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.

The tables below show the maturity profile of the Company's financial assets used for liquidity purposes based on contractual undiscounted cash flows as of December 31:

	2021					
	Within 1 Year	**1 to < 2 Years**	**2 to < 3 Years**	**3 to 5 Years**	**More than 5 Years**	**Total**
Financial Assets						
Financial assets at amortized cost						
Cash and cash equivalents	**₱3,695,914**	**₱–**	**₱–**	**₱–**	**₱–**	**₱3,695,914**
Trade and other receivables	**4,935,304**	–	–	–	–	**4,935,304**
Financial assets at FVPL:						
Investment in UITF	**1,302,457**	–	–	–	–	**1,302,457**
Investments in marketable equity securities	**8,271**	–	–	–	–	**8,271**
Investments in preferred shares	–	–	–	–	**2,105,243**	**2,105,243**
	₱9,941,946	**₱–**	**₱–**	**₱–**	**₱2,105,243**	**₱12,047,189**

	2020					
	Within 1 Year	1 to < 2 Years	2 to < 3 Years	3 to 5 Years	More than 5 Years	Total
Financial Assets						
Financial assets at amortized cost						
Cash and cash equivalents	₱2,888,863	₱–	₱–	₱–	₱–	₱2,888,863
Trade and other receivables	3,422,386	–	–	–	–	3,422,386
Financial assets at FVPL:						
Investment in UITF	2,115,856	–	–	–	–	2,115,856
Investments in marketable equity securities	13,966	–	–	–	–	13,966
	₱8,441,071	₱–	₱–	₱–	₱–	₱8,441,071

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments as of December 31:

	2021					
	Within 1 Year	**1 to < 2 Years**	**2 to < 3 Years**	**3 to 5 Years**	**More than 5 Years**	**Total**
Financial Liabilities						
Loans and borrowings and payables						
Notes payable	**₱930,174**	**₱–**	**₱–**	**₱–**	**₱–**	**₱930,174**
Trade and other payables	**2,314,696**	–	–	–	–	**2,314,696**
Trust receipts payable	**1,711,433**	–	–	–	–	**1,711,433**
Due to related parties	**182,878**	–	–	–	–	**182,878**
Lease liabilities	**118,824**	**97,162**	**38,746**	**35,031**	**225,584**	**515,347**
Long-term debt*	**570,230**	**905,166**	**3,626,616**	**2,674,690**	**3,011,440**	**10,788,142**
Non-controlling interest put liability	–	–	–	**1,862,875**	–	**1,862,875**
	₱5,828,235	**₱1,002,328**	**₱3,665,362**	**₱4,572,596**	**₱3,237,024**	**₱18,305,545**

**Including current and noncurrent portion.*

	2020					
	Within 1 Year	1 to < 2 Years	2 to < 3 Years	3 to 5 Years	More than 5 Years	Total
Financial Liabilities						
Loans and borrowings:						
Notes payable	₱1,325,910	₱–	₱–	₱–	₱–	₱1,325,910
Trade and other payables	1,960,103	–	–	–	–	1,960,103
Trust receipts payable	2,030,876	–	–	–	–	2,030,876
Due to related parties	151,110	–	–	–	–	151,110
Lease liabilities	146,335	51,174	43,290	40,779	228,506	510,084
Long-term debt*	489,918	472,824	708,450	2,304,317	3,126,725	7,102,234
Non-controlling interest put liability	–	–	–	1,585,853	–	1,585,853
	₱6,104,252	₱523,998	₱751,740	₱3,930,949	₱3,355,231	₱14,666,170

**Including current and noncurrent portion.*

Changes in liabilities arising from financing activities

The changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes are as follows:

	January 1, 2021	**Additions**	**Payment**	**Others***	**December 31, 2021**
Notes payable	**₱1,325,910**	**₱2,002,549**	**(₱2,398,285)**	**₱–**	**₱930,174**
Long-term debt	**7,058,404**	**4,524,477**	**(918,091)**	**18,325**	**10,683,115**
Due to related parties	**151,110**	**310,085**	**(278,317)**	**–**	**182,878**
Dividends payable	**175,068**	**241,231**	**(188,048)**	**–**	**228,251**
Lease liabilities	**419,671**	**53,810**	**(124,617)**	**7,037**	**355,901**
Other noncurrent liabilities	**50,493**	**–**	**(2,556)**	**–**	**47,937**
Total liabilities from financing activities	**₱9,180,656**	**₱7,132,152**	**(₱3,909,914)**	**₱25,362**	**₱12,428,256**

* *Others include amortization of debt issue cost and accretion of interest. For lease liabilities, this also includes derecognized amount of ₱15.5 million due to pre-termination of long-term lease contract.*

	January 1, 2020	Additions	Payment	Others*	December 31, 2020
Notes payable	₱968,880	₱1,951,223	(₱1,594,193)	₱–	₱1,325,910
Long-term debt	7,394,220	–	(342,778)	6,962	7,058,404
Due to related parties	92,543	170,739	(112,172)	–	151,110
Dividends payable	109,154	292,619	(226,705)	–	175,068
Lease liabilities	279,230	294,154	(134,426)	(19,287)	419,671
Other noncurrent liabilities	54,460	–	(3,967)	–	50,493
Total liabilities from financing activities	₱8,898,487	₱2,708,735	(₱2,414,241)	(₱12,325)	₱9,180,656

* *Others include amortization of debt issue cost and accretion of interest. For lease liabilities, this also includes derecognized amount of ₱77.1 million due to pre-termination of long-term lease contract.*

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, receivables, derivative assets 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 December 31:

	2021		2020	
	Foreign Currency	**Peso Equivalent**	Foreign Currency	Peso Equivalent
Financial assets:				
Cash and cash equivalents	**US$18,682**	**₱952,771**	US$22,532	₱1,082,041
Cash and cash equivalents	**VND35,703**	**80**	VND1,771	4
Receivables	**US$491**	**25,034**	US$–	–
Derivative assets	**US$57**	**2,931**	US$–	–
Investment in UITF	**US$12**	**608**	US$–	–
		₱981,424		₱1,082,045
Financial liabilities:				
Trust receipts payables	**US$5,450**	**₱277,969**	US$–	₱–
Trade and other payables	**98**	**4,974**	–	–
Derivative liability	–	–	1	32
		₱282,943		₱32

In translating foreign currency-denominated financial assets into peso amounts, the exchange rates used were ₱51.00 and ₱48.02 to US$1.00 as at December 31, 2021 and 2020, respectively.

The following table demonstrates the sensitivity to a reasonably possible change in the exchange rate, with all other variables held constant, of the Company's profit before tax (due to the changes in the fair value of monetary assets) as at December 31, 2021 and 2020. There is no impact on the Company's equity other than those already affecting the profit or loss.

The effect on profit before tax already includes the impact of derivatives outstanding as at December 31, 2021 and 2020:

	2021	
	Increase (Decrease) in Peso-Dollar Exchange Rate	**Effect on Profit Before Tax**
		(Amounts in Millions)
PHN	**₱1.00**	**₱0.18**
	(1.00)	**(0.18)**
PEHI	**1.00**	**18.42**
	(1.00)	**(18.42)**
UGC	**3.00**	**1.63**
	(3.00)	**(1.63)**
Philcement	**4.00**	**21.44**
	(4.00)	**(21.44)**

	2020	
	Increase (Decrease) in Peso-Dollar Exchange Rate	Effect on Profit Before Tax
		(Amounts in Millions)
PHN	₱1.00	₱52.81
	(1.00)	(52.81)
UGC	4.00	0.12
	(4.00)	(0.12)
Philcement	4.00	0.19
	(4.00)	(0.19)
PHINMA Solar	1.00	0.48
	(1.00)	(0.48)

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 of December 31:

				2021			
	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%**	**₱890,496**	**₱–**	**₱–**	**₱–**	**₱–**	**₱890,496**
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**

				2020			
	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)	0.525%-1.375%	₱851,565	₱–	₱–	₱–	₱–	₱851,565
Placements (USD)	0.2%- 0.25%	613,551	–	–	–	–	613,551
Financial Liabilities							
PHN	4.00%-6.00%	170,000	20,000	20,000	40,000	1,859,362	2,109,362
Philcement	4.675%	340,000	–	–	–	–	340,000
AU	5.713%-5.9694%	253,700	–	–	–	–	253,700
UI	5.97%-7.025%	200,000	–	–	–	–	200,000
UPANG	6.50%	184,300	–	–	–	–	184,300
UGC	4.00%-4.675%	–	–	–	–	60,995	60,995
COC	6.25%-6.9137%	47,788	–	–	–	–	47,788

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

The table below sets forth the estimated change in the Company's income before tax due to a reasonably possible change in interest rates as at December 31, 2021 and 2020. There is no impact on the Company's equity other than those already affecting the profit or loss.

	2021	
	Increase/ (Decrease) in Basis Points	**Effect on Profit Before Tax**
Financial Liabilities		
PHN	**25**	**(₱4,898)**
	(25)	**4,898**
UGC	**25**	**(1,313)**
	(25)	**1,313**
PHINMA Solar	**25**	**(50)**
	(25)	**50**

	2020	
	Increase/ (Decrease) in Basis Points	Effect on Profit Before Tax
Financial Liabilities		
PHN	25	(₱5,296)
	(25)	5,296
UGC	25	(82)
	(25)	82
AU	25	(162)
	(25)	162
COC	25	(30)
	(25)	30
UPANG	25	(115)
	(25)	115
UI	25	(125)
	(25)	125
Philcement	25	(425)
	(25)	425

Peso placements are subject to cash flow interest rate risk while peso and dollar bonds are subject to fair value interest rate risk.

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.

The following tables demonstrate the effect on the Company's profit before income tax (as a result of a change in the fair value of equity instruments held as investment held for trading) due to a reasonably possible change in equity indices, based on the Company's expectation, with all other variables held constant as at December 31, 2021 and 2020. There is no other significant impact on the Company's equity other than those already affecting the profit or loss.

	2021	
	Increase/ Decrease in Stock Exchange Index	**Effect on Profit Before Tax**
PHN	**+6%**	**₱165**
	-6%	**(165)**
API	**+6%**	**172**
	-6%	**(172)**

	2020	
	Increase/ Decrease in Stock Exchange Index	Effect on Profit Before Tax
PHN	+4%	₱60
	-4%	(60)
API	+4%	400
	-4%	(400)

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 consolidated statements 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 December 31, 2021 and 2020 are as follows:

	2021	2020
Total liabilities	**₱20,148,234**	₱15,919,001
Total equity	**9,933,061**	8,553,414
Debt-to-equity ratio	**2.03:1**	1.86:1

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

37. 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:

	2021			
	Total	**Level 1**	**Level 2**	**Level 3**
Assets				
Investments held for trading:				
Investments in UITFs	**₱1,302,457**	**₱–**	**₱1,302,457**	**₱–**
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**
	₱4,038,060	**₱11,202**	**₱1,334,807**	**₱2,692,051**
Liabilities				
Non-controlling interest put liability	**₱1,862,875**	**₱–**	**₱–**	**₱1,862,875**
Long-term debt	**9,313,655**	**–**	**–**	**9,313,655**
	₱11,176,530	**₱–**	**₱–**	**₱11,176,530**

	2020			
	Total	Level 1	Level 2	Level 3
Assets				
Investments held for trading:				
Investments in UITFs	₱2,115,856	₱–	₱2,115,856	₱–
Investments in marketable equity securities	13,966	13,966	–	–
Club shares designated at FVOCI	31,830	31,830	–	–
Non-listed equity instruments designated at FVOCI	78,275	–	–	78,275
	₱2,239,927	₱45,796	₱2,115,856	₱78,275
Liabilities				
Derivative liability	₱32	₱32	₱–	₱–
Non-controlling interest put liability	1,585,853	–	–	1,585,853
Long-term debt	6,485,414	–	–	6,485,414
	₱8,071,299	₱32	₱–	₱8,071,267

During the years ended December 31, 2021 and 2020, 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, Financial Assets at FVPL, Financial Assets at FVOCI and Derivative Assets. Quoted market prices have been used to determine the fair value of investments in marketable equity securities and club shares designated at FVOCI. The fair values of unquoted equity investments at FVOCI, unquoted debt investment classified as financial asset at FVPL and derivative asset have been estimated using a future cash flows from the investee and applying a discount rate to calculate the present value of the cash flows. The valuation requires management to make certain assumptions about the model inputs including forecast cashflows, discount rate, long-term growth rate, comparable companies' average volatility, option adjusted spread and risk-free rate. 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 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% and 8.0% to 11.8% as at December 31, 2021 and 2020. An increase (decrease) in the discount rate used in the valuation of the non-listed shares 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 5% and 4% to 7% in 2021 and 2020, 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$-sell PH₱ deliverable foreign currency forward contracts to manage the foreign currency risk arising from its US$-denominated trust receipts payable.

UGC has a derivative liability amounting to ₱1.0 million and ₱32,027 as at December 31, 2021 and 2020, respectively. The transacted contract has an aggregate notional amount of US$10.8 million and US$28.1 million in 2021 and 2020, respectively. Philcement has transacted contracts with aggregate notional amount of US$23.9 million and US$25.6 million in 2021 and 2020, respectively. For UGC, the weighted average contracted forward rates are ₱49.343 to US$1.00 and ₱50.781 to US$1.00 in 2021 and 2020, respectively, while Philcement's weighted average contracted forward rates are ₱49.408 to US$1.00 in 2021 and ₱50.78 to US$1.00 in 2020.

The net changes in fair value of these derivative liability are as follows:

	2021	2020
Balance at beginning of year	**₱32**	**₱1,405**
Net change in fair value during the year	**1,524**	**10,393**
Fair value of settled contracts	**(4,487)**	**(11,766)**
Balance at end of year	**(₱2,931)**	**₱32**

38. **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:

	2021				
	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	**₱107,241**	**₱151,998**	**₱234,008**	**₱1,906**	**₱495,153**
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	**₱93,639**	**₱81,740**	**₱159,539**	**₱327**	**₱335,245**

	2020				
	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, 2020	₱115,179	₱117,902	₱43,086	₱1,906	₱278,073
Additions	69,136	34,096	190,922	–	294,154
Pre-termination	(77,074)	–	–	–	(77,074)
At December 31, 2020	107,241	151,998	234,008	1,906	495,153
Accumulated Depreciation and Amortization					
At January 1, 2020	5,765	17,609	3,924	210	27,508
Depreciation	7,641	28,247	36,832	1,696	74,416
Pre-termination	(5,274)	–	–	–	(5,274)
At December 31, 2020	8,132	45,856	40,756	1,906	96,650
Net Book Value	₱99,109	₱106,142	₱193,252	₱–	₱398,503

The rollforward analysis of lease liabilities follows:

	2021	2020
As at beginning of year	**₱419,671**	₱279,230
Accretion of interest	**22,523**	57,787
Additions	**53,810**	294,154
Pre-termination	**(15,486)**	(77,074)
Payments	**(124,617)**	(134,426)
As at end of year	**355,901**	419,671
Less current portion of lease liabilities	**108,266**	105,176
Noncurrent portion of lease liabilities	**₱247,635**	₱314,495

In 2021, two long-term lease contracts were pre-terminated by the Company. As a result, the Company recognized gain from pre-termination of lease contract amounting to ₱0.8 million, recognized in the consolidated statement of income as part of "Other income (expenses)", after derecognizing the related right-of-use assets and lease liabilities amounting to ₱18.2 million and ₱15.5 million, respectively, and recognizing claims receivable amounting to ₱3.6 million presented as part of "Trade and other receivables" in the consolidated statements of financial position.

In 2020, two long-term lease contracts were pre-terminated by the Company. As a result, the Company recognized gain from pre-termination of lease contract amounting to ₱5.3 million recognized in the consolidated statement of income as part of "Other income (expenses)", after derecognizing the related right-of-use assets and lease liabilities amounting to ₱71.8 million and ₱77.1 million, respectively.

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

	2021	2020
Depreciation expense of right-of-use assets (see Notes 31)	**₱99,012**	₱74,416
Interest expense on lease liabilities (see Note 32)	**22,523**	23,363
Expenses relating to short-term leases	**103,464**	112,451

The Company capitalized as additional cost of property and equipment the depreciation expense of right-of-use assets amounting to nil as at December 31, 2021 and 2020, respectively, and the interest expense on lease liabilities amounting to nil and ₱34.4 million, respectively, as at December 31, 2021 and 2020.

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

	2021	2020
1 year	**₱118,824**	₱146,355
more than 1 years to 2 years	**97,162**	51,174
more than 2 years to 3 years	**38,746**	43,290
more than 3 years to 4 years	**35,031**	40,779
more than 5 years	**225,584**	228,506

39. Commitments and Contingencies

(a) Unused Credit Lines

PHN has an unused credit line amounting to ₱4.4 billion and ₱3.9 billion as at December 31, 2021 and 2020, respectively.

UGC has the following unused approved credit lines with local banks and financial institutions as at December 31, 2021:

Nature	Amount
Letters of credit/trust receipts	₱3,407,676
Bills purchase line	330,000
Forward contract (including settlement risk)	680,042

Philcement has the following unused approved credit lines with local banks and financial institutions as at December 31, 2021:

Nature	Amount
Letters of credit/trust receipts	₱3,208,438
Bills purchase line	156,094
Forward contract (including settlement risk)	723,599

Phinma Solar has the following unused approved credit lines with local banks and financial institutions as at December 31, 2021:

Nature	Amount
Letters of credit/trust receipts	₱300,000
Bills purchase line	50,000
Forward contract (including settlement risk)	154,000

(b) Others

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.

40. EPS Computation

Basic EPS is computed as follows:

	2021	2020	2019
(a) Net income attributable to equity holders of the parent	**₱1,121,206**	₱172,637	₱232,507
(b) Weighted average number of common shares outstanding	**272,246**	272,441	280,849
Basic/diluted EPS attributable to equity holders of the parent (a/b)	**₱4.12**	₱0.63	₱0.83

The Company's basic and diluted earnings per share are the same since the Company does not have potential common shares.

41. 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, RCL and UCLI which offer graduate, tertiary, secondary and elementary education services. CAA conducts a non-sectarian institution of learning and operates schools for all levels below tertiary level, whether preschool, primary, secondary, technical and vocational, specialized programs and for all and any form of educational activities.
- BPO - ICI Asia (formerly Fuld Philippines) was engaged in strategic consulting while OAL was engaged in animation services. In 2020, the Parent Company sold its ownership interest in ICI Asia (see Note 7).

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

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

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

Segment Information

Financial information on the operating segments are summarized as follows:

	Investment Holdings	Property Development	Construction Materials	Educational Services	BPO	Eliminations	Total Operations
Year Ended December 31, 2021							
Revenue	**₱503,963**	**₱11,838**	**₱12,144,100**	**₱3,690,805**	**₱–**	**(₱312,520)**	**₱16,038,186**
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	**₱251,374**	**₱39,030**	**₱902,080**	**₱838,601**	**(₱830)**	**(₱909,049)**	**₱1,121,206**
Total assets	**₱12,200,444**	**₱344,085**	**₱10,960,965**	**₱13,094,073**	**₱698**	**(₱6,518,970)**	**₱30,081,295**
Total liabilities	**₱5,400,882**	**₱52,491**	**₱7,422,656**	**₱6,542,624**	**₱307,397**	**₱422,184**	**₱20,148,234**
Year Ended December 31, 2020							
Revenue	₱504,034	₱11,011	₱10,119,133	₱2,094,989	₱2,128	(₱429,544)	₱12,301,751
Segment results	(272,971)	(2,573)	1,310,709	197,347	(25,940)	(10,509)	1,196,063
Investment income	465,072	9,201	(15,087)	22,971	3	(429,544)	52,616
Equity in net earnings of associates and joint ventures	–	(951)	(4,683)	5,700	–	1,902	1,968
Interest expense and other financing charges	(138,988)	–	(306,672)	(184,566)	–	3,458	(626,768)
Provision for income tax	(3,998)	(220)	(70,567)	(27,154)	–	-	(101,939)
Share of non-controlling interests	–	–	–	(38,016)	–	(311,287)	(349,303)
Net income attributable to equity holders of the parent	₱49,115	₱5,457	₱913,700	(₱23,718)	(₱25,937)	(₱745,980)	₱172,637
Total assets	₱9,171,502	₱326,978	₱9,014,812	₱11,678,220	₱47,402	(₱5,766,499)	₱24,472,415
Total liabilities	₱2,514,432	₱52,561	₱6,096,982	₱5,974,629	₱393,494	₱886,903	₱15,919,001

	Investment Holdings	Property Development	Construction Materials	Educational Services	BPO	Eliminations	Total Operations
Year Ended December 31, 2019							
Revenue	₱518,479	₱7,167	₱8,227,070	₱2,925,158	₱49,703	(₱402,666)	₱11,324,911
Segment results	526,257	(133)	605,210	651,992	(51,728)	(796,946)	934,652
Investment income	77,755	5,357	12,266	23,017	–	–	118,395
Equity in net earnings of associates and joint ventures	–	45,779	(2,305)	(1,562)	–	2,305	44,217
Interest expense and other financing charges	(133,315)	–	(160,941)	(169,532)	–	–	(463,788)
Provision for income tax	(340)	(26)	(123,687)	(72,300)	–	–	(196,353)
Share of non-controlling interests	–	–	–	(147,185)	–	(57,431)	(204,616)
Net income attributable to equity holders of the parent	₱470,357	₱50,977	₱330,543	₱284,430	(₱51,728)	(₱852,072)	₱232,507
Total assets	₱9,261,558	₱338,276	₱6,652,533	₱11,306,503	₱68,326	(₱5,248,800)	₱22,378,396
Total liabilities	₱3,435,187	₱52,487	₱4,847,812	₱6,123,163	₱388,346	(₱811,274)	₱14,035,721

42. **Events after the Reporting Period**

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.

43. **Other Matter**

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.

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INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
PHINMA Corporation
12th Floor, PHINMA Plaza
39 Plaza Drive, Rockwell Center
Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of PHINMA Corporation and its subsidiaries (the Company) as at December 31, 2021 and 2020, and for each of the three years in the period ended December 31, 2021, and have issued our report thereon dated March 1, 2022. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the Supplementary Schedules are the responsibility of the Company's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state, in all material respects, the financial information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Belinda T. Beng Hui
Partner
CPA Certificate No. 88823
Tax Identification No. 153-978-243
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 88823-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-078-2020, December 3, 2020, valid until December 2, 2023
PTR No. 8853472, January 3, 2022, Makati City

March 1, 2022

SGV
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INDEPENDENT AUDITOR'S REPORT ON
COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Stockholders and the Board of Directors
PHINMA Corporation
12th Floor, PHINMA Plaza
39 Plaza Drive, Rockwell Center
Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of PHINMA Corporation and its subsidiaries (the Company) as at December 31, 2021 and 2020 and for each of the three years in the period ended December 31, 2021, and have issued our report thereon dated March 1, 2022. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Company's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Company's consolidated financial statements as at December 31, 2021 and 2020 and for each of the three years in the period ended December 31, 2021 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Belinda T. Beng Hui

Belinda T. Beng Hui
Partner
CPA Certificate No. 88823
Tax Identification No. 153-978-243
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 88823-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-078-2020, December 3, 2020, valid until December 2, 2023
PTR No. 8853472, January 3, 2022, Makati City

March 1, 2022

PHINMA CORPORATION AND SUBSIDIARIES
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- Schedule C. Amounts Receivable from Related Parties which are Eliminated During the Consolidation of Financial Statements
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- Schedule E. Indebtedness to Related Parties
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- Schedule G. Capital Stock

ANNEX I

PHINMA CORPORATION
Reconciliation of Retained Earnings
Available for Dividend Declaration
As at December 31, 2021

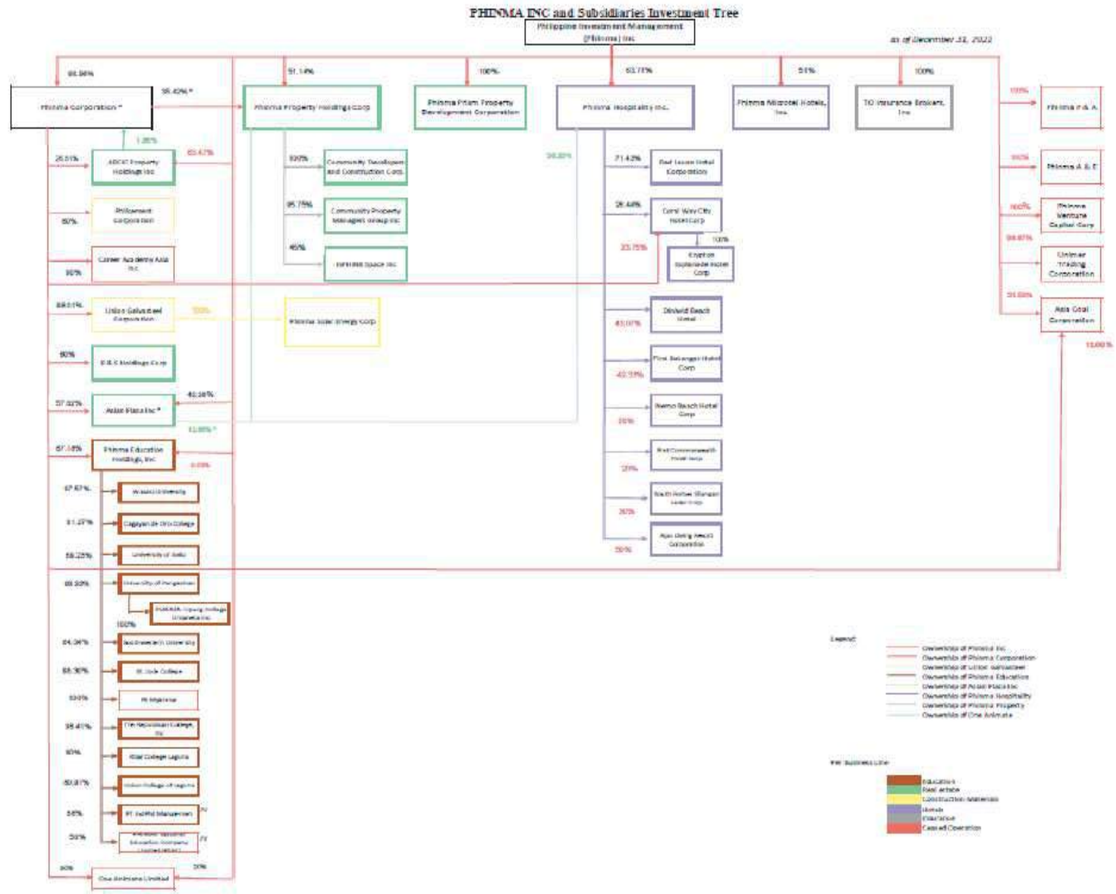
Unappropriated Retained earnings at January 1, 2021		₱1,067,297,084
Add: Prior years' outstanding reconciling items, net of tax:		
Remeasurement loss on pension liability transferred to retained earnings	30,587,514	
Unrealized gain on derivatives	(5,033,850)	
Unrealized gain on fair value adjustment on investments	(4,847,396)	20,706,268
Unappropriated retained earnings available for dividend declaration at January 1, 2021, as adjusted		1,088,003,352
Add (Less): Net income actually earned / realized in 2021		
Net income	243,619,347	
Unrealized gain on derivative investments	(80,454,225)	
Unrealized gain on fair value adjustment on investments	(174,187,808)	(11,022,686)
Add: Remeasurement gain on pension liability transferred to retained earnings		(5,783,893)
Add: Reversal of appropriation during the year		2,250,000,000
Less: Appropriation of retained earnings during the period	(1,600,000,000)	
Cash dividend declared	(108,926,626)	
Treasury shares	(143,573,568)	(1,852,500,194)
Unappropriated retained earnings available for dividend declaration at December 31, 2021		₱1,468,696,579

ANNEX II

PHINMA CORPORATION AND SUBSIDIARIES

Map of the Relationship of the Companies within the Group

December 31, 2021



PHINMA CORPORATION AND SUBSIDIARIES
Supplementary Schedules Required by Paragraph 7D, Part II
Under Revised SRC Rule 68
December 31, 2021

Schedule A. Financial Assets

Name of issuing entity and description of each issue	Number of shares or principal amount of bonds and notes	Amount shown in the balance sheet	Value based on market quotations at balance sheet date	Interest received and accrued
Cash and cash equivalents		**₱3,695,914,070**	**₱3,695,914,070**	**₱7,822,885**
Investment in Unit Investment Trust Fund and Money				
BDO Unibank, Inc. (Peso MMF)	123,734	159,532,723	159,532,723	–
BDO Unibank, Inc. (Peso STF)	930,877	104,086,991	104,086,991	–
BDO Unibank, Inc. (ÙSD MMF)	163	1,203,073	1,203,073	–
Bank of the Philippine Islands (MMF)	298,550	78,644,125	78,644,125	–
Bank of the Philippine Islands (Peso Short term fund)	158,199	24,744,009	24,744,009	–
Bank of the Philippine Islands (Peso PBF)	24,941	5,012,924	5,012,924	
Bank of the Philippine Islands (USD Short term fund)	32	505,876	505,876	–
China Banking Corporation (Cash Fund)	83,183,314	95,068,213	95,068,213	–
China Banking Corporation (MMF)	93,261,984	123,434,101	123,434,101	–
China Banking Corporation (IFIF)	20,382,849	24,994,611	24,994,611	–
China Banking Corporation (STF)	108,191,896	130,362,904	130,362,904	–
Rizal Commercial Banking Corporation (Peso MMF)	8,943,585	14,978,010	14,978,010	–
Rizal Commercial Banking Corporation (Peso CMF)	9,254,870	10,590,412	10,590,412	–
Security Bank Corporation (Peso Bond Fund)	215,932	434,364	434,364	–
Security Bank Corporation (Peso MMF)	368,227,836	528,864,382	528,864,382	–
		₱1,302,456,718	**₱1,302,456,718**	**₱6,762,319**
Marketable Equity Securities				
Aboitiz Equity Venture	1,900	103,455	103,455	
Aboitiz Power Corporation	3,700	109,890	109,890	–
AC Energy (ACEPH) formerly Phinma Energy Corp.	200,000	2,200,000	2,200,000	–
ACE Enexor, Inc. formerly Phinma Petroleum and Geothermal Corp.	8	320	320	–
Atlas Consolidated Mining & Dev't Co	12,000	74,040	74,040	–
Ayala Corporation	300	249,300	249,300	–
Banco de Oro Universal Bank	1,163	140,374	140,374	–
Century Pacific Food, Inc	3,500	98,350	98,350	
Cosco Capital	19,000	98,800	98,800	
D&L Industries, Inc.	24,400	217,160	217,160	–
Del Monte Pacific Limited	5,972	92,685	92,685	–
DMCI Holdings, Inc	14,100	108,711	108,711	

Name of issuing entity and description of each issue	Number of shares or principal amount of bonds and notes	Amount shown in the balance sheet	Value based on market quotations at balance sheet date	Interest received and accrued
Eagle Cement	6,600	94,644	94,644	
First Gen Corp	5,600	154,840	154,840	–
First Phil. Holdings Corp.	9,400	661,272	661,272	–
Holcim Phil.	15,603	85,817	85,817	–
Metro Pacific Investment Corp.	60,000	235,800	235,800	
Metrobank	5,000	272,500	272,500	
Philex Mining	4,500	24,480	24,480	–
Phinma Corp.	114,850	2,308,485	2,308,485	–
Puregold Price Club, Inc.	2,400	94,320	94,320	
PXP Energy Corp	765	4,704	4,704	–
RCBC	2,500	49,500	49,500	–
Robinsons Retail Holdings, Inc.	6,100	397,110	397,110	
San Miguel Food and Beverage	1,270	89,027	89,027	
Security Bank Corporation	1,767	206,739	206,739	–
SSI Group Inc.	20,000	22,200	22,200	–
Swift Foods, Inc.	219	329	329	–
Universal Robina Corp.	600	76,800	76,800	–
		₱8,271,652	**₱8,271,652**	**₱9,208,281**
Treasury Bills	–	–	–	–
Trade and other receivables	–	**₱4,935,303,549**	**₱4,935,303,549**	**₱5,103,596**
Financial assets at fair value through other comprehensive income				
Unquoted:				
Asian Eye Institute, Inc.	100,000	4,144,763	4,144,763	–
Asia Coal	6,039	153,856	153,856	–
Beacon Property Ventures, Inc.	32,400,000	58,675,012	58,675,012	–
Manila Cordage Company	18,136	10,553,190	10,553,189	–
Others	various	2,782,813	2,782,813	–
Quoted				
Club shares	various	32,350,000	32,350,000	–
		₱108,659,634	**₱108,659,634**	–
		₱10,050,605,623	**₱10,050,605,623**	**₱28,897,081**

Schedule B. Amounts Receivable from Directors, Officers, Employees, and Principal Stockholders (Other than Related Parties)

Name and Designation of debtor	Balance of Beginning of Period	Additions	Amounts collected	Amounts Written off	Current	Not Current	Balance at end of period
Advances to officers and employees	₱47,049,409	₱69,857,226	(₱62,948,359)	₱–	₱53,958,276	₱–	₱53,958,276

Schedule C. Amounts Receivable from Related Parties which are eliminated during the consolidation of financial statements

Name and Designation of debtor	Balance of Beginning of Period	Additions	Amounts collected	Allowance for doubtful accounts	Current	Non Current	Balance at end of period
Accounts Receivable							
One Animate Ltd.	₱303,439,045	₱200,000	₱–	₱–	₱–	₱303,639,045	₱303,639,045
Philippine Cement Corp.	131,566,343	830,920,363	(249,251,656)	–	713,235,050	–	713,235,050
Union Galvasteel Corporation	124,693,607	349,783,851	(129,020,648)	–	345,456,810	–	345,456,810
Phinma Corporation	68,355,755	3,547,898	(3,516,715)	–	68,386,938	–	68,386,938
Phinma Education Holdings, Inc.	55,189,097	68,464,637	(74,860,484)	–	48,793,250	–	48,793,250
Phinma Solar	1,665,988	11,113,907	(6,357,597)	–	6,422,298	–	6,422,298
Career Asia Academy	761,239	6,163,945	–	–	6,925,184	–	6,925,184
Cagayan de Oro College	81,620	49,701	(86,622)	–	44,699	–	44,699
University of Iloilo	39,871	29,919	(20,407)	–	49,383	–	49,383
Pamantasan ng Araullo (Araullo University), Inc.	33,215	77,744	(54,854)	–	56,105	–	56,105
South Western University	26,535	68,031	(56,779)	–	37,787	–	37,787
University of Pangasinan	21,398	76,046	(58,017)	–	39,427		39,427
St. Jude College	4,557	25,260	(23,657)	–	6,160	–	6,160
Asian Plaza, Inc	600	2,295	–	–	2,895	–	2,895
Republican College	–	23,487	(19,066)	–	4,421	–	4,421
	₱685,878,870	₱1,270,547,084	(₱ 463,326,502)	₱–	₱1,189,460,407	₱303,639,045	₱1,493,099,452

Schedule D. Intangible Assets - Other Assets

Description	Beginning Balance	Additions At Cost	Charged to Costs and Expenses	Charged to Other Accounts	Other Changes-Additions (Deductions)	Ending Balance
Cost:						
Goodwill	₱2,221,068,048	₱53,214,657	₱–	₱–	₱	₱2,274,282,705
Student lists	165,638,300	–	–	–	–	165,638,300
Software	37,199,316	7,047,931	–	–	30,277,654	74,524,901
	2,423,905,664	60,262,588	–	–	30,277,654	2,514,445,907
Accumulated amortization and impairment:						
Goodwill	403,131,669	–	–	–	–	403,131,669
Student lists	165,638,300	–	–	–	–	165,638,300
Software	29,462,470	10,419,776	–	–	–	39,882,247
	598,232,439	10,419,776	–	–	–	608,652,216
	₱1,825,673,225	₱49,842,812	₱–	₱–	₱30,277,654	₱1,905,793,691

Schedule E. Long-term Debt

Title of Issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "Long Term Debt" in related balance sheet"
PHINMA Education Holdings, Inc.			
Rizal Commercial Banking Corporation	₱1,598,900,897	₱42,921,711	₱1,555,979,187
China Banking Corporation	456,048,076	15,260,075	440,788,000
	2,054,948,973	58,181,786	1,996,767,187
PHINMA Corporation			
Bonds payable	2,957,015,782	–	2,957,015,782
Security Bank Corporation	1,960,817,786	20,000,000	1,940,817,786
	4,917,833,568	20,000,000	4,897,833,568
Southwestern University			
Rizal Commercial Banking Corporation	395,608,672	1,711,512	393,897,160
China Banking Corporation	198,066,587	1,667,508	196,399,079
	593,675,259	3,379,020	590,296,239
Union Galvasteel Corporation			
Banco de Oro	428,255,352	62,795,495	365,459,857
Security Bank Corporation	97,033,246	17,202,569	79,830,677
	525,288,598	79,998,064	445,290,534
PhilCement Corporation			
Security Bank Corporation	1,612,143,570	324,836,238	1,287,307,332
University of Pangasinan			
China Banking Corporation	175,844,489	10,290,917	165,553,572
Rizal Commercial Banking Corporation	76,044,733	15,539,688	60,505,045
	251,889,222	25,830,605	226,058,617
Pamantasan ng Araullo (Araullo University), Inc.			
China Banking Corporation	230,083,559	10,044,460	220,039,099
University of Iloilo			
China Banking Corporation	190,370,354	6,000,000	184,370,354
Cagayan de Oro College			
China Banking Corporation	136,925,590	11,761,970	125,163,620
Private Funder	25,000,000	–	25,000,000
	161,925,590	11,761,970	150,163,620
PHINMA Solar			
China Banking Corporation	20,000,000	–	20,000,000
P&S Holdings Corporation			
United Pulp and Paper Company, Inc.	124,956,771	4,000,000	120,956,771
	₱10,683,115,464	₱544,032,143	₱10,139,083,321

Schedule F. Indebtedness to Related Parties (Long-Term Loans from Related Companies)

	Balance at beginning of period	Balance at end of period
None	~~P~~–	~~P~~–

Schedule G. Guarantees of Securities of Other Issuers

Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by person for which statement is filed	Nature of Guarantee
None	–	–	–	–

Schedule H. Capital Stock

Title of Issue	Number of Shares Authorized	Number of shares issued and outstanding as shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Directors, officers and employees	Others
Preferred shares						
Class AA	50,000,000	–	–	–		
Class BB	50,000,000	–	–	–		
	100,000,000	–	–	–		
Common shares	420,000,000	286,343,544	–	186,494,417	23,791,230	61,630,718
Treasury shares	–	(14,427,179)	–	–	–	–
	520,000,000	**271,916,365**	–	**186,494,417**	**23,791,230**	**61,630,718**

PHINMA CORPORATION AND SUBSIDIARIES
Components of Financial Soundness Indicators
December 31, 2021

Ratio	Formula		2021	2020
Current Ratio	**Total Current Assets divided by Total Current Liabilities**		**1.71**	1.53
	Total Current Assets	₱12,251,241		
	Divided by: Total Current Liabilities	7,166,235		
	Current Ratio	1.71		
Acid Test Ratio	**Quick assets (Total Current Assets less Inventories and Input Value-added Taxes and Other Current Assets) divided by Total Current Liabilities**		**1.39**	1.25
	Quick Assets	₱9,941,946		
	Divided by: Total Current Liabilities	7,166,235		
	Acid Test Ratio	1.39		
Solvency Ratio	**Net Income add Non-cash Expenses divided by Total Liabilities**		**12.29%**	6.40%
	Net Income	₱1,872,737		
	Add: Non-cash expenses	602,590		
		2,475,327		
	Divided by: Total Liabilities	20,148,234		
	Solvency Ratio	12.29%		
Debt-to-Equity Ratio	**Total Debt divided by Total Stockholders' Equity**		**2.03**	1.86
	Total liabilities	₱20,148,234		
	Divided by: Total stockholders' equity	9,933,061		
	Debt-to-Equity Ratio	2.03		
Asset-to-Equity Ratio	**Total Assets divided by Total Stockholders' Equity**		**3.03**	2.86
	Total Assets	₱30,081,295		
	Divided by: Total Stockholders' Equity	9,933,061		
	Asset-to-Equity Ratio	3.03		
Interest Rate Coverage Ratio	**Earnings Before Interest and Taxes divided by Total Interest Expense**		**4.03**	2.00
	Earnings Before Interest and Taxes	₱2,618,531		
	Divided by: Interest Expense	649,248		
	Interest Rate Coverage Ratio	4.03		

Ratio	Formula		2021	2020
Return on Equity	**Net Income divided by Average Total Stockholders' Equity**		**20%**	6%
	Net Income	₱1,872,737		
	Divided by: Average Total Stockholders' Equity	9,243,238		
	Return on Equity	20%		
Return on Assets	**Net Income divided by Average Total Assets**		**7%**	2%
	Net Income	₱1,872,737		
	Divided by: Average Total Assets	27,276,855		
	Return on Assets	7%		
Net Profit Margin	**Net Income divided by Total Revenue**		**12%**	4%
	Net Income	₱1,872,737		
	Divided by: Total Revenue	16,038,186		
	Net Profit Margin	12%		

ANNEX C

Management Report

Annex C

MANAGEMENT REPORT

FINANCIAL AND OTHER INFORMATION

Changes In and Disagreements with Accountants on Accounting and Financial Disclosures

For the last five (5) years, there have been no disagreements with the independent accountants on any matter of accounting principles or practices, financial statement disclosures or auditing scope or procedure.

Management's Discussions and Analysis or Plan of Operation

CALENDAR YEAR 2021

2021 marked the second year of the pandemic, which has posed a new set challenges for all of us. As our nation continues to embrace these challenges, the PHINMA Group has become even more determined to pursue its mission of making lives better by giving communities, not only in the Philippines but wherever else we might find the need, improved access to the essentials of a dignified life. Despite the prolonged impact of the pandemic, your Company successfully achieved major milestones, including the acquisition of its tenth tertiary education institution, its first bond issuance in over 25 years, and vaccine rollout for employees and their dependents. Based on the proven resiliency and innovative strategies of its business units, we believe PHINMA Corporation has established a strong base for sustained growth.

In 2021, your Company posted consolidated revenues of ₱16.04 billion and consolidated net income of ₱1.87 billion. This represents a 250-percent growth in bottom line on the back of strategic business units that continued to achieve strong results amid a challenging business environment.

Our Education Group, led by *PHINMA Education Holdings, Inc.*, significantly exceeded its pre-pandemic performance owing to record-breaking enrollment for SY 2021-2022. Our Construction Materials Group, comprised of *Union Galvasteel Corporation, Philcement Corporation,* and *Phinma Solar Energy Corporation,* posted higher revenues and nearly maintained its bottom line through strategic partnerships, operational efficiencies, and margin optimization initiatives. *PHINMA Property Holdings Corporation* achieved growth by capitalizing on a shift in demand trends driven by the pandemic. Meanwhile, our two hotels in the Mall of Asia complex, operating under *Coral Way City Hotel Corporation*, sustained occupancy and positive cash generation through quarantine bookings.

2021 Highlights

PHINMA Education holds the group's investment in tertiary education schools in the Philippines and Southeast Asia. PHINMA Education was able to grow its network to nine schools in the Philippines through its acquisition of PHINMA Union College of Laguna (PHINMA UCL) last May 2021 in line with its plans to strengthen its offerings in Laguna. PHINMA Education also continues to manage Horizon Karawang in Indonesia and formally launched the Horizon Education brand to the public in December 2021.

Despite the worsening learning crisis in the country with face-to-face classes still suspended, PHINMA Education successfully hit record-breaking enrollment in SY 2021-2022 and welcomed 95,503 students. This marked a 31% growth in enrollment from the previous school year and is a testament to PHINMA Education's successful implementation of distance learning systems starting in 2020.

Leveraging on learnings from the previous year, PHINMA Education continued to respond to challenges in creative and proactive ways with the goal of maintaining the quality and accessibility of its offerings. Apart from enrollment, PHINMA Education achieved higher-than-expected results in key indicators like student retention and employment. PHINMA Education also continued to produce strong student-based outcomes in SY 2020-

2021, including a board passing rate of 78 percent for first-time takers as well as 10 additional board exam topnotchers.

The remarkable growth achieved by PHINMA Education in 2021 has resulted in consolidated revenues of ₱3.69 billion, a 76-percent increase year-on-year. An additional contributor to this was the delayed recognition of some revenues from SY 2020-2021. Consolidated net income, on the other hand, rose to ₱1.02 billion.

Our Construction Materials Group consists of *Union Galvasteel Corporation, Philcement Corporation,* and *Phinma Solar Energy Corporation*, which boost our nation's infrastructure and construction sectors by supplying galvanized iron and steel building products, cement, and solar rooftop generation solutions. In 2021, demand for construction materials was buoyed by a recovery in construction activities. However, our Construction Materials Group faced a new set of challenges during the year which were primarily driven by global supply chain disruptions. In response to these challenges, the group focused on leveraging its competitive advantages and optimizing its margins.

Union Galvasteel Corporation (UGC) saw an improvement in performance in 2021 despite obstacles brought about by an industry slowdown, material availability constraints, and higher input costs. UGC responded to these by capitalizing on its market leadership through margin optimization initiatives, including selling price increases, and cost efficiencies realized in logistics and manufacturing. We are also proud to share that in response to the devastation caused by Typhoon Odette last December, UGC was able to utilize its wide distribution network to continue to ensure the stable supply of roofing products in key locations across the country. Additionally, all roofing sheets were made available at pre-typhoon prices without sacrificing product quality.

On the back of the recovery of domestic construction activities, *Philcement Corporation* (Philcement) successfully was operating near capacity in 2021. This strengthened its resilience against a substantial increase in its costs due to global supply chain disruptions. In order to manage these cost increases and improve margins, Philcement began to manufacture its own blended cement. Philcement also leveraged its strategic relationship with the Vissai Group and implemented logistics optimization strategies to manage the impact of increasing freight costs on its margins. In May, 2021, your Company closed on its strategic investment in Song Lam Cement Joint Stock Company, which will assure Philcement of a steady supply of quality cement to support expanding infrastructure development projects.

Moreover, *PHINMA Solar Energy Corporation* (PHINMA Solar) successfully shifted its business model to capture more pandemic-resilient industries, including residential and retail markets as well as small to medium commercial projects. PHINMA Solar also ramped up its sales effort and leveraged synergies with UGC in the areas of sales and logistics. As a result, the company achieved profitability for the first time in 2021.

Together, the Construction Materials Group achieved a 20-percent growth in topline and booked ₱12.14 billion in consolidated revenues in 2021. Meanwhile, despite severe cost pressures faced in 2021, the Construction Materials Group attained ₱902.08 million in consolidated net income, demonstrating the group's resilient strategies and ability to quickly and innovatively respond to challenges.

PHINMA Property Holdings Corporation (PHINMA Properties) is the group's property arm which seeks to make lives better through creating sustainable communities for middle-income Filipino families. In 2021, PHINMA Properties showed an improvement in performance owing primarily to higher sales amidst delays in new project launches because of the pandemic. The company successfully sold out residences at Arezzo Place, Pasig and Hacienda Balai, Quezon City, and ended the year with a cumulative total of 16,264 residential units sold. Moreover, at our hospitality business, your two hotels under *Coral Way City Hotel Corporation* have managed to sustain occupancy despite the pandemic's impact on travel and tourism by serving as accredited quarantine facilities for returning Filipinos. Your Company correspondingly recognized higher net earnings from associates amounting to ₱28.61 million in 2021.

Apart from the milestones achieved by its strategic business units, 2021 also marked your Company's first public bond issuance in more than 25 years, which was well-received by the market and was more than 9 times oversubscribed. The ₱3.00 billion raised through this issuance has been deployed to support growth and enhance operational efficiencies across our strategic business units. The bond issuance is part of your Company's overall value building plan and will be the first of many capital market transactions to come for the PHINMA Group.

PHINMA Corporation’s strong business performance has allowed it to maintain a healthy balance sheet in 2021 with total assets of ₱30.08 billion, and a current ratio and debt-to-equity ratio of 1.71 : 1.00 and 2.03 : 1.00, respectively.

Finally, in celebration of the key milestones achieved by your Company in 2021, we are happy to report that the Board has declared a regular cash dividend of ₱0.40 per share, along with a special cash dividend of ₱0.10 per share, which are both payable on 6 April 2022.

2022 Outlook

With improving COVID-19 vaccination rates and decreasing cases, we look forward to further domestic economic reopening and recovery in 2022. Among its various priorities, we believe the government continues to view infrastructure development as vital in driving post-pandemic recovery. Moreover, with the Philippines being one of the few countries that kept its educational institutions closed throughout the pandemic, the transition back to face-to-face classes is a welcome development that would aid the deepening learning crisis faced by our country. As the nation continues to recover, we look forward to seeing growth trickle down to other sectors that faced hampered demand due to the pandemic, especially property and hospitality.

PHINMA Education is eager to continue its expansion in order to capture more of its underserved market. PHINMA Education looks for schools that are situated in growing urban communities where it can offer its brand of accessible quality education to underserved youth. Apart from this, it has been working on increasing capacity in its existing schools in light of growing enrollment and looks forward to pursuing expansion in other Southeast Asian countries. PHINMA Education also looks at its alternative learning systems as a fundamental change in the way they do education and as additional channels to reach students that do not have physical access to its schools.

Our Construction Materials Group continues to gear up for further growth in anticipation of the expected strong recovery of the construction sector. The group is focused on enhancing efficiency and expanding the production of higher-margin product lines. Meanwhile, PHINMA Solar is well-positioned to grow by leveraging the global push for clean energy and net zero carbon emission targets with the help of its parent, UGC.

PHINMA Properties experienced delays in the launches of its new projects because of the pandemic. However, for 2022, PHINMA Properties is set to launch new horizontal projects situated in emerging cities outside central business districts in order to capture shift in demand trends driven by the pandemic. These include Phinma Maayo San Jose (Batangas) and Phinma Maayo Tugbok (Davao). The company has also been evaluating its expansion into mixed-use developments, such as townships, in emerging regions. Moreover, while the hotel industry is expected to continue to face challenges, we remain optimistic in the gradual recovery of international and domestic travel.

The strong growth the Company has achieved in the past three years has truly been driven by its strategic business units, which have, without exception, risen to the occasion. Driven and inspired by PHINMA’s mission of making lives better for families and communities, these units have continued to strategically adapt and successfully hit major milestones amid the pandemic. Looking forward, PHINMA Corporation is eager to pursue its long-term plan focused on returning value to its shareholders. This includes robust succession planning and talent development initiatives aimed towards priming your Company for further growth.

Education

PHINMA Education Holdings, Inc. (PHINMA Education) is the strategic business arm of the PHINMA Group which aims to make lives better by providing quality education, adapting to the evolving needs of the underserved youth in the Philippines and Southeast Asia.

PHINMA Education owns and operates schools in key cities in the Philippines. Outside the National Capital Region (NCR), these include PHINMA Araullo University (PHINMA AU), PHINMA Cagayan de Oro College (PHINMA COC), PHINMA University of Pangasinan (PHINMA UPang), and PHINMA University of Iloilo (PHINMA UI). The PHINMA Education NCR network is composed of PHINMA St. Jude College (PHINMA SJC), PHINMA Republican College (PHINMA RC), and two schools, in a Laguna subnetwork, PHINMA Rizal College of Laguna (PHINMA RCL) and PHINMA Union College of Laguna (PHINMA UCL).

PHINMA UCL, acquired in May 2021, is the newest institution under the PHINMA Education network, now poised to further strengthen PHINMA Education's offerings in the Laguna province. The college presently offers undergraduate courses targeting employment, including Accountancy, Business Administration, Information Technology, Hospitality Management, Psychology, Education, and Criminology. With two schools now in the subnetwork, PHINMA Education plans to continue to expand in Laguna.

PHINMA Education also owns a majority stake in Southwestern University PHINMA (SWU PHINMA) in Cebu, which serves the region's mid-income market as well as a growing number of international students. It provides highly competitive programs that cater to health and allied health sciences, with graduates consistently placing within the top ten of board licensure examinations in the country and abroad.

In Indonesia, PHINMA Education manages Horizon Karawang in West Java through PT IndPhil Management (IPM). The STMIK and STIKES colleges of Horizon Karawang cater to underserved markets, specializing in Nursing and Information Technology programs that boast an 80%-100% licensure exam success rate. The Horizon Education brand was formally launched to the public in December 2021 at the virtual event, *Horizon Rising*.

Despite the ongoing pandemic, In SY 2021-2022, PHINMA Education welcomed 94,452 students in the Philippines and 1,051 in Indonesia, a 31% increase from total enrollment of 72,746 students in SY 2020-2021. The increase in enrollment resulted in Consolidated Revenues of ₱ 3.69 billion, a 76% increase year-on-year. Consolidated Net Income, on the other hand, rose to ₱ 1.02 billion.

PHINMA Education's mission has always been aligned with the United Nations' Sustainable Development Goals for the country for 2030. Beyond its focus on educating underserved youth, PHINMA Education implemented programs to strengthen sustainability in the schools and increase social and political awareness among students.

In January 2021, PHINMA Education spearheaded the first ever annual *Education@theMargins: A Global Alliance* conference, gathering education industry experts from several countries including the Philippines to tackle issues such as the widening gap in education, how to help marginalized students cope with the pandemic, and tech solutions to marginalized education.

In March 2021, PHINMA Education contributed a chapter to the *World Scientific* publication, "Univer-Cities: Reshaping Strategies to Meet Radical Change, Pandemics and Inequality - Revisiting the Social Compact?" The chapter discussed how the company is responding to three major challenges underserved students face at higher education institutions (HEIs).

In April 2021, the company institutionalized an Environmental and Social Management System (ESMS) Policy across its constituent campuses. All PHINMA Education schools now have a waste segregation scheme in place via an on-site Material Recovery Facility (MRF). The company is also steadily expanding its use of green technologies, including solar panels, rainwater catchment systems, gray water facilities, and sewer treatment plants.

In August 2021, PHINMA Education hosted two webinars with Chel Diokno, a Filipino lawyer, educator, and human rights advocate who serves as chairman of the Free Legal Assistance Group and the founding dean of the De La Salle University College of Law. The webinars, which focused on human rights and the justice system, were attended by students across the PHINMA Education network in the Philippines.

Later in the year, PHINMA Education released a series of white papers through the Education@theMargins website newsletter, focused on youth and civic engagement and the impact of the pandemic on college retention. The white paper discussed MULAT, a nationwide civic engagement and education program launched in 2020.

Through MULAT, educators implement curricular and extra-curricular interventions to increase the students' social awareness and promote human dignity, educating them about their rights and encouraging them to take an active role in pursuing positive social change in the Philippines. As MULAT is aligned with the overall mission of PHINMA, the company has folded this into its classroom curriculum and college experience, focusing on modules that raise social and political awareness and inculcate values of good citizenship and active civic participation.

In 2021, as part of its initiatives to strengthen and improve corporate governance in the organization, the company organized Board Committees with independent directors to oversee key governance areas including Nominations, Remunerations, and Risk Oversight.

2021 was a pivotal year for PHINMA Education as it moved towards recovery from the initial effects of the COVID-19 pandemic. Forays into alternative learning systems and more accessible financing options instituted in the previous year have paid off with higher-than-expected results in key indicators including enrollment, retention, and employment. With further improvements in corporate governance and continued network additions, PHINMA Education is poised to continue further growth in the years to come as it expands even further in the country and throughout Southeast Asia.

Construction Materials

In 2021, sustained vaccination campaigns and lower cases of infection in the second half of the year allowed business sectors to open up and increase operating capacities. As COVID-19 related restrictions were eased, the construction industry posted a significant recovery, growing 9.8% over the year. Investment in construction measured via gross capital formation rose 10.6% as downstream sectors such as real estate and tourism heavily affected by the pandemic began to recover.

While construction activities rebounded in 2021, the challenges to contain the Delta variant in the 2nd half of the year dampened hopes for a much stronger economic recovery. Meanwhile, global supply chain disruptions affected the availability of raw materials and the cost of international freight, which led to higher costs of landed inputs for domestic construction materials suppliers. Hampered by the cancellation of export subsidies from China, the world’s largest supplier, domestic flat steel firms also experienced soft demand. On the other hand, the local cement industry, based on management’s own estimates, climbed 12-14% year-on-year on increased infrastructure investments.

With greater experience in navigating the pandemic, the firms under the PHINMA Construction Materials Group (PHINMA CMG) – Union Galvasteel Corporation (UGC), Philcement Corporation (Philcement), and PHINMA Solar Energy Corporation (PHINMA Solar) - responded by sustaining “new normal” protocols and recalibrating operations and strategies to the volatile business environment. Supported by the PHINMAVax vaccination programs of PHINMA, the group has been able to operate continuously while keeping its employees safe and protected against COVID.

In 2021, UGC again managed to deliver gains despite soft demand and supply challenges. The company implemented margin optimization and cost management initiatives, primarily on production and logistics, to support a solid bottom line by year-end.

Philcement continued to perform encouragingly well in 2021, supported by sound sales performance and more efficient operations. To partially offset external shocks which led to the sharp rise in the cost of its inputs, the company implemented measures to keep customers engaged, manage margins and improve productivity across functions. Initiatives in the areas of production, quality, and distribution enabled the company support the cement requirements of its growing customer base.

In the midst of the pandemic, Phinma Solar made modest returns in 2021 as potential customers put investment decisions on hold. Supported by its competitive advantages in the construction materials industry, PHIMA Solar actively pivoted towards the residential segment instead of the institutional sector. This alignment in strategy is expected to enhance the synergies between Phinma Solar and its two affiliates, UGC and Philcement.

PHINMA CMG closed 2021 with a decent performance, with the three firms contributing total revenues of ₱ 12.14 billion, an increase of 20% from the previous year. Total net income for the group was ₱ 902.08 million.

With the worst of the pandemic hopefully behind, PHINMA CMG maintains an optimistic yet cautious outlook for 2022. As the group’s journey continues, it understands the challenges and uncertainties as well as opportunities that lie ahead. To sustain the momentum and common success of the three companies, PHINMA CMG needs to continue to perform well, learn from the lessons of the past, and ultimately remain engaged and deliver on its commitment to improve lives by providing materials to build a better future.

Properties

PHINMA Property Holdings Corporation (PPHC) seeks to make Filipino lives better by creating sustainable communities and townships based on ergonomic and green architecture. The company's vision is to be the preferred property developer in providing Filipinos the essentials for dignified living, developing communities inspired by the traditional Filipino *Bayanihan* spirit.

Since its inception in 1987, PPHC heeded the call for nation building, becoming an early pioneer of vertical metropolitan development and spearheading Medium Rise Buildings (MRB)s for the low-income market within Metro Manila. PPHC continues to be a major player in this highly competitive market, with sold-out residences at Arezzo Place, Pasig and Hacienda Balai, Quezon City. The company has also expanded further into the market segment in places such as Uniplace @ SWU Village, in Cebu City.

Inspired, well-built, conveniently located, and competitively-priced living spaces are a hallmark of PPHC, enabling it to weather market downturns including challenges posed by the COVID-19 pandemic. In 2021, PPHC started the year strong, posting high average monthly reservations despite a host of issues. The COVID-19 lockdowns over the year were compounded by a rise in sales reservation cancellations due to a moratorium on pandemic assistance loans as well as a shift in VAT regulatory guidelines. In addition, super typhoon Odette battered Cebu and Davao, directly affecting the company's developments in those areas.

Despite these setbacks, the company capped 2021 on a high note, rallying in the fourth quarter to end the year with a total of 688 residential units sold. Phinma Corporation equitized net income of ₱40.87 million in PPHC.

In 2021, PPHC continued to expand related businesses. Community Property Managers Group, Inc. (CPMGI), a subsidiary engaged in property management and leasing, now services close to 28,000 units for PPHC as well as for other property developers. Meanwhile, the *Community Developers and Construction Corporation* (CDCC), PPHC's own construction division that pioneered the use of the Tunnel Formwork System, has expanded its operations to provide construction and construction management services to external clients as well as the PPHC. To date, this group has built a total of 21,334 for PPHC and for other private developers and LGUs.

During the pandemic, PPHC listened to its customers, finding that many, particularly millennials and new-nesters, place more value now on ownership versus home rental. PPHC has always strived to be the preferred developer for first-time Filipino homebuyers seeking to live in nurturing communities. The company has designed its portfolio to cater to these new-nesters, who account for as much as 90% of our clientele.

There has also been a marked increase in the demand for properties in emerging "new wave" areas outside of established central business districts. In recent years, PPHC has seen a progressive shift among prospective homeowners to expand into emerging cities. This has been spurred by the abrupt changes brought by the COVID-19 pandemic, which has driven demand for mixed-use spaces that allow work or study from home. The crisis has also driven demand for low-density housing. PPHC is moving to address both these needs by delivering tailored products and services—particularly green and ergonomic architecture—within a trustworthy, high-touch customer service experience. PPHC is poised to meet rising demand in provinces where it already has a foothold, particularly in Batangas, Davao, and Cebu. The first of these projects, PHINMA Maayo, is already being executed in San Jose, Batangas, and Tugbok, Davao. Through mostly horizontal developments such as single detached, single attached, and townhouse units, PPHC aims to minimize working capital while maintaining profitability, even as the company remains on the lookout for traditional vertical development opportunities.

Moving forward, aside from residential projects, PPHC is considering township developments in emerging regions across the country, due to the better availability of land and the shift in demand. Mixed-use developments considered could be zoned with residential, commercial, office, transportation, hotels/condotel, schools, or recreational areas. These towns will be master planned in collaboration with high-profile designers, ensuring features and amenities that are attuned to the needs and lifestyle of the local market. The residential portion of the townships will be composed of both middle-income and high-end units to maximize land use and generate increased project returns.

PPHC remains driven by its mission of making lives better while meeting aspirations of various stakeholders. The company weaves the cherished Filipino *Bayanihan* spirit into all its endeavors as it cooperates with shareholders, creditors, and employees to provide first time Filipino families essential homes as part of a dignified life.

Hospitality

PHINMA Hospitality Inc., the hospitality arm of PHINMA Group, operates 14 Microtel by Wyndham hotels and one TRYP by Wyndham hotel in the Philippines. It is also a joint venture partner in majority of these properties, including the flagship 150-room Microtel by Wyndham Mall of Asia. PHINMA Corporation, through Asian Plaza Inc., has a 36% equity interest in PHINMA Hospitality as well as a direct 24% equity interest in Coral Way City Hotel Corporation (Coral Way), owner of Microtel by Wyndham Mall of Asia. Coral Way's wholly owned subsidiary, Krypton Esplanade Hotel Corporation owns the 191-room TRYP by Wyndham Mall of Asia.

The pandemic severely affected the global travel and tourism industry from 2020 up to 2021. Because of continued restrictions on land, air and sea travel worldwide, border closures, and health and safety concerns, demand for business and leisure travel was at an all-time low. However, Microtel by Wyndham Mall of Asia and TRYP by Wyndham Mall of Asia were able to maximize demand for quarantine-related accommodation which comprised the majority of hotel bookings for 2021.

Microtel by Wyndham Mall of Asia and TRYP by Wyndham Mall of Asia served as accredited quarantine facilities, providing safe and comfortable accommodations to returning Overseas Foreign Workers under the Overseas Workers Welfare Administration repatriation program, seafarers from various shipping companies, corporate travelers, and returning Filipinos. In response to the COVID-19 situation, the hotels ensured that health and safety protocols were strictly implemented.

In 2021, Microtel by Wyndham Mall of Asia and its subsidiary TRYP by Wyndham Mall of Asia achieved a combined average occupancy of 83% and posted positive cash flow for the year. Equity in net loss from the hospitality group amounted to ₱ 12.04 million.

The hotel industry will continue to face challenges moving forward as companies have adapted to work-from-home arrangements, online meetings, and travel restrictions. The ongoing pandemic has also resulted in changes in the travel and booking behavior of the market. We remain optimistic that demand from the leisure, corporate and meetings/events markets will slowly build-up and drive occupancy in our properties as international and domestic travel recover.

Key Performance Indicators (KPI)

Below are the top five (5) KPI's used to measure the financial performance of PHINMA and its material subsidiaries for the periods indicated:

Financial KPI	Definition	December 2021	December 2020
Profitability			
Return on Equity (ROE)	Net Income Attributable to Equity holders of the Parent / Average Equity Attributable to Equity Holders of the Parent[1]	**15.96%**	2.61%
Gross Profit Margin	Gross Profit[2] / Total Revenues	**28.26%**	26.54%
Efficiency			
Cash Flow Margin	Cash Flows from Operating Activities	**5.67%**	9.04%

[1] 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.
[2] Gross Profit is calculated by deducting cost of sales and cost of educational, installation, hospital and consultancy service from total revenues.

	Total Revenues		
Liquidity Current Ratio	Total Current Assets Total Current Liabilities	**1.71:1.00**	1.53 : 1.00
Debt-to-Equity Ratio	Total Liabilities Total Equity	**2.03:1.00**	1.86 : 1.00

Profitability

The return on equity of 15.96 % in CY 2021, is higher than 2.61% return for the previous year due to steady performance of the CMG business and improved performance of PHINMA Education. Gross profit margin increased from 26.54% to 28.26% in 2021 mainly due to optimized gross profit margin contribution of the schools and the Construction Materials Group.

Efficiency

Net cash inflow from operations in CY 2021 was ₱908.87 million compared to net cash inflow from operations of ₱1.11 billion for CY 2020. The decrease was due to the increase in trade and other receivables of the schools and CMG as well as decrease in trust receipts payable of CMG.

Liquidity

Current ratio increased from 1.53:1.00 in CY 2020 to 1.71:1.00 in CY 2021 resulting from the increase in trade and other receivables of the schools and CMG.

Debt-to-equity ratio of PHN and its subsidiaries as of end December 2021 increased from 1.86:1.00 to 2.03:1.00, mainly due to issuance of the parent company's corporate bond.

Other Financial Ratios are as follows:

Financial Ratio	Definition	December 2021	December 2020
Asset to Equity	Total Assets Total Equity	**3.03**	2.86
Interest Rate Coverage Ratio	EBITDA[3] Interest Expense and Other Financing Charges	**4.96**	2.79

Asset to Equity ratio of PHN and subsidiaries as of end December 2021 increased from 2.86 to 3.03 due to increase in total assets from ₱24.47 billion in 2020 to ₱30.08 billion in 2021. The increase is mainly due to the increase in trade and other receivables of the schools and CMG as well as the increase in fair value of the parent company's investment in Song Lam, presented as a financial asset at fair value through profit or loss.

Interest rate coverage ratio increased from 2.79 in 2020 to 4.96 in 2021, due to stable performance of the CMG business and improved performance of the schools.

[3] EBITDA is net income of the Issuer after adding back (i) interest expense and other financing charges (ii) provision for (benefit from) income tax and (iii) depreciation and amortization.

Accounting Policies and Principles

The accompanying consolidated financial statements of Phinma Corporation have been prepared in compliance with accounting principles generally accepted in the Philippines as set forth in Philippine Financial Reporting Standards (PFRS). The consolidated financial statements have been prepared on a historical cost basis, except for financial assets at fair value through profit and loss, available for sale investments 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.

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 surges in Q1 and Q3 have resulted in disruptions in operations of the various business units. Its impact is reflected in the financial statements as of December 31, 2021. Phinma Corporation and its subsidiaries continue to monitor developments and to adapt accordingly with continuous implementation of cost management measures/cost rationalization across departments.

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 other company in the construction industry, the operations of UGC is affected by seasonality *demand. Demand for roofing materials is greater during the 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 PHINMA Education schools 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.

Material Changes in Statement of Financial Position Accounts

As of December 31, 2021, the Group's total consolidated assets stood at ₱30.08 billion, higher by 22.92% or by ₱5.61 billion than the ₱24.47 billion total consolidated assets as of December 31, 2020.

Similarly, total consolidated liabilities amounted to ₱20.15 billion, higher by 26.57% or by ₱4.23 billion,than total consolidated liabilities as of December 31, 2020.

The following are the material changes in account balances:

Cash and cash equivalents
The movements in cash and cash equivalents are shown in the cash flow statement

Investments held for trading
The 38.46% decrease in investments held for trading is mainly attributable to redemption of Phinma Solar's and the schools' investments in unit investment trust fund (UITF) as well as the redemption of the parent company's investment in Song Lam preferred shares in May 2021.

Trade and other receivables
The 44.21% increase in trade and other receivables is attributable to increase in receivables of the schools on the back of increased enrolment and increase in the receivables of the Construction Materials Group (CMG) and safeguard duties in relation to Philcement's importation of cement.

Inventories
The ₱366.07 million increase in inventory mainly represents the increase in CMG's product costs due to global supply chain disruptions due to COVID-19 surges.

Input value-added taxes and other current assets
The increase in the account of ₱58.23 million represents mainly the increase in prepaid expenses and prepaid assets of the Construction Materials Group and the increase in the deferred scholarship and discounts of the schools. The latter is amortized and charged to expense over the semester.

Financial asset at fair value through profit or loss
The account represents the parent company's $50 million investment in Song Lam, carried at fair value.

Property, plant and equipment
The P1.16 billion increase in PPE was mainly due to the completion of Philcement's port facility in Mariveles, Bataan and construction and building improvements of the schools.

Deferred tax assets - net
The 24.57% decrease represents mainly the decrease in deferred tax assets of the Construction Materials Group and SWU.

Derivative asset – non-current
The derivative asset pertains to the value of the put option of Phinma Corporation with respect to the investment in Song Lam preferred shares.

Right-of-use assets
The decrease in right of use assets of ₱63.26 million represents mainly the depreciation of the right-of-use assets of CMG and UPang.

Other noncurrent assets
The decrease in noncurrent assets pertains mainly to the reclassification of the amount of ₱ 255 million from advance to Song Lam to investment in preferred shares of Song Lam, partially offset by the increase in long-term receivable of Phinma Solar and other non-current assets of PEHI.

Notes payable
The decrease in the account amounting to ₱395.74 million represents payment of short-term borrowings of the parent company, AU, COC, UI and SWU, partially offset by the additional borrowings of CMG.

Trade and other payables
The increase of ₱ 354.6 million in trade and other payables represents increase in trade and other payables of the various schools and of the parent company.

Trust receipts payable
Net decrease of ₱319.44 million was mainly due to a decrease in trust receipts payable of the Construction Materials Group

Contract Liabilities
The increase in contract liabilities is attributable to the schools. Tuition fees are accrued as payables at the start of the semester and decrease as the revenue is earned over the semester.

Income and other taxes payable
The decrease in the account of ₱3.57 million represents the decrease in tax payable of the schools and the Construction Material Group due to lower income tax rate due to the implementation of the CREATE law.

Due to related parties
The ₱31.77 million increase in the account represents payable of the parent company and Phinma Education to the ultimate parent, Phinma Inc.

Derivative liability
The group has no derivative liability as of December 31, 2021.

Long-term debt – net of current portion
The increase in the account represents the ₱3.0 billion corporate bond issued by the parent company during the year and the availment of additional long-term loan by Philcement for working capital requirements and the Mariveles port facility.

Lease liability
The decrease in the account represents the lease payments of Construction Materials Group net of pre-termination.

Non-controlling interest put liability
The account represents the present value of the contingent amount payable by PHINMA if the non-controlling shareholders of PHINMA Education exercise their put option on PHINMA Education shares. The increase in the account is the accretion of the present value of the liability during the year.

Other noncurrent liabilities
The decrease in the account in the amount of ₱2.56 million is primarily a decrease in other noncurrent liabilities of the schools.

Share in other comprehensive income of associates
The change is due to an increase 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 arising from the translation of the financial statements of PHINMA Education Myanmar to Philippine pesos.

Equity reserves
The movement in the account arises from the increase in the liability on the put option on shares of Phinma Education Holdings Inc.,net of the increase in the carrying value of the said shares.

Non-controlling interests
The increase is mainly attributable to the share of non-controlling shareholders in the income of the schools and in CMG offset by the impact of the accretion of the NCI put liability.

Treasury shares
The movement in the account represents the buy back of 456,600 shares of Phinma Corporation from the market during the year.

Material Changes in Income Statement Accounts

Revenues
The 30.37% increase in the account is mainly due to the performance of the Construction Materials group, higher enrolment and higher retention of students for the schools and accrual of interest income by the parent company for its investment in preferred shares of Song Lam.

Rental revenue declined primarily due to decrease in rental income of the schools due to the pandemic. On the other hand, investment income increased due to an increase in interest income of the parent company.

Cost of sales
The ₱2.47 billion net increase in cost of sales is largely attributable to higher production cost of the CMG business, resulting from global supply chain disruptions and the increase in raw material costs throughout the year.

General and administrative expenses
The 20.36% increase in general and administrative expenses is mainly driven by the schools' higher number of enrolees in 2021.

Selling expenses
The 13.68% increase in selling expenses is attributable to the Construction Materials Group's increased selling efforts during the pandemic period.

Unrealized gain on change in fair value of financial assets at fair value through profit or loss
The amount represents the unrealized fair value gain on the investment in Song Lam preferred shares.

Gain (Loss) on derivatives
The gain on derivative is the increase in the value of the put option of PHN with respect to the investment in Song Lam preferred shares.

Foreign exchange gains (losses) - net
Foreign exchange gain of ₱56.24 million as at December 31, 2021 arose from the restatement of dollar denominated assets, largely earmarked for dollar-denominated investments of PEHI and restated at an exchange rate of ₱50.999 to US$1.00.

Equity in net earnings (losses) of associates and joint ventures
In CY 2021, PHN equitized income in Phinma Property Holdings Corp. improved to ₱ 40.8 million

Gain on sale of property, plant and equipment - net
The amount represents the gain on sale of vehicles of the Construction Materials group.

Loss on deconsolidation
In 2020, Phinma Corporation booked a loss on deconsolidation arising from the sale of its investment in ICI Asia.

Others – net
Other income decreased by ₱4.5 million due to a decrease in other income of the schools.

Provision for (benefit from) income tax
The decrease in provision for income tax reflects the lower income tax rate of the subsidiaries as a result of the implementation of the CREATE law.

CALENDAR YEAR 2020

In 2020, the Group saw consolidated revenue growth of 8.63%, posting consolidated revenues of ₱12.30 billion for the year. Income from operations of the Group increased by 25.95% to ₱1.35 billion during the year.

Consolidated net income of the Group increased to ₱521.94 million in 2020 from ₱437.12 million in the previous year while net income attributable to shareholders of the parent was ₱172.64 million in 2020.

Construction Materials Group

Despite the early weakness in flat steel demand, UGC managed to deliver strong operational performance and posted a significant recovery by year end. UGC achieved positive annual results as the company enhanced customer engagement initiatives and operational efficiencies in production and logistics. UGC also, together with a foreign partner, began a study on an expansion of its PU line to supply insulated panels for the cold chain industry. A robust cold chain industry addresses the issue of food security and provides part of the logistics needed for a nationwide vaccine rollout.

Philcement posted significant gains in 2020, backed by the efficient operation of the new Mariveles Cement Facility which was launched in January. The company also leveraged on strong customer partnerships and increased reliability and availability of its legacy Union Cement brand in key areas.

Despite the pandemic, Construction Materials Group finished the year on a strong growth track, with CMG's combined revenues of ₱10.12 billion and combined net income of ₱915.89 million in 2020.

Education Group

PHINMA Education was able to maintain a strong system wide total enrolment of 71,659 students in the Philippines which was a 3.41% decline from previous years. Due to the effect of the pandemic on face-to-face classes as well as the shift in the academic calendar from June to late August which delayed the recognition of some revenues to the following year, PHINMA Education posted a 28.37% decrease in consolidated revenue to ₱2.09 billion for the calendar year 2020. Maintaining profitability, PHINMA Education posted a lower consolidated net income of ₱14.29 million in calendar year 2020 from ₱433.73 million in the previous year.

Properties Group

PPHC posted revenues of ₱1.95 billion in 2020, at the same level as the previous year. Despite the pandemic, sales reservations and revenue-recognition maintained pace through the company's #DontPutHomeownershipOnHold marketing campaign. Consolidated net income for the year amounted to ₱71.87 million.

PPHC's revenues are not consolidated with PHINMA since it is not a subsidiary, but it is accounted for under the equity method. In 2020, PHINMA equitized a net income of ₱6.36 million in PPHC.

Hospitality Group

Equitized earnings from affiliates of the Company hence declined to a loss of ₱6.52 million in 2020.

Microtel by Wyndham Mall of Asia's posted average occupancy of 76.71%, gross revenues of ₱128.02 million, and a net loss of ₱6.53 million. TRYP by Wyndham Mall of Asia on the other hand posted average occupancy of 72.46%, gross revenues of ₱161.40 million, and a net loss of ₱20.92 million. Despite respectable occupancy levels, revenues and profits declined due to caps on room rates for hotels operating as quarantine facilities under the OWWA repatriation program.

Others

On September 18, 2020, PHINMA divested 100.00% of its interest in ICI Asia.

Key Performance Indicators (KPI)

Below are the top five (5) KPI's used to measure the financial performance of PHINMA and its material subsidiaries for the periods indicated:

Financial KPI	Definition	December 2020	December 2019
Profitability Return on Equity (ROE)	Net Income Attributable to Equity holders of the Parent Average Equity Attributable to Equity Holders of the Parent[4] Gross Profit[5]	**2.61%**	3.46%

[4] 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.
[5] Gross Profit is calculated by deducting cost of sales and cost of educational, installation, hospital and consultancy service from total revenues.

Gross Profit Margin	Total Revenues	**26.54%**	28.62%
Efficiency Cash Flow Margin	Cash Flows from Operating Activities Total Revenues	**9.04%**	(1.06%)
Liquidity Current Ratio	Total Current Assets Total Current Liabilities	**1.53:1.00**	1.93 : 1.00
Debt-to-Equity Ratio	Total Liabilities Total Equity	**1.86:1.00**	1.68 : 1.00

Profitability

The return on equity of 2.61 % in CY 2020, is lower than 3.46% return for the previous year due to decrease in net income attributable to equity holders of the parent. Gross profit margin decreased from 28.62% to 26.54% in 2020 mainly due to decrease in gross profit margin contribution of the schools and Construction Materials Group.

Efficiency

Net cash inflow from operations in CY 2020 was ₱1.11 billion compared to net cash outflow from operations of ₱120.30 million for CY 2019. The increase was due to the increase in trust receipts payable and trade and other payables of the Construction Materials Group.

Liquidity

Current ratio decreased from P1.93:1.00 in CY 2019 to P1.53:1.00 in CY 2020 due to increase in trust receipts payable of the Construction Materials group to support its expanded sales.

Debt-to-equity ratio of PHN and its subsidiaries as of end December 2020 increased from 1.68:1.00 to 1.86:1.00, mainly due to increase in total liabilities from ₱14.04 billion to ₱15.92 billion. The increase is largely attributable to the Construction Materials Group.

Other Financial Ratios are as follows:

Financial Ratio	Definition	December 2020	December 2019
Asset to Equity	Total Assets Total Equity	**2.86**	2.68
Interest Rate Coverage Ratio	EBITDA[6] Interest Expense and Other Financing Charges	**2.79**	3.14

Asset to Equity ratio of PHN and subsidiaries as of end December 2020 increased from 2.68 to 2.86 due to increase in total assets from ₱22.38 billion in 2019 to ₱24.47 billion in 2020. The increase is mainly due to the investment in PEHI by the Asian Development Bank in the amount of ₱625.00 million and the increase in assets of Philcement Corporation with the completion of its facility in Mariveles, Bataan.

[6] EBITDA is net income of the Issuer after adding back (i) interest expense and other financing charges (ii) provision for (benefit from) income tax and (iii) depreciation and amortization.

Interest rate coverage ratio decreased from 3.14 to 2.73 in 2020 due to an increase in interest expense from ₱463.79 million in 2019 to ₱626.77 million in 2020 of the Construction Materials Group.

Accounting Policies and Principles

The accompanying consolidated financial statements of Phinma Corporation have been prepared in compliance with accounting principles generally accepted in the Philippines as set forth in Philippine Financial Reporting Standards (PFRS). The consolidated financial statements have been prepared on a historical cost basis, except for financial assets at fair value through profit and loss, available for sale investments 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.

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

d. 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 pandemic has resulted in disruptions in operations of the various business units. Its impact is reflected in the financial statements as of December 31, 2020. Phinma Corporation and its subsidiaries continue to monitor developments and to adapt accordingly.

g. 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 other company in the construction industry, the operations of UGC is affected by seasonality demand. Demand for roofing materials is greater during the 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 PHINMA Education schools 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.

Material Changes in Statement of Financial Position Accounts

As of December 31, 2020, the Group's total consolidated assets stood at ₱24.47 billion, higher by 9.36% or by ₱2.09 billion than the ₱22.38 billion total consolidated assets as of December 31, 2019.

Similarly, total consolidated liabilities amounted to ₱15.92 billion, higher by 13.42% or by ₱1.88 billion total consolidated liabilities as of December 31, 2019.

The following are the material changes in account balances:

Trade and other receivables
The 16.57% increase in trade and other receivables is mainly attributable to increase in trade receivables of Construction Materials Group.

Inventories
The ₱228.31 million increase in inventory mainly represents increase in inventories of Construction Materials Group.

Input value-added taxes
The 90.56% increase in input tax is attributable mainly to Construction Materials Group.

Other current assets
The increase in the account of ₱36.31 million represents mainly the increase in prepaid insurance of CMG and increase in the deferred scholarship and discounts from the PHINMA Education schools. The latter is amortized and charged to expense over the semester.

Property, plant and equipment
The ₱1.46 billion increase in PPE was mainly due to the completion of Philcement's facility in Mariveles, Bataan and acquisition of RCL. The latter was acquired by PHINMA Education in July 2020.

Deferred tax assets - net
The 31.70% increase represents mainly the increase in deferred tax assets of Construction Materials Group and SWU.

Right-of-use assets
The increase in right of use assets of ₱147.94 million represents mainly the warehouses, properties and other assets leased by Construction Materials Group.

Notes payable
The increase in the account amounting to ₱357.03 million represents additional short-term borrowings of PHINMA, Construction Materials Group, AU, COC, UI and SWU.

Trade and other payables
The increase of ₱597.76 million in trade and other payables represents increase in trade and other payables of Construction Materials Group.

Trust receipts payable

The increase of ₱826.97 million in trust receipts payable was largely in support of the expanded operations of Construction Materials Group.

Contract Liabilities
As a result of the decline in revenues of the PHINMA Education schools, contract liabilities dropped by ₱396.68 million.

Income and other taxes payable
The decrease of ₱71.58 million represents decrease in tax payable of the PHINMA Education schools and Construction Materials Group due to lower income for the year.

Due to related parties
The ₱58.57 million increase in the account represents payable of PHINMA Education to the ultimate parent, PHI

Derivative liability
The decrease in the account represents deliverable forward contracts of Construction Materials Group that became due during the period. As of December 31, 2020, PHINMA had an outstanding derivative liability amounting to ₱32,000.00.

Current portion of long-term debt
The increase in the account of ₱204.65 million represents reclassification of Construction Materials Group loan from long-term debt to current portion of long-term debt.

Current portion of lease liabilities
The increase represents the present value of lease payments of Construction Materials Group which will be due within one (1) year.

Long-term debt – net of current portion
The decrease in the account represents transfers to current portion of long-term debt.

Pension and other post-employment benefits
The decrease in the account amounting to ₱34.28 million represents decrease in accrued retirement of the PHINMA Education schools.

Lease liability
The increase in the account represents the present value of lease payments of Construction Materials Group.

Non-controlling interest put liability
The account represents the present value of the contingent amount payable by PHINMA if the non-controlling shareholders of PHINMA Education exercise their put option on PHINMA Education shares.
In January 2020, Asian Development Bank invested ₱625.00 million in PHINMA Education. The increase in the account is mainly attributable to the NCI put liability arising from ADB's put option.

Other noncurrent liabilities
The decrease in the account in the amount of ₱3.97 million represents primarily a decrease in other noncurrent liabilities of the PHINMA Education schools.

Share in other comprehensive income of associates
The change is due to an increase in fair value of financial assets held by APHI.

Exchange differences on translation of foreign operations
The movement in the account represents the cumulative adjustments arising from the translation of the financial statements of PHINMA Education Myanmar to Philippine pesos.

Equity reserves
The movement in the account arises largely from the investment of Asian Development Bank in PHINMA Education at a premium over book value, offset by the impact of the increase in the Non-controlling interest put liability.

Non-controlling interests
The increase is mainly attributable to the investment made by Asian Development Bank in PHINMA Education

in January 2020.

Material Changes in Income Statement Accounts

Revenues
The 8.63% net increase in Group revenue of ₱976.84 million is mainly due to an increase in revenues of Construction Materials Group from the start of operation of the new Mariveles Cement Facility, partially offset by a decrease in revenues of the schools as a result of the COVID-19 quarantine restrictions.

Cost of sales
The ₱1.35 billion net increase in cost of sales represents increase in cost of sales of Construction Materials Group on account of expanded sales.

Cost of educational, installation, hospital and consultancy services
The ₱393.05 million decrease in the account represents a decrease in the school's personnel costs, academic activities, graduation expenses and educational tour expenses.

Operating expenses
The ₱227.10 million drop in general and administrative expenses is mainly due to decrease in the schools' expenses due to the delay in school opening and decline in enrolees.

Interest expense and other financing charges
The increase in the account amounting to ₱162.98 million is due to increase in interest expense of Construction Materials Group.
Equity in net earnings (losses) of associates and joint ventures
The decrease in the account is largely due to equitized loss in affiliate Coral Way in the amount of ₱6.90 million.

Foreign exchange gains (losses) - net
Foreign exchange loss of ₱152.63 million for the year ended December 31, 2020 arose from the restatement of dollar denominated assets, largely earmarked for dollar-denominated investments of the parent company and restated at an exchange rate of ₱48.02 to US$1.00.

Net losses on derivatives
PHINMA recognized a gain on fair value changes of forward contracts in the total amount of ₱11.07 million in 2019. In 2020, Construction Materials Group booked a loss on derivatives in the amount of ₱7.04 million.

Gain on sale of property, plant and equipment - net
The amount of ₱0.86 million represents the gain on sale of vehicles of Construction Materials Group.

Others – net
Others income increased by ₱23.08 million due to increase in other income of COC and SJC.

Provision for (benefit from) income tax
The decrease in provision for (benefit from) income tax reflects the decrease in taxable income of the subsidiaries during the year.

CALENDAR YEAR 2019

In 2019, the Group posted consolidated revenues of ₱11.32 billion, an increase of 14.05% over the previous year due to increased revenue from both Construction Materials Group and PHINMA Education. Income from operations of the Group correspondingly increased 85.56% to ₱1.07 billion.

PHINMA also completed the sale of its energy business in June 2019, allowing the company to focus investments in core businesses such as education and construction materials. As a result, consolidated net income of the Group more than doubled to ₱437.12 million in 2019 from ₱174.82 million in the previous year while net income attributable to shareholders of the parent grew from modest results of ₱25.87 million in 2018 to ₱232.51 million in 2019.

Construction Materials Group
UGC sold almost 10 million equivalent sheets of roofing materials in 2019, about the same level as in 2018, despite stiff market competition and the sluggish performance of public construction. While revenues were almost flat year-on-year, UGC improved its margins through better cost management and rationalization of its supply chain systems and processes. As a result, UGC's revenues was ₱5.53 billion in 2019, with net income up by 2.68% to a new record of ₱275.38 million from ₱268.20 million a year earlier. With its growth trajectory continuing, UGC expects to continue to be one of the industry leaders in the roofing industry.

Philcement continued to grow its market base in 2019, nearly doubling its volumes through a wider market coverage and development of key markets which will be served by its cement facility in Mariveles, Bataan. Despite competitive challenges, existing partnerships with customers and channels have helped bolster the availability of Union Cement nationwide and started building reputation for high quality through its Ultra V 50 (Type I OPC) and Super V 40 (Type IP blended cement) variants. At the end of 2019, Philcement's revenues were up 289.86% to ₱2.69 billion, with a net income of ₱56.82 million.

Education Group
Despite the challenges faced by the private tertiary industry, PHINMA Education once again saw an increase in its freshmen enrolment, posting a 23.69% growth. As of School Year 2019-2020, PHINMA Education enrolment has grown to 74,187 students nationwide. For calendar year 2019, the company achieved revenue of ₱2.93 billion, an increase of 15.97% over the previous fiscal year, while consolidated net income increased by 19.78% to ₱433.73 million. The increased revenue and net income are attributed to overall rise in enrolment due to the strong batch of college freshman in June 2019 from the successful campaign to obtain market share in the schools' respective communities, particularly from students eligible for tertiary education subsidies.

Properties Group
Consolidated net income of PPHC increased by 88.35% to ₱71.82 million as the company continued strategic changes to its business, increasing profitability by improving margins, streamlining operations, and reducing operating costs. The company continued in 2019 its 5-year plan to support growth through new locations outside of Metro Manila as well as new business lines, developing pipeline projects to secure future growth and profitability.

In 2019, PPHC completed construction on 10 buildings, which brings to 105 the total number of affordable housing buildings built by the company since its inception. The company sold a total of 437 units over the year at its Arrezo Place Pasig project, and 405 units at its Hacienda Balai Quezon City project. Outside Manila, the company completed and sold over 250 units at Arrezo Place Davao. The company posted revenue of ₱1.93 billion in 2019, a 4.27% increase from the previous year.

Hospitality Group
2019 average occupancy was 83.30%, driven by conventions and events in SMX Convention Center, Mall of Asia Arena and other venues, increasing business activities in the area, and proximity to the airports, business hubs, malls, commercial centers, and leisure destinations. In 2019, Coral Way had a gross revenue of ₱203.24 million, gross profit of ₱99.93 million and net income of ₱16.83 million.

Others
Although ICI Asia provided consulting services to a larger number of clients, average contract value was lower, resulting in a decrease in revenue to ₱49.85 million from ₱62.17 million in the previous year. In 2019, the company incurred higher than anticipated costs as unforeseen subcontractor costs were required to complete projects. As a result, the company posted a net loss of ₱50.95 million. Moving forward, the company intends to closely monitor project scope of work and costing and to also better coordinate with subcontractors to ensure more profitable operations.

PHINMA divested its ownership in PHEN in 2019.

Key Performance Indicators (KPI)

The top five (5) KPI's used to measure the financial performance of PHN and its subsidiaries for the year ended December 31, 2019 compared to the same period in the previous year are shown in the following table:

Financial KPI	Definition	December 2019	December 2018
Profitability			
Return on Equity (ROE)	Net Income Attributable to Equity holders of the Parent / Average Equity Attributable to Equity Holders of the Parent[7]	**3.46%**	0.38%
Gross Profit Margin	Gross Profit[8] / Total Revenues	**28.62%**	26.46%
Efficiency			
Cash Flow Margin	Cash Flows from Operating Activities / Total Revenues	**(1.06%)**	13.60%
Liquidity			
Current Ratio	Total Current Assets / Total Current Liabilities	**1.93 : 1.00**	2.25 : 1.00
Debt-to-Equity Ratio	Total Liabilities / Total Equity	**1.68 : 1.00**	1.40 : 1.00

Profitability

The return on equity for the period of 3.46 % is higher than 0.38% return for the same period the previous year due to increase in net income attributable to shareholders of the parent. Gross profit margin increased from 26.46% in 2018 to 28.62% in 2019 mainly due to increase in gross profit margin contribution of Philcement and the schools.

Efficiency

Net cash outflow from operations was ₱120.30 million for CY 2019 compared to cash inflow of ₱1.35 billion in CY 2018. The decrease was due to the transfer from Cash and Cash Equivalents to Investments Held for Trading in the amount of ₱3.26 billion.

Liquidity

Current ratio decreased from ₱2.25:1.00 in 2018 to ₱1.93:1.00 in 2019 due to increase in notes payable of Philcement to support its expanded sales.

Debt-to-equity ratio of PHN and its subsidiaries as of end December 2019 increased from ₱1.40:1.00 to ₱1.68:1.00 mainly due to increase in total liabilities from ₱11.15 billion to ₱14.04 billion. The increase is largely attributable to UGC, Philcement Corporation and Phinma Education Holdings, Inc.

Other Financial Ratios are as follows:

Financial Ratio	Definition	December 2019	December 2018

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[7] 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.
[8] Gross Profit is calculated by deducting cost of sales and cost of educational, installation, hospital and consultancy service from total revenues.

Asset to Equity	Total Assets / Total Equity	**2.68**	2.40
Interest rate coverage ratio	EBITDA[9] / Interest Expense and Other Financing Charges	**3.14**	2.69

Asset to Equity ratio of PHN and subsidiaries as of end December 2019 increased from ₱2.40 to ₱2.68 due to increase in total assets from ₱19.11 billion to ₱22.38 billion in 2019. The increase is mainly due to the investment in PEHI by Kaizenvest, FMO and local investors in the amount of ₱1.575 billion and the increase in assets of Philcement Corporation with the completion of its facility in Mariveles.

Interest rate coverage ratio increased from ₱2.69 to ₱3.14 in 2019 due to an increase in EBITDA from ₱1.07 billion to ₱1.46 billion in 2019.

Accounting Policies and Principles

The accompanying consolidated financial statements of Phinma Corporation have been prepared in compliance with accounting principles generally accepted in the Philippines as set forth in Philippine Financial Reporting Standards (PFRS). The consolidated financial statements have been prepared on a historical cost basis, except for financial assets at fair value through profit and loss, available for sale investments 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.

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

e. 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

[9] EBITDA is net income of the Issuer after adding back (i) interest expense and other financing charges (ii) provision for (benefit from) income tax and (iii) depreciation and amortization.

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 operations of Phinma Corporation and its subsidiaries continue to be affected by the economic performance of the Philippines and in the countries in which they operate.

h. 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 other company in the construction industry, the operations of UGC is affected by seasonality demand. Demand for roofing materials is greater during the 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 Phinma Education schools 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.

Material Changes in Statement of Financial Position Accounts

As of December 31, 2019, PHINMA's total consolidated assets stood at ₱22.38 billion, higher by 17.08% or by ₱3.26 billion than the ₱19.11 billion total consolidated assets as of December 31, 2018.

Similarly, total consolidated liabilities amounted to ₱14.04 billion, higher by 25.87% or by ₱2.89 billion than the ₱11.15 billion total consolidated liabilities as of December 31, 2018.

The following are the material changes in account balances:

Short-term investments
The decrease in the account represents the transfer of investments of PHINMA parent from short-term investments to investments in UITFs.

Investments held for trading
The increase in the account represents additional investments in UITFs from the proceeds of sale by the parent company of its shares in PHEN and PPG.

Trade and other receivables
The increase in the account of ₱665.21 million represents increase in trade receivables of UGC, Philcement and the PHINMA Education schools.

Inventories
The increase in the account in the amount of ₱39.94 million represents an increase in Philcement finished goods inventory in support of expanded sales.

Input value-added taxes
The increase in the account is due to input tax of PHINMA Solar and PSHC Holdings amounting to ₱22.33 million and ₱6.82 million, respectively.

Other current assets
The movement in the account of ₱62.02 million represents a decrease in various assets of PHC.

Noncurrent asset held for sale
In December 2018, PHINMA classified as Asset Held for Sale the investment in PHEN. On June 19, 2019, PHINMA finalized its planned divestment in PHEN and signed the Deed of Absolute Sale with AC Energy, Inc. for the sale of its 26.24% ownership interest.

Investment in associates and joint ventures
The increase in the account mainly reflects the investment in the joint venture of PHINMA Education with Tripersada Global Manajemen of Indonesia in the amount of ₱133.24 million.

Financial assets at fair value through other comprehensive income
The decrease in the account in the amount of ₱133.87 million represents the sale of PHINMA interest in PPG in June 2019.

Property, plant and equipment
The increase in the account amounting to ₱1.68 billion is largely due to the construction of the Philcement terminal in Mariveles in the amount of ₱865.18 million. The increase is also attributable to PHINMA Solar in the amount of ₱175.10 million and the acquisition of Republican College, Inc. by PHINMA Education in December 2019.

Deferred tax assets - net
The increase in the account of ₱64.20 million represents increase in deferred tax assets of UGC, Philcement, PHINMA Solar and SWU.

Right-of-use of assets
The amount of ₱250.57 million as of end December 2019 represents UGC and Philcement right to use warehouses and offices which are under long-term lease. This is in accordance with PFRS 16 effective January 1, 2019.

Other noncurrent assets
The increase in other noncurrent assets in the amount of ₱395.18 million represents PHINMA parent advances to Song Lam Cement Joint Stock Company in the amount of ₱255.09 million as well as other noncurrent assets of PHINMA Education parent and SWU. The advance to Song Lam will be reclassified to Financial Assets at Fair Value through OCI.

Notes payable
The increase in the account amounting to ₱724.88 million represents additional short-term borrowings of UGC and Philcement.

Trade and other payables
The decrease in the account is due to payment of Philcement trade payables.

Trust receipts payable
The increase of ₱326.25 million in the account is attributable to an increase in trust receipts payable of UGC and Philcement amounting to ₱159.90 million and ₱166.40 million respectively.

Contract liabilities
The increase in the account is attributable to AU, COC, UPANG, UI, SWU and SJCI. 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.

Income and other taxes payable
The increase in the account of ₱18.00 million represents increase in various tax payable of Philcement.

Due to related parties
The increase in the account represents amount due to the ultimate parent company, PHINMA Inc.

Derivative liability
UGC and Philcement entered into deliverable forward contracts with aggregate notional amount of US$39.17 and US$27.99 million in CY 2019 respectively. As of December 31, 2019, UGC and Philcement have outstanding derivative liability of ₱1.41 million and nil respectively. The combined net loss on derivatives of UGC and Philcement amounted to ₱13.17 million in 2019.

Current portion of long-term debt
The increase in the account of ₱105.50 million represents reclassification of Philcement loan from long-term debt to current portion of long-term debt.

Current portion of lease liabilities
The account represents the present value of all remaining lease payments of UGC and Philcement which will be due within one (1) year. This is in accordance with PFRS 16, effective January 1, 2019.

Long-term debt – net of current portion
The increase in the account of ₱575.71 million represents availment of long-term debt of AU and Philcement.

Pension and other post-employment benefits
The increase in the account of ₱78.26 million represents additional retirement liability of UGC due to change in financial assumptions used in the valuation.

Lease liabilities - net
The account represents the present value of all remaining lease payments of UGC and Philcement.This is in accordance with PFRS 16, effective January 1, 2019.

Non-controlling interest put liability
The amount represents the present value of the amount payable on exercise of the noncontrolling interest put in accordance with PFRS 9. If the NCI put is exercised, the amount recognized as the financial liability at that date is extinguished by the payment of the exercise Price. If the NCI put expires unexercised, the position is unwound so that the NCI is recognized at the amount it would have been, as if the put option had never been granted and the financial liability is derecognized.

Other noncurrent liabilities
The decrease in the account in the amount of ₱12.49 million represents a decrease in other noncurrent liabilities of PHINMA Education parent and AU.

Share in other comprehensive income of associates
The change is due to a decrease in fair value of financial assets held by ABCIC.

Exchange differences on translation of foreign operations
The movement in the account represents the cumulative adjustments arising from the translation of the financial statements of PHINMA Education Myanmar to Philippine pesos.

Equity reserves
The movement in the account is largely due to the gain on dilution of PHINMA upon the entry of new investors in PHINMA Education. Investors subscribed to shares at ₱299.96 per share compared to a book value of ₱242.94 per share.

Other comprehensive income
The decrease in the account represents adjustment in the adoption of new accounting standards on PFRS 9 on Financial Assets.

Treasury shares
The increase in the account represents buyback of 9.22 million shares of PHINMA during the year at an average price of ₱9.95 per share.

Material Changes in Income Statement Accounts

Revenues
The ₱1.39 billion movement in the account is mainly due to an increase in revenues of Philcement and the Education Group.

Cost of sales
The ₱246.85 million increase in cost of sales represents the increase in production cost from Philcement as a result of increase in sales.

Cost of educational, installation, hospital and consultancy services
The increase in the account in the amount of ₱533.85 million represents increase in UGC's cost of installation services as well as increase in cost of educational services.

Operating expenses
The ₱121.57 million increase in the accounts general and administrative expenses and selling expenses represent an increase in operating expenses of UGC, Philcement, and the Education Group.

Interest expense and other financing charges
The increase in financial charges in the amount of ₱65.40 million is largely attributable to increase in financial charges of UGC and Philcement in the amount of ₱41.29 million and ₱25.01 million respectively due to higher working capital requirements.

Equity in net earnings (losses) of associates and joint ventures
The increase in the account is largely due to equitized income in affiliate PPHC and Coral Way in the amount of ₱21.12 million and ₱5.58 million respectively. Equitized net loss in Coral Way was ₱2.53 million in 2018 when TRYP by Wyndham Mall of Asia commenced commercial operations.

Foreign exchange gains (losses) - net
Foreign exchange loss of December 31, 2019 arose from the restatement of dollar placements from an average rate of ₱52.58 in December 31, 2018 to ₱50.65 as of December 31, 2019.

Net losses on derivatives
PHINMA parent recognized gain on fair value changes of forward contracts in the total amount of ₱11.07 million on deliverable foreign currency forward contracts. This was offset by a net loss on derivatives of ₱3.93 million and ₱9.24 million as of December 31, 2019 on deliverable forward contracts of UGC and Philcement, respectively.

Gain on sale of investment properties
The gain on sale of ₱7.70 million represents the sale by SWU of a property located in Sambag, Cebu. There was no significant sale of investment property in 2019.

Gain on sale of property, plant and equipment - net
The gain on sale of property, plant and equipment in 2019 of ₱1.31 million represents the sale of fixed assets by PHINMA Education's sale of its fixed assets.

Loss on sale of investment in an associate
In 2018, PHINMA booked a loss on impairment on its PHEN shares in the amount of ₱252.77 million based on an offer from AC Energy Inc. for the said shares. In 2019, PHINMA booked an additional loss of ₱13.08 million upon finalization of the selling price and completion of the sale.

Provision for unrecoverable input value-added tax
The increase in the account represents provision for unrecoverable input tax of the parent company.

Impairment loss on goodwill
The Company booked a full impairment of goodwill in ICI Asia in the amount of ₱14.12 million.

Others - net
The decrease in the account in the amount of ₱2.67 million represents decrease in other income of the parent company, UGC and SJC.

Provision for (benefit from) income tax
The increase in provision for (benefit from) income tax from ₱175.57 million to ₱196.35 million is attributable to the higher income of UGC, Philcement and the schools.

Brief Description of the General Nature and Scope of Business of the Company

Parent Company

The Company was incorporated in the Philippines on March 12, 1957. Its principal activity is investment in shares of various subsidiaries, associates, affiliates and other marketable equity securities. The ultimate parent company of PHN and its subsidiaries is Philippine Investment- Management (PHINMA), Inc.

On May 27, 2010, the Securities and Exchange Commission approved the change of name of the Company from Bacnotan Consolidated Industries, Inc. to Phinma Corporation.

On September 18, 2020, the Parent Company executed a deed of absolute sale with the President of ICI Asia for its entire ownership interest in ICI Asia for P0.5 million resulting to a loss of control to the latter by the Parent Company. As a result, the Company recognized a loss from deconsolidation amounting to P11.2 million and derecognized the net assets of ICI Asia.

On December 21, 2020, PHINMA approved the sale of its 225,000,000 shares of PHINMA Solar to UGC. The sale rationalized PHINMA's ownership structure in its Construction Materials group by consolidating in UGC 100% ownership in PHINMA Solar. PHINMA Solar is 98.01% indirectly-owned by PHINMA and 100% owned by UGC.

As of December 31, 2021, the Company's principal subsidiaries and its percentage of ownership are as follows:

Name of Subsidiaries	**% of Ownership**
Union Galvasteel Corporation (UGC)	98.01
Phinma Education Holdings, Inc. (PHINMA Education)	67.18
Philcement Corporation (Philcement)	60.00
Career Academy Asia, Inc. (CAA) [(a)]	90.00
One Animate Limited, Inc. (OAL) [(b)]	80.00
P & S Holdings Corporation (PSHC)	60.00
Asian Plaza, Inc. (API)	57.62

(a) CAA ceased commercial operations on March 31, 2019.
(b) OAL ceased commercial operations in April 2013

The principal activities of the subsidiaries are as follows

Name of Subsidiaries	**Nature of Business**
UGC	Manufacturing and distribution of steel products
PHINMA Education	Holding company for investments in education
Philcement	Distribution of cement products
CAA [(a)]	Educational institution
OAL [(b)]	BPO - Animation services
PSHC	Investment and real estate holdings
API	Lease of real property

(a) CAA ceased commercial operations on March 31,2019
(b) OAL ceased commercial operations in April 2013

The Company also has direct minority interest in the following companies:

PHINMA Property Holdings Corporation (PPHC)	35.42%
ABCIC Property Holdings, Inc.	26.51%
Coral Way City Hotel Corporation	23.75%

Subsidiaries:

Construction Materials Group

PHINMA operates its construction materials business under three (3) companies namely UGC, Philcement, and PHINMA Solar. The PHINMA construction materials group aims to optimize synergies among the various companies within the group to provide innovative construction solutions to its customers, offering one-stop shop services, from floor to roofing, and providing superior convenience and service to customers nationwide.

Union Galvasteel Corporation (UGC)

UGC started as the Union Steel Plant Division of BCII. It began commercial operations in 1963 with a galvanizing plant in Poro, La Union for the manufacture of Galvanized Iron sheets, expanding to Ilang, Davao City in 1968 and to Calamba, Laguna in 1990. In 1993, the steel plant was spun off from BCII as a separate business unit, and incorporated as Bacnotan Steel Corporation. It was later renamed UGC in 1997 and established a modern Continuous Galvanizing Line and Color Coating Line for the manufacture of pre-painted galvanized steel coils in Calamba, Laguna. On December 22, 2010, the SEC approved the merger of UGC and Atlas Holdings Corporation, a 90%-owned subsidiary of PHINMA with UGC as the surviving entity.

It is a leading manufacturer of pre-painted galvanized iron roofing products and other steel products such as steel decking, frames, pre-engineered building systems and insulated panels used for cold storage and other facilities.
UGC's main manufacturing facilities are located in Calamba, Laguna. It also operates roll-forming plants in Poro, San Fernando, La Union, Ilang, Davao City, Cebu City, Sta. Rosa, Nueva Ecija, Cagayan de Oro City, Zamboanga City, Calasiao, Pangasinan, Bacolod City, Iloilo City, Pili, Camarines Sur, San Fernando, Pampanga, Batangas City, Tacloban City, Leyte and Cainta Rizal.

Today, UGC is the market leader in manufacturing and distribution of pre-painted and other galvanized roofing, and of galvanized steel building products such as building system components like steel deckings, c-purlins, door jambs, steel trusses, pre-engineered building structures and insulated panels for commercial, industrial and residential applications. UGC has the largest and most diversified distribution network in the industry, with roll forming plants, warehouses and sales offices in strategic locations throughout the country.

UGC's production lines are located in:

- Continuous Color Coating Line in Calamba City Laguna
- PU Lines in Calamba City Laguna
- Continuous & discontinuous lines in Davao City
- Discontinuous Roll forming Lines nationwide

On December 21, 2020, UGC purchased 100% of Phinma Corporation's shares in Phinma Solar Energy Corporation (PHINMA Solar), increasing its percentage of ownership in PHINMA Solar to 100%.

Philcement Corporation (Philcement)

Philcement was incorporated on September 22, 2017 to engage in the processing, distribution, marketing and sales of cement products. Philcement represents PHINMA's re-entry into the cement industry, re-introducing PHINMA's legacy brand "Union Cement". Union Cement enjoyed market dominance and strong brand recognition for many years when PHINMA was in direct ownership or management of majority of the country's integrated cement plants, until the Company sold its ownership stake to Holder Bank (now Holcim) in 2003. Philcement is proud to re-introduce the Union Cement brand after a 14 year hiatus. The re-branding of Union Cement aims to combine world class standards with Filipino expertise to make the lives of Filipinos better through quality, affordable, and readily available cement products. Philcement imports cement from its partner The Vissai Group, one of the biggest privately-owned cement companies in Vietnam. Philcement is owned 60.00% by PHINMA, 30.00% by Viet Cement Terminal Joint Stock Company and 10.00% by EDCOMMERCE Corporation.

Philcement is a Freeport Area of Bataan ("FAB") - registered enterprise permitted to engage in the processing, marketing, importing, trading – wholesale and retail, selling, and distributing cement, cement products, and other by-products and establishing, operating and managing cement supply terminals at the FAB. As a FAB Registered enterprise, Philcement is entitled to the benefits and incentives under Republic Act No. 9728, also known as "The Freeport Area of Bataan Act of 2009". The Authority of the Freeport Area of Bataan is further discussed under "Regulatory Framework".

Philcement's 7.8-hectare flagship cement processing complex is located in the Freeport Area of Bataan and is considered to be the first state-of-the-art cement facility in the Philippines and one of the largest independent cement terminals globally. The facility has an initial annual capacity of 2 million metric tons of cement or 400,000 bags a day. The cement processing complex serves as an importation, storage and bagging facility of Philcement in Mariveles, Bataan.

The cement processing complex is likewise strategically located and able to afford Philcement logistical advantage over competitors who transport cement mostly via land. Philcement is likewise able to leverage on its affiliate UGC's waterways distribution network, especially in its reach of the Visayas and Mindanao markets which is underserved by local cement manufacturers that rely heavily on trucking or land-based transportation.

In September 2019, PHINMA signed an agreement to invest USD $50.00 million in Song Lam Cement Joint Stock Company, the flagship plant of The Vissai, the largest private cement manufacturing group in Vietnam. The investment will be used to expand the capacity of the flagship plant located in Nge Anh province in Vietnam, and will cement Philcement's relationship with Viet Cement Terminal JSC, who is a shareholder in Philcement. These mutual partnerships assure Philcement a steady supply of high quality cement for its customers, out of the world-class facility in Mariveles Bataan. The Company targets to finalize this investment within 2021.

PHINMA Solar Energy Corporation (PHINMA Solar)

On December 21, 2020, PHINMA approved the sale of its 225,000,000 shares of PHINMA Solar to UGC. The sale rationalized PHINMA's ownership structure in its Construction Materials group by consolidating in UGC 100% ownership in PHINMA Solar. PHINMA Solar is 98.01% indirectly-owned by PHINMA and 100% owned by UGC.

PHINMA Solar, formerly Trans-Asia Wind Power Corporation, was incorporated in the Philippines and registered with the SEC on July 26, 2013.

PHINMA Solar is the Group's venture into the solar rooftop market, providing solar rooftop generation solutions for industrial and commercial clients, capitalizing on the opportunity presented by the declining cost of solar energy panels, rising levels of environmental awareness, and government initiatives mandating the use of renewable energy sources. In 2019, it expanded its portfolio of clients, installing rooftop solar solutions equivalent to around 11% of total solar installations in the industry, according to company estimates. Since then, the company has evolved from a lease model to a sale on installment model to maximize cashflow and mitigate exposure on fluctuation in the energy generation and prices.

PHINMA Solar's value proposition for its customers comes from the savings the customers are able to achieve on their annual electricity costs from using the solar rooftop equipment. The customers not only save on their electricity costs but also support the environment.

In collaboration with UGC, PHINMA Solar not only promotes its own brand but is also able to extend UGC sales through PHINMA Solar's network of customers.

On December 21, 2020, PHINMA approved the sale of its 225,000,000 shares of PHINMA Solar to UGC. The sale rationalized PHINMA's ownership structure in its Construction Materials group by consolidating in UGC 100% ownership in PHINMA Solar. PHINMA Solar is 98.01% indirectly-owned by PHINMA and 100% owned by UGC.

Educational Services

The education services of PHINMA are held through its majority-owned subsidiary, PHINMA Education.

PHINMA Education holds majority equity interests in schools including AU, COC, UPang, and UI, which all provide quality, accessible basic and tertiary education to students from low income families in developing urban centers. In Cebu, the company owns and operates SWU, which provides quality education to a middle-income market, catering to local as well as international students.

PHINMA made its first investment in education in 2004 with the acquisition of AU in Cabanatuan City, Nueva Ecija as its first venture into the education industry.

In 2005, PHINMA acquired COC to extend its affordable education offering to Mindanao, especially in Misamis Oriental, Camiguin, and Bukidnon. COC opened its second campus in Puerto in 2012.

UI, established in 1947 as Iloilo City Colleges, was acquired by PHINMA in 2008.

UPang, which began operation in 1925 as the Dagupan Institute, was acquired by PHINMA in 2009.

The school and hospital of SWU, a private university in Cebu City founded in 1946 by two pharmacists, were acquired by PHINMA in 2015.

On August 28, 2015, PHINMA Education was incorporated in the Philippines and registered with the SEC to invest in, purchase, acquire, own, hold, use, sell, assign, transfer, mortgage, pledge, exchange, dispose of real and personal property of every kind and description, including shares of stock and other property of educational institutions.

In 2017, PHINMA Education Myanmar Limited opened PHINMA Training Center in Yangon, Myanmar in partnership with Victoria Hospital, one of Myanmar's leading private hospitals. It offered courses on Child Caregiving, Elderly Caregiving, and Special Care Assistance. Operations ceased in May 2020 but the location may be revisited once political conditions are favorable and foreign entities are allowed to operate tertiary institutions. The Joint Venture Company PHINMA Saytanar Education Company Ltd. ("PHINMA Saytanar") was created in 2018, when the country regulation allowed foreign ownership with local partners. PHINMA Saytanar is the current owner of PHINMA Training Center in Myanmar. PHINMA Education's operations in Myanmar in relation to PHINMA Saytanar ceased in May 2020, but may be revisited once the situation in Myanmar improves or stabilizes.

SJCI was acquired in 2017 as the first PHINMA Education school in Metro Manila. Located in Sampaloc, Manila, it is a tertiary educational institution founded in 1968. It is well-known for its PACUCOA-accredited School of Nursing, but offers a range of other courses including Information Technology, Nutrition and Dietetics, and Radiologic Technology. In 2019, RCI was acquired as the second PHINMA Education school in Metro Manila.

In 2020, PHINMA Education began its planned Laguna network with the acquisition of RCL, which is also PHINMA Education's eighth school in the Philippines. It currently offers Junior and Senior High School and undergraduate courses in Education, Business Administration, Office Administration, and Industrial Technology.

On 23 April 2021, PHINMA Education, with Center for Agricultural and Rural Development, Inc. ("CARD") entered into a Share Purchase Agreement with controlling stockholders of UCL, an educational institution located in Sta. Cruz, Laguna, Philippines. Under the said Agreement, the said stockholders agreed to sell and PHINMA Education and CARD agreed to acquire, the shares of stock of the said stockholders in UCL. On May 21, 2021, PHINMA Education purchased shares of UCL equivalent to 66% of total outstanding shares including 90% of total voting shares, for the purchase price of ₱85.5 million for the voting shares and ₱2.7 million for the non-voting shares.

PHINMA Education is also expanding to provide education to countries across Southeast Asia. In 2019, it began to manage STMIK and STIKES Kharisma in Karawang, West Java, Indonesia through its partnership Yayasan Triputra Persada Horizon Education. It envisions a network of schools in Indonesia with a goal to grow its Indonesian enrollees to between 100,000 to 150,000 in 10 to 12 years. In Indonesia, a student-centric and communal mentorship approach to ensure that students are well-equipped to secure their future and contribute to the growth of their chosen industry.

The main business of PHINMA Education is to provide affordable and accessible basic and tertiary education to a low-income market. Average annual tuition fees across these schools which target the affordable segment ranges from ₱18,000 to ₱25,000. PHINMA Education also provides more opportunities to students from low-income families by offering academic scholarships and financial assistance on top of already accessible fees. The objectives of the programs are immediate employability of graduates, and as such, the quality of the programs is assessed through the performance of the graduates in board accreditation exams, particularly for courses aimed at immediate employability such as Nursing, Criminology, Education, and Medicine.

Investment in Property Development

Asian Plaza, Inc. (API) was incorporated on January 26, 2005 and started commercial operations on the same date. The Company's primary purpose is investment in real properties. API owned a fully leased building along Sen. Gil Puyat Avenue, Makati City.

On March 31, 2011, API signed a Deed of Absolute Sale with Shang Property Developers, Inc. for the sale of API's property for ₱615 million.

Investment Holdings

P & S Holdings Corporation, a 60% owned subsidiary of Phinma Corporation was incorporated on September 11, 1998. The company's primary purpose is to invest in real and personal properties. The company currently owns and leases land located in Bulacan.

Product Lines

Construction Materials Group

Construction Materials Group' major product lines are:

Business Unit	Product	Type
Steel	Colored or Prepainted Sheets	In coil or in sheets roll formed
	Heavy Gauges	In sheets, coils and roll formed
	Long Span GI Sheets	Roll formed – in sheets
	Claddings and Sidings	Roll formed – in sheets
	Decking's / C. Purlins	Roll formed – in sheets
	Metal frames / Studs	Roll formed – in sheets
	Spandrel	Roll formed – in sheets
	Polyurethane Panels	Roll formed – in sheets
	Roofing Accessories	Bended or Roll formed
	Pre-engineered Building Systems	Roll formed
Cement	Cement	High-strength cement, general-purpose cement
Solar	Rooftop System *	Solar photovoltaic rooftop system
	Power / electricity *	Generation and distribution of solar power

The Construction Materials Group namely UGC, Philcement and Phinma Solar accounted for 75.68 % of PHN's revenues in 2021. The following table shows the contribution of the various products of the Construction Materials Group.

Sales Revenues By Product Line (in thousands)

(in Thousand pesos)	**Calendar Year Ended December 31, 2021**	**Calendar Year Ended December 31, 2020**	**Calendar Year Ended December 31, 2019**
Steel products	**₱4,327,686**	₱4,282,416	₱5,279,682

Cement	**7,646,373**	5,808,579	2,688,589
Rooftop system and power	**163,924**	43,224	9,112
Others	**-**	-	250,412

Educational Services

PHINMA Education's (PEHI) mission is to make life better through education that is accessible and of good quality, through each of its divisions.

Markets

PHINMA Araullo University (AU) in Cabanatuan, Nueva Ecija, PHINMA Cagayan de Oro College (COC) in Cagayan de Oro City, PHINMA University of Pangasinan (UPang) in Dagupan City, and PHINMA University of Iloilo (UI) in Iloilo City serve students from low income families in developing urban centers.

Southwestern University PHINMA (SWU) in Cebu City serves a separate middle income market, catering to foreign as well as local students from Cebu and other provinces nationwide.

PHINMA St. Jude College, Inc. in Sampaloc, Manila and PHINMA Republican College in Cubao, Quezon City, serve students from low income families as well, but with a wider reach than its sister schools with enrolees coming from beyond Metro Manila.

PEHI also began its planned Laguna network with the acquisition of Rizal College of Laguna and Union College of Laguna in 2020 and 2021 respectively.

All schools provide basic education, senior high school, tertiary, graduate and TVET programs.

Satellite Campuses

PEHI has also increased the schools' enrolment by establishing satellite campuses to widen their geographic reach. PHINMA UPang was the first school to open a satellite campus with its Urdaneta campus in SY2015-2016 while PHINMA AU South and PHINMA COC Puerto both also continue to grow and provide education in the areas where they are located.

Contribution of Export Sales

UGC, Philcement and PHINMA Solar have no export sales.

Supply

Construction Materials

a. UGC

UGC's major raw materials in the production of color-coated sheets are galvanized iron sheets in coils or zinc-aluminum coated sheets in coils. The sources of galvanized and zinc aluminum coated materials are China and other Asian countries. As of today, there are no local manufacturers of these materials that can meet the quality of substrates for pre-painting.

UGCs sources steel coils from a minimum of five different suppliers and as such believes its supplier base is diverse enough so as not to pose a concentration risk to the company from the loss of any single supplier.

b. Philcement

Philcement currently sources substantially all of its imported cement from one of the biggest privately-owned cement joint-stock companies in Vietnam. The Vissai Group, through Viet Cement Terminal JSC, and PHINMA, are shareholders of Philcement and it is in the mutual interest of both companies that the Vissai Group continues to supply Philcement with cement. The cement supply agreements between Philcement and The Vissai Group are non-exclusive and as such, Philcement is free to source cement from other parties to ensure reliability in its supply chain.

To this end, Philcement has negotiated and developed cement supply arrangements with another supplier in Asia and continues to develop other sources of cement.

c. PHINMA Solar

PHINMA Solar's major inputs are provided by solar panel suppliers and Engineering, Procurement and Construction ("EPC") contractors for turnkey solar projects. Supply contracts are done on a per project basis. Prior to finalizing contracts, PHINMA Solar evaluates offers from a minimum of 3 different suppliers. The company purchases from several competing suppliers and believes there is no concentration risk from any one particular supplier.

Education Group

PHINMA Education schools have common suppliers for items including computers, providers of school IT systems, construction contractors, uniforms, and learning materials. PHINMA Education believes there is no concentration risk because no single supplier exerts any monopoly and there are several competing suppliers. The company benchmarks its supply costs against other schools in order to negotiate fair prices.

Customers

The Company believes its customer base across its major business segments are diverse enough and no single customer make up more than 20% or more of PHINMA or the business segments group revenue.

Nonetheless, below is a breakdown of some of the Group's major customers.

Construction Materials Group

UGC
UGC serves the steel roofing requirements of end-users, developers, contractors, and dealers for residential, and commercial building applications and government projects including school buildings and military housing units. UGC also caters to the agribusiness sector such as the cold storage and poultry industries.

UGC Customer Categories
Estimated Contribution to Revenue
As of December 31, 2021

End Users	18.2%
Hardware Dealers	39.5%
Contractors	37.2%
Developers	4.5%
Others	0.6%

Philcement
Philcement's customers are grouped into the following segments: Contractor, Dealers, Developers, End-User, Hardware stores and Retailer, and Ready-Mix Players.

Philcement Customer Categories
Estimated Contribution to Revenue
As of December 31, 2021

Dealers	42.1%
Hardware and Retailers	29.5%
Contractors	12.8%
Developers	3.1%
End Users	5.4%

Ready Mix	7.1%

PHINMA Solar
PHINMA Solar's customers are mainly in industries including mall operations, manufacturing, schools, agri-businesses, hospitals, and hotel operations.

PHINMA Solar Energy Corporation
Customer Categories
Estimated Contribution to Revenue
As of December 31, 2021

Malls	4.1%
Agriculture	21.7%
Manufacturing	72.2%
Others	2.0%

Education Group

Majority of PHINMA Education's students belong to the low-income market with an annual household income of ₱300,000.[10] Average annual tuition fees across the PHINMA Education schools, which target the affordable segment, ranges from ₱18,000 to ₱25,000.

Transactions with and/or dependence on related parties

Other than transaction disclosed in "*Certain Relationships and Related Party Transactions",* PHINMA has no dependence on any related parties.

Marketing and Distribution

Construction Materials

a) Steel Business

UGC serves the steel roofing requirements of end-users, developers, contractors and dealers for residential, commercial building applications and government projects such as school buildings and reconstruction efforts. Its secondary markets are facilities for the agribusiness sector such as cold storage, poultry structures and government projects for school buildings and public markets.

UGC's main manufacturing facilities are located in Calamba City, Laguna and it maintains a nationwide distribution network consisting of 15 roll-forming plants, 10 warehouses and sales offices located in strategic regions around the Philippines.

b) Cement Business

Backed by decades of experience in the cement industry and armed with technical and management expertise, Philcement aims to be a partner of choice for its reliability of supply and high-quality products and services. Philcement distributes its products in 40-kg bags, jumbo bags, and bulk trucks.

To serve key markets, Philcement has built a cement facility in the Freeport Area of Bataan which started operations in February 2020. It is the first in the industry to use ship unloader for bulk cement. Further, in September 2019, Philcement entered into an agreement with Seasia Nectar Port Services, Inc. to purchase the port and port assets where its terminal is constructed on, thereby affording the company cost-efficiencies.

The cement processing complex is likewise strategically located and able to afford Philcement logistical advantage over competitors who transport cement mostly via land. Philcement is likewise able to leverage

[10] Philippine Institute for Development Studies 2018 Annual Report

on its affiliate UGC's waterways distribution network, especially in its reach of the Visayas and Mindanao markets which is underserved by local cement manufacturers that rely heavily on trucking or land-based transportation.

Philcement's main Office and Facility are located in the Freeport Area of Bataan, Mariveles, Bataan. Along with UGC, it continues to grow its distribution network nationwide.

Education Group

PHINMA Education (PEHI) provides more opportunities to students from low-income families by offering academic scholarships and financial assistance on top of already accessible fees. Partnerships with local schools and communities are supplemented by multimedia campaigns across each institution's catchment areas.

Competition

Construction Materials

a) Steel Business

For steel roofing, UGC's main competitors are Puyat Steel, DN Steel, and Sonic Steel/United Steeltech Group. In terms of relative nationwide market share size in this category, it is estimated that UGC is roughly the same size as Puyat Steel and DN Steel, and a little over half the size of Sonic Steel/United Steeltech Group.

UGC's range of products in this category include: pre-painted galvanized sheets, galvanized sheets, light steel frames, purlins, and metal decking. In comparison, UGCs major competitors have a similar product range. UGC has a nationwide distribution network. In comparison, UGCs major competitors are also present nationwide. UGC effectively competes in the area of customer service, where its wide distribution network and speed of order fulfilment ensure its products are readily available in the market at the location and within the timeframe required by its customers.

For PU products, UGCs main competitors are DYD/Ultra, and iSteel. UGCs Range of products in this category includes Insulated Roofing, Insulated Sandwich Panels and Doors.

b) Cement Business

Philcement's main competitors are Lafarge Holcim, Republic Cement, Eagle Cement, Northern Cement, and Cemex. It is estimated that in terms of relative nationwide market share size, Lafarge Holcim has the largest share, while Philcement has the smallest share among the aforementioned market players. Lafarge Holcim, with cement plants in La Union, Bulacan, Misamis Oriental, and Davao and terminals in Visayas and South Luzon, has nationwide market presence. Eagle Cement and Northern Cement's integrated cement plants are primarily focused on Luzon, with Northern Cement covering the areas of Northern Luzon while Eagle Cement Bulacan operations concentrate on Central Luzon, NCR, and South Luzon. Republic Cement, similar to Lafarge Holcim, maintains a nationwide market presence with several plants located mostly in Luzon, a grinding plant in Cebu, and its Iligan Cement plant in Lanao Del Norte. Cemex Philippines, with the Solid/Rizal cement plants in Antipolo City, Rizal and Apo cement plants in Naga, Cebu, has market presence in NCR and South Luzon and Visayas, respectively. Apart from Eagle Cement, many of these plants have been and continue to import clinker and, at many times, cement, to augment their supply.

Although Philcement's main facility is in Mariveles Bulacan, its port facilities provide transport flexibility to its customers. The facility can easily load cement to vessels and transport them out to different ports nationwide, while it can also dispatch cement products for land transport. This provides a significant competitive advantage compared to landlocked cement plants which have no choice but to traverse congested road networks. Philcement has been able to competitively serve areas such as Ilocos in North Luzon, Metro Manila, and islands in the MIMAROPA and the Visayas regions through vessels - markets which are very hard and costly to reach unless a cement plant is nearby.

In terms of pricing, Philcement recognizes the importance of quality of cement for its customers, while understanding the competitiveness of the market. As a new competitor, Philcement prices its products competitively against local cement brands. For the bulk market segment where quality is of paramount significance, Philcement is also able to price competitively, while ensuring that it maintains consistent quality and reliability of supply for its customers.

Education Group

The competitors of each PHINMA Education school vary depending on the location of each school, as well as the presence of both private and public schools in the area catering to the low income market. In general, the PHINMA Education Schools in terms of enrolment are among the top 5 private schools operating in their respective localities, with the exception of the newer acquisitions: SJCI, RCI, and RCL.

For SY 2020-2021, total PHINMA Education system wide enrolment of 71,659 students places PHINMA Education as one of the largest private higher educational institutions in the country. Including its operations in Indonesia, PHINMA Education's total enrolment in SY 2020-2021 is 72,746.

Total tertiary enrolment in the Philippines is currently estimated at around 3.4 million, resulting in an estimated nationwide market share of around 2.2% for the PHINMA Education Schools in aggregate. Table below presents top private higher educational institutions nationwide by enrolment:

Top 5 Private Higher Educational Institutions by Enrolment, SY 2015/2016[11]

1.	University of Sto. Tomas	44,769
2.	Saint Louis University	32,725
3.	South UPI College	29,052
4.	ICCT Colleges	26,833
5.	University of Cebu	26,593

Table below presents the top 5 SUCs nationwide in terms of enrolment. While the passage of the Universal Access to Tertiary Education Act removed tuition as an admission requirement, the SUCs' capacity to accept enrolees is still limited by capacity constraints and by its academic admission requirements. Hence, even with the passage of this law, PHINMA Education enrolments grew, especially since many of its low-income students are qualified to receive the Tertiary Education Subsidy.

Top 5 SUCs by Enrolment, SY 2019/2020[12]

1.	University of the Philippines	57,387
2.	Polytechnic University of the Philippines	56,928
3.	Cavite State University	43,634
4.	Cebu Technological University	41,395
5.	Batangas State University	39,955

In terms of tuition fees, average annual tuition fees of PHINMA Education schools are around ₱18,000-25,000 per annum, compared to the following schools which are direct competitors. SWU, PHINMA Education's mid-income school, charges average annual fees of ₱35,000 which is in the mid-range of the private school market in Cebu.

In terms of Program offerings, the PHINMA Education Schools carry course offerings designed toward employability of graduates, including programs such as BS Business Administration, Education, Nursing, IT, and Civil Engineering. These same programs have the highest enrolment in the country and are likewise offered by competitors.

PHINMA Education Schools have an established track record in producing national licensure exam topnotchers in programs such as Nursing, Medical Technology, Medicine, Engineering and Criminology. COC is recognized by the CHED as a Center of Excellence in Criminology.

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[11] *CHED website*
[12] *CHED website*

Competitors in Indonesia

PHINMA Education entered into a joint venture agreement with Tripersada Global Management for the establishment of IPM in 2019. It oversees tertiary institutions for Yayasan Triputra Persada Horizon Education. The first school in Indonesia is STIKES and STMIK Horizon in West Java, Indonesia. Together, they presently have a combined enrolment of 1,087 students. STIKES delivers nursing programs, while STMIK delivers Information Technology (IT) programs. It is the only nursing school in Karawang. Its main competitors can be found in the table below.

PHINMA Education Schools and Their Major Competitors, Indonesia, SY 2020/2021

School	Freshmen Enrollment	Total Enrollment	Tuition (*In ₱ Mn*)
STIKES / STMIK Horizon	305	1,087	24,000 - 51,000 16,000 on scholarship
Institut Medika	349	778	52,000
Universitas Singaperbangsa Karawang	4,093	18,766	42,000
STMIK Rosma	104	556	15,120
Universitas Buana Perjuangan	148	8,218	49,000

STIKES/STMIK Horizon has a tuition fee range of around ₱24,000 - ₱51,000, at par with fees of direct competitor schools. PHINMA Education identifies Institut Medika and STMIK Rosma as closest competitors in terms of enrolment size and program.

Intellectual Property

Under the Intellectual Property Code of the Philippines, the rights to a trademark are acquired through the registration with the Bureau of Trademarks of the Intellectual Property Office, which is the principal government agency involved in the registration of brand names, trademarks, patents and other registrable intellectual property materials.

Upon registration, the Intellectual Property Office shall issue a certificate of registration to the owner of the mark, which shall confer the right to prevent all third parties not having the consent of the owner from using in the course of trade identical or similar signs or containers for goods or services which are identical or similar to those in respect of which the mark is registered. The said certificate of registration shall also serve as prima facie evidence of the validity of registration and the ownership of the mark of the registrant. A certificate of registration shall remain in force for an initial period of ten (10) years, and may be renewed for periods of ten (10) years at its expiration.

As of December 31, 2021, PHINMA and its subsidiaries have the following registered trademarks:

PHINMA

Registered Trademark	Date of Registration	Registration No.	Date of Expiration
Making Lives Better	2 October 2015	4/2015/00001382	2 October 2025

Construction Materials Group

Registered Trademark	Date of Registration	Registration No.	Date of Expiration
UGC Logo 1	30 November 2017	4/2016/00014189	30 November 2027
UGC Logo 2	30 November	4/2016/00014190	30 November

	2017		2027
UGC Logo 3	2 March 2017	4/2016/00014188	2 March 2027
UGC Logo 4	8 June 2016	4/2001/00007745	8 June 2026
Duratile	4 September 2014	4/2014/00000624	4 September 2024
Duraseam	18 October 2018	4/2018/00000734	18 October 2028
Ecolume (Inactive)	7 April 2019	4/2018/00015871	7 April 2029
Union Cement	19 February 2021	4/2020/505431	19 February 2031
Union V Super	11 May 2018	4/2017/16641	11 May 2028
Union V Ultra	11 May 2018	4/2017/16644	11 May 2028
Union Astig	28 September 2018	4/2018/6692	28 September 2028
Sementong Astig	3 February 2019	4/2018/6691	3 February 2029

Education Group

Registered Trademark	Date of Registration	Registration No.	Date of Expiration
Araullo University	28 November 2005	4/2004/005672	28 November 2025
Araullo University Seal	19 March 2007	4/2004/007972	19 March 2027
Cagayan de Oro College Logo	15 August 2013	4/2012/00012187	15 August 2023
Cagayan de Oro College Seal	15 August 2013	4/2012/00012188	15 August 2023
Cagayan de Oro College	20 June 2013	4/2012/00012185	20 June 2023
Making Lives Better Through Education	3 July 2014	4/2013/00013276	3 July 2024
“Moving Minds, Changing Lives!”	10 June 2016	4/2015/00505108	10 June 2026
Southwestern University	14 January 2016	4/2015/00011472	14 January 2026
University of Iloilo Seal	13 January 2011 and renewed on 13 January 2021	4/2010/005386	13 January 2031
University of Iloilo	13 January 2011 and	4/2010/005385	13 January 2031

Registered Trademark	Date of Registration	Registration No.	Date of Expiration
	renewed on 13 January 2021		
University of Iloilo	14 December 2020	4/2020/0003018	14 December 2030
UI Sun Logo (No Verbal Elements)	7 June 2018	4/2018/0000163	7 June 2028
University of Pangasinan Seal	21 August 2014	4/2012/00012182	21 August 2024
University of Pangasinan Flame and Book Design	7 March 2013	4/2012/00012183	7 March 2023
University of Pangasinan Logo	21 August 2014	4/2012/00012181	21 August 2024
University of Pangasinan	14 June 2013	4/2012/00012180	14 June 2023

Effect of Existing or Probable Government Regulations on the Business.

Construction Materials

a) Steel Business

At the UGC level, the Department on Trade and Industry has received an application for safeguard tax protection from two local manufacturers claiming import protection in the galvanized roofing category, where UGC is also present. To mitigate this risk, UGC has the flexibility of activating its existing galvanized line to locally produce its own galvanized roofing. UGC, together with other steel roofing importers, continues to lobby against safeguard duties and has also submitted a position paper to the DTI against the proposed safeguard taxes to protect consumer interests.

b) Cement Business

In 2019, the Department of Trade and Industry (DTI) imposed a definitive safeguard duty on imported cement for three years. A safeguard duty of ₱10.00, ₱9.00 and ₱8.00 per 40-kg bag of imported cement for the first, second and third year will be imposed to redress serious injury in the domestic industry. The imposition of these tariffs is subject to periodic reviews and may be extended or shortened as the government sees fit. To the extent that these tariffs increase prices on imported cement, Philcement's ability to provide competitive pricing may be adversely affected.

Philcement has filed a case with the Court of Tax Appeals (CTA) opposing the safeguard taxes, maintaining that local cement manufacturers were not unduly harmed by cement imports. Philcement, together with other importers, continues to lobby for removal of cement import taxes which may increase the price of cement to the detriment of consumers and the construction industry. To further mitigate this risk, Philcement has also initiated projects over a medium-term horizon which will enable the company to produce blended cement product domestically.

Educational Services

Rules and regulations issued by the Commission on Higher Education (CHED), the Department of Education (DepEd), and the Technical Skills Development Authority (TESDA) affect the operations of the universities and colleges under PEHI. Some of the more salient effects include curricular requirements, faculty qualifications, and specifications of facilities. The universities and colleges are also governed by the rules and regulations prescribed by R.A. 9337, "An Act Amending Certain Sections of the National Internal Revenue Code (NIRC), as amended, and for other purposes. Under R.A. 9337, the universities and college are subject to a tax of 10% on their taxable income. However, if the gross income from unrelated trade, business or other activity exceeds 50% of the total gross income derived by such educational institution from all sources, the regular corporate income tax under the NIRC shall be imposed on the entire taxable income.

Under the CREATE Law, the tax rate for "proprietary educational institutions and hospitals which are non-profit" was reduced from ten percent (10%) of taxable income to one percent (1%) for the period July 1, 2020 to June 30, 2023. The educational institutions which are subsidiaries of PHINMA Education should and will thus benefit from the said reduced rate as they are all proprietary (or privately-owned) educational institutions. However, on April 8, 2021, the BIR issued the Implementing Regulations of the CREATE Law (BIR Revenue Regulation No. 05-2021) where "Proprietary Educational Institutions" is defined as being non-profit, contrary to the CREATE Law itself.

The Revenue Regulations will in effect increase the tax rate of private educational institutions from the current ten percent (10%) to twenty-five percent (25%) which is not consistent with the CREATE Law. The subsidiary schools of PHINMA Education have joined other educational institutions in challenging the said Revenue Regulations.

On July 26, 2021, the BIR issued Revenue Regulation No. 14-2021 which suspended the implementation of BIR Revenue Regulation No. 05-2021, pending the passage of appropriate legislation on the matter.

The establishment, operation, administration and management of the Universities and Colleges under PEHI are subject to the existing laws, rules and regulations, policies and standards of the Technical Skills Development Authority (TESDA), Commission on Higher Education (CHED) and Department of Education (DepEd). Regulations from these governing bodies affect the operations of PEHI.

On January 24, 2022, the BIR issued Revenue Memorandum Circular (RMC) No. 13-2022, which reiterates the amendment on the tax treatment of nonprofit hospitals and proprietary educational institutions through Republic Act No. 11635, entitled "An Act Amending Section 27(B) of the National Internal Revenue Code of 1997, As Amended, and for Other Purposes". Qualified proprietary educational institutions and hospitals, which are nonprofit, are subject to a tax of ten percent (10%) of their taxable income, provided that from July 1, 2020 until June 30, 2023, the tax rate imposed shall be one percent (1%).

Governmental Evaluation of Products

Construction Materials

a) Steel Business

The Department of Trade and Industry (DTI) under its Mandatory Labelling with Self-Declaration and Conformity, requires that importers and manufacturers ensure that labelling and marking requirements of the applicable product standard and of the Consumer Act of the Philippines (R.A. 7394) are marked on the product itself.

Likewise, the Bureau of Philippine Standards (BPS) administers a product certification scheme for products under its List of Products under Mandatory Certification with specific product coverage and classification in safety and performance. For products not included in the mandatory list, manufacturers may still apply for PS License under the voluntary product certification scheme. UGC's products fall under the voluntary product certification scheme.

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b) <u>Cement Business</u>

DTI, through the Bureau of Philippine Standards, mandates that the importation of cement products must comply with the implementing guidelines under Department Administrative Order 17-06 "The New Rules and Regulations Concerning the Mandatory Certification of Portland Cement and Blended Hydraulic Cement with Pozzolan".

Under the same DAO, all importers and manufacturers abroad need to undergo a product certification scheme for cement products incompliance with applicable Philippine National Standards (PNS 07:2018 for OPC and PNS 63:2008 for blended hydraulic cement with pozzolan).

<u>Raw Materials</u>

<u>Construction Materials</u>

a) <u>Steel Business</u>

UGC's major raw materials in the production of color-coated sheets are galvanized iron sheets in coils or zinc-aluminum coated sheets in coils.

The sources of galvanized and zinc aluminum coated materials are China and Vietnam. There are no local manufacturers of these materials that can meet the quality of substrates for pre-painting.

b) <u>Cement Business</u>

Initially, Philcement mainly sources its finished cement products from its strategic partner in Vietnam. These cement products are inspected and tested for product quality under Philippine National Standards and American Standards for Testing and Materials (ASTM) standards before they leave the partner's port, and again undergo product quality testing when they arrive at local ports.

<u>Research and Development</u>

<u>Construction Materials</u>

a) <u>Steel Business</u>

UGC has a full time Research and Development Section and one of its main functions is to take the lead in the Continuous Improvement Program in order to enhance product quality, customer service and cost competitiveness. UGC is an ISO-certified company for its Quality and Environmental Management Systems.

Research and Development Cost * (in '000)

Period covered	Amount	% to Revenues
CY 2021	P1,563	0.04%
CY 2020	2,654	0.06%
CY 2019	3,897	0.07%

b) <u>Cement Business</u>

In its pursuit of delivering consistent and high-quality cement, Philcement Corporation has constructively completed its cement laboratory at its Mariveles Facility in 2021. The investment allows Philcement to do its own physical and chemical cement tests to ensure the consistent quality of its cement sold and distributed to customers. The Head of Product Quality is the lead of R&D activities for cement.

In Q3 2021, Philcement's Mariveles facility received the Philippine Standards license accreditation from DTI, allowing the Company to produce Type IP cement products locally.

<u>Educational Services</u>

PEHI's Academic System continually evolves to serve the needs of students and of the industry, both in the Philippine and global contexts.

<u>Cost and Effects of Compliance with Environmental Matters</u>

A discussion of the Company's compliance with its Manual on Good Corporate Governance maybe found in "**Annex A"**

<u>Construction Materials</u>

<u>a)</u> <u>Steel Business</u>

UGC, as a corporate citizen, is committed to protect the environment and safeguard the health and safety of its employees. It strictly conforms to government environmental regulatory standards through its pollution control facilities for water and air. It continuously monitors its wastewater and air emissions and maintains and improves such facilities and processes to ensure environment friendly results. Regular tests conducted internally and by third parties show that effluents consistently met Department of Environmental and Natural Resources (DENR) and Laguna Lake Development Authority (LLDA) standards. In addition, UGC is a member of the Local Government Units (Calamba Green Stream Brigade and Laguna Water Conservancy), Pollution Control Association of the Philippines, Inc. (PCAPI) and Water Environment Association of the Philippines (WEAP) to strengthen its commitment and involvement for a better environment.

An Environmental Management Group which reports directly to the Vice President - Production is responsible for the implementation of the Company's Environmental Program including compliance with all laws and regulations on Environmental Standards.

<u>b)</u> <u>Cement Business</u>

Philcement has already set up a management system to ensure full compliance with the conditions set by DENR and the Authority of the Freeport Area of Bataan. In 2021, a Certificate of No Violation was issued by DENR to Philcement, certifying that the Company does not have any pending administrative case with the Agency.

Philcement continues to implement corporate social responsibility programs in the communities where it operates, working hand-in-hand with various LGUs in efforts to support the better quality of life.

Employees

As of December 31, 2021 and 2020, PHN and its subsidiaries had a total of 3,853 employees broken down as follows:

Officers and Employees

Company	**No. of employees**			
	CY 2021		**CY 2020**	
PHN (Holding Company)				
Management	**6**		9	
Staff	**14**	**20**	22	31
UGC				
Executive	**11**		12	
Managers	**70**		72	
Supervisors	**492**		210	
Rank and File	**221**	**794**	525	819
Philcement				
Executive	**3**		4	
Managers	**17**		14	
Supervisors	**90**		17	
Rank and File	**-**	**110**	48	83
Phinma Solar				
Executive	**3**		4	
Managers	**4**		4	
Supervisors	**4**	**11**	4	12
AU				
Academic	**309**		211	
Administrative	**113**	**422**	76	287
COC				
Academic	**433**		347	
Administrative	**127**	**560**	77	424
UPANG				
Academic	**413**		319	
Administrative	**124**	**537**	72	391
UI				
Academic	**331**		230	
Administrative	**119**	**450**	69	299
SWU				
Academic	**394**		358	

Administrative	**181**	**575**	320	678
SJCI				
Academic	**128**		91	
Administrative	**59**	**187**	48	139
RC				
Academic	**12**		4	
Administrative	**20**	**32**	11	15
RCL				
Academic	**10**		4	
Administrative	**21**	**31**	2	6
UCL				
Academic	**48**		-	
Administrative	**20**	**68**	-	-
PEHI Rockwell				
Management	**53**		40	
Staff	**3**	**56**	7	47
TOTAL		**3,853**		3,231

Employees of PHN and its subsidiaries are not subject to a Collective Bargaining Agreement (CBA) except for the following subsidiaries:

a) UPANG- CBA will expire in June 9, 2022 and
b) UGC - CBA been renewed on July 1, 2020 and will expire on June 30, 2025

The Company does not expect a substantial change in the workforce in the next twelve (12) months.

Risk Factors

1. Dividend Restriction
As a holding company which primarily derives cashflow from dividend income from its investments in subsidiaries and associates, PHINMA's ability to service its own obligations may be affected by the dividend restrictions imposed by the outstanding loan agreements and financial stability of its operating companies. Moreover, creditors of PHINMA's subsidiaries and affiliates will have priority claims over the assets of such subsidiaries and affiliates.

The Company has put in place prudent financial management measures, one of which is centralizing all loan documentation and availment within the Treasury Group, to ensure its subsidiaries and affiliates are still afforded flexibility to upstream dividends to their parent.

As parent company, PHINMA earned ₱429.58 million, ₱402.71 million and ₱377.72 million of dividend income for the years 2020, 2019 and 2018, respectively. Though these may not be indicative of future performance of the Company, PHINMA hopes to benefit from its expansion initiatives such as new acquisitions for PHINMA Education including RCI, RCL, and Union College of Laguna, Inc. ("Union College"), to expand its cashflow stream.

2. Business Cyclicality Risk
Select businesses of the Group have exhibited seasonality in demand and revenues. Demand for construction materials are higher during the months from December to May, than in the rainy months of June to November.

School year for PHINMA Education's schools is generally from August to April and summer classes are from May to July. Thus, cashflow outside these periods may be relatively lower.

The Company takes this business seasonality into account during periodic budget review and undertakes capital reallocation as necessary should there be adverse changes in the business units projected cashflows.

3. Competition Risk

Construction Materials Group

The construction materials industry is a fragmented industry with numerous domestic and foreign competitors, although there are local market players, such as UGC, that hold relatively strong market positions. Because of the numerous competitors, the Construction Materials Group may have difficulty executing its business strategies as its position may not be strong enough to influence the market.

As of December 31, 2020, UGC's estimated domestic market share for steel roofing and polyurethane products are 8.5% and 8.0%, respectively, based on the company's estimates. UGC's steel roofing and steel products business faces stiff competition from other market participants that import finished steel products from foreign sources like China, Korea and Vietnam.

Compared to its competitors, UGC has a very large and diversified distribution network, with roll forming plants, warehouses, and sales offices in strategic locations throughout the country. UGC leverages its nationwide distribution and manufacturing footprint as a competitive advantage that ensures that its products are always available when needed by its customers. UGC can also manufacture and import roofing materials, giving it the flexibility to fulfill large, customized orders.

Philcement likewise operates in a highly competitive industry. Market players may employ aggressive pricing strategies and make it difficult for competitors, in general, to gain any non-price competitive advantage. Philcement mitigates this risk by owning and operating a new and efficient cement terminal in Bataan that allows the company to efficiently load and unload cement into and from vessels and transport them to different destinations nationwide. To this date, Philcement has been able to competitively serve areas in North Luzon, Metro Manila, Visayas, and Mindanao regions.

Education Group

PHINMA Education Schools compete with both public and private educational institutions that cater to the low income market. If PHINMA Education is unable to keep its education costs at competitive levels, it may not be able to attract the desired number of students to maintain its growth and profitability.
PHINMA Education Schools are competitively priced compared to the other Higher Education Institutions (HEIs) which target the same market. Although State Universities and Colleges (SUC) offer free tuition since the passage of the Universal Access to Tertiary Education Act, enrollment in SUCs is limited due to constraints in budget and infrastructure, as well as stringent academic admission requirements of SUCs. In general, the PHINMA Education Schools, in terms of enrolment, are among the top 5 private schools operating in their respective localities based on enrollment size, with the exception of the newer acquisitions (SJCI, RCI, and RCL). Costs are managed in order to keep tuition fees accessible to the target market. Programs are modular, offering students options for shorter courses resulting in immediate course completion with employable skills. Options for remote and distance learning also reduce student transportations costs and improve affordability.

PHINMA Education Schools are designed to promote active learning and enable students immediately complete courses with employable skills. In total, PHINMA Education Schools have fielded 101 board exam topnotchers since PHINMA Education's acquisition of its first school in 2004. In terms of employment, around 81% of graduates are accepted into their first job within one (1) year from graduation based on tracer studies.

4. Market Risk

Construction Materials Group

The Company primarily serves the construction industry and by extension the infrastructure and real estate sectors. Growth in these key industries may be affected by certain factors including market trends, overall economic growth and government policy. The strong consumption of construction materials in recent years may be affected by a national economic downturn, such as that caused by the ongoing COVID-19 pandemic, leading to the delay of construction projects and real estate developments. A change in government policy and lowered budget spending on infrastructure may also lead to lower sales growth.

The needs of its customers, delivering high quality products at value for money pricing strategies.

Education Group

A recession or decline in disposable income caused by the pandemic or other factors may reduce demand for affordable education. A discontinuation of the Senior High School Voucher Program and government subsidy for tertiary education may adversely impact the number of enrollees in PHINMA Education Schools.

5. Regulatory Risk

Construction Materials Group

The Construction Materials Group relies heavily on the importation of inputs including cement and steel roofing raw materials. Any new taxes on these inputs or other new forms of non-tariff import restrictions may increase prices, reduce market demand and adversely affect the business and financial performance of the Construction Materials Group.

In 2019, the Department of Trade and Industry (DTI) imposed a definitive safeguard duty on imported cement for three years. A safeguard duty of ₱10.00, ₱9.00 and ₱8.00 per 40-kg bag of imported cement for the first, second and third year will be imposed to redress serious injury in the domestic industry. The imposition of these tariffs is subject to periodic reviews and may be extended or shortened as the government sees fit. To the extent that these tariffs increase prices on imported cement, Philcement’s ability to provide competitive pricing may be adversely affected.

Philcement has filed a case with the Court of Tax Appeals (CTA) opposing the safeguard taxes, maintaining that local cement manufacturers were not unduly harmed by cement imports. Philcement, together with other importers, continues to lobby for removal of cement import taxes which may increase the price of cement to the detriment of consumers and the construction industry. To further mitigate this risk, Philcement has also initiated projects over a medium-term horizon which will enable the company to produce blended cement product domestically

At the UGC level, DTI has received an application for safeguard tax protection from two local manufacturers claiming import protection in the galvanized roofing category, where UGC is also present. To mitigate this risk, UGC has the flexibility of activating its existing galvanized line to locally produce its own galvanized roofing. UGC, together with other steel roofing importers, continues to lobby against safeguard duties and has also submitted a position paper to the DTI against the proposed safeguard taxes to protect consumer interests.

The Construction Materials Group operates production facilities that are subject to environmental regulations with terms specified in the Environmental Compliance Certificates (ECCs) granted by the DENR. Although the companies exert due diligence in ensuring their facilities comply with these terms, any violation of ECC terms may require the company involved to pay a fine or incur costs in order to cure the violation. There can be no assurance that current or future environmental laws and regulations will not increase the costs of conducting businesses. The introduction of new environmental laws and regulations applicable to the business could have a material adverse effect on the financial results of the business.

Education Group

The ability to raise additional equity financing from non-Philippine investors is restricted by the foreign ownership restrictions imposed by the Constitution and applicable laws. The Constitution prescribes that educational institutions shall be owned solely by citizens of the Philippines or corporations or associations at least sixty percent (60%) of the capital of which is owned by such citizens, except for educational institutions established by religious groups and mission boards.

The extended suspension of face-to-face classes due to the ongoing COVID-19 pandemic may adversely impact the financial and operating performance of PHINMA Education. PHINMA Education has adjusted its operations by piloting its new Flex Learning and Remote and Distance Learning programs. These remote learning programs are newly introduced, and their effectiveness compared to face-to-face classes are regularly being assessed and improved. To mitigate possible issues, PHINMA Education is conducting more frequent consultation with students and teachers and periodically adjusts the programs based on early feedback. The Flex Learning program also provides the flexibility to transition to face-to-face classes as these are gradually allowed.

PHINMA Education continues to ensure compliance with the program and curriculum guidelines and requirements of the Commission on Higher Education (CHED), Department of Education (DepEd) and Philippine Accrediting Association of Schools, Colleges and Universities (PAASCU). PHINMA Education also continuously engages in dialogue with CHED and other regulatory bodies, and coordinates with other educational institutions to develop guidelines for remote learning in the country.

6. Supply Chain Risk

Construction Materials Group

Philcement relies heavily on the importation of cement and cement materials. Philcement procures majority of its cement and cement materials from Vietnam. Any disruption in the supply of cement from Vietnam may have a material adverse effect on the operations and financial performance of Philcement. In addition, any prolonged disruption in supply of imported cement could adversely affect Philcement’s relationships with key customers, including large cement dealers and retailers.
Philcement is free to source cement from other parties to ensure reliability in its supply chain. To diversify supply, Philcement has developed cement supply arrangements with another supplier in Asia, and continues to explore other sources of cement supply. There are key projects under evaluation which will provide the flexibility and capability to competitively produce cement domestically.

Philcement’s supply chain can also be adversely affected in the event of a disruption in operations in its unloading port in Bataan, which may render it non-operational due to accident or other event of Force Majeure.

At the UGC level, although the company imports both raw materials and finished products primarily from Chinese suppliers, the China steel industry is diverse to the point that there is no material risk posed by supply disruption from any single supplier.

As the business of Construction Materials Group involves importation of raw materials for manufacturing inputs, changes in global oil prices can have a significant impact on transportation costs, impacting the margins and pricing for both UGC and Philcement products. To mitigate this, Construction Materials Group has long term vendor contracts with vessel companies to smoothen out the effect of volatility in oil prices.

The Company does not foresee any material supply chain risk for the Education Group, Properties Group and Hospitality group.

7. People Risk

The current and future performance of the Company depends on the expertise, experience, and continued service and employment of its senior management and key officers. The loss of the services of key officers or members of the management team could result to disruption in the operations of the Company and may delay the execution of its business plans and growth strategies.

To mitigate this risk, the Company has adopted a succession plan by identifying members of the management team who will be able to assume and take on the role and additional responsibilities arising from departures of existing members. The Company has also established organizational policies and procedures for the development and advancement of its employees to ensure that business continuity is done by employees with superior skills and talent thereby diminishing overdependence on key individuals in the Company.

Operations of the businesses can be substantially affected by a pandemic outbreak affecting the health of employees, clients, customers, or students at the various sites including manufacturing plants, warehouses, schools, affordable housing developments, hotels, and head offices. In general, on-site work by employees has been limited, where possible, through work-from-home arrangements. While operations are, to the extent possible, managed remotely. PHINMA has taken measures to ensure that the facilities are safe and that employees, students, and customers will be assured of their well-being should they need to visit or use the facilities. In general, PHINMA has implemented thermal-scanning and other controls at all designated entrances and exits, and other sanitation and social distancing protocols including directional passageways and signs, and disinfection stations. Masks and appropriate face coverings are required in all facilities, and all facilities adhere to local government protocols.

The Company further recognizes the need to support physical, psychological and mental wellbeing. The program My Wellness Journey, aims to address all of these concerns. Employees are given access to professional support for mental wellness and psychological safety, while physical well-being is promoted on a regular basis with various programs across the Group.

8. Dependence on Key Facilities and Equipment

Construction Materials Group

A substantial portion of UGC's income is derived from the sale of products produced or processed at UGC's production facilities. Any breakdown of, or significant damage to, UGC's production facilities could have a material adverse effect on the results of its operations. UGC maintains comprehensive property and casualty insurance policies on its production facilities under a broad name peril policy. However, there is no assurance that the proceeds from UGC's insurance policies would be sufficient to insulate UGC from all effects of possible total loss or damage caused by the named perils in the respective policies. In addition, UGC has adopted a risks management system covering preventive and preparedness action plans.

Philcement derives its revenues and income from the sale of cement products. Any breakdown of, or significant damage to, Philcement's materials handling and processing facilities could have a material adverse effect on the results of its operations. While the equipment is still under warranty, substantial downtime could affect the efficiency of operations and attainment of financial goals and objectives. To mitigate risk of equipment failure, Philcement maintains multiple units for key items of equipment such as cement storage silos, mechanized cement packers, and truck loaders.

Education Group

The income of the Education Group is derived from education operations at various school locations. Risk of a halt in operations due to fire or calamity is mitigated to the extent all the schools currently employ remote learning models. The schools similarly have insurance protection, with coverage including property all risk insurance and fire and allied perils.

9. Dependence on Logistics

For the Construction Materials Group in particular, the business relies on the orderly and timely movement of imported inputs such as cement and steel coils into the facilities, as well as the orderly and timely dispatch of finished products to customers or warehouses. Thus, the business is highly dependent on the reliability of owned, as well as leased, logistics facilities and equipment including ship unloading equipment, warehouses, cement storage silos, ships, and trucks. Any event which causes damage or renders inoperable key logistics components such as piers or major roads could substantially affect business operations of the Construction Materials Group. In addition, any increase in third-party-provided logistics services, including international shipping and freight costs, could also effectively increase raw materials costs and reduce profit margins for the Construction Materials Group.

The Construction Materials Group companies maintain adequate level of insurance coverage over the facilities involved.

10. Dependence on Weather

<u>Construction Materials Group</u>

Severe weather disturbances can affect the loading and unloading of cement at Philcement the Mariveles Cement Facility I. Vessels cannot be loaded, transported, or unloaded over the duration of the severe weather disturbance. Prolonged or frequent weather disturbances could delay inbound material shipments which could reduce the inbound capacity of the terminal resulting in reduced sales for Philcement. Weather disturbances can also delay outbound overland shipments to customers resulting in failure to meet delivery schedules.

To mitigate this risk, Philcement contracts larger vessels more capable of withstanding turbulent weather. Philcement is also developing relationship with cement suppliers from other countries to diversify supplier base as well as geographic region.

Weather disturbances can also delay inbound shipments of raw materials to UGC as well as outbound delivery of finished products to customers. UGC relies on several third party operated ports for inbound shipments to reduce risk from weather disturbances and also performs seasonal planning and stocking to mitigate supply outages. The adverse effect of weather disturbances on outbound deliveries is also reduced due to UGCs nationwide network of rollforming facilities and warehouses, which reduces distance to customers and provides an available amount of finished goods inventory. UGC also tends to sell more steel roofing in the wake of weather disturbances in the Philippines involving strong winds which increases the demand for roofing around the country.

<u>Education Group</u>

The Education Group is likewise affected by weather disturbances to the extent such disturbances affect the holding of face-to-face classes at each particular location. This is mitigated to the extent that all the schools currently employ some form of remote learning where the students do not attend face-to-face classes. The schools have also historically acted as local typhoon relief and evacuation centers in their particular communities.

11. Information Security Risk

In conducting their businesses, the business segments are required to retain confidential information from customers. Although the business segments take the necessary precautions to secure such information, advances in the field of cryptography and increased exposure due to the recent prevalence of online transactions could result in compromise or breaches of security systems and personal data stored in our systems. The security measures set up by the Company and/or its subsidiaries may be inadequate to prevent security breaches which could adversely affect business operations.

The Company and its subsidiaries take precautions to protect the personal information of its customers through existing, periodically updated, and centrally approved IT security policies, the effectivity of which are measured through defined metrics. These policies are implemented by the respective IT teams of the Company and each of the subsidiaries. In addition, the Company and its subsidiaries have various information security software and tools, including firewalls, anti-virus, and 2-FA (2-Factor Authentication). IT risk assessment is periodically conducted using vulnerability assessment and penetration testing tools to check the vulnerability of the Company's and the subsidiaries' IT systems and network. Finally, information security awareness and training are also provided to all employees.

RISKS RELATED TO THE PHILIPPINES

1. Extended Global Pandemics

In December 2019, the World Health Organization ("WHO") reported clustering of pneumonia cases in Wuhan City from the Hubei province of China. WHO identified this virus as the 2019 Novel Coronavirus Acute Respiratory Disease, which was later renamed as Coronavirus Disease 2019 or COVID-19.

In January 2020, the National Inter-Agency Task Force ("NIATF"), comprised of several executive department of the National Government and chaired by the DOH was convened to address the growing viral outbreak. On January 30, 2020, the DOH confirmed the first COVID-19 case in the Philippines. The outbreak was declared a Public Health Emergency of International Concern by the WHO on 31 January 2020. On February 2, 2020, the President approved the temporary ban of entry of any person who have recently traveled from China and its Special Administrative Regions ("SARs"), except Filipinos and Permanent Resident visa holders.

On March 12, 2020, President Rodrigo Duterte ordered strict community quarantine in the National Capital Region ("NCR") from March 15 until April 12, 2020, suspending all classes and government work in NCR. On March 16, 2020, the President declared a State of Calamity in the country for the next six months by virtue of Proclamation no. 929 and announced that the entire Luzon will be under enhanced community quarantine ("ECQ"), significantly restricting travel to and from the capital, prohibiting mass gatherings, ordering the closure of establishments other than essential goods and services, and limiting work operations of most industries. The ECQ was slated to run from March 17 to April 13, 2020, but was then extended until May 15, 2020 for NCR and select provinces, which continue to be considered high-risk. On March 24, 2020, Republic Act No. 11469 or the Bayanihan to Heal as One Act ("Bayanihan Act") granting the President additional authority to combat COVID-19 pandemic was signed into law.

There is no guarantee that the economy will recover immediately after the lifting of the GCQ. Most of the sectors in the economy still observe social distancing measures which would result in operation at a limited capacity. Additional costs may be incurred as timetable for some, if not for most, of PHINMA's projects might take longer to implement due to implementation of these social distancing protocols.

2. Territorial Disputes

The Philippines, China and several Southeast Asian nations have been engaged in a series of long-standing territorial disputes over certain islands in the West Philippine Sea, also known as the South China Sea.

In January 2013, the Philippines lodged an arbitration case against China at the Permanent Court of Arbitration in The Hague to resolve the territorial dispute. China refused to recognize that the international tribunal had jurisdiction over the case. In July 2016, the international tribunal ruled in favor of the Philippines in its case against China by upholding the position that China's "nine dash line" maritime claim is excessive and that it encroached into the Philippines' 200-nautical mile exclusive economic zone. It held that China had no legal basis to claim historic and economic rights to resources within the sea areas falling within the "nine-dash line".

Should territorial disputes between the Philippines and other countries in the region continue or escalate further, the Philippines and its economy may be disrupted and the Company's operations could be adversely affected as a result. Further disputes between the Philippines and other countries may lead to reciprocal trade restrictions on the other's imports or suspension of visa-free access and/or OFW permits. Any impact from these disputes in countries in which the Company has operations could materially and adversely affect the business, financial condition and results of operations of the Company and its Subsidiaries.

3. Impact of CREATE Law

The President of the Philippines signed into law the Tax Reform for Acceleration and Inclusion or Republic Act No. 10963 ("TRAIN Law") on December 19, 2017, which took effect on January 1, 2018. The TRAIN Law amends certain provisions of the Tax Code and is the first package of the Comprehensive Tax Reform Program ("CTRP") of the Duterte administration. Package 2 under the CTRP is Republic Act No. 11534 otherwise known as the Corporate Recovery and Tax Incentives for Enterprise Act ("CREATE Law"). The CREATE Law was signed by the President on March 26, 2021 and became effective on April 11, 2021.

The CREATE Law aims to incentivize businesses by reducing corporate income tax, among others. Upon the effectivity of the CREATE Law, the following amendments introduced by the CREATE Law to the Tax Code will have a material impact on the Group include the following:

a. For domestic corporations with net taxable income of more than ₱5 Million and total assets (excluding land on which the corporation's office, plant, and equipment are situated) of more than ₱100 Million shall be subject to a reduced corporate income tax rate from 30% to 25% with retroactive effect from July 1, 2020.

b. Foreign sourced dividends shall only be exempt from taxation if (1) the funds from such dividends actually received or remitted into the Philippines are reinvested in the business operations of the domestic corporation within the next taxable year from the time the foreign-sourced dividends were received and shall be limited to funding the working capital requirements, capital expenditures, dividend payments, investment in domestic subsidiaries, and infrastructure projects; provided that the said domestic corporation holds directly at least 20% of the outstanding shares of the foreign corporation and has held the shares for at least two (2) years at the time of the dividend declaration.

c. Minimum corporate income tax shall be imposed on domestic and resident foreign corporations at a rate of (i) 1% of gross income effective July 1, 2020 until June 30, 2023, and (ii) 2% thereafter;

d. Regional operating headquarters shall pay a tax of 10% of their taxable income and shall be subject to the regular corporate income tax of 25% effective December 31, 2021; and

e. Nonresident foreign corporations shall pay a reduced corporate income tax of 25% from a previous rate of 30%, with retroactive effect from January 1, 2021.

The CREATE Law likewise rationalizes income fiscal incentives, making them time-bound, targeted, and performance-based. Enterprises that were granted tax incentives prior to the CREATE Law are given a sunset period to avail of those incentives after the effectiveness of the CREATE Law.

Consequently, upon the effectivity of the CREATE Law, tax incentives enjoyed by certain members of the Group will expire within the applicable sunset period, and after such expiration the regular corporate income tax rate will apply. As a result, tax expense of affected members of the Group would increase, and their respective profitability would decrease. The expiration and non-renewal of tax incentives, the enactment of any new laws, and any associated impact on the Group, could have a material adverse effect on the Group's business, financial condition and results of operations.

Under the CREATE Law, the tax rate for "proprietary educational institutions and hospitals which are non-profit" was reduced from ten percent (10%) of taxable income to one percent (1%) for the period July 1, 2020 to June 30, 2023. The educational institutions which are subsidiaries of PHINMA Education should and will thus benefit from the said reduced rate as they are all proprietary (or privately-owned) educational institutions. However, on April 8, 2021, the BIR issued the Implementing Regulations of the CREATE Law (BIR Revenue Regulation No. 05-2021) where "Proprietary Educational Institutions" is defined as being non-profit, contrary to the CREATE Law itself.

The Revenue Regulations will in effect increase the tax rate of private educational institutions from the current ten percent (10%) to twenty-five percent (25%) which is not consistent with the CREATE Law. The subsidiary schools of PHINMA Education have joined other educational institutions in challenging the said Revenue Regulations.

On July 26, 2021, the BIR issued Revenue Regulation No. 14-2021 which suspended the implementation of BIR Revenue Regulation No. 05-2021, pending the passage of appropriate legislation on the matter.

On January 24, 2022, the BIR issued Revenue Memorandum Circular (RMC) No. 13-2022, which reiterates the amendment on the tax treatment of nonprofit hospitals and proprietary educational institutions through Republic Act No. 11635, entitled "An Act Amending Section 27(B) of the National Internal Revenue Code of 1997, As Amended, and for Other Purposes". Qualified proprietary educational institutions and hospitals, which are nonprofit, are subject to a tax of ten percent (10%) of their taxable income, provided that from July 1, 2020 until June 30, 2023, the tax rate imposed shall be one percent (1%).

4. Foreign Exchange Risk

Majority of the Company's revenues are denominated in Philippine peso. Nonetheless, the Company has offshore transactions such as its U.S. dollar-denominated preferred share investment in Vietnam, investments in schools in Indonesia and Myanmar and sourcing of cement from Vietnam. The Company likewise has plans of expanding its footprint in Southeast Asia, thus exposing PHINMA to more foreign exchange risks.

At present, the country's exchange rate policy supports a freely floating exchange rate system whereby the BSP allows market forces, such as supply and demand, market-moving events, to dictate exchange rate movement. The implementation of the revised Foreign Exchange rules eased the purchase of foreign currencies in the banking system. There is no assurance that the Philippine Peso will not deprecate against other currencies.

To mitigate its exposure to exchange rate fluctuation, the exchange rate risks on other foreign currencies are managed through constant monitoring of the global political and economic environment and its impact on the foreign exchange rates. Additionally, the Company takes advantage of hedging instruments such as deliverable and non-deliverable forward contracts to mitigate said risks.

Properties

Table - Property, Plant and Equipment (in thousands)

	Dec. 31, 2021*	Dec. 31, 2020*
Cost		
Land	**₱3,064,958**	₱2,967,593
Plant site improvements	**3,473,015**	2,206,926
Buildings and improvements	**4,104,774**	3,703,129
Machinery and equipment	**2,271,102**	2,150,869
Transportation and other equipment	**560,501**	525,105
	13,474,353	11,553,622
Less : accumulated depreciation		
Plant site improvements	**246,493**	122,365
Buildings and improvements	**1,459,679**	1,310,860
Machinery and equipment	**1,633,050**	1,444,702
Transportation and other equipment	**366,988**	348,238
	3,706,210	3,226,165
	9,768,143	8,327,457
Construction in progress	**779,711**	1,063,297
Net Book Value	**₱10,547,854**	₱9,390,754

**Source: Audited financial statements as of December 31, 2021 and 2020.*

Outstanding construction in progress pertains to construction costs for various buildings and hospital renovations which are expected to be completed in 2022.

Interest capitalized as part of "Construction in progress" account amounted to ₱24.1 million and ₱76.0 million at a capitalization rate ranging from 5.2% to 7.0% and 2.7% to 7.2% in 2021 and 2020, respectively.

Certain property and equipment of AU, COC, UI, UPANG, Philcement and UGC with aggregate amount of ₱ 5,141.9 million and ₱3,849.3 million as at December 31, 2021 and 2020, respectively, are used as collateral for their respective long-term debts obtained from local banks (see Note 23).

In 2021, the Company sold various property and equipment with aggregate carrying value of ₱3.2 million for ₱3.4 million, resulting to a gain of ₱0.2 million.

In 2020, the Company sold various property and equipment with aggregate carrying value of ₱5.9 million for ₱6.8 million, resulting to a gain of ₱0.9 million.

In 2019, the Company sold various property and equipment with aggregate carrying value of ₱0.7 million for ₱2.0 million, resulting to a gain of ₱1.3 million.

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

Subsidiary	Collateral
AU	Land and land improvements in the main campus
COC	Land in the main campus
UI, UPang	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, building and installations and machinery and equipment
PSHC	Land

Currently, the Company has no intention to acquire material properties in the next twelve (12) months.

The following table summarizes the Group's principal properties as of December 31, 2021:

Description	Location	Use	Mortgages
PHINMA			
Land	Silang, Cavite; Calaca, Batangas; San Fernando, La Union; Samal Island, Davao Del Norte	Investment property; Residential	No encumbrances
Buildings and improvements	Makati City, Metro Manila; Silang, Cavite; San Fernando, La Union	Office space and parking lots; Residential	No encumbrances
UGC			
Land, plant and equipment	Calamba City, Laguna; Davao City, Davao del Sur	Plant operations and office	Encumbered
Lease improvements, machinery and equipment	Calasiao, Pangasinan; Sta. Rosa, Nueva Ecija; San Fernando, Pampanga; Villasis, Pangasinan; Batangas City, Batangas; Cainta, Rizal; Pili, Camarines Sur; Bacolod City, Negros Occidental; Cebu City, Cebu; Tacloban City, Leyte; Iloilo City, Iloilo; Butuan City, Agusan del Norte; General Santos City, South Cotabato; Cagayan de Oro City, Misamis Oriental; Ozamis City, Misamis Occidental; Zamboanga City, Zamboanga de Sur	Roll forming operations	No encumbrances
Lease improvements, machinery and equipment	Santiago City, Isabela; Bantay, Ilocos Sur; Lucena City, Quezon	Warehousing operations	No encumbrances
Condominium unit	Las Pinas City, Metro Manila; Pasay City, Metro Manila	Investment property	No encumbrances
Residential lot	Davao City, Davao del Sur; Isulan, Sultan Kudarat	Investment property	No encumbrances
Philcement			
Plant site improvements	Mariveles, Bataan	Cement terminal facility	Encumbered
Education Group			
Land, buildings and	Cubao, Quezon City;	Educational,	No

Description	Location	Use	Mortgages
improvements	Sampaloc, Metro Manila; Calamba, Laguna; Sta. Cruz, Laguna; Cebu City, Cebu; Danao, Cebu; Talisay City, Cebu	hospital, commercial, residential and agricultural	encumbrances
Land, buildings and improvements	Cabanatuan City, Nueva Ecija; San Jose City, Nueva Ecija; Dagupan City, Pangasinan; Urdaneta City, Pangasinan; Iloilo City, Iloilo; Cagayan de Oro City, Misamis Oriental	Educational and residential	Encumbered
API			
Condominium unit	Makati City, Metro Manila	Office space	No encumbrances
PSHC			
Land	Calumpit, Bulacan	Industrial	Encumbered

Lease Agreements

The Company, UGC, and schools also enter into lease agreements or other arrangements with various persons and entities for use in operations and office space. Lease agreements are subject to renewal under such terms and condition as may be mutually agreed upon by both parties.

PHINMA leases a portion of its office space which have a term of one (1) year, renewable at the option of the lessor at such terms and conditions to be mutually agreed by the parties.

Construction Materials Group

UGC entered into lease agreements covering its rollforming plants and warehouses, which have terms ranging from one (1) to twenty-five (25) years, renewable subject to mutual agreement of UGC and the lessor under certain terms and conditions.

Education Group

PHINMA Education has entered into lease agreements to occupy a staff house, office and parking lots, and drinking fountains, which have terms ranging from six months to one (1) year, renewable subject to mutual agreement of the PHINMA Education and the lessors under certain terms and conditions.

On April 1, 2019, PHINMA UPang College Urdaneta, Inc. (PUCUI), a wholly-owned subsidiary of PHINMA UPang, entered into a lease contract to occupy a four story building to be used exclusively for educational or school purposes for a period of five years. The lease agreement can be renewed subject to mutual agreement and can be terminated at the option of PUCUI on the third and fifth year of the lease.

Legal Proceedings

Cohaco Merchandising & Development Corp., Fortem Cement Corporation, NGC Land Corp., Pabaza Import and Export Inc., and Philcement Corporation vs. Secretary Of Trade And Industry, Secretary of Finance, Commissioner Of Customs, And Chairman of The Tariff Commission (Court of Tax Appeals Case No. 10185)

On October 11, 2019, Philcement Corporation, a subsidiary of the Company, together with other cement importers Cohaco Merchandising & Development Corp., Fortem Cement Corporation, NGC Land Corp., Pabaza Import and Export Inc. , filed a Petition for Review with the Court of Tax Appeals (“CTA”) praying for the reversal and nullification of the decision of the Secretary of the Department of Trade and Industry (“DTI”) dated 27 August 2019, or DTI Department Administrative Order ("DAO") No. 19-13, safeguard duties (the “Duties) on imported cement classified. Said petitioners also seek a declaration that they are not liable for payment of said Duties and a refund of the Duties already paid. They principally assert that their importations cause no serious injury or threat of serious injury to the domestic cement industry. Further, consistent with the position of the Philippine Competition Commission, the imposition of the Duties would weaken competitive pressure and endanger the realization of huge benefits that a competitive landscape in the cement industry would bring. The said petition is still pending for resolution before the CTA.

Market Registrant's Common Equity and Related Stockholders' Matters

Market Price

The shares of stock of PHN are listed and traded in the Philippine Stock Exchange, Inc. (PSE). The high and low market prices of the shares of stock of PHN for each quarter within the last two (2) years, and for the months January to March 15 of 2022, are as follows:

Period	High	Low
Calendar Year 2022		
January	21.00	19.68
February	21.05	19.00
March 1 - 15	20.90	18.90
Calendar Year 2021		
January – March	12.40	9.45
April – June	13.46	11.96
July – September	15.46	13.00
October - December	20.50	14.32
Calendar Year 2020		
January – March	10.08	7.90
April – June	9.00	8.20
July – September	9.10	8.36
October - December	10.00	8.00

Source: Philippine Stock Exchange, Inc.

Dividends on Common Shares

Cash Dividends Payment on Common Shares

The payment by PHN of dividends shall be subject to the availability of retained earnings following the SEC rule on calculation of available retained earnings for dividend declaration, loan covenants and financial ratios.

PHN declares cash or stock dividends to its common stockholders in amounts determined by the Board taking into consideration the results of the Company's operations, its cash position, investments and capital expenditure requirements, and unrestricted retained earnings. The Company also declares special cash dividends where appropriate.

Dividends declared and paid from 2010 to 2021 are as follows:

	Dividend			
Date of Declaration	**Type**	**Rate**	**Record Date**	**Payment Date**
March 3, 2010	Cash	P0.40 per share	March 29, 2010	April 23, 2010
March 3, 2011	Cash	P0.40 per share	March 29, 2011	April 26, 2011
March 22, 2012	Cash	P0.40 per share	April 11, 2012	April 26, 2012
March 6, 2013	Cash	P0.40 per share	March 22, 2013	April 17, 2013
March 4, 2014	Cash	P0.40 per share	March 20, 2014	April 15, 2014
March 4, 2015	Cash	P0.40 per share	March 18, 2015	March 31, 2015
March 4, 2016	Cash	P0.40 per share	March 18, 2016	March 31, 2016
March 22, 2017	Cash	P0.40 per share	April 5, 2017	April 21, 2017
March 6, 2018	Cash	P0.40 per share	March 22, 2018	April 6, 2018
March 5, 2019	Cash	P0.40 per share	March 21, 2019	March 29, 2019
November 11, 2019	Cash	P0.40 per share	November 25,	December 9, 2019
February 28, 2020	Cash	P0.40 per share	March 17, 2020	March 27, 2020

March 2, 2021	Cash	P0.40 per share	April 14, 2021	May 5, 2021

On March 1, 2022 the Board of Directors declared regular cash dividend of P 0.40 per share and special cash dividend of P0.10 per share to all shareholders of record as of March 22, 2022, payable April 6, 2022.

Stock Dividends Payment on Common Shares

No stock dividend was declared for the calendar years 2018 up to 2021.

Holders

As of January 31, 2022, there are 1,223 common shareholders.

Sale of Unregistered Securities Within the Last Three (3) Years:

PHN has no unregistered securities, hence no sale of said securities within the last three (3) years.

Stockholders

As of January 31, 2022, PHN has 271,900,365 common shares outstanding held by 1,223 stockholders. The list of the top twenty (20) stockholders of the Company as recorded by the Stock Transfer Service, Inc., the Company's stock transfer agent, is as follows:

Rank	Stockholders	No. of Shares	% of ownership
1	Philippine Investment Management, Inc. (PHINMA)	181,111,650	66.61%
2	PCD Nominee Corp. (Filipino)	44,038,683	16.20%
3	PCD Nominee Corp. (Non-Filipino)	14,368,880	5.28%
4	Magdaleno B. Albarracin, Jr.&/OR Trinidad Albaraccin	11,155,000	4.10%
5	Ramon R. del Rosario, Jr	4,923,784	1.81%
6	Victor J. del Rosario	1,923,325	0.71%
7	Roberto M. Laviña	1,249,306	0.46%
8	Philippine Remnants Co.	1,176,308	0.43%
9	Estate of Allen Cham	782,896	0.29%
10	Salud D. De Castro	550,000	0.20%
11	Kayumanggi Publishers Co.	517,762	0.19%
12	Regina B. Alvarez	442,571	0.16%
13	Pythagoras L. Brion, Jr.	333,586	0.12%
14	Emerick Jefferson Sy Go and/or Girlie Ng Go	211,970	0.08%
15	Doris Teresa Ho	185,461	0.07%
16	Virginia S. Syjuco	178,204	0.07%
17	Daughters of Charity of St. Vincent de Paul	175,533	0.06%
18	The Roman Catholic Bishop of the Diocese of Juan de Dios	169,268	0.06%
19	United Life Assurance Corporation	153,916	0.06%
20	United Insurance Company, Inc.	149,860	0.06%
TOTAL		**263,797,963**	**97.02%**

Directors

Name	Position
Oscar J. Hilado	Chairman
Ramon R. del Rosario, Jr.	
Dr. Magdaleno B. Albarracin, Jr.	
Victor J. del Rosario	
Amb. Jose L. Cuisia, Jr.	
Eduardo A. Sahagun	

Meliton B. Salazar, Jr.	
Juan B. Santos	Independent Director
Atty. Lilia B. de Lima	Independent Director
Rizalina G. Mantaring	Independent Director
Edgar O. Chua	Independent Director

Officers

Name	Position
Ramon R. del Rosario, Jr.	President and CEO
Roberto M. Laviña	Board Advisor
Meliton B. Salazar, Jr.	Executive Vice President – Education and COO
Eduardo A. Sahagun	Executive Vice President – Construction Materials
Pythagoras L. Brion, Jr.	Executive Vice President and Group CFO
Regina B. Alvarez	Senior Vice President and CFO
Jose Mari del Rosario	Senior Vice President – Hospitality
Raphael B. Felix	Senior Vice President - Properties
Danielle R. del Rosario	Vice President, Director for Strategy and Chief Risk Officer
Nanette P. Villalobos	Vice President and Treasurer
Edmund Alan A. Qua Hiansen	Vice President and Investor Relations Officer
Annabelle S. Guzman	Vice President - Controller
Rolando D. Soliven	Vice President – Group Corporate Assurance and Compliance Officer
Peter Angelo V. Perfecto	Vice President – Public Affairs
Ma. Grace M. Purisima	Assistant Treasurer
Grace Aglubat Florendo	Data Privacy Officer
Troy A. Luna	Corporate Secretary
Ma. Concepcion Z. Sandoval	Assistant Corporate Secretary

Executive Committee

Name	Position
Oscar J. Hilado	Chairman
Magdaleno B. Albarracin, Jr.	Member
Ramon R. del Rosario, Jr.	Member
Amb. Jose L. Cuisia, Jr.	Member
Juan B. Santos	Member (Independent Director)

Audit and Related Party Transactions Committee

Name	Position
Juan B. Santos	Chairman (Independent Director)
Rizalina G. Mantaring	Member (Independent Director)
Edgar O. Chua	Member (Independent Director)
Amb. Jose L. Cuisia, Jr.	Member

Risk Oversight Committee

Name	Position
Rizalina G. Mantaring	Chairman (Independent Director)
Edgar O. Chua	Member (Independent Director)
Atty. Lilia B. de Lima	Member (Independent Director)
Magdaleno B. Albarracin, Jr.	Member

Corporate Governance and Nominations Committee

Name	Position
Atty. Lilia B. de Lima	Chairman (Independent Director)
Rizalina G. Mantaring	Member (Independent Director)
Edgar O. Chua	Member (Independent Director)

Compensation Committee

Name	Position
Amb. Jose L. Cuisia, Jr.	Chairman
Oscar J. Hilado	Member
Ramon R. del Rosario, Jr.	Member
Juan B. Santos	Member (Independent Director)

Retirement Committee

Name	Position
Oscar J. Hilado	Chairman
Magdaleno B. Albarracin, Jr.	Member
Victor J. del Rosario	Member
Meliton B. Salazar, Jr.	Member

ANNEX D

Minutes of Annual Shareholders Meeting April 14, 2021

PHINMA CORPORATION
MINUTES OF THE ANNUAL MEETING
OF STOCKHOLDERS

Held through remote communication
via video live streaming
on Wednesday, 14 April 2021, at 3:00 p.m.

I. CALL TO ORDER

The Chairman of the Board, Mr. Oscar J. Hilado, called the meeting to order at 3:00 p.m. and presided over the same. The Corporate Secretary, Atty. Troy A. Luna, recorded the minutes of the meeting.

The Chairman explained the Corporation's decision to conduct the meeting remotely or via live streaming to avoid any health and safety risk on the part of the stockholders because of the pandemic, even while Metro Manila was under a Modified Enhanced Community Quarantine which allows limited movement of people. The Chairman said that it was the second stockholders' meeting of its kind to be conducted by the Corporation in accordance with the rules of the Securities and Exchange Commission ("SEC").

The Chairman thereafter introduced the Directors present at the meeting, and recognized the presence of all the officers of the Corporation, the independent third party stock transfer agent, Stock Transfer Service, Inc. ("STSI"), and the representatives of the Corporation's independent external auditors, Sycip Gorres Velayo & Company.

II. PROOF OF NOTICE AND DETERMINATION OF QUORUM

The Chairman asked the Corporate Secretary if notices of the meeting were sent to the stockholders.

The Corporate Secretary certified that Notices with the agenda were posted on the website of the Corporation, was published in the Philippine Daily Inquirer and the Philippine Star for two (2) consecutive days on March 19 and 20, 2021, and was disclosed to the SEC and the Philippine Stock Exchange, in accordance with the rules of the SEC.

The Chairman then asked the Corporate Secretary to inform the stockholders of the procedures for attendance, voting on each item of the agenda and participation in the meeting.

The Corporate Secretary explained that, as stated in the Notice, stockholders may participate and attend the meeting only by remote communication. Stockholders who have informed the Corporation of their attendance through a dedicated email provided by the Corporation in the said Notice (phncorsec@phinma.com.ph) on or before April 8, 2021, shall be considered present at the meeting. The Corporate Secretary then recited the rules of conduct and procedure that applied to the meeting, which were contained in the explanation on each item of the agenda posted on the website of the corporation and earlier disclosed.

III. MINUTES OF PREVIOUS MEETING

Legal notices having been sent and a quorum being present, the Chairman proceeded to the reading and approval of the Minutes of the Annual Shareholders' Meeting held on 24 June 2020.

The Chairman requested the Corporate Secretary to present the resolution for approval by the stockholders and the votes received thereon, which resolution was shown on the screen. The Corporate Secretary explained that the Minutes were distributed to the stockholders as Annex D of the Information Statement.

The Corporate Secretary informed the body that based on the tabulation of votes, shareholders owning a total of **214,234,753** shares or **100%** of the shares present or represented at the meeting, voted in favor of the resolution to dispense with the reading of the Minutes and for the approval thereof. The Chairman thus declared that the Minutes of the Annual Meeting of Stockholders held on 24 June 2020 were approved.

IV. ANNUAL REPORT OF MANAGEMENT

The Chairman proceeded to the next item on the agenda, which was the approval of the Annual Report, including the Corporation's audited financial statements for the year ended 31 December 2020.

Financial Report

The Corporation's Senior Vice President and Chief Financial Officer, Ms. Regina B. Alvarez, presented a brief recap of the Corporation's audited financial statements for the year 2020.

Consolidated revenues amounted to Php12.3 billion, an 8% increase over the previous year, due to increased revenues from the Corporation's Construction Materials Group. This offset the decline in revenue from the Education Group as a result of the late start of classes in August 2020.

Despite a 7% increase in consolidated costs and expenses in 2020, income from operations reportedly grew from Php1.1 billion in 2019 to Php1.3 billion in 2020.

While equity in net earnings of affiliates decreased from Php44 million in 2019 to Php2 million in 2020 largely due to equitized loss of affiliate Coral Way City Hotels Corporation, consolidated EBITDA increased from Php1.4 billion in 2019 to Php1.7 billion in 2020.

Net income to equity holders of the parent decreased to Php173 million in 2020 as share in income of the Construction Materials Group was offset largely by foreign exchange loss and operating expenses of the parent company, and a decrease in income contribution from the Education Group.

All told, consolidated net income in 2020 amounted to Php522 million, an increase from Php437 million in 2019.

On the Corporation's statement of financial position, total assets as of year-end 2020 amounted to Php24.5 billion. Of these, approximately Php10.3 billion were current assets, Php2.9 billion of which were cash and short-term investments.

Total liabilities, on the other hand, amounted to Php16 billion.

The Corporation reportedly continued to have a strong balance sheet, with current ratio at 1.53:1 and debt to equity ratio at 1.86:1. Book value per share as of December 31, 2020 stood at Php24.16.

Ms. Alvarez reported that the Board declared a cash dividend of Php0.40 per share, payable to shareholders on May 5, 2021.

Management Report

The Corporation's President and Chief Executive Officer, Mr. Ramon R. del Rosario, Jr., followed with the results of operations during the preceding year.

Mr. Del Rosario first briefly emphasized the Corporation's mission of making lives better, which had been the focus of the Corporation for the past 65 years. This was exemplified by the Corporation's investments, which allowed it to provide accessible, quality education, comfortable and secure homes, safe and durable anchors as well as safe lodging for travelers. The Corporation was determined to have that same focus for 2021 and the coming years and to demonstrate that good business can serve the interests of its shareholders, while also making a strong, social impact.

Mr. Del Rosario also discussed the impact of the current COVID-19 pandemic in the country and how the Corporation responded thereto. Through the PHINMA National Scholarship Program, the Corporation was able to support the education of 224 college graduates in the fields of education, engineering and accounting in the University of the Philippines, Philippine Normal University, and Polytechnic University of the Philippines. The Program was reportedly expanded to the schools of PHINMA Education as of last year.

On the 2020 results, beginning with PHINMA Education Holdings, Mr. Del Rosario noted that in 2020, PHINMA Education piloted two remote learning models, Flex and Remote and Distance (RAD) Learning, each of which responded to different sectors of the market, and combined physical coursework with low-bandwidth online interaction. Both students and teachers were equipped with the tools they needed through strategic partnerships that made gadget plans and monthly data allowances available.

PHINMA Education continued to offer scholarships on top of already accessible fees to enable students to continue and complete their studies despite the economic challenges faced by their families, which were reportedly appreciated by the students. Despite losses in enrollment of competitors, PHINMA Education welcomed 71,659 students in the first semester.

PHINMA Education reported revenues of Php2.1 billion for 2020, a decrease from last year, attributed largely to the absence of summer classes as well as the shift in the academic calendar from June to late August. As a result, PHINMA Education reported a consolidated net income of Php14 million for 2020. Mr. Del Rosario, however, emphasized that PHINMA Education was optimistic that profitability will return in CY 2021.

In 2020, the Corporation closed its acquisition of Rizal College of Laguna, its eighth school in the Philippines and the first in a planned Laguna network. On the international front, PHINMA Education managed STMIK and STIKES Kharisma in East Java, Indonesia.

PHINMA Education graduates continued to perform well in board accreditation exams, with three Southwestern University-PHINMA School of Medicine graduates topping the 2020 Physician Licensure Exams.

In terms of expansion, proceeds from investments made by Kaizen Private Equity II Pte. Ltd., the Netherlands Development Finance Co., and Asian Development Bank, would reportedly be used to develop the network, improve existing schools, and acquire a new school in Indonesia, where the target was to grow enrollees to 150,000 within the next 10 to 12 years.

Moving forward, PHINMA Education would continue to adapt, with new ways to make sure the youth is ready to face a changed, and still changing, world.

In 2020, the Corporation's Construction Materials Group was able to achieve strong record growth, with Union Galvasteel Corporation (UGC), PhilCement Corporation (PhilCement) and PHINMA Solar Energy Corporation generating a combined revenue of almost Php10 billion and combined net income of Php917 million.

Despite the early weakness in flat steel demand, UGC managed to deliver strong operational performance and post a significant recovery by year end as the company enhanced customer engagement initiatives and operational efficiencies in production and logistics.

In 2020, PhilCement posted significant gains, backed by the efficient operation of the new Mariveles Cement Facility which was launched in January. The company also leveraged on strong customer partnerships and increased reliability and availability of the Corporation's legacy Union Cement brand in key areas.

Moving on to housing, Mr. Del Rosario reported that in 2020, PHINMA Properties Holdings Corporation (PHINMA Properties) adapted to new ways of doing business by focusing efforts on the safety and well-being of its residential communities and employees. The company accelerated shifts to digital marketing and transactions to enable safe and more efficient operations to address the needs of its customers. PHINMA Properties also worked actively with regulators and industry stakeholders to help formulate new policies to revive the Philippine housing industry in the wake of the pandemic.

In 2020, PHINMA Properties posted revenues of Php2.0 billion, at par with the previous year. Consolidated net income for the year amounted to Php71.9 million while total assets of the company increased to Php5.9 billion in 2020 from Php5.1 billion in 2019.

For 2021, PHINMA Properties would remain on a path toward growth and increased profitability, building on foundations laid in previous years toward its vision of a bigger and bolder property company.

Finally, Mr. Del Rosario reported that the Corporation, through Asian Plaza Inc., had a 36% equity interest in PHINMA Hospitality as well as a direct 24% equity interest in Coral Way City Hotel Corporation (Coral Way), owner of Microtel by Wyndham Mall of Asia. Coral Way, in turn, had a wholly owned subsidiary, Krypton Esplanade Hotel Corporation, which owned the 191-room TRYP by Wyndham Mall of Asia.

Although the two hotels experienced strong occupancy rates in previous years, the hospitality sector continued to be one of the most impacted by the pandemic. When the Philippine government placed the country under community quarantine starting in March 2020, the two hotels quickly mobilized to serve as quarantine hotels, providing safe accommodations to returning Overseas Foreign Workers and returning Overseas Filipinos under the Overseas Workers Welfare Administration (OWWA) repatriation program. The two hotels also provided accommodations to seafarers from various shipping companies and corporate personnel requiring quarantine and business continuity facilities.

Moving forward, Microtel by Wyndham and TRYP by Wyndham would continue to be flexible and agile, and continue to enhance health and safety measures and business processes to build trust and confidence among clients and stakeholders, as it prepares for a recovery in the hospitality industry, while providing safe shelter to its guests.

Mr. Del Rosario thereafter reported that to further accelerate the Corporation's growth, it was looking at issuing a bond of at least Php 2 billion within the year. The proceeds of this bond will largely go towards investments in growing the Corporation's Strategic Business Units.

In terms of outlook for 2021, Mr. Del Rosario reported that the economic recovery of the Philippines was hinged on how effective economic and health policy measures were implemented in response to the COVID 19 pandemic. According to Mr. Del Rosario, a strong, nationwide vaccine rollout will be beneficial to spurring consumer confidence and reigniting consumer demand.

Aside from the vaccine rollout program, Mr. Del Rosario said that government programs such as the proposed Bayanihan 3 were designed to jump start the labor market and increase consumer spending. Longer term, it was expected that consumer spending would further be stimulated through the CREATE tax reform bill, which lowered corporate income tax and was intended to encourage more investment spending and to generate much needed employment. According to Mr. Del Rosario, these programs will be good for the nation and for the Corporation's businesses that were strategically positioned to enable the growth of the Philippines.

In the face of the pandemic, the Corporation would continue its commitment of incorporating a strategic and business risk mindset, and providing innovative and essential businesses and services through its investments. The Corporation would also continue to pursue other areas such as succession planning and people development to deepen its management bench while incorporating strategic risk, business resiliency and sustainability programs which will enhance shareholder value.

Mr. Del Rosario thereafter expressed his gratitude to the Corporation's Board of Directors, shareholders, Management teams and employees, suppliers, partners, creditors and customers for their continued support and for sharing the Corporation's mission of making lives better in the Philippines.

Following the reports of Management, the Chairman asked the Moderator, Mr. Peter Angelo Perfecto, to inform the stockholders of the questions received from stockholders. Mr. Perfecto said questions were received from three stockholders which he read and which were answered by officers of the Corporation.

Question No. 1: How does PHINMA foresee the demand for cement in the coming years?

In response, Mr. Edgardo A. Sahagun, President and CEO of the Construction Materials Group, said that versus last year, he saw an improvement in the industry. From 2020 to 2021, the industry saw growth of about 2 million tons of cement. Moving forward, Mr. Sahagun said that it was expected to increase in the same level in the next couple of years to about 234 million tons.

Question No. 2: When do you expect face-to-face classes to resume and what is your outlook for PHINMA Education in the coming school year?

Dr. Chito B. Salazar, President and CEO of PHINMA Education, replied that while they continue to lobby for face-to-face classes especially in areas where there were little or almost no incident of COVID, it was anticipated that there would be hesitation to open up classes especially with the surge in cases. According to Dr. Salazar, it was expected that for the next year, they would remain in a no face-to-face situation. However, he said that their education system was reportedly ready to transition very quickly from a no face-to-face to a face-to-face system because the modalities they were able to develop actually incorporate distance and remote learning methods together with a possible return to face-to-face.

According to Dr. Salazar, they remain very optimistic as the Flex and RAD Learning continue receive good feedback from students. They expect to grow their enrollment by next year with a growth projection of about 18,000 students.

Question No. 3: What is your planned CAPEX for 2021?

Mr. Del Rosario replied that the Corporation's approved budget for investments and capital expenditures was Php3.2 billion for the year, which included a significant investment of about Php2.2 billion pesos in Song Lam Cement Company in Vietnam, the Corporation's strategic partner and main supplier of cement the Corporation's subsidiary was currently selling in the market. In addition, the Corporation was also setting aside approximately Php1 billion, which included investments in the Corporation's newly acquired schools, and two other schools with ongoing infrastructure projects. He further said that they continue to be on the lookout for possible acquisitions in the education sector, to be disclosed in the proper time.

There being no other questions submitted by the shareholders, the Corporate Secretary, upon request by the Chairman, presented the resolution for the approval of the Annual Report together with the Audited Financial Statements and the notes thereto for the year ended December 31, 2020, which resolution was shown on the screen.

The Corporate Secretary then informed the body, as shown on the screen, that based on the tabulation of votes, shareholders holding **214,234,753** shares or **100%** of shares present or represented at the meeting, voted in favor of the resolution. The Annual Report together with the Audited Financial Statements and the notes thereto for the year ended December 31, 2020 were therefore approved.

V. RATIFICATION OF ALL ACTS OF THE BOARD, COMMITTEES AND MANAGEMENT SINCE THE LAST ANNUAL SHAREHOLDERS' MEETING

The Chairman proceeded to the ratification of all acts of the Board of Directors, Committees and Management since the last meeting of stockholders.

At the request of the Chairman, the Corporate Secretary presented the resolution for approval by the stockholders, which was likewise shown on the screen. He then informed the body that based on the tabulation of votes, shareholders owning a total of **214,234,753** shares or **100%** of shares present or represented at the meeting, voted in favor of the proposed resolution. The resolution for the approval and ratification by the stockholders of all acts of the Board of Directors, Executive Committee and other Committees of the Board, officers and management was therefore approved.

VI. AMENDMENT OF BY-LAWS

The next item on the agenda was the amendment of by-laws. The Chairman requested the Corporate Secretary to discuss the resolution for approval by the stockholders, which resolution was shown on the screen, and the votes received for the approval thereof

The Corporate Secretary informed the stockholders that the Corporation was seeking the approval by the stockholders of the amendment of the Corporation's By-Laws, moving the quarterly meetings of the Board of Directors from the third week of the month following the end of each calendar quarter, to such dates and at such times and places as the Chairman or in his absence, the President may determine.

Thereafter, the Corporate Secretary informed the body that based on the tabulation of votes, shareholders owning a total of **214,234,753** shares or **78.7%** or more than two-thirds (2/3) of the total issued and outstanding capital stock of the Corporation, voted in favor of the said resolution. Having received the affirmative votes of stockholders owning at least two-thirds of the outstanding capital stock, the resolution was approved.

VII. ELECTION OF DIRECTORS

The Chairman then proceeded to the election of directors for the ensuing year.

The Corporate Secretary reported that there were eleven (11) nominees for the eleven (11) seats on the Corporation's Board of Directors for election at the Meeting. The Nominations and Corporate Governance Committee reportedly pre-screened and shortlisted the eleven (11) nominees qualified to be elected as Directors of the ensuing year including the nominees for independent directors. The following were reported as the nominees for election as Directors of the Corporation for the ensuing year and until their successors are duly elected and qualified:

1. Mr. Oscar J. Hilado
2. Mr. Ramon R. del Rosario, Jr.
3. Dr. Magdaleno B. Albarracin, Jr.
4. Amb. Jose L. Cuisia, Jr.
5. Mr. Victor J. del Rosario
6. Dr. Meliton B. Salazar, Jr.
7. Mr. Eduardo A. Sahagun
8. Atty. Lilia B. de Lima (Independent Director)
9. Ms. Rizalina G. Mantaring (Independent Director)
10. Mr. Edgar O. Chua (Independent Director)
11. Mr. Juan B. Santos (Independent Director)

Considering that there were only eleven (11) nominees to fill eleven (11) seats in the Board, and there being no objection to the distribution of the said votes equally among the said nominees, **214,234,753** votes were cast for each nominee, equivalent to **78.7%** of the total outstanding shares of the Corporation. The said nominees were therefore declared duly-elected as members of the Board of Directors for the ensuing year, and until their successors are duly elected and qualified.

The Chairman congratulated all current members of Corporation's Board for their re-election to the Board. The Chairman also thanked the Board of Directors for their consistent encouragement and support throughout the very difficult period. He extended a very special word of thanks to Mr. Roberto M. Laviña, the Corporation's Senior Executive Vice-President and Chief Operating Officer, who was retiring after fully 45 years when he was constantly a pillar of integrity, wisdom and sobriety. The Chairman added that Mr. Laviña has agreed to serve as board adviser in PHNMA Corporation and to remain a director of the Philippine Investment-Management (PHINMA), Inc. (PHINMA, Inc.), and to also take the Chairman's place as Chairman of PHINMA Property Holdings Corporation.

The Chairman also gave special thanks to Mr. Victor J. del Rosario, who will remain in the PHINMA Corporation Board, but will retire from his active management roles in the PHINMA group where in recent years he organized and strengthened the Corporation's strategic planning processes and contributed very meaningfully to the revitalization of PHINMA's presence in the construction materials business. Mr. Del Rosario will remain as Chairman of PhilCement Corporation and as member of major PHINMA group boards.

The Chairman also thanked Mr. Guillermo D. Luchangco who has served on the Board of PHINMA Corporation for 9 years and has been an exceptionally valuable advisor to the group, his honesty and candor which were so valuable to the management of the company and its stakeholders. Having served the maximum 9 years normally permitted by the Securities and Exchange Commission as independent director, Mr. Luchangco was not available for election to the board but has agreed to make himself available to serve on the board of PHINMA, Inc.

Thereafter, the Chairman welcomed the Corporation's incoming directors starting with Mr Edgar O. Chua, the former country manager of the Shell companies in the Philippines and the current chairman of the Makati Business Club and President of De La Salle Philippines. The Chairman also welcomed as directors of PHINMA Corporation Dr. Chito B. Salazar, who he said would later be appointed Executive Vice President for Education and Chief Operating Officer of the PHINMA group, and Mr. Eduardo A. Sahagun who would also be appointed as Executive Vice President for the Construction Materials Group.

VIII. APPOINTMENT OF EXTERNAL AUDITOR

The Chairman announced that the next item on agenda was the appointment of the Corporation's external auditor for the ensuing fiscal year. The Chairman said that the Audit Committee and the Board of Directors have selected and recommended the appointment of Sycip Gorres Velayo & Co. as external auditor of the Corporation.

After presenting the resolution for approval by the stockholders, which resolution and votes received by the same was shown on the screen, the Corporate Secretary informed the body that based on the tabulation of votes, stockholders owning a total of **214,234,753** shares or **100%** of shares present or represented at the meeting, voted in favor of the said proposed resolution. The appointment of Sycip Gorres Velayo & Co. as external auditor of the Corporation for the ensuing fiscal year and until its successor is duly appointed was therefore approved.

IX. ADJOURNMENT

The Chairman informed the stockholders that they may still email their questions or comments within one (1) week from the meeting. The Corporation would answer all questions relevant to the meeting and the matters taken up.

There being no other business to discuss, the Chairman declared the meeting adjourned.

TROY A. LUNA
Corporate Secretary

ATTEST:

OSCAR J. HILADO
Chairman of the Meeting

R347 PHN 2021 ASM Minutes fin/czs130/talO17mb12

ANNEX E

Various Resolutions

Summary of Significant Resolutions Approved by the Board of Directors
since the Last Annual Meeting of the Shareholders
(March 2 to November 2021)
FOR RATIFICATION BY THE STOCKHOLDERS

Regular Meeting of the Board of Directors
March 2, 2021

- Approval of the Corporation's audited financial statements as of and for the year ended 31 December 2020.

- Declaration of a cash dividend in the amount of Php 0.40 per share to all stockholders of record as of 14 April 2021.

- Reversal of the appropriated retained earnings of the Corporation in the amount of Php2.250 billion, which was earmarked for the investment in Song Lam in 2020.

- Amendment of Section 5, Article IV of the Amended By-Laws of the Corporation to read as follows: "The Board of Directors shall hold regular quarterly meetings, on such dates and such times and places, as shall be determined by the Chairman or, in his absence, the President." The foregoing amendment be presented for the approval of the stockholders at a meeting duly called.

- Endorsement of Sycip Gorres Velayo & Co. as the external auditor for the year 2021, upon recommendation of the Audit and Related Party Transactions Committee.

- Approval of the bond issuance and of the filing of a registration statement to the Securities and Exchange Commission (SEC) for the P2 billion peso-denominated bond, with oversubscription option of up to P1 billion.

- Delegation to the Executive Committee of the determination of the final issue amount, interest rate, offer price, tenors and other terms and conditions, including the parties that will manage or otherwise be involved in the bond offer.

- Approval to use proceeds from the bond issuance to support growth in the Company's Strategic Business Units and to refinance corporate debt.

- Nomination for election as Directors for the ensuring year the current eight members of the Board plus three new members namely, Mr. Edgar O. Chua (independent director) who will replace Mr. Guillermo D. Luchangco and Dr. Meliton B. Salazar and Mr. Eduardo A. Sahagun who will replace Mr. Laviña and Mr. Lustre, respectively, as endorsed by the Corporate Governance and Nominations Committee.

- Scheduling of the Annual Shareholders Meeting for April 14, 2021 at 3:00 pm via video conference, approval of the agenda, and approval of the date and time of the Organizational Meeting of the Board.

- Grant of authority to transact with different banks for the opening, maintenance, operation and/or closure of the Escrow Account in connection with the earlier acquisition of the shares of stock of University of Pangasinan, Inc., with the Trust Department of BD0 UNIBANK, lNC.

- Grant of authority to invest in unit investment funds, time deposits, special savings and other deposit products with the foregoing bank/counterparty

- Designation of any two officers as the authorized signatories to sign, execute and/or deliver ant and all documents in connection with the foregoing.

- Approval to change BDO Unibank lnc's online banking system administrator &/or password administrator

- Approval to change online banking system administrator &/or password administrator for the following banks:
  a. Rizal Commercial Banking Corporation
  b. Security Bank Corporation
  c. Metrobank

- Designation of new Access /System Administrators and Password Administrator for the (banks online system) of the Corporation, with authority to assign users who may have access to the (banks online system) facility and their corresponding access levels.

- Grant of authority to sell the Corporation’s motor vehicle and designation of authorized signatory for this purpose.

- Designation of the Company's representative, who shall be named by the Chairman or the President, to file reports on behalf of the corporation through the SEC Online Submission Tool (OST) as part of the mandatory enrollment to the OST, where all corporations and partnerships registered with SEC must enroll in order to access and submit reports, beginning 15 March 2021.

Organizational Meeting of the Board of Directors
April 14, 2021

- Appointment of newly elected board members:

  1. Mr. OscarJ. Hilado
  2. Mr. Ramon R. del Rosario,Jr.
  3. Dr. Magdaleno B. Albarracin,Jr.
  4. Ambassador Jose L. Cuisia, Jr.
  5. Mr. VictorJ. del Rosario
  6. Mr. EduardoA.Sahagun
  7. Dr~~,~~. Meliton B. Salazar,Jr.
  8. Mr. Edgar O~~o~~. Chua - Independent
  9. Mr. Juan B.Santos Independent
  10. Atty. Lilia B. de Lima Independent
  11. Ms. Rizalina G. Mantaring -Independent

- Appointment of the following as officers of the Corporation with positions across their respective names for the ensuing year and until their successors are elected/appointed:

Name	Position
Oscar J. Hilado	Chairman
Ramon R. del Rosario, Jr.	Vice Chairman, President & Chief

	Executive Officer
Roberto M. Laviña	Board Advisor
Meliton B. Salazar, Jr.	Executive Vice President – Education and COO
Eduardo A. Sahagun	Executive Vice President – Construction Materials
Pythagoras L. Brion, Jr.	Senior Vice President
Regina B. Alvarez	Senior Vice President & CFO
Nanette P. Villalobos	Vice President and Treasurer
Edmund Alan A. Qua Hiansen	Vice President and Investor Relations Officer
Annabelle S. Guzman	Vice President - Controller
Danielle R. del Rosario	Vice President, Director for Strategy and Chief Risk Officer
Rolando D. Soliven	Vice President – Group Corporate Assurance and Compliance Officer
Peter Angelo V. Perfecto	Vice President – Public Affairs
Cecille B. Arenillo	Vice President
Rizalina P. Andrada	Vice President – Finance
Joel S. Llanillo	Data Protection Officer
Ma. Gracia M. Purisima	Assistant Treasurer
Troy A. Luna	Corporate Secretary
Ma. Concepcion Z. Sandoval	Assistant Corporate Secretary

- Re-establishment of the following Committees and the election of the same members for the year 2021:

Executive Committee

Oscar J. Hilado	Chairman
Ramon R. del Rosario, Jr.	Member
Magdaleno B. Albarracin, Jr.	Member
Jose L. Cuisia, Jr.	Member
Juan B. Santos	Member (Independent Director)

Audit and Related Party Transactions Committee

Juan B. Santos	Chairman (Independent Director)
Rizalina G. Mantaring	Member (Independent Director)
Edgar O. Chua	Member (Independent Director)
Jose L. Cuisia, Jr.	Member

Risk Oversight Committee

Rizalina G. Mantaring	Chairman (Independent Director)
Edgar O. Chua	Member (Independent Director)
Lilia B. de Lima	Member (Independent Director)
Magdaleno B. Albarracin, Jr.	Member

Corporate Governance and Nominations Committee

Lilia B. de Lima	Chairman (Independent Director)
Rizalina G. Mantaring	Member (Independent Director)
Edgar O. Chua	Member (Independent Director)

Compensation Committee

Jose L. Cuisia, Jr.	Chairman
Oscar J. Hilado	Member
Ramon R. del Rosario, Jr.	Member
Juan B. Santos	Member (Independent Director)

Retirement Committee

Oscar J. Hilado	Chairman
Magdaleno B. Albarracin, Jr.	Member
Victor J. del Rosario	Member
Meliton B. Salazar, Jr,	Member

Regular Meeting of the Board of Directors
May 12, 2021

- Approval of the investment in Song Lam Cement Joint Stock Company (JSC) to report the investment as an RPT transaction, as required under SEC rules.

- Approval of the financial reports and results of operations for the quarter ended March 31, 2021.

Regular Meeting of the Board of Directors
July 1, 2021

- Approval of the amended financial statements of the Corporation for Q1 2021 and Q1 2020.

- Declaration of the role of Senior Audit Officer of the Corporation as redundant, due to streamlining of the organizational structure of the Corporate Assurance department.

- Grant of authority to the Chief Operating Officer to execute and deliver such notices and other documents, to perform such other acts, as may be required or necessary to declare said redundancy of the position, facilitate the payment of benefits and complete the separation from service to the Corporation.

Regular Meeting of the Board of Directors
August 12, 2021

- Approval of the minutes of the Regular Meeting of the Board of Directors on May 12, 2021 and the minutes of the Special Meeting of the Board of Directors on July 1, 2021.

- Approval of the proposed lending facility to Union Galvasteel Corporation and Philcement Corporation and delegation to the Executive Committee, the approval of the final terms thereof

- Approval of the Financial Reports and Results of Operations for the period ended June 30, 2021.

- Appointment and designation of Ms. Grace Aglubat as the new Data Protection Officer for the Corporation.

- Grant of authority to transfer the ownership of the Corporation's property in Calamba to Phinma Property Holdings Corporation in exchange for shares of stocks of PPHC and designation of authorized agents, representatives and signatory for this purpose.

- Grant of authority to change the online banking system/password administrator for BDO Unibank, Inc., Rizal Commercial Banking Corporation and Security Bank Corporation and designation of the system/password administrator with authority to assign users who may have access to the banks online system facility and their corresponding access levels.

- Recognition of retiring officers Ms. Rizalina P. Andrada and Ms. Cecille B. Arenillo.

Regular Meeting of the Board of Directors
November 10, 2021

- Approval of the minutes of the Regular Meeting of the Board of Directors on August 12, 2021.

- Approval of the Financial Reports and Results of Operations for the period ended September 30, 2021.

- Approval of the proposed lending facility to Union Galvasteel Corporation and Philcement Corporation, as presented.

- Appropriation of retained earnings in the books of the Corporation, in the amount of P1.6 billion for investment in the Construction Materials and Education business until December 31, 2022.

- Appointment and designation of Mr. Pythagoras L. Brion, Jr., as Executive Vice President and Group CFO, Mr. Jose Mari del Rosario, as Senior Vice President – Hospitality and Mr. Raphael B. Felix, as Senior Vice President – Properties.

- Grant of authority to the Corporate Secretary or in his/her absence, the Assistant Corporate Secretary, to file the General Information Sheet of the Corporation before the Securities and Exchange Commission, or any amendment thereof when required or necessary, including the Declaration of Beneficial Ownership portion thereof.

- Grant of conditional permission to Song Lam Cement to use up to $50 million of the Corporation's investment as loan to Vissai Ninh Binh, with approval of the final terms delegated to the Executive Committee, which may seek additional approvals from the Board as necessary.

- Grant of authority to amend the per diem of the Directors to be consistent with the Revised Corporation Code.

- Grant of authority to the Chief Operating Officer to sign, execute and deliver such notices and other documents, and to perform such other acts, as may be required or necessary to declare the redundancy of positions, facilitate the payment of benefits due employees and complete the separation of employees from service to the Corporation.