

COVER SHEET

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S.E.C. Registration Number

P	H	I	N	M	A			C	O	R	P	O	R	A	T	I	O	N											

(Company's Full Name)

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D	R	I	V	E	,		R	O	C	K	W	E	L	L		C	E	N	T	E	R		M	A	K	A	T	I	

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

A	N	N	A	B	E	L	L	E		G	U	Z	M	A	N
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Contact Person

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Company Telephone Number

Definitive Information Statement

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Month Day
Calendar Year

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FORM TYPE

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Month Day

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Secondary License Type, If Applicable

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Dept. Requiring this Doc.

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Amended Articles Number/Section

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Total No. of Stockholders

Total Amount of Borrowings

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Domestic

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Foreign

To be accomplished by SEC Personnel concerned

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File Number

LCU

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Document I. D.

Cashier

STAMPS									
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Remarks = Pls. Use black ink for scanning purpose

PHINMA

Making Lives Better

Certification

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

- 1) That on behalf of PHINMA Corporation, I have caused this report on SEC Definitive Information Statement 2022 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 the company 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 17th day of June, 2022.



Annabelle S. Guzman
Vice President - Controller

17 JUN 2022

SUBSCRIBED AND SWORN to before me this _____ day of _____, 2022 in MAKATI CITY, affiant exhibited to me her Driver's License No. N01-01-266669 issued on April 19, 2019 at Makati DO with expiration date of April 15, 2024.

NOTARY PUBLIC

Doc. No. 238
Page No. 49
Book No. 304
Series of 2022


ATTY. GEORGE DAVID D. SITON
NOTARY PUBLIC FOR MAKATI CITY
APPT. NO. M-061 - UNTIL DEC. 31, 2023
ROLL NO. 8202/MCL - COMPLIANCE NO. VII-0010136/2-15-2022
IBP NO. 002282 - LIFETIME MEMBER MAY 5, 2017
PTR NO. 8352066 - JAN 03, 2022 - MAKATI CITY
EXECUTIVE BLDG. CENTER MAKATI AVE., COR. JUPITER ST., MAKATI CITY



NOTICE OF SPECIAL MEETING OF THE STOCKHOLDERS

TO ALL SHAREHOLDERS:

Please be informed that the Special Meeting of the Stockholders of PHINMA CORPORATION will be held through remote communication via www.asm.phinmacorp.ph on Thursday, 14 July 2022, at 2:30 p.m. with the following agenda:

1. Call to Order
2. Notice and Quorum
3. Issuance of Treasury Shares and One-time Denial of Pre-emptive Rights
4. Other Matters
5. Adjournment

For the explanation of each agenda item, please refer to the attached Annex "A".

The record date for the determination of the shareholders entitled to notice of said meeting and to vote thereat is June 20, 2022.

In view of the current COVID-19 environment, attendance will be allowed only through remote communication.


Duly accomplished proxies should be submitted on or before July 08, 2022 by email to phncorpsec@phinma.com.ph. Validation of proxies is set on July 08, 2022 starting at 9:00 a.m.

Stockholders who wish to participate by remote communication should notify the Corporation by email to phncorpsec@phinma.com.ph on or before July 08, 2022.

PHINMA

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Procedures for participating in the meeting through remote communication and for voting will be included in the Information Statement to be disclosed on June 22, 2022.



TROY A. LUNA
Corporate Secretary

UNION GALVASTeel | PHILCIMENT | PHINMA SOLAR | PHINMA EDUCATION | PHINMA PROPERTIES | PHINMA HOSPITALITY | L-O INSURANCE, INC. | PHINMA FOUNDATION

12th Floor, PHINMA Plaza
39 Plaza Drive, Rockwell Center
Makati City, Philippines 1200

Tel: +632 8870 0100
Fax: +632 8870 0456
www.phinma.com.ph

PHINMA CORPORATION
SPECIAL MEETING OF STOCKHOLDERS
Thursday, July 14, 2022, 2:30 pm
Through livestreaming at asm.phinmacorp.ph

Explanation of Each Item of the Agenda

1. Call to Order

The Chairman, Mr. Ramon R. del Rosario, Jr., will formally begin the special meeting of the stockholders of PHINMA Corporation (the “Corporation”).

2. Proof of Notice and Determination of Quorum

The Corporate Secretary, Atty. Troy A. Luna, will certify to the date when the notice of meeting and Information Statement were sent to the stockholders of record as of June 20, 2022 and to the Securities and Exchange (SEC) and Philippine Stock Exchange (PSE), as well as the date of publication of the notice in a newspaper of general circulation. The Corporate Secretary will likewise certify as to the existence of a quorum.

Stockholders may participate in the meeting only by remote communication. Stockholders who have informed the Corporation of their attendance by email to phncorpsec@phinma.com.ph on or before July 08, 2022 shall be considered present at the meeting, subject to the procedure set forth in Annex “B” of the Information Statement to be posted on the Company’s website.

The following are the rules of conduct and procedure for the meeting:

- i) Votes of all stockholders may only be cast through ballots/proxies submitted on or before July 08, 2022. A sample of the Ballot/Proxy will be included in the Information Statement.

All Ballots/Proxies should be received by the Corporate Secretary on or before July 08, 2022 by email to phncorpsec@phinma.com.ph.

- ii) The one item in the agenda for which the meeting is called will need the affirmative vote of stockholders, in person or by proxy, owning at least two-thirds (2/3) of the shares of stock present or represented at the meeting. The proposed resolution/s will be shown on the screen as the same is taken-up at the meeting.
- iii) The Committee of Inspectors of Proxies and Ballots will tabulate all votes cast and received, and an independent third party will validate the results. The Corporate Secretary will report the result of voting during the meeting.
- iv) Stockholders may email to phncorpsec@phinma.com.ph questions or comments on matters to be taken up at the meeting on or before July 08, 2022. These will be answered during the meeting or via email to the stockholder sending the question, subject to appropriateness, relevance and time limits.
- v) A link to the recorded webcast of the meeting will be posted on the Company’s website after the meeting. Stockholders shall have one week from the meeting to send to the Company through the same email address,

questions or concerns on matters arising from and relevant to the meeting held.

3. Issuance of Treasury Shares and One-time Denial of Pre-emptive Rights

The issuance of treasury shares and one-time denial of pre-emptive rights, will need the affirmative vote of stockholders, in person or by proxy, owning at least two-thirds (2/3) of the shares of stock present or represented at the meeting. The proposed resolution/s will be shown on the screen as the same is taken-up at the meeting.

4. Other Matters

The Chairman will inquire whether there are other relevant matters and concerns to be discussed. Other matters which the stockholders wish to be discussed or responded to, which are relevant to the meeting and the matters discussed and voted upon thereat, may be raised by the stockholders by emailing them to phncorpsec@phinma.com.ph within one week from the meeting.

5. Adjournment

The Chairman will adjourn the meeting when the scheduled order of business is completed.

BALLOT / PROXY

Please mark as applicable:

☐

Vote by ballot

The undersigned stockholder of **PHINMA CORPORATION** (the "Company") hereby casts his/her vote on the agenda items below for the 2022 PHINMA CORPORATION Special Meeting of Stockholders, as indicated by the mark "X" across each agenda item below.

☐

Vote by proxy

The undersigned, being a stockholder of **PHINMA CORPORATION** (the "Company"), hereby appoints _____ or in his absence, the Chairman of the meeting, as *attorney* and *proxy*, with power of substitution, to represent and vote all shares registered in his/her/its name as proxy of the undersigned stockholder, at the Special Meeting of Stockholders of the Company on **July 14, 2022** and at any adjournment thereof for the purpose of acting or voting on the following matters:

- | | |
|---|---|
| 1. Approval of the Issuance of Treasury Shares and One-time Denial of Pre-emptive Rights | <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Abstain |
| 2. At their discretion, the proxies named above are authorized to vote upon such other matters as may properly come before the meeting. | <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Abstain |

Printed Name of Stockholder

Date

Signature of Stockholder / Authorized Signatory

QUESTION / COMMENT :

This PROXY should be received by the Corporate Secretary **ON OR BEFORE July 8, 2022**. Proxies need not be notarized. Please attach a photocopy of any government-issued identification card/document with photo and signature such as passport, driver's license or SSS ID for identification purposes.

A stockholder giving a proxy has the power to revoke the same on before the last day of submission of proxies on July 8, 2022. A proxy is also considered revoked if the stockholder registers his attendance and delivers a later-dated Ballot/Proxy on or before the said date indicating that he/she/it is voting by ballot.

This proxy, when properly executed, will be voted in the manner as directed herein by the stockholder(s). If no direction is made, this proxy will be voted for the approval of the matters stated above and for such other matters as may properly come before the meeting in the manner described in the Information Statement and/or as recommended by Management or the Board of Directors.

ANNEX B

PROCEDURE FOR ATTENDING THE MEETING

1. The meeting will be held via livestreaming at www.asm.phinmacorp.ph. Stockholders of record as of June 20, 2022 are entitled to attend and vote on each item of the agenda of said meeting.
2. Stockholders who intend to attend the meeting should notify the Company by email to phncorpsec@phinma.com.ph on or before July 8, 2022. Stockholders whose shares are lodged with brokers are requested to contact their brokers for guidance on their participation in the meeting.

For validation purposes, the email should contain the following information:

- (i) Name of the stockholder;
- (ii) address;
- (iii) telephone number;
- (iv) email address through which the stockholder may be reached; and
- (v) a scanned copy of any valid government-issued identification card ("ID") with photo and signature of the stockholder;
- (vi) if attending through a duly-appointed Proxy, the name of the Proxy, together with a scanned copy of his/her valid government-issued ID with photo and signature; and
- (vii) If the stockholder is a corporation or other entity, the name of its authorized representative, the valid government-issued ID with photo and signature of the representative, together with its Corporate Secretary's certification stating the representative's authority to represent the corporation or entity in the meeting.

Only stockholders who have notified the Company of their intention to participate through remote communication as above-described, by themselves or through their proxies or representatives, and have been validated to be stockholders of record of the Company as of June 20, 2022 will be considered in determining attendance at the meeting.

3. Stockholders who do not register their participation in the meeting may still watch the same by accessing the livestreaming link indicated, but will not be considered present at the meeting.
4. Stockholders can vote only through a Ballot/Proxy emailed to phncorpsec@phinma.com.ph on or before July 8, 2022. The Ballot/Proxy form may be downloaded from <https://www.phinma.com.ph/#investor-section>.

Only signatures of stockholders or their proxies or representatives on Ballots/Proxies that match their signatures appearing on the scanned copy of their government-issued identification card submitted during registration, as explained above, will be honored.

5. Stockholders may email to phncorpsec@phinma.com.ph questions or comments on matters to be taken up at the meeting on or before July 08, 2022. These will be

answered during the meeting or via email to the stockholder sending the question, subject to appropriateness, relevance and time limits.

6. A link to the recorded webcast of the meeting will be posted on the Company's website after the meeting. Stockholders shall have one week from the meeting to send to the Company through the same email address, questions or concerns on matters arising from and relevant to the meeting held.

SEC Number 12397
File Number

PHINMA CORPORATION

12th Floor, Phinma Plaza, 39 Plaza Drive, Rockwell Center, Makati City

Telephone No.: **8870-0100**

Company's Calendar Year Ending: **December 31**

DEFINITIVE INFORMATION STATEMENT
(SEC FORM 20 - IS)

Amendment Designation (If Applicable)

March 31, 2022

Period-Ended Date

Secondary License Type and File No.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20 – IS

Information Statement

Pursuant to Section 20 of the Securities Regulation Code

1. Check the appropriate box:

☐ Preliminary Information Statement
☒ **Definitive Information Statement**

2. Name of Registrant as specified in its charter:

PHINMA CORPORATION

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

Manila, Philippines

4. SEC Identification Number: **12397**

5. BIR Tax Identification Code: **321-000-107-026**

6. Address of principal office:

12/F PHINMA Plaza, 39 Plaza Drive, Rockwell Center, Makati City 1210

7. Registrant's telephone number, including area code: **(632) 88700-100**

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

Date	-	July 14, 2022, Thursday
Time	-	2:30 p.m.
Place	-	Presided at San Juan City, Metro Manila
		By remote communication via www.asm.phinmacorp.ph
Livestream	-	www.asm.phinmacorp.ph
Principal Office	:	12th Floor, PHINMA Plaza, 39 Plaza Drive, Rockwell Center Makati City, Philippines 1210

9. Approximate date when the Information Statement is first to be posted on the Company website (<https://www.phinma.com.ph>): **June 22, 2022**

10. Securities registered pursuant to Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class	No. of shares of Common Stock Outstanding or Amount of Debt Outstanding (as of Mar 31, 2022)
Common shares	271,893,365 shares
Amount of Debt	₱11.04 billion

11. Are any or all registrant's securities listed on the Philippine Stock Exchange?

Yes ☒

No ☐

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

Philippine Stock Exchange, Inc. - common shares

PHINMA CORPORATION

Information Statement

This Information Statement is dated as of June 22, 2022 and is being furnished to stockholders of record of PHINMA CORPORATION, (the “Company” or “PHN”) as of June 20, 2022 in connection with its Special Stockholders Meeting.

WE ARE NOT SOLICITING YOUR PROXY.

A. BUSINESS AND GENERAL INFORMATION

ITEM 1. Date and Time of Special Meeting of Security Holders: Conduct via Livestream

Due to CoVID-19 health concerns, PHINMA Corporation (“PHN” or the “Company”) will not hold a physical meeting and will instead conduct the meeting through livestreaming via www.asm.phinmacorp.ph. Stockholders can therefore only attend the meeting by remote communication, with the meeting to be presided by the Chairman remotely from San Juan City in Metro Manila, not from Makati City where the principal office of the Company is located, for the same reason why a physical meeting could not be held.

Stockholders intending to attend the meeting by remote communication should notify the Company by email to phncorpsec@phinma.com.ph or before July 8, 2022. The procedure and further details for attending the meeting through remote communication are set forth in Annex “B” of the notice of meeting in this Definitive Information Statement.

Votes will be cast through a Ballot/Proxy form. The deadline for the submission of Ballots/Proxies is on July 8, 2022. Ballots/Proxies may be sent by email to phncorpsec@phinma.com.ph. For the convenience of the stockholders of the Company, a sample of a Ballot/Proxy is attached to this Definitive Information Statement.

For an individual, his/her Ballot/Proxy must be accompanied by a valid government-issued ID with a photo. For a corporation, its Ballot/Proxy must be accompanied by its Corporate Secretary’s certification stating the representative’s authority to represent the corporation in the meeting, together with a copy of the valid government-issued ID of the said authorized representative. Ballots / Proxies need not be notarized. Validation of Ballots/Proxies will be on July 8, 2022 starting at 9:00 a.m. at the office of Stock Transfer Services, Inc. at 34/f Unit D, Rufino Pacific Tower, 6784 Ayala Avenue, Makati City.

Stockholders may email to phncorpsec@phinma.com.ph questions or comments on matters that are relevant to the meeting and matters discussed on or before July 8, 2022.

Date	-	July 14, 2022, Thursday
Time	-	2:30 p.m.
Place	-	Presided at San Juan City, Metro Manila
		By remote communication via www.asm.phinmacorp.ph
Livestream	-	www.asm.phinmacorp.ph
Principal Office	:	12th Floor, PHINMA Plaza, 39 Plaza Drive, Rockwell Center Makati City, Philippines 1210

Approximate date when the Information Statement is first to be posted on the Company website (<https://www.phinma.com.ph>): **June 22, 2022**

ITEM 2. Dissenters' Right of Appraisal

There are no matters to be taken-up at the meeting that will give rise to the right of appraisal pursuant to Title X, Section 80 of the Revised Corporation Code of the Philippines (the "Code") governing the exercise of Appraisal Rights which states that:

Any stockholder of a corporation shall have the right to dissent and demand payment of the fair value of the shares in the following instances:

- a) In case an amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence;
- b) In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Code;
- c) In case of merger or consolidation; and
- d) In case of investment of corporate funds for any purpose other than the primary purpose of the corporation.

Section 81 of the Revised Corporation Code provides the following procedure on how the appraisal right may be exercised by any stockholder who shall have voted against a proposed corporate action on any of the above instances:

- 1) The dissenting stockholder who votes against a proposed corporate action may exercise the right of appraisal by making a written demand on the corporation for the payment of the fair value of shares held within thirty (30) days from the date on which the vote was taken: *Provided*, that failure to make the demand within such period shall be deemed a waiver of the appraisal right. If the proposed corporate action is implemented, the corporation shall pay the stockholder, upon surrender of the certificate or certificates of stock representing the stockholder's shares, the fair value thereof as of the day before the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action.
- 2) If within sixty (60) days from the approval of the corporate action by the stockholders, the withdrawing stockholder and the corporation cannot agree on the fair value of the shares, it shall be determined and appraised by three (3) disinterested persons, one of whom shall be named by the stockholder, another by the corporation, and the third by the two (2) thus chosen. The findings of the majority of the appraisers shall be final, and their award shall be paid by the corporation within thirty (30) days after such award is made: *Provided*, That no payment shall be made to any dissenting stockholder unless the corporation has unrestricted retained earnings in its books to cover such payment: *Provided, further*, That upon payment by the corporation of the agreed or awarded price, the stockholder shall forthwith transfer the shares to the corporation.

ITEM 3. Interest of Certain Persons in Matters to be Acted Upon

- a) There is no substantial interest, direct or indirect, by security holdings or otherwise, of any director or officer of the Company, any nominee or associate thereof, in any matter to be acted upon, other than to the extent that any director or officer of the Company has pre-emptive rights arising from shares of stock of the Company which they may own.
- b) The Board of Directors of the Company is not aware of any party who has indicated an intention to oppose the motions set forth in the Agenda.

B. CONTROL AND COMPENSATION INFORMATION

ITEM 4. Voting Securities and Principal Holders Thereof

a) Voting Securities

As of April 30, 2022, there are 271,893,365 shares of the Company's common stock that are outstanding. Of the said outstanding voting shares, 257,376,559 shares are owned by Filipinos and 14,516,806 shares are owned by foreign nationals. Each share is entitled to notice of and to one vote at the Special Stockholders' Meeting.

b) Record Date

Only holders of the Company's stock of record at the close of business on June 20, 2022 are entitled to the notice of and to vote in the Special Meeting to be held on July 14, 2022.

c) Voting Rights

There is no action to be taken with respect to the election of directors and the cumulative voting rights of persons solicited.

d) Security Ownership of Certain Record and Beneficial Owners

The table below shows persons or groups known to PHN as of April 30, 2022 to be directly or indirectly the record or beneficial owners of more than 5% of the Company's voting securities:

Table 1 - Owners of Voting Securities

Title of Class	Name & Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	# of Shares held	%
Common	Phil. Investment Mgmt.(PHINMA), Inc. ¹ Level 12, Phinma Plaza, No. 39 Plaza Drive Rockwell Center, Makati City Stockholder	Phil. Investment Mgmt. (PHINMA), Inc. which is also the record owner. Mr. Oscar J. Hilado, Chairman of Board, is the person appointed to exercise voting power.	Filipino	181,597,850	66.79%
Common	Philippine Depository and Trust Corporation ² MSE Bldg. Ayala Avenue Makati City Stockholder	Various	Filipino	43,460,929	15.98%
Common	Philippine Depository and Trust Corporation ² MSE Bldg. Ayala Avenue Makati City Stockholder	Various	Foreign	14,516,806	5.34%

¹ Phinma Inc.'s principal stockholders are: 1) EMAR Corporation (44.28%), a Filipino company principally owned by the immediate family of the late Amb. Ramon V. del Rosario, Sr., 2) Mariposa Properties, Inc. (28.62%), which is owned by Mr. Oscar J. Hilado and the members of his immediate family, and 3) Dr. Magdaleno B. Albarracin, Jr. who owns 13.61% of Phinma Inc.'s outstanding shares. The Del Rosario and Hilado Families are expected to direct the voting of the shares held by EMAR Corp. and Mariposa Properties, Inc.

² Philippine Depository and Trust Corporation ("PDTC") is a wholly-owned subsidiary of Philippine Central Depository, Inc., ("PCD") which acts as trustee-nominee for all shares lodged in the PCD system. It was formerly known as PCD Nominee Corporation. The beneficial owners of such shares are PCD participants who hold the shares on their behalf or in behalf of their clients.

Security Ownership of Management

The table below shows the securities beneficially owned by all directors, nominees and executive officers of PHN as of April 30, 2022.

Table 2 - Security Ownership of Management

Title of Class	Name of Beneficial Owner	No. of shares	Nature of Beneficial Ownership	Citizenship	% of Ownership
Common	Oscar J. Hilado	400,0000 2,341,580	Direct Indirect	Filipino	.147% .861%
Common	Magdaleno B. Albarracin, Jr.	11,305,000	Direct	Filipino	4.158%
Common	Victor J. del Rosario	1,069,245 854,080	Direct Indirect	Filipino Filipino	.393% .314%
Common	Ramon R. del Rosario, Jr.	432.661 4,491,123	Direct Indirect	Filipino Filipino	.159% 1.652%
Common	Jose L. Cuisia, Jr.	17,927	Direct	Filipino	.007%
Common	Meliton B. Salazar Jr.	1	Direct	Filipino	.000%
Common	Eduardo A. Sahagun	1	Direct	Filipino	.000%
Common	Rizalina G. Mantaring	1	Direct	Filipino	.000%
Common	Juan B. Santos	1	Direct	Filipino	.000%
Common	Lilia B. de Lima	1	Direct	Filipino	.000%
Common	Edgar O. Chua	1	Direct	Filipino	.000%
Common	Roberto M. Laviña	1,306,306	Direct	Filipino	.480%
Common	Pythagoras L. Brion	341,586	Direct	Filipino	.126%
Common	Regina B. Alvarez	442,571	Direct	Filipino	.163%
Common	Jose Mari del Rosario	349,785 475,902	Direct Indirect	Filipino Filipino	.129% .175%
Common	Raphael B. Felix	-	Direct	Filipino	.000%
Common	Danielle R. del Rosario	225,500 30	Direct Indirect	Filipino Filipino	.083% .000%
Common	Rolando D. Soliven	33,500	Direct	Filipino	.012%
Common	Nanette P. Villalobos	21,450	Direct	Filipino	.008%
Common	Peter V. Perfecto	9,000	Direct	Filipino	.003%
Common	Edmund Alan A. Qua Hiansen	16,900	Direct	Filipino	.006%
Common	Annabelle S. Guzman	-	Direct	Filipino	.000%
Common	Grace M. Purisima	200	Direct	Filipino	.000%
Common	Troy A. Luna	-	Direct	Filipino	.000%
Common	Ma. Concepcion Z. Sandoval	-	Direct	Filipino	.000%
		15,971,637	Direct		5.874%
		8,162,715	Indirect		3.002%
Directors and Officers as a Group		24,134,352			8.876%

Voting Trust Holders of 5% or more

None of the Directors and Officers own 5% or more of the outstanding capital stock of the Company. Also, the Company is not aware of any individual holding more than 5% of the Company's outstanding shares.

Changes in Control

There are no arrangements that may result in a change in control of the registrant, nor has there been any change in control since the beginning of the last calendar year.

ITEM 5. Directors and Executive Officers

No action is to be taken with respect to the election of directors.

ITEM 6. Compensation of Directors and Executive Officers

No action is to be taken with regard to:

- (a) the election of directors;
- (b) any bonus, profit sharing or other compensation plan, contract or arrangement in which any director, nominee for election as a director, or executive officer of the registrant will participate;
- (c) any pension or retirement plan in which any such person will participate; or
- (d) the granting or extension to any such person of any option/s, warrant/s or right/s to purchase any securities, other than warrants or rights issued to security holders as such, on a pro rata basis. However, if the solicitation is made on behalf of persons other than the registrant, the information required need be furnished only the nominees of the persons making the solicitation and associates of such nominees.

ITEM 7. Appointment of External Auditors

No action is to be taken in relation to the election, approval or ratification of the Company's Independent Public Accountant.

ITEM 8. Compensation Plans

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

C. ISSUANCE AND EXCHANGE OF SECURITIES

ITEM 9. Authorization or Issuance of Securities Other than for Exchange

On February 20, 2020, the Company's Board of Directors appropriated P165.5 million of the retained earnings for the buyback of common shares until February 28, 2022. By the end of the buyback program, the Company has purchased a total of 14,450,179 of its own shares for a total consideration of P144.03 million.

On May 31, 2022, the Company's Executive Committee, with the authority delegated by the Board of Directors, approved the issuance and sale of 14,450,179 treasury shares thru the facilities of the Philippine Stock Exchange at a minimum selling price of P19.50 per share, subject to the approval of one-time denial of pre-emptive rights by the shareholders, during the Special Meeting of Stockholders to be held on July 14, 2022. Notwithstanding the said denial of pre-emptive rights, stockholders will have the opportunity to acquire the said Treasury Shares through the Exchange. P50 million of the total proceeds from the sale will be used for general corporate purposes and the rest of the proceeds will be used for investments.

The Treasury Shares to be reissued are common shares with voting and pre-emptive rights except with respect to issuance of preferred shares. They are entitled to dividends.

The Company has unissued non-voting Preferred 'A' shares, Preferred 'B' shares, Preferred 'AA' shares, and Preferred 'BB' shares, all with the par value of Ten Pesos (Php 10.00) per share. Holders of preferred shares have no pre-emptive right to subscribe to any issue of common shares. The said preferred shares have the following rights, preferences, qualifications, limitations and conditions:

- a) Holders of Preferred A shares shall be entitled to dividends at the rate of eight percent (8%) yearly on the par value thereof. Holders of Preferred B shares shall be entitled to dividends at the rate of nine percent (9%) yearly on the par value thereof. As between the two classes of Preferred shares, Preferred A shares shall be considered senior securities.

Dividends on these Preferred shares shall be payable semi-annually on June 1st and December 1st of each year. They shall be preferential and cumulative and paid in chronological order with reference to the due dates for each semi-annual installment. Holders of preferred shares are not entitled to participate in any dividends paid to holders of common shares.

- b) Holders of Preferred AA shares shall be entitled to dividends at the rate of ninety percent (90%) of ninety-one (91) days Treasury Bills rate plus not more than seven-eighths of one percent (7/8 of 1%); while holders of Preferred BB shares shall be entitled to dividends at the rate of ninety percent (90%) of ninety-one (91) days Treasury Bills rate plus not more than one percent (1%).

Dividends on these Preferred shares shall be payable quarterly in arrears and shall accrue and be cumulative from date of issuance thereof. Accumulation of dividends on preferred shares shall be subject to additional dividends at the rate of one percent (1%) per month from their due dates until paid. Preferred AA shares shall be redeemed by the Company on the fifth year from date of issue, while Preferred BB shares shall be redeemed on the seventh year from date of issue.

- c) The Board of Directors is authorized to fix the terms and conditions of preferred shares other than those provided above.
- d) In the event of liquidation, dissolution, receivership, bankruptcy or winding up of the affairs of the Company, holders of preferred shares shall be entitled to payment in full, or pro rata, together with accrued and unpaid dividends, before any distribution is made to holders of common shares, and shall be entitled to no other distribution.
- e) The Company may redeem the whole or part of the outstanding preferred shares at any time upon payment in cash of the holder thereof at Php 10.00 per share, together with all accrued and unpaid dividend.
- f) In case of redemption of less than all the outstanding preferred shares, the preferred shares to be redeemed shall be selected by the Board of Directors by lot or in such other equitable manner as the said Board may determine.

There is no provision in the charter or by-laws of the Company that would delay, defer or prevent a change in control of the registrant.

ITEM 10. Modification or Exchange of Securities

No action will be presented for stockholders' approval at the special stockholders' meeting which involves the modification of any class of PHN's securities, or the issuance of one class of PHN's securities in exchange for outstanding securities of another class.

ITEM 11. Financial and Other Information

The Company earlier distributed copies of the Management Report, Annual Report on SEC Form 17-A with the Audited Financial Statements as of 31 December 2021, in connection with its 2022 Annual General Meeting held on 12 April 2022. The Company has not made any changes in and has not had any disagreements with its external auditor on accounting and financial disclosures.

The Company's First Quarter SEC Form 17-Q with the Interim Financial Statements for the quarter ended 31 March 2022 are attached hereto as Annex "C".

Representatives of the Company's external auditor, SGV, are expected to be present at the stockholders' meeting. They will have the opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions.

ITEM 12. Mergers, Consolidations, Acquisitions and Similar Matters

No action will be presented for stockholders' approval at the special stockholders' meeting in respect of (1) the merger or consolidation of PHN into or with any other person, or of any other person into or with PHN, (2) acquisition by PHN or any of its stockholders of securities of another person, (3) acquisition by PHN of any other going business or of the assets thereof, (4) the sale or transfer or all or any substantial part of the assets of PHN (5) liquidation or dissolution of PHN.

ITEM 13. Acquisition or Disposition of Property

No action will be presented for stockholders' approval at the special stockholders' meeting in respect of any acquisition or disposition of property of PHN.

ITEM 14. Restatement of Accounts

No action will be presented for stockholders' approval at the special stockholders' meeting which involves the restatement of any of PHN's assets, capital or surplus account.

D. OTHER MATTERS

ITEM 15. Actions with Respect to Reports

There is no action to be taken with respect to any report of the Company, its directors, officers, or committees, or minutes of any meeting of the stockholders.

ITEM 16. Matters Not Required To Be Submitted

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

ITEM 17. Amendment of Charter, By-Laws or Other Documents

There is no action to be taken with respect to amendment of charter, by-laws or other documents.

ITEM 18. Other Proposed Action

Other than the matters indicated in the Notice and Agenda included in this Information Statement, there are no other actions proposed to be taken at the special meeting.

ITEM 19. Voting Procedures

The items for approval by the stockholders, i.e. the issuance of treasury shares and one-time denial of pre-emptive rights, will need the affirmative vote of stockholders representing at least two-thirds (2/3) of the total issued and outstanding capital stock. The proposed resolution will be shown on the screen as the same is taken-up at the meeting.

Votes of all stockholders may only be cast through ballots or proxies submitted on or before July 8, 2022. A sample of the Ballot/ Proxy will be included in the Information Statement.

All Ballots/Proxies should be received by the Corporate Secretary on or before July 8, 2022 by email to phncorpsec@phinma.com.ph.

The votes received will be tabulated and validated by an independent third party. The Corporate Secretary shall report the result of voting during the meeting.

Stockholders may email to phncorpsec@phinma.com.ph questions or comments on matter taken up at the meeting on or before July 8, 2022. These will be answered during the meeting, subject to appropriateness, relevancy and time limits, or via email to the stockholder sending the said questions.

A link to the recorded webcast of the meeting will be posted on the Company's website after the meeting. Stockholders shall have one week from posting to send to the Company through the same email address, questions and concerns on the matters arising from and relevant to the meeting conducted.

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Makati on June 17, 2022.

PHINMA CORPORATION
Issuer



TROY A. LUNA
Corporate Secretary

NOTICE: The Company will post the full version of this SEC Form 20-IS (Definitive Information Statement), together with all its annexes, on the company website www.phinma.com.ph upon its approval by the Securities and Exchange Commission.

ANNEX C

17Q Report
for the quarter ended
March 31, 2022

COVER SHEET

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S.E.C. Registration Number

[illegible]

(Company's Full Name)

L	E	V	E	L		1	2	-	P	H	I	N	M	A		P	L	A	Z	A		3	9		P	L	A	Z	A
D	R	I	V	E	,		R	O	C	K	W	E	L	L		C	E	N	T	E	R		M	A	K	A	T	I	

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

A	N	N	A	B	E	L	L	E		G	U	Z	M	A	N
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					Contact Person
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8	8	7	0	0	1	0	0
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Company Telephone Number

Month Day
Calendar Year

S	E	C		1	7	-	Q
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FORM TYPE

0	5		1	6		2	2
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Month Day Year

Secondary License Type, If Applicable

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Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel concerned

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File Number

LCU

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Document I. D.

Cashier

STAMPS

STAMPS

Remarks = Pls. Use black ink for scanning purposes

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, 2022 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 13th day of May, 2022.


ANNABELLE S. GUZMAN
Vice President - Controller

SUBSCRIBED AND SWORN to before me this 13th day of May, 2022 in Makati City, affiant exhibited¹ her Passport No. P3786360A issued on July 25, 2017 at DFA Manila with expiration date July 24, 2022.

Doc. No. 237
Page No. 49
Book No. 283
Series No. 0022

NOTARY PUBLIC

ATTY. GEORGE DAVID D. SITON
NOTARY PUBLIC FOR MAKATI CITY
APPT. NO. M-061 - UNTIL DEC. 31, 2023
ROLL NO. 68402 / MCLE COMPLIANCE NO. VII-0010136/2-15-2022
IBP O.R No. 002282 - LIFETIME MEMBER MAY 5, 2017
PTR No. 8852066 - JAN 03, 2022 - MAKATI CITY
EXECUTIVE BLDG. CENTER MAKATI AVE., COR. JUPITER ST., 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, 2022
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 - **271,893,365** 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, 2022****(With Comparative Audited Figures as at December 31, 2021)****(Amounts in Thousands)**

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 5, 27 and 28)	₱3,737,081	₱3,695,914
Investments held for trading (Notes 6, 27 and 28)	990,347	1,310,728
Trade and other receivables (Notes 7, 27 and 28)	4,699,582	4,935,304
Inventories (Note 8)	1,934,777	1,974,054
Input value-added taxes and other current assets (Note 27)	381,673	335,241
Total Current Assets	11,743,460	12,251,241
Noncurrent Assets		
Investment in associates and joint ventures (Note 9)	1,263,103	1,247,086
Financial assets at fair value through profit or loss (Notes 10, 27 and 28)	2,135,832	2,105,243
Financial assets at fair value through other comprehensive income (Notes 11, 27 and 28)	109,960	108,660
Property, plant and equipment (Note 12)	10,731,563	10,547,854
Investment properties (Note 13)	623,956	627,438
Intangible assets (Note 14)	1,902,969	1,905,794
Right-of-use assets (Note 29)	313,579	335,245
Deferred tax assets - net (Note 24)	105,314	101,013
Derivative asset (Notes 10, 27 and 28)	517,916	510,498
Other noncurrent assets (Notes 15 and 27)	305,527	341,223
Total Noncurrent Assets	18,009,719	17,830,054
	₱29,753,179	₱30,081,295
LIABILITIES AND EQUITY		
Current Liabilities		
Notes payable (Notes 16, 27 and 28)	₱231,979	₱930,174
Trade and other payables (Notes 17, 27 and 28)	2,727,450	2,314,696
Contract liabilities (Note 18 and 27)	403,995	1,327,142
Trust receipts payable (Notes 27 and 28)	1,927,499	1,711,433
Derivative liability (Notes 27 and 28)	2,940	—
Income and other taxes payable	64,130	47,614
Current portion of:		
Long-term debt (Notes 19, 27 and 28)	522,415	544,032
Lease liabilities (Notes 27 and 29)	108,266	108,266
Due to related parties (Notes 24, 27 and 28)	141,232	182,878
Total Current Liabilities	6,129,906	7,166,235
Noncurrent Liabilities		
Long-term debt - net of current portion (Notes 19, 27 and 28)	10,517,154	10,139,083
Non-controlling interest put liability (Notes 27 and 28)	1,944,236	1,862,875
Deferred tax liabilities - net (Note 25)	430,366	425,250
Pension and other post-employment benefits (Note 26)	252,205	259,219
Lease liabilities - net of current portion (Notes 27 and 29)	223,196	247,635
Other noncurrent liabilities	47,949	47,937
Total Noncurrent Liabilities	13,415,106	12,981,999
Total Liabilities	19,545,012	20,148,234

(Forward)

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Equity Attributable to Equity Holders of the Parent		
Capital stock (Note 20)	₱2,863,312	₱2,863,312
Additional paid-in capital	259,248	259,248
Treasury shares (Note 20)	(144,033)	(143,574)
Exchange differences on translation of foreign operations	(633)	(581)
Equity reserves	(146,085)	(95,484)
Other comprehensive income (Note 9)	39,228	38,167
Share in other comprehensive income (loss) of associates (Note 9)	9,853	11,538
Retained earnings (Note 20)	4,690,646	4,534,521
Equity Attributable to Equity Holders of the Parent	7,571,536	7,467,147
Non-controlling Interests	2,636,631	2,465,914
Total Equity	10,208,167	9,933,061
	₱29,753,179	₱30,081,295

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	
	2022	2021
	(Unaudited)	(Unaudited)
REVENUES		
Revenue from contracts with customers		
Sale of goods	₱3,451,182	₱3,033,873
Tuition, school fees and other services	909,832	734,623
Installation services	16,347	48,785
Hospital routine services	33,680	40,677
Consultancy services	11,069	—
Rental income	17,437	17,162
Investment income	54,470	5,364
	4,494,017	3,880,484
COSTS AND EXPENSES		
Cost of sales (Note 21)	2,856,226	2,338,723
Cost of educational, installation, hospital and consultancy services (Note 21)	394,904	360,031
General and administrative expenses (Note 22)	495,639	344,240
Selling expenses (Note 23)	154,646	163,770
	3,901,315	3,206,764
OTHER INCOME (EXPENSES)		
Interest expense and other financing charges	(171,279)	(119,423)
Foreign exchange gains - net (Note 27)	13,190	29,917
Equity in net losses of associates and joint ventures (Note 9)	17,702	(9,926)
Gain on derivatives – net	1,546	(570)
Gain on change in fair value of financial assets at FVPL	30,589	—
Loss on sale of property, plant and equipment – net	59	—
Others – net	7,105	1,560
	(101,088)	(98,442)
INCOME BEFORE INCOME TAX	491,614	575,278
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 25)		
Current	(405)	32,170
Deferred	(1,444)	14,116
	(1,849)	46,286
NET INCOME	₱493,463	₱528,992
Attributable to:		
Equity holders of the Parent	₱292,055	₱303,551
Non-controlling interests	201,408	225,441
Net income	₱493,463	₱528,992
Basic/Diluted Earnings Per Common Share - Attributable to Equity Holders of the Parent (Note 31)	₱1.07	₱1.11

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	
	2022	2021
	(Unaudited)	(Unaudited)
NET INCOME	P493,463	P528,992
OTHER COMPREHENSIVE INCOME (LOSS)		
Items not to be reclassified to profit or loss in subsequent periods		
Re-measurement loss on defined benefit obligation	—	(10,479)
Unrealized loss on change in fair value of financial assets at fair value through other comprehensive income	1,301	(1,065)
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	(1,685)	3,301
Income tax effect	(157)	1,208
	(541)	(7,035)
Items to be reclassified to profit or loss in subsequent periods		
Exchange differences on translation of foreign operations	(66)	(1,009)
Total other comprehensive loss	(607)	(8,044)
TOTAL COMPREHENSIVE INCOME	P492,856	P520,948
Attributable to:		
Equity holders of the Parent	P291,379	P296,911
Non-controlling interests	201,477	224,037
Total comprehensive income	P492,856	P520,948

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, 2022 AND 2021

(Amounts in Thousands)

	Equity Attributable to Equity Holders of the Parent										Non-controlling Interests	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		
								Appropriated	Unappropriated			
Balance, December 31, 2021 (Audited)	₱2,863,312	₱259,248	(₱143,574)	(₱581)	(₱95,484)	₱38,167	₱11,538	₱1,765,500	₱2,769,021	₱7,467,147	₱2,465,914	₱9,933,061
Net income	–	–	–	–	–	–	–	–	292,055	292,055	201,408	493,463
Other comprehensive income (loss)	–	–	–	(52)	–	1,061	(1,685)	–	–	(676)	69	(607)
Total comprehensive income	–	–	–	(52)	–	1,061	(1,685)	–	292,055	291,379	201,477	492,856
Cash dividends (Note 20)	–	–	–	–	–	–	–	–	(135,930)	(135,930)	–	(135,930)
Put option over NCI (Note 20)	–	–	–	–	(50,601)	–	–	–	–	(50,061)	(30,760)	(81,361)
Appropriation of retained earnings (Note 20)												
Buyback of shares (Note 20)	–	–	(459)	–	–	–	–	–	–	(459)	–	(459)
Balance, March 31, 2022 (Unaudited)	₱2,863,312	₱259,248	(₱144,033)	(₱633)	₱146,085	₱39,228	₱9,853	₱1,765,500	₱2,925,146	₱7,571,536	₱2,636,631	₱10,208,167

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, 2020 (Audited)	₱2,863,312	₱259,248	(₱136,347)	₱297	₱34,694	₱38,922	(₱2,137)	₱2,415,500	₱1,106,503	₱6,579,992	₱1,973,422	₱8,553,414
Net income	—	—	—	—	—	—	—	—	303,551	303,551	225,441	528,992
Other comprehensive income (loss)	—	—	—	(1,009)	—	(905)	3,301	—	(8,027)	(6,640)	(1,404)	(8,044)
Total comprehensive income	—	—	—	(1,009)	—	(905)	3,301	—	295,524	296,911	224,037	520,948
Cash dividends (Note 20)	—	—	—	—	—	—	—	—	(108,927)	(108,927)	—	(108,927)
Put option over non-controlling interests (Note 20)	—	—	—	—	(25,480)	—	—	—	—	(25,480)	(43,759)	(69,239)
Reversal of appropriation (Note 20)	—	—	—	—	—	—	—	(2,250,000)	2,250,000	—	—	—
Buyback of shares	—	—	(618)	—	—	—	—	—	—	(618)	—	(618)
Balance, March 31, 2021 (Unaudited)	₱2,863,312	₱259,248	(₱136,965)	(₱712)	₱9,214	₱38,017	₱1,164	₱165,500	₱3,543,100	₱6,741,878	₱2,153,700	₱8,895,578

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

	Three-Month Periods Ended March 31	
	2022 (Unaudited)	2021 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	₱491,614	₱575,278
Adjustments to reconcile income before income tax to net cash flows:		
Depreciation and amortization (Notes 21, 22 and 23)	151,196	152,981
Interest expense and other financing charges	171,279	119,423
Unrealized foreign exchange loss (gain) - net	(13,190)	(21,010)
Pension and other employee benefits expense	11,990	15,124
Equity in net losses of associates and joint ventures (Note 9)	(17,702)	9,926
Gain on investments held for trading – net	(1,259)	(4,456)
Interest income	(53,212)	(716)
Loss (gain) on derivatives – net	(1,546)	570
Dividend income	–	(192)
Unrealized gain on change in fair value of investment	(30,589)	–
Loss on sale of property, plant and equipment – net	(59)	–
Operating income before working capital changes	708,522	846,928
Decrease (increase) in:		
Trade and other receivables	429,528	(456,597)
Inventories	39,277	350,473
Input value-added taxes and other current assets	(37,843)	(80,046)
Increase (decrease) in:		
Trade and other payables	255,947	(232,395)
Trust receipts payables	216,066	(495,363)
Contract liabilities	(923,147)	76,865
Net cash provided by operations	688,350	9,865
Interest paid	(155,089)	(181,751)
Income tax paid	7,504	(23,924)
Contributions to the pension fund and benefits paid from operating fund	(19,004)	(24,749)
Interest received	(141,355)	4,128
Net cash provided by (used in) operating activities	380,406	(216,431)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to:		
Investment held for trading	(662,183)	(1,201,134)
Property, plant and equipment	(309,742)	(925,108)
Financial assets at fair value through profit and loss	–	–
Intangible assets	–	(165)
Proceeds from sale of:		
Investment held for trading	983,822	983,419
Property, plant and equipment	59	123
Investment properties	3,929	–
Increase in other noncurrent assets	35,696	(33,044)
Dividends received	–	192
Net cash provided by (used in) investing activities	51,581	(1,175,717)

(Forward)

	Three-Month Periods Ended March 31	
	2022	2021
	(Unaudited)	(Unaudited)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of:		
Notes payable	(P885,000)	(P1,377,500)
Cash dividends	14,289	(15,275)
Treasury shares	(459)	(618)
Lease liability	(29,726)	(29,864)
Long-term debt	(638,207)	(137,475)
Proceeds from availments of:		
Notes payable	186,805	1,692,598
Long-term debt	989,922	1,210,849
Increase (decrease) in due to related parties	(41,646)	13,544
Increase in other noncurrent liabilities	12	9,021
Net cash provided by financing activities	404,010	1,365,280
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	13,190	5,372
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	41,167	(21,496)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	3,695,914	2,888,863
CASH AND CASH EQUIVALENTS AT END OF PERIOD (Note 5)	P3,737,081	P2,867,367

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, 2022			December 31, 2021		
			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	67.18	—	67.18
Pamantasan ng Araullo (Araullo University), Inc. (AU) ^(a)	Educational institution	March 31	—	97.57	65.55	—	97.57	65.55
Cagayan de Oro College, Inc. (COC) ^(a)	Educational institution	March 31	—	91.27	61.32	—	91.27	61.32
University of Iloilo (UI) ^(a)	Educational institution	March 31	—	69.23	46.51	—	69.23	46.51
University of Pangasinan (UPANG) and Subsidiary ^(a)	Educational institution	March 31	—	69.33	46.58	—	69.33	46.58
Southwestern University (SWU) ^(a)	Educational institution	March 31	—	84.34	56.66	—	84.34	56.66
St. Jude College, Inc. (SJCI)	Educational institution	December 31	—	98.30	66.04	—	98.30	66.04
Republican College, Inc. (RCI) ^(c)	Educational institution	December 31	—	98.41	66.11	—	98.41	66.11
Rizal College of Laguna (RCL) ^(a and d)	Educational institution	April 30	—	90.00	60.46	—	90.00	60.46
Union College of Laguna (UCLI) ^(a and e)	Educational institution	May 31	—	80.91	54.36	—	80.91	54.36
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
One Animate Limited (OAL) and Subsidiary ^(h)	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) On January 9, 2020, Asian Development Bank (ADB) subscribed in PEHI shares resulting to change in ownership interest of PHN to 67.18%.

^(c) On March 12, 2020 and September 8, 2020, PEHI acquired additional 505 shares and 1,010 shares of RCI resulting to an increase in ownership interest to 98.41%.

^(d) On July 31, 2020, PEHI acquired 100.00% interest in RCL. Subsequently, on December 5, 2020, PEHI sold 10.00% of its ownership interest in RCL reducing its ownership from 100.00% to 90.00%.

^(e) On May 21, 2021, PEHI acquired 65.76% interest in UCLI. In September 2021, PEHI subscribed to an additional 450,000 shares, increasing its ownership interest to 80.91%.

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

^(g) On December 22, 2020, PHN sold its 225.0 million shares in PHINMA Solar to UGC representing 50.00% ownership in PHINMA Solar.

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

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 31 to the consolidated financial statements.

The registered office address of the Parent Company is 12th Floor, PHINMA Plaza, 39 Plaza Drive, Rockwell Center, 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 10, 2022.

2. Basis of Preparation and Consolidation and Statement of Compliance

Basis of Preparation

The interim condensed consolidated financial statements of the Company have been prepared on a historical cost basis, except for investments held for trading classified as 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 interim condensed consolidated financial statements have been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*. The Company has prepared the financial statements on the basis that it will continue to operate as a going concern. The BOD considers that there are no material uncertainties that may cast significant doubt over this assumption. The BOD has formed a judgment that there is reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period. The interim condensed consolidated financial statements are presented in Philippine peso (₱), which is the Parent Company's functional and presentation currency under Philippine Financial Reporting Standards (PFRS). All values are rounded to the nearest thousand peso, except when otherwise indicated.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Company's audited consolidated financial statements as at December 31, 2020. These interim condensed consolidated financial statements have been prepared for inclusion in the Prospectus to be prepared by the Company for its planned offering transaction.

Basis of Consolidation

The interim condensed consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries. As at March 31, 2022, there were no significant changes in the Parent Company's ownership interest in its subsidiaries.

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 of the previous financial year, except for the adoption of new standards effective as at January 1, 2021.

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

▪ Amendment to PFRS 16, *COVID-19-related Rent Concessions beyond 30 June 2021*

The amendment provides relief to lessees from applying the PFRS 16, *Leases* requirement on lease modifications to rent concessions arising as a direct consequence of the COVID-19 pandemic. A lessee may elect not to assess whether a rent concession from a lessor is a lease modification if it meets all of the following criteria:

- The rent concession is a direct consequence of COVID-19;
- The change in lease payments results in a revised lease consideration that is substantially the same as, or less than, the lease consideration immediately preceding the change;
- Any reduction in lease payments affects only payments originally due on or before June 30, 2022; and
- There is no substantive change to other terms and conditions of the lease.

A lessee that applies this practical expedient will account for any change in lease payments resulting from the COVID-19 related rent concession in the same way it would account for a change that is not a lease modification, i.e., as a variable lease payment.

The amendment is effective for annual reporting periods beginning on or after April 1, 2021. Early adoption is permitted. The Company adopted the amendment beginning January 1, 2021. There are no rent concessions received by the Company from its lessors.

▪ Amendments to PFRS 9, PFRS 7, PFRS 4 and PFRS 16, *Interest Rate Benchmark Reform – Phase 2*

The amendments provide the following temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR):

- Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform
- Relief from discontinuing hedging relationships
- Relief from the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

The Company shall also disclose information about:

- The about the nature and extent of risks to which the entity is exposed arising from financial instruments subject to IBOR reform, and how the entity manages those risks; and
- Their progress in completing the transition to alternative benchmark rates, and how the entity is managing that transition

The Company adopted the amendments beginning January 1, 2021.

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, 2022

- *Amendments to PFRS 3, Reference to the Conceptual Framework*
The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The amendments added an exception to the recognition principle of PFRS 3, *Business Combinations* to avoid the issue of potential ‘day 2’ gains or losses arising for liabilities and contingent liabilities that would be within the scope of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets* or Philippine Interpretation International Financial Reporting Interpretations Committee (IFRIC) 21, *Levies*, if incurred separately.

At the same time, the amendments add a new paragraph to PFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022 and apply prospectively.

- *Amendments to Philippine Accounting Standards (PAS) 16, Plant and Equipment: Proceeds before Intended Use*

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

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

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

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

The amendments are effective for annual reporting periods beginning on or after January 1, 2022. The Company will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

- *Annual Improvements to PFRSs 2018-2020 Cycle*

- *Amendments to PFRS 1, First-time Adoption of Philippine Financial Reporting Standards, Subsidiary as a First-time Adopter*

The amendment permits a subsidiary that elects to apply paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based

on the parent's date of transition to PFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16 (a) of PFRS 1.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted.

- Amendments to PFRS 9, *Financial Instruments, Fees in the '10 per cent' Test for Derecognition of Financial Liabilities*

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The Company will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

- Amendments to PAS 41, *Agriculture, Taxation in Fair Value Measurements*

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

An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after January 1, 2022 with earlier adoption permitted.

Effective beginning on or after January 1, 2023

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

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

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

An entity applies the amendments to transactions that occur on or after the beginning of the earliest comparative period presented for annual reporting periods on or after January 1, 2023.

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

The amendments introduce a new definition of accounting estimates and clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amendments clarify that the effects on an accounting estimate of a change in

an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

An entity applies the amendments to changes in accounting policies and changes in accounting estimates that occur on or after January 1, 2023 with earlier adoption permitted.

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

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

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

The amendments to the Practice Statement provide non-mandatory guidance. Meanwhile, the amendments to PAS 1 are effective for annual periods beginning on or after January 1, 2023. Early application is permitted as long as this fact is disclosed.

Effective beginning on or after January 1, 2024

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

The amendments clarify paragraphs 69 to 76 of PAS 1, *Presentation of Financial Statements*, to specify the requirements for classifying liabilities as current or noncurrent. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- 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, 2023 and must be applied retrospectively. However, in November 2021, the International Accounting Standards Board (IASB) tentatively decided to defer the effective date to no earlier than January 1, 2024. The Company is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*

PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

On December 15, 2021, the Financial Reporting Standards Council (FRSC) amended the mandatory effective date of PFRS 17 from January 1, 2023 to January 1, 2025. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of PFRS 17 by two (2) years after its effective date as decided by the IASB. PFRS 17 is effective for reporting periods beginning on or after January 1, 2025, with comparative figures required. Early application is permitted.

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 FRSC 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, 2021. 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. Cash and Cash Equivalents

This account consists of:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)	March 31, 2021 (Unaudited)
Cash on hand and in banks	₱2,422,130	₱2,156,148	₱2,106,249
Short-term deposits	1,314,951	1,539,766	761,118
	₱3,737,081	₱3,695,914	₱2,867,367

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.

6. Investments Held for Trading

This account consists of investments in:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Unit Investment Trust Funds (UITFs)	₱982,772	₱1,302,457
Marketable equity securities	7,575	8,271
	₱990,347	₱1,310,728

7. Trade and Other Receivables

This account consists of:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Receivables from customers	₱3,973,473	₱4,319,605
Advances to suppliers and contractors	1,375,729	1,195,954
Advances to officers and employees	213,233	139,137
Rent receivables	96,828	92,521
Due from related parties (see Note 24)	24,045	53,958
Loans receivable	16,119	13,729
Accrued interest receivables	4,634	4,634
Others	237,190	314,380
	5,941,251	6,133,918
Less allowance for expected credit losses (ECLs)	1,241,669	1,198,614
	₱4,699,582	₱4,935,304

Movements in the allowance for ECLs are as follows:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Beginning balance	P1,198,614	P1,013,115
Provisions (see Notes 22 and 23)	42,911	185,897
Write-offs/adjustments	144	(398)
Deconsolidation of a subsidiary	–	–
	P1,241,669	P1,198,614

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.

8. Inventories

This account consists of:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
At cost:		
Finished goods	P1,526,783	P1,554,506
Raw materials	113,935	252,501
Other inventories	85,037	89,784
At net realizable value		
Spare parts and others	75,087	69,980
Other inventories	133,935	7,283
	P1,934,777	P1,974,054

9. Investment in Associates and Joint Ventures

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

	Percentage of Ownership			
	2022		2020	
	Direct	Effective	Direct	Effective
Investment in associates:				
PHINMA Property Holdings Corporation (PPHC) ^(a)	35.42	42.71	35.42	42.71
ABCIC Property Holdings, Inc. (APHI) ^(b)	26.51	28.15	26.51	28.15
Coral Way City Hotel Corporation (Coral Way) ^(c)	23.75	29.27	23.75	29.27
PHINMA Hospitality, Inc (PHI) ^(d)	–	20.88	–	20.88
Interests in joint ventures:				
PHINMA Saytanar Education Company Limited (PHINMA Saytanar) ^(e)	–	35.92	–	35.92
PT Ind Phil Managemen (IPM) ^(e)	–	47.89	–	47.89

^(a) Indirect ownership through API.

^(b) Indirect ownership through UGC.

^(c) Indirect ownership through PHI.

^(d) Formerly Microtel Development Corporation (MDC). Indirect ownership through API.

^(e) 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, 2022 (Unaudited)	December 31, 2021 (Audited)
PPHC	₱655,822	₱632,669
APHI	173,339	174,586
PHI	131,210	133,827
Coral Way	63,054	66,326
	₱1,023,425	₱1,007,4

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

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Acquisition costs, balance at beginning and end of period	₱1,863,322	₱1,863,322
Accumulated equity in net losses:		
Balance at beginning of period	(883,407)	(912,021)
Equity in net losses	17,701	28,614
Balance at end of period	(865,706)	(883,407)
Share in other comprehensive income (loss) of associates:		
Balance at beginning of period	27,493	13,818
Share in other comprehensive income	(1,684)	13,675
Balance at end of period	25,809	27,493
	₱1,023,425	₱1,007,4

Interests in Joint Ventures

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

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
IPM	₱239,678	₱239,678
PHINMA Saytanar	—	—
	₱239,678	₱239,678

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

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Acquisition costs:		
Balance at beginning and end of period	₱235,503	₱235,503
Accumulated equity in net earnings (losses):		
Balance at beginning of period	4,175	(151)
Equity in net earnings	–	4,326
Balance at end of period	4,175	(4,175)
	₱239,678	₱239,678

10. Financial Assets at FVPL

This account consists of:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Investment in preferred shares	₱2,135,832	₱2,105,243

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 Phlcement, 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.

11. Financial Assets at FVOCI

This account consists of:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Investment in club shares	₱33,400	₱32,350
Non-listed equity securities	76,560	76,310
	₱109,960	₱108,660

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.

12. Property, Plant and Equipment

This account consists of:

	January 1, 2022	Acquisition through business Combination	Additions	Disposals	Reclassifications	March 31, 2022 (Unaudited)
Cost						
Land	₱3,064,961	₱-	₱27,309	₱-	₱-	₱3,092,270
Plant site improvements	3,473,015	-	-	-	7,595	3,480,610
Buildings and improvements	4,104,774	-	182,820	-	-	4,287,594
Machinery and equipment	2,271,102	-	62,837	-	-	2,333,939
Transportation and other equipment	560,501	-	3,217	(800)	-	562,918
	13,474,353	-	276,183	(800)	7,595	13,757,331
Less Accumulated Depreciation						
Plant site improvements	246,493	-	65,539	-	-	312,032
Buildings and improvements	1,459,679	-	34,135	-	-	1,493,814
Machinery and equipment	1,633,050	-	20,672	-	-	1,653,722
Transportation and other equipment	366,988	-	5,687	(800)	-	371,875
	3,706,210	-	126,033	(800)	-	3,831,443
	9,768,143	-	150,150	-	7,595	9,925,888
Construction in progress (see Note 13)	779,711	-	33,559	-	(7,595)	805,675
Net Book Value	₱10,547,854	₱-	₱183,709	₱-	₱-	₱10,731,563

	January 1, 2021	Acquisition through business combination	Additions	Disposals	Reclassifications	December 31, 2021 (Audited)
Cost						
Land	₱2,967,593	₱65,671	₱31,697	₱-	₱-	₱3,064,961
Plant site improvements	2,206,926	-	-	-	1,266,089	3,473,015
Buildings and improvements	3,703,129	15,777	269,908	-	115,960	4,104,774
Machinery and equipment	2,150,869	3,325	115,075	-	1,833	2,271,102
Transportation and other equipment	525,105	402	60,769	(15,191)	(10,584)	560,501
	11,553,622	85,175	477,449	(15,191)	1,373,298	13,474,353
Less Accumulated Depreciation						
Plant site improvements	122,365	-	124,128	-	-	246,493
Buildings and improvements	1,310,860	-	148,819	-	-	1,459,679
Machinery and equipment	1,444,702	-	188,348	-	-	1,633,050
Transportation and other equipment	348,238	-	30,632	(11,882)	-	366,988
	3,226,165	-	491,927	(11,882)	-	3,706,210
	8,327,457	85,175	(14,478)	(3,309)	1,373,298	9,768,143
Construction in progress	8,327,457	-	1,119,893	-	(1,403,479)	779,711
Net Book Value	₱9,390,754	₱85,175	₱1,105,415	(₱3,309)	₱30,181	₱10,547,854

Interest capitalized as part of “Construction in progress” account amounted to nil and P24.1 million at a capitalization rate ranging from 5.2% to 7.0% as at March 31, 2022 and as at December 31, 2021, respectively.

Certain property and equipment of AU, COC, UI, UPANG, Philcement and UGC with aggregate amount of P5,056.18 million and P5,141.9 million as at March 31, 2022 and December 31, 2021, respectively, are used as collateral for their respective long-term debts obtained from local banks (see Note 19).

The COVID-19 pandemic did not materially affect the recoverability of property, plant and equipment.

13. Investment Properties

This account consists of:

	January 1, 2022	Additions	Disposal	March 31, 2022 (Unaudited)
Cost:				
Land	P610,724	P–	P–	P610,724
Buildings for lease	95,625	–	(10,000)	85,625
	706,349	–	(10,000)	696,349
Less accumulated depreciation -				
Buildings for lease	78,911	(315)	(6,833)	72,393
	P627,438	(P315)	(P3,167)	P623,956

	January 1, 2021	Additions	Disposal	December 31, 2021 (Audited)
Cost:				
Land	P610,724	P–	–	P610,724
Buildings for lease	95,625	–	–	95,625
	706,349	–	–	706,349
Less accumulated depreciation -				
Buildings for lease	77,680	1,231	–	78,911
	P628,669	P1,231	–	P627,438

As at March 31, 2022 and December 31, 2021, the fair values of the investment properties amounted to P2,861.8 million, respectively, based on valuations performed by accredited independent appraisers on various dates from 2018 to 2021. 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	P250–P100,000
Buildings for lease	Market comparable assets	Price per square metre	P165,000–P255,000

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 P220.0 million as at December 31, 2021 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.

14. Intangible Assets

Following are the details and movements in this account:

	Student List	Software Costs	Goodwill	Total
Cost				
At January 1, 2021	P165,638	P37,200	P2,221,068	P2,423,906
Additions	–	7,048	–	7,048
Acquisition through business combination			53,215	53,215
Reclassifications	–	30,278		30,278
At December 31, 2021 (Audited)	165,638	74,526	2,274,283	2,514,447
Reclassifications (see Note 11)	–	–	–	–
Additions	–	–	–	–
At March 31, 2022 (Unaudited)	P165,638	P74,526	P2,274,283	P2,514,447
Amortization and Impairment				
At January 1, 2021	P165,638	P29,462	P403,132	P598,232
Amortization	–	10,420	–	10,420
At December 31, 2021 (Audited)	165,638	39,882	403,132	608,652
Amortization	–	2,825	–	2,825
At March 31, 2022 (Unaudited)	P165,638	P42,707	P403,132	P611,477
Net Book Value				
At March 31, 2022 (Unaudited)	P–	P31,818	P1,871,151	P1,902,969
At December 31, 2021 (Audited)	–	34,643	1,871,151	1,905,794

15. Other Noncurrent Assets

This account consists of:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Deposit	P247,059	P278,001
Advances to suppliers and contractors	38,115	38,114
Indemnification assets	4,376	10,161
Refundable deposits	8,135	7,812
Others	7,842	7,135
	P305,527	P341,223

16. Notes Payable

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

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Philcement	P100,000	P450,000
UGC	75,296	460,174

SWU	20,000	20,000
UI	4,683	—
UCLI	32,000	—
	P231,979	P930,174

The notes payable are unsecured short-term peso-denominated loans obtained from financial institutions with an annual interest rate ranging between 2.60% to 4.75% and 2.81% to 5.75% in 2022 and 2021, respectively.

17. Trade and Other Payables

This account consists of:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Trade	P1,216,603	P1,147,22
Accruals for:		
Professional fees and others	633,014	516,924
Personnel costs	230,636	152,670
Interest	P135,927	P65,403
Freight, hauling and handling	33,509	42,186
Dividends	325,287	228,251
Deposit liabilities	5,379	7,613
Others	147,096	154,422
	P2,727,451	P2,314,696

18. Contract Liabilities

This account consists of:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Unearned revenues	P302,737	P1,200,172
Customers' deposits	101,258	126,970
	P403,995	P1,327,142

Unearned revenues pertain to portion of tuition fees received or due from students for which the Company still has an obligation to transfer services to the students within the next financial year.

Customers' deposits pertain to cash advance received to which the Company has an obligation to deliver roofing and other steel products and installation services within the financial year.

19. 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, 2022 (Unaudited)	December 31, 2021 (Audited)
Principal	₱3,000,000	₱3,000,000
Less debt issuance cost	39,190	42,984
	₱2,960,810	₱2,957,016

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, 2022 (Unaudited)	December 31, 2021 (Audited)
Beginning of year	₱42,984	₱–
Additions	–	48,559
Amortization	(3,794)	(5,575)
	₱39,190	₱42,984

Long- Term Loans

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
PEHI	₱2,076,020	₱2,093,000
PHN	1,965,000	1,970,000
Philcement	1,538,196	1,621,223
SWU	593,500	595,000
UGC	1,000,000	524,375
UPANG	247,350	253,025
AU	232,220	232,220
UI	190,500	192,000
COC	162,342	162,342
PSHC	124,957	124,957

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Phinma Solar	19,851	20,000
	8,149,936	7,788,142
Less debt issuance cost	71,177	62,043
	8,078,759	7,726,099
Less current portion - net of debt issuance cost	522,415	544,032
	₱7,556,344	₱7,182,067

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, Philcement, PEHI, AU, COC, UPANG, UI and SWU 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, 2022, the Company is in compliance with the required financial ratios and other loan covenants.

Certain assets amounting ₱5,276.2 million and ₱5,361.9 million as at March 31, 2022 and December 31, 2021, respectively, are mortgaged as collaterals for the respective long-term debts as follows (see Note 16 and 17):

Entity	Collateral
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

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, 2022 (Unaudited)	December 31, 2021 (Audited)
Beginning of year	₱62,043	₱43,830

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Additions	10,079	30,964
Amortization	(945)	(12,751)
	P71,177	P62,043

The details of long-term debts are summarized below:

Debtor	Loan Amount	Date of Loan Agreement	Lender	Terms		Interest Rate	Dates Drawn	Amount Drawn	Outstanding Amounts ⁽¹⁰⁾	
				Installments	Final Installment				March 31, 2022	December 31, 2021
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	₱442,622	₱446,372
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	784,501	791,251
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	452,298	456,048
PEHI	₱364,000 ⁽²¹⁾	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	₱358,548	₱361,277
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	6,262	6,268
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	6,431	6,434
COC	125,000 ⁽³⁾	June 24, 2018	CBC	28 unequal quarterly payments	July 9, 2028	Fixed rate of 6.25% p.a. for the first five	July 9, 2018	125,000	124,305	124,224

Debtor	Loan Amount	Date of Loan Agreement	Lender	Terms		Interest Rate	Dates Drawn	Amount Drawn	Outstanding Amounts ⁽¹⁰⁾	
				Installments	Final Installment				March 31, 2022	December 31, 2021
				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.		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.				
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	25,000	25,000
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	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%.	December 20, 2017	₱100,000	₱94,153	₱94,903
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	94,717	95,467
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	31,898	31,939
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	99,161	99,059

Debtor	Loan Amount	Date of Loan Agreement	Lender	Terms		Interest Rate	Dates Drawn	Amount Drawn	Outstanding Amounts ⁽¹⁰⁾	
				Installments	Final Installment				March 31, 2022	December 31, 2021
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, 20205 to November 29, 2028 and 4 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	₱99,194	₱99,086
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	173,984	175,844
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	73,561	76,045
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	₱98,565 197,547 98,515	₱98,887 198,193 98,822
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	197,165	197,773

Debtor	Loan Amount	Date of Loan Agreement	Lender	Terms		Interest Rate	Dates Drawn	Amount Drawn	Outstanding Amounts ⁽¹⁰⁾	
				Installments	Final Installment				March 31, 2022	December 31, 2021
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	1,956,187	1,960,818
UGC	400,000 ⁽¹¹⁾	July 12, 2018	BDO	40 quarterly payments of ₱10.0 million	July 13, 2028	First 5 years is based on the 5 year interest rate basis prevailing on the relevant interest setting date plus a margin of 1.00% per annum ("initial interest rate") divided by 0.99 or 5.50% per annum divided by 0.99, whichever is higher, and to be repriced at the end of 5 th year for the remaining 5 years at an interest rate based on 5 year interest rate basis prevailing on the relevant interest setting date plus a margin of 1.00% per annum divided by 0.95 or the initial interest rate divided by 0.95, whichever is higher.	July 13, 2018	400,000	-	272,187
UGC	₱100,000	July 12, 2018	SBC	40 quarterly payments of ₱2.5 million	July 13, 2028	First 5 years based on the 5-year Peso Benchmark Rate plus 1% spread, subject to the following floor rates of 6.40% for drawdowns made on or before June 7, 2018 or 6.45% for drawdowns made after June 7, 2018 and to be repriced at the end of the fifth year at an interest rate equivalent to the higher of the 5- year Peso Benchmark Rate on repricing date plus 1% spread and interest rate for the first 5 years.	July 13, 2018	₱100,000	₱-	₱66,928
UGC	218,750 ⁽¹²⁾	July 19, 2016	BDO	28 equal quarterly payments of ₱4.4 million with the remaining balance to be paid on maturity date	July 20, 2023	Interest rate is based on the 7-year Philippine Dealing System Treasury (PDST)-R2 plus a 1.40% spread or 5.5%, whichever is higher. No repricing of interest rate from amendment date to maturity date.	March 25, 2013	218,750	-	126,486
UGC	75,000 ⁽¹³⁾	November 3, 2015	BDO	40 equal quarterly payments	November 3, 2025	First 5 years is based on the 5-year PDST-R2 plus a 1.4% spread or 5.5%, whichever is higher, and on year 5 based on a rate to be negotiated by the Parties within 30 banking days prior to the interest repricing date.	November 3, 2015	75,000	-	29,844
UGC	75,000 ⁽¹³⁾	November 12, 2015	SBC	40 equal quarterly payments	November 5, 2025	First 5 years is based on the 3-day average of the 5-year PDST-R2 plus a 1.35% spread or 5.5%, whichever is higher, and to be repriced at the end of the fifth year for the remaining 5 years	November 12, 2015	75,000	-	29,844

Debtor	Loan Amount	Date of Loan Agreement	Lender	Terms		Interest Rate	Dates Drawn	Amount Drawn	Outstanding Amounts ⁽¹⁰⁾	
				Installments	Final Installment				March 31, 2022	December 31, 2021
						at an interest rate based on the 3-day average of the 5-year PDST-R2 plus a 1.35% spread or the interest rate set for the first 5 years, whichever is higher.				
UGC	1,000,000 ⁽²²⁾	February 18, 2022	SBC	Principal amortization commence 3 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, 2022	Interest rate is based on the 3Y BVAL 4.3618 + spread 1.25% = 4.6118% +5% GRT = 4.8545%	February 18, 2022	₱1,000,000	₱990,122	₱-
Philcement	₱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	₱79,525 79,638 29,423 32,426 9,210 40,609 125,648 25,633	₱90,822 90,966 33,616 37,049 10,517 46,395 143,551 29,285
Philcement	720,000 ⁽¹⁷⁾	February 26, 2021	SBC	8 quarterly principal payments of ₱10.3 million, 9 quarterly principal payments of ₱20.5 million and remaining balance to be paid at maturity date 8 quarterly principal payments of ₱9.7 million, 9 quarterly principal payments of ₱19.5 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 Interest rate of 6.84% GRT inclusive, fixed rate up to maturity	February 26, 2021	369,363 350,637	316,200 300,169	326,261 309,720
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	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	₱19,851	₱20,000

Debtor	Loan Amount	Date of Loan Agreement	Lender	Terms		Interest Rate	Dates Drawn	Amount Drawn	Outstanding Amounts ⁽¹⁰⁾	
				Installments	Final Installment				March 31, 2022	December 31, 2021
				installments.						
PSHC	154,000 ⁽²⁰⁾	July 15, 2006	UPPC	2 installment payments	July 15, 2023	The effective interest rate after the change in interest rate is 7.00%.	July 15, 2006	154,000	124,957	124,957
Total									₱8,078,759	₱7,726,099

⁽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.

20. Equity

a. Capital Stock

The composition of the Parent Company's capital stock as at December 31, 2021 and 2020 is as follows:

	Number of Shares	
	March 31, 2022 (Unaudited)	December 31, 2020 (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	14,450,179	14,427,179

The issued and outstanding shares as at March 31, 2022 and December 31, 2021 are held by 1,223 and 1,223 equity holders respectively.

Capital stock presented in the consolidated statements of financial position is net of subscription receivable amounting to ₱0.1 million as at March 31, 2022 and December 31, 2021.

b. 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.

Unappropriated

On February 28, 2020, the Parent Company's BOD declared a cash dividend of ₱0.40 per share or an equivalent of ₱109.0 million, to all common shareholders of record as at March 17, 2020. The cash dividends were paid on March 27, 2020.

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 4% regular cash dividend amounting to ₱108.8 million or equivalent to ₱0.40 per share and a 1% special cash dividend amounting to ₱27.2 million or equivalent to ₱0.10 per share payable on April 6, 2022 to shareholders of record as at March 22, 2022.

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 ₱1,223.7 million and ₱943.7 million as at March 31, 2022 and December 31, 2021, 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.

As at March 31, 2022 and December 31, 2021, the Parent Company bought back a total of 14,450,179 shares and 14,427,179 shares which amounted to ₱144.0 million, ₱143.6 million, respectively.

d. Put Option over Non-controlling Interests

Accretion of interest of non-controlling interest put liability amounted to ₱81.4 million and ₱277.0 million as at March 31, 2022 and December 30, 2021, respectively.

21. Cost of Sales

This account consists of:

	March 31, 2022 (Unaudited)	March 31, 2021 (Unaudited)
Cost of sales	₱2,856,226	₱2,338,723
Cost of educational, installation, hospital, and consultancy services	394,904	360,031
	₱3,251,130	₱2,698,754

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

	March 31, 2022 (Unaudited)	March 31, 2021 (Unaudited)
Inventories used	₱2,553,900	₱2,698,754
Personnel costs	279,062	219,174
Depreciation	127,087	131,478
Installation cost	13,750	72,029
Cost of sales - bookstore	35,886	52,528
Subscription	13,154	27,539
Rent expense	17,786	25,655
Repairs and maintenance	30,213	20,936
Laboratory and school supplies	21,175	19,603
Power and fuel	5,856	17,639
Review expenses	13,523	2,375
School materials, publication and supplies	3,889	1,892
Graduation expenses	5,828	1,290
School affiliations and other expenses	9,829	1,193
Accreditation expenses	635	375
Sports development and school activities	738	80
Others	118,819	38,574
	₱3,251,130	₱2,698,754

22. General and Administrative Expenses

This account consists of:

	March 31, 2022 (Unaudited)	March 31, 2021 (Unaudited)
Personnel costs	₱238,565	₱124,319
Professional fees and outside services	97,088	91,176
Security and janitorial	17,453	23,651
Provision for ECLs (see Note 7)	32,415	18,952
Depreciation and amortization	20,748	18,051
Taxes and licenses	17,065	16,532
Utilities	8,960	16,251
Rent	5,436	6,630
Repairs and maintenance	1,611	3,261
Insurance	2,170	3,239
Office supplies	4,702	2,816
Communications	3,029	1,721
Transportation and travel	6,429	1,609
Advertising and promotions	122	586
Donations	15,921	321
Meetings and conferences	851	317
Others	22,974	14,808
	₱495,539	₱344,240

23. Selling Expenses

This account consists of:

	March 31, 2022 (Unaudited)	March 31, 2021 (Unaudited)
Personnel costs	₱57,993	₱55,585
Freight, handling and hauling	23,103	19,412
Advertising	13,061	17,522
Installation cost	5,672	13,282
Taxes and licenses	7,906	10,652
Commission	6,837	8,384
Provision for ECLs (see Note 7)	10,496	7,907
Supplies	1,892	5,179
Outside services	4,351	4,340
Postage, telephone and telegraph	5,849	4,242
Transportation and travel	5,477	3,854
Depreciation and amortization	3,361	3,452
Insurance	4,574	3,067
Entertainment, amusement and recreation	391	2,224
Repairs and maintenance	1,161	1,053
Rent and utilities	590	630
Others	1,932	2,985
	₱154,646	₱163,770

24. 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.

Outstanding balances at period-end are unsecured and settlement occurs in cash throughout the period. There have been no guarantees provided or received for any related party receivables or payables.

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 follow:

March 31, 2022 (Unaudited)						
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	₱14,386	₱87,739	₱3,575	Noninterest-bearing	Unsecured, no impairment
<u>Associates</u> PPHC	Share in expenses	–	–	3,139	Noninterest-bearing	Unsecured, no impairment
APHI	Share in expenses	–	–	6	Noninterest-bearing	Unsecured, no impairment
<u>Entities Under Common Control</u>						
T-O Insurance Brokers, Inc., MDC,	Share in expenses	₱2,284	₱52,014	₱7,550	Noninterest-bearing	Unsecured, no impairment

March 31, 2022 (Unaudited)						
Company	Nature	Amount/ Volume	Amount Due to Related Parties	Amount Due from Related Parties (see Note 7)	Terms	Conditions
PHINMA Foundation, Inc. PHINMA Prism Property Development Corporation, PHINMA Plaza Condominium Corporation						
UPPC	Consultancy fee	601	–	–	Noninterest-bearing	Unsecured, no impairment
PTC Myanmar, PHINMA Saytanar, IPM, Yayasan Triputra Persada	Share in expenses	1,420	1,479	1,849	Noninterest-bearing	Unsecured, no impairment
			P141,232	P16,119		
December 31, 2021 (Audited)						
Company	Nature	Amount/ Volume	Amount Due to Related Parties	Amount Due from Related Parties (see Note 7)	Terms	Conditions
Ultimate Parent PHINMA Inc.	Share in expenses, management fees and bonus	P280,141	P130,456	P686	Noninterest-bearing	Unsecured, no impairment
Associates PPHC	Share in expenses	1,575	–	3,139	Noninterest-bearing	Unsecured, no impairment
APHI	Share in expenses	6	–	6	Noninterest-bearing	Unsecured, no impairment
Other related parties T-O Insurance Brokers, Inc., PHINMA Hospitality Inc., PHINMA Foundation, Inc. Phinma Prism, PHINMA Plaza Condominium Corp	Share in expenses	19,259	52,363	7,575	Noninterest-bearing	Unsecured, no impairment
PTC Myanmar, IPM	Share in expenses	17	59	1,523	Noninterest-bearing	Unsecured, no impairment
UPPC	Consultancy Fee	3,152	–	800	Noninterest-bearing	Unsecured, no impairment
			P182,878	P13,729		

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 and UI 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 ₱55.3 million and ₱44.4 million for the three-month periods ended March 31, 2022 and 2021, 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 ₱79.3 million and ₱38.5 million as at March 31, 2022 and December 31, 2021, 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 ₱47.6 million and ₱23.2 million for the three-month periods ended March 31, 2022 and 2021, 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 ₱6.9 million and ₱58.5 million as at March 31, 2022 and December 31, 2021, respectively.

25. Income Taxes

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

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Deferred tax assets – net	₱105,314	₱133,911
Deferred tax liabilities – net	(403,366)	(422,434)
	₱325,052	(₱288,523)

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, 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.

Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act

President Rodrigo Duterte signed into law on March 26, 2021 the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act to attract more investments and maintain fiscal prudence and stability in the Philippines. Republic Act (RA) 11534 or the CREATE Act introduces reforms to the corporate income tax and incentives systems. It takes effect 15 days after its complete publication in the Official Gazette or in a newspaper of general circulation or April 11, 2021.

The following are the key changes to the Philippine tax law pursuant to the CREATE Act which have an impact on the Company:

- Effective July 1, 2020, regular corporate income tax (RCIT) rate is reduced from 30% to 25% for domestic and resident foreign corporations. For domestic corporations with net taxable income not exceeding ₱5 million and with total assets not exceeding ₱100 million (excluding land on which the business entity's office, plant and equipment are situated) during the taxable year, the RCIT rate is reduced to 20%.
- Minimum corporate income tax (MCIT) rate reduced from 2% to 1% of gross income effective July 1, 2020.
- Imposition of improperly accumulated earnings tax (IAET) is repealed.
- Proprietary educational institutions and hospitals which are nonprofit previously subject to a tax of 10% on their taxable income, shall be imposed a tax rate of 1% beginning July 1, 2020 until June 30, 2023.

Applying the provisions of the CREATE Act, the Company, except the schools, has been subjected to the lower RCIT rate of 25% of taxable income or the reduced MCIT rate of 1% of gross income, effective July 1, 2020. Likewise, the impact on the December 31, 2020 consolidated balances had the CREATE Act been substantially enacted as of then, that were adjusted in March 2021, are as follows:

Unaudited Interim Consolidated Statement of Financial Position

	Increase (Decrease)
Deferred tax assets	(₱23,018)
Deferred tax liabilities	(1,681)
Income tax payable	(21,056)
Other current assets	991

Unaudited Interim Consolidated Statement of Income

	Increase (Decrease)
Provision for current income tax	(₱22,047)
Provision for deferred income tax	21,337

26. Pension and Other Post-employment Benefits

Pension and other post-employment benefits consist of:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Net pension liability	₱185,707	₱194,312
Vacation and sick leave	66,456	65,008
Defined contribution plan	42	(101)
	₱252,205	₱259,219

27. 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, 2022 (Unaudited)	December 31, 2021 (Audited)
Financial assets at amortized cost:		
Cash and cash equivalents	P3,737,081	P3,695,914
Trade and other receivables	4,699,582	4,935,304
Refundable deposits*	14,541	38,773
	P8,451,204	P8,669,991

*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, 2022	Receivables from customers					
	Days past due					Total
	Current	<30 Days	30-60 Days	61-90 Days	>91 Days	
Expected credit loss rate	7%	10%	12%	58%	70%	28%
Estimated total gross carrying amount default	P2,038,465	P519,463	P103,781	P279,696	P1,032,068	P3,973,473
Expected credit loss	144,588	50,367	12,634	163,317	723,828	1,094,734

December 31, 2021

Receivables from customers

	Days past due					Total
	Current	<30 Days	30-60 Days	61-90 Days	>91 Days	
Expected credit loss rate	5%	10%	10%	59%	72%	24%
Estimated total gross carrying amount default	P2,427,509	P506,153	P115,519	P277,157	P993,267	4,319,605
Expected credit loss	110,180	49,673	11,862	163,345	716,619	1,051,679

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, 2022 and December 31, 2021:

	March 31, 2022 (Unaudited)		December 31, 2021 (Audited)	
	Foreign Currency	Peso Equivalent	Foreign Currency	Peso Equivalent
Financial assets:				
Cash and cash equivalents	US\$20,496	P1,060,460	US\$18,682	P952,771
Cash and cash equivalents	VND35,610	81	VND35,703	80
Receivables	US\$706	36,521	US\$491	25,034
Derivative assets	—	—	US\$57	P2,931
Investment in UITF	US\$12	617	US\$12	608
		P1,097,679		P981,424
Financial liabilities:				
Trust receipts payables	US\$	—	US\$5,450	P277,969
Trade and other payables	—	P—	98	4,974
Derivative liability	US\$57	2,940	—	—
		P2,940		P282,943

In translating foreign currency-denominated financial assets into peso amounts, the exchange rates used were ₱51.74 and ₱51.00 to US\$1.00 as at March 31, 2022 and December 31, 2021, 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, 2022 and December 31, 2021:

March 31, 2022 (Unaudited)								
Interest Rates			With in 1 Year	1 to < 2 Years	2 to < 3 Years	3 to 5 Years	More than 5 Years	Total
Financial Assets								
Placements (PHP)	0.45%	-1.25%	₱1,314,951	₱–	₱–	₱–	₱–	₱1,314,951
Financial Liabilities								
PHN	2.75%	-6.00%	20,000	20,000	20,000	40,000	1,865,000	1,965,000
PHINMA Solar	4.875%	-4.924%	2,222	2,222	2,222	4,444	8,740	19,851

December 31, 2021 (Audited)							
	Interest Rates	Within 1 Year	1 to < 2 Years	2 to < 3 Years	3 to 5 Years	More than 5 Years	Total
Financial Assets							
Placements (PHP)	0.45%-1.25%	P890,496	P–	P–	P–	P–	P890,496
Financial Liabilities							
PHN	6.00%	20,000	20,000	20,000	40,000	1,859,362	1,959,362
UGC	5.50%-6.72%	79,252	173,977	66,604	117,210	88,244	525,287
Phinma Solar	4.875%-4.924%	556	2,222	2,222	4,444	10,556	20,000

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.

The Company closely monitors and manages its debt-to-equity ratio, which it defines as total liabilities divided by total equity. 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 unaudited interim condensed consolidated statement of financial position.

To ensure that there are sufficient funds to settle its liabilities, the Company's policy is to keep debt-to-equity ratio below 1:1. The Company's consolidated debt-to-equity ratio as at March 31, 2022 and December 31, 2021 are as follows:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Total liabilities	P19,545,012	P20,148,234
Total equity	10,208,167	9,933,061
Debt-to-equity ratio	1.92:1	2.03:1

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

28. 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, 2022 (Unaudited)			
	Total	Level 1	Level 2	Level 3
Assets				
Investments held for trading:				
Investments in UITFs	P982,772	P–	P982,772	P–
Investments in marketable equity securities	7,575	7,575	–	–
Investment in club shares designated at FVOCI	33,400	–	33,400	–
Non-listed equity instruments designated at FVOCI	76,560	–	–	76,560
Non-listed equity instruments designated at P&L	2,135,832	–	–	2,135,832
Derivative assets	517,916	–	–	517,916
	P3,754,055	P7,575	P1,016,172	P2,730,308
Liabilities				
Derivative liability	P2,940	P–	P2,940	P–
Non-controlling interest put liability	1,944,236	–	–	1,944,236
Long-term debt	9,227,862	–	–	9,227,862
	P11,175,038	P–	P2,940	P11,172,098
	December 31, 2021 (Audited)			
	Total	Level 1	Level 2	Level 3
Assets				
Investments held for trading:				
Investments in UITFs	P1,302,457	P–	P1,302,457	P–
Investments in marketable equity securities	8,271	8,271	–	–
Club shares designated at FVOCI	32,350	–	32,350	–
Non-listed equity instruments designated at FVOCI	76,310	–	–	76,310
Non-listed debt instrument designated at FVPL	2,105,243	–	–	2,105,243
Derivative assets	513,429	2,931	–	510,498
	P4,038,060	P11,202	P1,334,807	P2,692,051
Liabilities				
Non-controlling interest put liability	P1,862,875	P–	P–	P1,862,875
Long-term debt	9,313,655	–	–	9,313,655
	P11,176,530	P–	P–	P11,176,530

During the periods ended March 31, 2022 and December 31, 2021, 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 17.20% as at March 31, 2022 and December 31, 2021. An increase (decrease) in the discount rate will decrease (increase) the fair value of the non-listed 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 2% to 6% and 1% to 4% in 2022 and 2021, respectively.

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.

29. 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 & Warehouses	Right-of-use: Vehicles	Right-of-use: Others	Right-of-use: Total
Cost					
At January 1, 2022	P106,037	P147,507	P269,406	P2,470	P525,420
Additions	—	—	356	—	356
Retirement	—	—	(1,434)	—	(1,434)
At March 31, 2022	106,037	147,507	268,328	2,470	524,342
Accumulated Depreciation and Amortization					
At January 1, 2022	12,398	65,767	109,867	2,143	190,175
Depreciation	1,530	5,217	15,248	27	22,022
Retirement	—	—	(1,434)	—	(1,434)
At March 31, 2022	13,928	70,984	123,681	2,170	210,763
Net Book Value	P92,109	P76,523	P144,647	P300	P313,579

December 31, 2021 (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, 2021	P107,241	P151,998	P234,008	P1,906	P495,153
Additions	6,175	11,855	35,398	564	53,992
Pre-termination	(7,379)	(16,346)	—	—	(23,725)
At December 31, 2021	106,037	147,507	269,406	2,470	525,420
Accumulated Depreciation and Amortization					
At January 1, 2021	8,132	45,856	40,756	1,906	96,650
Depreciation	5,598	24,066	69,111	237	99,012
Pre-termination	(1,332)	(4,155)	—	—	(5,487)
At December 31, 2021	12,398	65,767	109,867	2,143	190,175
Net Book Value	P93,639	P81,740	P159,539	P327	P335,245

The rollforward analysis of lease liabilities follows:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
As at beginning of period	P355,901	P419,671
Payments	(29,726)	22,523
Accretion of interest	4,978	53,810
Additions	1,869	(15,486)
Pre-termination	(1,560)	(124,617)
As at end of period	P331,462	P355,901

30. 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.

31. Earnings per Share (EPS) Computation

	March 31, 2022 (Unaudited)	March 31, 2021 (Unaudited)
(a) Net income attributable to equity holders of the parent	P292,055	P303,551

(b) Weighted average number of common shares outstanding	271,893	272,340
Basic/diluted EPS attributable to equity holders of the parent (a/b)	₱1.07	₱1.11

32. Segment Information

For management purposes, the Company is organized into business units based on its products and services and has five 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 - API, APHI, and Coral Way lease out its real and personal properties. PPHC is engaged in real estate development.
- Construction materials - Philcement 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 and RCL 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.
- BPO - ICI Asia (formerly Fuld Philippines) is engaged in strategic consulting while OAL was engaged in animation services. In 2020, the Parent Company sold its ownership interest in ICI Asia.

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 unaudited interim condensed 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 non-controlling interests. 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 unaudited interim condensed 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	BPO	Eliminations	Total Operations
Three-Month Period Ended March 31, 2022 (Unaudited)							
Revenue	P78,549	P35,801	P3,380,682	P1,005,046	P–	(P6,061)	P4,494,017
Segment results	16,639	30,277	287,696	255,831	(211)	489	590,721
Investment income	58,117	(455)	2,421	448	–	(6,061)	54,470
Equity in net earnings of associates and joint ventures	–	17,702	–	–	–	–	17,702
Interest expense and other financing charges	(60,499)	–	(80,770)	(37,855)	–	7,845	(171,279)
Provision for income tax	(743)	(4,951)	9,809	(2,266)	–	–	1,849
Share of non-controlling interests	–	–	–	(57,655)	–	(143,753)	(201,408)
Net income attributable to equity holders of the parent	P13,514	P42,573	P219,156	P158,503	(P211)	(P141,480)	P292,085
Total assets	P12,180,050	P381,384	P11,426,394	P12,529,886	P688	(P6,765,223)	P29,753,179
Total liabilities	P5,502,231	P61,435	P7,668,681	P5,762,028	P307,664	P242,973	P19,545,012
	Investment Holdings	Property Development	Construction Materials	Educational Services	BPO	Eliminations	Total Operations
Three-Month Period Ended March 31, 2021 (Unaudited)							
Revenue	P10,286	P4,302	P2,971,341	P895,405	P–	(P850)	P3,880,484
Segment results	(8,319)	162	374,759	330,749	(201)	2,113	699,263
Investment income	1,907	3,850	81	376	–	(850)	5,364
Equity in net earnings of associates and joint ventures	–	(3,617)	–	1,676	–	(7,985)	(9,926)
Interest expense and other financing charges	(33,354)	–	(64,992)	(21,927)	–	850	(119,423)
Provision for income tax	(352)	(31)	(6,578)	(39,325)	–	–	(46,286)
Share of non-controlling interests	–	–	–	(46,065)	–	(179,376)	(225,441)
Net income attributable to equity holders of the parent	(P40,118)	P364	P303,270	P225,484	(P201)	(P185,248)	P303,551

	Investment Holdings	Property Development	Construction Materials	Educational Services	BPO	Eliminations	Total Operations
Year Ended December 31, 2021 (Audited)							
Revenue	P503,963	P11,838	P12,144,100	P3,690,805	P–	(P312,520)	P16,038,186
Segment results	(773)	479	1,248,291	1,220,204	(830)	(30,160)	2,437,211
Investment income	441,145	9,939	6,063	3,753	–	(312,520)	148,380
Equity in net earnings of associates and joint ventures	–	28,614	–	4,326	–	–	32,940
Interest expense and other financing charges	(185,622)	–	(300,515)	(168,022)	–	4,911	(649,248)
Provision for income tax	(3,376)	(2)	(51,759)	(41,409)	–	-	(96,546)
Share of non-controlling interests	–	–	–	(180,251)	–	(571,280)	(751,531)
Net income attributable to equity holders of the parent	P251,374	P39,030	P902,080	P838,601	(P830)	(P909,049)	P1,121,206
Total assets	P12,200,444	P344,085	P10,960,965	P13,094,073	P698	(P6,518,970)	P30,081,295
Total liabilities	P5,400,882	P52,491	P7,422,656	P6,542,624	P307,397	P422,184	P20,148,234

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.

33. Other Matters

COVID-19 Pandemic

The declaration of COVID-19 by the World Health Organization (WHO) as a pandemic and declaration of nationwide state of calamity and implementation of community quarantine measures throughout the country starting March 16, 2020 have caused disruptions in the Company's business activities. There are increased market activities with the easing of the quarantine measures in key areas in the Philippines. Easing of the quarantine restrictions and rollout of the national vaccination program will further improve market activities.

The COVID-19 pandemic has resulted in disruptions in operations of the various business units. Its impact is reflected in the unaudited interim condensed consolidated financial statements. The Company continues to monitor developments and to adapt accordingly.

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

For the three-month period ended March 31, 2022, PHINMA Corporation's (PHN) consolidated revenues grew to ₱4.49 billion, marking a 15.81% increase from the same period last year. On the other hand, consolidated net income declined 6.72 % to ₱493.46 million primarily due to a 20.47% increase in costs of ₱552.38 million in the midst of abnormal supply conditions. The increase in cost was offset by the improvement in performance of PHINMA Property Holdings Corporation (PHINMA Properties) as well as ₱78.43 million in gains from PHN's investment in Song Lam Cement Joint Stock Corporation (Song Lam).

Consolidated revenue of PHINMA Education Holdings, Inc. (PHINMA Education) grew by 12.52% year-on-year to ₱1.01 billion for the three-month period driven by a 31.0% growth in enrolment from the previous school year. However, PHINMA Education's net income for the period declined 20.40% to ₱216.16 million due to higher costs and postponement of classes in January due to the Covid lockdowns and typhoon Odette. The postponement will result in the recognition of income amounting to ₱94 million to spill over to April.

The Construction Materials Group (CMG), composed of Union Galvasteel Corporation (UGC), Philcement Corporation (Philcement) and PHINMA Solar Corporation (PHINMA Solar), posted consolidated revenues of ₱3.38 billion for the first three months of 2022, up by 13.78% from the same period last year owing to higher volume sold. Net income of CMG for the period declined 27.74 % to ₱219.16 million on account of higher costs amidst a volatile supply situation.

During the period, subsidiary Asian Plaza Inc. posted net income of P 28.36 million mainly due to a gain on sale of real property.

In affiliate PHINMA Property Holdings Corporation (PHINMA Properties), PHN equitized net income of ₱17.05 million during the period compared to an equitized net loss of ₱6.23 million during the same period last year. This was driven largely by higher selling prices of ready for occupancy (RFO) or near RFO units plus controlled construction costs, resulting in a corresponding improvement in the company's gross profit margin.

Equitized net loss in Coral Way City Hotel Corporation (Coral Way) amounted to ₱3.27 million, as the company underwent a transition from quarantine to mixed use hotels that could also service the business and leisure markets during the period. Cash from operations nevertheless remained positive on the back of steady bookings from corporate-related clients as a result of easing up of travel restrictions.

Consolidated net income attributable to equity holders of the parent amounted to ₱292.06 million for the first three months of 2022, lower by 3.79% compared to P303.55M in Q1 2021.

PHINMA Corporation ended the period with cash and cash equivalents of ₱4.73 billion. As of March 31, 2022, consolidated total assets and total stockholders' equity amounted to ₱29.75 billion and ₱10.21 billion, respectively.

STRATEGIC BUSINESS UNITS (SBU)

The following discussion describes the performance of PHINMA's SBUs for the 1st quarter of 2022:

Education Group

For the period ended March 31, 2022, PHINMA Education registered consolidated revenues of ₱1.01 billion, a 12.52% increase compared to ₱895.41 million for the same period last year. This was driven by the record-breaking enrolment figures achieved by PHINMA Education for S.Y. 2021-2022 of 95,503 students, which marked a 31%-increase from the prior school year. PHINMA Education's net income

declined from P 271.55 to P216.16 million for the period, due to higher direct costs and the postponement of classes which will result in a spill over of income recognition to April amounting to P94 million.

Construction Materials Group

The Construction Materials Group, composed of UGC, Philcement and PHINMA Solar, posted consolidated revenues of P3.38 billion for the first quarter of 2022, up from P2.97 billion during the same period last year. While demand started to pick up, the first quarter of 2022 was a challenging quarter for CMG as it continued to face rising costs of raw materials, oil and freight driven by volatile global supply chain issues as well as the war between Russia and Ukraine. Net income of CMG for the period declined to P219.16 million.

Properties Group

In affiliate PHINMA Property Holdings Corporation (PHINMA Properties), PHN equitized net income of P17.05 million during the period compared to an equitized net loss of P6.23 million during the same period last year. This was driven by higher selling prices and a corresponding improvement in the company's gross profit margin

During the period, Asian Plaza Inc. posted net income of P 28.36 million mainly arising from a gain on sale of real property.

Hospitality Group

Coral Way began to also accept business and leisure travelers following the removal of facility-based quarantine requirements for incoming travelers starting mid-February 2022 and as domestic travel began to recover. Hence, PHN equitized a net loss of P3.27 million in Coral Way during the period. EBITDA and cash flow from operations nevertheless remained positive on the back of steady bookings from various shipping companies for their outgoing seafarers.

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, 2022 compared to the same period in the previous year are shown in the following table:

Financial KPI	Definition	March 2022	March 2021
<u>Profitability</u>			
Return on Equity	Net income attributable to equity holders of the parent Average equity attributable to equity holders of the parent ⁱ	3.88%	4.56%
Gross Profit Margin	<u>Gross profit</u> ⁱⁱ Total Revenues	27.66%	30.45%
<u>Efficiency</u>	<u>Cash flows from operating activities</u> Total Revenues	8.46%	(5.58%)
<u>Liquidity</u>			
Current Ratio	<u>Total Current Assets</u> Total Current Liabilities	1.92 : 1:00	1.65 : 1.00
Debt-to Equity Ratio	<u>Total Liabilities</u> Total Equity	1.91 : 1:00	1.88 : 1.00

i

Average 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. ii

Gross 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 3.88% is lower than 4.56% return for the same period the previous year due to decrease in net income. Gross profit margin decreased from 30.45% in 2021 to 27.66% in 2022 due to increased costs, given the abnormal supply conditions.

Efficiency

Net cash inflow from operations amounted to ₱380.41 million for the three months ended March 31, 2022 compared to net cash outflow of ₱216.43 million over the same period last year, mainly due to higher collection from the schools, due to the earlier end of the semester this SY 2021-22 in April. In the previous year, collections continued until the second semester ended in May 2021.

Liquidity

Current ratio as of end March 2022 increased from 1.65:1.00 in 2021 to 1.92:1.00 in 2022 mainly due to increase in prepaid expenses from CMG coupled with the decrease in notes payable of UGC.

Debt-equity ratio of PHINMA and its subsidiaries as of end March 2022 was 1.91:1.00.

The accompanying interim condensed consolidated financial statements of PHINMA for the three (3) months ended March 31, 2022 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, 2021.

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:

The COVID-19 surge in January-February has resulted in disruptions in operations of the various business units. Its impact is reflected in the financial statements as of March 31, 2022. PHINMA Corporation and its subsidiaries continue to monitor developments and to adapt accordingly.

- 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 2021/22 for PHINMA Education's schools was from August to April; summer classes started in June. . Thus 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 drop in the account is mainly attributable to transfer of investments in UITFs of the parent company to cash and cash equivalents.

Trade and other receivables

The net decrease in trade and other receivables is attributable to collection of tuition in the schools, as the second semester in SY2021-22 ended on April 2, compared to close of classes in May during the previous SY 2020-21. The impact of early collection of the receivables was partially offset by increase in receivables of CMG due to higher volume of sales.

Input value-added taxes

The decrease in the account is mainly due to utilization of CMG's input tax which was offset against its output tax from increased sales in Q1 2022.

Derivative asset

The decrease in this account is mainly attributable to higher forward rate on Philcement's deliverable forward contracts compared to closing rate for the period, resulting in a derivative liability

Other current assets

The net increase in other current assets is mainly due to increase in prepaid expenses and prepaid taxes from CMG

Right-of-use of assets

The ₱21.67 decrease represents the depreciation of the right of use of asset of CMG.

Other noncurrent assets

The decrease of ₱35.70 million pertains mainly to decrease in long term receivables of the schools and UGC

LIABILITIES

Notes payable

The decrease in this account represents UGC's payment of its Notes Payables

Trade and other payables

The increase in Trade and other payables is due to dividends declared by the Parent company as well as accrual of expenses by Phinma Education.

Contract liabilities

Tuition fees for the semester are accrued as receivable at the start of the semester and the corresponding liability is booked under Contract Liabilities. The latter decreases as the revenue is earned over the semester.

Trust receipts payable

The increase of ₱216.07 million in the account is attributable to an increase in CMG's trust receipts payable on the back of expanded sales

Income and other taxes payable

This account represents mainly the increase in taxes payable of the schools and also API arising from the sale of its real estate asset.

Derivative liability

The increase in this account is mainly attributable to higher forward rate of Philcement's deliverable forward compared to closing rate for the period.

Due to related parties

The decrease in this account is attributable to payment by the parent company and Phinma Education of amounts due to the ultimate parent company.

Lease liabilities

The decrease in the account amounting to ₱24.44 million represents periodic lease payments by CMG and UPang.

EQUITY

Share in other comprehensive income of associates

The change is due to a decrease in fair value of financial assets held by ABCIC Property Holdings Corporation

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 change is due to the increase in fair value of financial assets at FVOCI held by the Parent Company and PHINMA Education.

Retained earnings

The increase in the account represents increase in net income for the 1st quarter of 2022 partially offset by dividends declared, amounting to P135.93 million.

Material Changes in Income Statement Accounts

Revenues

The ₱613.53 million increase in revenues is mainly due to 31% growth in school enrolment to 95,503 students and to higher volume sold by CMG compared to the same period last year.

Cost of sales

The ₱552.38 million increase in cost of sales is attributable to abnormal supply conditions faced by the CMG companies.

General and administrative expenses

The ₱136.71 million increase in the account increased due to higher costs of the schools.

Selling expenses

The ₱5.47 million increase in the account represents mainly the increase in selling expenses of CMG on the back of higher revenues.

Interest expense and other financing charges

The increase in interest expense and other financing charges arose from the P3 billion corporate bond issued third quarter of last year as well as the additional long-term debt obtained by Philcement during the last quarter of 2021.

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

Equity in net earnings of investees increased in Q1 2022 due to higher share in net earnings in Phinma Property Holdings Corp.

Foreign exchange gains (losses) – net

In March 2021, a foreign exchange gain arose from the dollar-denominated assets of the parent company, earmarked for the investment in Song Lam. For the 1Q 2022, the forex gain is attributable to PEHI's USD holdings restated at the forex rate of P 51.74: \$1 compared to P 50.99: \$1 as of December 31, 2021.

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

Increase in this account is attributable to the investment in Song Lam preferred shares.

Gain (loss) on derivatives

Net increase in gain from derivatives is mainly due to a gain on the put option on the investment in Song Lam partially offset by a loss on deliverable forward contracts of CMG.

Others – net

Increase in other income is attributable to increase in other income of Phinma Education and CMG.

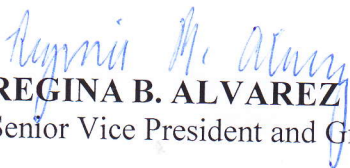
Provision for (benefit from) income tax

Net benefit from income tax, amounting to ₱1.8 million is attributable to CMG.

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 16, 2022

PHINMA CORPORATION
Consolidated Aging of A/R-Trade
As of March 31, 2022
in thousands

	<u>Amount</u>
Current	2,038,465
1 - 30 days	519,463
31 - 60 days	103,781
61 - 90 days	279,686
Over 90 days	<u>1,032,066</u>
TOTAL	3,973,473
Less : Allowance for doubtful accounts	<u>1,094,734</u>
Net Trade Receivable	<u>2,878,739</u>

PHINMA CORPORATION
Consolidated Aging of A/R-Nontrade
As of March 31, 2022
in thousands

	<u>Amount</u>
Current	P911,963
1 - 30 days	19,306
31 - 60 days	7,753
61 - 90 days	8,461
Over 90 days	<u>247,999</u>
TOTAL	P1,195,482
Less : Allowance for doubtful accounts	<u>146,935</u>
Net AR - Non Trade	<u><u>P1,048,457</u></u>