities - net (Note 25)	**461,736**	112,025
Lease liabilities - net of current portion (Note 14)	**1,266,535**	1,475,239
Total Noncurrent Liabilities	**1,789,705**	1,660,307
Total Liabilities	**11,790,812**	10,547,023
Equity		
Capital stock (Note 16)	**6,452,099**	6,452,099
Additional paid-in capital	**8,476,002**	8,476,002
Other reserves (Notes 27 and 30)	**74,775**	4,050
Cumulative remeasurement gain on retirement benefits	**1,699,213**	1,806,860
Retained earnings (Note 16)	**13,990,518**	13,048,740
Equity attributable to equity holders of the Parent Company	**30,692,607**	29,787,751
Non-controlling interest	**12,451**	16,704
Total Equity	**30,705,058**	29,804,455
Total Liabilities and Equity	**₱42,495,870**	₱40,351,478

See accompanying Notes to Consolidated Financial Statements.

HOLCIM PHILIPPINES, INC. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2022
(With Comparative Figures for the Years Ended December 31, 2021 and 2020)

	For the Years Ended December		
	2022	2021	2020
	(In Thousands, Except Per Share Amounts)		
REVENUE (Note 4)	**₱26,587,684**	₱26,946,145	₱26,015,342
COST OF SALES (Note 17)	**23,278,720**	21,700,100	21,884,624
GROSS PROFIT	**3,308,964**	5,246,045	4,130,718
General and administrative expenses (Note 18)	**(971,011)**	(1,103,063)	(906,592)
Selling expenses (Note 19)	**(413,043)**	(568,758)	(460,606)
Interest income (Note 23)	**142,188**	99,096	158,755
Interest and financing charges (Note 22)	**(142,174)**	(134,535)	(357,460)
Equity in income (loss) of an associate (Note 9)	**42,470**	(155,399)	22,234
Other income (expense) - net (Notes 24 and 31)	**(600,323)**	56,964	187,526
INCOME BEFORE INCOME TAX	**1,367,071**	3,440,350	2,774,575
PROVISION FOR INCOME TAX (Note 25)	**423,778**	875,187	710,491
NET INCOME	**₱943,293**	₱2,565,163	₱2,064,084
Net income attributable to:			
Equity holders of the Parent Company	**₱941,778**	₱2,563,635	₱2,062,303
Non-controlling interest	**1,515**	1,528	1,781
	₱943,293	₱2,565,163	₱2,064,084
OTHER COMPREHENSIVE INCOME (LOSS)			
Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods			
Actuarial gain (loss) on pension (Note 26)	**₱87,002**	₱343,333	(₱286,800)
Income tax effect	**(200,417)**	40,081	86,040
	(113,415)	383,414	(200,760)
Other comprehensive income (loss) that may be reclassified to profit or loss in subsequent periods -			
Net gain on derivative instruments	**94,300**	46	(878)
Income tax effect	**(23,575)**	–	–
	70,725	46	(878)
	(42,690)	383,460	(201,638)
TOTAL COMPREHENSIVE INCOME	**₱900,603**	₱2,948,623	₱1,862,446
Total Comprehensive Income Attributable to:			
Equity holders of the Parent Company	**₱904,856**	₱2,947,049	₱1,861,118
Non-controlling interest	**(4,253)**	1,574	1,328
TOTAL COMPREHENSIVE INCOME	**₱900,603**	₱2,948,623	₱1,862,446
Basic/Diluted Earnings per Common Share of Net Income Attributable to Equity Holders of the Parent Company (Note 32)	**₱0.15**	₱0.40	₱0.32

See accompanying Notes to Consolidated Financial Statements.

HOLCIM PHILIPPINES, INC. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2022

(With Comparative Figures for the Years Ended December 31, 2021 and 2020)

	Equity Attributable to Equity Holders of the Parent Company							
	Capital Stock (Note 16)	**Additional Paid-in Capital**	**Other Reserves** (Notes 27 and 30)	**Cumulative Remeasurement Gain on Retirement Benefits - Net** (Note 26)	**Retained Earnings** (Note 16)	**Total**	**Equity Attributable to Non-controlling Interest**	**Total Equity**
				(In Thousands)				
Balances at January 1, 2020	₱6,452,099	₱8,476,002	₱4,475	₱1,624,206	₱11,199,025	₱27,755,807	₱13,802	₱27,769,609
Net income	–	–	–	–	2,062,303	2,062,303	1,781	2,064,084
Other comprehensive loss	–	–	(425)	(200,760)	–	(201,185)	(453)	(201,638)
Total comprehensive income (loss)	–	–	(425)	(200,760)	2,062,303	1,861,118	1,328	1,862,446
Balances at December 31, 2020	6,452,099	8,476,002	4,050	1,423,446	13,261,328	29,616,925	15,130	29,632,055
Net income	–	–	–	–	2,563,635	2,563,635	1,528	2,565,163
Other comprehensive income	–	–	–	383,414	–	383,414	46	383,460
Total comprehensive income	–	–	–	383,414	2,563,635	2,947,049	1,574	2,948,623
Cash dividends	–	–	–	–	(2,776,223)	(2,776,223)	–	(2,776,223)
Balances at December 31, 2021	6,452,099	8,476,002	4,050	1,806,860	13,048,740	29,787,751	16,704	29,804,455
Net income	–	–	–	–	941,778	941,778	1,515	943,293
Other comprehensive loss	–	–	70,725	(107,647)	–	(36,922)	(5,768)	(42,690)
Total comprehensive income (loss)	–	–	70,725	(107,647)	941,778	904,856	(4,253)	900,603
Balances at December 31, 2022	**₱6,452,099**	**₱8,476,002**	**₱74,775**	**₱1,699,213**	**₱13,990,518**	**₱30,692,607**	**₱12,451**	**₱30,705,058**

See accompanying Notes to Consolidated Financial Statements.

HOLCIM PHILIPPINES, INC. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2022
(With Comparative Figures for the Years Ended December 31, 2021 and 2020)

	For the Years Ended December		
	2022	2021	2020
	(In Thousands)		
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before income tax	**₱1,367,071**	₱3,440,350	₱2,774,575
Adjustments for:			
Depreciation and amortization (Note 21)	**1,807,458**	1,838,138	1,967,923
Interest income (Note 23)	**(142,188)**	(99,096)	(158,755)
Interest and financing charges (Note 22)	**142,174**	134,534	357,460
Equity in net loss (income) of an associate (Note 9)	**(42,470)**	155,399	(22,234)
Movement in retirement benefits (Note 26)	**(29,080)**	98,863	(30,237)
Unrealized foreign exchange losses (gains) - net	**(27,650)**	1,890	(24,272)
Loss (gain) on sale of property, plant and equipment	**(173)**	336	–
Reversal of revaluation of related party liability	**–**	21,731	–
Write-off of investment	**–**	1,634	–
Fair value change of financial assets at FVTPL	**–**	(2,750)	–
Gain on termination of lease liabilities (Note 24)	**–**	(39,162)	–
Income before working capital changes	**3,075,142**	5,551,867	4,864,460
Decrease (increase) in:			
Trade and other receivables	**53,431**	910,282	881,306
Inventories	**216,094**	(1,589,559)	226,748
Other current assets	**(117,784)**	3,500	547,218
Increase (decrease) in trade and other payables	**1,286,590**	(1,590,465)	(799,248)
Cash generated from operations	**4,513,473**	3,285,625	5,720,484
Income taxes paid	**(361,789)**	(815,361)	(856,798)
Net cash from operating activities	**4,151,684**	2,470,264	4,863,686
CASH FLOWS FROM INVESTING ACTIVITIES			
Decrease (increase) in other noncurrent assets	**1,736,325**	33,918	(38,982)
Additions to property and equipment (Note 10)	**(1,136,285)**	(1,338,498)	(890,447)
Interest received	**6,197**	12,440	12,599
Additions to intangible assets (Note 11)	**(4,097)**	(19,533)	–
Proceeds from sale of property, plant and equipment	**173**	182	258
Collection of loan extended to a related party	**–**	227,090	–
Dividends received (Note 16)	**–**	–	88,530
Net cash provided by investing activities	**602,313**	(1,084,401)	(828,042)

(Forward)

	For the Years Ended December		
	2022	2021	2020
	(In Thousands)		
CASH FLOWS FROM FINANCING ACTIVITIES (Note 34)			
Payments of:			
Bank loans	**(₱900,000)**	₱–	₱–
Lease liabilities (Note 14)	**(261,405)**	(399,318)	(507,601)
Interest and financing charges	**(59,273)**	(21,051)	(489,819)
Cash dividends (Note 16)	**–**	(2,544,640)	–
Loans payable	**–**	–	(9,225,849)
Availments of:			
Loans from related parties	**300,000**	–	5,300,000
Bank loans	**900,000**	–	–
Net cash used in financing activities	**(20,678)**	(2,965,009)	(4,923,269)
EFFECTS OF EXCHANGE RATE CHANGES	**(1,323)**	(437)	6,519
NET INCREASE (DECREASE) IN CASH IN BANKS	**4,731,996**	(1,579,583)	(881,106)
CASH IN BANKS AT BEGINNING OF YEAR	**501,208**	2,080,791	2,961,897
CASH IN BANKS AT END OF YEAR (Note 5)	**₱5,233,204**	₱501,208	₱2,080,791

See accompanying Notes to Consolidated Financial Statements.

1. **Corporate Information**

Holcim Philippines, Inc. (HPI or the "Parent Company") and its subsidiaries (collectively referred to as the "Group"), except Wellborne International Group Limited (WEB), were incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC). The Parent Company is primarily engaged in the manufacture, sale and distribution of cement and cementitious products. Following are the subsidiaries and the respective percentages of ownership as at December 31, 2022 and 2021:

	Ownership and Voting Interest	
	2022	2021
Held by the Parent Company		
WEB [(a)]	**100. 00%**	100. 00%
Excel Concrete Logistics, Inc. (ECLI) [(b)]	**100. 00%**	100. 00%
Shop and Build Corporation (S&B)[(c)]	**100. 00%**	100. 00%
Hubb Stores and Services, Inc. (HSSI) [(d)]	**100. 00%**	100. 00%
Holcim Philippines Manufacturing Corporation (HPMC) [(e)]	**99. 62%**	99. 62%
Held by WEB		
Mabini Grinding Mill Corporation (MGMC) [(e)]	**100. 00%**	100. 00%
Held by HPMC		
Alsons Construction Chemicals, Inc. (Alchem) [(f)]	**99. 62%**	99. 62%
Bulkcem Philippines, Inc. (Bulkcem) [(g)]	**99. 62%**	99. 62%
Calamba Aggregates Co. , Inc. (CACI) [(h)]	**99. 62%**	99. 62%

Incorporated outside the Philippines

(a) *A Group incorporated in British Virgin Islands and is dissolved as approved by the Board of Director on June 28, 2019.*

Incorporated in the Philippines

(b) *Ceased commercial operations of distributing and transporting cement effective December 31, 2018*
(c) *Formerly Holcim Philippines Business Services Center, Inc. (HPBSCI). Engaged in retail of all kinds of construction and building materials effective November 2021*
(d) *Ceased commercial operations of retail of all kinds of construction and building materials effective August 2020*
(e) *Engaged in leasing of cement manufacturing plant*
(f) *Ceased commercial operations effective December 31, 2013*
(g) *Engaged in leasing of pack houses.*
(h) *Ceased commercial operations of mining and selling raw materials and other quarry resources effective October 2004*

The plant sites of the Parent Company are in Davao City and in the provinces of La Union and Bulacan while the plant sites of its subsidiaries, Mabini Grinding Mill Corporation and Holcim Philippines Manufacturing Corporation, are in the provinces of Batangas and Misamis Oriental, respectively. The registered address and principal place of business of the Parent Company is at 7th Floor, Two World Square McKinley Hill, Fort Bonifacio, Taguig City.

The Parent Company is majority-owned by Union Cement Holdings Corporation (UCHC), a Group incorporated in the Philippines. The Philippine-domiciled ultimate parent company of HPI is Clinco Corporation (Clinco). The ultimate parent of the Group is Lafarge Holcim Limited, a company incorporated in Switzerland.

The Parent Company's shares of stocks were listed in the Philippine Stock Exchange on June 17, 1996. Total shares issued and outstanding as at December 31, 2022 and 2021 is 6. 5 billion.

The consolidated financial statements were reviewed and recommended for approval by the Audit Committee on March 6, 2023. The same were approved for issuance by the Board of Directors (BOD) on March 22, 2023.

Status of Operations
Following is the status of operations of some of the subsidiaries within the Group:

Excel Concrete Logistics, Inc. (ECLI) was incorporated and registered with the SEC on August 9, 2012. On January 1, 2013, ECLI started its full operation servicing the distribution, transport and placing of concrete, as well as transport of cement and specialty products. On November 29, 2018, the Board of Directors (BOD) of the Parent Company approved the closure and dissolution of ECLI. On January 28, 2020, the SEC approved ECLI's application for amendment of ECLI's Articles of Incorporation to shorten its corporate term. Accordingly, the Parent Company impaired its investment in ECLI in 2019 amounting to ₱125. 0 million and the financial statements of ECLI has been prepared using the liquidation basis of accounting.

HUBB Stores and Services, Inc. (HSSI) incurred losses in 2022 and 2021 amounting to ₱12.09 million and ₱ 172.1 million, resulting in an accumulated deficit of ₱39.3 million and ₱51.2 million as at December 2022 and 2021, respectively. In 2019, the Parent Company impaired its investment amounting to ₱112. 5 million as the Parent Company foresees that the relevant investment will no longer be realized due to its current operations and financial stability. On November 19, 2020, the BOD of HSSI approved its dissolution. Accordingly, the financial statements of ECLI has been prepared using the liquidation basis of accounting.

On November 20, 2020, the Board of Directors and stockholders of the Parent Company approved the dissolution of HSSI. On June 29, 2021, the Board of Directors of HSSI approved the shortening of its corporate term. Accordingly, the financial statements of HSSI has been prepared using the liquidation basis of accounting.

On November 19, 2020, the Board of Directors of Holcim Philippines, Inc. approved the upstream merger of Holcim Philippines Manufacturing Corporation, Mabini Grinding Mill Corporation and Bulkcem Philippines, Inc. into Holcim Philippines, Inc. The stockholders likewise approved the upstream merger in a special meeting held on January 15, 2021. As at March 22, 2023, the Plan of Merger was deferred.

2. Summary of Significant Accounting Policies and Financial Reporting Practices

Basis of Preparation
The consolidated financial statements are prepared on a historical cost basis, except for derivative financial instruments and financial assets at fair value through profit or loss ("FVTPL") that are measured at fair value.

The consolidated financial statements are presented in Philippine peso (Peso), the Parent Company's functional currency. All values are rounded to the nearest thousand, unless otherwise indicated.

Statement of Compliance
The consolidated financial statements of the Company are prepared in accordance with Philippine Financial Reporting Standards (PFRS).

Principles of Consolidation

The consolidated financial statements comprise the financial statements of the Parent Company and entities controlled by the Parent Company (its subsidiaries) as at December 31 of each year. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee if and only if the Company has all the following:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and,
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over the investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Company's voting rights and potential voting rights

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Subsidiaries are fully consolidated from the date the Company obtains control, and continue to be consolidated until the date when such control ceases. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company, using consistent accounting policies. All intra-group balances, transactions and gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent Company and to the noncontrolling interests, even if this results in the noncontrolling interests having a deficit balance.

A change in the ownership interest in a subsidiary, without a loss of control, is accounted for as an equity transaction. When the Company loses control of a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary
- Derecognizes the carrying amount of any noncontrolling interests
- Derecognizes the cumulative translation differences recorded in equity
- Recognizes the fair value of the consideration received
- Recognizes the fair value of any investment retained
- Recognizes any surplus or deficit in profit or loss
- Recognizes the Parent Company's share of components previously recognized in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Parent Company has directly disposed of the related assets or liabilities.

Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective in 2022. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Unless otherwise indicated, adoption of these new standards did not have an impact on the consolidated financial statements of the Group.

- Amendments to PFRS 3, *Reference to the Conceptual Framework*

  The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The amendments added an exception to the recognition principle of PFRS 3, *Business Combinations* to avoid the issue of potential 'day 2'gains or losses arising for liabilities and contingent liabilities that would be within the scope of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets* or Philippine-IFRIC 21, *Levies*, if incurred separately.

  At the same time, the amendments add a new paragraph to PFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

- Amendments to PAS 16, *Property, Plant and Equipment: Proceeds before Intended Use*

  The amendments prohibit entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

- Amendments to PAS 37, *Onerous Contracts – Costs of Fulfilling a Contract*

  The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

- *Annual Improvements to PFRSs* 2018-2020 Cycle

  o Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*

    The amendment permits a subsidiary that elects to apply paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported in the parent's consolidated financial statements, based on the parent's date of transition to PFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.

- Amendments to PFRS 9, *Financial Instruments*, *Fees in the '10 per cent' test for derecognition of financial liabilities*

  The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

- Amendments to PAS 41, *Agriculture, Taxation in fair value measurements*

  The amendment removes the requirement in paragraph 22 of PAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of PAS 41.

Standards Issued but not yet Effective
Pronouncements issued but not yet effective are listed below. The Group intends to adopt the following pronouncements when they become effective. Adoption of these pronouncements is not expected to have a significant impact on the Group's consolidated financial statements.

Effective beginning on or after January 1, 2023
- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*
- Amendments to PAS 8, *Definition of Accounting Estimates*
- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

Effective beginning on or after January 1, 2024
- Amendments to PAS 1*, Classification of Liabilities as Current or Non-current*
- Amendments to PFRS 16*, Lease Liability in a Sale and Leaseback*

Effective beginning on or after January 1, 2025
- PFRS 17, *Insurance Contracts*

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

Current versus noncurrent classification
The Group presents assets and liabilities in the consolidated balance sheet based on current or noncurrent classification. An asset is current if:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as noncurrent.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading

- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as noncurrent.

Deferred income tax assets and liabilities are classified as noncurrent assets and liabilities., respectively.

Fair Value Measurement
The Group measures financial instruments such as derivatives and financial assets at FVTPL at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

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

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

"Day 1" Difference
Where the transaction price in a non-active market is different from the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a "Day 1" difference) in profit or loss unless it qualifies for recognition as some other type of asset. In cases where use is made of data which is not observable, the difference between the transaction price and model value is only recognized in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the "Day 1" difference.

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

a. Financial assets

- *Initial recognition and measurement.* Financial assets are classified, at initial recognition, and subsequently measured at amortized cost, FVOCI, and FVTPL.

  The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or which the Group has applied the practical expedient are measured at transaction price determined under PFRS 15.

  In order for a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that are SPPI on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

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

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

  The Group has no financial assets at FVOCI with or with no recycling of cumulative gains and losses (debt and equity instruments) as at December 31, 2022 and 2021.

- *Subsequent measurement.* For purposes of subsequent measurement, financial assets are classified in four categories: financial assets at amortized cost (debt instruments), financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments), financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments), and FVTPL.

  The following financial assets of the Group are subsequently measured as follows:

  - *Financial assets at amortized cost (debt instruments).* The Group measures financial assets at amortized cost if both of the following conditions are met:

    - The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
    - The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in the statements of comprehensive income when the asset is derecognized, modified or impaired.

This category includes cash in banks, trade and other receivables, guarantee deposits, refundable deposits and other financial assets which are presented under "Other noncurrent assets" account as at December 31, 2022 and 2021.

- *Financial assets at FVTPL.* Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss.

  This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are recognized as other income in the statement of profit or loss when the right of payment has been established.

  A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

The Group has no financial assets at FVOCI with or with no recycling of cumulative gains and losses (debt and equity instruments) as at December 31, 2022 and 2021.

- *Impairment.* The Group recognizes an allowance for ECLs for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

  ECLs are recognized in two stages, as follows:

  a. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the 12 months (a 12-month ECL).
  b. For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

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

The Group considers a financial asset in default when contractual payments are over 120 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual cash flows in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

For cash in banks, other receivables, guarantee deposits, refundable deposits and other financial assets which are presented under "Other noncurrent assets" account, the Group recognizes a loss allowance based on either 12-month ECLs or Lifetime ECLs, depending on whether there has been a significant increase in credit risk on the financial instrument since initial recognition. The changes in the loss allowance balance are recognized in profit or loss as an impairment gain or loss. The Group has leveraged on available market data for cash in banks to calculate the ECL.

- *Derecognition.* A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the consolidated statement of financial position) when:

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

  When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

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

b. Financial Liabilities

- *Initial Recognition and Measurement.* Financial liabilities are classified at initial recognition as financial liabilities at FVTPL, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

  All financial liabilities are recognized initially at fair value plus, in the case of loans and borrowings, directly attributable transaction costs.

The Group's financial liabilities as at December 31, 2022 and 2021 are categorized under loans and borrowings. This category includes the Group's trade and other payables and lease liabilities.

The Group has no financial liabilities at FVTPL or derivative liabilities designated as hedging instruments as at December 31, 2022 and 2021.

- *Subsequent Measurement.* After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in the consolidated statements of comprehensive income when the liabilities are derecognized as well as through the EIR amortization process.

  Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs such as debt issues costs that are an integral part of the EIR. The EIR amortization is included in interest expense in the consolidated statements of comprehensive income.

- *Derecognition.* A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statements of comprehensive income.

Classification of Financial Instruments Between Liability and Equity
A financial instrument is classified as liability if it provides for a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group; or
- satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Group does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability. The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument, as a whole, the amount separately determined as the fair value of the liability component on the date of issue.

Offsetting of Financial Instruments
Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statements of financial position if there is a currently enforceable legal right to set off the recognized amounts and there is intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. The Group assesses that it has a currently enforceable right of offset if the right is not contingent on a future event and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of all the counterparties.

Derivative financial instruments and hedge accounting
The Group uses derivative financial instruments, particularly forward commodity contracts, to hedge its commodity price risks. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair

value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment
- Hedges of a net investment in a foreign operation

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is ‘an economic relationship’ between the hedged item and the hedging instrument.
- The effect of credit risk does not ‘dominate the value changes’ that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below:

Cash flow hedges. The effective portion of the gain or loss on the hedging instrument is recognized in OCI in the cash flow hedge reserve, while any ineffective portion is recognized immediately in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The Group uses forward currency contracts as hedges of its exposure to volatility in the commodity prices in its forward commodity contracts. The ineffective portion related to these forward commodity contracts is recognized in other operating income or expenses. Refer to Note 30 for more details.

The Group designates only the spot element of forward contracts as a hedging instrument. The forward element is recognized in OCI and accumulated in a separate component of equity under cost of hedging reserve.

The amounts accumulated in OCI are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognized in OCI for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment for which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in OCI is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in OCI must remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated OCI must be accounted for depending on the nature of the underlying transaction as described above.

<u>Cash in Banks</u>
Cash in banks exclude any restricted cash (presented as part of "Other non-current assets") that is not available for use by the Group and therefore, is not considered highly liquid, such as cash set aside to cover rehabilitation obligations and restricted cash balance which is due to pending settlement of case with a port operator.

<u>Contract balances</u>
Trade receivables. Trade receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

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

Advance payments from customers before the Group transfers goods to the customer are recorded as "Contract liabilities" account and shown under "Trade and other payables" in the statements of financial position.

<u>Inventories</u>
Inventories are valued at the lower of cost or net realizable value (NRV). Costs incurred in bringing each inventory to its present location and conditions are accounted for as follows:

Finished goods and goods in process	-	determined using the moving average method; cost includes direct materials, direct labor and a proportion of manufacturing overhead costs.
Raw materials, fuel, spare parts and others	-	determined using the moving average method; cost includes purchase price and other costs incurred in bringing these inventories to their present location or condition.

The NRV of finished goods and goods in process inventories is the selling price in the ordinary course of business, less estimated costs to complete the product and make the sale. The NRV of raw materials, fuel, spare parts and other inventories is the current replacement cost.

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

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

Other Current Assets
Other current assets mainly include advances to suppliers and prepaid expenses. These are amounts paid in advance for goods or services that are yet to be delivered and from which future economic benefits are expected to flow to the Group within the normal operating cycle or within 12 months from the balance sheet date, otherwise, these are classified under non-current assets. They are initially measured at the amount paid in advance by the Group for the purchase of goods and services and are subsequently decreased by the amount of expense incurred.

Investment in an Associate
An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but has no control or joint control over those policies.

The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries.

As of December 31, 2022 and 2021, the Group's investment in an associate pertains to 40% investment in Holcim Mining Development Corporation (HMDC). HMDC was incorporated in the Philippines with registered place of business of 5th Floor, One Campus Place, Tower B, 1080 Campus Avenue, McKinley Town Center, Taguig City. HMDC is involved in mining, processing and sale of quarry resources of mineral rights.

The Group's investment in its associate is accounted for using the equity method. Under the equity method, the investment in associate is initially recognized at cost. The carrying amount of the investments is adjusted to recognize changes in the Group's share of net assets of the associate since the acquisition date. Any goodwill relating to an associate is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.

The consolidated statement of income reflects the Group's share of the results of operations of the associate. Any change in OCI of the associate is presented as part of the Group's OCI. In addition, when there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associate is eliminated to the extent of the interest in the associate.

The aggregate of the Group's share of profit or loss of the associate is shown on the face of the consolidated statement of income and represents profit or loss after tax and noncontrolling interests in the subsidiaries of the associate.

The financial statements of the associate is prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognize an additional impairment loss on its investment in the associate. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the loss as part of the "Share in undistributed earnings of an associate" under "Others – net" in the consolidated statement of income.

Upon loss of significant influence over the associate, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in the consolidated statement of income.

Property, Plant and Equipment

Property, plant and equipment are initially recognized at cost. The cost of an item of property, plant and equipment comprises:

- its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates; and
- any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by Management.

The cost of construction in progress includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets.

Major spare parts and stand-by equipment qualify as property, plant and equipment when the Group expects to use them during more than one period. Similarly, if the spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, these are accounted for as property, plant and equipment.

At the end of each reporting period, items of property, plant and equipment measured using the cost model are carried at cost less any subsequent accumulated depreciation and impairment losses.

Property, plant and equipment are subsequently measured at cost less any subsequent accumulated depreciation, and impairment losses. Subsequent expenditures relating to an item of property, plant and equipment that have already been recognized are added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Group. All other subsequent expenditures are recognized as expenses in the period in which those are incurred. Depreciation is computed on the straight-line method based on the estimated useful lives of the assets as follows:

Building and installations	Shorter of the lease term and estimated useful lives of 20 to 35 years
Machinery and equipment	10 to 30 years
Furniture, vehicles and tools	3 to 10 years

Stand-by equipment is depreciated from the date it is made available for use over the shorter of the life of the stand-by equipment or the life of the asset the stand-by equipment is part of, while major spare parts are depreciated over the period starting it is brought into service, continuing over the lesser of its useful life and the remaining expected useful life of the asset to which it relates.

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognized impairment loss. Cost includes professional fees and for qualifying assets, borrowing costs capitalized in accordance with the Group's accounting policy.

Depreciation of these assets, on the same basis as other property assets, commences at the time the assets are ready for their intended use.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Construction in progress represents plant and properties under construction or development and is stated at cost. This includes costs of construction, plant and equipment, borrowing costs directly attributable to such assets during the construction period and other direct costs. Construction in-progress is not depreciated until such time when the relevant assets are substantially completed and available for its intended use.

Business Combinations and Goodwill

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

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

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss. It is considered in the determination of goodwill.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of PAS 39 is measured at fair value with changes in fair value recognized in profit or loss. Contingent consideration that is classified as equity is not re-measured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for noncontrolling interest over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in the consolidated statement of income.

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

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Software

Costs of acquisition of new software and its customization are capitalized and treated as an intangible asset if these costs are not an integral part of the related hardware. Software costs are amortized on a straight-line basis over three years.

Impairment of Nonfinancial Assets

At each reporting period, the carrying values of property, plant and equipment, investment in associate, creditable withholding taxes, input value-added tax (VAT), prepaid expenses, and other nonfinancial assets, except goodwill, are assessed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and when the carrying value exceeds the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount. The recoverable amount of the asset is the greater of fair value less costs to sell or value-in-use. The fair value is the amount that would be received to sell an asset in an orderly transaction between market participants at the measurement date. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Provision for impairment losses is recognized in the consolidated statement of income.

Recovery of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the asset no longer exist or have decreased. The recovery is recognized in the consolidated statement of income. However, the increased carrying amount of the asset due to reversal of an impairment loss is recognized only to the extent that it does not exceed the carrying amount (net of accumulated depreciation, amortization and depletion) that would have been determined had impairment loss not been recognized for that asset in the prior years.

Goodwill

Goodwill is tested annually for impairment at the end of each reporting period and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each cash generating unit (CGU) (or group of CGUs) to which the goodwill relates. Where the recoverable amount of CGU (or group of CGUs) is less than their carrying amount, an impairment loss is recognized immediately in profit or loss of the CGU (or group of CGUs) to which goodwill has been allocated. Impairment losses relating to goodwill cannot be reversed in future periods.

Equity

Capital Stock. Preferred and common stocks are measured at par value for all shares issued. Incremental costs incurred directly attributable to the issuance of new shares are shown in equity as deduction from proceeds, net of tax.

Additional paid-in capital. Proceeds and/or fair value considerations received in excess of par value are recognized as additional paid-in capital.

The Group's own equity instruments, which are reacquired and presented as "Cost of treasury shares held" in the consolidated balance sheet, are deducted from equity. No gain or loss is recognized in the consolidated statement of income on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration received, if any, upon reissuance or cancellation of shares is recognized as additional paid-in capital.

Retained earnings. Retained earnings represent the cumulative balance of net income or loss, net of any dividend declaration and other capital adjustments.

Other reserves. Other reserves in the Group's financial statements represent the Group's share in the performance compensation scheme of the Holcim Group.

Cash Dividend to Equity Holders of the Parent Company
The Parent Company recognizes a liability to make cash distributions to equity holders of the Parent Company when the distribution is authorized and the distribution is no longer at the discretion of the Parent Company. A corresponding amount is recognized directly in equity.

Share-based Payments
Cash-settled Share-based Payments. For cash-settled share-based payments, a liability is recognized for the goods or services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognized in profit or loss for the year.

Employee Benefits

Post-employment Benefits. The Group has both defined benefit and defined contribution plans.

- *Defined contribution plan.* A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees. Prepaid contributions are recognized as asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that are due to be settled for more than 12 months after the end of the reporting period in which the employees render the service are discounted to their present value.

- *Defined benefit plan.* Net retirement benefits asset, as presented in the consolidated statements of financial position, is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets, adjusted for the effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

  The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the defined benefit liability and the return on plan assets, are recognized immediately in the consolidated statements of financial position with a corresponding debit or credit to equity through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest is calculated by applying the single effective discount rate based on different term-dependent zero-coupon rate bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in profit or loss.

The level of benefits provided depends on the member's length of service and salary at retirement age.

Plan assets are assets that are held in trust and governed by the Board of Trustees, which consists of an equal number of employer and employee representatives. The Board of Trustees is responsible for the administration of the plan assets and for the definition of the investment strategy. The fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The Group's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

The net retirement benefit asset recognized in the consolidated statements of financial position represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

Termination Benefits. Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either an entity's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept an offer of benefits in exchange for the termination of employment.

A liability and expense for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of those benefits and when the entity recognizes the related restructuring costs. Initial recognition and subsequent changes to termination benefits are measured in accordance with the nature of the employee benefit, as either post-employment benefits, short-term employee benefits, or other long-term employee benefits.

Employee Leave Entitlement. Employee entitlements to annual leave are recognized as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled wholly before twelve months after the end of the annual reporting period is recognized for services rendered by employees up to the end of the reporting period.

Revenue Recognition
Revenue from Contracts with Customers. Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods and services, excluding amounts collected on behalf of third parties. Revenue is recognized when the Group satisfies a performance obligation by transferring a promised goods or services to the customer, which is when the customer obtains control of the goods or services. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognized is the amount allocated to the satisfied performance obligation.

- *Sale of Goods.* Revenue from sale of goods is recognized at the point in time when control of the asset is transferred to the customer, depending on the shipping terms.

  If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of goods provide customers with volume rebates and sales discount. The volume rebates and sales discount give rise to variable consideration.

  - *Volume rebates.* The Group provides retrospective volume rebates to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer. To estimate the variable consideration for volume rebates, the Group determined that using a combination of the most likely amount method and expected value method is appropriate. The selected method that better predicts the amount of variable consideration was primarily driven by the number of thresholds contained in the contract.

  - *Sales discount.* The Group also provides sales discount to customers for early payment. To estimate the variable consideration for sales discount, the Group applies the most likely amount method. The Group then applies the requirements on constraining estimates of variable consideration and netted with the receivable for the expected future sales discount.

- *Sale of Services.* Service income is recognized based on the stipulations stated in the agreement, which coincide with the performance of services.

Interest Income. Revenue is recognized as the interest accrues, taking into account the effective yield of the asset.

Dividend Income. Revenue is recognized when the Group's right to receive dividends has been established.

Costs and Expenses
Costs and expenses are recognized when incurred. These are measured based on the fair value of consideration paid or payable.

Leases

The Group as lessee. The Group assesses at contract inception whether a contract is, or contains, a lease. That is if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

- *Right-of-use assets.* The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received and estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. Unless the Group is reasonably certain to obtain ownership of the leased assets at the end of the lease term, the recognized right-of-use assets is depreciated on a straight-line basis over the shorter of their estimated useful life and lease term. The Group's right-of-use assets are depreciated on a straight-line basis over the lease term of 25 years which includes the non-cancellable period the optional renewable period of the lease.

  Right-of-use assets are subject to impairment. Refer to the accounting policies in section impairment of non-financial assets.

- *Lease liabilities.* At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

  In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

- *Short-term leases.* The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option).

Value-added Tax (VAT)

Revenues, expenses and assets are recognized net of the amount of sales tax except:

- where the tax incurred on a purchase of assets or services is not recoverable from the tax authority, in which case the tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of tax included.

The net amount of tax recoverable from, or payable to, the tax authority is included as part of receivables or payables in the Group's statement of financial position.

Borrowing Costs
Borrowing costs are capitalized if they are directly attributable to the acquisition, construction or production of a qualifying asset. Capitalization of borrowing costs commences when the activities necessary to prepare the asset for intended use are in progress and expenditures and borrowing costs are being incurred. Borrowing costs are capitalized until the asset is available for their intended use. If the resulting carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognized. Borrowing costs include interest charges and other costs incurred in connection with the borrowing of funds, as well as exchange differences arising from foreign currency borrowings used to finance these projects, to the extent that they are regarded as an adjustment to interest costs.

All other borrowing costs are recognized as expense when incurred.

Functional Currency and Foreign Currency Translation
The consolidated financial statements are presented in Peso, which is also the functional currency of the Parent Company. The functional currency of the Parent Company's subsidiaries is also the Peso. The Peso is the currency of the primary economic environment in which the Parent Company and its subsidiaries operate. This is also the currency that mainly influences the revenue from and cost of rendering products and services. Each entity in the Company determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded in the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency closing rate of exchange prevailing at the end of the reporting period. All differences are recognized in the consolidated statement of income except for foreign exchange differences that qualify as capitalizable borrowing costs for qualifying assets. Nonmonetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

Income Tax
Current Income Tax. Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted as at balance sheet date.

Current income tax relating to items recognized directly in equity is recognized in OCI and not in the consolidated statement of income.

Deferred Income Tax. Deferred income tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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

- When the deferred income tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that sufficient future taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits from excess of minimum corporate income tax (MCIT) over regular corporate income tax (RCIT) and unused net operating loss carryover (NOLCO) can be utilized, except:

- When the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred income tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred income tax asset to be utilized.

Unrecognized deferred income tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that sufficient future taxable profits will allow the deferred income tax assets to be recovered.

Deferred income tax assets and deferred income tax liabilities are measured at the tax rates that are expected to apply to the year when the assets are realized or the liabilities are settled, based on tax rates and tax laws that have been enacted or substantively enacted as at balance sheet date.

Deferred income tax relating to items recognized outside profit or loss is recognized outside the consolidated statement of income. Deferred income tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to offset current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and, a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense.

Contingencies
Contingent liabilities are not recognized in the consolidated financial statements. They are disclosed in the notes to the consolidated financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the consolidated financial statements but disclosed in the notes to the consolidated financial statements when an inflow of economic benefits is probable.

Events after Balance Sheet Date
Post year-end events that provide additional information about the Group's financial position at the balance sheet date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

Segment Reporting
An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's Chief Financial Officer to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The Group reports separately, information about an operating segment that meets any of the following quantitative thresholds:

- the absolute amount of its reported profit or loss is 10% or more of the greater, in absolute amount, of the combined reported profit of all operating segments that did not report a loss and the combined reported loss of all operating segments that reported a loss; and
- its assets are 10% or more of the combined assets of all operating segments.

Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if management believes that information about the segment would be useful to users of the consolidated financial statements.

For management purposes, the Group is currently organized into two business segments: clinker and cement segment and other materials and construction segments. These divisions are the basis on which the Group reports its primary segment information.

Financial information on segment reporting is presented in Note 4.

3. Significant Accounting Judgments and Estimates

The preparation of consolidated financial statements in conformity with PFRS requires management to make judgments and estimates that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent liabilities at the reporting date. The uncertainties inherent in these judgments and estimates could result in outcomes that could require a material adjustment to the carrying amount of the assets or liabilities affected in the future years.

Estimates
The key estimates concerning the future and other key sources of estimation uncertainty as at balance sheet date that have the most significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period are as follows:

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

The Group's lease liabilities amounted to ₱1.5 billion and ₱1.6 billion as at December 31, 2022 and 2021, respectively (see Note 14).

ECL Computation. The Group applied the following judgements and estimates that significantly affect the computation of ECL under PFRS 9.

Definition of Default and Credit-Impaired Financial Assets. The Group defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

- *Quantitative Criteria.* The borrower is more than 120 days past due on its contractual payments, which is consistent with the Group's definition of default.

- *Qualitative Criteria.* The borrower meets unlikeliness to pay criteria, which indicates the borrower is in significant financial difficulty. These are instances where:

a. The borrower is experiencing financial difficulty or is insolvent;
b. The borrower is in breach of financial covenant(s);
c. Concessions have been granted by the Group, for economic or contractual reasons relating to the borrower's financial difficulty; or
d. It is becoming probable that the borrower will enter bankruptcy or other financial reorganization.

The criteria above have been applied to all financial instruments held by the Group and are consistent with the definition of default used for internal credit risk management purposes, unless otherwise stated. The default definition has been applied consistently to model the probability of default, loss given default and expected actual default throughout the Group's ECL calculation.

- *General Approach for Cash in banks, guarantee deposits, refundable deposits and other financial assets which are presented under "Other noncurrent assets" account.* Under the general approach, at each reporting date, the Group recognizes a loss allowance based on either 12-month ECLs or Lifetime ECLs, depending on whether there has been a significant increase in credit risk on the financial instrument since initial recognition. The changes in the loss allowance balance are recognized in profit or loss as an impairment gain or loss. The Group has leveraged on available market data for cash in banks to calculate the ECL.

- *Simplified Approach for Trade Receivables.* The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due. The provision matrix is initially based on the Group's historical observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information. At every financial reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed. Furthermore, specific identification was also applied by the Group for trade receivables which are deemed uncollectible.

- *Grouping of instruments for losses measured on collective basis.* For ECL provisions modelled on a collective basis, a grouping of exposures is performed on the basis of shared risk characteristics, such that risk exposures within a group are homogeneous. The characteristic used to determine groupings is based on the type of customer.

- *Macro-economic Forecasts and Forward-looking Information.* Macro-economic forecasts are determined by evaluating a range of possible outcomes and using reasonable and supportable information that is available without undue cost and effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

  The Group takes into consideration using different macro-economic variables to ensure linear relationship between internal rates and outside factors. Regression analysis was used to objectively determine which variables to use.

  Predicted relationship between the key indicators and default and loss rates on various portfolios of financial assets have been developed based on analyzing historical data over the past 3 years. The methodologies and assumptions including any forecasts of future economic conditions are reviewed regularly.

  The financial assets of the Group are composed of the following as at December 31, 2022 and 2021:

	2022	2021
	(In Thousands)	
Cash in banks (see Note 5)	**₱5,233,204**	₱501,208
Trade and other receivables (see Note 6)	**1,902,369**	1,955,800
Guarantee deposits (see Note 12)	**69,417**	69,062
Refundable deposits (see Note 12)	**–**	447
Other financial assets (see Note 12)	**284,102**	2,135,778
	₱7,489,092	₱4,662,295

The allowance for expected credit loss amounted to ₱60.8 million and ₱69.1 million as at December 31, 2022 and 2021, respectively (see Note 6).

Assessment of Impairment of Property, Plant and Equipment and Other Nonfinancial Assets. Impairment review is performed when impairment indicators are present. Determining the value in use of an asset, which requires the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, requires the Group to make estimates and assumptions that can materially affect the consolidated financial statements. Any resulting impairment loss could have a material adverse impact on the Group's financial position and financial performance.

The following are the factors that the Group considered important which could trigger an impairment review:

a. significant adverse changes in the technological, market, or economic environment where the Group operates
b. significant decrease in the market value of an asset
c. evidence of obsolescence and physical damage
d. significant changes in the manner in which an asset is used or expected to be used
e. plans to restructure or discontinue an operation
f. significant decrease in the capacity utilization of an asset, or

g. evidence is available from internal reporting that the economic performance of an asset is, or will be, worse than expected.

In 2022, based on the assessment by the Group's management, temporary closure of operations in certain terminals to mitigate the impact of COVID-19 pandemic, the increasing prices of fuels and raw materials, distribution costs and increasing competition in the market is an indicator that the carrying value of the assets located in these terminals amounting to ₱508.4 million may not be fully recoverable. As such, assessment of the recoverability of the related CGU consisting of buildings and installations and machinery and equipment is required as at December 31, 2022.

The Company estimated the recoverable amount of ₱524. 2 million as at December 31, 2022, which is the fair value of the assets based on valuations made as at December 31, 2022 by an independent appraiser who holds a recognized and relevant valuation license. The fair value was determined using the Cost Approach which considers as a substitute for the purchase of a given property, the possibility of constructing another property that is a replica of, or equivalent to, the original or one that could furnish equal utility with no undue cost resulting from delay. The valuation is in accordance with the Philippine Valuations Standards.

Determining the fair value of the assets requires the appraiser to make estimates and assumptions that can materially affect the financial statements. While the Company believes that the assumptions used in the estimation of fair values reflected in the financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting decline in value could have a material adverse impact on the Company's financial position and performance.

There was no impairment loss on property, plant and equipment recognized in 2022 since the recoverable amount of the assets is higher than its carrying value as at December 31, 2022. For other nonfinancial assets, the Group's management assessed that there was no indicator of impairment in 2022. Further, based on the assessment of the Group's management, there were no indications that the property, plant and equipment and other nonfinancial assets were impaired in 2021.

Impairment of Goodwill. The Group performs impairment testing of its goodwill on an annual basis or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. This requires an estimation of the value in use of the cash-generating unit to which the goodwill is allocated. Value-in-use is estimated by making an estimate of the expected future cash flows from the cash-generating unit and to apply a suitable discount rate in order to calculate the present value of those cash flows. The recoverable amount of the goodwill has been determined based on a value-in-use calculation using cash flow projections based on an approved plan by the senior management. The impairment on goodwill is determined by comparing: (a) the carrying amount of the cash-generating unit; and (b) the present value of the annual projected cash flows for seven years and the present value of the terminal value computed under the discounted cash flow method/

The key assumptions used in the impairment test of goodwill are as follows:

a Net Sales

The net sales of the CGU were projected to increase based on the Group's forecasted cumulative annual growth rate based on volume and net selling price which is expected to be in line with the economy. Historically, the business growth had a direct correlation with economic growth. A 3% perpetuity growth rate was assumed at the end of the seven-year forecast period.

b. Costs and Operating Expenses

   On the average, costs and operating expenses were projected to increase in relation to revenue growth and are anchored on the Group's cost improvement measures.

c. Gross Margin

   Cost improvement measures over the forecast period are expected to improve the Group's margins.

d. Discount Rate

   The discount rate used to arrive at the present value of future cash flows was Holcim Group's Weighted Average Cost of Capital (WACC) which was adjusted based on local considerations. The discount rates applied to the cash flow projections were 9.0% and 8.5% in 2022 and 2021, respectively.

   The Group has determined that the goodwill is not impaired. The carrying amount of goodwill amounted to ₱2.6 billion as at December 31, 2022 and 2021 (see Note 11). The recoverable amount of the CGU is greater than its carrying amount. No impairment loss was recognized on goodwill for the years ended December 31, 2022, 2021 and 2020.

Retirement Benefit Costs. The costs of defined benefit pension plans as well as the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Further details about the assumptions used are provided in Note 26.

In determining the appropriate discount rate, management considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables for the specific country and is modified accordingly with estimates of mortality improvements. Future salary increases are based on historical actual salary increases of the Group.

Total retirement benefit asset amounted to ₱2.7 billion and ₱2.5 billion as at December 31, 2022 and 2021, respectively, as disclosed in Note 26.

Deferred Income Tax Assets. The Group reviews the carrying amounts of deferred income tax assets at the end of each reporting period and reduces these to the extent that it is no longer probable that sufficient future taxable income will be available to allow all or part of the deferred income tax assets to be utilized. The Group's assessment on the recognition of deferred income tax assets on deductible temporary differences is based on the level and timing of forecasted taxable income of the subsequent reporting periods. This forecast is based on the past results and future expectations of revenues and expenses as well as future tax planning strategies. However, there is no assurance that the Group will generate sufficient future taxable income to allow all or part of deferred income tax assets to be utilized. Management also reviews the level of projected gross margin for the use of Optional Standard Deduction (OSD) and assesses the future tax consequences for the recognition of deferred income tax assets and deferred income tax liabilities. Based on the Group 's projected margin, management expects to use the itemized deduction method for the Parent Company and several of its subsidiaries. HPMC and Mabini expect to use the OSD for the next three years and Bulkcem and S&B for the next four years.

Total deferred tax assets recognized in the Group's consolidated statements of financial position amounted to ₱282.8 million and ₱422.1 million as at December 31, 2022 and 2021, respectively. The amounts of temporary differences and carry-forward benefits of unused tax credits and unused tax losses, for which no deferred income tax assets as at December 31, 2022 and 2021 are disclosed in Note 25.

Net Realizable Value of Inventories. The Group writes down the cost of inventories whenever the net realizable value of inventories becomes lower than cost due to damage, physical deterioration, obsolescence, change in price levels or other causes. The lower of cost and net realizable value of inventories is reviewed on a periodic basis. Inventory items identified to be obsolete and unusable are written-off and charged as expense in the consolidated statement of income. The allowance for inventory obsolescence amounted to ₱237.6 million and ₱214.5 million as at December 31, 2022 and 2021, respectively, as disclosed in Note 10. The carrying values of inventories amounted to ₱4.1 billion and ₱4.3 billion as at December 31, 2022 and 2021, respectively, as disclosed in Note 7.

Provisions for Claims, Litigations and Assessments. The Group is currently involved in various legal proceedings and tax assessments. Management's estimate of the probable costs for the resolution of these claims has been developed based upon an analysis of potential results. The Group currently believes that these proceedings will not have a material adverse effect on the consolidated financial statements. It is possible however, that future financial performance could be materially affected by changes in the estimates or effectiveness of the strategies relating to these proceedings and assessments. As at December 31, 2022 and 2021, the Group's provision for probable losses amounted nil and ₱10.0 million, respectively, as disclosed in Note 15.

Contingencies. The Group is either a defendant or plaintiff in several legal cases primarily involving collection and claims for damages.

In 2021, the Group has an outstanding legal case with Seasia Nectar Port Services Inc. ("Seasia") concerning the termination of the port services agreement with the latter. The Group lodged multiple petitions that are still pending with the Regional Trial Court of Bataan and the Regional Trial Court of Taguig as at December 31, 2021. An interim measure of protection in the form of a preliminary attachment of the Group's assets was secured by Seasia, as disclosed in Note 29. In 2022, management has accordingly recognized settlement costs related to the said case, as disclosed in Note 29.

4. Segment Information

Business segment

Operating segments are components of the Group that engage in business activities from which they may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group), whose operating results are regularly reviewed by the chief operating decision maker to make decisions about how resources are to be allocated to each of the segments and to assess their performances, and for which discrete financial information is available. Management reassesses on an annual basis whether there have been any changes in the operating segments or in the reportable operating segments in accordance with PFRS 8, *Operating Segments*.

For management purposes, the Group is organized into activities based on their products and has two segments, as follows:

- Clinker and Cement segment, which manufactures and sells clinker and cement for domestic customers; and
- Other Construction Materials and services segment, which includes operations from Specialty Products and Aggregates Trading.

Management monitors the operating results of its business segments for the purpose of making decisions about resource allocation and performance assessment. Segment performance is based on operating EBITDA and is measured consistently with consolidated net income in the consolidated statement of profit or loss and other comprehensive income. However, the Group's finance income and charges and income taxes are managed on a group basis and are not allocated to operating segments. Transfer prices between operating segments are on an arm's length basis similar to transactions with third parties.

The Group has determined the Clinker and Cement segment as the only reportable segment. Information on the other segments that are not reportable are combined and presented as "Others". Segment revenues, EBITDA, assets, liabilities and other information for segments as at December 31, 2022 and 2021 and for each of the three years ended December 31, 2022, 2021 and 2020 are presented below:

	Clinker and Cement	Others	Total	Adjustments and Eliminations	Consolidated
			(In Thousands)		
2022					
Revenue:					
External customers	**₱24,668,913**	**₱1,918,771**	**₱26,587,684**	**₱–**	**₱26,587,684**
Inter-segment	**15,528**	**228**	**15,756**	**(15,756)**	**–**
	24,684,441	**1,919,999**	**26,603,440**	**(15,756)**	**26,587,684**
Operating EBITDA	**3,092,920**	**644,096**	**3,737,016**	**–**	**3,737,016**
Segment assets	**32,766,299**	**329,432**	**33,095,851**	**9,400,019**	**42,495,870**
Segment liabilities	**9,261,792**	**640,935**	**9,902,727**	**1,888,085**	**11,790,812**
Results -					
Depreciation and amortization	**1,805,468**	**1,990**	**1,807,458**	**–**	**1,807,458**
Other disclosures					
Construction-in-progress	**1,326,252**	**254**	**1,326,506**	**(116,164)**	**1,210,342**
2021					
Revenue:					
External customers	₱25,153,069	₱1,793,076	₱26,946,145	₱–	₱26,946,145
Inter-segment	227,636	–	227,636	(227,636)	–
	25,380,705	1,793,076	27,173,781	(227,636)	26,946,145
Operating EBITDA	4,746,336	666,026	5,412,362	–	5,412,362
Segment assets	26,005,234	9,720,691	35,725,925	4,625,553	40,351,478
Segment liabilities	7,850,882	3,717,887	11,568,769	(1,021,746)	10,547,023
Results -					
Depreciation and amortization	1,831,514	6,624	1,838,138	–	1,838,138
Other disclosures					
Construction-in-progress	1,826,633	505	1,827,138	(3,859)	1,823,279
2020					
Revenue:					
External customers	₱25,788,478	₱226,864	₱26,015,342	₱–	₱26,015,342
Inter-segment	214,647	1,043,243	1,257,890	(1,257,890)	–
	26,003,125	1,270,107	27,273,232	(1,257,890)	26,015,342
Operating EBITDA	4,376,272	355,171	4,731,443	–	4,731,443
Segment assets	23,200,791	11,784,581	34,985,372	6,380,050	41,365,422
Segment liabilities	9,483,912	3,582,209	13,066,121	(1,332,754)	11,733,367
Results -					
Depreciation and amortization	1,957,414	10,509	1,967,923	–	1,967,923
Other disclosures					
Construction-in-progress	1,330,295	505	1,330,800	–	1,330,800

Inter-segment revenues, other than those outside the Group, are eliminated upon consolidation and reflected in the "Adjustments and eliminations" column. All other adjustments that are part of detailed reconciliations presented further below include the following:

- Finance income and charges, and foreign exchange gains (losses) on financial assets and liabilities are not allocated to individual segments as the underlying instruments are managed on a group basis.
- Deferred income taxes and certain financial assets and liabilities are not allocated to those segments as they are also managed on a group basis.

Following is the reconciliation of segment operating profit to consolidated profit before income tax:

	2022	2021	2020
		(In Thousands)	
Operating EBITDA	**₱3,737,016**	₱5,412,362	₱4,731,443
Depreciation and amortization	**(1,807,458)**	(1,838,138)	(1,967,923)
Interest and financing charges	**(142,174)**	(134,535)	(357,460)
Interest income	**142,188**	99,096	158,755
Equity in income (loss) of an associate	**42,470**	(155,399)	22,234
Other income (expense) – net	**(600,323)**	56,964	187,526
Income before income tax	**₱1,367,071s**	₱3,440,350	₱2,774,575

	December 31, 2022	December 31, 2021
	(In Thousands)	
Segment assets	**₱33,095,851**	₱35,725,925
Cash in banks	**5,233,204**	501,208
Investments	**4,166,815**	4,124,345
Consolidated assets	**₱42,495,870**	₱40,351,478
Segment liabilities	**₱11,281,190**	₱10,286,040
Income tax payable	**47,886**	148,958
Deferred income tax liabilities - net	**461,736**	112,025
Consolidated liabilities	**₱11,790,812**	₱10,547,023

Geographic information

The Group operates in just one geographic location – the Philippines.

The Group has no revenue from transactions with a single external customer accounting for 10% or more of the consolidated revenues. Moreover, there are no noted additions of non-current assets allocable to the reportable segments. All property, plant and equipment of the Group are located in the Philippines.

5. Cash in Banks

Cash in banks earn interest at prevailing bank deposit rates from 0.33% to 0.95% in 2022 and 2021, respectively.

Interest income earned from cash in banks amounted to ₱6.2 million, ₱12.4 million and ₱12.5 million in 2022, 2021 and 2020 respectively as disclosed in Note 23.

The Group holds restricted cash balance amounting to ₱0.28 billion and ₱2.14 billion as at December 31, 2022 and 2021, respectively, which are not available for use. The restricted cash are presented as other financial assets under "Other noncurrent assets" account in the statements of financial position as disclosed in Notes 12 and 29.

6. Trade and Other Receivables

	2022	2021
	(In Thousands)	
Trade receivables	**₱1,000,868**	₱803,910
Due from relates parties - net (see Note 28)	**499,882**	652,945
Loans receivable from related parties (see Note 28)	**247,591**	240,426
Others	**214,863**	327,667
	1,963,204	2,024,948
Less allowance for expected credit losses	**60,835**	69,148
	₱1,902,369	₱1,955,800

Trade receivables are non-interest bearing and generally have credit terms of 30 to 60 days.

Due from related parties are due and demandable.

Other receivables consist mainly of collectibles from various parties for transactions other than sale of goods and accrued interests, which are normally collected within one (1) year.

The following table details the risk profile of trade receivables based on the Group's provision matrix. As the Group's expected credit loss rate is not significantly different from each customer segments, the expected credit loss rate is not further distinguished between the Group's different customer segments.

	Current -360 days	Over 360 days	Specifically Identified	Total
		(In Thousands)		
2022				
Exposure at default	**₱653,000**	**₱745**	**53,560**	
Expected credit loss rate	**1%**	**100%**	**100%**	
Provision for ECL	**₱6,530**	**₱745**	**₱53,560**	**₱60,835**
2021				
Exposure at default	₱329,500	₱3,340	₱62,513	
Expected credit loss rate	1%	100%	100%	
Provision for ECL	₱3,295	₱3,340	₱62,513	₱69,148

Movements in the allowance for expected credit losses are as follows:

	Trade	Others	Total
		(In Thousands)	
Beginning, January 2021	₱61,887	₱5,105	₱66,992
Expected credit loss	2,156	–	2,156
Ending, December 2021	64,043	5,105	69,148
Expected credit loss	2,230	–	2,230
Reversal	(10,543)	–	(10,543)
Ending, December 2022	₱55,730	₱5,105	₱60,835

The Group applies a simplified approach in calculating ECLs. Furthermore, specific identification was applied by the Group for trade receivables which are deemed uncollectible.

Customary to the credit practices of the Group, customers are required to provide guarantees in the form of a standby letter of credit, bank guarantee and cash bond to allow them to purchase on credit. In the event that customers are deemed incapable of settling their obligations, the Group shall exercise its right to call out the letter of credit or bank guarantee from the issuing banks or apply the cash bond accordingly. However, for some customers that are deemed to be reputable, competent and with sound business practices are exempted. These are normally the large real estate developers and construction companies that have been in operation for a long time. As of December 31, 2022, 51% of total trade receivable (₱517 million) is covered by letter of credit and bank guarantee while 49% (₱492million) is not covered by letter of credit and bank guarantee. As at December 31, 2021, 50% of the total trade receivables (₱404 million) is covered by letter of credit and bank guarantees while 50% (₱404 million) is not covered by letter of credit and bank guarantees. There has not been any significant change in the quality of the guarantees. In determining the recoverability of trade receivables, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period.

7. Inventories

	Finished Goods	Goods in Process	Raw Materials	Fuels	Spare Parts and Others	Total
			(In Thousands)			
2022						
At Cost	**₱477,662**	**₱1,103,427**	**₱516,686**	**₱1,341,423**	**₱929,356**	**₱4,368,554**
Allowance for inventory obsolescence	–	–	–	–	**(237,591)**	**(237,591)**
At net realizable value	**₱477,662**	**₱1,103,427**	**₱516,686**	**₱1,341,423**	**₱691,765**	**₱4,130,963**
2021						
At Cost	₱575,286	₱939,345	₱495,538	₱1,571,904	₱979,483	₱ 4,561,556
Allowance for inventory obsolescence	–	–	–	–	(214,499)	(214,499)
At net realizable value	₱575,286	₱939,345	₱495,538	₱1,571,904	₱764,984	₱4,347,057

Except for spare parts and others, no provisions were provided for inventories due to their nature. Furthermore, these inventories are perpetually consumed in operations and disposed through sale hence has lower risk of obsolescence.

The table below shows the movements of allowance for inventory obsolescence:

	2022	2021
	(In Thousands)	
Balance, beginning	**₱214,499**	₱230,729
Additions	**77,653**	57,943
Reversal	**(54,561)**	(74,173)
Balance, end	**₱237,591**	₱214,499

Cost of inventories charged to cost of goods sold amounted to ₱5.11 billion, ₱6.77 billion and ₱9.61 billion in 2022, 2021 and 2020, respectively (see Note 17).

8. Other Current Assets

	2022	2021
	(In Thousands)	
Advances to suppliers	**₱230,957**	₱118,761
Prepaid expenses	**121,645**	143,610
Derivative asset (see Note 30)	**94,300**	–
Input VAT and creditable withholding taxes	**77,387**	96,847
Others	**9,088**	834
	₱533,377	₱360,052

Prepaid expenses include rent, insurance, and taxes paid in advance that are amortized within next year.

Advances to suppliers represent advances that are applied against subsequent purchases and are outstanding for less than one year from initial recognition.

Other includes advances to employees which are non-interest bearing and generally have terms of 30 days.

9. Investments

Investments consist of the following:

	2022	2021
	(In Thousands)	
Investment in an associate	**₱4,161,759**	₱4,119,289
Financial asset at FVTPL	–	5,056
	₱4,161,759	₱4,124,345

Investment in an associate

This account represents the share in HMDC's net equity as at December 31, 2022 and 2021.

Following is the summarized consolidated financial position of HMDC as at December 31, 2022 and 2021:

	2022	2021
	(In Thousands)	
Current assets	**₱1,569,183**	₱1,948,813
Noncurrent assets	**6,331,783**	6,141,548
Current liabilities	**(2,131,191)**	(2,201,038)
Noncurrent liabilities	**(1,065,583)**	(1,361,587)
Net equity	**₱4,704,192**	₱4,527,736

The reconciliation of the above summarized financial information to the carrying value of the investment in an associate is shown below:

	2022	2021
	(In Thousands)	
Net equity of the associate	**₱4,704,192**	₱4,527,736
Ownership interest in HMDC	**40%**	40%
Proportion of the Group's ownership interest in HMDC	**1,881,677**	1,811,094
Gain on remeasurement of retained equity at deconsolidation	**2,092,278**	2,092,278
Attributable to land	**1,179,230**	1,179,230
Others	**(991,426)**	(963,313)
Carrying amount of the Group's interest in HMDC	**₱4,161,759**	₱4,119,289

Gain on remeasurement of retained equity at deconsolidation pertains to the amount recognized in profit or loss arising mainly from the fair value adjustments of certain assets owned by HMDC and its subsidiaries as a result of the change of HMDC from a subsidiary to an associate in 2015.

Based on the shareholders agreement, HPI is entitled 100% on the land owned by HMDC. However, HPI is not entitled to certain land purchased by HMDC in 2018 and 2019 which are direct purchases of HMDC from third party.

Others primarily pertain to subscription deposit and the receivables from the sale of land originally invested by HPI, in accordance with the shareholders' agreement.

Following is the summarized consolidated comprehensive income for the years ended December 31, 2022 and 2021:

	2022	2021
	(In Thousands)	
Revenues	**₱2,260,872**	₱2,254,282
Cost and expenses	**(1,599,697)**	(1,598,937)
Gross profit	**661,175**	655,345
Other loss	**(314,818)**	(477,936)
Income (loss) before income tax	**346,357**	177,409
Provision from income tax	**(125,757)**	(52,985)
Net income	**₱220,600**	₱124,424
Dividends received from the associate during the year	**₱–**	₱20,631

Movements of the investment in an associate are as follows:

	2022	2021
	(In Thousands)	
Cost	**₱4,319,496**	₱4,319,496
Accumulated share in undistributed earnings:		
Beginning balance	**(200,207)**	(24,177)
Share of income (loss) of the associate	**42,470**	(155,399)
Dividends received	**–**	(20,631)
	(157,737)	(200,207)
	₱4,161,759	₱4,119,289

On September 16, 2021, the BOD of HMDC declared total cash dividends of ₱25 million to its stockholders of record as of date.

There is no significant restriction on the ability of the associate to transfer funds to the Group in the form of cash dividends.

The Group has no contingent liabilities relating to its interests in the associate and has no commitments on its associate as at December 31, 2022 and 2021.

10. Property, Plant and Equipment

	December 31, 2021	Additions/ Depreciation	Disposals/ Retirements	Transfers/ Reclassification	December 31, 2022
			(In Thousands)		
Cost					
Buildings and installations	**₱14,082,667**	**₱106,116**	**(₱49,025)**	**₱192,710**	**₱14,332,468**
Machinery and equipment	**30,436,009**	**350,818**	**–**	**860,020**	**31,646,847**
Furniture, vehicles and tools	**1,041,204**	**252**	**(6,470)**	**26,207**	**1,061,193**
Construction in-progress	**1,823,279**	**466,000**	**–**	**(1,078,937)**	**1,210,342**
	47,383,159	**923,186**	**(55,495)**	**–**	**48,250,850**
Less accumulated depreciation and impairment losses					
Buildings and installations	**9,078,386**	**439,355**	**(49,025)**	**–**	**9,468,716**
Machinery and equipment	**17,987,716**	**1,100,682**	**–**	**–**	**19,088,398**
Furniture, vehicles and tools	**814,809**	**38,497**	**(6,470)**	**–**	**846,836**
	27,880,911	**1,578,534**	**(55,495)**	**–**	**29,403,950**
Carrying Amount					
Buildings and installations	**₱5,004,281**	**(₱333,239)**	**₱–**	**₱192,710**	**₱4,863,752**
Machinery and equipment	**12,448,293**	**(749,864)**	**–**	**860,020**	**12,558,449**
Furniture, vehicles and tools	**226,395**	**(38,245)**	**–**	**26,207**	**214,357**
Construction in-progress	**1,823,279**	**466,000**	**–**	**(1,078,937)**	**1,210,342**
	₱19,502,248	**(₱655,348)**	**₱–**	**₱–**	**₱18,846,900**

	December 31, 2020	Additions/ Depreciation	Disposals/ Retirements	Transfers/ Reclassification	December 31, 2021
			(In Thousands)		
Cost					
Buildings and installations	₱14,112,018	₱5,247	(₱90,065)	₱55,467	₱14,082,667
Machinery and equipment	29,559,172	208,174	–	668,663	30,436,009
Furniture, vehicles and tools	998,828	1,632	(23,496)	64,240	1,041,204
Construction in-progress	1,330,800	1,281,779	–	(789,300)	1,823,279
	46,000,818	1,496,832	(113,561)	(930)	47,383,159
Less accumulated depreciation and impairment losses					
Buildings and installations	8,766,031	401,492	(87,099)	(2,038)	9,078,386
Machinery and equipment	16,918,163	1,068,445	–	1,108	17,987,716
Furniture, vehicles and tools	791,090	44,751	(21,048)	16	814,809
	26,475,284	1,514,688	(108,147)	(914)	27,880,911
Carrying Amount					
Buildings and installations	₱5,345,987	(₱396,245)	(₱2,966)	₱57,505	₱5,004,281
Machinery and equipment	12,641,009	(860,271)	–	667,555	12,448,293
Furniture, vehicles and tools	207,738	(43,119)	(2,448)	64,224	226,395
Construction in-progress	1,330,800	1,281,779	–	(789,300)	1,823,279
	₱19,525,534	(₱17,856)	(₱5,414)	(₱16)	₱19,502,248

Construction in progress includes on-going item replacements and expansion projects for the Group's operations. The Group has no contractual commitments for the acquisition of property, plant and equipment, including its on-going item replacements and expansion projects.

Out of the total amount of additions to property, plant and equipment, ₱213.1 million and ₱248.2 million are still unpaid as at December 31, 2022 and 2021, respectively, which are presented in "Trade payables" under trade and other payables account in the statements of financial position (see Note 13).

11. **Goodwill And Intangible Assets**

The movements of goodwill and intangible assets are as follows:

	December 31, 2021	**Additions/ Amortization**	**Transfers**	**December 31, 2022**
Goodwill	**₱2,635,738**	**₱–**	**₱–**	**₱2,635,738**
Intangible assets				
Cost:				
Software costs	**136,096**	**4,097**	**–**	**140,193**
Project development costs and others	**64,467**	**–**	**–**	**64,467**
	200,563	**4,097**	**–**	**204,660**
Less accumulated amortization:				
Software costs	**118,311**	**8,728**	**–**	**127,039**
Project development costs and others	**49,747**	**–**	**–**	**49,747**
	168,058	**8,728**	**–**	**176,786**
	32,505	**(4,631)**	**–**	**27,874**
Total	**₱2,668,243**	**(₱4,631)**	**₱–**	**₱2,663,612**

	December 31, 2020	Additions/ Amortization	Transfers	December 31, 2021
Goodwill	₱2,635,738	₱–	₱–	₱2,635,738
Intangible assets				
Cost:				
Software costs	115,633	19,533	930	136,096
Project development costs and others	64,467	–	–	64,467
	180,100	19,533	930	200,563
Less accumulated amortization:				
Software costs	110,908	7,272	131	118,311
Project development costs and others	49,747	–	–	49,747
	160,655	7,272	131	168,058
	19,445	12,261	799	32,505
Total	₱2,655,183	₱12,261	₱799	₱2,668,243

Goodwill amounting to ₱2.6 billion relates to the cement operations of one of the Group’s Plants, particularly its Mabini Grinding Mill plant, which was acquired in 2004. The goodwill arising from the acquisition of MGMC is attributable to the synergy from management’s strategic plan to expand its operations by rehabilitating the existing grinding plants of MGMC. The management decided to uplift the cement making production capacity of the Group in anticipation of the significant upturn in the construction industry.

The Group performs its annual impairment test every last quarter of the year. The recoverable amount of the CGU determined based on value-in-use, is compared to its carrying amount. Future cash flows are discounted using the WACC.

The cash flow projections are based on a seven-year financial planning period approved by senior management. The Group's Mid-Term plan covers a period of 4 years. However, for the purpose of impairment testing, it was decided to apply a 7-year business plan period to align with the LafargeHolcim global policy.

Cash flows beyond the four-year budget period are extrapolated under the premise that cash flows will have zero percent growth in real terms while having three percent growth as terminal growth rate (TGR).

The key assumptions used on determining the value-in-use of the CGU are as follows:

	Discount Rate	Long-term Revenue Growth Rate
2022	**9.0%**	**3.0%**
2021	8.5%	3.0%

The Group has conducted an analysis of the sensitivity of the impairment test to changes in the key assumptions used to determine the recoverable amount for which goodwill is allocated. Management believes that any reasonably possible change in the key assumptions would not cause the carrying amount to exceed the recoverable amount.

No impairment loss was recognized in 2022, 2021, and 2020 since the value-in-use exceeds the carrying value of the cement segment.

12. Other Noncurrent Assets

	2022	2021
Deferred input VAT and other taxes	**₱398,939**	₱482,685
Other financial assets (see Note 5)	**284,102**	2,135,778
Long-term prepaid asset	**231,701**	191,600
Guarantee deposits	**69,417**	69,062
Refundable deposits	**–**	447
	₱984,159	₱2,879,572

Other financial assets as at December 31, 2021 represent restricted funds in relation to court-mandated garnishment arising from a case filed by Seasia against HPI and minimum mine rehabilitation fund required by the Department of Environment and Natural Resources (DENR) to cover site restoration cost. In 2022, the Group and Seasia mutually negotiated for the settlement and closure of all pending cases and both parties agreed on all the essential terms and conditions. Both parties obtained the requisite court approvals and the Group paid Seasia ₱0.7 billion as settlement, which was recognized in other income (expense) in 2022. The balance amounting to ₱1.2 billion was released to the Group. The case has been declared as closed as at December 31, 2022 (see Notes 24 and 29).

As at December 31, 2022, the Group is already working to close the rehabilitation fund as DENR requirement is no longer applicable consequent to the disposal of all land and mining assets previously owned by the Group.

Guarantee and security deposits represent cash deposits made to suppliers for raw materials supply agreement and various security deposits for rentals.

13. Trade and Other Payables

	2022	2021
	In thousands	
Trade payables (see Note 10)	**₱4,307,711**	₱4,024,769
Contract liabilities	**1,772,703**	744,143
Accrued expenses	**1,569,584**	2,174,705
Due to related parties (see Note 28)	**861,706**	1,308,671
Non-trade payables	**795,869**	75,119
Loan payable to a related party (see Note 28)	**300,000**	–
Other payables	**131,142**	238,933
	₱9,738,715	₱8,566,340

Trade payables are non-interest bearing and normally have payment terms of 30 to 90 days and includes provision.

Contract liabilities represent those that will be applied against subsequent shipments, which is expected to be applied for less than 30 to 90 days.

Other payables include taxes payable (i.e. withholding and fringe benefit taxes payable) and other payables pertaining to non-trade transactions with normal payment terms of 30 to 90 days.

Non-trade payables represent accounts with suppliers other than production-related expenses such as government-related expenses, employee benefits and other admin expenses.

Details of the Group's accrued expenses are as follows:

	2022	2021
	In thousands	
Outside services	**₱484,897**	₱705,226
Power	**340,365**	400,538
Rebates	**308,561**	529,933
Employee-related payable	**193,767**	267,331
Maintenance	**69,450**	73,750
Freight	**29,034**	16,754
Others	**143,510**	181,173
	₱1,569,584	₱2,174,705

Outside services include accrual for audit fees, consigned raw materials, security services and other third-party services acquired.

Other accrued expenses include interest from interest-bearing cash bonds which are refundable anytime upon demand by the customers.

14. **Leases**

The Group has a number of lease agreements covering land, office spaces and warehouses that are accounted under PFRS 16, with periods ranging from more than one year to twenty-five years. Bulk of the commitments pertains to lease of land and manufacturing facilities.

See out below the movements of lease liabilities:

	2022	2021
	In thousands	
Beginning balance	**₱1,646,657**	₱2,060,066
Payments	**(261,405)**	(399,318)
Accretion of interest (see Note 22)	**95,789**	105,838
Terminated lease (see Note 24)	–	(133,276)
Additions	–	13,354
Effect of foreign exchange	–	(7)
Ending balance	**1,481,041**	1,646,657
Less current portion	**214,506**	171,418
Noncurrent portion	**₱1,266,535**	₱1,475,239

In 2021, the Group pre-terminated certain lease contracts which resulted to recognition of gain on termination amounting to ₱39,162, which is presented under other income (expense) account (see Note 24).

Shown below is the maturity analysis of the undiscounted lease payments:

	2022	2021
	In thousands	
1 year	**₱214,506**	₱171,418
More than 1 year to 2 years	**156,595**	191,353
More than 2 years to 3 years	**135,942**	156,595
More than 3 years to 4 years	**136,508**	135,942
More than 4 years to 5 years	**137,102**	136,508
More than 5 years	**1,604,323**	1,838,502
	2,384,976	2,630,318
Less unamortized interest	**903,935**	983,661
	₱1,481,041	₱1,646,657

The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's treasury function.

See out below the movements of right-of-use assets:

	2022				
	Right-of-Use Land	**Right-of-Use Buildings and Installations**	**Right-of-Use Machinery and Equipment**	**Right-of-Use Furniture, Vehicle and Tools**	**Total**
			In thousands		
Cost					
At December 31 and January 1	**₱1,692,328**	**₱372,005**	**₱20,790**	**₱312,343**	**₱2,397,466**
Addition and others	**–**	**12,741**	**–**	**–**	**12,741**
	1,692,328	**384,746**	**20,790**	**312,343**	**2,410,207**
Accumulated amortization					
January 1	**358,445**	**199,659**	**20,624**	**274,446**	**853,174**
Amortization and others	**105,647**	**76,652**	**–**	**37,897**	**220,196**
At December 31	**464,092**	**276,311**	**20,624**	**312,343**	**1,073,370**
Net book value	**₱1,228,236**	**₱108,436**	**₱166**	**₱–**	**₱1,336,837**

	2021				
	Right-of-Use Land	Right-of-Use Buildings and Installations	Right-of-Use Machinery and Equipment	Right-of-Use Furniture, Vehicle and Tools	Total
			In thousands		
Cost					
At January 1	₱1,677,889	₱349,708	₱20,790	₱442,069	₱2,490,456
Additions	–	13,354	–	–	13,354
Disposals (see Note 24)	–	–	–	(129,726)	(129,726)
Impact of lease modification	14,439	8,943	–	–	23,382
At December 31	1,692,328	372,005	20,790	312,343	2,397,466
Accumulated amortization	233,307	121,257	14,406	254,590	623,560
Amortization	125,138	78,402	6,218	106,420	316,178
Disposals (see Note 24)	–	–	–	(86,564)	(86,564)
At December 31	358,445	199,659	20,624	274,446	853,174
Net book value	₱1,333,883	₱172,346	₱166	₱37,897	₱1,544,292

The following are the amounts recognized in the consolidated statements of comprehensive income:

	2022	2021
Amortization of right-of-use assets (see Note 21)	**₱220,196**	₱316,178
Interest expense on lease liabilities (see Note 22)	**95,789**	105,838
	₱315,985	₱422,016

15. **Provisions**

	2022	2021
Provisions for stranded cost	**₱61,434**	₱63,043
Provision for dispute and tax assessment	**–**	10,000
	₱61,434	₱73,043

See out below the movement of provisions for stranded cost:

	2022	2021
Beginning balance	**₱63,043**	₱64,479
Accretion (see Note 22)	**4,692**	4,864
Payments	**(6,301)**	(6,300)
	₱61,434	₱63,043

Prior to 2021, the Group recognized a provision for probable losses amounting to ₱10.0 million related to a dispute with a former supplier of its aggregates. In 2022, the Group settled with the supplier amounting to ₱3.0 million. The provision was reverse and the net reversal amounting to ₱7.0 million was recognized as "Other income" under other income (expense) account in the statement of comprehensive income (see Note 24).

16. **Equity**

a. Capital Stock

The composition of the Parent Company's capital stock as at December 31, 2022 and 2021 is as follows:

	Number of Shares	Amount *(In Thousands)*
Authorized - ₱1 par value		
Preferred shares	20,000,000	₱20,000
Common shares	9,980,000,000	9,980,000
Issued and outstanding - Common shares	6,452,099,144	6,452,099

The Parent Company has one class of common share which carries voting right and right to dividends but none for fixed income.

The Parent Company's common shares were registered/listed on June 17, 1996. Total shares registered and outstanding as at December 31, 2022 and 2021 is 6.5 billion. These shares are held by 5,234 and 5,248 stockholders as at December 31, 2022 and 2021, respectively. There have been no recent changes in the number of shares registered and outstanding.

The preferred shares are cumulative and non-participating and entitled to preferential dividend rate when declared by the management of the Parent Company. There are no preferred shares issued and outstanding as at December 31, 2022 and 2021.

b. Retained Earnings

The Parent Company's retained earnings available for dividend declaration amounted to ₱8.2 billion and ₱7.2 billion as at December 31, 2022 and 2021, respectively, based on the guidelines set in the Securities Regulation Code Rule 68.

On May 27, 2021, the Parent Company declared cash dividends amounting to ₱2.8 billion or at ₱0.43 per share. As at December 2022 and 2021, dividend payable to UCHC amounted to ₱229.8 million (see Note 28).

Undistributed earnings of the subsidiaries included in the Group's retained earnings amounting to ₱2,577.3 million and ₱2,073.1 million as at December 31, 2022 and 2021, respectively, are not currently available for dividend distribution.

17. **Cost of Sales**

	2022	2021	2020
		In thousands	
Power and fuel	**₱11,232,956**	₱7,986,391	₱5,736,512
Raw, packaging and production materials	**5,112,430**	6,768,308	9,609,195
Outside services	**1,897,662**	2,092,611	1,964,562
Depreciation and amortization (see Note 21)	**1,653,575**	1,576,975	1,703,306
Personnel	**1,133,388**	1,295,572	1,152,694
Transportation and communications	**1,069,139**	718,907	765,771
Repairs and maintenance	**666,309**	803,553	470,515
Taxes and licenses	**338,163**	307,994	326,148
Insurance	**134,535**	119,531	99,028
Rent	–	–	1,984
Others	**40,563**	30,258	54,909
	₱23,278,720	₱21,700,100	₱21,884,624

18. **General and Administrative Expenses**

	2022	2021	2020
		In thousands	
Personnel (see Note 20)	**₱370,314**	₱470,975	₱381,819
Software implementation costs	**188,793**	147,504	102,198
Outside services	**156,104**	148,978	120,870
Depreciation and amortization (see Note 21)	**98,516**	147,055	133,619
Taxes and licenses	**71,432**	95,854	89,188
Office expenses	**30,856**	54,470	55,369
Directors' fees	**15,883**	15,613	11,475
Transportation and communications	**12,648**	8,194	4,349
Entertainment, amusement and recreation	**584**	216	486
Others	**25,881**	14,204	7,219
	₱971,011	₱1,103,063	₱906,592

19. **Selling Expenses**

	2022	2021	2020
		In thousands	
Personnel (see Note 20)	**₱202,722**	₱243,847	₱215,901
Depreciation (see Note 21)	**55,367**	114,108	130,998
Advertising	**50,266**	124,648	19,856
Transportation and communication	**31,246**	16,751	17,224
Outside services	**28,978**	25,455	20,213
Office expenses	**13,792**	5,573	2,296
Taxes and licenses	**7,799**	16,780	4,827
Rent	**–**	–	2,422
Others	**22,873**	21,596	46,869
	₱413,043	₱568,758	₱460,606

20. **Personnel Expenses**

	2022	2021	2020
		In thousands	
Salaries, wages and employee benefits	**₱1,186,215**	₱1,358,065	₱1,204,967
Retirement benefit	**227,592**	216,371	248,553
Training	**5,940**	5,032	3,547
Others	**286,677**	430,926	293,347
	₱1,706,424	₱2,010,394	₱1,750,414

Others includes other labor expenses own, recruitment/hiring expense, meals (non-travel), retrenchment and dismissal costs etc.

21. Depreciation and Amortization

	2022	2021	2020
		In thousands	
Property, plant and equipment			
Cost of sales (see Note 17)	**₱1,520,226**	₱1,412,237	₱1,306,653
General and administrative (see Note 18)	**49,698**	94,487	75,574
Selling (see Note 19)	**8,610**	7,964	25,322
Right-of-use assets			
Cost of sales (see Note 17)	**127,529**	158,929	347,585
General and administrative (see Note 18)	**48,818**	52,568	58,045
Selling (see Note 19)	**43,849**	104,681	105,676
Intangible assets			
Cost of sales (see Note 17)	**5,820**	5,809	49,068
Selling (see Note 29)	**2,908**	1,463	–
	₱1,807,458	₱1,838,138	₱1,967,923

22. Interest and Financing Charges

	2022	2021	2020
		In thousands	
Interest expense on:			
Lease liabilities (see Note 14)	**₱95,789**	₱105,838	₱165,854
Loans payable (see Notes 13 and 28)	**21,095**	4,663	150,936
Defined benefit obligation (see Note 26)	**15,663**	15,359	19,498
Provision for stranded cost (see Note 15)	**4,692**	4,804	4,846
Bank charges	**4,935**	3,871	16,326
	₱142,174	₱134,535	₱357,460

23. Interest Income

	2022	2021	2020
		In thousands	
Interest income on pension plan	**₱128,554**	₱78,346	₱123,458
Interest income on cash in banks and loan receivable (see Notes 5 and 28)	**13,634**	20,750	35,297
	₱142,188	₱99,096	₱158,755

24. Other Income (Expense) - Net

	2022	2021	2020
		In thousands	
Gain on sale of by-products and others	**₱80,762**	₱46,028	₱85,801
Foreign exchange (loss) gain - net	**14,763**	(5,827)	1,751
Gain on termination of lease liabilities (see Note 14)	–	39,162	–
Revaluation of financial assets at FVTPL	–	2,750	–
Recovery of written-off assets	–	–	53,415
Others - net (see Notes 12, 15 and 29)	**(695,848)**	(25,149)	46,559
	(₱600,323)	₱56,964	₱187,526

Others include loss on case settlement, gain/loss on write-offs, scrap sales, gain/loss on sale of assets, miscellaneous revenues from non-operating assets and loss on unrecoverable advances to officers and employees.

25. Income Tax

Components of income tax expense charged to profit or loss are as follows:

	2022	2021	2020
		(In Thousands)	
Current tax expense	**₱299,639**	₱858,857	₱704,610
Deferred tax expense	**124,139**	16,330	5,881
	₱423,778	₱875,187	₱710,491

The reconciliation between the statutory and effective income tax of the Group is as follows:

	2022	2021	2020
		(In Thousands)	
Profit before income tax	**₱1,367,071**	₱3,440,350	₱2,774,575
Income tax at statutory income tax rate of 25%	**₱341,767**	₱860,088	₱832,373
Income tax effects of:			
Nondeductible expenses and others	**129,955**	77,881	1,574
Interest income from retirement fund not subject to income tax	**(32,138)**	(19,587)	(37,037)
Use of OSD	**(14,383)**	(22,835)	(61,413)
Interest and other income subjected to lower tax rates	**(1,545)**	941	(3,769)
NOLCO utilized without DTA recognized	**118**	(3,782)	–
Excess of MCIT over RCIT	**4**	(235)	–
Effect of CREATE tax rate change	–	32,882	–
Difference in tax rates (25% vs. 20%)	–	3,327	–
Income not subject to income tax	–	(3,791)	10

(Forward)

	2022	2021	2020
		(In Thousands)	
Effect of dividend eliminations and other non-taxable income	**₱–**	(₱49,702)	(₱36,255)
Reversal of deferred income tax asset/ liability	**–**	–	(458)
Expired NOLCO	**–**	–	15,466
Income tax at effective tax rate	**₱423,778**	₱875,187	₱710,491

The components of the Group's net deferred tax liabilities as at December 31, 2022 and 2021 are as follows:

	2022	2021
	(In Thousands)	
Deferred tax assets		
Allowances for:		
Decline in value of inventories	**₱59,398**	₱76,136
Impairment losses on property, plant and equipment and investments	**54,622**	124,030
Expected credit losses	**15,209**	15,938
Leases	**36,051**	103,872
Provision for bonus accrual	**30,284**	38,872
Unamortized past service costs	**9,364**	18,413
Accrued expenses	**250**	1,204
NOLCO, excess MCIT and others	**–**	155
Provision for write-off of finished goods	**–**	8,425
Others	**250**	35,025
	205,428	422,070
Deferred tax liabilities		
Net pension asset	**546,795**	471,750
Unrealized forex exchange gain and others	**55,223**	7,263
Capitalized cost of property, plant and equipment from insurance proceeds	**27,954**	54,782
Derivative asset	**23,652**	–
Unamortized amount of capitalized land site restoration costs	**13,540**	300
	667,164	534,095
Deferred tax liabilities - net	**₱461,736**	₱112,025

Total amount of deferred tax expense charged to OCI pertaining to the Group's remeasurement loss on retirement benefit amounted to ₱0.8 billion in 2022 and 2021.

Deferred income taxes for temporary differences for HPMC and HPBSCI affecting gross income were recognized using the effective tax rate of 18% as they availed of OSD as its method of deduction for income tax purposes. Management forecasts that HPMC and Mabini will be using OSD in the next three years and HPBSCI and Bulkcem in the next four years from 2020.

Deferred income tax assets for the following deductible temporary differences and carryforward benefits of unused tax losses and unused tax credits, have not been recognized as they have arisen in subsidiaries that have been incurring losses for some time and may not be used to offset taxable profits or tax liabilities of any other entity other than that of the entity from where such deductible temporary difference arose:

	2022	2021
	(In Thousands)	
Carryforward benefit of NOLCO	**₱4,835**	₱4,254
Excess MCIT over RCIT	**4,387**	199
Unrecognized deferred income tax assets	**₱9,222**	₱4,453

The following NOLCO that can be applied against future RCIT is as follows:

Date Incurred	NOLCO	Applied Previous Year	Applied Current Year	Expired	Total	Expiry Date
		(In Thousands)				
2022	₱581	–	–	–	₱582	2025
2020	4,254	–	–	–	4,254	2025
	₱4,835	–	–	–	₱4,835	

The following MCIT that can be applied against future RCIT is as follows:

Date Incurred	MCIT	Applied Previous Year	Applied Current Year	Expired	Total	Expiry Date
		(In Thousands)				
2022	₱4,387	–	–	–	₱4,387	2025
2021	199	–	–	–	199	2024
	₱4,586	–	–	–	4,586	

26. **Retirement Benefit**

Defined Benefit Retirement Plans

The Parent Company and HPMC have distinct funded, noncontributory defined benefit retirement plans (the “Plans”). The Plans cover all permanent employees, each administered by their respective Retirement Committees or Board of Trustees.

The following tables summarize the components of retirement benefit costs, the funding status and the amounts recognized as retirement benefit asset of the Group.

Details of retirement benefit costs are as follows:

	2022	2021	2020
		(In Thousands)	
Recognized in profit or loss:			
Current service cost	**₱68,010**	₱104,861	₱87,220
Net interest income (see Notes 22 and 23)	**(112,891)**	(62,987)	(103,960)
	(44,881)	41,874	(16,740)
Recognized in other comprehensive income - Remeasurements loss (gain)	**(87,002)**	(343,333)	286,800
Net retirement benefit loss (gain)	**(₱131,883)**	(₱301,459)	₱270,060

The reconciliation of retirement benefit asset recognized in the consolidated statements of financial position follows:

	2022	2021
	(In Thousands)	
Fair value of plan assets	**₱3,426,430**	₱3,495,053
Present value of defined benefit obligation	**(728,796)**	(1,026,392)
Balance at end of year	**₱2,697,634**	₱2,468,661

The breakdown of the retirement benefit asset (liability) per entity is as follows:

	2022	2021
	(In Thousands)	
HPI	**₱1,574,347**	(₱326,305)
HPMC	**1,123,287**	2,794,966
	₱2,697,634	₱2,468,661

Movements in the retirement benefit asset are as follows:

	2022	2021
	(In Thousands)	
Balance at beginning of year	**₱2,468,661**	₱2,161,204
Retirement benefit income (costs)	**44,881**	(41,874)
Contributions	**97,090**	5,998
Remeasurement gain	**87,002**	343,333
Balance at end of year	**₱2,697,634**	₱2,468,661

The changes in the present value of defined benefit obligation are as follows:

	2022	2021
	(In Thousands)	
Balance at beginning of year	**(₱1,026,392)**	(₱1,425,521)
Benefits paid from plan	**162,744**	446,131
Actuarial gains	**250,665**	(41,449)
Current service cost	**(67,147)**	(104,861)
Interest cost	**(47,803)**	99,308
Settlements	**(863)**	–
Balance at end of year	**(₱728,796)**	(₱1,026,392)

The changes in the fair value of plan assets are as follows:

	2022	2021
	(In Thousands)	
Balance at beginning of year	**₱3,495,053**	₱3,586,725
Contributions	**97,090**	5,998
Remeasurement gain	**(163,663)**	(102,799)
Interest income on plan assets	**160,693**	104,436
Benefits paid from the plan	**(162,743)**	(99,307)
Balance at end of year	**₱3,426,430**	₱3,495,053

The fund is administered by a trustee bank under the supervision of the duly Authorized Person or Trustee of the Plan. The Authorized Person or Trustee is responsible for investment of the assets. Based on the overall direction set by a Retirement Fund Committee, the Trustee proposes an investment strategy and as approved by the Retirement Fund Committee, executes such strategy. The Trustee defines the investment strategy based on the investment instructions found in the Trust Agreement. When defining the investment strategy, the Trustee takes into account the Plan's objectives, benefit obligations and risk capacity. The investment strategy is defined in the form of a long-term target structure (investment policy). The control, direction, and management of the fund shall reside in and be the sole responsibility of the Trustee.

The percentages of fair value of total plan assets are as follows:

	2022		2021	
	HPI	**HPMC**	HPI	HPMC
Cash and receivables	**2.0%**	**0.03%**	4.5%	0.09%
Investments in debt securities:				
Government securities	**0.2%**	**0.06%**	0.9%	1.15%
Corporate debt securities	**0.5%**	**0.04%**	3.2%	0.65%
	2.7%	**0.10%**	4.1%	1.80%
Investment in equity securities				
Construction, infrastructure, property and mining	**1.4%**	**0.0%**	91.4%	0.0%
Holding firms	**0.0%**	**0.0%**	0.0%	0.41%
Others	**95.9%**	**0.0%**	0.0%	97.70%
	97.3%	**99.90%**	91.4%	98.11%
	100.0%	**100.0%**	100.0%	100.0%

The latest actuarial valuation is as at December 31, 2022.

The principal assumptions used in determining the retirement benefit asset of the Group as at December 31 are as follows:

	2022	2021	2020
Discount rates:			
Beginning	**4.8%**	3.0%	4.7%
Ending	**7.3%**	4.8%	3.0%
Future salary increase rates	**4.0%**	4.0%	6.0%

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as at the end of the reporting period, assuming all other assumptions were held constant:

	Increase (decrease)	Effect on defined benefit obligation HPI	HPMC
		(In Thousands)	
2022			
Discount rate			
Sensitivity 1	0.5%	**(₱22,496)**	**(₱7,692)**
Sensitivity 2	(0.5%)	**21,038**	**8,061**
Future salary rate increase			
Sensitivity 1	0.5%	**23,120**	**7,968**
Sensitivity 1	(0.5%)	**(21,785)**	**(8,823)**
2021			
Discount rate			
Sensitivity 1	0.5%	(₱32,635)	(₱12,731)
Sensitivity 2	(0.5%)	30,263	12,103
Future salary rate increase			
Sensitivity 1	0.5%	(30,629)	(12,251)
Sensitivity 1	(0.5%)	32,732	12,769

The table below shows the expected undiscounted future payments as at December 31:

	HPI	**HPMC**
	(In Thousands)	
2022		
Within one year	**₱57,710**	**₱14,266**
More than one year to five years	**222,138**	**96,912**
More than five years	**456,635**	**250,228**
2021		
Within one year	67,490	23,261
More than one year to five years	203,562	90,157
More than five years	435,984	292,121

The Group expects to contribute ₱90.89 million to the defined benefit plans during the next financial year.

Defined Contribution Retirement Plan

The Parent Company has a defined contribution plan wherein the obligation is limited to the specified contribution in the defined contribution plan. Total retirement benefits cost (benefit) related to the defined contribution plans amounted to ₱33.6 million, ₱54.5 million and ₱54.5 million for the years ended December 31, 2022, 2021 and 2020, respectively.

Total consolidated retirement benefit costs recognized in the consolidated statements of income are as follows:

	2022	2021	2020
		(In Thousands)	
Expense (income) recognized for:			
Defined benefit plans	**(₱44,881)**	₱41,874	(₱16,740)
Defined contribution plan	**33,673**	54,435	54,461
Retirement benefit costs (income)	**(₱11,208)**	₱96,309	₱37,721

27. **Share-Based Payments**

Long-Term Incentive
The Group has a long-term incentive scheme for its executives. In accordance with the terms of the LafargeHolcim's Long-term Incentive (LTI) Plan, the Group was instructed to process the LTI Share Award Payroll Instruction plan for executives with more than five years of service with the Group.

In 2022 and 2021, employees purchased 2,400 shares at an average price of CHF 44.80 per share and 3,813 shares at an average price of CHF 37.37 per share, respectively. Total incentive compensation related to the purchased plans is ₱1,693,086 and ₱6,181,036 in 2022 and 2021, respectively.

The following long-term incentive arrangements were in existence during the current and prior years:

	Number	Grant Date	Expiry Date	Exercise Price (in CHF)	Fair value at grant date (in CHF)
Granted on 05 March 2022	2400	30/07/19	05/03/22	44.80	107,520
Granted on 30 March 2021	1,290	03/01/18	03/01/21	56.06	72,317
Granted on 30 March 2021	2,523	03/01/18	03/01/21	56.06	141,439

The LTI outstanding at the end of the year had a weighted average exercise price of CHF 44.80 in 2022 and CHF 37.37 in 2021, and a weighted average remaining contractual life of 0 days in 2021 and 59 days in 2020.

28. **Related Party Transactions**

Related party relationship exists when one party has the ability to control, directly or indirectly, through one or more intermediaries, or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities which are under common control with the reporting entity and its key management personnel, directors or stockholders.

The Group has transactions with the following related parties:

Intermediate Parent Companies:
- Clinco Corporation
- Cemco Holdings, Inc. (Cemco), a subsidiary of Clinco
- Union Cement Holdings Corporation (UCHC), a subsidiary of Cemco

Subsidiaries of Cemco, a stockholder of the Parent Company:
- Lafarge Holdings (Philippines) Inc. (LHPI)
- Calumboyan Holdings, Inc. (CHI)
- Seacem Silos, Inc. (SSI)

Subsidiaries of Lafarge Holcim Limited
- Holcim Trading Pte. Ltd., Singapore (Holcim Trading)
- Holcim Technology Ltd. (HTEC)
- Holcim Technology (Singapore) Pte. Ltd. (HTPL)
- Fuels and procurement at holcim trading (FPHT)
- Holcim Group Services Ltd. (HGSX)
- Lafarge Holcim Energy Solutions (LHES)
- LH Shipping PTE Ltd.

- Holcim US Inc.
- LH Global Hub Services Pvt Ltd. (LHGH)
- Other Holcim Group affiliates
- Holcim International Services (LHISS)
- Holcim Helvetia Finance Ltd. (HHFL)
- Holcim Ecuador S.A (HECA)
- Lafargeholcim IT EMEA, S.L. (LHEA)
- Lafarge S.A (LSA)

Associate and Subsidiaries of HMDC:

- Holcim Mining and Development Corporation (HMDC)
- Holcim Resources and Development Corporation (HRDC)
- LafargeHolcim Aggregates Inc. (LHAI)
- Sigma Cee Mining Corporation (SCMC)
- APC Properties, Inc. (APC)
- Quimson Limestones, Inc. (QLI)
- Lucky One Realty Ventures, Inc. (LORVI)

The following table summarizes the related party transactions and outstanding balances as at and for the years ended December 31, 2022 and 2021:

Related Party	Year	Amount/ Volume of Transactions	Due from Relates Parties (see Note 6)	Loans Receivable from Related Parties (see Note 6)	Due to Related Parties (see Note 13)	Loan Payable to a Related Party (see Note 13)
Intermediate Parent Company						
UCHC			*In thousands*			
(1) Loan	**2022**	**(₱600,000)**	**₱–**	**₱–**	**₱–**	**₱300,000**
	2021	–	–	–	–	–
(2) Interest	**2022**	**(4,314)**	**–**	**–**	**(4,314)**	**–**
	2021	–	–	–	–	–
(3) Dividend (see Note 8)	**2022**	**–**	**–**	**–**	**(229,763)**	**–**
	2021	1,679,763	–	–	(229,763)	–
Cemco						
(1) Payment of short-term loan	**2022**	**–**	**–**	**–**	**–**	**–**
	2021	(83,826)	–	–	–	–
(2) Long-term loan	**2022**	**–**	**–**	**238,581**	**–**	**–**
	2021	238,581	–	238,581	–	–
(3) Dividend (see Note 8)	**2022**	**–**	**–**	**–**	**–**	**–**
	2021	196,377	–	–	–	–
(4) Interest	**2022**	**7,773**	**–**	**9,010**	–	–
	2021	14,437	–	1,845	–	–
(5) Operating Expenses	**2022**	**–**	**–**	**–**	**–**	**–**
	2021	27,636	–	–	–	–
Under Common Control						
HTEC						
(1) Purchases and/or expenses	**2022**	**(699,461)**	**–**	**–**	**–**	–
	2021	1,033,410	–	–	–	–
LAFARGEHOLCIM LTD (HOFI)						
(1) Purchases and/or expenses	**2022**	**(1,032,558)**	**–**	–	**–**	**–**
	2021	824,257	–	–	–	–
(2) Various charges	**2022**	**3**	**2,529**	**–**	**–**	**–**
	2021	131	131	–	–	–
LAFARGEHOLCIM INVESTMENT CO.,						
(1) Cost recharge for Expats	**2022**	**(3)**	**–**	**–**	**(360)**	**–**
	2021	(5,381)	–	–	(5,381)	–
Holcim Trading						
(1) Purchases and/or expenses	**2022**	**–**	**–**	**–**	**–**	**–**
	2021	(679,102)	–	–	(634,639)	–
LHES						
(1) Purchases and/or expenses	**2022**	**–**	**–**	**–**	**–**	**–**
	2021	17,710	–	–	–	–
LH Shipping Pte Ltd						
(1) Purchases and/or expenses	**2022**	**(205,013)**	**–**	**–**	**1,607**	**–**
	2021	487,456	–	–	(46,924)	–
LHPI						
(1) Various Charges	**2022**	**–**	**–**	**–**	**–**	**–**
	2021	10,677	–	–	–	–
CHI						
(1) Various Charges	**2022**	**–**	**–**	**–**	**–**	**–**
	2021	112	–	–	–	–

(Forward)

Related Party	Year	Amount/ Volume of Transactions	Due from Relates Parties (see Note 6)	Loans Receivable from Related Parties (see Note 6)	Due to Related Parties (see Note 13)	Loan Payable to a Related Party (see Note 13)
LAFSA						
(1) Expat recharges	**2022**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**
	2021	2,163	–	–	–	–
HGSX						
(1) Administrative fees	**2022**	**(98,243)**	–	–	**(5,453)**	–
	2021	108,486	–	–	(22,438)	–
HSSA						
(1) IT/Various charges	**2022**	**(62,571)**	–	–	**(22,587)**	–
	2021	53,025	–	–	(14,550)	–
LHGH						
(1) Service Fee	**2022**	**(39,659)**	–	–	**(6,860)**	–
	2021	19,016	–	–	(3,219)	–
HECA						
(1) Various charges	**2022**	**(3,685)**	–	–	–	–
	2021	–	–	–	–	–
HTPL						
(1) GCDC Opex Capes	**2022**	**(239,639)**	–	–	**(83,328)**	–
	2021	–	–	–	–	–
(2) Cost recharges	**2022**	–	**801**	–	–	–
	2021	–	–	–	–	–
FPHT						
(1) Fuel and Procurement	**2022**	**(2,052,248)**	–	–	**(501,814)**	–
	2021	–	–	–	–	–
LHISS						
(1) Service charges and salaries	**2022**	**(22,551)**	–	–	**(3,999)**	–
	2021	–	–	–	–	–
HHFL						
(1) Purchase and expenses	**2022**	**(23,897)**	–	–	–	–
	2021	–	–	–	–	–
UCHC						
(1) Purchase and expenses	**2022**	**(1,752,371)**	–	–	–	–
	2021	–	–	–	–	–
LHEA						
(1) Purchase and expenses	**2022**	**(3,361)**	–	–	–	–
	2021	–	–	–	–	–
LSA						
(1) Purchase and expenses	**2022**	**(45,318)**	–	–	–	–
	2021	–	–	–	–	–
Associates						
HMDC						
(1) Sales and transfer of assets	**2022**	–	–	–	–	–
	2021	–	426,072	–	–	–
(2) Recharges as receivable	**2022**	**3,725,158**	**866,856**	–	–	–
	2021	146,734	490,421	–	–	–
(3) Purchases of quarried materials	**2022**	**(1,230,460)**	–	–	–	–
	2021	880,537	–	–	(8,076)	–
(4) In-plant billing	**2022**	**(1,978)**	–	–	–	–
	2021	59,366	–	–	(153,550)	–
(5) Asset leasing	**2022**	**(378,664)**	–	–	–	–
	2021	103,761	–	–	(77,716)	–
(6) Sale of Motorpool Assets	**2022**	–	–	–	–	–
	2021	–	1,406	–	–	–
(7) Dividend	**2022**	–	–	–	–	–
	2021	20,631	20,631	–	–	–
(8) Expense from various charges	**2022**	**(593,958)**	–	–	–	
	2021	152,816	–	–	(207,784)	
HRDC						
(1) Expenses from various charges	**2022**	**(16,414)**	–	–	–	–
	2021	–	–	–	(10,158)	–
(2) Purchases of quarried materials	**2022**	**(351,437)**	–	–	–	–
	2021	91,289	–	–	(126,410)	–
(3) Transfer of mining rights and related site restorations costs	**2022**	–	**98,655**	–	–	–
	2021	–	183,368	–	–	–
(4) Advances	**2022**	–	–	–	–	–
	2021	73	40,542	–	–	–
(5) Asset Lease	**2022**	–	–	–	(1,668)	–
	2021	1,270	–	–	–	–
(6) Stranded cost	**2022**	–	–	–	–	–
	2021	–	–	–	–	–
(7) Various expense	**2022**	**10**	–	–	–	–
	2021	–	–	–	–	–
(8) Advances	**2022**	–	–	–	–	–
	2021	–	–	–	(300,463)	–
(9) Fuel withdrawal/quarried	**2022**	**228,936**	–	–	–	–
	2021	–	270,701	–	–	–
LHAI						
(1) Purchases and/or expenses	**2022**	**(271,958)**	–	–	–	–
	2021	1,224,472	–	–	(352,617)	–

(Forward)

Related Party	Year	Amount/ Volume of Transactions	Due from Relates Parties (see Note 6)	Loans Receivable from Related Parties (see Note 6)	Due to Related Parties (see Note 13)	Loan Payable to a Related Party (see Note 13)
(2) Advances	**2022**	**₱91,247**	**(₱460,303)**	**₱–**	**₱–**	**₱–**
	2021	60,276	88,756	–	–	–
APC						
(1) Short term loan receivable	**2022**	**52,204**	–	–	–	–
	2021	52,204	–	–	–	–
(2) Asset Lease and/or expenses	**2022**	**(42,659)**	**(4,338)**	–	–	–
	2021	12,172	–	–	(20,968)	–
(3) Expenses from various charges	**2022**	**23,341**	–	–	–	–
	2021	1,097	782	–	–	–
QLI						
(1) Short term loan receivable	**2022**	**(77,314)**	–	–	–	–
	2021	–	77,314			
(2) Purchases and/or expenses	**2022**	**(1,099)**	**(6,961)**	–	–	–
	2021	1,099	–	–	(9,838)	–
(3) Expenses from various charges	**2022**	**71,621**	–	–	–	–
	2021	817	3,868	–	–	–
SCMC						
(2) Expenses from various charges	**2022**	**(2,136)**	–	–	–	–
	2021	5	2,136	–	–	–
LORVI						
(1) Foreshore lease	**2022**	**(27,886)**	–	–	–	–
	2021	(55,773)	–	–	(79,793)	–
(2) Expense from various charges	**2022**	**(4,380)**	–	–	–	–
	2021	5,148	4,364	–	–	–
Other Holcim Group Affiliates						
(1) Purchases and/or expenses	**2022**	**(4,936)**	–	–	**(4,835)**	–
	2021	7,438	–	–	(12,467)	–
(2) Various charges	**2022**	**2,698**	**2,643**	–	–	–
	2021	–	–	–	–	–
TOTAL	**2022**		**₱499,882**	**₱247,591**	**₱861,706**	**₱300,000**
	2021		652,945	240,426	1,308,671	–

Offsetting Agreement

In 2021, the Group executed offsetting agreements with HMDC and its subsidiaries, whereby the parties formalize the agreements to offset their receivables from the other party, as against their payable to it. Accordingly, the related parties' balances as at December 31, 2022 covered by these offsetting agreements were presented at either net receivable or net payable position.

Parent

UCHC. In April 2018, the Group entered into a short-term loan agreement with UCHC, lender, amounting to ₱200 million which will be collected after three months from the date of the agreement. On June 28, 2018 the loan was extended for one year with due date of June 30, 2019. The loan was \ further extended until July 30, 2020. The applicable interest rate of the loan is equal to the prevailing interest rate of 2.96% per annum which shall be due and payable monthly in arrears, net of any applicable withholding taxes. On September 1, 2018, additional loan was executed amounting to ₱1.64 billion with interest rate of 4.86%. In January 2020, loans were extended for five years until January 31, 2025 with interest rate of 4.382%. On June 30, 2020, principal loan was pre-terminated and settled.

In 2022, Group, as a borrower, entered into a short-term loan contract with UCHC for ₱1.5 billion. The loan is subject to annual interest of 4.81% and is due for repayment in June 2023.

Cemco. On September 28, 2018, the Group entered a long-term loan to Cemco amounting ₱381.8 million with 5.30% interest rate per annum to be paid on or before September 28, 2020. In 2020, it was reclassified to short-term financial receivable, with rate interest rate of 1.839% and due on September 28, 2021.

On May 27, 2021, the BOD of the Group declared a cash dividend of ₱196 million or at 0.43 per share. On September 28, 2021, the cash dividends paid to CEMCO was offset to the outstanding loan amounted to ₱143.3 million plus interest receivable of ₱53.1 million as of September 28, 2021. The outstanding loan balance of ₱238.6 million was extended until September 28, 2026, with an interest

Rate of 3.096% per annum. Interest earned as of December 31, 2022 and 2021 amounted to ₱7.8 million and ₱14.4 million, respectively.

In June 2021, the loan amounting to ₱83.8 million related to tax funding entered in 2019, with original due date in 2020 was extended and collected in 2021, including the interest of ₱7.3 million.

Entities under Common Control

a. *HTEC.* Effective January 1, 2013, the Group and HTEC entered into an agreement for the application of new Industrial Franchise Fee (IFF). The agreement is aligned with the Organization for Economic Co-operation and Development (OECD) principles and takes into account arm's length transfer pricing principles.

   The IFF shall cover all intellectual properties and value-adding solutions derived by the Group. IFF is an annual charge payable quarterly and is based on fair assessment of economic value of intellectual properties and value adding solutions.

   HTEC also renders managerial and project support services to the Group.

   In 2020, IFF was replaced by MIIPA- Master Industrial Intellectual Property Agreement.

   Total expenses incurred amounted to ₱0.7 billion and ₱1.03 billion in 2022 and 2021, respectively.

b. *HOFI.* In 2020, the Parent Company entered into an agreement with LafargeHolcim Ltd, under Master Branding Agreement (MBA). Total expenses incurred amounted ₱678 million and ₱824 million in 2022 and 2021, respectively.

c. *Holcim Trading.* The Group imports clinker and raw materials, such as gypsum and granulated blast furnace slag.

d. *LHES.* The Group had an outstanding receivable from LH Energy Solutions (LHES) amounting to nil as at December 31, 2022 and 2021.

e. *LAFSA.* The Group had expat recharges amounting to nil and ₱2.2 million in 2022 and 2021, respectively.

f. *LH Shipping.* The Group had an outstanding payable to LH Shipping related to time-chartered shipping amounting to ₱1.6 million and ₱46 million as at December 31, 2022 and 2021, respectively.

g. *HSSA.* The Group has an outstanding liability pertaining to IT support services and Sales Force - Non-IT recharges amounting to ₱22 million and ₱14 million as at December 31, 2022 and 2021, respectively.

h. *Other Holcim Group Affiliates.* The Group's transactions with other Holcim Group Affiliates include intercompany charges for salaries and wages of inbound and outbound expatriates, and other expenses related to operations.

i. *HGSX.* On January 1, 2017, the Group entered into an agreement for the "Administrative Support" which include activities in the field of administration as well as clerical and operational support. The administrative support fee is calculated based on the allocated costs plus mark-up and other indirect costs in connection of rendering such support. The administrative support fee amounted to ₱98 million and ₱108.4 million in 2022 and 2021 respectively.

j. *CHI.* As of December 31, 2018, the Group had an outstanding payable to CHI amounting to ₱0.6 million which was subsequently paid in 2019 pertaining recharges of business taxes. Outstanding receivable was ₱0.11 million pertaining to working capital initially paid by the Group.

   In 2021, the outstanding balance with CHI was transferred to CEMCO upon merger.

k. *LHGH*. On June 1, 2021, the Group y entered into a service agreement contract with LI Global Service Hub (GIBS) to provide the support on Finance, Procurement and Human Resources function from January 1, 2022 to December 31, 2026 for an annualized fee of IF 692,016 charged to the Group. The total service fees recognized amounted to ₱39 million and ₱19 million in 2022 and 2021, respectively.

l. *FPHT.* The Group imports clinker, cement, and raw materials, such as gypsum, coal and granulated blast furnace slag.

m. *LHISS.* The Group has an outstanding liability pertains to expat recharges.

n. *HHFL.* The Group entered into a hedging transaction managed by HHFL starting January 2022. On a monthly basis, the Group received the hedging benefit from the results of the hedging transaction in the form of credit note.

o. *HECA.* The Group has no outstanding liability pertaining to expat recharges.

p. *LHEA.* The Group has no outstanding liability pertaining to IT support services.

q. *LSA.* The Group entered into a hedging transaction managed by LSA starting January 2022. On a monthly basis, the Group received the hedging benefit from the results of the hedging transaction in the form of credit note.

<u>Associates</u>

a. The Group has an existing service agreement with HMDC for the quarry operations, in which HMDC shall provide quarry and related services for a fee plus operating costs charged back to the Group.

   Amount charged to the Group amounted to ₱1,137 million and ₱880.5 million in 2022 and 2021, respectively.

b. In January 2016, the Group has entered into various lease agreements with HMDC and its subsidiaries APC, HRDC, QLI and LORVI for certain plant sites and terminals in various locations. The term of the leases is for a period of 25 years.

c. In 2017, the Group sold/transferred various assets to HMDC, such as motorpools which were still outstanding as at December 31, 2021.

d. As at December 31, 2022 and 2021, the Group had a total payable with LHAI of ₱460 million and ₱352.6 million, respectively.

e. In October 2021, the Group entered into short-term loan agreements with QLI and APC amounting to ₱77.3 million and ₱52.2 million, respectively, with 1.6123% interest per annum for working capital requirements. On November 30, 2021, APC and QLI entered into a guarantee agreement where the former agreed to act as a guarantor of the latter in case of default or unable to settle its liabilities to the Group. These loans were subsequently collected in 2022.

Terms and Conditions of Transactions with Related Parties
The following are the terms and conditions of transactions with related parties:
- Except for loans, related party transactions are non-interest bearing.
- Outstanding balances at year-end are unsecured and settlement occurs in cash throughout the financial year.
- Except for short-term loans with QLI and APC, there have been no guarantees provided or received for any related party receivables or payables.
- There is no provision for ECL recognized on the Group's related party receivables. The assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Key Management Personnel

The following are the details of the compensation of key management personnel:

	2022	2021	2020
		(In Thousands)	
Short-term employee benefits	**₱80,031**	₱68,564	₱82,759
Retirement benefit cost	**11,899**	13,905	15,150
	₱91,930	₱82,469	₱97,909

29. Commitments and Contingencies

Lawsuits
The Group is either a defendant or plaintiff in several legal cases primarily involving collection and claims for damages. As at December 31, 2021, based on the assessment of management and the opinion of the Group's external legal counsels, the outflow of resources is not probable to happen.

In 2021, the Group had an outstanding legal case with Seasia concerning the termination of the port services agreement with the latter. The Group lodged multiple petitions that are still pending with the Regional Trial Court of Bataan and the Regional Trial Court of Taguig as at December 31, 2021.

In 2022, the Group and Seasia mutually negotiated for the settlement and closure of all pending cases and both parties agreed on all the essential terms and conditions. Both parties obtained the requisite court approvals and the Group paid ₱0.7 billion to Seasia as settlement. The case has been declared as closed as at December 31, 2022 (see Notes 12 and 24).

Commitments

a. Electricity Supply Agreement (ESA)
An amended electricity supply agreement was signed with AC Energy Philippines, Inc. (ACEPI) effective June 26, 2020 and valid until December 26, 2030 which will supply Bulacan, La Union and Mabini Grinding plants. The related expense under this contract is recognized as part of "Power and Fuel" account in Note 17.

b. Service Agreement with Misamis Oriental – 1 Rural Electric Service Cooperative, Inc. (MORESCO-1)
On November 26, 2012, the Group entered into a Sub Transmission Line Wheeling Service Agreement with MORESCO-1 for supply of electric power exclusively for the operation and requirement of Lugait plant. The related expense under this contract is recognized as part of "Power and Fuel" account in Note 17.

c. Davao Light Service Contract
The Group also entered into a contract with Davao Light and Power Group (DLPC) for electric service to the Group's plant in Davao commencing on November 14, 2013 and thereafter until the contract is terminated. The related expense under this contract is recognized as part of "Power and Fuel" account in Note 17.

d. Kalayaan – Davao Cement Mill Project 01 – EP
On August 14, 2017, the Parent Company entered into a supply agreement with Huaxin Cement Co. Ltd for mechanical and electrical engineering and process control equipment and civil engineering design required for the cement mill system to be put into operation in the existing Davao Plant.

e. Power Purchase Agreement (PPA)
On November 16, 2021, the Group signed a 20-year power purchase agreement with Blueleaf Energy, to deliver solar power to its plants in Bulacan and La Union. Under the agreement, Blueleaf Energy will finance, build, operate, and maintain solar energy facilities in Norzagaray, Bulacan and Bacnotan, La Union with a combined capacity of 29-megawatt peak and an annual generation of more than 50 gigawatt hours that will supply up to 15% of the energy requirements of Holcim Philippines' plants there. The solar energy facilities are scheduled to be completed in 2024.

f. Others
There are contingent liabilities for tax assessments occurring in the ordinary course of business. On the basis of information furnished by the Group's legal counsels, management believes that none of these contingencies will materially affect the Group's financial position and financial performance.

30. **Financial Risk Management Objectives and Policies**

The Group is exposed to various financial risks, which include the effect of changes in debt structure, equity market prices, foreign currency exchange rates and interest rates. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential and adverse effects on the financial performance of the Group. The Group does not enter into other derivative or financial transactions which are unrelated to its operating business as a risk-averse approach is pursued.

Financial risk management of the Group is governed by policies approved by management. It provides principles for overall risk management, as well as policies covering specific risk areas such as interest rate risk, foreign exchange risk, counterparty risk, use of derivative financial instruments

and investing assets in excess of liquidity requirements.

The Group's principal financial instruments, other than derivatives, consist of cash in banks. The main purpose of these financial instruments is to raise funds for the Group's operations. The Group also has various other financial assets and liabilities such as trade and other receivables, financial assets at FVTPL, guarantee deposits, refundable deposits, restricted cash in banks presented under

"Other financial assets" account and trade and other payables which arise directly from operations.

The main risks arising from the Group's financial instruments are commodity risk, market risks (which include foreign currency risk and interest rate risk), credit risk and liquidity risk. The management reviews and approves the policies for managing each of these risks and they are summarized below. The Group's accounting policies in relation to financial instruments are set out in Note 2 to the consolidated financial statements.

Commodity risk
The Group is subject to commodity risk with respect to coal price changes. Under the Group's risk management policy, the Group uses derivative instruments to hedge part of its exposure to these risks. Derivative instruments are generally limited to swaps and standard options.

Effects of hedge accounting. Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument.

Ineffectiveness is recognized on hedges where the cumulative change in the designated component value of the hedging instrument exceeds on an absolute basis the change in value of the hedged item attributable to the hedged risk. Ineffectiveness may arise if there is a difference in the principal terms of the hedging instrument and designated hedged risk, from credit valuation of the hedging instrument or timing of the transaction changes from what was originally estimated.

The table below sets out the information about our consolidated derivative financial instruments as at December 31, 2022:

	Commodity	Effective Date	Termination Date	Floating Price	Notional Amount	Net Mark-to-market and Fair Value Change Gains (Losses)
					In thousands	
Transactions designated as hedges						
Forward commodity contracts	Coal Newcastle Globalcoal	Various dates from January 1 to December 31, 2022		The monthly average in USD per metric tons on the pricing date complied from the weekly averages published each Friday in the relevant calculation period by the Argus/McCloskeys Coal Price Index Report	₱535,816	₱94,300

The change in fair value of hedging instruments under cash flow hedge accounting in 2022 amounted to ₱728.3 million which was recognized in the profit and loss.

When a hedging instrument expires, is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, the cumulative gain or loss deferred in equity at that time remains in equity until the forecast transaction occurs, resulting in the recognition of a non-financial asset such as property, plant and equipment or inventory against which the cumulative gains and losses is adjusted. When the forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately reclassified to the consolidated statement of income.

The carrying value of hedging instruments amounted to ₱94.3 million as at December 31, 2022 which is presented as "Derivative asset" account under other current assets account.

Market risks
The Group is exposed to market risks, such as foreign currency and interest rate risks. To manage volatility relating to these exposures, the Group enters into derivative financial instruments, when necessary. The Group's objective is to reduce, where appropriate, fluctuations in earnings and cash flows associated with changes in foreign currency, interest rate and equity price.

Foreign currency risk
Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has foreign exchange exposures, arising primarily from purchases of goods and services in currencies other than the Philippine Peso that leads to currency translation effects. None of the Group's revenues in 2022 and 2021 were denominated in currencies other than the Philippine Peso.

Due to the local nature of the cement business, transaction risk is limited. However, income may primarily be in local currency and significant amount of capital expenditures may be in foreign currencies. As a consequence thereof, the Group may enter into derivative contracts whenever necessary, which may be designated either as cash flow hedges or fair value hedges, as appropriate.

As at December 31, 2022, the Group had minimal assets and liabilities exposed to foreign currency risks.

The table below summarizes the Group's exposure to foreign currency risk before considering the effect of hedging transactions. Included in the table are the Group's foreign currency denominated assets and liabilities at carrying amounts:

	December			
	2022		2021	
	In USD	**In PHP**	In USD	In PHP
Assets -			*(In Thousands)*	
Cash in banks	**$1,236**	**₱68,907**	$434	₱22,135
Liabilities:				
Trade and other payables	**385**	**21,460**	3,897	198,573
Lease liabilities	**–**	**–**	648	33,019
	385	**21,460**	4,545	231,592
Net exposure	**($851)**	**₱47,447**	($4,111)	(₱209,457)

Converted to US$1.00:₱55.744 and US$1.00:₱50.955 as at December 31, 2022 and 2021

The following table demonstrates the sensitivity of the Group's income before income tax (due to changes in fair value of monetary assets and liabilities after considering the impact of hedging transactions) to a reasonably possible change in U.S. dollar exchange rate, with all other variables held constant:

	US Dollar Appreciates (Depreciates) by	Effect on Income Before Income Tax
December 31, 2022		*(In Thousands)*
Sensitivity 1	10%	**₱4,745**
Sensitivity 2	(5%)	**(2,372)**
December 31, 2021		
Sensitivity 1	10%	(20,946)
Sensitivity 2	(5%)	10,473

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

The impact of any change in foreign exchange rate on the embedded currency forwards of the Group is immaterial.

Interest rate risk
Interest rate risk is the risk that future cash flows from a financial instrument (cash flow interest rate risk) or its fair value (fair value interest rate risk) will fluctuate because of changes in market interest rates.

The Group is exposed to fluctuations in financing costs and market value movements of its debt portfolio related to changes in market interest rates. The Group's interest rate exposure is mainly addressed through the steering of the fixed/floating ratio of net debt. To manage this mix, the Group may enter into derivative transactions, as appropriate. As at December 31, 2022 and 2021, the Group has minimal exposure to interest rate risk.

Credit risk
Credit risk is the risk that counterparties may not be able to settle their obligations as agreed. To manage this risk, the Group periodically assesses the financial reliability of customers.

The Group constantly monitors its credit risk exposures. Counterparties to financial instruments consist of a large number of major financial institutions. The Group does not expect any counterparties to fail in meeting their obligations, given their high credit ratings. In addition, the Group has no significant concentration of credit risk with any single counterparty or group of counterparties.

The maximum and minimum exposure to credit risk is represented by the carrying amount of each financial asset, except trade and receivables as follows:

	Gross Maximum Exposure[(a)]		Net Maximum Exposure[(b)]	
	December 31, 2022	December 31, 2021	**December 31, 2022**	December 31, 2021
Trade receivables	**₱945,138**	₱803,910	**₱435,874**	₱803,910

(a) *Gross financial assets before taking into account any collateral held or other credit enhancements or offsetting arrangements.*
(b) *Gross financial assets after taking into account any collateral or other credit enhancements or offsetting arrangements or deposit insurance.*

The Group trades only with recognized, credit-worthy third-parties. It is the Group's policy that all third-party customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis to reduce the Group's exposure to bad debts to minimum.

With respect to credit risk arising from the other financial assets of the Group, which consist of cash in banks, financial assets at FVTPL, guarantee deposits, refundable deposits, restricted cash in banks presented under "Other financial assets" account, the Group's exposures arise from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

In order to minimize credit risk, the Group has tasked its credit management committee to develop and maintain the Group's credit risk grading to categorize exposures according to their degree of risk of default. The credit rating information is supplied by independent rating agencies where available and, if not available, the credit management committee uses other publicly available financial information and the Group's own trading records to rate its major customers and other debtors. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. The Group's current credit risk grading framework comprises the following categories:

Category	**Description**
Performing	The counterparty has a low risk of default and does not have any past-due amounts
Doubtful	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition
In default	Amount is >360 days past due or there is evidence indicating the asset is credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery

The table below details the credit quality of the Group's financial assets at amortized cost, as well as the Group's maximum exposure to credit risk by credit risk rating grades:

	Internal Credit Rating	12m or Lifetime ECL?	Gross Carrying Amount	Loss Allowance	Net Carrying Amount
2022					
Cash in banks	Performing	12m ECL	**₱5,233,204**	**₱–**	**₱ 5,233,204**
Trade and other receivables:					
Trade receivables	(i)	Lifetime ECL *(simplified approach)*	**1,000,868**	**(55,730)**	**945,138**
Due from related parties	Performing	12m ECL	**499,882**	**–**	**499,882**
Loans receivable from related parties	Performing	Lifetime ECL *(general approach)*	**247,591**	**–**	**247,591**
Other receivables	Performing	12m ECL	**209,758**	**–**	**209,758**
	Doubtful	Lifetime ECL	**5,105**	**(5,105)**	**–**
Other financial assets	Performing	12m ECL	**284,102**	**–**	**284,102**
Guarantee deposits	Performing	12m ECL	**69,417**	**–**	**69,417**
			₱7,549,927	**(₱60,835)**	**₱7,489,092**
2021					
Cash in banks	Performing	12m ECL	₱501,208	₱–	₱501,208
Trade and other receivables:					
Trade receivables	(i)	Lifetime ECL *(simplified approach)*	803,910	(64,043)	739,867
Due from related parties	Performing	12m ECL	652,945	–	652,945
Loans receivable from related parties	Performing	Lifetime ECL *(general approach)*	240,426	–	240,426
Other receivables	Performing	12m ECL	322,562	–	322,562
	Doubtful	Lifetime ECL	5,105	(5,105)	–
Other financial assets	Performing	12m ECL	2,135,778	–	2,135,778
Guarantee deposits	Performing	12m ECL	69,062	–	69,062
Refundable deposits	Performing	12m ECL	447	–	447
			₱4,731,443	(₱69,148)	₱4,662,295

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet its contractual obligations and commitments. The seasonality of revenue generation exposes the Group to shortage of funds during slack season and may result in payment defaults of financial commitments. The Group monitors this risk using a recurring liquidity planning tool. This tool considers the maturity of both its financial assets and projected cash flows from operations. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank credit facilities and purchase contracts. It is responsible for its own cash surpluses and the raising of loans to cover cash deficits, subject to policies and guidelines approved by management and, in certain cases, at the management level.

The Group maintains sufficient reserves of cash in banks, which are short-term in nature and unused credit lines to meet its liquidity requirements at all times. In addition, the strong credit worthiness of the Group allows it to make efficient use of the financial markets for financing purposes. As at December 31, 2022 and 2021, the Group has unutilized credit facilities of ₱12.9 billion and ₱13.6 billion, respectively.

The table below summarizes the maturity profile of the Group's financial assets used for liquidity management as at December 31, 2022 and 2021:

	On Demand	Less than 3 Months	3 to 12 Months	>1 to 5 Years	Total
2022					
Financial assets at FVTPL*:					
Quoted shares	**₱1,300**	**₱–**	**₱–**	**₱–**	**₱1,300**
Unquoted shares	**3,756**	–	–	–	**3,756**
Derivative asset	**94,300**	–	–	–	**94,300**
Cash in banks	**5,233,204**	–	–	–	**5,233,204**
Trade and other receivables:					
Trade receivables	–	**945,138**	–	–	**945,138**
Due from related parties	**499,882**	–	–	–	**499,882**
Loans receivable from related parties	**247,591**	–	–	–	**247,591**
Other receivables	–	**209,758**	–	–	**209,758**
Other financial assets**	–	–	–	**284,102**	**284,102**
Guarantee deposits**	–	–	–	**69,417**	**69,417**
	₱6,080,033	**₱1,154,896**	**₱–**	**₱353,519**	**₱7,588,448**
2021					
Financial assets at FVTPL*:					
Quoted shares	₱1,300	₱–	₱–	₱–	₱1,300
Unquoted shares	3,756	–	–	–	3,756
Financial assets at amortized cost:					
Cash in banks	501,208	–	–	–	501,208
Trade and other receivables:					
Trade receivables	–	739,867	–	–	739,867
Due from related parties	652,945	–	–	–	652,945
Loans receivable from related parties	–	–	322,562	–	322,562
Other receivables	240,426	–	–	–	240,426
Other financial assets**	–	–	–	2,135,778	2,135,778
Guarantee deposits**	–	–	–	69,062	69,062
Refundable deposits**	–	–	–	447	447
	₱1,399,635	₱739,867	₱322,562	₱2,205,287	₱4,667,351

**Included under "Other current assets" in the consolidated statements of financial position.*
***Included under "Other noncurrent assets" in the consolidated statements of financial position.*

The tables below summarize the maturity profile of the Group's financial liabilities as at December 31, 2022 and 2021 based on contractual undiscounted payments:

	On Demand	Less than 3 Months	3 to 12 Months	More than 1 Year	Total
2022					
Other financial liabilities:					
Trade and other payables:					
Trade payables	**₱–**	**₱4,307,711**	**₱–**	**₱–**	**₱4,307,711**
Accrued expenses and non-trade payables	**–**	**2,365,453**	**–**	**–**	**2,365,453**
Due to related parties	**861,706**	**–**	**–**	**–**	**861,706**
Contract liabilities	**1,772,703**	**–**	**–**	**–**	**1,772,703**
Loan payable	**300,000**	**–**	**–**	**–**	**300,000**
Other payables	**–**	**131,142**	**–**	**–**	**131,142**
Lease liabilities*	**–**	**–**	**214,506**	**2,170,470**	**2,384,976**
	₱2,934,409	**₱6,804,306**	**₱214,506**	**₱2,170,470**	**₱12,123,691**
2021					
Other financial liabilities:					
Trade and other payables:					
Trade payables	₱–	₱4,024,769	₱–	₱–	₱4,024,769
Accrued expenses and non-trade payables		2,249,824	–	–	2,249,824
Due to related parties	1,308,671	–	–	–	1,308,671
Contract liabilities	744,143	–	–	–	744,143
Other payables	–	238,933	–	–	238,933
Lease liabilities*	–	–	171,418	2,458,900	2,630,318
	₱2,052,814	₱6,513,526	₱171,418	₱2,458,900	₱11,196,658

**Including future interest*

Management believes that it has the sufficient reserves to meet its liquidity requirements at all times. It has the financial risk management policies in place to ensure that all payables are paid within the credit timeframe. The Group manages its negative liquidity ratio position in 2022 and 2021 by forecasting cash flow regularly, monitoring and optimizing net working capital and managing existing credit facilities. As of December 31, 2022 and 2021, the total credit line from various bank partners is ₱14.1 billion and ₱15.9 billion, respectively.

Capital Management Policy

The Group considers equity attributable to the equity holders of the Parent Company as its capital. The Group's objectives when managing capital are to secure the Group's ongoing financial needs to continue as a going concern as well as to cater for its growth targets in order to provide returns to shareholders and benefits for other stakeholders and to maintain a cost-efficient and risk-optimized capital structure.

The Group manages the capital structure and makes adjustments to it in light of the changes in economic conditions, its business activities, investment and expansion program and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

The Group monitors capital, among others, on the basis of gearing ratio. Gearing ratio is calculated as net financial debt divided by total equity in the consolidated statements of financial position as shown in the table below:

	2022	2021
Loan payable	**₱300,000**	₱–
Customer's deposits	**241,849**	278,693
Financial debt	**541,849**	278,693
Less Cash in banks	**5,233,204**	501,208
Net financial debt	**(4,691,355)**	(222,515)
Total equity	**30,705,058**	29,804,455
Gearing ratio	**-0.15:1**	-0.01:1

The Group's target is to maintain a gearing ratio in the range of no more than one (1). There were no changes in the Group's approach to capital management during the year.

31. Financial Assets and Liabilities

Fair Value of Financial Instruments
The estimated fair value of each class of the Group's financial instruments, is equal to their carrying amount as at December 31, 2022 and 2021. The following methods and assumptions are used to estimate the fair value of each class of financial instrument for which it is practicable to estimate such value:

Cash in Banks, Trade and Other Receivables, and Trade and Other Payables. Due to the short-term nature of the transactions, the fair values of these instruments approximate the corresponding carrying values as at end of each reporting period.

Derivatives. The fair values of the forward commodity contracts are calculated by reference to current forward exchange.

Financial Assets at FVTPL. The fair values of publicly traded instruments are determined by reference to quoted market prices as at the end of each reporting period.

Guarantee Deposits, Refundable Deposits and Restricted Cash in Banks presented under "Other Financial Assets" Account. These are carried at cost, less any impairment in value, which approximates their fair values calculated using the discounted cash flows method.

Fair Value Hierarchy
As at December 31, 2022 and 2021, the Company's financial instruments measured at fair value include the quoted equity securities, classified as FVTPL and derivative financial instruments (Level 3).

As at December 31, 2022 and 2021, the Company does not have financial instruments whose fair values are determined using inputs that are not based on observable market data (Level 3). There were no reclassifications made between the different fair value hierarchy levels in 2022 and 2021.

32. Earnings per Common Share (EPS)

Basic/diluted EPS is computed as follows:

	2022	2021	2020
	(In Thousands, Except Per Share Amounts)		
Consolidated net income for the year attributable to common equity holders of the Parent Company	**₱941,778**	₱2,563,635	₱2,062,303
Weighted average number of common shares - Issued and outstanding	**6,452,099**	6,452,099	6,452,099
Basic/diluted EPS of net income attributable to equity holders of the Parent Company	**₱0.15**	₱0.40	₱0.32

Basic EPS is computed based on weighted average number of issued and outstanding common shares during each year. Diluted EPS is computed as if the potential common share or instrument that may entitle the holder to common share were exercised as at the beginning of the year. Where the Parent Company does not have any potential common share or other instruments that may entitle the holder to common shares, diluted EPS is the same as basic EPS.

There are no dilutive financial instruments in 2022, 2021 and 2020; hence, diluted EPS is the same as basic EPS.

33. Environmental and Regulatory Matters

a. Clean Air Act (RA 8749)

The Clean Air Act and the related IRR contain provisions that have an impact on the industry as a whole, and to the Group in particular, that needs to be complied with within 44 months from the effectivity date or by July 2004. Based on the assessment made on the Group's existing facilities and audits conducted by external stakeholders, management believes it complies with the provisions of the Clean Air Act and the related IRR.

b. Clean Water Act (RA 9275)

On February 4, 2004, the Senate and House of Representatives passed The Clean Water Act and the related IRR which contain provisions that have an impact on the industry as a whole, and to the Group in particular. Based on the assessment made on the Group's existing facilities and audits conducted by external stakeholders, management believes it complies with the provisions of the Clean Water Act and the related IRR.

c. Ecological Solid Waste Management Act (RA 9003)

On December 12, 2000, the Senate and House of Representatives passed The Ecological Solid Waste Management Act which contains provisions that have an impact to the Group. The Group adheres to all the rules and regulations and follows the waste management hierarchy which prioritizes waste avoidance, reduction, re-processing, and recycling. As an attestation to Geocycle's responsible handling and management of qualified wastes including hazardous wastes, the Group has valid Treatment, Storage and Disposal (TSD) Certificate.

HPI's four cement integrated plants continued to be recognized by the relevant national government agencies for its environmental programs.

34. **Notes to Cash Flows Statements**

Reconciliation of Liabilities Arising from Financing Activities

The table below details the changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

			Non-cash changes					
	Beginning balance	**Financing cash flows**	**Declaration**	**Additions**	**Interest accretion**	**Foreign exchange movement**	**Other changes**	**Closing balance**
2022								
Lease liabilities	**₱1,646,657**	**(₱261,405)**	**₱–**	**₱–**	**₱95,789**	**₱–**	**₱–**	**₱1,481,041**
Dividend payable	**229,763**	**–**	**–**	**–**	**–**	**–**	**–**	**229,763**
Loans payable (see Notes 13 and 28)	**–**	**300,000**	**–**	**–**	**–**	**–**	**–**	**300,000**
	₱1,876,420	**₱38,595**	**₱–**	**₱–**	**₱95,789**	**₱–**	**₱–**	**₱2,010,804**
2021								
Lease liabilities	₱2,060,066	(₱399,318)	₱–	₱13,354	₱105,838	(₱7)	(₱133,276)	₱1,646,657
Dividend payable	–	(2,544,640)	2,774,403	–	–	–	–	229,763
	₱2,060,066	(₱2,943,958)	₱2,774,403	₱13,354	₱105,838	(₱7)	(₱133,276)	₱1,876,420
2020								
Lease liabilities	₱2,164,503	(₱507,601)	₱–	₱269,406	₱165,854	(₱10,376)	(₱21,720)	₱2,060,066
Loans payable	3,925,849	(9,225,849)	–	5,300,000	–	–	–	–
	₱6,090,352	(₱9,733,450)	₱–	₱5,569,406	₱165,854	(₱10,376)	(₱21,720)	₱2,060,066

Noncash activities

In 2022 and 2021, the Group has noncash additions to property, plant and equipment amounting to ₱213,099 and ₱248,164, respectively.

Exhibit 2

Supplementary Schedules to the Consolidated Financial Statements For the year ended December 31, 2022

SGV
Building a better working world

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INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY SCHEDULES

The Board of Directors and the Stockholders
Holcim Philippines, Inc. and Subsidiaries
(A Subsidiary of Union Cement Holdings Corporation)
7th floor, Two World Square, McKinley Hill, Fort Bonifacio
Taguig City, Metro Manila

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of Holcim Philippines, Inc. and its subsidiaries (the Group) as at and for the year ended December 31, 2022 included in this Form 17-A and have issued our report thereon dated March 22, 2023. Our audit was made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes of complying with Revised Securities Regulation Code Rule 68, and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state in all material respects, the financial information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Maria Pilar B. Hernandez

Maria Pilar B. Hernandez
Partner
CPA Certificate No. 105007
Tax Identification No. 214-318-972
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 105007-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-116-2022, January 20, 2022, valid until January 19, 2025
PTR No. 9564632, January 3, 2023, Makati City

March 22, 2023

HOLCIM PHILIPPINES, INC. AND SUBSIDIARIES

INDEX TO SUPPLEMENTARY SCHEDULES

FORM 17-A

Supplementary Schedules

HOLCIM PHILIPPINES, INC.

SUPPLEMENTARY SCHEDULE OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

DECEMBER 31, 2022
(In Thousands)

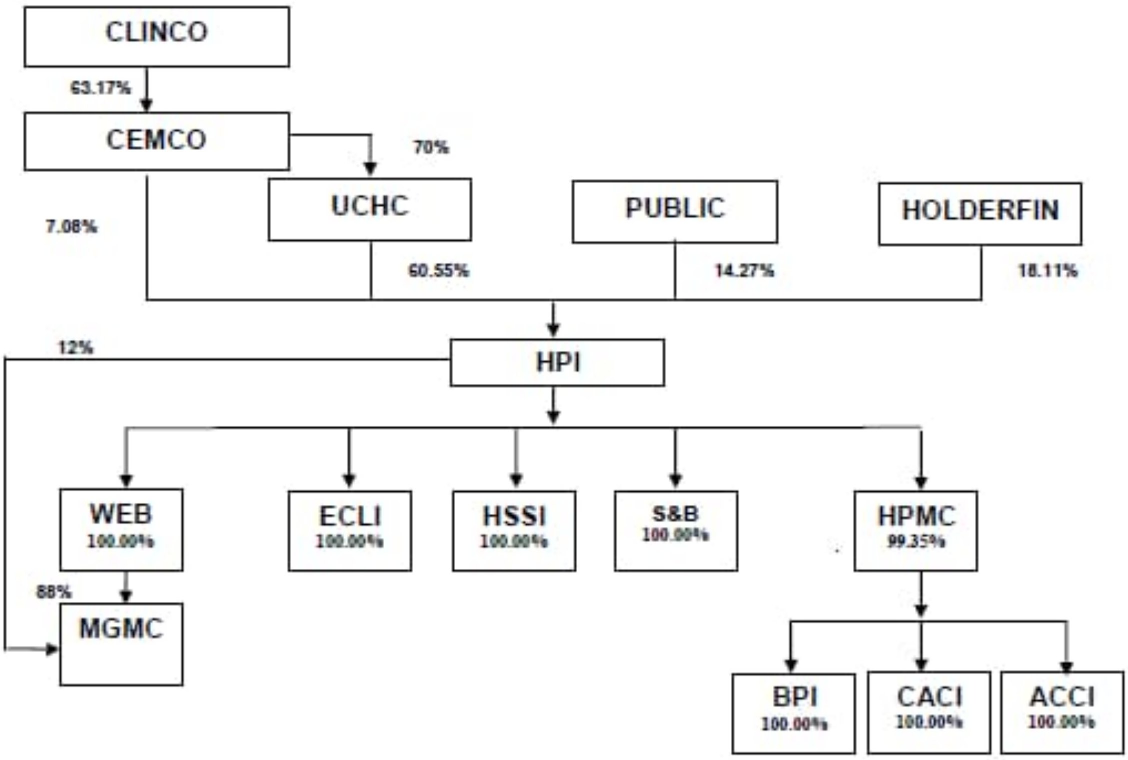
Unappropriated retained earnings, as adjusted to available for dividend distribution, beginning of the year	₱7,592,121
Net income based on the face of audited financial statements	464,119
Unrealized foreign exchange loss (other than cash and cash equivalents)	6,584
Decrease in deferred income tax assets (excluding amounts recognized in OCI)	102,805
Net income actual/realized	573,508
Less dividend declaration during the year	–
Unappropriated retained earnings, as adjusted, ending	₱8,165,629

Illustration of relationships between the Company and its Ultimate Parent Company,

Company: Holcim Philippines Inc. (HPI)

Illustration of relationships between the company and its ultimate parent company, middle parent, and it's subsidiaries

As of December 31, 2022



COMPANY NAME		PRINCIPAL ACTIVITIES
CLINCO	Clinco Corporation	Investment holding in CEMCO
CEMCO	Cemco Holdings, Inc.	Investment holding in UCHC and HPI
UCHC	Union Cement Holdings Corporation	Investment holding in HPI
HPI	Holcim Philippines, Inc.	Manufacture and distribute cement products
HPMC	Holcim Philippines Manufacturing Corporation	Manufacture and distribute cement products
BPI	Bulkcem Philippines, Inc.	Purchase, lease, sale of real properties
CACI	Calamba Aggregates Co., Inc.	Mining, Processing and sale of quarry resources
ACCI	Alsons Construction Chemical, Inc.	Manufacture, use and sale of admixtures
WEB	Wellbourne International Group Limited	Investment holding in MGMC
MGMC	Mabini Ginding Mill Corporation	Manufacture and distribute cement products
ECLI	Excel Concrete Logistics, Inc.	Distribution of concrete and cement products
S&B	Shop and Build Corporation	Business process outsourcing and other information technology enabled services
HSSI	Hubb Stores and Services, Inc.	Retail operations

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INDEPENDENT AUDITOR'S REPORT ON
COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Board of Directors and the Stockholders
Holcim Philippines, Inc. and Subsidiaries
(A Subsidiary of Union Cement Holdings Corporation)
7th floor, Two World Square, McKinley Hill, Fort Bonifacio
Taguig City, Metro Manila

We have audited in accordance with Philippine Standards on Auditing, the financial statements of Holcim Philippines, Inc. and its subsidiaries (the Group) as at and for the year ended December 31, 2022 and have issued our report thereon dated March 22, 2023. Our audit was made for the purpose of forming an opinion on the basic 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 (PFRSs) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at and for the year ended December 31, 2022 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Maria Pilar B. Hernandez
Partner
CPA Certificate No. 105007
Tax Identification No. 214-318-972
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
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BIR Accreditation No. 08-001998-116-2022, January 20, 2022, valid until January 19, 2025
PTR No. 9564632, January 3, 2023, Makati City

March 22, 2023

Holcim Philippines Inc., and Subsidiaries
Schedule of Financial Soundness Indicators

Financial KPI	Definition	For the Calendar Year ended December 31	
		2022	**2021**
Current/Liquidity ratios Current Ratio	Current Assets / Current Liabilities	118%	81%
Quick Ratio	Current Assets-Inventory-Prepayments / Current Liabilities	76%	30%
Solvency ratio/Debt-to-equity ratio Debt-to Equity Ratio	Total Debt / Equity	38%	35%
Asset to Equity Ratios Asset to Equity Ratio/ Equity Multiplier	Total Assets / Equity	138%	135%
Interest Rate Coverage Ratio Interest Coverage Ratio/EBITDA Net Interest Cover	Operating EBITDA / Net Interest	26.28	26.57
Pofitability Ratios Return on Assets	Net Income / Average Total Assets	2.3%	6.4%
Return on Equity	Net Income / Average Total Equity	3.1%	8.6%
Operating EBITDA Margin	Operating EBITDA / Net Sales	14.1%	20.1%

HOLCIM PHILIPPINES, INC. AND SUBSIDIARIES

Schedule A. Financial Assets
For the Year Ended December 31, 2022
(Amounts in Thousands)

Name of Issuing Company and Association of Each Issue	Number of Units or Shares or Principal Amount of Bonds and Notes	Amount Shown in the Statements of Financial Position	Value Based on Market Quotations at Reporting Date	Income Received and Accrued
	N/A	N/A	N/A	N/A
	-	-	-	-

HOLCIM PHILIPPINES, INC. AND SUBSIDIARIES

Schedule B. **Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties)**
For the Year Ended December 31, 2022
(Amounts in Thousands)

Name and Designation of Debtor		Beginning Balance	Additions	Deductions: Amount Collected	Deductions: Amount Written-Off	Current	Non Current	Ending Balance
Directors, Officers and Employees		NIL	NIL	NIL	NIL	NIL	NIL	NIL
Advances to Directors, Officers and Employees		-	-	-	-	-	-	-
Accounts Receivable from related parties								
Associates	₱	652,814	170,401	(329,306)	-	493,909		493,909
Other Holcim Group Affiliates		131	5,842		-	5,973		5,973
		652,945	176,243	(329,306)	-	499,882	-	499,882
Loan receivable								
Cemco Holdings, Inc. (Due on September 28,2026 @ 3.096% pa interest)	₱	240,426	7,165		-		247,591	247,591
Related Parties		893,371	183,408	(329,306)	-	499,882	247,591	747,473

Note: No amount to report in Receivables from Directors, Officers and Employees since no debt breached the threshold of Php 1mio.

HOLCIM PHILIPPINES, INC. AND SUBSIDIARIES

Schedule C. Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements
For the Year Ended December 31, 2022
(Amounts in Thousands)

Name and Designation of Debtor	Beginning Balance	Additions	Amounts Collected	Amounts Written Off/Impaired	Reclassification to Investments	Reclassification from Due to related parties	Current	Non Current	Balance at the End of Period
Holcim Philippines Manufacturing Corporation									
Due from:									
Holcim Philippines, Inc.	2,297,579	1,169,416	(191,542)				3,271,254		3,271,254
	2,297,579	1,169,416	(191,542)	-	-	-	3,271,254	-	3,271,254
Holcim Philippines, Inc.									
Due from:									
Bulkcem Philippines, Inc.	214						214		214
Holcim Philippines Manufacturing Corp.	601,153	96,549				(93,513)	604,189		604,189
Shop and Build Corporation	-	4,461					4,461		4,461
Excel Concrete Logistics Inc.	-	7,700					7,700		7,700
	601,367	108,710	-	-	-	(93,513)	616,564	-	616,564
Hubb Stores and Services, Inc.									
Due from:									
	-	-	-	-	-	-	-	-	-
Bulkcem Philippines, Inc.									
Due from:									
Holcim Philippines, Inc.	27,763	12,281	-				40,044		40,044
Holcim Philippines Manufacturing Corp.	16,665		(16,665)				-		-
	44,428	12,281	(16,665)	-	-	-	40,044	-	40,044
Excel Concrete Logistics Inc.									
Due from:									
Holcim Philippines, Inc.	368	9,873	(7,200)	(368)			2,673		2,673
	368	9,873	(7,200)	(368)	-	-	2,673	-	2,673
Mabini Grand Mill Co.									
Due from:									
Holcim Philippines, Inc.	642,888	184,841	(32,700)				795,029		795,029
	642,888	184,841	(32,700)	(368)	-	-	795,029	-	795,029

HOLCIM PHILIPPINES, INC. AND SUBSIDIARIES

Schedule D. **Long-Term Debt**

For the Year Ended December 31, 2022

(Amounts in Thousands)

Title of Issue and Type of Obligation	Amount Authorized by Indenture	Amount Shown as Current	Amount Shown as Long-Term	Remarks
	NIL	NIL	NIL	
	-	-	-	

HOLCIM PHILIPPINES, INC. AND SUBSIDIARIES

Schedule E. Indebtedness to Related Parties (Long-term Loans from Related Companies)
For the Year Ended December 31, 2022
(Amounts in Thousands)

Name of Related Party	Beginning Balance	Balance at the End of Period
	₱ NIL	₱ NIL
	-	-

HOLCIM PHILIPPINES, INC. AND SUBSIDIARIES
Schedule F. Guarantees of Securities of Other Issuers
For the Year Ended December 31, 2022
(Amounts in Thousands)

Name of Issuing Entity of Securities Guaranteed by the Company for which this Statement is Filed	Title of Issue of each Class of Securities Guaranteed	Total Amount Guaranteed and Outstanding	Amount Owned by Person for which Statement is Filed	Nature of Guarantee
	NIL	₱ NIL	₱ NIL	NIL
	-	-	-	-

HOLCIM PHILIPPINES, INC. AND SUBSIDIARIES
Schedule G. Capital Stock
For the Year Ended December 31, 2022

Title of Issue	Number of Shares Authorized	Number of Shares Issued and Outstanding	Number of Shares Reserved for Options, Warrants, Conversions and Other Rights	Affiliates	Number of Shares Held by Directors, Officers and Employees	Others
Preferred Shares	20,000,000	-	-	-	-	-
Common Shares	9,980,000,000	6,452,099,144	-	5,531,566,062	3,006	920,530,076
	10,000,000,000	6,452,099,144	-	5,531,566,062	3,006	920,530,076