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Hi HOLCIM PHILIPPINES, INC.,

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Transaction Code: **AFS-0-6F77HKAA0C7AK97DCPYQ12WYQ095CDLJFA**
Submission Date/Time: **Apr 15, 2025 02:14 PM**
Company TIN: **000-121-507**

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COVER SHEET

2 6 1 2 6

SEC Registration Number

HOLCIM PHILIPPINES, INC. AND SUBSIDIARIES

(Company's Full Name)

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

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

Zoe Verna M. Sibala

(Contact Person)

(632) 858-11511

(Company Telephone Number)

1 2 *Month* **3 1** *Day*

(Fiscal Year)

SEC FORM 17-A

For the year ended December 31, 2024

(Form Type)

0 5 *Month* **1 1** *Day*

(Annual Meeting)

(Secondary License Type, If Applicable)

CRMD

Dept. Requiring this Doc.

–

Amended Articles Number/Section

Total Amount of Borrowings

6,940

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

S T A M P S

Remarks: Please use BLACK ink for scanning purposes.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

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

1. For the fiscal year ended December 31, 2024

2. SEC Identification Number 026126......... 3. BIR Tax Identification No. 000-121-507-000...

4. Exact name of issuer as specified in its charter .... Holcim Philippines, Inc...........

5. Republic of the Philippines.......................... 6. [ ] (SEC Use Only)
Province, Country or other jurisdiction of incorporation or organization — Industry Classification Code:

7. 7th Floor, Two World Square, McKinley Hill, Fort Bonifacio, Taguig City ..1634..............
Address of principal office — Postal Code

8. (632) 858-11511...
Issuer's telephone number, including area code

9. Not applicable…..
Former name, former address, and former fiscal year, if changed since last report.

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

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

11. Are any or all of these securities listed on a Stock Exchange[1].

Yes [ ] No [X]

If yes, state the name of such stock exchange and the classes of securities listed therein:

__________________ ____________________

12. Check whether the issuer:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports);

Yes [X] No [ ]

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

Yes [X] No [ ]

[1] *Holcim Philippines, Inc. was delisted from the Philippine Stock Exchange on November 27, 2023.*

13. State the aggregate market value of the voting stock held by non-affiliates of the registrant. The aggregate market value shall be computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of a specified date within sixty (60) days prior to the date of filing. If a determination as to whether a particular person or entity is an affiliate cannot be made without involving unreasonable effort and expense, the aggregate market value of the common stock held by non-affiliates may be calculated on the basis of assumptions reasonable under the circumstances, provided the assumptions are set forth in this Form. (See definition of "affiliate" in “Annex B”).

PhP670,215,375.68 with 204,333,956 common shares as of December 31, 2024.

APPLICABLE ONLY TO ISSUERS INVOLVED IN INSOLVENCY/SUSPENSION OF PAYMENTS PROCEEDINGS DURING THE PRECEDING FIVE YEARS:

14. Check whether the issuer has filed all documents and reports required to be filed by Section 17 of the Code subsequent to the distribution of securities under a plan confirmed by a court or the Commission.

Not Applicable

Yes [ ] No [ ]

DOCUMENTS INCORPORATED BY REFERENCE

15. The following documents are incorporated by reference:

(a) Audited Consolidated Financial Statements as of December 31, 2024 and 2023 and for the three years in the period ended December 31, 2024 - Exhibit 1
(b) Statement of Management’s Responsibility for Consolidated Financial Statements as of December 31, 2024 and 2023 and for the three years in the period ended December 31, 2024 – part of Exhibit 1
(c) Supplementary Schedules to the Audited Consolidated Financial Statements – Exhibit 2
(d) SEC Form 17-Q – Exhibit 3
(e) Legal Proceedings and Pending Legal Cases – Exhibit 4
(f) SEC Form 17-C – Exhibit 5

PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Business

Holcim Philippines, Inc. (“HPI” or the “Company”), 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.

(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 (1) 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 Helix 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.

On 29 June 2023, the Company received notice from Holderfin B.V. ("Holderfin") of its purchase from Sumitomo Osaka Cement Co., Ltd. ("Sumitomo") of 594,952,725 common shares and representing 9.22% of the Company's outstanding capital stock (the "Sumitomo Shares", and the transaction the "Acquisition"). The Acquisition has been undertaken through a regular block sale, and closed on 29 June 2023. Post-Acquisition, Holderfin's total shareholdings in the Company has increased from 18.11% to 29.21% of the Company's outstanding capital stock. The Acquisition resulted in the Company's public float decreasing to 3.2% of the Company's outstanding common shares. Accordingly, Holderfin undertook a tender offer for all outstanding common shares of the Company held by the public ("Tender Offer") with the aim of subsequently conducting a voluntary delisting of the Company's common shares from the Main Board of the PSE ("Voluntary Delisting"). The tender offers ran from July 10, 2023 to August 30, 2023 and from September 28, 2023 to October 31, 2023. On 27 November 2023, the PSE approved the delisting of the Corporation from the Main Board of the PSE.

As of December 31, 2024, HPI is 60.55% owned by Union Cement Holdings Corporation (UCHC), 30.18% owned by Holderfin B.V. (Holderfin), and 7.08% owned by Cemco, while the remainder of its shares is owned by the public.

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

Holcim Philippines Manufacturing Corporation (HPMC)

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. As of July 31, 2024, the SEC has already approved the shortening of its corporate term to July 31, 2025.

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)

Excel Concrete Logistics, Inc. 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)

HuBB Stores and Services Inc. 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. As of July 31, 2024, the SEC has already approved the shortening of its corporate term to July 31, 2025.

Mabini Grinding Mill Corporation (MGMC)

Mabini Grinding Mill Corporation 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 the said grinding station.

Bankruptcy Proceedings

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

Material Reclassification, Merger, Consolidation

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 was 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 portfolio of innovative solutions fostered by a wide range of building products and services. Its portfolio of cement, aggregates, finishing and concrete solutions aimed at helping local builders execute a wide range of projects with quality 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 (7) 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 EcoPlanet (Type IT-MH), Holcim WallRight (Type S Masonry cement), Holcim Wallright Prime (Type M Masonry cement) and Holcim Aqua X (Type IT)

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, Holcim Skim Coat and 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 Company 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 production and pre cast 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 Ecoplanet

Holcim Excel Ecoplanet is compliant to the performance requirements of ASTM C595 and PNS 63, under the Type IT-MH classification. It is sold mainly in 40-kg bags and used for general concrete construction. This environment friendly blended cement offers enhanced performance advantages in workability, durability, reliable strength for better construction outcome and eco-friend with a proven 30% less CO2 emission during production versus OPC. It used for general concrete construction, low-rise commercial and residential buildings.

Holcim WallRight

Holcim WallRight Cement is an ASTM C91 Type S Masonry Cement designed for block laying, plastering and finishing use mainly available in Mindanao region. 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.

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 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, wall plastering and light concreting applications. Manufactured with at least 30% reduced CO2 emission and offered in North Luzon region. It is enhanced to provide higher compressive strength to concrete while continuing to deliver superior performance for masonry applications such as better wall adhesion and workability, high water retention to prevent cracks, and smoother finish.

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.

Tector Ceram 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.

Tector Plast Skim Coat

A high performance, polymer modified mortar especially formulated for thin plastering applications from 3mm to 5mm in thickness. It is used to achieve optimal surface smoothness by covering pin holes and correcting surface imperfections and unevenness of interior and exterior concrete walls and ceilings. Available in white and gray.

Tector Plast Multifix

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.

Tector Plast AAC Block Adhesive

A specially formulated thin jointing adhesive made from cement, well graded fillers and specialized polymer for laying all types of AAC blocks, bricks and various types of cement blocks in the market. The adhesive is designed to provide stronger, durable bonding between the blocks with optimum adhesive strength. It replaces the 10-15 mm thickness of traditional mortar to just 2- 3mm.

The following table shows the breakdown of sales revenues by product line of the Company for the periods indicated:

Table 1 – Revenue by Product Line

	Calendar Year Ended	Calendar Year Ended	Calendar Year Ended
(In Thousand Pesos)	**December 31, 2024**	December 31, 2023	December 31, 2022
Cement and cementitious materials	**₱ 20,103,802**	₱ 22,343,977	₱ 24,668,913
Others	**1,804,295**	1,961,508	1,918,771
Total	**₱ 21,908,097**	₱ 24,305,485	₱ 26,587,684

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, 2024, 2023 and 2022 are as follows:

Table 2 – Export Revenue

	Calendar Year Ended	Calendar Year Ended	Calendar Year Ended
(In Thousand Pesos)	**December 31, 2024**	December 31, 2023	December 31, 2022
Total Export Revenues	**NIL**	NIL	NIL
% to Total Revenues	**NIL**	NIL	NIL

(a) *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.

(b) *New Product*

No New Product launched during the period ended 31st December, 2024.

(c) *Competition*

The local cement industry is composed of nine (9) integrated cement manufacturers namely, HPI, Republic Cement, Cemex, Taiheiyo, Northern Cement, Eagle Cement, Goodfound, Mabuhay Filcement and Century Peak. There are also four (4) grinding stations namely, Southern Concrete, Philcement Dipolog, Bigboss Cement and new player, Abbah King Cement.

Independent cement traders continue to import in bulk, tonner or 40-kg bags primarily 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 ensure availability of both bulk and bagged cement.

Among the local domestic manufacturers, HPI has the widest market coverage and range of building products and solutions serving customers across the country. In Luzon, it has two (2) integrated cement plants, one (1) cement grinding plant and one (1) dry mix plant, and two (2) integrated cement plants in Mindanao. HPI has a network of warehouses strategically located in different geographic markets to support the company's distribution system.

The Department of Trade and Industry (DTI) has begun the interim review imposed a five (5) year definitive anti-dumping duty on cement exporters of Ordinary Portland Cement (Type 1) and blended cement (Type 1P) from Vietnam for a period of five (5) years.

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

<u>Raw Materials</u>

The Company sources most of its raw materials (limestone, pozzolana, shale) from its associate company, Helix 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 sources raw materials from third party suppliers and/or nearby sources for silica, flyash, pozzolana and limestone.

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

<u>Energy Supply</u>

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 ACEN Corporation 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.

With the Retail Competition and Open Access (RCOA) rollout in Mindanao last 26th March 2024, HPI signed an electricity supply agreement with Green Core Geothermal, Inc. (GCGI) and Alsons Power Supply Corporation (APSC) commencing on July 26, 2024 to avail of competitive and sustainable power from the grid.

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 now ACEN Corporation 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 remain an option for a healthy balance of supply reliability, market competitive prices and opportunity for substitute fuels.

HPI has an existing supply contract with Petron and SL Harbour for its Diesel and Bunker fuel needs. Contracts started from January 2023 and valid until April 2025 (for SL Harbour) and March 2025 (for Petron).

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

(e) 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, real-estate developers, and end-users. At the same time, HPI supports numerous large- and medium-scale government infrastructure projects.

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

(f) Related Party Transactions

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

(g) Trademarks, Licenses, Concessions, Labor Contracts

In 2017, applications for transfer of MPSA to HMDC and/or its subsidiary, Holcim Resources Development Corporation ("HRDC") have been approved by the Department of Environment and Natural Resources (DENR).

On labor contracts, please see the discussion on employees under Item I.

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.

(h) Governmental Approval of Principal Products

The DTI 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.

(i) 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 ₱76.3 million in research and development costs in last three years as follows:

Table 3 – Research and Development Costs

Period Covered	Amount ('000 Pesos)	Percentage to Revenues
CY ended December 31, 2024	20,029	0.10%
CY ended December 31, 2023	9,607	0.04%
CY ended December 31, 2022	46,688	0.19%
Total	76,324	

(j) Costs and Effects of Compliance with Environmental Laws

HPI operates in alignment with sustainable development principles, prioritizing continuous improvement in environmental performance to ensure compliance with environmental laws and regulations both locally and internationally. The Company is committed to adhering to environmental laws, regulations, and standards applicable to its products and operations, subscribing to leading industry initiatives and internal requirements.

HPI evaluates and measures its environmental impacts, continuously improving processes, tools, and capabilities while promoting industry best practices. To ensure compliance with air emission standards, the Company's plants maintain and operate advanced dust mitigation technologies, including electrostatic precipitators, baghouses, multi-cyclones, and bag filters. Plants are also equipped with Continuous Emission Monitoring Systems (CEMS) for real-time monitoring of gaseous emissions such as nitrogen oxides (NOx), sulfur dioxide (SO2), carbon monoxide (CO), and volatile organic compounds (VOCs). Regular performance validation is conducted through quarterly multi-stakeholder monitoring and government audits, confirming HPI's compliance with existing government standards.

HPI's plants are ISO 14001 certified and implement robust environmental management systems to manage and mitigate environmental impacts and risks effectively. The Company optimizes resource use by reusing, recovering, and recycling waste materials in production processes where feasible, minimizing hazardous and non-hazardous waste generation, and disposing of waste through safe and responsible methods. Annual environmental improvement plans drive enhanced environmental performance, covering emissions, water, energy, and waste management.

HPI proactively engages with stakeholders and collaborates with legislators and regulators to fulfill environmental obligations and comply with local regulations.

(k) Employees

As of December 31, 2024, HPI and subsidiaries had a total of 1,004 officers and regular employees broken down as follows:

Table 4 – Officers and Employees

Location	HPI	Subsidiaries	Total
Head Office*	209	0	209
Bulacan Plant	237	0	237
La Union Plant	158	0	158
Davao Plant	188	0	188
Lugait Plant	130	72	202
Calumpit	1	0	1
Calaca	9	0	9
TOTAL	932	72	1004

** Includes Mabini plant*

There is a 0.89% decrease in manpower from the same period last year. Attrition rate recorded for 2024 is 8.92%, lower than previous year by 1.88%. This is also lower than the 12.5% average voluntary attrition rate reported by Willis Towers Watson last September 9, 2024.

In 2024, a total of 219 employees experienced new jobs through temporary assignment, lateral transfer, promotion, or developmental assignment. 144 employees have been identified as successors to 79 critical roles. Eighty percent (80%) of successors have completed their Individual Development Plans. For education, an average training hours of 92.45 hours per employee was recorded.

We continued to conduct succession planning activities and periodically reviewed the progress of identified successors and critical talents. Development actions were identified for them and most were assigned to special projects. Young, emerging, and advanced leaders were also sponsored to attend development programs sponsored by the Holcim Group.

In 2024, all managers of the company created engagement action plans, based on the previous year's engagement survey results. In October, we conducted a webinar for managers and leaders in partnership with Gallup to reiterate their roles in fostering employee engagement.

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

Table 5 – Labor Unions

Location of the Plant/Site	Labor Union	CBA Expiry Date
Bacnotan, La Union	La Union Cement Workers Union Holcim La Union Supervisory Employees Union	March 31, 2027 March 31, 2029
Norzagaray, Bulacan	Holcim Philippines Employees Association (HPEA) UCC Bulacan Supervisory Employees Union (UBSEU)	December 31, 2025 February 28, 2029
Lugait, Misamis Oriental	Holcim Lugait Employees Labor Union Holcim Lugait Supervisors Independent Union	July 31, 2021 *(Ongoing arbitration)* March 31, 2024 *(Ongoing arbitration)*
Davao City	Davao Holcim Employees Workers Union Holcim Davao Supervisory Independent Union	March 31, 2025 March 31, 2025

Three (3) CBA negotiations (Bulacan Associate and Supervisory Unions, and La Union Supervisory Union) were successfully concluded in 2024.

(l) 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 the government's ability to execute its 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 La Union and Bulacan plants during grid failures.

Lugait and Davao Plants, both situated in Mindanao, are now benefiting 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.

The Mindanao Wholesale Electricity Spot Market (WESM) was launched last January 26, 2023. On March 26, 2024, the Retail Competition and Open Access (RCOA) was launched allowing HPI to choose its power generation source. Lugait and Davao Plant shifted sourcing its power supply from GCGI and APSC starting July 26, 2024.

On October 26, 2023, a Power Purchase Agreement was signed with Balapi Energy Corp for the construction and operations of on-site solar installations and to deliver 7.8 GWh of solar energy to La Union and Bulacan plants annually starting 2025.

On October 30, 2024, a Power Purchase Agreement was signed with Berde Rooftop Inc. for the construction and operations of on-site solar installations and to deliver 3 GWh of solar energy to Lugait plant annually starting 2025.

The Company is exploring other measures to manage power costs and achieve decarbonization targets.

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 2024 Bangko Sentral ng Pilipinas Annual Exchange Rate Report, the Philippine Peso depreciated from PhP 55.57 against the US Dollar as of December 31, 2023 to PhP 57.98 as of December 31, 2024. The Peso has undergone fluctuations during the year with an average rate of PhP 57.26 for 2024 and PhP 55.63 for 2023. The weakening of the Peso resulted in the increase of cost of production inputs such as imported fuel, coal and supplies. Please note that by the year end of 2024, the Philippine Peso depreciated as compared to the US Dollar. Moreover. if compared to the average rate, the Philippine Peso weakened for 2024 as compared to 2023.

Environmental and Regulatory Matters

Cement manufacturing involves significant resource and energy usage, including raw materials like limestone, fossil fuels (coal and bunker fuel), electric power, and water. To address associated environmental risks and impacts, HPI employs an effective environmental management system to ensure compliance with regulatory requirements and maintain sustainable operations.

HPI adheres to the following laws and regulations:

- The Philippine Environmental Impact Statement System (PD 1586)
- The Philippine Clean Air Act of 1999 (RA 8749)
- The Philippine Clean Water Act of 2004 (RA 9275)
- The Ecological Solid Waste Management Act of 2000 (RA 9003)
- The Toxic Substances and Hazardous and Nuclear Waste Control Act of 1990 (RA 6969)
- The Extended Producer Responsibility (EPR) Act of 2022 (RA 11898)

Additional applicable laws and regulations are outlined in the Company's Integrated Management System Manual.

Under a group-wide program, HPI strives to reduce dust emissions below the prescribed 150 mg/Nm3 level set by the Philippine Clean Air Act. The Company employs modern dust control systems, including electrostatic precipitators, baghouses, multi-cyclones, and bag filters, ensuring emissions remain below government standards. Continuous Emission Monitoring Systems (CEMS) are installed in all four plants for ongoing monitoring of particulate and gaseous emissions, with daily reporting to the regulatory body.

To comply with the Clean Water Act, HPI manages stormwater runoff and seasonal process water discharge using pollution control facilities like siltation ponds. Wastewater treatment facilities handle domestic water discharge. Waste generated by the plants, suitable for use as alternative kiln fuel, is co-processed through Geocycle's technology, which adheres to the highest environmental compliance standards. All four plants have been granted Treatment, Storage, and Disposal (TSD) certificates, recognizing Geocycle's responsible handling of hazardous industrial waste.

In compliance with RA 11898, HPI has implemented Extended Producer Responsibility (EPR) initiatives that promote sustainable waste management by ensuring the proper collection, recovery, and recycling of plastic waste. As part of its commitment, HPI collaborates with various stakeholders, including local government units (LGUs) and partner organizations, to implement projects that align with the EPR Act. Examples include the deployment of the Circular Explorer in Manila Bay to aid in plastics collection and education campaigns, as well as partnerships with LGUs to improve material recovery facilities (MRFs) and promote community-based waste management programs. These efforts demonstrate HPI's leadership in advancing circular economy principles and reducing plastic pollution.

HPI submits Self-Monitoring Reports (SMR), Compliance Monitoring Reports (CMR), and Compliance Monitoring and Verification Reports (CMVR) to the Department of Environment and Natural Resources (DENR) to document compliance with the Environmental Compliance Certificate (ECC). Quarterly monitoring by multi-partite monitoring teams (MMT) and government audits confirm HPI's adherence to government standards.

The Company is accelerating its efforts to decarbonize building across the lifecycle through sustainable and innovative building solutions, aiming for a net-zero future for people and the environment. HPI's decarbonization strategy aligns with the Holcim Group's goal to become a net-zero company, with climate targets validated by the Science Based Targets initiative (SBTi).

HPI remains dedicated to driving low-carbon, energy-efficient, and circular business operations through innovation and digitalization.

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, 2024 compared to December 31, 2023.

Table 6 – Plant, Property and Equipment (Consolidated)

(In Thousand Pesos)	**December 31, 2024**	December 31, 2023
Machinery and equipment	**₱32,140,486**	₱ 31,361,608
Buildings and installations	**14,320,307**	14,346,699
Furniture, vehicles and tools	**839,706**	1,066,900
Construction in progress	**1,202,063**	1,318,669
	48,502,562	48,093,876
Less: Accumulated depreciation, depletion		
and allowance for impairment loss	**31,232,624**	29,793,600
Total	**₱17,269,938**	₱ 18,300,276

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**	**2024 Lease Payments (in '000)**	**Renewal Options**
Plants, Terminals, Vessels, Ports	01.01.2019	01.01.2066	₱183,133	The contracts may be renewed or extended upon the mutual agreement of the Parties.
Industrial Warehouse	01.01.2016	31.03.2028	6,955	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 Exhibit 4.

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 and the September 22, 2023 Special Stockholders' Meeting covered by the Company's SEC Form 20-IS reports, no matter was submitted to a vote of security holders through solicitation of proxies or otherwise during the calendar year covered by this report.

PART II - OPERATIONAL AND FINANCIAL INFORMATION

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

(1) Stockholders

As of December 31, 2024, HPI has 6,452,099,144 common shares outstanding held by 6,940 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 8 – 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	1,947,565,663	30.18%
3	CEMCO HOLDINGS, INC.	FILIPINO	456,689,560	7.08%
4	CITIBANK N.A FAO 6026210002	FILIPINO	29,519,400	0.46%
5	HMG GLOBETROTTER	NON-FILIPINO	20,058,900	0.31%
6	PCD NOMINEE CORP. (FILIPINO)	FILIPINO	7,936,855	0.12%
7	SUN LIFE GREPA FINANCIAL INC	FILIPINO	2,483,800	0.04%
8	CITIBANK N.A FAO 6002070101	NON-FILIPINO	2,182,300	0.03%
9	JERRY TEO CHUA AND/OR JEFFREY TEO CHUA	FILIPINO	2,151,200	0.03%
10	GRACE TAN LIM OR KIARA RAIZEL LIM ONG	FILIPINO	1,969,400	0.03%
11	ULYSIS DALUSON MASLANG	FILIPINO	1,808,000	0.03%
12	WILLIAM KO NG	NON-FILIPINO	1,506,700	0.02%
13	WILLIAM C. QUE OR ARLENE O. QUE	FILIPINO	942,000	0.01%
14	ANTONIO M. DUMALIANG &/ OR ROSALINDA S. DUMALIANG	FILIPINO	922,363	0.01%
15	ANSALDO, GODINEZ & CO., INC.	FILIPINO	864,872	0.01%
16	FEDERAL HOMES, INC	FILIPINO	798,754	0.01%
17	DAI, JOSEPH S.	FILIPINO	676,000	0.01%
18	ACADIAN ASSET MANAGEMENT LLC	NON-FILIPINO	635,500	0.01%
19	PANGILINAN PAUL ANTHONY M.	FILIPINO	574,900	0.01%
20	SB EQUITIES INC.		559,351	0.01%
		Total	6,386,271,024.00	98.97%

(2) Dividend

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, 2024, 2023 and 2022 as follows:

	2024	2023	2022
Cash Dividend Per Share (PhP)	**0.395**	NIL	NIL
Amount Declared (PhP)	**2,548,602,652**	NIL	NIL
Declaration Date	**December 3, 2024**	-	-
Record Date	**November 30, 2024**	-	-

(3) 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.

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

Review of CY 2024 Operations vs. CY 2023

The Philippine Gross Domestic Product (GDP) posted a growth of 5.2 percent in the fourth quarter of 2024, resulting in 5.6 percent full-year growth in 2023.

Revenue generated for the year is Php 21.9 billion, lower compared to Php 24.3 billion reported in the same period last year mainly due to soft demand amidst tight competition. Despite the optimized manufacturing and logistics operations, increased usage of alternative fuel and raw materials, and the sustained shift to low-carbon cements, the Group's Operating EBIT margin decreased by 5.9 percentage points. The Company achieved total EBITDA of Php 1.2 billion, 56% lower than the same period last year. Net loss after tax stood at Php 1.0 billion giving earnings per share of (Php 0.16).

Key Performance Indicators ("KPI")

The comparative financial KPI for the years ended December 31, 2024 and 2023 are as follows:

Financial KPI	**Definition**	**For the Calendar Year ended December 31**	
		2024	**2023**
Profitability			
Return on Assets (ROA)	Net Income / Ave. Total Assets	**-2.9%**	2.1%
Return on Equity (ROE)	Net Income / Ave. Total Equity	**-4.2%**	2.9%
Operating EBITDA Margin	Operating EBITDA / Net Sales	**5.5%**	11.4%
Liquidity			
Gearing Ratio	Net Financial Debt / Total Equity	**-14.4%**	-15.4%
EBITDA Net Interest Cover (times)	Operating EBITDA / Net Interest	**10.53**	17.56

Profitability

Lower compared with prior year due to lower volumes sold and decrease in average selling price.

Liquidity

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

Significant Disclosures

Please refer to Exhibit 5 of this report for the significant disclosures made by the Company during the year. Other than those mentioned in Exhibit 5, 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, 2024 and 2023s 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, 2024 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 Group 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 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 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, 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 2024 and 2023 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, 2024, 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, 2024 and 2023, 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, 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 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, 2024 and 2023, the Company has unutilized credit facilities of PhP12.8 billion and PhP13.3 billion, respectively.

The Company's financial assets and liabilities as of December 31, 2024 and 2023 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:

	2024	2023
Loans payable – Group	**₱ -**	₱ 245,000
Customers' deposits	**150,726**	153,877
Financial debt	**150,726**	398,877
Less cash and cash equivalents	**4,077,142**	5,180,147
Net financial asset	**(3,926,416)**	(4,781,270)
Total equity	**27,214,123**	31,076,481
Gearing ratio	**-14.4%**	-15.4%

The Company's target is to maintain a gearing in the range of no more than 100 percent. Total equity decreased by 12.43% in 2024 as a result of decrease in retained earnings coming from income from operations net of dividends declared.

Material Changes in Balance Sheet Accounts

Trade and other receivables - net

Movement was mainly due to lower overall sales for the year with less credit sales and increase in bad debt provisions.

Long term financial receivable

Movement was mainly due to refinancing of outstanding trade receivables from Associate to long term loan receivable.

Short-term deposits

Movement was due to reclassification to ‘Cash and cash equivalents’ for 2024 as the maturity date is less than 90 days .

Inventories

Movement was mainly due to continued improvement in inventory management particularly solid fuels, as well as provisions recognized for the write-off of inventories in inactive sites.

Other current assets

Movement was mainly due to increase in prepaid insurance for property damages, and reclassification of income taxes paid to prepaid asset.

Right-of-Use Assets

Movement was from the normal depreciation and expiration of existing lease contracts for the year.

Intangible assets -net

Movement was due to capitalizations of software used in operations.

Trade and other payables

Movement was mainly due to the balance of dividends payable to the Parent entities for settlement in 2025.

Income tax payable

Movement was mainly attributable to reclassification of income taxes paid for the year to prepaid asset as YTD operations resulted to net loss.

Lease liabilities

Movement was due to the payments made to the lessors in 2024.

Deferred tax liabilities - net

Movement was mainly due to re-measurement gain on pension costs.

Other reserves

Movement due to the derivative liabilities.

Material Changes in Income Statement Accounts

Revenue

Movement was mainly due to lower cement volumes sold, and lower average selling price resulting from softer demand as compared to prior years.

Cost of sales

Movement was due to the optimized manufacturing and logistics operations, increased usage of alternative fuel and raw materials, and the sustained shift to low-carbon cements.

Operating expenses (General and Administrative & Selling Expenses)

Movement was mainly due to increase in general and administrative expenses from higher personnel costs and outside services incurred for tax cases. This was slightly offset by lower selling and marketing expenses as advertising costs significantly decreased from prior year.

Other income (expense) - net

Movement was mainly due to the accumulated loss from the Associates, as well as provisions recognized for income tax assessment.

Provision for income tax

Movement was due to the effect of the deferred taxes.

Review of CY 2023 Operations vs. CY 2022

The Philippine Gross Domestic Product (GDP) posted a growth of 5.6 percent in the fourth quarter of 2023, resulting in 5.6 percent full-year growth in 2022.

Revenue generated for the year was Php24.3billion, lower compared to Php26.6billion reported in the same period last year mainly due to lower volumes sold in cement. Despite the optimized manufacturing and logistics operations, increased usage of alternative fuel and raw materials, and the sustained shift to low-carbon cements, the Group's Operating EBIT margin decrease by 2 percentage points. The Company achieved total EBITDA of Php2.8billion, 26% lower than the same period last year.

The Group managed to incur lower financial expenses related to its short-term loans during the year. Net income after tax stood at Php910 million giving earnings per share of Php0.14.

Key Performance Indicators (“KPI”)

The comparative financial KPI for the years ended December 31, 2023 and 2022 are as follows:

Financial KPI	Definition	For the Calendar Year ended December 31	
		2023	**2022**
Profitability			
Return on Assets (ROA)	Net Income / Ave. Total Assets	**2.1%**	2.3%
Return on Equity (ROE)	Net Income / Ave. Total Equity	**2.9%**	3.1%
Operating EBITDA Margin	Operating EBITDA / Net Sales	**11.4%**	14.1%
Liquidity			
Gearing Ratio	Net Financial Debt / Total Equity	**-15.4%**	-15.2%
EBITDA Net Interest Cover (times)	Operating EBITDA / Net Interest	0	0

Profitability

Lower compared with prior year due to lower volumes sold.

Liquidity

The Company’s liquidity position remained strong evidenced by significant cash balance.

Significant Disclosures

Please refer to Exhibit 5 of this report for the significant disclosures made by the Company during the year. Other than those mentioned in Exhibit 5, 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, 2023 and 2022 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, 2023 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 Group 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 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 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, 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 2023 and 2022 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, 2023, 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, 2023 and 2022, 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, 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 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, 2023 and 2022, the Company has unutilized credit facilities of PhP13.3 billion and PhP12.9 billion, respectively.

The Company's financial assets and liabilities as of December 31, 2023 and 2022 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:

	2023	2022
Loans payable – Group	**₱ 245,000**	₱ 300,000
Customers' deposits	**153,877**	241,849
Financial debt	**398,877**	541,849
Less cash and cash equivalents	**5,180,147**	5,233,204
Net financial asset	**(4,781,270)**	(4,691,355)
Total equity	**31,076,481**	30,705,058
Gearing ratio	**-15.4%**	-15.3%

The Company's target is to maintain a gearing in the range of no more than 100 percent. Total equity grew by 1.75% in 2023 as a result of increase in retained earnings and also due to gain on re measurement on retirement benefits, no dividend declaration in 2023 and from income from operations.

Material Changes in Balance Sheet Accounts

Trade and other receivables - net

Higher due to movement of higher credit sales mix and increase in intercompany receivables.

Other current financial assets

Movement due to additional short-term deposits from a third party bank.

Inventories

Decrease in inventory from better inventory management during the year despite higher raw materials.

Other current assets

Movement is mainly due to derivative assets recognized last year and application of creditable withholding tax.

Right-of-Use Assets

Movement is mainly due to the extension of the lease term of the lease from the associates.

Intangible assets -net

Decrease was due to amortization recognized during the year.

Trade and other payables

Increase is mainly due to derivative liability and other payables .

Income tax payable

Decrease mainly attributable to application of creditable withholding taxes.

Lease liabilities

Increase due to the extension of the lease term of the lease from the associate.

Deferred tax liabilities - net

Movement was mainly due to re-measurement gain on pension costs.

Other reserves

Movement due to the derivative liabilities.

Non-controlling Interest

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

Material Changes in Income Statement Accounts

Revenue

Decrease was mainly due to lower Cement volumes sold resulting from lower market demand as compared to prior years.

Cost of sales

Decrease due to the optimized manufacturing and logistics operations, increased usage of alternative fuel and raw materials, and the sustained shift to low-carbon cements.

Operating expenses (General and Administrative & Selling Expenses)

Higher operating expenses were mainly due to higher marketing and selling expenses from branding activities and launching of new products. This was offset by lower administration expenses from cost reduction initiatives across all business segments

Other income (expense) - net

Increase was mainly due to the absence of one-off settlement cost of a legal case.

Provision for income tax

Decrease was due to the effect of the deferred tax expenses, particularly in re-measurement of pension.

Item 7. Financial Statements

The consolidated financial statements and supplementary schedules listed in the accompanying Index to Financial Statements and Supplementary Schedules are filed as part of this annual report under Item 14.1 and 14.2

Information on Independent Accountant

External Audit Fees

The fees billed for professional services rendered by Sycip Gorres Velayo & Co. (Ernst & Young) in 2024 and 2023, 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 2024 and 2023.

Tax Fees & All Other Fees

The Company did not engage Ernst & Young for tax and other services in 2024 and 2023.

The Audit Committee's Approval Policies and Procedures for the Above Services

Upon recommendation of the Audit Committee and approval of the Board of Directors, the appointment of the external auditor was confirmed by the shareholders at the annual stockholders' meeting. In addition, the consolidated financial statements are reviewed and endorsed by the Audit Committee and approved by the Board of Directors before its release.

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

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.

PART III - CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Issuer

1) The Board of Directors

The Company's 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 may be necessary, 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 of the Company own more than 2% of outstanding common shares of HPI.

As of December 31, 2024 the following are the members of the Board:

Table 9 – The Board of Directors

Office	Name	Nationality
Chairman	Martin Kriegner	Austrian
Vice Chairman	Nicolas George	French
Director	Claudia Iris Albertini	Italian
Director	Tan Then Hwee	Singaporean
Independent Director	Gerardo C. Ablaza, Jr.	Filipino

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

Martin Kriegner, 63, 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.

Nicolas George, 44, is a highly accomplished international executive with a proven track record of driving significant growth and turnaround in diverse and challenging markets. Prior to his assignment as President and CEO of the Company, he was Country CEO at Holcim Algeria, where he led 13 legal entities and approximately 4,000 employees, managing a complex portfolio of industrial assets and achieving consistent double-digit P&L growth. His extensive experience spans leadership roles across Asia, Africa, and the Middle East, including successful tenures at ChipMong INSEE Cement, Hima Cement (Holcim Group), and Lafarge Myanmar, where he consistently delivered exceptional results through strategic restructuring, operational excellence, and a strong focus on sustainability. With a robust strategic background, including key positions at Holcim and Lafarge, Mr. George possesses a unique ability to navigate complex business environments, drive cultural change, and deliver sustainable value. He graduated from Institut National Agronomique Paris-Grignon, majoring in Industry Management, Innovation and Performance.

Claudia Iris Albertini, *54,* is a seasoned executive with over two decades of experience at Holcim, demonstrating exceptional leadership in diverse roles including Chief Financial Officer for the Asia Middle East Africa region, Group Head of Business Services, and CEO of Holcim Belgium. Her expertise spans financial management, strategic planning, and international operations, underpinned by a Master's degree in Economics and Commerce from the Catholic University of Milan. Fluent in multiple languages, including Italian and German, she possesses a proven ability to navigate complex global markets, driving significant results through strategic financial oversight and operational excellence, further enhanced by her early career consulting experience at KPMG. She obtained her Master's Degree in Economics and Commerce from the Catholic University of Milan, Italy and her European Baccalaureate from the European School of Varese, Italy.

Tan Then Hwee, 52, 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 of Sika Asia Pacific from April 2007 to March 2019. She was elected as Director of the Company on September 17, 2020.

Gerardo C. Ablaza, Jr., 71, serves as Board Director for numerous publicly-listed and privately-held Philippine corporations, in sectors like retail banking, property development, education, and health, while also contributing to social initiatives as a Trustee for Ayala Foundation, BPI Foundation, and Gawad Kalinga Foundation. Recognized internationally, he received the CNBC Asia Business Leader of the Year and Telecom Asia Best Telecom CEO awards in 2004, and the Citi Distinguished Alumni Award for Leadership and Ingenuity in 2013, solidifying his reputation for exceptional leadership and innovation. He earned a Liberal Arts Degree, major in Mathematics (Honors Program) from De La Salle University in 1974, graduating Summa Cum Laude.

The Executive Officers

The 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 31 December 2024 are set out below:

Table 10 – Executive Officers

Office	Name	Nationality
President & Chief Executive Officer	Nicolas George	French
SVP - Chief Financial Officer/Treasurer	Zoe Verna M. Sibala	Filipino
SVP – Head of Cement Industrial Performance	Eung Rae Kim	Korean
SVP - Head of Commercial	Sajith Madusanka Edirisuriya Mudiyanselage	Sri Lankan
SVP - Head of Organization and Human Resources	Elynor Roque	Filipino
SVP – Head of Geocycle	Samuel O. Manlosa	Filipino
General Counsel and Corporate Secretary	Belinda E. Dugan	Filipino

The business experience of Mr. Nicolas George for the last five years is provided above. Set forth below are the business experience of the Company's other executive officers during the last five years:

Zoe Verna M. Sibala, 50, 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 Holcim Philippines, Inc., 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

Eung Rae Kim, *64,* 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.

Sajith Madusanka. Edirisuriya Mudiyanselage, *43*, is the Senior Vice President, Head of Commercial. Mr. Madusanka received his Doctor of Business Administration from Asia e University Malaysia, his Master in Business Administration from University of Colombo, Sri Lanka, and his Bachelor of Science in Finance from the University of Sri Jayewardenepura, Sri Lanka. Prior to his appointment, he served as the Commercial Director and was a member of the Executive Committee of Chip Mong Insee Cement Corporation in Cambodia. He also concomitantly served as the Chairman of the Green Business Committee of the EUROCHAM (European Chamber) Cambodia.

Elynor Roque, 54, is the Company's Senior Vice President, Head of Organization and Human Resources. 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.

Samuel O. Manlosa, 42, is the Company's Senior Vice President for Geocycle. Prior to his appointment as Head of Geocycle, he held several high-level positions, such as Chief Sustainability Officer and Plant Manager of Holcim Philippines, Davao Plant. With a strong foundation in process engineering and operational excellence, demonstrated through various managerial positions within Holcim and previous roles at Intel and ON Semiconductors, Mr. Manlosa consistently delivers results through strategic leadership, technical expertise, and a commitment to continuous improvement, underpinned by his Chemical Engineering background from Mindanao State University where he graduated Cum Laude and placed 7th in the national board examinations.

Belinda E. Dugan, 57, 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 Holcim Philippines, Inc. she was Vice President for Legal Management Services of Aboitiz Equity Ventures, Inc. (AEV) 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.

2) Family Relationships

None of the members of the Board of Directors or any Executive Officer of the Company is related by affinity or consanguinity.

3) Involvement in Certain Legal Proceedings

To the knowledge and/or information of the Company, the present members of the Board of Directors or the Executive Officers are not, presently, or during the last five (5) years, involved or have been involved in criminal, bankruptcy or insolvency investigations or proceedings except for the pending legal proceedings involving certain directors and executive officers of the Company and its subsidiaries described in Exhibit 4 hereof.

Item 10. Executive Compensation

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.

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

* 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.

Table 11 – Executive Compensation (in PhP)

Name and Principal Position	Year	Salary	Bonus	Other Compensation
The CEO and five (5) most highly compensated Executive Officers President and Chief Executive Officer Nicolas Jean Rene George Horia Ciprian Adrian 1. Ramakrishna Maganti – SVP, Head of Infrastructure and Industrial Sales 2. Eung Rae Kim – SVP, Head of Cement Industrial Performance (CIP) 3. Eliana Nieto – SVP, Chief Financial Officer 4. Edwin Villas – SVP, Head of Logistics 5. Zoe Verna Sibala - SVP, Chief Financial Officer	2025*	71,319,038	12,293,280	78,503,890
	2024	71,319,038	12,293,280	78,503,890
	2023	68,860,411	16,618,216	83,227,351
All other Executive Officers and Directors as a group unnamed	2025*	58,664,526	10,264,027	18,688,571
	2024	58,664,526	10,264,027	18,688,571
	2023	54,210,408	14,402,744	10,147,189

All other Executive Officers and Directors as a group unnamed in 2024 include all incumbents in the Leadership Team.
2025 estimated compensation of executive officers for the ensuing year is assumed to approximate the 2024 level. Bonuses given are driven by actual performance of the company; hence, estimate may vary from actual.*
*2024** benefits of All Other Executive Officers and Directors include pro-rate salaries, bonuses and benefits of other six (6) separated local Executive Officer.*

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.

Warrants and Options Outstanding

There are no warrants or options granted by the Company to any of its Directors or Executive Officers.

Item 11. Security Ownership of Certain Beneficial Owners and Management

The table below shows persons or groups known to HPI as of December 31, 2024 to be directly or indirectly the record or beneficial owner of more than 5% of the Company's voting securities:

Table 12 – Beneficial Ownership of Voting Securities

Title of Class	Name & Address of Record Owner & Relationship with Issuer	Name of Beneficial Owner And Relationship with Record Owner	No of Shares Held	% of Ownership
Common	Union Cement Holdings Corporation 7th Floor, Two World Square, McKinley Hill Fort Bonifacio, Taguig City (Filipino)	Union Cement Holdings Corp. (same as record owner)	3,906,425,506	60.55%
Common	Holderfin B.V. Roemer Visscherstraat 41 NL – 1054 EW Amsterdam (Dutch) Stockholder	Holderfin B.V. (same as record owner)	1,947,565,663	30.18%
Common	Cemco Holdings, Inc. Unit 15A, ACT Tower, 135 H.V. dela Costa St., Salcedo	Cemco Holdings, Inc. (same as record owner)	456,689,560	7.08%

The respective Board of Directors of each of UCHC, Holderfin and Cemco have the power to decide how their shares in the Company are to be voted.

Security Ownership of Management

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

Table 13 – Security Ownership of Management

Title of Class	Name and Address of Beneficial Owner	Amount / Nature of Ownership	Registered (R) or Beneficial (B)	% of Ownership
Common	Martin Kriegner	1(D)	R	0.00%
Common	Nicolas George	1(D)	R	0.00%
Common	Tan Then Hwee	1(D)	R	0.00%
Common	Claudia Iris Albertini	1(D)	R	0.00%
Common	Gerardo C. Ablaza, Jr.	1(D)	R	0.00%
	Total	**5**	R	**0.00%**

Directors and officers as a group hold a total of 5 common shares, equivalent to approximately 0.00% of the Company's issued and outstanding capital stock.

(1) Voting Trust Holders of 5% or more

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

(2) Changes in Control

There were no material changes in the control of the Company since the beginning of the Company's last calendar year.

Item 12. Certain Relationships and Related Transactions

For a detailed discussion of other material related party transactions, please see Note 32 – Related Party Transactions to the accompanying consolidated financial statements in Item 14.1.

Except for the transactions discussed in Note 32 – Related Party Transactions to the accompanying consolidated financial statements in Item 14.1, 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.

There was no outstanding indebtedness at any time during the last three (3) financial years that was owed to the Company and/or its subsidiaries by any Related Party.

PART IV – CORPORATE GOVERNANCE

Item 13. 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, who also acts as the Corporate Governance Committee, ensures that the Board and the Company, as a whole, is sufficiently conversant and compliant with the adopted leading practices in corporate governance.

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.

PART V - EXHIBITS AND SCHEDULES

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

14.1 Consolidated Financial Statements

The audited consolidated financial statements for the years ended December 31, 2024, and 2023 are attached as Exhibit 1:

- Statement of Management's Responsibility to the Financial Statements
- Independent Auditors' Report
- Consolidated Statements of Financial Position as at December 31, 2024, and 2023
- Consolidated Statements of Profit or Loss and Other Comprehensive Income for the years ended December 31, 2024, 2023, and 2022
- Consolidated Statements of Changes in Equity for the years ended December 31, 2024, 2023, and 2022
- Consolidated Statements of Cash Flows for the years ended December 31, 2024, 2023, and 2022
- Notes to Consolidated Financial Statements

14.2 Supplementary Schedules

- Supplementary Schedule of Retained Earnings Available for Dividend Declaration
- Illustration of relationships between the Company, its Ultimate Parent Company, Middle Parent, and its Subsidiaries
- Philippine Financial Reporting Standards and Interpretations Effective as of December 31, 2024
- Schedule of Financial Soundness Indicators
- The supplementary schedules of the Consolidated Financial Statements for the year ended December 31, 2024 are attached as Exhibit 2.

14.3 SEC Form 17 – Qs

During the year 2024, the Company has filed the following SEC quarterly reports pursuant to Section 17 of SRC Rule 17 (2) (b) hereto attached as Exhibit 3.

Date of Filing	Quarter Ended
May 03, 2024	March 31, 2024
August 12, 2024	June 30, 2024
November 11, 2024	September 30, 2024

14.4 Legal Proceedings and Pending Cases (See Exhibit 4)

14.5 Reports on SEC Form 17-C

Reports on SEC Form 17-C filed during the year ended December 31, 2024 are attached together with this report as Exhibit 5:

May 16, 2024	An advisory on the results of the Annual Stockholders Meeting held on May 15, 2024.
May 16, 2024	An advisory on the results of the Organizational Board Meeting held on May 15, 2024.

September 2, 2024	An advisory on the results of the Q3 Regular Board Meeting as follows: 1. Approved the resignation of Atty. Kristine Mae C. Manalo and the appointment of Atty. Mara Kriska L. Chen as Data Protection Officer (DPO) effective 29 August 2024. 2. Approved the resignation of Atty. Kristine Mae C. Manalo and the appointment of Atty. Frances Margaret A. Del Rosario as Assistant Corporate Secretary effective 03 October 2024.

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Taguig on MAR 20 2025, 2024.

By:

Nicolas George
President/Chief Operating Officer

Zoe M. Sibala
Chief Financial Officer/ Treasurer

Belinda E. Dugan
General Counsel/Corporate Secretary/ Compliance Officer

SUBSCRIBED AND SWORN to before me this _____ day of MAR 20 2025 2025 affiant(s) exhibiting to me his/their Residence Certificates, as follows:

NAMES	RES. CERT. NO.	DATE OF ISSUE	PLACE OF ISSUE
Holcim Philippines, Inc.	00136603	January 4, 2019	Taguig City
	PASSPORT NO		
Nicolas George	15FV16058	February 24, 2016	France
Zoe M. Sibala	P8570603A	September 1, 2018	DFA Manila
Belinda E. Dugan	P7916925A	July 12, 2018	DFA Legazpi

Notary Public

Doc. No.: 304
Page No.: 62
Book No.: II
Series of: 2025

Notarial DST pursuant to Sec. 61 of the TRAIN Act (amending Sec. 188 of the NIRC) affixed on Notary Public's copy.

CARYL LOUISE L. MEDINA
NOTARY PUBLIC
ROLL NO. 81711
TAGUIG CITY, PHILIPPINES

CARYL LOUISE L. MEDINA
Notary Public – Taguig City
Appointment No. 189, valid until 31 December 2025
16th Floor, One/NEO Building, 26th Street corner 3rd Ave.,
Crescent Park West, Bonifacio Global City, Taguig City PH 1634
Roll of Attorneys No. 81711
IBP No. 512865; 01/15/25; Makati City
PTR No. A-6465874; 01/08/25; Taguig City
Admitted to the Philippine Bar in 2022

HOLCIM PHILIPPINES, INC. AND SUBSIDIARIES

INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

FORM 17-A

Exhibit 1

Consolidated Financial Statements

For the years ended

December 31, 2024 and 2023

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
belinda.dugan@holcim.com	(632) 858-11511	+63917-658-5973

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
6,940	May 11	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
Zoe Verna M. Sibala	zoe.sibala@holcim.com	(02)-8459-3333	-

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

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 consolidated financial statements including the schedules attached therein, for the years ended December 31, 2024 and 2023, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

SyCip Gorres Velayo & Co., the independent auditors appointed by the stockholders for the periods December 31, 2024 and 2023, respectively, has audited the consolidated financial statements of the Group in accordance with Philippine Standards on Auditing, and in their reports to the stockholders or members, has expressed their opinion on the fairness of presentation upon completion of such audit.

Martin Kriegner
Chairman of the Board

Nicolas George
President and Chief Executive Officer

Zoe M. Sibala
Treasurer

HOLCIM

SUBSCRIBED AND SWORN to before me this ____________ with the presentation of the following:

Name	ID	Place Issued	Date Issued
Martin Kriegner	U1541160	AUSTRIA	21.12.2016
Nicolas George	Passport ID No. 15FV16058	France	February 24, 2016
Zoe M. Sibala	P8570603A	DFA Manila	September 1, 2018

Doc. No.
Page No.
Book No.
Series of 2025.

BEGLAUBIGUNG / *NOTARIAL CERTIFICATE*
Die Echtheit der vorstehenden Unterschrift von
The authenticity of the signature of
Vorname / *first name:* Martin
Name / *name:* Dr. Kriegner
Geburtsdatum / *Date of birth:* 06.09.1961
Geschlecht / *sex:* male
Bürgerort / *citizenship:* Österreich
Wohnort / *residence:* Walchwil (CH)
wird beglaubigt / *is certified.* Zug, 11.03.2025
Die Urkundsperson / *The notary public:*

MARTINA KIM · RECHTSANWÄLTIN · URKUNDSPERSON

SUBSCRIBED AND SWORN to before me this ___ day of MAR 20 2025, at Taguig City, Philippines, who is known to me to be the same person who presented and signed the instrument *(Statement of Management's Responsibility for Financial Statements)* in my presence, affiant/s exhibiting to me as competent evidence of identity the following:

NICOLAS GEORGE	Passport No. 15FV16058 Issued on 24 February 2016, issued in France
ZOE SIBALA	Passport No. P8570603A Issued on 01 September 2018, issued at the DFA Manila

Doc. No. 301;
Page No. 62;
Book No. II;
Series of 2025.

Notarial DST pursuant to Sec. 61 of the TRAIN Act (amending Sec. 188 of the NIRC) affixed on Notary Public's copy.

CARYL LOUISE L. MEDINA
NOTARY PUBLIC
ROLL NO. 81711
TAGUIG CITY, PHILIPPINES

CARYL LOUISE L. MEDINA
Notary Public – Taguig City
Appointment No. 189, valid until 31 December 2025
[illegible] Floor, One/NEO Building, 26th Street corner 3rd Ave.,
Crescent Park West, Bonifacio Global City, Taguig City PH 1634
Roll of Attorney's No. 81711
IBP No. 512668; 01/16/25; Makati City
PTR No. A-6469874; 01/08/25; Taguig City
Admitted to the Philippine Bar in 2022

C O V E R S H E E T
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number: 26126

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
belinda.dugan@holcim.com	**(632) 858-11511**	**+63917-658-5973**

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
6,940	**May 11**	**December 31**

CONTACT PERSON INFORMATION

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Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Zoe Verna M. Sibala	**zoe.sibala@holcim.com**	**(02)-8459-3333**	**-**

CONTACT PERSON's ADDRESS

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

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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.*

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

Tel: (632) 8891 0307
Fax: (632) 8819 0872
sgv.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 statements of financial position as at December 31, 2024 and 2023, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

Basis for Opinion

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

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

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

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

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

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

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

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

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

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

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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.

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

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

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, April 16, 2024, valid until August 23, 2026
BIR Accreditation No. 08-001998-116-2025, January 8, 2025, valid until January 7, 2028
PTR No. 10465313, January 2, 2025, Makati City

March 20, 2025

HOLCIM PHILIPPINES, INC. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31	
	2024	2023
	(In Thousands)	
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 5 and 30)	**₱4,077,142**	₱5,180,147
Short-term time deposits (Notes 5 and 30)	**–**	274,162
Trade and other receivables (Notes 6, 28 and 30)	**1,788,817**	2,927,612
Inventories (Note 7)	**2,914,465**	3,832,351
Other current assets (Note 8)	**685,893**	322,484
Total Current Assets	**9,466,317**	12,536,756
Noncurrent Assets		
Investments and loans receivable (Notes 9, 28 and 30)	**5,413,437**	4,419,369
Property, plant and equipment (Note 10)	**17,269,938**	18,300,276
Right-of-use assets (Note 14)	**1,307,999**	1,429,122
Goodwill (Note 11)	**2,635,738**	2,635,738
Intangible assets (Note 11)	**30,097**	24,046
Deferred tax assets - net (Note 25)	**220,658**	2,889
Retirement benefit asset (Note 26)	**2,561,519**	2,731,678
Other noncurrent assets (Note 12)	**1,263,132**	930,921
Total Noncurrent Assets	**30,702,518**	30,474,039
TOTAL ASSETS	**₱40,168,835**	₱43,010,795
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables (Notes 13, 28 and 30)	**₱10,877,034**	₱9,888,744
Current portion of lease liabilities (Notes 14 and 30)	**39,427**	72,970
Income tax payable	**14,929**	41,751
Total Current Liabilities	**10,931,390**	10,003,465
Noncurrent Liabilities		
Provisions (Note 15)	**57,819**	59,706
Deferred tax liabilities - net (Note 25)	**140,315**	112,444
Lease liabilities - net of current portion (Notes 14 and 30)	**1,460,144**	1,534,398
Long-term derivative liabilities	**365,044**	224,301
Total Noncurrent Liabilities	**2,023,322**	1,930,849
Total Liabilities	**12,954,712**	11,934,314
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)	**(445,601)**	(528,102)
Cumulative remeasurement gain on retirement benefits	**1,580,491**	1,763,008
Retained earnings (Note 16)	**11,135,135**	14,898,531
Equity attributable to equity holders of the Parent Company	**27,198,126**	31,061,538
Non-controlling interest	**15,997**	14,943
Total Equity	**27,214,123**	31,076,481
TOTAL LIABILITIES AND EQUITY	**₱40,168,835**	₱43,010,795

See accompanying Notes to Consolidated Financial Statements.

HOLCIM PHILIPPINES, INC. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2024	2023	2022
	(In Thousands, Except Per Share Amounts)		
REVENUE (Note 4)	**₱21,908,097**	₱24,305,485	₱26,587,684
COST OF SALES (Note 17)	**20,685,370**	21,749,818	23,278,720
GROSS PROFIT	**1,222,727**	2,555,667	3,308,964
General and administrative expenses (Note 18)	**(1,163,989)**	(881,593)	(971,011)
Selling expenses (Note 19)	**(471,489)**	(499,849)	(413,043)
Equity in income (loss) of an associate (Note 9)	**(432,648)**	19,029	42,470
Interest income (Note 23)	**217,074**	220,547	142,188
Interest and financing charges (Note 22)	**(114,331)**	(157,390)	(142,174)
Other income (expense) - net (Note 24)	**(288,551)**	18,799	(600,323)
INCOME (LOSS) BEFORE INCOME TAX	**(1,031,207)**	1,275,210	1,367,071
PROVISION FOR INCOME TAX (Note 25)	**182,157**	365,511	423,778
NET INCOME (LOSS)	**(₱1,213,364)**	₱909,699	₱943,293
Net income (loss) attributable to:			
Equity holders of the Parent Company	**(₱1,214,793)**	₱908,013	₱941,778
Non-controlling interest	**1,429**	1,686	1,515
	(₱1,213,364)	₱909,699	₱943,293
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)	**(₱431,191)**	(₱226,617)	₱87,002
Income tax effect	**248,299**	291,218	(200,417)
	(182,892)	64,601	(113,415)
Other comprehensive income (loss) that may be reclassified to profit or loss in subsequent periods -			
Net gain (loss) on derivative instruments (Note 30)	**110,002**	(709,562)	94,300
Income tax effect	**(27,501)**	177,410	(23,575)
	82,501	(532,152)	70,725
TOTAL OTHER COMPREHENSIVE LOSS	**(100,391)**	(467,551)	(42,690)
TOTAL COMPREHENSIVE INCOME (LOSS)	**(₱1,313,755)**	₱442,148	₱900,603
Total Comprehensive Income (Loss) Attributable to:			
Equity holders of the Parent Company	**(₱1,314,809)**	₱439,656	₱904,856
Non-controlling interest	**1,054**	2,492	(4,253)
	(₱1,313,755)	₱442,148	₱900,603
Basic/Diluted Earnings per Common Share of Net Income (Loss) Attributable to Equity Holders of the Parent Company (Note 33)	**(₱0.19)**	₱0.14	₱0.15

See accompanying Notes to Consolidated Financial Statements.

HOLCIM PHILIPPINES, INC. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022

	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**	**Retained Earnings** (Note 16)	**Total**	**Equity Attributable to Non-controlling Interest**	**Total Equity**
				(In Thousands)				
Balances at January 1, 2022	₱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	–	–	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
Net income	–	–	–	–	908,013	908,013	1,686	909,699
Reclassification to profit and loss of net gain on derivative instruments	–	–	(70,725)	–	–	(70,725)	–	(70,725)
Other comprehensive loss	–	–	(532,152)	63,795	–	(468,357)	806	(467,551)
Total comprehensive income	–	–	(602,877)	63,795	908,013	368,931	2,492	371,423
Balances at December 31, 2023	6,452,099	8,476,002	(528,102)	1,763,008	14,898,531	31,061,538	14,943	31,076,481
Net loss	–	–	–	–	(1,214,793)	(1,214,793)	1,429	(1,213,364)
Other comprehensive loss	–	–	82,501	(182,517)	–	(100,016)	(375)	(100,391)
Total comprehensive loss	–	–	82,501	(182,517)	(1,214,793)	(1,314,809)	1,054	(1,313,755)
Cash dividend (Notes 16 and 28)	–	–	–	–	(2,548,603)	(2,548,603)	–	(2,548,603)
Balances at December 31, 2024	**₱6,452,099**	**₱8,476,002**	**(₱445,601)**	**₱1,580,491**	**₱11,135,135**	**₱27,198,126**	**₱15,997**	**₱27,214,123**

See accompanying Notes to Consolidated Financial Statements.

HOLCIM PHILIPPINES, INC. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2024	2023	2022
		(In Thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Income (loss) before income tax	**(₱1,031,207)**	₱1,275,210	₱1,367,071
Adjustments for:			
Depreciation and amortization (Note 21)	**1,616,889**	1,589,257	1,807,458
Equity in net loss (income) of an associate (Note 9)	**432,648**	(19,029)	(42,470)
Impairment loss and loss on write-off of assets (Notes 10 and 24)	**348,066**	–	–
Interest income (Note 23)	**(217,074)**	(220,547)	(142,188)
Interest and financing charges (Note 22)	**114,331**	157,390	142,174
Movement in retirement benefits	**(79,237)**	(71,172)	(29,080)
Unrealized foreign exchange losses (gains) - net	**(23,627)**	23,202	(27,650)
Loss (gain) on sale of property, plant and equipment	**8,664**	(871)	(173)
Working capital changes:			
Decrease (increase) in:			
Trade and other receivables	**(514,007)**	(1,256,479)	53,431
Inventories	**917,886**	299,357	216,094
Other current assets	**(186,477)**	272,777	(117,784)
Increase (decrease) in:			
Trade and other payables	**467,490**	(199,075)	1,292,890
Other provisions	**(6,331)**	(6,300)	(6,300)
Net cash provided by operations	**1,848,014**	1,843,720	4,513,473
Income taxes paid	**(355,011)**	(289,427)	(361,789)
Interest income received	**51,015**	23,670	6,197
Net cash provided by operating activities	**1,544,018**	1,577,963	4,157,881
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to:			
Property, plant and equipment (Notes 10 and 32)	**(806,513)**	(869,261)	(1,136,285)
Short-term time deposits	**–**	(274,162)	–
Intangible assets	**–**	–	(4,097)
Proceeds from:			
Short-term time deposits	**274,162**	–	–
Loan receivable from related parties	**210,350**	–	–
Sale of property, plant and equipment	**124**	871	173
Decrease (increase) in other noncurrent assets	**(332,211)**	48,762	1,736,325
Net cash provided by (used in) investing activities	**(654,088)**	(1,093,790)	596,116

(Forward)

	Years Ended December 31		
	2024	2023	2022
	(In Thousands)		
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of:			
Cash dividend (Note 16)	**(₱1,548,603)**	(₱229,763)	₱–
Loan payable to a related party	**(245,000)**	(55,000)	–
Lease liabilities (Notes 14 and 32)	**(195,677)**	(228,776)	(261,405)
Interest and financing charges	**(25,515)**	(23,744)	(59,273)
Bank loans	**–**	–	(900,000)
Availments of:			
Loans from related parties (Note 28)	**–**	–	300,000
Bank loans	**–**	–	900,000
Net cash used in financing activities	**(2,014,795)**	(537,283)	(20,678)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(1,124,865)**	(53,110)	4,733,319
EFFECTS OF EXCHANGE RATE CHANGES	**21,860**	53	(1,323)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**5,180,147**	5,233,204	501,208
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 5)	**₱4,077,142**	₱5,180,147	₱5,233,204

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, 2024 and 2023:

	Ownership and Voting Interest
Held by the Parent Company	
WEB [(a)]	100. 00%
Excel Concrete Logistics, Inc. (ECLI) [(b)]	100. 00%
Shop and Build Corporation (S&B) [(c)]	100. 00%
Hubb Stores and Services, Inc. (HSSI) [(d)]	100. 00%
Holcim Philippines Manufacturing Corporation (HPMC) [(e)]	99. 62%
Held by WEB	
Mabini Grinding Mill Corporation (MGMC) [(e)]	100. 00%
Held by HPMC	
Alsons Construction Chemicals, Inc. (Alchem) [(f)]	99. 62%
Bulkcem Philippines, Inc. (Bulkcem) [(g)]	99. 62%
Calamba Aggregates Co., Inc. (CACI) [(h)]	99. 62%

Incorporated outside the Philippines

(a) A Company incorporated in British Virgin Islands; On June 28, 2019, the Board of Directors approved the dissolution of this entity.

Incorporated in the Philippines

(b) Ceased commercial operations of distributing and transporting cement effective December 31, 2018
(c) Engaged in retail of all kinds of construction and building materials
(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 of 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, MGMC and HPMC, 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. Clinco Corporation (Clinco), a company incorporated in the Philippines, is an intermediate parent company of HPI. The ultimate parent of the Group is Holcim Ltd., a company incorporated in Switzerland.

The Parent Company's shares of stocks were listed in the Philippine Stock Exchange (PSE) on June 17, 1996. Total shares issued and outstanding as at December 31, 2022 is 6.5 billion. On November 20, 2023, the PSE approved the Company's application for the voluntary delisting of its shares in PSE effective November 27, 2023. After the Company's shares were delisted, the Company became a public company.

The consolidated financial statements were reviewed and recommended for approval by the Audit Committee on March 7, 2025. The same were approved for issuance by the Board of Directors (BOD) on March 20, 2025.

Status of Operations
On November 19, 2020, the Board of Directors of HPI approved the upstream merger of HPMC, MGMC and BPI into the Parent Company. The stockholders likewise approved the upstream merger in a special meeting held on January 15, 2021. As at December 31, 2024, this plan is still deferred.

2. Material Accounting Policy Information

Basis of Preparation
The consolidated financial statements are prepared on a historical cost basis, except for financial liabilities at fair value through profit or loss (FVTPL) and financial asset at fair value through other comprehensive income (FVOCI), which are 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 Group are prepared in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Basis 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, 2024 and 2023 and for each of the three years in the period ended December 31, 2024.

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 2024. 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 Philippine Accounting Standards (PAS) 1, *Classification of Liabilities as Current or Non-current*
  The amendments clarify:
  - That only covenants with which an entity must comply on or before reporting date will affect a liability's classification as current or non-current.
  - That classification is unaffected by the likelihood that an entity will exercise its deferral right.
  - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*
  The amendments specify how a seller-lessee measures the lease liability arising in a sale and leaseback transaction in a way that it does not recognize any amount of the gain or loss that relates to the right of use retained.

- Amendments to PAS 7 and PFRS 7*, Disclosures: Supplier Finance Arrangements*
  The amendments specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

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, 2025
- PFRS 17, *Insurance Contracts*
- Amendments to PAS 21*, Lack of exchangeability*

Effective beginning on or after January 1, 2026
- Amendments to PFRS 9 and PFRS 7, *Classification and Measurement of Financial Instruments*
- Annual Improvements to PFRS Accounting Standards—Volume 11
  - Amendments to PFRS 1, *Hedge Accounting by a First-time Adopter*
  - Amendments to PFRS 7, *Gain or Loss on Derecognition*
  - Amendments to PFRS 9, *Lessee Derecognition of Lease Liabilities* and *Transaction Price*
  - Amendments to PFRS 10, *Determination of a 'De Facto Agent'*
  - Amendments to PAS 7, *Cost Method*

Effective beginning on or after January 1, 2027
- PFRS 18, *Presentation and Disclosure in Financial Statements*
- PFRS 19, *Subsidiaries without Public Accountability*

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

Material Accounting Policies

Fair Value Measurement
The Group measures financial instruments such as financial liabilities at FVTPL and financial assets at FVOCI at each balance sheet date.

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

Financial Instruments

Financial Assets. The Group's financial assets are classified as financial assets at amortized cost and at FVOCI (equity instruments).

Financial assets at amortized costs includes cash and cash equivalents, trade and other receivables, short-term time deposits and loans receivable from related parties, which is presented under "Investments and loans receivable" account, restricted cash and guarantee deposits as at December 31, 2024 and 2023. Financial assets at FVOCI comprise listed equity investments which the Group had not irrevocably elected to classify at FVOCI as at December 31, 2024 and 2023.

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. The Group applies the simplified approach in measuring expected credit losses (ECL) for trade receivables which uses a lifetime expected loss allowance for all trade receivables. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets. The Group considers a financial asset in default when contractual payments are over 120 days past due. To calculate the ECL, the Group uses its historical experience, external indicators and forward-looking information using a provision matrix. The Group also assesses impairment of trade receivables on a collective basis as they possess shared credit risk characteristics and have been grouped based on the days past due. The Group has leveraged on available market data for cash and cash equivalents to calculate the ECL. For other financial assets at amortized cost, 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.

Financial Liabilities. The Group's financial liabilities are classified as loans and borrowings and financial liabilities at FVTPL. Financial liabilities classified as loans and borrowings are initially measured at fair value, net of directly attributable transaction costs, and subsequently measured at amortized cost. On the other hand, financial liabilities at FVTPL are initially measured at fair value, with changes in fair value recognized in profit or loss. Any directly attributable transaction costs of financial liabilities at FVTPL are recognized in profit or loss as they occur.

Financial liabilities classified as loans and borrowings include the Group's trade and other payables and lease liabilities as at December 31, 2024 and 2023. Financial liabilities at FVTPL include derivative instruments as at December 31, 2024 and 2023.

A financial liability is derecognized when the obligation under the liability is discharged or canceled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the Group's profit or loss.

Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments, particularly forward commodity contracts, to hedge its commodity price risks. The Group's derivative financial instruments are classified as cash flow hedges. The effective portion of the gain or loss on the cash flow hedges is recognized in OCI in the cash flow hedge reserve, while any ineffective portion is recognized immediately in 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 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.

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.

Cash and cash equivalents
Cash and cash equivalents exclude any restricted cash (presented as part of “Other noncurrent 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.

Inventories
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.

Value-added tax (VAT)
Revenues, expenses and assets are recognized net of the amount of VAT, if applicable. When VAT from sale of goods and/or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable under “Trade and other payables” account in the consolidated statements of financial position. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of goods and/or services (output VAT), the excess is recognized as an asset under “Other current assets” account in the consolidated statements of financial position to the extent of the recoverable amount.

Investment in an Associate
The Group's investment in an associate pertains to 40% investment in Helix Mining and Development Corporation (HMDC). The Group's investment in an associate is accounted for using the equity method.

HMDC was incorporated in the Philippines with registered place of business of Don Mariano Santos Avenue, Barangay San Isidro, Angono, Rizal. HMDC is involved in mining, processing and sale of quarry resources of mineral rights. The financial statements of the associate is prepared for the same reporting period as the Group.

Property, Plant and Equipment
Property, plant and equipment are initially recognized at cost and subsequently recognized at cost less accumulated depreciation and amortization and any impairment in value.

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 40 years
Machinery and equipment	10 to 30 years
Furniture, vehicles and tools	3 to 10 years

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.

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.

Goodwill
Goodwill is initially measured at cost being the excess of the cost of the business combination over the fair value of the acquiree's net identifiable assets. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Impairment of Nonfinancial Assets
The Group's property, plant and equipment, right-of-use assets, investment in an associate; and other nonfinancial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's recoverable amount is determined for an individual asset, unless the asset does not generate inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset of cash generating unit (CGU) exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. The recoverable amount of the assets is the higher of fair value less costs of disposal and value-in-use (VIU).

In assessing VIU, 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. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared for the Group's CGU. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Goodwill and intangible assets with indefinite useful lives are tested for impairment annually at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

Employee Benefits

Post-employment Benefits. The Group has both defined benefit and defined contribution plans.

- *Defined contribution plan.* 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.

- *Defined benefit plan.* Net retirement benefits asset 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. The Group's defined benefit post-employment plan covers all regular full-time employees.

  The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

  Defined benefit costs comprise the following:
  a) service cost;
  b) interest on the defined benefit liability; and
  c) remeasurements of defined benefit liability.

  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.

  Interest on retirement benefit asset is the change during the period in the retirement benefit asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the retirement benefit asset. Interest on the retirement benefit asset is recognized as expense or income in the profit or loss.

  Remeasurements comprising actuarial gains and losses and return on plan assets (excluding net interest on defined benefit liability or asset) are recognized immediately in OCI in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Revenue Recognition

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.

Certain contracts for the sale of goods of the Group provides customer 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.

- *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.

Leases
The Group as a lessee. Subsequent to initial recognition, the Group amortized the right-of-use assets on a straight-line basis over the shorter of the economic life of the underlying asset or lease term of 3 to 50 years.

Short-term leases. The Group applies the short-term lease recognition exemption to its short-term leases of plant facilities, grinding equipment and warehouse (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).

Income Taxes
Current income tax assets and liabilities are calculated based on the tax amounts expected to be paid to or recovered from tax authorities, determined by the effective tax laws and rates on the balance sheet date. The deferred income tax is calculated based on temporary differences between the tax bases of assets and liabilities and their reported amounts, as of the balance sheet date. 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.

Provisions
Provisions arising from present obligation are recognized in profit or loss when the timing and amount of settlement can be reliably measured.

3. Material Accounting Judgments and Estimates

The preparation of consolidated financial statements in conformity with PFRS Accounting Standards 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:

ECL Computation. The Group applied the following judgements and estimates that significantly affect the computation of ECL under PFRS Accounting Standards 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 and cash equivalents, short-term time deposits and loans receivable from related parties, restricted cash and guarantee deposits.* 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 and cash equivalents 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 at amortized cost of the Group are composed of the following as at December 31, 2024 and 2023:

	2024	2023
	(In Thousands)	
Cash and cash equivalents (see Note 5)	**₱4,077,142**	₱5,180,147
Short-term time deposits (see Note 5)	**–**	274,162
Trade and other receivables (see Note 6)	**1,788,817**	2,927,612
Guarantee deposits (see Note 12)	**142,205**	72,228
Loans receivable from related parties (see Note 9)	**1,665,297**	238,581
Restricted cash (see Note 12)	**271,235**	263,158
	₱7,944,696	₱8,955,888

The allowance for expected credit loss amounted to ₱34.9 million and ₱23.3 million as at December 31, 2024 and 2023, respectively (see Note 6).

Assessment of Impairment of Nonfinancial Assets (Except Goodwill). Impairment review is performed when impairment indicators are present. As of December 31, 2024, the factors that the Group considered important which could trigger an impairment review include the following:

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.

As at December 31, 2024, the Group's Mabini's plant and specific terminals had been temporarily closed for almost two years due to a decline in demand. Management evaluated that the temporary closure of these sites and plant as of December 31, 2024, is an impairment indicator which requires an assessment of the recoverability of the related property, plant and equipment.

The recoverable amount of property, plant and equipment has been determined based on the fair value less cost of disposal. The fair value is based on a valuation made by an independent appraiser who holds a recognized and relevant valuation license. Determining the fair value of the property, plant and equipment requires the appraiser to make estimates and assumptions that can materially affect the financial statements. While the Group 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 Group's financial position and performance. Any resulting impairment loss could have a material adverse impact on the Group's financial position and financial performance. Fair value less cost to sell of cash generating unit amounted to ₱2,252.9 million based on appraisal date of November 15, 2024. Carrying amount of cash generating unit amounted to ₱979.6 million as at December 31, 2024.

Management assessed that, except for construction in progress as mentioned below, property, plant and equipment is not impaired, thus, no impairment loss was recognized as at December 31, 2024.

In 2024, an impairment loss of ₱254.6 million was recognized, representing the total cost of a specific construction in progress as at December 31, 2024. Management determined that it is highly unlikely the project will begin before 2030, making it potentially unrecoverable, hence, impairment loss was recognized (see Note 10).

Based on Group's assessment, there were no indications that the following nonfinancial assets were impaired as at December 31, 2023.

The nonfinancial assets of the Group as at December 31, 2024 and 2023 are the following:

	2024	2023
	(In Thousands)	
Property, plant and equipment (see Note 10)	**₱17,269,938**	₱18,300,276
Right-of-use assets (see Note 14)	**1,307,999**	1,429,122
Investment in an associate (see Note 9)	**3,748,140**	4,180,788
Intangible assets (see Note 10)	**30,097**	24,046
	₱22,356,174	₱23,934,232

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 8.66% and 8.76% in 2024 and 2023, 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, 2024 and 2023 (see Note 11). The recoverable amount of the CGU is greater than its carrying amount. No impairment loss was recognized on goodwill in 2024, 2023 and 2022.

Retirement Benefit Costs. The costs of defined benefit pension plan 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.

Net retirement benefit asset amounted to ₱2.6 billion and ₱2.7 billion as at December 31, 2024 and 2023 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 MGMC expect to use the OSD for the next three years and Bulkcem for the next four years.

Total deferred tax assets recognized in the Group's consolidated statements of financial position amounted to ₱953.9 million and ₱782.9 million as at December 31, 2024 and 2023, 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, 2024 and 2023 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 statements of income. The allowance for inventory obsolescence amounted to ₱334.1 million and ₱258.7 million as at December 31, 2024 and 2023, respectively, as disclosed in Note 7. The carrying values of inventories amounted to ₱2.9 billion and ₱3.8 billion as at December 31, 2024 and 2023, 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.

Contingencies. The Group is either a defendant or plaintiff in several legal cases primarily involving collection and claims for damages. As at December 31, 2024 and 2023, 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.

Onerous contract. The Group reviews contracts in which the unfavorable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from it. These unfavorable costs are recognized as provisions and discounted using the applicable WACC. As at December 31, 2024 and 2023, the Group's provisions on stranded cost amounted to ₱57.8 million and ₱59.7 million, respectively, as disclosed in Note 15.

4. Segment Information

Business segment

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 earnings before interest, taxes, depreciation and amortization (EBITDA) and is measured consistently with consolidated net income in the consolidated statements of 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, 2024 and 2023 and for each of the three years in the period ended December 31, 2024 are presented below:

	Clinker and Cement	Others	Total	Adjustments and Eliminations	Consolidated
			(In Thousands)		
2024					
Revenue:					
External customers	**₱20,103,802**	**₱1,804,295**	**₱21,908,097**	**₱–**	**₱21,908,097**
Inter-segment	**84,396**	**–**	**84,396**	**(84,396)**	**–**
	20,188,198	**1,804,295**	**21,992,493**	**(84,396)**	**21,908,097**
Operating EBITDA	**744,409**	**459,729**	**1,204,138**	–	**1,204,138**
Segment assets	**30,350,126**	**221,672**	**30,571,798**	**9,597,037**	**40,168,835**
Segment liabilities	**8,247,142**	**592,584**	**8,839,726**	**4,114,986**	**12,954,712**
Results -					
Depreciation and amortization	**1,610,303**	**6,586**	**1,616,889**	–	**1,616,889**
Other disclosures					
Construction-in-progress	**947,167**	**254**	**947,421**	–	**947,421**
2023					
Revenue:					
External customers	₱22,343,977	₱1,961,508	₱24,305,485	₱–	₱24,305,485
Inter-segment	12,787	270	13,057	(13,057)	–
	22,356,764	1,961,778	24,318,542	(13,057)	24,305,485
Operating EBITDA	2,120,228	643,254	2,763,482	–	2,763,482
Segment assets	33,196,197	215,081	33,411,278	9,599,517	43,010,795
Segment liabilities	8,843,614	522,449	9,366,063	2,568,251	11,934,314
Results -					
Depreciation and amortization	1,582,619	6,638	1,589,257	–	1,589,257
Other disclosures					
Construction-in-progress	1,318,415	254	1,318,669	–	1,318,669
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	1,918,999	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	329,552	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

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:

	2024	2023	2022
		(In Thousands)	
Operating EBITDA	**₱1,204,138**	₱2,763,482	₱3,732,368
Depreciation and amortization	**(1,616,889)**	(1,589,257)	(1,807,458)
Equity in income (loss) of an associate	**(432,648)**	19,029	42,470
Interest income	**217,074**	220,547	142,188
Interest and financing charges	**(114,331)**	(157,390)	(142,174)
Other income (expense) – net	**(288,551)**	18,799	(600,323)
Income (loss) before income tax	**(₱1,031,207)**	₱1,275,210	₱1,367,071

	December 31, 2024	December 31, 2023
	(In Thousands)	
Segment assets	**₱32,343,553**	₱33,649,860
Cash and cash equivalents	**4,077,142**	5,180,147
Investments	**3,748,140**	4,180,788
Consolidated assets	**₱40,168,835**	₱43,010,795
Segment liabilities	**₱12,799,468**	₱11,780,119
Income tax payable	**14,929**	41,751
Deferred income tax liabilities – net	**140,315**	112,444
Consolidated liabilities	**₱12,954,712**	₱11,934,314

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 noncurrent assets allocable to the reportable segments. All property, plant and equipment of the Group are located in the Philippines.

5. Cash and Cash Equivalents and Short-term Time Deposits

Cash and Cash Equivalents

	2024	2023
	(In Thousands)	
Cash in banks	**₱3,957,463**	₱5,180,147
Cash equivalents	**119,679**	–
	₱4,077,142	₱5,180,147

Cash and cash equivalents earn interest at prevailing bank deposit rates averaging 0.58% and 0.28% in 2024 and 2023, respectively.

The Group holds restricted cash balance amounting to ₱271.2 million and ₱263.2 million as at December 31, 2024 and 2023, respectively, which are not available for use. The restricted cash is presented as "Other noncurrent assets" account in the statements of financial position as disclosed in Notes 12.

Short-term Time Deposits
Short-term time deposits are bank deposits for a fixed period of time of more than 90 days but not longer than one (1) year.

Interest income earned from cash and cash equivalents and short-term time deposits amounted to ₱30.3 million, ₱23.9 million and ₱6.5 million in 2024, 2023 and 2022, respectively, as disclosed in Note 23.

6. Trade and Other Receivables

	2024	2023
	(In Thousands)	
Trade receivables	**₱1,113,741**	₱1,113,759
Due from related parties (see Note 28)	**218,202**	1,679,768
Accrued interest (see Note 28)	**439**	16,175
Others	**491,364**	141,249
	1,823,746	2,950,951
Less allowance for expected credit losses	**34,929**	23,339
	₱1,788,817	₱2,927,612

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 such as advances, reimbursements, receivable from BIR for the refund, etc., which are normally collected within one (1) year.

Movements in the allowance for expected credit losses are as follows:

	Trade	Others	Total
		(In Thousands)	
Balance at January 1, 2023	₱55,730	₱5,105	₱60,835
Provision	12,912	–	12,912
Reversal	(50,408)	–	(50,408)
Balance at December 31, 2023	**18,234**	**5,105**	**23,339**
Provision	**12,580**	**–**	**12,580**
Reversal	**(990)**	**–**	**(990)**
Balance at December 31, 2024	**₱29,824**	**₱5,105**	**₱34,929**

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, 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, 2024, 22% of total trade receivable (₱240 million) is covered by letter of credit and bank guarantee while 78% (₱871 million) is not covered by letter of credit and bank guarantee. As at December 31, 2023, 31% of the total trade receivables (₱346 million) is covered by letter of credit and bank guarantee while 69% (₱768 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)			
2024						
At cost	**₱564,732**	**₱429,167**	**₱329,870**	**₱1,045,492**	**₱879,329**	**₱3,248,590**
Allowance for inventory obsolescence	**(18,797)**	**–**	**(1,437)**	**–**	**(313,891)**	**(334,125)**
At net realizable value	**₱545,935**	**₱429,167**	**₱328,433**	**₱1,045,492**	**₱565,438**	**₱2,914,465**
2023						
At cost	₱559,229	₱777,719	₱605,326	₱1,206,956	₱941,849	₱4,091,079
Allowance for inventory obsolescence	–	–	–	–	(258,728)	(258,728)
At net realizable value	₱559,229	₱777,719	₱605,326	₱1,206,956	₱683,121	₱3,832,351

Except for specific portion of clinker classified under finished goods, as well as spare parts and others, no provisions were provided; furthermore, these inventories are perpetually consumed in operations and disposed through sale hence have lower risk of obsolescence.

The table below shows the movements of allowance for inventory obsolescence:

	2024	2023
	(In Thousands)	
Beginning balance	**₱258,728**	₱237,591
Additions	**122,389**	74,458
Reversal	**(46,992)**	(53,321)
Ending balance	**₱334,125**	₱258,728

Cost of inventories charged to cost of goods sold amounted to ₱14.2 billion, ₱15.4 billion and ₱16.3 billion in 2024, 2023 and 2022, respectively (see Note 17).

8. Other Current Assets

	2024	2023
	(In Thousands)	
Input VAT and creditable withholding taxes	**₱439,492**	₱206,365
Prepayments	**169,352**	36,100
Advances to suppliers	**67,135**	71,551
Financial assets at FVOCI	**5,056**	5,056
Others	**4,858**	3,412
	₱685,893	₱322,484

Prepayments include rent and insurance that are amortized within next year.

Creditable withholding taxes are expected to be used to offset against income tax due in the next 12 months based on forecast of taxable income.

Advances to suppliers represent advances that are applied against subsequent purchases and are outstanding for less than one year from initial recognition.

Financial assets at FVOCI pertain to quoted and unquoted club shares which entitle playing rights to particular employees as follows:

	2024	2023
	(In Thousands)	
Quoted	**₱1,300**	₱1,300
Unquoted	**3,756**	3,756
	₱5,056	₱5,056

Others include advances to employees which are non-interest bearing and generally have terms of 30 days.

9. Investments and Loans Receivable

This consists of the following:

	2024	2023
	(In Thousands)	
Investment in an associate	**₱3,748,140**	₱4,180,788
Loans receivable from related parties (see Note 28)	**1,665,297**	238,581
	₱5,413,437	₱4,419,369

Investment in an associate

This account represents the share in HMDC's net equity as at December 31, 2024 and 2023.

Following is the summarized consolidated financial position of HMDC as at December 31, 2024 and 2023:

	2024	2023
	(In Thousands)	
Current assets	**₱2,322,720**	₱1,590,583
Noncurrent assets	**5,858,582**	6,432,243
Current liabilities	**(2,098,340)**	(2,542,195)
Noncurrent liabilities	**(2,362,225)**	(710,419)
Net equity	**₱3,720,737**	₱4,770,212

The reconciliation of the above summarized financial information to the carrying value of the investment in an associate is shown below:

	2024	2023
	(In Thousands)	
Net equity of the associate	**₱3,720,737**	₱4,770,212
Ownership interest in HMDC	**40%**	40%
Proportion of the Group's ownership interest in HMDC	**1,488,295**	1,908,085
Gain on remeasurement of retained equity at deconsolidation	**2,092,278**	2,092,278
Attributable to land	**1,179,230**	1,179,230
Others	**(1,011,663)**	(998,805)
Carrying amount of the Group's interest in HMDC	**₱3,748,140**	₱4,180,788

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 of HMDC in 2024 and 2023:

	2024	2023
	(In Thousands)	
Revenues	**₱2,154,477**	₱2,422,121
Cost and expenses	**(2,193,570)**	(1,965,865)
Gross profit (loss)	**(39,093)**	456,256
Other loss	**(802,293)**	(120,599)
Income (loss) before income tax	**(841,386)**	335,657
Provision from income tax	**(341,452)**	(135,618)
Net income (loss)	**(₱1,182,838)**	₱200,039

Movement of the investment in an associate is as follows:

	2024	2023
	(In Thousands)	
Cost	**₱4,319,496**	₱4,319,496
Accumulated share in undistributed earnings:		
Beginning balance	**(138,708)**	(157,737)
Share in income (loss) of the associate	**(432,648)**	19,029
	(571,356)	(138,708)
	₱3,748,140	₱4,180,788

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, 2024 and 2023.

10. Property, Plant and Equipment

	January 1, 2024	**Additions/ Depreciation** (see Note 21)	**Disposals/ Retirements**	**Transfers/ Reclassification** (see Note 11)	**Impairment**	**December 31, 2024**
Cost						
Buildings and installations	**₱14,346,699**	**₱33,621**	**(₱151,612)**	**₱91,599**	**₱–**	**₱14,320,307**
Machinery and equipment	**31,361,608**	**202,968**	**(27,836)**	**603,746**	**–**	**32,140,486**
Furniture, vehicles and tools	**1,066,900**	**1,085**	**(228,539)**	**260**	**–**	**839,706**
Construction in-progress	**1,318,669**	**590,659**	**–**	**(707,265)**	**–**	**1,202,063**
	48,093,876	**828,333**	**(407,987)**	**(11,660)**	**–**	**48,502,562**
Less accumulated depreciation and impairment losses						
Buildings and installations	**9,797,022**	**340,533**	**(74,726)**	**–**	**–**	**10,062,829**
Machinery and equipment	**19,115,346**	**1,118,760**	**(7,336)**	**–**	**–**	**20,226,770**
Furniture, vehicles and tools	**881,232**	**30,864**	**(223,713)**	**–**	**–**	**688,383**
Construction in-progress	**–**	**–**	**–**	**–**	**254,642**	**254,642**
	29,793,600	**1,490,157**	**(305,775)**	**–**	**254,642**	**31,232,624**
Carrying Amount						
Buildings and installations	**4,549,677**					**4,257,478**
Machinery and equipment	**12,246,262**					**11,913,716**
Furniture, vehicles and tools	**185,668**					**151,323**
Construction in-progress	**1,318,669**					**947,421**
	₱18,300,276					**₱17,269,938**

	January 1, 2023	Additions/ Depreciation (see Note 21)	Disposals/ Retirements	Transfers/ Reclassification	Impairment	December 31, 2023
Cost						
Buildings and installations	₱14,332,468	₱26,121	₱–	(₱11,890)	₱–	₱14,346,699
Machinery and equipment	31,646,847	404,495	(1,055,416)	365,682	–	31,361,608
Furniture, vehicles and tools	1,061,193	8,657	(2,950)	–	–	1,066,900
Construction in-progress	1,210,342	462,119	–	(353,792)	–	1,318,669
	48,250,850	901,392	(1,058,366)	–	–	48,093,876
Less accumulated depreciation						
Buildings and installations	9,468,716	328,306	–	–	–	9,797,022
Machinery and equipment	19,088,398	1,082,364	(1,055,416)	–	–	19,115,346
Furniture, vehicles and tools	846,836	37,346	(2,950)	–	–	881,232
	29,403,950	1,448,016	(1,058,366)	–	–	29,793,600
Carrying Amount						
Buildings and installations	4,863,752					4,549,677
Machinery and equipment	12,558,449					12,246,262
Furniture, vehicles and tools	214,357					185,668
Construction in-progress	1,210,342					1,318,669
	₱18,846,900					₱18,300,276

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.

In 2024, an impairment loss of ₱254.6 million was recognized, representing the total cost of a specific construction in progress as at December 31, 2024. Management determined that it is highly unlikely the project will begin before 2030, making it potentially unrecoverable, hence, impairment loss was recognized.

Out of the total amount of additions to property, plant and equipment, ₱267.02 million and ₱245.2 million are still unpaid as at December 31, 2024 and 2023, 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, 2023	**Additions/ Amortization** (see Note 21)	**Transfers** (see Note 10)	**December 31, 2024**
		(In Thousands)		
Goodwill	**₱2,635,738**	**₱–**	**₱–**	**₱2,635,738**
Intangible assets:				
Cost	**189,280**	**–**	**11,660**	**200,940**
Less accumulated depreciation	**165,234**	**5,609**	**–**	**170,843**
	24,046	**(5,609)**	**11,660**	**30,097**
Total	**₱2,659,784**	**(₱5,609)**	**₱11,660**	**₱2,665,835**

	December 31, 2022	Additions/ Amortization (see Note 21)	Transfers	December 31, 2023
		(In Thousands)		
Goodwill	₱2,635,738	₱–	₱–	₱2,635,738
Intangible assets:				
Cost	189,280	–	–	189,280
Less accumulated depreciation	161,406	3,828	–	165,234
	27,874	(3,828)	–	24,046
	₱2,663,612	(₱3,828)	₱–	₱2,659,784

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. This goodwill 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 Holcim 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
2024	**8.66%**	**3.0%**
2023	8.76%	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 2024, 2023 and 2022 since the value-in-use exceeds the carrying value of the cement segment.

12. **Other Noncurrent Assets**

	2024	2023
	(In Thousands)	
Deferred input VAT and other taxes	**₱478,489**	₱315,905
Long-term prepaid asset	**335,215**	279,630
Restricted cash (see Note 5)	**271,235**	263,158
Guarantee deposits	**142,205**	72,228
Others	**35,988**	–
	₱1,263,132	₱930,921

The deferred input VAT pertains to the deferrals of input VAT credits attributable to the services obtained from HPMC, MGMC and BPI, prior to the implementation of Republic Act No. 11976, *Ease of Paying Taxes Act*.

Restricted cash pertains to restricted funds in relation to the minimum mine rehabilitation fund required by the Department of Environment and Natural Resources (DENR) to cover site restoration cost. As at December 31, 2024, 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 deposits represent cash deposits made to suppliers for raw materials supply agreement and various security deposits for rentals.

13. **Trade and Other Payables**

	2024	2023
	(In Thousands)	
Trade (see Note 10)	**₱3,011,751**	₱2,797,075
Contract liabilities	**2,263,249**	2,486,916
Accrued expenses	**1,677,893**	1,536,634
Due to related parties (see Notes 16 and 28)	**1,975,489**	1,130,642
Nontrade	**666,799**	591,171
Loan payable to a related party (see Note 28)	–	245,000
Derivative liability (see Note 30)	**240,553**	486,361
Others	**1,041,300**	614,945
	₱10,877,034	₱9,888,744

Trade payables are non-interest bearing and normally have payment terms of 30 to 90 days.

Contract liabilities represent those that will be applied against subsequent shipments to customers, which are expected to be applied within 30 to 90 days.

Details of the Group's accrued expenses are as follows:

	2024	2023
	(In Thousands)	
Outside services	**₱818,195**	₱784,154
Power	**348,829**	219,168
Employee-related payable	**236,410**	79,615
Rebates	**138,042**	272,970
Maintenance	**41,504**	3,356
Advertising and promotion	–	79,728
Freight	–	1,684
Others	**94,913**	95,959
	₱1,677,893	₱1,536,634

Outside services include accrual for third party services such as professional fees, security services, and consigned raw materials, among others.

Other accrued expenses include accrual of interest on cash bonds, which is refundable anytime upon demand by the customers, company insurance, data communication, rates and taxes and etc, and provisions which are expected to be settled within one year.

Other payables include taxes payable and capex payable with normal payment terms of 30 to 90 days.

Nontrade payables represent accounts with suppliers other than production-related expenses such as government-related expenses, employee benefits and other administrative expenses.

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 fifty years. Bulk of the commitments pertains to lease of land and manufacturing facilities.

In January 2016, the Group has entered into various lease agreements with HMDC and its subsidiaries for certain plant sites and terminals in various locations. In December 2023, the Group applied to the Bureau of Investments (BOI), which was subsequently approved by the latter, to extend the lease contract with HMDC from 25 years to 50 years effective from January 1, 2023. Hence, effective January 1, 2023, the Group remeasured the ROU asset and lease liability based on the extended lease term (see Note 28).

Below are the movements of lease liabilities:

	2024	2023
	(In Thousands)	
Beginning balance	**₱1,607,368**	₱1,481,041
Additions	**–**	101,129
Accretion of interest (see Note 22)	**87,880**	129,880
Payments	**(195,677)**	(228,776)
Modification	**–**	124,094
Ending balance	**1,499,571**	1,607,368
Less current portion	**39,427**	72,970
Noncurrent portion	**₱1,460,144**	₱1,534,398

Shown below is the maturity analysis of the undiscounted lease payments:

	2024	2023
	(In Thousands)	
1 year	**₱150,436**	₱174,388
More than 1 year to 2 years	**151,183**	150,436
More than 2 years to 3 years	**152,511**	151,183
More than 3 years to 4 years	**137,185**	152,511
More than 4 years	**1,495,468**	4,748,210
	2,086,783	5,376,728
Less unamortized interest	**587,212**	3,769,360
	₱1,499,571	₱1,607,368

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.

Below are the movements of right-of-use assets:

	2024				
	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	**₱1,854,205**	**₱452,567**	**₱20,790**	**₱312,343**	**₱2,639,905**
Accumulated amortization					
January 1	**534,630**	**343,186**	**20,624**	**312,343**	**1,210,783**
Amortization (see Note 21)	**90,803**	**30,320**	**–**	**–**	**121,123**
At December 31	**625,433**	**373,506**	**20,624**	**312,343**	**1,331,906**
Net book value	**₱1,228,772**	**₱79,061**	**₱166**	**₱–**	**₱1,307,999**

	2023				
	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	₱1,692,328	₱384,746	₱20,790	₱312,343	₱2,410,207
Addition and modification	161,877	67,821	–	–	229,698
At December 31	1,854,205	452,567	20,790	312,343	2,639,905
Accumulated amortization					
January 1	464,092	276,311	20,624	312,343	1,073,370
Amortization (see Note 21)	70,538	66,875	–	–	137,413
At December 31	534,630	343,186	20,624	312,343	1,210,783
Net book value	₱1,319,575	₱109,381	₱166	₱–	₱1,429,122

The following are the amounts recognized in the consolidated statements of comprehensive income:

	2024	2023
	(In Thousands)	
Amortization of right-of-use assets (see Note 21)	**₱121,123**	₱137,413
Interest expense on lease liabilities (see Note 22)	**87,880**	129,880
Expenses relating to short-term leases (see Note 17)	**17,176**	–
	₱226,179	₱267,293

15. **Provisions**

Movement of provisions, which comprise provisions for stranded cost, as at December 31, 2024 and 2023 are as follows:

	2024	2023
	(In Thousands)	
Beginning balance	**₱59,706**	₱61,434
Accretion (see Note 22)	**4,444**	4,572
Payments	**(6,331)**	(6,300)
	₱57,819	₱59,706

16. **Equity**

a. Capital Stock

The composition of the Parent Company's capital stock as at December 31, 2024 and 2023 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 Company's common shares were registered/listed on June 17, 1996. Total shares registered and outstanding as at December 31, 2022 is 6.5 billion. These shares were held by 5,234 stockholders as at December 31, 2022.

As disclosed in Note 1, the PSE approved the Company's application for the voluntary delisting of its shares in PSE effective November 27, 2023. After the Parent Company's shares were delisted, the Company became a public company.

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, 2024 and 2023.

b. Retained Earnings

The Parent Company's retained earnings available for dividend declaration amounted to ₱8.3 billion and ₱8.6 billion as at December 31, 2024 and 2023, respectively, based on the guidelines set in the Revised Securities Regulation Code Rule 68.

On December 3, 2024, the Company declared cash dividends amounting to ₱2.5 billion or at ₱0.395 per share to its shareholders of record as of November 30, 2024, out of which ₱1.5 billion was paid in 2024 (see Notes 13 and 28).

Undistributed earnings of the subsidiaries included in the Group's retained earnings amounting ₱2,463.62 million and ₱2,855.87 million as at December 31, 2024 and 2023, respectively, are not currently available for dividend distribution.

17. **Cost of Sales**

	2024	2023	2022
		(In Thousands)	
Power and fuel (see Notes 7 and 29)	**₱8,355,922**	₱9,631,451	₱11,232,956
Raw, packaging and production materials (see Note	**5,803,158**	5,781,496	5,112,430
Depreciation and amortization (see Notes 10 and 21)	**1,559,105**	1,528,761	1,653,575
Transportation and communications	**1,159,591**	1,013,653	1,069,139
Outside services	**1,148,828**	1,351,582	1,897,662
Personnel (see Note 20)	**1,108,419**	1,059,852	1,133,388
Repairs and maintenance	**919,631**	865,269	666,309
Taxes and licenses	**342,186**	310,886	338,163
Insurance	**171,105**	163,829	134,535
Others	**117,425**	43,039	40,563
	₱20,685,370	₱21,749,818	₱23,278,720

18. **General and Administrative Expenses**

	2024	2023	2022
		(In Thousands)	
Personnel (see Note 20)	**₱442,080**	₱327,791	₱370,314
Taxes and licenses	**268,640**	67,735	71,432
Software implementation costs	**210,424**	249,868	188,793
Outside services	**114,659**	96,887	156,104
Depreciation and amortization (see Notes 10 and 21)	**47,450**	48,899	98,516
Office expenses	**46,035**	42,936	30,856
Directors' fees	**12,129**	13,595	15,883
Others	**22,572**	33,882	39,113
	₱1,163,989	₱881,593	₱971,011

19. **Selling Expenses**

	2024	2023	2022
		(In Thousands)	
Personnel (see Note 20)	**₱229,068**	₱196,149	₱202,722
Outside services	**86,626**	16,040	28,978
Transportation and communication	**46,307**	48,153	31,246
Advertising	**43,517**	171,984	50,266
Office expenses	**18,607**	16,501	13,792
Taxes and licenses	**11,298**	7,876	7,799
Depreciation (see Notes 10 and 21)	**10,334**	11,597	55,367
Others	**25,732**	31,549	22,873
	₱471,489	₱499,849	₱413,043

20. Personnel Expenses

	2024	2023	2022
		(In Thousands)	
Salaries, wages and employee benefits	**₱1,437,385**	₱1,260,791	₱1,287,898
Training	**5,940**	5,940	5,940
Others	**336,242**	317,061	412,586
	₱1,779,567	₱1,583,792	₱1,706,424

Others include other labor expenses, recruitment/hiring expense, meals and dismissal costs.

21. Depreciation and Amortization

	2024	2023	2022
		(In Thousands)	
Property, plant and equipment (see Note 10):			
Cost of sales (see Note 17)	**₱1,436,148**	₱1,390,825	₱1,520,226
General and administrative (see Note 18)	**46,583**	48,899	49,698
Selling (see Note 19)	**7,426**	8,292	8,610
Right-of-use assets (see Note 14):			
Cost of sales (see Note 17)	**121,123**	137,016	127,529
General and administrative (see Note 18)	**–**	–	48,818
Selling (see Note 19)	**–**	397	43,849
Intangible assets (see Note 11):			
Cost of sales (see Note 17)	**1,834**	920	5,820
General and administrative (see Note 18)	**867**	–	–
Selling (see Note 19)	**2,908**	2,908	2,908
	₱1,616,889	₱1,589,257	₱1,807,458

22. Interest and Financing Charges

	2024	2023	2022
		(In Thousands)	
Interest expense on:			
Lease liabilities (see Note 14)	**₱87,880**	₱129,880	₱95,789
Loan payable to a related party (see Note 28)	**5,931**	16,921	21,095
Defined benefit obligation (see Note 26)	**–**	–	15,663
Provision for stranded cost (see Note 15)	**4,444**	4,572	4,692
Bank charges and others	**16,076**	6,017	4,935
	₱114,331	₱157,390	₱142,174

23. **Interest Income**

	2024	2023	2022
		(In Thousands)	
Interest income on defined benefit obligation (see Note 26)	**₱181,795**	₱189,489	₱128,554
Interest income on cash and cash equivalents and others (see Notes 5 and 28)	**35,279**	31,058	13,634
	₱217,074	₱220,547	₱142,188

24. **Other Income (Expense) -** Net

	2024	2023	2022
		(In Thousands)	
Impairment loss and loss on write-off of assets (see Note 10)	**(₱348,066)**	₱–	₱–
Gain on sale of by-products and others	**138,130**	34,620	₱80,762
Foreign exchange gain (loss) - net	**15,703**	(31,109)	14,763
Others - net	**(94,318)**	15,288	(695,848)
	(₱288,551)	₱18,799	(₱600,323)

Others include gain/loss on write-offs/reversals, scrap sales, gain/loss on sale of assets, miscellaneous revenues from non-operating assets, loss on unrecoverable advances to officers and employees and provisions.

25. **Income Tax**

The components of provision for income tax are as follows:

	2024	2023	2022
		(In Thousands)	
Current	**₱114,288**	₱226,157	₱299,639
Deferred	**30,900**	139,354	124,139
Others	**36,969**	–	–
	₱182,157	₱365,511	₱423,778

Provision for current income tax represents minimum corporate income tax (MCIT) and regular corporate income tax (RCIT) in 2024, 2023 and 2022, respectively.

The reconciliation of the provision for (benefit from) income tax computed at regular corporate income tax rate (RCIT) of 25% to provision for income tax as shown in the consolidated statements of comprehensive income is as follows:

	2024	2023	2022
		(In Thousands)	
Provision for (benefit from) income tax at 25% tax rate	**(₱257,802)**	₱318,803	₱341,768
Reconciling items:			
Nondeductible expenses and others	**502,604**	99,522	129,955
Use of OSD	**(55,842)**	(52,001)	(14,384)
Interest and other income subjected to final tax	**(6,544)**	(2,478)	(1,545)
Difference in tax rates (25% vs. 20%)	**(256)**	(30)	–
Change in unrecognized deferred tax assets	**(3)**	1,688	118
Excess of MCIT over RCIT	**–**	7	4
Interest income from retirement fund not subject to income tax	**–**	–	(32,138)
	₱182,157	₱365,511	₱423,778

The components of the Group's net deferred tax assets/liabilities as at December 31, 2024 and 2023 are as follows:

	2024	2023
	(In Thousands)	
Deferred tax assets		
Lease liabilities	**₱374,893**	₱402,992
Allowances for:		
Impairment losses on property, plant and equipment and investments	**114,277**	52,620
Decline in value of inventories	**83,531**	105,440
Expected credit losses	**8,732**	5,835
Provisions	**37,500**	–
Derivative liability	**151,399**	177,410
Net operating loss carry over (NOLCO)	**83,267**	–
Unamortized past service costs	**38,420**	28,106
Provision for bonuses	**32,210**	4,405
Excess of MCIT over RCIT	**29,389**	–
Unrealized foreign exchange loss	**–**	5,801
Others	**276**	276
	953,894	782,885
Deferred tax liabilities		
Retirement benefit asset	**535,869**	518,639
Right of use assets	**327,003**	357,284
Capitalized cost of property, plant and equipment from insurance proceeds	**4,667**	16,517
Unrealized foreign exchange gain and others	**6,012**	–
	873,551	892,440
Deferred tax assets – net	**₱220,658**	₱2,889
Deferred tax liabilities – net	**140,315**	112,444

Total amount of deferred tax income (expense) charged to OCI pertaining to the Group's remeasurement gain/loss on retirement benefits and gain/loss on derivatives instruments amounted to ₱283.5 million (income), ₱468.6 million (income) and ₱224.0 million (expense) in 2024, 2023, and 2022 respectively.

Deferred income taxes for temporary differences for HPMC and S&B affecting gross income were recognized using the effective tax rate of 15% as they availed of OSD as its method of deduction for income tax purposes. Management forecasts that HPMC, BPI, MGMC and S&B will be using OSD in the next three or four years.

Deferred income tax assets for the following 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:

	2024	2023
	(In Thousands)	
Carryforward benefit of NOLCO	**₱4,010**	₱2,866
Excess MCIT over RCIT	**42**	211
Unrecognized deferred income tax assets	**₱4,052**	₱3,077

The following are the carryforward benefits of NOLCO, which can be claimed as deduction against future regular taxable income:

Date Incurred	NOLCO	Applied Previous Year	Applied Current Year	Expired	Total	Expiry Date
		(In Thousands)				
2024	₱338,955	₱–	₱–	₱–	₱338,955	2027
2023	6,751	165	–	–	6,586	2026
2022	3,324	–	–	–	3,324	2025
2020	4,254	–	–	–	4,254	2025
	₱353,284	₱165	₱–	₱–	₱353,119	

The following are the carryforward benefits of the excess of MCIT over RCIT, which can be credited against future RCIT due:

Date Incurred	MCIT	Applied Previous Year	Applied Current Year	Expired	Total	Expiry Date
2024	₱29,419,595	₱–	₱–	₱–	₱29,419,595	2027
2023	7,492	–	–	–	7,492	2026
2022	4,387	–	–	–	4,387	2025
2021	199,204	–	–	199,204	–	
	₱29,630,678	₱–	₱–	₱199,204	₱29,431,474	

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:

	2024	2023	2022
		(In Thousands)	
Recognized in profit or loss:			
Current service cost	**₱50,866**	₱49,593	₱68,010
Net interest income (see Note 23)	**(181,795)**	(189,489)	(112,891)
	(130,929)	(139,896)	(44,881)
Recognized in other comprehensive income - Remeasurements loss (gain)	**431,191**	226,617	(87,002)
Net retirement benefit cost (income)	**₱300,262**	₱86,721	(₱131,883)

The reconciliation of retirement benefit asset recognized in the consolidated statements of financial position follows:

	2024	2023
	(In Thousands)	
Fair value of plan assets	**₱3,547,512**	₱3,573,405
Present value of defined benefit obligation	**(985,993)**	(841,727)
Balance at end of year	**₱2,561,519**	₱2,731,678

The breakdown of the retirement benefit asset per entity is as follows:

	2024	2023
	(In Thousands)	
HPI	**₱1,516,364**	₱1,571,338
HPMC	**1,045,155**	1,160,340
	₱2,561,519	₱2,731,678

Movements in the retirement benefit asset are as follows:

	2024	2023
	(In Thousands)	
Balance at beginning of year	**₱2,731,678**	₱2,697,634
Retirement benefit income	**130,929**	139,896
Contributions	**130,103**	120,765
Remeasurement loss	**(431,191)**	(226,617)
Balance at end of year	**₱2,561,519**	₱2,731,678

The changes in the present value of defined benefit obligation are as follows:

	2024	2023
	(In Thousands)	
Balance at beginning of year	**₱841,727**	₱804,360
Current service cost and others	**50,866**	49,593
Interest cost	**55,814**	56,091
Benefits paid from plan	**(127,641)**	(103,796)
Actuarial loss	**165,227**	35,479
Balance at end of year	**₱985,993**	₱841,727

The changes in the fair value of plan assets are as follows:

	2024	2023
	(In Thousands)	
Balance at beginning of year	**₱3,573,405**	₱3,501,994
Interest income on plan assets	**237,609**	245,580
Contributions	**130,103**	120,765
Benefits paid from the plan	**(127,641)**	(103,796)
Remeasurement loss	**(265,964)**	(191,138)
Balance at end of year	**₱3,547,512**	₱3,573,405

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:

	2024		2023	
	HPI	**HPMC**	HPI	HPMC
Cash and receivables	**0.86%**	**0.00%**	1.30%	0.01%
Investments in debt securities:				
Government securities	**0.23%**	**–%**	0.20%	0.18%
Corporate debt securities	**0.54%**	**0.94%**	0.50%	0.46%
	1.63%	**0.97%**	2.00%	0.65%
Investment in equity securities:				
Construction, infrastructure, property and mining	**2.63%**	**–%**	1.80%	–%
Others	**95.74%**	**99.06%**	96.20%	99.35%
	98.37%	**99.06%**	98%	99.35%
	100.00%	**100.00%**	100.00%	100.00%

The latest actuarial valuation is as at December 31, 2024.

The principal assumptions used in determining the retirement benefit asset of the Group as at December 31 are as follows:

	2024	2023	2022
Discount rates:			
Beginning	**6.95%**	7.30%	4.80%
Ending	**5.80%**	6.95%	7.30%
Future salary increase rates	**4.00%**	4.00%	4.00%

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)	
2024			
Discount rate			
Sensitivity 1	**0.5%**	**(₱26,037)**	**(₱7,067)**
Sensitivity 2	**(0.5%)**	**27,927**	**6,769**
Future salary increase rate			
Sensitivity 1	**0.5%**	**28,287**	**6,916**
Sensitivity 2	**(0.5%)**	**(26,595)**	**(7,157)**
2023			
Discount rate			
Sensitivity 1	0.5%	(₱22,593)	(₱6,894)
Sensitivity 2	(0.5%)	24,164	7,205
Future salary increase rate			
Sensitivity 1	0.5%	24,751	7,378
Sensitivity 1	(0.5%)	(23,321)	(7,119)

The table below shows the expected undiscounted future payments as at December 31:

	HPI	**HPMC**
	(In Thousands)	
2024		
Within one year	**₱37,354**	**₱22,686**
More than one year to five years	**264,185**	**96,187**
More than five years	**436,138**	**252,936**
2023		
Within one year	64,358	12,939
More than one year to five years	245,582	117,246
More than five years	479,891	244,143

The Group expects to contribute ₱165 million to the defined benefit plans in 2025.

Defined Contribution Retirement Plan

The Group has a defined contribution plan wherein the obligation is limited to the specified contribution in the defined contribution plan. Total retirement benefits cost related to the defined contribution plans amounted to ₱20.2 million, ₱52.1 million and ₱33.7 million in 2024, 2023 and 2022, respectively.

Total retirement benefit costs recognized in the consolidated statements of comprehensive income are as follows:

	2024	2023	2022
		(In Thousands)	
Expense (income) recognized for:			
Defined benefit plans	**(₱130,929)**	(₱139,896)	(₱44,881)
Defined contribution plan	**20,242**	52,078	33,673
Retirement benefit cost (income)	**(₱110,687)**	(₱87,818)	(₱11,208)

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 2024, 2023 and 2022, employees purchased 2,122 shares at an average price of CHF73.56, 5,719 shares at an average price of CHF58.86 and 2,400 shares at an average price of CHF44.80 per share, respectively. Total incentive compensation related to the purchased plans amounted to ₱7,132,160, ₱6,194,459 and ₱1,693,086 in 2024, 2023 and 2022, respectively.

The following long-term incentive arrangements were in existence in 2024, 2023 and 2022:

	Number	Grant Date	Expiry Date	Exercise Price (in CHF)	Fair value at grant date (in CHF)
Granted on 01 March 2024	2,122	3/1/2021	3/1/2024	73.56	156,094
Granted on 01 March 2023	2,288	1/3/2020	1/3/2023	58.86	134,672
Granted on 01 March 2023	3,431	1/3/2020	1/3/2023	58.86	201,949
Granted on 01 March 2022	2,400	30/7/2019	5/3/2022	44.80	107,520

The LTI outstanding as at December 31, 2024 and 2023 has an exercise price of CHF73.56 and CHF58.86, respectively.

Other reserves represent the Group's share in the performance compensation scheme of the Holcim Group.

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:

Ultimate Parent Company
- Holcim Ltd. (HOFI)

Intermediate Parent Companies

- Cemco Holdings, Inc. (Cemco), a subsidiary of Clinco
- Union Cement Holdings Corporation (UCHC), a subsidiary of Cemco
- Holderfin BV

Entities Under Common Control

- Holcim Trading Pte. Ltd., Singapore (HTPL)
- Holcim Technology Ltd. (HTEC)
- Lafargeholcim Investment Co.,
- Fuels and procurement at holcim trading (FPHT)
- Holcim Group Services Ltd. (HGSX)
- Holcim Services (South Asia) LTD (HSSA)
- LH Shipping PTE LTD
- LH Global Hub Services Pvt Ltd. (LHGH)
- Holcim International Services (LHISS)
- Holcim Helvetia Finance Ltd. (HHFL)

Associate and its Subsidiaries

- Helix Mining and Development Corporation (HMDC)
- Helix Resources and Development Corporation (HRDC)
- Helix Aggregates Inc. (HAI)
- 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, 2024 and 2023:

Related Party	**Year**	**Amount/ Volume of Transactions**	**Due from Related Parties** (see Note 6)	**Loans Receivable from Related Parties** (see Note 9)	**Due to Related Parties** (see Notes 13 and 16)	**Loan Payable to a Related Party** (see Note 13)
				(In thousands)		
Ultimate Parent Company						
HOLCIM LTD (HOFI)						
(1) Purchases and/or expenses	**2024**	**(₱508,990)**	**₱–**	**₱–**	**₱–**	**₱–**
	2023	(583,148)	–	–	–	–
(2) Reimbursement	**2024**	**29,529**	**16,586**	–	–	–
	2023	12,649	5,551	–	–	–
Intermediate Parent Company						
UCHC						
(1) Loan	**2024**	**–**	**–**	**–**	**–**	**–**
	2023	–	–	–	–	(245,000)
(2) Interest (see Note 22)	**2024**	**(5,931)**	**–**	**–**	**–**	**–**
	2023	(14,619)	–	–	(3,508)	–
(3) Dividend (see Note 16)	**2024**	**(1,543,038)**	**–**	**–**	**(787,834)**	**–**
	2023	–	–	–	–	–
CEMCO						
(1) Long-term loan (see Note 9)	**2024**	**–**	**–**	**28,231**	**–**	**–**
	2023	–	–	238,581	–	–
(2) Interest (see Note 23)	**2024**	**4.035**	**439**	**–**	**–**	**–**
	2023	8,434	16,175	–	–	–
(3) Dividend (see Note 16)	**2024**	**(180,392)**	**–**	**–**	**(180,392)**	**–**
	2023	–	–	–	–	–
(4) Recharges	**2024**	**2,288**	**77**	**–**	**–**	**–**
	2023	–	–	–	–	–
Holderfin BV						
(1) Dividend (see Note 16)	**2024**	**(799,646)**	**–**	**–**	**(31,773)**	**–**
	2023	–	–	–	–	–
Entities Under Common Control						
HTEC						
(1) Purchases and/or expenses	**2024**	**(79,465)**	**–**	**–**	**714**	**–**
	2023	(236,239)	–	–	–	–
LAFARGEHOLCIM INVESTMENT CO.,						
(1) Cost recharge for expats	**2024**	**–**	**–**	**–**	**–**	**–**
	2023	(811)	–	–	–	–

(Forward)

Related Party	Year	Amount/ Volume of Transactions	Due from Related Parties (see Note 6)	Loans Receivable from Related Parties (see Note 9)	Due to Related Parties (see Notes 13 and 16)	Loan Payable to a Related Party (see Note 13)
LH SHIPPING PTE LTD						
(1) Purchases and/or expenses	**2024**	**(₱51,736)**	₱–	₱–	**₱29**	₱–
	2023	(42,269)	–	–	(21,522)	–
HGSX						
(1) Administrative fees	**2024**	**(209,854)**	–	–	–	–
	2023	(156,463)	–	–	(6,749)	–
2) Reimbursement	**2024**	**6,360**	**393**	–	–	–
	2023	4,150	1,152	–	–	–
HSSA						
(1) IT/Various charges	**2024**	**(70,078)**	–	–	**(12,359)**	–
	2023	(65,062)	–	–	(17,065)	–
LHGH						
(1) Service fee	**2024**	**(52,210)**	–	–	**(5,484)**	–
	2023	(43,944)	–	–	(8,962)	–
HTPL						
(1) GCDC Opex Capex	**2024**	**(64,044)**	–	–	**(15,538)**	–
	2023	(9,864)	–	–	(86,407)	–
(2) Cost recharges	**2024**	–	–	–	–	–
	2023	(23)	–	–	–	–
FPHT						
(1) Fuel and procurement	**2024**	**(344,274)**	–	–	**(315,618)**	–
	2023	(503,748)	–	–	(7,468)	–
LHISS						
(1) Service charges and salaries	**2024**	**(55,581)**	–	–	**(11,284)**	–
	2023	(46,069)	–	–	(6,096)	–
HHFL						
(1) Purchase and expenses	**2024**	**(224,149)**	–	–	–	–
	2023	(536,015)	–	–	(155,424)	–
Associates						
HMDC						
(1) Recharges as receivable	**2024**	**166,142**	**(131,840)**		–	–
	2023	208,610	1,352,467	–	(7,976)	–
(2) Purchases of quarried materials	**2024**	**(624,208)**	–	–	**(82,957)**	–
	2023	(646,990)	–	–	(181,269)	–
(3) In-plant billing	**2024**	**(40,128)**	–	–	**(39,222)**	–
	2023	(112,049)	–	–	(44,794)	–
(4) Asset leasing	**2024**	**(121,214)**	–	–	**(23,815)**	–
	2023	(129,711)	–	–	(43,635)	–
(5) Dividend	**2024**	–	**19,857**	–	–	–
	2023	–	19,857	–	–	–
(6) Expense from various charges	**2024**	–	–	–	**(3,246)**	–
	2023	(8,855)	–	–	–	–
(7) Interest income	**2024**	–	**13,384**	–	–	–
	2023	13,384	13,384	–	–	–
(8) Reimbursement	**2024**	–	**2,758**	–	–	–
	2023	2,758	2,758	–	–	–
(9) Loan conversion	**2024**	**1,637,066**	–	**1,637,066**	–	–
	2023	–	–	–	–	–
HRDC						
(1) Expenses from various charges	**2024**	–	–	–	–	–
	2023	(29,763)	–	–	–	–
(2) Purchases of quarried materials	**2024**	**(250,404)**	–	–	**(59,954)**	–
	2023	(208,665)	–	–	(87,769)	–
(3) Asset lease	**2024**	**(15,602)**	–	–	**(1,359)**	–
	2023	–	–	–	(5,438)	–
(5) Reimbursement	**2024**	–	**27,894**	–	–	–
	2023	27,894	27,894	–	–	–
(6) Fuel withdrawal/quarried	**2024**	–	**255,081**	–	–	–
	2023	50,825	255,081	–	–	–
HAI						
(1) Purchases and/or expenses	**2024**	**(1,047,021)**	–	–	**(358,586)**	–
	2023	(1,053,160)	–	–	(393,253)	–
(2) Reimbursement	**2024**	**12,267**	**14,012**	–	–	–
	2023	1,515	1,624	–	–	–
APC						
(1) Asset lease and/or expenses	**2024**	**(12,341)**	–	–	**(9,757)**	–
	2023	(13,014)	–	–	(17,353)	–
QLI						
(1) Purchases, asset leasing, and/or expenses	**2024**	**(954)**	–	–	**(9,161)**	–
	2023	(1,099)	–	–	(8,061)	–
LORVI						
(1) Asset leasing	**2024**	–	–	–	**(27,893)**	–
	2023	(27,893)	–	–	(27,893)	–
TOTAL	**2024**		**₱218,641**	**₱1,665,297**	**(₱1,975,489)**	**₱–**
	2023		1,695,943	238,581	(1,130,642)	(245,000)

Parent

UCHC. In 2022, Group, as a borrower, entered into a short-term loan contract with UCHC for ₱300.0 million. In December 2023, the loan agreement was renewed and is subject to annual interest of 5.35%. As at December 31, 2023, the loan has carrying value of ₱245.0 million and the loan was paid in 2024.

Cemco. On September 28, 2018, the Group entered into a long-term loan with Cemco, a borrower, amounting ₱381.8 million with 5.30% interest rate per annum to be paid on or before September 28, 2020. In 2021, the loan agreement was extended, with interest rate of 3.096% and is payable in full on September 28, 2026. In 2024, the Company made partial payment of the principal amount. Interest earned in 2024, 2023 and 2022 amounted to ₱3.9 million, ₱7.2 million and ₱7.2 million, respectively (see Note 23).

On September 25, 2024, the Company entered into agreement with CEMCO for compensation of cost incurred on administrative nature.

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 Company. 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 Company.

   In 2020, IFF was replaced by MIIPA- Master Industrial Intellectual Property Agreement under the same terms and conditions of the previous contract.

   Total expenses incurred amounted to ₱93.5 million, ₱236.2 million and ₱641.6 million in 2024, 2023 and 2022, respectively.

b. *HOFI.* In 2020, the Group entered into an agreement with Holcim Ltd, under Master Branding Agreement (MBA). Total expenses incurred amounted ₱414.5 million, ₱583.1 million and ₱678.1 million in 2024, 2023 and 2022, respectively.

   In 2024, 2023 and 2022, the Group recognized reimbursement for services related to sustainability, finance, legal and project management.

c. *Holcim Trading.* The Company imports raw materials such as coal, gypsum and granulated blast furnace slag. The Company has an outstanding payable of ₱15.5 million and ₱86.4 million as at December 31, 2024 and 2023, respectively.

   Lafarge Holcim Investment Co. The Company did not have any expat recharges in 2024, 2023 and 2022.

d. *LH Shipping.* The Group had an outstanding receivable from LH Shipping related to time-chartered shipping amounting to ₱0.29 million as at December 31, 2024, whereas, the Company had an outstanding payable to LH Shipping related to time-chartered shipping amounting to ₱21.5 million as at December 31, 2023.

e. *HSSA.* The Company has an outstanding liability pertaining to IT support services and Sales Force – Non-IT recharges amounting to ₱12.3 million and ₱17.2 million as at December 31, 2024 and 2023, respectively.

f. *HGSX.* On January 1, 2017, the Company 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 ₱222.1 million, ₱156.4 million and ₱0.8 million in 2024, 2023 and 2022, respectively. Also, the Company has reimbursement transactions of ₱6.4 million, ₱4.1 million and ₱1.1 million in 2024, 2023 and 2022, respectively, ₱0.4 million of which is outstanding as at December 31, 2024.

g. *LHGH.* On June 1, 2021, the Company entered into a service agreement contract with LI Global Service Hub (GHBS) to provide the support on Finance, Procurement and Human Resources function from January 1, 2022 to December 31, 2026 for an annualized fee of CHF 692,016 charged to the Company. The total service fees recognized amounted to ₱52.2 million, ₱43.9 million and ₱39.7 million in 2024, 2023 and 2022, respectively.

h. *FPHT.* The Company imports raw materials, such as gypsum, coal and granulated blast furnace slag. The Company has outstanding liability of ₱318.9 million and ₱7.5 million as at December 31, 2024 and 2023, respectively.

i. *LHISS.* The Company has an outstanding liability pertaining to expat recharges.

j. *HHFL.* The Company entered into a hedging transaction managed by HHFL starting in January 2023. On a monthly basis, the Company received the hedging benefit from the results of the hedging transaction in the form of credit note. The Company has outstanding liability of nil and ₱155.4 million as at December 31, 2024 and 2023, respectively.

k. *LSA.* The Company entered into a hedging transaction managed by LSA starting January 2023. On a monthly basis, the Company receives the hedging benefit from the results of the hedging transaction in the form of credit note.

<u>Associates</u>

a. The Company has an existing service agreement with HMDC for the supply of raw materials for the Company's day-to-day operations, including in-plant billings.

b. In January 2016, the Company has entered into various lease agreements with HMDC and its subsidiaries (APC, HRDC, QLI and LORVI) covering certain plant sites and terminals in various locations. On December 2023, the Company amended the lease term of the lease agreement with HMDC to 50 years effective January 1, 2023. Likewise, the Company sought the approval of the Bureau of Investment's ("BOI") for a long-term lease agreement with HMDC, stipulating a lease term of 50 years. This was later approved by the BOI.

c. In 2024, 2023 and 2022, the Company has fuel withdrawal transactions with HRDC.

d. The Company has transactions related to purchases of raw materials and reimbursements with HAI. As at December 31, 2024 and 2023, the Company had a total payable of ₱358 million and ₱ 393.2 million, respectively.

e. The Company has also other transactions with HMDC Group related to various charges and expenses such as reimbursement of expenses, printing recharges, and payment of taxes.

2. On December 20, 2024, the Group and HMDC Group entered into an agreement to convert the long-standing receivables of the Group from HMDC into a long-term loan amounting to ₱1.6 billion, which is set to mature on December 20, 2029, based on the agreed schedule, which the Group has an option to pay the entire loan, with accrued interest thereon prior to December 31, 2029.

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.
- There have been no guarantees provided or received for any related party receivables or payables.
- Unless specified, related party transactions are payable on demand.

There is no provision for ECL recognized on the Company'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:

	2024	2023	2021
		(In Thousands)	
Short-term employee benefits	**₱81,306**	₱77,408	₱80,031
Retirement benefit cost	**15,886**	15,967	11,899
	₱97,192	₱93,375	₱91,930

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, 2024 and 2023, 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.

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. 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.

On October 26, 2023, a PPA was signed with Balapi Energy Corp. for the construction and operations of on-site solar installations and to deliver annually 7.8 GWh of solar energy to La Union and Bulacan plants starting in 2024, the target installation completion.

In October 2024, a PPA was signed with Berde Rooftop Inc. for the construction and operations of on-site solar installation and deliver 4 GWh of solar energy to Lugait plant starting 2025, the target installation completion.

e. Others

There are contingent liabilities for tax assessments and cases occurring in the ordinary course of business. On the basis of information furnished by the Group's legal counsels, management believes that the ultimate liability, if any, with respect to such tax assessments and cases is not material to 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 and cash equivalents. 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 and FVOCI, short-term time deposits, loans receivable from related parties, guarantee deposits, restricted cash in banks 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
In 2024 and 2023, 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 the Group's derivative financial instruments as at December 31, 2024 and 2023:

	Commodity	Effective Date / Termination Date	Floating Price	Notional Amount	Net Mark-to-market and Fair Value Change Losses
				(In Thousands)	
Transactions designated as hedges					
2024					
Forward commodity contracts	**Coal Newcastle Globalcoal**	**Various dates from January 1 to December 31, 2024**	**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**	**₱426,136**	**₱240,553**
		Various dates from January 1, 2024 to December 31, 2026		**702,915**	**365,044**
2023					
Forward commodity contracts	Coal Newcastle Globalcoal	Various dates from January 1 to December 31, 2023	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	1,058,263	486,361
		Various dates from January 1, 2023 to December 31, 2025		407,089	224,276

The change in fair value of hedging instruments under cash flow hedge accounting in 2024, 2023 and 2022 amounted to (₱110 million), ₱512.2 million and ₱728.3 million, respectively, 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 statement of income.

The carrying value of hedging instruments amounted to ₱605.6 million and ₱710.7 million as at December 31, 2024 and 2023, respectively, which is presented as short-term derivative liability under "Trade and other payables" account (see Note 13) and "Long-term derivative liability" account in the consolidated statements of financial position.

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 and interest rate.

The Group is not significantly exposed to interest rate risk since the loans receivable from/to related parties is subject to fixed interest rate, therefore, the consolidated statements of comprehensive income and equity are not sensitive to interest rate changes.

Foreign currency risk
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 2024 and 2023 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, 2024 and 2023, 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:

	2024		2023	
	Original Currency	**Functional Currency**	Original Currency	Functional Currency
		(In Thousands)		
Financial assets:				
Cash and cash equivalents -				
U.S. dollar	**$4,191**	**₱244,757**	$1,146	₱63,467
Short-term time deposits -				
U.S. dollar	–	–	$4,950	274,162
		₱244,757		₱337,629

(Forward)

	2024		2023	
	Original Currency	**Functional Currency**	Original Currency	Functional Currency
Financial liabilities:				
Trade and other payables:				
U.S. dollar	**$315**	**₱18,302**	$30	₱1,657
Euro	**€115**	**6,899**	€200	12,270
Korean won	**₩576**	**23**	₩576	25
		₱25,224		₱13,952

The table below shows the closing exchange rates used in translating the foreign-currency denominated financial assets and liabilities to ₱1:

	2024	2023
U.S. dollar	**$0.0172**	$0.0181
Euro	**€0.0166**	€0.0163
South Korean won	**₩25.4470**	₩23.2019

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 foreign currencies exchange rate, with all other variables held constant:

	US Dollar Appreciates (Depreciates) by	Effect on Income Before Income Tax
December 31, 2024		*(In Thousands)*
Sensitivity 1	**10%**	**₱21,953**
Sensitivity 2	**(5%)**	**(10,977)**
December 31, 2023		
Sensitivity 1	10%	₱32,368
Sensitivity 2	(5%)	(16,184)

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.

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 minimal exposure to credit risk is represented by the carrying amount of each financial asset, as follows:

	Gross Maximum Exposure[a]		Minimal Exposure[b]	
	December 31, 2024	December 31, 2023	**December 31, 2024**	December 31, 2023
	(In Thousands)			
Cash and cash equivalents	**₱4,077,142**	₱5,180,147	**₱4,075,642**	₱5,169,647
Trade receivables and other receivables	**1,823,746**	2,950,951	**1,553,982**	2,588,717
Short-term time deposits	**–**	274,162	**–**	274,162
Guarantee deposits	**142,205**	72,228	**142,205**	72,228
Loans receivable from related parties	**1,665,297**	238,581	**1,665,297**	238,581
Restricted cash	**271,235**	263,158	**271,235**	263,158
	₱7,979,625	₱8,979,227	**₱7,708,361**	₱8,606,493

(a) *Gross financial assets before taking into account estimated credit loss, any collateral held or other credit enhancements or offsetting arrangements.*

(b) *Gross financial assets after taking into account estimated credit loss, any collateral or other credit enhancements or offsetting arrangements or deposit insurance.*

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 -30 days	**31-90 days**	**91-180 days**	**181-360 days**	**Over 360 days**	**Specifically Identified**	**Total**
			(In Thousands)				
2024							
Estimated total gross carrying amount at default	**₱898,558**	**₱59,793**	**₱50,921**	**₱90,260**	**₱29,332**	**₱29,474**	
Expected credit loss rate	**0.05%**	**0.83%**	**1.43%**	**2.33%**	**5.71%**	**100%**	
Provision for ECL	**₱452**	**₱495**	**₱727**	**₱2,105**	**₱1,676**	**₱29,474**	**₱34,929**

	Current-360 days	Over 360 days	Specifically Identified	Total
		(In Thousands)		
2023				
Estimated total gross carrying amount at default	₱99,100	₱–	₱22,348	
Expected credit loss rate	1%	100%	100%	
Provision for ECL	₱991	₱–	₱22,348	₱23,339

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 and cash equivalents, short-term time deposits, loans receivable from related parties, guarantee deposits and restricted cash in banks presented under "Other noncurrent assets" account, the Group's exposures arise from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. For these financial assets, the Group computes a loss allowance based on either 12-month expected credit losses (ECLs) or Lifetime ECLs, depending on whether there has been a significant increase in credit risk on the financial instrument since initial recognition.

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
				(In Thousands)	
2024					
Cash and cash equivalents	Performing	12m ECL	**₱4,077,142**	**₱–**	**₱4,077,142**
Trade and other receivables:					
Trade receivables	(i)	Lifetime ECL *(simplified approach)*	**1,113,741**	**(29,824)**	**1,083,917**
Due from related parties	Performing	12m ECL	**218,202**	**–**	**218,202**
Accrued interest	Performing	Lifetime ECL *(general approach)*	**439**	**–**	**439**
Others	Performing	12m ECL	**486,259**	**–**	**486,259**
	Doubtful	Lifetime ECL	**5,105**	**(5,105)**	**–**
Restricted cash*	Performing	12m ECL	**271,235**	**–**	**271,235**
Loans receivable**	Performing	12m ECL	**1,665,297**	**–**	**1,665,297**
Guarantee deposits*	Performing	12m ECL	**142,205**	**–**	**142,205**
			₱7,979,625	**(₱34,929)**	**₱7,944,696**
2023					
Cash and cash equivalents	Performing	12m ECL	₱5,180,147	₱–	₱5,180,147
Trade and other receivables:					
Trade receivables	(i)	Lifetime ECL *(simplified approach)*	1,113,759	(18,234)	1,095,525
Due from related parties	Performing	12m ECL	1,679,768	–	1,679,768
Accrued interest	Performing	Lifetime ECL *(general approach)*	16,175	–	16,175
Others	Performing	12m ECL	136,144	–	136,144
	Doubtful	Lifetime ECL	5,105	(5,105)	–
Restricted cash*	Performing	12m ECL	263,158	–	263,158
Short-term time deposits	Performing	12m ECL	274,162	–	274,162
Loans receivable**	Performing	12m ECL	238,581	–	238,581
Guarantee deposits*	Performing	12m ECL	72,228	–	72,228
			₱8,979,227	(₱23,339)	₱8,955,888

**Included under "Other noncurrent assets" account in the consolidated statements of financial position.*
***Included under "Investments and loans receivable" account in the consolidated statements of financial position.*

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 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 Group allows it to make efficient use of the financial markets for financing purposes. As at December 31, 2024 and 2023, the Group has unutilized credit facilities of ₱12.8 billion and ₱13.2 billion, respectively.

The table below summarizes the maturity profile of the Group's financial assets used for liquidity management as at December 31, 2024 and 2023:

	On Demand	Less than One Year	>1 to 5 Years	Total
		(In Thousands)		
2024				
Cash and cash equivalents	**₱4,077,142**	**₱–**	**₱–**	**₱4,077,142**
Trade and other receivables:				
Trade receivables	**799,845**	**284,072**	**–**	**1,083,917**
Due from related parties	**218,202**	**–**	**–**	**218,202**
Accrued interest	**439**	**–**	**–**	**439**
Others	**–**	**486,259**	**–**	**486,259**
Loans receivable*	**–**	**–**	**1,665,297**	**1,665,297**
Restricted cash**	**–**	**–**	**271,235**	**271,235**
Guarantee deposits**	**–**	**–**	**142,205**	**142,205**
	₱5,095,628	**₱770,331**	**₱2,078,737**	**₱7,944,696**
2023				
Cash and cash equivalents	₱5,180,147	₱–	₱–	₱5,180,147
Short-term time deposits	–	274,162	–	274,162
Trade and other receivables:				
Trade receivables	639,011	456,514	–	1,095,525
Due from related parties	1,679,758	–	–	1,679,758
Accrued interest	16,175	–	–	16,175
Others	–	136,144	–	136,144
Loan receivable*	–	–	238,581	238,581
Restricted cash**	–	–	263,158	263,158
Guarantee deposits**	–	–	72,228	72,228
	₱7,515,091	₱866,820	₱573,967	₱8,955,878

**Included under "Investments and loans receivable" account in the consolidated statements of financial position.*
***Included under "Other noncurrent assets" account in the consolidated statements of financial position.*

The tables below summarize the maturity profile of the Group's financial liabilities as at December 31, 2024 and 2023 based on contractual undiscounted payments:

	On Demand	Less than One Year	>1 to 5 Years	Total
		(In Thousands)		
2024				
Other financial liabilities:				
Trade and other payables:				
Trade payables	**₱1,439,362**	**₱1,572,389**	**₱–**	**₱3,011,751**
Accrued expenses and non-trade payables	**–**	**2,344,692**	**–**	**2,344,692**
Due to related parties	**1,975,489**	**–**	**–**	**1,975,489**
Derivative liability	**–**	**240,553**	**–**	**240,553**
Other payables	**–**	**1,041,300**	**–**	**1,041,300**
Long-term derivative liability	**–**	**–**	**365,044**	**365,044**
Lease liabilities*	**–**	**150,436**	**1,936,347**	**2,086,783**
	₱3,414,851	**₱5,349,370**	**₱2,301,391**	**₱11,065,612**

	On Demand	Less than One Year	>1 to 5 Years	Total
		(In Thousands)		
2023				
Other financial liabilities:				
Trade and other payables:				
Trade payables	₱–	₱2,797,075	₱–	₱2,797,075
Accrued expenses and non-trade payables	–	2,127,805	–	2,127,805
Due to related parties	1,130,642	–	–	1,130,642
Loan payable to a related party*	–	250,900	–	250,900
Derivative liability	–	486,361	–	486,361
Other payables	–	614,945	–	614,945
Long-term derivative liability	–	–	224,301	224,301
Lease liabilities*	–	174,388	5,202,340	5,376,728
	₱1,130,642	₱6,451,474	₱5,426,641	₱13,008,757

**Including future interests.*

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 2024 and 2023 by forecasting cash flow regularly, monitoring and optimizing net working capital and managing existing credit facilities. As of December 31, 2024 and 2023, the total credit line from various bank partners is ₱14 billion.

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:

	2024	2023
	(In Thousands, Except Gearing Ratio)	
Trade and other payables	**₱8,613,785**	₱7,401,828
Lease liabilities	**1,499,571**	1,607,368
Long-term derivative liability	**365,044**	224,301
Financial debt	**10,478,400**	9,233,497
Less cash and cash equivalents	**4,077,142**	5,180,147
Net financial debt	**6,401,258**	4,053,350
Total equity	**27,214,123**	31,076,481
Gearing ratio	**0.24:1**	0.13:1

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, 2024 and 2023. 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 and Cash Equivalents, Trade and Other Receivables, Short-term Time Deposits 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 FVOCI. 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, Restricted Cash in Banks presented under “Other Noncurrent Assets” Account and Loans Receivable from Related Parties. 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, 2024 and 2023, the Group’s financial instruments measured at fair value include the quoted equity securities, classified as FVOCI, and derivative financial instruments. The Group’s quoted equity securities are measured at fair value using recent market transactions. Fair value category is Level 1, quoted prices in active markets. On the other hand, derivative financial instruments’ fair value category is Level 2.

There were no reclassifications made between the different fair value hierarchy levels in 2024 and 2023.

32. **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.

	Beginning balance	Financing cash flows	Non-cash changes: Declaration	Additions/ modification	Interest	Foreign exchange movement	Other changes	Ending balance
				(In Thousands)				
2024								
Lease liabilities (see Note 14)	**₱1,607,368**	**(₱195,677)**	**₱–**	**₱–**	**₱87,880**	**₱–**	**₱–**	**₱1,499,571**
Accrued interest and bank charges	**3,508**	**(25,515)**	**–**		**22,007**	**–**	**–**	**–**
Dividend payable	**–**	**(1,548,603)**	**2,548,603**	**–**	**–**	**–**	**–**	**1,000,000**
Loan payable to a related party (see Notes 13 and 28)	**245,000**	**(245,000)**	**–**	**–**	**–**	**–**	**–**	**–**
	₱1,855,876	**(₱2,014,795)**	**₱2,548,603**	**₱–**	**₱109,887**	**₱–**	**₱–**	**₱2,499,571**
2023								
Lease liabilities (see Note 14)	₱1,481,041	(₱228,776)	₱–	₱225,222	₱129,880	₱–	₱–	₱1,607,368
Accrued interest and bank charges (see Note 28)	4,314	(23,744)	–		22,938	–	–	3,508
Dividend payable	229,763	(229,763)	–	–	–	–	–	–
Loan payable to a related party (see Notes 13 and 28)	300,000	(55,000)	–	–	–	–	–	245,000
	₱2,015,118	(₱537,283)	₱–	₱225,222	₱152,818	₱–	₱–	₱1,855,876

Noncash activities

The following are the non-cash activities of the Group:

- As at December 31, 2024 and 2023, the Group has non-cash additions to "Property, plant and equipment" amounting to ₱267.02 million and ₱245.2 million, respectively.
- On December 20, 2024, the Group and HMDC entered into an agreement to convert the long-standing receivables of the Group from HMDC into a long-term loan amounting to ₱1.6 billion (see Note 28).
- In 2024, construction in progress amounting to ₱11.7 million, which was presented in "Property, Plant and Equipment" account, was reclassified to "Intangible assets" account.

33. Earnings per Common Share (EPS)

Basic/diluted EPS is computed as follows:

	2024	2023	2022
	(In Thousands, Except Per Share Amounts)		
Consolidated net income (loss) attributable to common equity holders of the Parent Company	**(₱1,214,793)**	₱908,013	₱941,778
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	**(₱0.19)**	₱0.14	₱0.15

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 2024, 2023 and 2022; hence, diluted EPS is the same as basic EPS.

34. **Environmental and Regulatory Matters**

a. Clean Air Act (RA 8749)

The *Clean Air Act* and the related Implementing Rules and Regulations (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.

Exhibit 2

Supplementary Schedules to the

Consolidated Financial Statements

For the year ended

December 31, 2024

HOLCIM PHILIPPINES, INC. AND SUBSIDIARIES

INDEX TO SUPPLEMENTARY SCHEDULES

FORM 17-A

Supplementary Schedules

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 Subsidiaries (the Group) as at December 31, 2024 and 2023, and have issued our report thereon dated March 20, 2025. Our audits were 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 the 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, April 16, 2024, valid until August 23, 2026
BIR Accreditation No. 08-001998-116-2025, January 8, 2025, valid until January 7, 2028
PTR No. 10465313, January 2, 2025, Makati City

March 20, 2025

Reconciliation of Retained Earnings Available for Dividend Declaration

(Note: Amounts below are in thousands)

For the reporting period ended December 31, 2024

Holcim Philippines, Inc. and Subsidiaries

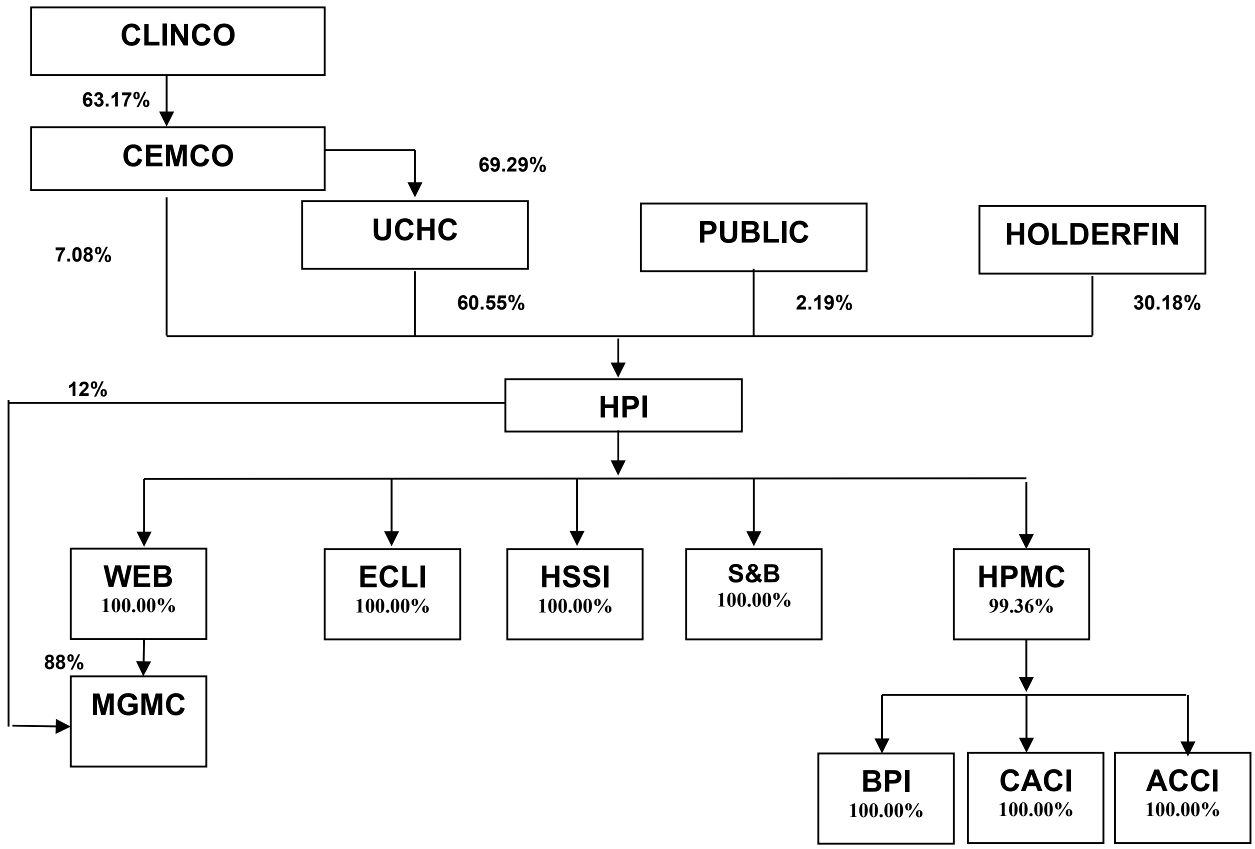
7th Floor, Two World Square, McKinley Hill, Fort Bonifacio, Taguig City

Unappropriated Retained Earnings, January 1, 2024		₱8,575,412
Add: Category A: Items that are directly credited to Unappropriated Retained Earnings		–
Less: Category B: Items that are directly debited to Unappropriated Retained Earnings		
Dividend declaration during the reporting period		(2,548,603)
Unappropriated Retained Earnings, as adjusted		**6,026,809**
Add/Less: Net Income (loss) for the current year		(1,013,657)
Less: Category C.1: Unrealized income recognized in the profit or loss during the reporting period (net of tax)		
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents		(1,325)
Add: Category C.2: Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)		–
Add: Category C.3: Unrealized income recognized in the profit or loss in prior periods but reversed in the current reporting period (net of tax)		–
Adjusted Net Income (Loss)		**(1,014,982)**
Add: Category D: Non-actual losses recognized in profit or loss during the reporting period (net of tax)		–
Add/Less: Category E: Adjustments related to relief granted by the SEC and BSP		–
Add/Less: Category F: Other items that should be excluded from the determination of the amount of available for dividends distribution		
Net movement of deferred tax asset not considering in the reconciling items under the previous categories	(196,062)	
Net movement in deferred tax asset and deferred tax liabilities related to same transaction, e.g. set up of right of use of asset and lease liability, set-up of asset and asset retirement obligation, and set-up of service concession asset and concession payable	(2,182)	
Subtotal		**(198,244)**
Total Retained Earnings, end of the reporting period available for dividend		**₱4,813,583**

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, 2024



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	Retail operations
HSSI	Hubb Stores and Services, Inc.	Retail operations

Holcim Philippines Inc., and Subsidiaries
Schedule of Financial Soundness Indicators

Financial KPI	Definition	For the Calendar Year ended December 31	
		2024	**2023**
Current/Liquidity ratios Current Ratio	Current Assets / Current Liabilities	87%	125%
Quick Ratio	Current Assets-Inventory-Prepayments / Current Liabilities	58%	87%
Solvency ratio/Debt-to-equity ratio Debt-to Equity Ratio	Total Debt / Equity	48%	28%
Asset to Equity Ratios Asset to Equity Ratio/ Equity Multiplier	Total Assets / Equity	148%	138%
Interest Rate Coverage Ratio Interest Coverage Ratio/EBITDA Net Interest Cover	Operating EBITDA / Net Interest	10.53	17.56
Pofitability Ratios Return on Assets	Net Income / Average Total Assets	-2.9%	2.1%
Return on Equity	Net Income / Average Total Equity	-4.2%	2.9%
Operating EBITDA Margin	Operating EBITDA / Net Sales	5.5%	11.4%

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, 2024
(Amounts in Thousands)

Name and Designation of Debtor	Beginning Balance	Additions/ Reclass	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	₱ 1,679,768	(1,637,066)	175,939	-	218,641	-	218,641
	1,679,768	(1,637,066)	175,939	-	218,641	-	218,641
Loan receivable							
Cemco Holdings, Inc. (Due on September 28,2026 @ 3.096% pa interest)	₱ 238,581	-	(210,350)	-	-	28,231	28,231
HMDC (Due in 16 installments until December 20, 2029 alongwith interest at BVAL rates)	-	1,637,066	-	-	-	1,637,066	1,637,066
Related Parties	1,918,349	-	(34,411)	-	218,641	1,665,297	1,883,938

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, 2024
(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.	3,971,359	899,031	(173,555)				4,696,835		4,696,835
	3,971,359	899,031	(173,555)	-	-	-	4,696,835	-	4,696,835
Holcim Philippines, Inc.									
Due from:									
Holcim Philippines Manufacturing Corp.	689,356	69,334	-				758,690		758,690
Excel Concrete Logistics Inc.	7,700	252	(7,952)				-		-
SHOP AND BUILD CORPORATION	23,488	97,991	(80,536)				40,943		40,943
CALAMBA AGGREGATES CORPORATION	-	746	-	(746)			-		-
Hubb Stores and Services, Inc.	-	81	-	(81)			-		-
	720,544	168,404	(88,487)	(827)	-	-	799,633	-	799,633
Bulkcem Philippines, Inc.									
Due from:									
Holcim Philippines, Inc.	47,282	7,237	-				54,519		54,519
CALAMBA AGGREGATES CORPORATION	10,466	590		(11,056)			-		-
	47,282	7,237	-	-	-	-	54,519	-	54,519
Excel Concrete Logistics Inc.									
Due from:									
Holcim Philippines, Inc.	2,305		(2,305)				0		0
	2,305	-	(2,305)	-	-	-	0	-	0
Mabini Grand Mill Co.									
Due from:									
Holcim Philippines, Inc.	955,830	184,801	(42,003)				1,098,627		1,098,627
	955,830	184,801	(42,003)	-	-	-	1,098,627	-	1,098,627

HOLCIM PHILIPPINES, INC. AND SUBSIDIARIES
Schedule D. Long-Term Debt
For the Year Ended December 31, 2024
(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. Indetebtedness to Related Parties (Long-term Loans from Related Companies)
For the Year Ended December 31, 2024
(Amounts in Thousands)

Name of Related Party	Beginning Balance	Balance at the End of Period
Union Cement Holdings Corporation	₱ 245,000	₱ NIL
	245,000	-

HOLCIM PHILIPPINES, INC. AND SUBSIDIARIES

Schedule F. Guarantees of Securities of Other Issuers
For the Year Ended December 31, 2024
(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, 2024

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	-	6,310,680,729	65,828,120	75,590,295
	10,000,000,000	6,452,099,144	-	6,310,680,729	65,828,120	75,590,295

Exhibit 3

SEC Form 17-Q

For the quarters ended

March 31, June 30 and September 30, 2024

COVER SHEET

2 6 1 2 6

SEC Registration Number

HOLCIM PHILIPPINES, INC. AND SUBSIDIARIES

(Company's Full Name)

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

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

Alexander V. Taar
(Contact Person)

(1st Quarter 2024)

8581-1511
(Company Telephone Number)

0 3 **3 1**
Month *Day*
(Fiscal Year)

SEC FORM 17-Q
For the quarter ended March 31, 2024
(Form Type)

Month *Day*
(Annual Meeting)

(Secondary License Type, If Applicable)

CFD
Dept. Requiring this Doc.

–
Amended Articles Number/Section

Total Amount of Borrowings

7,134
Total No. of Stockholders

Domestic | Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

S T A M P S

Remarks: Please use BLACK ink for scanning purposes.

SECURITIES AND EXCHANGE COMMISSION

FORM 17-Q

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

1. For the quarterly period ended March 31, 2024

2. Commission identification number 026126 3. BIR Tax Identification No 000-121-507-000

4. Exact name of issuer as specified in its charter HOLCIM PHILIPPINES, INC.

5. Province, country or other jurisdiction of incorporation or organization Republic of the Philippines
6. Industry Classification Code: (SEC Use Only)

7. Address of issuer's principal office Postal Code

   7th Floor Two World Square, McKinley Hill, Fort Bonifacio, Taguig City 1634
8. Issuer's telephone number, including area code (632) 8581-1511
9. Former name, former address and former fiscal year, if changed since last report N. A.

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

Title of each Class	Number of shares of common stock outstanding and amount of debt outstanding
Common Shares	6,452,099,144

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

    Yes [ ] No [x]

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

    N/A Common Shares

12. Indicate by check mark whether the registrant:

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

    Yes [x] No [ ]

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

    Yes [x] No [ ]

PART I- FINANCIAL INFORMATION

Item 1. Financial Statements.

Exhibit I – Consolidated Balance Sheets as of March 31, 2024 and December 31, 2023
Exhibit II – Consolidated Statements of Income for the quarters ended March 31, 2024 and 2023
Exhibit III – Consolidated Statements of Comprehensive Income for the quarters ended March 31, 2024 and 2023
Exhibit IV – Consolidated Statements of Changes in Stockholders' Equity for the quarters ended March 31, 2024 and 2023
Exhibit V – Consolidated Statements of Cash Flows for the quarters ended March 31, 2024 and 2023
Exhibit VI – Aging of Trade and Other Receivables as of March 31, 2024

Exhibit I

HOLCIM PHILIPPINES, INC.
CONSOLIDATED BALANCE SHEETS
As of March 31, 2024 and December 31, 2023
(In Thousands)

	31 Mar 2024	31 Dec 2023
ASSETS		
Current Assets		
Cash and cash equivalents	₱ 3,106,281	₱ 5,180,147
Trade and other receivables - net	3,652,694	2,927,612
Short-term deposits	275,963	274,162
Inventories	3,514,648	3,832,351
Other current assets	444,723	322,484
Total Current Assets	**10,994,309**	**12,536,756**
Noncurrent Assets		
Investments	4,404,057	4,419,369
Property, plant and equipment - net	18,088,509	18,300,276
Right-of-use assets	1,392,073	1,429,122
Goodwill	2,635,738	2,635,738
Intangibles – net	23,096	24,046
Retirement assets – net	2,754,803	2,731,678
Other noncurrent assets	935,217	930,921
Deferred tax asset-net	2,889	2,889
Total Noncurrent Assets	**30,236,382**	**30,474,039**
	₱ 41,230,691	**₱43,010,795**
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Trade and other payables	7,625,934	₱9,888,744
Current portion of lease liabilities	68,664	72,970
Income tax payable	-	41,751
Total Current Liabilities	**7,694,598**	**10,003,465**
Noncurrent Liabilities		
Long-term lease liabilities	1,511,679	1,534,398
Provisions	59,706	59,706
Deferred tax liabilities - net	113,175	112,444
Long-term derivative liability	218,166	224,301
Total Noncurrent Liabilities	**1,902,726**	**1,930,849**
Equity Attributable to Equity Holders of Parent		
Capital stock	6,452,099	6,452,099
Additional paid-in capital	8,476,002	8,476,002
Remeasurement loss on retirement benefits - net	1,763,008	1,763,008
Other reserves	(439,733)	(528,102)
Retained earnings	15,369,238	14,898,531
	31,620,614	**31,061,538**
Noncontrolling Interest	**12,752**	**14,943**
Total Stockholders' Equity	**31,633,366**	**31,076,481**
	₱ 41,230,691	**₱43,010,795**

Exhibit II

HOLCIM PHILIPPINES, INC.
CONSOLIDATED STATEMENTS OF INCOME
For the quarters ended March 31, 2024 and 2023
(In Thousands, Except Per Share Data)

	Quarter Ended	
	Jan-Mar 2024	**Jan-Mar 2023**
Net Sales	**₱ 5,303,263**	₱ 6,640,209
Cost of sales	**3,903,621**	5,167,439
Gross Profit	**1,399,642**	1,472,770
Operating expenses	**391,192**	377,717
Operating EBITDA	**1,008,450**	1,095,053
Depreciation and amortization	**402,956**	414,805
Profit from Operations	**605,494**	680,248
Other income (expenses)		
Net financial expense	**(17,739)**	(47,946)
Other income (expense) - net	**12,845**	(96,892)
Total	**(4,894)**	(144,838)
Profit before Income Tax	**600,600**	535,410
Provision for income tax		
Current	**134,272**	146,404
Deferred	**(4,682)**	32,770
	129,590	179,174
Profit for the Period	**471,010**	356,236
Non-controlling interest	**(301)**	(230)
Profit for the period attributable to Equity holders of the Parent Company	**₱470,709**	₱ 356,006

Basic/Diluted Earnings Per Share (EPS)		
Computation of EPS: (a) Profit for the period attributable to Equity holders of the parent company	**₱470,709**	₱356,006
(b) Common shares issued and outstanding	**6,452,099**	6,452,099
EPS [(a)/(b)]	**0.07**	₱ 0.06

Exhibit III

HOLCIM PHILIPPINES, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the quarters ended March 31, 2024 and 2023
(In Thousands)

	Quarter Ended	
	Jan-Mar 2024	**Jan-Mar 2023**
Total Comprehensive Income	**₱471,010**	₱356,236
Attributable to:		
Equity holders of Parent Company	**470,709**	356,006
Noncontrolling interest	**301**	230
Total Comprehensive Income	**₱471,010**	₱ 356,236

HOLCIM PHILIPPINES, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
For the three (3) months ended March 31, 2024 and 2023
(In Thousands)

	Jan-Mar 2024	Jan-Mar 2023
Capital Stock		
Common Stock		
Balance at beginning and end of period	**₱ 6,452,099**	₱6,452,099
Additional Paid-in Capital		
Balance at beginning and end of period	**8,476,002**	8,476,002
Other comprehensive income	**1,763,008**	1,699,213
Other reserves	**(439,733)**	(469,769)
Retained Earnings		
Balance at beginning of period	14,898,531	13,990,518
Profit for the Period	470,707	356,006
Balance at end of period	**15,369,238**	14,346,524
Non-controlling Interest	**12,752**	12,681
	₱31,633,366	₱30,516,750

Exhibit V

HOLCIM PHILIPPINES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the three (3) months ended March 31, 2024 and 2023
(In Thousands)

	Jan-Mar 2024	**Jan-Mar 2023**
Operating Activities		
Profit before Income Tax	**₱ 600,600**	₱ 535,410
Adjustments to reconcile profit to cash		
Depreciation and amortization	402,956	414,805
Other items (net)	(353,348)	(89,596)
Changes in current assets and liabilities	(2,542,214)	(3,322,999)
Cash provided by operating activities	**(1,892,006)**	(2,462,380)
Investing Activities		
Additions to plant, property and equipment	(159,530)	(219,688)
Increase in other investing activities	–	–
Cash used in investing activities	**(159,530)**	(219,688)
Financing Activities		
Repayment of long-term leases	(27,191)	(75,395)
Dividend paid	–	(229,763)
Cash provided (used in) financing activities	**(27,191)**	(305,158)
Net increase in cash and cash equivalents	**(2,078,727)**	(2,987,226)
Cash and cash equivalents, beginning	**5,180,147**	5,233,204
Effect of exchange rate changes on cash and cash equivalents	**4,861**	(5,847)
Cash and cash equivalents, end	**3,106,281**	₱ 2,240,131

Exhibit VI

HOLCIM PHILIPPINES, INC
Aging of Trade and Other Receivables
As of March 31, 2024
(In Thousands)

	Total	Current	1-30 days	31-60 days	Over 60 days
Trade Receivables	₱ 1,376,538	₱ 807,478	₱ 255,879	₱ 68,726	₱ 244,455
Other Receivables	2,299,018	514,177	2,799	228,394	1,553,648
Total		**₱ 1,321,655**	**₱ 258,678**	**₱ 297,120**	**₱ 1,798,103**
Allowance for Doubtful Accounts	(22,862)				
Net Receivables	**₱ 3,652,694**				

Certified correct:

Zoe Verna M. Sibala
Chief Financial Officer

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

Results of Operations

At the end of the first quarter, the Group posted net sales of ₱5.30 billion, lower by 20% compared to ₱6.64 billion reported in the same period last year. This is due to lower volume of sales as market remains soft.

The Group reported total EBITDA of ₱1.01 billion, lower by 8% as compared to ₱1.09 billion reported during the same period last year. Profit from operations has decreased compared to same period last year mainly due to lower sales. This was partially mitigated by lower production costs brought by lower procurement costs and operational efficiencies. Operating expenses were higher due to higher administrative & marketing costs particularly from group fees. Other expenses have decreased significantly mainly due to forex gains & lower financial expenses. Net income after tax stood at ₱0.47 billion giving earnings per share of ₱0.07.

Financial Position

The Group’s financial position has remained healthy with stable liquid cash position. The return on assets increased to 1.1% as of March 31, 2024 which is 0.2 percentage point higher from the end of March 31, 2023 as a result of higher net income. Total assets stood at ₱41.2 billion as of March 31, 2024, 3% higher from end of 2023.

Cash Flow Generation

The Group’s cash requirements were mainly sourced through cash from operating activities. As of March 31, 2024, there are outstanding related party loan payables.

Key Performance Indicators

The comparative financial KPI's of the Group for the periods ended March 31, 2024 and 2023 were as follows:

Financial KPI	Definition	For the period ended March 31	
		2024	2023
Profitability			
Return on Equity (ROE)	Net Income / Ave. Total Shareholders' Equity	1.5%	1.2%
Return on Asset (ROA)	Net Income / Average Total Assets	1.1%	0.9%
Efficiency			
EBITDA Margin	Operating EBITDA / Net Sales	19.0%	16.5%
Liquidity			
Gearing	Net Financial Debt (Asset) / Stockholders' Equity	(8.1%)	(4.4%)
EBITDA Net Interest Cover	Operating EBITDA / Net Interest	48.1 times	39.6 times

Profitability and Efficiency

Profitability indicators have increased due to higher Net income, along with higher Efficiency indicator compared to the same period last year due to higher Operating EBITDA.

Liquidity

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

Notes to Financial Statements

1. *Summary of Significant Accounting Policies*

These condensed consolidated interim financial statements have been prepared in accordance with PAS 34 *Interim Financial Reporting* and do not include all of the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at December 31, 2023.

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective in 2023. 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

  - 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.

- o 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

2. *Seasonality Aspects of the Business*

Like any other company in the construction industry, the operations of the Group 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.

3. *Financial Risk Management Objectives and Policies*

General Risk Management Approach

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, and 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 and cash equivalents and notes payable. 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, advances to employees, guarantee deposits, restricted cash and trade and other payables which arise directly from operations.

The main risks arising from the Group'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 Group's accounting policies in relation to financial instruments are set out in Note 5 to the consolidated financial statements.

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 and debt servicing requirements in currencies other than the Philippine Peso that leads to currency translation effects. As of March 31, 2024, 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 Group may enter into derivative contracts whenever necessary, which may be designated either as cash flow hedges or fair value hedges, as appropriate.

As of March 31, 2024, the Group 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 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 March 31, 2023 and 2022, 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.

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 due from related parties, advances to employees, financial assets at FVTPL, and guarantee and refundable deposits, the Group's exposures arise from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

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 and readily available marketable securities 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 March 31, 2024, the Group has unutilized credit facilities of ₱13.2 billion.

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.

4. ***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 March 31, 2024 and December 31, 2023. 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, Advance to Employees, Loan Receivable from a related party, Long Term Financial Receivable, Loan Payable 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 embedded currency forwards 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.

Long Term Financial Receivable and Guarantee Deposits. 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 March 31, 2024 and December 31, 2023, the Group's financial instruments measured at fair value include only the quoted equity securities, classified as financial assets at FVTPL (Level 1).

As at March 31, 2024 and December 31, 2023, the Group 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 2024 and 2023.

5. ***Segment Reporting***

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 change 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 aggregates and dry mix specialty products

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.

Segment revenues, EBITDA, assets and liabilities as at March 31, 2024 and 2023 are presented below:

	2024				
	Clinker and cement	**Others**	**Total**	**Adjustments and eliminations**	**Consolidated**
			(In Thousands)		
Revenue:					
External customers	4,843,679	429,877	5,038,919	29,706	5,303,262
Inter-segment	2,352		2,352	(2,352)	
	4,846,031	**429,877**	**5,275,908**	**27,354**	**5,303,262**
Operating EBITDA	**861,908**	**145,737**	**1,007,645**	**805**	**1,008,450**
Segment assets	**31,031,140**	**318,107**	**31,349,247**	**9,881,444**	**41,230,691**
Segment liabilities	**5,996,269**	**321,487**	**6,317,756**	**3,279,568**	**9,597,324**

	2023				
	Clinker and cement	Others	Total	Adjustments and eliminations	Consolidated
			(In Thousands)		
Revenue:					
External customers	₱6,392,462	₱231,405	₱6,623,867	₱16,342	₱6,640,209
Inter-segment	4,168	–	4,168	(4,168)	–
	₱6,396,630	₱231,405	₱6,628,035	₱12,174	₱6,640,209
Operating EBITDA	₱ 1,037,068	₱ 158,428	₱1,195,496	(₱100,443)	₱ 1,095,053
Segment assets	31,137,229	396,767	31,533,996	8,688,703	40,222,699
Segment liabilities	6,886,078	760,501	7,646,579	2,059,370	9,705,949

* Chief operating decision maker is composed of the Group's Executive Committee

6. *Retained Earnings*

The BOD did not declare any cash dividends as of March 31, 2024.

Interim Disclosures

The Group is not aware of the following or is not applicable to the Group's interim operations:

1. Unusual items that materially affect the Group'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 financial years that have a material effect in the current period.

3. Issuances and repurchases 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 interim period.

6. Known trends, demands, commitments, events and uncertainties that will result in or likely to decrease its liquidity in any material way. The Group does not anticipate having within the next

twelve (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 financing arrangements requiring it to make payments.

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

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

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

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

11. Material events subsequent to end of the reporting period that have not been reflected in this report.

12. Material changes in the composition of the Group, including any business combination, acquisition or disposal of subsidiaries and long-term investments, restructurings and discontinuing operations.

13. Any seasonal aspect that had a material effect on the financial condition or results of operation.

Material Changes in Balance Sheet Accounts

40% decrease in Cash in banks
The decrease is mainly due to higher working capital spending.

8% decrease in Inventories
Inventory of raw materials, spare parts and fuels has decreased due to timing of shipments.

38% increase in Other current assets
Increase is mainly due to higher prepaid expenses and accumulation of creditable withholding taxes.

23% decrease in Trade and other payables
Decrease is mainly due to payments to suppliers.

100% decrease in Income tax payable
Decrease is due to application of overpayments from previous quarters.

17% decrease in Other reserves
Movement is due to commodity derivative hedge.

Material Changes in Income Statement Accounts

20% decrease in Net sales
Decrease is mainly due to lower volumes sold from continuing market softness.

24% decrease in Cost of sales
Decrease is mainly due to lower production costs brought by operational efficiencies and lower production.

97% decrease in Net Other Expenses
Decrease is mainly due to foreign exchange gains, and better share in net income from associate.

28% decrease in Provision for income tax
Decrease is mainly due to movement in deferred tax expense particularly from pension.

Holcim Philippines, Inc. and Subsidiaries
Schedule of Financial Soundness Indicators

Financial KPI	Definition	For the three (3) Months Ended March 31	
		2024	**2023**
<u>Current/Liquidity ratio</u> Current Ratio	Current Assets / Current Liabilities	142.9%	125.0%
<u>Solvency ratio/Debt-to-equity ratio</u> Gearing	Net Financial Debt (Asset) / Stockholder's Equity	(8.1%)	(5.0%)
<u>Asset to Equity Ratios</u> Asset to Equity Ratio/ Equity Multiplier	Total Assets / Stockholder's Equity	130.3%	131.8%
<u>Interest Rate Coverage Ratio</u> Interest Rate Coverage	Income before Tax / Net Interest	28.7 times	19.3 times
<u>Profitability Ratios</u> Return on Assets	Net Income / Average Total Assets	1.1%	0.9%
Return on Equity	Net Income / Average Total Equity	1.5%	1.2%

SIGNATURES

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

HOLCIM PHILIPPINES, INC.

Zoe Verna M. Sibala
Chief Financial Officer
Date: May 3, 2024

COVER SHEET

2	6	1	2	6

SEC Registration Number

HOLCIM PHILIPPINES, INC. AND SUBSIDIARIES

(Company's Full Name)

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

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

Aries Jeryko Paul A. Guilalas
(Contact Person)

(2nd Quarter 2024)

8581-1511
(Company Telephone Number)

0 6 **3 0**
Month *Day*
(Fiscal Year)

SEC FORM 17-Q
For the quarter ended June 30, 2024
(Form Type)

Month *Day*
(Annual Meeting)

(Secondary License Type, If Applicable)

CFD
Dept. Requiring this Doc.

–
Amended Articles Number/Section

Total Amount of Borrowings

7,079
Total No. of Stockholders

Domestic | Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes.

SEC Form 17Q
February 2001

SECURITIES AND EXCHANGE COMMISSION

FORM 17-Q

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

1. For the quarterly period ended June 30, 2024

2. Commission identification number 026126 3. BIR Tax Identification No 000-121-507-000

4. Exact name of issuer as specified in its charter HOLCIM PHILIPPINES, INC.

5. Province, country or other jurisdiction of incorporation or organization Republic of the Philippines
6. Industry Classification Code: (SEC Use Only)

7. Address of issuer's principal office Postal Code

   7th Floor Two World Square, McKinley Hill, Fort Bonifacio, Taguig City 1634
8. Issuer's telephone number, including area code (632) 8581-1511
9. Former name, former address and former fiscal year, if changed since last report N. A.

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

Title of each Class	Number of shares of common stock outstanding and amount of debt outstanding
Common Shares	6,452,099,144

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

    Yes [ ] No [x]

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

    N/A Common Shares

12. Indicate by check mark whether the registrant:

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

    Yes [x] No [ ]

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

    Yes [x] No [ ]

PART I- FINANCIAL INFORMATION

Item 1. Financial Statements.

Exhibit I – Consolidated Balance Sheets as of June 30, 2024 and December 31, 2023
Exhibit II – Consolidated Statements of Income for the quarters ended June 30, 2024 and 2023
Exhibit III – Consolidated Statements of Comprehensive Income for the quarters ended June 30, 2024 and 2023
Exhibit IV – Consolidated Statements of Changes in Stockholders' Equity for the quarters ended June 30, 2024 and 2023
Exhibit V – Consolidated Statements of Cash Flows for the quarters ended June 30, 2024 and 2023
Exhibit VI – Aging of Trade and Other Receivables as June 30, 2024

Exhibit I

HOLCIM PHILIPPINES, INC.
CONSOLIDATED BALANCE SHEETS
As of June 30, 2024 and December 31, 2023
(In Thousands)

	30 Jun 2024	31 Dec 2023
ASSETS		
Current Assets		
Cash and cash equivalents	₱ 4,457,440	₱ 5,180,147
Short-term deposits	275,963	274,162
Trade and other receivables - net	3,497,213	2,927,612
Inventories	4,084,541	3,832,351
Other current assets	534,218	322,484
Total Current Assets	**12,849,375**	**12,536,756**
Noncurrent Assets		
Investments	4,229,815	4,419,369
Property, plant and equipment - net	17,826,962	18,300,276
Right-of-use assets	1,359,579	1,429,122
Goodwill	2,635,738	2,635,738
Intangibles – net	22,161	24,046
Deferred tax asset	2,889	2,889
Retirement assets – net	2,754,410	2,731,678
Other noncurrent assets	954,072	930,921
Total Noncurrent Assets	**29,785,626**	**30,474,039**
TOTAL ASSETS	**₱ 42,635,001**	**₱43,010,795**
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Trade and other payables	8,292,152	₱9,888,744
Current portion of lease liabilities	49,614	72,970
Income tax payable	1,377	41,751
Total Current Liabilities	**8,343,143**	**10,003,465**
Noncurrent Liabilities		
Provisions	59,706	59,706
Deferred tax liabilities	174,720	112,444
Long-term lease liabilities	1,499,900	1,534,398
Long-term derivative liability	222,281	224,301
Total Noncurrent Liabilities	**1,956,607**	**1,930,849**
Total Liabilities	**10,299,750**	**11,934,314**
Equity		
Capital stock	6,452,099	6,452,099
Additional paid-in capital	8,476,002	8,476,002
Other reserves	(367,820)	(528,102)
Remeasurement gain on retirement benefits - net	1,763,008	1,763,008
Retained earnings	15,998,846	14,898,531
Equity Attributable to Equity Holders of Parent	**32,322,135**	**31,061,538**
Non-controlling Interest	**13,116**	**14,943**
Total Equity	**32,335,251**	**31,076,481**
TOTAL LIABILITIES AND EQUITY	**₱ 42,635,001**	**₱43,010,795**

Exhibit II

HOLCIM PHILIPPINES, INC.
CONSOLIDATED STATEMENTS OF INCOME
For the quarters ended June 30, 2024 and 2023
(In Thousands, Except Per Share Data)

	Quarter Ended			
	Apr-Jun 2024	**Apr-Jun 2023**	**Jan-Jun 2024**	**Jan-Jun 2023**
Net Sales	**₱ 5,769,546**	**₱6,259,402**	**₱ 11,346,558**	**₱12,899,610**
Cost of sales	4,331,848	5,049,762	8,530,980	10,171,443
Gross Profit	1,437,698	1,209,640	**2,815,578**	**2,728,167**
Operating expenses	319,585	348,226	710,777	725,943
Operating EBITDA	**1,118,113**	**861,414**	**2,104,801**	**2,002,224**
Depreciation and amortization	400,598	393,064	803,554	807,869
Profit from Operations	**717,515**	**468,350**	**1,301,247**	**1,194,355**
Other income/(expenses)				
Net financial income/(expense)	7,881	(27,790)	(9,858)	(75,735)
Other income/(expenses) - net	51,602	(9,621)	86,208	(152,273)
Total	59,483	(37,411)	76,350	(228,008)
Profit before Income Tax	**776,998**	**430,939**	**1,377,597**	**966,347**
Provision for income tax				
Current	109,248	25,296	243,520	171,700
Deferred	37,779	(73,239)	33,097	(40,469)
Total	147,027	(47,943)	276,617	131,231
Profit for the Period	**629,971**	**478,882**	**1,100,980**	**835,116**
Non-controlling interest	365	165	665	395
Profit for the period attributable to Equity holders of the Parent Company	**₱ 629,606**	**₱478,717**	**₱ 1,100,315**	**₱834,721**

Basic/Diluted Earnings Per Share (EPS)				
Computation of EPS:				
(a) Profit for the period attributable to Equity holders of the parent company	**629,606**	**478,717**	**1,100,315**	**834,721**
(b) Common shares issued and outstanding	6,452,099	6,452,099	6,452,099	6,452,099
EPS [(a)/(b)]	**₱0.098**	**₱0.074**	**₱0.171**	**₱0.129**

HOLCIM PHILIPPINES, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the quarters ended June 30, 2024 and 2023
(In Thousands)

	Quarter Ended		Six (6) Months Ended	
	Apr-Jun 2024	**Apr-Jun 2023**	**Jan-Jun 2024**	**Jan-Jun 2023**
Total Comprehensive Income	**₱629,971**	**₱ 478,882**	**₱1,100,980**	**₱835,116**
Attributable to:				
Equity holders of Parent Company	**629,606**	**478,717**	**1,100,315**	**834,721**
Non-controlling interest	365	165	665	395
Total Comprehensive Income	**₱629,971**	**₱ 478,882**	**₱1,100,980**	**₱835,116**

Exhibit IV

HOLCIM PHILIPPINES, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
For the six (6) months ended June 30, 2024 and 2023
(In Thousands)

	Jan-Jun 2024	**Jan-Jun 2023**
Capital Stock		
Common Stock		
Balance at beginning and end of period	**₱ 6,452,099**	₱6,452,099
Additional Paid-in Capital		
Balance at beginning and end of period	**8,476,002**	8,476,002
Other comprehensive income	**1,763,008**	1,699,213
Other reserves	**(367,820)**	**(595,128)**
Retained Earnings		
Balance at beginning of period	14,898,531	13,990,518
Profit for the Period	1,100,315	834,722
Balance at end of period	**15,998,846**	**14,825,240**
Non-controlling Interest	**13,116**	**12,846**
	₱32,335,251	**₱30,870,272**

HOLCIM PHILIPPINES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the six (6) months ended June 30, 2024 and 2023
(In Thousands)

	Jan-Jun 2024	Jan-Jun 2023
Operating Activities		
Profit before Income Tax	**₱1,377,597**	₱966,347
Adjustments to reconcile profit to cash		
Depreciation and amortization	803,554	807,869
Other items (net)	(653,111)	(281,688)
Changes in current assets and liabilities	(1,872,292)	(4,119,133)
Cash used in Operating Activities	**(344,252)**	(2,626,605)
Investing Activities		
Additions to plant, property and equipment	(309,814)	(407,056)
Repayment of loan receivable	210,351	–
Cash used in Investing Activities	**(99,463)**	(407,056)
Financing Activities		
Repayment of loan payable	(245,000)	
Repayment of long-term leases	(58,198)	(82,288)
Dividend paid	–	(229,763)
Cash used in Financing Activities	**(303,198)**	(312,051)
Net increase in cash and cash equivalents	**(746,913)**	(3,345,712)
Cash and cash equivalents, beginning	**5,180,147**	5,233,204
Effect of exchange rate changes on cash and cash equivalents	**24,206**	(5,020)
Cash and cash equivalents, end	**₱4,457,440**	₱1,882,472

Exhibit VI

HOLCIM PHILIPPINES, INC
Aging of Trade and Other Receivables
As of June 30, 2024
(In Thousands)

	Total	Current	1-30 days	31-60 days	Over 60 days
Trade Receivables	₱ 1,283,468	₱ 688,851	₱ 170,388	₱ 128,788	₱ 295,441
Other Receivables	2,235,977	337,825	31,998	–	1,868,519
Total		₱1,026,676	₱202,386	₱126,423	₱2,163,960
Allowance for Doubtful Accounts	(22,233)				
Net Receivables	₱ 3,497,212				

Certified correct:

Zoe Verna M. Sibala
Chief Financial Officer

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

Results of Operations

At the end of the second quarter, the Group posted net sales of ₱11.3 billion, lower by 12% compared to ₱12.9 billion reported in the same period last year. This is due to soft market and stiff competition.

The Group reported total EBITDA of ₱2.1 billion, higher by 10% as compared to ₱2.0 billion reported during the same period last year. Profit from operations has increased compared to same period last year due to lower production costs brought by lower procurement costs and operational efficiencies despite lower sales. Operating expenses were lower due to lower administrative & marketing costs. Other expenses have decreased significantly mainly due to forex gains. Net income after tax stood at ₱1.1 billion giving earnings per share of ₱0.17.

Financial Position

The Group's financial position has remained healthy with stable liquid cash position. The return on assets increased to 2.6% as of June 30, 2024 which is 0.6 percentage point higher from the end of June 30, 2023 as a result of higher net income. Total assets stood at ₱42.6 billion as of June 30, 2024, 0.1% lower from end of 2023.

Cash Flow Generation

The Group's cash requirements were mainly sourced through cash from operating activities.

Key Performance Indicators

The comparative financial KPI's of the Group for the periods ended June 30, 2024 and 2023 were as follows:

Financial KPI	Definition	For the period ended June 30	
		2024	**2023**
Profitability			
Return on Equity (ROE)	Net Income / Ave. Total Shareholders' Equity	3.5%	2.7%
Return on Asset (ROA)	Net Income / Average Total Assets	2.6%	2.0%
Efficiency			
EBITDA Margin	Operating EBITDA / Net Sales	18.6%	15.5%
Liquidity			
Gearing	Net Financial Debt (Asset) / Stockholders' Equity	(12.8%)	(3.9%)
EBITDA Net Interest Cover	Operating EBITDA / Net Interest	52.7 times	37.8 times

Profitability and Efficiency

Profitability indicators have increased due to higher Net income, along with higher Efficiency indicator compared to the same period last year due to higher Operating EBITDA.

Liquidity

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

Notes to Financial Statements

1. *Summary of Significant Accounting Policies*

These condensed consolidated interim financial statements have been prepared in accordance with PAS 34 *Interim Financial Reporting* and do not include all of the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at December 31, 2023.

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective in 2023. 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

  - 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

2. *Seasonality Aspects of the Business*

Like any other company in the construction industry, the operations of the Group 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.

3. *Financial Risk Management Objectives and Policies*

General Risk Management Approach

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, and 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 and cash equivalents and notes payable. 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, advances to employees, guarantee deposits, restricted cash and trade and other payables which arise directly from operations.

The main risks arising from the Group'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 Group's accounting policies in relation to financial instruments are set out in Note 2 of the prior year consolidated financial statements.

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 and debt servicing requirements in currencies other than the Philippine Peso that leads to currency translation effects. As of June 30, 2024, 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 Group may enter into derivative contracts whenever necessary, which may be designated either as cash flow hedges or fair value hedges, as appropriate.

As of June 30, 2024, the Group 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 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 June 30, 2024 and 2023, 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.

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 due from related parties, advances to employees, financial assets at FVTPL, and guarantee and refundable deposits, the Group's exposures arise from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

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 and readily available marketable securities 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 June 30, 2024, the Group has unutilized credit facilities of ₱12.9 billion.

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.

4. *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 June 30, 2024 and December 31, 2023. 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, Advance to Employees, Loan Receivable from a related party, Long Term Financial Receivable, Loan Payable 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 embedded currency forwards 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.

Long Term Financial Receivable and Guarantee Deposits. 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 June 30, 2024 and December 31, 2023, the Group's financial instruments measured at fair value include only the quoted equity securities, classified as financial assets at FVTPL (Level 1).

As at June 30, 2024 and December 31, 2023, the Group 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 2024 and 2023.

5. ***Segment Reporting***

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 change 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 Dry Mortar 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.

Segment revenues, EBITDA, assets and liabilities as at June 30, 2024 and 2023 are presented below:

	2024				
	Clinker and cement	**Others**	**Total**	**Adjustments and eliminations**	**Consolidated**
			(In Thousands)		
Revenue:					
External customers	10,358,141	937,566	11,295,707	50,851	11,346,558
Inter-segment	5,044		5,044	(5,044)	
	10,363,185	**937,566**	**11,300,751**	**45,807**	**11,346,558**
Operating EBITDA	**2,065,548**	**832,729**	**2,898,277**	**(793,476)**	**2,104,801**
Segment assets	**31,252,958**	**337,555**	**31,590,513**	**11,044,488**	**42,635,001**
Segment liabilities	**7,040,778**	**337,145**	**7,377,923**	**2,921,827**	**10,299,750**

	2023				
	Clinker and cement	Others	Total	Adjustments and eliminations	Consolidated
			(In Thousands)		
Revenue:					
External customers	₱12,399,009	₱1,024,003	₱13,423,012	₱(523,402)	₱12,899,610
Inter-segment	7,453	-	7,453	(7,453)	-
	₱12,406,462	₱1,024,003	₱13,430,465	₱(530,855)	₱12,899,610
Operating EBITDA	₱2,127,441	₱892,487	₱3,019,928	₱ (1,017,704)	₱2,002,224
Segment assets	31,246,279	391,751	31,638,030	8,769,536	40,407,566
Segment liabilities	6,457,385	746,545	7,203,930	2,333,364	9,537,294

[*] Chief operating decision maker is composed of the Group's Executive Committee

6. *Retained Earnings*

The BOD did not declare any cash dividends as of June 30, 2024.

Interim Disclosures

There was a reclassification in the prior year's interim financial statements to enhance comparability with the current year's interim financial statements for the intercompany margin allocation. This has no impact in the net income.

The Group is not aware of the following or is not applicable to the Group's interim operations:

1. Unusual items that materially affect the Group'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 financial years that have a material effect in the current period.

3. Issuances and repurchases 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 interim period.

6. Known trends, demands, commitments, events and uncertainties that will result in or likely to decrease its liquidity in any material way. The Group does not anticipate having within the next twelve (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 financing arrangements requiring it to make payments.

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

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

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

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

11. Material events subsequent to end of the reporting period that have not been reflected in this report.

12. Material changes in the composition of the Group, including any business combination, acquisition or disposal of subsidiaries and long-term investments, restructurings and discontinuing operations.

13. Any seasonal aspect that had a material effect on the financial condition or results of operation.

Material Changes in Balance Sheet Accounts

14% decrease in Cash in banks
The decrease is mainly due to higher working capital spending.

41% increase in Trade and other receivables - net
Increase was due to higher credit sales mix.

66% increase in Other current assets
Increase is mainly due to higher prepaid expenses.

16% decrease in Trade and other payables
Decrease is mainly due to payments to suppliers.

97% decrease in Income tax payable
Decrease is due to application of overpayments from previous quarters.

55% increase in Deferred tax liabilities
Movement mainly pertains to adjustment entries.

30% decrease in Other reserves
Movement is due to commodity derivative hedge.

Material Changes in Income Statement Accounts

12% decrease in Net sales
Decrease is mainly due to soft market and stiff competition.

17% decrease in Cost of sales
Decrease is mainly due to lower production costs brought by operational efficiencies, and favorable packaging costs.

151% increase in Other income/(expenses)
Increase is mainly due to foreign exchange gains, and better share in net income from associate.

111% increase in Provision for income tax
Increase is mainly due to higher taxable income.

Holcim Philippines, Inc. and Subsidiaries
Schedule of Financial Soundness Indicators

Financial KPI	Definition	For the six (6) Months Ended June 30	
		2024	2023
Current/Liquidity ratio Current Ratio	Current Assets / Current Liabilities	154.0%	132.3%
Solvency ratio/Debt-to-equity ratio Gearing	Net Financial Debt (Asset) / Stockholder's Equity	(12.8%)	(3.9%)
Asset to Equity Ratios Asset to Equity Ratio/ Equity Multiplier	Total Assets / Stockholder's Equity	131.9%	130.9%
Interest Rate Coverage Ratio Interest Rate Coverage	Income before Tax / Net Interest	34.5 times	18.3 times
Profitability Ratios			
Return on Assets	Net Income / Average Total Assets	2.6%	2.0%
Return on Equity	Net Income / Average Total Equity	3.5%	2.7%

SIGNATURES

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

HOLCIM PHILIPPINES, INC.

Zoe Verna M. Sibala
Chief Financial Officer
Date: August 12, 2024

COVER SHEET

							2	6	1	2	6

SEC Registration Number

HOLCIM PHILIPPINES, INC. AND SUBSIDIARIES

(Company's Full Name)

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

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

Aries Jeryko Paul A. Guilalas
(Contact Person)

(3rd Quarter 2024)

8581-1511
(Company Telephone Number)

0 9 *Month* **3 0** *Day*
(Fiscal Year)

SEC FORM 17-Q
For the quarter ended September 30, 2024
(Form Type)

Month *Day*
(Annual Meeting)

(Secondary License Type, If Applicable)

CFD
Dept. Requiring this Doc.

–
Amended Articles Number/Section

Total Amount of Borrowings

6,995
Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

S T A M P S

Remarks: Please use BLACK ink for scanning purposes.

SECURITIES AND EXCHANGE COMMISSION

FORM 17-Q

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

1. For the quarterly period ended September 30, 2024

2. Commission identification number 026126 3. BIR Tax Identification No 000-121-507-000

3. Exact name of issuer as specified in its charter HOLCIM PHILIPPINES, INC.

4. Province, country or other jurisdiction of incorporation or organization Republic of the Philippines
5. Industry Classification Code: (SEC Use Only)

6. Address of issuer's principal office Postal Code

   7th Floor Two World Square, McKinley Hill, Fort Bonifacio, Taguig City 1634
7. Issuer's telephone number, including area code (632) 8581-1511
8. Former name, former address and former fiscal year, if changed since last report N. A.

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

Title of each Class	Number of shares of common stock outstanding and amount of debt outstanding
Common Shares	6,452,099,144

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

    Yes [ ] No [x]

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

    N/A Common Shares

11. Indicate by check mark whether the registrant:

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

    Yes [x] No [ ]

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

    Yes [x] No [ ]

PART I- FINANCIAL INFORMATION

Item 1. Financial Statements.

Exhibit I – Consolidated Balance Sheets as of September 30, 2024 and December 31, 2023
Exhibit II – Consolidated Statements of Income for the quarters ended September 30, 2024 and 2023
Exhibit III – Consolidated Statements of Comprehensive Income for the quarters ended September 30, 2024 and 2023
Exhibit IV – Consolidated Statements of Changes in Stockholders' Equity for the quarters ended September 30, 2024 and 2023
Exhibit V – Consolidated Statements of Cash Flows for the quarters ended September 30, 2024 and 2023
Exhibit VI – Aging of Trade and Other Receivables as of September 30, 2024

HOLCIM PHILIPPINES, INC.
CONSOLIDATED BALANCE SHEETS
As of September 30, 2024, and December 31, 2023
(In Thousands)

	30 Sep 2024	31 Dec 2023
ASSETS		
Current Assets		
Cash and cash equivalents	₱3,427,931	₱5,180,147
Short-term deposits	275,963	274,162
Trade and other receivables - net	3,305,742	2,927,612
Inventories	3,834,701	3,832,351
Other current assets	674,802	322,484
Total Current Assets	**11,519,139**	**12,536,756**
Noncurrent Assets		
Investments	4,303,818	4,419,369
Property, plant and equipment - net	17,769,049	18,300,276
Right-of-use assets	1,327,374	1,429,122
Goodwill	2,635,738	2,635,738
Intangibles – net	31,504	24,046
Deferred tax assets	-	2,889
Retirement assets – net	2,821,664	2,731,678
Other noncurrent assets	1,101,929	930,921
Total Noncurrent Assets	**29,991,076**	**30,474,039**
TOTAL ASSETS	**₱41,510,215**	**₱43,010,795**
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Trade and other payables	₱6,861,686	₱9,888,744
Current portion of lease liabilities	38,656	72,970
Income tax payable	-	41,751
Total Current Liabilities	**6,900,342**	**10,003,465**
Noncurrent Liabilities		
Provisions	59,706	59,706
Deferred tax liabilities	241,728	112,444
Long-term lease liabilities	1,482,756	1,534,398
Long-term derivative liability	509,223	224,301
Total Noncurrent Liabilities	**2,293,413**	**1,930,849**
Total Liabilities	**9,193,755**	**11,934,314**
Equity		
Capital stock	6,452,099	6,452,099
Additional paid-in capital	8,476,002	8,476,002
Other reserves	(367,820)	(528,102)
Re-measurement gain on retirement benefits - net	1,763,009	1,763,008
Retained earnings	15,979,582	14,898,531
Equity Attributable to Equity Holders of Parent	**32,302,872**	**31,061,538**
Non-controlling Interest	**13,588**	**14,943**
Total Equity	**32,316,460**	**31,076,481**
TOTAL LIABILITIES AND EQUITY	**₱41,510,215**	**₱43,010,795**

Exhibit II

HOLCIM PHILIPPINES, INC.
CONSOLIDATED STATEMENTS OF INCOME
For the quarters ended September 30, 2024 and 2023
(In Thousands, Except Per Share Data)

	Quarter Ended			
	Jul-Sep 2024	**Jul-Sep 2023**	**Jan-Sep 2024**	**Jan-Sep 2023**
Net Sales	**₱5,407,922**	**₱5,739,382**	**₱17,022,561**	**₱19,205,177**
Cost of sales	4,709,099	4,839,039	13,508,160	15,657,424
Gross Profit	**698,823**	**900,343**	**3,514,401**	**3,547,753**
Operating expenses	427,408	329,823	1,138,185	1,055,766
Operating EBITDA	**271,415**	**570,520**	**2,376,216**	**2,491,987**
Depreciation and amortization	409,980	407,258	1,213,534	1,215,127
Profit from Operations	**(138,565)**	**163,262**	**1,162,682**	**1,276,860**
Other income/(expenses)				
Net financial income/(expense)	(49,647)	(25,514)	(59,505)	(101,250)
Other income/(expenses) - net	98,306	49,879	184,514	(21,637)
Total	48,659	24,365	125,009	(122,887)
Profit before Income Tax	**(89,906)**	**187,627**	**1,287,691**	**1,153,973**
Provision for income tax				
Current	(88,723)	(324)	154,797	171,376
Deferred	17,612	23,618	50,710	(16,850)
Total	(71,111)	23,294	205,507	154,526
Profit for the Period	**(18,795)**	**164,333**	**1,082,184**	**999,447**
Non-controlling interest	472	(260)	1,137	135
Profit for the period attributable to Equity holders of the Parent Company	**₱(19,267)**	**₱164,593**	**₱1,081,047**	**₱999,312**

Basic/Diluted Earnings Per Share (EPS)				
Computation of EPS:				
(a) Profit for the period attributable to Equity holders of the parent company	**(19,267)**	164,593	1,081,047	999,312
(b) Common shares issued and outstanding	6,452,099	6,452,099	6,452,099	6,452,099
EPS [(a)/(b)]	**₱(0.003)**	**₱0.026**	**₱0.168**	**₱0.155**

HOLCIM PHILIPPINES, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the quarters ended September 30, 2024 and 2023
(In Thousands)

	Quarter Ended		**Nine (9) Months Ended**	
	Jul-Sep 2024	**Jul-Sep 2023**	**Jan-Sep 2024**	**Jan-Sep 2023**
Total Comprehensive Income	**₱(18,795)**	**₱164,333**	**₱1,082,184**	**₱999,447**
Attributable to:				
Equity holders of Parent Company	(19,267)	164,593	1,081,047	997,461
Non-controlling interest	472	(260)	1,137	1,986
Total Comprehensive Income	**₱(18,795)**	**₱164,333**	**₱1,082,184**	**₱999,447**

HOLCIM PHILIPPINES, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
For the six (6) months ended September 30, 2024 and 2023
(In Thousands)

	Jan-Sep 2024	Jan-Sep 2023
Capital Stock		
Common Stock		
Balance at beginning and end of period	**₱6,452,099**	₱6,452,099
Additional Paid-in Capital		
Balance at beginning and end of period	**8,476,002**	8,476,002
Other comprehensive income	**1,763,009**	**1,941,774**
Other reserves	**(367,820)**	**(492,442)**
Retained Earnings		
Balance at beginning of period	14,898,531	13,990,518
Profit for the Period	1,081,051	999,314
Balance at end of period	**15,979,582**	**14,989,832**
Non-controlling Interest	**13,588**	**14,437**
	₱32,316,460	**₱31,381,702**

HOLCIM PHILIPPINES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the nine (9) months ended September 30, 2024 and 2023
(In Thousands)

	Jan-Sep 2024	Jan-Sep 2023
Operating Activities		
Profit before Income Tax	**₱1,287,691**	**₱1,153,973**
Adjustments to reconcile profit to cash		
Depreciation and amortization	1,213,534	1,215,127
Other items (net)	(974,050)	(421,562)
Changes in current assets and liabilities	(2,625,491)	(4,421,570)
Cash used in Operating Activities	**(1,098,316)**	**(2,474,032)**
Investing Activities		
Additions to plant, property and equipment	(539,516)	(614,362)
Repayment of loan receivable	210,351	–
Cash used in investing activities	**(329,165)**	**(614,362)**
Financing Activities		
Repayment of loan payable	(245,000)	(55,000)
Repayment of long-term leases	(86,848)	(109,982)
Dividend paid	–	(229,763)
Cash used in Financing Activities	**(331,848)**	**(394,745)**
Net increase in cash and cash equivalents	**(1,759,329)**	**(3,483,139)**
Cash and cash equivalents, beginning	**5,180,147**	**5,233,204**
Effect of exchange rate changes on cash and cash equivalents	**7,114**	**4,213**
Cash and cash equivalents, end	**₱3,427,932**	**₱1,754,278**

Exhibit VI

HOLCIM PHILIPPINES, INC
Aging of Trade and Other Receivables
As of September 30, 2024
(In Thousands)

	Total	Current	1-30 days	31-60 days	Over 60 days
Trade Receivables	₱1,208,679	₱590,667	₱197,225	₱115,798	₱304,990
Other Receivables	2,118,848	110,519	27,632	5,998	1,974,698
Total		₱701,186	₱224,857	₱121,796	₱2,279,689
Allowance for Doubtful Accounts	(21,786)				
Net Receivables	₱3,305,742				

Certified correct:

Zoe Verna M. Sibala
Chief Financial Officer

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

Results of Operations

At the end of the third quarter, the Group posted net sales of ₱ 17 billion, 7% lower compared to ₱ 18.4 billion net sales reported in the same period last year. This is mainly due to soft demand amidst tight competition. The Group reported Net Income after tax of ₱ 1.1 billion, 8% better than same period last year mainly driven by higher income from associates.

Financial Position

The Group's financial position has remained healthy with stable liquid cash position. The return on assets increased to 2.6% as of September 30, 2024 which is 0.2 percentage point higher from the end of September 30, 2023 as a result of higher net income. Total assets stood at ₱ 41.5 billion as of September 30, 2024, 3.5% lower from end of 2023.

Cash Flow Generation

The Group's cash requirements were mainly sourced through cash from operating activities.

Key Performance Indicators

The comparative financial KPIs of the Group for the periods ended September 30, 2024 and 2023 were as follows:

Financial KPI	Definition	For the period ended September 30	
		2024	2023
Profitability			
Return on Equity (ROE)	Net Income / Ave. Total Shareholders' Equity	3.4%	3.2%
Return on Asset (ROA)	Net Income / Average Total Assets	2.6%	2.4%
Efficiency			
EBITDA Margin	Operating EBITDA / Net Sales	14%	13%
Liquidity			
Gearing	Net Financial Debt (Asset) / Stockholders' Equity	(9.7%)	(3.6%)
EBITDA Net Interest Cover	Operating EBITDA / Net Interest	36.6 times	34.1 times

Profitability and Efficiency

Profitability indicators have increased due to higher Net income along with higher Efficiency indicators compared to the same period last year due to lower cost of sales.

Liquidity

The Group’s liquidity position has decreased compared to previous period of last year which is evidenced by lower cash balances, and higher net financial debt as against total equity.

Notes to Financial Statements

1. *Summary of Significant Accounting Policies*

These condensed consolidated interim financial statements have been prepared in accordance with PAS 34 *Interim Financial Reporting* and do not include all of the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at December 31, 2023.

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective in 2023. 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

  - 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.

- o 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

2. *Seasonality Aspects of the Business*

Like any other company in the construction industry, the operations of the Group 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.

3. *Financial Risk Management Objectives and Policies*

General Risk Management Approach

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, and 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 and cash equivalents and notes payable. 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, advances to employees, guarantee deposits, restricted cash and trade and other payables which arise directly from operations.

The main risks arising from the Group'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 Group's accounting policies in relation to financial instruments are set out in Note 2 of the prior year consolidated financial statements.

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 and debt servicing requirements in currencies other than the Philippine Peso that leads to currency translation effects. As of September 30, 2024, 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 Group may enter into derivative contracts whenever necessary, which may be designated either as cash flow hedges or fair value hedges, as appropriate.

As of September 30, 2024, the Group 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 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 September 30, 2024 and 2023, 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.

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 due from related parties, advances to employees, financial assets at FVTPL, and guarantee and refundable deposits, the Group's exposures arise from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

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 and readily available marketable securities 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 September 30, 2024, the Group has unutilized credit facilities of 12.6 billion.

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.

4. *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 September 30, 2024 and December 31, 2023. 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, Advance to Employees, Loan Receivable from a related party, Long Term Financial Receivable, Loan Payable 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 embedded currency forwards 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.

Long Term Financial Receivable and Guarantee Deposits. 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 September 30, 2024 and December 31, 2023, the Group's financial instruments measured at fair value include only the quoted equity securities, classified as financial assets at FVTPL (Level 1).

As at September 30, 2024 and December 31, 2023, the Group 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 2024 and 2023.

5. ***Segment Reporting***

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 change 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 Dry Mortar 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.

Segment revenues, EBITDA, assets and liabilities as at September 30, 2024 and 2023 are presented below:

	2024				
	Clinker and cement	**Others**	**Total**	**Adjustments and eliminations**	**Consolidated**
			(In Thousands)		
Revenue:					
External customers	₱15,532,465	₱1,406,370	₱16,938,835	₱83,726	₱17,022,561
Inter-segment	7,548	-	7,548	(7,548)	-
	₱15,540,013	**₱1,406,370**	**₱16,946,383**	**₱76,178**	**₱17,022,561**
Operating EBITDA	**₱2,452,085**	**₱1,242,568**	**₱3,694,653**	**₱(1,318,437)**	**₱2,376,216**
Segment assets	**30,922,574**	**367,283**	**31,289,857**	**10,220,358**	**41,510,215**
Segment liabilities	**6,162,729**	**193,272**	**6,356,001**	**2,837,754**	**9,193,755**

	2023				
	Clinker and cement	Others	Total	Adjustments and eliminations	Consolidated
			(In Thousands)		
Revenue:					
External customers	₱17,630,394	₱1,505,621	₱19,136,015	₱69,162	₱19,205,177
Inter-segment	10,161	270	10,431	(10,431)	-
	₱17,640,555	₱1,505,891	₱19,146,446	₱58,731	₱19,205,177
Operating EBITDA	₱3,058,167	₱494,341	₱3,552,508	₱(1,060,521)	₱2,491,987
Segment assets	30,634,586	371,651	31,006,237	8,725,594	39,731,831
Segment liabilities	5,856,962	603,813	6,460,775	1,889,354	8,350,129

[*] Chief operating decision maker is composed of the Group's Executive Committee

6. *Retained Earnings*

The BOD did not declare any cash dividends as of September 30, 2024.

Interim Disclosures

There was a reclassification in the prior year's interim financial statements to enhance comparability with the current year's interim financial statements for the intercompany margin allocation. This has no impact in net income.

The Group is not aware of the following or is not applicable to the Group's interim operations:

1. Unusual items that materially affect the Group'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 financial years that have a material effect in the current period.

3. Issuances and repurchases 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 interim period.

6. Known trends, demands, commitments, events and uncertainties that will result in or likely to decrease its liquidity in any material way. The Group does not anticipate having within the next twelve (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 financing arrangements requiring it to make payments.

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

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

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

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

11. Material events subsequent to the end of the reporting period that have not been reflected in this report.

12. Material changes in the composition of the Group, including any business combination, acquisition or disposal of subsidiaries and long-term investments, restructurings and discontinuing operations.

13. Any seasonal aspect that had a material effect on the financial condition or results of operation.

Material Changes in Balance Sheet Accounts

34% decrease in Cash in banks
The decrease is mainly due to higher working capital spending.

13% increase in Trade and other receivables - net
Increase was due to higher credit sales.

105% increase in Other current assets
Increase is mainly due to higher prepaid expenses.

31% increase in Intangibles, net
Increase is mainly due to higher costs incurred for new system software.

18% increase in Other noncurrent asset
Increase is mainly due to higher security deposit payments, and restricted cash balance.

32% decrease in Trade and other payables
Decrease is mainly due to payments to suppliers.

100% decrease in Income tax payable
Decrease is due to application of overpayments from previous quarters.

115% increase in Deferred tax liabilities - net
Movement mainly pertains to higher year to date net income as against tax base, and prior year adjustment entries.

30% decrease in Other reserves
Movement is due to commodity derivative hedge.

Material Changes in Income Statement Accounts

7% decrease in Net sales
Decrease is mainly due to lower volumes sold from soft market demand.

8% decrease in Cost of sales
Decrease is mainly due to lower production costs brought by operational efficiencies, and favorable commodity costs.

151% decrease in Net Other Expenses
Decrease is mainly due to foreign exchange gains, lower Group fees and better share in net income from associate.

33% increase in Provision for income tax
Increase is mainly due to higher taxable income.

Holcim Philippines, Inc. and Subsidiaries
Schedule of Financial Soundness Indicators

Financial KPI	Definition	For the Nine (9) Months Ended September 30	
		2024	**2023**
Current/Liquidity ratio Current Ratio	Current Assets / Current Liabilities	166.9%	146.3%
Solvency ratio/Debt-to-equity ratio Gearing	Net Financial Debt (Asset) / Stockholders' Equity	(9.7%)	(3.6%)
Asset to Equity Ratios Asset to Equity Ratio/ Equity Multiplier	Total Assets / Stockholders' Equity	128.4%	126.6%
Interest Rate Coverage Ratio Interest Rate Coverage	Income before Tax / Net Interest	19.8 times	15.1 times
Profitability Ratios Return on Assets	Net Income / Average Total Assets	2.6%	2.4%
Return on Equity	Net Income / Average Total Equity	3.4%	3.2%

SIGNATURES

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

HOLCIM PHILIPPINES, INC.

Zoe Verna M. Sibala
Chief Financial Officer
Date: November 08, 2024

Exhibit 4

Schedule of Pending Material Legal Proceedings

EXHIBIT 4

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 <u>2006 to 2012</u>, 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 <u>2006 to 2015.</u> 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.

   No update for this case as of December 31, 2024.

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).

On January 18, 2023, the parties appeared before the CBAA and informed the CBAA that both parties conducted a conference to discuss the issues in the case in order to arrive at an amicable settlement. However, both parties needed more time to thresh out the issues.

On May 3, 2023, the parties appeared before the CBAA and manifested that there have been several attempts to meet prior to the status conference but were not able to do so due to conflicts of schedule. The CBAA gave the parties 30 days to meet and discuss the possible settlement and will set another Status/Update Hearing by mid to 3rd week of June 2023.

Additionally, the CBAA required the parties to submit Joint Manifestation providing the date of the next meeting with the Province of Bulacan, and another Joint Manifestation after the meeting which should state the matters taken up during the meeting to discuss the settlement. Further, the CBAA mentioned that should the parties no longer wish to settle, the case will proceed with the normal course of trial.

On May 26, 2023, the parties met via Zoom conference, and were able to hear the proposals of the Provincial Treasurer:

First settlement proposal: The refund will be limited to years 2019 to 2023, where Holcim will forego all refund claims from 2011 to 2018, and Holcim's real property tax liability for years

2019 to 2023 will be computed as if Holcim's machineries were continuously subjected to 3.33% annual depreciation.

Second settlement proposal: Continuous application of the 3.33% annual depreciation allowance for succeeding years.

Third settlement proposal: Tax clearance for all of Holcim's properties until the year 2023.

On June 19, 2023, the Joint Manifestation providing that the parties met on May 26, 2023 was filed with the CBAA.

On June 21, 2023, the parties appeared before the CBAA and informed the CBAA that there have been significant development in the settlement based on the last settlement meeting on May 26, 2023, and that the parties are out exchanging figures for the refundable RPT amount, and the application of depreciation.

The CBAA has determined that the parties' settlement discussions have progressed. The CBAA cancelled the hearing on October 11, 2023 and required the parties to submit pleadings reporting the status of settlement discussions. The parties confirmed in their pleadings that they are discussing settlement.

On May 27, 2024, the parties attended a hearing before the Bulacan Local Board of Assessment Appeals. The following is a summary of the hearing:

- The LBAA stated that it was only constituted on February 2024. In this regard, it called for hearings to determine the status of cases that are pending before it.
- The LBAA called the hearing to discuss the status of Holcim's appeal to the LBAA in connection with the real property tax ("RPT") assessment on machineries for year 2020. The LBAA appeal for the year 2020 was docketed as LBAA Case No. 20-01. In this regard, please note that Holcim already paid under protest the RPT for machineries for year 2020 amounting to P41,769,914.14. Thus, the appeal to the LBAA seeks a refund of the RPT paid to Norzagaray and DRT.
- Holcim informed the LBAA that on June 26, 2020, Holcim filed the LBAA appeal and paid the corresponding fees and presented the copy of Official Receipt No. 4951920 dated June 26, 2020 evidencing Holcim's payment of the appeal fee to the LBAA. The LBAA required Holcim to submit the original of the Official Receipt within 5 days, or by June 3, 2024.
- The LBAA set another hearing on June 3, 2024 at 1:30 p.m. to discuss the status of the case. Once Holcim submits the original of the Official Receipt, the LBAA will require the local officials to answer Holcim's LBAA appeal.

On June 24, 2024, the parties attended a hearing for Holcim Philippines, Inc. v. The Province of Bulacan, et. al., LBAA Case No. 20-01. The following is a summary of the hearing:

- The LBAA took notice of Holcim's compliance and submission of the original Official Receipt No. 4951920 which was proof that Holcim paid the filing fees in relation to this case.
- The LBAA directed the Respondents to file their Answer within 10 days from today or until July 24, 2024. The LBAA also directed the Respondents to serve Holcim a copy of their Answer through personal service. The Respondents stated they would all file one answer for this case.
- The LBAA gave Holcim 10 days from receipt of the Answer to file a Reply, if necessary.

LBAA was informed that Holcim and the Province of Bulacan are still discussing settlement. The LBAA requested an update regarding this negotiation on or before July 15, 2024.

On July 15, 2024, the parties attended a hearing for Holcim Philippines, Inc. v. The Province of Bulacan, et. al., LBAA Case No. 20-01. The following is a summary of the hearing:

- The LBAA stated that it could not muster a quorum due to the absence of some of its members of the Board.
- The Respondents stated that they are in continuous negotiations with Holcim to settle the matter.
- Holcim stated that it is interested in settling this matter with the Provincial Treasurer and informed the LBAA that the parties have discussed settlement terms.
- The LBAA gave the parties two (2) weeks, or until July 29, 2024, to finalize a settlement agreement in writing. In this regard, the parties were directed to appear before the LBAA on July 29, 2024, to monitor the status of the settlement.
- The Provincial Legal Officer manifested that they have not yet filed an Answer to Holcim's appeal. Should the parties not reach a settlement by July 29, 2024, the LBAA directed the Provincial Legal Office to submit an Answer ten (10) days from July 29, 2024.

On August 12, 2024, the parties attended a hearing for Holcim Philippines, Inc. v. The Province of Bulacan, et. al., LBAA Case No. 20-01. The following is a summary of the hearing:

- LBAA was asked for more time to discuss with the provincial government of Bulacan the settlement of RPT assessments since the discussion with provincial officers did not push thru due to the recent storm and availability of the provincial officers.
- LBAA gave until September 11, 2024, to finalize the settlement agreement. The parties were also ordered by the LBAA to furnish the respondents a copy of the proposed settlement agreement. In this regard, the parties were directed to appear before the LBAA on September 11, 2024, at 10:00am to monitor the status of the settlement.
- In the instance that the parties will not reach a compromise on September 11, 2024, the LBAA directed the Provincial Legal Office to submit an Answer.

After the hearing, Holcim coordinated with the Provincial Treasurer and Assessor to set up a meeting for the settlement discussion. The following is a summary of the preliminary discussion with the Provincial Treasurer and Assessor:

- Holcim asked confirmation from the Provincial Assessor on whether the additional 38 tax declarations were already cancelled. The Provincial Assessor informed Holcim that he has already instructed the concerned Municipal Assessor for the cancellation of these additional tax declarations.

- The Provincial Treasurer and Assessor asked for confirmation that Holcim will no longer ask for the refund or credit of the RPT Assessments that are pending before the CBAA and LBAA. In return, the Province of Bulacan will apply depreciation allowance for Holcim's machineries prospectively, in addition to the additional tax declarations that were cancelled (subject to confirmation of the Assessor).

On August 19, 2024, Holcim attended a meeting for settlement discussion with the Bulacan Provincial Assessor (Joey Robles) and Bulacan Provincial Treasurer (Atty. Maria Teresa L. Camacho) at Bulacan Provincial Capitol.

The following is a summary of our meeting:

- Reiterated with the provincial assessor and treasurer the previous proposal for the compromise between Holcim and Provincial Government of Bulacan that Holcim will no longer claim for refund and shall withdraw the appeals pending before the LBAA and CBAA provided that:

a) Bulacan shall issue a tax clearance stating that Holcim has paid all of its RPT liabilities until the year 2024;
b) Bulacan shall apply the 3.33% depreciation allowance prospectively (starting taxable year 2025); and

c) Bulacan shall cancel the additional 38 tax declarations.

- The provincial treasurer will endeavor to discuss with the Governor and members of Sangguniang Panlalawigan the proposed compromise for all Holcim's RPT Assessments on August 21, 2024.
- For the prospective application of the depreciation on Holcim's machineries, the provincial assessor confirmed that it will be able to apply the 3.33% depreciation moving forward. He only asked for a copy of Holcim's latest RPT payments for the machineries to be used as reference for the application of the depreciation prospectively.
- The provincial assessor confirmed that the 38 tax declarations covering Holcim's machineries have been cancelled. The provincial assessor stated that the notice of cancellation was transmitted to Holcim and was received by Holcim's finance officer, Ms. Lyn Monteagudo, at the Bulacan plant sometime in February of 2024.
- The provincial assessor and treasurer shall setup a meeting again with Holcim after their discussion with the Sanggunian and the Governor.

On September 11, 2024, the parties attended a hearing for Holcim Philippines, Inc. v. The Province of Bulacan, et. al., LBAA Case No. 20-01.

The following is a summary of the hearing:

- Prior to the hearing, the Provincial Treasurer said that she was unable to have a discussion with the provincial governor and the Sangunian due to conflict in schedules.
- Holcim manifested to the LBAA that the discussion with the provincial government of Bulacan for the settlement of the RPT assessment is still on going.
- The Provincial Legal Officer then manifested that they would draft a Joint Manifestation with Motion to Dismiss for the 2020 assessment for Holcim's confirmation and review.
- Holcim raised that we were only informed during that hearing of the decision to file a Joint Manifestation with Motion to Dismiss for the 2020 assessment and said that we would require more time to confer with Holcim on the approval of such course of action.
- The LBAA gave the parties a non-extendible period until October 14, 2024, to finalize its settlement discussion, otherwise, the case shall proceed to hearing.

On September 27, 2024, the parties attended a settlement discussion for Holcim Philippines, Inc. v. The Province of Bulacan, et. al., LBAA Case No. 20-01 with Bulacan Provincial Legal Officer Atty. Al Joseph Javier and Bulacan Provincial Treasurer Atty. Maria Teresa L. Camacho

The following is a summary of the meeting:

- Holcim discussed again with the provincial officers Holcim's proposal for the settlement. That Holcim will no longer pursue the pending appeals before the LBAA and CBAA provided that:

  a. A tax clearance be issued attesting that Holcim is cleared of its real property tax liabilities for years 2011 to 2024.

  b) The depreciation allowance of 3.33% will be applied on real property tax assessments starting taxable year 2025.

  c) The Province confirms the cancellation of the 38 tax declarations on machineries issued by the Municipality of Norzagaray.

  d) An inventory of the properties covered by respective tax declarations.

- The provincial treasurer proposed issuing a certification stating that the real property tax for years 2011 to 2024 for each tax declaration has been "fully paid" based on the official receipts and the amount indicated in the tax declaration. The provincial treasurer, however, said that she will need to discuss the matter with the Governor and Sanggunian before issuing any document.

- The provincial treasurer noted that in the LBAA's Decision dated March 6, 2020, the LBAA computed Holcim's RPT liability at P315,608,718.29. In this regard, and based on the receipts in our possession, Holcim's RPT payments to the Province of Bulacan for machineries alone already amounted to P368,022,899. These receipts were submitted to the LBAA and CBAA. We said that Holcim's RPT payments for years 2011 to 2018 exceeded the amount stated in the LBAA Decision.
- The provincial treasurer informed Holcim that the provincial assessor has already prepared a computation of the assessed values of Holcim's machineries applying the 3.33% depreciation allowance beginning year 2025.
- Holcim informed the provincial treasurer that the LBAA's Decision did not prohibit the application of a depreciation allowance. The Decision only required that the depreciation be with the approval of the assessor. The LBAA Decision stated: "With regard the depreciation allowance claimed by the petitioner, perusal of the computation they prepared revealed that it was unilaterally made by them and was not submitted for approval of the assessor concerned prior to the assessments in question. Depreciation just like the claim for exemption diminishes the power of the State as delegated from local government units to taxation. Hence, it is the burden upon the one claiming it to prove that it is rightful and acceptable to the taxing power. This was never sufficed."
- The provincial treasurer informed Holcim that the provincial assessor has already cancelled the 38 tax declarations on machineries issued by the Municipality of Norzagaray. According to the provincial treasurer, no RPT should be collected from those cancelled tax declarations.
- The provincial treasurer informed Holcim that she will communicate with the provincial assessor to prepare the inventory of 71 tax declarations covering Holcim's properties.
- The provincial officers asked Holcim to provide a draft of a manifestation documenting the agreements of the parties so that they could discuss it internally among themselves and be used to justify a further deferral of the hearing before the LBAA.

On October 28, 2024, the parties attended a hearing for Holcim Philippines, Inc. v. The Province of Bulacan, et. al., LBAA Case No. 20-01. Atty. Al Joseph Javier appeared for the Province of Bulacan and the Municipalities of Norzagaray, and DRT. Provincial Treasurer Tess Camacho, Provincial Assessor Joey Robles, and Norzagaray Municipal Treasurer Shena Pantaleon attended the hearing.

Prior to the hearing, Holcim spoke to the Norzagaray Municipal Treasurer to ask if Holcim has outstanding RPT liabilities to Norzagaray. The Norzagaray Treasurer stated that Holcim has no outstanding RPT liabilities as of the third quarter of 2024. The Norzagaray Treasurer also confirmed that Holcim has no RPT liability in relation to the tax declarations which were recently cancelled.

The following is a summary of the hearing:

- There are three (3) settlement areas: (i) issuance of a tax clearance attesting that Holcim has fully paid its RPT for years 2011 to 2024; (ii) cancellation of the duplicitous tax declarations; and (iii) application of a 3.33% depreciation allowance on Holcim's machineries beginning year 2025.
- Holcim informed the LBAA that item (ii) has been implemented and the Provincial Assessor is amenable to item (iii). However, we said that we are still waiting for the Provincial Treasurer's action for item (i).
- Holcim explained to the Provincial Treasurer and Norzagaray Treasurer that Holcim has fully paid its RPT for years 2011 to 2024. In fact, Holcim's RPT payments for years 2011 to 2018 far exceeded the amount stated in the LBAA's Decision dated March 6, 2020.

On November 11, 2024, the parties attended a meeting with Joey Robles and Atty. Tess Camacho. The following is the summary of the meeting:

- Atty. Tess showed a draft of the Tax Clearance Certificate ("TCC"). She stated that she would update the draft TCC to include (i) LBAA decision and (ii) references to the official receipts showing that Holcim paid around PhP368 million of real property taxes.
- Atty. Tess informed Holcim that she is in the process of drafting her report to the Governor which will contain a factual summary of Holcim's real property tax issue.
- They informed Holcim that they have erroneously computed accumulated depreciation on years 2011 to 2024 and will have to recompute the appropriate depreciation considering that Holcim agreed to forego the depreciation for years 2011 to 2024.

On November 25, 2024, the parties attended a hearing before the LBAA. Atty. Al Joseph Javier appeared for the Province of Bulacan and the Municipalities of Norzagaray, and DRT. Provincial Treasurer Tess Camacho and Provincial Assessor Joey Robles attended the hearing. The following is a summary of the hearing:

- The LBAA requested for an update on the pending settlement of the case. Counsels jointly manifested the parties were finalizing the settlement of the case but will need a bit more time due to the volume of records and documents considering that the settlement involves real property taxes for years 2011 to 2024.
- Holcim informed the LBAA that since the last hearing, the Provincial Treasurer requested for various documents to include in her report which we have already provided. Currently, the Provincial Treasurer is in the process of issuing the tax clearance while the Provincial Assessor is in the process of issuing the recomputed tax declarations with revised depreciation computations.
- Holcim informed the LBAA that the settlement agreement will cover years 2011 to 2024 as well as set the procedure for the following years.
- The LBAA asked how much more time is needed to reach a settlement. Atty. Javier requested the LBAA that the next hearing be held in January of next year because his wife is expected to give birth in December.

3. HPI had an on-going tax audit for national taxes for the taxable year 2017. On 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. Termination letter is pending for issuance.

4. HPI had an on-going tax audit for national taxes for taxable year 2018. On 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. Termination letter is pending for issuance.

5. HPI has an on-going tax audit for 2019 national taxes. As of December 31, 2024, the BIR has not made any determination of deficiency taxes. As of this writing, this case is considered prescribed and BIR is already barred from issuing tax assessments to HPI for this taxable year.

6. HPI has an on-going tax audit for national taxes for the taxable year 2020. On September 10, 2024, BIR issued the Notice of Discrepancy (NOD) for alleged deficiency amounting to P10.3B, inclusive of penalties and interest. On December 4, 2024, BIR issued Preliminary Assessment Notice (PAN) for all national taxes for alleged deficiency amounting to P7.4B, inclusive of penalties and interest. HPI submitted the reply to PAN with supporting reconciliation and documentation on December 19, 2024. As of December 31, 2024, the BIR has not issued any Final Assessment Notice.

7. HPI has an on-going tax audit for national taxes for the taxable year 2021. On November 20, 2024, BIR issued the Notice of Discrepancy (NOD) for alleged deficiency taxes amounting to P7.4B, inclusive of penalties and interest. As of December 31, 2024, the BIR has not issued yet the Preliminary Assessment Notice (PAN).

8. HPI has an on-going tax audit for 2022 national taxes. As of December 31, 2024, the BIR has not made any determination of any deficiency taxes.

9. HPI has an on-going tax audit for 2023 national taxes. As of December 31, 2024, the BIR has not made any determination of any deficiency taxes.

TAX CASES (Subsidiaries)

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 compromise and paid P5.4M last December 19, 2021. The Regional Evaluation Board approved the offer. As of December 2024, the application is still awaiting approval of the National Evaluation Board.

2. HPMC has an on-going tax audit for capital gains tax for taxable year 2000. 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. A memorandum was submitted to the CTA last March 4, 2024.

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. The termination letter has already been issued by the tax office officially closing this case.

5. HPMC had an on-going tax audit for national taxes for taxable year 2018. 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. Termination letter is pending for issuance.

6. HPMC has an on-going tax audit for national taxes for taxable year 2019. On May 17, 2023, the company received a Preliminary Assessment Notice (PAN). On July 3, 2023, the Company received a Formal Letter of Demand (FLD) for all national taxes for alleged deficiency taxes amounting to PhP 511M, inclusive of penalties and interests. On August 1, 2023, the Company filed its protest to the FLD. As of December 31, 2024, the BIR is yet to issue a Final Decision on Disputed Assessment (FDDA).

7. HPMC has an on-going tax audit for national taxes for taxable year 2020. On May 8, 2024, BIR issued the Notice of Discrepancy (NOD) for all national taxes for alleged deficiency taxes amounting to P1.7B, inclusive of penalties and interest. On August 9, 2024, BIR issued Preliminary Assessment Notice (PAN) for all national taxes for alleged deficiency amounting to P1.8B, inclusive of penalties and interest. On January 22, 2025, BIR issued the Final Assessment Notice (FAN) for all national taxes for alleged deficiency amounting to P1.7B, inclusive of penalties and interest.

8. HPMC has an ongoing tax audit for 2022 national taxes. As of December 31, 2024, the BIR has not made any determination of deficiency taxes.

9. HSSI has an on-going tax audit for national taxes for taxable year 2017. 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. As of December 31, 2024, the BIR yet to issue a Final Decision on Disputed Assessment (FDDA).

10. HSSI has an on-going tax audit for national taxes for taxable year 2018. 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. HSSI received a Warrant of Garnishment dated September 6, 2023 thru Security Bank. On February 22, 2024, HSSI paid the offer for

compromise amount for Income Tax and Value-Added Tax amounting to P4.6 million and P6.0 million, respectively. On August 1, 2024, HSSI paid the offer for compromise Expanded Withholding Tax and Withholding Tax on Compensation amounting to P407,321.91 and P154,013.24, respectively. As of December 31, 2024, the application for offer for compromise is still pending approval.

11. MGMC has an ongoing tax audit for national taxes for taxable year 2022. On June 3, 2024, BIR issued the Notice of Discrepancy (NOD) for all national taxes for alleged deficiency taxes amounting to P34million, inclusive of penalties and interest. On December 10, 2024, BIR issued Preliminary Assessment Notice (PAN) for all national taxes for alleged deficiency amounting to P19millon, inclusive of penalties and interest. As of December 31, 2024, the BIR has not issued any Final Assessment Notice.

12. BPI has an ongoing tax audit for national taxes for taxable year 2023. As of December 31, 2024, the BIR has not made any determination of deficiency taxes.

SEC Form 17-C

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17
OF THE SECURITIES REGULATION CODE
AND SRC RULE 17.2(c) THEREUNDER

1. **16 May 2024**
   Date of Report (Date of earliest event reported)

2. SEC Identification Number **026126** 3. BIR Tax Identification No. **000-121-507-000**

4. **Holcim Philippines, Inc.**
   Exact name of issuer as specified in its charter

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

6. (SEC Use Only)
   Industry Classification Code:

7. **7th Floor, Two World Square, McKinley Hill, Fort Bonifacio, Taguig City** **1634**
   Address of principal office Postal Code

8. **(632) 8581 1511**
   Issuer's telephone number, including area code

9. **Not applicable**
   Former name or former address, if changed since last report

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

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

11. Indicate the item numbers reported herein: **Item 9** ***(Other Events)***

Item 9 (Other Events)

Please be advised of the Results of the Organizational Board Meeting held on May 15, 2024, immediately after the Annual Stockholders Meeting as follows:

Officers for 2024 – 2025:

Name	Position
Martin Kriegner	Chairman
Horia Ciprian-Adrian	Vice-Chairman, President & CEO
Zoe Verna M. Sibala	SVP, Chief Financial Officer & Treasurer
Eung Rae Kim	SVP, Head of Cement Industrial Performance
Ramakrishna Maganti	SVP, Head of Infrastructure and Industrial Sales
Albert M. Leoveras	SVP, Head of Retail Sales
Elynor J. Roque	SVP, Head of Organization & Human Resources
Edwin R. Villas	SVP, Head of Supply Chain
Samuel O. Manlosa, Jr.	SVP, Head of Sustainability
Belinda E. Dugan	General Counsel, Corporate Secretary & Compliance Officer
Kristine Mae C. Manalo	Assistant Corporate Secretary & Data Protection Officer

Audit Committee for 2024 – 2025:

Audit Committee	
Claudia Iris Albertini	Chairman
Gerardo C. Ablaza, Jr.	Member
Tan Then Hwee	Member

SIGNATURE

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

HOLCIM PHILIPPINES, INC.
Issuer

16 May 2024
Date

BELINDA E. DUGAN
Corporate Secretary

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17
OF THE SECURITIES REGULATION CODE
AND SRC RULE 17.2(c) THEREUNDER

1. **16 May 2024**
   Date of Report (Date of earliest event reported)

2. SEC Identification Number **026126** 3. BIR Tax Identification No. **000-121-507-000**

4. **Holcim Philippines, Inc.**
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   Former name or former address, if changed since last report

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

11. Indicate the item numbers reported herein: **Item 9** ***(Other Events)***

Item 9 (Other Events)

Please be advised of the Results of the Annual Stockholders Meeting held on May 15, 2024, as follows:

1. Board of Directors for 2024 – 2025:

Name	Position
Martin Kriegner	Chairman
Horia Ciprian-Adrian	Vice-Chairman/President & CEO
Claudia Iris Albertini	Member
Tan Then Hwee	Member
Gerardo G. Ablaza, Jr.	Member/Independent Director

2. List of other material resolutions, transactions and corporate actions approved by the stockholders:
   a. Approval of the Annual Stockholders' meeting and Special Stockholders' meeting held via Remote Communication on May 11, 2023 and September 22, 2023, respectively.
   b. Approval of the Operations Report comprised of the Annual Report and the Audited Financial Statements of the Company as of 31 December 2023.
   c. Approved and ratified all acts, contracts, investments and resolutions of the Board of Directors, Board Committees, Corporate Officers and Management since the last annual meeting.
   d. Approved the appointment of SGV & Co. as the Company's external auditor for the year 2024.
   e. Approved the Proposed Amendments of the Articles of Incorporation and the By-Laws.

SIGNATURE

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

HOLCIM PHILIPPINES, INC.
Issuer

16 May 2024
Date

BELINDA E. DUGAN
Corporate Secretary

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17
OF THE SECURITIES REGULATION CODE
AND SRC RULE 17.2(c) THEREUNDER

1. **02 September 2024**
   Date of Report (Date of earliest event reported)

2. SEC Identification Number **026126** 3. BIR Tax Identification No. **000-121-507-000**

4. **Holcim Philippines, Inc.**
   Exact name of issuer as specified in its charter

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

6. (SEC Use Only)
   Industry Classification Code:

7. **7th Floor, Two World Square, Mckinley Hill, Fort Bonifacio, Taguig City** **1634**
   Address of principal office / Postal Code

8. **(632) 8581 1511**
   Issuer's telephone number, including area code

9. **Not applicable**
   Former name or former address, if changed since last report

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

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

11. Indicate the item numbers reported herein: **Item 9** ***(Other Events)***

Item 9. (Other Events)

At the regular Board meeting held last 28 August 2024, the Board of Directors of Holcim Philippines, Inc.:

1. Approved the resignation of Atty. Kristine Mae C. Manalo and the appointment of Atty. Mara Kriska L. Chen as Data Protection Officer (DPO) effective 29 August 2024.
2. Approved the resignation of Atty. Kristine Mae C. Manalo and the appointment of Atty. Frances Margaret A. Del Rosario as Assistant Corporate Secretary effective 03 October 2024.

SIGNATURES

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

HOLCIM PHILIPPINES, INC.	**02 September 2024**
Issuer	Date

BELINDA E. DUGAN
Corporate Secretary

Sustainability Report

SUSTAINABILITY REPORT 2024

BUILDING PROGRESS IN THE PHILIPPINES

COMPANY DETAILS

Name of Organization	Holcim Philippines, Inc. (HPI) and its subsidiaries
Location of Headquarters	7th Floor Two World Square, McKinley Hill, Fort Bonifacio, Taguig City 1634, Metro Manila
Location of Operations	Head Office: Taguig City Cement Plant: 1. Bacnotan, La Union 2. Norzagaray, Bulacan 3. Lugait, Misamis Oriental 4. Bunawan District, Davao City Dry Mix Plant: Bicutan, Parañaque
Report Boundary: Legal entities included in this report	1. Holcim Philippines, Inc. 2. Excel Concrete Logistics, Inc.* 3. Holcim Philippines Manufacturing Corporation 4. Mabini Grinding Mill Corporation 5. Bulkcem Philippines, Inc. 6. Calamba Aggregates, Inc. 7. Hubb Stores and Services, Inc. 8. Shop and Build Corporation **Corporate term already expired and is now in the process of winding up its affairs*
Business Model, including Primary Activities, Brands, Products, and Services	The Company is primarily engaged in the manufacture, sale, and distribution of cement and cementitious materials.
Reporting Period	January 1 to December 31, 2024
Highest Ranking Person responsible for this report	Zoe Sibala, Senior Vice President, Chief Financial Officer

HOLCIM PHILIPPINES, INC.

Holcim Philippines, Inc. is a key player in the construction industry, significantly contributing to the nation's progress by providing high-quality, innovative, and sustainable building solutions. Holcim Philippines has built a reputation for excellence and reliability as one of the country's leading building materials suppliers. The company offers a comprehensive range of products that cater to various customer needs, from large-scale infrastructure projects to small residential repairs.

Holcim operates strategically across the Philippines, utilizing its network of ISO-certified cement manufacturing plants located in La Union, Bulacan, Misamis Oriental, and Davao, as well as a dry mix plant in Parañaque. These facilities are equipped with state-of-the-art technology to ensure consistent quality and operational efficiency. Holcim Philippines prioritizes sustainable practices, aligning its operations with stringent environmental, quality, and safety standards in compliance with ISO certifications.

As a proud member of the global Holcim Group, the company benefits from the Group's extensive experience and innovation in the international building materials industry. The Holcim Group operates in over 60 countries and employs more than 60,000 people worldwide, positioning Holcim Philippines at the forefront of the global transformation towards sustainability in the industry.

Legacy and Commitment:

Holcim Philippines has been a trusted partner in nation-building for over fifty years. The company has provided essential materials for transformative projects that shape the country's landscape, including critical infrastructure such as roads and bridges, modern buildings, and housing developments. Its legacy is founded on a strong commitment to sustainability, innovation, and stakeholder engagement.

Holcim Philippines operates with a clear purpose: to build progress for both people and the planet. This mission is reflected in its efforts to:

- Reduce carbon emissions and promote circular construction through an innovative product portfolio
- Empower local communities through impactful social programs focused on health, education, and livelihoods
- Foster strong partnerships with government bodies, industry stakeholders, and communities to drive inclusive growth

Core Values:

The Company's core values serve as the foundation for its operations and decision-making:

- **Health and Safety:** Ensuring the well-being of employees, contractors, and communities by embedding safety in every aspect of operations

- **Collaboration:** Building strong internal and external partnerships to deliver value and exceptional customer experiences
- **Empowerment and Accountability**: Encouraging proactive decision-making and accountability to seize opportunities and create value for stakeholders
- **Entrepreneurial Mindset**: Continuously innovating and improving processes to drive efficiency and support customer success
- **Performance:** Striving for operational excellence and measurable positive impact on society and the environment
- **Customer Focus**: Engaging with customers to understand their needs and deliver tailored solutions that exceed expectations

Sustainability as a Driving Force:

As a leader in sustainable construction, Holcim Philippines is dedicated to promoting the transition to greener and more efficient building practices within the industry. The company's sustainability strategy is based on four key pillars:

- **Climate Action**: Reducing carbon emissions through innovative products such as blended cement and the adoption of renewable energy sources
- **Circular Economy**: Encouraging the use of alternative fuels and raw materials to minimize waste and conserve natural resources
- **Nature and Resources**: Protecting biodiversity, reducing water consumption, and replenishing freshwater resources in at-risk areas
- **People and Communities**: Upholding human rights in its operations and empowering communities through social initiatives in education, skills development, health, environment, and social infrastructure projects

Holcim Philippines combines global expertise with local insights, enabling it to provide effective solutions that address today's pressing challenges while fostering a more sustainable future for generations to come.

MATERIALITY PROCESS

In 2020, Holcim Philippines undertook a comprehensive materiality assessment to identify key economic, environmental, social, and governance (EESG) issues pertinent to its operations and stakeholders. This initiative established a framework for prioritizing actions and mitigating associated risks.

The materiality assessment was executed through the following steps:

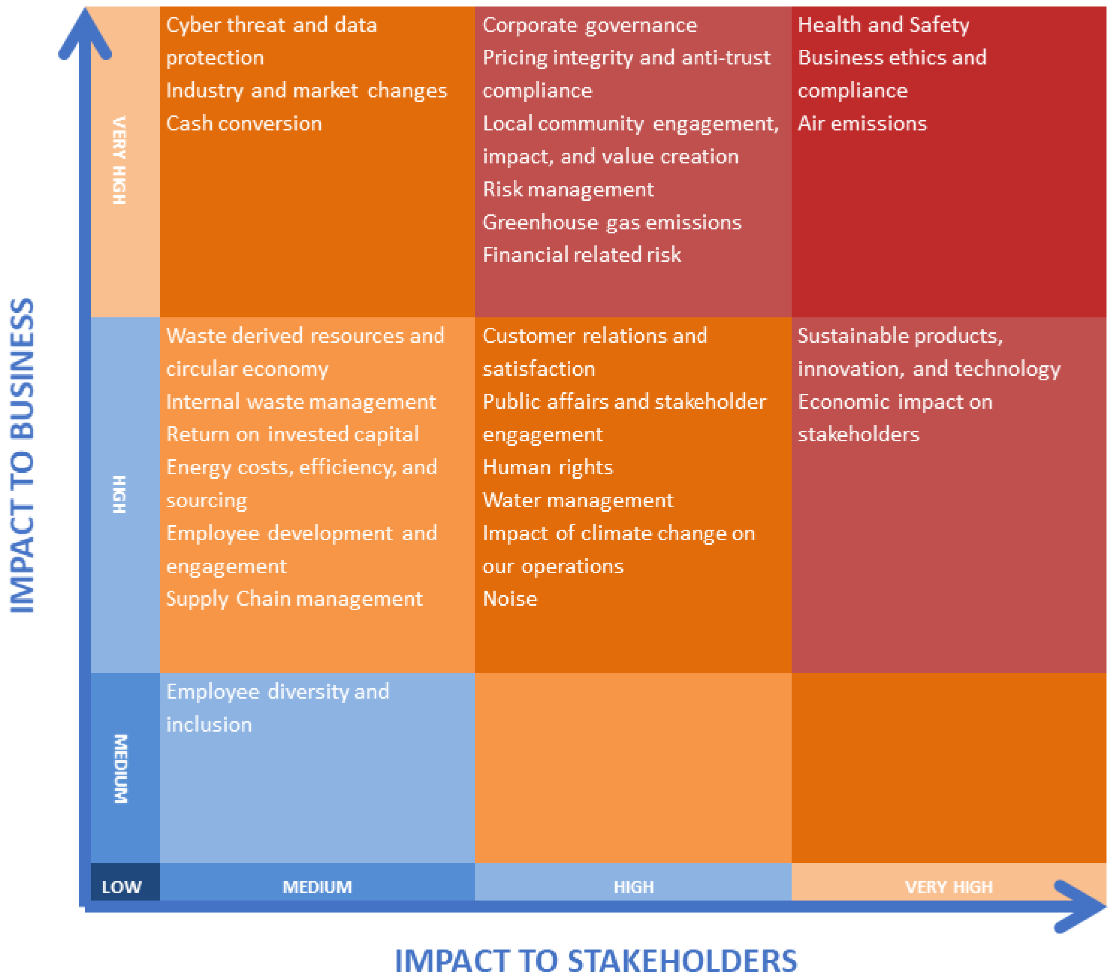
1. **Topic selection (industry-wide)**
   The assessment commenced with the consolidation of material topics relevant to the cement industry. These topics included those identified by the standards established by the Global Reporting Initiative (GRI) and the Sustainability Accounting Standards Board (SASB) for the construction materials sector. Additionally, topics featured in the annual integrated or sustainability reports of Holcim Group and its industry peers were incorporated.

2. **Topic selection (Holcim Philippines-specific)**
   Subsequent to the consolidation of industry-wide topics, each department at Holcim Philippines appointed contacts to represent their interests in consultations regarding the relevance of these topics to the Company. The refined list of topics was subsequently employed in the materiality survey.

3. **Materiality survey**
   An online survey was developed and administered to 13 members of the Company’s management team, facilitating a reflection of Holcim Philippines’s strategic priorities. This core team, responsible for critical prioritization and decision-making processes, possesses comprehensive awareness of all operational aspects at Holcim Philippines. Each sustainability topic was evaluated based on its business impact and its implications for stakeholders.

4. **Analysis and presentation of results**
   The ratings provided by the 13 management team members were averaged for each sustainability topic and categorized within a materiality matrix, according to their scores relating to business impact and stakeholder impact. The materiality matrix was designed to align with the format utilized by the Holcim Group, ensuring consistency.

Moreover, the Company’s periodic engagements with various stakeholder groups—including employees, customers, investors, regulatory bodies, contractors, local communities, trade unions, and industry associations—yield essential feedback regarding pressing concerns.



The topics of Health and Safety, Business Ethics and Compliance, and Air Emissions have emerged as critical areas of focus. These topics exemplify the Company's unwavering commitment to ethical business practices, which include strict adherence to regulatory requirements. The Company places a high priority on ensuring the safety and well-being of its employees while effectively managing air emissions to maintain a healthy environment for both its workforce and the surrounding communities.

ECONOMIC

1.1 ECONOMIC PERFORMANCE

Disclosure	Amount (in '000)	Units
Direct economic value generated (revenue)	21,908,097	PhP
Direct economic value distributed:		
a. Operating costs	1,764,935	PhP
b. Employee wages and benefits	1,779,567	PhP
c. Payments to suppliers	17,068,753	Php
d. Interest payments to loan providers	1,480,880	PhP
e. Taxes paid to government	1,625,351	PhP
f. Investments in community (i.e., social initiatives)	24,458	PhP

The Company generated direct economic value amounting to Php 22 billion, PHP 24.49 million of which was used to support the Company's host communities in the form of donations and social responsibility initiatives. Meanwhile, PHP 1.78 billion benefited its employees in terms of wages and benefits, while PHP 1.63 billion went to the government as tax payments. The Company's economic importance goes beyond the direct value it generates. Small and medium enterprises have also sprung up in their communities to serve the needs of Holcim Philippines and its employees.

For Employees

Holcim Philippines values its employees highly and is committed to providing competitive compensation and comprehensive benefits. The company has implemented a Total Rewards System that includes both core and non-core benefits, aiming to surpass basic financial incentives and enhance the overall well-being of its workforce.

Core Benefits:
For rank-and-file employees, core benefits include overtime pay, holiday pay, and rest day pay. In addition to the statutory 13th-month pay, regular employees also receive a 14th-month bonus. A performance-based variable bonus scheme is available throughout the organization. Employees are entitled to annual paid vacation and sick leave. Managers receive a car allowance as part of their compensation package.

Non-Core Benefits:
Holcim Philippines provides a variety of non-core benefits aimed at improving employee well-being. These benefits include medical health coverage, subsidies for optical and dental care, and comprehensive insurance. Employees also receive a rice subsidy as part of their benefits. Additionally, support is available through employee assistance programs, which offer educational

loans, calamity assistance, and bereavement support tailored to individual needs and circumstances.

For Communities

Holcim Philippines is dedicated to maintaining the highest standards of human rights and is actively engaged in a diverse range of social initiatives. These initiatives focus on (4) areas such as 1) housing and infrastructure, 2) health, 3) education and skills development, and 4) socio-cultural and environment. As part of its sustainability strategy, the company is enhancing its programs for affordable and climate-resilient housing, understanding the significant social impact of providing low-income families with access to safe and resilient homes. Holcim is also expanding its partnerships and exploring innovative solutions to create a more substantial positive impact in this critical area.

For Service Providers

Holcim Philippines is committed to supporting the growth of its suppliers and service providers who share the Company's dedication to sustainable development. The Company practices value-driven procurement and responsible supply chain management by fostering long-term supplier partnerships. Supplier selection is guided by principles of fairness, transparency, and adherence to the company's policies and values. In 2024, Holcim primarily sourced from local suppliers, which provided benefits such as shorter lead times, reduced shipping costs, and improved communication and management.

Holcim exclusively works with authorized distributors to mitigate risks associated with local suppliers, as validated by the original equipment manufacturer. Supplier performance and track records are carefully assessed, and vendors are evaluated by Dun & Bradstreet (D&B) to ensure their eligibility and reliability.

For Government and Nation-Building

Holcim Philippines acknowledges its significant contributions and vital role in supporting government programs and national development. The company is committed to transparency and accountability, providing quarterly reports on taxes paid and associated risks to the Group. This practice ensures a clear understanding of the company's impact on the government's fiscal resources.

In line with its dedication to nation-building, Holcim actively supports the Tatak Pinoy Act (RA 11981). This initiative promotes the use of locally sourced materials and products, supports Philippine-made goods, and enhances the competitiveness of local industries. Holcim's involvement in the Tatak Pinoy Act highlights its commitment to fostering the growth of the domestic economy, creating local jobs, and driving the development of sustainable local manufacturing.

Additionally, the company engages in open dialogues with government stakeholders by actively participating in public consultations and trade policy planning. Holcim continually evaluates its operations to determine the need for further capacity expansion, ensuring it can meet the evolving demand in the Philippines and strengthen the local manufacturing sector.

RISKS & MITIGATION

EXTERNAL RISKS

Risk	Potential Impact	Response
Market Risks The market environment is subject to substantial fluctuations, which can significantly impact the demand for construction and building materials.	The Company is influenced by fluctuations in national and local government policies that negatively affect the execution of essential infrastructure projects and contribute to a decrease in demand for building materials. Moreover, the market is currently experiencing an oversupply due to the expansion of domestic manufacturers, the entry of new competitors, and the persistent influx of imported cement from the region. This situation has resulted in an intensely competitive market environment.	The Company has established a Strategic Plan designed to enhance its capacity to identify and capitalize on opportunities while effectively mitigating risks in an ever-evolving business landscape. In this context, there is an elevated emphasis on sustainability and innovation, which are essential to driving operational excellence and delivering differentiated, value-added offerings.
Economic and Political Risks The Company is exposed, directly or indirectly, to the effects of economic, political and social instability.	Current economic challenges stem from constrained fiscal resources, persistently high inflation, and rising interest rates, which have the potential to impede both private and public investment, as well as domestic consumption. Additionally, ongoing geopolitical uncertainties are further contributing to economic instability, negatively affecting investor confidence in the country.	Holcim Philippines is actively collaborating with key business partners to highlight its outstanding products and services, with a particular focus on its extensive expertise in building materials and its commitment to environmentally sustainable operations. The Company is expanding its product offerings to strengthen its participation in the construction value chain and to diversify its revenue streams.

		Moreover, Holcim Philippines has reinforced its engagements with relevant government stakeholders to emphasize its sustainability initiatives, which support national development goals. The Company also stresses the importance of creating an enabling environment that fosters the growth of sustainable construction practices.

OPERATIONAL RISKS

Risk	Potential Impact	Response
Industrial and Supply Chain Risks The current rise in fuel and electricity prices, along with challenges in realizing expected savings from alternative fuel sources, presents significant implications for product costs. Furthermore, concerns regarding the availability of raw materials at economically feasible prices and acceptable quality levels contribute to the risk landscape.	The Company is significantly impacted by increasing fuel and electricity costs, which directly influence production expenses and overall business performance. The operation is heavily dependent on a sustainable and reliable supply of raw materials and mineral resources. A failure to establish long-term supplier agreements at the anticipated cost and quality levels may adversely affect variable costs, financial outcomes, and the Company's long-term growth potential. Additionally, risks related to physical damage to assets or disruptions within the supply chain can lead to business interruptions that may impact production costs. Nevertheless, the Company's	Optimizing the fuel mix and enhancing energy efficiency, as well as utilizing local alternative fuels, remain key priorities across all operational sites. The Company is also actively pursuing long-term power purchase agreements to reduce exposure to price fluctuations. To ensure a consistent supply of raw materials, the Company implements strategic sourcing and diversification, adjusts input mixtures, and maintains minimum long-term reserve levels. Holcim Philippines employs a preventive maintenance strategy to ensure that plants are maintained in optimal operating condition. This

	strong, long-term relationships with suppliers help to mitigate risks associated with global price volatility and supply chain disturbances.	approach is further strengthened by the adoption of digital technologies, aimed at enhancing operational efficiency and the timing of maintenance activities.
Regulatory Risks The Company faces a risk of being found in violation of laws and regulations governing business conduct. Additionally, there is a potential exposure to changes in local regulatory frameworks.	The potential impacts on Holcim Philippines encompass several critical areas, including the costs associated with investigations, which can be substantial. Additionally, the company may face financial penalties imposed by regulatory authorities, debarment from participating in certain projects, and the requirement to disgorge profits gained from any non-compliant activities. Furthermore, there is the risk of significant reputational damage, which can affect customer trust and overall market position. Moreover, Holcim Philippines is particularly susceptible to fluctuations in local regulations, which can change frequently and vary in their implementation across different regions. This inconsistency can complicate business operations, requiring the company to adapt swiftly to new regulatory environments to maintain compliance and operational efficiency.	The Company is committed to upholding rigorous regulatory compliance to ensure that all requirements are duly met. It has developed a comprehensive, risk-based compliance program that aligns with applicable legal obligations. This compliance program comprises five fundamental elements designed to establish a robust framework for reducing compliance risk. These elements include: risk assessment, control design, communication and training, monitoring and reporting, and organizational governance. Furthermore, the Company actively monitors the evolving policy environment and engages regularly with key government agencies and stakeholders. This proactive engagement enables the Company to anticipate potential impacts on its operations and to articulate its perspectives regarding the implications of relevant regulatory changes on the business.

FINANCIAL RISKS

Risk	Potential Impact	Response
Financial Risk The financial risks include foreign currency, credit and interest rate risks.	Holcim Philippines has a foreign currency risk primarily from purchases of goods and services in currencies other than the Philippine peso and certain foreign currency-denominated loans or other instruments. It is also exposed to credit risks. At the time of reporting, the Company has no exposure to interest rate risk since no long-term loan availments were drawn.	With regard to transaction-based foreign currency exposures, the Company's policy is to hedge material foreign currency exposures through derivative instruments. To manage credit risks, the Company trades only with recognized, credit-worthy third parties, which are subject to credit verification and/or required to post a collateral coming from a reputable financial institution. In addition, accounts receivable balances are monitored on an ongoing basis to reduce the Company's exposure to bad debts. The Company has a complete and detailed credit policy specifying the guidelines on applying for a credit line including collateral requirements from reputable financial institutions. The Company maintains sufficient reserves of cash and cash equivalents, which are short-term in nature,

		available/unused credit lines, and readily available marketable securities to always meet its liquidity requirements. The Company's interest rate exposure may be addressed through the steering of the fixed/floating ratio of net debt. To manage this mix, the Company may enter derivative transactions.

OPPORTUNITY

As the industry leader in innovative and sustainable building solutions, Holcim Philippines is dedicated to addressing the country's growing need for sustainable construction, improved building practices, and inclusive growth through affordable and climate-resilient housing. The company provides a comprehensive range of products and solutions that contribute to a more sustainable built environment, driving the nation's progress toward its sustainability goals.

In 2024, Holcim Philippines further reinforced its commitment by continuously reviewing and expanding its product and service offerings. These now include advanced, sustainable cement, concrete, and building solutions that align with global trends and local needs. The company is diversifying its portfolio to assist partners in designing and building environmentally responsible structures, enhancing operational efficiency, boosting productivity, and promoting a sustainable built environment.

Holcim Philippines is also leading the charge in educating the market on innovative construction practices based on international trends. In 2024, the company intensified its efforts to raise awareness and create new opportunities for advancing sustainability and innovation in the building industry. Through collaborations with key partners, Holcim is accelerating initiatives focused on decarbonization, the circular economy, green energy, and sustainable construction materials and solutions.

Holcim Philippines continually optimizes its operations to further these initiatives and strategically invests in digital solutions throughout its supply chain. Notably, the company's "Plants of Tomorrow" program is a key focus area in 2024, aimed at improving operational efficiency, optimizing the use of resources such as energy, water and other natural resources, enhancing the customer experience, and promoting a safe and sustainable workplace for all.

In 2024, Holcim Philippines has actively communicated its transformation into a provider of innovative and sustainable building solutions. This transformation is set to deliver strong business results while positively impacting the country's sustainable development.

The company is also increasing its engagement in key public forums and expanding discussions with employees, customers, suppliers, communities, and government stakeholders to advance its sustainability and innovation objectives.

CLIMATE-RELATED RISKS AND OPPORTUNITIES

GOVERNANCE

Governance and Climate Strategy

As part of the Holcim Group, Holcim Philippines aligns its climate policies and strategies with the global framework established by the group. The local Chief Executive Officer (CEO), who is also a member of the Board, oversees the company's sustainability initiatives. The CEO leads the Executive Committee to ensure that Holcim Philippines fulfills its sustainability and climate commitments in accordance with the Group strategy. Progress on these initiatives is reported regularly to the Board, ensuring transparency and accountability.

Integration of Climate Actions

In 2024, climate actions embedded in the Holcim Group's sustainability strategy and targets were communicated to the local Executive Committee. These strategies and targets were integrated into the company's short-, mid-, and long-term development plans and budgets, which translated into performance objectives and local targets. Progress was monitored at the Group level and discussed in monthly local performance meetings, including regional sessions.

Strengthened Leadership in Sustainability

Holcim Philippines appointed a Chief Sustainability Officer (CSO) in 2021. The CSO reports directly to the CEO and leads the Sustainability team. In 2024, the CSO continued to play a crucial role in driving the company's Net Zero initiatives, ensuring that sustainability goals remain central to Holcim Philippines' operations.

Climate Governance and Management

The Holcim Group maintains overall governance and management of climate-related issues. As an industry leader in innovative and sustainable building solutions, Holcim plays a vital role in steering the construction industry toward net-zero pathways. The Science-based Targets initiative (SBTi) has validated the group's climate targets, guiding both global and local efforts to reduce emissions and support sustainable practices.

Holcim Philippines implements these climate actions according to local contexts and needs, aligning with the group's strategies. The Board of Directors and the Executive Committee work together to ensure that sustainability commitments are met and integrated into the overall corporate strategy.

Operationalizing Sustainability

The management team of Holcim Philippines ensures the effective implementation of the sustainability strategy by incorporating it into overall planning and operations. The company's sustainability strategy and commitments are translated into clear objectives, action plans, milestones, and responsibilities across all functions, ensuring the achievement of sustainability goals at every level of the organization.

STRATEGY

The cement industry in the Philippines is notable for its high carbon dioxide (CO_2) emissions, and Holcim Philippines faces several government regulations that affect its operations. Additionally, the industry's reputation as a significant polluter could deter potential investors.

In line with the Philippines' commitment to the Paris Agreement, the government has revised and submitted its Nationally Determined Contributions (NDCs), which set ambitious targets for reducing carbon emissions. This includes focusing on the cement industry and pushing for a transition to low-carbon products. To meet these targets, the sector needs to increase the production of blended cement and develop more innovative, sustainable building solutions. However, despite some regulations that promote the use of blended cement in construction, further government action is necessary to accelerate market adoption and make these innovative products more affordable. Without financial incentives or policies that encourage the consumption of low-carbon products, the return on investment for sustainable solutions may be delayed, hindering the cement sector's progress toward its low-carbon goals.

In March 2023, the Philippine Congress filed House Bill No. 7705, known as the "Low Carbon Economy Act." This bill establishes an emissions trading system and other implementation mechanisms to achieve national climate goals. The proposed legislation sets clear emissions reduction targets and creates a framework for carbon trading, which could provide economic incentives for industries to decrease their carbon footprints. The bill is currently under review by the Committee on Climate Change.

Holcim Philippines is closely monitoring the progress of House Bill No. 7705 due to its potential impact on the cement sector, particularly in terms of carbon emissions reduction and the establishment of an emissions trading system. The proposed introduction of carbon pricing through this bill could encourage companies to speed up their transition to low-carbon products. Holcim Philippines is committed to supporting the goals of the House Bill by aligning its business strategies with national climate targets and promoting the adoption of low-carbon solutions.

Even without strong government incentives, Holcim Philippines is already leading the way by expanding its product portfolio with blended cement such as Excel ECOPlanet, Optimo, Solido, AquaX, and Wallright. Each of these cements has a significantly lower carbon footprint while maintaining or exceeding the performance of traditional materials. Additionally, the company is focused on educating the market about choosing the right products for specific applications, which contributes to reducing the overall carbon footprint of the built environment.

Holcim Philippines has developed a comprehensive roadmap to reduce carbon emissions, aligned with the Holcim Group's global net-zero commitments. To support this effort, the company has collaborated closely with the Department of Environment and Natural Resources (DENR) and the Climate Change Commission (CCC) in developing the NDC for the industry sector, which aligns with the goals outlined in the Paris Agreement. Holcim aims to accelerate the adoption of sustainable building materials and practices across the industry by engaging with key stakeholders.

The company ensures that its sustainability strategy and targets are in harmony with the Holcim Group's. Holcim Group is the first global building materials company to sign the "Business Ambition for 1.5°C" pledge, which sets interim emissions reduction targets for 2030 that have been externally validated by the Science-Based Targets initiative (SBTi). As of 2024, Holcim Philippines is on track with its sustainability goals, particularly concerning climate action, and continues to make significant progress toward achieving its carbon reduction targets.

In anticipation of the potential enactment of House Bill No. 7705, Holcim Philippines is prepared to support the legislation by ensuring its products and solutions align with the low-carbon economy objectives. The company will explore opportunities for carbon trading as part of its broader strategy to achieve net-zero emissions. Additionally, Holcim Philippines will continue engaging with industry stakeholders to advocate for adopting sustainable building materials and solutions, further contributing to the country's climate goals.

This updated strategy demonstrates Holcim Philippines' commitment to supporting House Bill No. 7705 and ensures the company is aligned with national and global climate action goals.

RISK MANAGEMENT

Holcim Philippines implements an annual Enterprise Risk Management (ERM) process to support strategic decision-making and achieve financial and non-financial targets. This ERM process takes a forward-looking, integrated approach, considering all business objectives while evaluating various risk categories, including strategic, climate, sustainability, market, operational, financial, compliance, and reputational risks. All risks are assessed to manage potential obstacles and seize opportunities proactively, regardless of whether they fall within the Company's direct control.

Climate-related Risks and the Low-Carbon Transition

A vital aspect of the ERM process is assessing climate-related risks. Holcim Philippines acknowledges that transitioning to a low-carbon economy presents challenges and opportunities. Key risks include the evolving regulatory landscape, changing customer preferences for more sustainable products, the need for significant investments in low-carbon technologies, and the potential stigmatization of the sector as a high emitter. These factors could negatively impact the Company's reputation, making it less attractive to investors and potential employees.

Holcim Philippines continuously monitors these risks and has developed action plans reviewed quarterly by management and reported to the Audit Committee. The Company's risk management approach aligns with the Holcim Group's global risk framework, which comprises several stages:

1. **Risk Identification and Analysis**: Management thoroughly evaluates potential risks, assessing their likelihood and impact on current and future business operations. This includes analyzing long-term strategic risks and short- to medium-term operational challenges.
2. **Risk Mitigation**: After identifying risks, management defines and implements actions and controls to mitigate them, focusing on minimizing negative impacts and preparing the Company for potential disruptions.
3. **Monitoring and Reporting**: Risk leaders at the country level continuously monitor the effectiveness of mitigation efforts, providing the Group with regular updates. This ensures prompt attention to any emerging risks.
4. **Verification and Remediation**: Holcim's Internal Control Audit team evaluates the effectiveness of the risk management process, conducting independent reviews to confirm that mitigation strategies are producing the desired results.

Given that cement manufacturing is resource- and energy-intensive, leading to significant carbon emissions, these areas are prioritized for efforts to reduce environmental impact.

Holcim Group Sustainability Strategy: Addressing Climate Challenges

The Holcim Group's sustainability strategy tackles carbon emissions and climate challenges across the construction value chain. This strategy comprises short- and long-term actions cascaded to country-level management for local implementation. Holcim Philippines is committed to achieving the targets set by the Group, especially in reducing carbon emissions and advancing sustainability efforts.

Short-term Actions:

- Enhance clinker production operation to reduce energy consumption and emissions.
- Increase the use of alternative fuels and raw materials to lower the carbon footprint of production processes.
- Optimize the cement portfolio to prioritize lower-carbon products.
- Improve the concrete product portfolio to include more sustainable options.
- Focus on solutions and products that provide a more favorable carbon impact in construction.

Long-term Actions:

- Research and develop innovative carbon capture technologies and alternative clinker materials.
- Invest in decarbonized fuels and energy sources for cement production.
- Develop and deploy low-carbon cement and concrete products.
- Explore advanced construction methods to achieve low-carbon construction.

Engagement and Stakeholder Collaboration

Holcim Philippines is committed to engaging proactively with external stakeholders, ensuring transparency and alignment with the global climate goals of the Paris Agreement. The Company works closely with governmental bodies, industry partners, and local communities to foster collaboration and accelerate the adoption of low-carbon technologies and sustainable practices.

Responsibilities and Actions

The ERM process clearly defines the roles and responsibilities for addressing climate-related risks and opportunities. The Company adheres to the principle that risk management is a line management responsibility, ensuring that all levels of the organization are engaged in the identification, mitigation, and monitoring of risks. This approach ensures that sustainability and climate action are integrated into the company's strategic and operational decision-making.
Holcim Philippines remains committed to its sustainability journey, continuously optimizing its risk management practices to address the climate challenges facing the cement industry while seizing opportunities to contribute to a sustainable, low-carbon future.

METRICS AND TARGETS

The company's sustainability strategy is built on four pillars:

1. Climate Action
2. Circular Economy
3. Nature and Resources
4. People and Communities

Climate Action: Holcim Philippines measures its climate goals by tracking reductions in net CO2 emissions, expressed in kilograms of CO2 per ton of cementitious material (kg CO2/ton). These climate targets align with and contribute to Holcim Group's overall objectives. The Company has set net-zero targets for 2030 and 2050, validated by the Science Based Targets Initiative (SBTi) across all three scopes.

	Target Base Year 2018	2023	2030	2050
SCOPE 1 KG CO_2 / T cementitious	623	587	-23.3%*	-95% net zero
	590 net	545 net	420 net	
SCOPE 2 KG CO_2 / T cementitious	46	36	-65%*	
SCOPE 3	2020			
PURCHASED CLINKER AND CEMENT KG CO_2 / T cementitious	710	702	-25.1%	-90% net zero
PURCHASED FUELS KG CO_2 / T cementitious	286	283	-20%	
DOWNSTREAM TRANSPORTATION KG CO_2 / T cementitious	11	9	-24.3%	

* Equivalent to the SBTi validated combined Scope 1 and 2 ambition of -26.2 percent

From: https://www.holcim.com/sustainability/climate-action

The CO2 calculations are based on the international CO2 protocol established by the Cement Sustainability Initiative (now known as the Global Cement and Concrete Association).

Circular Economy: Holcim Philippines promotes a circular economy by adhering to the Reduce, Reuse, and Recycle principles. The goal is to build more efficiently while preserving ecosystems. Initiatives under this pillar are measured by the total volume of reused waste (in metric tons) co-processed in cement kilns, either as alternative fuel or raw material or used as mineral components (MIC) or additives in cement products. Examples of reused wastes include industrial and municipal solid wastes used as alternative fuel and by-products from other industries, such as fly ash and slag utilized as MIC.

Nature and Resources: The Company is committed to becoming a nature-positive business. Holcim Philippines aims to replenish freshwater in water-risk areas and reduce water intensity across all product lines to conserve water resources. Reduction targets focus on freshwater withdrawal, measured in liters of freshwater per ton of cementitious product. The company achieves this by accurately assessing its water footprint and ongoing improvements at production sites, such as maximizing rainwater harvesting and optimizing site processes. Holcim Philippines is also dedicated to ensuring zero water pollution, with discharged water meeting Holcim Group water quality standards and local regulations. Additionally, it aims to be water-positive in water-risk areas by implementing initiatives beyond its operational boundaries.

People and Communities: Holcim Philippines respects human rights and strives to empower individuals and communities to create a better future. The company aims to generate shared value within the communities it operates. This pillar tracks the total number of individuals benefitting from community programs and investments. A thorough human rights impact assessment is conducted in all sites regularly to ensure that the company upholds the highest standards of human rights across the entire value chain.

Holcim Group was the first global building materials company to sign the Business Ambition for 1.5°C pledge, with intermediate targets set for 2030, approved by the Science-Based Targets initiative (SBTi) as part of its net-zero pathway. Holcim Philippines aligns its sustainability strategy and targets with those of the Group.

1.2 PROCUREMENT PRACTICES

Disclosure	Quantity	Units
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers		
- Holcim Philippines, Inc.[a]	73	%
- Geocycle Philippines	100	%

[a] Holcim Philippines Procurement handles the purchase of raw materials and spare parts for equipment and other logistical equipment for Geocycle.

[b] Geocycle Procurement handles the purchase for alternative fuel requirements (AFR).

IMPACT

In 2024, Holcim Philippines primarily sourced materials from local suppliers, which provided the Company with several significant advantages, including:

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- - Shortened lead times
- - Reduced shipping costs
- - Decreased inventory requirements
- - Improved management and communication with suppliers
-

The procurement of general hardware, equipment, consumables, and raw materials from local suppliers is conducted in accordance with established quality and compliance standards. However, certain equipment and components must be acquired from Original Equipment Manufacturers (OEM) and Original Parts Manufacturers (OPM) to ensure optimal operational safety and efficiency.

Holcim Philippines has implemented a comprehensive Sustainable Procurement Directive that aims to create shared value for society while effectively managing supply chain risks that could impact the Company's reputation and result in supply disruptions. The following key initiatives contribute to this objective:

- Ensuring the consistent application of Environmental, Social, and Health and Safety standards across the supplier base
- Promoting a healthy and safe environment for contractors
- Facilitating transparent, compliant, and equitable business relationships with suppliers to enhance the local economy and benefit all stakeholders
- Aligning procurement practices with the United Nations Global Compact Principles and OECD Guidelines

This approach underscores Holcim Philippines' commitment to responsible business practices and sustainable development.

RISKS

Procuring goods and services from local suppliers presents certain risks that must be carefully managed. Some local suppliers, particularly in the realm of repair and maintenance services, may lack the necessary technical expertise required to perform effectively, which consequently limits the pool of available resources. Additionally, there is the potential risk of receiving non-genuine or substandard components from suppliers who may not adhere fully to government regulations or the company's directives and sustainability initiatives.

Holcim Philippines addresses these risks by engaging exclusively with local authorized distributors that have been validated by the original equipment manufacturers and original parts manufacturers. The company conducts systematic reviews of supplier performance and track records, both within and outside the organization.

Moreover, Holcim Philippines performs regular evaluations of both new and current suppliers, guided by the Code of Business Conduct for Suppliers and focused on critical areas such as Occupational Health and Safety, Human Rights and Labor, Environmental Management, and legal compliance. These elements are central to the company's Sustainable Procurement Initiative (SPI). To streamline the evaluation process, Holcim Philippines provides suppliers with a self-assessment questionnaire, with eligibility further assessed in partnership with Dun & Bradstreet (D&B), which evaluates vendor qualifications and compliance.

OPPORTUNITY

Holcim Philippines is committed to enhancing its sustainability agenda within the Supply Chain. The organization actively engages its suppliers in sustainability objectives and encourages them to adopt similar standards for sustainable development.

To support this initiative, Holcim Philippines provides education to suppliers on worker rights, includes contractors in health and safety programs, promotes technology transfer, and implements the Supplier Performance Improvement (SPI) initiative.

1.3 ANTI-CORRUPTION

Training on Anti-corruption Policies and Procedures

Disclosure	Quantity	Units
Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated to	100	%
Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to	100	%
- Holcim Philippines (including Geocycle Philippines)[a]	100	%
Percentage of directors and management that have received anti-corruption training	100	%
Percentage of employees that have received anti-corruption training	100[b]	%

[a] *Figure includes the suppliers that are part of Holcim Philippines's 80% top spend in 2023.*

IMPACT

Holcim Philippines is committed to conducting its business with the highest standards of integrity and maintains a strict zero-tolerance policy towards corruption in both private and public interactions. The Company's practices are aligned with global standards for ethical business conduct, and ongoing training and communication efforts have effectively fostered a culture that prioritizes integrity in business operations.

The policies outlined in the Holcim Code of Business Conduct (CoBC) are communicated annually through various channels, including messages from the Chief Executive Officer, infographics, email reminders, and posters, among other communication mediums. Additionally, the Company utilizes its intranet platform, Holcim Connect, to provide continuous reminders and updates regarding policies and directives.

New employees participate in introductory training focused on the CoBC, highlighting the importance of the Company's Anti-Bribery and Corruption (ABC) Directives. The compliance program evaluates employees' levels of exposure, which informs the development of customized training approaches and schedules for ongoing education. In 2024, individuals identified as medium- and high-exposed were enrolled in online learning modules specifically addressing anti-bribery and corruption issues. Furthermore, all high-exposure employees were required to participate in face-to-face training sessions facilitated by the Local Compliance Officer, covering general compliance topics and pertinent policies.

For senior management, an annual workshop-format training session, led by the Regional Compliance Officer, is organized to encourage active participation and the sharing of practical experiences encountered in daily operations. This format promotes the exchange of best practices, assisting the Company in effectively navigating related challenges.

Regarding suppliers, Holcim's unwavering commitment to a zero-tolerance policy on bribery and corruption is clearly articulated in its Supplier Code of Business Conduct. This policy is communicated to suppliers and is also incorporated into Supplier and Service Contracts, ensuring that all contracts include specific provisions related to the ABC Directive.

RISKS

Holcim Philippines maintains a strict zero tolerance policy toward corruption; however, it encounters significant challenges in fostering a culture of compliance, ensuring consistency in its "Tone from the Top," and guaranteeing adherence to best practices by employees in exposed roles.

The inadequacy of training and communication regarding anti-corruption policies and directives may lead to insufficient emphasis on cultivating a culture of business integrity. This issue poses risks related to exposure to bribery and corruption, both in private and public sectors, which could potentially result in violations of applicable anti-bribery and corruption laws and company policies.

Holcim Philippines adheres to the Code of Business Conduct (CoBC) in its commitment to conducting business with integrity. The Anti-Bribery and Corruption (ABC) Directive constitutes a fundamental component of the CoBC, providing essential guidance and illustrative examples to assist the Company and its employees in navigating challenging situations encountered in daily operations. In addition to the ABC Directive, the Code also encompasses directives concerning Anti-Retaliation, Gifts, Hospitality, Entertainment and Travel Policy, Fair Competition, and Conflict of Interest.

The Local Compliance Officer (LCO) bears primary responsibility for the governance, implementation, and oversight of ethics- and compliance-related policies. In alignment with

Holcim Group Directives, the General Counsel and the Chief Executive Officer (CEO) serve as the key figures responsible for maintaining the "Tone from the Top" that underpins the Company's commitment to business integrity.

OPPORTUNITY

The Legal and Compliance team at the Company has been dedicated to promoting a robust culture of integrity and ethical behavior. Their ongoing efforts have garnered strong support and active collaboration from every department and partner within the organization. This commitment to doing the right thing has not only enhanced internal practices but has also led to Holcim Philippines being recognized externally as a model of business integrity within the industry.

To ensure that these values resonate across all levels of the organization, the Company employs a variety of communication strategies and educational initiatives. These include workshops, training sessions, and informational campaigns designed to effectively engage all stakeholders, fostering a shared understanding of the importance of ethical conduct in all business dealings.

Incidents of Corruption

Disclosure	Quantity	Units
Number of incidents in which directors were removed or disciplined for corruption	0	#
Number of incidents in which employees were dismissed or disciplined for corruption	0	#
Number of incidents when contracts with business partners were terminated due to incidents of corruption	0	#

IMPACT

In 2024, Holcim Philippines achieved a significant milestone by reporting zero incidents of corruption within the organization.

The company is committed to maintaining the highest ethical standards, and as such, any reported incidents of corruption are addressed with utmost seriousness. Each case triggers a comprehensive investigation, which is conducted in a thorough and transparent manner. These investigations are aimed at uncovering the facts, ensuring accountability, and facilitating appropriate resolutions or administrative actions as necessary.

To guide this process, Holcim Philippines adheres to its Code of Discipline, commonly referred to as the Holcim Philippines Way. This internal framework provides explicit guidelines and protocols for conducting administrative investigations, particularly in cases where allegations of corruption involve company officers or employees. The Holcim Philippines Way emphasizes integrity, fairness, and due process, reinforcing the company's commitment to ethical conduct in all its operations.

RISKS

A notable challenge in upholding the integrity and compliance of the Company lies in the presence of corruption risks associated with employee interactions with external parties, including customers, communities, local governments, and permitting and licensing offices. It is imperative to continuously review and strengthen checks and balances to ensure that necessary adjustments are made in response to previous incidents.

The Company has developed a comprehensive five-element compliance program to address anti-corruption initiatives. These elements encompass risk assessment, controls, training and communication, monitoring and follow-up, and organization and governance.

Initially, the Company identifies and assesses its vulnerability to bribery risks, as well as the specific functions that may be impacted by these identified risks.

Subsequently, existing controls are carefully reviewed, assessed, modified, and implemented to effectively mitigate these risks.

Holcim Philippines also emphasizes the critical importance of training and communication in ensuring that employees at all levels comprehend the policies and directives, thereby providing adequate guidance.

Furthermore, ongoing monitoring and follow-up are conducted utilizing various tools and scheduled reviews to evaluate the effectiveness of risk controls, communications, and training initiatives.

Lastly, strong governance and a consistent tone set by leadership constitute some of the most vital instruments utilized by the Company. Issues and matters related to ethics and compliance are routinely addressed during both Audit and management meetings.

OPPORTUNITY

The Company manages a whistleblower platform referred to as the Integrity Line, in line with the Holcim Compliance Reporting Directive. Both employees and external parties are invited to report concerns through the toll-free number: 180083948474 or via the online platform at https://integrity.holcim.com/.

The Integrity Line is designed to provide a secure channel for individuals to voice concerns in good faith or seek clarification on integrity and compliance issues. This initiative encourages stakeholders to speak up regarding any potential, imminent, or actual violations of the Code of Business Conduct (CoBC).

The Company steadfastly opposes any form of retaliation against employees who report concerns in good faith. Individuals who engage in punitive actions against anyone for raising concerns or participating in an investigation will face disciplinary measures, potentially leading to termination of employment. The identities of those who utilize the Integrity Line are kept confidential and protected in accordance with Holcim Compliance Policies.

Regular internal audits, both locally and at the Holcim Group level, are conducted to assess the effectiveness of controls and directives aimed at mitigating the risks associated with potential corrupt practices. Additionally, the Holcim Group and the Company enlist the services of external auditors annually to ensure that robust oversight and control mechanisms are established across all functional areas.

The Company reviews its internal audit findings on an annual basis, sharing best practices to strengthen controls and enhance training and communication efforts. This approach aims to foster a corporate culture rooted in integrity and ethical business conduct.

ENVIRONMENT

2.1 RESOURCE MANAGEMENT

2.1.1 ENERGY

Energy consumption within the organization*

Disclosure	Quantity	Units
Energy consumption (traditional fuel)	8,875	‘000 GJ
Energy consumption (alternative fuel)	2,837	‘000 GJ
Energy consumption (diesel)	39	‘000 GJ
Energy consumption (electricity)	509	‘000 MWh

Reduction of energy consumption

Disclosure	Quantity	Units
Energy consumption (traditional fuel)	0	‘000 GJ
Energy consumption (alternative fuel)	0	‘000 GJ
Energy consumption (diesel)	0	‘000 L
Energy consumption (electricity)	41	‘000 MWh

**NovYTD Data*

IMPACT

Holcim Philippines is dedicated to the production of cement and other building materials, processes that inherently require substantial energy resources. The company is actively engaged in enhancing its energy efficiency with the objectives of reducing overall energy consumption, minimizing the carbon intensity of its products through a transition to renewable energy sources, and decreasing production costs. It is of utmost importance for the organization to lessen its environmental footprint, operate sustainably, and reduce energy expenses.

To achieve these objectives, Holcim Philippines has instituted robust energy management protocols aimed at promoting cost-efficiency and energy effectiveness, while also ensuring sustainable operational practices through continuous energy improvements.

For each integrated cement plant, Reference Values (RVs) for thermal and electrical energy consumption are established and integrated into the company's business processes. The Energy Management Process is developed around these RVs, which are utilized for benchmarking, budgeting, and target setting. This process includes conducting comprehensive gap analyses through process audits, formulating corresponding action plans, monitoring progress, and creating roadmaps to minimize and ultimately eliminate identified gaps.

In addition to addressing the disparities relative to the RVs, the company is exploring further reduction opportunities through:

- Enhanced production planning to improve production rates
- The incorporation of alternative raw materials
- Modifications to equipment
- Process optimization, including the use of grinding aids
- Implementation of digitalization strategies

Electrical energy consumption is diligently monitored through total and specific electrical energy consumption (SEEC) measured in kilowatt-hours per ton of cement, while thermal energy consumption is measured using specific thermal energy consumption (STEC) in megajoules per ton of clinker. This data is integrated into the company's centralized Technical Information System (TIS) to facilitate real-time monitoring and analysis.

RISKS

The fluctuations in power costs and the inconsistent supply of fuels pose significant risks that could adversely affect the Company's operational efficiency and productivity.

In addition, the sustainability and reliability of alternative fuel supplies may be compromised due to proposed legislative measures aimed at banning the importation of specific types of these materials. This regulatory environment necessitates careful monitoring and strategic planning to ensure compliance and mitigate any potential supply chain disruptions.

To address the possibility of supply interruptions and to create a resilient energy sourcing strategy, the Company has proactively established long-term contracts with reputable service providers. These contracts are designed to ensure a stable supply of energy and contribute to operational continuity. Furthermore, the Company is actively engaged in a comprehensive renewable energy transition plan, which aims to strategically reduce Scope 2 greenhouse gas emissions. This initiative is aligned with the Company's commitment to sustainability and reducing its environmental footprint.

With regard to coal and fuel procurement, the Company secures its supply on an annual basis, ensuring that it meets operational demands while optimizing costs. Additionally, the Company is expanding its utilization of alternative fuels through innovative collaborations with Geocycle. This strategy is intended to reduce reliance on traditional fossil fuels, decrease operational costs associated with fuel procurement, and ultimately contribute to a significant reduction in the Company's overall carbon dioxide emissions. By pursuing these multifaceted approaches, the Company is positioned to enhance both sustainability and operational efficiency in the face of evolving energy markets and regulatory landscapes.

OPPORTUNITY

Holcim Philippines is fully committed to exploring and implementing alternative energy supplies as a strategy to significantly reduce its environmental impact. Recognizing the urgency of environmental sustainability, the company is actively engaging in various initiatives aimed at minimizing its carbon footprint.

One of the key strategies being employed is the use of alternative fuels through its Geocycle program. This initiative focuses on reducing the consumption of fossil fuels by leveraging alternative energy sources. Holcim Philippines has established partnerships with a diverse range of companies and local government entities to source qualified waste materials, which serve as alternative fuels in its operations. By utilizing co-processing technology, the company not only enhances its energy efficiency but also transforms waste that would typically end up in landfills into valuable resources.

In addition to contributing to energy sustainability, this approach provides an effective waste management solution, promoting a circular economy and ensuring that materials are repurposed rather than wasted. Holcim Philippines is proud to report that in 2024, it successfully incorporated approximately one million tons of reused waste into its operational processes. This achievement underscores the company's commitment to innovation and sustainability in the construction materials sector.

2.1.2 WATER CONSUMPTION

Disclosure	Quantity	Units
Water withdrawal (freshwater)	382	‘000 m3
Water consumption (freshwater)	386	‘000 m3
Water reused (rainwater)	397	‘000 m3
Water recycled (cooling water)	336	‘000 m3
Water discharged	15	‘000 m3

IMPACT

Cement manufacturing is generally not categorized as a water-intensive industry; however, Holcim Philippines recognizes the necessity of sustainable water management. This is particularly important as the company operates in regions classified as having medium to high water risk, according to the Aqueduct Water Risk Atlas developed by the World Resources Institute (WRI).

In response to these water-related challenges, Holcim Philippines has established a robust water-positive roadmap that aligns with the Holcim Group's sustainability objectives for 2030. This roadmap is anchored in three strategic pillars:

- Reduction of Freshwater Withdrawal: The company is committed to minimizing its extraction of freshwater resources to ensure these vital supplies are preserved for local communities.
- Achievement of Zero Water Pollution: Holcim Philippines is dedicated to preventing any negative impact on water quality stemming from its operations. This involves implementing rigorous monitoring and management practices to mitigate potential pollution risks.
- Attainment of Water Positivity by 2030: This ambitious goal seeks not only to reduce overall water consumption but also to enhance efforts in water replenishment, ensuring that more water is contributed back to the environment than is consumed.

As of 2024, Holcim Philippines has achieved significant milestones in its water management initiatives. The company has successfully decreased its specific freshwater withdrawal compared to a baseline established in 2018, with a notable volume of water sourced from rainwater harvesting systems. This approach not only reduces the demand on freshwater supplies but also promotes the effective use of local hydrological resources.

Holcim Philippines remains committed to the continuous enhancement of its plant water systems. This includes initiatives aimed at improving water recycling efficiency and utilizing rainwater to further lessen dependence on freshwater. All wastewater discharged from facilities is closely monitored to ensure alignment with Holcim's stringent water quality standards as well as local regulatory requirements, thereby protecting the integrity of surrounding ecosystems.

Through these comprehensive and strategic initiatives, Holcim Philippines is making substantial progress toward sustainable water management and reinforcing its commitment to responsible environmental stewardship.

RISKS

Holcim Philippines acknowledges the significance of water as a vital resource that requires sustainable management, despite the relatively low water intensity associated with cement manufacturing. The company’s operational sites are situated in regions classified as having medium to high water risk, as indicated by the Aqueduct Water Risk Atlas developed by the World Resources Institute (WRI).

In response to these challenges, Holcim Philippines has formulated a water-positive roadmap that aligns with the Holcim Group's 2030 objectives. This roadmap is centered around three primary goals: the reduction of freshwater withdrawal, the achievement of zero water pollution, and the attainment of water positivity by 2030.

By 2024, the company had successfully diminished its specific freshwater withdrawal compared to 2018, largely due to the significant utilization of water captured from rainwater harvesting facilities.

Holcim Philippines is committed to the continuous enhancement of its plant water systems, which includes increasing the efficiency of water recycling and utilizing rainwater to further minimize freshwater withdrawal. Furthermore, all discharged water complies with Holcim's stringent water quality standards as well as relevant local regulations.

OPPORTUNITY

Holcim Philippines engages in a collaborative approach to water resource management with nearby communities, striving for enhanced efficiency in the utilization of water resources within its operations. The Company is committed to providing essential water access for various productive purposes, which significantly contributes to local economic development. Additionally, Holcim Philippines implements Water, Sanitation, and Hygiene (WASH) projects to improve public health by ensuring that community members have access to clean and safe water for hygiene practices.

Moreover, the Company is dedicated to water replenishment initiatives, including watershed restoration efforts. These projects are aligned with Holcim's objective to attain a water-positive status by the year 2030, signifying its commitment to restoring and replenishing more water resources than it consumes. Through these strategic initiatives, Holcim Philippines not only seeks to optimize its operational efficiencies but also to foster sustainable water management practices and support the well-being of the communities it serves.

2.1.3 MATERIALS USED

Disclosure	Quantity	Units
Materials used by weight or volume*		
a. Waste-derived materials	991	'000 Tons
b. Non-renewable materials / raw materials	6,839	'000 Tons
Percentage of recycled input materials used to manufacture the organization's primary products and services	21	%

**NovYTD Data*

IMPACT

Cement production is a resource-intensive endeavor that utilizes raw materials including limestone, silica, and shale to produce clinker, the fundamental ingredient of cement. The production process incorporates mineral components such as pozzolan, limestone, fly ash, and slag into the limestone mix, while gypsum is added to serve as a retarder for the cement.

Holcim Philippines primarily sources its raw materials from its associated company, Helix Mining and Development Corp. (HMDC), along with its subsidiaries. In addition, mineral components are procured from a range of external suppliers.

The manufacture of blended cement, which contains a reduced amount of clinker, plays a pivotal role in minimizing the Company's consumption of raw materials, particularly limestone.

Moreover, Holcim Philippines actively integrates waste-derived resources as cement additives, including fly ash, granulated blast furnace slag (GBFS), and synthetic phosphogypsum. These materials are by-products of other industrial operations. The Company also makes use of alternative raw materials, such as contaminated soil and bottom ash, in the clinker production process.

RISKS

The sustainable and reliable supply of raw materials, particularly mineral components, remains a significant concern due to their non-renewable nature.

To reduce the reliance on natural resources such as limestone in clinker production, the adoption of alternative raw materials has been implemented. Strategic partnerships have been formed with coal power plants, steel manufacturers, and other relevant industries to collect by-products that can be utilized in cement production. This collaboration not only enhances the volume of repurposed waste within operations but also aligns with the objectives of the circular economy.

Holcim Philippines is committed to promoting the production of blended cement with a lower clinker content, thereby decreasing the consumption of natural resources. Upholding rigorous quality control is essential for optimizing clinker, which necessitates the incorporation of a greater quantity of cement additives while simultaneously improving strength. The prompt adoption of blended cement in the local market, along with the harmonization of cement standards, is vital for accelerating the transition to low-carbon and circular construction practices.

OPPORTUNITY

Holcim Philippines recognizes that natural resources are finite and so the future of construction should shift from the traditional approach of take-make-waste to reduce-reuse-recycle. The Company is shifting towards more waste-derived resources to reduce use of virgin raw materials mined from quarries.

One of the Company’s sustainability targets is to increase the use of waste-derived resources in support of a circular economy. The Holcim Group targets to increase reuse of waste-derived resources by 100 million metric tons in 2030.

Furthermore, the Company has stepped up external engagements to highlight the environmental benefits of circularity in the construction industry. These are meant to drive enabling policies and wider public support for circularity in construction and introduction of more innovative building solutions that utilize waste-derived resources which also include the use of construction and demolition materials (CDM) in cement and concrete.Holcim Philippines acknowledges that natural resources are finite, and thus, the future of construction should transition from the traditional take-make-waste approach to a reduce-reuse-recycle model. The Company is progressively shifting towards waste-derived resources to minimize the use of virgin raw materials extracted from quarries.

One of the Company's sustainability objectives is to increase the utilization of waste-derived resources in support of a circular economy. The Holcim Group aims to increase the reuse of waste-derived resources by 100 million metric tons by 2030.

Moreover, the Company has intensified external engagements to emphasize the environmental advantages of circularity within the construction industry. These initiatives are designed to promote enabling policies and broader public support for circularity in construction, and the introduction of more innovative building solutions that utilize waste-derived resources, including the use of construction and demolition materials (CDM) in cement and concrete.

2.2. ECOSYSTEM AND BIODIVERSITY

Holcim Philippines does not directly engage in quarrying activities; however, its relevant raw material suppliers must adhere to the Company's biodiversity directive.

The Company's biodiversity directive intends to create a measurable positive impact on biodiversity by 2030, supported by science-based indicators on active and non-active quarries. The measurement of the biodiversity level baseline will be through the implementation of a scientific methodology called the Biodiversity Indicator and Reporting System (BIRS), developed in partnership with the International Union for Conservation of Nature (IUCN). The Integrated Biodiversity Assessment Tool (IBAT) will be used to support prioritizing actions in high biodiversity areas. The objective is to achieve a positive biodiversity impact by 2030 to help protect the natural ecosystems and the livelihoods of neighboring communities.

2.3. ENVIRONMENTAL IMPACT MANAGEMENT

2.3.1 GHG EMISSIONS

Disclosure	Quantity	Units
Direct (Scope 1) GHG Emissions	2,737	'000 tons CO_2e

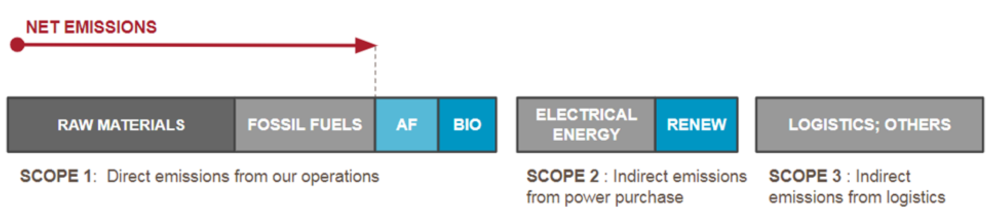
Energy indirect (Scope 2) GHG Emissions	424	‘000 tons CO_2e
Emission of ozone-depleting substances (ODS)	N/A	‘000 tons CO_2e

IMPACT

The primary greenhouse gas (GHG) emission resulting from cement operations is carbon dioxide (CO2). This is primarily emitted during the calcination process of limestone, the principal raw material in clinker production. Limestone, chemically represented as CaCO3, decomposes into calcium oxide (CaO) and CO2 when subjected to high temperatures in the kiln. The CO2 released during this process constitutes a significant portion of the industry's carbon footprint. Additionally, the combustion of fossil fuels, such as coal, which is commonly used to heat the kiln, further contributes to CO2 emissions.

To ensure consistency and comparability in climate action efforts, Holcim Philippines aligns its measurement and reduction targets for greenhouse gas emissions with those established by the Holcim Group. These targets encompass all three scopes of emissions and have been rigorously validated by the Science Based Targets initiative (SBTi). This alignment demonstrates the company's commitment to science-based and ambitious climate action.

The company's GHG emissions, particularly its carbon dioxide (CO2) footprint, are closely monitored and reported. These emissions are categorized into Scope 1, Scope 2, and Scope 3 emissions, following the Greenhouse Gas Protocol standards. Scope 1 emissions refer to direct emissions from sources owned or controlled by the company, such as emissions from the kilns and on-site transportation. Scope 2 emissions are indirect emissions from the generation of purchased electricity, heat, or steam consumed by the company. Scope 3 emissions are all other indirect emissions that occur in the company's value chain, including emissions from the transportation of raw materials and finished products, and the use of sold products.



The reduction targets across three scopes are:

<u>Scope 1:</u> 420 kgCO2 per ton cementitious by 2030 and Net Zero by 2050

<u>Scope 2:</u> 65% reduction from 2018 baseline by 2030 and Net Zero by 2050

<u>Scope 3:</u> 25.1% reduction on purchased clinker and cement, 20% reduction on purchased fuels and 24.3% reduction on downstream transportation by 2030 from 2020 baseline and Net Zero by 2050

The decarbonization pathway of the Company focuses on these these four key areas:

Holcim's journey towards net-zero emissions and decarbonization involves a multifaceted approach that addresses both its internal operations and the broader construction and urban environments.

Greener Operations

Holcim is actively transitioning its operations to be more environmentally friendly. This includes:

- **Greener Energy:** The company is shifting away from fossil fuels by utilizing alternative energy sources such as biomass and municipal waste, processed through Geocycle, its waste management subsidiary. Additionally, Holcim is increasing its reliance on renewable energy sources like solar and wind power.
- **Greener Formulations:** Holcim is innovating its product formulations by incorporating low-emission and waste-derived materials as alternative raw materials. This approach aims to significantly reduce the carbon footprint of its cement mixes.
- **Greener Mobility:** The company is committed to sustainable transportation by transitioning its fleet to biofuels and electric vehicles, thereby minimizing emissions associated with logistics and transportation.
- **Next-Generation Technologies:** Holcim is investing in research and development of advanced technologies, with a particular focus on carbon capture, utilization, and storage (CCUS). This technology has the potential to capture CO_2 emissions from cement production and either store them permanently or utilize them in other industrial processes.

Decarbonizing Construction

Holcim is promoting sustainable construction practices by:

- **Building Better with Less:** The company advocates for the use of low-carbon building materials and encourages smart design principles that minimize material usage. Holcim also leverages digital solutions to optimize material use and reduce waste during construction.

Decarbonizing Cities

Holcim's commitment extends to making cities more sustainable through:

- **Sustainable Buildings:** The company offers solutions to enhance energy efficiency in buildings and promotes green retrofitting of existing structures to reduce their environmental impact.
- **Circular Construction:** Holcim is championing the concept of a circular economy in construction by recycling and repurposing materials into new building solutions. This approach minimizes waste and reduces the demand for virgin materials.

Holcim's comprehensive strategy for decarbonization encompasses a wide range of initiatives, from transforming its operations to influencing sustainable practices in the construction and urban sectors. The company's progress in reducing Scope 1 emissions underscores its dedication to environmental sustainability and its role in shaping a net-zero future.

RISKS

The Company's reliance on a sustainable and reliable supply of alternative raw materials, fuel, and clean energy is critical for expediting the decarbonization of its operations. An inability to secure long-term agreements with suppliers at the anticipated cost and/or quality could adversely affect variable costs and financial performance, and hinder the Company's long-term growth outlook. To mitigate this risk, the Company is actively exploring new sources and industry partnerships to augment the supply of acceptable alternative fuel and raw materials. Additionally, the Company advocates for regulations that permit the importation of alternative fuels to address limitations in the domestic supply.

Although regulations on the use of blended cement, a low-carbon alternative, are in place, heightened market adoption and reduced overall innovation costs necessitate government intervention. Without incentives to promote the consumption of low-carbon products, the return on investments in sustainable products and solutions will be protracted, potentially jeopardizing the cement sector's low-carbon roadmap.

OPPORTUNITY

The Company has been making efforts to produce low-carbon cement through its blended cement product range. Due to lower clinker content, these blended cements have a lower carbon footprint than Type 1 Ordinary Portland Cement (OPC), which contains the highest clinker content of 90%-95%.

The Department of Trade and Industry's amendment of the Philippine National Standard (PNS) on Portland Cement promotes the use of different types of mineral components, including waste-derived resources such as slag and fly ash, to produce blended cement for different construction applications.

The Company strongly advocates for using the correct products for the appropriate applications and promotes faster adoption of blended cements or low-carbon products in the market. In 2021, the Company launched its first-ever general purpose cement called ECOPlanet, which has a guaranteed 30% less carbon footprint than OPC. Other blended cements were also introduced in 2021, including AquaX, a water repellent cement, and Wallright Prime, a newly reformulated masonry cement. Solido, a blended cement designed for roads, has been available since 2019. Optimo, also a blended cement launched in 2023, can directly replace OPC.

In 2023, the Company rebranded its flagship general purpose cement product nationwide. The Excel cement product has been present in the market for decades and was rebranded to Excel ECOPlanet, as it now qualifies under Holcim's global range of green cement products with 30% less carbon footprint than OPC. The Net Sales (PHP) of sustainable products and solutions are monitored, and expansion targets have been set until 2030 and 2050 to achieve carbon emission reduction targets.

The Company is also implementing pilot projects, or proof of concept, of innovative and sustainable building solutions to construct low carbon, circular, and energy efficient buildings in the country.

2.3.2 AIR POLLUTANTS

Disclosure	Quantity	Units
Nitrogen oxides (NO_x at 10% O2)		
Bulacan Plant	450	mg/Nm^3
La Union Plant	427	
Lugait Plant	402	
Davao Plant	152	
DENR Regulatory Limit	**1,000**	
Sulphur oxides (SO_x at 10% O2)		
Bulacan Plant	19	mg/Nm^3
La Union Plant	33	
Lugait Plant	47	
Davao Plant	163	

DENR Regulatory Limit	**1,500**	
Particulate Matter (PM 10 at 10% O2)		
Bulacan Plant	30	mg/Nm^3
La Union Plant	22	
Lugait Plant	32	
Davao Plant	40	
DENR Regulatory Limit	**150**	
Carbon Monoxide (CO at 10% O2)		
Bulacan Plant	242	mg/Nm^3
La Union Plant	145	
Lugait Plant	249	
Davao Plant	21	
DENR Regulatory Limit	**500**	
Persistent organic pollutants (POPs) ● PCB-contaminated transformers	N/A	kg
Volatile organic compounds (VOCs at 10% O2)		
Bulacan Plant	2.28	mg/Nm^3
La Union Plant	0.39	
Lugait Plant	3.52	
Davao Plant	0	
DENR Regulatory Limit	N/A	
Hazardous air pollutants (HAPs)	N/A	kg
Dioxins/Furans		
Bulacan Plant	0.00	ng/M^3
La Union Plant	0.00	
Lugait Plant	0.00	
Davao Plant	0.00	
DENR Regulatory Limit	**0.1**	

IMPACTS

Air emissions constitute a significant environmental impact of cement production. TheCompany diligently monitors and manages its emissions from both point and fugitive sources.

Holcim Philippines' integrated plants are equipped with a Continuous Emission Monitoring System (CEMS) to measure and monitor major atmospheric emissions, including dust or particulate matter, NOx, SOx, VOC, and CO. The Company ensures complete adherence to regulatory requirements and Holcim Group's standards. Holcim Philippines aims to maintain total availability of its CEMS through regular maintenance and annual calibration by a third party.

The Company also conducts external monitoring through the following:

- Multi-partite monitoring with a team composed of representatives from the local government, community, non-government organizations, and the Department of Environment and Natural Resources (DENR) Provincial/City Environment and Natural Resources Office. This team conducts quarterly monitoring and observes ambient monitoring.
- Annual testhouse measurements at point sources conducted by a third-party service provider through stack sampling and testing in all plants to validate the results from the CEMS. During testing, plants also provide information on heavy metals emissions, including levels of dioxins and furans.
- Quarterly ambient air monitoring (area sources) through the engagement of a DENR-accredited third-party laboratory to conduct quarterly monitoring for self-monitoring purposes.

RISKS

In the future, regulatory limits for air emissions in the Philippines are anticipated to become increasingly stringent, aligning with global trends and growing environmental concerns. To proactively address this, the Company is steadfast in its commitment to continually improve its air emissions management strategies. This will be achieved through a multifaceted approach that encompasses both process optimization and the implementation of advanced emission control technologies.

Currently, all plants are equipped with electrostatic precipitators (EP) and baghouses. These serve as primary control measures to effectively capture and minimize the release of dust or particulate matter emissions, which are a major contributor to air pollution. Additionally, thermal processes within the plants undergo continuous optimization. This is aimed at effectively managing and reducing the emissions of nitrogen oxides (NOx), volatile organic compounds (VOCs), and carbon monoxide (CO), all of which have detrimental effects on air quality and human health.

Furthermore, the Company has implemented strict quality control measures for raw materials, fuels, and air-to-fuel ratios (AFR). This comprehensive approach is essential for managing and minimizing the emissions of sulfur oxides (SOx), heavy metals, and other potentially harmful pollutants that can arise from the combustion and processing of materials. By proactively adopting these stringent control measures and remaining at the forefront of technological advancements in emissions control, the Company aims to not only comply with current and future regulatory requirements but also to demonstrate its commitment to environmental stewardship and sustainable operations.

OPPORTUNITY

The Company is committed to significantly reducing its air emissions below the regulatory limits. Dust abatement projects are continuously being implemented. From 2021 to 2022, Holcim Philippines invested approximately Php 48 million in dust abatement projects and the installation of additional Continuous Emission Monitoring Systems (CEMS) at cooler stacks. The Company continues to invest in appropriate technologies and processes to ensure proper and efficient operation of air pollution control facilities.

2.3.3 SOLID AND HAZARDOUS WASTE

Solid Waste

Disclosure	Quantity	Units
Total solid waste generated	997	‘000 kg
Reusable	0	‘000 kg
Recyclable	997	‘000 kg
Composted	0	‘000 kg
Incinerated	0	‘000 kg
Co-processed	30	‘000 kg
Residuals/Landfilled	0	‘000 kg

IMPACTS

Holcim Philippines exhibits an unwavering commitment to responsible waste management, upholding stringent protocols that align with and often exceed regulatory requirements. This dedication is evident in their comprehensive approach to waste disposal and their proactive efforts to minimize environmental impact.

A robust and efficient solid waste management system is not only essential for compliance with environmental laws, such as the Ecological Solid Waste Management Act (R.A. 9003), but also crucial for mitigating potential environmental damage and safeguarding the company's reputation. Holcim Philippines recognizes this and has integrated sustainable waste management practices into its core operations.

The company prioritizes a hierarchical approach to waste management, focusing on waste avoidance and reduction as the first line of defense. When waste generation is unavoidable, Holcim Philippines emphasizes re-processing and recycling, ensuring that valuable resources are recovered and reintroduced into the production cycle. Recyclable materials generated at the plants are sold to accredited scrap buyers, further promoting resource conservation and circular economy principles.

Organic wastes, where applicable, are composted, transforming them into valuable soil amendments and reducing the burden on landfills. The remaining non-recyclable and non-compostable wastes are entrusted to Geocycle, a specialized waste management provider, for co-processing. Co-processing involves the safe and efficient utilization of waste materials as alternative fuels or raw materials in cement kilns, significantly reducing the environmental impact of waste disposal.

These waste management practices are not merely ad hoc measures but are embedded in the company's waste management protocols, which are rigorously enforced across all operational sites. In areas where a nearby co-processing facility is not available, Holcim Philippines collaborates with local government units, such as the municipality or barangay, to ensure proper waste collection and disposal.

Furthermore, all of Holcim Philippines' integrated cement plants adhere to a zero-landfill policy, showcasing their commitment to sustainable waste management. Residual wastes are managed internally through advanced co-processing technology, eliminating the need for landfilling and its associated environmental risks.

In addition to complying with the Ecological Solid Waste Management Act, the company also adheres to RA 11898 or the EPR Act of 2022, demonstrating its commitment to staying ahead of the curve in environmental legislation and responsible waste management practices.

RISKS

Non-compliance with environmental regulations and reputational risks may result from employees and contractors who do not adhere to proper waste management protocols.

To encourage positive behavioral changes among employees and contractors, Holcim Philippines implements proper waste management campaigns that utilize rewards and consequence management.

OPPORTUNITIES

Geocycle, Holcim's waste management business, offers sustainable solutions by taking non-recyclable waste from various sectors like industries, local governments, and agriculture and converting it into alternative fuels through co-processing. This process not only provides environmentally responsible waste treatment for clients but also actively contributes to reducing Holcim Philippines' carbon footprint.

The core technology behind Geocycle's operations is co-processing, a safe and proven waste management method recognized by environmental authorities. In this process, waste materials are initially pre-processed to transform them into alternative fuel. This fuel is then introduced into the co-processing stage, where it is subjected to extremely high temperatures ranging from 1,200°C to 2,000°C and a prolonged residence time. These conditions ensure the complete and safe treatment of the waste through thermal oxidation. Furthermore, the combination of high temperatures and the presence of oxygen effectively prevents the formation of harmful substances like dioxins and furans.

Geocycle's waste collection services extend to both industries and local governments, effectively diverting waste from conventional disposal methods like landfills and dumpsites. The collected waste is then converted into alternative fuel or valuable raw materials. The company caters to a diverse clientele across various sectors, including but not limited to agriculture, chemicals, consumer goods, construction, transportation, petroleum, pharmaceuticals, and food processing. The types of processed waste encompass a wide range, from hazardous chemicals such as paint and oil to rubber waste, agricultural by-products, and other materials that have reached the end of their reusability or recyclability.

Geocycle maintains rigorous standards when qualifying waste for pre-processing and the subsequent use of alternative fuels and raw materials for co-processing. This commitment ensures that all operations adhere to stringent health, environmental, safety, and product quality regulations, as well as the company's own high standards.

In line with Holcim's dedication to a circular economy, the company launched the Circular Explorer in July 2022. This solar-powered catamaran serves a dual purpose: it recovers plastic waste from Manila Bay for recycling and/or co-processing, and it functions as an educational platform and marine research vessel. The Circular Explorer actively promotes awareness of plastic pollution and collaborates with the UP Marine Science Institute on marine research initiatives. Through these endeavors, Geocycle and Holcim are showcasing innovative and sustainable approaches to waste management and environmental protection.

IMPACTS

Holcim Philippines ensures the proper management and disposal of hazardous wastes at its sites, in compliance with regulatory requirements.

The plants are equipped with appropriate hazardous storage facilities, adhering to the requirements of the Hazardous Wastes Act (R.A. 6969). Used oil, grease, and oil-contaminated materials are the primary hazardous waste generated by the plants. These materials are co-processed through Geocycle. Additionally, the volume of used oil generated is minimized through preventative equipment maintenance. Other waste products generated, such as batteries, busted bulbs, empty ink cartridges, and electronic equipment that cannot be co-processed, are treated and disposed of through third-party DENR-accredited treatment, storage, and disposal (TSD) facilities.

RISKS

Inadequate hazardous waste management can result in severe repercussions, including:

- **Legal and Financial Consequences:** Regulatory agencies may issue notices of violations, impose hefty fines, and potentially pursue legal action against the company.
- **Reputational Damage:** Mishandling hazardous waste can tarnish the company's image, leading to a loss of trust among stakeholders, including customers, investors, and the community. This can negatively impact the company's brand value and future business prospects.

To mitigate these risks and ensure environmental compliance, continuous improvement initiatives are being implemented to optimize our handling and storage procedures for hazardous waste. One key aspect of our strategy is to leverage our existing infrastructure to manage certain types of internally-generated hazardous waste. For example, used oil, which is classified as a hazardous material, is co-processed within our company's cement kilns. This approach not only provides a safe and environmentally sound disposal solution but also allows us to recover energy from the waste, contributing to resource efficiency and reducing our overall environmental footprint.

OPPORTUNITY

Holcim Philippines is committed to the continual improvement of its hazardous waste management practices. This commitment extends beyond its own operations to providing solutions for the proper management and disposal of hazardous waste from external sources.

To ensure adherence to best practices and regulatory requirements, Holcim Philippines conducts annual internal and external audits. These audits serve as a monitoring mechanism to track compliance and identify areas for potential improvement.

Furthermore, Holcim Philippines' integrated cement plants, strategically located across the country in La Union, Bulacan, Misamis Oriental, and Davao, operate under government-issued permits. These permits, such as the TSD (Treatment, Storage, and Disposal) permit for its co-processing facilities, authorize the company to handle and process hazardous waste in a safe and environmentally responsible manner.

Effluents

Disclosure	Quantity	Units
Total volume of water discharged	14,739	Cubic meters
Percent of wastewater recycled	0	%

IMPACTS

The Company generates minimal effluent and maintains facilities to manage this in compliance with the Clean Water Act (Republic Act 9275).

The plants generally do not have wastewater discharge from operations. However, water runoff such as rainwater may be contaminated with material such as cement spillages, which can contribute to high total suspended solids (TSS) and/or pH levels.

Plants are equipped with pollution control facilities such as siltation ponds to manage effluent and surface runoff. The root causes of spillages are also addressed, and regular housekeeping is conducted.

Treatment facilities for sewage, grease traps for removal of grease/oil, and oil/water separators for oil storage runoff and septic tanks are also installed at sites. The main industrial wastewater parameters being monitored in cement plants are temperature, pH, and TSS in accordance with the Environment Management Bureau's Department Administrative Order 2016-08.

RISKS

Water pollution poses a significant environmental risk, particularly in areas surrounding industrial and manufacturing sites. The contamination of water bodies near these production facilities can have detrimental effects on aquatic ecosystems, human health, and overall environmental sustainability.

To mitigate these risks, comprehensive spill prevention and pollution control measures are essential. All production sites should implement a robust site spill pollution program, which includes the identification and management of all potential sources of spills or leaks. This involves the installation of appropriate containment systems, such as secondary containment for material and oil storage, to prevent the uncontrolled release of pollutants. Regular audits and inspections should be conducted to ensure the effectiveness of these measures and to identify opportunities for continuous improvement.

Pollution control facilities, such as siltation ponds and oil-water separators, play a crucial role in containing and treating contaminated water in the event of a spill. These facilities should be designed and maintained to effectively remove pollutants from water before it is discharged into the environment. Additionally, clear work instructions and procedures should be established to minimize the risk of spills and to ensure a prompt and effective response in case of an emergency. This includes the development and implementation of an emergency spill management plan, which outlines the steps to be taken to contain and clean up spills, as well as the communication protocols to notify relevant authorities and stakeholders.

The implementation of these comprehensive pollution prevention and control measures demonstrates a commitment to environmental responsibility and sustainable operations. By proactively managing the risks associated with water pollution, industries can protect valuable water resources, safeguard public health, and maintain a positive relationship with the surrounding communities.

OPPORTUNITIES

The Company utilizes rainwater to decrease its reliance on freshwater sources such as groundwater or rivers.

Holcim Philippines aims to continually increase its consumption of harvested rainwater and further elevate the water recycling efficiency rate of its operations.

2.3.4 ENVIRONMENTAL COMPLIANCE

Non-compliance with Environmental Laws and Regulations

Disclosure	Quantity	Units
Total amount of monetary fines for non-compliance with environmental laws and/or regulations	0	Php
No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations	0	#
No. of cases resolved through dispute resolution mechanism	0	#

IMPACTS

Holcim Philippines aligns its environmental policy with the Holcim Group Global Framework, aiming to surpass compliance with relevant laws and regulations. The Company is committed to enhancing the affected environments in which it operates to establish sustainable sites for our stakeholders.

Environmental compliance is obligatory for the Company to manage and mitigate its environmental impact and associated reputational risks. Environmental key performance indicators are established in each plant to monitor and enhance environmental performance and ensure complete compliance.

The plant manager at each site is responsible for ensuring adherence to existing environmental regulations. A designated pollution control officer reports to the plant manager and collaborates closely with the sustainability manager to monitor environmental performance and implement improvement actions.

The sustainability manager disseminates and ensures the implementation of the strategies and directives from the Group at all sites. Proactive stakeholder engagements with environmental regulatory bodies are also being conducted to anticipate policy changes that may affect operations.

RISKS

Non-compliance with environmental laws and regulations can result in environmental fines and negatively impact reputation. Regular site inspections and audits are conducted to ensure compliance. Mandatory environmental training for employees up to the supervisory level is conducted internally to disseminate regulatory requirements and develop employee capacity for environmental impact assessment. Environmental incidents are reported in a centralized online system to monitor the implementation of corrective actions. The Legal and Compliance Department leads permit and license monitoring. The status is reported regularly in management meetings.

OPPORTUNITY

The Company's integrated plants and cement grinding plants are ISO 14001:2015 (Environmental Management System) certified, which ensures the proper management of its environmental risks and impacts.

Holcim Philippines conducts business in a manner consistent with sustainable development principles and aims to continuously improve environmental performance to protect the environment and make positive contributions to nature and society.

Holcim Philippines' commitment to environmental management is to:

- ensure compliance with environmental laws, local regulations and standards applicable to its products and operations;
- assess and measure its environmental impacts and continuously improve to promote best practices in the cement industry;
- ensure that all environmental impacts and risks are effectively managed and mitigated;
- optimize the use of resources through reusing, recovering and/or recycling waste materials in its own production process; and
- engage proactively with stakeholders and cooperate proactively with legislators and regulators.

Beyond regulatory compliance, the Company voluntarily reports its CO_2 emissions and has set ambitious targets aligned to SBTi-validated climate targets.

In terms of other air emissions, Holcim Philippines has set internal targets even lower than the regulatory limit. For example, for dust or particulate matter, the Company has set 50 mg/Nm3 as a benchmark compared to the 150 mg/Nm3 local standard.

SOCIAL

3.1 EMPLOYEE MANAGEMENT

Employee Hiring and Benefits

Employee Data

Disclosure	Quantity	Units
Total number of employees[1]	1,004	#
a. Number of female employees	193	#
b. Number of male employees	811	#
Attrition rate[2]	-1.69	%
Ratio of lowest paid employee against minimum wage	5:5	Ratio
Total number of workers through contractors	2354	#
a. Number of female workers	142	#
b. Number of male workers	2212	#

Employee Benefits

[1] Employees are individuals who are in an employment relationship with the organization, according to national law or its application (GRI Standards 2016 Glossary)

[2] Attrition rate = (no, of new hires – no. of turnover)/(average of total no, of employees of previous year and total no. of employees of current year)

List of Benefits	Y/N	% of female employees who availed for the year	% of male employees who availed for the year
SSS	Y	4.58%	17.53%
PhilHealth	Y	0.40%	2.99%
Pag-IBIG	Y	2.59%	15.94%
Parental leaves	N		
- Paternal Leave	Y	0.00%	2.99%
- Maternity Leave	Y	0.70%	0.00%
- Solo Parent Leave	Y	0.70%	0.00%
Vacation leaves	Y	18%	78%
Sick leaves	Y	7%	36%
Medical Benefits (aside from PhilHealth)	Y	100%	100%
Housing assistance (aside from Pag-IBIG)	Y	0.50%	1.79%
Retirement fund (aside from SSS)	Y	1.29%	4.78%
Further education support	Y	2.29%	9.46%
Company stock options	N		
Telecommuting	Y	100%	100%
Flexible-working Hours	N		

[a] *Figure includes employees who have resigned in 2024.*

IMPACTS

The Company recognizes the crucial role of employee benefits in its overall sustainability agenda. The benefits package of Holcim Philippines can be considered as comprehensive as it addresses the different needs of its employees such as physical, mental, emotional, financial and social well-being. All these are in place to contribute to employee productivity and employee engagement in general. Such will also lead to greater loyalty, improved retention rate, and less attrition.

Moreover, the total rewards of the Company aims to attract talents amidst tough competition in the market.
Holcim Philippines espouses a performance-focused culture. This is reflected on the Company's competitive compensation package to attract and retain high-performing employees.

The Company's total rewards philosophy is performance-based, competitive, and sustainable. It regularly compares its compensation and benefits against the market and monitors employment trends by participating in surveys to sustain its competitive advantage.

Exit interviews are being conducted for separating employees. Results of interviews is a gauge whether the compensation and benefits plan of the Company is impacting the employees' positively or this is something that needs attention and action.

The Company also conducts employee engagement surveys. The result provides the Company insights on specific elements of engagement that the Company needs to take action and design programs that will contribute positively to the organization's performance.

RISKS

With the changing demographics of the workforce and its diverse needs, existing benefits that were once adequate may no longer serve the same purpose. Younger generations may find existing benefits less relevant as they have different priorities and want more flexibility compared to older generations. The Company must remain adaptive to evolving workforce needs or else retention and attraction of talents will continue to be a challenge. Moreover, if the benefits offered by the company are not aligned with the employee needs, this will lead to dissatisfaction.

However, continuous upgrading or customizing of benefits packages can lead to financial burden and administrative challenges and/or complications. There must be a balance between the interest of both parties - The Company and The Employee.

The benefits plan of the Company does not only address or focus on the financial, physical well being and post employment of its workforce. Employees are given opportunities to grow their career through the Learning and Development Programs and Development Assignments. The employee relations programs of the Company provides the employees avenue to continue their passions and advocacies by participating in different community relations and sustainability programs and projects.

To mitigate the risks, it is important that the Company is aware of the market trends, what the peer companies are offering and the expectations of the modern workforce to stay competitive. Holcim Philippines regularly participates in the Salary Survey to gauge its benefits plan's competitiveness.

The Company will continue to look into the employees' benefits that promote sustainability.

OPPORTUNITY

The heightened awareness of the modern workforce on sustainability is an opportunity for the Company to design benefits that not only support the financial, physical, mental and emotional well-being of employees but also benefits that are aligned with the Company's sustainability goals. A sustainable employee benefits package has the potential to positively impact employee engagement, retention, and overall corporate success., while also contributing to the company's long-term environmental and social goals.

It is essential that the Company conducts periodic review of its benefits program to ensure that it will allow the Company to hire and retain talents and reduce attrition. Be able to capture the talents who desire to belong to an organization that promotes sustainability while maintaining the Company's Compensation and Benefits Philosophy - competitive, performance-based and sustainable.

Though the Company has already implemented some programs that are sustainable like the hybrid work arrangements and virtual meeting that demonstrates its commitment to reducing carbon footprints, leaves to promote work-life balance and quality time for the family, access to counseling services to manage stress and provide support to the employees emotional well-being, there is still a big room to improve in this space. The Company will continue to work on introducing programs that are sustainable.

Employee Training and Development

Disclosure	Quantity	Units
Total training hours provided to employees		
a. Female employees	16,945.76	Hours
b. Male employees	74,374.39	Hours
Average training hours provided to employees		
a. Female employees	90.14	hours/employee

b. Male employees	93.79	hours/employee

IMPACTS

Employee learning and development is a key component of the Holcim Group's People strategy. Holcim Philippines prioritizes the learning and development of its employees and has established a policy to guide employee development, ensuring that all job functions are executed effectively. The Company offers a comprehensive learning and development program that supports professional growth and equips employees with the necessary skills and competencies to achieve business objectives.

The Company's learning and development program enhances both the technical and leadership knowledge and skills of its employees. Technical skills development was further enhanced by the Global Cement Certification and Development programs. Lead with C.A.R.E. was launched and implemented as the Leadership program of the company. These programs drive engagement, increase productivity, and support the organization's growth.

These learning and development programs are delivered through a variety of methods, including e-learning modules, webinars, classroom training/workshops, mentoring and coaching, and on-the-job training.

The Company follows the 70:20:10 L&D Model which is:

10% education – face-to-face classroom trainings, workshops, e-learnings and virtual classroom trainings
20% exposure – learning from others through coaching, mentoring, networking, and benchmarking
70% experience – learning on the job by leading or being a member of a project, leading special assignments, taking OIC roles, and other developmental assignments.

RISKS

If learning and development interventions are not aligned with position and industry requirements, and if training does not effectively address competency gaps, it poses a risk to the organization.

Limited budget for learning and development, driven by cost optimization to adapt to challenging market conditions such as increasing fuel and raw material prices and challenging market competition, also poses a risk, as these conditions can affect financial business performance.

Employees have learning and development files with competencies crafted with reference to the People For Tomorrow (PFT) template from the Holcim Group. These are updated periodically. Additional competencies are also derived from those specified in respective job descriptions. Competency assessments are conducted and revisited periodically by employees and their direct superiors. Identified gaps are prioritized according to criticality and business need, and individual development plans (IDPs) are created following the 70:20:10 model. Progress is tracked at least quarterly through discussions between employees and their direct superiors.

Holcim Philippines evaluates employee performance through the Performance Management/Goal Management System. It comprises:

1. Objective Setting – setting objectives to transform company and team priorities into individual accountabilities
2. Mid-Year Review – checking the direction and progress of the WHAT, the HOW, and the Individual Development Plans
3. Annual Review – assessing past performance and recognizing employees' accomplishments of objectives and demonstrated behaviors

With this program, all employees must work on individual objectives that are aligned with company goals for the year. This ensures that individual success supports the achievement of company objectives.

Management may need to implement tactical decisions and adjust resources to adapt to challenging business conditions. However, the company's drive for capability building remains a priority. Training programs are categorized according to what will be handled by external trainers and what can be handled by local subject matter experts (SMEs).

OPPORTUNITY

Learning and development programs are essential for fostering employee engagement and equipping them with the necessary knowledge and skills to adapt to evolving business landscapes and drive organizational success. By investing in employees' professional growth, companies demonstrate a commitment to their workforce, which can lead to increased loyalty, productivity, and innovation.

Capability building, a core component of people development, is a key metric used to gauge employee engagement. This process involves not only providing learning opportunities but also ensuring that employees can apply their new skills and knowledge effectively. To facilitate this, regular performance discussions between employees and their direct supervisors are crucial. These discussions provide a platform to track progress, identify areas for improvement, and ensure that the training aligns with the employee's individual development plan (IDP).

Moreover, these periodic check-ins allow for a two-way exchange of feedback. Employees can share their experiences and challenges, while supervisors can offer guidance and support. This collaborative approach fosters a culture of continuous learning and development, where employees feel empowered to take ownership of their professional growth.

In addition to formal training programs, companies can also encourage employee development through mentorship programs, job shadowing, and cross-functional projects. These initiatives provide employees with hands-on experience and exposure to different areas of the business, which can broaden their skillset and enhance their career prospects.

Ultimately, a robust learning and development strategy is a win-win for both employees and employers. It empowers employees to reach their full potential while enabling companies to build a high-performing workforce that can drive sustainable growth and success.

Labor-Management Relations

Disclosure	Quantity	Units
% of employees covered with Collective Bargaining Agreements	57	%
Number of consultations conducted with employees concerning employee-related policies	17	#

IMPACTS

Holcim Philippines respects employees' freedom of association, in compliance with the Labor Code. The existence of nine labor unions in the Company is a manifestation of its openness to conduct collective bargaining with the labor unions. The Company believes that the way a company manages its relationship with its workforce can significantly influence its social and economic sustainability. Effective labor relations practices promote a healthy, fair, and transparent work environment, which benefits both employees and employers.

Good labor-management relations result in increased employee engagement and performance and industrial peace. Strong relations also drive active employee participation in the Company's programs and initiatives.

In 2024, Holcim conducted negotiations with the Labor Union. Group Employee Engagement Survey, Holcim Philippines registered an engagement score of 4.21, which is significantly higher than the score from the year before, a positive indicator of the state of the relationship between employees and the Company.

RISKS

The possible risk of not maintaining a good relationship with worker unions is the non-resolution of labor cases and negotiation deadlocks which may result in protest actions, disruption of business operations, or escalation to third party institutions. Such may also affect plant performance, productivity of employees, financial loss and reputation damage for the Company. This may also affect attracting talents from the labor market.

The Company fosters positive labor-management relations by holding regular joint Labor Management Council (LMC) meetings and encouraging labor union participation in Company initiatives and programs. Additionally, the Company has cultivated a transparent environment with the union, where labor-related issues and concerns can be discussed and addressed promptly, without the necessity of waiting for scheduled LMC meetings.

OPPORTUNITY

The Company facilitates dialogue with labor unions during LMC meetings to align, clarify, and address concerns, thereby preventing misunderstandings. The exchange of ideas and opinions is fostered within the same venue to find solutions and identify improved work methods. Union officers are also involved in various Company projects and programs, particularly Health and Safety initiatives. They are part of the core group that assesses and discusses the Company's Health and Safety Policies and Programs on-site.

Holcim Philippines' Employee Engagement Programs encourage workers to present their ideas as part of work-related decision-making. Policies are communicated to the Union through the LMC. When necessary, Management organizes meetings with the Union to share important business updates. Select Union officers are invited to participate in annual planning and conferences.

In the event of labor cases or protests, the Company endeavors to resolve these through plant-level dialogue first, before escalating to third-party mediation.

Diversity and Equal Opportunity

Disclosure	Quantity	Units
% of females in the workforce	19	%
% of males in the workforce	81	%
Number of employees from indigenous communities and/or vulnerable sector[a]	7	#

[a] *Vulnerable sectors include, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E).*

IMPACTS

Diversity & Inclusion (D&I) continues to be a priority of the Holcim Group. The Company has set a goal to increase the percentage of women in senior management (across all countries) by 40%; this goal has cascaded down to ambitions in the local operating companies. Holcim Philippines has established diversity targets that are intended to create a diverse pool of employees, enriched by their different backgrounds and experiences. The Company derives strength from its pool of highly diverse people with unique qualities and fosters a culture of inclusion.

In support of the group strategy on D&I, Holcim Philippines instituted the D&I Hiring Policy to demonstrate its commitment towards achieving gender balance targets. Holcim Philippines hires, develops, and deploys talent according to the best available match between current job requirements, future business needs, and applicant profiles. D&I is integrated into all the Company's people processes, to minimize biases and ensure that diverse talent is considered in all recruitment and talent management decisions. Moreover, the Total Rewards System of the Company was designed to be position- or role- and performance-based, not gender-based.

Additionally, the Company has recently implemented a Safe Spaces Policy that protects employees from harassment and abuse. Training sessions were conducted across the Company and supplemented by information and communication materials posted in high-traffic locations.

RISKS

There are potential risks of discrimination related to factors such as race, color, sex, language, religion, political or other opinions, national or social origin, property, birth, and other statuses, including disability, age, marital and family status, sexual orientation, gender identity, health status, place of residence, and economic or social situation.

To address these risks, Holcim Philippines is committed to leading initiatives that educate and raise awareness throughout the organization about the importance and benefits of Diversity & Inclusion (D&I). These initiatives include talks and workshops conducted by both external and internal experts on D&I topics. Additionally, the Company ensures equal opportunities for all employees, regardless of gender, and actively encourages women to pursue roles traditionally dominated by men, fostering a more inclusive and equitable workplace.

OPPORTUNITY

There remain significant opportunities, particularly for senior leaders, to take on the role of champions or allies for diversity and inclusivity in the workplace.

Functional heads have been encouraged to prioritize the hiring of more women within their teams, with a target of endorsing at least one female candidate for every three male candidates for each open position.

In addition, the Company has continued to establish affinity groups, where individuals with shared interests can come together, exchange experiences, and empower one another. These groups play a crucial role in fostering a supportive community and promoting inclusivity.

The Company remains committed to educating the organization through weekly email infographics, ongoing training, and the development of affinity groups. These groups not only provide spaces to prevent discrimination and inequality but also promote creativity, collaboration, and a strong sense of belonging.

3.2 WORKPLACE CONDITIONS, LABOR STANDARDS AND HUMAN RIGHTS

Occupational Health and Safety

Disclosure	Quantity	Units
Safe Man-Hours, FY 2024 (Employees + Contractors)	7,291,711	Man-hours
No. of work-related injuries	16	incidents
No. of work-related fatalities	0	incidents
No. of work-related illnesses	1	incident
No. of safety drills	45	drills

IMPACTS

Holcim Philippines recognizes that its operations may impact the health and safety of its employees, contractors, transporters, and nearby communities. Therefore, health and safety are prioritized as critical aspects of its business operations and stakeholder relations.

The company has an annual Health, Safety and Environment Improvement Plan (HSE-IP), supported by its management team, to address these concerns. The plan includes road safety, health and safety intervention programs, hazard awareness, and critical control management. Each site tailors the HSE-IP to address its specific concerns. Annual corporate health and safety audits are conducted to ensure the effectiveness of these programs and initiatives.

Holcim Philippines also provides training on high-risk job inspection and permitting, such as scaffolding and working at heights, to enhance the health and safety competencies of its line personnel.

RISKS

For regular operations, the health and safety risks identified are the following:

- Lifting and supporting loads,
- hotworks,
- machine guarding,
- confined space,
- energy isolation,
- working at heights,
- mobile equipment and onsite traffic,
- working near water,
- stability of quarry and stockpiles,
- hot materials,
- digging and excavation,
- vibration,
- ergonomics,
- noise,
- hazardous substance
- dust.

Occupational health and safety risks are identified through a multifaceted approach that utilizes a combination of established and evolving methodologies. These include High-Level Risk Assessment which provides a macroscopic overview of potential hazards; Work Permit System that controls and authorizes specific tasks; Job Planning Tool which facilitates detailed planning and risk mitigation for individual jobs; Life Saving Talk which promotes a culture of safety awareness; Personal Risk Assessment which empowers employees to identify and manage risks in their immediate work environment; and Journey Management which ensures safe travel and logistics.

To mitigate these identified risks, a robust framework of rules, policies, and standards is developed, regularly updated, and effectively communicated to all personnel. This is complemented by regular training programs that equip employees with the necessary knowledge and skills to handle materials, operate equipment, and respond to emergencies in a safe and efficient manner. Moreover, equipment is subject to continuous monitoring to ensure it remains in optimal operating condition, thereby preventing malfunctions and accidents.

The overall effectiveness of the occupational health and safety management system is evaluated through routine audits and performance/behavioral monitoring. These measures ensure that all rules, policies, and standards are not only being followed but also correctly implemented. Additionally, they provide valuable insights for continuous improvement, allowing the organization to proactively adapt to changing circumstances and emerging risks.

By integrating these diverse strategies and maintaining a proactive approach to risk management, organizations can foster a culture of safety, protect their workforce, and ensure sustainable operations.

OPPORTUNITY

The company is committed to continuous improvement and recognizes the importance of addressing several key areas. These include minimizing the recurrence of critical incidents, enhancing overall road safety performance, maintaining and expanding occupational health programs, and fostering stronger, more sustainable relationships with contractors.

These identified areas for improvement have been integrated into the company's 2024 HSE-IP (Health, Safety, and Environment Implementation Plan) and are reflected in the organization's H&S (Health and Safety) KPIs (Key Performance Indicators). Furthermore, to reinforce and refresh employees' understanding and commitment to these areas, additional H&S training has been conducted for all staff.

Labor Laws and Human Rights

Disclosure	Quantity	Units
No. of legal actions or employee grievances involving forced or child labor	0	#

Holcim Philippines has policies in place that explicitly disallow violations of labor laws and human rights (e.g., harassment, bullying) in the workplace.

Topic	Y/N	If Yes, cite reference in the Company policy
Forced labor	Y	Holcim Philippines is compliant with the Labor Code regarding forced labor. The Holcim Group’s Human Rights and Social Policy and Human Rights Directive are applicable to Holcim Ltd. and its affiliates in consolidated and managed countries, including Holcim Philippines.
Child labor	Y	Holcim Philippines adheres to the Labor Code regarding child labor. The Holcim Group’s Human Rights and Social Policy and Human Rights Directive govern Holcim Ltd. and its affiliates in consolidated and managed countries, including Holcim Philippines.

Human Rights	Y	Code of Behavior (HPHI Way), Sexual Harassment Policy, Health and Safety Policies, Data Privacy Policy, Solo Parent Policy, Diversity and Inclusion Policy, Holcim Group Human Rights and Social Policy, and Holcim Group Human Rights Directive

IMPACTS

Holcim Philippines maintains a steadfast commitment to full compliance with all applicable labor laws and human rights standards. This commitment is rooted in the understanding that upholding these rights is not only ethical but also essential for the safety and well-being of its employees, the preservation of its corporate reputation, and the mitigation of potential financial risks.

The company's dedication to these principles is reflected in its comprehensive suite of policies and programs, which are designed to ensure that all employees are treated with dignity and respect. These policies and programs are not only aligned with local labor laws but also informed by international human rights standards.

Furthermore, Holcim Philippines adheres to the Human Rights and Social Policy and Human Rights Directive of the Holcim Group. This policy articulates the Holcim Group's unwavering commitment to respecting and promoting human and labor rights in all facets of its operations, business activities, business relationships, and community engagement. This commitment extends to all stakeholders, including employees, contractors, suppliers, and customers.

Respect for human rights is not merely a legal obligation for Holcim Philippines; it is a core value that underpins its business model and its ability to operate sustainably. The company recognizes that its long-term success depends on its ability to create a workplace environment that is both safe and respectful of all individuals.

RISKS

Non-compliance with labor laws and human rights will negatively impact the Company's reputation and ability to retain and attract talent. This may also result in business closure.

Holcim Philippines implements the Human Rights Approach in its operations, supply chain, and business partners. Human rights risks are identified through Human Rights Assessments and appropriate grievance mechanisms. A Human Rights and Stakeholder Engagement Action Plan is developed and implemented at all sites to promptly address risks and impacts identified in the Company’s own operations, supply chain, and business partners through appropriate actions.

The Company has established policies, guidelines, and control standards to prevent the occurrence of forced or compulsory labor and child labor.

In the event of grievances or legal actions, the Company endeavors to resolve them through plant-level dialogue first before escalating to third-party mediation. The Company utilizes the available grievance mechanism to discuss and resolve issues. These matters are also discussed during the regular Labor-Management Conference.

If an employee commits a violation, Holcim Philippines ensures that due process is observed at all times. The Code of Business Conduct sets a fair process for conducting investigations and reaching decisions. All parties involved are given the opportunity to explain their side before a decision is finalized and executed.

OPPORTUNITY

Employees are free to discuss their concerns and grievances with their immediate superiors, department heads, functional heads, Organization and Human Resources, and Legal and Compliance.

For those who are not comfortable with face-to-face communication, the Company has established the Integrity Line, a secure web- and phone-based advice-and-issue reporting system administered by an independent third party.

In collaboration with labor unions, the Company has established a Grievance Procedure to discuss and resolve any grievance or disputes raised. The steps are as follows:

1. The aggrieved employee, accompanied by a union representative, if applicable, shall submit a written grievance to the plant manager concerned. The written grievance should detail the circumstances, witnesses, and reasons for the dispute. This step is taken under the presumption that discussions at the section and department levels have been exhausted without reaching a resolution.
2. The plant manager concerned shall render a decision on the grievance within seven (7) working days upon receipt of the grievance. The plant manager may choose to conduct further hearings or investigations in resolving the grievance. If the aggrieved employee is satisfied with the decision, then the grievance is resolved.
3. If the grievance remains unresolved, the case is submitted to the Grievance Council (GC) for deliberation within twelve (12) working days upon submission. If the aggrieved employee is satisfied with the result, the grievance is considered closed.
4. If the GC fails to resolve the grievance to the aggrieved employee’s satisfaction, the grievance is submitted to the National Conciliation Mediation Board, under the Department of Labor and Employment, for voluntary arbitration, whose decision shall be final and executory, subject only to an appeal with the Supreme Court.

3.3 SUPPLY CHAIN MANAGEMENT

Holcim Philippines implements a stringent supplier accreditation policy to ensure that sustainability is integrated into its supply chain. This comprehensive policy mandates that all potential suppliers undergo a thorough evaluation process that encompasses a wide range of sustainability criteria.

These sustainability topics include, but are not limited to, environmental management, social responsibility, ethical business practices, labor standards, and occupational health and safety. By incorporating these critical aspects into the supplier accreditation process, Holcim Philippines aims to foster a sustainable and responsible supply chain that aligns with its corporate values and commitment to environmental and social stewardship.

Topic	Y/N	If Yes, cite reference in the Company policy
Environmental performance	Y	Signed Vendor Master Agreement
Forced labor	Y	
Child labor	Y	
Human Rights	Y	
Bribery and corruption	Y	

IMPACTS

Holcim Philippines has implemented a comprehensive supplier accreditation process that incorporates various environmental, social, and governance (ESG) criteria. These requirements are tailored to the specific products or services provided by each supplier, ensuring that sustainability considerations are integrated into every aspect of the supply chain.

As a key component of the accreditation process, suppliers are required to complete a self-assessment questionnaire focusing on sustainable development practices. This questionnaire allows Holcim Philippines to gain insights into the supplier's commitment to sustainability and identify any potential areas for improvement. Additionally, suppliers must sign a Vendor Master Agreement (VMA), which formalizes their adherence to the Sustainable Procurement Initiative (SPI). The SPI outlines Holcim Philippines' expectations regarding sustainable practices and ethical conduct within the supply chain.

To further ensure compliance with the SPI, Holcim Philippines reserves the right to conduct fact-finding inspections or audits of supplier facilities. These inspections, carried out by Holcim Philippines or a designated representative, allow for on-site verification of the supplier's adherence to sustainable practices. By implementing this multifaceted approach to supplier accreditation, Holcim Philippines aims to foster a sustainable and responsible supply chain that aligns with its corporate values and commitment to environmental and social responsibility.

RISKS

Certain suppliers, including service providers, suppliers of quarried materials, and transport providers, may have a significant environmental, social, and governance (ESG) impact.

The Company determines the potential ESG impacts of suppliers through a self-assessment questionnaire on Sustainable Procurement. The process includes validation and audit.

In the event of non-compliance with the Company's Anti-Bribery Corruption Directives and other serious violations, suppliers are blacklisted. This is monitored through reports to the Holcim Group's Integrity Line.

OPPORTUNITY

The Company exclusively conducts business with legitimate entities that adhere to relevant laws and regulations and align with the ideals and policies of the Holcim Group. Holcim Philippines recognizes the opportunity to advance its sustainability agenda throughout its supply chain with the SPI.

The Company promotes sustainability among suppliers by educating and informing workers of their rights, implementing health and safety programs for contractors, and executing the SPI.

3.4 RELATIONSHIP WITH COMMUNITY

Significant Impacts on Local Communities

Operations[b] with significant impacts on local communities	Location	Vulnerable groups[a]	Does the particular operation have impacts on indigenous people?	Collective or individual rights that have been identified that or particular concern for the community

Bulacan Integrated Plant	Norzagaray, Bulacan	Children, Elderly	No	Fugitive and stack dust emissions impacting the communities near the plant
Davao Integrated Plant	Bunawan, Davao City		No	
La Union Integrated Plant	Bacnotan, La Union		No	
Lugait Integrated Plant	Lugait, Misamis Oriental		No	
Bicutan Dry-Mix Plant	Bicutan, Paranaque	N/A	No	N/A

[a] *Vulnerable sectors include, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E).*

[b] *These are business operations that exclude Social Initiative projects.*

Mitigating Measures

Cement Integrated Plants

Dust Containment and Improvement projects in the Plants and benchmarking on dust control best practices within the Holcim Group were implemented.

Part of the management action plan in 2022-2024 was the use of portable equipment at the plants to measure dust emissions in identified areas. Additional mitigating measures such as monitoring of equipment and material movement/ transfers and benchmarking with other industrial sites (e.g. wheel bath /spray) were undertaken.

A continuous IEC (Information Education, and Communication) campaign on plant operations and environmental initiatives to mitigate environmental impacts were conducted in 2024 across all Plants.

Lastly, an open communication channel is maintained with all stakeholders with regular visits to leaders/local authorities to immediately address issues and discuss community projects and or/ concerns.

For operations that are affecting indigenous peoples, indicate the total number of Free and Prior Informed Consent (FPIC) undergoing consultations and Certificate Preconditions (CPs) secured and still operational and provide a copy or link to the certificates if available: _____N/A_______

Certificates	Quantity	Units
FPIC process is still undergoing	N/A	**#**
CP secured	N/A	#

IMPACTS

Fugitive dust emissions that impact nearby communities of the plant occurred but were immediately reported and addressed immediately by plant management.

A multi-partite monitoring team (MMT), comprising government representatives, community leaders, and plant management, convenes quarterly to monitor and audit plant operations. The dust emission monitoring equipment is directly linked to the Environmental Management Bureau (EMB), enabling real-time observation of daily emissions to ensure compliance with government standards. Additionally, the MMT secretariat conducts an information brigade with local officials to address concerns as they arise. The secretariat also oversees the status and resolution of these concerns, ensuring proper cascade and status reporting.

RISKS

In accordance with Holcim Group's Human Rights and Social Policy, and as part of Holcim's commitment to respect and uphold human rights throughout its value chain, the Company conducts a Human Rights Impact Assessment (HRIA) at all operational sites every three years. The HRIA involves consultations with various stakeholders, including employees at all levels, contractors, customers, local community members and groups, and authorities. This process ensures that risks and issues arising from operations that directly impact people and communities are identified, addressed, reported, and managed effectively.

Holcim commits to its Human Rights and Social Policy which is embedded in related policies and processes. Included in Holcim's Human Rights Approach is the conduct of impact assessments through stakeholder dialogues and consultations. After which, management develops an action plan which addresses the impacts identified. In 2024, a continuous monitoring and implementation of the Human Rights Action Plan was conducted to ensure all issues and concerns are properly addressed and closed.

The action plan is monitored on a monthly basis and the status is reported to the Country Management monthly while and reported quarterly to the Holcim Group. Affected stakeholders are also informed on the remedies taken in order to to address and/or avoid the identified risks.

OPPORTUNITY

Holcim Philippines aligns its sustainability strategy with the Holcim Group's vision to be the leader in innovative and sustainable building solutions. This strategy is anchored on a framework that addresses the global challenge of sustainable development and is committed to making a significant impact on the United Nation's 17 Sustainable Development Goals. The company's primary focus lies in contributing to nine of these goals through four key sustainability pillars: Climate Action, Circular Economy, Nature and Resources, and People and Communities.

The "People and Communities" pillar is implemented through Holcim Philippines' corporate citizenship campaign, Holcim Helps, which provides a framework for all social initiatives across its operating sites. To achieve its vision of leading in sustainable building solutions, the company is aligning its social initiatives with the four sustainability pillars. This involves a deeper understanding of the critical needs and specific issues in the communities surrounding its operating sites. To ensure the relevance and effectiveness of its programs, the site CSR personnel conduct regular community consultations.

Holcim Philippines actively collaborates with various civic organizations and local government units to ensure the successful implementation of its social programs. The company also plans to leverage corporate citizenship networks, such as international chambers of commerce and the Philippine Business for Social Progress, to expand the reach and impact of its social initiatives. Additionally, the company has established partnerships with global NGOs like Build Change, which focuses on disaster-resilient housing, and Habitat for Humanity, which provides homes for the homeless, to further its commitment to social responsibility. Through these partnerships and initiatives, Holcim Philippines is actively working towards creating a positive and lasting impact on the communities it serves, while also contributing to a more sustainable future.

3.5 CUSTOMER MANAGEMENT

Customer Satisfaction

Disclosure	Score	Did a third party conduct the customer satisfaction study? (Y/N)
Customer Satisfaction*	66%	N

[a] 66% based on 2024 Operational NPS (higher compared to 2023 with 62%).

IMPACTS

Customer satisfaction is critical to business growth as it enables the Company to retain its base while acquiring more clients.It boosts customer loyalty, encourages positive word-of-mouth, and strengthens brand reputation. It also provides a competitive edge and increases revenue by fostering repeat business and customer trust. Additionally, satisfied customers help reduce turnover, while feedback offers valuable insights for continuous improvement.

The Company's ability to deliver customer satisfaction is spread across its operations. Constant internal collaboration is necessary to ensure customer expectations are regularly met

**NPS Score = %Promoter - %Detractor*

Customer Satisfaction report forms part of the Sales Report presented to the management team. Approved processes under the Voice of Customer (VOC) program states that feedback shall be addressed through either operational or strategic approach. Depending on the gravity of the risk of a specific feedback, resolution will be escalated to a top management for resolution.

RISKS

Customer Satisfaction may be greatly affected by issues and concerns experienced by customers. Areas for improvement in Customer Experience are pickup and delivery of products and quality of offerings.

Improvement areas on other touchpoints are being coordinated with relevant functions to maintain customers' satisfaction and drive loyalty.

Issues and/or concerns raised by the customers were assigned to solution providers which can see details of the feedback together with the supporting documents, if any, on a digital platform.

After the solution providers give updates on the case, the Customer Experience Team gets in touch with the customers to validate the Company's action and gather feedback on the overall issue resolution process.

Holcim Philippines implements the following resolutions for the common issues raised:

- Relationship Management: Enhancing the quality of customer visits in accordance with the field sales team's coverage plan, and providing coaching sessions to elevate the standard of these interactions as needed.

- Invoicing in Payment: Easybuild enhancement on payment options. Straight to Bank (S2B) Pay is an additional option for customers to pay for their orders anytime, anywhere. Unlike other banks, there is no need for them to give signed auto debit arrangement forms.

- Logistics Delivery and Pick Up: Electronic Proof of Delivery (ePOD) is an electronic version of your manual delivery confirmation of printed delivery receipts. You will be able to confirm the deliveries by signing through the mobile phone of the driver.

- Product and Packaging Quality:
The Technical Services Team is working, on a per complaint basis, to address these complaints. Complaints on cement quality are usually attributed to workability of the concrete.

- Product and Service Offerings:
Launch of Excel ECOPlanet to help decarbonize the construction industry in the Philippines. It has the lowest CO_2 footprint in HPI's product portfolio for general construction cement.

OPPORTUNITY

Continued improvements in resolving customer concerns can be done through review of common issues and process tweaks.

Customer feedback is used by the Company to further improve its programs. In 2023, the initiatives to raise customer satisfaction included the following:

- Safety Leadership Program promote a safe work environment;
- Programs to push volume;
- Launch of new products; and
- Additional partner banks in Easybuild Customer Portal;

Health and Safety

Disclosure	Quantity	Units
No. of substantiated complaints on product or service health and safety [a]	0	#
No. of complaints addressed	0	#

[a] *Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

There is no impact and involvement applicable.
There are no significant risks identified.
There is no significant opportunity identified.

Marketing and Labelling

Disclosure	Quantity	Units
No. of substantiated complaints on marketing and labeling[a]	0	#
No. of complaints addressed	0	#

[a] *Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

IMPACTS

Holcim Philippines complies with relevant marketing and labeling laws and regulations. Stakeholders such as customers, government regulators, and advertising agencies are free to contact the Company through its hotline and commercial personnel in case there are inconsistencies in the marketing and labeling of products.

Some of the guidelines, laws, and regulations related to marketing and labeling that is followed by the Company are:

- Philippine National Standards (PNS) mandatory bag markings
- Holcim Group Brand Guidelines (packaging)
- Holcim Group Branding Guidelines
- Holcim Philippines Media Communications Guidelines
- Holcim Philippines Social Media Guidelines

Holcim Philippines also strictly adheres to the PNS directives of Department of Trade and Industry (DTI) Bureau of Product Standards on matters related to product licensing and labeling. The Company participates in DTI's annual audits in securing certification for products, approval for new packaging designs prior to commercial run, and Technical Committee discussions for the Cement Manufacturers Association of the Philippines.

RISKS

Non-compliance with marketing and labeling regulations may lead to suspension, recall, and revocation of the Company's Philippine Standards (PS) license; issuance of show cause order; cessation from further supply, distribution, and sale of products in the Philippines; and issuance, publication, and implementation of product recall.

Aside from legal repercussions, not having accurate marketing protocols may lead to customers committing errors in selecting the proper product for the correct applications. Incomplete or wrong claims may result in misguided product expectations risking integrity of structures where the Company's products were used.

The Company ensures adherence to proper labeling regulations issued by the DTI, as well as the Holcim Brand Guidelines on product and usage information on its products' packaging and communication materials.

Customer privacy

Disclosure	Quantity	Units
No. of substantiated complaints on customer privacy[a]	0	#
No. of complaints addressed	0	#
No. of customers, users, and account holders whose information is used for secondary purposes	0	#

[a] *Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

IMPACTS

Holcim Philippines collects customer information in the normal course of business. The Company values its customers' data privacy because they are partners in the business.

The organization complied with the Data Privacy Audit initiated by the Legal and Compliance Department. Specific to Sales, Sales Officers were asked to submit signed External Consent Form/ Data Privacy Agreement.

The Company's ***Customer Information Sheet*** was drawn up to ensure only necessary information is collected consistent with the purposes of the collection. The Company engages third parties who commit to uphold customer data privacy and enforces contractual commitments to comply with laws and regulations.

The privacy rights of customers and other third parties are always upheld and assistance in exercising their rights are available in various fora. Holcim Philippines' customer care hotlines and portals allow customers to update, review and/or revise any data provided pursuant with their dealings with the Company.

Holcim Philippines' data privacy policy is available on the website via this link: https://www.holcim.ph/block-rich-text-data-privacy-policy

RISKS

Improper handling of customer privacy may lead to compliance and reputational risks.

Holcim Philippines has a centralized structure for data privacy management where the Data Protection Officer is responsible for privacy related matters including customer privacy. The Company continuously trains and communicates to employees handling employee and customer data to current policies and Company directives on data protection to ensure customer data privacy is strictly observed.

Holcim Philippines provides venues for raising concerns related to privacy through customer care hotlines and contact partners. The Data Privacy Officer Mailbox is also available on the Company's website and indicates privacy notices and consent forms in customer information sheets and even mechanics for promotional campaigns.

OPPORTUNITY

The Company recognizes the opportunity to continuously improve its customer privacy policies and measures.

The Company consistently updates and improves training for employees commencing from new employee onboarding and continues with periodic training on fundamental aspects of data privacy, data subject rights, cybersecurity and other practical and applicable policies and directives related to data protection.

As part of the Holcim Group, the Company engages the services of independent third parties to review and audit the Company's actions within a specified period of time to determine compliance with current trends on data protection and cybersecurity and standard policies and guidelines.

In 2023, Holcim EXperts (HEX) Talks continued to be a vehicle to invite external and internal speakers to increase awareness on cybersecurity and data privacy. Likewise, the Company's Internal Controls and Quality Assurance Department and the Company's external auditor annually check the Company's compliance with Holcim Group's policies and guidelines, particularly, the administration of the required employee training and other requirements of data protection.

Data Security

Disclosure	Quantity	Units
No. of data breaches, including leaks, thefts and losses of data	0	#

IMPACTS

Holcim Philippines highly values IT Security for the protection of its information.

The Company adopts and enforces the Holcim Group's directives on IT Security. The Group's IT Policy focuses on three domains: IT Security, IT Service Management, and other IT processes.

RISKS

The Company faces usual cybersecurity risks that may lead to business disruption or competitive disadvantage.

Aside from utilizing measures consistent with industry standards and the Holcim Group Directives, the Company also ensures that employees who are exposed to risks undergo cybersecurity training and communications periodically to keep updated with threats to data security. Employees are instructed to immediately alert and notify the IT service desk and/or their immediate supervisor whenever suspicious activity, emails or issues arise for prompt action.

OPPORTUNITY

Holcim Philippines recognizes the opportunity to continuously improve its cybersecurity policies and measures.

The current demands of the business climate encourage the Company to establish and strengthen a culture of awareness on data protection and cybersecurity. Plans for continuous improvement of the efficiencies and measures are being discussed and implemented alongside major projects and activities.

The Business Continuity Plan (BCP) was developed to outline the general procedures to be taken in the event of a serious business disruption (or the threat thereof) affecting the operation of key functions and this includes activities and protocols which must be performed during, after or in view of an imminent disaster or business disruption.

[For updating]

UN SUSTAINABLE DEVELOPMENT GOALS

Product of Service Contribution to UN SDGs

Key products and services and its contribution to sustainable development.

BLENDED CEMENT

Societal Value / Contribution to UN SDGs	Holcim Philippines has a wide range of blended cements in its portfolio to promote the use of the right product for the right application. Blended cements minimize its use of clinker and substitutes this with alternative materials to produce cement This leads to the efficient use of natural resources and the lowering of the overall carbon footprint of the built environment. **<u>SDG no. 9</u>** **Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.** **Target 9.4.** By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities. **<u>SDG no. 12</u>** **Ensure sustainable consumption and production patterns** **Target 12.4** By 2030, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment. **Target 12.5** By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse. **<u>SDG no. 13</u>** **Take urgent action to combat climate change and its impacts.** **Target 13.2** By 2030, integrate climate change measures into national policies, strategies and planning **Target 13.3** By 2030, improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning
Potential Negative Impact of Contribution	It is during the production of clinker, the main component of cement, when most carbon dioxide emissions associated with cement occur. The majority of these emissions are unavoidable, as they result from the chemical reaction that occurs when the raw material (limestone) calcines into a clinker in the kiln.

Management Approach to Negative Impact	Replacing the clinker in the final product with alternative mineral components reduces the carbon footprint of cement production. As an alternative, Holcim Philippines utilizes waste-derived resources or cement additives such as fly ash and granulated blast furnace slag (GBFS) and synthetic phosphogypsum. These materials are by-products of other industrial processing plants. The Company also utilizes other alternative raw materials such as contaminated soil or bottom ash in producing clinker to lessen consumption of natural resources.

WASTE MANAGEMENT SOLUTION	
Societal Value / Contribution to UN SDGs	Holcim Philippines embraces the circular economy principle to contribute to solid waste management in the country and to support the Group's goal of reducing its global carbon footprint through less use of traditional fuels. Geocycle is the Company's waste management solutions arm that sources for alternative fuel and raw materials from various industry partners and local government units for co-processing in the cement kilns. **SDG no. 12** **Ensure sustainable consumption and production patterns** **Target 12.5** By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse. **SDG no. 13** **Take urgent action to combat climate change and its impacts** **Target 13.2**. Integrate climate change measures into national policies, strategies and planning
Potential Negative Impact of Contribution	Cement kiln co-processing itself cannot address the waste management challenges of the country but can be an integral part of the whole waste management value chain. This technology fits with any circular economy program following the waste management hierarchy which prioritizes first waste avoidance, reduction, reprocessing, and recycling.
Management Approach to Negative Impact	Holcim Philippines uses cement kiln co-processing technology; wherein qualified waste materials are used as an alternative to coal in producing cement. Co-processing provides a practical, cost-effective, and environmentally preferred alternative to landfills and traditional

	incineration. This technology is unique because it encompasses both material recycling and energy recovery within an industrial process.