

Certification

I, ANNABELLE S. GUZMAN, Vice President - Controller of PHINMA CORPORATION with SEC registration number 12397 with principal office at Level 12, PHINMA Plaza, 39 Plaza Drive, Rockwell Center Makati City, on oath state:

- 1) That on behalf of PHINMA Corporation, I have caused this SEC Form 17 – Q (Quarterly Report) as of March 31, 2024 to be prepared;
- 2) That I read and understood its contents which are true and correct of my own personal knowledge and/or based on true records;
- 3) That PHINMA Corporation will comply with the requirements set forth in SEC Notice dated June 24, 2020 for a complete and official submission of reports and/or documents through electronic mail; and
- 4) That I am fully aware that documents filed online which requires pre-evaluation and/or processing fee shall be considered complete and officially received only upon payment of a filing fee.

IN WITNESS WHEREOF, I have hereunto set my hand this 10th day of May, 2024.

Annabelle S. Guzman
ANNABELLE S. GUZMAN
Vice President - Controller

SUBSCRIBED AND SWORN to before me this ____ day of May, 2024 in Makati City, affiant exhibited her Driver's License No. N01-01-266669 with expiration date April 15, 2034.

NOTARY PUBLIC

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Page No. 54
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Series No. 2024

Joel Ferrer Flores
ATTY. JOEL FERRER FLORES
Notary Public for Makati City
Until December 31, 2024
Appointment No. M-115 (2023-2024)
Roll of Attorney No. 77376
MCLE Compliance VIII No. 0001393
Jan. 3, 2023 until Apr. 12, 2028
PTR No. 10073945/ Jan. 2, 2024/ Makati City
IBP No. 330740/ Jan. 2, 2024/ Pasig City
1107 Bataan St., Guadalupe Nuevo, Makati City

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17 – Q

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

1. For the quarterly period ended March 31, 2024
2. Commission identification no. 12397 3. BIR Tax Identification No. 000-107-026-000
4. PHINMA Corporation
Exact name of registrant as specified in its charter
5. Manila, Philippines
Province, country or other jurisdiction of incorporation or organization
6. Industry Classification Code : _____
7. 12/E. Phinma Plaza, 39 Plaza Drive, Rockwell Center, Makati City 1210
Address of registrant's principal office
8. (632) 8870-01-00
Registrant's telephone number, including area code
9. Former name, former address, and former fiscal year, if changed since last report : N/A
10. Common Shares – 286,325,265 shares issued and outstanding
11. Are any or all of the securities listed on the Philippine Stock Exchange?

Yes () No ()

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

Philippine Stock Exchange, Inc.

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

Yes [] No []

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

Yes [] No []

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PHINMA CORPORATION AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MARCH 31, 2024

(With Comparative Audited Figures as at December 31, 2023)

(Amounts in Thousands)

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 7 and 29)	₱3,480,773	₱2,905,913
Investments held for trading (Notes 8, 29 and 30)	416,080	375,096
Current portion of:		
Trade and other receivables (Notes 9 and 29)	8,235,546	8,513,789
Contract assets	2,881,251	3,105,830
Inventories (Note 10)	3,799,579	3,765,002
Input value-added taxes and other current assets	1,805,043	1,871,41
Total Current Assets	20,618,272	20,537,041
Noncurrent Assets		
Noncurrent portion of:		
Trade and other receivables (Notes 8 and 29)	330,684	331,719
Contract assets	516,560	516,752
Investment in and advances to associates and joint ventures (Note 11)	622,581	618,524
Financial assets at fair value through profit or loss (Notes 12, 29 and 30)	1,946,347	1,916,238
Financial assets at fair value through other comprehensive income (Notes 13 and 30)	165,823	163,108
Property, plant and equipment (Note 14)	14,852,333	14,479,990
Investment properties (Note 15)	924,353	925,471
Intangible assets (Note 16)	1,944,515	1,951,480
Right-of-use assets (Note 31)	378,724	423,281
Deferred tax assets - net (Note 27)	166,044	164,807
Derivative asset (Notes 12, 29 and 30)	886,903	889,721
Other noncurrent assets (Notes 17 and 29)	545,359	560,824
Total Noncurrent Assets	23,280,226	22,941,915
	₱43,898,498	₱43,478,956
LIABILITIES AND EQUITY		
Current Liabilities		
Notes payable (Notes 18, 29 and 30)	₱9,366,731	₱7,626,264
Trade and other payables (Notes 19, 29 and 30)	3,860,810	3,572,566
Contract liabilities (Note 20 and 29)	445,615	1,809,423
Trust receipts payable (Notes 29)	530,866	883,106
Derivative liability (Notes 29 and 30)	-	-
Income and other taxes payable	95,311	224,359
Current portion of:		
Long-term debt (Notes 21, 29 and 30)	3,781,943	3,799,341
Lease liabilities (Notes 31)	128,705	128,510
Non-controlling interest put liability (Note 22 and 29)	2,682,891	-
Due to related parties (Notes 26 and 29)	125,756	71,981
Total Current Liabilities	21,018,628	18,115,541
Noncurrent Liabilities		
Long-term debt - net of current portion (Notes 21, 29 and 30)	10,303,800	10,339,725
Non-controlling interest put liability (Notes 22 and 29)	-	2,570,61
Deferred tax liabilities - net (Note 27)	693,418	696,455
Pension and other post-employment benefits (Note 28)	381,755	358,321
Lease liabilities - net of current portion (Notes 29 and 31)	360,598	396,007
Other noncurrent liabilities	295,482	301,918
Total Noncurrent Liabilities	12,035,053	14,663,045
Total Liabilities	33,053,681	32,778,586

(Forward)

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Equity Attributable to Equity Holders of the Parent		
Capital stock (Note 22)	₱2,863,312	₱2,863,312
Additional paid-in capital	445,867	396,845
Treasury shares (Note 22)	(182)	(57,909)
Exchange differences on translation of foreign operations	(900)	(773)
Equity reserves	(1,721,718)	(1,709,755)
Other comprehensive income (Note 11)	65,934	63,772
Retained earnings (Note 22)	5,997,993	6,132,003
Equity Attributable to Equity Holders of the Parent	7,650,306	7,687,495
Non-controlling Interests	3,194,511	3,012,875
Total Equity	10,844,817	10,700,370
	₱43,898,498	₱43,478,956

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

PHINMA CORPORATION AND SUBSIDIARIES**UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF INCOME****(Amounts in Thousands, Except Per Share Data)**

	Three-Month Periods Ended March 31	
	2024	2023
	(Unaudited)	(Unaudited)
REVENUES		
Revenue from contracts with customers		
Sale of goods	₱3,183,097	₱3,298,165
Tuition, school fees and other services	1,634,139	1,303,202
Installation services	21,750	9,479
Hospital routine services	62,138	55,777
Consultancy services	12,786	20,526
Real estate sales	166,139	-
Hotel operations	102,672	-
Management and administrative fees	53,177	-
Construction contracts	47,805	-
Royalty and franchise fees	11,622	-
Rental income	28,130	19,650
Investment income	131,110	76,333
	5,454,565	4,783,132
COSTS AND EXPENSES		
Cost of sales (Note 23)	2,732,076	2,759,275
Cost of educational and hospital services (Note 23)	617,193	531,953
Cost of real estate and construction services	183,639	-
Cost of hotel operations	66,762	-
Cost of management and administrative services	29,872	-
General and administrative expenses (Note 24)	801,414	551,522
Selling expenses (Note 25)	176,167	181,567
	4,607,123	4,024,317
OTHER INCOME (EXPENSES)		
Interest expense and other financing charges	(376,607)	(173,862)
Foreign exchange gain (loss) - net (Note 29)	15,008	(1,445)
Equity in net gain (loss) of associates and joint ventures (Note 11)	4,058	(36,990)
Gain (loss) on derivatives – net	(2,510)	(16,443)
Gain on change in fair value of financial assets at FVPL	30,109	(56,044)
Gain (loss) on sale of property, plant and equipment – net	491	1,131
Others – net	17,887	7,813
	(311,564)	(275,840)
INCOME BEFORE INCOME TAX	535,878	482,975
Current	53,628	12,123
Deferred	(8,279)	(13,710)
	45,349	(1,587)
NET INCOME	₱490,529	₱484,562
Attributable to:		
Equity holders of the Parent	₱229,571	₱227,368
Non-controlling interests	260,958	257,194
Net income	₱490,529	₱484,562
Basic/Diluted Earnings Per Common Share - Attributable to Equity Holders of the Parent (Note 33)		
	₱0.80	₱0.79

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

PHINMA CORPORATION AND SUBSIDIARIES
UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE
INCOME
(Amounts in Thousands)

	Three-Month Periods Ended	
	March 31	
	2024	2023
	(Unaudited)	(Unaudited)
NET INCOME	₱490,529	₱484,562
OTHER COMPREHENSIVE INCOME (LOSS)		
Items not to be reclassified to profit or loss in subsequent periods		
Re-measurement loss on defined benefit obligation	(4,523)	(7,253)
Unrealized loss on change in fair value of financial assets at fair value through other comprehensive income	2,715	3,500
Share in unrealized gain (loss) on change in fair value of financial assets at fair value through other comprehensive income and defined benefit obligation of associates and joint ventures	-	109
Income tax effect	1,496	(525)
	(312)	(4,169)
Items to be reclassified to profit or loss in subsequent periods		
Exchange differences on translation of foreign operations	(159)	154
Total other comprehensive loss	(471)	(4,015)
TOTAL COMPREHENSIVE INCOME	₱490,058	₱480,547
Attributable to:		
Equity holders of the Parent	₱229,381	₱225,703
Non-controlling interests	260,677	254,844
Total comprehensive income	₱490,058	₱480,547

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

PHINMA CORPORATION AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2023 AND 2022

(Amounts in Thousands)

	Equity Attributable to Equity Holders of the Parent											Total Equity
	Capital Stock	Additional Paid-in Capital	Treasury Shares	Exchange Differences on Translation of Foreign Operations	Equity Reserves	Other Comprehensive Income	Share in Other Comprehensive Income (Loss) of Associates and Joint Ventures	Retained Earnings		Subtotal	Non-controlling Interests	
								Appropriate	Unappropriated			
Balance, December 31, 2022 (Audited)	₱2,863,312	₱396,845	(₱57,909)	(₱773)	(₱1,709,755)	₱63,772	₱-	₱1,600,000	₱4,532,003	₱7,687,495	₱3,012,875	₱10,700,370
Adjustment on PFRS 15: Significant financing component	-	-	-	-	-	-	-	-	(189,561)	(189,561)	(12,091)	(201,652)
Total adjustment	-	-	-	-	-	-	-	-	(189,561)	(189,561)	(12,091)	(201,652)
Balance, January 1, 2024	2,863,312	396,845	(57,909)	(773)	(1,709,755)	63,772	-	1,600,000	4,342,442	7,497,934	3,000,784	10,498,718
Net income	-	-	-	-	-	-	-	-	229,571	229,571	260,958	490,529
Other comprehensive income (loss)	-	-	-	(127)	-	2,162	-	-	(2,225)	(190)	(281)	(471)
Total comprehensive income	-	-	-	(127)	-	2,162	-	-	228,166	230,201	260,224	490,425
Cash dividends (Note 20)	-	-	-	-	-	-	-	-	(171,795)	(171,795)	-	(171,795)
Issuance of shares from stock purchase plan	-	-	-	-	-	-	-	-	-	-	33,358	33,358
Dilution on SPP of PEHI	-	-	-	-	(10,862)	-	-	-	-	(10,862)	(10,862)	-
Put option over NCI (Note 22)	-	-	-	-	(1,101)	-	-	-	-	(1,101)	(111,171)	(112,272)
Parent company share held by subsidiary	-	49,022	57,727	-	-	-	-	-	-	106,749	-	106,749
Balance, March 31, 2024 (Unaudited)	₱2,863,312	₱445,867	(₱182)	(₱900)	₱1,721,718)	₱65,934	₱-	₱1,600,000	₱4,397,993	₱7,650,306	₱3,194,511	₱10,844,817

Equity Attributable to Equity Holders of the Parent												
	Capital Stock	Additional Paid-in Capital	Treasury Shares	Exchange Differences on Translation of Foreign Operations	Equity Reserves	Other Comprehensive Income	Share in Other Comprehensive Income (Loss) of Associates and Joint Ventures	Retained Earnings		Subtotal	Non-controlling Interests	Total Equity
								Appropriated	Unappropriated			
Balance, December 31, 2022 (Audited)	₱2,863,312	₱396,845	(₱182)	(₱933)	(₱299,535)	₱50,920	₱9,809	₱1,765,500	₱3,595,143	₱8,380,879	₱2,761,790	₱11,142,669
Net income	–	–	–	–	–	–	–	–	227,368	227,368	257,194	484,562
Other comprehensive income (loss)	–	–	–	124	–	2,975	109	–	(4,873)	(1,665)	(2,350)	(4,015)
Total comprehensive income	–	–	–	124	–	2,975	109	–	222,495	225,703	254,844	480,547
Cash dividends (Note 20)	–	–	–	–	–	–	–	–	(171,795)	(171,795)	–	(171,795)
Realized gain on sale of financial assets at fair value through other comprehensive	–	–	–	–	–	(238)	–	–	238	–	–	–
Put option over NCI (Note 20)	–	–	–	–	(29,188)	–	–	–	–	(29,188)	(66,387)	(95,575)
Reversal of Appropriation	–	–	–	–	–	–	–	–	–	–	–	–
Appropriation of retained earnings (Note 20)	–	–	–	–	–	–	–	(1,765,500)	1,765,500	–	–	–
	–	–	–	–	–	–	–	1,600,000	(1,600,000)	–	–	–
Balance, March 31, 2023 (Unaudited)	₱2,863,312	₱396,845	(₱182)	(₱809)	₱328,723	₱53,657	₱9,918	₱1,600,000	₱3,811,581	₱8,405,599	₱2,950,247	₱11,355,846

Equity Attributable to Equity Holders of the Parent												
	Capital Stock	Additional Paid-in Capital	Treasury Shares	Exchange Differences on Translation of Foreign Operations	Equity Reserves	Other Comprehensive Income	Share in Other Comprehensive Income of Associates and Joint Ventures	Retained Earnings		Subtotal	Non-controlling Interests	Total Equity
								Appropriated	Unappropriated			
Balance, January 1, 2023	₱2,863,312	₱396,845	(₱182)	(₱933)	(₱299,535)	₱50,920	₱9,809	₱1,765,500	₱3,595,143	₱8,380,879	₱2,761,790	₱11,142,669
Net income	–	–	–	–	–	–	–	–	957,626	957,626	668,977	1,626,603
Other comprehensive income (loss)	–	–	–	160	–	27,370	(201)	–	(4,078)	23,251	(13,223)	10,028
Total comprehensive income (loss)	–	–	–	160	–	27,370	(201)	–	953,548	980,877	655,754	1,636,631
Cash dividends (Note 24)	–	–	–	–	–	–	–	–	(171,795)	(171,795)	(301,564)	(473,359)
Realized gain on sale of financial assets at FVOCI (Note 15)	–	–	–	–	–	(238)	–	–	238	–	–	–
Business combination (Note 6)	–	–	–	–	(636,375)	(14,280)	(9,608)	–	(10,631)	(670,894)	573,887	(97,007)
Dilution of equity shares (Note 7)	–	–	–	–	(3,053)	–	–	–	–	(3,053)	(734)	(3,787)
Acquisition of NCI (Note 7)	–	–	–	–	(522,315)	–	–	–	–	(522,315)	(542,437)	(1,064,752)
Put option over NCI (Note 7)	–	–	–	–	(248,477)	–	–	–	–	(248,477)	(133,821)	(382,298)
Reversal of appropriation (Note 24)	–	–	–	–	–	–	–	(1,765,500)	1,765,500	–	–	–
Appropriation of retained earnings (Note 24)	–	–	–	–	–	–	–	1,600,000	(1,600,000)	–	–	–
Parent company shares held by a subsidiary (Note 24)	–	–	(57,727)	–	–	–	–	–	–	(57,727)	–	(57,727)
Balance, December 31, 2023	₱2,863,312	₱396,845	(₱57,909)	(₱773)	(₱1,709,755)	₱63,772	₱–	₱1,600,000	₱4,532,003	₱7,687,495	₱3,012,875	₱10,700,370

PHINMA CORPORATION AND SUBSIDIARIES**UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS****(Amounts in Thousands)**

	Three-Month Periods Ended	
	March 31	
	2024	2023
	(Unaudited)	(Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	₱535,878	₱482,975
Adjustments to reconcile income before income tax to net cash flows:		
Depreciation and amortization (Notes 23, 24 and 25)	252,488	170,399
Interest expense and other financing charges	376,607	173,862
Unrealized foreign exchange loss (gain) - net	(15,008)	1,445
Pension and other employee benefits expense	72,356	28,379
Equity in net losses (earnings) of associates and joint ventures (Note 11)	(4,058)	36,990
Gain on investments held for trading – net	(4,213)	(2,709)
Interest income	(74,119)	(73,603)
Loss (gain) on derivatives – net	2,510	16,443
Dividend income	(9)	(20)
Unrealized loss (gain) on change in fair value of investment	(30,109)	56,044
Gain on sale of property, plant and equipment – net	(491)	(1,131)
Operating income before working capital changes	1,111,832	889,074
Decrease (increase) in		
Trade and other receivables and contract assets	277,268	66,710
Inventories	(34,577)	252,871
Input value-added taxes and other current assets	66,641	29,337
Increase (decrease) in:		
Trade and other payables	429,196	302,559
Trust receipts payables	(352,240)	(128,249)
Contract liabilities	(1,363,808)	(866,547)
Net cash provided by operations	134,312	545,755
Interest paid	(378,912)	(178,848)
Income tax paid	(178,393)	(12,134)
Contributions to the pension fund and benefits paid from operating fund	(53)	(66,841)
Interest received	99,250	21,615
Net cash provided by (used in) operating activities	(554,355)	309,547
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to:		
Investment held for trading	(100,042)	(38,750)
Property, plant and equipment	(568,513)	(546,490)
Investment in and advances to associates	–	(276,000)
Investment properties	(1,599)	–
Intangible assets	(1,897)	(32)
Proceeds from sale of:		
Investment held for trading	63,271	271,244
Property, plant and equipment	310	1,131
Financial assets at FVOCI	–	250
Increase in other noncurrent assets	15,465	4,622
Dividends received	9	20
Net cash provided by (used in) investing activities	(592,996)	(584,005)

(Forward)

	Three-Month Periods Ended March 31	
	2024	2023
	(Unaudited)	(Unaudited)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of:		
Notes payable	(₱1,721,769)	(₱800,900)
Cash dividends	(112,406)	(75,523)
Treasury shares	–	–
Lease liability	(42,928)	(35,398)
Long-term debt	(114,590)	(170,110)
Proceeds from availments of:		
Notes payable	3,461,450	1,450,000
Long-term debt	50,000	397,000
Proceeds from sale of parent company shares held by subsidiary	106,749	–
Issuance of shares to non-controlling interest	33,358	–
Increase (decrease) in due to related parties	53,775	(13,281)
Increase in other noncurrent liabilities	(6,436)	875
Net cash provided by financing activities	752,663	752,663
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	15,008	(1,445)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	574,860	476,760
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	2,905,913	3,421,578
CASH AND CASH EQUIVALENTS AT END OF PERIOD (Note 5)	₱3,480,773	₱3,898,338

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

PHINMA CORPORATION AND SUBSIDIARIES

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

PHINMA Corporation (PHN or the Parent Company) was incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on March 12, 1957.

The Parent Company is listed in the Philippine Stock Exchange (PSE) since August 15, 1958.

On August 2, 2006, the Philippine SEC approved the extension of the Parent Company's corporate life for another 50 years. On May 27, 2010, the Philippine SEC approved the change in the Parent Company's corporate name from Bacnotan Consolidated Industries, Inc. to PHINMA Corporation. Its principal activity is holding investments in shares in various subsidiaries, associates and investees and other financial instruments.

Following are the subsidiaries of the Parent Company and the nature of their principal business activities:

Subsidiaries	Nature of Business	Calendar/ Fiscal Yearend	March 31, 2024			December 31, 2023		
			PHN Direct Interest	Direct Interest of Subsidiary	PHN Effective Interest	PHN Direct Interest	Direct Interest of Subsidiary	PHN Effective Interest
Union Galvasteel Corporation (UGC)	Manufacturing and distribution of steel products	December 31	98.01	-	98.01	98.01	-	98.01
PHINMA Solar Energy Corporation (PHINMA Solar) ^(g)	Solar rooftop	December 31	-	100.00	98.01	-	100.00	98.01
PHINMA Education Holdings, Inc. (PEHI) ^(a and b)	Holding company	March 31	67.18	-	67.18	75.21	-	75.21
Pamantasan ng Araullo (Araullo University), Inc. (AU) ^(a)	Educational institution	March 31	-	97.57	65.55	-	97.76	73.53
Cagayan de Oro College, Inc. (COC) ^(a)	Educational institution	March 31	-	91.27	61.32	-	91.27	68.64
University of Iloilo (UI) ^(a)	Educational institution	March 31	-	69.23	46.51	-	69.23	52.07
University of Pangasinan (UPANG) and Subsidiary ^(a)	Educational institution	March 31	-	69.33	46.58	-	69.33	52.14
Southwestern University (SWU) ^(a)	Educational institution	March 31	-	84.34	56.66	-	84.34	63.43
St. Jude College, Inc. (SJCI)	Educational institution	December 31	-	98.30	66.04	-	98.30	73.93
Republican College, Inc. (RCI) ^(c)	Educational institution	December 31	-	98.41	66.11	-	98.41	74.01
Rizal College of Laguna (RCL) ^(a and d)	Educational institution	April 30	-	90.00	60.46	-	90.00	67.69
Union College of Laguna (UCL) ^(a and e)	Educational institution	May 31	-	80.91	54.36	-	80.91	60.85
Career Academy Asia, Inc. (CAA) ^(f)	Educational Institution	March 31	90.00	-	90.00	90.00	-	90.00
Philcement Corporation (Philcement)	Manufacturing and distribution of cement products	December 31	60.00	-	60.00	60.00	-	60.00
P & S Holdings Corporation (PSHC)	Investment and real estate holdings	December 31	60.00	-	60.00	60.00	-	60.00
Asian Plaza, Inc. (API)	Lease of real property	December 31	57.62	-	57.62	57.62	-	57.62
PHINMA Property Holdings Corporation (PPHC) ^(d)	Real estate development	December 31	-	-	-	76.81	22.38	94.01
Community Developers and Construction Corporation (CDCC) ^(d)	Real estate development	December 31	-	-	-	-	99.22	93.28
Community Property Managers Group, Inc. (CPMGI) ^(d)	Property Management	December 31	-	-	-	-	95.75	90.01
ABCIC Property Holdings, Inc. (APHI) ^(d)	Selling of real and personal properties	December 31	-	-	-	89.98	-	89.98
PHINMA Hospitality, Inc. (PHI) and Subsidiaries ^(d)	Management services and investment holdings	December 31	-	-	-	63.77	36.23	84.65
PHINMA Microtel Hotels, Inc. (PHINMA Microtel) ^(d)	Hotel franchising	December 31	-	-	-	51.00	-	51.00
Coral Way City Hotel Corp. (Coral Way)	Hotel operations	December 31	-	-	-	23.75	26.44	46.13
Krypton Esplanade Hotel Corporation (KEHC)	Hotel operations	December 31	-	-	-	-	100.00	46.13
One Animate Limited (OAL) and Subsidiary ^(b)	Business process outsourcing - animation services	December 31	80.00	-	80.00	80.00	-	80.00

^(a) Balances as at and for the year ended December 31 of these subsidiaries were used for consolidation purposes.

^(b) CAA ceased its operations on March 31, 2019.

^(c) OAL owns 100.00% interest in Toon City Animation, Inc. (Toon City). OAL and Toon City ceased operations in April 2013.

^(d) On July 17, 2023, PHN acquired shares in the following companies: 36.71% ownership interest of PPHC; 63.47% ownership interest of APHI; 63.77% ownership interest of PHI; 51.00% ownership interest of PHINMA Microtel and 8.03% ownership interest of PEHI

The Parent Company and its subsidiaries (collectively referred to as “the Company”) were all incorporated in the Philippines, except for OAL which was incorporated in Hong Kong. The Company’s ultimate parent company is Philippine Investment-Management (PHINMA), Inc., which is also incorporated in the Philippines.

The information on the segments of the Company is presented in Note 34 to the consolidated financial statements.

The registered office address of the Parent Company is 12th Floor, PHINMA Plaza, 39 Plaza Drive, Rockwell Center, and Makati City.

The accompanying unaudited interim condensed consolidated financial statements were authorized for issue by the Board of Directors (BOD), as approved and recommended for approval by the Audit Committee on May 15, 2024.

2. Basis of Preparation and Consolidation and Statement of Compliance

The consolidated financial statements of the Company have been prepared on a historical cost basis, except for investments held for trading, investments in financial assets at fair value through profit or loss (FVPL), financial assets at fair value through other comprehensive income (FVOCI) and derivative financial instruments that are measured at fair value. The consolidated financial statements are presented in Philippine peso (₱) which is the Parent Company’s functional and presentation currency. All values are rounded to the nearest thousand peso, except when otherwise indicated.

Statement of Compliance

The consolidated financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs). PFRSs include Philippine Financial Reporting Standards, Philippine Accounting Standards and Interpretations issued by the Philippine Interpretations Committee (PIC).

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Parent Company and its controlled subsidiaries. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through power over the investee.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction and is shown as part of “Equity reserves” under the consolidated statement of changes in equity.

3. Changes in Accounting Policies and Disclosures

Current Changes in Accounting Policies and Disclosures

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Company’s annual consolidated financial statements for the year ended December 31, 2023, except for the adoption of

new standards effective as of January 1, 2024. The Group has not early adopted any standard, interpretation, or amendment that has been issued but is not yet effective.

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

▪ Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*

The amendments clarify:

- That only covenants with which an entity must comply on or before reporting date will affect a liability's classification as current or non-current.
- That classification is unaffected by the likelihood that an entity will exercise its deferral right.
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

▪ Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*

▪ Amendments to PAS 7 and PFRS 7, *Disclosures: Supplier Finance Arrangements*

▪ Adoption of the Deferred Provisions of PIC Q&A 2018-12, *PFRS 15 Implementation Issues Affecting the Real Estate Industry* (as amended by PIC Q&A 2020-04)

On February 14, 2018, the PIC issued PIC Q&A 2018-12 which provides guidance on some PFRS 15 implementation issues affecting the real estate industry. On October 25, 2018 and February 8, 2019, the Philippine SEC issued SEC MC No. 14-2018 and SEC MC No. 3-2019 respectively, providing relief to the real estate industry by deferring the application of the following provisions of this PIC Q&A for a period of three (3) years until December 31, 2020. On December 15, 2020, the Philippine SEC issued SEC MC No. 34-2020 which further extended the deferral of certain provisions of this PIC Q&A until December 31, 2023.

The PIC Q&A provisions covered by the Philippine SEC deferral that the Company availed in 2021 follows:

	Deferral Period
Assessing if the transaction price includes a significant financing component as discussed in PIC Q&A 2018-12-D (as amended by PIC Q&A 2020-04)	Until December 31, 2023

On July 8, 2021, to assist real estate companies to finally adopt the above mentioned PIC Q&A and IFRIC pronouncements and enable them to fully comply with PFRS 15 and revert to full PFRS, the SEC issued SEC MC No. 8-2021 amending the transition provision of the above PIC Q&A, which would provide real estate companies the accounting policy option of applying either the full retrospective approach or modified retrospective approach when they apply the provisions of the above PIC Q&A and IFRIC pronouncements.

As of March 31, 2024, the Group adopted the guidelines in determining the significant financing

component of the contract and followed the allowed modified retrospective approach allowing it to adjust the beginning balance of Retained earnings in 2024. The adjustment in the 2024 beginning balance of Retained earnings is a decrease of ₱189.6 million.

In the first three months of 2024, the Group assessed that the overall impact of the adoption of the requirement of PIC Q&A No. 2018-12 pertaining to significant financing component is amounting to ₱21.4 million.

Future Changes in Accounting Policies and Disclosures

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Company does not expect that the future adoption of the said pronouncements will have a significant impact on its consolidated financial statements. The Company intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2025

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*

The amendments clarify:

- That only covenants with which an entity must comply on or before reporting date will affect a liability's classification as current or non-current.
- That classification is unaffected by the likelihood that an entity will exercise its deferral right.
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*
- Amendments to PAS 7 and PFRS 7, *Disclosures: Supplier Finance Arrangements*

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*

The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

On January 13, 2016, the Financial and Sustainability Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the IASB completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

4. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported in the interim condensed consolidated financial statements and accompanying notes. Changes in these estimates and assumptions could result in outcomes that may require material adjustments to the carrying amounts of the affected assets or liabilities in the future.

The impact of COVID-19 has been considered in the significant judgments, estimates and assumptions in the Company's audited consolidated financial statements as at December 31, 2023. Thus, there were no significant changes in accounting judgments, estimates, and assumptions that affect the amounts reported in the interim condensed consolidated financial statements and accompanying notes.

5. Business Combination

Acquisition of PHINMA Property Holdings Corporation, ABCIC Property Holdings, Inc. PHINMA Hospitality and PHINMA Microtel Hotels, Inc. On July 17, 2023, the Parent Company and PHINMA, Inc., executed a Deed of Sale for the purchase of investments of PHINMA, Inc. in the following Companies:

Company	Description	PHINMA, Inc.'s Direct Ownership	Transaction Value (₱ in millions)
PPHC	Holding company of the Company's property development arm	36.71%	₱588.9
PHI	Management company of the Company's Microtel and TRYP hotels; part-owner in 7 hotels	63.77%	251.2
PHINMA Microtel	Master franchisor of Microtel and TRYP hotels in the Philippines	51.00%	21.2
APHI	Owner of real estate properties	63.47%	409.4
Total			₱1,270.7

The net cash outflow related to the acquisition is as follows:

Cash payments relating to acquisition	₱1,270,699
Less cash of acquired subsidiaries	287,337
Net cash outflow	₱983,362

The Parent Company and all the entities above are subsidiaries of PHINMA, Inc. before and after the business combination. Thus, the acquisition was accounted for as business combination under common control for which pooling of interests method was applied in the preparation of the consolidated financial statements. The assets, liabilities and equity of the acquired businesses are included in the consolidated financial statements at their carrying amounts. Financial information for periods prior to the date of business combination was not restated.

Under the pooling of interests method:

- The assets and liabilities of the combining entities are reflected at their carrying amounts;

- No adjustments are made to reflect fair values, or recognize any new assets or liabilities at the date of combination. The only adjustments would be to harmonize accounting policies between the combining entities;
- No “new” goodwill is recognized as a result of the business combination;
- Any difference between the consideration transferred and the net assets acquired is reflected within equity;
- The consolidated statement of income in the year of acquisition reflects the results of the combining entities starting when the combination took place.

The combination resulted to equity adjustment from common control business combination, included under “Equity reserves” account, amounting to ₱636.4 million. It also resulted to increase in “Non-controlling interests” account amounting to ₱573.9 million and decrease in “Retained earnings” account amounting to ₱10.6 million.

6. Transactions with Non-controlling Interests and Others Changes in Ownership

Acquisition of Ownership Interest of NCI in PEHI

On July 17, 2023, the Parent Company acquired the shares in PEHI held by PHINMA, Inc. for a total cost of ₱1,064.8 million, which increased its ownership interest to 75.21%. The transaction resulted to the decrease in “Non-controlling interests” and “Equity reserves” accounts by ₱542.4 million and ₱522.3 million, respectively.

Dilution and Acquisition of Ownership Interest of NCI in AU

On September 1, 2023, PEHI acquired 32,361 shares in AU for a total cost of ₱3.79 million, which increased its ownership interest to 97.76%. The transaction resulted to the decrease in “Equity reserves” and “Non-controlling interests” accounts by ₱3.1 million and ₱0.7 million, respectively.

7. Cash and Cash Equivalents

This account consists of:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)	March 31, 2023 (Unaudited)
Cash on hand and in banks	₱2,309,921	₱2,115,094	₱2,168,270
Short-term deposits	1,170,852	790,819	1,730,068
	₱3,480,773	₱2,905,913	₱3,898,338

Cash in banks earn interest at the prevailing bank deposit rates. Short-term deposits are made for varying periods of up to three months depending on the immediate cash requirements of the Company and earn interest at the respective short-term deposit rates.

8. Investments Held for Trading

This account consists of investments in:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Unit Investment Trust Funds (UITFs)	₱412,370	₱371,412
Marketable equity securities	3,710	3,684
	₱416,080	₱375,096

9. Trade and Other Receivables

This account consists of:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Receivables from customers (Note 25)	₱5,485,161	₱6,058,404
Advances to suppliers and contractors	2,301,803	2,198,352
Advances to other third parties	570,683	540,518
Accrued interest receivables	415,146	440,276
Loans receivables	372,847	379,486
Due from related parties (see Note 33)	150,315	150,870
Rent receivable	116,823	112,662
Advances to officers and employees	59,375	61,793
Others	579,767	427,844
	10,051,920	10,370,205
Less allowance for expected credit losses (ECLs)	1,485,690	1,524,697
	8,566,230	8,845,508
Less: Noncurrent portion	330,684	331,719
	₱8,235,546	₱8,513,789

Movements in the allowance for ECLs are as follows:

	March 31, 2023 (Unaudited)	December 31, 2023 (Audited)
Beginning balance	₱1,524,697	₱1,377,419
Provisions (see Notes 22 and 23)	5,703	88,101
Reversal	(34,326)	-
Reclassification	(10,384)	-
Write-off	-	(22,747)
Acquisition through business combination	-	81,924
	₱1,485,690	₱1,524,697

The changes in the gross carrying amount of receivables during the period and impact of COVID-19 pandemic did not materially affect the allowance for ECLs.

10. Inventories

This account consists of:

	March 31, 2023 (Unaudited)	December 31, 2023 (Audited)
At cost:		
Finished goods	P1,650,363	P1,884,342
Land and development cost	1,291,965	1,218,512
Condominium and housing units for	168,015	179,625
Raw materials	405,211	248,514
Other inventories	151,152	133,168
At net realizable value:		
Spare parts and others	113,656	91,294
Other inventories	19,217	9,547
	P3,799,579	P3,765,002

11. Investment in and advances to Associates and Joint Ventures

The Company's associates and joint ventures consist of the following:

	Percentage of Ownership			
	2024		2023	
	Direct	Effective	Direct	Effective
Investment in associates:				
Diniwid Beach Hotel Corp. (DBHC) ^(a)	–	36.46	–	36.46
First Batangas Hotel Corp (FBHC) ^(a)	–	35.83	–	35.83
Nemo Beach Hotel Corp. (NBHC) ^(a)	–	16.93	–	16.93
First Commonwealth Hotel Corp.(FCHC) ^(a)	–	16.93	–	16.93
South Forbes Silangan Hotel Corp. (SFSHC) ^(a)	–	25.39	–	25.39
Inphin8 Space, Inc. (InPHIN8) ^(b)	–	34.56	–	34.56
Interests in joint ventures:				
PHINMA Saytanar Education Company Limited (PHINMA Saytanar) ^(c)	–	37.61	–	37.61
PT Ind Phil Managemen (IPM) ^(c)	–	51.69	–	51.69

(a) Indirect ownership through PHI. Indirect ownership through API.

(b) Indirect ownership through PPHC

(c) Indirect ownership through PEHI.

Investment in Associates

The detailed carrying values of investments in associates (accounted for under the equity method) are as follows:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
DBHC	P35,629	P35,178
FBHC	23,082	21,952
NBHC	9,789	10,147
FCHC	8,391	8,774
SFSHC	29,689	29,314
InPHIN8	2,661	2,454
	P109,241	P107,819

The movements and details of the investments in and advances to associates are as follows:

	2024	2023
Acquisition costs		
Balances at beginning of year	₱149,471	₱1,535,212
Reclassification from advances to associate	–	328,110
Acquisitions through business combination	–	149,471
Reclassification to subsidiaries	–	(1,863,322)
Balances at end of year	149,471	149,471
Accumulated equity in net losses		
Balances at beginning of year	(41,652)	(825,859)
Equity in net earnings (loss)	1,422	(76,568)
Acquisition through business combination	–	(41,231)
Reclassification to subsidiaries	–	902,006
Balances at end of year	(40,230)	(41,652)
Share in other comprehensive income of associates		
Balances at beginning of year	–	25,764
Acquisition through business combination	–	(9,608)
Share in other comprehensive loss	–	(201)
Reclassification to subsidiaries	–	(15,955)
Balances at end of year	–	–
	₱109,241	₱107,819

Interests in Joint Ventures

The detailed carrying values of interests in joint ventures (accounted for under the equity method) are as follows:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
IPM	₱512,041	₱509,406
PHINMA Saytanar	–	–
	₱512,041	₱509,406

The movements and details of the investments in joint ventures are as follows:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Acquisition costs:		
Balance at beginning and end of period	₱509,793	₱344,769
Additions	–	165,024
Balance at end of period	509,793	509,793
Accumulated equity in net earnings (losses):		
Balance at beginning of period	(387)	4,641
Equity in net earnings	2,636	(5,028)
Balance at end of period	2,249	(387)
	₱512,042	₱509,406

12. Financial Assets at FVPL

This account consists of:

	March 31, 2024	December 31, 2023
	(Unaudited)	(Audited)
Investment in preferred shares	₱1,946,347	₱1,916,238

On September 18, 2019, the Parent Company executed a Term Sheet with Song Lam Cement Joint Stock Company (Song Lam), Vissai Ninh Binh Joint Stock Company (Vissai) and Hoang Manh Truong (Sponsor) for the investment of US\$50.0 million via preferred shares in Song Lam. Song Lam Joint Stock Company manufactures, markets, distributes and exports clinker, cement and cement products and is a supplier of Philcement, a 60%-owned subsidiary of PHN. Vissai is the parent company of Song Lam which owns and manages five cement plants in Vietnam.

In January 2020, the Parent Company, Song Lam, Vissai and Hoang Minh Truong entered into share subscription agreement related to the Parent Company's subscription of the new preferred shares of Song Lam. An advance payment of 10% equivalent to US\$5.0 million was made on November 26, 2019 and the 90% balance or US\$45.0 million was paid on May 18, 2021. The total US\$50.0 million investment has an equivalent peso amount of ₱2.39 billion on May 18, 2021.

The preferred shares are entitled to receive an annual fixed cumulative dividends of 7.5%, independent of Song Lam's business outcome and regardless of operating business results of Song Lam and the existence of retained earnings. The preferred shares shall be convertible to common shares after two (2) years from issuance thereof. The Parent Company may convert the preferred shares between the last day of the second (2nd) year after issuance thereof until the end of the seventh (7th) year following said issuance.

The Parent Company has the option to sell the preferred shares or converted shares to Vissai, the Sponsor or Song Lam at a price equivalent to seventy-five million US Dollars (US\$75,000,000.00), less the amount of preferred dividends received by the Parent Company. The put option may be exercised by the Parent Company after five (5) years from closing and until the end of the seventh (7th) year from said closing.

13. Financial Assets at FVOCI

This account consists of:

	March 31, 2024	December 31, 2023
	(Unaudited)	(Audited)
Investment in club shares	₱72,750	₱70,550
Non-listed equity securities	93,073	92,558
	₱165,823	₱163,108

Investment in equity investments pertain to shares of stock and club shares which are not held for trading. The Company has irrevocably designated the equity instruments at FVOCI, as the Company considers these investments to be strategic in nature.

14. Property, Plant and Equipment

This account consists of:

	January 1, 2024	Acquisition through business Combination	Additions	Disposals	Reclassifications	March 31, 2023 (Unaudited)
Cost						
Land	₱4,188,583	₱-	₱15,527	₱-	₱-	₱4,204,110
Plant site improvements	4,296,922	-	-	-	-	4,296,922
Buildings and improvements	6,588,237	-	225,722	-	278,218	7,042,720
Machinery and equipment	3,037,574	-	59,294	-	-	2,965,355
Transportation and other equipment	1,020,256	-	37,487	(1,827)	-	1,187,429
Linens, curtains and draperies	31,790	-	2,437	-	-	-
	19,163,362	-	340,467	(1,827)	-	19,730,763
Less Accumulated Depreciation						
Plant site improvements	520,135	-	44,418	-	-	564,553
Buildings and improvements	2,219,309	-	79,152	-	-	2,249,004
Machinery and equipment	2,206,471	-	55,931	-	-	2,154,134
Transportation and other equipment	719,758	-	16,323	(2,008)	-	842,341
Linens, curtains and draperies	27,194	-	527	-	-	27,721
	5,692,867	-	196,351	(2,008)	-	5,837,753
	13,470,495	-	144,116	181	-	13,893,010
Construction in progress (see Note 13)	1,009,495	-	228,046	-	(278,218)	959,323
Net Book Value	₱14,479,990	₱-	₱372,162	₱181	₱-	₱14,852,333

	January 1, 2023	Acquisition through business combination	Additions	Disposals	Reclassifications	December 31, 2023
Cost						
Land	₱3,271,394	₱62,699	₱854,490	₱-	₱-	₱4,188,583
Plant site improvements	3,472,872	-	-	-	824,050	4,296,922
Buildings and improvements	4,549,537	806,453	1,192,769	-	39,478	6,588,237
Machinery and equipment	2,495,712	180,898	312,643	(1,035)	49,356	3,037,574
Transportation and other equipment	602,384	328,534	104,031	(14,693)	-	1,020,256
Linens, curtains and draperies	-	28,609	3,181	-	-	31,790
	14,391,899	1,407,193	2,467,114	(15,728)	912,884	19,163,362
Less Accumulated Depreciation						
Plant site improvements	375,831	-	144,304	-	-	520,135
Buildings and improvements	1,592,772	411,459	215,078	-	-	2,219,309
Machinery and equipment	1,842,164	139,284	226,058	(1,035)	-	2,206,471
Transportation and other equipment	404,896	274,743	46,417	(6,298)	-	719,758
Linens, curtains and draperies	-	26,404	790	-	-	27,194
	4,215,663	851,890	632,647	(7,333)	-	5,692,867
	10,176,236	555,303	1,834,467	(8,395)	912,884	13,470,495
Construction in progress	1,406,151	95	588,721	-	(985,472)	1,009,495
Net Book Value	₱11,582,387	₱555,398	₱2,423,188	(₱8,395)	(₱72,588)	₱14,479,990

Outstanding construction in progress pertains to construction costs for various buildings and hospital renovations which are expected to be completed in 2024.

Interest capitalized as part of "Construction in progress" account amounted to nil million and ₱106.6 million at a capitalization rate ranging from 5.575% to 8.45% in March 31, 2024 and December 31, 2023, respectively.

Certain property and equipment of AU, COC, UI, UPANG, PCC, UGC, Coral Way and Krypton Esplanade Hotel Corporation (KEHC) with aggregate amount of ₱6,513.3 million and ₱5,053.3 million as at March 31, 2024 and December 31, 2023, respectively, are used as collateral for their respective long-term debts obtained from local banks

15. Investment Properties

This account consists of:

	January 1, 2024	Additions	Disposal	March 31, 2024 (Unaudited)
Cost:				
Land	₱624,740	₱–	₱–	₱624,740
Buildings for lease	391,858	1,599	–	393,457
	1,016,598	–	–	1,018,197
Less accumulated depreciation -				
Buildings for lease	91,127	2,717	–	93,844
	₱925,471	(₱1,118)	₱–	₱924,353

	January 1, 2023	Acquisition through business combination	Additions	Disposals	December 31, 2023 (Audited)
Cost:					
Land	₱614,504	₱19,200	₱3,200	(₱12,164)	₱624,740
Buildings for lease	85,625	68,240	237,993	–	391,858
	700,129	87,440	241,193	(12,164)	1,016,598
Less accumulated depreciation -					
Buildings for lease	72,838	11,679	6,610	–	91,127
	₱627,291	₱75,761	₱234,583	(₱12,164)	₱925,471

As at March 31, 2024 and December 31, 2023, the fair values of the investment properties amounted to ₱4,042.1 million, respectively, based on valuations performed by accredited independent appraisers on various dates from 2019 to 2023. The description of the valuation techniques used and key inputs to fair valuation are as follows:

	Valuation Technique	Significant Unobservable Inputs	Range
Land	Market comparable assets	Price per square metre	₱250–₱100,000
Buildings for lease	Market comparable assets	Price per square metre	₱165,000–₱255,000

The fair value disclosure is categorized under Level 3, except for the investment property of COC which is categorized under Level 2.

PSHC's land amounting to ₱220.0 million as at March 31, 2024 and as at December 31, 2023, respectively, is used as a security for its long-term debt (see Note 19). Other than this, the Company has no restrictions on the realizability of its investment properties and no contractual obligations to either purchase, construct or develop investment properties.

The COVID-19 pandemic did not materially affect the recoverability of investment properties.

16. Intangible Assets

Following are the details and movements in this account:

	Student List	Software Costs	Trademark with Indefinite Useful Life	Goodwill	Total
Cost					
At January 1, 2023	P165,638	P85,650	P-	P2,221,068	P2,472,356
Acquisition through business combination	-	25,130	15,335	4,122	4,122
Additions	-	32,391	-	-	-
Reclassification (Note 16)	-	72,588	-	-	-
At December 31, 2023 (Audited)	P165,638	P215,760	P15,335	P2,225,190	P2,621,923
Reclassifications (see Note 11)	-	-	-	-	-
Additions	-	1,897	-	-	1,897
At March 31, 2024 (Unaudited)	P165,638	P217,656	P15,335	P2,225,190	P2,623,819
Amortization and Impairment					
At January 1, 2023	P165,638	P49,861	P-	P403,132	P618,631
Acquisition through business combination	-	15,275	6,541	-	21,816
Amortization (see Note 31)	-	28,816	1,179	-	29,995
At December 31, 2023 (Audited)	P165,638	P93,952	P7,720	P403,132	P670,442
Amortization	-	8,704	158	-	8,862
At March 31, 2024 (Unaudited)	P165,638	P102,656	P7,878	P403,132	P679,304
Net Book Value					
At March 31, 2024 (Unaudited)	P-	P115,001	P7,458	P1,822,058	P1,944,517
At December 31, 2023 (Audited)	-	121,806	7,616	1,822,058	1,951,480

17. Other Noncurrent Assets

This account consists of:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Advances to suppliers and contractors	P370,275	P395,376
Deposit in escrow – bonds	105,296	105,296
Refundable and other deposits (see Note 36)	26,882	21,138
Creditable withholding taxes	7,812	7,812
Indemnification assets (see Note 6)	6,412	6,412
Others	27,708	24,790
	P545,358	P560,824

18. Notes Payable

This account consists of notes payable of the Parent Company and subsidiaries:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
PCC	₱3,814,000	₱2,949,000
PPHC	4,264,989	3,494,468
UGC	1,252,991	1,152,796
PSEC	30,000	30,000
	₱9,366,730	₱7,626,264

The notes payable are unsecured short-term peso-denominated loans obtained from financial institutions with an annual interest rate ranging between 4.6% to 17.0% and 4.0% to 17.0% in 2024 and 2023, respectively.

19. Trade and Other Payables

This account consists of:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Trade	₱1,192,699	₱1,275,683
Accruals for:		
Professional fees and others	880,682	920,957
Commission	199,338	193,246
Personnel costs (Note 30)	128,419	148,148
Freight, hauling and handling	29,306	147,476
Interest (see Notes 23 and 32)	118,568	132,140
Processing cost	179,562	12,712
Dividends	313,647	254,258
Deposits from buyers	287,791	170,143
Retentions payable	168,452	152,373
Deposit liabilities	24,095	61,608
Liability from acquisition of land (see Note	12,943	12,943
Others	325,310	90,879
	₱3,860,811	₱3,572,566

20. Contract Liabilities

This account consists of:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Unearned revenues	₱378,042	₱1,487,609
Customers' deposits	67,573	321,814
	₱445,615	₱1,809,423

Unearned revenues pertain to portion of tuition fees received or due from students to which the Company still has an obligation to transfer services to the students within the next financial year. The amount of unearned revenues for a term shall be divided equally by the number of months covered by the term (five months each for the 1st and 2nd semesters and two months for summer). The resulting amount shall be recorded as the amount of tuition and school fees for the month, net of amortization of deferred scholarship and discounts. Customers' deposits pertains to cash advance received to which the Company has an obligation to deliver roofing and other steel products and installation services within the next financial year.

21. Long-term Debt

This account consists of the Parent Company's fixed rate bonds and the Company's long-term loans.

PHN Fixed Rate Bonds due 2024

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Principal	₱3,000,000	₱3,000,000
Less: debt issuance cost	(6,637)	10,802
	2,993,363	2,989,198
Less current portion - net of debt issuance cost	(2,993,363)	(2,989,198)
	₱-	₱-

On May 6, 2021, the Parent Company filed with the SEC a Registration Statement for the proposed offering of three-year fixed rate bonds due 2024 with an aggregate principal amount of up to two Billion Pesos (₱2,000,000,000.00), with an oversubscription option of up to One Billion Pesos (₱1,000,000,000.00) at an offer price of 100% of face value. This bond offering was authorized by resolutions of the BOD of the Parent Company on March 2, 2021 and the Executive Committee of the Parent Company on April 30, 2021. The Certificate of Permit to offer securities for sale was issued by SEC on August 10, 2021. The interest rate was set at 3.5335% and the offer period commenced at 9:00 a.m. on August 10, 2021 and ended at 5:00 p.m. on August 16, 2021. The Parent Company appointed: China Bank Capital Corporation and SB Capital Investment Corporation as Joint Issue Managers and Joint Lead Underwriters; Rizal Commercial Banking Corporation –Trust and Investments Group as the Trustee; and Philippine Depository & Trust Corp. as the Registrar and Paying Agent.

The bonds were listed in the Philippine Dealing & Exchange Corp. on August 20, 2021.

The balance of unamortized debt issuance cost follows:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Beginning of year	₱10,802	₱27,223
Additions	-	-
Amortization	(4,165)	(16,421)
	₱6,637	₱10,802

Long- Term Loans

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
PHN	₱2,925,000	₱2,930,000
PEHI	1,941,680	1,957,160
PCC	1,807,000	1,857,000
UGC	900,000	912,500
UPANG	595,025	597,875
SWU	581,000	581,000
PPHC	491,563	491,875
AU	388,263	394,907
UI	377,500	380,000
COC	319,375	320,938
SJC	320,000	270,000
Coral Way	214,000	214,000
Phinma Solar	192,092	201,831
PSHC	103,998	112,000
	11,156,496	11,221,086
Less debt issuance cost	64,116	71,218
	11,092,380	11,149,868
Less current portion - net of debt issuance cost	788,580	810,143
	₱10,303,800	₱10,339,725

The debt agreements presented in the succeeding pages include, among others, certain restrictions and requirements. The loan agreements with Security Bank Corporation (SBC), Rizal Commercial Banking Corporation (RCBC) and China Banking Corporation (CBC) stipulate, among others, positive and negative covenants which must be complied with by PHN, UGC, PCC, PEHI, AU, COC, UPANG, UI, SWU, PPHC and Coral Way for as long as the loans remain outstanding. Negative covenants include certain restrictions and requirements, such as maintenance of certain current, debt-to-equity and debt service coverage ratios.

As at March 31, 2024 and December 31, 2023, the Company is in compliance with the required financial ratios and other loan covenants, respectively.

Certain assets amounting ₱6,513.6 million and ₱5,053.3 million as at March 31, 2024 and December 31, 2023, respectively, are mortgaged as collaterals for the respective long-term debts as follows (see Notes 16 and 17):

<u>Entity</u>	<u>Collateral</u>
AU	Land and land improvements in the main campus
COC	Land in the main campus
UPANG	Land and land improvements
UI	Land and land improvements

Philcement	Assignment of leasehold rights on the land where the cement terminal is constructed, registration of real estate or chattel mortgage on cement terminal building, equipment and other assets, and assignment of port ownership, right to land lease and rights to foreshore lease
UGC	Land, plant site improvements, buildings and installations and machinery and equipment
PSHC	Land
PPHC	Real estate ICR under receivable purchase agreements
Coral Way	Real estate mortgage on a hotel building
KEHC	Assignment of the lease rights over the land where the hotel is constructed and real estate mortgage over the hotel building and its permanent improvements

PEHI's loan agreement with CBC is covered by a negative pledge on the shares of stocks held by PEHI with AU, COC, UPANG, UI and SWU.

The balance of unamortized debt issuance cost follows:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Beginning of year	₱71,218	₱56,575
Additions	-	30,675
Acquisition through business combination	-	1,587
Amortization	(7,103)	(17,619)
End of year	₱64,115	₱71,218

The details of long-term debts are summarized below:

Debtor	Loan Amount	Date of Loan Agreement	Lender	Terms			Dates Drawn	Amount Drawn	Outstanding Amounts ⁽¹⁰⁾	
				Installments	Final Installment	Interest Rate			March 31, 2024	December 31, 2023
PEHI	₱1,500,000 ⁽¹⁾	December 7, 2015	RCBC	28 equal quarterly payments of ₱3.8 million with the remaining balance to be paid on maturity date. First principal payment commenced on March 7, 2019.	December 7, 2025	First five years is based on the three-day average of five-year Philippine Dealing System Treasury Reference Rate (PDST-R2) plus a 1.35% spread or 5.00%, whichever is higher, and to be repriced at the end of the fifth year for the remaining five years at an interest rate based on the interest rate then current or the applicable five-year benchmark rate plus 1.35% spread or 5.00%, whichever is higher.	December 7, 2015	₱500,000	₱416,942	₱420,692
PEHI		December 7, 2015	RCBC	28 equal quarterly payments of ₱6.8 million with the remaining balance to be paid on maturity date. First principal payment commenced on March 7, 2019.	December 7, 2025	First seven years is based on the three-day average of seven-year PDST-R2 plus a 1.40% spread or 5.00%, whichever is higher, and to be repriced at the end of the seventh year for the remaining three years at an interest rate based on the interest rate then current or the applicable three-year benchmark rate plus 1.40% spread or 5.00%, whichever is higher.	December 7, 2015	900,000	745,837	751,087
PEHI	1,000,000 ⁽¹⁾	December 1, 2015	CBC	28 equal quarterly payments of ₱3.8 million with the remaining balance to be paid on maturity date. First principal payment commenced on March 8, 2019.	December 8, 2025	First five years is based on the three-day average of five-year PDST-R2 plus a 1.35% spread or 5.00%, whichever is higher, and to be repriced at the end of the fifth year for the remaining five years at an interest rate based on the interest rate then current or the applicable five-year benchmark rate plus 1.35% spread or 5.00%, whichever is higher.	December 8, 2015	500,000	421,774	425,524
PEHI	364,000 ⁽²⁾	December 27, 2021	RCBC	16 equal quarterly payments of ₱2.73 million with the remaining balance to be paid on maturity date. First principal payment will commence on March 27, 2022.	December 7, 2025	Nominal interest rate of 4.85%	December 27, 2021	364,000	340,464	340,780

(Forward)

Debtor	Loan Amount	Date of Loan Agreement	Lender	Terms			Dates Drawn	Amount Drawn	Outstanding Amounts ⁽¹⁰⁾	
				Installments	Final Installment	Interest Rate			March 31, 2024	December 31, 2023
COC	₱100,000 ⁽²⁾	March 27, 2013	CBC	40 equal quarterly payments of ₱1.3 million. First principal payment commenced on June 27, 2013.	March 27, 2023	Nominal interest rate of 5.81% from March 27, 2013 to March 27, 2018, 6.05% from March 27, 2018 to March 27, 2020 and 6.30% from March 27, 2020 to March 27, 2023 with the EIR of 6.12% over 365 days.	March 27, 2013	₱50,000	₱–	₱–
COC		July 18, 2013	CBC	39 equal quarterly payments of ₱1.3 million. First principal payment commenced on June 27, 2013.	March 27, 2023	Nominal interest rate of 5.81% from July 18, 2013 to June 27, 2018, 6.05% from June 27, 2018 to June 27, 2020 and 7.38% from June 27, 2020 to March 27, 2023 with the EIR of 6.07% over 365 days.	July 18, 2013	50,000	–	–
COC	125,000 ⁽³⁾	June 24, 2018	CBC	28 unequal quarterly payments as follows: 8 quarterly installments of ₱0.3 million from October 9, 2021 to July 9, 2023; 8 quarterly installments of ₱1.6 million from October 9, 2023 to July 9, 2025; 8 quarterly installment of ₱3.1 million from October 9, 2025 to July 9, 2027 and 4 quarterly installments of ₱21.3 million from October 9, 2027 to July 9, 2028. First principal payment will commence on July 9, 2021.	July 9, 2028	Fixed rate of 6.25% p.a. for the first five years; for remaining five years, higher of applicable five-year PDST-R2 plus a spread of up to 100 bps or 6.25% p.a.	July 9, 2018	125,000	119,440	120,920
COC	25,000 ⁽⁴⁾	April 13, 2018	Private funder	One-time payment at maturity date of April 13, 2023.	April 13, 2023	Interest rate at 6.25% per annum payable until fully paid.	April 13, 2018	25,000	–	–
COC	200,000 ⁽²⁷⁾	February 1, 2023	CBC	Quarterly principal payments as follows: ₱1.69 million from May 10, 2025 to November 10, 2032 and; ₱97.5 million upon maturity on February 10, 2033	February 10, 2033	Interest payable quarterly in arrears at 7.3170% per annum fixed up to February 10, 2028, and 7.6258% per annum thereafter up to February 10, 2030. On the day after the seventh (7th) anniversary from the initial drawdown date until the maturity date, the interest rate per annum shall be reset on the interest rate resetting date to the higher of: (a) benchmark rate plus interest spread, divided by the interest premium factor; or (b) existing interest rate.	February 10, 2023	150,000	149,113	149,113

(Forward)

Debtor	Loan Amount	Date of Loan Agreement	Lender	Terms			Dates Drawn	Amount Drawn	Outstanding Amounts ⁽¹⁰⁾	
				Installments	Final Installment	Interest Rate			March 31, 2024	December 31, 2023
COC		February 1, 2023	CBC	Quarterly principal payments as follows: ₱0.565 million from May 10, 2025 to November 10, 2032 and; ₱32.5 million upon maturity on February 10, 2033	February 10, 2033	Interest payable quarterly in arrears at 7.2824% per annum fixed up to February 10, 2028, and 7.5897% per annum thereafter up to February 10, 2030. On the day after the seventh (7th) anniversary from the initial drawdown date until the maturity date, the interest rate per annum shall be reset on the interest rate resetting date to the higher of: (a) benchmark rate plus interest spread, divided by the interest premium factor; or (b) existing interest rate.	March 17, 2023	₱50,000	₱49,697	₱49,697
UI	200,000 ⁽⁵⁾	December 12, 2017	CBC	Quarterly principal payments as follows: ₱1.0 million per quarter for the 3 rd and 4 th year from initial drawdown; ₱1.5 million per quarter for the 5 th and 6 th year; ₱2.5 million per quarter for the 7 th until 9 th year and ₱37.5 million per quarter for the 10 th year.	December 20, 2027	The borrower has the option, which shall be made known to the bank on the initial drawdown date: i. Fixed for the first seven years. Applicable seven-year PDST-R2 a spread up to 1.25%, for the remaining three years, the applicable three-year PDST-R2 plus a spread up to 1.25%; or, ii. Fixed for ten years, applicable PDST-R2 plus a spread up to 1.35%.	December 20, 2017	100,000	88,039	89,289
UI	200,000 ⁽⁵⁾	December 12, 2017	CBC	Principal payments will be the same with the first drawdown. As per agreement both the first and second drawdown will be repaid at the same dates and terms.	December 20, 2027	Fixed for the first seven years. Applicable seven- year PDST-R2 a spread up to 1.25%, and for the remaining three years, the applicable three-year PDST-R2 plus a spread up to 1.25%.	April 24, 2018	100,000	88,403	89,653
UI	200,000 ⁽⁵⁾	October 14, 2022	RCBC	Quarterly principal payments as follows: ₱1.5 million per quarter from the beginning of the 3rd year drawn	December 18, 2032	For the first seven years, from the initial drawn date to the end of the 7th year. Interest shall be based on the sum of the applicable 7-year benchmark and margin. For the next 3 years: from the beginning of the 8th year to final maturity date - sum of the applicable 3-year benchmark and the margin.	October 18, 2022	200,000	198,957	198,957

(Forward)

Debtor	Loan Amount	Date of Loan Agreement	Lender	Terms			Dates Drawn	Amount Drawn	Outstanding Amounts ⁽¹⁰⁾	
				Installments	Final Installment	Interest Rate			March 31, 2024	December 31, 2023
AU	₱57,000 ⁽⁶⁾	November 29, 2019	CBC	20 equal quarterly payments of ₱3.0 million with the remaining balance to be paid on maturity date. First principal payment commenced on February 29, 2020.	November 29, 2024	Fixed rate for the first five years based on five-year Benchmark rate of the term plus interest spread or a floor rate of 5.25% plus applicable GRT.	November 29, 2019	₱53,700	₱8,015	₱10,700
AU	100,000 ⁽⁶⁾	November 29, 2019	CBC	27 equal quarterly payments of ₱1.5 million starting from November 29, 2022 to May 5, 2029 with the remaining balance of ₱60.3 million to be paid on maturity date. First principal payment will commence on February 28, 2023.	November 29, 2029	Fixed rate for the first five years based on the five-year Benchmark rate of the term plus interest spread or a floor rate of 5.25% plus applicable GRT. Interest rate is subject for repricing for the remaining five years based on: i. Initial interest rate; or ii. Then prevailing five-year Benchmark rate plus interest spread, whichever is higher.	November 29, 2019	100,000	92,265	93,723
AU	100,000 ⁽⁶⁾	November 29, 2019	CBC	28 unequal quarterly payments as follows: 8 quarterly installments of ₱2.5 million from February 28, 2023 to November 29, 2024; 16 quarterly installments of ₱3.8 million from February 28, 2025 to November 29, 2028 and four quarterly installment of ₱5.0 million from February 28, 2029 to November 29, 2029. First principal payment will commence on February 28, 2023.	November 29, 2029	Fixed rate for the first five years based on the five-year Benchmark rate of the term plus interest spread or a floor rate of 5.25% plus applicable GRT. Interest rate is subject for repricing for the remaining five years based on: i. Initial interest rate or ii. Then prevailing five-year Benchmark rate plus interest spread, whichever is higher.	November 29, 2019	100,000	87,326	89,606

(Forward)

Debtor	Loan Amount	Date of Loan Agreement	Lender	Terms			Dates Drawn	Amount Drawn	Outstanding Amounts ⁽¹⁰⁾	
				Installments	Final Installment	Interest Rate			March 31, 2024	December 31, 2023
AU	₱200,000 ⁽²⁷⁾	February 1, 2023	CBC	Quarterly principal payments as follows: ₱1.1 million from June 1, 2025 to December 1, 2032 and; ₱65.0 million upon maturity on March 1, 2033	March 1, 2033	Interest payable quarterly in arrears at 7.3900% per annum fixed up to March 1, 2028, and 7.7019% per annum thereafter up to March 1, 2030. On the day after the seventh (7th) anniversary from the initial drawdown date until the maturity date, the interest rate per annum shall be reset on the interest rate resetting date to the higher of: (a) benchmark rate plus interest spread, divided by the interest premium factor; or (b) existing interest rate.	March 1, 2023	₱100,000	₱98,794	₱98,794
AU		February 1, 2023	CBC	Quarterly principal payments as follows: ₱1.1 million from June 1, 2025 to December 1, 2032 and; ₱65.0 million upon maturity on March 1, 2033	March 1, 2033	Interest payable quarterly in arrears at 7.7601% per annum fixed up to March 1, 2028, and 8.8076% per annum thereafter up to March 1, 2030. On the day after the seventh (7th) anniversary from the initial drawdown date until the maturity date, the interest rate per annum shall be reset on the interest rate resetting date to the higher of: (a) benchmark rate plus interest spread, divided by the interest premium factor; or (b) existing interest rate.	July 11, 2023	100,000	100,000	100,000
UPANG	190,000 ⁽⁷⁾	March 27, 2018	CBC	32 unequal quarterly payments as follows: ₱1.9 million from June 27, 2020 to March 27, 2022; ₱2.9 million from June 27, 2022 to March 27, 2025; ₱4.8 million from June 27, 2025 to March 27, 2027; and ₱25.7 million from June 27, 2027 to March 27, 2028.	March 27, 2028	Interest shall be payable quarterly in arrears from February 27, 2018 to June 27, 2018 (92 days) shall be at 6.50% inclusive of GRT fixed for the first five years. Interest shall be based on five-year PDST-R2 (5.22% + 122 bps + 1% GRT. The interest rate for the remaining five years of the loan shall be the PDST-R2 plus a spread of up to 125 bps or 6.50% whichever is higher.	March 27, 2018	190,000	151,474	154,311

(Forward)

Debtor	Loan Amount	Date of Loan Agreement	Lender	Terms			Dates Drawn	Amount Drawn	Outstanding Amounts ⁽¹⁰⁾	
				Installments	Final Installment	Interest Rate			March 31, 2024	December 31, 2023
UPANG	₱200,000 ⁽²⁷⁾	February 1, 2023	CBC	Quarterly principal payments as follows: ₱1.1 million from May 27, 2025 to November 27, 2032 and; ₱65.0 million upon maturity on February 27, 2033	February 27, 2033	Interest payable quarterly in arrears at 7.3871% per annum fixed up to February 27, 2028, and 7.6988% per annum thereafter up to February 27, 2030. On the day after the seventh (7th) anniversary from the initial drawdown date until the maturity date, the interest rate per annum shall be reset on the interest rate resetting date to the higher of: (a) benchmark rate plus interest spread, divided by the interest premium factor; or (b) existing interest rate.	February 27, 2023	₱100,000	₱99,401	₱99,401
UPANG		February 1, 2023	CBC	Quarterly principal payments as follows: ₱0.57 million from May 27, 2025 to November 27, 2032 and; ₱32.5 million upon maturity on February 27, 2033	February 27, 2033	Interest payable quarterly in arrears at 7.4081% per annum fixed up to February 27, 2028, and 7.7207% per annum thereafter up to February 27, 2030. On the day after the seventh (7th) anniversary from the Initial Drawdown Date until the Maturity Date, the Interest Rate per annum shall be reset on the Interest Rate Resetting Date to the higher of: (a) Benchmark Rate plus Interest Spread, divided by the Interest Premium Factor; or (b) existing interest rate.	July 3, 2023	50,000	49,672	49,672
UPANG		February 1, 2023	CBC	31 quarterly installments of ₱0.564 million from May 27, 2025 to November 27, 2032, full payment of ₱32.5 million upon maturity	February 27, 2033	Interest payable quarterly in arrears @ 7.3775% p.a. fixed up to 2/27/2028, and 7.6888% p.a. thereafter up to February 27, 2030. On the day after the seventh (7th) anniversary from the Initial Drawdown Date until the Maturity Date, the Interest Rate per annum shall be reset on the Interest Rate Resetting Date to the higher of: (a) Benchmark Rate plus Interest Spread, divided by the Interest Premium Factor; or (b) existing interest rate.	December 13, 2023	50,000	49,632	49,632

(Forward)

Debtor	Loan Amount	Date of Loan Agreement	Lender	Terms			Dates Drawn	Amount Drawn	Outstanding Amounts ⁽¹⁰⁾	
				Installments	Final Installment	Interest Rate			March 31, 2024	December 31, 2023
UPANG Urdaneta	₱100,000 ⁽⁷⁾	September 29, 2015	RCBC	28 quarterly payments, to commence at the end of the 13th quarter from the initial drawdown date.	September 29, 2025	Interest shall be payable quarterly in arrears. i. Fixed rate for the first seven (7) years of the term based on three-day average of seven-year PDST-R2 + 1.42%, subject to repricing at the end of the seventh year; and ii. On the last three years of the term, the interest rate shall be based on the interest rate then current or the three-day average of three-year PDST-R2 + 1.42%, whichever is higher.	September 29, 2015	₱100,000	₱42,979	₱42,979
UPANG Urdaneta	300,000	April 25, 2023	RCBC	31 quarterly payments of ₱1.5 million with the remaining balance of ₱84.5 million to be paid on maturity date. First principal payment will commence on September 1, 2025.	June 1, 2033	Interest payable quarterly in arrears at 7.0200% per annum fixed up to June 1, 2028 and 7.3160% thereafter up to June 1, 2030. From the beginning of the 8th year to final maturity date, interest shall be applicable 3-year BVAL + 115bps.	June 1, 2023	130,000	129,157	129,157
				31 quarterly installments of ₱0.790 million from September 1, 2025 to March 1, 2033, full payment of ₱45.5 million upon maturity	June 1, 2033	Interest payable quarterly in arrears @ 7.652% p.a. fixed up to June 1, 2028 and 7.9750% thereafter up to June 1 2030. From the beginning of the 8th year to final maturity date, interest shall be applicable 3-year BVAL + 115bps..	September 8, 2023	70,000	69,538	69,538
SWU	400,000 ⁽⁸⁾	December 6, 2017	RCBC	28 quarterly payments of ₱1.0 million. First principal payment will commence on March 7, 2021.	December 7, 2027	Interest is payable quarterly in arrears, commencing at the end of the first quarter from the initial drawdown date. Interest shall be fixed at 6.66% from years one to five and at 6.94% onwards until maturity.	December 7, 2017; December 20, 2017; March 29, 2018	100,000 200,000 100,000	96,750 194,000 97,250	96,750 194,000 97,250

(Forward)

Debtor	Loan Amount	Date of Loan Agreement	Lender	Terms			Dates Drawn	Amount Drawn	Outstanding Amounts ⁽¹⁰⁾	
				Installments	Final Installment	Interest Rate			March 31, 2024	December 31, 2023
SWU	₱200,000 ⁽⁸⁾	April 18, 2018	CBC	28 equal quarterly payments of ₱0.5 million with the remaining balance to be paid on maturity date. First principal payment will commence on July 18, 2021.	April 18, 2028	Fixed for the first five years, applicable five-year PDST-R2 plus a spread of up to 125 bps. For the remaining five years, applicable five-year PDST-R2 plus a spread of up to 125 bps.	April 18, 2018	₱200,000	₱193,000	₱193,000
SJC	110,000 ⁽²⁸⁾	April 25, 2023	RCBC	31 quarterly payments of ₱1.2 million with the remaining balance of ₱71.5 million to be paid on maturity date. First principal payment will commence on August 3, 2025	May 3, 2033	Interest payable quarterly in arrears at 7.2320% per annum fixed up to May 3, 2028 and 7.5340% thereafter up to May 3, 2030. From the beginning of the 8th year to final maturity date, interest shall be applicable 3-year BVAL + 115bps.	May 3, 2023	110,000	109,302	109,302
SJC	70,000 ⁽²⁸⁾	April 25, 2023	RCBC	31 quarterly payments of ₱0.79 million with the remaining balance of ₱45.5 million to be paid on maturity date. First principal payment will commence on August 3, 2025	May 3, 2033	Interest payable quarterly in arrears at 7.0670% per annum fixed up to May 3, 2028 and 7.3650% thereafter up to May 3, 2030. From the beginning of the 8th year to final maturity date, interest shall be applicable 3-year BVAL + 115bps.	May 31, 2023	70,000	69,548	69,548
SJC	90,000 ⁽²⁸⁾	April 25, 2023	RCBC	31 quarterly payments of ₱1.0 million with the remaining balance of ₱58.5 million to be paid on maturity date. First principal payment will commence on August 3, 2025	May 3, 2023	Interest payable quarterly in arrears at 7.5080% per annum fixed up to May 3, 2028 and 7.824% thereafter up to May 3, 2030. From the beginning of the 8th year to final maturity date, interest shall be applicable 3-year BVAL + 115bps.	July 5, 2023	90,000	89,405	89,405
SJC	50,000 ⁽²⁸⁾	February 5, 2024	RCBC	31 quarterly payments of .5 million with the remaining balance of 32.5 million to be paid on maturity date. First principal payment will commence on August 3, 2025	May 3, 2023	Interest payable quarterly in arrears @ 7.5080% p.a. fixed up to May 3, 2028 and 7.824% thereafter up to May 3, 2030. From the beginning of the 8th year to final maturity date, interest shall be applicable 3-year BVAL + 115bps.	February 5, 2024	90,000	49,763	-
PHN	2,000,000 ⁽⁹⁾	May 23, 2017	SBC	Principal repayment shall commence at the end of the 3 rd year from initial drawdown date until maturity date; balloon payment amounting to ₱1.9 billion or 94% of principal amount on maturity date.	May 21, 2027	Interest rate is equivalent to: i) the applicable 10-year PDST-R2 Benchmark Rate plus an interest spread of 125 basis points per annum (1.25% p.a.), and ii) 6.25% p.a., whichever is higher.	May 23, 2017	2,000,000	1,919,358	1,923,946
PHN	1,000,000 ⁽²⁹⁾	July 11, 2023	CBC	Principal repayment of ₱50.0 million after 1 year of initial drawdown date and balance on principal amount on maturity date	July 17, 2025	With regular interest of 7.8557%. Interest to be paid on quarterly basis.	July 17, 2023	1,000,000	995,077	994,151

(Forward)

Debtor	Loan Amount	Date of Loan Agreement	Lender	Terms			Dates Drawn	Amount Drawn	Outstanding Amounts ⁽¹⁰⁾	
				Installments	Final Installment	Interest Rate			March 31, 2024	December 31, 2023
UGC	P1,000,000 ⁽²²⁾	February 18, 2022	BDO	Principal amortization commence three months after drawdown date and every quarter thereafter and shall be paid based on 1.25% every quarter for 4 years and the remaining 80% paid in balloon upon maturity	February 18, 2027	Interest rate is based on 3Y BVAL 3.3618+ spread 1.25%= 4.6118% + 5% GRT = 4.8545%	February 18, 2022	P1,000,000	P894,249	P906,247
PCC	875,000 ^(14,15)	June 1, 2018	SBC	14 equal quarterly payments ⁽¹⁶⁾	October 25, 2023	Interest rate is based on the 5-year PDST-R2 reference rate for securities with 5-year tenor plus 1.25% spread, subject to floor rate of 5.5% per annum. No repricing of interest rate from availment date to maturity date.	October 25, 2018 January 03, 2019 January 22, 2019 January 25, 2019 April 26, 2019 May 21, 2019 July 5, 2019 September 4, 2019	160,000 160,000 59,000 65,000 18,555 81,439 251,977 51,418	- - - - - - - -	- - - - - - - -
PCC	720,000 ⁽¹⁷⁾	February 26, 2021	SBC	Eight quarterly principal payments of P10.3 million, nine quarterly principal payments of P20.5 million and remaining balance to be paid at maturity date	June 13, 2025	Interest rate of 6.73% GRT inclusive, fixed rate up to maturity	February 26, 2021	369,363	183,178	203,270
PCC		February 26, 2021	SBC	8 quarterly principal payments of P9.7 million, 9 quarterly principal payments of P19.5 million and remaining balance to be paid at maturity date		Interest rate of 6.84% GRT inclusive, fixed rate up to maturity		P350,637	P173,890	P192,964

(Forward)

Debtor	Loan Amount	Date of Loan Agreement	Lender	Terms			Dates Drawn	Amount Drawn	Outstanding Amounts ⁽¹⁰⁾	
				Installments	Final Installment	Interest Rate			March 31, 2024	December 31, 2023
PCC	₱500,000 ⁽¹⁸⁾	March 19, 2021	SBC	20 unequal quarterly payments as follows: ₱1.0 million from September 30, 2021 to December 29, 2021; ₱2.5 million from March 30, 2022 to December 29, 2022; ₱5.0 million from March 30, 2023 to December 29, 2023; ₱58.4 million from March 29, 2024 to December 27, 2024; ₱49.2 million from March 28, 2025 to December 29, 2025 and ₱36.8 million on March 30, 2026.	March 30, 2026	Interest rate of 5.1% GRT inclusive, fixed rate up to March 29, 2024 and for the remaining two years, the applicable two-year BVAL plus 40 bps, subject to a floor rate of 5.1%	March 19, 2021	₱500,000	₱462,060	₱463,284
PCC	1,000,000 ⁽³⁰⁾	September 5, 2023	SBC	Eight quarterly principal payments of ₱10.0 million, Four quarterly payments of ₱50.0 million and four quarterly payments of ₱180.0 million. First principal payment will commence on December 7, 2023.	September 7, 2027	Interest rate of 7.2056% fixed rate for the first 2 years, subject to repricing at the end of the 2nd year (2+2 structure)	September 7, 2023	1,000,000	967,360	976,313
Phinma Solar	20,000 ⁽¹⁹⁾	June 25, 2021	DBP	Principal repayment to commence at the end of the fifth (5th) quarter from date of Initial Draw Down. Principal shall be payable in thirty-six equal quarterly installments.	August 13, 2031	4.875% (4.924% GRT inc.) for the 1st 5 years. Next 5 years based on the relevant 5YR BVAL + 1% spread with a floor rate not lower than the rate prior to repricing (4.875%). Interest to be paid on quarterly basis	August 31, 2021	20,000	16,580	17,125
Phinma Solar	80,000 ⁽²³⁾	April 21, 2022	DBP	Principal repayment to commence at the end of the sixth (6) months from date of Draw Down. Principal shall be payable in thirty-six equal quarterly installments.	August 13, 2031	With regular interest of 6.37710%	April 21, 2022	80,000	64,052	68,447

(Forward)

Debtor	Loan Amount	Date of Loan Agreement	Lender	Terms			Dates Drawn	Amount Drawn	Outstanding Amounts ⁽¹⁰⁾	
				Installments	Final Installment	Interest Rate			March 31, 2024	December 31, 2023
Phinma Solar	₱50,000 ⁽²¹⁾	August 2, 2023	DBP	Principal repayment to commence on August 13, 2023 from date of drawdown and principal shall be payable in 33 equal quarterly installments.	August 13, 2031	With regular interest of 7.31470%	August 2, 2023	₱50,000	₱44,946	₱46,601
PHINMA Solar	40,000 ⁽²¹⁾	November 10, 2023	DBP	Principal repayment to commence on November 13, 2023 and shall be payable in 32 equal quarterly installments.	August 13, 2031	With regular interest rate of 7.5413%	November 10, 2023	40,000	37,219	38,450
PHINMA Solar	30,000 ⁽²¹⁾	December 22, 2023	DBP	Principal repayment to commence Feb 13, 2024 and shall be payable in 31 equal quarterly installments.	August 13, 2031	With regular interest rate of 6.9291%	December 22, 2023	30,000	27,862	29,775
PSHC	154,000 ⁽²⁰⁾	July 15, 2006	UPPC	Annual installment payments of ₱4 million for 32 years starting December 31, 2021.	December 31, 2052	The effective interest rate after the modification of term is 6.80%	July 15, 2006	154,000	103,998	112,000
PPHC	950,000 ⁽²⁴⁾	February 15, 2016	RCBC	28 quarterly installments within seven (7) years.	February 15, 2023	Fixed interest rate of 5.5%, 5.5903% and 5.885% on ₱250.0, ₱450.0, and ₱250.0 million, respectively.	February 15, 2016 March 1, 2016 April 14, 2016	250,000 450,000 250,000	– – –	– – –
PPHC	500,000 ⁽²⁴⁾	March 31, 2016	CBC	Payable in 36 quarterly installments with final repayment on April 11, 2026. Annual principal payment of 1/4 of 1% of beginning principal balance to commence on 5th quarter with remaining principal balance payable on final maturity date.	April 11, 2026	Fixed interest rate of 6.1567% and 6.04% on ₱100.0, and ₱400.0 million, respectively.	April 11, 2016 March 20, 2016	100,000 400,000	98,164 392,510	98,164 392,650

(Forward)

Debtor	Loan Amount	Date of Loan Agreement	Lender	Terms			Dates Drawn	Amount Drawn	Outstanding Amounts ⁽¹⁰⁾	
				Installments	Final Installment	Interest Rate			March 31, 2024	December 31, 2023
Coral Way	₱200,000 ⁽²⁵⁾	October 29, 2015	Local bank	40 quarterly installments	October 29, 2025	First 7 years - fixed based on a seven-year Philippine Daily System Treasury Fixing - R2 benchmark rate plus the minimum spread of 1.4% or annual fixed 5.75%; whichever is higher. Next 3 years – subject to repricing after the 7 th year based on the prevailing market rate as mutually agreed upon by the third parties.	October 29, 2015	₱200,000	₱60,000	₱60,000
KEHC	300,000 ⁽²⁶⁾	January 2017	Local bank	35 quarterly installments	January 2017	The term loan bears quarterly interest of 5.5% for the first seven (7) years and subject to repricing after the 7 th year.	January 2017	300,000	154,000	154,000
Total									₱11,092,380	₱11,149,867

⁽¹⁾ The purpose of this debt is to finance the acquisition of majority ownership in AU, COC, UPANG, UI and SWU by PEHI.

⁽²⁾ The purpose of this debt is to finance various capital expenditures of COC.

⁽³⁾ The purpose of this debt is to finance the expansion and development plans of COC.

⁽⁴⁾ The purpose of this debt is for general funding requirements of COC.

⁽⁵⁾ The purpose of this debt is to finance the expansion and development plans including school building upgrades and improvement of existing facilities of UI.

⁽⁶⁾ The purpose of this debt is to finance various capital expenditures and to refinance existing obligations of AU.

⁽⁷⁾ The purpose of this debt is to finance various capital expenditures and to refinance existing obligations of UPANG and subsidiary.

⁽⁸⁾ The purpose of this debt is to finance the building development, expansion and purchase of equipment for SWU's Hospital and building developments of SWU.

⁽⁹⁾ The purpose of this loan is to refinance investments in subsidiaries and other general corporate purposes.

⁽¹⁰⁾ Amounts are net of unamortized debt discount and/or debt issue cost.

⁽¹¹⁾ The purpose of this loan is to refinance the outstanding loan of the UGC with SBC in the principal amount of ₱182.3 million and to finance general working capital requirements, and acquisition of equipment and plant structural components of UGC.

⁽¹²⁾ The purpose of this amended loan is to extend maturity date of old loan to July 20, 2023.

⁽¹³⁾ The purpose of this loan is to finance plant expansions in Calamba, Davao and Pampanga.

⁽¹⁴⁾ The purpose of this loan is to partially finance construction of an integrated cement processing terminal in Mariveles, Bataan, permanent working capital requirements and importation of equipment.

⁽¹⁵⁾ Availment of loan is staggered based on pre-agreed drawdown schedule during the availability period.

⁽¹⁶⁾ The quarterly installment will commence at the end of the sixth quarter following the initial drawdown date of October 25, 2018.

⁽¹⁷⁾ The purpose of this loan is to partially finance the acquisition of Phase 2 port terminal. This is a continuation of the remaining tenor with the original SNPSI loan.

⁽¹⁸⁾ The purpose of this loan is to refinance short-term project costs and finance the mixer facility.

⁽¹⁹⁾ The purpose of this loan is to finance the general corporate requirements of the rooftop solar projects.

⁽²⁰⁾ The purpose of this loan is to finance the acquisition of land from UPPC.

⁽²¹⁾ The purpose of this loan is to refinance the loan used to partially finance the investment through acquisition by PEHI of majority stock ownership in AU, COC, UPANG, UI and SWU.

⁽²²⁾ The purpose of this loan is to refinance the outstanding loan of UGC with BDO and convert the short term loans to long-term loans.

⁽²³⁾ The purpose of this loan is to finance the general corporate requirements of the rooftop solar projects.

⁽²⁴⁾ The purpose of this loan is to fund PPHC's ongoing projects.

⁽²⁵⁾ The purpose of this loan is to partially finance the equity contribution in a subsidiary for construction of a hotel.

⁽²⁶⁾ The purpose of this loan is to partially finance the construction of the hotel and for working capital purposes.

⁽²⁷⁾ The proceeds of this loan shall be used by the borrower to finance its capital expenditures and expansion plans.

⁽²⁸⁾ The proceeds of the loan shall be exclusively used to finance capital expenditures, expansion plans, and other general corporate purposes of the debtor.

⁽²⁹⁾ The purpose of this loan shall be used by the borrower to finance its acquisition of shares in various PHINMA entities from Philippine Investment-Management (PHINMA), Inc.

⁽³⁰⁾ The purpose of this loan is for refinancing of Phinma loans and expansionary/improvements in Mariveles facility.

⁽³¹⁾ To finance the general corporate requirements of the rooftop solar projects of the borrower.

22. Equity

a. Capital Stock

The composition of the Parent Company's capital stock as at March 31, 2024 and December 31, 2023 is as follows:

	Number of Shares	
	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Preferred - cumulative, nonparticipating, ₱10 par value		
Class AA – Authorized	50,000,000	50,000,000
Class BB – Authorized	50,000,000	50,000,000
Issued and subscribed	–	–
Common - ₱10 par value		
Authorized	420,000,000	420,000,000
Issued	286,303,550	286,303,550
Subscribed	39,994	39,994
Issued and subscribed	286,343,544	286,343,544
Treasury shares	18,279	18,279

The issued and outstanding shares as at March 31, 2024 and December 31, 2023 are held by 1,211 and 1,214 equity holders respectively.

The following summarizes information on the Parent Company's track record of registration of securities under the Securities Regulation Code:

Date of SEC Approval	Authorized Shares	Issue/Offer Price
March 12, 1957	1,200,000	₱10
June 12, 1968	1,000,000	10
April 7, 1969	800,000	10
January 21, 1980	2,000,000	10
November 3, 1988	10,000,000	10
October 13, 1992	25,000,000	10
June 3, 1995	60,000,000	10
March 16, 1999	320,000,000	10

a. Retained Earnings

Appropriated

On February 28, 2020, the BOD reversed the appropriation of retained earnings made in 2018 in the amount of ₱1.3 billion for the investment in the Education and Construction Materials business, and buyback of shares. In addition, an appropriation was made for the investment in the Construction Materials business until December 31, 2020 amounting to ₱2.25 billion. Another ₱165.5 million of the retained earnings was appropriated for the buyback of PHN shares until February 28, 2022.

On March 2, 2021, the BOD reversed the appropriation of retained earnings made in 2020 in the amount of ₱2.25 billion for the investment in the Construction Materials business.

On November 10, 2021, an appropriation was made for the investment in Construction Materials business until December 31, 2022 amounting to ₱1.1 billion. Another ₱500.0 million of the retained earnings was appropriated for the Education business until December 31, 2022.

On March 3, 2023, the Parent Company's BOD approved the appropriation of ₱500.0 million for the investment in PPHC and re-appropriation of ₱1.1 billion for the investment in the Construction Materials business until December 31, 2024. In addition, the Parent Company's BOD approved the reversal of previous appropriations of retained earnings amounting to ₱500.0 million for investment in Education business in 2021 and ₱165.5 million for buyback of PHN shares in 2020.

Unappropriated

On February 28, 2020, the BOD reversed the appropriation of retained earnings made in 2018 in the amount of ₱1.3 billion for the investment in the Education and Construction Materials business, and buyback of shares. In addition, an appropriation was made for the investment in the Construction Materials business until December 31, 2020 amounting to ₱2.25 billion. Another ₱165.5 million of the retained earnings was appropriated for the buyback of PHN shares until February 28, 2022.

On March 2, 2021, the Parent Company's BOD declared a cash dividend of ₱0.40 per share or an equivalent of ₱108.9 million, to all common shareholders of record as at April 14, 2021. The cash dividends were paid on May 5, 2021.

On March 1, 2022, the Parent Company's BOD declared a regular cash dividend of ₱0.40 per share or an equivalent of ₱108.8 million and a special cash dividend of ₱0.10 per share or an equivalent of ₱27.2 million, to all common shareholders of record as at March 22, 2022. The cash dividends were paid on April 6, 2022.

On March 3, 2023, the Parent Company's BOD declared a regular cash dividend of ₱0.60 per share or an equivalent of ₱171.8 million to all common shareholders of record as at March 22, 2023. The cash dividends were paid on April 5, 2023.

On March 5, 2024, the Parent Company's BOD declared a regular cash dividend of ₱0.60 per share or an equivalent of ₱171.8 million to all common shareholders of record as at March 25, 2024. The cash dividends were paid on April 12, 2024.

The balance of retained earnings includes Parent Company's accumulated equity in net earnings of subsidiaries and associates which are not currently available for dividend declaration until declared by the respective subsidiaries and associates amounting to ₱3,415.0 million and ₱2,455.2 million as at March 31, 2024 and December 31, 2023, respectively.

c. Buyback of Shares

On February 28, 2020, the BOD approved the appropriation of ₱165.5 million for the buyback of shares of the Parent Company until February 28, 2022.

In 2023, 2022 and 2021, the Parent Company bought back nil shares, 23,000 shares and 456,600 shares which amounted to nil, ₱0.5 million and ₱7.2 million, respectively.

d. Put Option over Non-controlling Interests

In 2020, Asian Development Bank invested amounting to ₱625.0 million for 1.1 million shares of

PEHI. As a result, additional non-controlling interest put liability is recognized amounting to ₱450.0 million.

Accretion of interest of non-controlling interest put liability amounted to ₱111.2 million and ₱382.3 million as at March 31, 2024 and December 31, 2023, respectively.

e. Sale of Treasury Shares

In 2022, the Parent Company sold 14,431,900 treasury shares with cost of ₱143.9 million for ₱281.4 million.

f. Parent company shares held by a subsidiary

In 2023, APhi acquired additional 164,100 PHN shares with a total cost of ₱3.2 million. As at December 31, 2023, APhi holds 5,407,822 shares with a total cost of ₱57.7 million accounted as treasury shares.

On March 18, 2024, APhi sold all the 5,411,822 shares on hand with a total cost of ₱57.8 million for ₱106.7 million.

23. Cost of Sales, Educational, Real Estate Sold and Construction Services, Hospital and Installation Services

This account consists of:

	March 31, 2024 (Unaudited)	March 31, 2023 (Unaudited)
Cost of sales	₱2,732,076	₱2,759,275
Cost of educational services	580,306	495,753
Cost of hospital services	36,887	36,200
Cost of sales, educational, hospital and installation	3,349,269	3,291,228
Cost of real estate sold and construction services	183,639	-
Cost of hotel operations	66,762	-
Cost of management and administrative services	29,872	-
	₱3,629,542	₱3,291,228

The details of cost of sales, educational and hospital services are as follows:

	March 31, 2024 (Unaudited)	March 31, 2023 (Unaudited)
Inventories used	₱2,302,081	₱2,430,168
Personnel costs	411,597	371,369
Depreciation	177,072	140,871
Cost of sales - bookstore	111,570	78,980
Subscription	2,273	15,857
Rent expense	26,204	26,000
Repairs and maintenance	32,036	31,130
Laboratory and school supplies	26,818	23,777
Power and fuel	36,632	27,909
Review expenses	11,225	12,51
School materials, publication and supplies	6,232	4,787
Graduation expenses	40,615	30,755
Educational tour expenses	17,624	7,262
School affiliations and other expenses	24,248	9,600
Accreditation expenses	492	826
Sports development and school activities	3,929	1,750
Others	118,623	77,671
	₱3,349,269	₱3,291,228

24. General and Administrative Expenses

This account consists of:

	March 31, 2024 (Unaudited)	March 31, 2023 (Unaudited)
Personnel costs	₱359,211	₱272,339
Professional fees and outside services	201,170	119,005
Security and janitorial	27,846	22,837
Provision (reversal) for ECLs	(28,375)	21,597
Depreciation and amortization	43,608	22,093
Taxes and licenses	47,051	15,509
Utilities	26,720	27,660
Rent	8,368	4,862
Repairs and maintenance	13,033	11,344
Insurance	11,826	3,680
Office supplies	4,055	3,224
Communications	3,277	1,644
Transportation and travel	21,508	14,375
Advertising and promotions	1,711	584
Donations	8,393	352
Meetings and conferences	8,009	4,927
Others	44,003	5,490
	₱801,414	₱551,522

25. Selling Expenses

This account consists of:

	March 31, 2024 (Unaudited)	March 31, 2023 (Unaudited)
Personnel costs	₱62,234	₱41,117
Freight, handling and hauling	3	54,015
Advertising	38,424	26,851
Taxes and licenses	6,823	5,977
Commission	14,087	8,091
Supplies	939	822
Outside services	13,678	5,616
Postage, telephone and telegraph	4,710	1,694
Transportation and travel	11,642	10,875
Depreciation and amortization	12,411	7,434
Insurance	3,023	4,826
Entertainment, amusement and recreation	637	538
Repairs and maintenance	3,116	4,247
Rent and utilities	815	2,064
Others	3,626	7,400
	₱176,167	₱181,567

26. Related Party Transactions

Parties are related if one party has the ability, directly or indirectly, to control the other party in making financial and operating decisions and the parties are subject to common control. Related parties may be individual or corporate entities.

The Company has a policy that requires approval of related party transaction by the Audit and Related Party Transactions Committee of the BOD when these breach certain limits and/or when these are not of a usual nature.

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. For the years ended December 31, 2023, 2022 and 2021, the Company's impairment of receivables from related parties amounted to nil. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

The significant related party transactions entered into by the Company with its associates and entities under common control and the amounts included in the consolidated financial statements with respect to such transactions are shown below.

March 31, 2024 (Unaudited)						
Company	Nature	Amount /	Amount Due to Related Parties	Amount Due from Related Parties	Terms	Conditions
<u>Ultimate Parent</u>						
PHINMA Inc.	Share in expenses, management fees and bonus	₱128,429	₱124,810	₱2,666	Noninterest-bearing	Unsecured, no impairment
<u>Other related parties</u>						
PHINMA Insurance	Advances (PHINMA Prism)	-	-	56,142	Interest-bearing at	Unsecured,

Brokers, Inc. (PHINMA Insurance), PHINMA Foundation, Inc., Phinma Plaza Condominium Corporation, Phinma Prism Property Development Corp.					range of 4.7% - 6.3% for 95 days	no impairment
PHINMA Hospitality Inc.	Interest income (PHINMA Prism)	886	-	-	Interest at 4.7% to 6.3%	Unsecured, no impairment
	Share in expenses	4,280	881	71,513	Noninterest-bearing	Unsecured, no impairment
PTC Myanmar, IPM, PHINMA Saytanar (PSEd), PE International, Yayasan Triputra Persada	Share in expenses	4,146	65	15,828	Noninterest-bearing	Unsecured, no impairment
UPPC	Consultancy Fee	1,257	-	4,166	Noninterest-bearing	Unsecured, no impairment
InPHIN8, DBHC, FBHC, SFSHC	Management And Incentive Fees	3,257	-	-	Noninterest-bearing	Unsecured, no impairment
	Rent (Inphin8)	2,313	-	-		
			₱125,756	₱150,315		

December 31, 2023 (Audited)						
Company	Nature	Amount/ Volume	Amount Due to Related Parties	Amount Due from Related Parties (see Note 7)	Terms	Conditions
<u>Ultimate Parent</u>						
PHINMA Inc.	Share in expenses, management fees and bonus	₱333,022	₱70,636	₱5,660	Noninterest-bearing	Unsecured, no impairment
	Purchase of shares	2,335,451	-	-	Noninterest-bearing	Unsecured, no impairment
	Purchase of properties	452,787	-	-	Noninterest-bearing	Unsecured, no impairment
<u>Other related parties</u>						
PHINMA Insurance Brokers, Inc. (PHINMA Insurance), PHINMA Foundation, Inc., Phinma Plaza Condominium Corporation, Phinma Prism Property Development Corp.	Advances (PHINMA Prism)	-	-	56,142	Interest-bearing at range of 4.7% - 6.3% for 95 days	Unsecured, no impairment
PHINMA Hospitality Inc.	Interest income (PHINMA Prism)	3,597	-	-	Interest at 4.7% to 6.3%	Unsecured, no impairment
	Share in expenses	10,344	1,345	68,970	Noninterest-bearing	Unsecured, no impairment
PTC Myanmar, IPM, PHINMA Saytanar (PSEd), PE International, Yayasan Triputra Persada	Share in expenses	5,384	-	17,066	Noninterest-bearing	Unsecured, no impairment
UPPC	Consultancy Fee	2,437	-	3,032	Noninterest-bearing	Unsecured, no impairment
InPHIN8, DBHC, FBHC, SFSHC	Management And Incentive Fees	10,714	-	-	Noninterest-bearing	Unsecured, no impairment
	Rent (Inphin8)	8,943	-	-		
			₱71,981	₱150,870		

PHINMA, Inc. The Parent Company has a 5-year management contract with PHINMA, Inc. up to June 30, 2024, renewable thereafter mutual agreement. Under this contract, PHINMA, Inc. has a general management authority with corresponding responsibility over all operations and personnel of the Parent Company including planning, direction, and supervision of all the operations, sales, marketing, distribution, finance and other business activities of the Parent Company. Under the existing management agreement, the Parent Company pays PHINMA, Inc. a fixed monthly management fee plus an annual incentive based on a certain percentage of the Parent Company's net

income.

Management and Directors' Compensation

PHN, UGC, COC, AU, UPANG, SWU, UI and PPHC are under common management of PHINMA, Inc. and pay PHINMA, Inc. a fixed annual management fee plus an annual bonus based on a certain percentage of the respective companies' adjusted net income, as defined in the management contract between PHINMA, Inc. and the respective companies, pursuant to the provisions of the same contract

Management fees and bonuses, presented as “Professional fees and outside services” under “General and administrative expenses” account, amounted to ₱117.5 million and ₱82.7 million for the three-month periods ended March 31, 2024 and 2023, respectively. The related unpaid amount, presented as “Accruals for professional fees and others” under “Trade and other payables” account in the unaudited interim consolidated statement of financial position, amounted to ₱73.7 million and ₱75.0 million as at March 31, 2024 and December 31, 2023, respectively.

PHN, UGC, UI and AU recognized bonus to directors computed based on net income with pre-agreed adjustments. Directors’ bonus, presented in “Personnel costs” under “General and administrative expenses” account, amounted to ₱7.1 million and ₱62.9 million for the three-month periods ended March 31, 2024 and 2023, respectively. The related unpaid amount, presented in “Accruals for personnel costs” under “Trade and other payables” account in the unaudited interim consolidated statement of financial position, amounted to ₱49.7 million and ₱61.7 million as at March 31, 2024 and December 31, 2023, respectively.

27. Income Taxes

The deferred tax assets and liabilities are presented in the consolidated statements of financial position as follows:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Deferred tax assets – net	₱166,044	₱164,807
Deferred tax liabilities – net	(693,418)	(696,455)
	(₱527,374)	(₱531,648)

The deferred tax assets consist of the tax effects of lease liabilities, net operating loss carryover (NOLCO), pension liability, allowance for ECLs, accrued expenses, management bonus and allowance for inventory write-down.

The deferred tax liabilities consist of excess of fair value over cost, right-of use assets, and fair value adjustments on property, plant and equipment of subsidiaries, unrealized gains on change in fair value, unamortized debt issuance costs, unrealized foreign exchange gain and unamortized capitalized borrowing cost.

The disproportionate relationship between income before income tax and the provision for income tax is due to various factors such as income of schools subjected to lower income tax rate, interest income subjected to lower final tax rate and equity in net losses of associates and joint ventures.

28. Pension and Other Post-employment Benefits

Pension and other post-employment benefits consist of:

	March 31, 2023 (Unaudited)	December 31, 2023 (Audited)
Net pension liability	₱288,757	₱267,222
Vacation and sick leave	91,997	91,094
Defined contribution plan	1,002	5
	₱381,755	₱358,321

29. Financial Risk Management Objectives and Policies

The main risks arising from the Company's treasury transactions are credit risk, liquidity risk, market risk, foreign currency risk, interest rate risk and equity price risk. Careful study, skill, prudence and due diligence are exercised at all times in the handling of the funds of the Company.

Credit Risk

Credit risk is the risk that the Company will incur a loss arising from customers, clients or counter- parties that fail to discharge their contractual obligations. Due to the Company's investing and operating activities, the Company is exposed to the potential credit-related losses that may occur as a result of an individual, counterparty or issuer being unable or unwilling to honor its contractual obligations.

In managing credit risk on these financial instruments, the Company transacts only with the Company's duly accredited domestic and foreign banks. Investments per financial institution are subject to a maximum of 20% of the Company's investible funds. It is the Company's policy that investments cannot exceed 10% of the trust or mutual fund's total assets.

A comprehensive credit and business review in coordination with dealers or underwriters is performed whenever the Company invests in non-rated securities. Furthermore, the Company monitors the credit quality of corporate and sovereign bonds with reference to credit rating studies and updates from the major rating agencies. The Company's exposure to credit risk on its cash and cash equivalents and trade and other receivables arises from default of the counterparties with maximum exposures equal to the carrying amounts of the instruments.

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Financial assets at amortized cost:		
Cash and cash equivalents	₱3,480,773	₱2,677,785
Trade and other receivables and contract assets	8,566,230	8,845,508
Refundable deposits*	434,037	347,293
	₱12,481,040	₱11,870,586

*Presented under "Other current assets" and "Other noncurrent assets" account in the consolidated statements of financial position.

Credit Quality of Receivables from Customers

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer

type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure of the Company's receivables from customers using provision matrix:

March 31, 2024	Receivables from customers					
	Days past due					Total
	Current	<30 Days	30-60 Days	61-90 Days	>91 Days	
Expected credit loss rate	0%	17%	4%	20%	26%	15%
Estimated total gross carrying amount default	₱2,273,685	₱738,544	₱181,330	₱287,356	₱2,004,245	₱5,485,160
Expected credit loss	39,034	122,353	7,057	56,866	518,156	743,466

December 31, 2023	Receivables from customers					
	Days past due					Total
	Current	<30 Days	30-60 Days	61-90 Days	>91 Days	
Expected credit loss rate	2%	11%	3%	35%	25%	12%
Estimated total gross carrying amount default	₱2,786,242	₱908,664	₱245,070	₱323,788	₱1,794,640	₱6,058,404
Expected credit loss	55,578	97,824	6,987	112,733	454,537	727,659

Customer receivables amounting to ₱649.3 million and ₱569.1 million as at March 31, 2024 and December 31, 2023, respectively, was specifically identified to be fully impaired. Impaired financial instruments comprise of receivables from customers and other receivables. The past due but not impaired trade and other receivables are expected to be collected the following year.

Liquidity Risk

Liquidity risk is the risk that the Company may not be able to settle or meet its obligations on time or at a reasonable price. The Company manages liquidity risks by restricting investments and continuously monitoring weekly and monthly cash flows as well as updates of annual plans.

The maturities of the financial liabilities are determined based on the Company's projected payments and contractual maturities. The average duration adheres to guidelines provided by the Investment Committee. It is the Company's policy to restrict investment principally to publicly traded securities with a history of marketability and by dealing with only large reputable domestic and international institutions.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk. Market risks are managed by constant review of global and domestic economic and financial environments as well as regular discussions with banks' economists/strategy officers to get multiple perspectives on interest rate trends/forecasts. Regular comparison of the portfolio's marked-to-market values and yields with defined benchmarks are also made.

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's financial assets that are exposed to foreign currency risk are foreign currency denominated cash and cash equivalents, investment in bonds and investments in UITFs.

Foreign exchange risks on the U.S. dollar and other foreign currencies are managed through constant monitoring of the political and economic environment. Returns are also calibrated on a per currency basis to account for the perceived risks with higher returns expected from weaker currencies.

The following table shows the foreign currency-denominated financial assets and financial liabilities

and their peso equivalents as of March 31, 2024 and December 31, 2023:

	March 31, 2024 (Unaudited)		December 31, 2023 (Audited)	
	Foreign Currency	Peso Equivalent	Foreign Currency	Peso Equivalent
Financial assets:				
Cash and cash equivalents	US\$504	₱28,358	US\$9,628	₱533,102
Cash and cash equivalents	VND15,025	34	VND17,941,227	40,936
Receivables	US\$9,777	549,883	US\$10,056	556,825
Investment at FVPL	34,608	1,946,347	US\$34,608	1,916,238
Derivative assets	15,770	886,903	US\$16,069	889,721
Investment in UITF	US\$12	695	US\$35	1,937
		₱3,412,186		₱3,938,759
Financial liabilities:				
Trust receipts payables	US\$	₱-	US\$-	₱-
Trade and other payables	US\$10	542	US\$16	859
Derivative liability	US\$-	-	US\$-	-
		₱542		₱859

In translating foreign currency-denominated financial assets into peso amounts, the exchange rates used were ₱56.24 and ₱55.37 to US\$1.00 as at March 31, 2024 and December 31, 2023, respectively.

Interest Rate Risk

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

The following tables set out the carrying amounts, by maturity, of the Company's financial assets and liabilities that are exposed to interest rate risk as at March 31, 2024 and December 31, 2023:

	Interest Rates	March 31, 2024 (Unaudited)					Total
		Within 1 Year	1 to < 2	2 to < 3 Years	3 to 5 Years	More than 5	
Financial Assets							
Placements (PHP)	4.00%-6.10%	₱1,170,852	₱-	₱-	₱-	₱-	₱1,170,852
Financial Liabilities							
PHN	6.00%-7.86%	20,000	1,015,077	20,000	1,859,358	-	2,914,435
UGC	4.85%	47,982	48,025	10,757	787,484	-	894,249
Phinma Solar	-	-	-	-	-	-	-

December 31, 2023 (Audited)

	Interest Rates	Within 1				More than 5 Years	Total
		Year	1 to < 2	2 to < 3 Years	3 to 5 Years		
Financial Assets							
Placements (PHP)	1.40%-6.10%	₱790,819	₱–	₱–	₱	₱	₱790,819
Financial Liabilities							
PHN	6.00%-7.86%	64,564	966,133	18,142	1,869,258	–	2,918,097
UGC	4.85%	48,218	48,258	12,233	800,276	–	908,985

Interest on financial instruments classified as fixed rate is fixed until the maturity of the instrument.

Equity Price Risk

Equity price risk is the risk that the fair values of equities decrease as a result of changes in the levels of the equity indices and the values of individual stocks. The Company's exposure to equity price risk relates primarily to its equity investments listed in the PSE classified under investments held for trading.

The Company's policy is to maintain the risk to an acceptable level. Movement of share price is monitored regularly to determine impact on the Company's financial position.

Capital Management

The primary objective of the Company's capital management is to ensure that the Company maintains a healthy capital structure to maintain strong credit rating and maximize shareholder value.

Capital includes all the accounts appearing in the "Equity attributable to equity holders of the parent" and "Equity attributable to non-controlling interests" in the consolidated statements of financial position.

The Company keeps the debt-to-equity ratio at a level no higher than 3.33:1, with the DE ratio computed as Consolidated Total Indebtedness over Consolidated Total Equity. Total Indebtedness defined as (a) money borrowed; (b) any amount raised by acceptance credit facility; (c) any amount raised pursuant to any note purchase facility or the issue of bonds, promissory notes, debentures, loan stock or any similar instrument; (d) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with PFRS, be treated as a finance or capital lease; (e) receivables sold on a non-recourse basis; (f) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing; (g) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the marked-to-market value shall be taken into account); (h) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; (i) the amount paid-up or credited as paid-up on any redeemable share capital; and (j) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (i) above.

The Company's consolidated debt-to-equity ratio as at December 31 are as follows:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Total liabilities	₱26,666,231	₱25,743,572
Total equity	10,844,817	10,700,370
Debt-to-equity ratio	2.46:1	2.41:1

The Company expects to improve the debt-to-equity ratio mainly through improvement in the Company's business operations.

30. Financial Instruments

Fair Value Hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of its assets and liabilities by valuation technique:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input is significant to their fair value measurement is unobservable

Assets and liabilities measured or disclosed at fair value are as follows:

	March 31, 2024 (Unaudited)			
	Total	Level 1	Level 2	Level 3
Assets				
Investments held for trading:				
Investments in UITFs	P412,370	P-	P412,370	P-
Investments in marketable equity securities	3,710	3,710	-	-
Investment in club shares designated at FVOCI	72,750	-	72,750	-
Non-listed equity instruments designated at FVOCI	93,073	-	-	93,073
Non-listed equity instruments designated at P&L	1,946,347	-	-	1,946,347
Derivative assets	887,176	-	-	887,176
	P3,415,426	P3,710	P485,120	P2,926,596
Liabilities				
Derivative liability	P-	P-	P-	P-
Non-controlling interest put liability	2,682,891	-	-	2,682,891
Long-term debt	14,392,503	-	-	14,392,503
	P17,075,394	P-	P-	P17,075,394
December 31, 2023 (Audited)				
	Total	Level 1	Level 2	Level 3
Assets				
Investments held for trading:				
Investments in UITFs	P371,412	P-	P371,412	P-
Investments in marketable equity securities	3,684	3,684	-	-
Club shares designated at FVOCI	70,550	-	70,550	-
Non-listed equity instruments designated at FVOCI	92,558	-	-	92,558
Non-listed debt instrument designated at FVPL	1,916,238	-	-	1,916,238
Derivative assets	889,721	-	-	889,721
	P3,344,163	P3,684	P441,962	P2,898,517
Liabilities				
Non-controlling interest put liability	P2,570,619	P-	P-	P2,570,619
Long-term debt	14,449,990	-	-	14,449,990
	P17,020,609	P-	P-	P17,020,609

During the periods ended March 31, 2024 and December 31, 2023, there were no transfers between Level 1 and Level 2 fair value measurements and no transfers into and out of Level 3 fair value measurements.

The following methods and assumptions are used to estimate the fair value of the following financial instruments.

Investments Held for Trading and Financial Assets at FVOCI. Quoted market prices have been used to determine the fair value of financial assets at FVPL and quoted equity at FVOCI investments. The

fair values of unquoted equity investments at FVOCI have been estimated using a discounted cashflow model. The valuation requires management to make certain assumptions about the model inputs including forecast cashflows, the discount rate, credit risk and volatility. The probabilities of various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these unquoted equity investments.

The fair values of non-listed shares of stock were determined through the following valuation approach: income approach and asset-based approach. Income approach is predicated upon the concept that the value of any asset can be estimated by ascertaining the amount and timing of future cash flows or earnings that are generated by that asset. Asset-based approach is based on the value of all the tangible and intangible assets and liabilities of the company. The discount rates, a significant unobservable input used in the valuation of the non-listed shares of stock using the income approach, were 17.11% as at March 31, 2024 and December 31, 2023. An increase (decrease) in the discount rate will decrease (increase) the fair value of the nonlisted shares of stock.

Cash and Cash Equivalents, Trade and Other Receivables, Notes Payable, Trade and Other Payables, Trust Receipts Payable and Due to Related Parties. Due to the short-term nature of these transactions, the carrying value approximate the fair values as at the reporting date.

Derivative Liability. Estimated fair value is based on the average rate of the forward bid rates and forward ask rates computed in Bloomberg.

Long-term Debt. The fair value of interest-bearing fixed-rate loans is based on the discounted value of expected future cash flows using the applicable rates for similar types of loans. Discount rates used ranged from 5% to 8% in 2024 and 2023.

Derivative Instruments

Freestanding Derivatives. The Company's derivative financial instruments are accounted for as financial instruments at FVPL.

UGC and PhilCement entered into a buy US\$-sell PHP deliverable foreign currency forward contracts to manage the foreign currency risk arising from its US\$-denominated trust receipts payable.

31. Leases

Company as Lessee

The Company has various lease contracts for land, buildings, warehouses and vehicles. The leases have lease terms of between 2 and 25 years.

The Company also has certain leases with lease terms of 12 months or less. The Company applies the "short-term lease" recognition exemptions for these leases.

The rollforward analysis of right-of-use assets follows:

	Right-of-use: Land	Right-of- use: Buildings &	Right-of-use: Vehicles	Right-of-use: Others	Right-of-use: Total
Cost					
At January 1, 2024	P248,434	P306,102	P348,817	P2,461	P906,114
Additions	-	-	-	-	-
Retirement	-	-	-	-	-
At March 31, 2023	248,434	306,102	348,817	2,761	906,114
Accumulated Depreciation and Amortization					
At January 1, 2024	68,143	185,568	226,361	2,761	482,833
Depreciation	4,831	12,775	26,951	-	44,557
Retirement	-	-	-	-	-
At March 31, 2024	72,974	198,343	253,312	2,761	527,390
Net Book Value	P175,460	P107,759	P95,505	P-	P378,724

December 31, 2023 (Audited)					
	Right-of-use: Land	Right-of-use: Buildings & Warehouses	Right-of-use: Vehicles	Right-of-use: Others	Right-of-use: Total
Cost					
At January 1, 2023	P119,241	P170,017	P291,890	P2,470	P583,618
Acquisition through business combination	98,012	126,254	–	–	224,266
Additions	31,181	9,831	62,868	675	104,555
Pre-termination	–	–	(5,941)	(384)	(6,325)
At December 31, 2023	248,434	306,102	348,817	2,761	906,114
Accumulated Depreciation and Amortization					
At January 1, 2023	19,032	80,113	166,972	2,470	268,587
Acquisition through business combination	37,086	65,029	–	–	102,115
Depreciation	12,025	40,426	63,962	391	116,804
Pre-termination	–	–	(4,573)	(100)	(4,673)
At December 31, 2023	68,143	185,568	226,361	2,761	482,833
Net Book Value	P180,291	P120,534	P122,456	P–	P423,281

The rollforward analysis of lease liabilities follows:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
As at beginning of year	P524,517	P314,128
Acquisition through business combination	–	193,318
Payments	(42,928)	(111,306)
Additions	–	104,307
Accretion of interest	7,714	25,497
Pretermination	–	(1,427)
As at end of year	489,303	524,517
Less current portion of lease liabilities	128,705	128,510
Noncurrent portion of lease liabilities	P360,598	P396,007

32. Contingencies

There are contingent liabilities arising from tax assessments occurring in the ordinary course of business, including the petition filed for the reversal and nullification of safeguard duties on its importation of cement. On the basis of information furnished by the Company's legal counsel, management believes that none of these contingencies will materially affect the Company's financial position and result of operations.

33. Earnings per Share (EPS) Computation

	March 31, 2024 (Unaudited)	March 31, 2023 (Unaudited)
(a) Net income attributable to equity holders of the parent	P229,571	P227,368
(b) Weighted average number of common shares outstanding	286,325	286,325
Basic/diluted EPS attributable to equity holders of the parent (a/b)	P0.80	P0.79

34. Segment Information

For management purposes, the Company is organized into business units based on its products and services and has six (6) reportable operating segments as follows:

- Investment holdings - PHN and PSHC are engaged in investment holding activities of shares of stocks and other financial instruments.
- Property development - PPHC is engaged in real estate development. API and APHI lease out its real and personal properties.
- Construction materials - PCC encompasses the operations of the cement trading. UGC handles the manufacturing and trading of iron and steel products. PHINMA Solar provides solar rooftop system to customers. The Company has assessed that the nature of the products and services and the type or class of customers for these products and services are related.
- Educational services - PEHI holds interest in AU, COC, UPANG, UI, SWU, RCI, RCL and UCLI which offer graduate, tertiary, secondary and elementary education services. CAA conducts a non-sectarian institution of learning and operates schools for all levels below tertiary level, whether preschool, primary, secondary, technical and vocational, specialized programs and for all and any form of educational activities.
- Hospitality - PHI provides management services and is engaged in investment holding activities for the hotels. PHINMA Microtel is engaged in hotel franchising. Coral Way is engaged in hotel operations.
- OAL was engaged in animation services.

The BOD (Chief Operating Decision Maker) monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements. Segment result is defined as the segment's income generated from its own operations, net of its share in the equity in net earnings of associates and joint ventures and investment income, before deducting interest and financing charges, provision for income tax and share of NCI. The amounts of segment assets and liabilities, and segment profit or loss are based on measurement principles that are similar to those used in measuring the assets, liabilities and profit or loss in the consolidated financial statements, which is in accordance with PFRS.

The Company does not report its results based on geographical segments since the Company's risks and rates of return are substantially in the same economic and political environment with the companies incorporated and operated in the Philippines. There are no transactions with a single customer that accounts to 10% or more of the Company's revenue.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transaction with third parties. Segment revenues, segment expenses and segment results include transfers between operating segments. These transfers are eliminated in full upon consolidation.

Segment Information

Financial information on the operating segments are summarized as follows:

	Investment Holdings	Property Development	Construction Materials	Educational Services	Hospitality	BPO	Eliminations	Total Operations
Three-Month Period Ended March 31,2024 (Unaudited)								
Revenue	P82,028	P318,789	P3,048,334	P1,877,342	P142,278	P-	(P14,206)	P5,454,565
Segment results	(50,208)	(84,739)	171,500	741,553	20,098	(128)	(20,759)	777,317
Investment income	55,499	59,065	5,309	9,357	3,137	-	(1,257)	131,110
Equity in net earnings (losses) of associates and joint ventures	-	(26,457)	-	2,636	3,957	-	23,922	4,058
Interest expense and financing charges	(84,189)	(86,392)	(139,896)	(61,618)	(5,770)	-	1,258	(376,607)
Provision for income tax	(2,997)	3,035	(9,203)	(31,094)	(5,090)	-	-	(45,349)
Share of non-controlling interest	-	(123)	-	(121,248)	-	-	(139,587)	(260,958)
Net income attributable to equity holders of parent	(81,895)	(135,611)	27,710	539,586	16,334	(128)	(136,423)	229,571
Total assets	P13,434,606	P9,203,270	P13,768,650	P15,912,287	P1,282,428	P692	(P9,703,435)	P43,898,498
Total liabilities	P6,494,096	P6,755,890	P9,597,659	P7,253,544	P511,957	P309,814	P2,130,721	P33,053,681

	Investment Holdings	Property Development	Construction Materials	Educational Services	BPO	Eliminations	Total Operations
Three-Month Period Ended March 31,2023 (Unaudited)							
Revenue	P112,401	P587	P3,196,657	P1,491,742	P-	(P18,255)	P4,783,132
Segment results	(90,354)	(123)	237,853	470,532	(224)	(190)	617,494
Investment income	82,358	587	3,850	7,793	-	(18,255)	76,333
Equity in net earnings of associates and joint ventures	-	(35,492)	-	(1,499)	-	1	(36,990)
Interest expense and other financing charges	(61,544)	-	(85,878)	(44,780)	-	18,340	(173,862)
Provision for income tax	(3,267)	-	5,846	(992)	-	-	1,587
Share of non-controlling interests	-	-	-	(88,971)	-	(168,223)	(257,194)
Net income attributable to equity holders of the parent	(P72,807)	(P35,038)	P161,671	P342,083	(P224)	(P168,327)	P227,368
Total assets	P12,437,932	P376,914	P12,691,626	P13,987,737	P562	(P6,978,915)	P32,515,856
Total liabilities	P5,442,126	P52,223	P8,629,263	P6,380,543	P309,186	P346,669	P21,160,010

	Investment Holdings	Property Development	Construction Materials	Educational Services	Hospitality	BPO	Eliminations	Total Operations
Year Ended December 31, 2023								
Revenue	₱766,950	₱1,921,024	₱13,268,172	₱5,438,749	₱293,027	₱7	(₱414,111)	₱21,273,818
Segment results	(205,108)	467,317	826,900	1,410,280	46,258	(389)	1,879	2,547,137
Investment income	620,101	24,401	18,200	45,253	3,689	7	(381,970)	329,681
Equity in net earnings (losses) of associates and joint ventures	–	(76,649)	–	(5,028)	81	–	–	(81,596)
Interest expense and financing charges	(297,548)	(122,759)	(402,784)	(210,544)	(12,179)	–	41,125	(1,004,689)
Provision for income tax	(11,241)	(84,042)	(11,367)	(45,994)	(11,285)	–	–	(163,929)
Share of non-controlling interest	–	(161)	–	(254,639)	–	–	(414,178)	(668,978)
Net income attributable to equity holders of parent	106,204	208,107	430,949	939,328	26,564	(382)	(753,144)	957,626
Total assets	13,532,537	8,720,617	13,547,766	16,294,786	1,250,846	1,022	(9,872,740)	43,474,834
Total liabilities	₱6,340,455	₱5,958,056	₱9,404,511	₱8,373,846	₱497,025	₱309,917	₱1,894,776	₱32,778,586

Seasonality of Operations

Like any company in the construction industry, the operations of UGC and PhilCement are affected by seasonality demand. Demand for construction materials is greater during the dry months from December to May than during the rainy months of June to November. Hence, the demand for the first semester of the calendar year is normally higher than that of the second semester.

The revenues of the schools under the PHINMA Education network decline during summer months. Hence, net income during the first half of the calendar year is lower than the second half.

For other subsidiaries, there is no significant seasonality that would materially affect their operations.

Management's Discussion and Analysis of Financial Condition and Results of Operations

PHINMA Corporation (PHN)'s consolidated revenues rose to ₱5.45 billion in the first three months of 2024. This is a 14% increase from the ₱4.78 billion recorded for the same period last year. Consolidated net income stood at ₱490.90 million, while core consolidated net income was at ₱448.29 million.

The first quarter results were mainly driven by a strong performance in PHINMA Education. Meanwhile, PHINMA's Construction Materials Group (CMG) sustained positive results despite the challenges in the sector. PHINMA Property was able to cut down marketing costs to help its bottom line, while the Hospitality business saw improvements in both occupancy rates and average daily rates.

PHINMA Education Holdings, Inc. (PHINMA Education), has structured and run its operations with an in-depth understanding of the needs and resources of its students, many of whom come from the underserved youth. It posted consolidated revenues of ₱1,877.34 million in the first three months of 2024, a 26% increase from last year. This was driven primarily by robust enrollment growth as second semester enrollment for school year 2023-2024 was 14% higher compared to SY 2022-2023. In addition, the shift to face-to-face classes has led to an increase in bookstore sales and revenue from educational tours. Improvements in collection efficiency have also allowed for a reduction in provisions for expected credit losses. As a result, PHINMA Education achieved consolidated net income of ₱701.38 million for the three-month period. Currently, PHINMA Education has nine schools across the Philippines, and one in Indonesia which attained full university status in 2023.

The Construction Materials Group (CMG), composed of Union Galvasteel Corporation (UGC), Philcement Corporation (Philcement), and PHINMA Solar Energy Corporation (PHINMA Solar), posted combined revenues of ₱3.05 billion and a combined net income of ₱27.71 million for the first quarter of 2024. CMG continued to face hurdles in the quarter amid a challenging macroeconomic environment including a strengthening US Dollar and elevated interest rates. Despite this, UGC posted growth in sales volumes as commercial construction projects and residential expansions continue. Meanwhile, Philcement started to regain momentum after a sluggish January but remained challenged given the tight competitive environment. After concluding talks with Petra Cement in 2023, Philcement began producing and selling Union Cement from the Petra Cement facility in Zamboanga del Norte. PHINMA Solar received the service contracts for the 58 projects it successfully bid on in the second Green Energy Auction Program (GEAP II) and has begun the preparatory activities, including the applications for incentives, for the installation of the awarded projects.

In July last year, PHN increased its stake in PHINMA Property Holdings Corp. (PHINMA Properties) given its renewed drive to provide affordable housing. For the first quarter this year, PHINMA Properties recognized revenues of ₱316.75 million while the bottom line was at a net loss ₱136.19 million. Sales reservations remain strong and PHINMA Properties will book more revenues as projects are constructed.

PHN's combined revenues from Coral Way City Hotel Corporation (Coral Way), PHINMA Hospitality and PHINMA Microtel was at ₱142.28 million in the first three months of 2024 while net income stood at ₱19.07 million. The quarter saw continued increase in revenues due to strong domestic travel coupled with an increase in international arrivals, as well as increase in average daily rates across the chain. PHN acquired shares in PHINMA Hospitality and PHINMA Microtel in July of last year.

As of the end of the first quarter, net income attributable to equity holders of the parent was at ₱229.57 million with earnings of ₱0.80 per share. Core net income attributable to equity holders of the parent was at ₱190.79 million. Total cash and cash equivalents stood at ₱3.49 billion. Meanwhile, consolidated total assets rose to ₱43.90 billion and total stockholders' equity was at ₱10.84 billion.

STRATEGIC BUSINESS UNITS (SBU)

The following discussion describes the performance of PHINMA's SBUs for the first quarter of 2024:

Education Group

PHINMA Education provides accessible quality education to underserved youth, and is today one of the largest private education networks in Southeast Asia. Last September, the company recorded its highest enrollment of 146,546 students for school year (SY) 2023-2024, an 18% increase over the previous school year.

Through maintaining its focus on growing enrollment and optimizing its retention efforts, PHINMA Education generated consolidated revenues of ₱1,877.34 million and consolidated net income of ₱701.38 million for the first three months of 2024.

Construction Materials Group

PHINMA CMG—which is composed of Union Galvasteel Corporation (UGC), Philcement Corporation (Philcement), and PHINMA Solar Energy Corporation (PHINMA Solar)—supports public and private infrastructure development by supplying galvanized iron and steel building products, cement, and solar rooftop generation solutions.

UGC began to recognize the benefits of its strategic realignment and focus as all sales divisions recorded an increase in sales volume for the first quarter. Meanwhile, Philcement continued to face challenges in improving prices amid tough competition. The company started producing Union Cement in the Petra Cement plant in Zamboanga del Norte, as part of the strategic partnership between the two parties. PHINMA Solar received the service contracts for all 58 projects it secured under the government's Green Energy Auction Program. Preparations for the eventual installation of the solar rooftop facilities are underway, with the first batch of installations expected within the year.

The three companies of PHINMA CMG produced combined revenues of ₱3.05 billion. The group's combined net income declined to ₱27.71 million, largely owing to a tight competitive environment.

Properties Group

PHINMA Properties shapes new urban communities nurturing Filipinos to become better citizens, believing that supportive communities can help our countrymen achieve their full potential. The affordable housing segment remained PHINMA Properties' primary market this 2024, with its Maayo line still focused on the urban workforce in growth centers nationwide. The company also reactivated its economic and socialized housing segment as the country's housing backlog continues to grow.

For 1Q of 2024, PHINMA Properties registered consolidated revenues of ₱316.75 million and a consolidated net loss after tax of ₱136.19 million.

Hospitality Group

PHINMA Hospitality Inc. (PHINMA Hospitality) remains steadfast to its commitment to provide clean, comfortable, and secure lodging to leisure and business travelers in the country through its Microtel by Wyndham and TRYP by Wyndham hotel properties. PHINMA Hospitality operates 14 Microtel by Wyndham hotels and one TRYP by Wyndham hotel in the Philippines.

In Q1 2024, the Hospitality Group continued its recovery as PHINMA Hospitality and PHINMA Microtel posted an improvement in revenues and net income compared to the previous year, attributable to the improved performance of the hotels. The improvement was driven by strong domestic leisure and business travel coupled with further recovery of international arrivals.

In addition, Coral Way, which owns Microtel by Wyndham and TRYP by Wyndham Mall of Asia continued its strong performance with a slight increase in revenues vs prior year, attributable to the sustained bookings from the leisure, corporate, and meetings market segments.

The Company consolidated net earnings of Coral Way, PHINMA Hospitality and PHINMA Microtel for the period of ₱19.07 million.

Key Performance Indicators (KPI)

The top five (5) KPI's used to measure the financial performance of PHINMA and its subsidiaries as of the three (3) month period ended March 31, 2024 compared to the same period in the previous year are shown in the following table:

Financial KPI	Definition	Mar 2024	Mar 2023
<u>Profitability</u>			
Return on Equity (ROE)	Net income attributable to equity holders of the parent Average equity attributable to equity holders of the parent ⁱ	2.99%	2.71%
Gross Profit Margin	<u>Gross profit</u> ⁱⁱ Total Revenues	33.46%	31.19%
<u>Efficiency</u>			
Cash Flow Margin	<u>Cash flows from operating activities</u> Total Revenues	-10.16%	6.47%
<u>Liquidity</u>			
Current Ratio	<u>Total Current Assets</u> <u>Total Current Liabilities</u>	0.98 : 1:00	1.68 : 1.00
Debt to Equity Ratio	<u>Total Liabilities</u> <u>Total Equity</u>	3.05 : 1:00	1.86 : 1.00

iAverage Equity Attributable to Equity Holders of the Parent is derived by dividing in two (2) the sum of beginning Equity Attributable to Equity Holders of the Parent and ending Equity Attributable to Equity Holders of the Parent.

iiGross Profit is calculated by deducting cost of sales and cost of educational, installation, hospital and consultancy service from total revenues.

Profitability

The return on equity for the period of 2.99% is slightly higher than 2.71% return for the same period the previous year mainly due to slightly higher income this period. Gross profit margin increased from 31.19% in 2023 to 33.46% in 2024 due to lower input cost and initiatives from CMG to effectively manage fixed and semi-variable costs.

Efficiency

Net cash flow margin for the three months ended March 31, 2024 is -10.16% compared to net cash flow margin of 6.47% over the same period last year, mainly due to payment of trust receipts payable by CMG and reduction in contract liabilities by the schools.

Liquidity

Current ratio decreased from 1.68:1.00 in 2023 to 0.98:1.00 in 2024 mainly due to consolidation of the current liabilities of PHINMA Property and PHINMA Hospitality group starting Q3 2023, the Parent company's PHP3 billion Corporate Bond becoming current as of September 2023 and an increase in CMG's notes payable.

Debt-equity ratio of PHINMA and its subsidiaries as of end March 2024 was 3.05:1.00.

The accompanying interim condensed consolidated financial statements of PHINMA for the three (3) months ended March 31, 2024 have been prepared in accordance with PAS 34, Interim Financial Reporting. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as of December 31, 2023.

The consolidated financial statements have been prepared on a historical cost basis, except for financial assets at fair value through profit and loss and derivative investments that have been measured at fair value.

The consolidated financial statements are prepared in Philippine pesos, the company's functional and presentation currency.

Interim Disclosures on Financial Statements

Below are additional disclosures on the Company's operations:

- a. On any known trend, demand, commitment, event and uncertainty that will result in or likely to decrease its liquidity in any material way :

PHN does not anticipate having any cash flow or liquidity problems nor does it anticipate any default or breach of any of its existing loans.

- b. On any event that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation:

None

- c. On material off-balance sheet transactions, arrangements, obligations (including contingent obligations) and other relationships of the company with unconsolidated entities or other person created during the reporting period:

None

- d. On material commitments for capital expenditures, the general purpose of such commitments and the expected sources of funds for such expenditures:

None

e. On any known trend, event or uncertainty that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations:

None.

f. Any significant elements of income or loss that did not arise from the Issuer's continuing operations.

None.

g. On the causes for any material change from period to period which shall include vertical and horizontal analyses of any material item:

Increase or decrease of 5% or more in the financial statements are discussed below.

h. On any seasonal aspect that had a material effect on the financial condition or results of operations.

Like any company in the construction industry, the operations of UGC and Philcement are affected by seasonal demand. Demand for construction materials is greater during the dry months than during the rainy months. Hence, the demand for the first semester of the calendar year is normally higher than that of the second semester.

School year 2023-24 for PHINMA Education's schools was from June 2023 to April 2024. Cashflow outside these periods may be relatively lower.

For other subsidiaries, there is no significant seasonality that would materially affect their operations.

Material Changes in Statement of Financial Position Accounts

Cash and cash equivalents

The movement in cash and cash equivalents are shown in the cash flow statement

Investments held for trading

The increase in the account is mainly attributable to increase in investment in UITF by APhi and Coral Way, partially offset by redemption of investments in UITFs of the parent company.

Contract assets

The decrease in the account is mainly due to collection from PPHC buyers and loan take-outs from HDMF and banks.

Input value-added taxes

The decrease in the account of PHP 50.8 million is mainly due to the utilization of input taxes against output taxes by CMG, partially offset by the increase in input taxes of PPHC.

Derivative asset

The increase in this account is mainly attributable to the higher forward rate on CMG's deliverable forward contracts, compared to the closing rate for the period.

Right-of-use of assets

The ₱44.5 million decrease represents the depreciation of the right of use asset of CMG, PPHC and Coral Way.

LIABILITIES

Notes payable

The ₱1,740.5 million increase in this account pertains to additional availment of short-term loans by CMG and PPHC for its working capital requirements.

Trade and other payables

The net increase in Trade and other payables is due to increase in payable to contractors and suppliers of PPHC and dividends payable by the Parent, partially offset by the reduction in payables of the schools and CMG.

Contract liabilities

The account decreased by ₱1.36 billion largely due to the education group, as revenues were earned by the schools from January to March 2024. (Tuition fees for the semester are accrued as receivable at the start of the semester and the corresponding liability is booked under Contract Liabilities).

Trust receipts payable

The decrease of ₱352.2 million in the account is attributable to settlement of CMG's trust receipts payable.

Income and other taxes payable

The net decrease in this account is mainly attributable to payment of tax by CMG and the schools.

Due to related parties

The drop in this account is mainly attributable to payment of amounts due to the parent holding company.

Lease liabilities

The decrease in the account amounting to ₱35.41 million represents periodic lease payments by CMG, PPHC and Coral Way.

Accrued Retirement

The net increase in the account amounting to ₱23.43 million represents accruals of retirement expense by the group.

EQUITY

Exchange differences on translation of foreign operations

The movement in the account represents the cumulative adjustments mainly arising from the translation of the financial statements of One Animate Limited (OAL) to Philippine Pesos.

Equity reserves

The movement in the account is due to the increase in the contingent liability arising from the put option on shares in PHINMA Education.

Other comprehensive income

The ₱2.16 million increase in this account is mainly due to the unrealized gain from the increase in fair value of financial assets at FVOCI of parent company and CMG.

Retained earnings

The increase in the account represents increase in net income for the first quarter of 2024, partially offset by dividends declared during the period amounting to ₱171.80 million and the impact of the adoption of Deferred Provisions by PPHC of PIC Q&A 2018-12 amounting to ₱189.56 million

Material Changes in Income Statement Accounts

Revenues

The ₱671.43 million increase in revenues is mainly due to an increase of ₱390.79 million of PHINMA Education revenues arising from record enrollment and revenues of the Property and Hospitality businesses amounting to ₱459.03 million which were consolidated beginning July 2023, partially offset by lower CMG revenues due to stiff competition.

Cost of Sales

The net increase in cost of sales is attributable to consolidation of cost of sales of PPHC, PHINMA Microtel and Coral Way and increase in the schools' variable costs to support the higher enrollment for SY2023-24 compared to previous school year.

General and administrative expenses

General and administrative expenses increased from previous year mainly due to consolidation of operating expenses of PPHC and Coral Way and re-commissioning of selected CMG facilities.

Selling expenses

The increase in the account can be attributed to the strengthening of CMG's sales organization.

Interest expense and other financing charges

The increase in interest expense is mainly due to higher interest rates on loans and the consolidation of interest expense of PPHC and Coral Way.

Foreign exchange gains (losses) – net

The net forex gain is attributable to Parent's and PEHI's USD holdings restated at the forex rate of ₱56.24: \$1 compared to ₱54.36: \$1 as of December 31, 2023, partially offset by CMG's net forex loss.

Equity in net earnings (losses) of associates and joint ventures

Equity in net earnings of associates refers to PEHI's equity in IPM and PHINMA Hospitality's equity in hotels.

Gain (loss) on change in fair value of financial assets at FVPL

Gain on change in fair value of financial assets pertain to the unrealized foreign exchange gain from the investment in Song Lam preferred shares.

Gain (loss) on derivatives

The gain on derivatives mainly resulted from the lower unrealized foreign exchange loss from the put option on the Song Lam preferred shares.

Gain (loss) on sale of property, plant and equipment

The gain arises mainly from the sale of old transportation equipment by CMG

Others – net

The increase in this account is mainly due to the increase in other income of the schools and PPHC.

Provision for (benefit from) income tax

The provision resulted mainly from the schools, CMG and the Hospitality group.

SIGNATURES

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

PHINMA CORPORATION


REGINA B. ALVAREZ
Senior Vice President and Group Controller


ANNABELLE S. GUZMAN
Vice President - Controller

May 15, 2024

PHINMA CORPORATION
Consolidated Aging of AR-Trade and Contract assets
As of March 31, 2024

in thousands

	<u>Amount</u>
Current	2,273,685
1-30 days	738,544
31-60 days	181,330
61-90 days	287,356
Over 90 days	<u>2,004,245</u>
TOTAL	5,485,160
Less: Allowance for expected credit losses (ECL)	<u>1,313</u>
Net Trade Receivable	<u>5,483,847</u>

PHINMA CORPORATION
Consolidated Aging of AR-Nontrade
As of March 31, 2024

in thousands

	<u>Amount</u>
Current	3,500,508
1-30 days	72,605
31-60 days	29,158
61-90 days	31,818
Over 90 days	<u>932,671</u>
TOTAL	4,566,760
Less: Allowance for expected credit losses (ECL)	<u>173,123</u>
Net Nontrade Receivable	<u>4,393,637</u>