COVER SHEET

0	0	0	0	0	0	0	2	6	1	2	6

S.E.C. Registration Number

HOLCIM PHILIPPINES, INC.

(Company's Full Name)

7TH FLOOR TWO WORLD
SQUARE MCKINLEY HILL
FORT BONIFACIO, TAGUIG

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

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

Contact Person

(02) 8687-1195

Company Telephone Number

12 **31**

Month *Day*

Fiscal Year

Definitive Information Statement (20-IS)

FORM TYPE

May 15

Month *Day*

Annual Meeting

N/A

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. Use black ink for scanning purposes

Office of the Corporate Secretary

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

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
May 15, 2024
5:00 P.M., Philippine Time
7th Floor, Two World Square, McKinley Hill,
Fort Bonifacio, Taguig City 1634, Philippines
(via Remote Communication)

You are cordially invited to attend the Annual Meeting of Stockholders of **HOLCIM PHILIPPINES, INC.** (the "Company") which will be held virtually on **May 15, 2023 (Thursday) at 5:00 p.m. to 5:30 p.m., Philippine time**. The Chairman of the Annual Meeting shall call and preside over the meeting in Taguig City, Metro Manila which is the place where the principal office of the Company is located. The Agenda of the meeting is as follows:

1. Call to Order
2. Proof of Notice and Determination of Quorum
3. Approval of Minutes of Previous Meeting
4. Operations Report/ Approval of the Annual Report and the Audited Financial Statements of the Company for the period ended December 31, 2023
5. Election of Directors
6. Amendment of the Articles of Incorporation and By-Laws
7. Ratification of all acts, contracts, investments and resolutions of the Board, Committees and Management since the last Annual Shareholders' meeting
8. Appointment of External Auditor for 2024
9. Other Matters
10. Adjournment

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

Given the current circumstances and taking into consideration the safety of everyone, stockholders may only attend the meeting via remote communication. Only stockholders of record in the books of the Company at the close of business on April 15, 2024 will be entitled to notice of, participation via remote communication, and voting *in absentia* at such meeting and any adjournment thereof.

Stockholders who intend to participate in the meeting via remote communication and to exercise their vote *in absentia* must register by filling up the form that can be found at **www.holcim.ph/asm2024**. Online registration will be open from April 23, 2024 at 8:00 A.M. to May 10, 2024 at 5:00 P.M. All information submitted will be subject to verification and validation by the Corporate Secretary and the Stock Transfer Agent.

Stockholders who wish to appoint a proxy should send a scanned copy of a duly accomplished proxy form, together with other supporting documents, via email to **hpilegalandcompliance-phl@holcim.com** and not later than May 10, 2024. A hard copy of the Proxy Form should be delivered to The Corporate Secretary, 7th Floor, Two World Square, McKinley Hill, Fort Bonifacio, Taguig City within five days after the proxy form has been sent via e-mail. Alternatively, should you wish to appoint the Chairman of the meeting as proxy, you may use the digital proxy form available at **www.holcim.ph/asm2024**. Please note that we are not soliciting proxies.

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

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

HOLCIM PHILIPPINES, INC.
By:

BELINDA E. DUGAN
Corporate Secretary

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

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

1. Check the appropriate box:

   [ ] Preliminary Information Statement
   [✓] Definitive Information Statement

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

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

4. SEC Identification Number: **026126**

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

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

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

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

   **May 15, 2024, Wednesday, at 5:00 P.M.
   7th Floor, Two World Square, McKinley Hill,
   Fort Bonifacio, Taguig City 1634, Philippines
   (via Remote Communication)**

9. Approximate date on which the Information Statement is first to be sent or given to security holders: **April 23, 2024**

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

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

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

    Yes _________ No ___X___

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

    Holcim Philippines, Inc. was delisted from the Philippine Stock Exchange on November 17, 2023.

HOLCIM PHILIPPINES, INC.

INFORMATION STATEMENT

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

A. GENERAL INFORMATION

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

(a) Date: **May 15, 2024, Wednesday**

Time: **5:00 p.m.**

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

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

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

April 23, 2024

ITEM 2. DISSENTERS' RIGHT OF APPRAISAL

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

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

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

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

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

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

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

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

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

B. CONTROL AND COMPENSATION INFORMATION

ITEM 4. VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

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

As of March 31, 2024, there are 6,452,099,144 shares of the Company's common stock outstanding and entitled to vote at the Annual Meeting. One share is equivalent to one vote except in the election of directors where one share is entitled to as many votes as there are directors to be elected.

(b) Record Date

All stockholders of record at the close of business on **April 15, 2024** (the "Record Date") are entitled to notice of, and to vote at, the Annual Meeting.

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

(1) Security Ownership of Certain Record and Beneficial Owners

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

Title of Class	Name, Address, Citizenship of Record Owners and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	No. of Shares Held	% of Ownership
Common	Union Cement Holdings Corporation ("UCHC") 7th Floor, Two World Square, McKinley Hill, Fort Bonifacio, Taguig City Filipino Stockholder	UCHC (same as record owner)	3,906,425,506	60.55%
Common	Holderfin B.V. ("Holderfin") Roemer Visscherstraat 41 NL – 1054 EW Amsterdam Dutch Stockholder	Holderfin (same as record owner)	1,906,591,636	29.55%
Common	Cemco Holdings, Inc. ("Cemco") Unit 15A, ACT Tower, 135 H.V. dela Costa Street, Salcedo Village, Makati City Filipino Stockholder	Cemco (same as record owner)	456,689,560	7.08%

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

Entity	Authorized Representative
UCHC	Horia Adrian
Holderfin	Horia Adrian
Cemco	Horia Adrian

The Company only has common shares outstanding. As of March 31, 2024, the Company's foreign stockholders hold 30.33% of the common shares.

(2) *Security Ownership of Management*

The table below shows the securities beneficially owned by all directors and executive officers of the Company as of March 31, 2024:

Title of Class	Name of Beneficial Owner	Amount & Nature of Beneficial Ownership	Citizenship	Registered (R) or Beneficial (B)	% of Ownership
Common	Tomas I. Alcantara	2(D)	Filipino	R	0.00%
Common	Martin Kriegner	2(D)	Austrian	R	0.00%
Common	Horia C. Adrian	1(D)	Romanian	R	0.00%
Common	Thomas G. Aquino	1(D)	Filipino	R	0.00%
Common	Tan Then Hwee	1(D)	Singaporean	R	0.00%
Common	Medel Nera	1(D)	Filipino	R	0.00%
Common	Gerardo C. Ablaza, Jr.	1(D)	Filipino	R	0.00%
	Total	**9**			**0.00%**

Directors and officers as a group hold a total of 9 common shares, equivalent to approximately 0.00% of the Company's issued and outstanding capital stock.

(d) Voting Trust Holders of 5% or more

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

(e) Changes in Control

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

ITEM 5. DIRECTORS AND EXECUTIVE OFFICERS

(a) The Board of Directors

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

The following are the current members of the Board:

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

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

Tomas I. Alcantara, 77, Filipino, holds a Bachelor of Science degree in Economics from Ateneo de Manila University, a Master's in Business Administration degree from Columbia University, USA, and attended the Advance Management Program of the Harvard Business School. He was the Chairman and President of Alsons Consolidated Resources, Inc., and of several power and property development companies in the Alcantara Group. Mr. Alcantara was Undersecretary for the Industry & Investment

Group of the Department of Trade and Industry and the Vice Chairman and Managing Head of the Board of Investments from July 1986 to March 1995. He was also Special Envoy of the Philippine President to APEC in 1996.

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

Martin Kriegner, 61, Austrian, is a graduate of Vienna University with a Doctorate in Law and he obtained an MBA at the University of Economics in Vienna. He joined the Holcim Group in 1990 and became the CEO of the Austrian operations in 1998. He moved to India as CEO in 2002 and later served as Regional President Cement for Asia. In 2012, he was appointed CEO for India for Cement, RMX and Aggregates. In July 2015 he became Area Manager Central Europe and was appointed Head of India in 2016. Mr.Kriegner became a member of the Holcim Group Executive Committee in 2016 and is currently the Region Head for Asia, Middle East & Africa. He was elected as Director of the Company on August 18, 2016.

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

Tan Then Hwee, 51, Singaporean, holds an MBA and BBA in marketing from Wichita State University, Kansas , USA. She has over 20 years of human resources management experience in an international business environment across Asia Pacific. She is currently the Vice President HR, Global Head Learning & Development of Lafargeholcim Ltd. and concurrently a director of Ambuja Cements Ltd, India. Prior to joining Lafargeholcim in 2019, Ms. Tan was the Vice President HR, Asia Pacific of Singapore from April 2007 to March 2019. She was elected as Director of the Company on September 17, 2020.

Thomas G. Aquino, 75, Filipino, holds a Doctorate degree in Management from IESE Business School, University of Navarre (Spain), Master of Science in Industrial Economics from the University of Asia and the Pacific, and Bachelor of Arts in Economics from the University of the Philippines. In 2000, he served at the Department of Trade and Industry as acting Secretary and as Senior undersecretary overseeing the country's international trade promotions with trading partners and policy negotiations at the World Trade Organization and in the ASEAN Economic Community. Dr. Aquino is the recipient of the Presidential Service Award for extraordinary contribution of national impact on public interest, security and patrimony, Gawad Mabini Award and the Philippines-Japan Society Medal of Honor.

Dr. Aquino is currently a Director of NOW CORPORATION, and an Independent Director of ACR Corporation and A Brown Company, Inc. and PRYCE Corporation, all publicly listed firms on the Philippine Stock Exchange. He was elected as Director of the Company on May 24, 2019.

Medel T. Nera, 68, Filipino, is presently a director and a member of the Audit Committees of House of Investments, Inc., iPeople, Inc., EEI Corporation, and Seafront Resources Corporation. He is also an independent director and Audit Committee Chairman of the National Reinsurance Corporation of the Philippines, Ionics, Inc., Ionics EMS, Inc. In addition, he is also an independent director of Ionics Properties, Inc. He was also a director of the Rizal Commercial Banking Corporation for 5 years, from 2011 to 2016. He was formerly a Senior Partner of SyCip Gorres Velayo & Co. (SGV), where he had about

35 years of experience in professional services. He served as Markets leader and Financial Services Practice Head at SGV. From 2008 – 2010, he served as Assurance Leader for the Financial Services Assurance practice of Ernst & Young in the Far East covering China, Taiwan, Hongkong, Korea, Singapore, Philippines and Vietnam.

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

Gerardo C. Ablaza, Jr., 70,is a Board Director in a number of publicly-listed companies and privately held corporations in the Philippines which are operating in the fields of retail banking, property development, education, infrastructure and health. He is also a member of the Board of Trustees in a number of non-profit foundations engaged in social initiatives, namely Ayala Foundation, BPI Foundation and Gawad Kalinga Foundation. Gerry retired from full-time executive work in 2017, after performing various corporate executive roles over a period of 43 years. His experience spanned a variety of industries: FMCG, agribusiness, retail banking, telecommunication and water distribution.

Gerry proudly received a couple of international awards. In 2004, he was recognized by CNBC as the Asia Business Leader of the Year, the first Filipino to be granted this award. In the same year, he was awarded by Telecom Asia as the Best Telecom CEO. In 2013, Citibank gave him the Citi Distinguished Alumni Award for Leadership and Ingenuity, in recognition of "his consistent leadership and innovation across the banking, investment, telecommunications and utility service industries". Gerry was the first Filipino Citibanker to be so honored. Gerry received a Liberal Arts Degree, major in Mathematics (Honors Program) from De La Salle University in 1974. He graduated with Summa Cum Laude honors. As one of the most accomplished graduates of his alma mater, he was elected as member of the Board of Trustees of various De La Salle schools in the country where he served for six years until 2019: De La Salle University - Manila, De La Salle University - Dasmariñas, and De La Salle Medical and Health Sciences Institute.

He was elected as Independent Director of the Company on May 11, 2023.

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

Directorships in other reporting companies

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

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

Name of Director	Name of Reporting Company
	EEI Corporation Seafront Resources Corporation Ionics, Inc. Ionics EMS, Inc. Ionics Properties, Inc.
Gerardo C. Ablaza, Jr.	iPeople, Inc. Roxas and Company Inc.

Nomination of Independent Director for 2024-2025

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

The following are the nominees to the Board of Directors:

1. Martin Kriegner
2. Claudia Albertini
3. Horia-Ciprian Adrian
4. Tan Then Hwee
5. Gerardo C. Ablaza, Jr. (Independent Director)

The business experience of Mr. Martin Kriegner, Mr. Horia Ciprian Adrian, Mr. Tan Then Hwee, and Mr. Gerardo C. Ablaza, Jr. for the last five years is provided above. Below sets forth the business experience of Ms. Claudia Albertini for the last five years:

Claudia Iris Albertini, 53, is the Chief Financial Officer, Asia, Middle East and Africa Region of Holcim Group. Prior to her current role, Ms. Albertini was the Head of Business Services and Corporate Projects, Holcim Group Services, Zug, Switzerland. She has experience in several senior positions in Holcim Group Services in Europe and she started her professional career in September 1997. Prior to joining Holcim, Ms. Albertini was the Senior Consultant in KPMG in Italy. She has a Master's in Economics and Commerce from the University of Cattolica del Sacro Cuore, Milan, Italy and Bachelor's Degree from the European School of Varese, Italy.

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

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

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

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

(b) The Executive Officers

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

The Company's executive officers as of March 31, 2024 are set forth below:

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

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

Zoe Verna M. Sibala, ***49, Filipino***, is the Senior Vice President, Chief Financial Officer and Investor Relations Office. Ms. Sibala holds a master's degree in Business Administration from the Graduate School of Business, De la Salle University and a degree in Economics from the University of the Philippines. In January 2010, she joined Lafarge as a Finance Manager of Batong Angono Aggregates Corporation and later on became the commercial controller of the Lafarge's cement product line – Lafarge Cement Service Philippines, Inc. Prior to being appointed as Head of Strategy of the Company, she served Lafarge Republic Aggregates, Inc. as Project Manager from July 2014 to December 2014 and as Strategy and Business Development Manager from January to December 2015.

Eung Rae Kim, 64, Korean, is the Senior Vice President, Head of Cement Industrial Performance. Mr. Kim holds a degree in Electrical Engineering and Masteral in Electrical Engineering from Hoseo University in Korea. He has 33 years of experience in cement plant operation having joined the cement industry since 1987. He has held various leadership roles within the LafargeHolcim Group in South Korea, Malaysia, Regional (IPC Asia) and Bangladesh. Prior to joining Holcim Philippines, Inc. Mr. Kim was the Industrial Director of LafargeHolcim Bangladesh Ltd. since October 2015.

Ramakrishna Maganti, ***54***, ***Indian***, is the Senior Vice President, Head of Infrastructure and Industrial Sales. He holds a degree in Mechanical Engineering, MBA in Marketing from the Indian Institute of Management and a degree in Strategic Marketing Management from Harvard Business School. Mr. Maganti brings more than 20 years of combined experience in global marketing, brand development, digital transformation, and project management. Prior to joining the Company, he held various leadership and management positions in LafargeHolcim India, Malaysia, France and the most recently in Singapore as Head of Sales and Marketing for Asia Pacific Region. Mr. Maganti worked for Philips NV, a global consumer lifestyle and healthcare firm, before joining the LafargeHolcim Group in 2006.

Samuel O. Manlosa, Jr., ***41***, ***Filipino,*** is the Senior Vice President, Chief Sustainability Officer. Mr. Manlosa is a licensed Chemical Engineer and placed 7th in the November 2004 Chemical Engineering Board Examinations. He joined the Company in June 2010 as Senior Process Engineer. In January 2016, he was engaged as Process and Automation Expert in Holcim Singapore where he supported 7 LafargeHolcim plants in the Southeast Asian region to resolve operational and efficiency issues in raw mean and cement grinding and to implement critical equipment modifications to drive process improvements. Prior to being appointed as Vice President, Mr. Manlosa held the position of Industrial Transformation and Operational Excellence Manager since November 2018.

Elynor Roque, 53, ***Filipino***, is the Company's Senior Vice President, Head of Organization and Human Resource. Prior to her appointment, Ms. Roque was the Head of Talent Management of the Company. She has a solid background as a human resources professional, with 27 years of combined corporate and consulting work in different HR disciplines including organization development, change management, learning and development, executive coaching, and employee and labor relations. She completed the Management Development Program of Asian Institute of Management in 2015 and holds a degree in Bachelor of Science in Business Administration from the University of the Philippines.

Edwin Villas, ***51***, ***Filipino,*** is the Senior Vice President, Head of Logistics. He joined the Company in September 1997 as Strategic Sourcing Specialist. He served as the Company's Procurement Manager from October 2007 to August 2010 and was laterally transferred as Area Sales Manager for South Luzon in August 2011. In May 2016, he was appointed as the Head of Institutional Sales and thereafter as Manager, National Sales, Bulk Institutional Sales. He is a certified Information Systems Auditor and a certified Professional for Supply Management. He has a degree in Computer Science from the Philippine Christian University.

Albert Leoveras, 50, ***Filipino,*** is the Senior Vice President, Head of Retail Sales, Prior to his appointment to his current position, he was the Regional Head of sales for Northern and Central Luzon. He has over 15 years of experience in managing Sales Team, Distributors and key accounts sales. Prior to joining the Company, he was the Field Operations Manager and Regional Manager of Japan Tobacco International from 2012 to August 2015 and Sales Division Head of the Non-food Division of Wills International Sales Corporation.

Belinda E. Dugan, ***56***, ***Filipino,*** is the General Counsel, Corporate Secretary, and Compliance Officer of the Company. She obtained her Juris Doctor degree from Ateneo Law School and has over 23 years of experience with various multinational firms and a consulting company. Prior to joining the Company, she was Vice President for Legal Management Services of Aboitiz Equity Ventures, Inc. from October 2015 to October 2017. She served as Assistant Vice-President for Legal and Compliance of SN Aboitiz Power from May 2009 to October 2015.

Alexander V. Taar, 41, ***Filipino,*** is the Company's Treasurer and concurrently holds the position of Head for Financial Planning, Performance and Analysis. He joined the Company in 2013 and held various positions in Finance including Head of Business Process and Controls and Head of Accounting and Finance Reporting. Mr. Taar holds a degree in Accounting from Philippine School of Business Administration and obtained his Masters degree in Business Administration from Ateneo Graduate School of Business. Mr. Taar is a Certified Public Accountant and a Certified Management Accountant.

(c) Significant Employees

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

(d) Family Relationships

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

(e) Independent Directors

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

(f) Warrants and Options Outstanding

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

(g) Involvement of Directors and Officers in Legal Proceedings

To the knowledge and/or information of the Company, the present members of and the nominees to the Board of Directors or the Executive Officers are not presently nor during the last five years involved or have been involved in criminal, bankruptcy or insolvency investigations or proceedings, or in investigations or proceedings involving any violation of securities or commodities laws.

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

(h) Certain Relationships and Related Transactions

For a detailed discussion of other material related party transactions, please see Note 28 – Related Party Transactions to the accompanying consolidated financial statements in Item 11.

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

For the period ended March 31, 2024, there were no self-dealings or related party transactions by any director which require disclosure.

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

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

(i) Disagreement with a Director

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

ITEM 6. COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS

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

** 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.*

There are no standard arrangement, any other material arrangement and employment contract between the Company and its Executive Officers. The compensation received by the Executive Officers represents salaries, performance-based bonuses and benefits.

The following table shows the compensation of the Company's Executive Officers serving as of March 31, 2024.

Executive Compensation (in Php)

Name and Principal Position	Year	Salary	Bonus	Benefits
The CEO and five (5) most highly compensated Executive Officers 1. Horia Adrian – President and Chief Executive Officer 2. Eliana Nieto – SVP, Chief Financial Officer 3. Ramakrishna Maganti – SVP, Head of Infrastructure and Industrial Sales 4. Eung Rae Kim – SVP, Head of Cement Industrial Performance (CIP) 5. Edwin Villas – SVP, Head of Logistics 6. Albert Leoveras – SVP, Head of Retail Sales	2024*	68,860,411	16,618,216	83,227,351
	2023	68,860,411	16,618,216	83,227,351
	2022	64,541,257	13,347,619	80,915,763
All other Executive Officers and Directors as a group unnamed	2024*	54,210,408	14,402,744	10,147,189
	2023	54,210,408	14,402,744	10,147,189
	2022	55,542,688	10,552,331	11,014,546

All other Executive Officers and Directors as a group unnamed in 2023 include all incumbents in the Leadership Team and on current Officer-In-Charge (OIC) capacity.
2024 estimated compensation of executive officers for the ensuing year is assumed to approximate the 2023 level. Bonuses given are driven by actual performance of the company; hence, estimate may vary from actual.*
*2023** benefits of All Other Executive Officers and Directors include pro-rate salaries, bonuses and benefits of other one (1) separated local Executive Officer.*

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

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

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

	Year Ended 31 December (in PhP)	
	2023	2022
Per diem to the Board of Directors as a group	13,750,000	13,633,333.33

ITEM 7. INDEPENDENT PUBLIC ACCOUNTANTS

At the regular Board meeting held on March 18, 2024, the Board approved and endorsed for stockholders' approval the Audit Committee's recommendation for the appointment of SGV & CO. ("SGV") as the Company's External Auditor for year 2024.

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

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

Audit and Audit-Related Fees

The aggregate fees billed for professional services rendered in 2023 and 2022 were inclusive of out-of-pocket expenses to cover the services rendered by the external auditor for audit of the Company's financial statements and other services in connection with statutory and regulatory filings for years 2023 and 2022.

Tax Fees & All Other Fees

The Company did not engage SGV or Deloitte for tax and other services in 2023 and 2022.

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

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

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

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

ITEM 8. COMPENSATION PLANS

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

C. ISSUANCE AND EXCHANGE OF SECURITIES

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

Not applicable.

ITEM 10. MODIFICATION OR EXCHANGE OF SECURITIES

Not applicable.

ITEM 11. FINANCIAL AND OTHER INFORMATION

The consolidated audited financial statements of the Company for the period ended December 31, 2023 is attached as **Exhibit 1** to the Management Report and is incorporated herein by reference. Management's Discussion and Analysis of Financial Condition and Results of Operations are incorporated in the Management Report.

ITEM 12. MERGERS, CONSOLIDATIONS, ACQUISITIONS AND SIMILAR MATTERS

Not applicable.

ITEM 13. ACQUISITION OR DISPOSITION OF PROPERTY

Not applicable.

ITEM 14. RESTATEMENT OF ACCOUNTS

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

D. OTHER MATTERS

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

There is no action to be taken with respect to any report of the Company or of its directors, officers or committees, except the approval of the minutes of the previous annual stockholders' meeting a copy of which is attached hereto as **Annex F**, and the Company's Annual Report for 2023.

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

Date	Disclosure
March 22, 2023	An advisory on the results of the Q1 regular Board meeting as follows: 1. Approved the audited financial statements for year ended December 31, 2022 2. Approved and endorsed for approval of stockholders at the annual stockholders meeting to be held on May 11, 2023 the Audit Committee's recommendation for the appointment of the SGV as the Company's external auditor for calendar year ending December 31, 2023 3. Approved the resignation of Atty. Belinda E. Dugan as Data Protection Officer (DPO) effective March 22, 2023, and the appointment of Atty. Elaine S. Mendoza as the Company's DPO effective on March 22, 2023 4. Approved the amendment of the Company's By-Laws to allow conduct of Board and Annual Stockholders' Meeting via Remote Communication
May 11, 2023	An advisory on the results of the Q1 regular Board meeting as follows: 1. Approved the temporary suspension of operations of HPI Terminal located in Calumpit to mitigate the increasing high cost and limited supply of kraft paper rolls in the global market resulting in a much higher cost of cement kraft paper bags 2. Authorized the Company to declare as retrenched the 18 personnel affected by the terminal's temporary business closure as presented by Management affecting Logistics function and to pay separation benefits
May 11, 2023	An advisory on the results of the annual stockholders' meeting and organizational Board meeting
June 29, 2023	An advisory to PSE of breach of HPI's minimum public ownership (MPO)
June 29, 2023	An advisory to PSE of intention to conduct voluntary tender offer and to delist
June 29, 2023	An advisory on the results of the special Board meeting as follows: 1. Voluntary delisting of the Company's common shares listed in the Main Board of the PSE and endorsement of the same for shareholder approval during a special stockholders' meeting called for that purpose and any adjournment or resetting thereof, subject to and in accordance with PSE requirements for voluntary delisting and the applicable SEC regulations 2. Setting of the Company's special stockholders' meeting on Wednesday, August 30, 2023 via remote communication, and delegation to the Corporate Secretary of the authority and responsibility to finalize the agenda, time, and other details of the special stockholders' meetin.
July 13, 2023	An advisory rescheduling the Company's special stockholders' meeting on Friday, September 22, 2023 via remote communication, and delegated to the Corporate Secretary the authority and responsibility to finalize the agenda, time, and other details of the special stockholders' ,eeting.
July 20, 2023	An advisory of PSE's denial of HPI's Request of Lifting of Trading Suspension
August 25, 2023	An advisory that DAHEWU - Sentro, an associate union of HPI's Davao Plant filed a Notice of Strike following a deadlock on the negotiations of the collective bargaining agreement
September 11, 2023	An advisory on SEC's Order for Holderfin to conduct a second tender offer
September 22, 2023	An advisory on the results of the special stockholders meeting stating that 6,130,810,487 common shares or 95.02% of the Company's outstanding capital stock present or represented thereat, with no shareholder voting against, approved the voluntary delisting of the Company's common shares from the Main Board of the PSE

Date	Disclosure
October 26, 2023	An advisory of Berde & Holcim Philippines signing a solar power purchase agreement
February 26, 2024	An advisory on the changes in the management positions effective March 1, 2024, as follows: • Zoe Verna M. Sibala, from SVP, Chief Sustainability Officer to SVP, Chief Financial Officer • Edwin R. Villas, from SVP, Head of Logistics to SVP, Head of Supply Chain • Samuel O. Manlasa, Jr., from Head of Geocycle to SVP, Chief Sustainability Officer • Resignation of Ms. Eliana Nieto Sanches as SVP, Chief Financial Officer effective June 30, 2024 • Retirement of Mr. Ike C. Tan as Head of Procurement effective June 30, 2024
March 21, 2024	An advisory on the results of the Q1 2024 regular Board meeting as follows: 1. Approved the amendment of the Company's Articles of Incorporation and By-laws to reflect the relevant references to public companies pursuant to the company's delisting from the PSE and to simplify the Company's organization; and 2. Approved the setting of the Company’s Annual Stockholders' Meeting on 15 May 2024 (Wednesday) at 5:00 p.m., via remote communication, and the setting of the record date for stockholders entitled to vote and participate at such meeting on 15 April, 2024.

The approval of the minutes, Annual Report and audited financial statements for the period ended December 31, 2023, and ratification of all acts, proceedings and resolutions of the Board, the Board Committees and the acts of the officers and management since the date of the last annual meeting require the affirmative vote of a majority of the votes cast at the Annual Meeting by the stockholders entitled to vote.

ITEM 16. MATTERS NOT REQUIRED TO BE SUBMITTED

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

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

At the regular meeting of the Board held on March 18, 2024, the Board approved the amendment of the Company’s Articles of Incorporation and By-laws to reflect the relevant references to public companies pursuant to the Company’s delisting from the PSE, and to simplify the Company’s organization.

Below sets forth the proposed amendments:

Articles of Incorporation

FROM	TO
SIXTH - That the number of the directors of said corporation shall be SEVEN (7), and the names, citizenship, residences of the directors of the corporation, who are to serve until their successors are duly elected and qualified as provided by the By-Laws, are as follows: x x x	SIXTH - That the number of the directors of said corporation shall be **FIVE (5)**, and the names, citizenship, residences of the directors of the corporation, who are to serve until their successors are duly elected and qualified as provided by the By-Laws, are as follows: x x x

By-laws

FROM	TO
Article II – Directors	
SECTION 1. Board of Directors. - The business and property of the Corporation shall be managed by a Board of SEVEN (7) Directors who shall be stockholders and who shall be elected annually by the stockholders for a term of one year and shall serve until the election and acceptance of their duly qualified successors.	SECTION 1. Board of Directors. - The business and property of the Corporation shall be managed by a Board of **FIVE (5)** Directors who shall be stockholders and who shall be elected annually by the stockholders for a term of one year and shall serve until the election and acceptance of their duly qualified successors.
SECTION 2. Independent Directors. - As a publicly listed company, the Corporation shall conform with the requirement to have such number of independent directors who are possessed of such qualifications as may be required by law. An "independent director" is a person who, apart from his fees and shareholdings, which shareholdings does not exceed two percent (2%) of the shares of the Corporation and/ or its related companies or any of its substantial shareholders, is independent of management and free from any business or other relationship which could, or could reasonably perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director of the Corporation, including, among others, any person who: x x x Nomination of independent director/ s shall be conducted by a Nomination Committee prior to a stockholders' meeting. All nominations of independent directors shall be made in writing and signed by the conformity by the nominating stockholders, and shall include the acceptance and conformity of the would-be nominees. The Nomination Committee shall pre-screen the qualifications and prepare a final list of all candidates and put in place screening policies and parameters to enable it to effectively review the qualifications of the nominees for independent director(s). After the nomination, the Nomination Committee shall prepare a Final List of Candidates which shall contain all the information about all the nominees for independent directors (as required under Part IV [A] and [C] of Annex "C" of SRC Rule 12 of the Implementing Rules and Regulations of the Securities Regulation Code), including, but not limited to, the following information: (i) Name, age and citizenship; (ii) List of positions and offices that each such nominee held, or will hold, if known, with the Corporation; (iii) Business experience during the past five (5) years;	**SECTION 2. Independent Directors.** - As a **public** company, the Corporation shall conform with the requirement to have such number of independent directors who are possessed of such qualifications as may be required by law. An "independent director" is a person who, apart from his fees and shareholdings, which shareholdings does not exceed two percent (2%) of the shares of the Corporation and/ or its related companies or any of its substantial shareholders, is independent of management and free from any business or other relationship which could, or could reasonably perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director of the Corporation, including, among others, any person who: x x x ~~Nomination of independent director/ s shall be conducted by a Nomination Committee prior to a stockholders' meeting. All nominations of independent directors shall be made in writing and signed by the conformity by the nominating stockholders, and shall include the acceptance and conformity of the would-be nominees.~~ ~~The Nomination Committee shall pre-screen the qualifications and prepare a final list of all candidates and put in place screening policies and parameters to enable it to effectively review the qualifications of the nominees for independent director(s).~~ ~~After the nomination, the Nomination Committee shall prepare a Final List of Candidates which shall contain all the information about all the nominees for independent directors (as required under Part IV [A] and [C] of Annex "C" of SRC Rule 12 of the Implementing Rules and Regulations of the Securities Regulation Code), including, but not limited to, the following information: (i) Name, age and citizenship; (ii) List of positions and offices that each such nominee held, or will hold, if known, with the Corporation; (iii) Business experience during the past five (5) years; (iv) directorship held in the other companies;~~

FROM	TO
(iv) directorship held in the other companies; (v) Involvement in legal proceedings; and (vi) Security ownership. The Final List shall be made available to the Securities and Exchange Commission and to all stockholders through the filing and distribution of the Information Statement or in such other reports required by the Securities and Exchange Commission. The name of the person or group of persons who recommended the nomination of the independent director shall be identified in such report including any relationship with the nominee. Only nominees whose names appear on the Final List of Candidates shall be eligible for election as independent director/s. No other nominations shall be entertained after the Final List of Candidates shall have been prepared. No further nominations shall be entertained or allowed on the floor during the actual stockholders' meeting. The Chairman of the stockholders' meeting has the responsibility to inform all stockholders in attendance of the mandatory requirement of electing independent directors and to ensure that the independent directors are elected during the stockholders' meeting. Specific slot/s for independent directors shall not be filled up by unqualified nominees. In case of failure of election for independent director/s, the chairman of the meeting shall call a separate election during the same meeting to fill up the vacancy. Any controversy or issue arising from the selection, nomination or election of independent director/s shall be resolved by the Securities and Exchange Commission by appointing independent directors from the list of nominees submitted by the stockholders.	~~(v) Involvement in legal proceedings; and (vi) Security ownership.~~ ~~The Final List shall be made available to the Securities and Exchange Commission and to all stockholders through the filing and distribution of the Information Statement or in such other reports required by the Securities and Exchange Commission. The name of the person or group of persons who recommended the nomination of the independent director shall be identified in such report including any relationship with the nominee.~~ ~~Only nominees whose names appear on the Final List of Candidates shall be eligible for election as independent director/s. No other nominations shall be entertained after the Final List of Candidates shall have been prepared. No further nominations shall be entertained or allowed on the floor during the actual stockholders' meeting.~~ ~~The Chairman of the stockholders' meeting has the responsibility to inform all stockholders in attendance of the mandatory requirement of electing independent directors and to ensure that the independent directors are elected during the stockholders' meeting.~~ ~~Specific slot/s for independent directors shall not be filled up by unqualified nominees.~~ ~~In case of failure of election for independent director/s, the chairman of the meeting shall call a separate election during the same meeting to fill up the vacancy.~~ ~~Any controversy or issue arising from the selection, nomination or election of independent director/s shall be resolved by the Securities and Exchange Commission by appointing independent directors from the list of nominees submitted by the stockholders.~~
Article III – Officers	
SECTION 5. General Manager. - The General Manager shall look after and supervise all the business operations of the Corporation and, subject to the approval of the President may employ, suspend and/or discharge any and all employees and/or laborers necessary therefor, recommending their respective compensations and the nature and extent of the work to be performed by each of them. He shall prepare and submit an annual report to the President and to the Board of Directors setting forth the results of the business operations under his charge, together with suggestions designed to improve the business of the corporation or to enhance its finances, and he shall	~~SECTION 5. General Manager. - The General Manager shall look after and supervise all the business operations of the Corporation and, subject to the approval of the President may employ, suspend and/or discharge any and all employees and/or laborers necessary therefor, recommending their respective compensations and the nature and extent of the work to be performed by each of them. He shall prepare and submit an annual report to the President and to the Board of Directors setting forth the results of the business operations under his charge, together with suggestions designed to improve the business of the corporation or to enhance its finances, and he shall perform~~

FROM	TO
perform such other duties as the President or the Board of Directors may require.	~~such other duties as the President or the Board of Directors may require.~~
SECTION 8. Compensation. - The compensation of the officers and employees of the Corporation shall be fixed and determined by the Board of Directors. The Board, however, may authorize any officer to appoint and remove subordinate officers and prescribe the powers and duties thereof and fix the compensation of such subordinated officers. The President, upon recommendation of the Compensation Committee, is authorized to fix and/or increase the remuneration of any Director or any other officer of the Corporation as may be necessary; provided, that in no case shall the yearly remuneration of directors serving as such directors exceed ten percent (10%) of the net income before tax of the Corporation during the preceding year.	SECTION 8. Compensation. - The compensation of the officers and employees of the Corporation shall be fixed and determined by the Board of Directors. The Board, however, may authorize any officer to appoint and remove subordinate officers and prescribe the powers and duties thereof and fix the compensation of such subordinated officers. ~~The President, upon recommendation of the Compensation Committee, is authorized to fix and/or increase the remuneration of any Director or any other officer of the Corporation as may be necessary; provided, that in no case shall the yearly remuneration of directors serving as such directors exceed ten percent (10%) of the net income before tax of the Corporation during the preceding year.~~
SECTION 9-a. Appointment and Powers of Executive Committee.- There shall be an Executive Committee composed of Directors to be determined and appointed by the Board of Directors, and any vacancy in said committee shall be filled by the Directors at any meeting of the Board at which a quorum shall be present. The members of the Executive Committee may be removed at any time by the Board of Directors. Their compensation shall be determined by the Board of Directors. The Executive Committee shall advise and aid the officers of the Corporation in all matters concerning its interest and the management of its business and, in the intervals between the meetings of the Board, shall have and may exercise all the powers of the Board of Directors in the management of the business and affairs of the Corporation, except (a) such powers as are granted by statute to the Board of Directors, (b) the power to declare and pay dividends, (c) the power to fill vacancies in the Board of Directors, and (d) such other powers as the Board of Directors may expressly reserve at any time. All matters acted upon by the Executive Committee shall be submitted to the Board at its meeting held next after they have been taken and such transactions of the committee shall be considered ratified by the Board unless otherwise expressly revoked.	~~SECTION 9-a. Appointment and Powers of Executive Committee.- There shall be an Executive Committee composed of Directors to be determined and appointed by the Board of Directors, and any vacancy in said committee shall be filled by the Directors at any meeting of the Board at which a quorum shall be present. The members of the Executive Committee may be removed at any time by the Board of Directors. Their compensation shall be determined by the Board of Directors.~~ ~~The Executive Committee shall advise and aid the officers of the Corporation in all matters concerning its interest and the management of its business and, in the intervals between the meetings of the Board, shall have and may exercise all the powers of the Board of Directors in the management of the business and affairs of the Corporation, except (a) such powers as are granted by statute to the Board of Directors, (b) the power to declare and pay dividends, (c) the power to fill vacancies in the Board of Directors, and (d) such other powers as the Board of Directors may expressly reserve at any time. All matters acted upon by the Executive Committee shall be submitted to the Board at its meeting held next after they have been taken and such transactions of the committee shall be considered ratified by the Board unless otherwise expressly revoked.~~
SECTION 9 b. Meetings. The Executive Committee shall meet from time to time and at such places as it may designate upon the call of the Chairman of the committee or of any member thereof. Written notice of any such meeting, stating the place, date and hour thereof, shall be	~~SECTION 9 b. Meetings. The Executive Committee shall meet from time to time and at such places as it may designate upon the call of the Chairman of the committee or of any member thereof. Written notice of any such meeting, stating the place, date and hour thereof, shall be served~~

FROM	TO
served personally on each member of the Executive Committee at his address recorded in the books of the Corporation or the same shall be telegraphed or telephoned at least twenty-four (24) hours before the meeting.	~~personally on each member of the Executive Committee at his address recorded in the books of the Corporation or the same shall be telegraphed or telephoned at least twenty-four (24) hours before the meeting.~~
SECTION 9-c. Quorum. - A majority of the members of the Executive Committee shall constitute a quorum thereof and the affirmative vote of the majority of such quorum shall be necessary for the approval of any action taken at any of its meetings.	~~SECTION 9-c. Quorum. - A majority of the members of the Executive Committee shall constitute a quorum thereof and the affirmative vote of the majority of such quorum shall be necessary for the approval of any action taken at any of its meetings.~~
SECTION 9-d. Minutes of the Meetings.- The Secretary of the Corporation shall keep the minutes of the meetings of the Executive Committee and cause them to be recorded in a book kept for that purpose. The Corporate Secretary shall present these minutes to the Board of Directors when so requested of directed.	~~SECTION 9-d. Minutes of the Meetings.- The Secretary of the Corporation shall keep the minutes of the meetings of the Executive Committee and cause them to be recorded in a book kept for that purpose. The Corporate Secretary shall present these minutes to the Board of Directors when so requested of directed.~~
SECTION 10. Nomination Committee. - There shall be a Nomination Committee composed of at least three (3) Directors, one of whom shall be an Independent Director. The Nomination Committee shall review and evaluate the qualifications of all persons nominated to the Board and other appointments that require Board approval, and to assess the effectiveness of the Board's processes and procedures in the election or replacement of directors. The Nomination Committee shall promulgate the guidelines or criteria to govern the conduct of nomination of directors. The decision of the Nomination Committee, once confirmed by the Board of Directors, shall be final and binding upon the stockholders and may no longer be raised during the stockholders' meeting at which directors shall be elected.	~~SECTION 10. Nomination Committee. - There shall be a Nomination Committee composed of at least three (3) Directors, one of whom shall be an Independent Director. The Nomination Committee shall review and evaluate the qualifications of all persons nominated to the Board and other appointments that require Board approval, and to assess the effectiveness of the Board's processes and procedures in the election or replacement of directors.~~ ~~The Nomination Committee shall promulgate the guidelines or criteria to govern the conduct of nomination of directors. The decision of the Nomination Committee, once confirmed by the Board of Directors, shall be final and binding upon the stockholders and may no longer be raised during the stockholders' meeting at which directors shall be elected.~~

ITEM 18. OTHER PROPOSED ACTION

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

1. Election of directors for 2024-2025
2. Appointment of External Auditor

ITEM 19. VOTING PROCEDURES

(a) Matters for Stockholders’ Approval

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

(b) Election of directors

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

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

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

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

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

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

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

(c) Amendments to the Articles of Incorporation and By-laws

For amendments to the Articles of Incorporation, the Company will follow what is prescribed in Section 15 of the Revised Corporation Code which requires majority vote of the board of directors and at least two-thirds (2/3) affirmative vote of the outstanding capital stockholders.

For amendments to the By-laws, Article VII of the Amended By-laws provides that the same may be amended, altered, repealed, in whole or in part, by a majority vote of the entire subscribed capital stock of the Corporation at any regular meeting of the shareholders, or at any special meeting where such action has been announced in the call and notice of such meeting.

(d) Participation of Shareholders by Remote Communication

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

To enable the Company to perform validation procedures, identify the stockholders participating by remote communication and record their presence for purpose of quorum, stockholders as of Record Date who wish to participate in the meeting by remote communication and to vote in *absentia* shall register by filling up the form that can be found at **www.holcim.ph/asm2024** (the "ASM Portal"). Online registration will be open from April 23, 2024 at 8:00 A.M. to May 10, 2024 at 5:00 P.M.

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

Upon successful validation of registration, stockholders will be notified by email that they can proceed to cast their vote via the ASM Portal. Registered stockholders shall have until 5:00 P.M. of May 10, 2024 to cast their votes. Stockholders may also vote by proxy by sending a scanned copy of a duly accomplished Proxy Form by email to **hpilegalandcompliance-phl@holcim.com** not later than May 102024. The Proxy Form is provided in **Annex G** and may be downloaded at **https://www.holcim.ph/asm2024**. A hard copy of the Proxy Form should be delivered to The Corporate Secretary, 7th Floor, Two World Square, McKinley Hill, Fort Bonifacio, Taguig City within five days after proxy form was sent via e-mail. Alternatively, should the stockholder of record wish to appoint the Chairman of the meeting as proxy, a digital proxy shall be available at **www.holcim.ph/asm2024**. Please note that we are not soliciting proxies.

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

The agenda for the Annual Meeting is as follows:

1. Call to Order
2. Proof of Notice and Determination of Quorum
3. Approval of Minutes of Previous Meeting
4. Operations Report/ Approval of the Annual Report and the Audited Financial Statements of the Company for the period ended December 31, 2023
5. Election of Directors
6. Amendment of the Articles of Incorporation and By-Laws
7. Ratification of all acts, contracts, investments and resolutions of the Board, Committees and Management since the last Annual Shareholders' meeting
8. Appointment of External Auditor for 2024
9. Other Matters
10. Adjournment

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SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Taguig, Metro Manila, on April 4, 2024.

HOLCIM PHILIPPINES, INC.

By:

Belinda E. Dugan
General Counsel &
Corporate Secretary

ANNEX A

<u>REPORT ON ATTENDANCE OF DIRECTORS</u>

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REPUBLIC OF THE PHILIPPINES)
TAGUIG CITY) S. S.

SECRETARY'S CERTIFICATE

I, **BELINDA E. DUGAN**, Filipino, of legal age, with office address at the 7th Floor, Two World Square, McKinley Hill, Fort Bonifacio, Taguig City, under oath, do hereby certify that:

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

2. Based on the records of the Corporation, the following are the record of attendance of each incumbent member of the Board for the period January 1, 2023 to December 31, 2023.

Board of Directors Meetings

Date of Meeting	Type of Meeting	Tomas Alcantara	Martin Kreigner	Horia Adrian	Tan Then Hwee	Thomas Aquino	Medel Nera	Gerardo Ablaza, Jr
22 March	Regular Meeting	✓	✓	✓	✓	✓	✓	N/A
11 May	Regular Meeting	✓	✓	✓	✓	✓	✓	N/A
11 May	Organizational Board Meeting	✓	✓	✓	✓	✓	✓	✓
29 June	Special Meeting	*	✓	✓	✓	✓	✓	✓
30 August	Regular Meeting	*	✓	✓	✓	✓	✓	✓
18 Oct	Special Meeting	*	✓	✓	✓	✓	✓	✓
22 Nov	Regular Meeting	*	✓	✓	✓	✓	✓	✓

**On Medical Leave*

Audit Committee Meetings

Date of Meeting	Type of Meeting	Tan Then Hwee	Thomas Aquino	Medel Nera
06 March	Regular Meeting	✓	✓	✓
05 May	Regular Meeting	✓	✓	✓
03 July	Special Meeting	✓	✓	✓
04 August	Regular Meeting	✓	✓	✓
06 Nov	Regular Meeting	✓	✓	✓

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

IN WITNESS HEREOF, I have hereunto set my hand this 17th day of April 2024 at Taguig City.

BELINDA E. DUGAN
Corporate Secretary

APR 1 7 2024

SUBSCRIBED AND SWORN to before me this January ____, 2023 at Taguig City with the presentation of her Passport No. P7916925A issued at DFA-Legazpi on July 12, 2018 valid until July 11, 2028.

Doc. No. 37 ;
Page No. 19 ;
Book No. II ;
Series of 2024.

SHIELA MARIE L. RABAYA
NOTARY PUBLIC
ROLL NO. 77930
TAGUIG CITY, PHILIPPINES

SHIELA MARIE L. RABAYA
Notary Public for Taguig City
Appointment No. 178 valid until 31 December 2024
16th Floor, One/NEO Building, 26th St. cor. 3rd Ave.
Crescent Park West, Bonifacio Global City, Taguig City
Roll of Attorney No. 77930
PTR No. A-6155544; 01/11/2024; Taguig City
IBP Membership Receipt No. 408444; 01/25/2024; Makati City

ANNEX B

BOARD APPRAISAL AND PERFORMANCE REPORT

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

Legal & Compliance

Phone: +(632)85811511

2023 BOARD SELF-ASSESSMENT REPORT
OVERVIEW OF THE BOARD SELF-ASSESSMENT PROCESS

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

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

We hope that the results of this 2023 Board Self-Assessment will facilitate open discussion to enhance board relationships.

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

The average number of years of service for all Board of Directors is **5.79 years.**

Highlights of Board Self-Assessment

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

Overall rating: 4.71 (Above Average)

Highest Rated Questions:

Good Governance		Average Rating
3	I foster the long-term success of HPI and secure its sustained competiveness and profitability, its best interest and that of its shareholders and stakeholders.	4.57
4	I am aware of my fiduciary responsibility as a Director and I conduct myself in a manner characterized by transparency, accountability, integrity and fairness in the performance of my duties as a Director of HPI.	4.86
5	I represent HPI in external dealings positively and constructively, and at all times in accordance with HPI's Code of Business Conduct	4.57
6	I conduct fair business transactions with HPI and ensure that my personal interest does not conflict with interests of the Company.	4.71
Attendance, performance and participation		**Average Rating**
8	I regularly attend and actively participate in all meetings of the Board, Committees, and shareholders, except when prevented by justifiable cause.	4.71
12	My Board membership in other companies , if any, do not interfere with my commitment to effectively carry out my duties and responsibilities as a director of the Company	4.86
13	I am aware of HPI's disclosure requirements for directors and I timely make disclosures when necessary (Conflict of Interest, Policy in Dealing with securities, Related Party Transactions)	4.86
14	I maintain confidentiality on all matters and details of Board discussions, including the individual views of the Board members	4.86
For independent and non-executive Directors only		**Average Rating**
17	I do not feel constrained to contribute on matters that may be outside my personal experience and experience	5.00
For Board Committee members only		**Average Rating**
25	I maintain confidentiality of the details of the Committee discussions, including views of members, except when such view has been agreed to be for formal communication to the full Board.	5.00

Lowest rated questions:

	Good Governance	Average Rating
1	I take time to understand the goals, strategies, business, governance policies, purpose and brand of Holcim Philippines, Inc. (HPI)	4.29
	Attendance, performance and participation	**Average Rating**
9	I review meeting materials and ask the necessary questions or seek clarifications and explanations in the Board meetings	4.57
10	I willingly offer alternative viewpoints and solutions during discussions to reflect my personal opinion based on my knowledge and experience	4.57
11	I act judiciously and independently on any matter brought before the Board.	4.57
For Board Committee members only		**Average Rating**
23	I believe that, relative to the size the business of HPI, the Board's Committee structure effectively complements the full board in performing its functions.	4.00
24	I constructively engage and consult with the Company's CEO, Corporate Secretary and other key officers for the purpose of the Committee being informed.	4.25

Findings:
An over-all rating of 4.71 (Above Average) reflect a generally healthy and well-performing Board.

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

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

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

Proposed Action Plans:

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

ANNEXES C

<u>CERTIFICATE OF INDEPENDENT DIRECTOR</u>

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CERTIFICATION OF INDEPENDENT DIRECTOR

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

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

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

Company/ Organization	Position/ Relationship	Period Of Service
A.C.S.T. Business Holdings, Inc.	Director	2009 – Present
Liveit Investments Limited	Director	2009 – Present
Asiacom Philippines, Inc.	Director	2009 – Present
Ayala Foundation, Inc.	Trustee	2007 - Present
AC Infrastructure Holding Corporation (formerly Liveit Solutions, Inc.)	Director	2014 - Present
Ayala Corporation	Consultant	2017 - Present
Gawad Kalinga Foundation, Inc.	Trustee	2007 - Present
Advanced Info Services, PLC (Thailand)	Independent Director	2017 - Present
AC Energy and Infrastructure Corporation (formerly AC Energy, Inc.)	Director	2010 – Present
Purefoods International, Limited	Director	2010 - Present
Ayala Healthcare Holdings, Inc. (formerly Ayala Company, Inc.)	Director	2017 - Present
Ayala Retirement Fund Holdings, Inc.	Director	2012 - Present
iPeople, Inc.	Director	2019 - Present
Roxas and Company Inc.	Independent Director	2021 – Present
BPI Asset Management and Trust Corporation doing business under the Trade Name and Style of BPI Wealth	Director	2022 - Present
The Bank of the Philippine Islands Foundations, Inc.	Chairman of Trustees	2022 - Present
BPI Direct BanKo, Inc.	Director	2022 - Present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of the Company, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am not related to any director/officer/substantial shareholder of Holcim Philippines, Inc. and its subsidiaries and affiliates other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code (where applicable).

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

7. I shall inform the Corporate Secretary of the Company of any changes in the abovementioned information within five days from its occurrence.

Done, this 12 day of APRIL 2024, at ONTARIO, CANADA

GERARDO C. ABLAZA, JR.
Affiant

155 DALHOUSIE ST, APT 507
TORONTO M5B 2P7

SUBSCRIBED AND SWORN to before me this ____________________ at ______________________, affiant personally appeared before me and exhibited to me his Philippine Passport ID No. P5889232A issued by DFA NCR South valid until 02 February 2028.

Doc. No. _____;
Page No. _____;
Book No. _____;
Series of 2024.

...NCE OF:

JANE D. RAÑGA

MARK RAY H. GIL

Consulate General of the Republic of the Philippines
TORONTO

PHILIPPINE CONSULATE GENERAL)
TORONTO, ONTARIO, CANADA) S.S.

JURAT

SUBSCRIBED and sworn to before me, **RODNEY JONAS L. SUMAGUE**, **Consul** of the Republic of the Philippines, in and for the consular district of Toronto, Ontario, Canada, with consular jurisdiction over Ontario and Manitoba, duly commissioned and qualified, this **12th day of April 2024**, in the City of Toronto, Ontario, affiant/s, **GERARDO CINCO ABLAZA JR.,** exhibiting to me his/her/their Philippine Passport No. P5889232A issued on 03 February 2018.

RODNEY JONAS L. SUMAGUE
Consul

Doc. No. : 4514-24
Fee : $36.25
O.R. No. : 0011
Service No. : 8179
Series of : 2024

ANNEX D

INVOLVEMENT IN LEGAL PROCEEDINGS

TAX CASES (Parent)

1. The Company filed on June 24, 2014, a Complaint before the Regional Trial Court (RTC) 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 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 Php118.2 million for the years 2006 to 2015. Unlike the 2014 Assessment Notice which involves the defendants' assessment of LBT against the Company based on the purported undeclared gross sales or receipts for the years 2006 to 2012, the 2015 Assessment Notice concerns the Treasurer's assessment of LBT against the Company based on the purported undeclared gross sales or receipts for the years 2006 to 2015. The Municipal Treasurer did not act on the Company's 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, the Company 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 Php150,000.00 as attorney's fees and to pay the cost of litigation.

2. The Company received an Assessment from the Provincial Assessor and a Notice of Real Property Tax (RPT) Delinquencies issued by the Provincial and Municipal Treasurers of Norzagaray, Bulacan on December 18, 2012. The Assessment demanded total of Php80.3 million 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 Php80.3 million. 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 Php23.8 million. 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 Php129 million. 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 Php120 million, allocated as follows: (a) land: Php8.6 million; (b) buildings: Php3.3 million; (c) machineries: Php107.9 million. 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 Php49.3 million. 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 Php103 million. 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 Php46.8 million. 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 Php41.1 million 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 the Company's Bulacan Plant for the year 2018 in the amount of Php52 million. On the same date, the Company paid the RPT due on the Company's properties, of which payment amounting to Php41.1 million 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 Php40.5 million. On December 28, 2018, the Company 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.

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

On January 31, 2019, the Company 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, the Company 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 Php315.6 million 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 the Company. LBAA denied petition for refund ordering the Company to pay Php315.6 million but applying the Php454.7 million already paid from 2012 to 2020.The application reduced the refund amount to Php139.1 million.

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 we 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.

3. HPI had an on-going tax audit for 2017 national taxes. Last June 8, 2022, the Bureau of Internal Revenue (BIR) issued a Preliminary Assessment Notice (PAN) for all national taxes for alleged deficiency taxes amounting to Php6.6 billion, 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 Php48.5 million, inclusive of penalties and interest. The case was closed via settlement for the same amount last February 2, 2023.

4. HPI had an on-going tax audit for 2018 national taxes. Last June 2, 2022, the BIR issued a PAN for all national taxes for alleged deficiency taxes amounting to Php18.4 billion, inclusive of penalties and interest. The Company filed its protest to PAN last June 17, 2022. On January 31, 2023, the BIR issued a FAN for all national taxes for alleged deficiency taxes amounting to Php57 million, inclusive of penalties and interest. The case was closed via settlement for the same amount last February 2, 2023.

5. HPI has an on-going tax audit for 2019 national taxes. As of December 31, 2023, the BIR has not made any determination of deficiency taxes.

6. HPI has an on-going tax audit for 2020 national taxes. As of December 31, 2023, the BIR has not made any determination of deficiency taxes.

7. HPI has an on-going tax audit for 2021 national taxes. As of December 31, 2023, the BIR has not made any determination of deficiency taxes.

TAX CASES (Subsidiaries)

1. Excel Concrete Logistics, Inc. (ECLI) has an on-going tax audit for 2017 national taxes. The Company received the PAN last February 5, 2021. The BIR issued a Warrant of Garnishment (WOG) last November 3, 2021 to Security Bank for Php16.2 million. ECLI applied for abatement and compromise for Php5.4 million last December 19, 2021. The Regional Evaluation Board approved the offer. As of December 2023, the application is still awaiting approval of the National Evaluation Board.

2. Holcim Philippines Manufacturing Corp. (HPMC) has an on-going tax audit for 2000 capital gains tax. Last November 5, 2020, HPMC received a Final Decision on Disputed Claim for the alleged deficiency capital gains taxes for the amount of Php355.5 million. On December 3, 2020, HPMC filed its Petition for Review with the Court of Tax Appeals. The Pre-trial hearing was held last June 14, 2021 with succeeding hearings to file the Motions. A motion to set the case for Commissioner's hearing was granted by court last November 23, 2022 and was scheduled January 19, 2023. The independent Certified Public Accountant also presented her testimony last January 26, 2023.

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

   On December 21, 2020, Holcim received a notice from the Court of Appeals directing it to file its Appellant's Brief within 45 days from receipt of the notice. 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 issued a PAN for all national taxes for alleged deficiency taxes amounting to Php512.9 million, inclusive of penalties and interest. HPMC filed its protest to PAN last June 20, 2022. On January 31, 2023, the BIR issued a FAN for all national taxes for alleged deficiency taxes amounting to Php14.9 million,

inclusive of penalties and interest. The case was closed via settlement for the same amount last February 2, 2023.

5. HPMC had an on-going tax audit for 2018 national taxes. Last May 31, 2022, the BIR issued a PAN for all national taxes for alleged deficiency taxes amounting to Php526.7 million, inclusive of penalties and interest. HPMC filed its protest to PAN last June 15, 2022. On January 31, 2023, the BIR issued a FAN for all national taxes for alleged deficiency taxes amounting to Php12.7 million, inclusive of penalties and interest. The case was closed via settlement for the same amount last February 2, 2023.

6. HPMC has an on-going tax audit for 2019 national taxes. On May 17, 2023, HPMC received a PAN. On July 3, 2023, HPMC received a Formal Letter of Demand (FLD) for all national taxes for alleged deficiency taxes amounting to Php511 million, inclusive of penalties and interests. On August 1, 2023, HPMC filed its protest to the FLD. As of December 31, 2023, the BIR is yet to issue a Final Decision on Disputed Assessment (FDDA).

7. HPMC has an on-going tax audit for 2020 national taxes. As of December 31, 2023, the BIR has not made any determination of deficiency taxes.

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

9. HSSI has an on-going tax audit for 2017 national taxes. Last May 21, 2021, the BIR issued a PAN for all national taxes for alleged deficiency taxes amounting to Php341.3 million, inclusive of penalties and interest. HSSI filed its protest to PAN last June 4, 2021. On July 15, 2021, the BIR issued a FAN for all national taxes for alleged deficiency taxes amounting to Php348.2 million, reflecting the same findings as the PAN, inclusive of penalties and with updated interest. HSSI filed its request for reinvestigation last October 11, 2021. As of December 31, 2023, the BIR has yet to issue a FDDA.

10. HSSI has an on-going tax audit for 2018 national taxes. Last September 30, 2022, the BIR issued, via registered mail, a PAN for all national taxes for alleged deficiency taxes amounting to Phph38.3 million, inclusive of penalties and interest. On December 10, 2022, the BIR issued a FAN for all national taxes for alleged deficiency taxes amounting to Php39.2 million, reflecting the same findings as the PAN, inclusive of penalties and with updated interest. HSSI filed its request for reinvestigation last January 9, 2023. HSSI received a WOG dated September 6, 2023 thru Security Bank.

11. Mabini Grinding Mill Corporation has an ongoing tax audit for 2022 national taxes. As of December 31, 2023, the BIR has not made any determination of deficiency taxes.

ANNEX E

SECRETARY'S CERTIFICATE
RE: CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

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REPUBLIC OF THE PHILIPPINES)
TAGUIG CITY) S.S

SECRETARY'S CERTIFICATE

I, **BELINDA E. DUGAN**, Filipino citizen, of legal age, with office address at 7th Floor, Two World Square, McKinley Hill, Fort Bonifacio, Taguig City, do hereby certify that:

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

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

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

IN WITNESS WHEREOF, I have hereunto affixed my signature this APR 04 2024 of April 2024 in Taguig City, Philippines.

Belinda E. Dugan
Corporate Secretary

SUBSCRIBED AND SWORN to before me this APR 04 2024 at ~~Taguig~~ PASIG CITY City, exhibiting to me her Philippine Passport No. P7916925A issued on 12 July 2018 at DFA Legazpi and expiring on 11 July 2028.

Doc. No. 285;
Page No. 58;
Book No. I;
Series of 2024.

ATTY. JEMMA Z. OYALES
Appointment No. 275 (2023-2024)
Notary Public for the City of Pasig, San Juan
and the Municipality of Pateros
Until December 2024
2nd flr. Armal Bldg., Malinao, Pasig City
PTR No. 1634378, 01/02/2024, Pasig City
IBP No. 425372, RSM Chapter
Roll of Attorney's 77301
MCLE Exemption No. VIII-BEP002661

ANNEX F

MINUTES OF 2023 ANNUAL STOCKHOLDERS' MEETING

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MINUTES OF THE ANNUAL MEETING OF THE STOCKHOLDERS
OF
HOLCIM PHILIPPINES, INC.
Conducted via Remote Communication
May 11, 2023 at 2:30 p.m.

DIRECTORS PRESENT:

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

ALSO PRESENT:

ELIANA NIETO SANCHEZ	Chief Financial Officer
BELINDA E. DUGAN	Corporate Secretary

Stockholders present in person or represented by proxy	**6,161,268,787** shares, representing **95.49%** of the total issued and outstanding shares of the Company (Please see Record of Attendance here attached as **Annex A**)

I. CALL TO ORDER

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

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

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

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

2. The Notice and Agenda were published in The Manila Times and Business Mirror on April 17 and April 18, 2023, both in print and online formats.

3. There exists a quorum for the meeting being in person, by proxy or in absentia, stockholders owning 6,161,268,787 shares, representing **95.49%** of the total issued and outstanding shares of the Company.

4. The Chairman of the meeting is holding proxies for **3,941,175,506** shares representing **95.10%** of the total issued and outstanding shares of the Company representing **61.08%** of the total issued and outstanding shares of the Company.

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

- Shareholders who registered and are entitled to vote may vote by proxy - by uploading the signed copy of the proxy form not later than May 5, 2023, at http://conveneagm.com/ph/HLCMASM2023 or by sending it via e-mail hpilegalandcompliancephl@holcim.com or (ii) in absentia by filling in the online voting form available at the ASM Portal or during the live voting.

- The tabulated votes represent stockholders owning **6,161,268,787** shares, representing **100%** of the total issued and outstanding shares represented in this meeting.

- Everyone was encouraged to send their questions to hpilegalandcompliancephl@holcim.com. These questions will be read by ourCommunications Manager, Mr. Don Gil K. Carreon during the Q&A. Shareholders attending this meeting may still send their questions by sending an e-mail to HPI-Investor-Relations@holcim.com. However, due to time and technological challenges, we may not be able to read aloud and respond to each question during the meeting. Management will endeavor to reply to all your questions via e-mail.

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

The Chairman proceeded to the first item in the Agenda which is the approval of the Annual Stockholders Meeting held via Remote Communication on May 12, 2022. The Chairman reminded the shareholders that copies of the minutes of meetings for approval were posted in the Company's website and annexed to the Company's Definitive Information Statement.

<u>VOTING RESULTS</u>

The Corporate Secretary reported that shareholders owning 6,161,268,787 shares of 100% of total number of shares represented in this meeting have voted in favor of the approval of the Minutes of the Annual Stockholders Meeting held on May 11, 2022. Therefore, the minutes of the previous 202 Annual Shareholders meeting was approved.

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

The President and CEO, Mr. Horia C. Adrian presented the operations report comprising the highlights of Company's 2022 performance, the Company's outlook for 2023, and the launch of the Company's new product - Excel ECOPlanet.

VOTING RESULTS

The Chairman informed the shareholders that copies of the Company's 2022 Audited Financial Statements may be viewed and downloaded from the ASM Portal, the Company's website and PSE Edge.

Upon the request of the Chairman of the Meeting, the Corporate Secretary reported that shareholders owning 6,161,268,787 shares or 100% of total number of shares represented in this meeting have voted for the approval of Operations Report comprised of the Message of the Chief Executive Officer, the Annual Report and the Audited Financial Statements for the period ended December 31, 2022 are therefore approved.

V. ELECTION OF DIRECTORS

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

1. Tomas I. Alcantara
2. Martin Kriegner
3. Horia Ciprian-Adrian
4. Tan Then Hwee
5. Thomas Aquino - Independent Director
6. Gerardo C. Ablaza, Jr. - Independent Director
7. Medel Nera - Independent Director

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

Upon the request of the Chairman, the Corporate Secretary certified that based on the preliminary tabulation of votes, each of the nominees have received at least 6,156,275,387 votes. Based on such certification, the Chairman of the Meeting declared all the nominees as duly elected members of the Board of Directors for the ensuing year.

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

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

The Corporate Secretary reported that shareholders 6,161,268,787 shares or 100% of the total number of shares represented in the meeting have voted for the approval and ratification of all the acts, contracts, investments, and resolutions of the Board of Directors, the Board Committees, and Management since the last annual stockholders' meeting.

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

VII. APPOINTMENT OF EXTERNAL AUDITOR

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

On the voting results, the Corporate Secretary reported that shareholders owning 6,161,268,787 shares or 100% total number of shares represented in this meeting have voted in favor of the appointment of SGV & Co. as the Company's external auditor for the year 2022. Having received a sufficient number of votes, the auditing firm of SGV & Co. was appointed as the Company's external auditor of the year 2023.

VIII. APPROVAL OF THE AMENDMENT OF THE BY-LAWS

The next item on the agenda was the Amendment of the By-Laws to allow the conduct of the Board and Stockholders' Meetings via remote communication.

On the voting results, the Corporate Secretary reported that shareholders owning 6,161,268,787 shares or 100% total number of shares represented in this meeting have voted in favor of the amendment of the by-laws, as follows:

"**RESOLVED,** that **Holcim Phippines, Inc.'s** ("HPI" or the "Corporation") approve, as it hereby approves, the recommendations of the Board of Directors of Corporation to allow the conduct of Board and Stockholders' Meetings via remote communication and (ii) the amendment, for this purpose, Article I, Sections 1 and, 2 and Articles II Sections 4, 5, and 6, shall be amended to read as follows:

> ARTICLE I, SECTION 1. Annual Meetings. - The annual regular meetings of the stockholders shall be held at the principal office of the Corporation in Metro Manila, Philippines and/or via remote communication on the second Thursday of May of each year for the purpose of electing directors and for the transaction of such other business as may be properly brought before the meeting.
>
> ARTICLE I, SECTION 2. Special Meetings. - Special meetings of the stockholders may be called at the principal off ice of the Corporation and/or via remote communication at any time by resolution of the Board of Directors or by order of the President and must be called upon the written request of stockholder s registered as the owners of one-third (1/ 3) of the total outstanding stock.
>
> ARTICLE II, SECTION 4. Regular Annual Meeting. - The regular annual meeting of the Board of Directors for the purpose of organization and the transaction of other business shall be held without notice, at the principal office of the Corporation, at such other place and/or via remote communication as a majority of the Directors may designate immediately after the annual meeting of the stockholders of the Corporation.

ARTICLE II, SECTION 5. Regular Quarterly Meetings. - The Board shall meet regularly once every quarter as or as often as the Board, at the principal office of the Corporation, at such other place and/or via remote communication, as the Board may deem practicable.

ARTICLE II, SECTION 6. Special Meetings.- Special meeting of the Board of Directors may be called by the Secretary upon order of the President or any two (2) members of the Board of Directors and notice thereof shall be made in the most convenient manner not less than seven (7) days before such special meeting and the notice shall set the object and purpose of the same. A special meeting may be held at any place designated in the call thereof and/or via remote communication.'

RESOLVED, FINALLY, that the Corporation's President & Chief Executive Officer, Mr. Horia Ciprian Adrian, assisted by the Corporate Secretary, Atty. Belinda E. Dugan, or the Assistant Secretary, Atty. Kristine Mae C. Manalo, with office address 8th Floor, Three World Square, McKinley Hill, Fort Bonifacio, Taguig City, be authorized to implement the foregoing, to perform any and/ or all acts, to effect any and/ or all amendments, and to prepare, execute, or sign any and/ or all documents as may be necessary or appropriate to implement the processing of the foregoing application before the SEC"

Having received at least ⅔ votes of the authorized capital stock, the resolutions were approved.

IX. OTHER MATTERS

The Chairman of the meeting requested the Company's Communications Manger, Mr. Don Gil Carreon, to facilitate the Q&A. The President and CEO, Mr. Horia Adrian responded to the questions posed by the stockholders as follows:

1. **Please provide an overview of your sustainability direction at Holcim Philippines. Why is the company pursuing this?**

The reason is pretty obvious. We are living in a very beautiful country and we would like to preserve the beautiful nature that we have in the Philippines so the future generation may enjoy it. We have experienced in the past 20 years the effects of the global warming and climate change, not only in the Philippines but everywhere around the world. The Philippines has experienced more typhoons and more drought periods comparing to the past years. With global warming and the rising of the sea levels, an island country like the Philippines will be very much affected. I have visited the country in meeting with the customers and business partners over the last 2 years and I can say I felt pity hearing from our customers that the water level raised even 30-40 cm in the last year and some of the territory that they used to have is no longer livable. So that's the obvious reason, to make sure that whatever we have in the planet earth especially in the Philippines will remain to be the blessing for the future generations too. As such, a company like Holcim is trying to take the lead in this direction because we are the leader in the sustainable and innovative solutions worldwide and in

Philippines as well. So if the leader doesn't take a strong stand against this, then nobody will. So we would like to show everybody that it's possible to do this by having the right efforts. But, everybody should be onboard of course. It's not going to take the efforts of a single man or a single company, everybody will have to be onboard. We are pleased to contribute to what the government of the Philippines has announced in 2021 which is the reduction of Co2 emission by 75% in 2030. That is a really strong commitment and Holcim is behind that 100%.

Holcim will continue to decarbonize our own operations. Whatever we can control we will definitely reduce the Co2 emissions - from our products, from our operations, from the transportation business related to delivering raw materials and cement to our customers and from powering our plants using more renewable energy. We will work on this relentlessly and we will continue to reduce the Co2 emission. Next, we believe in recycling as being the opportunity of our lifetime. We have one planet, we should not continue to use our resources as we used it in the past because the population is growing so we will definitely go nowhere if we continue to build as we used to build in the past. So we have to blend more recycling materials in the new way of construction. While we will continue to embed this in our products, we have to work with architects, with decision makers, to make sure that recycling is a focal point in terms of future constructions in the Philippines. We will also continue to encourage architects, engineers to use smart designs – meaning, not only using smart materials but also using smart design methods to build the future of the Philippines using less materials, more efficient materials so that we can get more efficient buildings.

Last but not the least, whenever we demolish something in the Philippines, we have to make sure that the materials that resulted from demolishing can be incorporated in a new building. Concrete, the material we are producing in Holcim, is 100% recyclable and represents a solution for the future of smart construction in the Philippines and worldwide.

2. **You made a big splash recently with the rebrand of your flagship product in the Excel Ecoplanet. How does this product help your business amid the challenges this year?**

The market is going to be flat, the year 2023 will still be a year full of challenges because of the reasons we had year 2022 being a challenging year. For us, building on our expertise in developing innovative and sustainable solutions, it's an opportunity for tackling these market situations. So, basically with Ecoplanet, we do believe that we will come up with something fresh, with something new for the construction industry and we will drive the necessary change in construction. Thus, positioning Holcim as a sustainable and innovative solution provider for the construction industry in the Philippines.

3. **You outperformed competitors last year based on published reports. Will there be cash dividend this year since the past years there have been no dividends declared?**

We have a dividend policy and we are reviewing this. For now, this is the answer that I can provide.

IX. ADJOURNMENT

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

BELINDA E. DUGAN
Corporate Secretary

ATTEST:

TOMAS I. ALCANTARA
Chairman

Annex A

Record of Attendance

Total number of shares outstanding **6,452,099,144**

Total number of shares present in person, by proxy, or in absentia **6,161,268,787**

Total number of proxies issued in favor of the Chairman **3,941,175,506**

Total number of shares represented **6,161,268,787** Attendance percentage **95.49%**

ANNEX G

HOLCIM PHILIPPINES, INC.
FORM OF PROXY

PROXY

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

[NAME OF AUTHORIZED REPRESENTATIVE]

or in his absence,
the Chairman of the Meeting

as my proxy to represent and vote on my behalf all of my shares in the Corporation at the Annual Stockholders Meeting of the Corporation to be held on May 15, 2024, 5:00 P.M., and at any adjournments and postponements thereof, for the purpose of acting on the following matters:

1. Approval of minutes of previous annual stockholders' meeting

   ___ Yes ___ No ___ Abstain

2. Approval of the Annual Report and the Audited Financial Statements of the Company for the period ended December 31, 2023.

   ___ Yes ___ No ___ Abstain

3. Election of Directors

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

   i. Martin Kriegner ________ shares
   ii. Claudia Iris Albertini ________ shares
   iii. Horia-Ciprian Adrian ________ shares
   iv. Tan Then Hwee ________ shares

   Independent Director
   v. Gerardo C. Ablaza, Jr. ______ shares

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

   c) Withhold authority to vote for nominees listed below:

   ____
   ____

4. Amendment of the Articles of Incorporation and By-Laws

   ___ Yes ___ No ___ Abstain

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

   ___ Yes ___ No ___ Abstain

6. Appointment of External Auditor for 2024

   ___ Yes ___ No ___ Abstain

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

   ___ Yes ___ No ___ Abstain

Signed this __ day of ________ 2024 in ____________________.

[SIGNATURE OVER PRINTED NAME OF STOCKHOLDER]
Stockholder

ANNEX H

ANNUAL STOCKHOLDERS' MEETING
May 15, 2024 at 5:00 P.M.

Requirements and Procedure for Registration, Participation and Voting in Absentia

Holcim Philippines, Inc. (HPI or the Company) will be conducting its Annual Stockholders Meeting (Annual Meeting) scheduled on May 15, 2024 at 5:00 P.M. virtually. The Chairman of the Annual Meeting shall call and preside over the meeting in Metro Manila which is the place where the principal office of the Company is located.

Only stockholders of record as of April 15, 2024 are entitled to participate and vote in the Annual Meeting.

I. Registration and Participation/Attendance Procedures

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

2. Only stockholders of record as of April 15, 2024 and who have complied with the registration and validation process as outlined in this document may participate and vote in absentia in the Annual Meeting.

3. Stockholders who intend to participate in the Annual Meeting may register by filling up the form below. Online registration will be open from April 23, 2024 at 8:00 A.M. to May 10, 2024 at 5:00 P.M

4. Stockholders should complete the below online registration and submit/ upload the required documents for validation:

A. For individual stockholders: HPI CY 2024 ASM - Individual Stockholders
B. For stockholders with joint accounts: HPI CY 2024 ASM - Stockholders with Joint Accounts
C. For individual stockholders under PCD or a Brokers Account or "Scripless Shares": HPI CY 2024 ASM - For individual stockholders under PCD or a Brokers Account or "Scripless Shares"
D. For corporate stockholders; HPI CY 2024 ASM - For Corporate Stockholders

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

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

7. Upon successful registration and validation of the registration and documents submitted, the stockholder will receive an email confirmation with unique log in credentials which can be used to log in and participate in the Annual Meeting on May 15, 2024 at 5:00 P.M.

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

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

10. For the Question and Answer portion during the ASM, stockholders may send their questions related to the agenda by email to hpilegalandcompliance-phl@holcim.com. While HPI will accept questions during the virtual meeting sent via email, we encourage everyone to send their questions

related to the agenda on or before May 10, 2024, 5:00 P.M. Please note that due to time and technological limitations, only relevant questions will be answered during the Annual Meeting. HPI will endeavor to answer all other questions via e-mail at a later time.

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

II. Voting Procedure:

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

1. Voting by Proxy:

A. Download and fill up the Proxy Form at **https://www.holcim.ph/asm2024**.

B. Send a scanned copy of the executed proxy Form by email to hpilegalandcompliance-phl@holcim.com not later than May 9, 2024. The hard copy of the signed Proxy Form should be delivered to: The Corporate Secretary, 7th Floor, Two World Square, McKinley Hill, Fort Bonifacio, Taguig City within five (5) days after the proxy form was sent via email.

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

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

B. Registered stockholders shall have until 5:00 PM of May 10, 2024 to cast their votes.

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

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

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

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

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

HOLCIM PHILIPPINES, INC.

MANAGEMENT REPORT

I. CONSOLIDATED AUDITED FINANCIAL STATEMENTS

The consolidated audited financial statements for the year ended December 31, 2023 of Holcim Philippines, Inc. ("HPI" or the "Company") and its subsidiaries' (collectively, the "Company" or the "Group") is attached hereto as **Exhibit 1** and is incorporated herein by reference.

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

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

III. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS BASED ON THE CONSOLIDATED AUDITED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2023 AND 2022

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 2023.

Revenue generated for the year was Php24.3 billion, lower compared to Php26.6 billion 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 Php2.8 billion, 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

The comparative financial key performance indicators ("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 Item 15 of the Information Statement for the significant disclosures made by the Company during the year. Other than those mentioned in Item 15 of the Information Statement, 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 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.

Review of CY 2022 Operations vs. CY 2021

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

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

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

Key Performance Indicators

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

Financial KPI	**Definition**	**For the Calendar Year ended December 31**	
		2022	**2021**
Profitability			
Return on Assets (ROA)	Net Income / Ave. Total Assets	**2.3%**	6.3%
Return on Equity (ROE)	Net Income / Ave. Total Equity	**3.1%**	8.6%
Operating EBITDA Margin	Operating EBITDA / Net Sales	**14.1%**	20.1%
Liquidity			
Gearing Ratio	Net Financial Debt / Total Equity	**-15.3%**	-0.7%

EBITDA Net Interest Cover (times)	Operating EBITDA / Net Interest	0	152.7

Profitability and Efficiency

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

Liquidity

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

Significant Disclosures

Please refer to the Company's Annual Report for 2022 for the significant disclosures made by the Company during the year. Other than those mentioned in the Annual Report, the Company is not aware of the following:

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

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

3. Issuances and repurchase of equity securities.

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

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

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

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

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

9. Material commitments for capital expenditures.

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

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

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

Notes to Financial Statements

Accounting Policies and Principles

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

Seasonality Aspects of the Business

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

Financial Risk Management Objectives and Policies

General Risk Management Approach

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

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

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

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

Market Risks

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

Foreign Currency Risk

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

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

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

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

Interest Rate Risk

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

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

Credit Risk

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

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

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

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

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

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

Liquidity Risk

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

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

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

Capital Management Policy

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

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

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

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

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

Material Changes in Balance Sheet Accounts

Cash and cash equivalents

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

Inventories

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

Trade and other receivables - net

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

Other current assets

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

Right-of-Use Assets

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

Intangible assets -net

Decrease was due to usual amortization recognized during the year.

Retirement Benefit Assets - net

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

Other non-current asset

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

Trade and other payables

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

Loans Payable

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

Income tax payable

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

Lease liabilities

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

Deferred tax liabilities - net

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

Non-controlling interests

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

Material Changes in Income Statement Accounts

Revenue

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

Cost of goods sold

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

Operating Expenses

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

Other income (expense) - net

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

Provision for Income Tax

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

Review of CY 2021 Operations vs. CY 2020

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

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

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

Key Performance Indicators

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

Financial KPI	**Definition**	**For the Calendar Year ended December 31**	
		2021	**2020**
Profitability			

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

Profitability and Efficiency

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

Liquidity

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

Significant Disclosures

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

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

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

3. Issuances and repurchase of equity securities.

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

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

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

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

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

9. Material commitments for capital expenditures.

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

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

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

Notes to Financial Statements

Accounting Policies and Principles

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

Seasonality Aspects of the Business

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

Financial Risk Management Objectives and Policies

<u>General Risk Management Approach</u>

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

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

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

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

Market Risks

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

Foreign Currency Risk

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

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

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

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

Interest Rate Risk

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

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

Credit Risk

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

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

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

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

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

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

Liquidity Risk

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

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

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

Capital Management Policy

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

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

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

		2021		**2020**
Loans payable - Group	₱	**-**	₱	-

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

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

Material Changes in Balance Sheet Accounts

Cash and cash equivalents

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

Trade and other receivables - net

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

Inventories

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

Other current assets

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

Right-of-Use Assets

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

Retirement benefit assets – net

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

Intangibles assets – net

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

Trade and Other Payables

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

Income Tax Payable

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

Lease liabilities

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

Deferred tax liabilities - net

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

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

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

Non-controlling interests

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

Material Changes in Income Statement Accounts

Revenues

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

Cost of Sales

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

General and administrative expenses

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

Selling Expenses

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

Interest and Financing Charges

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

Interest and other financial income

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

Other income (expense) - net

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

Provision for Income Tax

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

External Audit Fees

The fees billed for professional services rendered by SGV in 2023 and 2022 were inclusive of out-of-pocket expenses to cover the services rendered by the external auditor for audit of the Company's financial statements and other services in connection with statutory and regulatory filings for years 2023 and 2022. The aggregate fees billed for audit-related services is Php7,406,420 for 2023 and Php6,737,666 for 2022.

Tax Fees & All Other Fees

The Company did not engage SGV for tax and other services (including other assurance and related services reasonably related to the performance of the audit or review of the Company's financial statements) in 2023 and 2022.

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

Item 1. Business

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

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

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

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

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

(1) History and Business Development

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

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

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

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

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

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

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

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

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

On June 29, 2023, the Company received notice from 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 "Acquisition"). The Acquisition has been undertaken through a regular block sale, and closed on June 29, 2023. Post-Acquisition, Holderfin's total shareholdings in the Company 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 with the aim of subsequently conducting a voluntary delisting of the Company's common shares from the Main Board of the PSE. The tender offers ran from July 10, 2023 to August 30, 2023 and from September 28, 2023 to October 31, 2023. On November 27, 2023, the PSE approved the Company's delisting from the Main Board of the PSE.

As of December 31, 2023, HPI is 60.55% owned by UCHC, 29.21% owned by Holderfin, and 7.08% owned by Cemco while the remainder of its shares is owned by the public.

The Company's Subsidiaries

Holcim Philippines Manufacturing Corporation

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

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

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

HPMC's subsidiary, Calamba Aggregates Company, Inc. ("CACI"), was incorporated and registered with the SEC on October 15, 1992, and operated an aggregates plant in Laguna. CACI ceased operations effective December 31, 2013. CACI is currently undergoing shortening of its corporate term.

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.

Excel Concrete Logistics, Inc. ("ECLI") was incorporated and registered with the SEC on August 9, 2012. On January 1, 2013, ECLI started its full operation servicing the distribution, transport and placing of concrete, as well as transport of cement and specialty products. On November 29, 2018, the Board of Directors 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.

HuBB Stores and Services Inc. ("HSSI") was incorporated and registered with the SEC on June 2, 2014. HSSI was set up to engage in the business of buying, selling and distributing construction and building materials, and to operate, maintain and franchise stores for the sale and distribution of said materials. HSSI ceased its business operations in August 2020. The Board of Directors and the stockholders of the Company approved the dissolution of HSSI on November 19, 2020 and January 15, 2021, respectively. HSSI is currently undergoing the process of shortening its corporate term.

Mabini Grinding Mill Corporation

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

Bankruptcy Proceedings

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

Material Reclassification, Merger, Consolidation

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

(2) General Business Description

HPI is engaged in the manufacture, sale and distribution of cement, dry mix mortar products, clinker and aggregates. It also offers construction-related trainings, consultancies, testing and other technical services to its customers. With the Company's production facilities, ports, storage & distribution terminals, sales offices and channel partners, HPI has an extensive sales and distribution footprint due to its strategically located plants and terminals in the Philippines.

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

(a) Product Lines

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

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

Holcim 4X

Holcim 4X is an ASTM C150 high performance Portland cement. It is specially formulated for ready mix concrete 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 CO_2 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 CO_2 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.

Clinker

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

SF Crete Technology

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

Aggregates

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

Holcim Tile Adhesive

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

Holcim Skim Coat

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

Holcim Multi-fix

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

Holcim AAC Block Adhesive

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

The following table shoes 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, 2023**	**December 31, 2022**	**December 31, 2021**
Cement and cementitious materials	**₱ 22,343,977**	₱ 24,668,913	₱25,153,069
Others	**1,961,508**	1,918,771	1,793,076
Total	**₱ 24,305,485**	₱ 26,587,684	₱26,946,145

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, 2023, 2022 and 2021 are as follows:

Table 2 – Export Revenue

	Calendar Year Ended	Calendar Year Ended	Calendar Year Ended
(In Thousand Pesos)	**December 31, 2023**	**December 31, 2022**	**December 31, 2021**
Total Export Revenues	**NIL**	NIL	NIL
% to Total Revenues	**NIL**	NIL	NIL

(b) *Marketing and Distribution*

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

(c) *New Product*

Holcim Optimo

Holcim Optimo is a Portland Limestone Cement (Type IL) complying to the standard requirements of PNS 63:2019 and ASTM C595 for Hydraulic Blended Cement. It is an ideal replacement to the commonly used Ordinary Portland Cement (OPC Type I) because it is designed to reduce 5-10% CO2 emission per metric ton of cement while maintaining the same level of concrete performance. This blended cement can be used for ready mix concrete, architectural, structural, infrastructure projects, concrete products and precast elements.

(d) *Competition*

The local cement industry currently has a total of 11 operating integrated cement manufacturers, namely, Holcim, Republic Cement, Cemex, Taiheiyo, Northern Cement, Southern Concrete, Eagle Cement, Goodfound, Mabuhay Filcement, Petra Cement and Century Peak. The new entrant to the cement industry is Century Peak, which started its Visayas operations in 2022. Philcement operates a cement terminal in Central Luzon using imported cement from Vietnam.

Independent cement traders continue to bring imported cement in bulk, tonner or 40kg bags mainly from Vietnam to be sold and distributed in key markets across the country. Big cement traders have invested in cement terminals with bagging and warehousing facilities in key trading ports to ensure availability of both bulk and bagged cement.

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

The Department of Trade and Industry ("DTI") has imposed a five-year definitive anti-dumping on cement exporters of Ordinary Portland Cement (Type 1) and blended cement (Type 1P) from Vietnam.

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

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

Raw Materials

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

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

Energy Supply

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

The Bulacan plant's peak demand is currently at 35 megawatts (MW) while La Union plant's peak demand is currently at 15 MW. On August 12, 2011, a 15-year Energy Services Agreement was signed with Trans-Asia Oil (TA Oil), now Phinma Energy Corporation (PEC) and Energy Development Corp. 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, the distribution utility 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 took over as the power supplier of Lugait plant pursuant to Energy Regulatory Commission Resolution No. 27, Series of 2010. Currently, only Line 2 is operating.

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

Coal and Fuel Supply

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

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

HPI has an existing supply contract with Petron and SL Harbour for its Diesel and Bunker fuel needs. Contracts started from January 1, 2023 and valid until March 31, 2024 (for SL Harbour) and December 31, 2024 (for Petron).

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

(f) *Dependence on a Single or a Few Customers*

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

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

(g) *Related Party Transactions*

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

(h) *Trademarks, Licenses, Concessions, Labor Contracts*

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

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

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

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

(i) *Governmental Approval of Principal Products*

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

(j) *Research and Development*

The Company is engaged in research and development for improving the production process used in its plants and for improving the quality and strength of its products. The Company spent a total of Php107.9 million research and development costs in the last three years as follows:

Table 3 – Research and Development Costs

	Amount	Percentage

Period Covered	('000 Pesos)	to Revenues
CY ended December 31, 2023	**₱9,607**	**0.04%**
CY ended December 31, 2022	46,688	0.19%
CY ended December 31, 2021	51,616	0.14%
Total	₱107,911	

(k) *Costs and Effects of Compliance with Environmental Laws*

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

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

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

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

(l) *Employees*

As of December 31, 2023, HPI and subsidiaries had a total of 1,013 officers and regular employees broken down as follows:

Table 4 – Officers and Employees

Location	HPI	Subsidiaries	Total
Head Office*	225	0	225
Bulacan Plant	250	0	250
La Union Plant	158	0	158
Davao Plant	180	0	180
Lugait Plant	99	98	197
Calumpit	1	0	1
Calaca	2	0	2
TOTAL	915	98	1,013

** Includes Mabini plant*

The number of employees the company anticipates to hire for the year 2024 is approximately 81, which includes 19 employees on-boarded from January to March 2024.

There is a 2.22% decrease in manpower from the same period last year. Over-all attrition rate recorded is 10.80%, lower than previous year by 32% and lower than industry standard of 12% (reference: Willis Towers Watson). 8.15% were due to resignations and early retirement.

In 2023, 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. 80% of successors have completed their Individual Development Plans. For education, an average training hours of 32.43 per employee was recorded for the year, three times higher than the average training hours of previous year.

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, while plant leadership teams attended a local business school program to remind them about the importance of having a P&L mindset.

In October 2023, we had the second Employee Engagement Survey initiated by the Holcim Group. HPI has a 100% outstanding participation, 957 employees shared their views. HPI's 2023 rating significantly increased by 0.20 LFL and that is 4.21 (out of 5) against 4.01 of 2022. Number of engaged employees increased (from 39% to 53%). Benchmark Percentile Rank moved from 69% LFL to 72%. Increased engagement rating was registered for all functions. Progress was made on every question and company strengths were re-confirmed. Cascade of results per function were concluded in December. Next steps would be action planning, implementation/execution of planned activities and initiatives, and monitoring its progress until its completion.

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

Table 6 – Labor Unions

Location of 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, 2024
Norzagaray, Bulacan	Holcim Philippines Employees Association (HPEA) UCC Bulacan Supervisory Employees Union (UBSEU)	December 31, 2025 February 28, 2024
Lugait, Misamis Oriental	Holcim Lugait Employees Labor Union Holcim Lugait Supervisors Independent Union	July 31, 2021 *(Ongoing arbitration)* March 31, 2024

Location of the Plant/Site	Labor Union	CBA Expiry Date
Davao City	Davao Holcim Employees Workers Union Holcim Davao Supervisory Independent Union	March 31, 2025 March 31, 2025
Calumpit, Bulacan	Holcim Paper Bag Plant Employees Association – FFW Chapter	December 31, 2023

Two CBA negotiations, both for Davao Plant, were successfully concluded in 2023. The negotiation for the Supervisor's union was closed in just five meetings while that for Associates reached the level of the NCMB RO11 with notices of strike and lock out filed until its (negotiation) closure in October.

One associates' union (for Lugait Plant), which was submitted for Arbitration in 2022, is pending at the Court of Appeals.

(m) Risk Factors

Political and Economic Factors

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

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

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

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

Availability of Stable Power Supply

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

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

Mindanao WESM was launched last January 26, 2023. However, the Retail Competition and Open Access has yet to be implemented. Hence, Lugait and Davao Plants will remain captive customers of distribution utilities Misamis I Oriental Electric Cooperative and Davao Light and Power Company, respectively.

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 2024.

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 2023 Bangko Sentral ng Pilipinas Annual Exchange Rate Report, the Philippine Peso Appreciated from Php56.12 against the US Dollar as of December 31, 2022 to Php55.57 as of December 31, 2022. The Peso has undergone fluctuations during the year with an average rate of Php55.63 for 2023 and Php54.48 for 2022. The weakening of the Peso resulted in the increase of cost of production inputs such as imported fuel, coal and supplies. Please note that during the year end Philippine Peso appreciated as compared to USD, however if we compare the average rate it weakened for 2023 as compared to 2022.

Environmental and Regulatory Matters

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

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

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

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

The Company is also accelerating its mission to decarbonize building across its entire lifecycle through its sustainable and innovative building solutions to build a net-zero future that works for people and the environment. The decarbonization strategy follows the overall direction of the Holcim Group to become a net-zero company with climate targets aligned to the 1.5°C scenario validated by the Science Based Targets initiative (SBTi).

HPI's four plants continue to be recognized by the relevant national government agencies for its environmental performance and programs. The company received awards for water excellence in managing water resources through innovative approaches and practices from the Department of Environment and Natural Resources - National Water Resources Board (NWRB) and European Chamber of Commerce of the Philippines (ECCP). In addition, the company also received an environmental stewardship award from Philippine Chamber of Commerce and Industry (PCCI) as recognition for its outstanding commitment and success in environmental protection and sustainability by developing and providing sustainable and innovative building solutions. The Company is committed to accelerate innovation and digitalization to push low-carbon, energy-efficient and circular business operations.

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

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

Item 2. Properties

The Company's major items of property, plant and equipment are located in Norzagaray, Bulacan; Bacnotan, La Union; Bo. Ilang, Davao City; Lugait, Misamis Oriental; Mabini, Batangas; Calaca, Batangas; Iloilo; and Manila. The table shows the consolidated properties of HPI as of December 31, 2023 compared to December 31, 2022.

Table 6 – Plant, Property and Equipment (Consolidated)

(In Thousand Pesos)	**December 31, 2023**	December 31, 2022
Machinery and equipment	**₱ 31,361,608**	₱ 31,646,847
Buildings and installations	**14,346,699**	14,332,468
Furniture, vehicles and tools	**1,066,900**	1,061,193
Construction in progress	**1,318,669**	1,210,342
	48,093,876	48,250,850
Less: Accumulated depreciation, depletion		
and allowance for impairment loss	**29,793,600**	29,403,950
Total	**₱ 18,300,276**	₱ 18,846,900

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	2023 Lease Payments (in '000)	Renewal Options
Plants, Terminals, Vessels, Ports	01.01.2019	01.01.2066	₱145,555	The contracts may be renewed or extended upon the mutual agreement of the Parties.
Industrial Warehouse	01.12.2023	30.11.2028	3,624	The contract may be renewed or extended upon the mutual agreement of the Parties.
Others (Housing, Vehicles)	01.01.2019	31.03.2028	91,011	The contract may be renewed or extended upon the mutual agreement of the Parties.

Item 3. Legal Proceedings

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

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

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

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

IV. COMPANY'S DIRECTORS AND EXECUTIVE OFFICERS

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

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

(1) Market Information

On November 27, 2023, the PSE approved the Company's delisting from the Main Board of the PSE.

The Company has not issued nor granted options or warrants to purchase the Company's common shares. Following the delisting with the PSE, none of the Company's common shares is being nor has been proposed to be publicly offered by Company.

(2) Stockholders

As of March 31, 2024 HPI has 6,452,099,144 common shares outstanding held by 5,234 stockholders. The list of the top twenty stockholders of the Company as recorded by Stock Transfer Service, Inc., the Company's stock transfer agent, is as follows:

Table 9 – Top Twenty (20) Stockholders

Rank	Name	Citizenship	Shares (Sum)	%
1	UNION CEMENT HOLDINGS CORPORATION	FILIPINO	3,906,425,506	60.55%
2	HOLDERFIN B.V.	DUTCH	1,906,591636	29.55%
3	CEMCO HOLDINGS, INC.	FILIPINO	456,689,560	7.08%
4	CITIBANK N.A FAO 6026210002	FILIPINO	29,519,400	00.46%
5	HMG GLOBETROTTER	FOREIGN	20,058,900	00.31%
6	JP MORGAN SECURITIES PLC	FOREIGN	8,871,700	00.14%
7	PCD NOMINEE CORP. (FILIPINO)	FILIPINO	8,010,255	00.12%
8	JAKOB ERIKSEN	FOREIGN	7,154,200	00.11%
9	FLEMMING ERIKSEN	FOREIGN	5,175,000	00.08%
10	MARIANNE JOY Y. SIAO	FILIPINO	3,000,000	00.05%
11	PHILSTOCKS FINANCIAL, INC.	FILIPINO	2,977,732	00.05%
12	GLOBALINKS SECURITIES AND STOCK, INC	FILIPINO	2,823,915	00.04%
13	SUN LIFE GREPA FINANCIAL, INC	FILIPINO	2,483,800	00.04%
14	HILADO, MARY LOU C.	FILIPINO	2,195,000	00.03%
15	CITIBANK N.A FAO 6002070101	AMERICAN	2,182,300	00.03%
16	JERRY TEO CHUA AND/OR JEFFREY TEO CHUA	FILIPINO	2,151,200	00.03%
17	GRACE TAN LIM OR KIARA RAIZEL LIM ONG	FILIPINO	1,969,400	00.03%
18	ULYSIS DALUSON MASLANG	FILIPINO	1,808,000	00.03%
19	WILLIAM KO NG	FILIPINO	1,506,700	00.02%
20	STAR ALLIANCE SECURITIES CORP.	FILIPINO	1,135,000	00.0302
		Total	6,372,729,204	**98.77%**

(3) Dividends

The Company is authorized to pay cash or stock dividends, or a combination thereof, subject to approval by the Company's Board of Directors and/or its shareholders. Dividends paid in the form of additional shares are subject to approval by the Company's Board of Directors, the SEC and the stockholders of at least two thirds of the outstanding shares of the Company. Holders of outstanding shares on a dividend record date for such shares will be entitled to the full dividend declared without regard to any subsequent transfer of shares. Other than the provisions in the loan covenants agreed to by the Company, there are no other limitations for the Company to declare dividends to its common stock.

Cash dividends were declared in for the years ended December 31, 2023, 2022 and 2021 as follows:

	2023	2022	2021
Cash Dividend Per Share (PhP)	**NIL**	NIL	₱0.43
Amount Declared (PhP)	**NIL**	NIL	₱2,774,402,632
Declaration Date	**-**	-	May 27, 2021

Record Date	-	-	June 16, 2021

No dividends will be declared for 2023 to retain cash for contingency purposes to meet any future unexpected costs and due to general business and market conditions.

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

Corporate Governance Manual

"(e) Right to Dividends

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

"(ii) The Company shall be compelled to declare dividends when its distributable retained earnings shall be in excess of 100% of its paid-in capital stock, except: (i) when justified by definite corporate expansion projects or programs approved by the Board; or (ii) when the Company is prohibited under any loan agreement with any financial institution or creditor, and such retention is necessary under special circumstances obtaining in the Company, such as when there is a need for special reserve for probable contingencies."

By-Laws

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

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

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

VI. CORPORATE GOVERNANCE

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

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

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

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

THE ANNUAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2023 (SEC FORM 17-A) IS ACCESSIBLE AT THE COMPANY'S WEBSITE (WWW.HOLCIM.PH) OR AVAILABLE UPON REQUEST OF THE STOCKHOLDERS. YOUR REQUEST MAY BE SENT DIRECTLY TO THE OFFICE OF THE CORPORATE SECRETARY, AT THE 7TH TWO WORLD SQUARE, MCKINLEY HILL, FORT BONIFACIO, TAGUIG CITY, PHILIPPINES AND A COPY WILL BE SENT TO YOU, FREE OF CHARGE.

Exhibit 1

Consolidated Financial Statements

For the years ended

December 31, 2023 and 2022

HOLCIM PHILIPPINES, INC. AND SUBSIDIARIES

INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

FORM 17-A

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

SEC Registration Number

2 6 1 2 6

Company Name

H O L C I M P H I L I P P I N E S , I N C . A N D
S U B S I D I A R I E S

Principal Office (No. / Street / Barangay / City / Town / Province)

7 T H F L O O R , T W O W O R L D S Q U A R E ,
M C K I N L E Y H I L L F O R T B O N I F A C I O ,
T A G U I G C I T Y

Form Type	Department requiring the report	Secondary License Type, If Applicable
A A F S	C R M D	N / A

C O M P A N Y   I N F O R M A T I O N

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

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
7,206	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
ALEXANDER V. TAAR	alexander.taar@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.*

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, 2023 and 2022, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of 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, 2023 and 2022, 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.

Tomas I. Alcantara
Chairman of the Board

Horia Adrian
President and Chief Executive Officer

Zoe M. Sibala
Treasurer

SUBSCRIBED AND SWORN to before me this MAR 18 2024 with the presentation of the following:

Name	UMID ID		
Tomas I. Alcantara	0111- 05213746		
	Passport No.	Place Issued	Date Issued
Horia Adrian	056390642	Bucuresti	August 22, 2018
Zoe M. Sibala	P8570603A	DFA Manila	September 1, 2018

Doc. No. 575
Page No. 104
Book No. I
Series of 2024.

SHIELA MARIE L. RABAYA
NOTARY PUBLIC
ROLL NO. 77930
TAGUIG CITY, PHILIPPINES

SHIELA MARIE L. RABAYA
Notary Public for Taguig City
Appointment No. 178 valid until 31 December 2024
16th Floor, One NEO Building, 26th St. cor. 3rd Ave.
Crescent Park West, Bonifacio Global City, Taguig City
Roll of Attorney No. 77930
PTR No. A-6155544; 01/11/2024; Taguig City
IBP Membership Receipt No. 408444; 01/25/2024; Makati City

C O V E R   S H E E T
for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

						2	6	1	2	6

C O M P A N Y   N A M E

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

C O M P A N Y   I N F O R M A T I O N

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

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
7,206	**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
Alexander V. Taar	**Alexander.Taar@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.*

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

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

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the consolidated financial statements of Holcim Philippines, Inc. and Subsidiaries (collectively referred to as "the Group"), which comprise the consolidated statements of financial position as at December 31, 2023 and 2022, 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, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audit in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the 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 PFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the 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.

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

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

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

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

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

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

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

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

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

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

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

SYCIP GORRES VELAYO & CO.

Maria Pilar B. Hernandez

Maria Pilar B. Hernandez
Partner
CPA Certificate No. 105007
Tax Identification No. 214-318-972
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
BIR Accreditation No. 08-001998-116-2022, January 20, 2022, valid until January 19, 2025
PTR No. 10079946, January 5, 2024, Makati City

March 18, 2024

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

	December	
	2023	2022
	(In Thousands)	
ASSETS		
Current Assets		
Cash in banks (Notes 5 and 30)	**₱5,180,147**	₱5,233,204
Short-term deposits (Notes 8 and 30)	**274,162**	–
Trade and other receivables (Notes 6, 28 and 30)	**2,927,612**	1,663,788
Inventories (Note 7)	**3,832,351**	4,130,963
Other current assets (Note 8)	**322,484**	538,433
Total Current Assets	**12,536,756**	11,566,388
Noncurrent Assets		
Investments and loan receivable (Notes 9, 28 and 30)	**4,419,369**	4,400,340
Property, plant and equipment (Note 10)	**18,300,276**	18,846,900
Right-of-use assets (Note 14)	**1,429,122**	1,336,837
Goodwill (Note 11)	**2,635,738**	2,635,738
Intangible assets (Note 11)	**24,046**	27,874
Deferred tax assets - net (Note 25)	**2,889**	–
Retirement benefit asset (Note 26)	**2,731,678**	2,697,634
Other noncurrent assets (Note 12)	**930,921**	984,159
Total Noncurrent Assets	**30,474,039**	30,929,482
TOTAL ASSETS	**₱43,010,795**	₱42,495,870
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables (Notes 13, 28 and 30)	**₱9,888,744**	₱9,738,715
Current portion of lease liabilities (Notes 14 and 30)	**72,970**	214,506
Income tax payable	**41,751**	47,886
Total Current Liabilities	**10,003,465**	10,001,107
Noncurrent Liabilities		
Provisions (Note 15)	**59,706**	61,434
Deferred tax liabilities - net (Note 25)	**112,444**	461,736
Lease liabilities - net of current portion (Notes 14 and 30)	**1,534,398**	1,266,535
Long-term derivative liability (Note 30)	**224,301**	–
Total Noncurrent Liabilities	**1,930,849**	1,789,705
Total Liabilities	**11,934,314**	11,790,812
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)	**(528,102)**	74,775
Cumulative remeasurement gain on retirement benefits	**1,763,008**	1,699,213
Retained earnings (Note 16)	**14,898,531**	13,990,518
Equity attributable to equity holders of the Parent Company	**31,061,538**	30,692,607
Non-controlling interest	**14,943**	12,451
Total Equity	**31,076,481**	30,705,058
TOTAL LIABILITIES AND EQUITY	**₱43,010,795**	₱42,495,870

See accompanying Notes to Consolidated Financial Statements.

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

	For the Years Ended December		
	2023	2022	2021
	(In Thousands, Except Per Share Amounts)		
REVENUE (Note 4)	**₱24,305,485**	₱26,587,684	₱26,946,145
COST OF SALES (Note 17)	**21,749,818**	23,278,720	21,700,100
GROSS PROFIT	**2,555,667**	3,308,964	5,246,045
General and administrative expenses (Note 18)	**(881,593)**	(971,011)	(1,103,063)
Selling expenses (Note 19)	**(499,849)**	(413,043)	(568,758)
Interest income (Note 23)	**220,547**	142,188	99,096
Interest and financing charges (Note 22)	**(157,390)**	(142,174)	(134,535)
Equity in income (loss) of an associate (Note 9)	**19,029**	42,470	(155,399)
Other income (expense) - net (Notes 24 and 29)	**18,799**	(600,323)	56,964
INCOME BEFORE INCOME TAX	**1,275,210**	1,367,071	3,440,350
PROVISION FOR INCOME TAX (Note 25)	**365,511**	423,778	875,187
NET INCOME	**₱909,699**	₱943,293	₱2,565,163
Net income attributable to:			
Equity holders of the Parent Company	**₱908,013**	₱941,778	₱2,563,635
Non-controlling interest	**1,686**	1,515	1,528
	₱909,699	₱943,293	₱2,565,163
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)	**(₱226,617)**	₱87,002	₱343,333
Income tax effect	**291,218**	(200,417)	40,081
	64,601	(113,415)	383,414
Other comprehensive income (loss) that may be reclassified to profit or loss in subsequent periods -			
Net gain (loss) on derivative instruments (Note 30)	**(709,562)**	94,300	46
Income tax effect	**177,410**	(23,575)	–
	(532,152)	70,725	46
	(467,551)	(42,690)	383,460
TOTAL COMPREHENSIVE INCOME	**₱442,148**	₱900,603	₱2,948,623
Total Comprehensive Income Attributable to:			
Equity holders of the Parent Company	**₱439,656**	₱904,856	₱2,947,049
Non-controlling interest	**2,492**	(4,253)	1,574
TOTAL COMPREHENSIVE INCOME	**₱442,148**	₱900,603	₱2,948,623
Basic/Diluted Earnings per Common Share of Net Income Attributable to Equity Holders of the Parent Company (Note 32)	**₱0.14**	₱0.15	₱0.40

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, 2023, 2022 AND 2021

	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, 2021	₱6,452,099	₱8,476,002	₱4,050	₱1,423,446	₱13,261,328	₱29,616,925	₱15,130	₱29,632,055
Net income	–	–	–	–	2,563,635	2,563,635	1,528	2,565,163
Other comprehensive income	–	–	–	383,414	–	383,414	46	383,460
Total comprehensive income	–	–	–	383,414	2,563,635	2,947,049	1,574	2,948,623
Cash dividends	–	–	–	–	(2,776,223)	(2,776,223)	–	(2,776,223)
Balances at December 31, 2021	6,452,099	8,476,002	4,050	1,806,860	13,048,740	29,787,751	16,704	29,804,455
Net income	–	–	–	–	941,778	941,778	1,515	943,293
Other comprehensive loss	–	–	70,725	(107,647)	–	(36,922)	(5,768)	(42,690)
Total comprehensive income	–	–	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**

See accompanying Notes to Consolidated Financial Statements.

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

	For the Years Ended December		
	2023	2022	2021
	(In Thousands)		
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before income tax	**₱1,275,210**	₱1,367,071	₱3,440,350
Adjustments for:			
Depreciation and amortization (Note 21)	**1,589,257**	1,807,458	1,838,138
Interest income (Note 23)	**(220,547)**	(142,188)	(99,096)
Interest and financing charges (Note 22)	**157,390**	142,174	134,534
Movement in retirement benefits	**(71,172)**	(29,080)	98,863
Unrealized foreign exchange losses (gains) - net	**23,202**	(27,650)	1,890
Equity in net loss (income) of an associate (Note 9)	**(19,029)**	(42,470)	155,399
Loss (gain) on sale of property, plant and equipment	**(871)**	(173)	336
Reversal of revaluation of related party liability	**–**	–	21,731
Write-off of investment	**–**	–	1,634
Fair value change of financial assets at FVOCI	**–**	–	(2,750)
Gain on termination of lease liabilities	**–**	–	(39,162)
Income before working capital changes	**2,733,440**	3,075,142	5,551,867
Decrease (increase) in:			
Trade and other receivables	**(1,256,479)**	53,431	910,282
Inventories	**299,357**	216,094	(1,589,559)
Other current assets	**272,777**	(117,784)	3,500
Increase (decrease) in:			
Trade and other payables	**(199,075)**	1,292,890	(1,584,165)
Other provisions	**(6,300)**	(6,300)	(6,300)
Cash provided by operations	**1,843,720**	4,513,473	3,285,625
Income taxes paid	**(289,427)**	(361,789)	(815,361)
Net cash provided by operating activities	**1,554,293**	4,151,684	2,470,264
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to:			
Property, plant and equipment (Notes 10 and 34)	**(869,261)**	(1,136,285)	(1,338,498)
Short-term deposits (Notes 8 and 30)	**(274,162)**	–	–
Intangible assets (Note 11)	**–**	(4,097)	(19,533)
Decrease in other noncurrent assets	**48,762**	1,736,325	33,918
Interest received	**23,670**	6,197	12,440
Proceeds from sale of property, plant and equipment	**871**	173	182
Collection of loan extended to a related party	**–**	–	227,090
Net cash provided by (used in) investing activities	**(1,070,120)**	602,313	(1,084,401)

(Forward)

	For the Years Ended December		
	2023	2022	2021
	(In Thousands)		
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of:			
Lease liabilities (Notes 14 and 34)	**(₱228,776)**	(₱261,405)	(₱399,318)
Loan payable to a related party (Note 28)	**(55,000)**	–	–
Interest and financing charges	**(23,744)**	(59,273)	(21,051)
Bank loans	**–**	(900,000)	–
Cash dividends (Note 16)	**(229,763)**	–	(2,544,640)
Availments of:			
Loans from related parties (Note 28)	**–**	300,000	–
Bank loans	**–**	900,000	–
Net cash used in financing activities	**(537,283)**	(20,678)	(2,965,009)
EFFECTS OF EXCHANGE RATE CHANGES	**53**	(1,323)	(437)
NET INCREASE (DECREASE) IN CASH IN BANKS	**(53,110)**	4,731,996	(1,579,583)
EFFECTS OF EXCHANGE RATE CHANGES	**53**	(1,323)	(437)
CASH IN BANKS AT BEGINNING OF YEAR	**5,233,204**	501,208	2,080,791
CASH IN BANKS AT END OF YEAR (Note 5)	**₱5,180,147**	₱5,233,204	₱501,208

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, 2023 and 2022:

	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)[I]	100. 00%
Hubb Stores and Services, Inc. (HSSI) [(d)]	100. 00%
Holcim Philippines Manufacturing Corporation (HPMI[(e)]	99. 62%
Held by WEB	
Mabini Grinding Mill Corporation (IC) [(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 Group incorporated in British Virgin Islands and is dissolved as approved by the Board of Director on June 28, 2019.

Incorporated in the Philippines

(b) Ceased commercial operations of distributing and transporting cement effective December 31, 2018
(c) Formerly Holcim Philippines Business Services Center, Inc. (HPBSCI). Engaged in retail of all kinds of construction and building materials effective November 2021, renamed as S&B
(d) Ceased commercial operations of retail of all kinds of construction and building materials effective August 2020
(e) Engaged in leasing of cement manufacturing plant
(f) Ceased commercial operations effective December 31, 2013
(g) Engaged in leasing of pack houses.
(h) Ceased commercial operations of mining and selling raw materials and other quarry resources effective October 2004

The plant sites of the Parent Company are in Davao City and in the provinces of La Union and Bulacan while the plant sites of its subsidiaries, Mabini Grinding Mill Corporation and Holcim Philippines Manufacturing Corporation, are in the provinces of Batangas and Misamis Oriental, respectively. The registered address and principal place of business of the Parent Company is at 7th Floor, Two World Square McKinley Hill, Fort Bonifacio, Taguig City.

The Parent Company is majority-owned by Union Cement Holdings Corporation (UCHC), a Group incorporated in the Philippines. Clinco Corporation (Clinco), a company incorporated in the Philippines, is an intermediate parent company of HPI. The ultimate parent of the Group is Lafarge Holcim Limited, a company incorporated in Switzerland.

The Parent Company's shares of stocks were listed in the Philippine Stock Exchange (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, 2024. The same were approved for issuance by the Board of Directors (BOD) on March 18, 2024.

Status of Operations
On November 19, 2020, the Board of Directors of Holcim Philippines, Inc. 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, 2023, 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 assets and 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 Company are prepared in accordance with Philippine Financial Reporting Standards (PFRS).

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, 2023 and 2022 and for each of the three years in the period ended December 31, 2023.

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 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 significant impact on the consolidated financial statements of the Group.

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

  The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

  - Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies, and
  - Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

  The amendments have had an impact on the Group's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the consolidated financial statements. The amendments have been considered under "Material Accounting Policies" section of this note.

- Amendments to PAS 8, *Definition of Accounting Estimates*

  The amendments introduce a new definition of accounting estimates and clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amendments clarify that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

  The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

  The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense).

- Amendments to PAS 12, *International Tax Reform – Pillar Two Model Rules*

  The amendments introduce a mandatory exception in PAS 12 from recognizing and disclosing deferred tax assets and liabilities related to Pillar Two income taxes.

  The amendments also clarify that PAS 12 applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organization for Economic Cooperation and Development (OECD), including tax law that implements qualified domestic minimum top-up taxes. Such tax legislation, and the income taxes arising from it, are referred to as ‘Pillar Two legislation’ and ‘Pillar Two income taxes’, respectively.

  The temporary exception from recognition and disclIsure of information about deferred taxes and the requirement to disclose the application of the exception, apply immediately and retrospectively upon adoption of the amendments in June 2023.

  Meanwhile, the disclosure of the current tax expense related to Pillar Two income taxes and the disclosures in relation to periods before the legislation is effective are required for annual reporting periods beginning on or after 1 January 2023.

<u>Standards Issued but not yet Effective</u>
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, 2024
- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*
- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*
- Amendments to PAS 7 and PFRS 7, *Disclosures: Supplier Finance Arrangements*

Effective beginning on or after January 1, 2025

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

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 assets and liabilities at fair value through profit or loss (FVTPL) and financial assets at fair value through other comprehensive income (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 liabilitie–
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observabl–
- 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, at FVTPL and at FVOCI (equity instruments).

Financial assets at amortized costs includes cash in banks, trade and other receivables, short-term time deposits and long-term receivable from a related party, which is presented under "Investments and loan receivable" account and guarantee deposits as at December 31, 2023 and 2022. Financial assets at FVTPL include derivative instruments as at December 31, 2022. Financial assets at FVOCI comprise listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI as at December 31, 2023 and 2022.

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 in banks 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, 2023. Financial assets at FVTPL include derivative instruments as at December 31, 2022.

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.

<u>Derivative financial instruments and hedge accounting</u>
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 the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The Group 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.

<u>Cash in Banks</u>
Cash in banks exclude any restricted cash (presented as part of "Other non-current assets") that is not available for use by the Group and therefore, is not considered highly liquid, such as cash set aside to cover rehabilitation obligations.

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.

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 statement 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.

Impairment of Nonfinancial Assets
The Group's property, plant and equipment, right-of-use assets, investments 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. On the other hand, goodwill 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 the defined benefit liability is the change during the period in the net defined benefit liability that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability. Interest on the defined benefit liability 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 machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option).

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 requires management to make judgments and estimates that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent liabilities at the reporting date. The uncertainties inherent in these judgments and estimates could result in outcomes that could require a material adjustment to the carrying amount of the assets or liabilities affected in the future years.

Estimates
The key estimates concerning the future and other key sources of estimation uncertainty as at balance sheet date that have the most significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period are as follows–

Leases - Estimating the incremental borrowing rate. The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liability. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

The Group’s lease liabilities amounted to ₱1.6 billion and ₱1.5 billion as at December 31, 2023 and 2022, respectively (see Note 14).

ECL Computation. The Group applied the following judgements and estimates that significantly affect the computation of ECL under PFRS 9.

Definition of Default and Credit-Impaired Financial Assets. The Group defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

- *Quantitative Criteria*. The borrower is more than 120 days past due on its contractual payments, which is consistent with the Group's definition of default.

- *Qualitative Criteria*. The borrower meets unlikeliness to pay criteria, which indicates the borrower is in significant financial difficulty. These are instances where:

  a. The borrower is experiencing financial difficulty or is insolvent;
  b. The borrower is in breach of financial covenant(s);
  c. Concessions have been granted by the Group, for economic or contractual reasons relating to the borrower's financial difficulty; or
  d. It is becoming probable that the borrower will enter bankruptcy or other financial reorganization.

  The criteria above have been applied to all financial instruments held by the Group and are consistent with the definition of default used for internal credit risk management purposes, unless otherwise stated. The default definition has been applied consistently to model the probability of default, loss given default and expected actual default throughout the Group's ECL calculation.

- *General Approach for Cash in banks, guarantee deposits, short-term time deposits and long-term receivable from a related party 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 in banks to calculate the ECL.

- *Simplified Approach for Trade Receivables.* The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due. The provision matrix is initially based on the Group's historical observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information. At every financial reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed. Furthermore, specific identification was also applied by the Group for trade receivables which are deemed uncollectible.

- *Grouping of instruments for losses measured on collective basis.* For ECL provisions modelled on a collective basis, a grouping of exposures is performed on the basis of shared risk characteristics, such that risk exposures within a group are homogeneous. The characteristic used to determine groupings is based on the type of customer.

- *Macro-economic Forecasts and Forward-looking Information*. Macro-economic forecasts are determined by evaluating a range of possible outcomes and using reasonable and supportable information that is available without undue cost and effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

  The Group takes into consideration using different macro-economic variables to ensure linear relationship between internal rates and outside factors. Regression analysis was used to objectively determine which variables to use.

Predicted relationship between the key indicators and default and loss rates on various portfolios of financial assets have been developed based on analyzing historical data over the past 3 years. The methodologies and assumptions including any forecasts of future economic conditions are reviewed regularly.

The financial assets at amortized cost of the Group are composed of the following as at December 31, 2023 and 2022:

	2023	2022
	(In Thousands)	
Cash in banks (see Note 5)	**₱5,180,147**	₱5,233,204
Trade and other receivables (see Note 6)	**2,927,612**	1,663,788
Short-term time deposits (see Note 8)	**274,162**	–
Loan receivable from a related party (see Note 9)	**238,581**	238,581
Guarantee deposits (see Note 12)	**72,228**	69,417
	₱8,692,730	₱7,204,990

The allowance for expected credit loss amounted to ₱23.3 million and ₱60.8 million as at December 31, 2023 and 2022, respectively (see Note 6).

Assessment of Impairment of Nonfinancial Assets (Except Goodwill). Impairment review is performed when impairment indicators are present. Determining the value in use of an asset, which requires the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, requires the Group to make estimates and assumptions that can materially affect the parent company financial statements. Any resulting impairment loss could have a material adverse impact on the Group's financial position and financial performance.

Based on Group's assessment, there were no indications that the following nonfinancial assets were impaired as at December 31, 2023 and 2022:

	2023	2022
	(In Thousands)	
Property, plant and equipment (see Note 10)	**₱18,300,276**	₱18,846,900
Right-of-use assets (see Note 14)	**1,429,122**	1,336,837
Investment in an associate (see Note 9)	**4,180,788**	4,161,759
	₱23,910,186	₱24,345,496

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 8.76% and 9.0% in 2023 and 2022, 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, 2023 and 2022 (see Note 11). The recoverable amount of the CGU is greater than its carrying amount. No impairment loss was recognized on goodwill in 2023, 2022 and 2021.

Retirement Benefit Costs. The costs of defined benefit pension plans as well as the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Further details about the assumptions used are provided in Note 26.

In determining the appropriate discount rate, management considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables for the specific country and is modified accordingly with estimates of mortality improvements. Future salary increases are based on historical actual salary increases of the Group.

Total retirement benefit asset amounted to ₱2.7 billion as at December 31, 2023 and 2022 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 'he Group 's projected margin, management expects to use the itemized deduction method for the Parent Company and several of its subsidiaries. HPMC and Mabini expect to use the OSD for the next three years and Bulkcem for the next four years.

Total deferred tax assets recognized in the Group's consolidated statements of financial position amounted to ₱425.6 million and ₱205.4 million as at December 31, 2023 and 2022, 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, 2023 and 2022 are disclosed in Note 25.

Net Realizable Value of Inventories. The Group writes down the cost of inventories whenever the net realizable value of inventories becomes lower than cost due to damage, physical deterioration, obsolescence, change in price levels or other causes. The lower of cost and net realizable value of inventories is reviewed on a periodic basis. Inventory items identified to be obsolete and unusable are written-off and charged as expense in the consolidated statement of income. The allowance for inventory obsolescence amounted to ₱258.7 million and ₱237.6 million as at December 31, 2023 and 2022, respectively, as disclosed in Note 7. The carrying values of inventories amounted to ₱3.8 billion and ₱4.1 billion as at December 31, 2023 and 2022, 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, 2023 and 2022, 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 weighted average cost of capital (WACC). As at December 31, 2023 and 2022, the Group's provisions on stranded cost amounted to ₱59.7 million and ₱61.4 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 EBITDA and is measured consistently with consolidated net income in the consolidated statement of profit or loss and other comprehensive income. However, the Group's finance income and charges and income taxes are managed on a group basis and are not allocated to operating segments. Transfer prices between operating segments are on an arm's length basis similar to transactions with third parties.

The Group has determined the Clinker and Cement segment as the only reportable segment. Information on the other segments that are not reportable are combined and presented as "Others". Segment revenues, EBITDA, assets, liabilities and other information for segments as at December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023 are presented below:

	Clinker and Cement	Others	Total	Adjustments and Eliminations	Consolidated
			(In Thousands)		
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

(Forward)

	Clinker and Cement	Others	Total	Adjustments and Eliminations	Consolidated
			(In Thousands)		
2021					
Revenue:					
External customers	₱25,153,069	₱1,793,076	₱26,946,145	₱–	₱26,946,145
Inter-segment	227,636	–	227,636	(227,636)	–
	25,380,705	1,793,076	27,173,781	(227,636)	26,946,145
Operating EBITDA	4,746,336	666,026	5,412,362	–	5,412,362
Segment assets	26,005,234	9,720,691	35,725,925	4,625,553	40,351,478
Segment liabilities	7,850,882	3,717,887	11,568,769	(1,021,746)	10,547,023
Results -					
Depreciation and amortization	1,831,514	6,624	1,838,138	–	1,838,138
Other disclosures					
Construction-in-progress	1,826,633	505	1,827,138	(3,859)	1,823,279

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:

	2023	2022	2021
		(In Thousands)	
Operating EBITDA	**₱2,763,482**	₱3,737,016	₱5,412,362
Depreciation and amortization	**(1,589,257)**	(1,812,106)	(1,838,138)
Interest and financing charges	**(157,390)**	(142,174)	(134,535)
Interest income	**220,547**	142,188	99,096
Equity in income (loss) of an associate	**19,029**	42,470	(155,399)
Other income (expense) – net	**18,799**	(600,323)	56,964
Income before income tax	**₱1,275,210**	₱1,367,071	₱3,440,350

	December 31, 2023	December 31, 2022
	(In Thousands)	
Segment assets	**₱33,411,279**	₱33,095,851
Cash in banks	**5,180,147**	5,233,204
Investments	**4,419,369**	4,166,815
Deferred income tax assets – net	**–**	–
Consolidated assets	**₱43,010,795**	₱42,495,870
Segment liabilities	**₱11,783,008**	₱11,281,190
Income tax payable	**41,751**	47,886
Deferred income tax liabilities – net	**109,555**	461,736
Consolidated liabilities	**₱11,934,314**	₱11,790,812

Geographic information

The Group operates in just one geographic location – the Philippines.

The Group has no revenue from transactions with a single external customer accounting for 10% or more of the consolidated revenues. Moreover, there are no noted additions of non-current assets allocable to the reportable segments. All property, plant and equipment of the Group are located in the Philippines.

5. Cash in Banks

Cash in banks earn interest at prevailing bank deposit rates averaging 0.28% and 0.33% in 2023 and 2022, respectively.

Interest income earned from cash in banks amounted to ₱23.9 million, ₱6.5 million and ₱12.4 million in 2023, 2022 and 2021, respectively, as disclosed in Note 23.

The Group holds restricted cash balance amounting to ₱263.1 million and ₱284.1 million as at December 31, 2023 and 2022, 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 and 29.

6. Trade and Other Receivables

	2023	2022
	(In Thousands)	
Trade receivables	**₱1,113,759**	₱1,000,868
Due from related parties - net (see Note 28)	**1,679,768**	499,882
Accrued interest (see Note 28)	**16,175**	9,010
Others	**141,249**	214,863
	2,950,951	1,724,623
Less allowance for expected credit losses	**23,339**	60,835
	₱2,927,612	₱1,663,788

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, etc., which are normally collected within one (1) year.

The following table details the risk profile of trade receivables based on the Group's provision matrix. As the Group's expected credit loss rate is not significantly different from each customer segments, the expected credit loss rate is not further distinguished between the Group's different customer segments.

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

	Current -360 days	Over 360 days	Specifically Identified	Total
		(In Thousands)		
2022				
Exposure at default	₱653,000	₱745	₱53,560	
Expected credit loss rate	1%	100%	100%	
Provision for ECL	₱6,530	₱745	₱53,560	₱60,835

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

	Trade	Others	Total
		(In Thousands)	
Balance at January 1, 2022	₱64,043	₱5,105	₱69,148
Provision	2,230	–	2,230
Reversal	(10,543)	–	(10,543)
Balance at December 31, 2022	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

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, 2023, 31% of total trade receivable (₱346 million) is covered by letter of credit and bank guarantee while 69% (₱768 million) is not covered by letter of credit and bank guarantee. As at December 31, 2022, 51% of the total trade receivables (₱517 million) is covered by letter of credit and bank guarantee while 49% (₱492 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	Fuel	Spare Parts and Others	Total
			(In Thousands)			
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**
2022						
At Cost	₱477,662	₱1,103,427	₱516,686	₱1,341,423	₱929,356	₱ 4,368,554
Allowance for inventory obsolescence	–	–	–	–	(237,591)	(237,591)
At net realizable value	₱477,662	₱1,103,427	₱516,686	₱1,341,423	₱691,765	₱4,130,963

Except for spare parts and others, no provisions were provided for inventories due to their nature. Furthermore, these inventories are perpetually consumed in operations and disposed through sale hence has lower risk of obsolescence.

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

	2023	2022
	(In Thousands)	
Beginning balance	**₱237,591**	₱214,499
Additions	**74,458**	77,653
Reversal	**(53,321)**	(54,561)
Ending balance	**₱258,728**	₱237,591

Cost of inventories charged to cost of goods sold amounted to ₱15.1 billion, ₱16.0 billion and ₱14.6 billion in 2023, 2022 and 2021, respectively (see Note 17).

8. Other Current Assets

	2023	2022
	(In Thousands)	
Input VAT and creditable withholding taxes	**₱206,365**	₱77,387
Advances to suppliers	**71,551**	230,957
Prepaid expenses	**36,100**	121,645
Financial asset at FVOCI	**5,056**	5,056
Derivative asset (see Note 30)	**–**	94,300
Others	**3,412**	9,088
	₱322,484	₱538,433

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

Prepaid expenses include rent, insurance, and taxes paid in advance that are amortized within next year.

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

	2023	2022
	(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 Loan Receivable

This consists of the following:

	2023	2022
	(In Thousands)	
Investment in an associate	**₱4,180,788**	₱4,161,759
Loan receivable from a related party (see Note 28)	**238,581**	238,581
	₱4,419,369	₱4,400,340

Investment in an associate
This account represents the share in HMDC's net equity as at December 31, 2023 and 2022.

Following is the summarized consolidated financial position of HMDC as at December 31, 2023 and 2022:

	2023	2022
	(In Thousands)	
Current assets	**₱1,590,583**	₱1,569,183
Noncurrent assets	**6,432,243**	6,331,783
Current liabilities	**(2,542,195)**	(2,131,191)
Noncurrent liabilities	**(710,419)**	(1,065,583)
Net equity	**₱4,770,212**	₱4,704,192

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

	2023	2022
	(In Thousands)	
Net equity of the associate	**₱4,770,212**	₱4,704,192
Ownership interest in HMDC	**40%**	40%
Proportion of the Group's ownership interest in HMDC	**1,908,085**	1,881,677
Gain on remeasurement of retained equity at deconsolidation	**2,092,278**	2,092,278
Attributable to land	**1,179,230**	1,179,230
Others	**(998,805)**	(991,426)
Carrying amount of the Group's interest in HMDC	**₱4,180,788**	₱4,161,759

Gain on remeasurement of retained equity at deconsolidation pertains to the amount recognized in profit or loss arising mainly from the fair value adjustments of certain assets owned by HMDC and its subsidiaries as a result of the change of HMDC from a subsidiary to an associate in 2015.

Based on the shareholders agreement, HPI is entitled 100% on the land owned by HMDC. However, HPI is not entitled to certain land purchased by HMDC in 2018 and 2019 which are direct purchases of HMDC from third party.

Others primarily pertain to subscription deposit and the receivables from the sale of land originally invested by HPI, in accordance with the shareholders' agreement.

Following is the summarized consolidated comprehensive income for the years ended December 31, 2023 and 2022:

	2023	2022
	(In Thousands)	
Revenues	**₱2,422,121**	₱2,260,872
Cost and expenses	**(1,965,865)**	(1,599,697)
Gross profit	**456,256**	661,175
Other loss	**(120,599)**	(314,818)
Income before income tax	**335,657**	346,357
Provision from income tax	**(135,618)**	(125,757)
Net income	**₱200,039**	₱220,600

Movements of the investment in an associate are as follows:

	2023	2022
	(In Thousands)	
Cost	**₱4,319,496**	₱4,319,496
Accumulated share in undistributed earnings:		
Beginning balance	**(157,737)**	(200,207)
Share in income of the associate	**19,029**	42,470
	(138,708)	(157,737)
	₱4,180,788	₱4,161,759

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, 2023 and 2022.

10. Property, Plant and Equipment

	December 31, 2022	**Additions/ Depreciation**	**Disposals/ Retirements**	**Transfers/ Reclassification**	**December 31, 2023**
			(In Thousands)		
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 and impairment losses					
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**	**(₱302,185)**	**₱–**	**(₱11,890)**	**₱4,549,677**
Machinery and equipment	**12,558,449**	**(677,869)**	**–**	**365,682**	**12,246,262**
Furniture, vehicles and tools	**214,357**	**(28,689)**	**–**	**–**	**185,668**
Construction in-progress	**1,210,342**	**462,119**	**–**	**(353,792)**	**1,318,669**
	₱18,846,900	**(₱546,624)**	**₱–**	**₱–**	**₱18,300,276**

	December 31, 2021	Additions/ Depreciation	Disposals/ Retirements	Transfers/ Reclassification	December 31, 2022
			(In Thousands)		
Cost					
Buildings and installations	₱14,082,667	₱106,116	(₱49,025)	₱192,710	₱14,332,468
Machinery and equipment	30,436,009	350,818	–	860,020	31,646,847
Furniture, vehicles and tools	1,041,204	252	(6,470)	26,207	1,061,193
Construction in-progress	1,823,279	466,000	–	(1,078,937)	1,210,342
	47,383,159	923,186	(55,495)	–	48,250,850
Less accumulated depreciation and impairment losses					
Buildings and installations	9,078,386	439,355	(49,025)	–	9,468,716
Machinery and equipment	17,987,716	1,100,682	–	–	19,088,398
Furniture, vehicles and tools	814,809	38,497	(6,470)	–	846,836
	27,880,911	1,578,534	(55,495)	–	29,403,950
Carrying Amount					
Buildings and installations	₱5,004,281	(₱333,239)	₱–	₱192,710	₱4,863,752
Machinery and equipment	12,448,293	(749,864)	–	860,020	12,558,449
Furniture, vehicles and tools	226,395	(38,245)	–	26,207	214,357
Construction in-progress	1,823,279	466,000	–	(1,078,937)	1,210,342
	₱19,502,248	(₱655,348)	₱–	₱–	₱18,846,900

Construction in progress includes on-going item replacements and expansion projects for the Group's operations. The Group has no contractual commitments for the acquisition of property, plant and equipment, including its on-going item replacements and expansion projects.

Out of the total amount of additions to property, plant and equipment, ₱245.2 million and ₱213.1 million are still unpaid as at December 31, 2023 and 2022, 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, 2022	**Additions/ Amortization**	**Transfers**	**December 31, 2023**
		(In Thousands)		
Goodwill	**₱2,635,738**	**₱–**	**₱–**	**₱2,635,738**
Intangible assets:				
Cost	**204,660**	**–**	**–**	**204,660**
Less accumulated deprecation	**176,786**	**3,828**	**–**	**180,614**
	27,874	**(3,828)**	**–**	**24,046**
Total	**₱2,663,612**	**(₱3,828)**	**₱–**	**₱2,659,784**

	December 31, 2021	Additions/ Amortization	Transfers	December 31, 2022
		(In Thousands)		
Goodwill	₱2,635,738	₱–	₱–	₱2,635,738
Intangible assets:				
Cost	200,563	4,097	–	204,660
Less accumulated deprecation	168,058	8,728	–	176,786
	32,505	(4,631)	–	27,874
	₱2,668,243	(₱4,631)	₱–	₱2,663,612

Goodwill amounting to ₱2.6 billion relates to the cement operations of one of the Group's Plants, particularly its Mabini Grinding Mill plant, which was acquired in 2004. The goodwill arising from the acquisition of MGMC is attributable to the synergy from management's strategic plan to expand its operations by rehabilitating the existing grinding plants of MGMC. The management decided to uplift the cement making production capacity of the Group in anticipation of the significant upturn in the construction industry.

The Group performs its annual impairment test every last quarter of the year. The recoverable amount of the CGU determined based on value-in-use, is compared to its carrying amount. Future cash flows are discounted using the WACC.

The cash flow projections are based on a seven-year financial planning period approved by senior management. The Group's Mid-Term plan covers a period of 4 years. However, for the purpose of impairment testing, it was decided to apply a 7-year business plan period to align with the 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
2023	**8.76%**	**3.0%**
2022	9.0%	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 2023, 2022 and 2021 since the value-in-use exceeds the carrying value of the cement segment.

12. Other Noncurrent Assets

	2023	2022
	(In Thousands)	
Deferred input VAT and other taxes	**₱315,905**	₱398,939
Long-term prepaid asset	**279,630**	231,701
Restricted cash (see Note 5)	**263,158**	284,102
Guarantee deposits	**72,228**	69,417
	₱930,921	₱984,159

The deferred input VAT pertains to the deferrals of input VAT credits attributable to the services obtained from HPMC, MGMC and BPI.

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, 2023, 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**

	2023	2022
	(In Thousands)	
Trade payables	**₱2,797,075**	₱4,307,711
Contract liabilities	**2,486,916**	1,772,703
Accrued expenses	**1,536,634**	1,569,584
Due to related parties (see Notes 16 and 28)	**1,130,642**	861,706
Non-trade payables	**591,171**	795,869
Loan payable to a related party (see Note 28)	**245,000**	300,000
Derivative liability (see Note 30)	**486,361**	–
Other payables	**614,945**	131,142
	₱9,888,744	₱9,738,715

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, which are expected to be applied for less than 30 to 90 days.

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

	2023	2022
	(In Thousands)	
Outside services	**₱784,154**	₱528,456
Rebates	**272,970**	308,561
Power	**219,168**	340,365
Advertising and promotion	**79,728**	10,827
Employee-related payable	**79,615**	193,767
Maintenance	**3,356**	69,450
Freight	**1,684**	29,034
Others	**95,959**	89,124
	₱1,536,634	₱1,569,584

Outside services include accrual for audit fees, consigned raw materials, security services and other third-party services acquired.

Other accrued expenses include accrual of interest on cash bonds, which is refundable anytime upon demand by the customers, and accrual of utilities, security service, professional fees, etc., which are expected to be settled within one year.

Other payables include taxes payable (i.e. withholding and fringe benefit taxes payable), provision for tax assessment and other payables pertaining to non-trade transactions with normal payment terms of 30 to 90 days.

Non-trade payables represent accounts with suppliers other than production-related expenses such as government-related expenses, employee benefits and other admin expenses.

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 APC, HRDC, QLI and LORVI 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:

	2023	2022
	(In Thousands)	
Beginning balance	**₱1,481,041**	₱1,646,657
Additions	**101,129**	–
Accretion of interest (see Note 22)	**129,880**	95,789
Payments	**(228,776)**	(261,405)
Modification	**124,094**	–
Ending balance	**1,607,368**	1,481,041
Less current portion	**72,970**	214,506
Noncurrent portion	**₱1,534,398**	₱1,266,535

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

	2023	2022
	(In Thousands)	
1 year	**₱174,388**	₱214,506
More than 1 year to 2 years	**150,436**	156,595
More than 2 years to 3 years	**151,183**	135,942
More than 3 years to 4 years	**152,511**	136,508
More than 4 years	**4,748,210**	1,741,425
	5,376,728	2,384,976
Less unamortized interest	**3,769,360**	903,935
	₱1,607,368	₱1,481,041

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:

	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	**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**

	2022				
	Right-of-Use Land	Right-of-Use Buildings and Installations	Right-of-Use Machinery and Equipment	Right-of-Use Furniture, Vehicle and Tools	Total
			(In Thousands)		
Cost					
At December 31 and January 1	₱1,692,328	₱372,005	₱20,790	₱312,343	₱2,397,466
Addition	–	12,741	–	–	12,741
	1,692,328	384,746	20,790	312,343	2,410,207
Accumulated amortization					
January 1	358,445	199,659	20,624	274,446	853,174
Amortization and others	105,647	76,652	–	37,897	220,196
At December 31	464,092	276,311	20,624	312,343	1,073,370
Net book value	₱1,228,236	₱108,435	₱166	₱–	₱1,336,837

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

	2023	2022
	(In Thousands)	
Amortization of right-of-use assets (see Note 21)	**₱137,413**	₱220,196
Interest expense on lease liabilities (see Note 22)	**129,880**	95,789
	₱267,293	₱315,985

15. **Provisions**

Movement of provisions, which comprise provisions for stranded cost, as at December 31, 2023 and 2022 are as follows:

	2023	2022
	(In Thousands)	
Beginning balance	**₱61,434**	₱63,043
Accretion (see Note 22)	**4,572**	4,692
Payments	**(6,300)**	(6,301)
	₱59,706	₱61,434

16. **Equity**

a. Capital Stock

The composition of the Parent Company's capital stock as at December 31, 2023 and 2022 is as follows:

	Number of Shares	Amount *(In Thousands)*
Authorized - ₱1 par value		
Preferred shares	20,000,000	₱20,000
Common shares	9,980,000,000	9,980,000
Issued and outstanding - Common shares	6,452,099,144	6,452,099

The Parent Company has one class of common share which carries voting right and right to dividends but none for fixed income.

The Parent Company's common shares were registered/listed on June 17, 1996. Total shares registered and outstanding as at December 31, 2022 were 6.5 billion. These shares are held by 5,234 stockholders as at December 31, 2022. There have been no recent changes in the number of shares registered and outstanding.

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, 2023 and 2022.

b. Retained Earnings

The Parent Company's retained earnings available for dividend declaration amounted to ₱8.75 billion and ₱8.18 billion as at December 31, 2023 and 2022, respectively, based on the guidelines set in the Revised Securities Regulation Code Rule 68.

On May 27, 2021, the Parent Company declared cash dividends amounting to ₱2.8 billion or at ₱0.43 per share. As at December 31, 2022, dividend payable to UCHC amounted to ₱229.8 million (see Notes 13 and 28), which was paid in 2023.

Undistributed earnings of the subsidiaries included in the Group's retained earnings amounting ₱2,855.87 million and ₱2,577.3 million as at December 31, 2023 and 2022, respectively, are not currently available for dividend distribution.

17. **Cost of Sales**

	2023	2022	2021
		(In Thousands)	
Power and fuel (see Notes 7 and 29)	**₱9,631,451**	₱11,232,956	₱7,986,391
Raw, packaging and production materials	**5,781,496**	5,112,430	6,768,308
Depreciation and amortization (see Note 21)	**1,528,761**	1,653,575	1,576,975
Outside services	**1,351,582**	1,897,662	2,092,611
Personnel (see Note 20)	**1,059,852**	1,133,388	1,295,572
Transportation and communications	**1,013,653**	1,069,139	718,907
Repairs and maintenance	**865,269**	666,309	803,553
Taxes and licenses	**310,886**	338,163	307,994
Insurance	**163,829**	134,535	119,531
Others	**43,039**	40,563	30,258
	₱21,749,818	₱23,278,720	₱21,700,100

18. **General and Administrative Expenses**

	2023	2022	2021
		(In Thousands)	
Personnel (see Note 20)	**₱327,791**	₱370,314	₱470,975
Software implementation costs	**249,868**	188,793	147,504
Outside services	**96,887**	156,104	148,978
Taxes and licenses	**67,735**	71,432	95,854
Depreciation and amortization (see Note 21)	**48,899**	98,516	147,055
Office expenses	**42,936**	30,856	54,470
Directors' fees	**13,595**	15,883	15,613
Transportation and communications	**17,658**	12,648	8,194
Entertainment, amusement and recreation	**43**	584	216
Others	**16,181**	25,881	14,204
	₱881,593	₱971,011	₱1,103,063

19. **Selling Expenses**

	2023	2022	2021
		(In Thousands)	
Personnel (see Note 20)	**₱196,149**	₱202,722	₱243,847
Advertising	**171,984**	50,266	124,648
Transportation and communication	**48,153**	31,246	16,751
Office expenses	**16,501**	13,792	5,573
Outside services	**16,040**	28,978	25,455
Depreciation (see Note 21)	**11,597**	55,367	114,108
Taxes and licenses	**7,876**	7,799	16,780
Others	**31,549**	22,873	21,596
	₱499,849	₱413,043	₱568,758

20. **Personnel Expenses**

	2023	2022	2021
		(In Thousands)	
Salaries, wages and employee benefits	**₱1,159,120**	₱1,186,215	₱1,358,065
Retirement benefit	**101,671**	101,683	159,296
Training	**5,940**	5,940	5,032
Others	**317,061**	412,586	488,001
	₱1,583,792	₱1,706,424	₱2,010,394

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

21. **Depreciation and Amortization**

	2023	2022	2021
		(In Thousands)	
Property, plant and equipment			
Cost of sales (see Note 17)	**₱1,390,825**	₱1,520,226	₱1,412,237
General and administrative (see Note 18)	**48,899**	49,698	94,487
Selling (see Note 19)	**8,292**	8,610	7,964
Right-of-use assets			
Cost of sales (see Note 17)	**137,016**	127,529	158,929
General and administrative (see Note 18)	**–**	48,818	52,568
Selling (see Note 19)	**397**	43,849	104,681
Intangible assets			
Cost of sales (see Note 17)	**920**	5,820	5,809
Selling (see Note 19)	**2,908**	2,908	1,463
	₱1,589,257	₱1,807,458	₱1,838,138

22. **Interest and Financing Charges**

	2023	2022	2021
		(In Thousands)	
Interest expense on:			
Lease liabilities (see Note 14)	**₱129,880**	₱95,789	₱105,838
Loan payable to a related party (see Note 28)	**16,921**	21,095	4,663
Defined benefit obligation (see Note 26)	**–**	15,663	15,359
Bank charges	**6,017**	4,935	3,871
Provision for stranded cost (see Note 15)	**4,572**	4,692	4,804
	₱157,390	₱142,174	₱134,535

23. **Interest Income**

	2023	2022	2021
		(In Thousands)	
Interest income on defined benefit obligation (see Note 26)	**₱189,489**	₱128,554	₱78,346
Interest income on cash in banks and loan receivable (see Notes 5 and 28)	**31,058**	13,634	20,750
	₱220,547	₱142,188	₱99,096

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

	2023	2022	2021
		(In Thousands)	
Gain on sale of by-products and others	**₱34,620**	₱80,762	₱46,028
Foreign exchange gain (loss) - net	**(31,109)**	14,763	(5,827)
Gain on termination of lease liabilities (see Note 14)	–	–	39,162
Revaluation of financial assets at FVOCI	–	–	2,750
Others - net (see Note 29)	**15,288**	(695,848)	(25,149)
	₱18,799	(₱600,323)	₱56,964

Others include loss on settlement on a case filed by Seasia (see Note 29), a service provider, against HPI amounting to ₱0.7 billion, gain/loss on write-offs/reversals, scrap sales, gain/loss on sale of assets, miscellaneous revenues from non-operating assets and loss on unrecoverable advances to officers and employees.

25. **Income Tax**

Components of income tax expense charged to profit or loss are as follows:

	2023	2022	2021
		(In Thousands)	
Current	**₱226,157**	₱299,639	₱858,857
Deferred	**139,354**	124,139	16,330
	₱365,511	₱423,778	₱875,187

The reconciliation between the statutory and effective income tax of the Group is as follows:

	2023	2022	2021
		(In Thousands)	
Provision for income tax at 25% tax rate	**₱318,803**	₱341,768	₱860,088
Reconciling items:			
Nondeductible expenses and others	**99,522**	129,955	77,881
Use of OSD	**(52,001)**	(14,384)	(22,835)
Interest and other income subjected to final tax	**(2,478)**	(1,545)	941

(Forward)

	2023	2022	2021
		(In Thousands)	
Change in unrecognized deferred tax assets	**₱1,688**	₱118	(₱3,782)
Difference in tax rates (25% vs. 20%)	**(30)**	–	3,327
Excess of MCIT over RCIT	**7**	4	(235)
Interest income from retirement fund not subject to income tax	**–**	(32,138)	(19,587)
Effect of CREATE tax rate change	**–**	–	32,882
Income not subject to income tax	**–**	–	(3,791)
Effect of dividend eliminations and other non-taxable income	**–**	–	(49,702)
	₱365,511	₱423,778	₱875,187

The components of the Group's net deferred tax assets/liabilities as at December 31, 2023 and 2022 are as follows:

	2023	2022
	(In Thousands)	
Deferred tax assets		
Derivative liability	**₱177,410**	₱–
Allowances for:		
Decline in value of inventories	**105,440**	59,398
Impairment losses on property, plant and equipment and investments	**52,620**	54,622
Expected credit losses	**5,835**	15,209
Leases	**45,708**	36,051
Unamortized past service costs	**28,106**	9,364
Unrealized foreign exchange loss	**5,801**	250
Provision for bonus accrual	**4,405**	30,284
Accrued expenses	**250**	250
	425,575	205,428
Deferred tax liabilities		
Net pension asset	**518,639**	546,795
Capitalized cost of property, plant and equipment from insurance proceeds	**16,517**	27,954
Unrealized forex exchange gain and others	**–**	55,223
Derivative asset	**–**	23,652
Unamortized amount of capitalized land site restoration costs	**–**	13,540
	535,156	667,164
Deferred tax asset - net	**2,889**	–
Deferred tax liabilities – net	**112,444**	461,736

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 ₱468.6 million (income), ₱224.0 million (expense) and ₱40.1 million (income) in 2023, 2022, and 2021 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:

	2023	2022
	(In Thousands)	
Carryforward benefit of NOLCO	**₱2,866**	₱1,516
Excess MCIT over RCIT	**211**	204
Unrecognized deferred income tax assets	**₱3,077**	₱1,720

The following NOLCO that can be applied against future RCIT is as follows:

Date Incurred	NOLCO	Applied Previous Year	Applied Current Year	Expired	Total	Expiry Date
		(In Thousands)				
2023	₱6,751	₱–	₱–	₱–	₱6,751	2026
2022	3,324	–	–	–	3,324	2025
2020	4,254	–	–	–	4,254	2025
	₱14,329	₱–	₱–	₱–	₱14,329	

The following MCIT that can be applied against future RCIT is as follows:

Date Incurred	MCIT	Applied Previous Year	Applied Current Year	Expired	Total	Expiry Date
2023	₱7,492	₱–	₱–	₱–	₱7,492	2026
2022	4,387	–	–	–	4,387	2025
2021	199,204	–	–	–	199,204	2024
	₱211,083	₱–	₱–	₱–	₱211,083	

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:

	2023	2022	2021
Recognized in profit or loss:		*(In Thousands)*	
Current service cost	**₱49,593**	₱68,010	₱104,861
Net interest income (see Notes 22 and 23)	**(189,489)**	(112,891)	(62,987)
	(139,896)	(44,881)	41,874
Recognized in other comprehensive income - Remeasurements loss (gain)	**226,617**	(87,002)	(343,333)
Net retirement benefit loss (gain)	**₱86,721**	(₱131,883)	(₱301,459)

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

	2023	2022
	(In Thousands)	
Fair value of plan assets	**₱3,573,405**	₱3,501,994
Present value of defined benefit obligation	**(841,727)**	(804,360)
Balance at end of year	**₱2,731,678**	₱2,697,634

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

	2023	2022
	(In Thousands)	
HPI	**₱1,571,338**	₱1,574,347
HPMC	**1,160,340**	1,123,287
	₱2,731,678	₱2,697,634

Movements in the retirement benefit asset are as follows:

	2023	2022
	(In Thousands)	
Balance at beginning of year	**₱2,697,634**	₱2,468,661
Retirement benefit income	**139,896**	44,881
Contributions	**120,765**	97,090
Remeasurement gain (loss)	**(226,617)**	87,002
Balance at end of year	**₱2,731,678**	₱2,697,634

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

	2023	2022
	(In Thousands)	
Balance at beginning of year	**₱804,360**	₱1,102,817
Current service cost	**49,593**	68,010
Interest cost	**56,091**	46,941
Benefits paid from plan	**(103,796)**	(162,743)
Actuarial loss (gain)	**35,479**	(250,665)
Balance at end of year	**₱841,727**	₱804,360

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

	2023	2022
	(In Thousands)	
Balance at beginning of year	**₱3,501,994**	₱3,571,478
Interest income on plan assets	**245,580**	159,832
Contributions	**120,765**	97,090
Benefits paid from the plan	**(103,796)**	(162,743)
Remeasurement loss	**(191,138)**	(163,663)
Balance at end of year	**₱3,573,405**	₱3,501,994

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:

	2023		2022	
	HPI	**HPMC**	HPI	HPMC
Cash and receivables	**1.30%**	**0.01%**	2.00%	0.003%
Investments in debt securities:				
Government securities	**0.20%**	**0.18%**	0.20%	0.18%
Corporate debt securities	**0.50%**	**0.47%**	0.50%	0.05%
	2.00%	**0.65%**	2.70%	0.23%
Investment in equity securities				
Construction, infrastructure, property and mining	**1.80%**	–	1.40%	0.0%
Holding firms	**–**	–	0.00%	0.0%
Others	**96.20%**	**99.35%**	95.90%	99.77%
	98%	**99.35%**	97.30%	99.77%
	100%	**100.0%**	100.0%	100.0%

The latest actuarial valuation is as at December 31, 2023.

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

	2023	2022	2021
Discount rates:			
Beginning	**7.3%**	4.8%	3.0%
Ending	**6.9%**	7.3%	4.8%
Future salary increase rates	**4.0%**	4.0%	4.0%

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as at the end of the reporting period, assuming all other assumptions were held constant:

	Increase (decrease)	Effect on defined benefit obligation HPI	HPMC
		(In Thousands)	
2023			
Discount rate			
Sensitivity 1	**0.5%**	**(₱22,593)**	**(₱6,894)**
Sensitivity 2	**(0.5%)**	**24,164**	**7,205**
Future salary rate increase			
Sensitivity 1	**0.5%**	**24,751**	**7,378**
Sensitivity 2	**(0.5%)**	**(23,321)**	**(7,119)**
2022			
Discount rate			
Sensitivity 1	0.5%	(₱22,496)	(₱7,692)
Sensitivity 2	(0.5%)	21,038	8,061
Future salary rate increase			
Sensitivity 1	0.5%	23,120	7,968
Sensitivity 1	(0.5%)	(21,785)	(8,823)

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

	HPI	**HPMC**
	(In Thousands)	
2023		
Within one year	**₱64,358**	**₱12,939**
More than one year to five years	**245,581**	**117,246**
More than five years	**479,891**	**244,143**
2022		
Within one year	₱57,710	₱14,266
More than one year to five years	222,138	96,912
More than five years	456,635	250,228

The Group expects to contribute ₱173.5 million to the defined benefit plans during the next financial year.

Defined Contribution Retirement Plan

The Parent Company has a defined contribution plan wherein the obligation is limited to the specified contribution in the defined contribution plan. Total retirement benefits cost related to the defined contribution plans amounted to ₱52.1 million, ₱33.7 million and ₱54.4 million in 2023, 2022 and 2021, respectively.

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

	2023	2022	2021
		(In Thousands)	
Expense (income) recognized for:			
Defined benefit plans	**(₱139,896)**	(₱44,881)	₱41,874
Defined contribution plan	**52,078**	33,673	54,435
Retirement benefit costs (income)	**(₱87,818)**	(₱11,208)	₱96,309

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 2023 and 2022, employees purchased 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 is ₱6,194,459 and ₱1,693,086 in 2023 and 2022, respectively.

The following long-term incentive arrangements were in existence during the current and prior years:

	Number	Grant Date	Expiry Date	Exercise Price (in CHF)	Fair value at grant date (in CHF)
Granted on 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 05 March 2022	2,400	30/07/19	5/3/2022	44.8	107,520

The LTI outstanding as at December 31, 2023 and 2022 has an exercise price of CHF58.86 and CHF44.80, respectively.

Other reserves represent the Group's share in the performance compensation scheme of the Lafarge 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
- Lafargeholcim Ltd. (HOFI)

Intermediate Parent Companies
- Cemco Holdings, Inc. (Cemco), a subsidiary of Clinco
- Union Cement Holdings Corporation (UCHC), a subsidiary of Cemco

Subsidiaries of Lafarge Holcim Limited
- 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)
- Holcim Ecuador S.A (HECA)
- Lafargeholcim IT EMEA, S.L. (LHEA)
- Other Holcim Group affiliates

Associate and Subsidiaries of HMDC
- 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, 2023 and 2022:

Related Party	Year	Amount/ Volume of Transactions	Due from Relates Parties (see Note 6)	Loan Receivable from a Related Party (see Note 9)	Due to Related Parties (see Note 13)	Loan Payable to a Related Party (see Note 13)
Intermediate Parent Company						
UCHC				*(In Thousands)*		
(1) Loan	**2023**	**₱55,000**	**₱–**	**₱–**	**₱–**	**(₱245,000)**
	2022	(300,000)	–	–	–	(300,000)
(2) Interest	**2023**	**(14,618)**	**–**	**–**	**(3,508)**	**–**
	2022	(4,314)	–	–	(4,314)	–
(3) Dividend (see Note 16)	**2023**	**(229,763)**	**–**	**–**	**–**	**–**
	2022	–	–	–	(229,763)	–
CEMCO						
(1) Long-term loan	**2023**	**–**	**–**	**238,581**	**–**	**–**
	2022	–	–	238,581	–	–
(2) Interest	**2023**	**7,165**	**16,175**	**–**	**–**	**–**
	2022	7,165	9,010	–	–	–
Under Common Control						
HTEC						
(1) Purchases and/or expenses	**2023**	**(236,239)**	**–**	**–**	**–**	**–**
	2022	(641,564)	–	–	–	–
LAFARGEHOLCIM LTD (HOFI)						
(1) Purchases and/or expenses	**2023**	**(583,148)**	**–**	**–**	**–**	**–**
	2022	(678,062)	–	–	–	–
(2) Reimbursement	**2023**	**12,649**	**5,551**	**–**	**–**	**–**
	2022	2,533	2,529	–	–	–
LAFARGEHOLCIM INVESTMENT CO.,						
(1) Cost recharge for expats	**2023**	**(811)**	**–**	**–**	**–**	**–**
	2022	(3,928)	–	–	(360)	–
LH SHIPPING PTE LTD						
(1) Purchases and/or expenses	**2023**	**(42,269)**	**–**	**–**	**(21,522)**	**–**
	2022	(205,103)	–	–	1,607	–

(Forward)

Related Party	Year	Amount/ Volume of Transactions	Due from Relates Parties (see Note 6)	Loan Receivable from a Related Party (see Note 9)	Due to Related Parties (see Note 13)	Loan Payable to a Related Party (see Note 13)
HGSX						
(1) Administrative fees	**2023**	**(₱156,463)**	**₱–**	**₱–**	**(₱6,749)**	**₱–**
	2022	(8)	–	–	(5,453)	–
2) Reimbursement	2023	**4,150**	**1,152**	–	–	–
	2022	–	–	–	–	–
HSSA						
(1) IT/Various charges	**2023**	**(65,062)**	–	–	**(17,065)**	–
	2022	(61,284)	–	–	(22,587)	–
LHGH						
(1) Service fee	**2023**	**(43,944)**	–	–	**(8,962)**	–
	2022	(39,659)	–	–	(6,860)	–
HECA						
(1) Various charges	**2023**	–	–	–	–	–
	2022	(3,631)	–	–	–	–
HTPL						
(1) GCDC Opex Capex	**2023**	**(9,864)**	–	–	**(86,407)**	–
	2022	(213,877)	–	–	(83,328)	–
(2) Cost recharges	**2023**	**(23)**	–	–	–	–
	2022	–	801	–	–	–
FPHT						
(1) Fuel and procurement	**2023**	**(503,748)**	–	–	**(7,468)**	–
	2022	(518,772)	–	–	(501,814)	–
LHISS						
(1) Service charges and salaries	**2023**	**(46,069)**	–	–	**(6,096)**	–
	2022	(22,551)	–	–	(3,999)	–
HHFL						
(1) Purchase and expenses	**2023**	**(536,015)**	–	–	**(155,424)**	–
	2022	–	–	–	–	–
LHEA						
(1) Purchase and expenses	**2023**	–	–	–	–	–
	2022	(3,361)	–	–	–	–
Associates						
HMDC						
(1) Recharges as receivable	**2023**	**208,610**	**1,352,467**	–	**(7,976)**	–
	2022	229,865	866,856	–	–	–
(2) Purchases of quarried materials	**2023**	**(646,990)**	–	–	**(181,269**	–
	2022	(624,861)	–	–	–	–
(3) In-plant billing	**2023**	**(112,049)**	–	–	**(44,794)**	–
	2022	(105,670)	–	–	–	–
(4) Asset leasing	**2023**	**(129,711)**	–	–	**(43,635)**	–
	2022	(77,820)	–	–	–	–
(5) Dividend	**2023**	–	**19,857**	–	–	–
	2022	–	–	–	–	–
(6) Expense from various charges	**2023**	**(8,855)**	–	–	–	–
	2022	(49,709)	–	–	–	–
(7) Interest income	**2023**	**13,384**	**13,384**	–	–	–
	2022	–	–	–	–	–
(8) Reimbursement	**2023**	**2,758**	**2,758**	–	–	–
	2022	–	–	–	–	–
HRDC						
(1) Expenses from various charges	**2023**	**(29,763)**	–	–	–	–
	2022	(21,231)	–	–	–	–
(2) Purchases of quarried materials	**2023**	**(208,665)**	–	–	**(87,769)**	–
	2022	(275,658)	–	–	–	–
(3) Asset lease	**2023**	–	–	–	**(5,438)**	–
	2022	–	–	–	–	–
(4) Various expense	**2023**	–	–	–	–	–
	2022	10	–	–	–	–
(5) Reimbursement	**2023**	**27,894**	**27,894**	–	–	–
	2022	–	–	–	–	–
(6) Fuel withdrawal/quarried	**2023**	**50,825**	**255,081**	–	–	–
	2022	81,659	98,655	–	–	–
LHAI						
(1) Purchases and/or expenses	**2023**	**(1,053,160)**	**1,624**	–	**(393,253)**	–
	2022	(1,018,200)	(460,303)	–	–	–
(2) Reimbursement	**2023**	**1,515**	–	–	–	–
	2022	929	–	–	–	–
APC						
(1) Asset lease and/or expenses	**2023**	**(13,014)**	–	–	**(17,353)**	–
	2022	(13,014)	(4,338)	–	–	–
QLI						
(1) Purchases, asset leasing, and/or expenses	**2023**	**(1,099)**	–	–	**(8,061)**	–
	2022	(1,099)	(6,961)	–	–	–
LORVI						
(1) Asset leasing	**2023**	**(27,893)**	–	–	**(27,893)**	–
	2022	(27,886)	–	–	–	–

(Forward)

Related Party	Year	Amount/ Volume of Transactions	Due from Relates Parties (see Note 6)	Loan Receivable from a Related Party (see Note 9)	Due to Related Parties (see Note 13)	Loan Payable to a Related Party (see Note 13)
OTHER HOLCIM GROUP AFFILIATES						
(1) Purchases and/or expenses	**2023**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**
	2022	(4,936)	–	–	(4,835)	–
(2) Various charges	**2023**	**–**	–	–	–	–
	2022	2,698	2,643	–	–	–
TOTAL	**2023**		**₱1,695,943**	**₱238,851**	**(₱1,130,642)**	**(₱245,000)**
	2022		508,892	238,851	(861,706)	(300,000)

Parent

UCHC. In 2022, Group, as a borrower, entered into a short-term loan contract with UCHC for ₱300.0 million. As at December 31, 2023 and 2022, the outstanding loan balance is ₱245.0 million and ₱300.0 million, respectively. In December 2023, the loan agreement was renewed subject to annual interest of 5.35% and is due for repayment in June 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 lumpsum on September 28, 2026 (see Note 9). As at December 31, 2023 and 2022, the outstanding loan balance is ₱238.6 million. Interest earned in 2023 and 2022 amounted to ₱7.2 million.

Entities under Common Control

a. *HTEC*. Effective January 1, 2013, the Group and HTEC entered into an agreement for the application of new Industrial Franchise Fee (IFF). The agreement is aligned with the Organization for Economic Co-operation and Development (OECD) principles and takes into account arm's length transfer pricing principles.

   The IFF shall cover all intellectual properties and value-adding solutions derived by the Group. IFF is an annual charge payable quarterly and is based on fair assessment of economic value of intellectual properties and value adding solutions.

   HTEC also renders managerial and project support services to the Group.

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

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

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

   In 2023, the Group has entered into a reimbursement agreement for services related to sustainability, finance, legal and project management.

c. *Holcim Trading*. The Group imports raw materials such as coal, gypsum and granulated blast furnace slag. The Parent Company has an outstanding payable of ₱86.4 million and ₱83.3 million as at December 31, 2023 and 2022, respectively.

d. *Lafarge Holcim Investment Co.* The Group had an expat recharge amounting to nil and ₱0.4 million as at December 31, 2023 and 2022, respectively.

e. *LH Shipping.* The Group had an outstanding payable to LH Shipping related to time-chartered shipping amounting to ₱21.5 million and ₱1.6 million as at December 31, 2023 and 2022, respectively.

f. *HSSA.* The Group has an outstanding liability pertaining to IT support services and Sales Force - Non-IT recharges amounting to ₱17.1 million and ₱22.6 million as at December 31, 2023 and 2022, respectively.

g. *HGSX.* On January 1, 2017, the Group entered into an agreement for the "Administrative Support" which include activities in the field of administration as well as clerical and operational support. The administrative support fee is calculated based on the allocated costs plus mark-up and other indirect costs in connection of rendering such support. The administrative support fee amounted to ₱156.4 million and ₱0.8 million in 2023 and 2022, respectively. Also, the Group has reimbursement transactions of ₱4.1 million in 2023, ₱1.1 million which is outstanding as at December 31, 2023.

h. *LHGH.* On June 1, 2021, the Group 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 IF692,016 charged to the Group. The total service fees recognized amounted to ₱43.9 million and ₱39.7 million in 2023 and 2022, respectively.

i. *FPHT.* The Group imports raw materials, such as gypsum, coal and granulated blast furnace slag. The Group has outstanding liability of ₱7.5 million and ₱501.8 million as at December 31, 2023 and 2022, respectively.

j. *LHISS.* The Group has an outstanding liability pertaining to expat recharges.

k. *HHFL.* The Group entered into a hedging transaction managed by HHFL starting January 2022. On a monthly basis, the Group received the hedging benefit from the results of the hedging transaction in the form of credit note. The Group has outstanding liability of ₱155.4 million and nil as at December 31, 2023 and 2022, respectively.

l. *LHEA.* In 2022, the Group has IT support services with this related party.

m. *LSA.* The Group entered into a hedging transaction managed by LSA starting January 2022. On a monthly basis, the Group received the hedging benefit from the results of the hedging transaction in the form of credit note.

n. *Other Holcim Group Affiliates.* The Group's transactions with other Holcim Group Affiliates include intercompany charges for salaries and wages of inbound and outbound expatriates, and other expenses related to operations.

<u>Associates</u>

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

b. In January 2016, the Group 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 Group 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. Hence, effective January 1, 2023, the Group remeasured the ROU asset and lease liability based on the extended lease term. Please refer to Note 14.

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

d. The Group also has transactions related to purchases of raw materials and reimbursements with LHAI. As at December 31, 2023 and 2022, the Group had a total payable of ₱393.2 million and ₱460.3 million, respectively.

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

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 Group's related party receivables.
  The assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Key Management Personnel

The following are the details of the compensation of key management personnel:

	2023	2022	2021
		(In Thousands)	
Short-term employee benefits	**₱77,408**	₱80,031	₱68,564
Retirement benefit cost	**15,967**	11,899	13,905
	₱93,375	₱91,930	₱82,469

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, 2023 and 2022, based on the assessment of management and the opinion of the Group's external legal counsels, the outflow of resources is not probable to happen.

In 2021, the Group had an outstanding legal case with Seasia concerning the termination of the port services agreement with the latter. In 2022, the Group and Seasia mutually negotiated for the settlement and closure of all pending cases and both parties agreed on all the essential terms and conditions. Both parties obtained the requisite court approvals and the Group paid ₱0.7 billion to Seasia as settlement. The case has been declared as closed as at December 31, 2022 (see Notes 12 and 24).

Commitments

a. Electricity Supply Agreement (ESA)

An amended electricity supply agreement was signed with AC Energy Philippines, Inc. (ACEPI) effective June 26, 2020 and valid until December 26, 2030 which will supply Bulacan, La Union and Mabini Grinding plants. The related expense under this contract is recognized as part of "Power and fuel" account in Note 17.

b. Service Agreement with Misamis Oriental – 1 Rural Electric Service Cooperative, Inc. (MORESCO-1)

On November 26, 2012, the Group entered into a Sub Transmission Line Wheeling Service Agreement with MORESCO-1 for supply of electric power exclusively for the operation and requirement of Lugait plant. The related expense under this contract is recognized as part of "Power and fuel" account in Note 17.

c. Davao Light Service Contract

The Group also entered into a contract with Davao Light and Power Group (DLPC) for electric service to the Group's plant in Davao commencing on November 14, 2013 and thereafter until the contract is terminated. The related expense under this contract is recognized as part of "Power and fuel" account in Note 17.

d. 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 Power Purchase Agreement 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.

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 in banks. The main purpose of these financial instruments is to raise funds for the Group's operations. The Group also has various other financial assets and liabilities such as trade and other receivables, other current financial assets at FVTPL and FVOCI, short-term deposits, loan receivable from a related party, 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 2023 and 2022, 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.

The table below sets out the information about the Group's derivative financial instruments as at December 31, 2023 and 2022:

	Commodity	**Effective Date**	**Termination Date**	**Floating Price**	**Notional Amount**	**Net Mark-to-market and Fair Value Change Gains (Losses)**
					(In Thousands)	
Transactions designated as hedges						
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**	**₱485,286**
		Various dates from January 1, 2023 to December 31, 2025			**407,089**	**224,276**
2022						
Forward commodity contracts	Coal Newcastle Globalcoal	Various dates from January 1 to December 31, 2022		The monthly average in USD per metric tons on the pricing date complied from the weekly averages published each Friday in the relevant calculation period by the Argus/McCloskeys Coal Price Index Report	535,816	94,300

The change in fair value of hedging instruments under cash flow hedge accounting in 2023 and 2022 amounted to ₱512.2 million and ₱728.3 million, respectively, which was recognized in the profit and loss.

The carrying value of hedging instruments amounted to ₱710.7 million as at December 31, 2023, which is presented as derivative liability under "Trade and other payable" account and "Derivative liability" account in the statement of financial position. As at December 31, 2022, the carrying value of hedging instruments amounted to ₱94.3 million, which is presented as derivative asset under "Other current financial assets" account.

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

The Group is not significantly exposed to interest rate risk since the loan receivable from a related party 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 2023 and 2022 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, 2023 and 2022, the Group had minimal assets and liabilities exposed to foreign currency risks.

The table below summarizes the Group's exposure to foreign currency risk before considering the effect of hedging transactions. Included in the table are the Group's foreign currency denominated assets and liabilities at carrying amounts:

	2023		2022	
	Original Currency	**Functional Currency**	Original Currency	Functional Currency
		(In Thousands)		
Financial assets:				
Cash in banks -				
U.S. dollar	**$1,146**	**₱63,467**	$1,236	₱68,907
Short-term time deposits -				
U.S. dollar	**$4,950**	**274,162**	$–	–
		₱337,629		₱68,907
Financial liabilities:				
Trade and other payables:				
U.S. dollar	**$30**	**₱1,657**	$385	₱21,460
Euro	**€200**	**12,270**	€–	–
Korean won	**₩576**	**25**	₩–	–
		₱13,952		₱21,460

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

	2023	2022
U.S. dollar	**$0.0181**	$0.0179
Euro	**€0.0163**	–
South Korean won	**₩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, 2023		*(In Thousands)*
Sensitivity 1	**10%**	**₱32,368**
Sensitivity 2	**(5%)**	**(16,824)**
December 31, 2022		
Sensitivity 1	10%	₱4,442
Sensitivity 2	(5%)	(2,221)

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

The impact of any change in foreign exchange rate on the embedded currency forwards of the Group is immaterial.

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

The Group is exposed to fluctuations in financing costs and market value movements of its debt portfolio related to changes in market interest rates. The Group's interest rate exposure is mainly addressed through the steering of the fixed/floating ratio of net debt. To manage this mix, the Group may enter into derivative transactions, as appropriate. The Group is not significantly exposed to interest rate risk since the loan receivable from/payable to a related party is subject to fixed interest rate, therefore, the consolidated statements of comprehensive income and equity are not sensitive to interest rate changes.

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

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

The maximum and minimum exposure to credit risk is represented by the carrying amount of each financial asset, except trade and receivables as follows:

	Gross Maximum Exposure[(a)]		Net Maximum Exposure[(b)]	
	December 31, 2023	December 31, 2022	**December 31, 2023**	December 31, 2022
	(In Thousands)			
Cash in banks	**₱5,180,147**	₱5,233,204	**₱5,169,647**	₱5,222,704
Trade receivables	**1,095,525**	945,138	**751,525**	435,874

[(a)] *Gross financial assets before taking into account any collateral held or other credit enhancements or offsetting arrangements.*
[(b)] *Gross financial assets after taking into account any collateral or other credit enhancements or offsetting arrangements or deposit insurance.*

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

With respect to credit risk arising from the other financial assets of the Group, which consist of cash in banks, financial assets at FVTPL and FVOCI, guarantee deposits, refundable deposits, restricted cash in banks presented under "Other financial assets" account, the Group's exposures arise from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

In order to minimize credit risk, the Group has tasked its credit management committee to develop and maintain the Group's credit risk grading to categorize exposures according to their degree of risk of default. The credit rating information is supplied by independent rating agencies where available and, if not available, the credit management committee uses other publicly available financial information and the Group's own trading records to rate its major customers and other debtors. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. The Group's current credit risk grading framework comprises the following categories:

Category	Description
Performing	The counterparty has a low risk of default and does not have any past-due amounts
Doubtful	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition
In default	Amount is >360 days past due or there is evidence indicating the asset is credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery

The table below details the credit quality of the Group's financial assets at amortized cost, as well as the Group's maximum exposure to credit risk by credit risk rating grades:

	Internal Credit Rating	12m or Lifetime ECL?	Gross Carrying Amount	Loss Allowance	Net Carrying Amount
				(In Thousands)	
2023					
Cash in banks	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**
Other receivables	Performing	12m ECL	**136,144**	**–**	**136,144**
	Doubtful	Lifetime ECL	**5,105**	**(5,105)**	**–**

(Forward)

	Internal Credit Rating	12m or Lifetime ECL?	Gross Carrying Amount	Loss Allowance	Net Carrying Amount
Short-term time deposits*	Performing	12m ECL	**₱274,162**	**₱–**	**₱274,162**
Loan receivable**	Performing	12m ECL	**238,581**		**238,581**
Guarantee deposits	Performing	12m ECL	**72,228**	**–**	**72,228**
			₱8,716,069	**(₱23,339)**	**₱8,692,730**
2022					
Cash in banks	Performing	12m ECL	₱5,233,204	₱–	₱ 5,233,204
Trade and other receivables:					
Trade receivables	(i)	Lifetime ECL *(simplified approach)*	1,000,868	(55,730)	945,138
Due from related parties	Performing	12m ECL	499,882	–	499,882
Accrued interest	Performing	Lifetime ECL *(general approach)*	9,010	–	9,010
Other receivables	Performing	12m ECL	209,758	–	209,758
	Doubtful	Lifetime ECL	5,105	(5,105)	–
Loan receivable**	Performing	12m ECL	238,581	–	238,581
Guarantee deposits	Performing	12m ECL	69,417	–	69,417
			₱7,265,825	(₱60,835)	₱7,204,990

**Included under "Other current financial assets" in the consolidated statements of financial position.*
***Included under "Investments and loan receivable" 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 in banks, which are short-term in nature and unused credit lines to meet its liquidity requirements at all times. In addition, the strong credit worthiness of the Group allows it to make efficient use of the financial markets for financing purposes. As at December 31, 2023 and 2022, the Group has unutilized credit facilities of ₱13.2 billion and ₱13.0 billion, respectively.

The table below summarizes the maturity profile of the Group's financial assets used for liquidity management as at December 31, 2023 and 2022:

	Neither Past Due nor Impaired	Less than 3 Months	3 to 12 Months	>1 to 5 Years	Total
			(In Thousands)		
2023					
Cash in banks	**₱5,180,147**	**₱–**	**₱–**	**₱–**	**₱5,180,147**
Trade and other receivables:					
Trade receivables	**657,245**	**438,280**	**–**	**–**	**1,095,525**
Due from related parties	**1,679,758**	**–**	**–**	**–**	**1,679,758**
Accrued interest	**16,175**	**–**	**–**	**–**	**16,175**
Other receivables	**–**	**136,145**	**–**	**–**	**136,145**
Other current financial assets	**5,056**	**274,162**			**279,218**
Loan receivable*	**–**	**–**	**–**	**238,581**	**238,581**
Guarantee deposits**	**–**	**–**	**–**	**72,228**	**72,228**
	₱7,538,381	**₱848,587**	**₱–**	**₱310,809**	**₱8,697,777**

(Forward)

	Neither Past Due nor Impaired	Less than 3 Months	3 to 12 Months	>1 to 5 Years	Total
			(In Thousands)		
2022					
Cash in banks	₱5,233,204	₱–	₱–	₱–	₱5,233,204
Trade and other receivables:					
Trade receivables	630,604	314,534	–	–	945,138
Due from related parties	499,882	–	–	–	499,882
Accrued interest	9,010	–	–	–	9,010
Other receivables	–	209,758	–	–	209,758
Other current financial assets	5,056	94,300	–	–	99,356
Loan receivable*	–	–	–	238,581	238,581
Guarantee deposits**	–	–	–	69,417	69,417
	₱6,377,756	₱618,592	₱–	₱307,998	₱7,304,346

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

The tables below summarize the maturity profile of the Group's financial liabilities as at December 31, 2023 and 2022 based on contractual undiscounted payments:

	On Demand	Less than 3 Months	3 to 12 Months	More than 1 Year	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	**–**	**2,127,806**	**–**	**–**	**2,127,806**
Due to related parties	**1,130,642**	**–**	**–**	**–**	**1,130,642**
Contract liabilities	**2,486,916**	**–**	**–**	**–**	**2,486,916**
Loan payable to a related party*	**–**	**–**	**250,900**	**–**	**250,900**
Short-term derivative liability	**–**	**485,338**	**–**	**–**	**485,338**
Other payables	**–**	**615,968**	**–**	**–**	**615,968**
Lease liabilities	**–**	**–**	**174,389**	**5,202,339**	**5,376,728**
	₱3,617,558	**₱6,026,187**	**₱425,289**	**₱5,202,339**	**₱15,271,373**

	On Demand	Less than 3 Months	3 to 12 Months	More than 1 Year	Total
			(In Thousands)		
2022					
Other financial liabilities:					
Trade and other payables:					
Trade payables	₱–	₱4,307,711	₱–	₱–	₱4,307,711
Accrued expenses and non-trade payables	–	2,365,453	–	–	2,365,453
Due to related parties	861,706	–	–	–	861,706
Contract liabilities	1,772,703	–	–	–	1,772,703
Loan payable to a related party	300,000	–	–	–	300,000
Other payables	–	131,142	–	–	131,142
Lease liabilities	–	–	214,506	2,170,470	2,384,976
	₱2,934,409	₱6,804,306	₱214,506	₱2,170,470	₱12,123,691

**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 2023 and 2022 by forecasting cash flow regularly, monitoring and optimizing net working capital and managing existing credit facilities. As of December 31, 2023 and 2022, the total credit line from various bank partners is ₱14.1 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:

	2023	2022
	(In Thousands, Except Gearing Ratio)	
Loan payable to related party	**₱245,000**	₱300,000
Customer's deposits	**153,877**	241,849
Financial debt	**398,877**	541,849
Less cash in banks	**5,180,147**	5,233,204
Net financial debt	**(4,781,270)**	(4,691,355)
Total equity	**31,076,481**	30,705,058
Gearing ratio	**-0.15:1**	-0.15:1

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, 2023 and 2022. 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, 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 Financial Assets" Account and Loan Receivable from a Related Party. 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, 2023 and 2022, 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 2023 and 2022.

32. **Earnings per Common Share (EPS)**

Basic/diluted EPS is computed as follows:

	2023	2022	2021
	(In Thousands, Except Per Share Amounts)		
Consolidated net income for the year attributable to common equity holders of the Parent Company	**₱908,013**	₱941,778	₱2,563,635
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	**₱0.14**	₱0.15	₱0.40

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 2023, 2022 and 2021; hence, diluted EPS is the same as basic EPS.

33. Environmental and Regulatory Matters

a. Clean Air Act (RA 8749)

The *Clean Air Act* and the related 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.

34. Notes to Cash Flows Statements

Reconciliation of Liabilities Arising from Financing Activities

The table below details the changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

			Non-cash changes					
	Beginning balance	**Financing cash flows**	**Declaration**	**Additions/ Modification**	**Interest accretion**	**Foreign exchange movement**	**Other changes**	**Ending balance**
				(In Thousands)				
2023								
Lease liabilities (see Note 14)	**₱1,481,041**	**(₱228,776)**	**₱–**	**₱225,222**	**₱129,880**	**₱–**	**₱–**	**₱1,607,367**
Accrued interest and bank charges	**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)**	**₱–**	**₱248,160**	**₱129,880**	**₱–**	**₱–**	**₱1,855,875**

(Forward)

	Beginning balance	Financing cash flows	Non-cash changes					Ending balance
			Declaration	Additions/ Modification	Interest accretion	Foreign exchange movement	Other changes	
				(In Thousands)				
2022								
Lease liabilities (see Note 14)	₱1,646,657	(₱261,405)	₱–	₱–	₱95,789	₱–	₱–	₱1,481,041
Accrued interest and bank charges	37,557	(59,273)		26,030				4,314
Dividend payable	229,763	–	–	–	–	–	–	229,763
			–	–	–	–	–	
Loan payable to a related party (see Notes 13 and 28)	–	300,000	–	–	–	–	–	300,000
	₱1,913,977	(₱20,678)	₱–	₱26,030	₱95,789	₱–	₱–	₱2,015,118
2021								
Lease liabilities (see Note 14)	₱2,060,066	(₱399,318)	₱–	₱13,354	₱105,838	(₱7)	(₱133,276)	₱1,646,657
Accrued interest and bank charges	50,074	(21,051)	–	8,534	–	–	–	37,557
Dividend payable	–	(2,544,640)	2,774,403	–	–	–	–	229,763
	₱2,110,140	(₱2,965,009)	₱2,774,403	₱21,888	₱105,838	(₱7)	(₱133,276)	₱1,913,977

<u>Noncash activities</u>

Other non-cash change to guarantee deposits in 2023 amounting to ₱4.5 million pertains to application of security deposits to lease payments, which resulted to an increase in right-of-use assets.

In 2023 and 2022, the Group has non-cash additions to property, plant and equipment amounting to ₱245.2 million and ₱213.1 million, respectively.

Exhibit 2

Supplementary Schedules to the

Consolidated Financial Statements

For the year ended

December 31, 2023

HOLCIM PHILIPPINES, INC. AND SUBSIDIARIES
INDEX TO SUPPLEMENTARY SCHEDULES
FORM 17-A

Supplementary Schedules

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

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

INDEPENDENT AUDITOR'S REPORT
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, 2023 and 2022, and have issued our report thereon dated March 18, 2024. 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, August 25, 2021, valid until April 15, 2024
BIR Accreditation No. 08-001998-116-2022, January 20, 2022, valid until January 19, 2025
PTR No. 10079946, January 5, 2024, Makati City

March 18, 2024

Reconciliation of Retained Earnings Available for Dividend Declaration

(Note: Amounts below are in thousands)

As at December 31, 2023

Holcim Philippines, Inc. and Subsidiaries

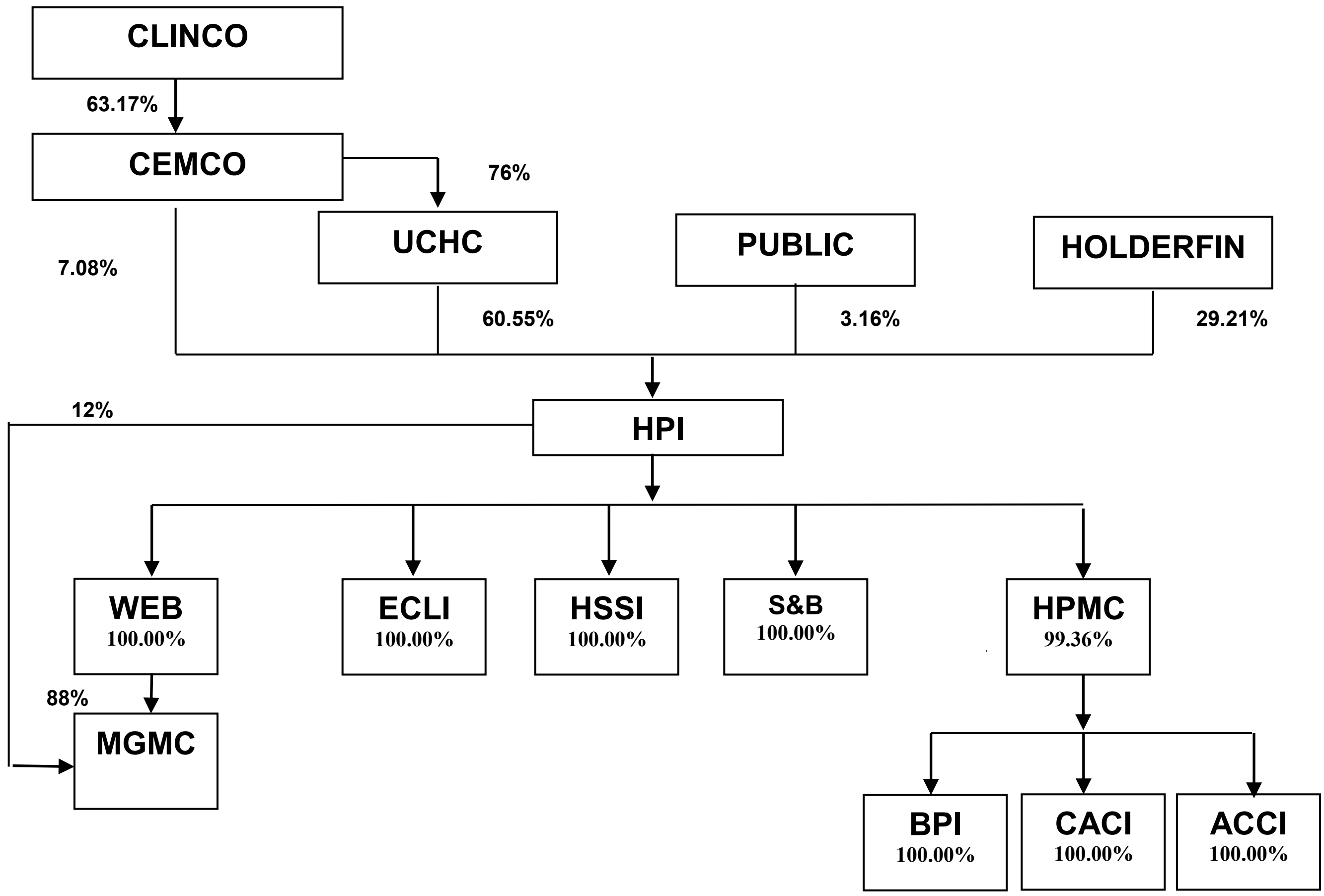
7th Floor, Two World Square, McKinley Hill, Fort Bonifacio, Taguig City.

Unappropriated Retained Earnings, January 1, 2023	**₱8,184,067**
Add: Category A: Items that are directly credited to Unappropriated Retained Earnings	–
Less: Category B: Items that are directly debited to Unappropriated Retained Earnings	–
Unappropriated Retained Earnings, as adjusted	8,184,067
Add/Less: Net Income (loss) for the current year	529,808
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	–
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)	21,730
Add: Category C.3: Unrealized income recognized in profit or loss in prior periods but reversed in the current reporting period (net of tax)	–
Adjusted Net Income/Loss	551,538
Add: Category D: Non-actual losses in profit or loss during the reporting period (net of tax)	–
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 assets not considered in the reconciling items under the previous categories	17,217
Total Retained Earnings, end of the reporting period available for dividend	**₱8,752,822**

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, 2023



COMPANY NAME		PRINCIPAL ACTIVITIES
CLINCO	Clinco Corporation	Investment holding in CEMCO
CEMCO	Cemco Holdings, Inc.	Investment holding in UCHC and HPI
UCHC	Union Cement Holdings Corporation	Investment holding in HPI
HPI	Holcim Philippines, Inc.	Manufacture and distribute cement products
HPMC	Holcim Philippines Manufacturing Corporation	Manufacture and distribute cement products
BPI	Bulkcem Philippines, Inc.	Purchase, lease, sale of real properties
CACI	Calamba Aggregates Co., Inc.	Mining, Processing and sale of quarry resources
ACCI	Alsons Construction Chemical, Inc.	Manufacture, use and sale of admixtures
WEB	Wellbourne International Group Limited	Investment holding in MGMC
MGMC	Mabini Ginding Mill Corporation	Manufacture and distribute cement products
ECLI	Excel Concrete Logistics, Inc.	Distribution of concrete and cement products
S&B	Shop and Build Corporation	Business process outsourcing and other information technology enabled services
HSSI	Hubb Stores and Services, Inc.	Retail operations

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

Financial KPI	Definition	For the Calendar Year ended December 31	
		2023	**2022**
Current/Liquidity ratios Current Ratio	Current Assets / Current Liabilities	125%	118%
Quick Ratio	Current Assets-Inventory-Prepayments / Current Liabilities	87%	76%
Solvency ratio/Debt-to-equity ratio Debt-to Equity Ratio	Total Debt / Equity	28%	38%
Asset to Equity Ratios Asset to Equity Ratio/ Equity Multiplier	Total Assets / Equity	138%	138%
Interest Rate Coverage Ratio Interest Coverage Ratio/EBITDA Net Interest Cover	Operating EBITDA / Net Interest	17.56	26.28
Pofitability Ratios Return on Assets	Net Income / Average Total Assets	2.1%	2.3%
Return on Equity	Net Income / Average Total Equity	2.9%	3.1%
Operating EBITDA Margin	Operating EBITDA / Net Sales	11.4%	14.1%

HOLCIM PHILIPPINES, INC. AND SUBSIDIARIES
Schedule A. Financial Assets
For the Year Ended December 31, 2023
(Amounts in Thousands)

Name of Issuing Company and Association of Each Issue	Number of Units or Shares or Principal Amount of Bonds and Notes	Amount Shown in the Statements of Financial Position	Value Based on Market Quotations at Reporting Date	Income Received and Accrued
	N/A	N/A	N/A	N/A
	-	-	-	-

Note: no amount to report since FVPL totaled only 5.1 Mio and it did not meet the disclosure requirement of 5% or more of total current assets amtg 8.2 bio (5% is 409Mio)

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, 2023
(Amounts in Thousands)

Name and Designation of Debtor	Beginning Balance	Additions	Deductions: Amount Collected	Deductions: Amount Written-Off	Current	Non Current	Ending Balance
Directors, Officers and Employees	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Advances to Directors, Officers and Employees	-	-	-	-	-	-	-
Accounts Receivable from related parties							
Associates	₱ 977,851	701,917	-	-	1,679,768		1,679,768
Other Holcim Group Affiliates	2,643	-	(2,643)	-	-		-
	980,494	701,917	(2,643)	-	1,679,768	-	1,679,768
Loan receivable							
Cemco Holdings, Inc. (Due on September 28,2026 @ 3.096% pa interest)	₱ 238,581			-		238,581	238,581
Related Parties	1,219,075	701,917	(2,643)	-	1,679,768	238,581	1,918,349

Note: no amount to report in Receivables from Directors, officers and employees since no debt breached the threshold of PHP 1mio

HOLCIM PHILIPPINES, INC. AND SUBSIDIARIES

Schedule C. Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements
For the Year Ended December 31, 2023
(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, Inc.									
Due from:									
Holcim Philippines Manufacturing Corporation	3,271,196	898,757	(198,648)				3,971,305		3,971,305
Bulkcem Philippines, Inc.	213		(213)				-		-
Excel Concrete Logistics Inc.	7,700	-					7,700		7,700
Mabini Grinding Mill Corporation									
Calamba Aggregates, Co., Inc.	484			(484)			-		-
Shop and Build Corporation	4,461	42,882	(23,855)				23,488		23,488
	3,284,054 -	— 941,639 -	- (222,716) -	- (484) -	- - -	- -	- 4,002,493 -	- - -	- 4,002,493
Holcim Philippines Manufacturing Corporation									
Due from:									
Holcim Philippines, Inc.	3,271,254	898,753	-198,648				3,971,359		3,971,359
-	3,271,254	898,753	-198,648	-	-	-	3,971,359	-	3,971,359
Bulkcem Philippines, Inc.									
Due from:									
Holcim Philippines, Inc.	27,763	19,519	-				47,282		47,282
Holcim Philippines Manufacturing Corp.	16,665	(16,665)	-				-		-
CALAMBA AGGREGATES CORPORATION	-	10,466					10,466		10,466
	44,428	7,238	-	-	-	-	47,282	-	47,282
Excel Concrete Logistics Inc.									
Due from:									
Holcim Philippines, Inc.	2,673	-	-368				2,305		2,305
	2,673	-	-368	-	-	-	2,305	-	2,305
Mabini Grand Mill Co.									
Due from:									
Holcim Philippines, Inc.	795,029	184,801	-24,000				955,830		955,830
	795,029	184,801	-24,000	-	-	-	955,830	-	955,830
Calamba Aggregates, Co., Inc.									
Due from:									
Holcim Philippines, Inc.									
Bulkcem Philippines, Inc.									
	- -	- -	-	-	- #	-	-	-	-

HOLCIM PHILIPPINES, INC. AND SUBSIDIARIES
Schedule D. Long-Term Debt
For the Year Ended December 31, 2023
(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, 2023
(Amounts in Thousands)

Name of Related Party	Beginning Balance	Balance at the End of Period
Union Cement Holdings Corporation	₱ 300,000	₱ 245,000
	300,000	245,000

HOLCIM PHILIPPINES, INC. AND SUBSIDIARIES

Schedule F. Guarantees of Securities of Other Issuers
For the Year Ended December 31, 2023
(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, 2023

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	-	6,247,765,188	3,007	204,330,949
	10,000,000,000	6,452,099,144	-	6,247,765,188	3,007	204,330,949