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SEC Form 17Q_Q1 2024 for Holcim Philippines Inc., and Subsidiaries

ICTD Submission <ictdsubmission+canned.response@sec.gov.ph>
To: bryanjason.alix@holcim.com

Fri, May 3, 2024 at 9:02 AM

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Please be informed of the reports that shall be filed only through ictdsubmission@sec.gov.ph.

Pursuant to SEC MC Circular No. 3 s 2021, scanned copies of the printed reports with wet signature and proper notarization shall be filed in PORTABLE DOCUMENT FORMAT (pdf) through email at ictdsubmission@sec.gov.ph such as the following SECONDARY REPORTS:

1. 17-A 6. ICA-QR 11. IHAR 16. 39-AR 21. Monthly Reports
2. 17-C 7. 23-A 12. AMLA-CF 17. 36-AR 22. Quarterly Reports
3. 17-L 8. 23-B 13. NPM 18. PNFS 23. Letters
4. 17-Q 9. GIS-G 14. NPAM 19. MCG 24. OPC (Alternate Nominee)
5. ICASR 10. 52-AR 15.BP-FCLC 20.S10/SEC-NTCE-EXEMPT

Further, effective 01 July 2023, the following reports shall be submitted through https://efast.sec.gov.ph/user/login.

1. FORM MC 18 7. Completion Report
2. FORM 1 - MC 19 8. Certificate-SEC Form MCG- 2009
3. FORM 2- MC 19 9. Certificate-SEC Form MCG- 2002, 2020 ETC.
4. ACGR 10. Certification of Attendance in Corporate Governance
5. I-ACGR 11. Secretary's Certificate Meeting of Board Directors (Appointment)
6. MRPT

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1. AFS 7. IHFS 13. SSF
2. GIS 8. LCFS 14. AFS with Affidavit of No Operation
3. BDFS 9. LCIF 15. AFS with NSPO Form 1,2, and 3
4. FCFS 10. OPC_AO 16. AFS with NSPO Form 1,2,3 and 4,5,6
5. FCIF 11. PHFS 17. FS - Parent
6. GFFS 12. SFFS 18. FS – Consolidated

For the submission and processing of compliance in the filing of

Memorandum Circular No. 28 Series of 2020, please visit this link –
https://apps010.sec.gov.ph/

For your information and guidance.

Thank you.

COVER SHEET

2 6 1 2 6

SEC Registration Number

HOLCIM PHILIPPINES, INC. AND SUBSIDIARIES

(Company's Full Name)

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

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

Alexander V. Taar

(Contact Person)

(1st Quarter 2024)

8581-1511

(Company Telephone Number)

0 3 **3 1**

Month *Day*

(Fiscal Year)

SEC FORM 17-Q

For the quarter ended March 31, 2024

(Form Type)

Month *Day*

(Annual Meeting)

(Secondary License Type, If Applicable)

CFD

Dept. Requiring this Doc.

–

Amended Articles Number/Section

Total Amount of Borrowings

7,134

Total No. of Stockholders

Domestic Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

S T A M P S

Remarks: Please use BLACK ink for scanning purposes.

SECURITIES AND EXCHANGE COMMISSION

FORM 17-Q

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

1. For the quarterly period ended March 31, 2024

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

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

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

7. Address of issuer's principal office Postal Code

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

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

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

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

    Yes [ ] No [x]

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

    N/A Common Shares

12. Indicate by check mark whether the registrant:

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

    Yes [x] No [ ]

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

    Yes [x] No [ ]

PART I- FINANCIAL INFORMATION

Item 1. Financial Statements.

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

Exhibit I

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

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

Exhibit II

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

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

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

Exhibit III

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

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

Exhibit IV

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

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

Exhibit V

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

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

Exhibit VI

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

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

Certified correct:

Zoe Verna M. Sibala
Chief Financial Officer

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

Results of Operations

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

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

Financial Position

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

Cash Flow Generation

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

Key Performance Indicators

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

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

Profitability and Efficiency

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

Liquidity

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

Notes to Financial Statements

1. *Summary of Significant Accounting Policies*

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

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective in 2023. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Unless otherwise indicated, adoption of these new standards did not have an impact on the consolidated financial statements of the Group.

- Amendments to PFRS 3, *Reference to the Conceptual Framework*

  The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The amendments added an exception to the recognition principle of PFRS 3, Business Combinations to avoid the issue of potential 'day 2'gains or losses arising for liabilities and contingent liabilities that would be within the scope of PAS 37, Provisions, Contingent Liabilities and Contingent Assets or Philippine-IFRIC 21, Levies, if incurred separately.
  At the same time, the amendments add a new paragraph to PFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

- Amendments to PAS 16, *Property, Plant and Equipment: Proceeds before Intended Use*

  The amendments prohibit entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

- Amendments to PAS 37, *Onerous Contracts – Costs of Fulfilling a Contract*

  The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

- Annual Improvements to PFRSs 2018-2020 Cycle

  - Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*

    The amendment permits a subsidiary that elects to apply paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported in the parent's consolidated financial statements, based on the parent's date of transition to PFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.

  - Amendments to PFRS 9, *Financial Instruments, Fees in the '10 per cent' test for derecognition of financial liabilities*

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

- Amendments to PAS 41, *Agriculture, Taxation in fair value measurements*

The amendment removes the requirement in paragraph 22 of PAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of PAS 41.

Standards Issued but not yet Effective

Pronouncements issued but not yet effective are listed below. The Group intends to adopt the following pronouncements when they become effective. Adoption of these pronouncements is not expected to have a significant impact on the Group's consolidated financial statements.

Effective beginning on or after January 1, 2023

- Amendments to PAS 1 and PFRS Practice Statement 2, Disclosure of Accounting Policies
- Amendments to PAS 8, Definition of Accounting Estimates
- Amendments to PAS 12, Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Effective beginning on or after January 1, 2024

- Amendments to PAS 1, Classification of Liabilities as Current or Non-current
- Amendments to PFRS 16, Lease Liability in a Sale and Leaseback

Effective beginning on or after January 1, 2025

- PFRS 17, Insurance Contracts

Deferred effectivity

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

2. *Seasonality Aspects of the Business*

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

3. *Financial Risk Management Objectives and Policies*

General Risk Management Approach

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

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

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

The main risks arising from the Group's financial instruments are market risks (which include foreign currency risk and interest rate risk), credit risk and liquidity risk. The BOD reviews and approves the policies for managing each of these risks and they are summarized below. The Group's accounting policies in relation to financial instruments are set out in Note 5 to the consolidated financial statements.

Market Risks

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

Foreign Currency Risk

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

The Group has foreign exchange exposures, arising primarily from purchases of goods and services and debt servicing requirements in currencies other than the Philippine Peso that leads to currency translation effects. As of March 31, 2024, there are no revenues denominated in currencies other than the Philippine Peso.

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

As of March 31, 2024, the Group had minimal assets and liabilities exposed to foreign currency risks.

Interest Rate Risk

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

The Group is exposed to fluctuations in financing costs and market value movements of its debt portfolio related to changes in market interest rates. The Group's interest rate exposure is mainly addressed through the steering of the fixed/floating ratio of net debt. To manage this mix, the Group may enter into derivative transactions, as appropriate. As at March 31, 2023 and 2022, the Group has minimal exposure to interest rate risk.

Credit Risk

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

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

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

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

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

Liquidity Risk

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

The Group maintains sufficient reserves of cash in banks, which are short-term in nature and unused credit lines and readily available marketable securities to meet its liquidity requirements at all times. In addition, the strong credit worthiness of the Group allows it to make efficient use of the financial markets for financing purposes. As at March 31, 2024, the Group has unutilized credit facilities of ₱13.2 billion.

Capital Management Policy

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

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

The Group monitors capital, among others, on the basis of gearing ratio.

4. *Financial Assets and Liabilities*

Fair Value of Financial Instruments

The estimated fair value of each class of the Group's financial instruments, is equal to their carrying amount as at March 31, 2024 and December 31, 2023. The following methods and assumptions are used to estimate the fair value of each class of financial instrument for which it is practicable to estimate such value:

Cash in Banks, Trade and Other Receivables, Advance to Employees, Loan Receivable from a related party, Long Term Financial Receivable, Loan Payable and Trade and Other Payables. Due to the short-term nature of the transactions, the fair values of these instruments approximate the corresponding carrying values as at end of each reporting period.

Derivatives. The fair values of the embedded currency forwards are calculated by reference to current forward exchange

Financial Assets at FVTPL The fair values of publicly traded instruments are determined by reference to quoted market prices as at the end of each reporting period.

Long Term Financial Receivable and Guarantee Deposits. These are carried at cost, less any impairment in value, which approximates their fair values calculated using the discounted cash flows method.

Fair Value Hierarchy

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

As at March 31, 2024 and December 31, 2023, the Group does not have financial instruments whose fair values are determined using inputs that are not based on observable market data (Level 3). There were no reclassifications made between the different fair value hierarchy levels in 2024 and 2023.

5. *Segment Reporting*

Operating segments are components of the Group that engage in business activities from which they may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group), whose operating results are regularly reviewed by the chief operating decision maker to make decisions about how resources are to be allocated to each of the segments and to assess their performances, and for which discrete financial information is available. Management reassesses on an annual basis whether there have been any change in the operating segments or in the reportable operating segments in accordance with PFRS 8, *Operating Segments*.

For management purposes, the Group is organized into activities based on their products and has two segments, as follows:

- Clinker and Cement segment, which manufactures and sells clinker and cement for domestic customers; and

- Other Construction Materials and services segment, which includes aggregates and dry mix specialty products

Management monitors the operating results of its business segments for the purpose of making decisions about resource allocation and performance assessment. Segment performance is based on operating EBITDA and is measured consistently with consolidated net income in the consolidated statement of profit or loss and other comprehensive income. However, the Group's finance income and charges and income taxes are managed on a group basis, and are not allocated to operating segments. Transfer prices between operating segments are on an arm's length basis similar to transactions with third parties.

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

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

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

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

6. *Retained Earnings*

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

Interim Disclosures

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

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

2. Changes in estimates of amounts reported in prior financial years that have a material effect in the current period.

3. Issuances and repurchases of equity securities.

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

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

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

twelve (12) months any cash flow or liquidity problems nor does it anticipate any default or breach of any of its existing notes, loans, leases, other indebtedness or financing arrangements requiring it to make payments.

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

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

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

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

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

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

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

Material Changes in Balance Sheet Accounts

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

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

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

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

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

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

Material Changes in Income Statement Accounts

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

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

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

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

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

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

SIGNATURES

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

HOLCIM PHILIPPINES, INC.

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