COVER SHEET

AS095-005885

EAGLE CEMENT CORPORATION

(Company's Full Name)

2/F SMITS CORPORATE CENTER,
NO. 155 EDSA, BARANGAY WACK-WACK,
MANDALUYONG, CITY

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

Atty. Maria Farah Z.G. Nicolas-Suchianco
(Contract Person)

(02) 8633-9757
(Company Telephone Number)

12 31
Month *Day*
(Fiscal Year)

20-IS
(Form Type)

07 19
Month *Day*
(Annual Meeting)

(Secondary License Type, If Applicable)

MSRD
Dept. Requiring this Doc.

Not Applicable
Amended Articles Number/section

Total Amount of Borrowings

20*
Total No. of Stockholders
**as of June 14, 2023*

₱5.0 Billion*
Domestic

-
Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

S T A M P S

Remarks: Please use BLACK ink for scanning purposes.

NOTICE OF ANNUAL STOCKHOLDERS' MEETING

NOTICE is hereby given that the Annual Meeting of the Stockholders of EAGLE CEMENT CORPORATION (the "Company") will be held on **July 19, 2023, 2:00 p.m.**, livestreamed from the principal office of the Company, as authorized by resolution of the Board of Directors on May 15, 2023.

The Agenda of the meeting is as follows:

1. Call to order
2. Certification of Notice and Quorum
3. Approval of Minutes of Previous Meeting
4. Presentation of the Annual Report
5. Ratification of Acts and Resolutions of the Board of Directors and Corporate Officers
6. Appointment of External Auditors
7. Election of the Members of the Board of Directors
8. Other Matters
9. Adjournment

The Information Statement, SEC Form 17A, Minutes of the Annual Stockholders' Meeting held on June 23, 2022, the resolutions of the Board of Directors beginning June 23, 2022, and other pertinent materials for the Annual Stockholders' Meeting will be accessible through the Company's website (https://www.eaglecement.com.ph/governance/disclosures/).

Given the continued threat of COVID-19, stockholders may only participate in the annual meeting *via* remote communication and cast their votes electronically or *in absentia,* or through appointing the Chairman of the Meeting as proxy. Only stockholders of record as of June 19, 2023 are entitled to vote at this meeting.

Stockholders of record as of June 19, 2023 who intend to attend the meeting through remote communication are requested to notify the Company and register by email to corporatesecretary@eagle-cement.com.ph, no later than 09 July 2023. Stockholders whose shares are still lodged with brokers are requested to directly contact their respective brokers for guidance on their participation in the meeting. A certification issued by the said broker regarding the fact of lodged shareholdings must also be provided, in addition to the documents required to be submitted below.

For validation purposes, the email should contain the following information: (i) name; (ii) address; (iii) telephone number; and (iv) email address, and a scanned copy of any valid government-issued identification card ("ID") with photo of the stockholder. Only the stockholders who have notified the Company of their intention to participate through remote communication, as above-described, and have been validated to be stockholders of record of the Company will be considered in computing stockholder attendance at the meeting, together with the stockholders attending through proxies.

Further details and procedure for attendance and participation in the meeting through remote communication are set forth in Annex 1 of this notice, as set forth in the Information Statement, to be made available to the public in print, upon request of the stockholder, and online through the Company website (https://www.eaglecement.com.ph/governance/disclosures/).

Duly accomplished ballots, proxies, and copies of valid government Identification Cards (IDs) shall be submitted through any of the following:

1. By e-mail to corporatesecretary@eagle-cement.com.ph;
2. By ordinary mail to the Office of the Corporate Secretary of Eagle Cement Corporation at Suite 2801 Discovery Center, 25 ADB Avenue, Ortigas Center, Pasig City 1605.

The deadline for submission of ballots and proxies is on July 14, 2023 at 2:00 PM. For corporations, ballots, and proxies must be accompanied by the Corporate Secretary's sworn certification stating the corporate officer's authority to vote for and to represent the Corporation in the meeting. Ballots and proxies need not be notarized.

Validation of ballots and proxies will be on July 14, 2023 at 5:00 p.m. at the office of the Company's Corporate Secretary at Suite 2801 Discovery Center, 25 ADB Avenue, Ortigas Center, Pasig City. For your convenience, samples of the ballot and proxy are available at the Company website (https://www.eaglecement.com.ph/investor-relations/annual-stockholders-meeting/).

Questions and comments to the Board of Directors and/or Management should be sent in advance of, or during, the meeting by email to corporatesecretary@eagle-cement.com.ph.

Please refer to Annex 2 of this notice, as set forth in the Information Statement, for a brief discussion of and the rationale for the above agenda items.

A visual and audio recording of the proceedings of the annual meeting shall be kept by the Company.

For the Board of Directors.

MARIA FARAH Z.G. NICOLAS-SUCHIANCO
Corporate Secretary

Annex 1

PROCEDURE FOR ATTENDING THE MEETING THROUGH REMOTE COMMUNICATION

1. Stockholders of record as of June 19, 2023 who intend to attend the meeting through remote communication are requested to notify the Company and register by email to corporatesecretary@eagle-cement.com.ph. Stockholders whose shares are still lodged with brokers are requested to directly contact their respective brokers for guidance on their participation in the meeting. A certification issued by the said broker regarding the fact of lodged shareholdings must also be provided, in addition to the documents required to be submitted below.

2. For validation purposes, the email should contain the following information: (i) name; (ii) address; (iii) telephone number; and (iv) email address, and a scanned copy of any valid government-issued identification card ("ID") with photo of the stockholder. Only the stockholders who have notified the Company of their intention to participate through remote communication, as above-described, and have been validated to be stockholders of record of the Company will be considered in computing stockholder attendance at the meeting, together with the stockholders attending through proxies.

3. Votes of all stockholders can only be cast through ballots or proxies submitted on or before July 12, 2023 at 5:00PM. A sample of the ballot and proxy is included in the Information Statement.

All ballots and proxies should be received by the Corporate Secretary on or before July 12, 2023 through the following means:

a. By e-mail to corporatesecretary@eagle-cement.com.ph; or
b. By ordinary mail to the Office of the Corporate Secretary of Eagle Cement Corporation at Suite 2801 Discovery Center, 25 ADB Avenue, Ortigas Center, Pasig City 1605.

For an individual, his/her ballot or proxy **must** be accompanied by a valid government-issued ID with a photo. For a corporation, its proxy must be accompanied by its corporate secretary's certification stating the representative's authority to represent the corporation in the meeting. Validation of ballots and proxies will be on July 14, 2023 at 5:00 p.m. at the office of the Company's Corporate Secretary.

4. Shareholders may send their questions and/or comments prior to or during the meeting to corporatesecretary@eagle-cement.com.ph. Questions and comments may also be written in the space provided in the sample ballot/proxy form.

5. The proceedings of the meeting will be recorded.

Should you have questions or requests for clarification on the procedure for attending the annual stockholders' meeting through remote communication, please email them to corporatesecretary@eagle-cement.com.ph.

Annex 2

EXPLANATION AND RATIONALE OF AGENDA ITEMS FOR THE ANNUAL MEETING OF STOCKHOLDERS OF EAGLE CEMENT CORPORATION (the "Company")

1. Call to Order

The Chairman will formally open the meeting at 2:00 PM.

2. Certification of Notice and Quorum

The Corporate Secretary will certify that written notice for the meeting was duly sent to stockholders and that a quorum exists for the transaction of business.

3. Approval of Minutes of Previous Meeting

The minutes of the meeting held on June 23, 2022 will be available for download at the Company website. (https://www.eaglecement.com.ph/governance/disclosures/)

4. Presentation of the Annual Report

The Audited Financial Statements (AFS) as of December 31, 2022 will be presented to the stockholders for their approval. The AFS will be embodied in the Information Statement to be sent to the stockholders at least 21 days prior to the meeting. The Audit Committee has recommended to the Board the approval of the AFS, and the Board has approved the AFS on May 15, 2023.

To give context to the AFS and bring to the shareholders attention the highlights, the CFO and/or the President will deliver the "Management Report" which provides the significant operating and financial performance for 2022 as well as the interim financial highlights. The report will also include significant events and recent developments in the Company.

5. Ratification of Acts and Resolutions of the Board of Directors and Corporate Officers

All acts and resolutions of the Board of Directors and all the acts of Corporate Officers taken or adopted from the date of the last annual stockholders' meeting until the date of this meeting will be submitted for ratification. A summary of the resolutions and actions is set forth in this Information Statement for this meeting. Copies of the minutes of the meetings of the Board of Directors are available for inspection by any shareholder at the office of the Corporate Secretary during business hours.

6. Re-appointment of External Auditor

The Audit Committee of our Board will endorse to the stockholders the re-appointment of Reyes Tacandong & Co. as the external auditor for the ensuing year. Representatives of the said firm are expected to be present at the annual meeting and to respond to appropriate questions from the shareholders. The profile of Reyes Tacandong & Co. will be provided in the Information Statement.

7. Election of the Members of the Board of Directors (including independent directors)

The Corporate Secretary will present the names of the persons, whose background information are contained in the Information Statement, who have been duly nominated for election as directors of the Company in accordance with the by-laws and Manual on Corporate Governance of the Company and applicable laws and regulations. The voting procedure is set forth in the Information Statement for this meeting.

8. Other Matters

The Chairman will open the floor for comments and questions by the stockholders. The stockholders may raise other matters or issues that may be properly taken up at the meeting by sending their questions and/or comments prior to the meeting to corporatesecretary@eagle-cement.com.ph.

<u>SAMPLE</u> BALLOT / PROXY

☐ Vote by Ballot: The undersigned stockholder of Eagle Cement Corporation (the "Company") casts his/her vote on the agenda items for the 2022 Annual Stockholders' Meeting, as expressly indicated with "X" in this ballot.

☐ Vote by Proxy: The undersigned stockholder of Eagle Cement Corporation (the "Company") hereby appoints ________________________ or in his absence, the Chairman of the meeting, *as attorney-in-fact and proxy*, with power of substitution, to represent and vote all shares registered in his/her/its name as proxy of the undersigned stockholder, at the Annual Meeting of Stockholders of the Company on July 19, 2023 and at any of the adjournments thereof for the purpose of acting on the following matters:

1. Approval of the minutes of previous meeting
   __ Yes __ No __ Abstain

2. Approval of the 2022 Annual Report
   __ Yes __ No __ Abstain

3. Ratification of Acts and Resolutions of the Board of Directors and Corporate Officers
   __ Yes __ No __ Abstain

4. Re-appointment of Reyes Tacandong & Co. as External Auditor
   __ Yes __ No __ Abstain

5. Election of the Members of the Board of Directors, including the Independent Directors

	No. of Votes
Ramon S. Ang	_______________
John Paul L. Ang	_______________
Manny C. Teng	_______________
Monica L. Ang-Mercado	_______________
Manuel P. Daway	_______________
Mario K. Surio	_______________
Luis A. Vera Cruz, Jr.	_______________
Melinda Gonzales-Manto	_______________
Ricardo C. Marquez	_______________
Martin S. Villarama, Jr.	_______________
Winston A. Chan	_______________

6. At his/her discretion, the proxy named above are authorized to vote upon such other matters as may be properly come before the meeting.
   __ Yes __ No __ Abstain

Question/Comment: ____

____
Printed Name and Signature of Stockholder
Date:

The ballot of those who will attend the meeting via videoconference should be submitted to the Corporate Secretary, or by e-mail to corporatesecretary@eagle-cement.com.ph, or by ordinary mail to the Office of the Corporate Secretary of Eagle Cement Corporation at Suite 2801 Discovery Center, 25 ADB Avenue, Ortigas Center, Pasig City 1605, on or before <u>July 14, 2023</u>.

This proxy should be received by the Corporate Secretary on or before **<u>July 14, 2023</u>**, the deadline for submission of proxies. For corporate stockholders, please attach to this proxy form the secretary's certificate on the authority of the signatory to appoint the proxy and sign this form.

This ballot/proxy, when properly executed, will be voted in the manner as directed herein by the stockholder(s). If no direction was made, this ballot/proxy will be voted for the election of all nominees and/or the approval of the matters stated above and such other matters as may properly come before the meeting in the manner described in the Information Statement and/or as recommended by management or board of directors.

A stockholder giving this proxy has the power to revoke it at any time before the right granted is exercised. A proxy is also considered revoked if the stockholder attends the meeting in person and expressed his intention to vote in person.

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:

   [ ] Preliminary Information Statement

   [✓] Definitive Information Statement

2. Name of Registrant as specified in its charter **EAGLE CEMENT CORPORATION**

3. Province, country or other jurisdiction of incorporation or organization
   METRO MANILA, PHILIPPINES

4. SEC Identification Number **ASO95005885**

5. BIR Tax Identification Code **004-731-637-000**

6. **2/F SMITS Corporate Center, No. 155 EDSA, Brgy. Wack-Wack, Mandaluyong City** **1554**
   Address of principal office Postal Code

7. Registrant's telephone number, including area code: **(02) 5301-3453**

8. Date, time and place of the meeting of security holders
   JULY 19, 2023, 2:00PM, VIA VIDEOCONFERENCING, livestreamed from the Principal Office of the Company

9. Approximate date on which the Information Statement is first to be sent or given to security holders:
   The Definitive Information Statement shall be made available to Stockholders by 28 June 2023, or as soon as approved by the SEC.

   Notice of Meeting will be published in the business section of two newspapers of general circulation (print and online) for two consecutive days, the last of which shall be made no later than 28 June 2023, pursuant to the SEC Notice dated 13 March 2023. Among others, the Notice will inform the stockholders of the availability of an electronic copy of the Information Statement, SEC Form 17-A and other pertinent documents on the Company's website.

10. ***In case of Proxy Solicitations:***

    Name of Person Filing the Statement/Solicitor: **N/A**

    Address and Telephone No.: **N/A**

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

Title of Each Class	Number of Shares of Common Stock Outstanding or Amount of Debt Outstanding (as of 14 June 2023)
COMMON	**5,000,000,005**

12. Are any or all of registrant's securities listed in a Stock Exchange?

    Yes [ ] No [✓]

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

INFORMATION REQUIRED IN INFORMATION STATEMENT

GENERAL INFORMATION

Date, time and place of meeting of security holders.

The annual meeting of stockholders of the Eagle Cement Corporation (the "Corporation" or "Company") will be held on July 19, 2023, 2:00 p.m., via virtual platform, livestreamed from the Principal Office of the Corporation. Details will be provided in the Company website under the Investor Relations tab (https://www.eaglecement.com.ph/investor-relations/annual-stockholders-meeting/).

The Corporation's complete mailing address is at 2/F SMITS Corporate Center, No. 155 EDSA, Barangay Wack-Wack, Mandaluyong City.

Further details and procedure for attendance and participation in the meeting through remote communication are to be set forth in Annex 1 of the notice in this Definitive Information Statement, which will be made available to the public through the Company website (https://www.eaglecement.com.ph/governance/disclosures/), starting 28 June 2023, or as earliest approved by the SEC.

Due to the limited resources at this time due to the COVID-19 pandemic, stockholders wishing to obtain printed copies of the Definitive Information Statement must signify their intent by notifying the Corporate Secretary through e-mail at corporatesecretary@eagle-cement.com.ph.

The Corporation is not soliciting proxies.

Dissenters' Right of Appraisal

Under Sections 80 and 81, Title X of the Revised Corporation Code of the Philippines, stockholders dissenting from and voting against the proposed corporate actions may demand payment of the fair value of their shares as of the day prior to the date on which the vote was taken for such corporate action: amendment to the corporation's articles and by-laws that has the effect of changing and restricting the rights of any shareholder or class of shares or authorizing preferences in any respect superior to those of outstanding shares of any class; sale, lease, mortgage or other disposition of all or substantially all of the corporation's asset; merger or consolidation; investment of corporate funds in another corporation or business or for any purpose other than its primary purpose; and extension or shortening of term of corporate existence. The stockholders' right of appraisal may be exercised for a period within thirty days from the date on which the vote on the corporate action was taken.

There are no matters to be acted upon by the stockholders at the Annual Meeting of the Stockholders to be held on July 19, 2023 which might give rise to the exercise of the appraisal right.

Interest of Certain Persons in or Opposition to Matters to be Acted Upon

No director or officer of the Corporation, or any nominee for election as a director of the Corporation, or any associate thereof, has any substantial interest, direct or indirect, by security holdings or otherwise, in any matter to be acted upon, other than election to office.

No director of the Corporation has informed it in writing that he intends to oppose any action to be taken by the Corporation at the annual meeting of stockholders.

CONTROL AND COMPENSATION INFORMATION

Voting Securities and Principal Holders Thereof

The Corporation has Five Billion and Five (5,000,000,005) outstanding common shares as of 14 June 2023. Every stockholder shall be entitled to one vote for each share of stock held as of the established record date.

All stockholders of record as of 14 June 2023 are entitled to notice and to vote at the Corporation's Annual Meeting of the Stockholders.

Article II, Section 8 of the by-laws of the Corporation provides that for purposes of determining the stockholders entitled to notice of, or to vote at, any meeting of the stockholders or any adjournment thereof or to receive payment of any dividend, or of making a termination of stockholders for any other proper purpose, the Board of Directors may provide that the stock and transfer books be closed for a stated period, but not to exceed, in any case, twenty (20) days immediately preceding the date of any meeting of the stockholders, or the date of the payment of any dividend, or the date for the allotment of rights or the date when any change or conversion or exchange of capital shall go into effect, unless the applicable rules and regulations of the Securities and Exchange Commission or the Philippine Stock Exchange, Inc. provided for a different period. In lieu of closing the stock and transfer books, the Board of Directors may fix in advance a date which shall in no case be more than forty-five (45) days prior to the date, on which the particular action requiring the determination of stockholders is to be taken, except in any instance where applicable rules and regulations provide otherwise.

Election of Directors

Article II, Section 7 of the by-laws of the Corporation states that at all meetings of stockholders, a stockholder may vote in person or by proxy executed in writing by the stockholder or his duly authorized attorney-in-fact. Unless otherwise provided in the proxy, it shall be valid only for the meeting at which it has been presented to the secretary.

Section 12 of Memorandum Circular No. 6, series of 2020, of the SEC provides that the right to vote of stockholders may be exercised in person, through a proxy, or when authorized in the by-laws, through remote communication or in absentia, but that in the election of directors and officers of corporations vested with public interest, stockholders may vote through remote communication or in absentia, notwithstanding the absence of such a provision in the by-laws.

All proxies must be in the hands of the secretary before the time set for the meeting. The proxy filed with the Corporate Secretary may be revoked by the stockholder either in an instrument in writing duly presented and recorded with the Secretary prior to the scheduled meeting or by his personal presence at the meeting.

The Board of Directors shall be elected during each regular meeting of stockholders and shall hold office for one (1) year and until their successors are elected and qualified.

Every stockholder entitled to vote shall have the right to vote in person or by proxy the number of shares of stock standing in his own name on the stock books of the corporation. The stockholder may vote such number of shares for as many persons as there are directors to be elected or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit. The total number of votes cast by a stockholder shall not exceed the number of shares owned by him as shown in the books of the corporation multiplied by the whole number of directors to be elected. No delinquent stock shall be voted. Candidates receiving the highest number of votes shall be declared elected.

Any meeting of the stockholders or members called for an election may adjourn from day to day or from time to time but not sine die or indefinitely if, for any reason, no election is held, or if there are not present or represented by proxy, at the meeting, the owners of a majority of the outstanding capital stock.

Security Ownership of Record and Beneficial Owners of more than five per cent (5%) of the Corporation's Voting Stock as of June 14, 2023

Title of Class	Names and addresses of record owners and relationship with the Corporation	Names of beneficial owner and relationship with record owner	Citizenship	Number of shares held	% to Total Outstanding
Common	San Miguel Equity Investments Inc. (Filipino) No. 40 San Miguel Avenue, Mandaluyong City	Record Holder same as Beneficial Owner	Filipino	4,997,903,671 (D)	99.96%

Other than the person identified above, there are no other beneficial owners of more than five per cent (5%) of the Corporation's voting stock known to the Corporation.

San Miguel Equity Investments Inc. shall be represented by its Chairman and President, Ramon S. Ang, who is authorized to vote its shares.

Security Ownership of Management as of June 14, 2023

Title of Class	Names of beneficial owner	Position	Amount and nature of beneficial ownership	Citizenship	% to Total Outstanding
CEO and FOUR MOST HIGHLY COMPENSATED OFFICERS					
Common	John Paul L. Ang	President and Chief Executive Officer	1 (D)	Filipino	-
Common	Manny C. Teng	General Manager and Chief Operating Officer	1 (D)	Filipino	-
Common	Monica L. Ang-Mercado	Chief Finance Officer and Treasurer, Executive Vice-President for Business Support Group	1 (D)	Filipino	-
Common	Manuel P. Daway	Vice-President for Operations	1 (D)	Filipino	-
Common	Jens Christian Enemark Lund	Manufacturing Transformation Director	-	Danish	-
OTHER DIRECTORS AND OFFICERS					
Common	Ramon S. Ang	Chairman	1 (D) 1,645,309,889 (I)	Filipino	32.91%
Common	Mario K. Surio	Director	1 (D)	Filipino	-
Common	Luis A. Vera Cruz, Jr.	Director	1 (D)	Filipino	-
Common	Melinda Gonzales-Manto	Independent Director	1 (D)	Filipino	-
Common	Ricardo C. Marquez	Independent Director	1 (D)	Filipino	-

Common	Martin S. Villarama, Jr.	Independent Director	1 (D)	Filipino	-
Common	Fabiola B. Villa	SVP for Legal and Compliance/Data Protection Officer/ Compliance Officer	-	Filipino	-
Common	Marlon P. Javarro	Assistant Corporate Secretary/Related Party Transaction Officer/AVP for Finance	-	Filipino	-
Common	Mercedes V. Jorquia	Chief Audit Executive	-	Filipino	-
Common	Maria Farah Z.G. Nicolas-Suchianco	Corporate Secretary	-	Filipino	-
		Total (D)	10		
		Total (I)	4,997,903,671		
		TOTAL	**4,997,903,681**		99.96%

(D) – Direct
(I) – Indirect

Voting Trust Holders of 5% or More

The Corporation is not aware of the existence of persons holding more than five per cent (5%) of the Corporation's common shares under a voting trust or similar agreement.

Changes in Control

On 07 October 2022, the Company disclosed through the PSE Edge that shareholders holding eighty-eight and 50/100 percent (88.5%) of the total outstanding capital stock of the Company entered into an agreement for the sale of the said shares in favor of San Miguel Equity Investments Inc. (SMEII). 99.96% of the Company's total outstanding capital stock was acquired by San Miguel Equity Investments Inc. on 14 December 2022.

Directors and Executive Officers

Directors

The Board of the Corporation is entrusted with the responsibility for the overall management and direction of the Corporation. The Board currently consists of 11 directors, three of whom are independent directors. The incumbent directors of the Corporation are as follows:

Name	Position	Age	Citizenship	Date First Elected
Ramon S. Ang	Chairman	69	Filipino	10/5/2007
John Paul L. Ang	Member	43	Filipino	11/30/2010
Manny C. Teng	Member	51	Filipino	6/21/1995
Monica L. Ang-Mercado	Member	33	Filipino	6/3/2013
Mario K. Surio	Member	76	Filipino	1/14/2011
Luis A. Vera Cruz, Jr.	Member	73	Filipino	2/23/2017

Manuel P. Daway	Member	76	Filipino	2/13/2017
Melinda Gonzales-Manto	Independent	71	Filipino	12/22/2016
Winston A. Chan	Independent	67	Filipino	06/23/2022
Ricardo C. Marquez	Independent	62	Filipino	2/13/2017
Martin S. Villarama, Jr.	Independent	77	Filipino	2/13/2017

The business experience of each of the directors of the Corporation for the last five years is set out below.

***Ramon S. Ang**, 69, Filipino*, has been the Chairman of the Board of Directors of the Corporation since his first election on October 5, 2007. He is also the Chairman of the Board of San Miguel Brewery Inc., South Western Cement Corporation, Solid North Mineral Corporation, San Miguel Foods, Inc., San Miguel Yamamura Packaging Corporation, Clariden Holdings, Inc., Anchor Insurance Brokerage Corporation and Philippine Diamond Hotel & Resort, Inc. He is Chairman of the Board and Chief Executive Officer of SMC Asia Car Distributors Corp., and concurrently the President of, and Chief Operating Officer of SMC Global Power Holdings Corp. and Far East Holdings, Inc.; Chairman and President of San Miguel Holdings Corp., San Miguel Equity Investments Inc., San Miguel Properties, Inc., SEA Refinery Corporation, San Miguel Aerocity Inc., KB Space Holdings, Inc. He holds, among others, the following positions in other publicly listed companies: Vice Chairman, President and Chief Operating Officer of San Miguel Corporation; President and Chief Executive Officer of Top Frontier Investment Holdings Inc. and Petron Corporation; President of Ginebra San Miguel, Inc.; Chairman of San Miguel Brewery Inc. and San Miguel Brewery Hong Kong Limited (listed on the Hong Kong Stock Exchange) and Petron Malaysia Refining & Marketing Bhd. (a company publicly listed in Malaysia); and Vice Chairman, President and Chief Executive Officer of San Miguel Food and Beverage, Inc.

He is the President of San Miguel Northern Cement, Inc. and President and Chief Executive Officer of Northern Cement Corporation. He is also the sole director and shareholder of Master Year Limited and the Chairman of Privado Holdings, Corp. He formerly held the following positions: Chairman of Liberty Telecoms Holdings, Inc. and Cyber Bay Corporation, President and Chief Operating Officer of PAL Holdings, Inc. and Philippine Airlines, Inc.; Director of Air Philippines Corporation; and Vice Chairman and Director of Manila Electric Company. Mr. Ang has held directorships in various domestic and international subsidiaries of SMC in the last five years. He has a Bachelor of Science degree in Mechanical Engineering from Far Eastern University.

***John Paul L. Ang**, 43, Filipino,* is the President and Chief Executive Officer (CEO) of the Corporation. He was first elected as director of the Company on November 30, 2010. He is the Chairman of the Executive Committee, and is also currently a member of the Audit Committee. He is also the President and Chief Executive Officer of South Western Cement Corporation and of Solid North Mineral Corporation, and is a director of San Miguel Corporation, Top Frontier Investment Holdings, Inc., Petron Corporation, San Miguel Food and Beverage, Inc., KB Space Holdings, Inc. and Buildnet Construction, Inc. He is the Chairman of Southern Star Aggregates, Inc. He previously served as the Chief Operating Officer and General Manager from 2008 to 2016 and Managing Director from 2003 to 2007 of Sarawak Clinker. He also served as the Purchasing Officer of Basic Cement from 2002 to 2003. He has a Bachelor of Arts Degree in Interdisciplinary Studies, Minor in Economics and Finance from the Ateneo de Manila University.

***Manny C. Teng**, 51, Filipino,* is the General Manager and the Chief Operating Officer of the Corporation. He was first elected as a director of the Company on June 21, 1995. He is also currently a member of the Executive and Corporate Governance Committees. Mr. Teng is also a director of Solid North Mineral Corporation. Mr. Teng has served as President of the Corporation for seven years from 2009 to 2016. For the past 10 years, Mr. Teng held various positions in the following companies: Technical Services Manager, Beverage Group of Ginebra San Miguel, Inc.; Technical Service Manager, Beverage group of San Miguel Beverages; Product Development Manager, Non-Alcoholic Beverages International of San Miguel Beverages; Project Group of Centech Consultancy; Purchasing Head of Cement Management Corporation; and Purchasing Officer of Standard Construction and Rebuilding Corporation. He has a Bachelor of Science degree in Chemical Engineering from the University of Santo Tomas.

***Monica L. Ang-Mercado**, 33, Filipino,* is the Chief Finance Officer (CFO) and Treasurer of the Corporation. She is concurrently the Executive Vice-President for Business Support Group since 2012 and the Risk

Oversight Officer of the Corporation. She was first elected as director of the Corporation on June 3, 2013. She is currently a member of the Corporate Governance, Board Risk Oversight, and Executive Committees of the Corporation. She is also the Chairperson of Buildnet Construction, Inc. and a director, Chief Finance Officer and Treasurer of South Western Cement Corporation. She is also a director and Treasurer of Solid North Mineral Corporation. She is also a director of the following companies: KB Space Holdings, Inc., A5 Wagyu, Inc., Q-Tech Alliance Holdings, Inc., and Premier Capital Venture Corporation. She has a Bachelor of Science degree in Management, Minor in Enterprise Development from the Ateneo de Manila University.

Mario K. Surio*, 76, Filipino,* has been a director of the Corporation since his first election on January 14, 2011. He currently holds, among others, the following positions in other companies: Technical Consultant for the Office of the President and Chief Operating Officer of San Miguel Corporation; Vice-Chairman and Director of Private Infrastructure Development Corporation -Tarlac-Pangasinan-La Union Expressway (PDIC/TPLEX); Director of South Luzon Expressway (SLTC/SLEX), Ginebra San Miguel, Inc., and San Miguel Yamamura Packaging Corp. In the past 10 years, Mr. Surio served as the President of Philippine Technologies, Inc. Cement Management Corporation and CEMA Consultancy Services, Inc. He also became the Assistant Quality Control Head, Quality Control Head, Production Manager and Plant Manager of Northern Cement Corporation and a Laboratory Technician and Physical Tester for Republic Cement Corporation. Mr. Surio is a licensed Chemical Engineer with a Bachelor of Science degree in Chemical Engineering from the University of Santo Tomas-College of Engineering.

Luis A. Vera Cruz, Jr.*, 73, Filipino,* was first elected as director of the Corporation on February 23, 2017. He is currently a member of the Related-Party Transactions and Audit Committees of the Corporation. Mr. Cruz is currently Of Counsel at Angara Abello Concepcion Regala & Cruz, a Legal Consultant of San Miguel Corporation, Corporate Secretary of Chemical Industries of the Philippines, Inc., and a Director of Philippine Resources Savings Banking Corporation and Cyber Bay Corporation. He previously served as Co- Managing Partner at Angara Abello Concepcion Regala & Cruz and Director of ACCRA Holdings, Inc. Mr. Vera Cruz holds a Master of Laws from Cornell University, a Bachelor of Laws Degree from the University of the Philippines, College of Law, and a BS Business Administration Degree from the University of the Philippines.

Manuel P. Daway*, 76, Filipino,* was first elected as a director of the Corporation on February 13, 2017, effective on March 31, 2017. Concurrent as Vice-Present for Operations, he is also responsible for expansion projects of the Company. In January 2018 was assigned as Adviser at the executive office. In the past 10 years, Mr. Daway held the following positions in various corporations, namely: Project Director of CEMA Consultancy, an engineering and construction corporation; Vice-President for External Relations of Lafarge Cement Services Philippines Inc.; and Vice President for Operations of Lafarge/Republic Cement Corporation. Mr. Daway is a licensed Professional Electrical Engineer and holds a Bachelor of Science degree in Electrical Engineering from the Mapua Institute of Technology.

Melinda Gonzales-Manto*, 71, Filipino,* was first elected as an independent director of Eagle on December 22, 2016. She is the lead independent director, the chairperson of the Audit Committee, and a member of the Corporate Governance and Related-Party Transactions Committees. She currently holds the following positions in other companies: Independent Director of Petrogen Insurance Corporation, Director and Vice-President of Linferd & Company, Inc. (a global accounting solutions company), Director and Vice President of ACB Corabern Holdings Corporation, and Independent Director and Chairperson of the Audit Committee of the of Bank of Commerce, and Resident Agent of several multinational companies doing business in the Philippines. She was formerly a partner of SGV & Co., Assurance and Advisory Business Services Division (1974-2009), and previously served as Board Member of the Philippine Retailers Association (2000-2009), and as an independent member of the board of directors of the GSIS Family Bank (2011-2016). She is a certified public accountant and holds a Bachelor of Science degree from the Philippine School of Business Administration. She completed the Management Development Program at the Asian Institute of Management.

Ricardo C. Marquez*, 62, Filipino,* was first elected as an independent director of the Corporation on February 13, 2017. He is the chairman of the Board Risk Oversight Committee and a member of the Audit and Related Party Transactions Committees. He is currently a director of the Public Safety Mutual Benefit Fund, Inc. and San Miguel Pure Foods Company, Inc. He previously held various positions in the Philippine National Police, eventually being promoted to Chief of the Philippine National Police. He also served as the Chairman of Public Safety Mutual Benefit Fund Inc. from July 2015 until June 2016. He has undergone various trainings and programs from the Institute of Corporate Directors, Harvard Kennedy School, and the Federal Bureau of Investigation National Academy, among others. He holds a master's degree in Management from the Philippine Christian University and a Bachelor of Science Degree from the Philippine Military Academy.

***Martin S. Villarama, Jr.**, 77, Filipino,* was first elected as an independent director of the Corporation on February 13, 2017. He is also the chairman of the Related-Party Transactions Committee and a member of the Audit and the Corporate Governance Committees. He is the Court-appointed liquidator of Uniwide Group of Companies and currently a member of the Board of Advisers of San Miguel Brewery Hongkong Ltd., and a member of the Association of Retired Justices of the Supreme Court of the Philippines and BIR Tennis Club. He was the 166th member of the Supreme Court and served as a Supreme Court Justice from 2009 to 2016. He started his career in the Judiciary in 1986, when he was appointed as Regional Trial Court Judge of Pasig City. He was also a lecturer at the Philippine Judicial Academy from 2007 to 2009. He obtained his Bachelor of Laws degree from the Manuel L. Quezon University (MLQU) after completing a Bachelor of Science degree in Business Administration from De La Salle University.

***Winston A. Chan,** 67,* was elected as an independent director of the Company in June 23, 2022, and is a member of the Audit and Corporate Governance Committees. He also currently serves as an Independent Director in several listed companies. He is a member of the Management Association of the Philippines (MAP) and a Director of the Harvard Club of the Philippines. He previously served as a Director of the Information Technology Association of the Philippines (ITAP). Mr. Chan is a retired partner of SGV& Co. /Ernst and Young (SGV/EY) and the former managing partner of SGV/EY Advisory Service Line. He has more than 34 years of Audit and IT Audit, and Strategic IT and Business Consulting experience. Mr. Chan obtained his Bachelor of Science Degree in Accountancy at Colegio de San Juan de Letran. He is a Certified Information Systems Manager (CISM), a Certified Information Systems Auditor (CISA), and a Certified Public Accountant (CPA). He completed the Advanced Management Program (AMP) at the Harvard Business School in Boston, MA, the Advanced Business Strategy Course at INSEAD Singapore, and the Management Development Program at the Asian Institute of Management (AIM).

Executive Officers

Name	Position	Age	Citizenship	Date First Elected
John Paul L. Ang	President and Chief Executive Officer	43	Filipino	9/8/2016
Manny C. Teng	General Manager and Chief Operating Officer	51	Filipino	9/8/2016
Monica L. Ang-Mercado	Chief Finance Officer and Treasurer Executive Vice-President for Business Support Group	33	Filipino	9/8/2016 6/3/2013 1/2/2012
Manuel P. Daway	Vice President for Operations	76	Filipino	1/3/2011
Maria Farah Z. G. Nicolas-Suchianco	Corporate Secretary	54	Filipino	10/22/2010
Marlon P. Javarro	Assistant Corporate Secretary/Related Party Transaction Officer/AVP for Finance	44	Filipino	2/13/2017
Fabiola B. Villa	SVP for Legal and Compliance/Data Protection Officer/Compliance Officer	58	Filipino	5/21/2018
Mercedes V. Jorquia	Chief Audit Executive	60	Filipino	6/18/2019

***Maria Farah Z. G. Nicolas-Suchianco,** 54,* has been the Corporate Secretary of the Company since 2010. She is a Founding Partner of Gerodias Suchianco Estrella Law Firm, serving as its Managing Partner form 2016-2021. She is the Vice-Chairman and Treasurer of GSE Managed Solutions, Inc. She is the Chairman and President of Evander Holdings Corporation, Global Titan Leisure Holdings Corp., and Sunspear Holdings, Inc. She is the Treasurer of Countrybreeze Corporation, Escaler Realty Corporation, and Pedalmax Holdings, Inc. She currently serves as a Director and Corporate Secretary of Radio Philippines Network, Inc. and South Western Cement Corporation, among others. She is the Corporate Secretary of numerous corporations, including, KB Space Holdings, Inc. and Wynsum Realty & Development, Inc. She was a Senior Partner at De Borja Medialdea Bello Guevarra & Gerodias Law Firm. She holds a Juris Doctor degree and a Bachelor of Science degree in Management, Major in Legal Management, from the Ateneo de Manila University.

***Marlon P. Javarro**, 44, Filipino,* has been the Assistant Corporate Secretary of the Corporation since February 13, 2017. He is currently the Assistant Vice President and Head for Finance and the Related Party Transaction Officer of the Corporation. He also served as Finance Manager of the Company from 2008 to 2018. He is a director of South Western Cement Corporation. Prior to joining the Company, he was a Finance Manager at Sarawak Clinker Sdn Berhad in Malaysia from 2005 to 2007. He is a Certified Public Accountant and holds a Bachelor of Science degree in Accountancy from Colegio de San Agustin, magna cum laude.

***Fabiola B. Villa,** 58, Filipino,* Atty. Villa has been with the Company since 2017. She is the Compliance Officer, Data Privacy Officer, and Senior Vice President for Legal and Compliance. She is also the Corporate Secretary of Solid North Mineral Corp. Prior to joining the Company, she was the Vice-President, Corporate Secretary and Head of Legal and Secretariat of United Overseas Bank Manila, and an Associate at the law offices of Picazo Buyco Tan Fider and Santos, and Tan Concepcion and Que. She obtained her degrees in Bachelor of Arts and Bachelor of Laws from the University of the Philippines.

Mercedes V. Jorquia, *60, Filipino,* has been the Senior Audit Manager of the Corporation since February 4, 2019. She was appointed as Chief Audit Executive of the Company on June 18, 2019. She was a Senior Manager and Head of Internal Audit Department of a Retail Company in 2018, Building Materials Manufacturing from 2016 to 2018, Real Estate Development from 2011 to 2016, prior to joining the Company. She is a well-traveled Auditor having served both Domestic and Foreign Airline Companies as Audit Officer and Senior Auditor positions from 1986 to 2011. She is a Certified Public Accountant and holds a Bachelor in Accountancy degree, Cum Laude, from the Polytechnic University of the Philippines.

Nominees for Election as Members of the Board of Directors

Pursuant to the Corporation's By-laws, the directors are elected at each annual stockholders' meeting by stockholders entitled to vote. Each director holds office until the next annual election and his successor is duly elected, unless he resigns, dies or is removed prior to such election.

The nomination for election to the Board of Directors was held on 15 May 2023, during the meeting of the Corporate Governance Committee. The nominees for election to the Board of Directors on 15 May 2023 are as follows:

1. Ramon S. Ang
2. John Paul L. Ang
3. Manny C. Teng
4. Monica L. Ang-Mercado
5. Mario K. Surio
6. Manuel P. Daway
7. Luis A. Vera Cruz, Jr.
8. Melinda Gonzales-Manto – Independent Director
9. Ricardo C. Marquez – Independent Director
10. Martin S. Villarama, Jr. – Independent Director
11. Winston A. Chan – Independent Director

Independent Directors

The incumbent independent directors of the Corporation are as follows:

1. Melinda Gonzales-Manto
2. Ricardo C. Marquez
3. Martin S. Villarama, Jr.
4. Winston A. Chan

The incumbent independent directors have certified that they possess all the qualifications and none of the disqualifications provided for in the SRC. The Certifications of the incumbent independent directors and the Corporate Secretary is attached to the Definitive Information Statement as ***Annexes "A-1", "A-2", "A-3", "A-4", and "A-5"***.

In approving the nominations for independent directors, the Corporate Governance Committee took into consideration the guidelines and procedures on the nomination of independent directors prescribed in SRC Rule 38 and the Manual for Corporate Governance of the Corporation.

Rule 38.8 of the Implementing Rules and Regulations of the SRC provides that the nominations of independent directors shall be conducted prior to a stockholders' meeting. All recommendations shall be signed by the nominating stockholder together with the acceptance and conformity by the would-be nominees.

The Corporate Secretary shall receive the recommendations for independent directors, which shall be properly signed by the nominating stockholder and shall contain the acceptance and conformity of the nominees. The nominations shall be forwarded to the Corporate Governance Committee, which shall pre-screen the qualifications of the nominees and approve the final list of nominees eligible for election. No other nominations shall be entertained after the final list of candidates is prepared.

The final list of nominees for election as independent directors of the Board of Directors on June 23, 2022, as approved by the Corporate Governance Committee, shall be contained in the Definitive Information Statement which shall be made available to stockholders through the Corporation's website.

All the nominees for election to the Board of Directors satisfy the mandatory requirements specified under the law, the Corporation's by-laws, and its Manual for Corporate Governance.

Significant Employees

There are no persons who are not executive officers of the Corporation who are expected by the Corporation to make a significant contribution to the business.

Family Relationships

John Paul L. Ang and Monica L. Ang-Mercado are children of Ramon S. Ang. Manny C. Teng is a nephew of Ramon S. Ang and cousin of John Paul L. Ang and Monica L. Ang-Mercado.

Certain Relationships and Related Transactions

There were no transactions with directors, officers or any principal stockholders (owning at least ten per cent (10%) of the total outstanding shares of the Corporation) which are not in the Corporation's ordinary course of business.

The Corporation observes an arm's length policy in its dealings with related parties. Prices are determined by considering all relevant facts and circumstances available, including but not limited to the following:

1. The terms of the transaction, which should be fair and to the best interest of the Corporation and no less favorable than those generally available to non-related parties under the same or similar circumstances;

2. The aggregate value of the related party transaction; and

3. Availability of other sources of comparable products or services.

All of the Corporation's transactions are at arm's length. For further information on transactions with related parties as well as the nature of each, please refer to Item 12 on pages 36-38 of the Corporation's Annual Report (SEC Form 17-A), or Note 20 on pages 52-53 of the Audited Financial Statements of the Corporation as of December 31, 2022, which is attached in this Information Statement as ***Annex "B"*.**

Involvement in Certain Legal Proceedings of Directors and Executive Officers

To the best of the Company's knowledge and belief and after due inquiry, and except as otherwise disclosed, none of its directors and executive officers have been the subject of (a) bankruptcy petition; (b) conviction by final judgment in a criminal proceeding; (c) order, judgment or decree barring, suspending or limiting involvement in any type of business, securities, commodities or banking activities; or (d) judgment for violation of a securities or commodities law or regulation, for the past five (5) years up to the latest date that is material to the evaluation of their ability or integrity to hold relevant positions in the Company.

Resignation/Disagreement

No director has resigned or declined to stand for re-election to the Board of Directors since the date of the last annual meeting of stockholders because of a disagreement with the Corporation on any matter relating to the Corporation's operations, policies or practices.

Compensation of Directors

Article III, Section 10 of the by-laws of the Corporation provides that by resolution of the Board, each director shall receive a reasonable per diem allowance for his attendance at each meeting of the Board. As compensation, the Board shall receive and allocate an amount of not more than ten per cent (10%) of the net income before income tax of the Corporation during the preceding year. Such compensation shall be determined and apportioned among the directors in such manner as the Board may deem proper, subject to the approval of stockholders representing at least a majority of the outstanding capital stock at a regular or special meeting of the stockholders.

The aggregate compensation paid or incurred during the last two fiscal years, as well as those estimated to be paid in the ensuing fiscal year, to the Corporation's CEO and senior executive officers are as follows:

NAME	YEAR	SALARY	BONUS	OTHERS	TOTAL
CEO and the four (4) most highly compensated officers	2023*	TBD	TBD	TBD	TBD
	2022	₱ 32.0 Million	₱ 5.9 Million	₱3.0 Million	₱40.9 Million
	2021	₱30.8 Million	₱5.8 Million	₱2.4 Million	₱39.0 Million
	2020	₱29.5 Million	₱5.7 Million	₱1.6 Million	₱36.8 Million
All other officers and Directors as a group unnamed	2023*	TBD	TBD	TBD	TBD
	2022	₱36.0 Million	₱6.0 Million	₱4.2 Million	₱46.2 Million
	2021	₱27.3 Million	₱5.9 Million	₱4.0 Million	₱37.2 Million
	2020	₱26.1 Million	₱4.6 Million	₱2.8 Million	₱33.5 Million
TOTAL	2023*	TBD	TBD	TBD	TBD
	2022	₱68.0 Million	₱11.9 Million	₱7.2 Million	₱87.1 Million
	2021	₱58.1 Million	₱11.7 Million	₱6.4 Million	₱76.2 Million
	2020	₱55.6 Million	₱10.3 Million	₱4.4 Million	₱70.3 Million

**Estimates to be updated.*

Each director received a per diem of Thirty Thousand Pesos (₱30,000.00) per attendance at Board meetings of the Corporation. For the attendance at every Board Committee meeting, the Committee Chairperson received Fifteen Thousand Pesos (₱15,000.00), while the Committee members received Ten Thousand Pesos (₱10,000.00) each.

There are no other arrangements pursuant to which any of the directors was compensated or is to be compensated, directly or indirectly, by the Corporation for services rendered during the last fiscal year, and the ensuing fiscal year.

There are no employment contracts between the Corporation and its executive officers. There are neither compensatory plans nor arrangements with respect to an executive officer that results or will result from the resignation, retirement or any other termination of such executive officer's employment with the Corporation, or from a change-in-control of the Corporation, or a change in an executive officer's responsibilities following a change-in-control of the Corporation.

There are no outstanding warrants or options held by the Corporation's President, named executive officers and all directors and officers as a group.

Independent Public Accountants

The Corporation's independent public accountant is the accounting firm of Reyes Tacandong and Co. (RTCo.). The same accounting firm will be nominated for reappointment for the current fiscal year at the annual meeting of stockholders. The representatives of the principal accountant have always been present at prior years' meetings and are expected to be present at the current year's annual meeting of stockholders. They may also make a statement and respond to appropriate questions with respect to matters for which their services were engaged.

There have been no disagreements on any accounting financial disclosures. RTCo. has been the Corporation's external auditors since 2015. The current handling partner of RTCo. that has been engaged by the Corporation as of the 2022 fiscal year is Belinda B. Fernando. For 2022, RTCo. changed the signing partner assigned to the Corporation, in accordance with SRC Rule 68 Part I (3)(B)(iv)(ix), as amended. The re-engagement of any signing partner or individual auditor is further subject to the two-year cooling off period required under the aforementioned provision of SRC Rule 68.

The members of the Audit Committee of the Corporation are as follows: (1) Melinda Gonzales-Manto (Chairperson), (2) Luis A. Vera Cruz, Jr., and (3) Winston A. Chan.

<u>ISSUANCE AND EXCHANGE OF SECURITIES</u>

There were no issuance and exchange securities as of December 31, 2022.

<u>ACTION WITH RESPECT TO REPORTS</u>

The approval of the following will be considered and acted upon at the meeting:

1. Management Report of the Corporation for the year ended December 31, 2022;
2. Minutes of the 2022 Annual Stockholders' Meeting with the following items:

    a. Call to Order
    b. Proof of Notice and Determination of Quorum
    c. Approval and Ratification of the Minutes of the Annual Stockholder's Meeting held on June 23, 2022;
    d. Presentation of the Annual Report
    e. Ratification of the Acts of the Board of Directors and Management
    f. Re-appointment of External Auditors
    g. Election of Members of the Board of Directors
    h. Adjournment

3. Ratification of all the acts of the Board of Directors and Officers since the 2022 Annual Stockholders' Meeting.
4. Re-appointment of External Auditor
5. Election of Members of the Board of Directors

The Minutes of the 2022 Annual Stockholders' Meeting is attached in this Information Statement as ***Annex "D",*** and will also be made available for download through the Company's website (https://www.eaglecement.com.ph/governance/disclosures/). Minutes of the 2022 Annual Stockholders' Meeting and resolutions of the Board of Directors since the date of the 2022 Annual Stockholders' Meeting will also be available for examination during office hours at the Office of the Corporate Secretary.

VOTING PROCEDURES

For the election of directors, the eleven (11) nominees with the greatest number of votes will be elected as directors. Shareholders will only cast votes through ballots or proxies submitted on or before July 14, 2023 at 5 PM, in accordance with the Procedure for Attending the Meeting Through Remote Communication set forth in this Information Statement, and approved by the majority of the shareholders present through remote communication or represented at the meeting as the method of voting for any or all of the proposals or matters submitted to a vote at the meeting.

In all proposals or matters for approval except for election of directors, each share of stock entitles its registered owner (who is entitled to vote on such particular matter) to one vote. In case of election of directors, cumulative voting as set out in page 5 *(Election of Directors)* of this Information Statement shall be adopted. Counting of the votes will be done by the Corporate Secretary or Assistant Corporate Secretary with the assistance of the independent auditors and the stock transfer agent of the Corporation.

FINANCIAL AND OTHER INFORMATION

Business Development

For information on Business Development, please refer to ***Annex "B".***

Brief Description of the General Nature and Business of the Corporation

Eagle Cement Corporation (Eagle Cement or the Company) was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on June 21, 1995. As of December 14, 2022, it is a 99.96%-owned subsidiary of San Miguel Equity Investments Inc., an entity incorporated and domiciled in the Philippines.

Effective end of business on 28 February 2023, the Company's common shares were delisted from the Philippine Stock Exchange (PSE).

The Company holds office at 2/F SMITS Corporate Center, 155 EDSA, Barangay Wack-Wack, Mandaluyong City, Metro Manila. It operates its cement manufacturing plant in Barangay Akle, San Ildefonso, Bulacan and grinding and packaging facility in Limay, Bataan.

The Company has four (4) subsidiaries as follows:

South Western Cement Corporation (SWCC)

SWCC was incorporated in the Philippines on December 26, 1994. Its primary purpose is to engage in manufacturing, marketing, sale and distribution of cement, cement products and by-products. SWCC holds two (2) Mineral Production Sharing Agreements (MPSAs) covering mining areas in Malabuyoc, Province of Cebu, granted by the Department of Environment and Natural Resources (DENR) in November 1996. In July 2019, the DENR also granted SWCC a Special Use Agreement in Protected Area for Seaport Facility (covering the Tanon Strait Seascape) located in Malabuyoc, Cebu. The Company acquired 100% equity interest in SWCC in December 2016. To date, SWCC has not commenced commercial operations.

Solid North Mineral Corporation (SNMC)

SNMC was incorporated in the Philippines on July 19, 1995. Its primary purpose is to engage in mining and quarrying activities, and to manufacture and distribute cement products and other minerals. It was acquired by the Company on November 4, 2021. SNMC holds Mineral Production Sharing Agreements (MPSA) covering mining areas located in the Province of Bulacan.

Armstrong Fly-Ash and Logistics Company, Inc. (AFALCI)

AFALCI was incorporated in the Philippines on June 02, 2015. Its primary purpose is to engage in the manufacturing, processing, sale, and distribution of fly-ash, bottom ash, hi-carbon, and other by-products. On 11 November 2022, the Board of the Company approved the acquisition of 21% of the outstanding capital stock of AFALCI, thereby making Armstrong a wholly-owned subsidiary of the Company.

The Company, together with its three (3) subsidiaries, is hereafter collectively referred to as the “Group”.

Business of Eagle Cement

The Company is primarily engaged in the business of manufacturing, developing, processing, marketing, sale and distribution of cement, cement products, minerals and other by-products. It is now the third largest player in the Philippine cement industry in terms of revenue in 2021, with the fastest growing market share amongst all competitors in the industry since it started its commercial operations in 2010.

The competitive strength of Eagle Cement is founded on its end-to-end production strategy, which seamlessly integrates critical raw material sourcing with modern manufacturing technology resulting in one of the most efficient cement manufacturing operations in the country. It has the newest, state-of -the art, and single largest fully-integrated cement production facility in the Philippines located in Barangay Akle, San Ildefonso, Bulacan (the “Bulacan Cement Plant”). The Bulacan Cement Plant consists of three (3) integrated production lines with a combined annual cement production capacity of approximately Eight Million Six Hundred Thousand (8,600,000) Metric Tonnes (“MT”) or Two Hundred Fifteen Million (215,000,000) bags per annum. This is inclusive of the Twelve Million (12,000,000) bags of cement per annum produced by its grinding and packaging facility in Limay, Bataan. It is strategically located near demand-centric areas and in close proximity to rich limestone and shale reserves covered by the exclusive mineral rights of Eagle Cement.

The Company promotes the distribution of its high-quality products through strong mass media marketing efforts and grass-roots below-the-line activation partnership-building programs with dealers, distributors, and retailers. Through its holistic brand building activities, Eagle Cement continues to enhance its value proposition which develops strong client relationships. Sound credit management framework employed by the Company ensures a substantially liquid financial position that provides options in short-term financial planning and in long term capital development strategy.

About sixty-four percent (64%) of the country’s total cement demand come from Luzon region. Eagle Cement currently distributes its products in the following areas of the Luzon region: National Capital Region, Region I (La Union, Pangasinan), Region II (Cagayan, Isabela, and Nueva Vizcaya), Region III (Nueva Ecija, Bulacan, Pampanga, Tarlac, Bataan, Zambales and Aurora), and Region IVA (Cavite, Laguna, Batangas, Rizal, and Quezon). As of 2021, NCR still serves as the center of construction and infrastructure activities in the country. The Company is considered as one of the leading players in areas with the highest economic activity in the Philippines with an estimated market share of 29% in NCR, Region III, and Region IVA, based on internal market survey.

Eagle Cement does not sell its products in other countries. With the foreseen increase in both private and public construction activities, supported by the commitment of the national government towards infrastructure development, there remains a strong positive outlook on the Philippine economy which translates to sustained and impressive growth prospects for the cement industry. The Company is uniquely well-positioned to capitalize on these market conditions to maintain its robust financial performance through modern production technology, strategic raw material sources, strong brand equity and established customer and dealer relationships. Eagle Cement’s growth will be augmented by the completion of its fifth finish mill, third packhouse, fifth cement silo and other supporting facilities that started operations in February 2022.

SNMC, a subsidiary of the Company, operates a Limestone Pulverizing Plant in San Ildefonso, Bulacan with an annual capacity of one million (1,000,000) metric tonnes. Bulk of its production are used as input in the Company’s cement production and are supplied to power companies.

Products and Brands

The Company offers Blended (Type 1P) and OPC (Type 1) cement to both distributors and top Philippine real estate developers under the Eagle Cement brand that has become synonymous with strength, durability, reliability, and world-class quality. As a testament to the quality of its products, Eagle Cement Strongcem is being used in concrete designs of up to a high of twelve thousand pounds per square inch (12,000 PSI).

Eagle Cement Advance (Type 1P)
Eagle Cement Advance is a Type 1P blended cement used for general construction applications such as floorings, plastering, as well as the production of concrete products like hollow blocks, culverts and concrete pipes. This type of cement is available in 40-kg per bag. Distribution of said product is generally done through direct plant pick-up or delivery to cement retailers, dealers and distributors which in turn is sold to various customers like retailers, contractors, and home builders.

Eagle Cement Strongcem (Type 1)
Eagle Cement Strongcem is a Type 1 portland cement which is available in bulk and a one-tonner bag. This type of cement is usually used for cement and concrete applications that require higher compressive and early strength development such as concrete slabs, foundations and matting in high rise buildings and infrastructures like roads and bridges. Distribution of said product is done through direct plant pick-up or truck delivery to institutional customers such as ready mix concrete suppliers, real estate and infrastructure developers and contractors.

Sales of cement bags to retail customers comprise the main revenue source of Eagle Cement, accounting for about 82.64%, 82.79% and 79.30% of the consolidated net sales for years ended December 31, 2022, 2020, and 2019, respectively. However, demand for bulk cement has seen a compound annual growth rate (CAGR) of (7.74)% over the past three (3) years, accounting for about 17.40%, 17.21% and 20.70% of the consolidated net sales for years ended December 31, 2022, 2021, and 2020, respectively. This is attributable to the continuous marketing and distribution efforts of the Company towards institutional customers and upstart in both public and private infrastructure and construction sectors signifying the improved presence of the Eagle Cement brand in this particularly important market segment.

Eagle Cement has a diverse customer base and is not dependent on any single customer. No single customer accounts for 20% or more of the total revenues of the Company. For further information on Eagle Cement’s products, services, and other relevant business conditions, please refer to ***Annex “B”***.

As of March 31, 2023, Eagle Cement employs 550 individuals for its existing lines and business operations in Luzon. None of the employees of the Company belong to a union since its incorporation in 1995. Eagle Cement anticipates to have approximately 623 employees, or an additional 73 employees, by the end of 2022. The number of employees, per employee type, is as follows:

	31-Mar-23	**Dec. 31, 2023 (estimate)**
Management Committee	15	15
Managers	18	18
Superintendents/Heads	37	43
Supervisors	140	161
Rank and File	340	386
TOTAL	**550**	**623**

For further information on Eagle Cement’s employees, please refer to ***Annex “B”***.

There are currently no off-balance sheet transactions, obligations or arrangements with unconsolidated entities.

Real Properties

The Corporation currently rents the following properties, all of which have options to renew:

Property Type	**Contract Expiration**	**Gross Amount (in PhP)**
Warehouse 1	30/04/2025	250,000.00
Warehouse 2	03/04/2023	466,112.00

Warehouse 3	14/09/2022	153,820.80
Warehouse 4	31/12/2022	347,917.94
Office Building	31/12/2026	73,296.16
Office Building	14/10/2026	638,408.10

There are no limitations on the usage of the properties listed above, other than the lease term. Acquisitions of material properties in the next twelve (12) months, if any, will be funded by internally generated funds of the Company.

Financial Statements

The SEC Form 17-A or the results of the financial position of the Corporation as of December 31, 2022 and the Audited Consolidated Financial Statements of the Corporation as of December 31, 2022, including the Corporation's Statement of Management's Responsibility, is attached to the Definitive Information Statement as ***Annex "B".***

Management's Discussion and Analysis

The following discussion and analysis relate to the consolidated financial position and results of operations of the Group and should be read in conjunction with the accompanying audited consolidated financial statements and related notes. The audited consolidated financial statements have been prepared in compliance with the Philippine Financial Reporting Standards ("PFRS"). PFRS includes statements named PFRS and Philippine Accounting Standards, including Interpretations issued by the PFRS Council.

The financial information appearing in this report and in the accompanying audited consolidated financial statements is presented in Philippine pesos, the Group's functional and presentation currency, as defined under PFRS. All values are rounded to the nearest million pesos, except when otherwise indicated.

Key Components of Results of Operations

Revenues

The Corporation generates revenue from the sale of cement (via cement bags or bulk cement). The Corporation sells majority of its products to dealer clients (via cement bags) but demand for bulk cement from institutional clients also account for a significant portion of total sales.

Cost of Goods Sold

Cost of goods sold represents the accumulated total of all costs used to produce cement which has been sold. It comprises variable and fixed and semi-variable expenses such as, electricity consumption, fuel consumption, raw materials, packaging materials, repairs and maintenance expenses, personnel expenses, depreciation, and depletion of assets utilized in production of cement and clinker, expenses related to moving, storing, feeding of raw materials in the plant, and all other expenses directly identifiable to cement production.

Expenses related to personnel, equipment and other services involved in the sales, distribution, and warehousing activities of cement at points of sales does not form part of cost of sales. These are included in operating expenses. Freight expenses of finished products between plants and points of sale and freight expenses from points of sales to the facilities of the customers are included as part of distribution expenses.

Operating Expenses

Operating expenses consist of administrative and selling and distribution expenses. Administrative expenses include the costs of the employees (salaries and benefits), taxes and licenses, security services and depreciation of non-production related assets. Selling and distribution expenses comprise of, but not limited to, freight cost, warehousing fees, advertising and promotion and handling.

Finance Costs

Finance costs mainly consist of interest expense incurred in relation to the Term Loan and Facility and Security Agreement (TLFSA) entered into with various banks to finance the construction of the third production line. On 07 April 2021, the Board of Directors approved the full or partial prepayment of the subject loan on 29 May 2021 or on any other interest payment date to be determined by management to reduce financing costs.

Interest Income

Interest income basically comprise interest income earned from short-term placements cash deposits and finance lease agreement with its haulers.

Other Income – Net

Other income comprises of foreign exchange gain, fair value adjustment on investment properties, gain on sale of property and equipment, gain or loss on sale of investments and dividend income.

Income Taxes

Income taxes include current and deferred income tax. Current income tax expense pertains to regular corporate income tax of the Company. The statutory income tax rate is 25% effective 2020 by virtue of the Republic Act No. 11534 (CREATE Act). The income tax at effective rate was 17.38% , 11.78% and 23.39% in CY 2022, CY 2021, and CY 2020, respectively, after taking into consideration the increase (decrease) in income tax resulting from: income exempt from tax (Income Tax Holiday) covered activities, non-deductible interest expense, interest income subjected to final tax, and dividend income exempt from income tax.

On July 31, 2017, the Board of Investments (BOI) approved the application of the Company as an expanding producer of cement in Bulacan on a nonpioneer status. In May 2018, the Company started commercial operations of its Production Line 3. On October 2, 2020, BOI granted the deferment of the Company's ITH entitlement for the taxable year 2020 for its registered project due to the adverse effects of the COVID-19 pandemic . The Company resumed the availment of its ITH incentive starting January 1, 2021 which expired on April 30, 2022. Moreover, On September 14, 2022, BOI approved the Company's application for registration for its Finish Mill 5 facility which commercial operation started on November 29, 2022.

RESULTS OF OPERATIONS (2022 VS. 2021)

The Group posted a full-year consolidated revenues of ₱26.38 billion, 23% better against the ₱21.40 billion in previous year. Cement operation generated ₱25.78 billion revenue, 21% increase over prior year's ₱21.30 billion, resulting from higher sales volume and selling price. Meanwhile, the limestone business contributed ₱604.97 million in revenue.

Cost of sales increased by 46% to ₱18.14 billion from ₱12.42 billion last year mainly due to higher volume sold combined with higher prices of power and fuel as a result of spike in energy global price following the escalated tension in Europe that caused global supply imbalance.

Thus, the gross profit dipped by 8% to ₱8.25 billion showing a downswing on gross profit margin from 42% last year to 31%.

Operating expenses (OPEX) increased by 22% to ₱2.83 billion from ₱2.32 billion. Cement segment's OPEX increased by 13% to ₱2.60 billion from ₱2.29 billion substantially due to increase in freight and trucking, advertising and warehousing driven by growth in sales volume and the inflationary effect of soaring fuel price. Meanwhile, other business OPEX, comprised mostly of delivery expenses, amounted to ₱238.52 million.

Finance costs improved by 19% to ₱293.06 million from ₱360.33 million a year ago due to continuous repayment of TLFSA. To note, interest-bearing loans declined by 17% to ₱4.04 billion from ₱5.24 billion last year.

Interest income increased by 28% to ₱273.27 million due to higher yield from short-term investments following the interest hike by BSP in counterbalancing forex and inflation rate.

Other income decreased by 17% to ₱266.12 million from ₱320.80 million in the previous year, as a result of lower fair value gain on investment property and financial asset valuation offset the cash dividend income received from investment in perpetual security and forex gains. Moreover, no revaluation gain was recorded in 2022 compared to PhP107.56 million recognized last year.

Income before income tax of the Group decline by 17% to ₱4.68 billion from ₱6.03 billion in the corresponding year.

The income tax provision increase by 22% to ₱983.91 million from ₱804.31 million amidst the decline in profitability due to the lapse of the BOI ITH incentive last April 2022.

Net income after tax (NIAT) surged by 22% to ₱4.68 billion from ₱6.03 billion last year. This translated to earnings per share (EPS) of ₱0.94, lower than last year's ₱1.21 by 22%.

For the fourth quarter alone, the Group reported net sales of ₱6.67 billion, 29% ahead relative to the same quarter in the prior year. Gross profit fall by 14% to ₱1.45 billion correspondingly, EBITDA and NIAT dropped by 25% to ₱1.10 billion and 38% to ₱585.93 million respectively.

The table below summarizes the consolidated results of operations of the Group for the years ended December 31, 2022, 2021 and 2020, presented in absolute amounts as a percentage of net sales.

	For the Year Ended December 31				
	2022	**2021**	**2020**	**% of Change**	
	(in Millions of Philippine Pesos, except percentages)			2022 vs 2021	2022 vs 2020
Net Sales	26,384	21,397	13,906	23%	90%
Cost of Goods Sold	18,138	12,423	8,209	46%	121%
Gross Profit	8,247	8,974	5,697	-8%	45%
Operating Expenses	2,832	2,318	1,586	22%	79%
Income from Operations	5,415	6,656	4,111	-19%	32%
Finance costs	293	360	431	-19%	-32%
Interest Income	273	213	334	28%	-18%
Other income – net	266	321	413	-17%	-36%
Income Before Income Tax	5,661	6,830	4,427	-17%	28%
Income Tax Expense	984	804	1,036	22%	-5%
Net Income	4,677	6,026	3,391	-22%	38%

Calculation of Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)

	For the year ended	
	December 31, 2022	**December 31, 2021**
Net income	₱4,677	₱6,026
Add:		
Income tax expense	984	804
Depreciation and amortization	1,332	1,166
Finance costs	293	360
Less:		
Interest income	73	213
EBITDA	₱7,013	₱8,143

(in millions)

FINANCIAL CONDITION

The financial position of the Company for the year ended December 31, 2022 remains solid and stable, with total assets growing by 3% to ₱54.59 billion from ₱53.23 billion as at end of 2021.

Current assets grew by 6% to ₱21.53 billion while cash and cash equivalents decrease by 18% to ₱9.55 billion.

Non-current assets almost stayed flat at ₱33.06 billion the capex merely offsets the reclassification of Investment Properties lodged under current assets and the conversion of Preferred shares held in AFALCI.

Current liabilities slightly bumped by 3% to ₱5.82 billion mainly due to the timing of settlement of trade and other payables.

Non-current liabilities decreased by 3% to ₱4.54 billion primarily due to principal repayment of the long-term debt related to TLFSA.

Total liabilities stood at ₱10.53 billion, slightly decreased by 6% from ₱11.03 billion registered last year.

After accounting for net income, cash dividends payments and revaluation of properties and other equity reserves, consolidated stockholders' equity increased by 5% to ₱44.24 billion.

The Company remains compliant with its loan covenants, with debt-to-equity ratio registering at 0.23x while financial debt to equity ratio stood at 0.09x. The current gearing gives the Company more flexibility to support its investment plans. Meanwhile, current ratio stood at 3.70x while return on equity ended at 11%.

SUMMARY OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31			
	2022	**2021**	**Increase/(Decrease)**	**Percentage of Change**
	(in Millions of Philippine Pesos, except percentages)			
Current Assets	21,529	20,394	1,135	6%
Noncurrent Assets	33,061	32,840	220	1%
Total Assets	**54,590**	**53,234**	**1,355**	**3%**
Current Liabilities	5,817	5,655	162	3%
Noncurrent Liabilities	4,536	5,375	(839)	-16%
Total Liabilities	**10,353**	**11,030**	(677)	-6%
Equity	**44,237**	**42,204**	2,032	5%
Total Liabilities and Equity	**54,590**	**53,234**	**1,355**	**3%**

COMPANY PERFORMANCE AND PROFITABILITY AND LIQUIDITY

Key Performance Indicators

Relevant Financial Ratios

The table below shows the comparative key performance indicator of the Company:

Financial KPI	**Formula**	**2022**	**2021**	**2020**
Current/liquidity ratio	Current assets	**3.70**	**3.61**	4.14

	Current liabilities			
Solvency ratio	Net income before depreciation / Total liabilities	**0.58**	**0.65**	0.41
Debt-to-equity ratio	Total liabilities / Total equity	**0.23**	**0.26**	0.28
Asset-to-equity ratio	Total assets / Total equity	**1.23**	**1.26**	1.28
Return on asset ratio	Net income before interest expense after tax / Average total assets	**0.09**	**0.12**	0.08
Return on equity ratio	Net income / Average total equity	**0.11**	**0.15**	0.09

Capital Expenditure

The total capital expenditure of the Company in 2022 amounted to ₱1.50 billion. Of that amount, 93% was spent for plant machinery and equipment, while the remaining 7% was accounted for land, building and improvement, transportation equipment, furniture, fixtures and office equipment.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (END 2022 vs. END 2021)

Current Assets – 6% increase

Trade and other receivables – 4% increase
Mainly driven by the higher revenue.

Inventories – 36% Increase
Due to higher prices and level of raw materials maintained for its operational requirements coupled with the significant increase in prices .

Asset held for sale – 100% Increase
Pertains to assets under KB Space holdings reclassified as Asset for sale in reference to the condition precedent provision on SMC acquision of ECC shares

Noncurrent Assets – 1% increase

Investment Properties – 100% decrease
Due to reclassification of property investment of KSHI being exclusion in the SMC acquisition of ECC

Property, Plant & Equipment – 8% increase
Mainly from assets of acquired subsidiary and spending for equipment replacement and other support facilities.

Investment in subsidiary and associate – 100% decrease
Due to the conversion to AFALCI shares of stock, now subsidiary of the company

Property, Plant & Equipment – 8% increase
Mainly from the land revaluation increment as a result of the increase in market value of land and spending for various expansion projects.

Current Liabilities – 3% increase

Trade and other payables – 1% increase
Merely due to the timing of accrual and payment.

Income tax payable – 24% increase
Attributable to the expiration of the ITH incentive last April 2022, the rest of the period were subjected to regular income tax.

Noncurrent Liabilities – 16% decrease

Loans payable – net of current portion – 15% decrease
Due to the ₱1.20 billion repayment of TLFSA.

Equity – 5% increase

Retained earnings and Revaluation Surplus - 2% and 46% increase respectively
Due to ₱4.68 billion net income generated in 2022 and the ₱1.33 billion revaluation surplus offset by the dividend payment amounting to ₱4.00 billion for common shareholders.

Liquidity and Capital Resources

Cash Flows
The primary sources and uses of cash of the Group for calendar years 2022, 2021 and 2020 were as follows:

	For the years ended December 31		
	2022	2021	2020
	(in Millions of Philippine Pesos, except percentages)		
Cash flows provided by operating activities	5,862	8,783	4,919
Cash flows used in investing activities	(2,365)	(3,886)	(5,773)
Cash flows provided by (used in) financing activities	(5,497)	(4,719)	(4,602)
Net effect of exchange rate changes on cash and cash equivalents	19		(16)
Net increase (decrease) in cash and cash equivalents	(1,980)	179	5,456
Cash and cash equivalents at beginning of year	11,645	11,466	16,938
Cash and cash equivalents at end of year	9,547	11,645	11,466

Cash Flows From Operating Activities
Internal cash generation from operations this year amounted to ₱5.86 billion. This was primarily the result of net income before taxes of ₱5.66 billion, adjusted for non-cash items and changes in working capital, including depreciation and amortization of ₱1.33 billion, finance costs of ₱273.27 million, income taxes paid of ₱974.10 million and interest received of ₱261.01 million.

Cash Flow From Investing Activities
Cash utilized for investing activities amounted to ₱2.37 billion. This was mainly spent for the purchase of SNMC shares of ₱420.08 million, capital expenditures of ₱1.24 billion, deposits on asset purchase amounting to ₱171.63 million and ₱250.00 million additional investment in bonds, partially negated by cash dividends received and ₱208.46 million and ₱56.32 million respectively.

Cash Flow From Financing Activities
Meanwhile, cash utilized for financing activities totaled ₱5.50 billion. This mainly comprised of cash dividend payment of ₱4.00 billion and TLFSA debt servicing of ₱1.48 billion.

After substantial cash requirement for the purchase of subsidiary of ₱420.08 million, capex of ₱1.24 billion and cash dividend payment of ₱4.04 billion, the remaining cash decrease by ₱2.00 billion.

Consolidated ending cash closed at ₱9.55 billion. 18% decrease from beginning balance of ₱11.65 billion.

RESULTS OF OPERATIONS (2021 VS. 2020)

The Group registered full-year consolidated revenues of ₱21.40 billion, 54% better against the ₱13.91 billion it generated a year earlier and an increase of 8% versus 2019 level. Cement operation reached revenue of ₱21.30 billion, a 53% increase over prior year's ₱13.91 billion, resulting from higher sales volume despite historically low average selling price of cement. Meanwhile, Mining contributed ₱92.63 million in revenue.

Cost of sales increased by 51% to ₱12.42 billion from ₱8.21 billion last year mainly due to higher volume sold combined with higher prices of power and coal as a result of spike in coal and oil price index in the second half of the year.

Gross profit of the Group went up by 58% to ₱8.97 billion. Consolidated gross profit margin showed a slight improvement from 41% last year to 42%.

Operating expenses (OPEX) increased by 46% to ₱2.32 billion from ₱1.59 billion. Cement segment's OPEX increased by 45% to ₱2.29 billion from ₱1.58 billion last year largely driven by the increase in freight and trucking, advertising and warehousing expenses relative to the growth in sales volume and surge in oil prices in the latter part of the year. Meanwhile, Mining's OPEX, comprised mostly of delivery expenses, amounted to ₱12.32 million. Other pre-operating subsidiaries incurred combined OPEX of ₱13.77 million.

Finance costs dropped by 16% to ₱360.33 million from ₱430.70 million a year ago due to continuous repayment of TLFSA. Interest-bearing loans declined by 17% to ₱5.24 billion from ₱6.30 billion last year.

Interest income slipped by 36% to ₱213.33 millionowing to lower money market placements and yield from short-term investments.

Other income decreased by 22% to ₱320.80 million from ₱412.79 million in the previous year, as a result of lower fair value gain on investment property and financial asset valuation offset by the higher cash dividend income received from investment in perpetual security.

Income before income tax of the Group rose by 54% to ₱6.83 billion from ₱4.43 billion in the corresponding year.

The lower tax rates and the resumption of availment of the BOI ITH incentive resulted to the decrease in income tax by 22% to ₱804.31 million from ₱1.04 billion a year earlier. Moreover, recorded income tax includes a downward adjustment of ₱86.00 million from year 2020 due to the retroactive application of the 25% new coporate tax rate.

Net income after tax (NIAT) surged by 78% to ₱6.03 billion from ₱3.39 billion last year. This translated to earnings per share (EPS) of ₱1.21, exceeding last year's ₱0.67 by 81%.

For the fourth quarter alone, the Group reported net sales of ₱5.15 billion, 31% ahead relative to the same quarter in the prior year. Gross profit rose by 6% to ₱1.68 billion. EBITDA went up by 9% to ₱1.47 billion. NIAT grew by 35% to ₱947 million.

The table below summarizes the consolidated results of operations of the Group for the years ended December 31, 2021, 2020 and 2019, presented in absolute amounts as a percentage of net sales.

	For the Year Ended December 31				
	2021	**2020**	**2019**	**% of Change**	
	(in Millions of Philippine Pesos, except percentages)			2021 vs 2020	2021 vs 2019
Net Sales	21,397	13,906	19,824	54%	8%
Cost of Goods Sold	12,423	8,209	11,153	51%	11%
Gross Profit	8,974	5,697	8,671	58%	3%
Operating Expenses	2,318	1,586	1,872	46%	24%
Income from Operations	6,656	4,111	6,799	62%	-2%
Finance costs	360	431	496	-16%	-27%

Interest Income	213	334	764	-36%	-72%
Other income – net	321	413	180	-22%	78%
Income Before Income Tax	6,830	4,427	7,248	54%	-6%
Income Tax Expense	804	1,036	1,233	-22%	-35%
Net Income	6,026	3,391	6,015	78%	0%

Calculation of Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)

	For the year ended	
	December 31, 2021	**December 31, 2020**
Net income	₱6,025,794,105	₱3,391,392,558
Add:		
Income tax expense	804,314,676	1,035,711,238
Depreciation and amortization	1,166,056,132	1,047,083,967
Finance costs	360,333,838	430,696,047
Less:		
Interest income	213,327,485	333,746,012
EBITDA	₱8,143,171,267	₱5,571,137,798

FINANCIAL CONDITION

The financial position of the Company for the year ended December 31, 2021 remains solid and stable, with total assets growing by 7% to ₱53.23 billion from ₱49.66 billion as at end of 2020.

Current assets grew by 8% to ₱20.39 billion. Cash and cash equivalents slightly increased by 2% to ₱11.65 billion. Strong income generation beefed up the cash position of the Group.

Non-current assets likewise increased 7% to ₱32.84 billion largely due to additions to PPE and goodwill recognized as a result of the acquisition of SNMC.

Current liabilities surged by 24% to ₱5.65 billion mainly due to increase in trade and other payables.

Non-current liabilities decreased by 16% to ₱5.38 billion primarily due to principal repayment of the long-term debt related to TLFSA.

Total liabilities stood at ₱11.03 billion, slightly increased by 1% from ₱10.95 billion registered last year.

After accounting for net income, cash dividends payments and revaluation of properties and other equity reserves, consolidated stockholders' equity increased by 9% to ₱42.20 billion.

The Company remains compliant with its loan covenants, with debt-to-equity ratio registering at 0.26x while financial debt to equity ratio stood at 0.12x. The current gearing gives the Company more flexibility to support its investment plans. Meanwhile, current ratio stood at 3.61x while return on equity ended at 15%.

SUMMARY OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31			
	2021	**2020**	**Increase/(Decrease)**	**Percentage of Change**
	(in Millions of Philippine Pesos, except percentages)			
Current Assets	20,394	18,914	1,480	8%
Noncurrent Assets	32,840	30,745	2,095	7%
Total Assets	**53,234**	**49,659**	**3,575**	**7%**

Current Liabilities	5,655	4,563	1,091	24%
Noncurrent Liabilities	5,375	6,381	-1,006	-16%
Total Liabilities	**11,030**	10,945	86	1%
Equity	**42,204**	38,714	3,492	9%
Total Liabilities and Equity	**53,234**	**49,659**	**3,575**	**10%**

COMPANY PERFORMANCE AND PROFITABILITY AND LIQUIDITY

Key Performance Indicators

Relevant Financial Ratios

The table below shows the comparative key performance indicator of the Company:

Financial KPI	Formula	2021	2020	2019
Current/liquidity ratio	$\frac{\text{Current assets}}{\text{Current liabilities}}$	**3.61**	4.14	4.40
Solvency ratio	$\frac{\text{Net income before depreciation}}{\text{Total liabilities}}$	**0.65**	0.41	0.59
Debt-to-equity ratio	$\frac{\text{Total liabilities}}{\text{Total equity}}$	**0.26**	0.28	0.31
Asset-to-equity ratio	$\frac{\text{Total assets}}{\text{Total equity}}$	**1.26**	1.28	1.31
Return on asset ratio	$\frac{\text{Net income before interest expense after tax}}{\text{Average total assets}}$	**0.12**	0.08	0.14
Return on equity ratio	$\frac{\text{Net income}}{\text{Average total equity}}$	**0.15**	0.09	0.17

Capital Expenditure

The total capital expenditure of the Company in 2021 amounted to ₱1.23 billion. Of that amount, 81% was spent on the construction of Finish Mill 5, Packhouse 3 and Cement Silo 5, 12% was disbursed for plant machinery and equipment, while the remaining 6% was accounted for building and improvement, transportation equipment, furniture, fixtures and office equipment.

MATERIAL CHANGES IN THE FINANCIAL STATEMENTS

CONSOLIDATED STATEMENTS OF INCOME (YEAR-END 2021 VS. YEAR-END 2020)

Net Sales – 54% increase

Driven by higher sales volume which partly offset by lower average selling price of cement

Cost of Goods Sold – 51% increase

Cost of inventories – 61% increase
Largely due to the higher consumption of raw materials relative to the increase in sales volume coupled with the increase in prices of coal as a result of spike in coal index.

Utilities – 67% increase
Increase in power usage due to higher production volume and increase in electricity rate in latter part of the year due to surge in coal and price index.

Depreciation and Amortization – 9% increase
Due to additional PPE capitalized during the year a result of completion of various projects mostly related to expansion project of the Company.

Repairs and Maintenance – 51% increase
Relatively due to the maintenance of the three production lines which were postponed in 2020 and carried out on 2021 due to covid-19 restriction.

Personnel Cost – 22% increase
Due to increase in headcount, third party contractor rates and company-wide salary increases.

Taxes and Licenses – 15% decrease
Due to the reduction of real property taxes caused by the decrease in the net book value of assets due to the depreciation considered in the computation of RPT.

Fuel and Oil – 106% increase
Mainly due to higher consumption of diesel relative to the increase in volume and spike in price of fuel.

Operating Expenses – 46% increase

Freight, trucking, and handling – 68% increase
Mainly driven by higher sales volume.

Personnel Cost – 12% increase
Due to increase in headcount and company wide salary increases.

Advertising Expenses – 288% increase
Largely due to the new incentive promotions for customers and marketing activities.

Warehousing fees –60% increase
Mainly due toincrease in sales volume from various warehouses.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (END 2021 vs. END 2020)

Current Assets – 8% increase

Trade and other receivables – 110% increase
Mainly due to the receivables of the acquired subsidiary.

Inventories – 20% Increase
Due to higher prices and level of raw materials maintained for its operational requirements.

Other current assets – 37% increase
Attributable to the increase in advances to suppliers for the supply of raw materials and spareparts.

Noncurrent Assets – 7% increase

Investment Properties – 8% increase
Due to ₱107.56 million gain on market value of investment property of KSHI

Property, Plant & Equipment – 8% increase
Mainly from the land revaluation increment as a result of the increase in market value of land and spending for various expansion projects.

Current Liabilities – 24% increase

Trade and other payables – 33% increase

Mainly due to the increase in the accruals for sales rebates relative to the increase in sales volume and increase in accruals for utilities due to higher production volume.

Income tax payable – 60% decrease
Attributable to the reduced income tax rate, ITH availment and the prior year adjustment relative to the reduced income tax rate from CREATE Act.

Noncurrent Liabilities – 9% decrease

Loans payable – net of current portion – 16% decrease
Due to the ₱1.07billion repayment of TLFSA.

Equity – 9% increase

Total retained earnings 31 % increase
Due to ₱6.03 billion net income generated in 2021 and the ₱736.92 million revaluation surplus offset by the dividend payment amounting to ₱3.30billion for common shareholders.

Liquidity and Capital Resources

Cash Flows
The primary sources and uses of cash of the Group for calendar years 2021, 2020 and 2019 were as follows:

	For the years ended December 31		
	2021	**2020**	**2019**
	(in Millions of Philippine Pesos, except percentages)		
Cash flows provided by operating activities	8,783	4,919	7,152
Cash flows used in investing activities	(3,886)	(5,773)	(3,435)
Cash flows provided by (used in) financing activities	(4,719)	(4,602)	(2,953)
Net effect of exchange rate changes on cash and cash equivalents		(16)	(3)
Net increase (decrease) in cash and cash equivalents	179	5,456	765
Cash and cash equivalents at beginning of year	11,466	16,938	16,177
Cash and cash equivalents at end of year	11,645	11,466	16,938

Cash Flows From Operating Activities
Internal cash generation from operations this year amounted to ₱8.78 billion. This was primarily the result of net income before taxes of ₱6.83 billion, adjusted for non-cash items and changes in working capital, including depreciation and amortization of ₱1.17 billion, finance costs of ₱360.33 million, gain on fair value changes in investment properties of ₱107.56 million, income taxes paid of ₱992.94 million and interest received of ₱210.15 million.

Cash Flow From Investing Activities
Cash utilized for investing activities amounted to ₱3.89 billion. This was mainly spent for the purchase of SNMC shares of ₱3.31 billion, capital expenditures of ₱718.28 million, deposits on asset purchase amounting to ₱623.03 million and ₱200.00 million additional investment in bonds, partially negated by the cash from terminated investment agreement, cash dividends received and proceed from sale of assets amounting to ₱717.00 million, ₱214.51 million and ₱108.15 million respectively.

Cash Flow From Financing Activities
Meanwhile, cash utilized for financing activities totaled ₱4.73 billion. This comprised of cash dividend payment of ₱3.30 billion and TLFSA debt servicing of ₱1.42 billion.

After substantial cash requirement for the purchase of subsidiary of ₱3.31 billion, capex of ₱718.28 million and cash dividend payment of ₱3.30 billion, the company managed to increase cash at ₱178.62 million.

Consolidated ending cash closed at ₱11.65 billion. posting a 2% growth from beginning balance of ₱11.47 billion.

MATERIAL CHANGES IN THE FINANCIAL STATEMENTS

CONSOLIDATED STATEMENTS OF INCOME (YEAR-END 2020 VS. YEAR-END 2019)

Net Sales – 30% decrease

Attributable to the halting of operations during the first half of the year due to Covid-19 restrictions

Cost of Goods Sold – 26% decrease

Cost of inventories – 32% decrease
Largely due to the decrease in sales volume and non consumption of imported clinker

Utilities – 35% decrease
Decrease in power usage as a result of Covid-19-related restrictions starting in mid-March.

Repairs and Maintenance – 24% decrease
Due to the postponement of preventive maintenance activities for three production lines

Operating Expenses – 15% decrease

Freight, trucking, and handling – 33% decrease
Due to the decrease in sales volume

Warehousing fees – 22% decrease
Driven by the drop in sales volume

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (END 2020 vs. END 2019)

Current Assets – 8% decrease

Financial Assets at FVPL – 555% increase
Pertains to the ₱4.0 billion investment in redeemable perpetual security.

Trade and other receivables – 13% decrease
Due to the decrease in trade receivable as result of decline in sales and decrease of interest receivable.

Other current assets – 14% decrease
Attributable to the decrease in advances to suppliers caused by application of downpayments for trade-related purchases completely delivered in 2020

Noncurrent Assets – 8% increase

Investment Properties – 26% increase
Resulted from the ₱262 million gain on change in fair value of investment property of KSHI

Property, Plant & Equipment – 8% increase
Mainly from the land revaluation increment and of company's ongoing construction of Finish Mill 5, Cement Silo 5 and Packhouse 3.

Current Liabilities – 3% decrease

Trade and other payables – 3% decrease
Subsequent payments to trade suppliers.

Income tax payable – 19% decrease
Attributable to the decline in revenue and profit before tax.

Noncurrent Liabilities – 9% decrease

Loans payable – net of current portion – 17% decrease

Related to the ₱1.07 billion repayment of TLFSA.

Equity – 4% increase

Total retained earnings – 16% increase
The ₱3.39 billion net income generated in 2020 was offset by the dividend payment amounting to ₱46.50 million for preferred shareholders.

Liquidity and Capital Resources

Cash Flows
The primary sources and uses of cash of the Company for calendar years 2020, 2019 and 2018 were as follows:

	For the years ended December 31		
	2020	**2019**	**2018**
	(in Millions of Philippine Pesos, except percentages)		
Cash flows provided by operating activities	4,919	7,152	4,691
Cash flows used in investing activities	-5,773	-3,435	-2,872
Cash flows provided by (used in) financing activities	-4,602	-2,953	-2,398
Net effect of exchange rate changes on cash and cash equivalents	-16	-3	17
Net increase (decrease) in cash and cash equivalents	5,472	761	(562)
Cash and cash equivalents at beginning of year	16,938	16,177	16,739
Cash and cash equivalents at end of year	11,466	16,938	16,177

Net Cash Flows Provided by Operating Activities
Net cash flows provided by operating activities was ₱4.92 billion. This was primarily the result of net income before taxes of ₱4.43 billion, adjusted for non-cash items and changes in working capital, including depreciation and amortization of ₱1.05 billion, finance costs of ₱430.70 million, gain on fair value changes in investment properties of ₱262.00 million, income taxes paid of ₱1.08 billion and interest received of ₱383.10 million.

Net Cash Flow Used in Investing Activities
The net cash flows used in investing activities amounting to ₱5.77 billion was mainly from the ₱4.00 billion investment in redeemable perpetual security, ₱1.49 billion capital expenditures, the ₱217.00 million additional advances for future investment and the ₱132.06 million additions to intangible assets.

Net Cash Used in Financing Activities
The net cash flows used in financing activities amounting to ₱4.60 billion comprised of ₱3.09 billion payments for the redeemed preferred stocks and the accumulated dividends, and ₱1,488.9 million principal and interest payments related to TLFSA.

RESULTS OF OPERATIONS (2019 VS. 2018)

Eagle Cement Corporation (EAGLE or "the Company") ended another remarkable year with double-digit growth across the board, reaching a net income of ₱6.01 billion, a 25% improvement from the ₱4.80 billion it made in 2018.

Robust demand from the private sector boosted the double-digit growth in sales volume, fueling the 20% increase in net sales to ₱19.82 billion in 2019 from ₱16.52 billion it posted in the preceding year. Of the total net sales, 79% were derived largely from Type 1P or bagged cement while the remaining 21% represents Type 1 or bulk cement.

The 20% increase in cost of goods sold was largely due to the increase in limestone and gypsum consumption, rise electricity and power usage and increase in utilization of imported clinker in 2019 to support operational requirements.

Consequently, gross profit rose by 20% to ₱8.67 billion compared to the previous year, with margin sustained at 44%.

Operating expenses went up by 19% to ₱1.87 billion from ₱1.57 billion a year earlier, as a result of the upsurge in selling and distribution costs, coupled by the increase in manpower expenses.

Finance costs advanced by 36% to ₱495.69 million, as a result of the cessation of the capitalization of borrowing costs related to the TLFSA in December 2018, following the completion of the third integrated production line (Line 3).

Other income dropped by 62% to ₱179.77 million, mainly coming from the decline of revaluation gain or increase in market values of KB Space properties, cushioned by the increase in unrealized gain on trading securities due to fair value adjustments.

Income tax expense declined by 18% to ₱1.23 billion due to the full year effect of the income tax holiday enjoyed by the Company for its Line 3.

These movements resulted in an earnings before interest, tax, depreciation and amortization (EBITDA) of ₱7.93 billion, rising by 16% from ₱6.82 billion in the prior year. This resulted into an EBITDA margin of 40%.

Meanwhile, net income margin improved to 30%.

The table below summarizes the consolidated results of operations of the Group for the years ended December 31, 2019, 2018 and 2017, presented in absolute amounts as a percentage of net sales.

	For the Year Ended December 31				
	2019	**2018**	**2017**	**% of Change**	
	(in Millions of Philippine Pesos, except percentages)			2019 vs 2018	2018 vs 2017
Net Sales	19,824	16,522	14,872	20%	11%
Cost of Goods Sold	11,153	9,311	7,945	20%	17%
Gross Profit	8,671	7,211	6,927	20%	4%
Operating Expenses	1,872	1,568	1,403	19%	12%
Income from Operations	6,799	5,643	5,525	20%	2%
Finance costs	496	366	390	36%	(6%)
Interest Income	764	548	223	39%	146%
Other income - net	180	470	153	(62%)	207%
Income Before Income Tax	7,247	6,295	5,511	15%	14%
Income Tax Expense	1,233	1,496	1,248	(18%)	20%
Net Income	6,015	4,798	4,263	25%	13%

Calculation of Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)

	For the year ended	
	December 31, 2019	**December 31, 2018**
Net income	₱6,014,901,093	₱4,798,343,056
Add:		
Income tax expense	1,232,614,482	1,495,849,341
Depreciation and amortization	952,698,422	710,148,534

Finance costs	495,685,474	365,786,275
Less:		
Interest income	763,982,413	547,543,036
EBITDA	₱7,931,917,058	₱6,822,584,170

FINANCIAL CONDITION

The financial position of the Company for the year ended December 31, 2019 remains solid and well-capitalized, with total assets growing by 8% to ₱49.06 billion.

Cash and cash equivalents went up by 5% to ₱16.94 billion, primarily as a result of additional cash generated from operations and partly from the sale of PPE and other investments. Current assets at the end of the year totaled to ₱20.66 billion, 6% better than end of 2018. Noncurrent assets grew by 9% to ₱28.40 billion.

Current liabilities inched up by 1% to ₱4.70 billion while noncurrent liabilities declined by 12% to ₱7.03 billion.

Interest-bearing loans totaled to ₱7.35 billion, a 12% drop from ₱8.32 billion at the end of 2018, mainly as a result of the ₱979 million repayment of loan.

Total liabilities dropped by 7% to ₱11.73 billion while stockholder's equity rose by 14% to ₱37.33 billion.

EAGLE remains compliant with its loan covenants, with debt to equity ratio registering at 0.31x while financial debt to equity ratios stood at 0.20x. The current gearing gives the Company more flexibility to support its investment plans. Meanwhile, current ratio stood at 4.40x while return on equity ended at 17%.

Summary of Consolidated Statements of Financial Position

	December 31			
	2019	**2018**	**Increase/(Decrease)**	**Percentage of Change**
	(in Millions of Philippine Pesos, except percentages)			
Current Assets	20,659	19,444	1,215	6%
Noncurrent Assets	28,396	26,020	2,376	9%
Total Assets	**49,055**	**45,464**	**3,591**	**8%**
Current Liabilities	4,699	4,658	41	1%
Noncurrent Liabilities	7,026	7,985	(959)	(12%)
Total Liabilities	**11,724**	**12,643**	**(919)**	**(7%)**
Equity	**37,331**	**32,821**	**4,511**	**14%**
Total Liabilities and Equity	**49,055**	**45,464**	**3,590**	**8%**

Company Performance and Profitability and Liquidity

Key Performance Indicators

Relevant Financial Ratios

The table below shows the comparative key performance indicator of the Company:

Financial KPI	Formula	2019	2018	2017
Current/liquidity ratio	$\frac{\text{Current assets}}{\text{Current liabilities}}$	**4.40**	4.17	4.94
Solvency ratio	$\frac{\text{Net income before depreciation}}{\text{Total liabilities}}$	**0.59**	0.44	0.37
Debt-to-equity ratio	$\frac{\text{Total liabilities}}{\text{Total equity}}$	**0.31**	0.39	0.44
Asset-to-equity ratio	$\frac{\text{Total assets}}{\text{Total equity}}$	**1.31**	1.39	1.44
Return on asset ratio	$\frac{\text{Net income before interest expense after tax}}{\text{Average total assets}}$	**0.14**	0.12	0.13
Return on equity ratio	$\frac{\text{Net income}}{\text{Average total equity}}$	**0.17**	0.15	0.18

Capital Expenditure

EAGLE' total capital expenditure in 2019 amounted to ₱2.38 billion. Of that amount, 49% was disbursed for plant machinery and equipment, 43% was spent on the construction of Finish Mill 5, Packhouse 3 and Cement Silo 5, 3% was spent on building and improvements, while the remaining 6% was accounted for land acquisitions, transportation equipment, and furniture, fixtures and office equipment.

MATERIAL CHANGES IN THE FINANCIAL STATEMENTS

CONSOLIDATED STATEMENTS OF INCOME (YEAR-END 2019 VS. YEAR-END 2018)

Net Sales – 20% increase
Owing to double-digit sales volume growth despite the challenging market condition

Cost of Goods Sold – 20% increase

Cost of inventories – 25% increase
Mainly coming from the increase in limestone and gypsum consumption and and increase in utilization of imported clinker in 2019 due to operational requirements

Utilities – 15% increase
Due to the increase power usage as a result on increase in production, slightly tempered by lower price of electricity

Repairs and Maintenance – 40% increase
Primarily due to maintenance activities for three lines

Operating Expenses – 19% increase

Freight, trucking, and handling – 21% increase
Increase was due to the rise in sales volume and 4% increase in average freight cost.

Personnel costs – 33% increase
Pertains to the increase in number of employees in 2019, as well as the rise in salary due to adjustment and increase during the year

Warehousing fees – 60% increase
Mainly driven by sales volume growth

Other expenses – 23% increase
Primarily due to the expenses related to Corporate Social Responsibility activities

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (END 2019 vs. END 2018)

Current Assets – 6% increase

Financial Assets at FVPL – 295% increase
Pertains to the ₱500 million investment in retail bonds and ₱61.8 million unrealized gain on fair value adjustments

Trade and other receivables – 16% increase
Due to the increase in trade receivable as result of growth in sales and increase in interest receivable from placements

Other current assets – 10% decrease
Attributable to the decrease in advances to suppliers caused by application of downpayments for trade-related purchases completely delivered in 2019

Noncurrent Assets – 9% increase

Investment Properties – 9% increase
Resulted from the ₱111.22 million gain on change in fair value of investment property of KBSHI

Other noncurrent assets – 40% increase
Driven by the increase in deposit for future investments, deposit for raw materials and increase in required security deposit for the supply of electricity.

Current Liabilities – 1% increase

Current portion of loans payable – 9% increase
Pertains to increase in percentage of principal repayment for 2020 as compared to the percentage of principal repayment last 2019

Noncurrent Liabilities – 12% decrease

Loans payable – net of current portion – 14% decrease
Related to the ₱979 million repayment of loan and ₱90.39 million increase in portion reported under current liabilities

Equity – 14% increase

Total retained earnings – 27% increase
As a result of the ₱6.01 billion net income generated in 2019 offset by the dividend payment amounting to ₱1.48 billion for both common and preferred shareholders.

Liquidity and Capital Resources

Cash Flows

The primary sources and uses of cash of the Company for calendar years 2019, 2018 and 2017 were as follows:

	For the years ended December 31		
	2019	**2018**	**2017**
	(in Millions of Philippine Pesos, except percentages)		
Cash flows provided by operating activities	7,152	4,691	5,458
Cash flows used in investing activities	(3,435)	(2,872)	(4,749)

Cash flows provided by (used in) financing activities	(2,953)	(2,398)	9,407
Net effect of exchange rate changes on cash and cash equivalents	(3)	17	1
Net increase (decrease) in cash and cash equivalents	761	(562)	10,117
Cash and cash equivalents at beginning of year	16,177	16,739	6,621
Cash and cash equivalents at end of year	16,938	16,177	16,739

Net Cash Flows Provided by Operating Activities
Net cash flows provided by operating activities was ₱7.15 billion. This was primarily the result of net income before taxes of ₱7.25 billion, adjusted for non-cash items and changes in working capital, including depreciation and amortization of ₱952.70 million, finance cost of ₱495.69 million, gain on fair value changes in investment properties of ₱111.22 million, income taxes paid of ₱1.28 billion, interest received of ₱744.38 million and net increase in working capital of ₱107.13 million.

Net Cash Flow Used in Investing Activities
The net cash flows used in investing activities of ₱3.43 billion was mainly due to the purchase and acquisition of property, plant and equipment amounting to ₱2.27 billion, P500.00 million investment in retail treasury bonds and deposits for asset purchase and future investment of P723.73 Million.

Net Cash Flows Provided by / Used in Financing Activities
The net cash flows used in financing activities of ₱2.95 billion comprised of dividends payments to both common and preferred stockholders amounting to ₱1.48 billion and payments of loans and interest of ₱1.46 billion.

Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

There are no disagreements with the Corporation's external auditors on accounting and financial disclosure.

Audit and Audit Related Fees

The Company paid the external auditors the following fees for the last three years for professional services rendered:

	2020	2019	2018
Audit and other audit related fees	**₱3,700,000**	₱3,500,000	₱3,395,000
Tax fees	**120,000**	-	-
Others	**1,500,000**		

The Audit Committee reviews the audit scope and coverage, strategy and results for the approval of the Board. It ensures that audit services rendered shall not impair or derogate the independence of the external auditors or violate SEC regulations. Likewise, the Audit Committee evaluates and determines any non-audit work performed by external auditors, including the fees therefor, and ensures that such work will not conflict with the duties of the external auditors or threaten their independence.

Governmental Approval of Principal Products or Services

The Corporation holds various permits and licenses for its business operations, which include but are not limited to, the following:

1. Business Permits
2. Trademark License
3. Import License
4. Product license for type-1 portland cement
5. Product license for type-1P blended cement

On July 31, 2017, the Bureau of Investments (BOI) approved the application of the Corporation as an expanding producer of cement in Bulacan on a non-pioneer status. This is in relation to the establishment of Line 3. As a result, the Corporation enjoys fiscal and non-fiscal incentives, such as income tax holiday, exemption on importation duties and tax credits.

2018 vs 2017 MD&A
RESULTS OF OPERATIONS (2018 VS. 2017)

EAGLE continued its earnings growth trajectory in 2018, posting a net income of ₱4.80 billion, a 13% jump from the ₱4.26 billion in the previous year.

EAGLE generated net sales of ₱16.52 billion in 2018, 11% better than the ₱14.87 billion it recorded in 2017, buoyed by the double-digit growth in sales volume. Of the Company's net sales, 80% were derived largely from Type 1P or bagged cement while the remaining 20% is accounted for Type 1 or bulk cement, as the strong domestic demand is still driven by private consumption.

The 17% rise in cost of goods sold came mostly from the increase in quantity consumption of coal, coupled by the spike in prices of both imported and local coal. This was also driven by the use of imported clinker during the year to support operational requirements. However, this was partly cushioned by lower electricity cost.

This led gross profit to rise by only 4% to ₱7.21 billion relative to the previous year, with margin contracting to 44%.

Operating expenses went up by 12% to ₱1.57 billion from ₱1.40 billion a year earlier, owing mainly to the upsurge in selling and distribution costs, as well as the increase in manpower expenses.

Finance costs declined by 6% to ₱365.79 million, following the partial repayment of loan in 2018 amounting to ₱534.0 million.

Other income significantly grew by 207% to ₱469.61 million, mainly attributable to the revaluation gain of KB Space's properties.

Income tax expense rose by 20% to ₱1.50 billion due to the growth in net income for the year.

These movements resulted in an Earnings before interest, tax, depreciation and amortization (EBITDA) of ₱6.82 billion, growing by 9% from ₱6.26 billion in the previous year. This translated into an EBITDA margin of 41%.

Meanwhile, net income margin was held steady at 29%.

The table below summarizes the consolidated results of operations of the Group for the years ended December 31, 2018, 2017 and 2016, presented in absolute amounts as a percentage of net sales.

	For the Year Ended December 31				
	2018	**2017**	**2016**	**% of Change**	
	(in Millions of Philippine Pesos, except percentages)			2018 vs 2017	2017 vs 2016
Net Sales	16,522	14,872	13,276	11%	12%
Cost of Goods Sold	9,311	7,945	6,339	17%	25%
Gross Profit	7,211	6,927	6,937	4%	0%
Operating Expenses	1,568	1,403	1,294	12%	8%
Income from Operations	5,643	5,525	5,643	2%	(2%)

Finance costs	366	390	375	(6%)	4%
Interest Income	548	223	89	146%	151%
Other income - net	470	153	54	207%	183%
Income Before Income Tax	6,295	5,511	5,411	14%	2%
Income Tax Expense	1,496	1,248	1,298	20%	(4%)
Net Income	4,798	4,263	4,113	13%	4%

Calculation of Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)

	For the year ended	
	December 31, 2018	**December 31, 2017**
Net income	₱4,798,343,056	₱4,263,433,888
Add:		
Income tax expense	1,495,849,341	1,248,005,597
Depreciation and amortization	710,148,534	585,907,433
Finance costs	365,786,275	389,737,492
Less:		
Interest income	547,543,036	222,815,663
EBITDA	₱6,822,584,170	₱6,264,268,747

FINANCIAL CONDITION

The financial position of the Company for the year ended 31 December 2018 remains optimal and well-capitalized, with total assets growing by 7% to ₱45.46 billion.

Cash and cash equivalents declined by 3% to ₱16.18 billion, as a result of dividends paid to shareholders amounting to ₱1.34 billion. Current assets at the end of the year totaled to ₱19.44, 3% lower than end of 2017. Noncurrent assets rose by 17% to ₱26.02 billion.

Current liabilities grew by 15% to ₱4.66 billion while noncurrent liabilities declined by 11% to ₱7.98 billion.

Interest-bearing loans totaled to ₱8.32 billion, a 6% drop from ₱8.84 billion at the end of 2017, owing to the partial repayment of ₱534.00 million loans in 2018.

Total liabilities went down by 3% to ₱12.64 billion while stockholder's equity rose by 12% to ₱32.82 billion.

EAGLE remains compliant with its loan covenants, with debt to equity ratio registering at 0.39x while financial debt to equity ratios stood at 0.25x. The current gearing gives the Company more flexibility to support its investment plans. Meanwhile, current ratio stood at 4.17x while return on equity is at 15%.

Summary of Consolidated Statements of Financial Position

	December 31			
	2018	**2017**	**Increase/(Decrease)**	**Percentage of Change**
	(in Millions of Philippine Pesos, except percentages)			
Current Assets	19,443	20,036	(593)	(3%)

Noncurrent Assets	26,020	22,327	3,693	17%
Total Assets	**45,463**	**42,363**	**3,100**	**7%**
Current Liabilities	4,658	4,056	602	15%
Noncurrent Liabilities	7,985	8,931	(946)	(11%)
Total Liabilities	**12,643**	**12,987**	**(344)**	**(3%)**
Equity	**32,820**	**29,375**	**3,445**	**12%**
Total Liabilities and Equity	**45,463**	**42,363**	**3,100**	**7%**

Company Performance and Profitability and Liquidity

Key Performance Indicators

Relevant Financial Ratios

The table below shows the comparative key performance indicator of the Company:

Financial KPI	Formula	2018	2017	2016
Current/liquidity ratio	$\frac{\text{Current assets}}{\text{Current liabilities}}$	4.17	4.94	3.34
Solvency ratio	$\frac{\text{Net income before depreciation}}{\text{Total liabilities}}$	0.44	0.37	0.51
Debt-to-equity ratio	$\frac{\text{Total liabilities}}{\text{Total equity}}$	0.39	0.44	0.51
Asset-to-equity ratio	$\frac{\text{Total assets}}{\text{Total equity}}$	1.39	1.44	1.51
Return on asset ratio	$\frac{\text{Net income before interest expense after tax}}{\text{Average total assets}}$	0.12	0.13	0.18
Return on equity ratio	$\frac{\text{Net income}}{\text{Average total equity}}$	0.15	0.18	0.25

Capital Expenditure
EAGLE ended 2018 with a total capital expenditure of ₱2.58 billion. Of that amount, 66% was spent for the construction of the third production line in Bulacan, 9% was disbursed on building and improvements, 5% was accounted for plant machinery and equipment, 6% was spent on acquisition of investment properties, 6% was disbursed on land acquisitions and the balance of 8% was spent on capital projects in progress, transportation equipment, and furniture, fixture and office equipment.

MATERIAL CHANGES IN THE FINANCIAL STATEMENTS

CONSOLIDATED STATEMENTS OF INCOME (YEAR-END 2018 VS. YEAR-END 2017)

Net Sales – 11% increase
Mainly attributable to the increase in sales volume amid the competitive market environment.

Cost of Goods Sold – 17% increase

Cost of inventories – 28% increase
Increase was mostly due to the increase in quantity consumption of coal due to higher heat rate, coupled with price upsurge of both local and imported coal. The use of imported clinker in 2018 to support operational requirements also contributed to the increase.

Personnel Costs – 39% increase
Increase was driven by the additional headcount due to the start of commercial operations of Line 3 and the increased rates of employees.

Rental – 35% increase
Increase was primarily due to the rental of equipment and machineries related to raw materials.

Fuel and Oil – 214% increase
Increase was mainly attributable to the upsurge in excise tax resulting from the expanded tax rate pursuant to TRAIN law.

Operating Expenses – 12% increase

Freight, trucking, and handling – 18% increase
Increase was due to the growth in sales volume and 8% growth in freight rate resuling from the surge in fuel prices.

Personnel costs – 20% increase
increase was attributable to the increase in employees from an average of 366 in 2017 to an average of 426 in 2018, as well as the average increase of 10% in salary due to CBPs and annual increase for the year.

Taxes and licenses – 13% decrease
Decrease pertains to the ₱4.6 million tax credit from Mandaluyong due to overpayments in prior years.

Warehousing fees – 32% increase
Increase was mainly driven by sales volume growth and the start of commercial operations of the new warehouse in Pangasinan.

Other expenses – 61% decrease
Decrease was primarily due to expenses amounting to ₱61.8 billion incurred during the initial public offering (IPO) in 2017.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (END 2018 vs. END 2017)

Current Assets – 3% decrease

Financial Assets at FVPL – 16% decrease
Decline pertains to the sale of 3,102.0 million equity securities at ₱14.5 million, and unrealized losses amounting to ₱18.9 million recognized due to the decline in market values of shares held for trading.

Trade and other receivables – 25% decrease
Trade receivables decreased during the year, despite the increase in sales due to effective collection management, resulting to lesser AR days.

Other current assets – 33% increase
Increase is mainly attributable to the ₱151 million increase in DSRA account maintained for the repayment of portion of the loan due/payable and interest in Q1 2019, and the increase in downpayment for trade-related purchases in 2018 amounting to ₱103 million.

Noncurrent Assets – 17% increase

Investment Properties – 102% increase
Increase was on account of the ₱165 million acquisition of property, and the ₱435.81 million revaluation gain in the market value of KB Space's properties.

Other noncurrent assets – 194% increase
Increase was attributable to the ₱650 million long-term placements with various banks and the ₱1 billion deposit for future limestone deliveries.

Current Liabilities – 15% increase

Income tax payable – 21% increase
Increase was due to the 13% growth in net income

Current portion of loans payable – 85% increase
Increase pertains to the ₱968.3 million reclassification from non-current loans payable and was offset by the ₱534 million partial repayment of loan in 2018.

Noncurrent Liabilities – 11% decrease

Loans payable – net of current portion – 12% decrease
decrease was due to reclassification to current loans payable.

Net Retirement benefit liability – 95% increase
Increase was due to the actuarial valuation as a result of the increase in the number of employees.

Equity – 12% increase

Total retained earnings – 26% increase
Increase was due to the ₱4.80 billion net income which was partially offset by the dividend payment of ₱1.34 billion to common and preferred shareholders

Liquidity and Capital Resources

Cash Flows

The primary sources and uses of cash of the Company for calendar years 2018, 2017 and 2016 were as follows:

	For the years ended December 31		
	2018	2017	2016
	(in Millions of Philippine Pesos, except percentages)		
Cash flows provided by operating activities	4,691.5	5,458.0	6,207.9
Cash flows used in investing activities	(2,871.6)	(4,748.7)	(3,121.5)
Cash flows provided by (used in) financing activities	(2,398.3)	9,407.1	(924.5)
Net effect of exchange rate changes on cash and cash equivalents	16.7	1.5	(13.9)
Net increase (decrease) in cash and cash equivalents	(561.7)	10,116.3	2,161.9
Cash and cash equivalents at beginning of year	16,738.7	6,620.9	4,472.9
Cash and cash equivalents at end of year	16,177.0	16,738.7	6,620.9

Net Cash Flows Provided by Operating Activities
Net cash flows provided by operating activities was ₱4.69 billion. This was primarily the result of net income before taxes of ₱6.29 billion, adjusted for non-cash items and changes in working capital, including depreciation and amortization of ₱710.15 million, finance cost of ₱365.79 million, gain on fair value changes in investment properties of ₱435.81 million, income taxes paid of ₱1.45 billion, interest received of ₱537.20 million and net increase in working capital of ₱798 million.

Net Cash Flow Used in Investing Activities
The net cash flows used in investing activities of ₱2.87 billion was mainly due to the purchase and acquisition of property, plant and equipment amounting to ₱2.10 billion and long-term placement of ₱650.00 million.

Net Cash Flows Provided by / Used in Financing Activities

The net cash flows used in financing activities of ₱2.40 billion comprised of dividends payments to both common and preferred stockholders amounting to ₱1.34 billion and payments of loans and interest of ₱1.06 billion.

LEGAL PROCEEDINGS

The Company is a plaintiff in one civil case for Fraud, instituted on 17 June 2011, and pending before the Regional Trial Court of Mandaluyong, Branch 211. It sought to enjoin defendants Exclusive Precinct Int. (M) Sdn Bhd (Exclusive), PT Hasta Yasa Semsta (PT Hasta), an Indonesian entity, QY Asia Marketing & Services Sdn Bhd (QY Asia), a Malaysian entity, and Malayan Bank Berhad (Maybank) from claiming under the Letter of Credit No. 2010/0260 in the amount of Nine Hundred Four Thousand US Dollars (US$904,000.00), and defendant Bank of Commerce (BOC) from releasing payment under the said Letter of Credit.

On July 12, 2011, a writ of preliminary injunction was issued by Hon. Presiding Judge Ofelia Calo of the Regional Trial Court of Mandaluyong, Branch 211, enjoining defendants from claiming payment from defendant Bank of Commerce.

As of December 31, 2021, the trial of the case is continuously being held.

Effect of Existing or Probable Governmental Regulations on the Business

The businesses and operations of the Corporation are subject to a number of health, safety, security and environment laws, rules and regulations governing the cement industry in the Philippines. These laws and regulations impose requirements relating to raw materials sourcing, cement manufacturing, and other aspects of the business of the Corporation. As cement manufacturer, the Corporation is subject to quality and safety standards established under the Consumer Act of the Philippines, a law which is primarily enforced by the Department of Health (“DOH”), the Department of Agriculture (“DA”), and the Department of Trade and Industry (“DTI”). Furthermore, the Corporation is subject to extensive regulation by the Department of Environment and Natural Resources (“DENR”), Department of Energy (“DOE”), and local government units (“LGU”).

Environmental Laws

Under the Philippine Environmental Impact Statement System (“P.D. 1586”), raw material sourcing and cement manufacturing are considered environmentally critical activities for which an Environmental Impact Study (“EIS”) and an Environmental Compliance Certificate (“ECC”) are mandatory. A Certificate of Compliance (“COC”) from the Energy Regulatory Commission (“ERC”) to operate facilities used in the generation of electricity (including self-generation facilities) is required considering that the generation of electricity is done in the course of cement manufacturing. In addition, Toxic Substances and Hazardous and Nuclear Wastes Control Act of 1990 (“R.A. No. 6969”), Philippine Clean Water Act of 2004 (“R.A. No. 9275”), and Philippine Clean Air Act of 1999 (“R.A. No. 8749”) are likewise applicable to the operations of the Corporation.

Environmental laws and regulations in the Philippines have become increasingly stringent and it is possible that these laws and regulations will become significantly more stringent in the future. The adoption of new laws and regulations, new interpretations of existing laws, increased governmental enforcement of environmental laws or other developments in the future may require additional capital expenditures or the incurrence of additional operating expenses in order to comply with such laws and to maintain current operations as well as any costs related to fines and penalties.

Taxation Laws

Pursuant Republic Act No. 8424, or the Tax Reform Act of 1997, as amended (the “Tax Code”), an entity doing business in the Philippines must register with the appropriate revenue district office of the Bureau of Internal Revenue (“BIR”) having jurisdiction over the principal place of business of the Philippine entity on or before the commencement of business. A person maintaining a head office, branch or facility shall register with the revenue district office having jurisdiction over the head office, branch or facility. The registration should contain the name or style of the corporation, place of business and such other information as may be required in the form prescribed by the BIR.

Every person or entity required to register with the BIR shall register each type of internal revenue tax applicable to it and for which it shall be obligated to file a return and pay the taxes, as appropriate. The entity doing business in the Philippines is required to report, file appropriate tax returns and pay the proper amount of tax (in accordance with the Tax Code and its implementing rules, regulations and circulars) for all of its taxable transactions in the course of its operations in the Philippines.

On 19 December 2017, President Rodrigo R. Duterte signed into law the Republic Act no. 10963, otherwise known as Tax Reform for Acceleration and Inclusion (TRAIN). It took effect on 01 January 2018. The TRAIN is the first package of the administration's Comprehensive Tax Reform Program (CTRP) which creates impact on the take-home pay of individuals, prices of certain goods and services and spending consumer patterns.

Due to the passage of Republic Act No. 11534, otherwise known as the "Corporate Recovery and Tax Incentives for Enterprises ("CREATE") Act", and signed by President Duterte on March 26, 2021, the Company is now subject to a reduced income tax rate of 25%, effective July 01, 2020. CREATE is the second package of the CTRP, and is is expected to have a greater impact on the business of the Corporation as it covers provisions affecting corporate income tax rates and modernizes fiscal incentives to investors.

Health and Safety

The Occupational Health and Safety Standards promulgated by the Department of Labor and Employment provides for the standards applicable to all places of employment to protect employees against the dangers of injury, sickness or death through safe and healthful working conditions. These standards provide for the training of personnel and employees in occupational health and safety, establishment of a health and safety committee, requirement of notification and record-keeping of accidents and/or occupational illnesses, required health and safety standards in the premises of the establishment, occupational health and environmental control, requirement of personal protective equipment and devices, rules for handling hazardous materials, gas and electric welding and cutting operations, hazardous work processes, explosives and general handling of materials and storage, electricity safety, construction safety, fire protection and control and occupational health services.

Labor Related Laws

The Philippine Labor Code and other statutory enactments provide the minimum benefits that employers must grant to their employees, which include certain social security benefits, such as benefits mandated by the Social Security Act of 1997 ("R.A. No. 8282"), the National Health Insurance Act of 1995 ("R.A. No. 7875"), as amended, and the Home Development Fund Law of 2009 ("R.A. No. 9679").

Local Laws

A Mayor's Permit (local business permit) from the local government unit having jurisdiction over the area where an entity is operating is required to be secured before doing business in the respective city or municipality. A Mayor's Permit is issued only after compliance with certain local government requirements, including, but not limited to, obtaining the Sanitary Permit, Certificate of Electrical Inspection, Fire Safety Inspection, Locational Clearance, Barangay Business Clearance and payment of the required fees. These ancillary permits are valid for one year and must be renewed before the Mayor's Permit is issued. Failure to obtain a mayor's permit may expose an entity to fines and penalties, and even suspension or closure of its business.

Research and Development Activities

Research and development activities of the Company form part of the function of its Quality and Process Departments. The Company spent on said activities a total of ₱116.08 million, ₱66.02 million, and ₱88.57 million in 2021, 2020 and 2019, representing 0.5%, 0.3%, and 0.5% of total net sales, respectively.

Major Risks Involved

COVID-19 Pandemic

The Company has a Business Continuity Plan (BCP) to address the COVID-19 pandemic. There are guidelines and measures in place to contain the problem and to ensure that business operations continue both at the plant and at the head office. The Company adopts the World Health Organization (WHO)

Advisory pertaining to workplace readiness, the DOLE-DTI Guidelines on Workplace Prevention and Control of COVID-19, and the other relevant government regulations and guidelines pertaining to the pandemic.

As of December 31, 2021, the Company continues to successfully implement various operational measures to combat COVID-19, such as reduced on-site work or alternative work arrangements, installation of temperature checking and personal hygiene devices, strict regulations on the wearing of facemasks, face shields, and other applicable personal protective equipment, as well as mass-testing of all employees.

Risks to the operations of the Company are being currently effectively managed through the above-indicated measures, complementing personal safety measures mandated that all employees undertake.

Risk Management Framework and Process

The Company follows an enterprise-wide risk management framework for identifying, mapping and addressing the risk factors that affect or may affect its businesses.

The Company's risk management process is a bottom-up approach, with each department mandated to conduct regular assessment of its risk profile and formulate action plans for managing identified risks.

The Risk Management Group is mandated with the overall coordination and development of the enterprise-wide risk management process. Treasury Section oversees foreign exchange hedging transactions. The Office of the Corporate Controller of the Finance Department provides backroom support for all financial transactions. The Internal Audit Department is tasked with the implementation of a risk-based auditing. A separate committee is tasked to ensure business continuity and proper handling of disaster.

Major Risks

The Corporation classifies a risk as a major risk if it assesses the risk event to both have a relatively high probability of occurring and a substantial adverse impact on the Corporation if the risk would occur. The major risks that the Corporation managed in 2020 were substantially the same as those in the previous year since there were no fundamental changes in the nature of the Corporation's operations. These risks were the following:

The Group's exposure to foreign exchange risks arises from US dollar-denominated purchases, principally of coal and other raw materials, spare parts, machineries and equipment.

The risk of substantial disruptions in the Corporation's operations caused by accidents, process or machinery failure, human error or adverse events outside of human control. This risk could also include delays in the implementation of capital expansion activities. These disruptions may result in injury or loss of life, as well as financial losses should these disruptions lead to product run-outs, facility shutdown, equipment repair or replacement, insurance cost escalation and/or unplanned inventory build-up.

Regulatory risk, arising from changes in national and local government policies and regulations that may result in substantial financial and other costs for the Corporation, either directly or indirectly.

Except as covered by the above-mentioned specific risks, the Corporation has determined that none of the risk factors faced by any of its subsidiaries would be a major risk. These risk factors either have a low probability of occurring or have an insignificant potential impact. Thus, while subsidiary-specific risks were considered in the risk management process, these are considered relatively minor.

Management of Major Risks

Foreign exchange risk

The Corporation hedges its dollar-denominated liabilities using forwards and other derivative instruments. It avoids the creation of risk from derivative speculation by limiting the use of derivative instruments up to 50% of the value of the underlying dollar-denominated liabilities net of dollar-denominated assets.

Dollar-denominated assets and liabilities and the resulting potential foreign exchange losses are recorded on a daily basis through an enterprise resource planning software that monitors financial transactions. This allows real-time awareness and response to contain losses posed by foreign exchange exposure.

Risk of operational disruptions

The risk of operational disruptions is most relevant to the refining unit since disruptions in these units can have severe and rippling effects.

The Operations Department have been implementing programs designed to directly promote the avoidance of operational disruptions through effective maintenance practices and the inculcation of a culture of safety and continuous process improvement.

The Corporation has a corporate-wide health, safety and environment program that likewise addresses the risk of operational disruptions.

Regulatory risk

The Corporation maintains strong lines of communication with its various counterparties in government and in the public arena, in both local and national levels. The Corporation uses these lines of communication to identify potential risk factors and respond to these in a proactive manner.

The Corporation remains compliant with the various environmental standards set by the government.

Market Price of and Dividends on the Corporation's Common Equity and Related Stockholder Matters

The delisting of the Corporation's 5,000,000,005 common shares was approved by the PSE and became effective as of close of business on 28 February 2023.

Stock Prices	High	Low
Listing Date 29 May 2017	₱16.12	₱15.20
2nd Quarter of 2017	₱16.60	₱15.40
3rd Quarter of 2017	₱16.00	₱14.76
4th Quarter of 2017	₱15.18	₱14.10
1st Quarter of 2018	₱15.72	₱13.90
2nd Quarter of 2018	₱16.30	₱14.20
3rd Quarter of 2018	₱16.24	₱15.12
4th Quarter of 2018	₱15.66	₱14.62
1st Quarter of 2019	₱16.38	₱15.00
2nd Quarter of 2019	₱16.22	₱15.60
3rd Quarter of 2019	₱15.84	₱14.00
4th Quarter of 2019	₱15.60	₱14.06
1st Quarter of 2020	₱14.78	₱5.90
2nd Quarter of 2020	₱10.88	₱7.35
3rd Quarter of 2020	₱14.60	₱9.79
4th Quarter of 2020	₱16.10	₱14.40
1st Quarter of 2021	₱14.50	₱10.44
2nd Quarter of 2021	₱15.30	₱10.60
3rd Quarter of 2021	₱15.70	₱14.00
4th Quarter of 2021	₱15.26	₱13.66
1st Quarter of 2022	₱14.88	₱12.70

The approximate number of registered shareholders as of March 31, 2023 is 21. The Company is currently in the process of ascertaining the remaining number of beneficial shareholders.

Top Twenty (20) Stockholders (Common)*

	Name of Stockholder	Nationality	No. of Shares	Percentage of ownership
1	San Miguel Equity Investments Inc.	**Filipino**	4,997,903,671.00	99.96%
2	PCD Nominee Corp – Non-Filipino	**Non-Filipino**	1,153,600.00	0.02%
3	PCD Nominee Corp - Filipino	**Filipino**	938,994.00	0.02%
4	Renato D. Munez	**Filipino**	2,000.00	0.00%
5	Lolita Siao-Ignacio	**Filipino**	1,600.00	0.00%
6	Victor Co and/or Alian Co	**Filipino**	100.00	0.00%
7	Rosauro Panergo Babia	**Filipino**	10.00	0.00%
8	Gerardo L. Salgado	**Filipino**	8.00	0.00%
9	Ramon S. Ang	**Filipino**	1.00	0.00%
10	John Paul L. Ang	**Filipino**	1.00	0.00%
11	Manny C. Teng	**Filipino**	1.00	0.00%
12	Monica L. Ang-Mercado	**Filipino**	1.00	0.00%
13	Mario K. Surio	**Filipino**	1.00	0.00%
14	Manuel P. Daway	**Filipino**	1.00	0.00%
15	Luis A. Vera Cruz, Jr.	**Filipino**	1.00	0.00%
16	Melinda Gonzales-Manto	**Filipino**	1.00	0.00%
17	Ricardo C. Marquez	**Filipino**	1.00	0.00%
18	Martin S. Villarama, Jr.	**Filipino**	1.00	0.00%
19	Winston A. Chan**	**Filipino**	100.00	0.00%
20	Jose P. Perez	**Filipino**	1.00	0.00%
21	Joselito Tanwangco Bautista	**Filipino**	1.00	0.00%
		TOTAL	**5,000,000,005.00**	**100.00%**

**as of February 02, 2023 Amended General Information Sheet.*
****Director Winston A. Chan's shares were lodged in PCD Nominee Corp. throughout 2022. The stock certificate for his 100 shares was issued on 03/29/2022.*

Dividend Declaration – Common Shares

On April 07, 2021, the Board of Directors approved the amendment of the existing Dividend Policy of the Corporation, increasing the amount of dividend that may be declared by the Board from 50% to up to 100% of the audited net income of the previous year.

Below is a summary of the cash dividend declarations of the Company in 2022 until May 2023:

Date of Declaration	Class of Shares	Rate per share (₱)	Total Amount (₱)	Record Date
May 12, 2022	Common	0.40	2,000,000,002.00	May 26, 2022
August 04, 2022	Common	0.40	2,000,000,002.00	August 18, 2022

Compliance with Best Practices on Corporate Governance

The evaluation by the Corporation to measure and determine the level of compliance of the Board of Directors and top-level management with its Manual of Corporate Governance ("Manual") is vested by the Board of Directors on the Compliance Officer. The Compliance Officer is mandated to monitor compliance by all concerned with the provisions and requirements of the Manual. The Compliance Officer has certified that the Corporation has substantially adopted the provisions of the Manual. Pursuant to its commitment to good governance and business practice, the Corporation continues to review and strengthen its policies and procedures, giving due consideration to developments in corporate governance which it determines to be in the best interests of the Corporation and its stockholders.

The Board of Directors, Committees and Management of the Company are committed to the principles of transparency, accountability, fairness and integrity in directing and running the Company. To this end, the Board adopted and approved the ECC Manual on Corporate Governance on 13 February 2017 following practices, programs and policies on good corporate governance. The Board and the Management regularly adopt and/or update company policies and practices to comply with the relevant rules and regulations of the SEC, PSE and other regulatory bodies, and to align with the recommendations and principles under the Integrated Annual Corporate Governance Report (I-ACGR) and the ASEAN Corporate Governance Scorecard (ACGS). The I-ACGR of the Company for the year 2022 was filed on May 30, 2023.

Annual Continuing Training for Directors

To ensure that the Company is headed by competent working board and management, ECC provides an annual continuing training to its directors and key officers. On September 07, September 16, October 11, October 14, and November 11, 2022, the Board of Directors and key officers of the Company participated in respective Corporate Governance in-house Training conducted by either the Center for Global Best Practices, Risks Opportunities Assessment and Management, Inc., or SGV & Co., SEC-accredited Corporate Governance training providers.

Corporate Governance Performance Assessments

In compliance with the Code of Corporate Governance for PLCs and the Integrated Annual Corporate Governance Report, the Company, through the Office of Compliance Officer, conducted the annual self-assessment of the performance and the effectiveness of the Board, the committees and the key officers of the Company for the year 2021. The self-assessment forms were distributed to all directors and key officers on March 15, 2021, and completed forms were received by the Compliance Officer from March 17, 2022 to March 31, 2021. Overall, the directors, committee members and key officers believe that they have, individually and collectively, performed well and effectively.

The 2021 Evaluation Form was divided into five (5) sections, namely, the Collective Board Rating, Board Committees Rating, Individual Director's Self-Rating, Key Officers' Rating, and the Overall Comments and Suggestions.

UNDERTAKING

The Company will post and make available for download the full version of this SEC Form 20-IS (Definitive Information Statement), together with all its annexes including the 2022 consolidated audited financial statements of the Company and the SEC form 17-Q for the period ended March 31, 2023 on the company website www.eaglecement.com.ph, upon its approval by the Securities and Exchange Commission.

The Corporation shall provide to the stockholders, without charge, on written request, a printed or electronic copy of SEC Form 17-A. All such written requests for a copy of the Annual Report shall be directed to:

The Corporate Secretary
EAGLE CEMENT CORPORATION
Suite 2801 Discovery Center, 25 ADB Avenue
Ortigas Center, Pasig City
corporatesecretary@eagle-cement.com.ph

or

loydeleon@gselawfirm.com
juliantorcuator@gselawfirm.com

SIGNATURE

After reasonable inquiry and to the best of my knowledge and on behalf of the Corporation, I certify that the information set forth in this report is true, complete and correct. This report is signed in Pasig City on June 14, 2023.

EAGLE CEMENT CORPORATION

By:

MARIA FARAH Z.G. NICOLAS-SUCHIANCO
Corporate Secretary

CERTIFICATION OF INDEPENDENT DIRECTORS
(ANNEXES A-1 to A-5)

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

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **MELINDA GONZALES-MANTO**, Filipino, of legal age and a resident of 45 Barcelona Street, Merville Park, Paranaque City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of **EAGLE CEMENT CORPORATION** and have been its independent director since 22 December 2016.

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

COMPANY/ ORGANIZATION	POSITION/ RELATIONSHIP	PERIOD OF SERVICE
RSA Foundation, Inc.	Independent Trustee	2020 to present
Petrogen Insurance Corporation	Independent Director	2018 to present
Bank of Commerce	Director	2013 to present
Linferd & Company, Inc.	Vice-President/Director	2010 to present
ACB Corabern Holdings Corporation	Vice-President/Director	2009 to present
Compsych Philippines, Inc.	Treasurer	2015 to present
Wholesale Electric Asia (Philippines), Inc.	Resident Agent	2019 to present
ISG Information Services Group Americas, Inc.	Resident Agent	2011 to present
Kenexa Singapore Pte. Ltd. – Philippine Branch	Resident Agent	2015 to present
GSIS Family Bank	Independent Member	2011 to 2016
Philippine Retailers Association	Board Member	2000 to 2009
SGV & Co.	Partner	1974 to 2009

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of EAGLE CEMENT CORPORATION, as provided for in Section 38 of the Securities Regulation Code (SRC), its Implementing Rules and Regulations (IRR), and other issuances of the Securities and Exchange Commission (SEC).

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

5. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the SRC and its IRR, Code of Corporate Governance and other SEC issuances.

6. I shall inform the Corporate Secretary of EAGLE CEMENT CORPORATION of any changes in the abovementioned information within five days from its occurrence.

Done this JUL 04 2023 2023 in Pasig City.

MELINDA GONZALES-MANTO
Affiant

SUBSCRIBED AND SWORN to before me this JUL 04 2023 2023 in Pasig City, affiant having exhibited to me her Philippine Passport no. P5768594A issued by DFA-NCR South on 26 January 2018 and valid until 25 January 2028, as well as competent evidence of identity in the form of her Taxpayer's Identification Card with No. 123-305-056.

Doc. No. 280 ;
Page No. 57 ;
Book No. 1 ;
Series of 2023.

BENIGNO P. ENCISO
Notary Public for the Cities of Pasig, San Juan
And Municipality of Pateros
Commission until 31 December 2024
2801 Discovery Center 25 ADB Ave,. Ortigas Center Pasig City
APPT. No. 268 (2023-2024) - Roll No. 81896
PTR No. 0163769; 01-10-2023, Pasig City
IBP No. 293372; 01-10-2023; Tarlac City
MCLE Compliance N/A; (Admitted to the Bar in 2022)

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

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **MARTIN S. VILLARAMA JR.,** Filipino, of legal age and a resident of 22 Golden Street, Gloria 1 Subdivision, Tandang Sora, Quezon City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of **EAGLE CEMENT CORPORATION** and have been its independent director since 13 February 2017.

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

COMPANY/ ORGANIZATION	POSITION/ RELATIONSHIP	PERIOD OF SERVICE
Uniwide Group of Companies	Court-Appointed Liquidator	2018 to present (Resigned, effective July 07, 2023)
San Miguel Brewery Hongkong Ltd.	Member, Board of Advisors	2017 to present
SLEX Inc.	Independent Director	2022 to present
SMC Tollways Inc.	Independent Director	2022 to present
Ginebra San Miguel Inc.	Independent Director	2022 to present
Association of Retired Justices of the Supreme Court of the Philippines (ARJSCP)	Member	2016 to present
BIR Tennis Club, Agham Road, Q.C.	Member	1983 to present
Supreme Court of the Philippines	Associate Justice	2009 to 2016
Court of Appeals	Justice	1998 to 2009
Philippine Judicial Academy	Lecturer	2007 to 2009

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

4. To the best of my knowledge, I am not the subject of any pending criminal or administrative case in any court of competent jurisdiction.

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

6. I shall inform the Corporate Secretary of EAGLE CEMENT CORPORATION of any changes in the abovementioned information within five days from its occurrence.

Done this JUN 26 2023 2023 in Pasig City.

MARTIN S. VILLARAMA JR.
Affiant

SUBSCRIBED AND SWORN to before me this JUN 26 2023 2023 in Pasig City, affiant having exhibited to me competent evidence of identity in the form of his Taxpayer's Identification Card with No. 124-314-240.

Doc. No. 526;
Page No. 105;
Book No. V;
Series of 2023.

KHRISKA VIKTORIA M. MORTELL
Notary Public for the Cities of Pasig, San Juan
And Municipality of Pateros
Commission until 31 December 2023
2801 Discovery Center 25 ADB Ave., Ortigas Center Pasig City
APPT No. 40 (2022-2023) – Roll No. 71842
PTR No. [illegible]; 01-09-2023; Pasig City
IBP No. 293[illegible]; 01-10-2023; Quezon City
MCLE Compliance No. VII-0012[illegible]; 03-08-2022

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

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **RICARDO C. MARQUEZ,** Filipino, of legal age and a resident of 14 R. Kangleon Street, Phase 4 AFPOVAI, Fort Bonifacio, Taguig City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am an incumbent independent director of **EAGLE CEMENT CORPORATION** and have been its independent director since 13 February 2017.

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

COMPANY/ORGANIZATION	POSITION/ RELATIONSHIP	PERIOD OF SERVICE
Top Frontier Investment Holdings, Inc.	Independent Director	March 2022 - present
San Miguel Food and Beverage, Inc	Independent Director	March 2017 - present
Public Safety Mutual Benefit Fund, Inc.	Trustee	July 2015 - present

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

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

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

6. I shall inform the Corporate Secretary of EAGLE CEMENT CORPORATION of any changes in the abovementioned information within five days from its occurrence.

Done this ____________ in Pasig City.

RICARDO C. MARQUEZ
Affiant

SUBSCRIBED AND SWORN to before me this JUL 04 2023 2023 in Pasig City, affiant having exhibited to me his Philippine Passport no. P8150038B issued by DFA Manila on 12 November 2021 and valid until 11 November 2031, as well as competent evidence of identity in the form of his Taxpayer's Identification Card with No. 150-378-662.

Doc. No. 281 ;
Page No. 58 ;
Book No. 1 ;
Series of 2023.

BENIGNO P. ENCISO
Notary Public for the Cities of Pasig, San Juan
And Municipality of Pateros
Commission until 31 December 2024
2801 Discovery Center 25 ADB Ave,. Ortigas Center Pasig City
APPT. No. 268 (2023-2024) - Roll No. 81896
PTR No. 0163769; 01-10-2023, Pasig City
IBP No. 293372; 01-10-2023; Tarlac City
MCLE Compliance N/A; (Admitted to the Bar in 2022)

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

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **WINSTON A. CHAN.**, Filipino, of legal age, and a resident of 235 Calatagan St., Ayala Alabang Village, Muntinlupa City 1780, after having been duly sworn to in accordance with law, do hereby declare that:

1. I am a nominee for independent director of **EAGLE CEMENT CORPORATION** for the year 2023-2024, and have been its independent director since 23 June 2022.

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

COMPANY/ ORGANIZATION	POSITION/ RELATIONSHIP	PERIOD OF SERVICE
San Miguel Food and Beverage, Inc.	Independent Director	Present
PT Delta Djakata Tbk	Director	Present
Kairos Business Solutions, Inc.	Director	Present
DataOne Asia (Philippines), Inc.	Director	Present
Harvard Club of the Philippines	Director	2014-2016
	Co-President	2014-2016
Harvard Business Club of the Philippines	Co-President	2012-2014
Letran Alumni Association	Director	January 2018 to July 2019
2GO Group, Inc.	Advisor to the Board of Directors	January to October 2018
SGV Foundation	Chairman, ICT Scholarship Committee	July 2002 to June 2017
SGV & Co.	Managing Partner; Member, Management Committee (Advisory Services)	July 2007 to June 2017
	Partner	July 2007 to June 2017
	Member, Advisory Committee	July 2016 to June 2017

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

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

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

6. I shall inform the Corporate Secretary of EAGLE CEMENT CORPORATION of any changes in the abovementioned information within five days from its occurrence.

Done this JUL 04 2023 in Pasig City.

WINSTON A. CHAN
Affiant

SUBSCRIBED AND SWORN to before me this JUL 04 2023 2023 in Pasig City, affiant having exhibited to me his Tax Identification No. 102-083-827.

BENIGNO P. ENCISO
Notary Public for the Cities of Pasig, San Juan
And Municipality of Pateros
Commission until 31 December 2024
2801 Discovery Center 25 ADB Ave., Ortigas Center Pasig City
APPT. No. 268 (2023-2024) - Roll No. 81896
PTR No. 0163789; 01-10-2023, Pasig City
IBP No. 293372; 01-10-2023; Tarlac City
MCLE Compliance N/A; (Admitted to the Bar in 2022)

Doc. No. 282;
Page No. 58;
Book No. I;
Series of 2023.

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

CERTIFICATE

I, **MARIA FARAH Z.G. NICOLAS-SUCHIANCO**, of legal age, Filipino, and with office address at Suite 2801 Discovery Center, 25 ADB Avenue, Ortigas Center, Pasig City, having been duly sworn in accordance with law, state that:

1. I am the duly elected Corporate Secretary of **EAGLE CEMENT CORPORATION** (Corporation), a corporation duly organized and existing under the laws of the Republic of the Philippines, with office address at 2/F SMITS Corporate Center, 155 EDSA, Brgy. Wack-Wack, Mandaluyong City.

2. No director or officer of the Corporation is currently in the government service or is affiliated with any government agencies or its instrumentalities.

3. This Certification is being issued for whatever legal purpose it may serve.

IN WITNESS WHEREOF, I have affixed my signature this 21st day of June 2023 in Pasig City.

MARIA FARAH Z.G. NICOLAS-SUCHIANCO
Corporate Secretary

SUBSCRIBED AND SWORN to before me this 21st day of June 2023 in Pasig City, affiant having exhibited to me competent evidence of her identity in the form of her Tax Identification Number 165-102-272.

Doc. No. 84 ;
Page No. 18 ;
Book No. I ;
Series of 2023.

BENIGNO P. ENCISO
Notary Public for the Cities of Pasig, San Juan
And Municipality of Pateros
Commission until 31 December 2024
2801 Discovery Center 25 ADB Ave,. Ortigas Center Pasig City
APPT. No. 268 (2023-2024) - Roll No. 81896
PTR No. 0163769; 01-10-2023, Pasig City
IBP No. 293372; 01-10-2023; Tarlac City
MCLE Compliance N/A; (Admitted to the Bar in 2022)

SEC FORM 17-A
ANNUAL REPORT WITH AUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2022
(ANNEX B)

S.E.C. Number
____
File
Number__________

EAGLE CEMENT CORPORATION
(Company's Full Name)

2/F SMITS Corporate Center, 155 EDSA, Barangay Wack-Wack, Mandaluyong City,1554
(Company's Address)

(632) 5 3013453
(Telephone Numbers)

December 31
(Fiscal Year Ending) (month & day)

SEC FORM 17-A – Annual Report
Form Type

____
Amendment Delegation (If applicable)

December 31, 2022
Period Ended Date

____
(Secondary License Type and File Number)

COVER SHEET

AS095-005885
SEC Registration Number

EAGLE CEMENT CORPORATION AND SUBSIDIARIES
(Company's Full Name)

2F SMITS CORPORATE CENTER, 155 EDSA BARANGAY WACK-WACK, MANDALUYONG CITY
(Business Address: No. Street City/Town/Province)

Marlon P. Javarro
(Contract Person)

(02) 5 301-3453
(Company Telephone Number)

12 31
Month *Day*
(Fiscal Year)

17-A
(Form Type)
For the year ended
31 December
2021

06 23
Month *Day*
(Annual Meeting)

Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA
(Secondary License Type, If Applicable)

MSRD
Dept. Requiring this Doc.

Not Applicable
Amended Articles Number/section

Total Amount of Borrowings

13
Total No. of Stockholders

₱4.0 Billion
Domestic

-
Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

S T A M P S

Remarks: Please use BLACK ink for scanning purposes.

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-A, AS AMENDED

ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE
AND SECTION 171 OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the calendar year ended: **December 31, 2022**
2. Commission identification number: **AS095-005885**
3. BIR Tax Identification No.: **004-731-637-000**
4. Exact name of issuer as specified in its charter : **EAGLE CEMENT CORPORATION**
5. Province, country or other jurisdiction of incorporation or organization
   Mandaluyong, Philippines
6. (SEC Use Only | Industry Classification Code:
7. **2/F SMITS Corporate Center, 155 EDSA, Barangay Wack Wack, Mandaluyong City**
   Address of issuer's principal office Postal Code : **1554**
8. **(632) 5 301-3453**
   Issuer's telephone number, including area code
9. Former name, former address and former fiscal year, if changed since last report : **NA**
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Issued and/or Outstanding
COMMON (OUTSTANDING)	**5,000,000,005**

* The total issued and outstanding shares as at December 31, 2022 are:
Common 5,000,000,005

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

Yes [X] No [ ]
If yes, state the name of such Stock Exchange and the classes of securities listed therein:

Philippine Stock Exchange (PSE)	Common Shares

The Company's common shares were listed in the PSE on May 29, 2017 through an initial public offering (IPO).

12. Indicate by check mark whether the registrant:

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

Yes [X] No [ ]

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

Yes [X] No [ ]

APPLICABLE ONLY TO REGISTRANTS INVOLVED IN
INSOLVENCY/SUSPENSION OF PAYMENTS PROCEEDINGS
DURING THE PRECEDING FIVE YEARS:

13. Check whether the registrant has filed all documents and reports required to be filed by Section 17 of the Code subsequent to the distribution of securities under a plan confirmed by a court or the Commission.

Yes [ ] No [X] This item is not applicable to the Company.

DOCUMENTS INCORPORATED BY REFERENCE

14. Briefly describe documents incorporated by reference and identify the part of the SEC Form 17-A into which the document is incorporated:

Please refer to Exhibits identified in this report.

PART I – BUSINESS AND GENERAL INFORMATION

ITEM 1. BUSINESS

Eagle Cement Corporation (ECC or the Company) was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on June 21, 1995. The Company is primarily engaged in the business of manufacturing, marketing, sale and distribution of cement products.

In October 2022, San Miguel Equity Investments Inc. (SMEII) as buyer, and Far East Holdings, Inc. (FEHI), Ramon S. Ang, John Paul L. Ang and Monica Ang-Mercado, as sellers, entered into a Share Purchase Agreement for the purchase and sale of 4,425,123,001 common shares representing 88.50%of the total issued and outstanding shares of the Company. During the Tender Offer Period from November to December 2023, a total of 572,780,677 common shares representing 11.4556% of the total and outstanding shares were tendered and accepted by SMEII, resulting in SMEII's ownership of 99.9581%of the common shares in the Company as at December 31, 2022.

Furthermore, in December 2022, the Company filed with the Philippine Stock Exchange (PSE) a petition for voluntary delisting of its common shares listed on the main board of the PSE. In January 2023, the PSE approved the delisting effective end of business on February 28, 2023.

The Parent Company is a wholly-owned subsidiary of San Miguel Corporation (SMC or the Intermediate Parent Company). SMC is a public company under Section 17.2 of the Securities Regulation Code (SRC), and its shares are listed in the PSE. The Ultimate Parent Company is Top Frontier Investment Holdings, Inc. (TFIHI), a holding company incorporated and domiciled in the Philippines and its shares are also listed in the PSE.

The Company holds office at 2/F SMITS Corporate Center, 155 EDSA, Barangay Wack-Wack, Mandaluyong City, Metro Manila. It operates its cement manufacturing plant in Barangay Akle, San Ildefonso, Bulacan and grinding and packaging facility in Limay, Bataan.

The Company has three (3) subsidiaries as follows:

South Western Cement Corporation **(SWCC)**

SWCC was incorporated in the Philippines on December 26, 1994. Its primary purpose is to engage in manufacturing, marketing, sale and distribution of cement, cement products and by-products. SWCC holds two (2) Mineral Production Sharing Agreements (MPSAs) covering mining areas in Malabuyoc, Province of Cebu, granted by the Department of Environment and Natural Resources (DENR) in November 1996. In July 2019, the DENR also granted SWCC a Special Use Agreement in Protected Area for Seaport Facility (covering the Tanon Strait Seascape) located in Malabuyoc, Cebu. The Company acquired 100% equity interest in SWCC in December 2016. To date, SWCC has not commenced commercial operations.

Solid North Mineral Corporation **(SNMC)**

SNMC was incorporated in the Philippines on July 19, 1995. Its primary purpose is to engage in mining and quarrying activities, and to manufacture and distribute cement products and other minerals. It was acquired by the Company on November 4, 2021. SNMC holds Mineral Production Sharing Agreements (MPSA) covering mining areas located in the Province of Bulacan.

Armstrong Flyash and Logistics Inc. **(AFALCI)**

AFALCI was incorporated in the Philippines on June 2, 2015. Its primary purpose is to engage in manufacturing, processing, sale and distribution of fly-ash, bottom ash, hi-carbon and other by-products. On August 12, 2022, the Securities and Exchange Commission approved the coversion of AFALCI’s preferred shares to common shares. The Company’s common shareholding in AFALCI increased from zero to 78.95% making AFALCI its subsidiary. On December 7, 2022, the Company acquired the remaining 21.05% common shares of AFALCI from the latter's two (2) individual shareholders thereby increasing its equity interest to 100%.

The Company, together with its three (3) subsidiaries, is hereafter collectively referred to as the "Group".

Business Desription

The Company is primarily engaged in the business of manufacturing, developing, processing,marketing, sale and distribution of cement, cement products, minerals and other by-products. The Company is one of the largest players in the Philippine cement industry and has the fastest growing market share amongst all competitors in the industry since it started its commercial operations in 2010.

The competitive strength of Eagle Cement is founded on its end-to-end production strategy, which seamlessly integrates critical raw material sourcing with modern manufacturing technology resulting in one of the most efficient cement manufacturing operations in the country. It has the newest, state-of - the art, and single largest fully-integrated cement production facility in the Philippines located in Barangay Akle, San Ildefonso, Bulacan (the "Bulacan Cement Plant"). The Bulacan Cement Plant consists of three (3) integrated production lines with a combined annual cement production capacity of approximately Eight Million Six Hundred Thousand (8,600,000) Metric Tonnes ("MT") or Two Hundred Fifteen Million (215,000,000) bags per annum. This is inclusive of the Twelve Million (12,000,000) bags of cement per annum produced by its grinding and packaging facility in Limay, Bataan. It is strategically located near demand-centric areas and in close proximity to rich limestone and shale reserves covered by the exclusive mineral rights of Eagle Cement.

The Company promotes the distribution of its high-quality products through strong mass media marketing efforts and grass-roots below-the-line activation partnership-building programs with dealers, distributors, and retailers. Through its holistic brand building activities, Eagle Cement continues to enhance its value proposition which develops strong client relationships. Sound credit management framework employed by the Company ensures a substantially liquid financial position that provides options in short-term financial planning and in long term capital development strategy.

About sixty-four percent (64%) of the country's total cement demand come from Luzon region. Eagle Cement currently distributes its products in the following areas of the Luzon region: National Capital Region, Region I (La Union, Pangasinan), Region II (Cagayan, Isabela, and Nueva Vizcaya), Region III (Nueva Ecija, Bulacan, Pampanga, Tarlac, Bataan, Zambales and Aurora), and Region IVA (Cavite, Laguna, Batangas, Rizal, and Quezon). As of 2022, NCR still serves as the center of construction and infrastructure activities in the country. The Company is considered as one of the leading players in areas with the highest economic activity in the Philippines with an estimated market share of 27% in Luzon, based on internal market survey.

Eagle Cement does not sell its products in other countries. With the foreseen increase in both private and public construction activities, supported by the commitment of the national government towards infrastructure development, there remains a strong positive outlook on the Philippine economy which translates to sustained and impressive growth prospects for the cement industry. The Company is uniquely well-positioned to capitalize on these market conditions to maintain its robust financial performance through modern production technology, strategic raw material sources, strong brand equity and established customer and dealer relationships

SNMC, a subsidiary of the Company, is operating a limestone, shale and pozzolan quarry and a Limestone Pulverizing Plant in San Ildefonso, Bulacan with an annual capacity of one million (1,000,000) metric tonnes. Bulk of its production are used as input in the Company's cement production and are supplied to power companies.

AFALCI, another subsidiary of the Company, is operating a Flyash Separator Plant that process waste flyash into product usable for ready mixed concrete and cement production.

Products and Brands

The Company offers Blended (Type 1P/Type 1T) and OPC (Type 1) cement to both distributors and top Philippine real estate developers under the Eagle Cement brand that has become synonymous with strength, durability, reliability, and world-class quality. As a testament to the quality of its products, Eagle Cement Strongcem is being used in concrete designs of up to a high of twelve thousand pounds per square inch (12,000 PSI).

Eagle Cement Advance (Type 1P/Type 1T)
Eagle Cement Advance is a blended cement used for general construction applications such as floorings, plastering, as well as the production of concrete products like hollow blocks, culverts and concrete pipes. This type of cement is available in 40-kg per bag. Distribution of said product is generally done through direct plant pick-up or delivery to cement retailers, dealers and distributors which in turn is sold to various customers like retailers, contractors, and home builders.

Eagle Cement Strongcem (Type 1)
Eagle Cement Strongcem is a Type 1 portland cement which is available in bulk and a one-tonner bag. This type of cement is usually used for cement and concrete applications that require higher compressive and early strength development such as concrete slabs, foundations and matting in high rise buildings and infrastructures like roads and bridges. Distribution of said product is done through direct plant pick-up or truck delivery to institutional customers such as ready mix concrete suppliers, real estate and infrastructure developers and contractors.

Sales of cement bags to retail customers comprise the main revenue source of Eagle Cement, accounting for about 83.40%, 82.64% and 82.79% of the consolidated net sales for years ended December 31, 2022, 2021, and 2020, respectively. However, demand for bulk cement has seen a compound annual growth rate (CAGR) of 7.74% over the past three (3) years, accounting for about 16.60%, 17.40% and 17.21% of the consolidated net sales for years ended December 31, 2022, 2021, and 2020, respectively. This is attributable to the continuous marketing and distribution efforts of the Company towards institutional customers and upstart in both public and private infrastructure and construction sectors signifying the improved presence of the Eagle Cement brand in this particularly important market segment.
Distribution Methods

The distribution channels are slightly different between cement bags and bulk cement. Cement bags are almost exclusively sold through over a hundred independent wholesalers such as dealers and distributors. These wholesalers are usually associated with various cement producers although there are also a few which exclusively carry brands of a single manufacturer. Wholesalers either pick-up cement from the plant or have it delivered to their depots by the cement companies. Wholesalers mainly sell bagged cement although a small amount of bulk cement (around 5% of total volume) is also being sold. These dealers and distributors sell cement to retailers which usually have outlets selling a variety of building materials to the public. As for bulk cement, this is mainly sold directly by the manufacturers to ready mix concrete producers (“RMC”), concrete product producers, projects contractors and developers.

Eagle Cement has four (4) distribution centers located in Parañaque in the NCR, Cavite and Batangas in Region IVA and Pangasinan in Region 1. These are complemented by a fleet of more than 500 cargo trucks, trailers, and bulk carriers operated by third party service providers comprising a network that can efficiently reach the most important markets in NCR and its developing suburban areas as well as nearby fast-growing provincial markets. The distribution network of the Company supplies cement products to about 100 dealers and sub-dealers all over NCR and Region IVA.
Competition

Current Domestic Supply

As of December 2022, the Philippine cement industry has an estimated annual cement capacity of 50 Million MT based on nameplate capacities of integrated cement manufacturing and grinding plants in the country. The top four (4) industry players (Holcim Philippines, Inc., Cemex Holdings Philippines, Inc., Republic Cement and Building Materials, Inc., and Eagle Cement Corp.) account for about 64% of cement domestic production.

In the Luzon region, the top four industry players account for about 71% share of the said market. While the Company has 27% share of the Luzon market, it has an estimated market share of 33%, 44% and 29% in NCR, Region 3 and Region 4A, respectively. Because of this, the Company is considered as one of the leading cement players in the areas with highest economic activities in the Philippines.

Competition is mainly on the basis of product quality, market coverage, distribution infrastructure, product offerings, marketing strategy, brand equity and pricing. Given its key strengths and track record to date, the Company believes it can continue to compete strongly on these factors with other players in the industry.

The Company has a diverse customer base and is not dependent on any single customer. No single customer accounts for 20% or more of its total revenues.

The following table illustrates the contribution in revenue of each product of the Company:

CEMENT TYPE	2022	2021	2020
Bags (Type 1P/Type 1T)	83.4%	82.6%	82.8%
Bulk (Type 1)	16.6%	17.4%	17.2%
Total	**100.0%**	**100.0%**	**100.0%**

Imports

As a result of the robust growth in cement consumption, the Philippine cement market has seen significant growth in imports of both clinker and cement. These imports are brought into the country either by existing industry players or independent importers. The entry of independent importers is viewed to be opportunistic in nature and their long-term commitment to the market is questionable since they have yet to invest in importation assets in the country such as terminals, depots, etc.

Sources and availability of raw materials

The primary raw materials used by the Company in the cement manufacturing process is limestone. Raw materials costs represent approximately 20.4%, 20.6% and 20.7% of the costs of sales of the Company for the years ended December 31, 2022, 2021 and 2020, respectively.

Limestone, Shale and Pozzolan are sourced primarily from the Group own reserves pursuant to its mineral rights. As part of the strategy, said reserves are co-located or within proximity of the Bulacan Cement Plant to minimize transportation/hauling costs.

In addition to the limestone sourced from its reserves, the Company also procures gypsum, silica, and other raw materials from third party suppliers located within and outside of the Philippines.

Employees and Labor Relations

As of December 31, 2022, the Company has a total of 491 regular employees.

The Company maintains a good relationship with its workforce. Neither the Company nor any of its subsidiaries has experienced a work stoppage as a result of labor disagreements. None of the employees belong to a union.

The Company has a rewards and recognition policy that is competitive with industry standards in the Philippines. Salaries and benefits are reviewed periodically and adjusted accordingly to retain current employees and attract new talents. Tied to this is a performance management system that calls for the alignment of individual key results, competencies, and development plans with the overall business targets and strategy of the Company. Performance is reviewed annually and employees are rewarded based on the attainment of pre-defined objectives. In addition to the statutory benefits, the Company provides other benefits for the increased security of its employees in the following areas: healthcare, insurance, leaves, miscellaneous benefits, loans and financial assistance, and retirement benefits. It also provides programs for the professional and personal development of its employees.

Transactions with Related Parties

Refer to Note 20 (Related Party Transactions) of the Consolidated Financial Statements as of year ended December 31, 2022 in the accompanying Audited Financial Statements filed as part of this Form 17-A for the transactions involving Related Parties.

The Related Party Transactions Committee and the Audit Committee of the Company ensure that RPTs are in the ordinary course of business, under reasonable terms, and do not include financial assistance or loans to Board Directors, affiliates or related entities.

Intellectual Properties

Below is the list of the Registered Trademarks of the Company as of December 31, 2022:

Eagle Cement (TM4202000003451), Eagle Cement (TM4202000003447), Eagle Cement (TM4202000003449), Eagle (TM4202000003450), Eagle Cement (TM4202000003446), Eagle Cement (TM4202000003448), Eagle Cement Exceed (TM42009012374), The Reinforcements! (TM42013010045), Eagle Cement Hard Wall (TM42013010042), Eagle Cement Palitada Max (TM42013010043), Eagle Cement Super Mason (TM42013010044), Eagle Cement High Sa Tibay! (TM4201500003734), Eagle Cement Power Minerals (TM4201500006465), Eagle Cement Power Minerals (TM4201500006466), Eagle Cement (TM4200900010863), Eagle Cement (TM4200800006759), and Eagle Building Materials (TM4202100501623).

Compliance with Regulatory and Environmental Laws

The Company is subject to a number of laws and regulations relating to the protection of the environment and human health and safety, including those governing air emissions, water and wastewater discharges, and odor emissions and the management and disposal of hazardous materials. The Company applies its quality standards uniformly across all its production facilities.

As a certified IMS (Integrated Management System) company, Eagle Cement was issued with ISO-9001 and ISO-14001 for the establishment and application of a quality management system and environmental management system for the manufacturing of Portland cement and blended hydraulic cement with pozzolan. In 2021, the Company has been certified with a new standard ISO 45001 Occupational Health and Safety Management System by TUV-SUD Asia Pacific TUV SUD Group.

The Company is compliant with relevant health, safety, and environmental laws. It has also obtained all necessary permits and licenses to manufacture and sell its products. In addition, the Company continues to implement health and safety protocols in accordance with the guidelines and requirements of government agencies in order to contain the spread of COVID-19.

ITEM 2. PROPERTIES

The Company owns parcels of land where it erected three integrated cement lines, including three kilns, five cement mills, three packhouses, five cement silos, and other support production facilities, such as waste heat recovery facility, raw materials storage, clinker silos and buildings. The Company also owns other support facilities, such as IT Center, Administration, Logistics, and EHS Buildings, Motor Pool, Fabrication Facilities, Warehouses, Guest House and Employees Quarters.

The Company also owns grinding and packaging facility in Limay, Bataan. It also leases four warehouses in Luzon and two office buildings in Metro Manila.

SNMC owns lands and other equipment, buildings and improvements located in San Ildefonso, Bulacan, including Limestone Pulverizing Plant with its major components and accessories, staff housing units, warehouse, and Administrative Building.

AFALCI owns a Flyash Processing Plant located in San Ildefonso, Bulacan.

SWCC owns parcels of land in Malabuyoc and Ginatilan, Cebu.

ITEM 3. LEGAL PROCEEDINGS

The Company is a plaintiff in a civil case for Fraud. It sought to enjoin defendants Exclusive Precinct Int. (M) Sdn Bhd (Exclusive), PT Hasta Yasa Semsta (PT Hasta), an Indonesian entity, QY Asia Marketing & Services Sdn Bhd (QY Asia), a Malaysian entity, and Malayan Bank Berhad (Maybank) from claiming under the Letter of Credit No. 2010/0260 in the amount of Nine Hundred Four Thousand US Dollars (US$904,000.00), and defendant Bank of Commerce (BOC) from releasing payment under the said Letter of Credit.

On July 12, 2011, a writ of preliminary injunction was issued by H the Regional Trial Court of Mandaluyong, Branch 211, enjoining defendants from claiming payment from defendant Bank of Commerce.

As of December 31, 2022, the trial of the case is continuously being held.

ITEM 4. SUBMISSION OF MATTERS TO VOTE OF SECURITY HOLDERS

There were no matters that were submitted to a vote of the security holders other than those items taken up during the Annual Meeting of the Stockholders on June 23, 2022.

PART II - FINANCIAL INFORMATION

ITEM 5. MARKET FOR ISSUER'S COMMON EQUITY AND RELATED STOCKHOLDERS MATTERS

Market Information

The principal market for the Company's common equity was the Philippine Stock Exchange.

On December 14, 2022, the Philippine Stock Exchange (PSE) implemented a trading suspension on the listed shares of the Company following the execution of block-sale for the Company's shares. The percentage of public ownership of the Company as of December 31, 2022 is less than 1%.

As of December 31, 2022 there are Five Billion and five (5,000,000,005) issued and outstanding common shares which are registered securities pursuant to Sections 8 and 12 of the Securities Regulations Code.

Stockholders

The top remaining Stockholders (Common) of the Company as of December 31, 2022 are as follows:

	Name of Stockholder	Nationality	No. of Shares	Percentage to total O/S (%)
1	PCD Nominee Corp.	Filipino	4,998,842,582	99.9
2	PCD Nominee Corp.	Non-Filipino	1,153,600	0.02
3	Renato D. Munez	Filipino	2,000	0.000040
4	Lolita Siao-Ignacio	Filipino	1,600	0.000032
5	Victor Co and/or Alian Co	Filipino	100	0.000002

	Name of Stockholder	Nationality	No. of Shares	Percentage to total O/S (%)
6	Winston A. Chan*	Filipino	100	0.000002
7	Rosauro Panergo Babia	Filipino	10	NIL
8	Gerardo L. Salgado	Filipino	8	NIL
9	Ricardo C. Marquez	Filipino	1	NIL
10	Jose P. Perez	Filipino	1	NIL
11	Melinda Gonzales-Manto	Filipino	1	NIL
12	Martin S. Villarama Jr.	Filipino	1	NIL
13	Joselito Tanwangco Bautista	Filipino	1	NIL
	Total		**5,000,000,005**	**100%**

**Director Winston A. Chan's shares were lodged in PCD Nominee Corp. throughout 2022. The stock certificate for his 100 shares was issued on 03/29/2022.*

Cash Dividends

Below is a summary of the cash dividend declarations of the Company in the past five years:

Date of Declaration	Class of Shares	Rate per share (₱)	Total Amount (₱)	Record Date
January 9, 2017	Preferred	0.015	45,000,000.00	January 15, 2017
April 5, 2017	Preferred	0.015	45,000,000.00	March 31, 2017
June 29, 2017	Preferred	0.015	45,000,000.00	May 31, 2017
June 29, 2017	Preferred	0.015	45,000,000.00	May 31, 2017
June 29, 2017	Preferred	0.015	45,000,000.00	May 31, 2017
March 15, 2018	Preferred	0.015	45,000,000.00	March 15, 2018
March 15, 2018	Preferred	0.015	45,000,000.00	March 15, 2018
March 15, 2018	Preferred	0.015	45,000,000.00	March 15, 2018
March 15, 2018	Preferred	0.015	45,000,000.00	March 15, 2018
May 3, 2018	Common	0.2310231027	1,155,115,515.50	May 31, 2018
February 28, 2019	Preferred	0.015	45,000,000.00	February 28, 2019
February 28, 2019	Preferred	0.015	45,000,000.00	February 28, 2019
February 28, 2019	Preferred	0.015	45,000,000.00	February 28, 2019
February 28, 2019	Preferred	0.015	45,000,000.00	February 28, 2019
June 18, 2019	Common	0.26	1,300,000,001.30	July 12, 2019
March 13, 2020	Preferred	0.015	46,500,000.00	March 13, 2020
May 11, 2021	Common	0.33	1,650,000,001.00	May 26, 2021
September 23, 2021	Common	0.33	1,650,000,002.00	October 7, 2021
May 12, 2022	Common	0.40	2,000,000,002.00	May 26, 2022
August 04, 2022	Common	0.40	2,000,000,002.00	August 18, 2022

Recent Sale of Unregistered or Exempt Securities

There were no sales of unregistered or exempt securities as of December 31, 2022.

ITEM 6. MANAGEMENT DISCUSSION AND ANALYSIS

The following discussion and analysis relate to the consolidated financial position and results of operations of the Group and should be read in conjunction with the accompanying audited consolidated financial statements and related notes. The audited consolidated financial statements have been prepared in compliance with the Philippine Financial Reporting Standards ("PFRS"). PFRS includes statements named PFRS and Philippine Accounting Standards, including Interpretations issued by the PFRS Council.

The financial information appearing in this report and in the accompanying audited consolidated financial statements is presented in Philippine pesos, the Group's functional and presentation currency, as defined under PFRS. All values are rounded to the nearest million pesos, except when otherwise indicated.

<u>Key Components of Results of Operations</u>

Revenues

The Group generates revenue mainly from the sale of cement. It sells majority of its products to dealers and institutional customers.

Cost of Goods Sold

Cost of goods sold represents the accumulated total of all costs used to produce cement and mineral products which has been sold. It comprises variable and fixed and semi-variable expenses such as, electricity, fuel, raw materials, packaging materials, repairs and maintenance, personnel costs, depreciation and depletion of assets utilized inproduction, costs related to moving, storing, feeding of raw materials in the plant, and all other expenses directly identifiable to cement and mineral production.

Expenses related to personnel, equipment and other services involved in the sales, distribution, and warehousing activities of cement and mineral products at points of sales do not form part of cost of sales. These are included in operating expenses. Freight expenses of finished products between plants and points of sale and freight expenses from points of sales to the facilities of the customers are included as part of distribution expenses.

Operating Expenses

Operating expenses consist of administrative, selling and distribution expenses. Administrative expenses includes personnel costs, taxes and licenses, security services and depreciation of non-production related assets. Selling and distribution expenses comprise of, but not limited to, freight cost, warehousing fees, advertising and promotion and handling.

Finance Costs

Finance costs mainly consist of interest expense incurred in relation to the Term Loan Facility and Security Agreement (TLFSA) entered into with various banks to finance the construction of the third production line.

Interest Income

Interest income largely comprise of interest income earned from short-term and long-term placements of cash deposits.

Other Income – Net

Other income comprises of foreign exchange gain, fair value adjustment on investment properties, gain on sale of property and equipment, gain or loss on sale of investments, and dividend income.

Income Taxes

Income taxes include current and deferred income tax. Current income tax expense pertains to regular corporate income tax of the Company. The statutory income tax rate is 25% effective 2020 by virtue of the Republic Act No. 11534 (CREATE Act). The income tax at effective rate was 17.38% , 11.78% and 23.39% in CY 2022, CY 2021, and CY 2020, respectively, after taking into consideration the increase (decrease) in income tax resulting from: income exempt from tax (Income Tax Holiday) covered activities, non-deductible interest expense, interest income subjected to final tax, and dividend income exempt from income tax.

On July 31, 2017, the Board of Investments (BOI) approved the application of the Company as an expanding producer of cement in Bulacan on a nonpioneer status. In May 2018, the Company started commercial operations of its Production Line 3. On October 2, 2020, BOI granted the deferment of the Company's ITH entitlement for the taxable year 2020 for its registered project due to the adverse effects of the COVID-19 pandemic . The Company resumed the availment of its ITH incentive starting January

1, 2021 which expired on April 30, 2022. Moreover, On September 14, 2022, BOI approved the Company's application for registration for its Finish Mill 5 facility which commercial operation started on November 29, 2022.

RESULTS OF OPERATIONS (2022 VS. 2021)

The Group posted a full-year consolidated revenues of ₱26.38 billion, 23% better against the ₱21.40 billion in previous year. Cement operation generated ₱25.78 billion revenue, 21% increase over prior year's ₱21.30 billion, coming from higher sales volume and better selling price. Meanwhile, the limestone business contributed ₱600.73 million in revenue.

Cost of sales increased by 46% to ₱18.14 billion from ₱12.42 billion last year mainly due to higher volume sold combined with higher prices of power and fuel as a result of spike in energy global price following the escalated tension in Europe that caused global supply imbalance.

Thus, the gross profit dipped by 8% to ₱8.25 billion showing a downswing on gross profit margin from 42% last year to 31%.

Operating expenses (OPEX) increased by 22% to ₱2.83 billion from ₱2.32 billion. Cement segment's OPEX increased by 13% to ₱2.60 billion from ₱2.29 billion substantially due to increase in freight and trucking, advertising and warehousing driven by growth in sales volume and the inflationary effect of soaring fuel price. Meanwhile, other business OPEX, comprised mostly of delivery expenses, amounted to ₱238.52 million.

Finance costs was reduced by 19% to ₱293.06 million from ₱360.33 million last year due to continuous repayment of TLFSA. To note, interest-bearing loans declined by 23% to ₱4.04 billion from ₱5.24 billion last year.

Interest income increased by 28% to ₱273.27 million due to higher yield from short-term investments following the interest hike by BSP.

Other income decreased by 17% to ₱266.12 million from ₱320.80 million in the previous year, as a result of lower fair value gain on investment property and financial asset valuation offset the cash dividend income received from investment in perpetual security and forex gains.

The income tax provision increase by 22% to ₱983.91 million from ₱804.31 million due to the lapse of the BOI ITH incentive last April 2022.

Net income after tax (NIAT) dropped by 22% to ₱4.68 billion from ₱6.03 billion last year. This translated to earnings per share (EPS) of ₱0.94, lower than last year's ₱1.21 by 22%.

For the fourth quarter alone, the Group reported net sales of ₱6.31 billion, 22% ahead relative to the same quarter in the prior year. Gross profit contracted by 9% to ₱1.53 billion while EBITDA and NIAT dropped by 33% to ₱986.0 billion and 52% to ₱456.5 million respectively.

The table below summarizes the consolidated results of operations of the Group for the years ended December 31, 2022, 2021 and 2020, presented in absolute amounts as a percentage of net sales.

	For the Year Ended December 31				
	2022	2021	2020	% of Change	
	(in Millions of Philippine Pesos, except percentages)			2022 vs 2021	2022 vs 2020
Net Sales	26,384	21,397	13,906	23%	90%
Cost of Goods Sold	18,138	12,423	8,209	46%	121%
Gross Profit	8,247	8,974	5,697	-8%	45%
Operating Expenses	2,832	2,318	1,586	22%	79%

Income from Operations	5,415	6,656	4,111	-19%	32%
Finance costs	293	360	431	-19%	-32%
Interest Income	273	213	334	28%	-18%
Other income – net	266	321	413	-17%	-36%
Income Before Income Tax	5,661	6,830	4,427	-17%	28%
Income Tax Expense	984	804	1,036	22%	-5%
Net Income	4,677	6,026	3,391	-22%	38%

Calculation of Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)

	For the year ended	
	December 31, 2022	**December 31, 2021**
Net income	₱4,677	₱6,026
Add:		
Income tax expense	984	804
Depreciation and amortization	1,332	1,166
Finance costs	293	360
Less:		
Interest income	73	213
EBITDA	₱7,013	₱8,143

(in millions)

FINANCIAL CONDITION

The financial position of the Company for the year ended December 31, 2022 remains stable, with total assets growing by 3% to ₱54.59 billion from ₱53.23 billion as at end of 2021.

Current assets grew by 6% to ₱21.53 billion primarily due to the reclassification of Investment Properties to Assets held for Sale as a result of BOD approval to sell KB Space Holdings, Inc. Cash and cash equivalents decrease by 18% to ₱9.55 billion mainly due to lower cash generated from operations and higher cash dividend payment.

Non-current assets almost stayed flat at ₱33.06 billion as the reclassification of Investment Properties to current assets mentioned above were offset by additional expenditures on Capital Assets.

Current liabilities slightly bumped by 3% to ₱5.82 billion mainly due to the timing of settlement of trade and other payables.

Non-current liabilities decreased by 3% to ₱4.54 billion primarily due to principal repayment of the long-term debt related to TLFSA.

Total liabilities stood at ₱10.53 billion, slightly decreased by 6% from ₱11.03 billion registered last year.

After accounting for net income, cash dividends payments and revaluation of properties and other equity reserves, consolidated stockholders' equity increased by 5% to ₱44.24 billion.

The Company remains compliant with its loan covenants, with debt-to-equity ratio registering at 0.23x while financial debt to equity ratio stood at 0.09x. The current gearing gives the Company more flexibility to support its investment plans. Meanwhile, current ratio stood at 3.70x while return on equity ended at 11%.

SUMMARY OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31			
	2022	**2021**	**Increase/(Decrease)**	**Percentage of Change**
	(in Millions of Philippine Pesos, except percentages)			
Current Assets	21,529	20,394	1,135	6%
Noncurrent Assets	33,061	32,840	220	1%
Total Assets	**54,590**	**53,234**	**1,355**	**3%**
Current Liabilities	5,817	5,655	162	3%
Noncurrent Liabilities	4,536	5,375	(839)	-16%
Total Liabilities	**10,353**	**11,030**	(677)	-6%
Equity	**44,237**	**42,204**	2,032	5%
Total Liabilities and Equity	**54,590**	**53,234**	**1,355**	**3%**

COMPANY PERFORMANCE AND PROFITABILITY AND LIQUIDITY

Key Performance Indicators

Relevant Financial Ratios

The table below shows the comparative key performance indicator of the Company:

Financial KPI	Formula	2022	2021	2020
Current/liquidity ratio	$\frac{\text{Current assets}}{\text{Current liabilities}}$	**3.70**	**3.61**	4.14
Solvency ratio	$\frac{\text{Net income before depreciation}}{\text{Total liabilities}}$	**0.58**	**0.65**	0.41
Debt-to-equity ratio	$\frac{\text{Total liabilities}}{\text{Total equity}}$	**0.23**	**0.26**	0.28
Asset-to-equity ratio	$\frac{\text{Total assets}}{\text{Total equity}}$	**1.23**	**1.26**	1.28
Return on asset ratio	$\frac{\text{Net income before interest expense after tax}}{\text{Average total assets}}$	**0.09**	**0.12**	0.08
Return on equity ratio	$\frac{\text{Net income}}{\text{Average total equity}}$	**0.11**	**0.15**	0.09

Capital Expenditure

The total capital expenditure of the Company in 2022 amounted to ₱1.50 billion. Of that amount, 93% was spent for plant machinery and equipment, while the remaining 7% was accounted for land, building and improvement, transportation equipment, furniture, fixtures and office equipment.

MATERIAL CHANGES IN THE FINANCIAL STATEMENTS

CONSOLIDATED STATEMENTS OF INCOME (YEAR-END 2022 VS. YEAR-END 2021)

Net Sales – 23% increase

Driven by higher selling price and sales volume

Cost of Goods Sold – 46% increase

Cost of inventories – 34% increase
Largely due to the higher consumption of raw materials relative to the increase in sales volume coupled with the increase in prices of coal as a result of spike in coal index.

Utilities – 96% increase
Increase in power usage due to higher production volume and increase in electricity rate in latter part of the year due to surge in coal and price index.

Depreciation and Amortization – 15% increase
Due to additional PPE capitalized during the year a result of completion of various projects mostly related to expansion project of the Company.

Repairs and Maintenance – 46% increase
Due to the maintenance of additional facility/equipment and to the increase of prices vis-à-vis fx rate for imported component and spares.

Personnel Cost – 15% increase
Due to increase in headcount, and company-wide salary increases and production volume driven third party service contracts.

Taxes and Licenses – 19% decrease
Due to the real property taxes on the additional properties and facilities

Fuel and Oil – 67% increase
Mainly due to higher consumption of diesel relative to the increase in volume and spike in price of fuel.

Operating Expenses – 22% increase

Freight, trucking, and handling – 41% increase
Mainly driven by higher sales volume and prices relative to the increase in fuel prices.

Personnel Cost – 15% increase
Due to increase in headcount and company wide salary increases.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (END 2022 vs. END 2021)

Current Assets – 6% increase

Trade and other receivables – 4% increase
Mainly driven by the higher revenue.

Inventories – 36% Increase
Due to higher prices and level of raw materials maintained for its operational requirements coupled with the significant increase in prices .

Asset held for sale – 100% Increase
Pertains to assets under KSHI reclassified as Asset for sale as a result of the BOD approval on the sale of KSHI.

Noncurrent Assets – 1% increase

Investment Properties – 100% decrease
Due to reclassification of property investment of KSHI mentioned above.

Property, Plant & Equipment – 8% increase
Mainly from assets of acquired subsidiary and spending for equipment replacement and other support facilities.

Investment in subsidiary and associate – 100% decrease
Due to the conversion to AFALCI shares of stock, now subsidiary of the company

Current Liabilities – 3% increase

Trade and other payables – 1% increase
Merely due to the timing of accrual and payment.

Income tax payable – 24% increase
Attributable to the expiration of the ITH incentive last April 2022, the rest of the period were subjected to regular income tax.

Noncurrent Liabilities – 16% decrease

Loans payable – net of current portion – 15% decrease
Due to the ₱1.20 billion repayment of TLFSA.

Equity – 5% increase

Due to ₱4.68 billion net income generated in 2022 and the ₱1.33 billion revaluation surplus offset by the dividend payment amounting to ₱4.00 billion for common shareholders.

Liquidity and Capital Resources

Cash Flows
The primary sources and uses of cash of the Group for calendar years 2022, 2021 and 2020 were as follows:

	For the years ended December 31		
	2022	**2021**	**2020**
	(in Millions of Philippine Pesos, except percentages)		
Cash flows provided by operating activities	5,862	8,783	4,919
Cash flows used in investing activities	(2,365)	(3,886)	(5,773)
Cash flows provided by (used in) financing activities	(5,497)	(4,719)	(4,602)
Net effect of exchange rate changes on cash and cash equivalents	19		(16)
Net increase (decrease) in cash and cash equivalents	(1,980)	179	5,456
Cash and cash equivalents at beginning of year	11,645	11,466	16,938
Cash and cash equivalents at end of year	9,547	11,645	11,466

Cash Flows From Operating Activities
Internal cash generation from operations this year amounted to ₱5.86 billion. This was primarily the result of net income before taxes of ₱5.66 billion, adjusted for non-cash items and changes in working capital, including depreciation and amortization of ₱1.33 billion, finance costs of ₱273.27 million, income taxes paid of ₱974.10 million and interest received of ₱261.01 million.

Cash Flow From Investing Activities
Cash utilized for investing activities amounted to ₱2.37 billion. This was mainly spent for the purchase of AFALCI shares of ₱420.08 million, capital expenditures of ₱1.24 billion, deposits on asset purchase amounting to ₱171.63 million and ₱250.00 million additional investment in bonds, partially negated by cash dividends received and ₱208.46 million and ₱56.32 million respectively.

Cash Flow From Financing Activities
Meanwhile, cash utilized for financing activities totaled ₱5.50 billion. This mainly comprised of cash dividend payment of ₱4.00 billion and TLFSA debt servicing of ₱1.48 billion.

After substantial cash requirement for the purchase of subsidiary of ₱420.08 million, capex of ₱1.24 billion and cash dividend payment of ₱4.04 billion, the remaining cash decrease by ₱2.00 billion.

Consolidated ending cash closed at ₱9.55 billion, 18% decrease from beginning balance of ₱11.65 billion.

RESULTS OF OPERATIONS (2021 VS. 2020)

The Group registered full-year consolidated revenues of ₱21.40 billion, 54% better against the ₱13.91 billion it generated a year earlier and an increase of 8% versus 2019 level. Cement operation reached revenue of ₱21.30 billion, a 53% increase over prior year's ₱13.91 billion, resulting from higher sales volume despite historically low average selling price of cement. Meanwhile, Mining contributed ₱92.63 million in revenue.

Cost of sales increased by 51% to ₱12.42 billion from ₱8.21 billion last year mainly due to higher volume sold combined with higher prices of power and coal as a result of spike in coal and oil price index in the second half of the year.

Gross profit of the Group went up by 58% to ₱8.97 billion. Consolidated gross profit margin showed a slight improvement from 41% last year to 42%.

Operating expenses (OPEX) increased by 46% to ₱2.32 billion from ₱1.59 billion. Cement segment's OPEX increased by 45% to ₱2.29 billion from ₱1.58 billion last year largely driven by the increase in freight and trucking, advertising and warehousing expenses relative to the growth in sales volume and surge in oil prices in the latter part of the year. Meanwhile, Mining's OPEX, comprised mostly of delivery expenses, amounted to ₱12.32 million. Other pre-operating subsidiaries incurred combined OPEX of ₱13.77 million.

Finance costs dropped by 16% to ₱360.33 million from ₱430.70 million a year ago due to continuous repayment of TLFSA. Interest-bearing loans declined by 17% to ₱5.24 billion from ₱6.30 billion last year.

Interest income slipped by 36% to ₱213.33 millionowing to lower money market placements and yield from short-term investments.

Other income decreased by 22% to ₱320.80 million from ₱412.79 million in the previous year, as a result of lower fair value gain on investment property and financial asset valuation offset by the higher cash dividend income received from investment in perpetual security.

Income before income tax of the Group rose by 54% to ₱6.83 billion from ₱4.43 billion in the corresponding year.

The lower tax rates and the resumption of availment of the BOI ITH incentive resulted to the decrease in income tax by 22% to ₱804.31 million from ₱1.04 billion a year earlier. Moreover, recorded income tax includes a downward adjustment of ₱86.00 million from year 2020 due to the retroactive application of the 25% new coporate tax rate.

Net income after tax (NIAT) surged by 78% to ₱6.03 billion from ₱3.39 billion last year. This translated to earnings per share (EPS) of ₱1.21, exceeding last year's ₱0.67 by 81%.

For the fourth quarter alone, the Group reported net sales of ₱5.15 billion, 31% ahead relative to the same quarter in the prior year. Gross profit rose by 6% to ₱1.68 billion. EBITDA went up by 9% to ₱1.47 billion. NIAT grew by 35% to ₱947 million.

The table below summarizes the consolidated results of operations of the Group for the years ended December 31, 2021, 2020 and 2019, presented in absolute amounts as a percentage of net sales.

	For the Year Ended December 31				
	2021	**2020**	**2019**	**% of Change**	
	(in Millions of Philippine Pesos, except percentages)			2021 vs 2020	2021 vs 2019
Net Sales	21,397	13,906	19,824	54%	8%
Cost of Goods Sold	12,423	8,209	11,153	51%	11%
Gross Profit	8,974	5,697	8,671	58%	3%
Operating Expenses	2,318	1,586	1,872	46%	24%
Income from Operations	6,656	4,111	6,799	62%	-2%
Finance costs	360	431	496	-16%	-27%
Interest Income	213	334	764	-36%	-72%
Other income – net	321	413	180	-22%	78%
Income Before Income Tax	6,830	4,427	7,248	54%	-6%
Income Tax Expense	804	1,036	1,233	-22%	-35%
Net Income	6,026	3,391	6,015	78%	0%

Calculation of Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)

	For the year ended	
	December 31, 2021	**December 31, 2020**
Net income	₱6,025,794,105	₱3,391,392,558
Add:		
Income tax expense	804,314,676	1,035,711,238
Depreciation and amortization	1,166,056,132	1,047,083,967
Finance costs	360,333,838	430,696,047
Less:		
Interest income	213,327,485	333,746,012
EBITDA	₱8,143,171,267	₱5,571,137,798

FINANCIAL CONDITION

The financial position of the Company for the year ended December 31, 2021 remains solid and stable, with total assets growing by 7% to ₱53.23 billion from ₱49.66 billion as at end of 2020.

Current assets grew by 8% to ₱20.39 billion. Cash and cash equivalents slightly increased by 2% to ₱11.65 billion. Strong income generation beefed up the cash position of the Group.

Non-current assets likewise increased 7% to ₱32.84 billion largely due to additions to PPE and goodwill recognized as a result of the acquisition of SNMC.

Current liabilities surged by 24% to ₱5.65 billion mainly due to increase in trade and other payables.

Non-current liabilities decreased by 16% to ₱5.38 billion primarily due to principal repayment of the long-term debt related to TLFSA.

Total liabilities stood at ₱11.03 billion, slightly increased by 1% from ₱10.95 billion registered last year.

After accounting for net income, cash dividends payments and revaluation of properties and other equity reserves, consolidated stockholders' equity increased by 9% to ₱42.20 billion.

The Company remains compliant with its loan covenants, with debt-to-equity ratio registering at 0.26x while financial debt to equity ratio stood at 0.12x. The current gearing gives the Company more flexibility to support its investment plans. Meanwhile, current ratio stood at 3.61x while return on equity ended at 15%.

SUMMARY OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31			
	2021	**2020**	**Increase/(Decrease)**	**Percentage of Change**
	(in Millions of Philippine Pesos, except percentages)			
Current Assets	20,394	18,914	1,480	8%
Noncurrent Assets	32,840	30,745	2,095	7%
Total Assets	**53,234**	**49,659**	**3,575**	**7%**
Current Liabilities	5,655	4,563	1,091	24%
Noncurrent Liabilities	5,375	6,381	-1,006	-16%
Total Liabilities	**11,030**	10,945	86	1%
Equity	**42,204**	38,714	3,492	9%
Total Liabilities and Equity	**53,234**	**49,659**	**3,575**	**10%**

COMPANY PERFORMANCE AND PROFITABILITY AND LIQUIDITY

Key Performance Indicators

Relevant Financial Ratios

The table below shows the comparative key performance indicator of the Company:

Financial KPI	Formula	2021	2020	2019
Current/liquidity ratio	Current assets / Current liabilities	**3.61**	4.14	4.40
Solvency ratio	Net income before depreciation / Total liabilities	**0.65**	0.41	0.59
Debt-to-equity ratio	Total liabilities / Total equity	**0.26**	0.28	0.31
Asset-to-equity ratio	Total assets / Total equity	**1.26**	1.28	1.31
Return on asset ratio	Net income before interest expense after tax / Average total assets	**0.12**	0.08	0.14
Return on equity ratio	Net income / Average total equity	**0.15**	0.09	0.17

Capital Expenditure

The total capital expenditure of the Company in 2021 amounted to ₱1.23 billion. Of that amount, 81% was spent on the construction of Finish Mill 5, Packhouse 3 and Cement Silo 5, 12% was disbursed for plant machinery and equipment, while the remaining 6% was accounted for building and improvement, transportation equipment, furniture, fixtures and office equipment.

MATERIAL CHANGES IN THE FINANCIAL STATEMENTS

CONSOLIDATED STATEMENTS OF INCOME (YEAR-END 2021 VS. YEAR-END 2020)

Net Sales – 54% increase

Driven by higher sales volume which partly offset by lower average selling price of cement

Cost of Goods Sold – 51% increase

Cost of inventories – 61% increase
Largely due to the higher consumption of raw materials relative to the increase in sales volume coupled with the increase in prices of coal as a result of spike in coal index.

Utilities – 67% increase
Increase in power usage due to higher production volume and increase in electricity rate in latter part of the year due to surge in coal and price index.

Depreciation and Amortization – 9% increase
Due to additional PPE capitalized during the year a result of completion of various projects mostly related to expansion project of the Company.

Repairs and Maintenance – 51% increase
Relatively due to the maintenance of the three production lines which were postponed in 2020 and carried out on 2021 due to covid-19 restriction.

Personnel Cost – 22% increase
Due to increase in headcount, third party contractor rates and company-wide salary increases.

Taxes and Licenses – 15% decrease

Due to the reduction of real property taxes caused by the decrease in the net book value of assets due to the depreciation considered in the computation of RPT.

Fuel and Oil – 106% increase
Mainly due to higher consumption of diesel relative to the increase in volume and spike in price of fuel.

Operating Expenses – 46% increase

Freight, trucking, and handling – 68% increase
Mainly driven by higher sales volume.

Personnel Cost – 12% increase
Due to increase in headcount and company wide salary increases.

Advertising Expenses – 288% increase
Largely due to the new incentive promotions for customers and marketing activities.

Warehousing fees –60% increase
Mainly due toincrease in sales volume from various warehouses.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (END 2021 vs. END 2020)

Current Assets – 8% increase

Trade and other receivables – 110% increase
Mainly due to the receivables of the acquired subsidiary.

Inventories – 20% Increase
Due to higher prices and level of raw materials maintained for its operational requirements.

Other current assets – 37% increase
Attributable to the increase in advances to suppliers for the supply of raw materials and spareparts.

Noncurrent Assets – 7% increase

Investment Properties – 8% increase
Due to ₱107.56 million gain on market value of investment property of KSHI

Property, Plant & Equipment – 8% increase
Mainly from the land revaluation increment as a result of the increase in market value of land and spending for various expansion projects.

Current Liabilities – 24% increase

Trade and other payables – 33% increase
Mainly due to the increase in the accruals for sales rebates relative to the increase in sales volume and increase in accruals for utilities due to higher production volume.

Income tax payable – 60% decrease
Attributable to the reduced income tax rate, ITH availment and the prior year adjustment relative to the reduced income tax rate from CREATE Act.

Noncurrent Liabilities – 9% decrease

Loans payable – net of current portion – 16% decrease
Due to the ₱1.07billion repayment of TLFSA.

Equity – 9% increase

Total retained earnings 31 % increase

Due to ₱6.03 billion net income generated in 2021 and the ₱736.92 million revaluation surplus offset by the dividend payment amounting to ₱3.30billion for common shareholders.

Liquidity and Capital Resources

Cash Flows

The primary sources and uses of cash of the Group for calendar years 2021, 2020 and 2019 were as follows:

	For the years ended December 31		
	2021	**2020**	**2019**
	(in Millions of Philippine Pesos, except percentages)		
Cash flows provided by operating activities	8,783	4,919	7,152
Cash flows used in investing activities	(3,886)	(5,773)	(3,435)
Cash flows provided by (used in) financing activities	(4,719)	(4,602)	(2,953)
Net effect of exchange rate changes on cash and cash equivalents		(16)	(3)
Net increase (decrease) in cash and cash equivalents	179	5,456	765
Cash and cash equivalents at beginning of year	11,466	16,938	16,177
Cash and cash equivalents at end of year	11,645	11,466	16,938

Cash Flows From Operating Activities

Internal cash generation from operations this year amounted to ₱8.78 billion. This was primarily the result of net income before taxes of ₱6.83 billion, adjusted for non-cash items and changes in working capital, including depreciation and amortization of ₱1.17 billion, finance costs of ₱360.33 million, gain on fair value changes in investment properties of ₱107.56 million, income taxes paid of ₱992.94 million and interest received of ₱210.15 million.

Cash Flow From Investing Activities

Cash utilized for investing activities amounted to ₱3.89 billion. This was mainly spent for the purchase of SNMC shares of ₱3.31 billion, capital expenditures of ₱718.28 million, deposits on asset purchase amounting to ₱623.03 million and ₱200.00 million additional investment in bonds, partially negated by the cash from terminated investment agreement, cash dividends received and proceed from sale of assets amounting to ₱717.00 million, ₱214.51 million and ₱108.15 million respectively.

Cash Flow From Financing Activities

Meanwhile, cash utilized for financing activities totaled ₱4.73 billion. This comprised of cash dividend payment of ₱3.30 billion and TLFSA debt servicing of ₱1.42 billion.

After substantial cash requirement for the purchase of subsidiary of ₱3.31 billion, capex of ₱718.28 million and cash dividend payment of ₱3.30 billion, the company managed to increase cash at ₱178.62 million.

Consolidated ending cash closed at ₱11.65 billion. posting a 2% growth from beginning balance of ₱11.47 billion.

ITEM 7 – FINANCIAL STATEMENTS

The Group's Accompanying Audited Consolidated Financial Statements as at and for the year ended December 31, 2022 are filed as part of this Form 17-A (Annual Report).

ITEM 8 - CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

There are no disagreements with the Group's respective external auditors on accounting and financial disclosure.

Audit and Audit Related Fees

The Company paid the external auditors the following fees for the last three years for professional services rendered:

	2022	2021	2020
Audit and other audit related fees	₱4,780,000	₱3,850,000	₱3,700,000
Tax fees	360,000	2,104,796	120,000
Others		335,000	1,500,000

PART III- CONTROL AND COMPENSATION INFORMATION

ITEM 9. DIRECTORS AND OFFICERS

The present Board of Directors (Board) of Eagle Cement consists of eleven (11) directors, three (3) of whom are independent directors, as follows:

Name	Position	Age	Citizenship
Ramon S. Ang	Chairman	69	Filipino
John Paul L. Ang	President & Chief Executive Officer	43	Filipino
Manny C. Teng	General Manager & Chief Operating Officer	50	Filipino
Monica L. Ang-Mercado	Chief Finance Officer/ Treasurer/ Executive Vice President for Business Support Group/ Risk Oversight Officer	33	Filipino
Mario K. Surio	Director	76	Filipino
Luis A. Vera Cruz, Jr.	Director	72	Filipino
Manuel P. Daway	Director	76	Filipino
Melinda Gonzales-Manto	Independent Director	71	Filipino
Ricardo C. Marquez	Independent Director	62	Filipino
Martin S. Villarama, Jr.	Independent Director	77	Filipino
Winston A. Chan	Independent Director	67	Filipino

Ramon S. Ang has been the Chairman of the Board since his first election on October 5, 2007. He is also the Chairman of the Board of San Miguel Brewery Inc., South Western Cement Corporation, Solid North Mineral Corp., San Miguel Brewery Inc., San Miguel Foods, Inc., San Miguel Yamamura Packaging Corporation, Clariden Holdings, Inc., Anchor Insurance Brokerage Corporation and Philippine Diamond Hotel & Resort, Inc. He is the Chairman of the Board and Chief Executive Officer (CEO) of SMC Asia Car Distributors Corp., and concurrently the President and Chief Operating Officer (COO) of SMC Global Power Holdings Corp. and Far East Holdings, Inc.; Chairman of the Board and President of San Miguel Holdings Corp., San Miguel Equity Investments Inc., San Miguel Properties, Inc., SEA Refinery Corporation, San Miguel Aerocity Inc., KB Space Holdings, Inc. He holds, among others, the following positions in other publicly listed companies: Vice Chairman, President and COO of San Miguel Corporation (SMC); President and CEO of Top Frontier Investment Holdings Inc. and Petron Corporation; President of Ginebra San Miguel, Inc.; Chairman of the Board of San Miguel Brewery Inc. and San Miguel Brewery Hong Kong Limited (listed on the Hong Kong Stock Exchange) and Petron Malaysia Refining & Marketing Bhd. (a publicly listed company in Malaysia); and Vice Chairman, President, and CEO of San Miguel Food and Beverage, Inc. He is the President of San Miguel Northern Cement, Inc. and President and CEO of Northern Cement Corporation. He is also the sole director and shareholder of Master Year Limited and the Chairman of the Board of Privado Holdings, Corp. He formerly held the following positions: Chairman of Liberty Telecoms Holdings, Inc. and Cyber Bay Corporation, President and COO of PAL Holdings, Inc. and Philippine Airlines, Inc.; Director of Air Philippines Corporation; and Vice Chairman and Director of Manila Electric Company. Mr. Ang has held directorships in various domestic and international subsidiaries of SMC in the last five years. He has a Bachelor of Science degree in Mechanical Engineering from Far Eastern University.

John Paul L. Ang has been a director of the Company since November 30, 2010, and is the President and Chief Executive Officer of the Company since June 17, 2016. He served as the Chief Operating Officer and General Manager from 2008 to 2016. He is the Chairman of the Executive Committee. He is also the President and CEO of South Western Cement Corporation and Solid North Mineral Corp., and a director of San Miguel Corporation, Top Frontier Investment Holdings, Inc., Petron Corporation, San Miguel Food and Beverage, Inc., KB Space Holdings, Inc. and Buildnet Construction, Inc. He is the Vice-Chairman of SMC Global Power Holdings Corp. Mr. Ang was the Managing Director of Sarawak Clinker from 2003 to 2007, and Purchasing Officer of Basic Cement from 2002 to 2003. He has a Bachelor of Arts degree in Interdisciplinary Studies, Minor in Economics and Finance from the Ateneo de Manila University.

Manny C. Teng has been a director of the Company since June 21, 1995. He is currently the General Manager and Chief Operating Officer of the Company, and is a member of the Executive Committee. He served as President of the Company from 2009 to 2016. Mr. Teng is also a director of South Western Cement Corp., KB Space Holdings, Inc., and Solid North Mineral Corp. He previously held various positions in the following companies: Technical Services Manager, Beverage Group of Ginebra San Miguel, Inc.; Technical Service Manager, Beverage group of San Miguel Beverages; Product Development Manager, Non-Alcoholic Beverages International of San Miguel Beverages; Project Group of Centech Consultancy; Purchasing Head of Cement Management Corporation; and Purchasing Officer of Standard Construction and Rebuilding Corporation. He has a Bachelor of Science degree in Chemical Engineering from the University of Santo Tomas.

Monica L. Ang-Mercado has been a director of the Company since June 3, 2013. She is the Chief Finance Officer and Treasurer of the Company, and is concurrently the Executive Vice President for Business Support Group and the Risk Oversight Officer of the Company. She is a member of the Board Risk Oversight and Executive Committees. She is the Chairperson of Buildnet Construction, Inc. and a Director, CFO and Treasurer of South Western Cement Corporation and Solid North Mineral Corp. She is also a director of the following companies: KB Space Holdings, Inc., A5 Wagyu, Inc., Q-Tech Alliance Holdings, Inc., and Premier Capital Venture Corporation. She has a Bachelor of Science degree in Management, Minor in Enterprise Development from the Ateneo de Manila University.

Mario K. Surio has been a director of the Company since January 14, 2011. He holds, among others, the following positions in other companies: Technical Consultant for the Office of the President and Chief Operating Officer of San Miguel Corporation; Vice- Chairman and Director of Private Infrastructure Development Corporation -Tarlac-Pangasinan-La Union Expressway (PDIC/TPLEX); Director of South Luzon Expressway (SLTC/SLEX), Ginebra San Miguel, Inc., and San Miguel Yamamura Packaging Corp. He previously served as the President of Philippine Technologies, Inc. Cement Management Corporation and CEMA Consultancy Services, Inc. He also became the Assistant Quality Control Head, Quality Control Head, Production Manager and Plant Manager of Northern Cement Corporation and a Laboratory Technician and Physical Tester for Republic Cement Corporation. Mr. Surio is a licensed Chemical Engineer with a Bachelor of Science degree in Chemical Engineering from the University of Santo Tomas.

Luis A. Vera Cruz, Jr. has been a director of the Company since February 23, 2017. He is a member of the Related Party Transactions and Audit Committees. He is an Of Counsel at Angara Abello Concepcion Regala & Cruz, a Legal Consultant of San Miguel Corporation, Corporate Secretary of Chemical Industries of the Philippines, Inc., and a Director of Philippine Resources Savings Banking Corporation and Cyber Bay Corporation. He previously served as Co- Managing Partner at Angara Abello Concepcion Regala & Cruz and Director of ACCRA Holdings, Inc. He holds a Master of Laws from Cornell University, a Bachelor of Laws degree from the University of the Philippines, and a Bachelor of Science degree in Business Administration from the University of the Philippines.

Manuel P. Daway has been a director of the Company since February 13, 2017. He is the Vice-President for Operations and responsible for expansion projects of the Company. He previously held the following positions in various corporations, namely: Project Director of CEMA Consultancy, an engineering and construction corporation; Vice-President for External Relations of Lafarge Cement Services Philippines Inc.; and Vice-President for Operations of Lafarge/Republic Cement Corporation. Mr. Daway is a licensed Professional Electrical Engineer and holds a Bachelor of Science degree in Electrical Engineering from the Mapua Institute of Technology.

Melinda Gonzales-Manto was first elected as an independent director of the Company on December 22, 2016. She is the Lead Independendent Director , Chairperson of the Audit Committee, and a member of the Board Risk Oversight and Related Party Transactions Committees. She holds the following positions in other companies: Independent Director of Petrogen Insurance Corporation, Director and Vice-President of Linferd & Company, Inc., Director and Vice-President of ACB Corabern Holdings Corporation, Independent Director and Chairperson of the Audit Committee of the Bank of Commerce, and Resident Agent of several multinational companies doing business in the Philippines. She was formerly a partner of SGV & Co., Assurance and Advisory Business Services Division from 1974 to 2009, and previously served as Board Member of the Philippine Retailers Association from 2000 to 2009, and as an independent member of the board of directors of the GSIS Family Bank from 2011 to 2016. She is a certified public accountant and holds a Bachelor of Science degree from the Philippine School of Business Administration. She completed the Management Development Program at the Asian Institute of Management.

Ricardo C. Marquez has been an independent director of the Company since February 13, 2017. He is the Chairman of the Board Risk Oversight Committee and a member of the Corporate Governance Committee. He is currently a Director of the Public Safety Mutual Benefit Fund, Inc. and San Miguel Pure Foods Company, Inc. He previously held various positions in the Philippine National Police, eventually being promoted to Chief of the Philippine National Police. He also served as the Chairman of Public Safety Mutual Benefit Fund Inc. from July 2015 until June 2016. He has undergone various trainings and programs from the Institute of Corporate Directors, Harvard Kennedy School, and the Federal Bureau of Investigation National Academy, among others. He holds a master's degree in Management from the Philippine Christian University and a Bachelor of Science Degree from the Philippine Military Academy.

Martin S. Villarama, Jr. has been an independent director of the Company since February 13, 2017. He is the Chairman of the Related Party Transactions and the Corporate Governance Committees. He is currently a member of the Board of Advisers of San Miguel Brewery Hongkong Ltd., and a member of the Association of Retired Justices of the Supreme Court of the Philippines and BIR Tennis Club. He was the 166th member of the Supreme Court and served as a Supreme Court Justice from 2009 to 2016. He started his career in the Judiciary in 1986, when he was appointed as Regional Trial Court Judge of Pasig City. He was also a lecturer at the Philippine Judicial Academy from 2007 to 2009. He obtained his Bachelor of Laws degree from the Manuel L. Quezon University after completing a Bachelor of Science degree in Business Administration from De La Salle University.

Winston A. Chan was elected as an independent director of the Company in June 23, 2022, and is a member of the Audit and Corporate Governance Committees. He also currently serves as an Independent Director in several listed companies. He is a member of the Management Association of the Philippines (MAP) and a Director of the Harvard Club of the Philippines. He previously served as a Director of the Information Technology Association of the Philippines (ITAP). Mr. Chan is a retired partner of SGV& Co. /Ernst and Young (SGV/EY) and the former managing partner of SGV/EY Advisory Service Line. He has more than 34 years of Audit and IT Audit, and Strategic IT and Business Consulting experience. Mr. Chan obtained his Bachelor of Science Degree in Accountancy at Colegio de San Juan de Letran. He is a Certified Information Systems Manager (CISM), a Certified Information Systems Auditor (CISA), and a Certified Public Accountant (CPA). He completed the Advanced Management Program (AMP) at the Harvard Business School in Boston, MA, the Advanced Business Strategy Course at INSEAD Singapore, and the Management Development Program at the Asian Institute of Management (AIM).

Term

Pursuant to the Company's By-laws, the directors are elected at each annual stockholders meeting by stockholders entitled to vote. Each director holds office until the next annual election and his successor is duly elected, unless he resigns, dies, or is removed prior to such election.

Officers

The principal officers of the Company are as follows:

Name	Position	Age	Citizenship
John Paul L. Ang	President and Chief Executive Officer	43	Filipino
Manny C. Teng	General Manager and Chief Operating Officer	50	Filipino
Monica L. Ang-Mercado	Chief Finance Officer/Treasurer/ Executive Vice-President for Business Support Group/Risk Oversight Officer	33	Filipino
Jens Christian Enemark Lund	Manufacturing Transformation Director	66	Danish
Manuel P. Daway	Vice-President for Operations	76	Filipino
Marlon P. Javarro	Assistant Corporate Secretary/Related Party Transaction Officer/AVP for Finance	43	Filipino
Fabiola B. Villa	SVP for Legal and Compliance/Compliance Officer/Data Protection Officer	58	Filipino
Mercedes V. Jorquia	Chief Audit Executive	58	Filipino
Maria Farah Z. G. Nicolas-Suchianco	Corporate Secretary	54	Filipino

Jens Christian Enemark Lund is the Company's Manufacturing Transformation Director. He was previously an Operations Manager of Hume Cement Sdn Bhd in Malaysia and Plant Director and Technical Support Director of Cemex Holdings Philippines, Inc. He was also the Senior Field Engineer of FLSmidth D/K in Denmark. He obtained his degree in Bachelor of Technology Management and Marine Engineering from Svendborg Maritime Academy. He has been with the Company since 2019.

Fabiola B. Villa is the Company’s Compliance Officer, Data Privacy Officer, and Senior Vice President for Legal and Compliance. She is also the Corporate Secretary of Solid North Mineral Corp. Prior to joining the Company, she was the Vice-President, Corporate Secretary and Head of Legal and Secretariat of United Overseas Bank Philippines, and an Associate at the law offices of Picazo Buyco Tan Fider and Santos, and Tan Concepcion and Que. She obtained her degrees in Bachelor of Arts and Bachelor of Laws from the University of the Philippines.

Marlon P. Javarro is the Assistant Vice President and Head for Finance, Assistant Corporate Secretary, and Related Party Transaction Officer of the Company. He also served as Finance Manager of the Company from 2008 to 2018. He is a director of South Western Cement Corporation. Prior to joining the Company, he was a Finance Manager at Sarawak Clinker Sdn Berhad in Malaysia from 2005 to 2007. He is a Certified Public Accountant and holds a Bachelor of Science degree in Accountancy from Colegio de San Agustin.

Mercedes V. Jorquia is the Head of Corporate Internal Audit Department and the Chief Audit Executive of the Company. She was a Senior Manager and Head of Internal Audit Department of a Retail Company in 2018, Building Materials Manufacturing from 2016 to 2018, Real Estate Development from 2011 to 2016, prior to joining the Company. She has served both Domestic and Foreign Airline Companies as Audit Officer and Senior Auditor positions from 1986 to 2011. She is a Certified Public Accountant and holds a Bachelor in Accountancy degree from the Polytechnic University of the Philippines.

Maria Farah Z. G. Nicolas-Suchianco, has been the Corporate Secretary of the Company since 2010. She is a Founding Partner of Gerodias Suchianco Estrella Law Firm, serving as its Managing Partner form 2016-2021. She is the Vice-Chairman and Treasurer of GSE Managed Solutions, Inc. She is the Chairman and President of Evander Holdings Corporation, Global Titan Leisure Holdings Corp., and Sunspear Holdings, Inc. She is the Treasurer of Countrybreeze Corporation, Escaler Realty Corporation, and Pedalmax Holdings, Inc. She currently serves as a Director and Corporate Secretary of Radio Philippines Network, Inc. and South Western Cement Corporation, among others. She is the Corporate Secretary of numerous corporations, including, KB Space Holdings, Inc. and Wynsum Realty & Development, Inc. She was a Senior Partner at De Borja Medialdea Bello Guevarra & Gerodias Law Firm. She holds a Juris Doctor degree and a Bachelor of Science degree in Management, Major in Legal Management, from the Ateneo de Manila University.

Significant Employees

The Group considers the collective efforts of its employees as vital to its success. The Group does not solely rely on key individuals for the conduct of its business. Therefore, the resignation or loss of any non-executive employee will not have any significant, adverse effect on the business of the Group. No special arrangement with non-executive employees to assure their continued stay with the Group exists, other than standard employment contracts.

Family Relationships

The Chairman, Mr. Ramon S. Ang, is the parent of siblings John Paul L. Ang, CEO & President, and Monica L. Ang-Mercado, CFO and Treasurer, and Executive Vice-President for Business Support Group.

Manny C. Teng, COO and General Manager, is the nephew of Mr. Ramon S. Ang.

Involvement in Certain Legal Proceedings of Directors and Executive Officers

To the best of the Company's knowledge and belief and after due inquiry, and except as otherwise disclosed, none of its directors and executive officers have been the subject of (a) bankruptcy petition; (b) conviction by final judgment in a criminal proceeding; (c) order, judgment or decree barring, suspendin or limiting involvement in any any type of business, securities, commodities or banking activities; or (d) judgment for violation of a securities or commodities law or regulation, for the past five (5) years up to the latest date that is material to the evaluation of their ability or integrity to hold relevant positions in the Company.

ITEM 10. COMPENSATION OF DIRECTORS AND EXECUTIVES

The aggregate compensation paid or incurred during the last three (3) fiscal years to the Company's CEO and executive officers are as follows:

NAME	YEAR	SALARY	BONUS	OTHERS	TOTAL
CEO and the four (4) most highly compensated officers	2022	₱31.0 Million	₱8.6 Million	₱6.7 Million	₱46.3 Million
	2021	₱30.8 Million	₱5.8 Million	₱2.4 Million	₱39.1 Million
	2020	₱29.5 Million	₱5.7 Million	₱1.6 Million	₱36.8 Million
All other officers and Directors as a group unnamed	2022	₱18.4 Million	₱6.2 Million	₱3.8 Million	₱28.4 Million
	2021	₱27.3 Million	₱5.9 Million	₱4.0 Million	₱37.2 Million
	2020	₱26.1 Million	₱4.6 Million	₱2.8 Million	₱33.5 Million

TOTAL	2022 2021 2020	₱49.4 Million ₱58.1 Million ₱55.6 Million	₱14.8 Million ₱11.8 Million ₱10.3 Million	₱10.5 Million ₱6.4 Million ₱4.4 Million	₱74.7 Million ₱76.3 Million ₱70.3 Million

Article III, Section 10 of the By-laws of the Company provides that by resolution of the Board, each director shall receive a reasonable per diem allowance for his attendance at each meetings of the Board.

Each director receives a per diem of Thirty Thousand Pesos (₱30,000.00) and Ten thousand Pesos (P10,000.00) per attendance at Board and committee meetings held, respectively.

There were no other arrangements pursuant to which any of the directors was compensated or is to be compensated, directly or indirectly, for services rendered during the last fiscal year, and the ensuing fiscal year.

There are no outstanding warrants or options held by the Company's President, named executive officers and all directors and officers as a group.

ITEM 11. SECURITY OWNERSHIP OF CERTAIN RECORD AND BENEFICIAL OWNERS AND MANAGEMENT

Beneficial Owners of more than five per cent (5%) of the Company's Voting Stock as of December 31, 2022 are as follows:

Title of Class	Names and addresses of record owners and relationship with the Corporation	Names of beneficial owner and relationship with record owner	Citizenship	Number of shares	% to Total Outstanding
Common	San Miguel Equity Investments Inc.	Ang, Ramon See Zobel, Inigo Urquijo	Filipino	4,997,903,671	99.96%

Security Ownership of Management as of December 31, 2022:

Title of Class	Names of beneficial owner	Position	Amount and nature of beneficial ownership	Citizenship	% to Total Outstanding
CEO and FOUR MOST HIGHLY COMPENSATED OFFICERS					
Common	John Paul L. Ang	President and Chief Executive Officer	1	Filipino	-
Common	Manny C. Teng	General Manager and Chief Operating Officer	1	Filipino	-
Common	Monica L. Ang-Mercado	Chief Finance Officer and Treasurer	1	Filipino	-
Common	Jens Christian Enemark Lund	Manufacturing Transformation Director	0	Danish	-

Common	Manuel P. Daway	Vice-President for Operations	1	Filipino	-

OTHER DIRECTORS AND OFFICERS					
Common	Ramon S. Ang	Chairman	1	Filipino	-
Common	Mario K. Surio	Director	1	Filipino	-
Common	Luis A. Vera Cruz, Jr.	Director	1	Filipino	-
Common	Melinda Gonzales-Manto	Independent Director	1	Filipino	-
Common	Ricardo C. Marquez	Independent Director	1	Filipino	-
Common	Martin S. Villarama, Jr.	Independent Director	1	Filipino	-
Common	Winston A. Chan	Independent Director	1	Filipino	-
		TOTAL	**6**		-

Voting Trust Holders of Five Percent (5%) or More

There are no persons holding more than 5% of a class under a voting trust or similar agreement.

Changes in Control

San Miguel Equity Investments Inc. took control of the Company on 14 December 2022.

ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

There were no transactions with directors, officers or any principal stockholders (owning at least ten per cent (10%) of the total outstanding shares of the Company) which are not in the ordinary course of business. Please see Note 20 of the 2022 AFS.

PART IV – CORPORATE GOVERNANCE

ITEM 13. CORPORATE GOVERNANCE

The Company is committed to the principles of transparency, accountability, fairness and integrity in directing and running its business. Its Manual on Corporate Governance was adopted and approved on February 13, 2017 following leading practices, programs and policies on corporate governance.

PART V- EXHIBITS AND SCHEDULES

ITEM 14. EXHIBITS AND REPORTS

a) Exhibits

APPENDIX A – Consolidated Financial Statements of the Company as at and for the year ended December 31, 2022

APPENDIX B – Independent Auditor’s Report

b) Reports on SEC Form 17-C

The following current reports have been reported bythe Company during the year 2022:

Date	Title
January 5, 2022	Quarterly Progress Report on the Application of Proceeds from the IPO for the quarter ending 31 December 2021
January 5, 2022	Annual Progress Report on the Application of Proceeds from the IPO for the year ending 31 December 2021
March 04, 2022	FY2021 Notice of Analysts' briefing
March 17, 2022	Board Meeting Resolution
April 4, 2022	Quarterly Progress Report on the Application of Proceeds from the IPO for the quarter ending 31 March 2022
May 5, 2022	1Q2022 Notice of Analysts' briefing
May 12, 2022	Board Meeting Resolution
June 23, 2022	Results of Annual and Organizational Meetings
July 2, 2022	Quarterly Progress Report on the Application of Proceeds from the IPO for the quarter ending 30 June 2022
July 18, 2022	1H2022 Notice of Analysts' briefing
August 4, 2022	Board Meeting Resolution
August 30, 2022	Conversion of the Company’s preferred shares in Armstrong Fly-Ash and Logistics Company, Inc.
October 4, 2022	Quarterly Progress Report on the Application of Proceeds from the IPO for the quarter ending 30 September 2022
October 4, 2022	Discussion for potential acquisition of the Company’s shares
October 5, 2022	Sale of shares in the Company
October 7, 2022	Board Meeting Resolution
October 12, 2022	San Miguel Equity Investments Inc. (SMEII) announcement of intention to make a Tender Offer to the shareholders of the Company
October 28, 2022	Updates on the sale of shares in the Company
November 7, 2022	Tender Offer of SMEII to shareholders of the Company
November 9, 2022	9M22 Notice of Analysts’ Briefing
November 11, 2022	Board Meeting Resolution
November 29, 2022	Stockholders’ Approval of Voluntary Delisting
November 29, 2022	Press Release: Eagle Cement receives fourth PMEIA Platinum Achievement Award
December 13, 2022	SMEII Tender Offer of the Company’s Shares
December 14, 2022	Updates on Tender Offer Results

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 171 of the Revised Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of MAY 08 2023 on the ___th day of May 2023.

RAMON S. ANG
Chairman

JOHN PAUL L. ANG
President & CEO

MONICA L. ANG-MERCADO
CFO & Treasurer

MARLON P. JAVARRO
AVP and Head of Finance
Asst. Corporate Secretary

SUBSCRIBED AND SWORN to before me this _day of MAY 08 2023, affiants exhibiting to me the following:

Name	CTC/ Passport No. / SSS No. Date and Place of Issuance	Competent Evidence of Identity
Ramon S. Ang		TIN 118-247-725
John Paul L. Ang		TIN 212-627-576
Monica L. Ang		TIN 249-786-240
Marlon P. Javarro		TIN 165-102-272

Doc. No. 07;
Page No. 03;
Book No. 7;
Series of 2023.

ATTY. KARES B. SALENDREZ-PANGILINAN
Notary Public for Quezon City
Commission until 31 December 2023
Adm. Matter No. NP178(2022-2023)
Unit 2625 T2 Amaia Skies Cubao, 5th Ave., Brgy. Socorro, QC
Roll No. 69872
MCLE Compliance No. VII-BEP004368
PTR No. 3938255 01/04/2023, QC

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

A	S	O	9	5	0	0	5	8	8	5

COMPANY NAME

EAGLE CEMENT CORPORATION AND
SUBSIDIARIES

PRINCIPAL OFFICE *(No./Street/Barangay/City/Town/Province)*

2/F SMITS Corporate Center, 155 EDSA
Barangay Wack-Wack, MandaluYong City

Form Type	Department requiring the report	Secondary License Type, If Applicable
AACFS	CRMD	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
corporatesecretary@eagle-cement.com.ph	(02) 5301-3453	0917-622-3575

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
49	1st Monday of June	December 31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Marlon P. Javarro	mpjavarro@eagle-cement.com.ph	(02) 5301-3453	0917-598-8771

CONTACT PERSON'S ADDRESS

2/F SMITS Corporate Center, 155 EDSA Barangay Wack-Wack, Mandaluyong City

NOTE 1: *In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.*

2: *All boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt shall not excuse the corporation from liability for its deficiencies.*

BDO Towers Valero
8741 Paseo de Roxas
Makati City 1226 Philippines
Phone : +632 8 982 9100
Fax : +632 8 982 9111
Website : www.reyestacandong.com

INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
Eagle Cement Corporation and Subsidiaries
2/F SMITS Corporate Center
155 EDSA Barangay Wack-Wack
Mandaluyong City

Opinion

We have audited the accompanying consolidated financial statements of Eagle Cement Corporation and Subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2022 and 2021, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years ended December 31, 2022, 2021 and 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2022, 2021 and 2020 in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Accounting for Step-up Acquisition of Armstrong Flyash and Logistics Company, Inc. (Armstrong)
As discussed in Note 4 to the consolidated financial statements, in 2022, the Group acquired 100% ownership of Armstrong, an entity engaged in the processing of fly ash. We determined that the step-up acquisition of Armstrong is a key audit matter because of the involvement of significant management judgment in determining the proper accounting treatment and measurement of the transaction.

We reviewed the underlying terms of the acquisition documents and the accounting treatment and measurement applied by management. We also reviewed the appropriateness of relevant disclosures in the consolidated financial statements.

Revenue Recognition
The Group manufactures, sells and distributes cement products. As discussed in Note 21 to the consolidated financial statements, net sales of the Group amounted to ₱26,384.4 million in 2022. The Group recognizes sales to customers when goods are delivered, the title to the goods has passed on the buyer, and the amount of revenue can be measured reliably.

We determined that the revenue recognition of the Group is a key audit matter because of the inherent risk related to the completeness and occurrence of the revenue recognition arising from the Group's arrangements with its key customers. We have performed an understanding of the revenue cycle and revenue recognition policy and tested the reliability of its information system in capturing transactions related to revenue. Further, we have reviewed the arrangement with the customers vis-à-vis its transaction during the year to determine the proper timing of revenue recognition. In addition, we have performed substantive analytical procedures and applicable test of details.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A, and Annual Report for the year ended December 31, 2022, but does not include the consolidated financial statements and our auditors' report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A, and Annual Report for the year ended December 31, 2022 are expected to be made available to us after the date of this auditors' report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Belinda B. Fernando.

REYES TACANDONG & CO.

BELINDA B. FERNANDO
Partner
CPA Certificate No. 81207
Tax Identification No. 102-086-538-000
BOA Accreditation No. 4782; Valid until April 13, 2024
SEC Accreditation No. 81207-SEC Group A
Issued January 30, 2020
Valid for Financial Periods 2019 to 2023
BIR Accreditation No. 08-005144-004-2022
Valid until October 16, 2025
PTR No. 9564560
Issued January 3, 2023, Makati City

March 7, 2023
Makati City, Metro Manila

EAGLE CEMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		December 31	
	Note	**2022**	2021
ASSETS			
Current Assets			
Cash and cash equivalents	5	**₱9,547,285,514**	₱11,645,049,344
Financial assets at fair value through profit or loss (FVPL)	6	**4,974,188,721**	4,868,682,658
Trade and other receivables	7	**1,070,307,737**	1,028,364,218
Inventories	8	**2,299,118,264**	1,690,426,733
Other current assets	9	**969,487,754**	1,161,284,626
		18,860,387,990	20,393,807,579
Assets held for sale	20	**2,668,267,163**	–
Total Current Assets		**21,528,655,153**	20,393,807,579
Noncurrent Assets			
Investment in an associate	13	**–**	75,000,000
Financial assets at fair value through other comprehensive income (FVOCI)	10	**100,012,500**	105,679,875
Property, plant and equipment	11	**30,026,713,907**	27,723,632,795
Intangible assets	14	**1,902,205,266**	1,707,247,353
Investment properties	12	**–**	1,753,172,245
Other noncurrent assets	15	**1,032,012,351**	1,475,756,704
Total Noncurrent Assets		**33,060,944,024**	32,840,488,972
		₱54,589,599,177	₱53,234,296,551
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	16	**₱4,405,777,555**	₱4,363,019,469
Current portion of loans payable	17	**1,241,357,832**	1,195,127,948
Current portion of lease liabilities	26	**10,684,751**	12,221,931
Income tax payable		**104,816,084**	84,601,850
		5,762,636,222	5,654,971,198
Liabilities of assets held for sale	20	**54,298,327**	–
Total Current Liabilities		**5,816,934,549**	5,654,971,198
Noncurrent Liabilities			
Loans payable - net of current portion	17	**2,799,022,986**	4,040,380,818
Net retirement benefit liability	27	**72,336,757**	122,801,864
Net deferred tax liabilities	29	**1,569,535,927**	1,126,614,793
Other noncurrent liabilities	18	**95,442,923**	85,527,125
Total Noncurrent Liabilities		**4,536,338,593**	5,375,324,600
Total Liabilities		**10,353,273,142**	11,030,295,798
Equity	19		
Capital stock		**8,000,000,005**	8,000,000,005
Additional paid-in capital		**6,525,506,098**	6,525,506,098
Retained earnings:			
Appropriated		**16,000,000,000**	16,000,000,000
Unappropriated		**12,246,223,824**	11,568,997,758
Other equity reserves		**4,464,596,108**	3,109,496,892
Treasury stock - at cost		**(3,000,000,000)**	(3,000,000,000)
Total Equity		**44,236,326,035**	42,204,000,753
		₱54,589,599,177	₱53,234,296,551

See accompanying Notes to Consolidated Financial Statements.

EAGLE CEMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

		Years Ended December 31		
	Note	**2022**	2021	2020
NET SALES	21	**₱26,384,364,032**	₱21,396,891,131	₱13,906,139,382
COST OF GOODS SOLD	22	**18,137,504,336**	12,422,544,346	8,208,930,134
GROSS PROFIT		**8,246,859,696**	8,974,346,785	5,697,209,248
OPERATING EXPENSES	23	**(2,832,061,347)**	(2,318,036,461)	(1,585,941,759)
FINANCE COSTS	17	**(293,058,253)**	(360,333,838)	(430,696,047)
INTEREST INCOME	5	**273,272,734**	213,327,485	333,746,012
OTHER INCOME - Net	24	**266,125,260**	320,804,810	412,786,342
INCOME BEFORE INCOME TAX		**5,661,138,090**	6,830,108,781	4,427,103,796
INCOME TAX EXPENSE (BENEFIT)	29			
Current		**994,579,751**	805,282,609	1,032,478,972
Deferred		**(10,667,731)**	(967,933)	3,232,266
		983,912,020	804,314,676	1,035,711,238
NET INCOME		**4,677,226,070**	6,025,794,105	3,391,392,558
OTHER COMPREHENSIVE INCOME (LOSS)				
Not to be reclassified to profit or loss in subsequent periods				
Revaluation of land (net of deferred tax)	11	**1,330,679,986**	736,919,989	994,379,358
Remeasurement gains on net retirement benefit liability (net of deferred tax)	27	**30,086,605**	24,111,748	42,339,397
Unrealized gains (loss) on financial assets at FVOCI	10	**(5,667,375)**	2,600,325	2,000,250
		1,355,099,216	763,632,062	1,038,719,005
TOTAL COMPREHENSIVE INCOME		**₱6,032,325,286**	₱6,789,426,167	₱4,430,111,563
Basic/Diluted Earnings Per Share (EPS)	33	**₱0.94**	₱1.21	₱0.67

See accompanying Notes to Consolidated Financial Statements.

EAGLE CEMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 and 2020

		Capital Stock – ₱1 par value			Retained Earnings		Other Equity Reserves				
	Note	Common Stock	Preferred Stock	Additional Paid-in Capital	Appropriated	Unappropriated	Revaluation Surplus (Net of Deferred Tax)	Cumulative Remeasurement Gains (Losses) on Net Retirement Benefits Liability (Net of Deferred Tax)	Cumulative Unrealized Gains (Losses) on Financial Assets at FVOCI	Treasury Stocks	Total Equity
Balances as at December 31, 2021		**₱5,000,000,005**	**₱3,000,000,000**	**₱6,525,506,098**	**₱16,000,000,000**	**₱11,568,997,758**	**₱3,056,387,347**	**₱47,442,170**	**₱5,667,375**	**(₱3,000,000,000)**	**₱42,204,000,753**
Net income		**–**	**–**	**–**	**–**	**4,677,226,070**	**–**	**–**	**–**	**–**	**4,677,226,070**
Other comprehensive income (loss)		**–**	**–**	**–**	**–**	**–**	**1,330,679,986**	**30,086,605**	**(5,667,375)**	**–**	**1,355,099,216**
Cash dividends declared	19	**–**	**–**	**–**	**–**	**(4,000,000,004)**	**–**	**–**	**–**	**–**	**(4,000,000,004)**
Balances as at December 31, 2022		**₱5,000,000,005**	**₱3,000,000,000**	**₱6,525,506,098**	**₱16,000,000,000**	**₱12,246,223,824**	**₱4,387,067,333**	**₱77,528,775**	**₱–**	**(₱3,000,000,000)**	**₱44,236,326,035**
Balances as at December 31, 2020		₱5,000,000,005	₱3,000,000,000	₱6,525,506,098	₱16,000,000,000	₱8,843,203,656	₱2,319,467,358	₱23,330,422	₱3,067,050	(₱3,000,000,000)	₱38,714,574,589
Net income		–	–	–	–	6,025,794,105	–	–	–	–	6,025,794,105
Other comprehensive income		–	–	–	–	–	736,919,989	24,111,748	2,600,325	–	763,632,062
Cash dividends declared	19	–	–	–	–	(3,300,000,003)	–	–	–	–	(3,300,000,003)
Balances as at December 31, 2021		₱5,000,000,005	₱3,000,000,000	₱6,525,506,098	₱16,000,000,000	₱11,568,997,758	₱3,056,387,347	₱47,442,170	₱5,667,375	(₱3,000,000,000)	₱42,204,000,753
Balances as at December 31, 2019		₱5,000,000,005	₱3,000,000,000	₱6,525,506,098	₱7,500,000,000	₱13,998,311,098	₱1,325,088,000	(₱19,008,975)	₱1,066,800	₱–	₱37,330,963,026
Net income		–	–	–	–	3,391,392,558	–	–	–	–	3,391,392,558
Other comprehensive income		–	–	–	–	–	994,379,358	42,339,397	2,000,250	–	1,038,719,005
Appropriations	19	–	–	–	8,500,000,000	(8,500,000,000)	–	–	–	–	–
Redemption of preferred shares	19	–	–	–	–	–	–	–	–	(3,000,000,000)	(3,000,000,000)
Cash dividends declared	19	–	–	–	–	(46,500,000)	–	–	–	–	(46,500,000)
Balances as at December 31, 2020		₱5,000,000,005	₱3,000,000,000	₱6,525,506,098	₱16,000,000,000	₱8,843,203,656	₱2,319,467,358	₱23,330,422	₱3,067,050	(₱3,000,000,000)	₱38,714,574,589

See accompanying Notes to Consolidated Financial Statements.

EAGLE CEMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Years Ended December 31		
	Note	**2022**	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax		**₱5,661,138,090**	₱6,830,108,781	₱4,427,103,796
Adjustments for:				
Depreciation and amortization	11	**1,331,895,803**	1,166,056,132	1,047,083,967
Finance costs	17	**293,058,253**	360,333,838	430,696,047
Interest income	5	**(273,272,734)**	(213,327,485)	(333,746,012)
Dividend income	6	**(208,460,225)**	(214,505,092)	(134,753,962)
Losses (gains) on financial assets at FVPL	6	**93,108,937**	23,205,545	(20,077,980)
Retirement benefit costs	27	**28,512,113**	63,007,502	33,230,449
Unrealized foreign exchange losses (gains)		**(24,433,290)**	(2,802,203)	18,968,158
Gain on sale of property, plant and equipment	24	**(3,424,290)**	(659,328)	(5,976,932)
Fair value changes in investment properties	12	**–**	(107,556,400)	(262,000,000)
Operating income before working capital changes		**6,898,122,657**	7,903,861,290	5,200,527,531
Decrease (increase) in:				
Trade and other receivables		**16,819,580**	1,224,895,351	82,614,279
Inventories		**(41,016,821)**	12,168,412	288,454,859
Other current assets		**(103,137,956)**	(224,293,069)	140,396,770
Other noncurrent assets		**(22,685,825)**	2,569,917	36,521,591
Increase (decrease) in trade and other payables		**(131,689,002)**	646,722,119	(130,554,344)
Net cash generated from operations		**6,616,412,633**	9,565,924,020	5,617,960,686
Income taxes paid		**(974,101,247)**	(992,942,550)	(1,081,824,664)
Interest received		**261,012,895**	210,154,402	383,096,025
Contribution to the retirement plan		**(39,595,445)**	–	–
Net cash provided by operating activities		**5,863,728,836**	8,783,135,872	4,919,232,047
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of a new subsidiary, net of cash	4	**(420,075,139)**	(3,308,490,741)	–
Additions to:				
Property, plant and equipment		**(1,241,825,043)**	(718,278,653)	(1,448,633,399)
Investment properties		**(530,126,487)**	(10,597,241)	(4,167,431)
Financial assets at FVPL		**(250,000,000)**	(200,000,000)	(4,000,000,000)
Deposits on asset purchase		**(171,633,757)**	(623,026,418)	(94,386,948)
Intangible assets	14	**(17,066,400)**	(60,845,680)	(132,059,137)
Deposit for future investment		**(542,049)**	(4,306,438)	(217,000,000)
Dividends received		**208,457,446**	214,507,871	84,753,962
Proceeds from sale of:				
Financial assets at FVPL		**51,385,000**	11,130,959	34,890,335
Property, plant and equipment		**4,941,694**	97,022,810	3,479,335
Collections of deposit for future investment	15	**–**	717,000,000	–
Net cash used in investing activities		**(2,366,484,735)**	(3,885,883,531)	(5,773,123,283)

(Forward)

	Note	Years Ended December 2022	2021	2020
CASH FLOWS FROM FINANCING ACTIVITIES				
Payments of:				
Dividends		**(₱4,000,000,004)**	(₱3,300,000,003)	(₱91,500,000)
Loans payable	17	**(1,201,500,000)**	(1,068,000,000)	(1,068,000,000)
Interest		**(285,889,752)**	(351,533,412)	(420,914,555)
Lease liabilities	26	**(15,964,417)**	(7,138,880)	(11,569,276)
Advances from a related party		**–**	–	(10,000,000)
Advances from related parties		**6,606,822**	8,039,826	–
Acquisition of treasury stock	19	**–**	–	(3,000,000,000)
Net cash used in financing activities		**(5,496,747,351)**	(4,718,632,469)	(4,601,983,831)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**(1,999,503,250)**	178,619,872	(5,455,875,067)
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		**19,134,770**	174,265	(16,361,818)
CASH INCLUDED IN ASSET HELD FOR SALE	20	**(117,395,350)**	–	–
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**11,645,049,344**	11,466,255,207	16,938,492,092
CASH AND CASH EQUIVALENTS AT END OF YEAR		**₱9,547,285,514**	₱11,645,049,344	₱11,466,255,207

See accompanying Notes to Consolidated Financial Statements.

EAGLE CEMENT CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2022 AND 2021
AND FOR THE YEARS ENDED DECEMBER 31, 2022, 2021, AND 2020

1. **General Information**

Corporate Information

Eagle Cement Corporation (ECC or the Company) was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on June 21, 1995. The Company is primarily engaged in the business of manufacturing, marketing, sale and distribution of cement products.

In October 2022, San Miguel Equity Investments Inc. (SMEII) as buyer, and Far East Holdings, Inc. (FEHI), Ramon S. Ang, John Paul L. Ang and Monica Ang-Mercado, as sellers, entered into a Share Purchase Agreement for the purchase and sale of 4,425,123,001 common shares representing 88.50% of the total issued and outstanding shares of the Company. During the Tender Offer Period from November to December 2022, a total of 572,780,677 common shares representing 11.4556% of the total and outstanding shares were tendered and accepted by SMEII, resulting in SMEII's ownership of 99.9581% of the common shares in the Company as at December 31, 2022.

Furthermore, in December 2022, the Company filed with the Philippine Stock Exchange (PSE) a petition for voluntary delisting of its common shares listed on the main board of the PSE. In January 2023, the PSE approved the delisting effective end of business on February 28, 2023 (see Note 19).

The Parent Company is a wholly-owned subsidiary of San Miguel Corporation (SMC or the Intermediate Parent Company). SMC is a public company under Section 17.2 of the Securities Regulation Code (SRC), and its shares are listed in the PSE. The Ultimate Parent Company is Top Frontier Investment Holdings, Inc. (TFIHI), a holding company incorporated and domiciled in the Philippines and its shares are also listed in the PSE.

The registered office address of the Company is 2/F SMITS Corporate Center, 155 EDSA Barangay Wack-Wack, Mandaluyong City.

Subsidiaries

The following are the subsidiaries of the Company, which are all incorporated in the Philippines and registered with the SEC:

		Percentage (%) of Ownership		
Name of Subsidiary	Principal Activity	**2022**	2021	2020
South Western Cement Corporation (SWCC)	Manufacturing, marketing, sale and distribution of cement products	**100**	100	100
KB Space Holdings, Inc. (KSHI)	Property leasing activities	**–**	100	100
Solid North Mineral Corp. (SNMC)	Mining activities and processing of limestones	**100**	100	–
Armstrong Flyash and Logistics Company, Inc. (Armstrong)	Processing of fly ash	**100**	–	–

The Company and its subsidiaries are collectively referred to herein as “the Group”.

SWCC have not started commercial operations as at March 7, 2023.

In 2022, the Company acquired 100% ownership of Armstrong for a total consideration of ₱583.0 million (see Note 4).

In November 2022, the Company approved of the sale of the 100% ownership over KSHI. As of March 7, 2023, the sale transaction has not yet been executed (see Note 13).

On November 4, 2021, the Company acquired 100% ownership of SNMC for a total consideration of ₱3,572.0 million from related parties (see Note 4).

Status of Mining Operations

The Group has the following Mineral Production Sharing Agreements (MPSA) granted by the Philippine Government through the Mines and Geosciences Bureau (MGB) either through direct grant or through deed of assignment.

Grantee/ Assignee	MPSA No.	Location	Date of Issuance/Renewal	Commodity	Status of Operations
Luzon sites:					
ECC	245-2007-III	Dona Remedios Trinidad and San Ildefonso, Bulacan	July 25, 2007	Limestone	Exploration
ECC*	181-2002-III	Akle, San Ildefonso, Bulacan	December 9, 2002	Limestone	Commercial Operations
SNMC**	161-00-III	Akle, San Ildefonso, Bulacan	September 12, 2000	Limestone, shale and pozzolan	Commercial Operations
Cebu sites:					
ECC	100-97-VII	Ginatilan, Cebu	December 29, 1997	Limestone	Exploration
ECC	101-97-VII	Ginatilan and Malabuyoc, Cebu	December 29, 1997	Limestone	Exploration
SWCC	059-96-VII	Lo-oc, Malabuyoc, Cebu	August 6, 2020	Limestone	Development
SWCC	060-96-VII	Lo-oc, Malabuyoc, Cebu	August 6, 2020	Limestone	Development
Mindanao site-					
SNMC	083-97-IX	Siayan, Sindangan and Jose Dalman, Zamboanga del Norte	November 20, 1997	Copper and gold	Exploration

*Started commercial operations for the production of limestone in 2010.
**Started commercial operations for the production of shale and pozzolan, and pulverized limestone in January 2016 and April 2019, respectively.

The foregoing MPSAs have a term of 25 years from the issuance date and may be renewed thereafter for another term not exceeding 25 years. On August 6, 2020, the MGB approved the extension of the terms of the MPSAs 059-96-VII and 060-96-VII in Cebu sites for a period of nine (9) years until November 18, 2030.

In August 2022, the Group applied for an extension of the term of MPSAs 100-97-VII and 101-97-VII in Cebu sites. As at March 7, 2023, the Group has yet to receive the approval for the extension.

Approval of Consolidated Financial Statements

The consolidated financial statements of the Group as at December 31, 2022 and 2021 and for the years ended December 31, 2022, 2021 and 2020 were approved and authorized for issuance by the Board of Directors (BOD) of the Parent Company on March 7, 2023, upon endorsement by the Audit Committee on the same date.

2. **Summary of Significant Accounting Policies**

Basis of Preparation

The consolidated financial statements of the Group have been prepared in compliance with Philippine Financial Reporting Standards (PFRS) issued by the Philippine Financial and Sustainability Reporting Standards Council (formerly Philippine Financial Reporting Standards Council) and adopted by the SEC. This financial reporting framework includes PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretations from International Financial Reporting Interpretations Committee (IFRIC).

The significant accounting policies used in the preparation of the consolidated financial statements are consistently applied to all the years presented, unless otherwise stated.

Measurement Bases

The consolidated financial statements are presented in Philippine Peso (Peso), the Group's functional currency. All values are rounded to the nearest Peso, unless otherwise indicated.

The consolidated financial statements of the Group have been prepared on the historical cost basis, except for the following:

	Measurement Basis
Financial assets at fair value through profit or loss (FVPL)	Fair value
Financial assets at fair value through other comprehensive income (FVOCI)	Fair value
Land, included as part of "Property, plant and equipment" account	Revalued amount
Investment properties	Fair value

Historical cost is generally based on the fair value of the consideration given in exchange for an asset and fair value of the consideration received in exchange for incurring a liability. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Group uses market observable data to the extent possible when measuring the fair value of an asset or a liability. Fair values are categorized into different levels in a fair value hierarchy based on inputs used in the following valuation techniques:

- Level 1 - Quoted (unadjusted) market prices in active market 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; or
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes to the consolidated financial statements:

- Note 6 - Financial Assets at FVPL
- Note 10 - Financial Assets at FVOCI
- Note 11 - Property, Plant and Equipment
- Note 12 - Investment Properties
- Note 31 - Fair Value Measurement

The accounting policies set out below have been applied consistently to all periods presented in the consolidated financial statements, except for the changes in accounting policies as explained below.

Adoption of Amended Standards

The Company has adopted the following amendments to PFRS effective January 1, 2022 and accordingly, changed its accounting policies in the following areas:

- Proceeds before Intended Use (Amendments to PAS 16, *Property, Plant and Equipment*). The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment the proceeds from selling items produced before that asset is available for use. The proceeds before intended use should be recognized in profit or loss, together with the costs of producing those items which are identified and measured in accordance with PAS 2, *Inventories*.

  The amendments also clarify that testing whether an item of property, plant and equipment is functioning properly means assessing its technical and physical performance rather than assessing its financial performance.

  For the sale of items that are not part of an entity's ordinary activities, the amendments require the entity to disclose separately the sales proceeds and related production cost recognized in profit or loss and specify the line items in which such proceeds and costs are included in the consolidated statements of comprehensive income. This disclosure is not required if such proceeds and cost are presented separately in the consolidated statements of comprehensive income.

- Onerous Contracts - Cost of Fulfilling a Contract (Amendments to PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*). The amendments clarify that the cost of fulfilling a contract when assessing whether a contract is onerous includes all costs that relate directly to a contract, i.e., it comprises both incremental costs and an allocation of other direct costs.

- Annual Improvements to PFRS 2018-2020. This cycle of improvements contains amendments to four standards, of which the following are applicable to the Company:

  - Fees in the '10 percent' Test for Derecognition of Financial Liabilities (Amendment to PFRS 9, *Financial Instruments*). The amendment clarifies that for the purpose of performing the '10 percent' test for derecognition of financial liabilities, the fees paid net of fees received include only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

- Lease Incentives (Amendment to Illustrative Examples accompanying PFRS 16, *Leases*). The amendment deletes from the Illustrative Example 13 the reimbursement relating to leasehold improvements to remove the potential for confusion because the example had not explained clearly enough the conclusion as to whether the reimbursement would meet the definition of a lease incentive in PFRS 16.

- Classification of Liabilities as Current or Noncurrent (Amendments to PAS 1, *Presentation of Consolidated Financial Statements*). To promote consistency in the application and clarify the requirements on determining whether a liability is current or noncurrent, the amendments:

  - removed the requirement for a right to defer settlement of a liability for at least twelve months after the reporting period to be unconditional and instead requires that the right must have substance and exist at the end of the reporting period;

  - clarified that a right to defer settlement exists only if an entity complies with conditions specified in the loan agreement at the end of the reporting period, even if the lender does not test compliance until a later date; and

  - clarified that settlement of a liability includes transferring an entity's own equity instruments to the counterparty, but conversion options that are classified as equity do not affect classification of the liability as current or noncurrent.

  The amendments apply retrospectively for annual reporting periods beginning on or after January 1, 2023, with early application permitted.

The adoption of the amended standards did not materially affect the consolidated financial statements of the Group. Additional disclosures were included in the consolidated financial statements, as applicable.

<u>Amended Standards Not Yet Adopted</u>
A number of amended standards are effective for annual periods beginning after January 1, 2022 and have not been applied in preparing the consolidated financial statements. Unless otherwise indicated, none of these are expected to have a significant effect on the consolidated financial statements.

- Definition of Accounting Estimates (Amendments to PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*). The amendments clarify that accounting estimates are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that an entity develops an accounting estimate to achieve the objective set out by an accounting policy. Developing an accounting estimate includes selecting a measurement technique (estimate or valuation technique) and choosing the inputs to be used when applying the chosen measurement technique. The effects of changes in the inputs or measurement techniques are changes in accounting estimates.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2023. Earlier application is permitted. The amendments apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the entity applies the amendments.

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to PAS 12, *Income Taxes*). The amendments require an entity to recognize deferred tax on transactions, such as leases for the lessee and decommissioning obligations that give rise to equal amounts of taxable and deductible temporary differences on initial recognition.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2023. Earlier application is permitted.

Under prevailing circumstances, the adoption of the amended standards is not expected to have any material effect on the consolidated financial statements of the Group. Additional disclosures will be included in the consolidated financial statements, as applicable.

Current versus Noncurrent Classification
The Company presents assets and liabilities in the consolidated statements of financial position based on current and noncurrent classification. An asset is current when it is: (a) expected to be realized or intended to be sold or consumed in the normal operating cycle; (b) held primarily for the purpose of trading; (c) expected to be realized within twelve months after the reporting period; or (d) cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

A liability is current when: (a) it is expected to be settled in the normal operating cycle; (b) it is held primarily for trading; (c) it is due to be settled within twelve months after the reporting period; or (d) there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

The Company classifies all other assets and liabilities as noncurrent. Deferred tax assets and liabilities are classified as noncurrent.

Basis of Consolidation
The consolidated financial statements comprise of the financial statements of the Company and its wholly-owned subsidiaries.

A subsidiary is an entity in which the Company has control. The Company controls a subsidiary if it is exposed, or has rights to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. In assessing control, the Company takes into consideration potential voting rights that are currently exercisable. Subsidiaries are consolidated from the date on which control is transferred to the Company. Subsidiaries are deconsolidated from the date the Company ceases to have control.

All intra-group balances, transactions, income and expenses and unrealized gains and losses are eliminated. The financial statements of the subsidiaries are prepared for the same reporting year using uniform accounting policies as that of the Company.

A change in ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

If there is a loss of control, the Group derecognizes the assets (including goodwill) and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising from the loss of control is recognized in profit or loss. Any investment retained is recognized at fair value.

Business Combinations under Common Control. Business combinations involving entities that are ultimately controlled by the same ultimate parent before and after the business combination and for which the control is not transitory, are accounted for using either the pooling of interests method or the acquisition method. The Group adopted the acquisition method for its business combination under common control.

Under the acquisition method, the Group determines if the assets acquired and the liabilities assumed constitute a business. A business is an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs or other economic benefits directly to investors or other owners, members or participants. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. In an acquisition method, the acquirer measures the non-controlling interest in the acquiree at fair value of the entity's net assets. Acquisition-related costs incurred are recognized as expense. If the acquisition is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

If the initial accounting for a business combination is incomplete as at the reporting date in which the combination occurs, the Group reports in its consolidated financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, the Group retrospectively adjusts the provisional amounts and recognizes additional assets or liabilities to reflect new information obtained about facts and circumstances that existed as of the acquisition date. The measurement period ends at the date the Group receives the information about facts and circumstances that existed as of the acquisition date or learns that more information is not obtainable, but should not exceed one (1) year from the acquisition date.

<u>Financial Instruments</u>
Recognition and Initial Measurement. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

The Company recognizes a financial asset or a financial liability in the consolidated statements of financial position when it becomes a party to the contractual provisions of the instrument.

A financial asset (unless a trade receivable without a significant financing component) or financial liability is initially measured at the fair value of the consideration given or received. The initial measurement of financial instruments, except for those designated as fair value through profit or loss (FVPL), includes transaction costs. A trade receivable without a significant financing component is initially measured at the transaction price.

<u>Financial Assets</u>
The Company classifies its financial assets at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (FVOCI) and FVPL. The classification depends on the contractual cash flow characteristics of the financial assets and the business model of the Company for managing the financial assets.

Subsequent to initial recognition, financial assets are not reclassified unless the Company changes the business model for managing financial assets. All affected financial assets are reclassified on the first day of the reporting period following the change in the business model.

The business model refers to how the Company manages the financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. The Company considers the following information in assessing the objective of the business model in which a financial asset is held at a portfolio level, which reflects the way the business is managed and information is provided to the management:

- the stated policies and objectives for the portfolio and the operation of these policies in practice;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within the business model) and how those risks are managed;
- how employees of the business are compensated; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

The Company considers the contractual terms of the instrument in assessing whether the contractual cash flows are solely payments of principal and interest. For purposes of this assessment, "principal" is defined as the fair value of the financial asset on initial recognition. "Interest" is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g., liquidity risk and administrative costs), as well as profit margin. The assessment includes whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. The Company considers the following in making the assessment:

- contingent events that would change the amount or timing of the cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets.

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

For purposes of subsequent measurement, financial assets are classified in the following categories: financial assets at amortized cost, financial assets at FVOCI (with or without recycling of cumulative gains and losses) and financial assets at FVPL.

Financial Assets at Amortized Cost. A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated at FVPL:

- it is held within a business model with the objective of holding financial assets to collect contractual cash flows; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognized in the statements of comprehensive income when the financial asset is derecognized, modified or impaired.

As at December 31, 2022 and 2021, the Group's cash and cash equivalents, trade and other receivables (except advances to officers and employees), Debt Service Reserve Account (DSRA), long-term placements, restricted cash, refundable deposits, and deposit in escrow are classified under this category (see Notes 5, 7, 9 and 15).

Cash and cash equivalents include cash on hand, cash in banks, and short-term placements. Short-term placements are highly liquid investments with original maturities of three (3) months or less that are readily convertible to known amounts of cash, which are subject to an insignificant risk of changes in value.

Financial Assets at FVOCI. Financial Assets at FVOCI. A financial asset is measured at FVOCI if it meets both of the following conditions and is not designated as at FVPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

At initial recognition of an investment in equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Financial assets at FVOCI are subsequently measured at fair value. Changes in fair value are recognized in other comprehensive income.
Interest income calculated using the effective interest method and foreign exchange gains and losses are recognized in the consolidated statements of comprehensive income.

Dividends earned on holding an investment in equity instrument are recognized as dividend income in the consolidated statement of comprehensive income when the right to receive the payment has been established. When investment in equity instruments at FVOCI is derecognized, the related accumulated gains or losses previously reported in the consolidated statement of changes in equity are never reclassified to the consolidated statements of comprehensive income.

As at December 31, 2022 and 2021, the Group has quoted investments in equity securities which were irrevocably designated as financial assets at FVOCI because the Group considers these investments to be strategic in nature (see Note 10).

Financial Assets at FVPL. All financial assets not classified as measured at amortized cost or FVOCI are measured at FVPL. This includes all derivative financial assets. Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVPL.

At initial recognition, a financial asset may be designated as at FVPL if the designation eliminates or significantly reduces an accounting mismatch that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on different bases.

The Company carries financial assets at FVPL using their fair values. Attributable transaction costs are recognized in the consolidated statements of comprehensive income as incurred. Changes in fair value and realized gains or losses are recognized in the consolidated statements of comprehensive income. Fair value changes from derivatives accounted for as part of an effective cash flow hedge are recognized in other comprehensive income. Any interest earned from investment in debt instrument is recognized in the consolidated statements of comprehensive income. Any dividend income from investment in equity instrument is recognized in the consolidated statements of comprehensive income when the right to receive payment has been established.

As at December 31, 2022 and 2021, the Group's investment in unquoted redeemable perpetual security and investments in various listed debt and equity securities other than those classified as financial assets at FVOCI are classified under this category (see Note 6).

Reclassification. The Group reclassifies its financial assets only when it changes its business model for managing those financial assets. The reclassification is applied prospectively from the first day of the first reporting period following the change in the business model (reclassification date).

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVPL, any gain or loss arising from the difference between the previous amortized cost of the financial asset and fair value is recognized in profit or loss.

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVOCI, any gain or loss arising from a difference between the previous amortized cost of the financial asset and fair value is recognized in OCI.

For a financial asset reclassified out of the financial assets at FVPL category to financial assets at amortized cost, its fair value at the reclassification date becomes its new carrying amount.

For a financial asset reclassified out of the financial assets at FVPL category to financial assets at FVOCI, its fair value at the reclassification date becomes its new carrying amount.

<u>Financial Liabilities</u>
The Group determines the classification of its financial liabilities, at initial recognition, in the following categories: financial liabilities at FVPL and other financial liabilities at amortized cost. All financial liabilities are recognized initially at fair value and, in case of loans and borrowings, net of directly attributable transaction costs.

Financial Liabilities at FVPL. Financial liabilities are classified under this category through the fair value option.

As at December 31, 2022 and 2021, the Group does not have financial liabilities at FVPL.

Other Financial Liabilities. This category pertains to financial liabilities that are not designated or classified as at FVPL. After initial measurement, other financial liabilities are carried at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any premium or discount and any directly attributable transaction costs that are considered an integral part of the effective interest rate of the liability. The effective interest rate amortization is included in "Finance costs" account in the consolidated statements of comprehensive income. Gains and losses are recognized in the consolidated statements of comprehensive income when the liabilities are derecognized as well as through amortization process.

Debt issue costs are considered as an adjustment to the effective yield of the related debt and are deferred and amortized using the effective interest rate method. When a loan is paid, the related unamortized debt issue costs at the date of repayment are recognized in the consolidated statements of comprehensive income.
As at December 31, 2022 and 2021, the Group's trade and other payables (except advances from customers, and statutory payables), loans payable and lease liabilities are classified under this category (see Notes 16, 17 and 26).

<u>Derecognition of Financial Assets and Financial Liabilities</u>

Financial Assets. A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized when:

- the rights to receive cash flows from the asset have expired; or

- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; and either: (a) has transferred substantially all the risks and rewards of the asset; or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognizes the associated liability. The transferred asset and the associated liability are measured on the basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group is required to repay.

Financial Liabilities. A financial liability is derecognized when the obligation under the liability is discharged or cancelled, or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statements of comprehensive income.

Impairment of Financial Assets
The Group recognizes allowance for expected credit loss (ECL) on financial assets at amortized cost.

ECLs are probability-weighted estimates of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Group expects to receive), discounted at the effective interest rate of the financial asset, and reflects reasonable and supportable information that is available without undue cost or effort about past events, current conditions and forecasts of future economic conditions.

The Group recognizes an allowance for impairment based on either 12-month or lifetime ECL, depending on whether there has been a significant increase in credit risk since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including appropriate forward-looking information.

The Group recognizes lifetime ECL for receivables that do not contain significant financing component. The Company uses provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the borrowers and the economic environment.

At each reporting date, the Group assesses whether financial assets at amortized cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the restructuring of a financial asset by the Group on terms that the Group would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for that financial asset because of financial difficulties.

The Group considers a financial asset to be in default when a counterparty fails to pay its contractual obligations, or there is a breach of other contractual terms, such as covenants. The Group directly reduces the gross carrying amount of a financial asset when there is no reasonable expectation of recovering the contractual cash flows on a financial asset, either partially or in full. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

The ECL on financial assets at amortized cost are recognized as allowance for impairment losses against the gross carrying amount of the financial asset, with the resulting impairment losses (or reversals) recognized in the consolidated statements of comprehensive income.

Classification of Financial Instruments between Liability and Equity
Financial instruments are classified as liability or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity, net of any related income tax benefits.

A financial instrument is classified as liability if it provides for a contractual obligation to:

- deliver cash or another financial asset to another entity;
- exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Company; or
- satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument as a whole or in part, the amount separately determined as the fair value of the liability component on the date of issue.

Offsetting Financial Instruments
Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Inventories
Inventories are valued at the lower of cost and net realizable value (NRV). The cost of raw materials, spare parts and supplies comprises all purchase price and other costs incurred in bringing the inventories to its present location and condition. The cost of finished goods and goods in process comprises raw materials, direct labor and other direct costs and related production overheads.

The cost of raw materials is calculated based on moving average method while the cost of goods in process and finished goods is calculated based on standard costing method. Standard cost is adjusted to reflect actual cost which is principally determined using the moving average method. The NRV of raw materials, goods in process and finished goods is the estimated selling price in the ordinary course of business, less the estimated costs of completion and of marketing and distribution.

Cost is determined using the moving average method for spare parts and supplies. The NRV of spare parts and supplies are their current replacement costs. Spare parts are carried as inventory and recognized in profit or loss as consumed. However, major spare parts and stand-by equipment are recorded under "Property, plant and equipment" account in the consolidated statements of financial position when the Group expects to use these for more than one (1) year or if these can be used only in connection with an item of property, plant and equipment.

When the NRV of the inventories is lower than its cost, the Group provides for an allowance for the decline in value of inventory and recognizes the write-down as an expense in profit or loss. The amount of any reversal of write-down of inventories, arising from an increase in NRV, is recognized in profit or loss in the period in which the reversal occurs.

Other Nonfinancial Current Assets

Prepayments

Prepayments represent expenses not yet incurred but already paid in cash. These are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are recognized as expense in the consolidated statements of comprehensive income as they are consumed or expire with the passage of time.

Prepayments are classified as current assets when the cost of goods or services related to the prepayment are expected to be incurred within one year or the Company's normal operating cycle. Otherwise, these are classified as noncurrent assets.

Advances To Suppliers

Advances to suppliers represent advance payments made in relation to purchase of raw materials and services and are carried at cost. These are to be applied against the suppliers' billing upon the receipt of materials or services.

Other Current Assets

Other current assets pertain to assets which are expected to be realized within 12 months after the reporting period. Otherwise, these are classified as noncurrent assets.

Investment in an Associate

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Company's investment in an associate is accounted for under equity method. The investment is initially recognized at cost and adjusted to recognize the Company's share in net assets of the associate since the acquisition date. Dividends received by the Company from the associate will reduce the carrying amount of the investment when the right to receive the dividend is established. The Company recognizes its share in net income or loss of the associate in profit or loss. Any change in OCI of the associate is presented as part of the Company's OCI. In addition, where there has been change recognized directly in equity of the associate, the Company recognizes its share in any changes, when applicable in the consolidated statements of changes in equity.

Upon loss of significant influence over the associate, the Company measures and recognizes any retained investment at fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

The financial statements of the associate are prepared in the same reporting period as the Company.

Property, Plant and Equipment

Property, plant and equipment, except for land, are stated at cost less accumulated depreciation, amortization and any accumulated impairment in value. Such cost includes the cost of replacing part of the property, plant and equipment at the time the cost is incurred, if the recognition criteria are met, and excludes the costs of day-to-day servicing. Land is accounted for using the revaluation model.

Under the revaluation model, land is initially recorded at cost and subsequently measured at fair value less impairment losses, if any. Valuations are performed with sufficient frequency to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

A revaluation surplus is recorded initially in OCI and accumulated to the “Other equity reserves” account in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognized in profit or loss, the increase is recognized in profit or loss. A revaluation deficit is recognized in profit or loss, except to the extent that it offsets an existing surplus on the same asset recognized in the revaluation surplus.

The initial cost of property, plant and equipment comprises its construction cost or purchase price, including import duties, taxes and any directly attributable costs in bringing the asset to its working condition and location for its intended use. Cost also includes any related asset retirement obligation. Expenditures incurred after the asset has been put into operations, such as repairs, maintenance and overhaul costs, are normally recognized as expense in the period the costs are incurred. Major repairs are capitalized as part of property, plant and equipment only when it is probable that future economic benefits associated with the items will flow to the Company and the cost of the items can be measured reliably.

Capital projects in progress (CPIP) represents the amount of accumulated expenditures on unfinished and/or ongoing projects. This includes the costs of construction and other direct costs. Borrowing costs that are directly attributable to the construction of plant and equipment are capitalized during the construction period. Upon completion of the projects, the related CPIP will be transferred to the specific property, plant and equipment accounts. CPIP is not depreciated until such time that the relevant assets are ready for use

Depreciation and amortization are calculated on a straight-line basis over the following estimated useful lives of the property, plant and equipment:

	Number of Years
Machinery and equipment	5 to 30
Building and improvements	10 to 30
Furniture, fixtures and other office equipment	3 to 5
Transportation equipment	5
ROU assets	2 to 8

The remaining useful lives and depreciation and amortization method are reviewed and adjusted periodically, if appropriate, to ensure that such periods and method of depreciation and amortization are consistent with the expected pattern of economic benefits from the items of property, plant and equipment.

The carrying amounts of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amounts may not be recoverable.

Fully-depreciated assets are retained in the accounts until they are no longer in use.

An item of property, plant and equipment is derecognized when either it has been disposed of or when it is permanently withdrawn from use and no future economic benefits are expected from its use or disposal. Any gain or loss arising from the retirement and disposal of an item of property, plant and equipment (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statements of comprehensive income in the period of retirement or disposal.

Investment Properties
Investment properties pertain to land which is intended to be used for the construction of a building to be held for rental and construction in progress pertaining to development costs for the building. Investment properties are properties held either to earn rental income or for capital appreciation or both, and properties under construction or redevelopment, but not for sale in the ordinary course of business or for administrative purposes.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are recognized in profit or loss in the period in which they arise. The carrying amount excludes the costs of day-to-day servicing of the investment properties.

Investment properties are derecognized when either these have been disposed of or the investment properties are permanently withdrawn from use and no future economic benefit is expected from their disposal. Any gains or losses on the retirement or disposal of investment properties are recognized in profit or loss in the period of retirement or disposal.

Transfers are made to investment properties when, and only when, there is a change in use, evidenced by the end of owner-occupation or commencement of an operating lease to another party. Transfers are made from investment properties when, and only when, there is a change in use, evidenced by the commencement of owner-occupation or commencement of development with a view to sell.

For transfers from investment properties to owner-occupied properties or inventories, the cost for subsequent accounting is its carrying amount at the date of change in use. If the property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such in accordance with the policy under property, plant and equipment up to the date of change in use.

Stripping Costs
As part of its mining operations, the Group incurs stripping costs both during the development phase and production phase of its operations. Stripping costs incurred in the development phase of a mine before the production phase commences (development stripping) are capitalized as part of the cost of constructing the mine and subsequently amortized over its useful life using unit-of-production method. The capitalization of development stripping costs ceases when the mine is commissioned and ready for use as intended by management. After the commencement of production, further development of the mine may require a phase of unusually high stripping that is similar in nature to development phase stripping. The cost of such stripping is accounted for in the same way as development stripping.

Production stripping is generally considered to create two benefits, being either the production of inventory or improved access to the ore to be mined in the future. Where the benefits are realized in the form of inventory produced in the period, the production stripping costs are accounted for as part of the cost of producing those inventories. Where the benefits are realized in the form of improved access to the ore to be mined in the future, the costs are recognized as a noncurrent asset, referred to as a ‘stripping activity asset’, if the following criteria are met:

a. Future economic benefits (improved access to the ore body) are probable;
b. The component of the ore body for which access will be improved can be accurately identified; and
c. The costs associated with the improved access can be reliably measured.

If all of the criteria are not met, the production stripping costs are recognized in profit or loss as operating costs when incurred.

Intangible Assets
Intangible assets include mining rights, computer software, and goodwill.

Mining Rights and Computer Software
Mining rights and computer software are stated at cost, which includes purchase price and other direct costs, less accumulated amortization and any impairment in value. Mining rights and computer software are amortized over their useful lives on a straight-line basis and assessed for impairment whenever there is an indication that the mining rights and computer software may be impaired.

The amortization period and the amortization method for intangible assets with finite useful life are reviewed at least annually. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the intangible assets with finite useful lives are recognized in profit or loss.

The useful life of intangible assets arising from contractual or other legal rights should not exceed the period of those rights, but may be shorter depending on the period over which the intangible asset is expected to be used by the Group. The useful lives are as follows:

	Number of Years
Mining rights	25
Computer software	10

When mining rights and computer software are retired or otherwise disposed of, the cost and the related accumulated amortization and any impairment in value are removed from the accounts. Any resulting gain or loss is recognized in profit or loss.

Goodwill
Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the gain is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group’s cash-generating units (CGU) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a CGU and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in this circumstance is measured based on the relative values of the disposed operation and the portion of the CGU retained.

Other Nonfinancial Noncurrent Assets
Other nonfinancial noncurrent assets include deposit on asset purchase, deferred exploration and evaluation costs, and deposit for future investment.

Deposit on Asset Purchase
Deposit on asset purchase, measured at face amount less any allowance for impairment, represents advance payments for long-term supply of raw materials and advance payments for the purchase of property, plant and equipment. Deposit on asset purchase are applied against acquisition of property, plant and equipment and long-term deposit for inventory acquisition.

Deferred Exploration and Evaluation Costs
Deferred exploration and evaluation costs arising from the Group's exploration and evaluation activities are carried at cost less any accumulated impairment losses, if any.

Exploration and evaluation activities involve the search for mineral resources, the determination of technical feasibility and the assessment of commercial viability of an identified mineral resource. These include the following:

- Acquisitions of rights to explore;
- Gathering exploration data through geophysical studies;
- Determining and examining the volume and grade of the resource;
- Surveying transportation and infrastructure requirements; and
- Evaluating the technical feasibility and commercial viability of extracting the mineral resource.

Exploration and evaluation expenditures are deferred as asset when future economic benefit is more likely than not to be realized. These costs include directly attributable employee remuneration, materials and fuels used, surveying costs, drilling costs and payments made to contractors. The Group capitalizes any further evaluation costs incurred up to the point when a commercial reserve is established.

Deferred exploration and evaluation costs are assessed for impairment before these are reclassified to "Property, plant and equipment" account in the consolidated statements of financial position. Any impairment loss is recognized in profit or loss. If the mining property is found to contain no commercial reserves, the deferred exploration and evaluation costs are charged to profit or loss.

Deposit for Future Investment. Deposit for future investment represents funds paid in advance for future acquisition of the investee's capital stocks which is measured at cost less any allowance for impairment. Deposit for future investment is applied against subscription to common shares of stock of a business entity.

Impairment of Nonfinancial Assets
The carrying amounts of property, plant and equipment, intangible assets and other nonfinancial assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amounts may not be recoverable. If any such indication exists and when the carrying amounts exceed the estimated recoverable amounts, the assets or CGU are written down to their recoverable amounts. The recoverable amount of the asset is the greater of the fair value less cost of disposal or value in use. The fair value less cost of disposal is the amount obtainable from the sale of an asset in an arm's-length transaction. In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs. Impairment losses are recognized in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. In such instance, the carrying amount of the asset is increased to its recoverable amount. However, that increased amount cannot exceed the carrying amount that would have been determined, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss. After such reversal, the depreciation and amortization charges are adjusted in future years to allocate the asset's revised carrying amount, on a systematic basis over its remaining useful life.

Advances from Customers

Advances from customers consist of amounts received by the Company from its customers as advance payments for the sale of goods. These are recorded at face amount in the consolidated statements of financial position and recognized as revenue in the consolidated statements of comprehensive income when the goods for which the advances were made are delivered to the customers.

Fair Value Measurements

The Company measures financial and non-financial assets and liabilities at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either: (a) in the principal market for the asset or liability; or (b) in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or most advantageous market must be accessible to the Company.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: inputs for the asset or liability that are not based on observable market data.

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy (see Note 31).

Equity

Common Stock

Common stock is measured at par value for all shares issued and outstanding.

Preferred Stock

Preferred stock is classified as equity if it is non-redeemable, or redeemable only at the Group's option, and any dividends are discretionary. It is measured at par value for all shares issued. Dividends thereon are recognized as distributions within equity upon approval by the Company's BOD.

Additional Paid-in Capital (APIC)

APIC represents the proceeds and/or fair value of consideration received in excess of the par value of the shares issued. Incremental costs directly attributable to the issuance of new common stock are recognized as a deduction from APIC, net of any tax effects.

Retained Earnings

Retained earnings represent the cumulative balance of net income, net of any dividend declaration.

Unappropriated retained earnings pertain to the unrestricted portion available for dividend declaration. Appropriated retained earnings pertain to the restricted portion which is intended for expansion projects and other significant business activities of the Group.

The Group recognizes a liability to pay dividends when the distribution is authorized and no longer at the discretion of the Group. A corresponding amount is recognized directly in equity.

Other Equity Reserves

Other equity reserves comprise of items of income and expense, net of any deferred tax expense or benefit, that are not recognized in profit or loss in accordance with PFRS. Other equity reserves of the Group pertain to revaluation surplus on land, cumulative remeasurement gains or losses on net retirement benefits liability, and cumulative unrealized gains or losses on financial assets at FVOCI.

Treasury Stock

Treasury stock represents issued shares repurchased by the Group. The consideration paid, including any directly attributable incremental costs, net of related taxes, is deducted from equity until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related taxes, and is included in equity attributable to the equity holders of the Group.

Revenue Recognition

Revenue from contract with customers is recognized when the performance obligation in the contract has been satisfied, either at a point in time or over time. Revenue is recognized over time if one of the following criteria is met: (a) the customer simultaneously receives and consumes the benefits as the Group performs its obligations; (b) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or (c) the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. Otherwise, revenue is recognized at a point in time.

The Group also assesses its revenue arrangements to determine if it is acting as a principal or as an agent. The Group has assessed that it acts as a principal in its revenue arrangements.

The following specific recognition criteria must also be met before revenue is recognized.

Sales. Sales are recognized at a point in time when control of the goods has been transferred to the buyer, which is normally upon delivery or pick of goods, the seller has no obligation that could affect the buyer's acceptance of goods and the amount of sales can be measured realiably. The sales are net of returns, trade discounts and sale rebates.

The following are the specific recognition criteria for other revenues outside the scope of PFRS 15:

Interest Income. Interest income is recognized as the interest accrues taking into account the effective yield on the asset.

Dividend Income. Dividend income is recognized when the Group's right to receive payment is established.

Other Income. Income from other sources is recognized when earned during the period.

Sales Rebates. The Group provides sales rebates to certain customers based on the level of their purchases which may be applied against the amount of their existing or future payables to the Group. The sales rebates granted by the Group are not considered as a variable consideration as defined in PFRS 15. Accordingly, the Group's sales rebates are accounted for separately from the total consideration of the revenue recognized and measured at the amount expected to be claimed by the customer against future sales transactions.

The Group's accrual for sales rebates is included as part of "Trade and other payables" account in the consolidated statements of financial position (Note 16).

<u>Cost and Expense Recognition</u>

Costs and expenses are recognized in profit or loss when a decrease in future economic benefit related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably.

Cost of Goods Sold. Cost of goods sold is recognized as expense when the related goods are delivered to and accepted by customers.

Operating Expenses. Operating expenses constitute cost of administering the business and cost incurred to sell and market the goods. These include advertising and freight and handling, among others. These are expensed as incurred.

All finance costs are recognized in the consolidated statements of comprehensive income in the period they are incurred.

<u>Employee Benefits</u>

Short-term Benefits

The Group recognizes short-term employee benefits based on contractual arrangements with employees. Unpaid portion of the short-term employee benefits is measured on an undiscounted basis and is included as part of "Trade and other payables" account in the consolidated statements of financial position (see Note 16).

Retirement Benefits. Retirement benefit costs are actuarially determined using the projected unit credit method. This method reflects services rendered by employees up to the date of valuation and incorporates assumptions concerning employees' projected salaries. The calculation of net retirement benefits (costs) is performed annually by a qualified actuary. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in the future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

The Group recognizes service costs, comprising of current service cost and past service cost, and net interest cost in profit or loss.

The Group determines the net interest cost by applying the discount rate to the net defined benefit liability at the beginning of the annual period, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments.

Remeasurements of the net retirement benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in OCI and are not reclassified to profit or loss in subsequent periods.

The net retirement benefit liability recognized by the Group is the aggregate of the present value of the defined benefit obligation reduced by the fair value of plan assets out of which the obligations are to be settled directly. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using risk-free interest rates of government bonds that have terms to maturity approximating the terms of the related net retirement benefit liability.

<u>Leases</u>
The Group assesses whether a contract is, or contains a lease, at the inception of a contract. This assessment involves the exercise of judgment about whether it depends on a specified asset, whether the Group obtains substantially all the economic benefits from the use of the asset and whether the Group has the right to direct the use of the asset. The Group recognizes ROU asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases and leases of low-value assets.

If the Group has the right to control the use of an identified asset for only a portion of the term of the contract, the contract contains a lease for that portion of the term.

Group as a Lessee. At the commencement date, the Group recognizes ROU asset and lease liability for all leases, except for leases with lease terms of 12 months or less (short-term leases) and leases for which the underlying asset is of low value in which case the lease payments associated with those leases are recognized as an expense on a straight-line basis.

ROU Assets. At commencement date of the lease contract, the Group measures ROU assets (presented as part of "Property, plant and equipment" account) at cost. The initial measurement of ROU assets includes the following:

- the amount of the initial measurement of lease liabilities;
- lease payments made at or before the commencement date less any lease incentives received;
- initial direct costs; and

- an estimation of costs to be incurred by the Group in dismantling and removing the underlying asset, when applicable.

After the commencement date, the ROU assets are carried at cost less any accumulated amortization and any accumulated impairment losses, and adjusted for any remeasurement of the related lease liabilities. The ROU assets are amortized over the shorter of the lease terms or the useful lives of the underlying assets ranging from two (2) to eight (8) years.

Lease Liabilities. At commencement date, the Group measures lease liabilities at the present value of future lease payments using the interest rate implicit in the lease, if that rate can be readily determined. Otherwise, the Group uses its incremental borrowing rate (IBR).

Lease payments included in the measurement of lease liabilities comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the lessee under residual value guarantees; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

A lease liability is subsequently measured at amortized cost. Interest on the lease liability and any variable lease payments not included in the measurement of lease liability are recognized in profit or loss unless these are capitalized as costs of another asset. Variable lease payments not included in the measurement of lease liabilities are recognized in profit or loss when the event or condition that triggers those payments occurs.

If there is a change in the lease term or if there is a change in the assessment of an option to purchase the underlying asset, the lease liability is remeasured using a revised discount rate considering the revised lease payments on the basis of the revised lease term or reflecting the change in amounts payable under the purchase option. Lease liabilities are also remeasured using the revised lease payments if there is a change in the amounts expected to be payable under a residual value guarantee or a change in future lease payments resulting from a change in an index or a rate used to determine those payments.

<u>Finance Costs</u>
Finance costs include interest charges and other costs incurred in connection with the borrowing of funds. Finance costs also include any interest expense resulting from adjusting the amortized cost of financial liabilities based on the effective interest method.

All finance costs, other than capitalizable borrowing costs, are recognized in profit or loss in the period they are incurred.

<u>Foreign Currency-Denominated Transactions</u>
Transactions denominated in foreign currencies are recorded using the exchange rate at the date of the transaction. Outstanding monetary assets and liabilities denominated in foreign currencies are translated using the closing exchange rate at reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the initial transaction. Differences arising on settlement or translation of monetary assets and liabilities are recognized in profit or loss.

For income tax reporting purposes, foreign exchange gains or losses are treated as taxable income or deductible expenses in the year such are realized.

Income Taxes

Current Tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rate and tax laws used in the computation are those that have been enacted or substantively enacted at the reporting date.

Deferred Tax

Deferred tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, and carryforward benefits of unused net operating loss carryover (NOLCO), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carryforward benefits of unused tax losses can be utilized. Deferred tax, however, is not recognized when it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax liabilities are not provided on nontaxable temporary differences associated with investments in domestic subsidiaries and interest in joint ventures.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognized in profit or loss except to the extent that it relates to a business combination, or items directly recognized to equity or in OCI.

Deferred tax assets and liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Current tax and deferred tax are recognized in the consolidated statements of comprehensive income except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Value-Added Tax (VAT)

VAT is a tax on consumption levied on the sale, barter, exchange, or lease of goods or properties and services, and on importation of goods in the Philippines. It is an indirect tax, which may be shifted or passed on to the buyer, transferee or lessee of goods, properties or services.

Revenue, expenses, and assets are recognized net of the amount of VAT, except:

- Where the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of VAT included.

The net amount of VAT payable to the taxation authority is included as part of "Trade and other payables" account in the consolidated statements of financial position.

Deferred Input VAT

In accordance with Revenue Regulations (RR) No. 16-2005, input VAT on purchases or imports of capital goods (depreciable assets for income tax purposes) prior to 2022 with an aggregate acquisition cost (exclusive of VAT) in each of the calendar months exceeding ₱1.0 million is claimed as credit against output VAT over 60 months or the estimated useful lives of capital goods, whichever is shorter.

Deferred input VAT represents the unamortized amount of input VAT on capital goods and input VAT on the unpaid portion of availed services, including the use or lease of properties.

Where the aggregate acquisition cost (exclusive of VAT) of the existing or finished depreciable capital goods purchased or imported during any calendar month does not exceed ₱1.0 million, the total input VAT will be allowable as credit against output VAT in the month of acquisition. Deferred input VAT that are expected to be claimed against output VAT within 12 months after the reporting date are classified as current assets. Otherwise, these are classified as noncurrent assets.

Related Party Relationships and Transactions

Related party relationships exist when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities which are under common control with the reporting enterprise, or between and/or among the reporting enterprise and its key management personnel, directors, or its stockholders. Related parties may be individual or corporate entities.
A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

Segment Reporting

The Group reports separate information about each of its operating segment.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same Group) and whose operating results are regularly reviewed to make decisions about resources to be allocated to the segment and assess its performance; and for which discrete information is available.

Provisions and Contingencies

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss net of any reimbursement. If the effect of the time value of money is material, the estimated future cash flows are discounted using a current pretax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Provision for Mine Rehabilitation and Decommissioning. Mine rehabilitation costs will be incurred by the Group either while operating or at the end of the operating life of the Group's facilities and mine properties. The Group assesses its provision for mine rehabilitation and decommissioning at each reporting date. The Group recognizes a provision where: it has a legal and constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate of the amount of obligation can be made. The nature of rehabilitation activities includes dismantling and removing structures, rehabilitating mines and tailings dams, dismantling operating facilities, closing plant and waste sites, and restoring, reclaiming and revegetating affected areas.

The obligation generally arises when the mining asset is installed, or the ground or environment is disturbed at the mining operation's location. When the liability is initially recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related mining assets to the extent that it is incurred as a result of the development or construction of the mine.

Changes in the estimated timing of rehabilitation or changes in the estimated future costs are recognized prospectively as an adjustment to the provision for mine rehabilitation and decommissioning and the related mining asset.

Any decrease in the provision for mine rehabilitation and decommissioning and, therefore, any deduction from the asset may not exceed the carrying amount of the related mining asset. Any excess over the carrying amount is recognized in profit or loss.

If the change in estimate results in an increase in the provision for mine rehabilitation and decommissioning and, therefore, an addition to the carrying amount of the mining asset, the Group considers whether there is an indication of impairment of the asset as a whole. If any such indication exists and when the revised estimate for the mining asset (net of rehabilitation provisions) exceeds the recoverable amount, the increase is recognized as expense.
The discounted provision for mine rehabilitation and decommissioning is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability. The periodic accretion of the discount is recognized in profit or loss as part of finance cost.

Rehabilitation funds committed for use in satisfying environmental obligations are classified as "Restricted cash" included in "Other noncurrent assets" account in the consolidated statements of financial position (Note 15).

Contingencies
Contingent liabilities are not recognized in the consolidated financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but are disclosed in the notes to the consolidated financial statements when an inflow of economic benefits is probable.

Earnings Per Share (EPS)
Basic EPS is calculated by dividing the net income (less preferred dividends net of tax, if any) for the year attributable to common stockholders by the weighted average number of common stocks outstanding during the year, with retroactive adjustment for any stock dividends or stock splits declared during the year.

Diluted EPS is computed by dividing net income by the weighted average number of common stocks outstanding during the year, after giving retroactive effect for any stock dividends, stock splits or reverse stock splits during the year, and adjusted for the effect of dilutive options.

Events After the Reporting Date
Post year-end events that provide additional information about the Group's consolidated statements of financial position at reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

3. Significant Judgments, Accounting Estimates and Assumptions

The preparation of the consolidated financial statements requires management to exercise judgments and make accounting estimates and assumptions that affect the amounts reported in the consolidated financial statements and related notes. The judgments, accounting estimates and assumptions used in the consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as at the reporting date.

While the Group believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the estimated amounts. Actual results could differ from such estimates.

The accounting estimates and underlying assumptions are reviewed on an ongoing basis. Revisions in accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the significant judgments, accounting estimates and assumptions made by the Group:

Judgments

Classification of Financial Assets. Classification and measurement of financial assets depends on the results of the contractual cash flow and the business model tests. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgment reflecting all relevant evidence including how the performance of the assets is evaluated, the risks that affect the performance of the assets, and how these risks are managed.

At initial recognition, the Group designated its investments in equity securities either as financial assets at FVOCI (see Note 10) or as financial assets at FVPL. The Group's investments in quoted equity and debt securities and investment in unquoted redeemable perpetual securities were designated as financial assets at FVPL (see Note 6).

Cash and cash equivalents, trade and other receivables (excluding advances to officers and employees), DSRA, long-term placements, restricted cash, refundable deposits, and deposit in escrow were classified as financial assets at amortized cost since the Group's primary business model in relation to these assets is to hold the financial assets to collect contractual cash flows solely for principal and interest (see Notes 5, 7, 9, and 15).

Fair Value Measurement of Financial Instruments. The fair values of securities that are actively traded in organized financial markets are determined by reference to unadjusted quoted market prices at the close of business on the reporting date.

When the fair values of financial assets recorded in the consolidated statements of financial position cannot be measured based on quoted prices in active market, their fair value is measured using valuation techniques including the Discounted Cash Flow model. The inputs to this model are taken from observable market when possible, but when this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

In accordance with the amendments to PFRS 7, disclosures about the level in the fair value hierarchy are required in which the fair value measurements are categorized for assets and liabilities measured in the consolidated statements of financial position.

Assumptions and methods of determining the fair values of financial instruments are presented in Note 31 to the consolidated financial statements.

Existence of Significant Influence over Armstrong. Significant influence has been established by the Group over the investee as shown from its participation, through its representative in the investee's BOD, in the decision making process of the investee's significant activities. Further, although the Group's interest is only represented by preferred shares in 2021 and 2020, the conversion feature of the preferred shares gives the Group a potential voting power in the future, which increases its ability to participate in the overall decision making process of the investee.

Investment in the preferred shares of Armstrong amounted to ₱75.0 million as at December 31, 2021. In 2022, the Company acquired full ownership of Armstrong through the conversion of preferred shares into common shares and acquisition of the remaining common shares held by Armstrong's individual shareholders (see Notes 4 and 13).

Classification of Land as Property, Plant and Equipment and Investment Properties. The Group determines whether a property qualifies as an investment property or a property, plant and equipment. In making its judgment, the Group considers whether the property is held primarily to earn rentals or capital appreciation or both or used for operations and administrative purposes by the Group.

Land held for operations and administrative purposes amounting to ₱7,947.2 million and ₱6,091.3 million as at December 31, 2022 and 2021, respectively, are classified as property, plant and equipment (see Note 11). Land held for the construction of a building to be held for rental amounting to ₱1,677.3 million as at December 31, 2021 are classified as an investment property (see Note 12).

Assessment of Production Start Date. The Group assesses the stage of development of the mine site to determine the start of production phase or the substantial completion of mining site development or production. The criteria used to assess the start date are determined based on the unique nature of each mine construction project, such as the complexity of the project and its location. The Group considers various relevant criteria to assess when the production phase is considered to have commenced. The criteria used to identify the production start date include, but are not limited to:

- Level of capital expenditure incurred compared with construction cost estimate;
- Completion of a reasonable period of testing of the property, plant and equipment; and
- Ability to sustain ongoing production of limestone.

When a mine development project moves into the production phase, the capitalization of certain mine development costs ceases and costs are either capitalized as part of the cost of inventory or expensed, except for costs that qualify for capitalization relating to mining asset additions or improvements, mine development, or mineable reserve development. It is also at this point that depreciation or amortization commences.

The Luzon mining sites, except for the Dona Remedios Trinidad site, started their production and commercial operations in 2010. As at March 7, 2023, the Cebu and Mindanao mining sites have not yet started commercial operations.

Capitalization of Exploration and Evaluation Expenditures. The Group makes judgments in determining whether there are future economic benefits from either future exploration or sale of mineral reserves to capitalize exploration and evaluation expenditures. The Group further applies estimates and assumptions about future events and circumstances to determine whether an economically viable extraction operation can be established.

Deferred exploration and evaluation costs, presented under "Other noncurrent assets" account in the consolidated statements of financial position, amounted to ₱44.7 million as at December 31, 2022 and 2021 (see Note 15).

Determination of Reportable Operating Segments. The Group has determined that it has reportable segments based on the following thresholds:

- Its reported revenue, including both sales to external customers and intersegment sales or transfers, is 10% or more of the combined revenue, internal and external, of all operating segments.
- The absolute amount of its reported profit or loss is 10% or more, in absolute amount, of (i) the combined reported profit of all operating segments that did not report a loss and (ii) the combined reported loss of all operating segments that reported a loss.
- Its assets are 10% or more of the combined assets of all operating segments.

Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if management believes that information about the segment would be useful to users of the consolidated financial statements. The Group assessed that it has a single reportable operating segment based on the criteria above (see Note 34).

Classification of Investment in a Subsidiary as Asset Held For Sale. The Group classifies an asset as held for sale when its carrying amount will be recovered principally through a sale transaction rather than through continuing use. In making its judgment, the Group considers its management's commitment to sell the asset within one (1) year. When the one-year period is not met, the Group determines whether the delay of the sale is caused by events or circumstances beyond its control and there is sufficient evidence that the Group remains committed to its plan to sell the asset.

Based on the Group's management assessment, investment in KSHI is classified as asset held for sale since the BOD of the Group approved the sale of the 100% ownership of KSHI. As of December 31, 2022, the carrying amount of assets held for sale amounting to ₱2,614.0 million is lower than its fair value less cost to sell (see Note 20).

Evaluation of Adequacy of Tax Liabilities. The Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretation of tax laws and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Group to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Estimates and Assumptions

Assessment for ECL on Trade Receivables. The Group, applying the simplified approach in the computation of ECL, initially uses a provision matrix based on historical default rates for trade receivables. The provision matrix specifies provision rates depending on the number of days that a trade receivable is past due. The Group also uses appropriate groupings if its historical credit loss experience shows significantly different loss patterns for different customer segments. The Group then adjusts the historical credit loss experience with forward-looking information on the basis of current observable data affecting each customer segment to reflect the effects of current and forecasted economic conditions.

The Group adjusts historical default rates to forward-looking default rate by determining the closely related economic factor affecting each customer segment. The Group regularly reviews the methodology and assumptions used for estimating ECL to reduce any differences between estimates and actual credit loss experience.

The determination of the relationship between historical default rates and forecasted economic conditions is a significant accounting estimate. Accordingly, the provision for ECL on trade receivables is sensitive to changes in assumptions about forecasted economic conditions.

The Group has assessed that the ECL on trade receivables is not material because substantial amount of receivables are normally collected within one (1) year while none of the remaining balances are written off or credit impaired as at reporting date. Accordingly, no provision for ECL on trade receivables was recognized in 2022, 2021 and 2020. The carrying amount of trade receivables is ₱435.5 million and ₱412.4 million as at December 31, 2022 and 2021, respectively (see Note 7).

Assessment for ECL on Other Financial Assets at Amortized Cost. The Group determines the allowance for ECL using general approach based on the probability-weighted estimate of the present value of all cash shortfalls over the expected life of other financial assets at amortized cost. ECL is provided for credit losses that result from possible default events within the next 12-months unless there has been a significant increase in credit risk since initial recognition in which case ECL is provided based on lifetime ECL.

When determining if there has been a significant increase in credit risk, the Group considers reasonable and supportable information that is available without undue cost or effort and that is relevant for the particular financial instrument being assessed such as, but not limited to, the following factors:

- Actual or expected external and internal credit rating downgrade;
- Existing or forecasted adverse changes in business, financial or economic conditions; and
- Actual or expected significant adverse changes in the operating results of the counterparty.

The Group also considers financial assets that are more than 60 days past due to be the latest point at which lifetime ECL should be recognized unless it can demonstrate that this does not represent a significant risk in credit risk such as when non-payment was an administrative oversight rather than resulting from financial difficulty of the counterparty.

The Group has assessed that the ECL on other financial assets at amortized cost is not material because the transactions with respect to these financial assets were entered into by the Group only with reputable banks and companies with good credit standing and relatively low risk of defaults. Accordingly, no provision for ECL on other financial assets at amortized cost was recognized in 2022, 2021 and 2020.

The carrying amounts of other financial assets at amortized cost are as follows:

	Note	**2022**	2021
Cash in banks and cash equivalents	5	**₱9,546,308,504**	₱11,644,038,785
Long-term placements	15	**650,000,000**	650,000,000
Other receivables*	7	**630,135,228**	606,758,716
DSRA	9	**363,846,083**	333,128,296
Restricted cash	15	**74,019,946**	67,977,321
Refundable deposits	15	**63,982,934**	64,017,934
Deposit in escrow	15	**49,879,815**	44,581,295

**Includes dividends receivable, interest receivable, advances to related parties and other receivables*

Determination of NRV of Inventories. The Group writes down the cost of inventories whenever the NRV of inventories becomes lower than cost due to damage, physical deterioration, obsolescence, change in price levels or other causes. The Group reviews the lower of cost and NRV of inventories on a periodic basis. NRV represents the estimated selling price of the product based on prevailing prices at the end of the reporting period, less estimated costs to complete production and bring the product to sale. NRV test for spare parts and supplies is also performed annually. The NRV of spare parts and supplies represents the current replacement cost. An increase in allowance for inventory obsolescence and market decline would increase recorded operating expense and decrease current assets.

As at December 31, 2022 and 2021, the cost of inventories is lower than its NRV. The carrying amount of inventories is ₱2,299.1 million and ₱1,690.4 million as at December 31, 2022 and 2021, respectively (see Note 8).

Estimation of the Useful Lives of Property, Plant and Equipment, Mining Rights and Computer Software. The Group estimates the useful lives of its property, plant and equipment and computer software based on the period over which the assets are expected to be available for use. The Group reviews annually the estimated useful lives of property, plant and equipment and computer software based on factors that include asset utilization, internal technical evaluation, technological changes, environmental changes, and anticipated use of the assets. In addition, the estimation of the useful lives of property, plant and equipment and computer software is based on internal technical evaluation, and experience with similar assets. The Group also amortizes mining rights based on the total term of the quarry permit which is twenty five (25) years pursuant to Republic Act (R.A.) 7942, the Philippine Mining Act of 1995.

It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment, mining rights and computer software would increase the recorded depreciation and amortization expenses and decrease noncurrent assets.

There is no change in the estimated useful lives of property, plant and equipment, mining rights and computer software in 2022, 2021 and 2020.

The carrying amount of property, plant and equipment (excluding land and construction in progress) is ₱21,484.6 million and ₱18,807.6 million as at December 31, 2022 and 2021, respectively (see Note 11). The carrying amounts of mining rights and computer software are ₱1,160.7 million and ₱183.8 million, respectively, as at December 31, 2022 and ₱1,196.5 million and ₱179.2 million, respectively, as at December 31, 2021 (see Note 14).

Determination of the Revalued Amount of Land (Included under Property, Plant and Equipment account). The Group has adopted the revaluation model in determining the carrying amount of land with changes in revalued amount recognized as other comprehensive income. The Group obtained the services of an independent appraiser in determining the fair value of land, and such fair value was determined based on recent prices of similar properties, with adjustments to reflect any changes in economic conditions since the date of those transactions. The amount and timing of recorded changes in fair value for any period would differ if the Group made different judgments and accounting estimates or utilized a different basis for determining fair value.

The carrying amount of land measured at revalued amount as at December 31, 2022 and 2021 is ₱7,947.2 million and ₱6,091.3 million, respectively (see Note 11).

Determination of the Fair Value of Investment Properties. The Group measures its investment properties at fair value with changes in fair values recognized in profit or loss. The Group engaged an independent appraiser to assess the fair value of investment properties. These were valued by reference to recent market-based evidence using comparable prices adjusted for specific market factors such as nature, location and condition of the properties.

Estimated fair values of investment properties (excluding construction in progress) amounted to ₱1,677.3 million as at December 31, 2021 (see Note 12).

Accounting for Business Combination under Common Control. In 2022 and 2021, the Company acquired 100% ownership in Armstrong and SNMC, respectively. As at transaction date, the Group evaluated whether this represents acquisition of a business or of a group of assets. The Group determined that the transaction be accounted as a business combination under common control using acquisition method since the acquisition is a strategic move by the Company to ensure sustainable supply of raw materials for its operations.

Under the acquisition method, the Group accounted for the assets acquired and the liabilities assumed at the date of acquisition based on their respective fair values. This requires certain estimates and assumptions concerning the determination of the fair values of acquired mining rights, land, other property, plant and equipment, as well as liabilities assumed at the acquisition date. The valuation of those assets acquired by the Group are based on information available at the acquisition date.

The carrying amount of provisional goodwill arising from the acquisition of Armstrong amounted to ₱226.1 million as at December 31, 2022. The carrying amount of goodwill arising from the acquisition of SNMC amounted to ₱327.8 million as at December 31, 2021 (see Note 14).

Leases – Estimation of the IBR. The Group uses its IBR to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the ROU asset in a similar economic environment. The Group estimates the IBR using available observable inputs (such as the prevailing BVAL interest rates) adjusted for entity-specific estimates, to reflect the terms and conditions of the lease.

The Group has applied IBR ranging from 7.73% to 7.91% for the computation of lease liabilities and ROU assets. Lease liabilities amounted to ₱35.4 million and ₱47.7 million as at December 31, 2022 and 2021, respectively. ROU assets amounted to ₱29.5 million and ₱36.6 million as at December 31, 2022 and 2021, respectively (see Note 26).

Assessment for Impairment of Nonfinancial Assets. The Group assesses impairment on nonfinancial assets whenever events or changes in circumstances indicate that the carrying amount of the assets or group of assets may not be recoverable. The relevant factors that the Group considers in deciding whether to perform an asset impairment review include, among others, the following:

- Significant underperformance of a business in relation to expectations;
- Significant negative industry or economic trends; and
- Significant changes or planned changes in the use of the assets.

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized. Recoverable amounts are estimated for individual assets or, if it is not possible, for the CGU to which the asset belongs.

The recoverable amount of the asset is the greater of the fair value less cost of disposal or value in use. The fair value less cost of disposal is the amount obtainable from the sale of an asset in an arm's-length transaction. In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

No impairment loss on nonfinancial assets was recognized in 2022, 2021 and 2020. The carrying amounts of nonfinancial assets are as follows:

	Note	**2022**	2021
Property, plant and equipment	11	**₱30,026,713,907**	₱27,723,632,795
Intangible assets*	14	**1,344,504,752**	1,375,663,446
Prepayments	9	**273,086,480**	229,602,106
Deferred input VAT	9	**161,590,790**	136,992,613
Advances to suppliers	9	**141,947,872**	418,289,171
Deposit on asset purchase	15	**138,458,905**	595,173,213
Deferred exploration and evaluation costs	15	**44,678,353**	44,678,353
Deposit for future investment	15	**4,848,487**	4,306,438
Advances to officers and employees	7	**4,645,880**	9,222,384
Investment in an associate	13	**–**	75,000,000
Others	9,15	**35,160,440**	48,294,590

**excluding goodwill amounting to ₱557.7 million and ₱331.6 million as at December 31, 2022 and 2021, respectively.*

Assessment of Goodwill Impairment. The Group tests annually whether any impairment in goodwill should be recognized, in accordance with the related accounting policy. The recoverable amounts of CGU have been determined based on value in use calculations which require the use of estimates.

No impairment loss was recognized in 2022, 2021 and 2020. The carrying amount of goodwill amounted to ₱557.7 million and ₱331.6 million as at December 31, 2022 and 2021, respectively (see Note 14).

Assessment of the Recoverability of Deferred Exploration and Evaluation Costs. Deferred exploration and evaluation costs are capitalized in the period incurred until it has been determined that a property has no sufficient economically recoverable reserves, in which case the costs are written off as impairment losses. The Group reviews the carrying amounts of its mineral property interests whenever events or changes in circumstances indicate that their carrying amounts may exceed their estimated net recoverable amounts. An impairment loss is recognized when the carrying amount of those assets exceeds its recoverable amount.

No impairment loss on deferred exploration and evaluation costs was recognized in 2022, 2021 and 2020. As at December 31, 2022 and 2021, the carrying amount of deferred exploration and evaluation costs amounted to ₱44.7 million (see Note 15).

Recognition of Provision for Mine Rehabilitation and Decommissioning. The ultimate cost of mine rehabilitation and decommissioning is uncertain, and cost estimates can vary in response to many factors including estimates of the extent and costs of rehabilitation activities, changes in the relevant legal requirements, emergence of new restoration techniques or experience, cost increases as compared to the inflation rates, and changes in discount rates. The expected timing of expenditure can also change in response to changes in quarry reserves or production rates. These uncertainties may result in future actual expenditure different from the amounts currently provided. As a result, there could be significant adjustments in provision for mine rehabilitation and decommissioning, which would affect future financial results.

Provision for mine rehabilitation and decommissioning is based on estimated future costs of rehabilitating the mine site using information available at the reporting date.

Provision for mine rehabilitation and decommissioning amounted to ₱52.4 million and ₱50.0 million as at December 31, 2022 and 2021, respectively (see Note 18).

Determination of Retirement Liability. The determination of the net retirement benefit liability and expense is dependent on the assumptions used by the actuary in calculating such amounts. These assumptions are described in Note 27 to the consolidated financial statements and include, among others, discount rates and salary increase rates. Actual results that differ from the Group's assumptions are accumulated and amortized over future periods and therefore, generally affect the recognized expense and recorded liability in such future periods. While the Group believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the net retirement benefit liability.

Net retirement benefit liability amounted to ₱72.3 million and ₱122.8 million as at December 31, 2022 and 2021, respectively. Cumulative remeasurement gains on net retirement benefit liability (net of deferred tax) amounted to ₱77.5 million and ₱47.4 million as at December 31, 2022 and 2021, respectively (see Note 27).

Recognition of Deferred Tax Assets. The Group reviews the carrying amounts of deferred tax assets at each reporting date and reduces deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized.

Deferred tax assets amounting to ₱14.2 million and ₱15.1 million were not recognized as at December 31, 2022 and 2021, respectively. Management believes that the Group will not have sufficient taxable income against which the benefits of the deferred tax assets can be utilized (see Note 29).

Deferred tax assets recognized amounted to ₱109.4 million and ₱115.9 million as at December 31, 2022 and 2021, respectively (see Note 29).

4. Business Combination

Step-up Acquisition of Armstrong

In August 2022, the Parent Company converted its investment in Armstrong's preferred shares to common shares amounting to ₱75.0 million. Further, in December 2022, the Parent Company acquired the remaining common shares from the individual shareholders for a consideration of ₱508.0 million.

The acquisition is a strategic move by the Group to ensure sustainable supply of raw materials for its operations. The fair values of the identified assets and liabilities of Armstrong at the date of acquisition and the purchase price were allocated as follows (in millions):

Cash	₱87.9
Trade and other receivables	56.5
Inventories	26.6
Other current assets	49.3
Property, plant and equipment	364.5
Other noncurrent assets	18.8
Trade and other payables	(156.2)
Income tax payable	(1.1)
Other noncurrent liabilities	(89.4)
Net assets acquired	356.9
Consideration	(583.0)
Provisional goodwill	₱226.1
Total cash consideration	₱508.0
Less cash acquired	87.9
Acquisition of subsidiary, net of cash acquired	₱420.1

The fair values of net identifiable assets acquired and the consideration are based on a provisional assessment pending the completion of an independent valuation.

If new information obtained within one year of the date of acquisition about facts and circumstances that existed at the date of acquisition identified adjustments to the above amounts, or any additional provisions that existed at the date of acquisition, then the accounting for the acquisition will be reviewed.

The excess of consideration over the fair value amounting to ₱226.1 million represents provisional goodwill, which is the fair value of the expected synergies arising from the acquisition of the business (see Note 14). None of the goodwill recognized is expected to be deductible for tax purposes. The conversion of the investment in preferred shares of Armstrong amounting to ₱75.0 million prior to acquisition is considered as a noncash transaction excluded in the consolidated statements of cash flows.

The revenue and net income of Armstrong from the date the Group obtained control, which is August 12, 2022, up to December 31, 2022, amounted to ₱143.5 million and ₱97.4 million, respectively, which were included in the Group's results of operations in 2022. Had the acquisition took place at the beginning of 2022, the Group's revenue and net income for the year ended December 31, 2022 would have been ₱26,390.1 million and ₱4,787.9 million, respectively.

The assets and liabilities of Armstrong as at December 31, 2022 were included in the Group's 2022 consolidated financial statements.

<u>Acquisition of SNMC</u>

On November 4, 2021, the Company acquired 100% ownership in SNMC for a total consideration of ₱3,572.0 million from its related parties.

The acquisition is a strategic move by the Parent Company to ensure sustainable supply of raw materials for its operations. The fair values of the identified assets and liabilities of SNMC at the date of acquisition and the purchase price were allocated as follows (in millions):

Cash	₱263.5
Trade and other receivables	214.1
Inventories	92.5
Other current assets	1,554.4
Property, plant and equipment	1,421.8
Acquired mining rights	1,015.5
Other noncurrent assets	52.9
Trade and other payables	(363.1)
Other current liabilities	(835.8)
Income tax payable	(47.1)
Other noncurrent liabilities	(17.4)
Net deferred tax liabilities	(107.1)
Net assets acquired	3,244.2
Cash consideration	(3,572.0)
Goodwill	₱327.8

Total consideration	₱3,572.0
Less cash acquired	263.5
Acquisition of subsidiary, net of cash acquired	₱3,308.5

The excess of consideration over the fair value amounting to ₱327.8 million represents goodwill, which is the fair value of the expected synergies arising from the acquisition of the business (see Note 14). None of the goodwill recognized is expected to be deductible for tax purposes.

The revenue and net income of SNMC from the date the Group obtained control, which is November 4, 2021, up to December 31, 2021, amounted to ₱92.6 million and ₱67.2 million, respectively, which were included in the Group's results of operations in 2021. Had the acquisition took place at the beginning of 2021, the Group's revenue and net income for the year ended December 31, 2021 would have been ₱21,718.8 million and ₱6,419.3 million, respectively.

The assets and liabilities of SNMC as at December 31, 2021 were included in the Group's 2021 consolidated financial statements.

Measurement of Fair Values of Identifiable Assets Acquired

The valuation techniques used for measuring the fair value of material assets acquired were as follows:

Property, Plant and Equipment. The fair value was estimated using the Sales Comparison Approach. This approach compares sales of similar or substitute properties and related market data to establish an estimated fair value.

Acquired Mining Rights. The fair value was estimated using the Discounted Cash Flow method. This method determines the present value of future cash flows of an investment using a discount rate for each periodic cash flow derived from an entity's cost of capital. At acquisition date, discount rate used is 10.99%.

5. Cash and Cash Equivalents

This account consists of:

	2022	2021
Cash on hand	**₱977,010**	₱1,010,559
Cash in banks	**1,116,196,823**	688,249,975
Short-term placements	**8,430,111,681**	10,955,788,810
	₱9,547,285,514	₱11,645,049,344

Cash on hand pertains to petty cash fund and revolving funds. Cash in banks earn interest at prevailing bank deposit rates and are immediately available for use in the current operations.

Short-term placements are made for varying periods of up to three (3) months depending on the immediate cash requirements of the Group and earn annual interest at rates ranging from 0.30% to 7.00% in 2022, 0.05% to 3.25% in 2021 and 0.88% to 5.50% in 2020.

Interest income is recognized from the following:

	Note	2022	2021	2020
Cash in banks and cash equivalents*		**₱204,392,463**	₱124,812,576	₱273,048,011
Long-term placements	15	**28,407,200**	30,738,423	31,797,173
Financial assets at FVPL	6	**40,335,153**	28,681,286	28,100,980
Deposit for future investments	15	–	28,879,000	–
Others		**137,918**	216,200	799,848
		₱273,272,734	₱213,327,485	₱333,746,012

**Includes interest income from DSRA, deposit in escrow and restricted cash.*

6. Financial Assets at FVPL

This account consists of:

	2022	2021
Equity securities	**₱3,976,563,802**	₱4,055,104,101
Debt securities	**997,624,919**	813,578,557
	₱4,974,188,721	₱4,868,682,658

Financial assets at FVPL consist of quoted debt, quoted equity, and unquoted redeemable perpetual securities held for trading purposes and designated by the Group as financial assets at FVPL.

On July 1, 2020, the Group subscribed to an unquoted perpetual redeemable securities of a related party amounting to ₱4,000.0 million with a distribution rate of 5.0% per annum to be distributed quarterly starting October 1, 2020 (see Note 20).

Dividend income is recognized from the following equity securities (see Note 24):

	Note	2022	2021	2020
Financial asset at FVPL		**₱201,652,174**	₱207,660,775	₱127,945,911
Financial asset at FVOCI	10	**6,808,051**	6,844,317	6,808,051
		₱208,460,225	₱214,505,092	₱134,753,962

Gains (losses) on financial assets at FVPL are as follows (see Note 24):

	2022	2021	2020
Unrealized gains (losses) on fair value changes	**(₱96,766,377)**	(₱23,433,048)	₱18,320,962
Realized gains on sale of securities	**3,657,440**	227,503	1,757,018
	(₱93,108,937)	(₱23,205,545)	₱20,077,980

Debt securities are quoted and earn annual interest rate ranging from 5.17% to 6.25% in 2022, 2021 and 2020. Interest income on debt securities amounted to ₱40.3 million, ₱28.7 million and ₱28.1 million in 2022, 2021 and 2020, respectively (see Note 5).

The Group's quoted financial assets at FVPL as at December 31, 2022 and 2021 are carried at fair values based on quoted market or bidding dealer price quotations from active markets as at the reporting period. The fair valuation is classified under Level 1 category (see Note 31).

The Group's unquoted financial asset at FVPL as at December 31, 2022 and 2021 is carried at fair value computed using the discounted cash flow method. This method uses management's assumptions about forecasted cash flows, and discount rate. The fair valuation is classified under Level 2 category (significant observable inputs) (see Note 31).

The following are the key inputs used for the valuation of the investment in unquoted equity security using the discounted cash flow method:

Forecasted cash flows. The Group prepared the forecasted cash flows based on the annual distribution expected to be received from the unquoted equity investment.

Discount rate. The discount rate is the current rate of return of a similar instrument traded in an active market. The discount rate used is 1.85% and 1.09% in 2022 and 2021, respectively.

7. Trade and Other Receivables

This account consists of:

	Note	**2022**	2021
Trade:			
Third parties		**₱146,485,979**	₱259,029,006
Related parties	20	**289,040,650**	153,354,112
Advances to related parties	20	**532,927,503**	491,372,977
Dividends receivable	20	**51,702,013**	51,702,013
Interest receivable		**21,012,966**	8,753,127
Advances to officers and employees		**4,645,880**	9,222,384
Others		**24,492,746**	54,930,599
		₱1,070,307,737	₱1,028,364,218

Trade receivables are noninterest-bearing and are generally on a 60-day credit term.

Advances to officers and employees are subject to liquidation within a period of seven (7) days after the transaction has occurred or through salary deduction.

Other receivables are normally settled throughout the year.

8. Inventories

This account consists of:

	2022	2021
Raw materials	**₱684,730,020**	₱534,022,193
Spare parts	**602,339,247**	477,897,816
Goods in process	**666,453,084**	442,460,776
Supplies	**239,404,452**	203,066,025
Finished goods	**106,191,461**	32,979,923
	₱2,299,118,264	₱1,690,426,733

Cost of inventories as at December 31, 2022 and 2021 is lower than its NRV. Cost of inventories sold amounted to ₱9,336.2 million, ₱6,986.1 million and ₱4,332.9 million in 2022, 2021 and 2020, respectively (see Note 22).

9. Other Current Assets

This account consists of:

	Note	**2022**	2021
DSRA	17	**₱363,846,083**	₱333,128,296
Advances to suppliers	20	**141,947,872**	418,289,171
Prepayments for:			
Taxes		**263,163,560**	217,478,303
Insurance		**9,922,920**	12,123,803
Current portion of deferred input VAT		**161,590,790**	136,992,613
Others		**29,016,529**	43,272,440
		₱969,487,754	₱1,161,284,626

Advances to suppliers represent advance payments for purchases of inventories and services that are applied against subsequent deliveries. The amounts have been outstanding for less than one (1) year from initial recognition. These are reversed upon receipt of goods and services from suppliers.

In 2022 and 2021, advances to suppliers amounting to ₱262.3 million and ₱9.9 million, respectively, were applied against acquisitions of inventories. This is considered as noncash information in the consolidated statements of cash flows.

DSRA represents an account maintained with a certain bank for annual principal and interest payments of the Group's loans payable in accordance with the provision of the Term Loan Facility and Security Agreement (TLFSA) (see Note 17). As a requirement, the Group ensures that the outstanding balance of DSRA is at least equal to the interest and the principal due, net of applicable withholding tax, on the immediately succeeding payment date. Withdrawals from DSRA should only be made if the amount outstanding exceeds the required balance, no default is continuing, and a written consent of the security agent is obtained.

10. **Financial Assets at FVOCI**

This account consists of quoted equity securities amounting to ₱100.0 million and ₱105.7 million as at December 31, 2022 and 2021, respectively.

Dividend income earned from financial assets at FVOCI amounted to ₱6.8 million in 2022 and 2021 and 2019 (see Note 6).

Rollforward analysis of cumulative unrealized gains on financial assets at FVOCI is shown below:

	2022	2021	2020
Balance at beginning of year	**₱5,667,375**	₱3,067,050	₱1,066,800
Unrealized gains (loss) for the year	**(5,667,375)**	2,600,325	2,000,250
Balance at end of year	**₱–**	₱5,667,375	₱3,067,050

The Group's financial assets at FVOCI as at December 31, 2022 and 2021 are carried at fair value based on quoted market prices or bidding dealer price quotations from active markets as at the reporting date. The fair valuation is classified under Level 1 category (see Note 31).

11. **Property, Plant and Equipment**

The balances and movements in this account as at and for the years ended December 31, 2022 and 2021 are as follows:

	2022							
	At Revalued Amount	**At Cost**						
	Land	**Machinery and Equipment**	**Building and Improvements**	**Furniture, Fixtures, and Other Office Equipment**	**Transportation Equipment**	**ROU Assets**	**Construction in Progress (CIP)**	**Total**
Cost/Revalued Amount								
Balances at beginning of year	**₱6,091,294,614**	**₱21,958,220,932**	**₱3,663,184,950**	**₱276,831,605**	**₱240,414,558**	**₱66,885,648**	**₱2,824,741,422**	**₱35,121,573,729**
Additions	**52,416,521**	**47,763,769**	**–**	**3,244,416**	**–**	**–**	**1,389,099,278**	**1,492,523,984**
Acquisition of a new subsidiary	**–**	**290,117,423**	**110,987,458**	**377,749**	**–**	**7,163,651**	**2,830,720**	**411,477,001**
Revaluation	**1,774,239,982**	**–**	**–**	**–**	**–**	**–**	**–**	**1,774,239,982**
Disposals	**–**	**(761,647)**	**–**	**(5,419,399)**	**(17,538,108)**	**–**	**–**	**(23,719,154)**
Price adjustment	**–**	**(12,406,042)**	**933,503**	**13,505**	**(44,000)**	**–**	**(30,389,706)**	**(41,892,740)**
Settlement of construction in progress	**29,283,527**	**2,133,018,919**	**1,371,928,625**	**51,394,038**	**5,784,821**	**–**	**(3,591,409,930)**	**–**
Balances at end of year	**7,947,234,644**	**24,415,953,354**	**5,147,034,536**	**326,441,914**	**228,617,271**	**74,049,299**	**594,871,784**	**38,734,202,802**
Accumulated Depreciation and Amortization								
Balances at beginning of year	**–**	**5,428,449,901**	**1,537,687,948**	**209,878,558**	**191,607,108**	**30,317,419**	**–**	**7,397,940,934**
Acquisition of subsidiary	**–**	**40,001,080**	**4,814,572**	**324,427**	**–**	**1,868,779**	**–**	**47,008,858**
Depreciation and amortization	**–**	**1,020,783,139**	**185,648,651**	**35,900,271**	**33,079,930**	**12,376,470**	**–**	**1,287,788,461**
Disposals	**–**	**(761,647)**	**–**	**(5,419,399)**	**(16,020,704)**	**–**	**–**	**(22,201,750)**
Reclassification adjustment	**–**	**(4,644,479)**	**1,539,914**	**56,957**	**–**	**–**	**–**	**(3,047,608)**
Balances at end of year	**–**	**6,483,827,994**	**1,729,691,085**	**240,740,814**	**208,666,334**	**44,562,668**	**–**	**8,707,488,895**
Carrying Amounts	**₱7,947,234,644**	**₱17,932,125,360**	**₱3,417,343,451**	**₱85,701,100**	**₱19,950,937**	**₱29,486,631**	**₱594,871,784**	**₱30,026,713,907**

	2021							
	At Revalued Amount	At Cost						
	Land	Machinery and Equipment	Building and Improvements	Furniture, Fixtures, and Other Office Equipment	Transportation Equipment	ROU Assets	Construction in Progress (CIP)	Total
Cost/Revalued Amount								
Balances at beginning of year	₱4,104,370,220	₱21,352,634,998	₱3,600,900,690	₱255,601,215	₱221,749,489	₱59,726,112	₱2,240,439,426	₱31,835,422,150
Additions	27,173,549	148,594,508	1,548,684	17,818,518	21,841,832	14,319,072	998,801,568	1,230,097,731
Acquisition of a new subsidiary	1,205,131,000	252,684,255	23,523,133	5,450,503	6,478,740	–	–	1,493,267,631
Revaluation	761,658,332	–	–	–	–	–	–	761,658,332
Disposals	–	–	(1,749,734)	(2,038,631)	(9,655,503)	(7,159,536)	(171,230,224)	(191,833,628)
Price adjustment	(7,038,487)	–	–	–	–	–	–	(7,038,487)
Settlement of construction in progress	–	204,307,171	38,962,177	–	–	–	(243,269,348)	–
Balances at end of year	6,091,294,614	21,958,220,932	3,663,184,950	276,831,605	240,414,558	66,885,648	2,824,741,422	35,121,573,729
Accumulated Depreciation and Amortization								
Balances at beginning of year	–	4,484,752,231	1,403,516,362	174,173,835	149,303,228	19,713,072	–	6,231,458,728
Depreciation and amortization	–	885,674,893	129,438,980	33,610,797	47,933,267	10,604,347	–	1,107,262,284
Acquisition of subsidiary	–	58,022,777	5,264,851	4,106,601	4,026,116	–	–	71,420,345
Disposals	–	–	(532,245)	(2,012,675)	(9,655,503)	–	–	(12,200,423)
Balances at end of year	–	5,428,449,901	1,537,687,948	209,878,558	191,607,108	30,317,419	–	7,397,940,934
Carrying Amounts	₱6,091,294,614	₱16,529,771,031	₱2,125,497,002	₱66,953,047	₱48,807,450	₱36,568,229	₱2,824,741,422	₱27,723,632,795

Capitalized Mine Rehabilitation and Decommissioning Costs

The Group recognized the present value of the estimated costs of mine rehabilitation and decommissioning under "Building and improvements" account. Movements in the balances of capitalized costs are as follows:

	2022	2021
Cost		
Balance at beginning year	**₱39,848,491**	₱24,984,511
Acquisition of new subsidiary	**–**	14,863,980
Balance at end of year	**39,848,491**	39,848,491
Accumulated Amortization		
Balance at beginning of year	**23,459,093**	17,846,080
Amortization	**4,252,683**	3,693,082
Acquisition of new subsidiary	**–**	1,919,931
Balance at end of year	**27,711,776**	23,459,093
Carrying Amount	**₱12,136,715**	₱16,389,398

Application of Deposit on Asset Purchase

As at December 31, 2022 and 2021, deposit on asset purchase amounting to ₱237.2 million and ₱497.5 million, respectively, were reclassified and included as additions to property, plant and equipment (see Note 15). This transaction is considered as a noncash financial information in the consolidated statements of cash flows.

Disposals

In 2022, the Company sold items of property, plant and equipment with carrying amount of ₱1.5 million for ₱4.9 million resulting to gain on sale of property, plant and equipment of ₱3.4 million (see Note 24).

In 2021, the Group sold items of property, plant and equipment with carrying amount of ₱179.6 million for ₱180.3 million resulting to gain on sale of property, plant and equipment of ₱0.7 million (see Note 24). The Group has an outstanding receivable from the disposal amounting to ₱76.1 million. This transaction is considered as noncash financial information in the consolidated statements of cash flows.

Depreciation and Amortization

Details of depreciation and amortization are as follows:

	Note	**2022**	2021	2020
Included in profit or loss:				
Property, plant and equipment		**₱1,262,233,239**	₱1,135,189,060	₱1,036,668,299
ROU assets	26	**12,376,470**	10,604,347	9,696,552
Mining rights and computer software	14	**57,286,094**	20,262,725	719,116
		1,331,895,803	1,166,056,132	1,047,083,967
Recognized as component of inventories		**48,310,472**	35,131,720	73,662,843
		₱1,380,206,275	₱1,201,187,852	₱1,120,746,810

Depreciation and amortization are distributed in the consolidated statements of comprehensive income as follows:

	Note	**2022**	2021	2020
Cost of goods sold	22	**₱1,185,340,088**	₱1,026,743,641	₱914,067,157
Operating expenses	23	**146,555,715**	139,312,491	133,016,810
		₱1,331,895,803	₱1,166,056,132	₱1,047,083,967

Revaluation of Land

The Group engaged an independent appraiser to determine the fair value of its land. The latest appraisal valuation report was dated May 25, 2022 and was estimated using the Sales Comparison Approach. This is a comparative approach to value property that considers the sales of similar or substitute properties and related market data, and that establishes a value estimate by processes involving comparison. This fair valuation is classified under Level 3 category (significant unobservable inputs) (see Note 31).

Considering the foregoing and such factors as property location, desirability, neighborhood, utility, size, terrain, and time element involved, the marker value of the appraised land is estimated to range at ₱400 to ₱6,000 per square meter.

If these parcels of land were measured using the cost model, the carrying amount should have been ₱2,097.8 million and ₱2,016.1 million as at December 31, 2022 and 2021, respectively.

Rollforward analysis of revaluation surplus is shown below:

	2022		
	Gross of Tax	**Deferred Tax Expense**	**Net of Tax**
Balances at beginning of year	**₱4,075,183,129**	**(₱1,018,795,782)**	**₱3,056,387,347**
Revaluation during the year	**1,774,239,982**	**(443,559,996)**	**1,330,679,986**
Balances at end of year	**₱5,849,423,111**	**(₱1,462,355,778)**	**₱4,387,067,333**

	2021		
	Gross of Tax	Deferred Tax Expense	Net of Tax
Balances at beginning of year	₱3,313,524,797	(₱994,057,439)	₱2,319,467,358
Revaluation during the year	761,658,332	(190,414,583)	571,243,749
Change in tax rate*	–	165,676,240	165,676,240
Balances at end of year	₱4,075,183,129	(₱1,018,795,782)	₱3,056,387,347

**Change in tax rate due to the approval of Corporate Recovery and Tax Incentive for Enterprises Act (CREATE) law.*

	2020		
	Gross of Tax	Deferred Tax Expense	Net of Tax
Balances at beginning of year	₱1,892,982,858	(₱567,894,858)	₱1,325,088,000
Revaluation during the year	1,420,541,939	(426,162,581)	994,379,358
Balances at end of year	₱3,313,524,797	(₱994,057,439)	₱2,319,467,358

Revaluation surplus on land amounting to ₱1,774.2 million and ₱761.7 million for the years ended December 31, 2022 and 2021, respectively, is a noncash financial information excluded in the consolidated statements of cash flows.

Construction in Progress

Construction in progress consists of the cost incurred in the construction of additional facilities and projects of the Company amounting to ₱594.9 million and ₱2,824.7 million as at December 31, 2022 and 2021, respectively.

The remaining contracted capital expenditures for the Group's outstanding construction projects as at December 31, 2022 amounted to ₱180.9 million.

12. Investment Properties

The carrying amount of investment properties and its related income and expenses were eliminated for being held for sale. As at December 31, 2022, the carrying amount of investment properties were included as part of "Assets held for sale" under "Current assets" account in the consolidated statements of financial position (see Note 13).

Movements and balances as at December 31, 2021 are as follows:

		December 31, 2021		
	Note	Land	Building under Construction	Total
Balances at beginning of year		₱1,565,404,431	₱65,246,173	₱1,630,650,604
Fair value changes	24	107,556,400	–	107,556,400
Acquisition of a new subsidiary	4	4,368,000	–	4,368,000
Additions		–	10,597,241	10,597,241
Balances at end of year		₱1,677,328,831	₱75,843,414	₱1,753,172,245

The Group earned rental income from its investment properties amounting to ₱4.5 million in 2021 and nil in 2020.

Direct operating expenses arising from these investment properties amounted to ₱0.5 million and ₱0.7 million in 2021 and 2020, respectively.

The Group engaged an independent appraiser to determine the fair value of the investment properties as at December 31, 2021. The latest appraisal valuation report was dated February 7, 2022 and was estimated using the Sales Comparison Approach. This approach compares sales of similar or substitute properties and related market data to establish an estimated value. The fair value of investment properties is categorized under Level 3 (significant unobservable inputs) (see Note 31).

Considering the foregoing and such factors as property location, desirability, neighborhood, utility, size, terrain and time element involved, the market value of the appraised land is estimated to range at ₱222,635 to ₱390,000 per square meter as at December 31, 2021.

Investment properties amounting to ₱1,748.8 million were included in asset held for sale while ₱4.4 million were reclassified to land as at December 31, 2022.

13. Investment in an Associate

The Group's investment in Armstrong, an associate, amounting to ₱75.0 million as at December 31, 2021 represents 100% interest in convertible preferred shares issued in 2015. Armstrong is an entity incorporated and domiciled in the Philippines and is engaged in the manufacturing, processing, sale and distribution of fly ash, bottom ash, hi-carbon and other by-products.

The conversion feature of the preferred shares is exercisable at the option of Armstrong at the end of the fifth year from the issue date.

The Group has significant influence over AFLCI because of its representation in the BOD of AFLCI and the existence of interlocking key management personnel. Accordingly, AFLCI is determined to be an associate of the Group as at December 31, 2021.

The key financial information of the associate as at and for the year ended December 31, 2021 are as follows:

	2021
Current assets	₱131,925,581
Noncurrent assets	388,343,991
Current liabilities	108,940,537
Noncurrent liabilities	164,450,602
Net assets	₱246,878,433
Revenue	₱500,443,587
Net income	112,325,988

In August 2022, the SEC approved the conversion of preferred shares to common shares of Armstrong which resulted to 78.95% ownership in Armstrong. Further, in December 2022, the Company acquired the remaining 22.05% common ownership for ₱508.0 million. As atDecember 31, 2022, Armstrong is a wholly-owned subsidiary of the Group. Accordingly, the accounts of Armstrong are included in the 2022 consolidated financial statements (see Note 1).

14. Intangible Assets

The balances and movements in this account as at and for the years ended December 31, 2022 and 2021 are as follows:

		2022			
	Note	**Mining Rights**	**Computer Software**	**Goodwill**	**Total**
Cost					
Balance at beginning of year		**₱1,209,969,143**	**₱192,904,817**	**₱331,583,907**	**₱1,734,457,867**
Acquisition of a new subsidiary	4	**–**	**9,061,000**	**226,116,607**	**235,177,607**
Additions		**–**	**17,066,400**	**–**	**17,066,400**
Balance at end of year		**1,209,969,143**	**219,032,217**	**557,700,514**	**1,986,701,874**
Accumulated Amortization					
Balance at beginning of year		**13,503,104**	**13,707,410**	**–**	**27,210,514**
Amortization	11	**35,736,304**	**21,549,790**	**–**	**57,286,094**
Balance at end of year		**49,239,408**	**35,257,200**	**–**	**84,496,608**
Carrying Amounts		**₱1,160,729,735**	**₱183,775,017**	**₱557,700,514**	**₱1,902,205,266**

		2021			
	Note	Mining Rights	Computer Software	Goodwill	Total
Cost					
Balance at beginning of year		₱194,470,687	₱132,059,137	₱3,806,518	₱330,336,342
Acquisition of a new subsidiary	4	1,015,498,456	–	327,777,389	1,343,275,845
Additions		–	60,845,680	–	60,845,680
Balance at end of year		1,209,969,143	192,904,817	331,583,907	1,734,457,867
Accumulated Amortization					
Balance at beginning of year		6,947,789	–	–	6,947,789
Amortization	11	6,555,315	13,707,410	–	20,262,725
Balance at end of year		13,503,104	13,707,410	–	27,210,514
Carrying Amounts		₱1,196,466,039	₱179,197,407	₱331,583,907	₱1,707,247,353

Mining Rights

Mining rights represent the Group's legal rights to undertake quarrying activities in the municipalities of San Ildefonso and Dona Remedios Trinidad in Bulacan, and municipalities of Ginatilan and Malabuyoc in Cebu. The mining rights have remaining useful lives ranging from one (1) to 11 years as at December 31, 2022 and 2021.

The Group assigns to the lenders under TLFSA its rights and interest under MPSA No. 181-2002-III (see Note 17).

Computer Software

This account pertains to enterprise resource planning (ERP) system.

Goodwill

Provisional goodwill amounting to ₱226.1 million was recognized as a result of the acquisition by the Company of 100% ownership in Armstrong in 2022. Total net cash outflow of the Company from acquiring Armstrong amounted to ₱420.1 million (net of cash acquired from Armstrong amounting to ₱87.9 million).

Goodwill amounting to ₱327.8 million was recognized as a result of the acquisition by the Company of 100% ownership in SNMC in 2021. Total net cash outflow of ECC from acquiring SNMC amounted to ₱3,308.5 million (net of cash acquired from SNMC amounting to ₱263.5 million).

Goodwill amounting to ₱3.8 million was recognized as a result of the acquisition by the Parent Company of 100% ownership in SWCC on December 23, 2016. Total net cash outflow of the Parent Company from acquiring SWCC amounted to ₱385.1 million (net of cash acquired from SWCC amounting to ₱64.9 million).

Goodwill is tested for impairment annually. The recoverable amount of goodwill has been determined based on a valuation method using cash flow projections. The values assigned to the key assumptions represent management's assessment of future trends in the cement manufacturing industry and considered historical data from both internal and external sources.

In 2022, the key assumptions used in the estimation of value in use were as follows:

Discount rate	10.99%
Growth rate	5.00%

No impairment loss on goodwill was recognized in 2022, 2021 and 2020.

Amortization of mining rights and computer software is recognized under "Operating expenses" account in the consolidated statements of comprehensive income.

15. Other Noncurrent Assets

This account consists of:

	2022	2021
Financial assets:		
Long-term placements	**₱650,000,000**	₱650,000,000
Restricted cash	**74,019,946**	67,977,321
Refundable deposits	**63,982,934**	64,017,934
Deposit in escrow	**49,879,815**	44,581,295
Nonfinancial assets:		
Deposit on asset purchase	**138,458,905**	595,173,213
Deferred exploration and evaluation costs	**44,678,353**	44,678,353
Deposit for future investment	**4,848,487**	4,306,438
Others	**6,143,911**	5,022,150
	₱1,032,012,351	₱1,475,756,704

Long-term Placements

Long-term placements amounting to ₱650.0 million represent a 5-year investment in time deposits bearing an annual average interest of 5.68%. Interest income on long-term placements amounted to ₱28.4 million, ₱30.7 million and ₱31.8 million in 2022, 2021 and 2020, respectively (see Note 5).

Deposit on Asset Purchase

Deposit on asset purchase represents advance payments for the acquisition of machinery and equipment and long-term deposit for inventory acquisition.

In 2022 and 2021, deposit on asset purchase amounting to ₱237.2 million and ₱497.5 million were applied against property, plant and equipment, respectively (see Note 11). Further, deposit on asset purchase amounting to ₱229.7 million and ₱232.2 million in 2022 and 2021, respectively, was applied against purchases of inventories. These transactions are considered as noncash financial information in the consolidated statements of cash flows.

Restricted Cash

Restricted cash pertains to rehabilitation funds established by the Group and deposited with a local bank for compliance with the Department of Environment and Natural Resources Administrative Order No. 2005-07 for environmental protection and enhancement.

Refundable Deposits

Refundable deposits include bill deposits for electric charges of the Group's manufacturing plant which are refundable upon termination of service, and rental deposits related to long-term rentals of office space.

Deferred Exploration and Evaluation Costs

Deferred exploration and evaluation costs pertain to costs incurred for the exploration and development in the mining properties of the Group.

The balance and movements in the account are as follows:

	2022	2021
Balance at beginning of year	**₱44,678,353**	₱36,790,105
Additions	**–**	7,888,248
Balance at end of year	**₱44,678,353**	₱44,678,353

Additions to deferred exploration and evaluation costs pertain to costs incurred in drilling, hauling and other ongoing exploration activities. No impairment loss was recognized in 2022, 2021 and 2020.

The assets, expenses, and operating and investing cash flows from the deferred exploration and evaluation costs are as follows:

	2022	2021
Total assets	**₱44,678,353**	₱44,678,353
Total liabilities	**401,095,028**	388,623,029
Expenses	**13,554,636**	12,799,008
Net cash used in operating activities	**2,064,379**	10,930,929
Net cash used in investing activities	**322,942**	7,888,248

Deposit in Escrow

Deposit in escrow pertains to cash in escrow account related to a pending legal case.

Deposit for Future Investment

Deposit for future investment pertains to deposit made for future subscription to the common shares of stock of a business entity the Group is planning to venture.

In 2021, the Group terminated its investment agreement amounting to ₱717.0 million. Accordingly, deposits for future investment was converted to a receivable bearing an interest of 2.00% per annum. In December 2021, the Group collected the foregoing receivable. Interest income recognized amounted to ₱28.9 million in 2021 (see Note 5).

16. **Trade and Other Payables**

This account consists of:

	Note	**2022**	2021
Trade:			
Third parties		**₱2,184,409,731**	₱1,806,013,137
Related parties	20	**920,871,143**	1,031,555,301
Accruals for:			
Sales rebates		**460,969,649**	496,350,509
Outside services		**148,699,751**	142,777,067
Personnel costs		**70,426,874**	107,309,578
Interests		**17,620,686**	22,921,560
Advances from customers		**281,367,081**	425,414,546
Retention payable		**85,073,031**	120,224,565
Advances from a related party	20	**73,285,999**	73,285,999
Output VAT payable		**57,288,426**	58,818,467
Withholding taxes payable		**38,292,493**	35,873,052
Current portion of installment payable		**3,081,958**	–
Others		**64,390,733**	42,475,688
		₱4,405,777,555	₱4,363,019,469

Trade payables are noninterest-bearing, and are generally settled in varying periods, within one (1) year, depending on the arrangements with suppliers.

Accruals for sales rebates, outside services, personnel costs and interests are usually settled within one (1) year.

Advances from customers are collections received for inventory purchases to be delivered by the Group within 30 days after collection date.

Retention payable represents retention fees of contractors and is normally settled within one (1) year.

Other payables are noninterest-bearing, and are normally settled within one (1) year.

Installment Payable

Installment payable pertains to an installment contract entered in 2016 with a third party for the supply and commissioning on site of a fly-ash carbon separator, the supply of belts, and the provision of technical services for $3.8 million (₱173.5 million).

As at December 31, 2022, details of the installment payable are as follows:

	Note	Amount
Original Amount		
Acquisition of a new subsidiary		₱26,774,475
Reclassification		(3,824,925)
Foreign exchange adjustments		2,140,200
Balance at end of year		25,089,750
"Day 1" Difference		
Acquisition of a new subsidiary		4,414,932
Accretion		(966,172)
Foreign exchange adjustments		313,320
Balance at end of year		3,762,080
		21,327,670
Less current portion		3,081,958
Noncurrent portion	18	₱18,245,712

Accretion of "Day 1" difference is included as "Finance Costs" in the consolidated statements of comprehensive income.

17. Loans Payable

This account consists of:

	Note	**2022**	2021
Principal		**₱4,049,500,000**	₱5,251,000,000
Less unamortized debt issuance costs		**9,119,182**	15,491,234
	31	**4,040,380,818**	5,235,508,766
Less current portion		**1,241,357,832**	1,195,127,948
Noncurrent portion		**₱2,799,022,986**	₱4,040,380,818

Debt issuance costs on loan availments are recognized as discount on loans. Amortization of debt issuance costs charged to "Finance costs" account in the consolidated statements of comprehensive income amounted to ₱6.4 million, ₱7.9 million and ₱9.3 million in 2022, 2021 and 2020, respectively.

The loans are payable in 32 quarterly installments commencing on the 9th quarter from availment and will be fully paid on March 2, 2026.

Details of the drawdowns under the TLFSA are as follows:

Date	Drawdown	Effective Interest Rates	Nominal Interest Rates
February 3, 2016	₱6,000.0 million	5.92%	5.79%
January 11, 2017	2,150.0 million	5.94%	5.79%
April 5, 2017	750.0 million	5.94%	5.79%

The terms and conditions of the TLFSA are as follows:

Mortgage Trust Indenture (MTI). Under the MTI, land with an appraised value of ₱2,987.3 million, and building and machinery and equipment with carrying amount of ₱20,797.9 million and ₱16,123.0 million as at December 31, 2022 and 2021, respectively, are held as collateral to secure the loans payable.

DSRA. The Group is required to maintain a DSRA equal to the interest and principal due on the immediately succeeding payment date. As at December 31, 2022 and 2021, the DSRA maintained for TLFSA amounted to ₱363.8 million and ₱333.1 million, respectively. The DSRA is presented under "Other current assets" account in the consolidated statements of financial position (see Note 9).

Assignment of the MPSA. The Group assigns to the lenders its rights and interest under MPSA No. 181-2002-III (see Note 14).

The schedule of maturities of the loans of the Group as at December 31, 2022 is summarized as follows:

Year	Amount
2023	₱1,246,000,000
2024	1,246,000,000
2025	1,246,000,000
2026	311,500,000
	₱4,049,500,000

Debt Covenants

The Group's debt instruments contain restrictive covenants which include, among others, use of proceeds, changes in the Group's nature of business and ownership structure, disposition of assets, material advances to stockholders and officers, entering into mergers and consolidations, incurrence of additional debt, and maintenance of certain financial ratios.

Further, the Group is required to maintain a debt-to-equity ratio of not greater than 2.50 and a debt service coverage ratio greater than 1.50 with respect to the next reporting period. As at December 31, 2022, the Group is in compliance with all the requirements of its debt covenants.

Finance Costs

Details of finance costs charged to consolidated statements of comprehensive income are as follows:

	Note	**2022**	2021	2020
Interest expense on loans payable		**₱269,968,571**	₱335,869,636	₱416,942,783
Bank charges		**16,992,359**	18,588,472	8,556,904
Interest expense on lease liabilities	26	**3,687,998**	3,495,814	3,832,489
Accretion of provision for mine rehabilitation and decommissioning	18	**2,409,325**	2,379,916	1,363,871
		₱293,058,253	₱360,333,838	₱430,696,047

Interest expense on loans payable includes amortization of debt issuance costs.

Reconciliation of Liabilities Arising from Financing Activities

The table below details changes in the Group's loans payable, including both cash and noncash changes.

	2022				
	Loans Payable	**Installment Payable**	**Lease Liabilities**	**Advances from a Related Party**	**Dividends Payable**
Balances at beginning of year	**₱5,235,508,766**	**₱–**	**₱47,722,208**	**₱73,285,999**	**₱–**
Noncash changes:					
Dividend declaration	**–**	**–**	**–**	**–**	**4,000,000,004**
Acquisition of a new subsidiary	**–**	**22,359,543**	**–**	**–**	**–**
Reclassification to trade payables	**–**	**(3,824,925)**	**–**	**–**	**–**
Foreign exchange adjustment	**–**	**1,826,880**	**–**	**–**	**–**
Accrual of interest	**6,372,052**	**966,172**	**3,687,998**	**–**	**–**
Cash changes:					
Payment of dividends	**–**	**–**	**–**	**–**	**(4,000,000,004)**
Payment of liabilities	**(1,201,500,000)**	**–**	**(15,964,417)**	**–**	**–**
Payment of interest	**–**	**–**	**–**	**–**	**–**
Balances at end of year	**₱4,040,380,818**	**₱21,327,670**	**₱35,445,789**	**₱73,285,999**	**₱–**

	2021			
	Loans Payable	Lease Liabilities	Advances from a Related Party	Dividends Payable
Balances at beginning of year	₱6,295,636,282	₱44,205,732	₱65,246,173	₱–
Noncash changes:				
Dividend declaration	–	–	–	3,300,000,003
Additions	–	14,319,078	8,039,826	–
Termination	–	(7,159,536)	–	–
Amortization	7,872,484	3,495,814	–	–
Cash changes:				
Payment of dividends	–	–	–	(3,300,000,003)
Payment of liabilities	(1,068,000,000)	(7,138,880)	–	–
Balances at end of year	₱5,235,508,766	₱47,722,208	₱73,285,999	₱–

18. Other Noncurrent Liabilities

This account consists of:

	Note	**2022**	2021
Provision for mine rehabilitation and decommissioning		**₱52,436,173**	₱50,026,848
Lease liabilities - net of current portion	26	**24,761,038**	35,500,277
Installment payable net of current portion	16	**18,245,712**	–
		₱95,442,923	₱85,527,125

Provision for Mine Rehabilitation and Decommissioning

The Group is required under its Environmental Compliance Certificate to perform rehabilitation and decommissioning of its cement manufacturing plant and quarry operation sites. Accordingly, the Group recognized its estimated liability for site rehabilitation and decommissioning. The provision is calculated based on the Group's estimate of expected costs to be incurred to rehabilitate and decommission the sites and is measured at its present value using 4.60% discount rate.

The balance and movements in this account is as follows:

	Note	**2022**	2021
Balance at beginning of year		**₱50,026,848**	₱31,233,753
Accretion	17	**2,409,325**	2,379,916
Acquisition of a new subsidiary	4	**–**	16,413,179
Balance at end of year		**₱52,436,173**	₱50,026,848

19. **Equity**

Capital Stock

The capital stock of the Parent Company as at December 31, 2022 and 2021 is as follows:

Preferred stock - ₱1 par value	₱3,000,000,000
Common stock - ₱1 par value	5,000,000,005
Treasury stock	(3,000,000,000)
	₱5,000,000,005

Common Stock

Details of the Parent Company's common stock at ₱1.00 par value are as follows:

	2022		2021		2020	
	Number of Shares	**Amount**	Number of Shares	Amount	Number of Shares	Amount
Authorized						
Balance at beginning and end of year	**5,500,000,000**	**₱5,500,000,000**	5,500,000,000	₱5,500,000,000	5,500,000,000	₱5,500,000,000
Issued						
Balance at end of year	**5,000,000,005**	**₱5,000,000,005**	5,000,000,005	₱5,000,000,005	5,000,000,005	₱5,000,000,005

Preferred Stock

Details of the Parent Company's preferred stock at ₱1.00 par value are as follows:

	2022		2021		2020	
	Number of Shares	**Amount**	Number of Shares	Amount	Number of Shares	Amount
Authorized						
Balance at beginning and end of year	**3,000,000,000**	**₱3,000,000,000**	3,000,000,000	₱3,000,000,000	3,000,000,000	₱3,000,000,000
Issued						
Balance at beginning of year	**–**	**₱–**	–	₱–	3,000,000,000	₱3,000,000,000
Redemption	**–**	**–**	–	–	(3,000,000,000)	(3,000,000,000)
Balance at end of year	**–**	**₱–**	–	₱–	–	₱–

Preferred stock is cumulative, non-participating, non-voting, not convertible to common stock and redeemable at the option of the Parent Company at the end of fifth year from the issue date, at the price of issue value plus all accumulated and unpaid dividends. Subject to the availability of unrestricted retained earnings of the Parent Company, the preferred stockholders shall be paid a cash dividend of 6.00% per annum or such rate as may be fixed by its BOD.

On March 13, 2020, the Parent Company's BOD approved the redemption of its preferred stocks amounting to ₱3,000.0 million effective June 2, 2020, with a redemption price of ₱3,000.0 million, to be paid upon submission and surrender of the original stock certificates by the preferred shareholders. The redemption resulted to a recognition of treasury stock amounting to ₱3,000.0 million.

Section 8 of the SEC Rules Governing Redeemable and Treasury Shares states that redeemable shares may be issued by a corporation when expressly provided by the articles of incorporation. These shares may be redeemed from the holders upon expiration of a fixed period, and upon such other terms and conditions provided by the articles of incorporation and by the certificate of stock, subject to the rules of the SEC, regardless of the existence of unrestricted retained earnings. Accordingly, no appropriation of retained earnings was made upon redemption of the preferred shares.

Dividend Declaration

The Company's BOD authorized the declaration of the following cash dividends in 2022, 2021 and 2020:

2022

Type	Declaration Date	Record Date	Payment Date	Dividend Per Share	Amount
Common	May 12, 2022	May 26, 2022	June 10, 2022	₱0.40	₱2,000,000,002
Common	August 4, 2022	August 18, 2022	September 7, 2022	0.40	2,000,000,002
					₱4,000,000,004

2021

Type	Declaration Date	Record Date	Payment Date	Dividend Per Share	Amount
Common	May 11, 2021	May 26, 2021	June 3, 2021	₱0.33	₱1,650,000,002
Common	September 23, 2021	October 7, 2021	October 22, 2021	0.33	1,650,000,001
					₱3,300,000,003

2020

In June 2020, the Parent Company paid ₱46.5 million dividends to its preferred shareholders upon redemption of the preferred stocks. Dividend per share amounted to ₱0.0155.

Appropriation of Retained Earnings

Details of appropriated retained earnings as at December 31, 2021 are as follows:

Year of Appropriation	Amount	Project Completion
2020	₱8,500,000,000	To be completed in 2023
2018	5,000,000,000	To be completed in 2023
2016	2,500,000,000	To be completed in 2023
	₱16,000,000,000	

On November 6, 2020, the Parent Company's BOD approved the appropriation of ₱8,500.0 million unrestricted retained earnings to supplement the funding of the fourth manufacturing line in Cebu and other future expansion which is expected to be completed in 2023.

The Parent Company's BOD also approved the appropriation of unrestricted retained earnings amounting to ₱5,000.0 million and ₱2,500.0 million on March 15, 2018 and December 22, 2016, respectively, to supplement the funding of the construction of its production facility in Cebu that is expected to be completed in 2023.

Other Equity Reserves

Details of the Group's other equity reserves are as follows:

	Note	2022	2021
Revaluation surplus (net of deferred tax)	11	**₱4,387,067,333**	₱3,056,387,347
Cumulative remeasurement gains on net retirement benefit liability (net of deferred tax)	27	**77,528,775**	47,442,170
Cumulative unrealized gains on financial assets at FVOCI	10	**–**	5,667,375
		₱4,464,596,108	₱3,109,496,892

20. Related Party Transactions

The Group has transactions with its related parties in the ordinary course of business. The outstanding balances and amount of transactions with related parties as at and for the years ended December 31, 2022 and 2021 are as follows:

		2022		2021	
Nature of Relationship	Nature of Transactions	**Amount of Transactions**	**Outstanding Balance**	Amount of Transactions	Outstanding Balance
Cash and Cash Equivalents					
Entities under common key management with ECC	Cash deposits and investment in short-term placements	**₱785,580**	**₱5,062,139,630**	₱518,587	₱269,679,622
Financial Assets at FVPL					
Ultimate Parent Company	Investment in unquoted redeemable perpetual security	**₱–**	**₱3,976,563,802**	₱–	₱–
Entity under common key management with ECC	Investment in unquoted redeemable perpetual security	**50,000,000**	**46,493,350**	–	4,007,376,541
			₱4,023,057,152		₱4,007,376,541
Trade Receivables (see Note 7)					
Entities under common control	Sale of inventories	**₱253,623,092**	**₱288,480,588**	₱–	₱–
Entities under common key management with ECC	Sale of inventories	**576,452**	**560,062**	1,022,516,625	151,519,704
Associate	Service income	**–**	**–**	1,655,208	1,834,408
			₱289,040,650		₱153,354,112
Advances to Related Parties (see Note 7)					
Entities under common key management	Working capital advances	**₱32,000**	**₱532,035,231**	₱22,695,120	₱491,372,977
Subsidiary of Parent Company	Working capital advances	**823,229**	**892,272**	–	–
			₱532,927,503		₱491,372,977
Dividends Receivable (see Note 7)					
Ultimate Parent Company	Dividends earned	**₱206,797,143**	**₱51,702,013**	₱–	₱–
Entities under common key management with ECC	Dividends earned	**–**	**–**	235,687,051	51,702,013
			₱51,702,013		₱51,702,013
Advances to Officers					
Key management personnel	Cash advances	**₱–**	**₱109,398**	₱12,173	₱146,116
Advances to Suppliers (see Note 9)					
Entities under common key management with ECC	Purchase of services	**₱–**	**₱141,947,872**	₱–	₱418,289,171

Nature of Relationship	Nature of Transactions	2022 Amount of Transactions	2022 Outstanding Balance	2021 Amount of Transactions	2021 Outstanding Balance
Deposit on Asset Purchase					
Subsidiaries of Ultimate Parent Company	Deposit for inventory acquisition and purchase of services	**₱–**	**₱–**	₱–	₱11,317,375
Associate	Deposit for inventory acquisition	**–**	**–**	–	124,716,705
			₱–		₱136,034,080
Financial Assets at FVOCI (see Note 10)					
Entities under common key management with ECC	Investments in quoted equity instruments	**₱–**	**₱100,012,500**	₱–	₱105,679,875
Refundable Deposits					
Entities under common key management with ECC	Supply of services	**₱–**	**₱55,343,038**	₱–	₱54,190,018
Trade Payables (see Note 16)					
Entities under common control	Hauling, rental and other services	**₱6,690,787,968**	**₱634,925,811**	₱619,807,096	₱157,093,474
Entities under common key management with ECC	Purchase of raw materials and outside services	**729,377,549**	**285,945,332**	3,663,704,827	844,277,463
Associate	Purchase of goods	**–**	**–**	558,143,257	30,184,364
			₱920,871,143		₱1,031,555,301
Advances from a Related Party (see Note 16)					
Entity under common key management	Capital expenditure	**₱–**	**₱73,285,999**	₱–	₱–
Ultimate Parent Company	Capital expenditure	**–**	**–**	–	73,285,999
			₱73,285,999		₱73,285,999
Loans Payable					
Entity under common key management	Borrowings	**₱55,140,605**	**₱813,571,182**	₱68,989,340	₱1,055,323,356
Retirement Benefit Plan	Contribution	**₱13,462,451**	**₱30,092,515**	₱–	₱16,630,064
Personnel Costs					
Key management personnel	Salaries and other employee benefits	**₱87,784,624**	**₱13,505,327**	₱76,334,455	₱7,509,796
	Net retirement benefit liability	**10,685,691**	**85,078,804**	28,513,645	74,393,113
			₱98,584,131		₱81,902,909

**The plan assets for retirement benefit payments are held by an entity that is legally separate from the Company.*

Terms and Conditions of Transactions and Balances with Related Parties

Trade receivables, trade payables, and advances to and from related parties are unsecured, noninterest-bearing, generally settled in cash, and are collectible or payable on demand. No allowance for impairment losses was provided for trade and advances to related parties.

Advances to suppliers and deposit on asset purchase for payments of purchases of inventories and services, are settled upon delivery which are expected within one year from date of the advance payment.

Refundable deposits are noninterest-bearing and refundable upon termination of services.

Loans payable are interest-bearing and payable in quarterly installments.

Financial assets at FVPL pertains to unquoted redeemable perpetual securities of a related party which earns dividend income with a distribution rate of 5.0% per annum to be distributed quarterly, and quoted debt securities of a related party which earns interest income at rates ranging from 5.17% to 6.25%.

Financial assets at FVOCI pertains to quoted equity securities of a related party which earns dividend income.

Other related party transactions and balances are unsecured, noninterest-bearing, except for cash and cash equivalents which earn interest at prevailing bank deposit rates, collectible in cash and on demand. Advances to officers are subject to liquidation through salary deduction.

All related party transactions are in compliance with the related party transactions policy of the Group including the required approval process. This includes review of the related party committee and approval of the BOD for transactions exceeding certain thresholds and approval criteria.

Assets Held for Sale

In November 2022, the BOD of the Group approved of the sale of the 100% ownership over KSHI. As of March 7, 2023, the sale transaction has not yet been executed. Based on management's assessment, the carrying amount of the assets held for sale, net of related liabilities, amounting to ₱2,614.0 million is lower than the fair value less cost to sell.

Details of net assets held for sale as at December 31, 2022 are as follows (in millions):

Assets held for sale	
Cash	₱117.4
Other current assets	90.5
Investment properties	2,283.4
Other noncurrent asset	177.0
	2,668.3
Liabilities of asset held for sale	
Trade and other payables	(54.3)
Net assets held for sale	₱2,614.0

21. Net Sales

Net sales of the Group amounted to ₱26,384.4 million, ₱21,396.9 million and ₱13,906.1 million for the years ended December 31, 2022, 2021 and 2020, respectively.

All sales of the Group pertain to cement products within Luzon area. All sales are recognized upon delivery to customers or at a point in time at which the Group has no more obligation that could affect the acceptance of goods by customers.

22. **Cost of Goods Sold**

This account consists of:

	Note	**2022**	2021	2020
Cost of inventories sold	8	**₱9,336,150,229**	₱6,986,147,946	₱4,332,874,496
Utilities		**5,207,298,427**	2,652,457,404	1,586,689,375
Depreciation and amortization	11	**1,185,340,088**	1,026,743,641	914,067,157
Repairs and maintenance		**1,026,051,895**	703,410,154	464,463,621
Personnel costs	25	**605,420,023**	527,169,277	432,396,334
Taxes and licenses		**296,085,195**	248,177,578	290,833,695
Fuel and oil		**286,484,039**	171,588,977	83,110,343
Rental	26	**106,993,266**	60,992,721	62,095,485
Insurance		**44,938,333**	41,135,238	39,782,426
Others		**42,742,841**	4,721,410	2,617,202
		₱18,137,504,336	₱12,422,544,346	₱8,208,930,134

23. **Operating Expenses**

This account consists of:

	Note	**2022**	2021	2020
Freight, trucking, and handling		**₱1,759,100,681**	₱1,249,642,891	₱744,213,444
Personnel costs	25	**289,692,209**	251,876,826	225,361,571
Depreciation and amortization	11	**146,555,715**	139,312,491	133,016,810
Advertising		**124,565,485**	223,754,033	57,583,819
Warehousing fees		**107,583,452**	100,732,280	63,054,998
Outside services		**59,647,250**	50,549,080	38,286,867
Repairs and maintenance		**55,420,832**	19,487,663	20,536,341
Corporate social responsibility		**48,757,644**	55,067,470	41,284,740
Professional fees		**47,568,808**	52,132,751	40,365,686
Taxes and licenses		**30,286,545**	38,513,611	101,491,270
Transportation and travel		**23,864,972**	14,737,335	8,632,194
Communication		**13,622,669**	17,101,588	14,642,205
Rental	26	**12,258,386**	10,659,277	18,030,821
Supplies		**12,056,445**	3,380,566	8,609,768
Utilities		**11,827,410**	7,008,872	6,026,698
Representation		**4,084,226**	577,489	1,057,289
Others		**85,168,618**	83,502,238	63,747,238
		₱2,832,061,347	₱2,318,036,461	₱1,585,941,759

24. **Other Income - net**

This account consists of:

	Note	2022	2021	2020
Dividend income	6	**₱208,460,225**	₱214,505,092	₱134,753,962
Foreign exchange gain (losses) - net		**143,753,481**	(4,433,406)	(20,589,531)
Gains (losses) on financial assets at FVPL	6	**(93,108,937)**	(23,205,545)	20,077,980
Gain on sale of property, plant and equipment	11	**3,424,290**	659,328	5,976,932
Fair value changes in investment properties	12	**–**	107,556,400	262,000,000
Others		**3,596,201**	25,722,941	10,566,999
		₱266,125,260	₱320,804,810	₱412,786,342

Other income pertains to rental income, utilities and security services charged to a related party.

25. **Personnel Costs**

This account consists of:

	Note	2022	2021	2020
Salaries and wages		**₱391,220,997**	₱532,325,225	₱492,168,921
Retirement benefit costs	27	**29,245,812**	63,747,222	34,239,322
Other short-term employee benefits		**501,980,529**	201,214,917	165,635,398
		₱922,447,338	₱797,287,364	₱692,043,641
Included in profit or loss:				
Cost of goods sold	22	**₱605,420,023**	₱527,169,277	₱432,396,334
Operating expenses	23	**289,692,209**	251,876,826	225,361,571
		895,112,232	779,046,103	657,757,905
Recognized as component of inventories		**27,335,106**	18,241,261	34,285,736
		₱922,447,338	₱797,287,364	₱692,043,641

26. **Leases**

Group as a Lessee

The Group has various lease contracts for its office space, warehouses and heavy equipment with lease terms ranging from two (2) to eight (8) years. The terms of some lease contracts include extension options and variable lease payments.

The carrying amount of the ROU assets (included as component of property, plant and equipment) is as follows (see Note 11):

	2022	2021
Balance at beginning of year	**₱36,568,229**	₱40,013,040
Acquisition of a subsidiary	**5,294,872**	–
Additions	**–**	14,319,072
Disposals	**–**	(7,159,536)
Amortization	**(12,376,470)**	(10,604,347)
Balance at end of year	**₱29,486,631**	₱36,568,229

The carrying amount of lease liabilities and movements during the year are as follows:

	Note	2022	2021
Balance at beginning of year		**₱47,722,208**	₱44,205,732
Additions		**–**	14,319,078
Disposals		**–**	(7,159,536)
Payments		**(15,964,417)**	(7,138,880)
Accretion		**3,687,998**	3,495,814
Balance at end of year		**₱35,445,789**	₱47,722,208
Current		**₱10,684,751**	₱12,221,931
Non-current	18	**24,761,038**	35,500,277
		₱35,445,789	₱47,722,208

The Group recognized the following lease-related expenses:

	Note	2022	2021	2020
Variable lease payments		**₱116,435,001**	₱69,187,468	₱77,830,855
Amortization of ROU assets	11	**12,376,470**	10,604,347	9,696,552
Expense related to short-term leases		**9,483,415**	7,033,529	7,033,529
Interest expense on lease liabilities	17	**3,687,998**	3,495,814	3,832,489
		₱141,982,884	₱90,321,158	₱98,393,425

Consequently, the Group's lease-related expenses are distributed as follows:

	Note	2022	2021	2020
Included in profit or loss:				
Cost of goods sold	22	**₱106,993,266**	₱60,992,721	₱62,095,485
Operating expenses - rental	23	**12,258,386**	10,659,277	18,030,821
Operating expenses - depreciation	11	**12,376,470**	10,604,347	9,696,552
Finance costs	17	**3,687,998**	3,495,814	3,832,489
		135,316,120	85,752,159	93,655,347
Recognized as component of inventories		**6,666,764**	4,568,999	4,738,078
		₱141,982,884	₱90,321,158	₱98,393,425

The total cash outflows for leases in 2022, 2021 and 2020 amounted to ₱141.9 million, ₱83.4 million and ₱96.4 million, respectively.

Maturity analysis of lease liabilities as at December 31, 2022 are as follows:

	Amount
Within one year	₱8,782,565
After one year but not more than five years	37,960,126
	₱46,742,691

27. Net Retirement Benefit Liability

The Group has a funded, noncontributory defined benefit retirement plan covering substantially all of its qualified regular employees. The retirement benefit is based on a certain percentage of the final monthly basic salary for every year of credited service of the employees. The benefit obligation under the defined benefit retirement plan is determined using the projected unit credit method. The benefits to be received by the employees under the Group's defined benefit retirement plan meet the minimum mandated benefit under R.A. No. 7641. Net retirement benefit liability is based on the actuarial valuation report as at December 31, 2022 and 2021.

The components of retirement benefit costs included under "Personnel costs" account (see Note 25) in the consolidated statements of comprehensive income are as follows:

	2022	2021	2020
Current service cost	**₱23,777,434**	₱26,463,461	₱28,266,771
Past service cost	**–**	32,649,528	–
Net interest cost	**5,468,378**	4,634,233	5,972,551
	₱29,245,812	₱63,747,222	₱34,239,322

Retirement benefit costs were distributed as follows:

	2022	2021	2020
Included in profit or loss	**₱28,512,113**	₱63,007,502	₱33,230,449
Recognized as component of inventories	**733,699**	739,720	1,008,873
	₱29,245,812	₱63,747,222	₱34,239,322

Movements in net retirement benefit liability recognized in the consolidated statements of financial position are as follows:

	2022	2021
Balance at beginning of year	**₱122,801,864**	₱87,944,993
Retirement benefit costs	**29,245,812**	63,747,222
Acquisition of a new subsidiary	**–**	1,036,701
Contributions paid	**(39,595,445)**	–
Remeasurement gains	**(40,115,474)**	(29,927,052)
Balance at end of year	**₱72,336,757**	₱122,801,864

The funded status of the retirement plan as at December 31, 2022 and 2021 are as follows:

	2022	2021
Present Value of Defined Benefits Obligation (PVBO)	**₱119,560,181**	₱139,431,928
Fair Value of Plan Assets (FVPA)	**(47,223,424)**	(16,630,064)
Net retirement benefit liability	**₱72,336,757**	₱122,801,864

The following tables present the changes in the PVBO and FVPA:

PVBO

	2022	2021
Balance at beginning of year	**₱139,431,928**	₱111,470,407
Current service cost	**23,777,434**	26,463,461
Benefit paid	**(9,585,154)**	(7,629,866)
Interest cost	**7,078,610**	5,369,434
Past service cost	**–**	32,649,528
Acquisition of a new subsidiary	**–**	1,036,701
Remeasurement losses (gains) recognized in OCI:		
Change in financial assumptions	**(38,780,677)**	(32,798,019)
Experience adjustments	**(2,361,960)**	2,870,282
Balance at end of year	**₱119,560,181**	₱139,431,928

FVPA

	2022	2021
Balance at beginning of year	**₱16,630,064**	₱23,525,414
Contributions paid	**39,595,445**	–
Benefits paid	**(9,585,154)**	(7,629,866)
Interest income	**1,610,232**	735,201
Remeasurement losses	**(1,027,163)**	(685)
Balance at end of year	**₱47,223,424**	₱16,630,064
Actual return on plan assets	**₱583,069**	₱734,516

Plan assets consist of the following:

	2022	2021
Investments in:		
Debt instruments	**74.64%**	60.86%
Unit investment trust fund	**13.73%**	36.65%
Cash and cash equivalents	**11.16%**	0.53%
Others	**0.47%**	1.96%
	100.00%	100.00%

The principal assumptions used in determining net retirement benefit liability are as follows:

	2022	2021
Discount rate	**7.22%**	5.09%
Future salary increase rate	**6.00%**	6.00%

Sensitivity analyses on net retirement benefit liability as at December 31, 2022 and 2021 are as follows:

	Change in Assumption	Effect on Net Retirement Benefit Liability 2022	2021
Discount rate	+1.00%	**(₱13,219,263)**	(₱17,822,488)
	-1.00%	**16,106,955**	22,173,368
Salary increase rate	+1.00%	**₱16,143,550**	₱21,732,498
	-1.00%	**(13,472,243)**	(17,836,181)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on net defined benefit obligation as a result of reasonable changes in key assumptions occurring as at the end of the reporting period.

The cumulative remeasurement gains (losses) on net retirement benefit liability recognized in the consolidated statements of comprehensive income are as follows:

	2022		
	Cumulative Remeasurement Gains on Retirement Benefit Liability	**Deferred Tax Expense**	**Net**
Balances at beginning of year	**₱63,256,226**	**(₱15,814,056)**	**₱47,442,170**
Remeasurement gains	**40,115,474**	**(10,028,869)**	**30,086,605**
Balances at end of year	**₱103,371,700**	**(₱25,842,925)**	**₱77,528,775**

	2021		
	Cumulative Remeasurement Gains on Retirement Benefit Liability	Deferred Tax Expense	Net
Balances at beginning of year	₱33,329,174	(₱9,998,752)	₱23,330,422
Remeasurement gains	29,927,052	(7,481,763)	22,445,289
Change in tax rate	–	1,666,459	1,666,459
Balances at end of year	₱63,256,226	(₱15,814,056)	₱47,442,170

	2020		
	Cumulative Remeasurement Gains (Losses) on Retirement Benefit Liability	Deferred Tax Benefit (Expense)	Net
Balances at beginning of year	(₱27,155,679)	₱8,146,704	(₱19,008,975)
Remeasurement gains	60,484,853	(18,145,456)	42,339,397
Balances at end of year	33,329,174	(₱9,998,752)	₱23,330,422

As at December 31, 2022, the maturity analysis of the undiscounted net retirement benefit liability is as follows:

Year	Amount
More than one year to five years	₱50,336,028
More than five years	91,367,240
	₱141,703,268

As at December 31, 2022, the average duration of the net retirement benefit liability is 12.3 years.

28. Registration with the Board of Investments (BOI)

Parent Company

On July 31, 2017, the BOI approved the application of the Parent Company as an expanding producer of cement (Line 3) in Bulacan on a nonpioneer status. The Parent Company's registration with the BOI entitles it to the following fiscal and nonfiscal incentives available to its registered project, among others:

- Income Tax Holiday (ITH) for income directly attributable to Line 3 for three (3) years from May 2018 or actual start of commercial operations, whichever is earlier;
- Importation of capital equipment, spare parts and accessories at zero duty;
- Additional deduction from taxable income of 50% of the wages corresponding to the increment in number of direct labor for skilled and unskilled workers in the year of availment as against the previous year if the project meets the requirements as stated in the BOI certificate;
- Importation of consigned equipment for a period of 10 years from date of registration, subject to posting of re-export bond;
- Tax credit equivalent to the national internal revenue taxes and duties paid on raw materials and supplies and semi-manufactured products used in producing export product and forming part thereof for a period of 10 years from start of commercial operation;
- Exemption from wharfage dues, and any export tax, duty, impost and fee for a period of 10 years from date of registration;
- Employment of foreign nationals which may be allowed in supervisory, technical or advisory positions for five years from the date of registration; and
- Simplification of customs procedures for the importation of equipment, spare parts, raw materials and supplies.

In April 2022, the ITH incentive expired.

On November 29, 2022, the BOI approved the application of the Company as an expanding producer of cement in Bulacan. The Company's registration with the BOI entitled to provide for the following fiscal and nonfiscal incentives:

- ITH for income directly attributable to the registered project for two (2) years from December 2022 or actual start of commercial operations, whichever is earlier;
- After ITH, enhanced deductions for five (5) years;

- Duty exemption on importation of capital equipment, raw materials, spare parts, or accessories for 11 years from date of registration, unless otherwise extended in the Strategic Investment Priority Plan;
- Employment of foreign nationals; and,
- Simplification of customs procedures for the importation of equipment, spare parts, raw materials and supplies.

In 2022 and 2021, the Company availed benefits from ITH amounting to ₱263.3 million and ₱706.0 million, respectively. In April 2022, the ITH incentive expired. Beginning May 2022, the Parent Company's income tax is computed based on 25% regular corporate income tax.

On November 4, 2020, the BOI granted the deferment of the Parent Company's ITH availment for 2020 due to the adverse effect of COVID-19 pandemic. Accordingly, the Company's income tax for the 2020 taxable year is computed based on 30% regular corporate income tax. No ITH incentive was availed in 2020.

SNMC
On March 23, 2018, the BOI approved the application of SNMC as a new producer of good, fine and coarse limestone on a non-pioneer status. SNMC's registration with the BOI entitles it to the following fiscal and nonfiscal incentives available to its registered project, among others:

- Four-year ITH incentive, starting April 1, 2019, for activities directly attributable in producing good, fine and coarse limestone;
- Importation of capital equipment, spare parts and accessories at zero duty;
- Additional deduction from taxable income of 50% of the wages corresponding to the increment in number of direct labor for skilled and unskilled workers in the year of availment as against the previous year if the project meets the requirements as stated in the BOI certificate;
- Importation of consigned equipment for a period of 10 years from date of registration, subject to posting of re-export bond;
- Exemption from wharfage dues, and any export tax, duty, impost and fee for a period of 10 years from date of registration; and
- Additional deduction from taxable income of expenses incurred in the development of necessary and major infrastructure facilities.

In 2022 and 2021, SNMC availed benefits from ITH amounting to ₱94.3 million and ₱61.1 million, respectively.

SWCC
On August 23, 2017, SWCC was registered with the BOI as a new producer of cement on a non-pioneer status but with pioneer incentives (the project being located in a less-developed area) under the heading "All Qualified Manufacturing Activities including Agro-Processing" of the 2017 Investment Priorities Plan under Executive Order No. 226. SWCC's registration with BOI entitles it to the following fiscal and non-fiscal incentives available to its registered project, among others:

- Income tax holiday (ITH) for six (6) years from May 2020 or actual start of commercial operations, whichever is earlier but in no case earlier than the date of registration;

- Importation of capital equipment, spare parts and accessories at zero duty under EO No. 22 and its implementing rules and regulations. Only equipment directly needed and exclusively used in its operation shall be entitled to capital equipment incentives.
- Additional deduction from taxable income of 50% of the wages corresponding to the increment in number of direct labor for skilled and unskilled workers in the year of availment as against the previous year, if the project meets the prescribed ratio of capital equipment to the number of workers set by the Board. This may be availed of for the first five years from date of registration but not simultaneously with ITH;
- Importation of consigned equipment for a period of 10 years from the date of registration, subject to posting of re-export bond;
- Tax credit equivalent to the national internal revenue taxes and duties paid on raw materials and suppliers and semi-manufactured products used in producing its export product and forming part thereof for a period of 10 years from start of commercial operations;
- Exemption from wharfage dues, and any export tax, duty, impost and fee for a period of 10 years from date of registration;
- Employment of foreign nationals may be allowed in supervisory, technical or advisory positions for five years from date of registration. The president, general manager and treasurer of foreign-owned registered enterprises or their equivalent shall not subject to the foregoing limitations;
- Simplification of customs procedures for the importation of equipment, spare parts, raw materials and supplies; and
- Additional deduction from taxable income equivalent to 100% of expenses incurred in the development of necessary and major infrastructure and facilities.

On August 26, 2020, the BOI approved the request of SWCC for the movement of start of commercial operation and ITH reckoning date of its registered activity from May 2020 to December 2023, due to the ongoing processing of permits in the Cebu site. Accordingly, no tax benefits from ITH incentives have been availed of in 2022, 2021 and 2020.

29. Income Taxes

The components of the income tax expense for taxable year 2022 are as follows:

	Amount
Reported in Profit or Loss	
Current	₱994,579,751
Deferred	(10,667,731)
	₱983,912,020
Reported in OCI	
Deferred tax expense on:	
Revaluation surplus	₱443,559,996
Remeasurement gains on net retirement benefit liability	10,028,869
	₱453,588,865

On March 26, 2021, R.A. No. 11534 or the Corporate Recovery and Tax Incentive for Enterprises (CREATE) Act was signed into law by the President of the Philippines. Under the CREATE Act, the Group's RCIT is subjected to 25% instead of 30% income tax rate. In addition, the minimum corporate income tax (MCIT) is subjected to 1% instead of 2% of gross income for a period of three (3) years. The changes in the income tax rates were effective and applied for tax purposes beginning July 1, 2020. However, the income tax rates used in preparing the consolidated financial statements as at and for the year ended December 31, 2020 are 30% and 2% for RCIT and MCIT, respectively.

The current income tax expense pertains to regular corporate income tax in 2022, 2021 and 2020.

The effect of the reduction in tax rates in 2020 was recognized as part of the 2021 income tax expense, as required by PAS 12, *Income Taxes.* Details of the adjustments are as follows:

	Current Tax Expense	Deferred Tax Expense (Benefit)	Total
Reported in Profit or Loss			
Income tax expense	₱891,322,523	(₱21,184,701)	₱870,137,822
Effect of change in income tax rate	(86,039,914)	20,216,768	(65,823,146)
Adjusted income tax expense	₱805,282,609	(₱967,933)	₱804,314,676
Reported in OCI			
Income tax expense (benefit)	₱–	(₱197,896,346)	(₱197,896,346)
Effect of change in income tax rate	–	167,342,699	167,342,699
Adjusted income tax expense	₱–	(₱30,553,647)	(₱30,553,647)

The components of the income tax for taxable year 2020 are as follows:

	Amount
Reported in Profit or Loss	
Current	₱1,032,478,972
Deferred	3,232,266
	₱1,035,711,238
Reported in OCI	
Deferred tax expense (benefit) on:	
Revaluation surplus	₱426,162,581
Remeasurement gains (losses) on net retirement benefit liability	18,145,456
	₱444,308,037

The components of the Group's net deferred tax liabilities are as follows:

	2022	2021
Deferred tax assets:		
Cumulative balance of proceeds from testing of property, plant and equipment	**₱65,992,702**	₱68,958,666
Net retirement benefit liability	**18,084,190**	30,700,466
Provision for mine rehabilitation and decommissioning	**13,109,044**	12,506,712
Excess of cost over fair value of financial assets at FVPL	**6,721,130**	–
Lease liabilities	**1,882,326**	2,791,299
Others	**3,627,658**	924,544
	109,417,050	115,881,687

(Forward)

	2022	2021
Deferred tax liabilities:		
Excess of revalued amount or fair value over cost of property, plant and equipment	**₱1,462,355,778**	₱1,018,795,782
Arising from business combination	**194,643,364**	194,643,364
Excess of fair value over cost of financial assets at FVPL	**–**	9,328,948
Carrying amount of ROU assets	**7,371,659**	9,142,058
Unrealized foreign exchange gains	**9,808,011**	4,281,645
Others	**4,774,165**	6,304,683
	1,678,952,977	1,242,496,480
Net deferred tax liabilities	**₱1,569,535,927**	₱1,126,614,793

The components of the Group's unrecognized deferred tax assets are as follows:

	2022	2021
NOLCO	**₱7,146,866**	₱5,970,524
Lease liabilities	**6,979,122**	9,139,253
Discount on installment payable	**98,013**	–
	₱14,224,001	₱15,109,777

The rollforward analysis of NOLCO as at December 31, 2022 is as follows:

Year Incurred	Amount	Applied/Expired	Balance	Expiry Date
2022	₱14,421,860	₱–	₱14,421,860	2025
2021	8,840,388	–	8,840,388	2026
2020	7,862,877	–	7,862,877	2025
2019	7,178,833	7,178,833	–	2022
	₱38,303,958	₱7,178,833	₱31,125,125	

In accordance with Revenue Regulations (RR) No. 25-2020 which implements R.A. No. 11494, "Bayanihan to Recover as One Act", net operating losses for taxable years 2020 and 2021 are allowed to be carried over for the next five (5) consecutive taxable years immediately following the year of such loss.

The reconciliation between the income tax expense based on statutory income tax rate and effective income tax rate is as follows:

	2022	2021	2020
Income tax at statutory tax rate	**₱1,426,508,779**	₱1,711,591,714	₱1,328,131,138
Increase (decrease) in income tax resulting from:			
Taxable income subject to ITH	**(352,017,049)**	(718,710,535)	–
Dividend income exempt from income tax	**(52,115,056)**	(53,626,273)	(40,426,189)
Interest income subjected to final tax	**(68,276,593)**	(46,024,806)	(99,883,850)
Nondeductible expenses	**17,191,375**	20,428,661	55,320,595
Difference arising from the use of optional standard deduction	**3,716,342**	(11,462,568)	(144,593,834)
Nontaxable income	**–**	(26,889,100)	(78,600,000)
Adjustment due to change in tax rate	**–**	(65,823,146)	–
Others	**8,904,222**	(5,169,271)	15,768,175
Income tax at effective tax rate	**₱983,912,020**	₱804,314,676	₱1,035,716,035

30. **Financial Risk Management Objectives and Policies**

The Group's financial instruments consist mainly of cash and cash equivalents, financial assets at FVPL, trade and other receivables (excluding advances to officers and employees), finance lease receivables, DSRA, financial assets at FVOCI, long-term placements, deposit in escrow, restricted cash, refundable deposits, trade and other payables (excluding advances from customers and statutory payables), lease liabilities, and loans payable.

The main financial risks arising from the Group's use of financial instruments include market risks, credit risk and liquidity risk. The Group's BOD regularly reviews and approves the appropriate policies for managing these financial risks, as summarized below.

Market Risks

The Group is exposed to market risks, primarily those related to foreign currency risk, equity price risk and interest rate risk. Management actively monitors these exposures, as follows:

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

The Group's foreign exchange risk results primarily from movements of the Philippine Peso against the US Dollar and Euro with respect to foreign currency-denominated monetary financial assets and liability.

The following table shows the Group's US dollar-denominated financial assets and liability and their Philippine Peso equivalent:

	2022		2021	
	US Dollar	**Philippine Peso**	US Dollar	Philippine Peso
Financial assets:				
Cash and cash equivalents	**$14,729,291**	**₱821,316,397**	$58,604	₱2,975,325
Deposit in escrow	**888,806**	**49,879,815**	874,160	44,581,295
	15,618,097	**871,196,212**	932,764	47,556,620
Financial liability -				
Trade and other payables	**1,214,218**	**67,704,796**	878,442	44,598,500
Installment payable	**382,490**	**21,327,669**	–	–
	1,596,708	**89,032,465**	878,442	44,598,500
Net US Dollar-denominated financial assets	**$14,021,389**	**₱782,163,747**	$54,322	₱2,958,120

The following table shows the Group's Euro-denominated monetary financial asset and liability and their Philippine Peso equivalent:

	2022		2021	
	Euro	**Philippine Peso**	Euro	Philippine Peso
Financial asset -				
Cash in banks	**€6,684**	**₱398,032**	€7,541	₱433,683
Financial liability -				
Trade and other payables	**130,129**	**7,749,182**	593,548	34,134,945
Net Euro-denominated financial liability	**€123,445**	**₱7,351,150**	€586,007	₱33,701,262

For purposes of translating the outstanding balances of the Group's financial assets and liability denominated in a foreign currency, the exchange rates applied were ₱55.76 per US $1 and ₱59.55 per €1 as at December 31, 2022 and ₱50.77 per US $1 and ₱57.51 per €1 as at December 31, 2021.

The following table demonstrates the sensitivity to a reasonably possible change in the US Dollar exchange rate, with all other variables held constant, of the Group's income before tax. There is no other impact on the Group's equity other than those already affecting profit or loss.

	Increase/Decrease in Exchange Rate	Effect on Income before Tax
December 31, 2022	**+2.61**	**₱36,596,347**
	-2.61	**(36,596,347)**
December 31, 2021	+1.08	₱58,668
	-1.08	(58,668)
December 31, 2020	+0.89	₱7,419,207
	-0.89	(7,419,207)

The following table demonstrates the sensitivity to a reasonably possible change in the Euro exchange rate, with all other variables held constant, of the Group's income before tax. There is no other impact on the Group's equity other than those already affecting profit or loss.

	Increase/Decrease in Exchange Rate	Effect on Income before Tax
December 31, 2022	**+1.13**	**(₱139,493)**
	-1.13	**139,493**
December 31, 2021	+0.79	(₱462,946)
	-0.79	462,946
December 31, 2020	+0.99	₱6,997
	-0.99	(6,997)

Equity Price Risk. Equity price risk is the risk that the Company will incur economic losses due to adverse changes in a particular stock or stock index. The Company's equity price risk arises from its financial assets at FVPL and quoted financial assets at FVOCI.

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

Exposure of the Company to changes in share price is insignificant.

Interest Rate Risk. The Group's exposure to the risk for changes in market interest rates relates primarily to the Group's interest-bearing loans payable to local financial institutions with fixed interest rates; however, exposure of the Group to changes in the interest rates is not significant.

Credit Risk

The Group's exposure to credit risk arises when a counterparty fails to fulfill its financial commitments to the Group under the prevailing contractual terms. Financial instruments that potentially subject the Group to credit risk consist primarily of trade receivables and other financial assets at amortized cost.

The carrying amounts of financial assets at amortized costs represent its maximum credit exposure.

Trade Receivables

Management has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group's standard payment and delivery terms, and conditions are offered. The Group's credit policy includes available external ratings, financial statements, credit agency information, industry information and, in some cases, bank references. Credit limits are established for each customer and reviewed on a regular basis. Any sales on credit exceeding those limits require specific approval from upper level of management.

The Group limits its exposure to credit risk by transacting mainly with recognized and creditworthy customers that have undergone its credit evaluation and approval process. The Group provides credit limits to all its accredited customers to manage credit risk concentrations. Further, as a policy, the Group revenue transactions are significantly entered into on a cash basis to manage its credit risk exposure. The Group's cash sales account for an average of 81% of the total revenues for the past three (3) years. Historically, trade receivables are substantially collected within one (1) year and the Group has no experience of writing-off or impairing its trade receivables due to the effectiveness of its collection. In monitoring customer credit risk, the Group classifies its receivables as major term customers, related parties, and other regular term customers.

At December 31, 2022 and 2021, the exposure to credit risk for trade receivables by type of counterparty are as follows:

	2022		
	Neither Past due nor Impaired	**Past Due but not Impaired**	**Total**
Major term customers	**₱50,797,108**	**₱53,338,615**	**₱104,135,723**
Related parties	**197,011,598**	**92,029,052**	**289,040,650**
Others	**23,501,064**	**18,849,192**	**42,350,256**
	₱271,309,770	**₱164,216,859**	**₱435,526,629**

	2021		
	Neither Past due nor Impaired	Past Due but not Impaired	Total
Major term customers	₱178,623,928	₱53,988,234	₱232,612,162
Related parties	–	153,354,112	153,354,112
Others	20,105,840	6,311,004	26,416,844
	₱198,729,768	₱213,653,350	₱412,383,118

The Group uses a provision matrix to calculate ECL for trade receivables. The provision rates are based on days past due for groupings of various customer segments analyzed by customer type, credit terms, and offsetting arrangements. The Group adjusts historical default rates to forward-looking default rate by determining the closely related economic factor affecting each customer segment (i.e., gross national income from real estate and construction industry). At each reporting date, the observed historical default rates are updated and changes in the forward-looking estimates are analyzed.

Aging Analysis of Trade Receivables that are Past Due but not Impaired

Days Past Due	**2022**	2021
1 to 30 Days	**₱56,150,753**	₱158,266,486
31 to 90 Days	**15,566,526**	43,417,598
91 to 365 Days	**35,689,445**	5,985,524
366 days or more	**56,810,135**	5,983,742
Total	**₱164,216,859**	₱213,653,350

Trade receivables that are past due for over 30 days were not considered in default since it was demonstrated that the non-payment was due to administrative oversight rather than resulting from financial difficulty of the borrower.

Other Financial Assets at Amortized Cost
The Group's other financial assets at amortized cost are mostly composed of cash and placements in various banks such as DSRA, deposit in escrow, restricted cash, and long-term placements. The Group limits its exposure to credit risk by investing its cash only with banks that have good credit standing and reputation in the local and international banking industry. These instruments are graded in the top category by an acceptable credit rating agency and, therefore, are considered to be low credit risk investments.

For finance lease receivables, credit risk is reduced by the net settling arrangements embodied in the contract. For refundable deposits, credit risk is low since the Group only transacts with reputable companies.

It is the Group's policy to measure ECL on the above instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

When determining if there has been a significant increase in credit risk, the Group considers reasonable and supportable information that is available without undue cost or effort and that is relevant for the particular financial instrument being assessed such as, but not limited to, the following factors:

- Actual or expected external and internal credit rating downgrade;
- Existing or forecasted adverse changes in business, financial or economic conditions; and
- Actual or expected significant adverse changes in the operating results of the borrower.

The Group also considers financial assets that are more than 30 days past due to be the latest point at which lifetime ECL should be recognized unless it can demonstrate that this does not represent significant credit risk such as when non-payment arises from administrative oversight rather than resulting from financial difficulty of the borrower.

Financial Assets at FVPL
The entity is also exposed to credit risk in relation to debt securities that are measured at FVPL. Debt securities measured at FVPL are entered into with counterparties that have high credit ratings. The maximum exposure at the end of the reporting period is the carrying amount of these investments.

The table below presents the summary of the Group's exposure to credit risk and shows the credit quality of the assets by indicating whether the assets are subjected to 12-month ECL or lifetime ECL. Assets that are credit-impaired are separately presented.

	2022				
	Financial Assets at Amortized Cost				
	12-month ECL	**Lifetime ECL - Not Credit Impaired**	**Lifetime ECL - Credit Impaired**	**Financial Assets at FVPL**	**Total**
Cash in banks and cash equivalents	**₱9,546,308,504**	**₱–**	**₱–**	**₱–**	**₱9,546,308,504**
Long-term placements	**650,000,000**	**–**	**–**	**–**	**650,000,000**
DSRA	**363,846,083**	**–**	**–**	**–**	**363,846,083**
Restricted cash	**74,019,946**	**–**	**–**	**–**	**74,019,946**
Refundable deposits	**63,982,934**	**–**	**–**	**–**	**63,982,934**
Deposit in escrow	**49,879,815**	**–**	**–**	**–**	**49,879,815**
Other receivables*	**630,135,228**	**–**	**–**	**–**	**630,135,228**
Debt securities at FVPL	**–**	**–**	**–**	**997,624,919**	**997,624,919**
	₱11,378,172,510	**₱–**	**₱–**	**₱997,624,919**	**₱12,375,797,429**

**Includes advances to related parties, dividends receivable, interest receivable, and other receivables.*

	2021				
	Financial Assets at Amortized Cost				
	12-month ECL	Lifetime ECL - Not Credit Impaired	Lifetime ECL - Credit Impaired	Financial Assets at FVPL	Total
Cash in banks and cash equivalents	₱11,644,038,785	₱–	₱–	₱–	₱11,644,038,785
Long-term placements	650,000,000	–	–	–	650,000,000
DSRA	333,128,296	–	–	–	333,128,296
Restricted cash	67,977,321	–	–	–	67,977,321
Refundable deposits	64,017,934	–	–	–	64,017,934
Deposit in escrow	44,581,295	–	–	–	44,581,295
Other receivables*	606,758,716	–	–	–	606,758,716
Debt securities at FVPL	–	–	–	813,578,557	813,578,557
	₱13,410,502,347	₱–	₱–	₱813,578,557	₱14,224,080,904

**Includes advances to related parties, dividends receivable, interest receivable, and other receivables.*

Liquidity Risk
Liquidity risk arises from the possibility that the Group may encounter difficulties in raising adequate funds to meet its financial commitments at a reasonable cost. The Group's objectives in effectively managing its liquidity are: (a) to ensure that adequate funding is available at all times; (b) to meet the commitments as they arise without incurring unnecessary costs; and (c) to be able to access funding when needed at the least possible cost.

The tables below present the maturity profile of the financial liabilities of the Group based on remaining contractual undiscounted obligations or on the estimated timing of net cash flows as at December 31, 2022 and 2021:

	2022				
	On Demand	**>1 to 3 Months**	**>3 to 12 Months**	**>1 to 5 Years**	**Total**
Trade and other payables*	**₱3,167,477,518**	**₱652,617,212**	**₱211,816,782**	**₱–**	**₱4,031,911,512**
Installment payable	**–**	**–**	**3,081,957**	**18,245,712**	**21,327,669**
Lease liabilities	**–**	**2,938,774**	**5,847,621**	**27,560,644**	**36,347,039**
Loans payable	**–**	**370,901,724**	**1,085,790,370**	**3,010,108,243**	**4,466,800,337**
	₱3,167,477,518	**₱1,026,457,710**	**₱1,306,536,730**	**₱3,055,914,599**	**₱8,556,386,557**

**Excluding nonfinancial and statutory liabilities amounting to ₱376.9 million as at December 31, 2022.*

	2021				
	On Demand	>1 to 3 Months	>3 to 12 Months	>1 to 5 Years	Total
Trade and other payables*	₱3,040,331,525	₱597,222,725	₱205,359,154	₱–	₱3,842,913,404
Lease liabilities	–	3,684,247	11,127,467	39,952,915	54,764,629
Loans payable	–	343,681,791	1,139,923,663	4,465,223,779	5,948,829,233
	₱3,040,331,525	₱944,588,763	₱1,356,410,284	₱4,505,176,694	₱9,846,507,266

**Excluding nonfinancial and statutory liabilities amounting to ₱520.1 million as at December 31, 2021.*

Capital Management

The primary objective of the Group's capital management is to secure ongoing financial needs of the Group to continue as a going concern as well as to maintain a strong credit standing and healthy capital ratio in order to support the business and maximize stockholder value.

The Group considers equity contributions from stockholders and retained earnings as its capital totaling ₱39,771.7 million and ₱39,094.5 million as at December 31, 2022 and 2021, respectively. The Group manages the capital structure and makes adjustments when there are changes in economic conditions, business activities, expansion programs, and the risk characteristics of the underlying assets. In order to manage the capital structure, the Group may adjust its borrowings, adjust dividend payment to shareholders, or raise equity.

The Group is required to maintain a debt-to-equity ratio of not greater than 2.50 with respect to the next reporting period. As at December 31, 2021, the Company is in compliance with the requirement.

No changes were made in the capital management objectives, policies, or processes in 2022 and 2021.

31. Fair Value Measurement

The following table presents the carrying amounts and fair values of the Group's assets measured at fair value and assets and liability for which fair value is disclosed and the corresponding fair value hierarchy:

		2022			
			Fair Value		
	Note	**Carrying Amount**	**Quoted Prices in Active Markets (Level 1)**	**Significant Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Financial Assets:					
Unquoted financial asset at FVPL	6	**₱3,976,563,802**	**₱–**	**₱3,976,563,802**	**₱–**
Quoted financial assets at FVPL	6	**997,624,919**	**997,624,919**	**–**	**–**
Financial assets at FVOCI	10	**100,012,500**	**100,012,500**	**–**	**–**
Nonfinancial Asset -					
Land	11	**7,947,234,644**	**–**	**–**	**7,947,234,644**
		₱13,021,435,865	**₱1,097,637,419**	**₱3,976,563,802**	**₱7,947,234,644**
Financial Liability -					
Loans payable	17	**₱4,040,380,818**	**₱–**	**₱4,045,474,636**	**₱–**

			2021		
				Fair Value	
	Note	Carrying Amount	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial Assets:					
Unquoted financial asset at FVPL	6	₱4,007,376,541	₱–	₱4,007,376,541	₱–
Quoted financial assets at FVPL	6	861,306,117	861,306,117	–	–
Financial assets at FVOCI	10	105,679,875	105,679,875	–	–
Nonfinancial Assets:					
Land	11	6,091,294,614	–	–	6,091,294,614
Investment properties (excluding construction in progress)	12	1,677,328,831	–	–	1,677,328,831
		₱12,742,985,978	₱966,985,992	₱4,007,376,541	₱7,768,623,445
Financial Liability -					
Loans payable	17	₱5,235,508,766	₱–	₱5,487,961,508	₱–

The Group used the following techniques to determine fair value measurements:

- *Unquoted Financial Asset at FVPL.* The Group's unquoted financial asset at FVPL as at December 31, 2021 is carried at fair value computed using the discounted cash flow method, which uses a rate of similar instruments quoted in active markets. The discount rate used is 1.09% in 2021. This is classified under the Level 2 category.

- *Quoted Financial Assets at FVPL and Financial Assets at FVOCI.* The Group's quoted financial assets at FVPL and financial assets at FVOCI as at December 31, 2022 and 2021 are carried at fair values based on quoted market prices from active markets classified under the Level 1 category.

- *Land.* The fair value of land was estimated based on appraisals performed by an independent, professionally-qualified property appraiser and was determined with reference to the latest transacted prices for identical or similar properties. The fair valuation is classified under Level 3 category.

  The significant unobservable inputs used in the fair value measurement of the Group's land (included under "Property, plant and equipment" account) are the estimated net price per square meter and various factors such as size, location, and utility, among others. Significant increases (decreases) in the estimated net price per square meter in isolation would result in a significantly higher (lower) fair value measurement. Further, choosing comparables with different inputs would result in a significantly different fair value measurement.

  The Group has determined that the current use of the land classified as property, plant and equipment as at December 31, 2021 is its highest and best use.

- *Investment Properties (excluding Construction in Progress).* The fair value of investment properties was estimated based on appraisals performed by an independent, professionally-qualified property appraiser and was determined with reference to the latest transacted prices for identical or similar properties. The fair valuation is classified under Level 3 category.

The significant unobservable inputs used in the fair value measurement of the Group's land (included under "Investment properties" account) are the estimated net price per square meter and various factors such as size, location, and utility, among others. Significant increases (decreases) in the estimated net price per square meter in isolation would result in a significantly higher (lower) fair value measurement. Further, choosing comparables with different inputs would result in a significantly different fair value measurement.

The highest and best use of the land classified as investment properties as at December 31, 2021 would be to use it for construction of building to be held for rental. As at December 31, 2021, the Group has not yet started any development in the property.

- *Loans Payable.* The fair value of loans payable is estimated as the sum of all the future cash flows, discounted using the prevailing market rates of interest for instruments with similar maturities. The discount rate used is 3.86% and 4.20% as at December 31, 2022 and 2021, respectively. The fair valuation is classified under Level 2 category.

There were no transfers between Level 1, Level 2, and Level 3 fair value measurements in 2022 and 2021.

The table below presents the financial assets and liability whose carrying amounts approximate their fair values as at December 31, 2022 and 2021:

	2022	2021
Financial assets at amortized cost:		
Cash and cash equivalents	**₱9,547,285,514**	₱11,645,049,344
Trade and other receivables*	**1,065,661,857**	1,019,141,834
Long-term placements	**650,000,000**	650,000,000
DSRA	**363,846,083**	333,128,296
Refundable deposits	**63,982,934**	64,017,934
Deposit in escrow	**49,879,815**	44,581,295
Restricted cash	**74,019,946**	67,977,321
	₱11,814,676,149	₱13,823,896,024
Financial liability at amortized cost -		
Trade and other payables**	**₱4,028,829,555**	₱3,842,913,404

**Excluding nonfinancial assets amounting to ₱4.6 million and ₱9.2 million as at December 31, 2022 and 2021, respectively.*
***Excluding nonfinancial liabilities amounting to ₱376.9 million and ₱520.1 million as at December 31, 2022 and 2021, respectively.*

Current Financial Assets and Liability. The carrying amounts of cash and cash equivalents, trade and other receivables, DSRA and trade and other payables approximate their fair values due to the short-term nature of these financial instruments.

Other Noncurrent Assets. The carrying amount of long-term placements, deposit in escrow, restricted cash, and refundable deposits approximate fair value. Management believes that the effect of discounting the future receipts from these financial instruments using the prevailing market rates is insignificant.

32. **Commitments and Contingencies**

MPSA

The Group has the following key commitments under its MPSA:

- Payment to the Philippine Government of 4% excise tax of the market value of the minerals or mineral products extracted from the area and annual occupation fee based on the rate provided in the existing rules and regulations.

  Excise taxes paid to the Philippine Government amounted to ₱13.4 million and ₱17.0 million and ₱13.1 million in 2022, 2021 and 2020, respectively.

- Allotment of a minimum of 1% of the direct drilling and milling costs necessary to implement the activities for community development.

  Pursuant to Administrative Order No. 2010-21: “Revised Implementing Rules and Regulations of RA No. 7942, otherwise known as the Philippine Mining Act of 1995,” the allotment for community development activities was revised to 1.5% of the operating costs.

As at December 31, 2022, 2021 and 2020, the Group is compliant with the foregoing commitments and obligations.

Operating Lease Commitments - Group as a Lessee

The Group has various operating lease agreements primarily for its office space, warehouse and heavy equipment with periods ranging from one (1) year to five (5) years. Future minimum lease commitments under noncancellable operating leases as at December 31, 2022 are as follows:

	2022
Within one year	₱12,126,019
After one year but not more than five years	3,828,571
	₱15,954,590

Legal Claims

The Group is either a defendant or plaintiff in several civil cases primarily involving claims for damages. The outcomes of the legal proceedings for various cases are not presently determinable. Accordingly, no provision for any liability has been made in the consolidated financial statements.

In the opinion of management and its legal counsel, the eventual liability under these lawsuits or claims, if any, will not have a material or adverse effect on the Group’s consolidated financial position and results of operations.

33. EPS

Basic and diluted EPS are calculated as follows:

	2022	2021	2020
Net income	**₱4,677,226,070**	₱6,025,794,105	₱3,391,392,558
Less dividends for cumulative preferred stock required for the year, net of tax	–	–	45,038,571
Net income attributable to common stockholders of the Parent Company	**4,677,226,070**	₱6,025,794,105	₱3,346,353,987
Weighted average number of common shares outstanding	**5,000,000,005**	5,000,000,005	5,000,000,005
Per share amounts: Basic and diluted EPS	**₱0.94**	₱1.21	₱0.67

Diluted earnings per share is equal to the basic earnings per share since the Group does not have potential dilutive shares.

34. Segment Reporting

The Group is organized into one reportable segment which is the quarrying, manufacturing and sale and distribution of cement products. The Group also has one geographical segment and derives all its revenues from domestic operations. Accordingly, all significant operating decisions are based upon analysis of the Group as one segment. The financial information about the sole business segment is equivalent to the consolidated financial statements of the Group.

BOA/PRC Accreditation No. 4782
August 16, 2021, valid until April 13, 2024
SEC Accreditation No. 4782 SEC Group A
Issued August 11, 2022
Valid for Financial Periods 2021 to 2025

BDO Towers Valero
8741 Paseo de Roxas
Makati City 1226 Philippines
Phone : +632 8 982 9100
Fax : +632 8 982 9111
Website : www.reyestacandong.com

REPORT OF INDEPENDENT AUDITORS
TO ACCOMPANY CONSOLIDATED FINANCIAL STATEMENTS FOR FILING WITH THE SECURITIES AND EXCHANGE COMMISSION

The Stockholders and the Board of Directors
Eagle Cement Corporation and Subsidiaries
2/F SMITS Corporate Center
155 EDSA Barangay Wack-Wack
Mandaluyong City

We have audited the accompanying consolidated financial statements of Eagle Cement Corporation (the Company) and Subsidiaries as at December 31, 2022 and 2021 and for the years ended December 31, 2022, 2021 and 2020, on which we have rendered our report dated March 7, 2023.

In compliance with the Revised Securities Regulation Code Rule 68, we are stating that the Company has 36 stockholders owning 100 or more shares each.

REYES TACANDONG & CO.

BELINDA B. FERNANDO
Partner
CPA Certificate No. 81207
Tax Identification No. 102-086-538-000
BOA Accreditation No. 4782; Valid until April 13, 2024
SEC Accreditation No. 81207-SEC Group A
Issued January 30, 2020
Valid for Financial Periods 2019 to 2023
BIR Accreditation No. 08-005144-004-2022
Valid until October 16, 2025
PTR No. 9564560
Issued January 3, 2023, Makati City

March 7, 2023
Makati City, Metro Manila

BOA/PRC Accreditation No. 4782
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Phone : +632 8 982 9100
Fax : +632 8 982 9111
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REPORT OF INDEPENDENT AUDITORS
ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
Eagle Cement Corporation and Subsidiaries
2/F SMITS Corporate Center
155 EDSA Barangay Wack-Wack
Mandaluyong City

We have audited in accordance with the Philippine Standards on Auditing, the basic consolidated financial statements of Eagle Cement Corporation and Subsidiaries (the Group) as at December 31, 2022 and 2021 and for the years ended December 31, 2022, 2021 and 2020 and have issued our report dated March 7, 2023. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The accompanying supplementary schedules are the responsibility of the Group's management. These supplementary schedules include the following:

- Schedules required by Part II of Revised SRC Rule 68 as at December 31, 2022
- Use of IPO Proceeds
- Reconciliation of Retained Earnings Available for Dividend Declaration as at December 31, 2022
- Map of the Conglomerate

The supplementary 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. The supplementary 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 data required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

REYES TACANDONG & CO.

BELINDA B. FERNANDO
Partner
CPA Certificate No. 81207
Tax Identification No. 102-086-538-000
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Issued January 3, 2023, Makati City

March 7, 2023
Makati City, Metro Manila

EAGLE CEMENT CORPORATION AND SUBSIDIARIES

SEC SUPPLEMENTARY SCHEDULE AS REQUIRED BY PAR. 6 PART II OF THE REVISED SECURITIES REGULATION CODE RULE 68

DECEMBER 31, 2022

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EAGLE CEMENT CORPORATION AND SUBSIDIARIES

SCHEDULE A
FINANCIAL ASSETS
DECEMBER 31, 2022

Name of Issuing Entity and Association of Each Issue	Number of Shares or Principal Amount of Bonds and Notes	Amount Shown in the Statements of Financial Position	Income Received and Accrued
Cash Equivalents			
Bank of Commerce	–	₱4,758,729,576	₱25,798,630
Metro Bank Trust Corporation	–	1,934,548,587	32,962,658
Rizal Commercial Banking Corporation	–	1,192,695,952	71,670,432
The Hongkong and Shanghai Banking Corporation Limited	–	224,480,000	1,247,090
Sterling Bank of Asia	–	319,657,565	792,048
China Banking Corporation	–	–	46,719,638
United Coconut Planters Bank	–	–	13,300,494
Philippine National Bank	–	–	3,504,530
Banco de Oro	–	–	291,964
East West Banking corporation	–	–	51,347
	–	₱8,430,111,680	₱196,338,831
Cash in Banks			
Bank of Commerce	–	₱425,917,033	₱610,321
Security Bank Corporation	–	388,771,064	75,267
Metro Bank Trust Corporation	–	102,864,236	124,694
Banco de Oro	–	96,436,111	120,218
Philippine National Bank	–	43,956,694	53,848
United Coconut Planters Bank	–	25,627,199	50,660
Asia United Bank	–	9,653,301	2,502,590
Hongkong and Shanghai Banking Corporation, Ltd.	–	5,792,249	–
China Banking Corporation	–	5,192,128	20,754
Rizal Commercial Banking Corporation	–	4,534,461	38,107
East West Bank	–	4,014,716	7,322
Standard Chartered Bank	–	1,113,550	–
Philippine Bank of Communications	–	1,106,555	12,743
Union Bank of the Philippines	–	805,405	20,950
Development Bank of the Philippines	–	236,866	73
Sterling Bank of Asia	–	175,257	1,723
	–	₱1,116,196,825	₱3,639,270
Debt Service Reserve Account (DSRA)			
Asia United Bank	–	₱363,846,083	₱4,414,359
Deposit in Escrow			
Bank of Commerce	–	₱49,879,815	₱–
Restricted Cash			
Development Bank of the Philippines	–	₱41,659,211	₱–
Landbank of the Philippines	–	32,360,736	–
	–	₱74,019,947	₱–
Long-term Placements			
United Coconut Planters Bank	–	₱500,000,000	₱23,457,200
Rizal Commercial Banking Corporation	–	150,000,000	6,600,000
	–	₱650,000,000	₱30,057,200

Name of Issuing Entity and Association of Each Issue	Number of Shares or Principal Amount of Bonds and Notes	Amount Shown in the Statements of Financial Position	Income Received and Accrued
Financial Assets at Fair Value through Profit or Loss (FVPL)			
Redeemable Perpetual Securities	4,000,000,000	₱3,976,563,802	₱200,000,000
RTB 5-12	900,000,000	877,718,551	35,835,372
SM Prime Holdings, Inc.	75,000,000	73,413,018	3,100,980
Series K Bonds	50,000,000	46,493,350	932,533
Preferred Shares-Del Monte Pacific Ltd.	–	–	1,663,082
		₱4,974,188,721	₱241,531,967
Financial Assets at Fair Value through Other Comprehensive Income (FVOCI)			
Preferred Shares-San Miguel Corporation	1,333,500	₱100,012,500	₱6,797,143

EAGLE CEMENT CORPORATION AND SUBSIDIARIES

SCHEDULE B
AMOUNTS RECEIVABLE FROM
DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES
AND PRINCIPAL STOCKHOLDERS
DECEMBER 31, 2022

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Amounts Collected	Amounts Written Off	Current	Noncurrent	Balance at End of Period
Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable

*Total aggregate receivables from directors, officers, employees, related parties and principal stockholders does not exceed 1% of Total Assets or ₱1.0 million as shown in the Consolidated Statements of Financial Position as at December 31, 2022.

EAGLE CEMENT CORPORATION AND SUBSIDIARIES

SCHEDULE C
AMOUNTS RECEIVABLE FROM
RELATED PARTIES WHICH ARE ELIMINATED DURING
CONSOLIDATION OF FINANCIAL STATEMENTS
DECEMBER 31, 2022

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Amounts Collected	Amounts Written Off	Current	Noncurrent	Balance at End of Period
Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable

EAGLE CEMENT CORPORATION AND SUBSIDIARIES

SCHEDULE D
LONG-TERM DEBT
DECEMBER 31, 2022

Title of Issue and Type of Obligation	Amount Authorized by Indenture	Amount Shown Under Caption "Current Portion of Loans Payable" in Related Statements of Financial Position	Amount Shown Under Caption "Loans Payable - Net of Current Portion" in Related Statements of Financial Position	Interest Rate	Maturity Date
Term Loan Facility and Security Agreement (TLFSA), Face amount	₱4,049,500,000	₱1,246,000,000	₱2,803,500,000		Payable in 32 quarterly installments
Less: Unamortized debt issuance costs	9,119,182	4,642,168	4,477,014	5.50% Nominal interest	commencing on the 9th quarter of availment
	₱4,040,380,818	₱1,241,357,832	₱2,799,022,986		

EAGLE CEMENT CORPORATION AND SUBSIDIARIES

SCHEDULE E
INDEBTEDNESS TO RELATED PARTIES
DECEMBER 31, 2022

Name of Related Party	Balance at Beginning of Period	Balance at End of Period
Not Applicable	Not Applicable	Not Applicable

*Total indebtedness to related parties does not exceed 5% of Total Assets as shown in the Consolidated Statements of Financial Position as at December 31, 2022.

EAGLE CEMENT CORPORATION AND SUBSIDIARIES

SCHEDULE F
GUARANTEES OF SECURITIES OF OTHER ISSUERS
DECEMBER 31, 2022

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
Not applicable	Not applicable	Not applicable	Not applicable	Not applicable

EAGLE CEMENT CORPORATION AND SUBSIDIARIES

SCHEDULE G
CAPITAL STOCK
DECEMBER 31, 2022

Title of Issue	Number of Shares Authorized	Number of Shares Issued and Outstanding as Shown Under Related Statements of Financial Position Caption	Number of Shares Reserved for Options, Warrants, Conversion and Other Rights	Number of Shares Held by Related Parties	Directors, Officers and Employees	Others
Common stock	5,500,000,000	5,000,000,005	–	4,997,903,671	12	2,096,322

EAGLE CEMENT CORPORATION AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE OF RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION OF THE PARENT COMPANY

DECEMBER 31, 2022

Unappropriated retained earnings, as adjusted to available for dividend distribution, beginning		₱10,457,151,754
Add: Net income actually earned/realized during the year		
Net income based on the face of audited separate financial statements	4,018,276,178	
Adjusted by: Movement of deferred tax asset	(11,649,245)	
Unrealized foreign exchange gains except those attributable to cash and cash equivalents	(5,298,520)	
Realization of trading gains on FVPL	(4,996,440)	3,996,331,973
Unappropriated retained earnings available for dividend declaration, ending		14,453,483,727
Adjustments for cash dividends declared		(4,000,000,004)
Unappropriated retained earnings available for dividend declaration, ending		₱10,453,483,723

EAGLE CEMENT CORPORATION AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS UNDER THE REVISED SECURITIES REGULATION CODE RULE 68

DECEMBER 31, 2022 and 2021

	2022	2021
Current/Liquidity Ratio	**3.70**	3.61
Current assets	**₱21,528,655,153**	₱20,393,807,579
Current liabilities	**5,816,934,549**	5,654,971,198
Solvency Ratio	**0.58**	0.65
Net income before depreciation and amortization	**₱6,009,121,873**	₱7,191,850,237
Total liabilities	**10,353,273,142**	11,030,295,798
Debt-to-Equity Ratio	**0.23**	0.26
Total liabilities	**₱10,353,273,142**	₱11,030,295,798
Total equity	**44,236,326,035**	42,204,000,753
Asset-to-Equity Ratio	**1.23**	1.26
Total assets	**₱54,589,599,177**	₱53,234,296,551
Total equity	**44,236,326,035**	42,204,000,753
Interest Rate Coverage Ratio	**20.32**	19.95
Net income before interest expense and taxes	**₱5,954,196,343**	₱7,190,442,619
Interest expense	**293,058,253**	360,333,838
Return on Asset Ratio	**0.09**	0.12
Net income before interest expense after-tax	**₱4,970,284,323**	₱6,386,127,943
Average total assets	**53,911,947,864**	51,446,724,346
Return on Equity Ratio	**0.11**	0.15
Net income	**₱4,677,226,070**	₱6,025,794,105
Average total equity	**43,220,163,394**	40,459,287,671

EAGLE CEMENT CORPORATION AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE ON USE OF IPO PROCEEDS UNDER THE REVISED SECURITIES REGULATION CODE RULE 68

DECEMBER 31, 2022

	Prospectus	Actual
Gross proceeds (₱15 per share)	₱7,500,000,000	₱7,500,000,000
IPO expenses:		
IPO tax	320,000,000	300,000,000
Gross underwriting fees	215,053,763	178,706,671
PSE listing fee	53,200,000	45,052,525
SEC registration	3,968,750	3,968,750
Documentary stamp taxes paid	2,500,000	2,500,000
Legal and other professional fee	8,000,000	1,295,294
Other expenses	12,278,088	122,417
	615,000,601	531,645,657
Construction of fourth manufacturing plant in Cebu	6,884,999,399	58,977,400
	7,500,000,000	590,623,057
Net unutilized proceeds	₱–	₱6,909,376,943

REPORT OF INDEPENDENT AUDITORS
ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Stockholders and the Board of Directors
Eagle Cement Corporation and Subsidiaries
2/F SMITS Corporate Center
155 EDSA Barangay Wack-Wack
Mandaluyong City

We have audited in accordance with Philippine Standards on Auditing, the basic consolidated financial statements of Eagle Cement Corporation and Subsidiaries (the Group) as at December 31, 2022 and 2021 and for the years ended December 31, 2022, 2021 and 2020, and have issued our report thereon dated March 7, 2023. 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 Group'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 purposes 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 the financial soundness indicators contained in the supplementary schedule have been subjected to the auditing procedures applied in the audit of the consolidated financial statements and in our opinion, are fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

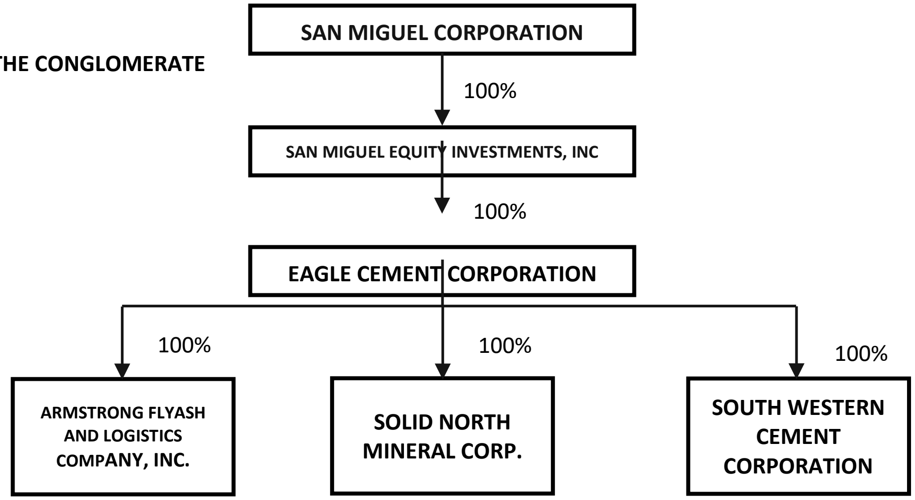
REYES TACANDONG & CO.

Belinda B. Fernando

BELINDA B. FERNANDO
Partner
CPA Certificate No. 81207
Tax Identification No. 102-086-538-000
BOA Accreditation No. 4782; Valid until April 13, 2024
SEC Accreditation No. 81207-SEC Group A
Issued January 30, 2020
Valid for Financial Periods 2019 to 2023
BIR Accreditation No. 08-005144-004-2022
Valid until October 16, 2025
PTR No. 9564560
Issued January 3, 2023, Makati City

March 7, 2023
Makati City, Metro Manila

EAGLE CEMENT CORPORATION
SUPPLEMENTARY SCHEDULE OF THE MAP OF THE CONGLOMERATE
DECEMBER 31, 2022



SEC FORM 17-Q
QUARTERLY REPORT
FOR THE QUARTERLY PERIOD
ENDED 31 MARCH 2023
(ANNEX C)

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended **March 31, 2023**

2. Commission identification number **ASO95-005885** 3. BIR Tax Identification No. **004-731-637-000**

4. Exact name of issuer as specified in its charter
 EAGLE CEMENT CORPORATION

5. Province, country or other jurisdiction of incorporation or organization
 Mandaluyong, Philippines

6. Industry Classification Code: [ ] (SEC Use Only)

7. Address of issuer's principal office Postal Code
 2/F SMITS Corporate Center, 155 EDSA, Barangay Wack-Wack, Mandaluyong City
 1554

8. Issuer's telephone number, including area code
 (632) 5301-3453

9. Former name, former address and former fiscal year, if changed since last report
 N.A.

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

Title of each Class	Number of shares of common stock outstanding and amount of debt outstanding
Common (Outstanding)	**5,000,000,005**

* The total issued and outstanding shares as at March 31, 2023 are:
Common 5,000,000,005

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

 Yes [**X**] No [ ]

 If yes, state the name of such Stock Exchange and the classes of securities listed therein:

 Philippine Stock Exchange (PSE) **Common Shares**

* The Company's common shares were listed in the PSE on May 29, 2017 through an initial public offering (IPO).

12. Indicate by check mark whether the registrant:

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

Yes [**X**] No [ ]

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

Yes [**X**] No [ ]

APPLICABLE ONLY TO REGISTRANTS INVOLVED IN INSOLVENCY/SUSPENSION OF PAYMENTS PROCEEDINGS DURING THE PRECEDING FIVE YEARS:

13. Check whether the registrant has filed all documents and reports required to be filed by Section 17 of the Code subsequent to the distribution of securities under a plan confirmed by a court or the Commission.

Yes [ ] No [**X**] This item is not applicable to the Company.

SIGNATURES

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

Issuer:
EAGLE CEMENT CORPORATION

JOHN PAUL L. ANG
President/Chief Executive Officer
Date: 15 May 2023

PART I--FINANCIAL INFORMATION

Financial Statements

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

Item 1. Financial Statements

The audited consolidated statement of financial position as at December 31, 2022, and the unaudited interim consolidated financial statements as at March 31, 2023 and for the three months ended March 31, 2023 and 2022 and selected notes to the unaudited interim consolidated financial statements of Eagle Cement Corporation (Eagle Cement or the Company) and its subsidiaries (collectively referred to as the "Group") are filed as part of this Form 17-Q.

Eagle Cement is primarily engaged in the business of manufacturing, marketing, sale and distribution of cement products. The Company is the third largest player in the Philippine cement industry based on revenue, with the fastest growing market share among all competitors in the industry since it started its commercial operations in 2010. The Company was incorporated and registered with the Securities and Exchange Commission (SEC) on June 21, 1995.

The Company currently employs 582 individuals for its existing lines and business operations in Luzon. Neither Eagle Cement nor any of its subsidiaries has experienced a work stoppage as a result of labor disagreements. None of the employees of the Company belong to a union since its incorporation in 1995.

On May 29, 2017, its common shares were listed and traded on the Philippine Stock Exchange (PSE) through an Initial Public Offering (IPO).

EAGLE CEMENT CORPORATION AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS AT MARCH 31, 2023

(With Comparative Audited Figures as at December 31, 2022)

	Note	March 31, 2023	December 31, 2022
ASSETS			
Current Assets			
Cash and cash equivalents	6	**10,471,336,721**	9,547,285,514
Financial assets at fair value through profit or loss (FVPL)	7	**4,974,746,095**	4,974,188,721
Trade and other receivables	8	**1,218,906,267**	1,070,307,737
Inventories	9	**2,101,908,630**	2,299,118,264
Other current assets	10	**1,658,431,177**	969,487,754
		20,425,328,890	18,860,387,990
Assets held for sale		**2,705,873,322**	2,668,267,163
Total Current Assets		**23,131,202,213**	21,528,655,153
Noncurrent Assets			
Investment in an associate		–	–
Financial assets at fair value through other comprehensive income (FVOCI)		**98,945,700**	100,012,500
Property, plant and equipment	11	**29,921,963,143**	30,026,713,907
Intangible assets		**1,902,834,813**	1,902,205,266
Investment properties		–	–
Other noncurrent assets	12	**442,772,684**	1,032,012,351
Total Noncurrent Assets		**32,366,516,339**	33,060,944,024
		55,497,718,552	54,589,599,177
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	13	**3,973,770,003**	4,405,777,555
Current portion of loans payable	14	**1,242,037,911**	1,241,357,832
Current portion of lease liabilities		**10,133,862**	10,684,751
Income tax payable		**348,612,368**	104,816,084
		5,574,554,144	5,762,636,222
Liabilities of asset held for sale		**91,988,279**	54,298,327
Total Current Liabilities		**5,666,542,423**	5,816,934,549
Noncurrent Liabilities			
Loans payable - net of current portion	14	**2,488,158,644**	2,799,022,986
Net retirement benefit liability		**78,284,006**	72,336,757
Net deferred tax liabilities		**1,569,535,927**	1,569,535,927
Other noncurrent liabilities		**89,470,339**	95,442,923
Total Noncurrent Liabilities		**4,225,448,916**	4,536,338,593
Total Liabilities		**9,891,991,339**	10,353,273,142
Equity	16		
Capital stock		**8,000,000,005**	8,000,000,005
Additional paid-in capital		**6,525,506,098**	6,525,506,098
Retained earnings:			
Appropriated		**16,000,000,000**	16,000,000,000
Unappropriated		**13,616,691,803**	12,246,223,824
Other equity reserves		**4,463,529,307**	4,464,596,108
Treasury stock - at cost		**- 3,000,000,000**	-3,000,000,000
Total Equity		**45,605,727,213**	44,236,326,035
		55,497,718,552	54,589,599,177

See accompanying notes to unaudited interim consolidated financial statements

EAGLE CEMENT CORPORATION AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022

	Note	**2023**	2022
NET SALES		**7,006,153,513**	6,829,320,681
COST OF GOODS SOLD		**4,671,744,671**	4,236,267,335
GROSS PROFIT		**2,334,408,842**	2,593,053,346
OPERATING EXPENSES		**777,532,876**	715,806,357
INCOME FROM OPERATIONS		**1,556,875,966**	1,877,246,989
FINANCE COSTS		**-60,877,829**	-78,532,694
INTEREST INCOME		**130,166,371**	50,859,066
OTHER INCOME - Net		**42,256,330**	36,561,138
INCOME BEFORE INCOME TAX		**1,668,420,838**	1,886,134,499
INCOME TAX EXPENSE (BENEFIT)	17		
Current		**297,952,859**	231,318,957
Deferred			-8,736,660
		297,952,859	222,582,297
NET INCOME		**1,370,467,979**	1,663,552,202
OTHER COMPREHENSIVE INCOME (LOSS)			
Not to be reclassified to profit or loss in subsequent periods			
Unrealized gain (loss) on financial assets at FVOCI		**-1,066,800**	-3,000,375
Reversal of deferred tax on:			
Revaluation surplus		**–**	–
Remeasurement gains on net retirement benefits liability		**–**	–
		-1,066,800	-3,000,375
TOTAL COMPREHENSIVE INCOME		**1,369,401,179**	1,660,551,827
Basic/Diluted Earnings Per Share	18	**0.27**	0.33

See accompanying notes to unaudited interim consolidated financial statements

EAGLE CEMENT CORPORATION AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022

		Capital Stock – 1 par value		Additional	Retained Earnings		Other Equity Reserves				
	Note	Common Stock	Preferred Stock	Paid-in Capital	Appropriated	Unappropriated	Revaluation Surplus (Net of Deferred Tax)	Cumulative Remeasurement Gains (Losses) on Net Retirement Benefits Liability (Net of Deferred Tax)	Cumulative Unrealized Gains (Losses) on Financial Assets at FVOCI	Treasury Stocks	Total Equity
Balances as at December 31, 2022		**5,000,000,005**	**3,000,000,000**	**6,525,506,098**	**16,000,000,000**	**12,246,223,824**	**4,387,067,333**	**77,528,775**	_	**-3,000,000,000**	**44,236,326,035**
Net income		–	–	–	–	**1,370,467,979**	–	–	–	–	**1,370,467,979**
Other comprehensive income (loss)		–	–	–	–				**(1,066,800)**	–	**-1,066,800**
Cash dividends declared	19	–	–	–	–		–	–	–	–	–
Balances as at March 31, 2023		**5,000,000,005**	**3,000,000,000**	**6,525,506,098**	**16,000,000,000**	**13,616,691,803**	**4,387,067,333**	**77,528,775**	**(1,066,800)**	**-3,000,000,000**	**45,605,727,214**
Balances as at December 31, 2021		5,000,000,005	3,000,000,000	6,525,506,098	16,000,000,000	11,568,997,758	3,056,387,347	47,442,170	5,667,375	-3,000,000,000	42,204,000,753
Net income		–	–	–	–	1,663,552,202	–	–	–	–	1,663,552,202
Other comprehensive income		–	–	–	–	–		–	(3,000,375)	–	(3,000,375)
Cash dividends declared	19	–	–	–	–		–	–	–	–	–
Balances as at March 31, 2022		5,000,000,005	3,000,000,000	6,525,506,098	16,000,000,000	13,232,549,960	3,056,387,347	47,442,170	2,667,000	-3,000,000,000	43,864,552,580

EAGLE CEMENT CORPORATION AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED MARCH 31, 2022 AND 2021

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**1,668,420,839**	1,886,134,499
Adjustments for:		
Depreciation and amortization	**360,310,366**	313,328,675
Finance costs	**60,877,829**	78,532,693
Interest income	**-130,166,369**	-50,859,066
Dividend income	**-557,374**	-53,423,976
Trading loss on financial assets at FVPL	**1,859,418**	12,812,753
Retirement benefit costs	**-51,699,357**	7,209,064
Unrealized foreign exchange losses	**5,247,022**	267,219
Loss (gain) on sale of property, plant and equipment	**-357,143**	
Operating income before working capital changes	**1,913,935,231**	2,194,001,861
Decrease (increase) in:		
Trade and other receivables	**-147,761,250**	40,098,203
Inventories	**240,440,795**	-79,191,311
Other current assets	**-38,943,424**	-25,279,495
Other noncurrent assets	**2,176,372**	-9,809,661
Increase (decrease) in trade and other payables	**-435,184,571**	822,912,455
Net cash generated from operations	**1,534,663,152**	748,730,191
Income taxes paid	**-54,156,575**	-64,461,176
Interest received	**129,329,092**	45,142,202
Net cash provided by operating activities	**1,609,835,669**	729,411,217
CASH FLOW FROM INVESTING ACTIVITIES		
Additions to:		
Property, plant and equipment	**-283,254,653**	-263,024,259
Deposit for future investment	**-61,619**	_
Financial assets at FVPL	_	-200,000,000
Deposit on asset purchase	**-62,875,084**	-144,985,369
Investment properties		-26,336,533
Intangible assets	**-15,452,891**	-2,294,400
Deposit for future investment		-377,115
Dividends received	**51,699,357**	51,699,212
Proceeds from sale of :		
Property, plant and equipment	**357,143**	
Net cash used in investing activities	**-309,587,746**	-585,318,464
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of:		
Loans	**-311,500,000**	-267,000,000
Interest	**-60,587,832**	-77,340,346
Lease liability	**-2,249,467**	-2,858,334
Net cash used in financing activities	**-374,337,299**	-347,198,680
NET INCREASE IN CASH AND CASH EQUIVALENTS	**925,910,624**	1,990,895,934
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**-1,859,418**	-267,219
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**9,547,285,514**	11,645,049,344
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**10,471,336,720**	13,635,678,059

EAGLE CEMENT CORPORATION AND SUBSIDIARIES

AGING OF TRADE AND OTHER RECEIVABLES

AS AT MARCH 31, 2023

	Total	**Current**	**1- 30 Days**	**31- 60 Days**	**61-90 Days**	**91-365 Days**	**365 Days or More**
Trade	₱586,575,100	₱282,510,057	₱129,303,840	₱127,746,640	₱43,032,436	₱3,982,127	–
Nontrade	607,177,984	2,421,233	39,079,523	17,439,976	131,790,471	395,068,794	21,377,988
Others	25,153,182	5,086,831	–	–	–	19,713,757.03	352,595
Total	₱1,218,906,267	₱290,018,120	₱168,383,363	₱145,186,616	₱174,822,907	₱418,764,677	₱21,730,583

NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE THREE MONTHS ENDED MARCH 31, 2023
(With Comparative Information for 2022)

1. **General Information**

Corporate Information

Eagle Cement Corporation (ECC or the Company) was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on June 21, 1995. The Company and its wholly-owned subsidiaries, South Western Cement Corporation (SWCC), KB Space Holdings, Inc. (KSHI), Solid North Mineral Corp. (SNMC) and Armstrong Fly-Ash and Logistics Company Inc. (AFALCI) are collectively referred to herein as "the Group". SWCC, KSHI, SNMC and AFALCI are also incorporated in the Philippines and registered with the SEC.

The Company is a 99.9581%-owned of San Miguel Equity Investments Inc. (SMEII) a wholly owned subsidiary of San Miguel Corporation (SMC or the Intermediate Parent Company). SMC is a public company under Section 17.2 of the Securities Regulation Code (SRC), and its shares are listed in the PSE. The ultimate Parent Company is Top Frontier Investment Holdings, Inc. (TFIHI), a holding company incorporated and domiciled in the Philippines and its shares are also listed in the PSE.

The registered office address of the Parent Company is 2/F SMITS Corporate Center, 155 EDSA Barangay Wack-Wack, Mandaluyong City.

Subsidiaries

The following are the subsidiaries of the Company, which are all incorporated in the Philippines and registered with the SEC:

		Percentage (%) of Ownership		
Name of Subsidiary	Principal Activity	**2022**	2021	2020
South Western Cement Corporation (SWCC)	Manufacturing, marketing, sale and distribution of cement products	**100**	100	100
KB Space Holdings, Inc. (KSHI)	Property leasing activities	**–**	100	100
Solid North Mineral Corp. (SNMC)	Mining activities and processing of limestones	**100**	100	–
Armstrong Flyash and Logistics Company, Inc. (Armstrong or ALFCI)	Processing of fly ash	**100**	–	–

The Company and its subsidiaries are collectively referred to herein as "the Group".
SWCC have not started commercial operations as at March 7, 2023.

Status of Operations

The Group has the following Mineral Production Sharing Agreements (MPSA) granted by the Philippine Government through the Mines and Geosciences Bureau (MGB) either through direct grant or through deed of assignment.

Grantee/ Assignee	MPSA No.	Location	Date of Issuance/Renewal	Commodity	Status of Operations
Luzon sites:					
ECC	245-2007-III	Dona Remedios Trinidad and San Ildefonso, Bulacan	July 25, 2007	Limestone	Exploration
ECC*	181-2002-III	Akle, San Ildefonso, Bulacan	December 9, 2002	Limestone	Commercial Operations
SNMC**	161-00-III	Akle, San Ildefonso, Bulacan	September 12, 2000	Limestone, shale and pozzolan	Commercial Operations
Cebu sites:					
ECC	100-97-VII	Ginatilan, Cebu	December 29, 1997	Limestone	Exploration
ECC	101-97-VII	Ginatilan and Malabuyoc, Cebu	December 29, 1997	Limestone	Exploration
SWCC	059-96-VII	Lo-oc, Malabuyoc, Cebu	August 6, 2020	Limestone	Development
SWCC	060-96-VII	Lo-oc, Malabuyoc, Cebu	August 6, 2020	Limestone	Development
Mindanao site-					
SNMC	083-97-IX	Siayan, Sindangan and Jose Dalman, Zamboanga del Norte	November 20, 1997	Copper and gold	Exploration

*Started commercial operations for the production of limestone in 2010.
**Started commercial operations for the production of shale and pozzolan, and pulverized limestone in January 2016 and April 2019, respectively.

The foregoing MPSAs have a term of 25 years from the issuance date and may be renewed thereafter for another term not exceeding 25 years. On August 6, 2020, the MGB approved the extension of the terms of the MPSAs 059-96-VII and 060-96-VII in Cebu sites for a period of nine (9) years until November 18, 2030.

In August 2022, the Group applied for an extension of the term of MPSAs 100-97-VII and 101-97-VII in Cebu sites. As at May 15, 2023, the Group has not yet received the approval for the extension.

2. **Summary of Significant Accounting Policies**

Basis of Preparation

The unaudited interim consolidated financial statements of the Group as at and for the three (3) months ended March 31, 2023 have been prepared in compliance with Philippine Financial Reporting Standards (PFRS) issued by the Philippine Financial and Sustainability Reporting Standards Council (formerly Philippine Financial Reporting Standards Council) and adopted by SEC. This financial reporting framework includes PFRS, Philippine Accounting Standards (PAS) and Philippine interpretations from International Financial Reporting Interpretations Committee (IFRIC).

The significant accounting policies used in the preparation of the consolidated financial statements are consistently applied to all the years presented, unless otherwise stated.

Measurement Bases

The unaudited interim consolidated financial statements are presented in Philippine Peso, the Group's functional currency. All values are stated in absolute amounts, unless otherwise indicated.

The unaudited interim consolidated financial statements of the Group have been prepared on the historical cost basis, except for the following:

	Measurement Bases
Financial assets at fair value through profit or loss (FVPL)	Fair Value
Financial assets at fair value through other comprehensive income (FVOCI)	Fair Value
Land, included as part of "Property, plant and equipment"	Revalued Amount
Investment properties	Fair Value

Historical cost is generally based on the fair value of the consideration given in exchange for an asset and fair value of the consideration received in exchange for incurring a liability. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Group uses market observable data to the extent possible when measuring the fair value of an asset or a liability. Fair values are categorized into different levels in a fair value hierarchy based on inputs used in the following valuation techniques:

- Level 1 - Quoted (unadjusted) market prices in active market 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; or
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes to the consolidated financial statements:

- Note 7 – Financial Assets at FVPL
- Note 10 – Financial Assets at FVOCI
- Note 11 – Property, Plant and Equipment
- Note 5 – Fair Value Measurement

The accounting policies set out below have been applied consistently to all periods presented in the consolidation financial statements, except the changes in accounting policies as explained below.

Adoption of New and Amended PFRS

The Company has adopted the following amendments to PFRS effective January 1, 2022 and accordingly, changed its accounting policies in the following areas:

- Proceeds before Intended Use (Amendments to PAS 16, *Property, Plant and Equipment*). The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment the proceeds from selling items produced before that asset is available for use. The proceeds before intended use should be recognized in profit or loss, together with the costs of producing those items which are identified and measured in accordance with PAS 2, *Inventories*.

  The amendments also clarify that testing whether an item of property, plant and equipment is functioning properly means assessing its technical and physical performance rather than assessing its financial performance.

  For the sale of items that are not part of an entity's ordinary activities, the amendments require the entity to disclose separately the sales proceeds and related production cost recognized in profit or loss and specify the line items in which such proceeds and costs are included in the statement of comprehensive income. This disclosure is not required if such proceeds and cost are presented separately in the consolidated statement of comprehensive income.

- Onerous Contracts - Cost of Fulfilling a Contract (Amendments to PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*). The amendments clarify that the cost of fulfilling a contract when assessing whether a contract is onerous includes all costs that relate directly to a contract, i.e., it comprises both incremental costs and an allocation of other direct costs.

- Annual Improvements to PFRS 2018-2020. This cycle of improvements contains amendments to four standards, of which the following are applicable to the Company:

  – Fees in the '10 percent' Test for Derecognition of Financial Liabilities (Amendment to PFRS 9, *Financial Instruments*). The amendment clarifies that for the purpose of performing the '10 percent' test for derecognition of financial liabilities, the fees paid net of fees received include only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

- Lease Incentives (Amendment to Illustrative Examples accompanying PFRS 16, *Leases*). The amendment deletes from the Illustrative Example 13 the reimbursement relating to leasehold improvements to remove the potential for confusion because the example had not explained clearly enough the conclusion as to whether the reimbursement would meet the definition of a lease incentive in PFRS 16.

- Classification of Liabilities as Current or Noncurrent (Amendments to PAS 1, *Presentation of Financial Statements*). To promote consistency in the application and clarify the requirements on determining whether a liability is current or noncurrent, the amendments:

  - removed the requirement for a right to defer settlement of a liability for at least twelve months after the reporting period to be unconditional and instead requires that the right must have substance and exist at the end of the reporting period;

  - clarified that a right to defer settlement exists only if an entity complies with conditions specified in the loan agreement at the end of the reporting period, even if the lender does not test compliance until a later date; and

  - clarified that settlement of a liability includes transferring an entity's own equity instruments to the counterparty, but conversion options that are classified as equity do not affect classification of the liability as current or noncurrent.

  The amendments apply retrospectively for annual reporting periods beginning on or after January 1, 2023, with early application permitted.

  In November 2021, the IASB issued the Exposure Draft, *Non-Current Liabilities with Covenants* after considering stakeholder feedback on the December 2020 tentative agenda decision issued by the IFRS Interpretations Committee about the amendments. The exposure draft proposes to again amend IAS 1, Presentation of Financial Statements, as follows:

  - Conditions which the entity must comply within 12 months after the reporting period will have no effect on the classification as current or non-current.

  - Additional disclosure requirements will apply to non-current liabilities subject to such conditions to enable the assessment of the risk that the liability could become repayable within 12 months.

  - Separate presentation in the consolidated statement of financial position will be required for non-current liabilities for which the right to defer settlement is subject to conditions within 12 months after the reporting period.

  - The effective date of the amendments will be deferred to no earlier than January 1, 2024.

  Comments on the Exposure Draft is due on March 21, 2022.

The adoption of the amended standards did not materially affect the consolidated financial statements of the Group. Additional disclosures were included in the consolidated financial statements, as applicable.

Amended Standards Not Yet Adopted

A number of amended standards are effective for annual periods beginning after January 1, 2022 and have not been applied in preparing the consolidated financial statements. Unless otherwise indicated, none of these are expected to have a significant effect on the consolidated financial statements.

- Definition of Accounting Estimates (Amendments to PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*). The amendments clarify that accounting estimates are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that an entity develops an accounting estimate to achieve the objective set out by an accounting policy. Developing an accounting estimate includes selecting a measurement technique (estimate or valuation technique) and choosing the inputs to be used when applying the chosen measurement technique. The effects of changes in the inputs or measurement techniques are changes in accounting estimates.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2023. Earlier application is permitted. The amendments apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the entity applies the amendments.

- Disclosure of Accounting Policies (Amendments to PAS 1 and PFRS Practice Statement 2, *Making Materiality Judgments*). The key amendments to PAS 1 include requiring entities to disclose material accounting policies rather than significant accounting policies; clarifying that accounting policies related to immaterial transactions, other events or conditions are immaterial and as such need not be disclosed; and clarifying that not all accounting policies that relate to material transactions, other events or conditions are material to the financial statements. The amendments to PFRS Practice Statement 2 provide guidance and examples on the application of materiality to accounting policy disclosures.

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to PAS 12, *Income Taxes*). The amendments require an entity to recognize deferred tax on transactions, such as leases for the lessee and decommissioning obligations that give rise to equal amounts of taxable and deductible temporary differences on initial recognition.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2023. Earlier application is permitted.

Under prevailing circumstances, the adoption of the amended standards is not expected to have any material effect on the consolidated financial statements of the Group. Additional disclosures will be included in the consolidated financial statements, as applicable.

Current versus Noncurrent Classification

The Company presents assets and liabilities in the consolidated statements of financial position based on current and noncurrent classification. An asset is current when it is: (a) expected to be realized or intended to be sold or consumed in the normal operating cycle; (b) held primarily for the purpose of trading; (c) expected to be realized within twelve months after the reporting period; or (d) cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

A liability is current when: (a) it is expected to be settled in the normal operating cycle; (b) it is held primarily for trading; (c) it is due to be settled within twelve months after the reporting period; or (d) there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

The Company classifies all other assets and liabilities as noncurrent. Deferred tax assets and liabilities are classified as noncurrent.

Basis of Consolidation

The consolidated financial statements comprise of the financial statements of the Company and its wholly-owned subsidiaries.

A subsidiary is an entity in which the Company has control. The Company controls a subsidiary if it is exposed, or has rights to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. In assessing control, the Company takes into consideration potential voting rights that are currently exercisable. Subsidiaries are consolidated from the date on which control is transferred to the Company. Subsidiaries are deconsolidated from the date the Company ceases to have control.

All intra-group balances, transactions, income and expenses and unrealized gains and losses are eliminated. The financial statements of the subsidiaries are prepared for the same reporting year using uniform accounting policies as that of the Company.

A change in ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

If there is a loss of control, the Group derecognizes the assets (including goodwill) and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising from the loss of control is recognized in profit or loss. Any investment retained is recognized at fair value.

Business Combinations under Common Control. Business combinations involving entities that are ultimately controlled by the same ultimate parent before and after the business combination and for which the control is not transitory, are accounted for using either the pooling of interest method or the acquisition method. The Group adopted the acquisition method for its business combination under common control.

Under the acquisition method, the Group determines if the assets acquired and the liabilities assumed constitute a business. A business is an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs or other economic benefits directly to investors or other owners, members or participants. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. In an acquisition method, the acquirer measures the non-controlling interest in the acquiree at fair value of the entity's net assets. Acquisition-related costs incurred are recognized as expense. If the acquisition is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

If the initial accounting for a business combination is incomplete as at the reporting date in which the combination occurs, the Group reports in its consolidated financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, the Group retrospectively adjusts the provisional amounts and recognizes additional assets or liabilities to reflect new information obtained about facts and circumstances that existed as of the acquisition date. The measurement period ends at the date the Group receives the information about facts and circumstances that existed as of the acquisition date or learns that more information is not obtainable, but should not exceed one (1) year from the acquisition date.

Financial Instruments

Recognition and Initial Measurement. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

The Company recognizes a financial asset or a financial liability in the consolidated statements of financial position when it becomes a party to the contractual provisions of the instrument.

A financial asset (unless a trade receivable without a significant financing component) or financial liability is initially measured at the fair value of the consideration given or received. The initial measurement of financial instruments, except for those designated as fair value through profit or loss (FVPL), includes transaction costs. A trade receivable without a significant financing component is initially measured at the transaction price.

Financial Assets

Investment in debt instrument is recognized in the consolidated statements of comprehensive income. Any dividend income from investment in equity instrument is recognized in the consolidated statements of comprehensive income when the right to receive payment has been established.

As at March 31, 2023 and December 31, 2022, the Group's investment in unquoted redeemable perpetual security and investments in various listed debt and equity securities other than those classified as financial assets at FVOCI are classified under this category (see Note 6).

Reclassification. The Group reclassifies its financial assets only when it changes its business model for managing those financial assets. The reclassification is applied prospectively from the first day of the first reporting period following the change in the business model (reclassification date).

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVPL, any gain or loss arising from the difference between the previous amortized cost of the financial asset and fair value is recognized in profit or loss.

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVOCI, any gain or loss arising from a difference between the previous amortized cost of the financial asset and fair value is recognized in OCI.

For a financial asset reclassified out of the financial assets at FVPL category to financial assets at amortized cost, its fair value at the reclassification date becomes its new carrying amount.

For a financial asset reclassified out of the financial assets at FVPL category to financial assets at FVOCI, its fair value at the reclassification date becomes its new carrying amount.

Financial Liabilities

The Group determines the classification of its financial liabilities, at initial recognition, in the following categories: financial liabilities at FVPL and other financial liabilities at amortized cost. All financial liabilities are recognized initially at fair value and, in case of loans and borrowings, net of directly attributable transaction costs.

Financial Liabilities at FVPL. Financial liabilities are classified under this category through the fair value option.

As at March 31, 2023 and December 31, 2022, the Group does not have financial liabilities at FVPL.

Other Financial Liabilities. This category pertains to financial liabilities that are not designated or classified as at FVPL. After initial measurement, other financial liabilities are carried at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any premium or discount and any directly attributable transaction costs that are considered an integral part of the effective interest rate of the liability. The effective interest rate amortization is included in "Finance costs" account in the consolidated statements of comprehensive income. Gains and losses are recognized in the consolidated statements of comprehensive income when the liabilities are derecognized as well as through amortization process.

Debt issue costs are considered as an adjustment to the effective yield of the related debt and are deferred and amortized using the effective interest rate method. When a loan is paid, the related unamortized debt issue costs at the date of repayment are recognized in the consolidated statements of comprehensive income.

As at March 31, 2023 and December 31, 2022, the Group's trade and other payables (except advances from customers, and statutory payables), loans payable and lease liabilities are classified under this category (see Notes 16, 17 and 26).

Derecognition of Financial Assets and Financial Liabilities
Financial Assets. A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized when:

- the rights to receive cash flows from the asset have expired; or

- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; and either: (a) has transferred substantially all the risks and rewards of the asset; or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognizes the associated liability. The transferred asset and the associated liability are measured on the basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group is required to repay.

Financial Liabilities. A financial liability is derecognized when the obligation under the liability is discharged or cancelled, or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statements of comprehensive income.

<u>Impairment of Financial Assets</u>
The Group recognizes allowance for expected credit loss (ECL) on financial assets at amortized cost.

ECLs are probability-weighted estimates of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Group expects to receive), discounted at the effective interest rate of the financial asset, and reflects reasonable and supportable information that is available without undue cost or effort about past events, current conditions and forecasts of future economic conditions.

The Group recognizes an allowance for impairment based on either 12-month or lifetime ECL, depending on whether there has been a significant increase in credit risk since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including appropriate forward-looking information.

The Group recognizes lifetime ECL for receivables that do not contain significant financing component. The Company uses provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the borrowers and the economic environment.

At each reporting date, the Group assesses whether financial assets at amortized cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the restructuring of a financial asset by the Group on terms that the Group would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for that financial asset because of financial difficulties.

The Group considers a financial asset to be in default when a counterparty fails to pay its contractual obligations, or there is a breach of other contractual terms, such as covenants. The Group directly reduces the gross carrying amount of a financial asset when there is no reasonable expectation of recovering the contractual cash flows on a financial asset, either partially or in full. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

The ECLs on financial assets at amortized cost are recognized as allowance for impairment losses against the gross carrying amount of the financial asset, with the resulting impairment losses (or reversals) recognized in the consolidated statements of comprehensive income.

Classification of Financial Instruments between Liability and Equity

Financial instruments are classified as liability or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity, net of any related income tax benefits.

A financial instrument is classified as liability if it provides for a contractual obligation to:

- deliver cash or another financial asset to another entity;
- exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Company; or
- satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument as a whole or in part, the amount separately determined as the fair value of the liability component on the date of issue.

Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Inventories

Inventories are valued at the lower of cost and net realizable value (NRV). The cost of raw materials, spare parts and supplies comprises all purchase price and other costs incurred in bringing the inventories to its present location and condition. The cost of finished goods and goods in process comprises raw materials, direct labor and other direct costs and related production overheads.

The cost of raw materials is calculated based on moving average method while the cost of goods in process and finished goods is calculated based on standard costing method. Standard cost is adjusted to reflect actual cost which is principally determined using the moving average method. The NRV of raw materials, goods in process and finished goods is the estimated selling price in the ordinary course of business, less the estimated costs of completion and of marketing and distribution.

Cost is determined using the moving average method for spare parts and supplies. The NRV of spare parts and supplies are their current replacement costs. Spare parts are carried as inventory and recognized in profit or loss as consumed. However, major spare parts and stand-by equipment are recorded under “Property, plant and equipment” account in the consolidated statements of financial position when the Group expects to use these for more than one (1) year or if these can be used only in connection with an item of property, plant and equipment.

When the NRV of the inventories is lower than its cost, the Group provides for an allowance for the decline in value of inventory and recognizes the write-down as an expense in profit or loss.

The amount of any reversal of write-down of inventories, arising from an increase in NRV, is recognized in profit or loss in the period in which the reversal occurs.

Other Nonfinancial Current Assets

Prepayments

Prepayments represent expenses not yet incurred but already paid in cash. These are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are recognized as expense in the consolidated statements of comprehensive income as they are consumed or expire with the passage of time.

Prepayments are classified as current assets when the cost of goods or services related to the prepayment are expected to be incurred within one year or the Company's normal operating cycle. Otherwise, these are classified as noncurrent assets.

Advances To Suppliers

Advances to suppliers represent advance payments made in relation to purchase of raw materials and services and are carried at cost. These are to be applied against the suppliers' billing upon the receipt of materials or services.

Other Current Assets

Other current assets pertain to assets which are expected to be realized within 12 months after the reporting period. Otherwise, these are classified as noncurrent assets.
Other nonfinancial current assets include prepayments and advances to suppliers.

Investment in an Associate

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Company's investment in an associate is accounted for under equity method. The investment is initially recognized at cost and adjusted to recognize the Company's share in net assets of the associate since the acquisition date. Dividends received by the Company from the associate will reduce the carrying amount of the investment when the right to receive the dividend is established. The Company recognizes its share in net income or loss of the associate in profit or loss. Any change in OCI of the associate is presented as part of the Company's OCI. In addition, where there has been change recognized directly in equity of the associate, the Company recognizes its share in any changes, when applicable in the consolidated statements of changes in equity.

Upon loss of significant influence over the associate, the Company measures and recognizes any retained investment at fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

The financial statements of the associate are prepared in the same reporting period as the Company.

Property, Plant and Equipment

Property, plant and equipment, except for land, are stated at cost less accumulated depreciation, amortization and any accumulated impairment in value. Such cost includes the cost of replacing part of the property, plant and equipment at the time the cost is incurred, if the recognition criteria are met, and excludes the costs of day-to-day servicing. Land is accounted for using the revaluation model.

Under the revaluation model, land is initially recorded at cost and subsequently measured at fair value less impairment losses, if any. Valuations are performed with sufficient frequency to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

A revaluation surplus is recorded initially in OCI and accumulated to the “Other equity reserves” account in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognized in profit or loss, the increase is recognized in profit or loss. A revaluation deficit is recognized in profit or loss, except to the extent that it offsets an existing surplus on the same asset recognized in the revaluation surplus.

The initial cost of property, plant and equipment comprises its construction cost or purchase price, including import duties, taxes and any directly attributable costs in bringing the asset to its working condition and location for its intended use. Cost also includes any related asset retirement obligation. Expenditures incurred after the asset has been put into operations, such as repairs, maintenance and overhaul costs, are normally recognized as expense in the period the costs are incurred. Major repairs are capitalized as part of property, plant and equipment only when it is probable that future economic benefits associated with the items will flow to the Company and the cost of the items can be measured reliably.

Capital projects in progress (CPIP) represents the amount of accumulated expenditures on unfinished and/or ongoing projects. This includes the costs of construction and other direct costs. Borrowing costs that are directly attributable to the construction of plant and equipment are capitalized during the construction period. Upon completion of the projects, the related CPIP will be transferred to the specific property, plant and equipment accounts. CPIP is not depreciated until such time that the relevant assets are ready for use

Depreciation and amortization are calculated on a straight-line basis over the following estimated useful lives of the property, plant and equipment:

	Number of Years
Machinery and equipment	5 to 30
Building and improvements	10 to 30
Furniture, fixtures and other office equipment	3 to 5
Transportation equipment	5
ROU assets	2 to 8

The remaining useful lives and depreciation and amortization method are reviewed and adjusted periodically, if appropriate, to ensure that such periods and method of depreciation and amortization are consistent with the expected pattern of economic benefits from the items of property, plant and equipment.

The carrying amounts of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amounts may not be recoverable.

Fully-depreciated assets are retained in the accounts until they are no longer in use.

An item of property, plant and equipment is derecognized when either it has been disposed of or when it is permanently withdrawn from use and no future economic benefits are expected from its use or disposal. Any gain or loss arising from the retirement and disposal of an item of property, plant and equipment (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statements of comprehensive income in the period of retirement or disposal.

Investment Properties
Investment properties pertain to land which is intended to be used for the construction of a building to be held for rental and construction in progress pertaining to development costs for the building. Investment properties are properties held either to earn rental income or for capital appreciation or both, and properties under construction or redevelopment, but not for sale in the ordinary course of business or for administrative purposes.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are recognized in profit or loss in the period in which they arise. The carrying amount excludes the costs of day-to-day servicing of the investment properties.

Investment properties are derecognized when either these have been disposed of or the investment properties are permanently withdrawn from use and no future economic benefit is expected from their disposal. Any gains or losses on the retirement or disposal of investment properties are recognized in profit or loss in the period of retirement or disposal.

Transfers are made to investment properties when, and only when, there is a change in use, evidenced by the end of owner-occupation or commencement of an operating lease to another party. Transfers are made from investment properties when, and only when, there is a change in use, evidenced by the commencement of owner-occupation or commencement of development with a view to sell.

For transfers from investment properties to owner-occupied properties or inventories, the cost for subsequent accounting is its carrying amount at the date of change in use. If the property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such in accordance with the policy under property, plant and equipment up to the date of change in use.

Stripping Costs

As part of its mining operations, the Group incurs stripping costs both during the development phase and production phase of its operations. Stripping costs incurred in the development phase of a mine before the production phase commences (development stripping) are capitalized as part of the cost of constructing the mine and subsequently amortized over its useful life using unit-of-production method. The capitalization of development stripping costs ceases when the mine is commissioned

and ready for use as intended by management. After the commencement of production, further development of the mine may require a phase of unusually high stripping that is similar in nature to development phase stripping. The cost of such stripping is accounted for in the same way as development stripping.

Production stripping is generally considered to create two benefits, being either the production of inventory or improved access to the ore to be mined in the future. Where the benefits are realized in the form of inventory produced in the period, the production stripping costs are accounted for as part of the cost of producing those inventories. Where the benefits are realized in the form of improved access to the ore to be mined in the future, the costs are recognized as a noncurrent asset, referred to as a 'stripping activity asset', if the following criteria are met:

a. Future economic benefits (improved access to the ore body) are probable;
b. The component of the ore body for which access will be improved can be accurately identified; and

c. The costs associated with the improved access can be reliably measured.

If all of the criteria are not met, the production stripping costs are recognized in profit or loss as operating costs when incurred.

Intangible Assets
Intangible assets include mining rights, computer software, and goodwill.

Mining Rights and Computer Software
Mining rights and computer software are stated at cost, which includes purchase price and other direct costs, less accumulated amortization and any impairment in value. Mining rights and computer software are amortized over their useful lives on a straight-line basis and assessed for impairment whenever there is an indication that the mining rights and computer software may be impaired.

The amortization period and the amortization method for intangible assets with finite useful life are reviewed at least annually. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the intangible assets with finite useful lives are recognized in profit or loss.
The useful life of intangible assets arising from contractual or other legal rights should not exceed the period of those rights, but may be shorter depending on the period over which the intangible asset is expected to be used by the Group. The useful lives are as follows:

	Number of Years
Mining rights	25
Computer software	10

When mining rights and computer software are retired or otherwise disposed of, the cost and the related accumulated amortization and any impairment in value are removed from the accounts. Any resulting gain or loss is recognized in profit or loss.

Goodwill

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the gain is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group’s cash-generating units (CGU) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a CGU and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in this circumstance is measured based on the relative values of the disposed operation and the portion of the CGU retained.

Other Nonfinancial Noncurrent Assets
Other nonfinancial noncurrent assets include deposit on asset purchase, deferred exploration and evaluation costs, and deposit for future investment.

Deposit on Asset Purchase
Deposit on asset purchase, measured at face amount less any allowance for impairment, represents advance payments for long-term supply of raw materials and advance payments for the purchase of property, plant and equipment. Deposit on asset purchase are applied against acquisition of property, plant and equipment and long-term deposit for inventory acquisition.

Deferred Exploration and Evaluation Costs
Deferred exploration and evaluation costs arising from the Group's exploration and evaluation activities are carried at cost less any accumulated impairment losses, if any.

Exploration and evaluation activities involve the search for mineral resources, the determination of technical feasibility and the assessment of commercial viability of an identified mineral resource. These include the following:

- Acquisitions of rights to explore;
- Gathering exploration data through geophysical studies;
- Determining and examining the volume and grade of the resource;
- Surveying transportation and infrastructure requirements; and
- Evaluating the technical feasibility and commercial viability of extracting the mineral resource.

Exploration and evaluation expenditures are deferred as asset when future economic benefit is more likely than not to be realized. These costs include directly attributable employee remuneration, materials and fuels used, surveying costs, drilling costs and payments made to contractors. The Group capitalizes any further evaluation costs incurred up to the point when a commercial reserve is established.

Deferred exploration and evaluation costs are assessed for impairment before these are reclassified to "Property, plant and equipment" account in the consolidated statements of financial position. Any impairment loss is recognized in profit or loss. If the mining property is found to contain no commercial reserves, the deferred exploration and evaluation costs are charged to profit or loss.

Deposit for Future Investment. Deposit for future investment represents funds paid in advance for future acquisition of the investee's capital stocks which is measured at cost less any allowance for impairment. Deposit for future investment is applied against subscription to common shares of stock of a business entity.

Impairment of Nonfinancial Assets
The carrying amounts of property, plant and equipment, intangible assets and other nonfinancial assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists and when the carrying amounts exceed the estimated recoverable amounts, the assets or cash-generating units (CGU) are written down to their recoverable amounts. The recoverable amount of the asset is the greater of the fair value less cost to sell or value in use. The fair value less cost to sell is the amount obtainable from the sale of an asset in an arm's-length transaction. In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs. Impairment losses are recognized in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. In such instance, the carrying amount of the asset is increased to its recoverable amount. However, that increased amount cannot exceed the carrying amount that would have been determined, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss. After such reversal, the depreciation and amortization charges are adjusted in future years to allocate the asset's revised carrying amount, on a systematic basis over its remaining useful life.

Advances from Customers

Advances from customers consist of amounts received by the Group from its customers as advance collections for the sale of goods. These are recorded at face amount in the unaudited interim consolidated statements of financial position and recognized as revenue in the unaudited interim consolidated statements of comprehensive income when the goods for which the advances were made are delivered to the customers.

Fair Value Measurements

The Company measures financial and non-financial assets and liabilities at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either: (a) in the principal market for the asset or liability; or (b) in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or most advantageous market must be accessible to the Company.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: inputs for the asset or liability that are not based on observable market data.

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy (see Note 31).

Equity

Common Stock

Common stock is measured at par value for all shares issued and outstanding.

Preferred Stock

Preferred stock is classified as equity if it is non-redeemable, or redeemable only at the Group's option, and any dividends are discretionary. It is measured at par value for all shares issued. Dividends thereon are recognized as distributions within equity upon approval by the Company's BOD.

Additional Paid-in Capital (APIC)
APIC represents the proceeds and/or fair value of consideration received in excess of the par value of the shares issued. Incremental costs directly attributable to the issuance of new common stock are recognized as a deduction from APIC, net of any tax effects.

Retained Earnings
Retained earnings represent the cumulative balance of net income, net of any dividend declaration.

Unappropriated retained earnings pertain to the unrestricted portion available for dividend declaration. Appropriated retained earnings pertain to the restricted portion which is intended for expansion projects and other significant business activities of the Group.

The Group recognizes a liability to pay dividends when the distribution is authorized and no longer at the discretion of the Group. A corresponding amount is recognized directly in equity.

Other Equity Reserves
Other equity reserves comprise of items of income and expense, net of any deferred tax expense or benefit, that are not recognized in profit or loss in accordance with PFRS. Other equity reserves of the Group pertain to revaluation surplus on land, cumulative remeasurement gains or losses on net retirement benefits liability, and cumulative unrealized gains or losses on financial assets at FVOCI.

Treasury Stock
Treasury stock represents issued shares repurchased by the Group. The consideration paid, including any directly attributable incremental costs, net of related taxes, is deducted from equity until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related taxes, and is included in equity attributable to the equity holders of the Group.

Revenue Recognition

Revenue from contract with customers is recognized when the performance obligation in the contract has been satisfied, either at a point in time or over time. Revenue is recognized over time if one of the following criteria is met: (a) the customer simultaneously receives and consumes the benefits as the Group performs its obligations; (b) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or (c) the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. Otherwise, revenue is recognized at a point in time.

The Group also assesses its revenue arrangements to determine if it is acting as a principal or as an agent. The Group has assessed that it acts as a principal in its revenue arrangements.

The following specific recognition criteria must also be met before revenue is recognized.

Sales. Sales are recognized at a point in time when control of the goods has been transferred to the buyer, which is normally upon delivery or pick of goods, the seller has no obligation that could affect the buyer's acceptance of goods and the amount of sales can be measured realiably. The sales are net of returns, trade discounts and sale rebates.

The following are the specific recognition criteria for other revenues outside the scope of PFRS 15:

Interest Income. Interest income is recognized as the interest accrues taking into account the effective yield on the asset.

Dividend Income. Dividend income is recognized when the Group's right to receive payment is established.

Other Income. Income from other sources is recognized when earned during the period.

Sales Rebates. The Group provides sales rebates to certain customers based on the level of their purchases which may be applied against the amount of their existing or future payables to the Group. The sales rebates granted by the Group are not considered as a variable consideration as defined in PFRS 15. Accordingly, the Group's sales rebates are accounted for separately from the total consideration of the revenue recognized and measured at the amount expected to be claimed by the customer against future sales transactions.

The Group's accrual for sales rebates is included as part of "Trade and other payables" account in the consolidated statements of financial position (Note 16).

Cost and Expense Recognition

Costs and expenses are recognized in profit or loss when a decrease in future economic benefit related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably.

Cost of Goods Sold. Cost of goods sold is recognized as expense when the related goods are delivered to and accepted by customers.

Operating Expenses. Operating expenses constitute cost of administering the business and cost incurred to sell and market the goods. These include advertising and freight and handling, among others. These are expensed as incurred.

All finance costs are recognized in the consolidated statements of comprehensive income in the period they are incurred.

Employee Benefit

Short-term Benefits
The Group recognizes short-term employee benefits based on contractual arrangements with employees. Unpaid portion of the short-term employee benefits is measured on an undiscounted basis and is included as part of "Trade and other payables" account in the consolidated statements of financial position (see Note 16).

Retirement Benefits. Retirement benefit costs are actuarially determined using the projected unit credit method. This method reflects services rendered by employees up to the date of valuation and incorporates assumptions concerning employees' projected salaries. The calculation of net retirement benefits (costs) is performed annually by a qualified actuary. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in the future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

The Group recognizes service costs, comprising of current service cost and past service cost, and net interest cost in profit or loss.

The Group determines the net interest cost by applying the discount rate to the net defined benefit liability at the beginning of the annual period, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments.

Remeasurements of the net retirement benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in OCI and are not reclassified to profit or loss in subsequent periods.

The net retirement benefit liability recognized by the Group is the aggregate of the present value of the defined benefit obligation reduced by the fair value of plan assets out of which the obligations are to be settled directly. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using risk-free interest rates of government bonds that have terms to maturity approximating the terms of the related net retirement benefit liability.

Leases

The Group assesses whether a contract is, or contains a lease, at the inception of a contract. This assessment involves the exercise of judgment about whether it depends on a specified asset, whether the Group obtains substantially all the economic benefits from the use of the asset and whether the Group has the right to direct the use of the asset. The Group recognizes ROU asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases and leases of low-value assets.

If the Group has the right to control the use of an identified asset for only a portion of the term of the contract, the contract contains a lease for that portion of the term.

Group as a Lessee. At the commencement date, the Group recognizes ROU asset and lease liability for all leases, except for leases with lease terms of 12 months or less (short-term leases) and leases for which the underlying asset is of low value in which case the lease payments associated with those leases are recognized as an expense on a straight-line basis.

ROU Assets. At commencement date of the lease contract, the Group measures ROU assets (presented as part of "Property, plant and equipment" account) at cost. The initial measurement of ROU assets includes the following:

- the amount of the initial measurement of lease liabilities;
- lease payments made at or before the commencement date less any lease incentives received;
- initial direct costs; and
- an estimation of costs to be incurred by the Group in dismantling and removing the underlying asset, when applicable.

After the commencement date, the ROU assets are carried at cost less any accumulated amortization and any accumulated impairment losses, and adjusted for any remeasurement of the related lease liabilities. The ROU assets are amortized over the shorter of the lease terms or the useful lives of the underlying assets ranging from two (2) to eight (8) years.

Lease Liabilities. At commencement date, the Group measures lease liabilities at the present value of future lease payments using the interest rate implicit in the lease, if that rate can be readily determined. Otherwise, the Group uses its incremental borrowing rate (IBR).

Lease payments included in the measurement of lease liabilities comprise the following:

i. fixed payments, including in-substance fixed payments;
ii. variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
iii. amounts expected to be payable by the lessee under residual value guarantees; and

iv. the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

A lease liability is subsequently measured at amortized cost. Interest on the lease liability and any variable lease payments not included in the measurement of lease liability are recognized in profit or loss unless these are capitalized as costs of another asset. Variable lease payments not included in the measurement of lease liabilities are recognized in profit or loss when the event or condition that triggers those payments occurs.

If there is a change in the lease term or if there is a change in the assessment of an option to purchase the underlying asset, the lease liability is remeasured using a revised discount rate considering the revised lease payments on the basis of the revised lease term or reflecting the change in amounts payable under the purchase option. Lease liabilities are also remeasured using the revised lease payments if there is a change in the amounts expected to be payable under a residual value guarantee or a change in future lease payments resulting from a change in an index or a rate used to determine those payments.

Finance Costs

Finance costs include interest charges and other costs incurred in connection with the borrowing of funds. Finance costs also include any interest expense resulting from adjusting the amortized cost of financial liabilities based on the effective interest method.

All finance costs, other than capitalizable borrowing costs, are recognized in profit or loss in the period they are incurred.

Foreign Currency Denominated Transactions

Transactions denominated in foreign currencies are recorded using the exchange rate at the date of the transaction. Outstanding monetary assets and liabilities denominated in foreign currencies are translated using the closing exchange rate at reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the initial transaction. Differences arising on settlement or translation of monetary assets and liabilities are recognized in profit or loss.

For income tax reporting purposes, foreign exchange gains or losses are treated as taxable income or deductible expenses in the year such are realized.

Income Taxes

Current Tax
Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rate and tax laws used in the computation are those that have been enacted or substantively enacted at the reporting date.

Deferred Tax
Deferred tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, and carryforward benefits of unused net operating loss carryover (NOLCO), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carryforward benefits of unused tax losses can be utilized. Deferred tax, however, is not recognized when it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax liabilities are not provided on nontaxable temporary differences associated with investments in domestic subsidiaries and interest in joint ventures.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognized in profit or loss except to the extent that it relates to a business combination, or items directly recognized to equity or in OCI.

Deferred tax assets and liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Current tax and deferred tax are recognized in the consolidated statements of comprehensive income except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Value-Added Tax (VAT)
VAT is a tax on consumption levied on the sale, barter, exchange, or lease of goods or properties and services, and on importation of goods in the Philippines. It is an indirect tax, which may be shifted or passed on to the buyer, transferee, or lessee of goods, or properties or services.

Revenue, expenses and assets are recognized net of the amount of VAT, except:

- Where the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and,
- Receivables and payables that are stated with the amount of VAT included.

The net amount of VAT payable to the taxation authority is included as part of "Trade and other payables" account in the unaudited interim consolidated statements of financial position.

Deferred Input VAT
In accordance with Revenue Regulations (RR) No. 16-2005, input VAT on purchases or imports of capital goods (depreciable assets for income tax purposes) prior to 2022 with an aggregate acquisition cost (exclusive of VAT) in each of the calendar months exceeding ₱1.0 million is claimed as credit against output VAT over 60 months or the estimated useful lives of capital goods, whichever is shorter.

Deferred input VAT represents the unamortized amount of input VAT on capital goods and input VAT on the unpaid portion of availed services, including the use or lease of properties.

Where the aggregate acquisition cost (exclusive of VAT) of the existing or finished depreciable capital goods purchased or imported during any calendar month does not exceed ₱1.0 million, the total input VAT will be allowable as credit against output VAT in the month of acquisition. Deferred input VAT that are expected to be claimed against output VAT within 12 months after the reporting date are classified as current assets. Otherwise, these are classified as noncurrent assets.

Related Party Relationships and Transactions

Related party relationships exist when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities which are under common control with the reporting enterprise, or between and/or among the reporting enterprise and its key management personnel, directors, or its stockholders. Related parties may be individual or corporate entities.

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

Segment Reporting

The Group reports separate information about each of its operating segment.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same Group) and whose operating results are regularly reviewed to make decisions about resources to be allocated to the segment and assess its performance; and for which discrete information is available.

Provision and Contingencies

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss net of any reimbursement. If the effect of the time value of money is material, the estimated future cash flows are discounted using a current pretax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Provision for Mine Rehabilitation and Decommissioning. Mine rehabilitation costs will be incurred by the Group either while operating or at the end of the operating life of the Group's facilities and mine properties. The Group assesses its provision for mine rehabilitation and decommissioning at each reporting date. The Group recognizes a provision where: it has a legal and constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate of the amount of obligation can be made. The nature of rehabilitation activities includes dismantling and removing structures, rehabilitating mines and tailings dams, dismantling operating facilities, closing plant and waste sites, and restoring, reclaiming and revegetating affected areas.

The obligation generally arises when the mining asset is installed, or the ground or environment is disturbed at the mining operation's location. When the liability is initially recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related mining assets to the extent that it is incurred as a result of the development or construction of the mine.

Changes in the estimated timing of rehabilitation or changes in the estimated future costs are recognized prospectively as an adjustment to the provision for mine rehabilitation and decommissioning and the related mining asset.

Any decrease in the provision for mine rehabilitation and decommissioning and, therefore, any deduction from the asset may not exceed the carrying amount of the related mining asset. Any excess over the carrying amount is recognized in profit or loss.

If the change in estimate results in an increase in the provision for mine rehabilitation and decommissioning and, therefore, an addition to the carrying amount of the mining asset, the Group considers whether there is an indication of impairment of the asset as a whole. If any such indication exists and when the revised estimate for the mining asset (net of rehabilitation provisions) exceeds the recoverable amount, the increase is recognized as expense.

The discounted provision for mine rehabilitation and decommissioning is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability. The periodic accretion of the discount is recognized in profit or loss as part of finance cost.

Rehabilitation funds committed for use in satisfying environmental obligations are classified as “Restricted cash” included in “Other noncurrent assets” account in the consolidated statements of financial position (Note 15).

Contingencies
Contingent liabilities are not recognized in the consolidated financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but are disclosed in the notes to the consolidated financial statements when an inflow of economic benefits is probable.

Earnings Per Share
Basic EPS is calculated by dividing the net income (less preferred dividends net of tax, if any) for the year attributable to common stockholders by the weighted average number of common stocks outstanding during the year, with retroactive adjustment for any stock dividends or stock splits declared during the year.

Diluted EPS is computed by dividing net income by the weighted average number of common stocks outstanding during the year, after giving retroactive effect for any stock dividends, stock splits or reverse stock splits during the year, and adjusted for the effect of dilutive options.

Events after Reporting Date
Post year-end events that provide additional information about the Group’s consolidated statements of financial position at reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the unaudited consolidated financial statements when material.

3. Significant Judgments, Accounting Estimates and Assumptions

The preparation of the unaudited interim consolidated financial statements requires management to exercise judgments and make accounting estimates and assumptions that affect the amounts reported in the unaudited interim consolidated financial statements and related notes. The judgments and accounting estimates used in the unaudited interim consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as at the reporting date.

While the Group believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the estimated amounts. Actual results could differ from such estimates.

The accounting estimates and underlying assumptions are reviewed on an ongoing basis. Revisions in accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the significant judgments, accounting estimates and assumptions made by the Group:

Judgments

Classification of Financial Assets. Classification and measurement of financial assets depends on the results of the contractual cash flow and the business model tests. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgment reflecting all relevant evidence including how the performance of the assets is evaluated, the risks that affect the performance of the assets, and how these risks are managed.

At initial recognition, the Group irrevocably designated its investments in equity securities either as financial assets at FVOCI or as financial assets at FVPL, and its debt securities and investment in unquoted redeemable perpetual securities as financial assets at FVPL.

Cash and cash equivalents, trade and other receivables (excluding advances to officers and employees), DSRA, long-term placements, refundable deposits, deposit in escrow and restricted cash were classified as financial assets at amortized cost since the Group's primary business model in relation to these assets is to hold the financial assets to collect contractual cash flows solely for principal and interest.

Fair Value Measurement of Financial Instruments. The fair values of investments that are actively traded in organized financial markets are determined by reference to quoted market prices at the close of business on the reporting date.

In accordance with the amendments to PFRS 7, disclosures about the level in the fair value hierarchy are required in which the fair value measurements are categorized for assets and liabilities measured in the unaudited interim consolidated statement of financial position.

Existence of Significant Influence over Armstrong Fly-ash and Logistics Company, Inc. (AFLCI). Significant influence has been established by the Group over the investee as shown from its participation, through its representative in the investee's BOD, in the decision-making process of the investee's significant activities. Further, although the Group's interest is only represented by preferred shares in 2021 and 2020, the conversion feature of the preferred shares gives the Group a potential voting power in the future, which increases its ability to participate in the overall decision-making process of the investee.

Investment in the preferred shares of AFLCI amounted to ₱75.0 million as at December 31, 2021. In 2022, the Company acquired full ownership of AFLCI through the conversion of preferred shares into common shares and acquisition of the remaining common shares held by individual shareholders (see Notes 4 and 13).

Classification of Land as Property, Plant and Equipment and Investment Properties. The Group determines whether a property qualifies as an investment property or a property, plant and equipment. In making its judgment, the Group considers whether the property is held primarily to earn rentals or capital appreciation or both or used for operations and administrative purposes by the Group.

Assessment of Production Start Date. The Group assesses the stage of development of the mine site to determine the start of production phase or the substantial completion of mining site development or production. The criteria used to assess the start date are determined based on the unique nature of each mine construction project, such as the complexity of the project and its location. The Group considers various relevant criteria to assess when the production phase is considered to have commenced. The criteria used to identify the production start date include, but are not limited to:

- Level of capital expenditure incurred compared with construction cost estimate;
- Completion of a reasonable period of testing of the property, plant and equipment; and
- Ability to sustain ongoing production of limestone.

When a mine development project moves into the production phase, the capitalization of certain mine development costs ceases and costs are either capitalized as part of the cost of inventory or expensed, except for costs that qualify for capitalization relating to mining asset additions or improvements, mine development, or mineable reserve development. It is also at this point that depreciation or amortization commences.

The Luzon mining sites, except for the Dona Remedios Trinidad site, started their production and commercial operations in 2010. As at March 7, 2023, the Cebu and Mindanao mining sites have not yet started commercial operations.

Capitalization of Exploration and Evaluation Expenditures. The Group makes judgments in determining whether there are future economic benefits from either future exploration or sale of mineral reserves to capitalize exploration and evaluation expenditures. The Group further applies estimates and assumptions about future events and circumstances to determine whether an economically viable extraction operation can be established.

Deferred exploration and evaluation costs, presented under “Other noncurrent assets” account in the unaudited interim consolidated statements of financial position, amounted to ₱44.7 million as at March 31, 2023 and December 31, 2022 (see Note 11).

Determination of Reportable Operating Segments. The Group has determined that it has reportable segments based on the following thresholds:

- Its reported revenue, including both sales to external customers and intersegment sales or transfers, is 10% or more of the combined revenue, internal and external, of all operating segments.
- The absolute amount of its reported profit or loss is 10% or more, in absolute amount, of (i) the combined reported profit of all operating segments that did not report a loss and (ii) the combined reported loss of all operating segments that reported a loss.
- Its assets are 10% or more of the combined assets of all operating segments.

Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if management believes that information about the segment would be useful to users of the consolidated financial statements. The Group assessed that it has a single reportable operating segment based on the criteria above (see Note 18).

Estimates and Assumptions

Assessment for ECL on Trade Receivables. The Group, applying the simplified approach in the computation of ECL, initially uses a provision matrix based on historical default rates for trade receivables. The provision matrix specifies provision rates depending on the number of days that a trade receivable is past due. The Group also uses appropriate groupings if its historical credit loss experience shows significantly different loss patterns for different customer segments. The Group then adjusts the historical credit loss experience with forward-looking information on the basis of current observable data affecting each customer segment to reflect the effects of current and forecasted economic conditions.

The Group adjusts historical default rates to forward-looking default rate by determining the closely related economic factor affecting each customer segment. The Group regularly reviews the methodology and assumptions used for estimating ECL to reduce any differences between estimates and actual credit loss experience.

The determination of the relationship between historical default rates and forecasted economic conditions is a significant accounting estimate. Accordingly, the provision for ECL on trade receivables is sensitive to changes in assumptions about forecasted economic conditions.

The Group has assessed that the ECL on trade receivables is not material because substantial amount of receivables are normally collected within one year while none of remaining balances are written-off or are credit impaired as at reporting date. Accordingly, no provision for ECL on trade receivables was recognized for the three months ended March 31, 2023 and 2022. The carrying amount of trade receivables is ₱586.7 million and ₱435.5 million as at March 31, 2023 and December 31, 2022, respectively (see Note 7).

Assessment for ECL on Other Financial Assets at Amortized Cost. The Group determines the allowance for ECL using general approach based on the probability-weighted estimate of the present value of all cash shortfalls over the expected life of financial assets at amortized cost. ECL is provided for credit losses that result from possible default events within the next 12-months unless there has been a significant increase in credit risk since initial recognition in which case ECL is provided based on lifetime ECL.

When determining if there has been a significant increase in credit risk, the Group considers reasonable and supportable information that is available without undue cost or effort and that is relevant for the particular financial instrument being assessed such as, but not limited to, the following factors:

- Actual or expected external and internal credit rating downgrade;
- Existing or forecasted adverse changes in business, financial or economic conditions; and,
- Actual or expected significant adverse changes in the operating results of the borrower.

The Group also considers financial assets that are more than 60 days past due to be the latest point at which lifetime ECL should be recognized unless it can demonstrate that this does not represent a significant risk in credit risk such as when non-payment was an administrative oversight rather than resulting from financial difficulty of the counterparty.

The Group has assessed that the ECL on other financial assets at amortized cost is not material because the transactions with respect to these financial assets were entered into by the Group only with reputable banks and companies with good credit standing and relatively low risk of defaults. Accordingly, no provision for ECL on other financial assets at amortized cost was recognized in March 31, 2023 and December 31, 2022. The carrying amounts of other financial assets at amortized cost are as follows:

	Note	**March 31, 2023**	December 31, 2022
Cash in banks and cash equivalents	6	**10,470,369,710**	9,546,308,504
Other receivables*	8	**629,557,878**	630,135,228
Long-term placement**		**650,000,000**	650,000,000
DSRA	10	**359,387,268**	363,846,083
Refundable deposits	12	**64,008,838**	63,982,934
Deposit in escrow	12	**49,879,815**	49,879,815
Restricted cash	12	**74,295,696**	74,019,946

Includes interest receivable, advances to related parties, dividends receivable and other receivables / Maturing within the year*

Determination of NRV of Inventories. The Group writes down the cost of inventories whenever the NRV of inventories becomes lower than cost due to damage, physical deterioration, obsolescence, change in price levels or other causes. The Group reviews the lower of cost and NRV of inventories on a periodic basis. NRV represents the estimated future selling price of the product based on prevailing prices at the end of the reporting period, less estimated costs to complete production and bring the product to sale. NRV test for spare parts and supplies is also performed annually and it represents the current replacement cost. An increase in allowance for inventory obsolescence and market decline would increase recorded operating expense and decrease current assets.

As at March 31, 2023 and December 31, 2022, the cost of inventories is lower than its NRV. The carrying amount of inventories is ₱2,101.9 million and ₱2,299.1 million as at March 31, 2023 and December 31, 2022, respectively (see Note 9).

Estimation of Mineral and Quarry Reserves. Mineral and quarry reserves are estimates of the amount of minerals that can be economically and legally extracted from the Group's mining and quarry properties. The Group estimates its mineral and quarry reserves based on the interpretation of geological data obtained from drill holes and other sampling techniques and feasibility studies which derive estimates of costs based upon anticipated tonnage and grades of minerals to be mined and processed, the configuration of the mineral body, expected recovery rates of minerals, estimated operating costs, estimated climatic conditions and other factors.

Changes in the mineral reserve or resource estimates may impact the carrying amounts of property, plant and equipment, provision for mine rehabilitation and decommissioning, recognition of deferred tax assets, and amortization charges.

The Group also makes estimates and assumptions regarding a number of economic and technical factors, such as production rates, grades, production, and delivery costs and prices. These economic and technical estimates and assumptions may change depending on the quality and quantity of mineral extracted. The Group reviews and updates estimates annually, to reflect actual production, new exploration data or developments, and changes in other assumptions or parameters.

These estimates will change from time to time to reflect mining and quarrying activities, analyses of new engineering and geological data, changes in reserve and mineral resource holdings, modifications of mining and quarrying plans or methods, changes in mineral prices or production costs, and other factors.

Estimation of Useful Lives of Property, Plant and Equipment and Mining Rights. The Group estimates the useful lives of its property, plant and equipment based on the period over which the assets are expected to be available for use. The Group reviews annually the estimated useful lives of property, plant and equipment based on factors that include asset utilization, internal technical evaluation, technological changes, environmental changes, and anticipated use of the assets. In addition, the estimation of the useful lives of property, plant and equipment is based on internal technical evaluation, and experience with similar assets. The Group also amortizes mining rights based on the total term of the quarry permit which is 25 years pursuant to Republic Act (R.A.) 7942, the Philippine Mining Act of 1995.

It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment would increase the recorded depreciation and amortization expenses and decrease noncurrent assets.

There is no change in the estimated useful lives of property, plant and equipment and mining rights for the three months ended March 31, 2023 and 2022.

The carrying amount of property, plant and equipment (excluding land and construction in progress) is ₱21,400.6 million and ₱21,484.6 million as at March 31, 2023 and December 31, 2022, respectively (see Note 11). The carrying amounts of mining rights and computer software are ₱1,151.8 million and ₱193.3 million, respectively, as at March 31, 2023 and ₱1,160.7 million and ₱183.8 million, respectively, as at December 31, 2022.

Leases – Estimation of the Incremental Borrowing Rate. The Group uses its IBR to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the ROU asset in a similar economic environment. The Group estimates the IBR using available observable inputs (such as the prevailing BVAL interest rates) adjusted for entity-specific estimates, to reflect the terms and conditions of the lease.

The Group has applied IBR ranging from 7.73% to 7.91% for the computation of lease liabilities and ROU assets. Lease liabilities amounted to ₱32.1 million and ₱35.4 million as at March 31, 2023 and December 31, 2022 respectively. ROU assets amounted to ₱26.4 million and ₱29.5 million as at March 31, 2023 and December 31, 2022 respectively.

The Group uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The Group estimates the IBR using available observable inputs (such as the prevailing BVAL interest rates) adjusted for entity-specific estimates, to reflect the terms and conditions of the lease.

Assessment for Impairment of Nonfinancial Assets. The Group assesses impairment on nonfinancial assets whenever events or changes in circumstances indicate that the carrying amount of the assets or group of assets may not be recoverable. The relevant factors that the Group considers in deciding whether to perform an asset impairment review include, among others, the following:

- Significant underperformance of a business in relation to expectations;
- Significant negative industry or economic trends; and
- Significant changes or planned changes in the use of the assets.

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized. Recoverable amounts are estimated for individual assets or, if it is not possible, for the CGU to which the asset belongs.

The recoverable amount of the asset is the greater of the fair value less cost of disposal or value in use. The fair value less cost of disposal is the amount obtainable from the sale of an asset in an arm's-length transaction. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

No impairment loss on nonfinancial assets was recognized for the three months ended March 31, 2023 and for the year ended December 31, 2022. The carrying amounts of nonfinancial assets are as follows:

	Note	**March 31, 2023**	December 31, 2022
Property, plant and equipment	11	**29,921,963,143**	30,026,713,907
Deposits on asset purchase	12	**201,333,990**	138,458,905
Intangible assets*		**1,345,134,299**	1,344,504,752
Prepayments	10	**233,318,397**	273,086,480
Advances to suppliers	10	**105,202,132**	141,947,872
Deferred input VAT	10,12	**163,791,693**	161,590,790
Deferred exploration and development costs	12	**44,678,353**	44,678,353
Advances to officers and employees	8	**2,773,288**	4,645,880
Deposits for future investment	12	**4,910,106**	4,848,487
Others	10,12	**32,771,689**	35,160,440

**excluding goodwill amounting to 557.7 million as at March 31, 2023 and 233.3 million December 31, 2022*

Recognition of Provision for Mine Rehabilitation and Decommissioning. The ultimate cost of mine rehabilitation and decommissioning is uncertain, and cost estimates can vary in response to many factors including estimates of the extent and costs of rehabilitation activities, changes in the relevant legal requirements, emergence of new restoration techniques or experience, cost increases as compared to the inflation rates, and changes in discount rates. The expected timing of expenditure can also change in response to changes in quarry reserves or production rates. These uncertainties may result in future actual expenditure different from the amounts currently provided. As a result, there could be significant adjustments in provision for mine rehabilitation and decommissioning, which would affect future financial results.

Provision for mine rehabilitation and decommissioning is based on estimated future costs of rehabilitating the mine site using information available at the reporting date.

Provision for mine rehabilitation and decommissioning amounted to ₱52.7 million and ₱52.4 million as at March 31, 2023 and December 31, 2022, respectively.

Determination of Retirement Benefits. The determination of the net retirement benefits liability and expense is dependent on the assumptions used by the actuary in calculating such amounts. These assumptions include, among others, discount rates, salary increase rates and expected rates of return on plan assets. Actual results that differ from the Group's assumptions are accumulated and amortized over future periods and therefore, generally affect the recognized expense and recorded liability in such future periods. While the Group believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the net retirement benefits liability.

Net retirement benefits liability amounted to ₱78.3 million and ₱72.3 million as at March 31, 2023 and December 31, 2022, respectively.

4. **Financial Risk Management and Financial Instruments**

The Group's financial instruments consist mainly of cash and cash equivalents, financial assets at FVPL, trade and other receivables (excluding advances to officers and employees), DSRA, financial assets at FVOCI, long-term placements, deposit in escrow, restricted cash, refundable deposits, trade and other payables (excluding advances from customers and statutory payables), lease liabilities, and loans payable.

The main financial risk arising from the Group's use of financial instruments includes market risk, credit risk and liquidity risk. The BOD regularly reviews and approves the appropriate policies for managing these financial risks, as summarized below.

Market Risks

The Group is exposed to market risks, primarily those related to foreign currency risk, equity price risk and interest rate risk. Management actively monitors these exposures, as follows:

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

The Group's foreign exchange risk results primarily from movements of the Philippine Peso against the US Dollar and Euro with respect to foreign currency-denominated financial asset and liability.

The following table shows the Group's US dollar-denominated monetary financial assets, and liability and their Philippine Peso equivalent:

	March 31, 2023 (Unaudited)		December 31, 2022 (Audited)	
	US Dollar	**Philippine Peso**	US Dollar	Philippine Peso
Financial assets:				
Cash in banks	**$9,148,821**	**₱497,961,184**	$14,729,291	₱821,316,394
Deposit in escrow	**888,806**	**49,879,815**	888,806	49,879,815
	10,037,627	**547,840,999**	15,618,097	871,196,208
Financial liability -				
Trade and other payables	**215,304**	**11,720,946**	1,214,218	67,704,796
Installment Payable	**327,248**	**18,100,741**	382,490	21,327,669
	542,552	**29,821,688**	1,596,708	89,032,465
Net US Dollar-denominated financial assets (liability)	**$9,495,075**	**₱518,019,311**	$14,021,389	₱782,163,743

The following table shows the Group's Euro-denominated monetary financial asset and liability and their Philippine Peso equivalent:

	March 31, 2023 (Unaudited)		December 31, 2022 (Audited)	
	Euro	**Philippine Peso**	**Euro**	Philippine Peso
Financial asset -				
Cash in banks	**€ 6,766**	**₱396,825**	**€ 6,684**	**₱398,032**
Financial liability -				
Trade and other payables	**63,742**	**3,697,056**	130,129	7,749,182
Net Euro-denominated financial liability	**€ 56,976**	**₱3,300,231**	€ 123,445	₱7,351,150

For purposes of translating the outstanding balances of the Group's financial assets and liability denominated in a foreign currency, the exchange rates applied were ₱54.43 per US $1 and ₱56.12 per €1 as at March 31, 2023 and ₱55.76 per US $1 and ₱59.55 per €1 as at December 31, 2022.

The following table demonstrates the sensitivity to a reasonably possible change in the US Dollar exchange rate, with all other variables held constant, of the Group's income before tax for the three months ended March 31, 2023 and for the year ended December 31, 2022. There is no other impact on the Group's equity other than those already affecting profit or loss.

	Increase/Decrease in Exchange Rate	Effect on Income before Tax
March 31, 2023	**+2.0**	₱18,990,150
	-2.0	(18,990,150)
December 31, 2022	+2.61	₱36,596,347
	-2.61	(36,596,347)

The following table demonstrates the sensitivity to a reasonably possible change in the Euro exchange rate, with all other variables held constant, of the Group's income before tax for the three months ended March 31, 2023 and for the year ended December 31, 2022. There is no other impact on the Group's equity other than those already affecting profit or loss.

	Increase/Decrease in Exchange Rate	Effect on Income before Tax
March 31, 2023	**+1.0**	(₱56,976)
	-1.0	56,976
December 31, 2022	+1.13	(₱139,493)
	-1.13	139,493

Interest Rate Risk. The Group's exposure to the risk for changes in market interest rates relates primarily to the Group's interest-bearing loans payable to local financial institutions with fixed interest rate. Exposure of the Group to changes in the interest rates is not significant.

Credit Risk

The Group's exposure to credit risk arises from the failure on the part of its counterparty in fulfilling its financial commitments to the Group under the prevailing contractual terms. Financial instruments that potentially subject the Group to credit risk consist primarily of trade receivables and other financial assets at amortized cost.

The carrying amounts of financial assets at amortized costs represent its maximum credit exposure.

Trade Receivables

Management has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group's standard payment and delivery terms, and conditions are offered. The Group's credit policy includes available external ratings, financial statements, credit agency information, industry information and, in some cases, bank references. Credit limits are established for each customer and reviewed on a regular basis. Any sales on credit exceeding those limits require specific approval from upper level of management.

The Group limits its exposure to credit risk by transacting mainly with recognized and creditworthy customers that have undergone its credit evaluation and approval process. The Group provides credit limits to all its accredited customers to manage credit risk concentrations. Further, as a policy, the Group revenue transactions are significantly entered into on a cash basis to manage its credit risk exposure. The Group's cash sales account for an average of 78% of the total revenues for the past three years. Historically, trade receivables are substantially collected within one year and it has no experience of writing-off or impairing its trade receivables due to the effectiveness of its collection. In monitoring customer credit risk, the Group classifies its receivables as major term customers, related parties, and other regular term customers.

At March 31, 2023 and December 31, 2022, the exposure to credit risk for trade receivables by type of counterparty are as follows:

	March 31, 2023		
	Neither Past due nor Impaired	**Past Due but not Impaired**	**Total**
Major term customers	**₱106,652,571**	**₱303,258,010**	**₱409,910,581**
Related parties	**175,857,487**	**807,033**	**176,664,519**
Others	**5,086,831**	**20,066,352**	**25,153,182**
	₱287,596,888	**₱324,131,395**	**₱611,728,283**

	December 31, 2022		
	Neither Past due nor Impaired	Past Due but not Impaired	Total
Major term customers	₱50,797,108	₱53,338,615	₱104,135,723
Related parties	197,011,598	92,029,052	289,040,650
Others	23,501,064	18,849,192	42,350,256
	₱271,309,770	164,216,859	₱435,526,629

The Group uses a provision matrix to calculate ECL for trade receivables. The provision rates are based on days past due for groupings of various customer segments analyzed by customer type, credit terms, and offsetting arrangements. The Group adjusts historical default rates to forward-looking default rate by determining the closely related economic factor affecting each customer segment (i.e., gross national income from real estate and construction industry). At each reporting date, the observed historical default rates are updated and changes in the forward-looking estimates are analyzed.

Aging Analysis of Trade Receivables that are Past Due but not Impaired

Days Past Due	**March 31, 2023**	December 31, 2022
1 to 30 Days	**₱129,303,840**	₱56,150,753
31 to 90 Days	**170,770,076**	15,566,626
91 to 365 Days	**23,779,076,418**	35,689,445
366 days or more	**352,595**	56,810,135
Total	**₱324,131,395**	₱164,216,859

Trade receivables that are past due for over 30 days were not considered in default since it was demonstrated that the non-payment was due to administrative oversight rather than resulting from financial difficulty of the borrower.

Other Financial Assets at Amortized Cost
The Group's other financial assets at amortized cost are mostly composed of cash in banks such as cash and cash equivalents, DSRA, deposit in escrow, restricted cash, and long-term placements. The Group limits its exposure to credit risk by investing its cash only with banks that have good credit standing and reputation in the local and international banking industry. These instruments are graded in the top category by an acceptable credit rating agency and, therefore, are considered to be low credit risk investments.

For refundable deposits, credit risk is low since the Group only transacts with reputable companies with respect to this financial asset.

It is the Group's policy to measure ECL on the above instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

When determining if there has been a significant increase in credit risk, the Group considers reasonable and supportable information that is available without undue cost or effort and that is relevant for the particular financial instrument being assessed such as, but not limited to, the following factors:

- Actual or expected external and internal credit rating downgrade;
- Existing or forecasted adverse changes in business, financial or economic conditions; and
- Actual or expected significant adverse changes in the operating results of the borrower.

The Group also considers financial assets that are more than 30 days past due to be the latest point at which lifetime ECL should be recognized unless it can demonstrate that this does not represent significant credit risk such as when non-payment arising from administrative oversight rather than resulting from financial difficulty of the borrower.

Financial Assets at Fair Value through Profit or Loss
The entity is also exposed to credit risk in relation to debt securities that are measured at fair value through profit or loss. The maximum exposure at the end of the reporting period is the carrying amount of these investments.

The table below presents the summary of the Group's exposure to credit risk and shows the credit quality of the assets by indicating whether the assets are subjected to 12-month ECL or lifetime ECL. Assets that are credit-impaired are separately presented.

	March 31, 2023				
	Financial Assets at Amortized Cost				
	12-month ECL	Lifetime ECL - Not Credit Impaired	Lifetime ECL - Credit Impaired	Financial Assets at FVPL	Total
Cash in banks and cash equivalents	11,121,336,721	–	–	–	11,121,336,721
Long-term placements	–	–	–	–	–
DSRA	359,387,268	–	–	–	359,387,268
Restricted cash	74,295,696	–	–	–	74,295,696
Refundable deposits	64,008,838	–	–	–	64,008,838
Deposit in escrow	49,879,815	–	–	–	49,879,815
Other receivables*	632,331,167	–	–	–	632,331,167
Debt securities at FVPL	–	–	–	1,006,201,466	1,006,201,466
	12,301,239,504	–	–	1,006,201,466	13,307,440,970

**Includes advances to related parties, dividends receivable, interest receivable, and other receivables*

	2022				
	Financial Assets at Amortized Cost				
	12-month ECL	Lifetime ECL - Not Credit Impaired	Lifetime ECL - Credit Impaired	Financial Assets at FVPL	Total
Cash in banks and cash equivalents	9,546,308,504	–	–	–	9,546,308,504
Long-term placements	650,000,000	–	–	–	650,000,000
DSRA	363,846,083	–	–	–	363,846,083
Restricted cash	74,019,946	–	–	–	74,019,946
Refundable deposits	63,982,934	–	–	–	63,982,934
Deposit in escrow	49,879,815	–	–	–	49,879,815

Other receivables*	**630,135,228**	–	–	–	**630,135,228**
Debt securities at FVPL	–	–	–	**997,624,919**	**997,624,919**
	11,378,172,510	–	–	**997,624,919**	**12,375,797,429**

**Includes advances to related parties, dividends receivable, interest receivable, and other receivables*

Liquidity Risk

Liquidity risk arises from the possibility that the Group may encounter difficulties in raising adequate funds to meet its financial commitments at a reasonable cost. The Group's objectives in effectively managing its liquidity are: (a) to ensure that adequate funding is available at all times; (b) to meet the commitments as they arise without incurring unnecessary costs; and (c) to be able to access funding when needed at the least possible cost.

The tables below present the maturity profile of the financial liabilities of the Group based on remaining contractual undiscounted obligations or on the estimated timing of net cash flows as at March 31, 2023 and December 31, 2022:

	March 31, 2023 (Unaudited)					
	On Demand	**1 to 3 Months**	**3 to 12 Months**	**1 to 5 Years**	**More than 5 Years**	**Total**
Trade and other payables*	**₱3,555,123,714**	**₱4,404,853**	**₱74,315,058**	**₱**	**₱–**	**₱3,633,843,625**
Installment payable			**3,294,217**	**14,806,525**		**18,100,741**
Lease liabilities	**–**		**10,133,862**	**21,960,682**	**–**	**32,094,544**
Loans payable	**–**	**365,647,266**	**719,863,443**	**3,009,560,429**	**–**	**4,095,071,139**
	₱3,555,123,714	**₱365,647,266**	**₱812,011,433**	**₱3,046,327,636**	**₱–**	**₱7,779,110,049**

**Excluding nonfinancial and statutory liabilities amounting to ₱692.7 million as at March 31, 2023.*

	December 31, 2022 (Audited)					
	On Demand	1 to 3 Months	3 to 12 Months	1 to 5 Years	More than 5 Years	Total
Trade and other payables*	₱3,167,477,518	₱652,617,212	₱211,816,782	₱–	₱–	₱4,031,911,512
Installment payable			3,081,957	18,245,712		21,327,669
Lease liabilities	–	2,938,774	5,847,621	27,560,644	–	36,347,039
Loans payable	–	370,901,724	1,085,790,370	3,010,108,243	–	4,466,800,337
	₱3,167,477,518	₱1,026,457,710	₱1,306,536,730	₱3,055,914,599	₱–	₱8,556,386,557

**Excluding nonfinancial and statutory liabilities amounting to ₱376.9 million as at December 31, 2022.*

Capital Management

The primary objective of the Group's capital management is to secure ongoing financial needs of the Group to continue as a going concern as well as to maintain a strong credit standing and healthy capital ratio in order to support the business and maximize stockholder value.

The primary objective of the Group's capital management is to secure ongoing financial needs of the Group to continue as a going concern as well as to maintain a strong credit standing and healthy capital ratio in order to support the business and maximize stockholder value.

The Group considers equity contributions from stockholders and retained earnings as its capital totaling PhP45,605.73 million and PhP44,236.32 million as at March 31, 2023 and December 31, 2022, respectively. The Group manages the capital structure and makes adjustments when there are changes in economic conditions, business activities, expansion programs, and the risk characteristics of the underlying assets. In order to manage the capital structure, the Group may adjust its borrowings, adjust dividend payment to shareholders, or raise equity.

The Group is required to maintain a debt-to-equity ratio of not greater than 2.50 with respect to the next reporting period. As at March 31, 2023, the Company is in compliance with the requirement.

No changes were made in the capital management objectives, policies, or processes in 2023 and 2022.

5. **Fair Value Measurement**

The following table presents the carrying amounts and fair values of the Group's assets measured at fair value and assets and liability for which fair value is disclosed and the corresponding fair value hierarchy:

			March 31, 2023		
			Fair Value		
	Note	Carrying Amount	Quoted Pricein the Active Market (Level 1)	Siginificant Observable Inputs (Level 2)	Siginificant Unobservable Inputs (Level 3)
Financial Assets:					
Unquoted financial asset at FVPL	7	3,968,544,629		3,968,544,629	
Quoted financial asset at FVPL	7	1,006,201,466	1,006,201,466		
Financial Assets at FVOCI	7	98,945,700	98,945,700		
Non-financial Assets:					
Land	11	7,956,989,150			7,956,989,150
		13,030,680,945	1,105,147,166	3,968,544,629	7,956,989,150
Financial Liabilities:					
Loan Payable	14	3,730,196,556		3,730,196,556	
		3,730,196,556	0	3,730,196,556	0

			December 31, 2022		
			Fair Value		
	Note	Carrying Amount	Quoted Pricein the Active Market (Level 1)	Siginificant Observable Inputs (Level 2)	Siginificant Unobservable Inputs (Level 3)
Financial Assets:					
Unquoted financial asset at FVPL	7	3,976,563,802		3,976,563,802	
Quoted financial asset at FVPL	7	997,624,919	997,624,919		
Financial Assets at FVOCI	7	100,012,500	100,012,500		
Non-financial Assets:					
Land	11	7,947,234,644			7,947,234,644
		13,021,435,865	1,097,637,419	3,976,563,802	7,947,234,644
Financial Liabilities:					
Loan Payable	14	4,040,380,818		4,040,380,818	
		4,040,380,818	0	4,040,380,818	0

6. **Cash and Cash Equivalents**

This account consists of:

	March 31, 2023	December 31, 2022
Cash on hand	**967,011**	977,010
Cash in banks	**1,627,812,000**	1,116,196,823
Short-term placements	**9,492,557,710**	8,430,111,681
	10,471,336,721	9,547,285,514

Cash on hand pertains to petty cash fund and revolving funds. Cash in banks earn interest at prevailing bank deposit rates and are immediately available for use in the current operations.

Short-term placements are made for varying periods of up to three (3) months depending on the immediate cash requirements of the Group and earn annual interest at rates ranging from 4.50% to 7.25% for the three months ended March 31, 2023 and 0.30% to 1.67% for the three months ended March 31, 2022.

7. Financial Assets at FVPL

This account consists of:

	March 31, 2023	December 31, 2022
Equity securities	**₱3,968,544,629**	₱3,976,563,802
Debt securities	**1,006,201,466**	997,624,919
	₱4,974,746,095	₱4,868,682,658

Financial assets at FVPL are debt, equity, and unquoted redeemable perpetual securities held by the Group for trading purposes. Debt securities earn annual interest rate of 5.17% to 6.25% in March 31, 2023 and 2022.

On July 1, 2020, the Group subscribed to an unquoted perpetual redeemable security of a related party amounting to ₱3,976.5 million and ₱3,968.5 million as at March 31, 2023 and December 31, 2022, respectively, with a distribution rate of 5.0% per annum to be distributed quarterly starting October 1, 2020 (see Note 14).

The Group's unquoted financial asset at FVPL as at December 31, 2022 is carried at fair value computed using the discounted cash flow method. This method uses management's assumptions about forecasted cash flows, and discount rate.

8. Trade and Other Receivables

This account consists of:

	March 31,2023	December 31,2022
Trade:		
Third parties	**₱ 409,910,581**	₱ 146,485,979
Related parties	**176,664,519**	289,040,650
Advances to related parties	**531,287,158**	532,927,503
Dividends receivable	**51,702,013**	51,702,013
Interest receivable	**21,850,246**	21,012,966
Advances to officers and employees	**2,773,288**	4,645,880
Others	**24,718,462**	24,492,746
	₱ 1,218,906,267	₱ 1,070,307,737

Trade receivables are noninterest-bearing and are generally on a 30-day credit term.

Advances to officers and employees are subject to liquidation within a period of seven (7) days after the transaction occurred or through salary deduction.

Other receivables are normally settled throughout the year.

9. **Inventories**

This account consists of:

	March 31, 2023	December 31, 2022
Raw materials	**638,761,295**	684,730,020
Spare parts	**484,339,703**	602,339,247
Goods in process	**717,487,516**	666,453,084
Supplies	**192,734,440**	239,404,452
Finished goods	**68,585,676**	106,191,461
	2,101,908,630	**2,299,118,264**

Cost of inventories as at March 31, 2023 and December 31, 2022 is lower than its NRV.

10. **Other Current Assets**

This account consists of:

			March 31, 2023		December 31, 2022
DSRA	17	₱	**359,387,268**	₱	363,846,083
Advances to suppliers	20		**105,202,132**		141,947,872
Current portion of deferred input VAT			**163,791,693**		161,590,790
Excess Tax credit			**-3,748,026**		_
Prepayments for:					
Real property taxes			**231,267,525**		263,163,560
Shutdown cost			**121,373,911**		_
Insurance			**2,050,873**		9,922,920
Other Investment			**650,000,000**		
Others			**29,105,803**		29,016,529
		₱	**1,658,431,177**	₱	969,487,754

The DSRA represents an account maintained with a certain bank for annual principal and interest payments of the Group's loans payable in accordance with the provision of the Term Loan Facility and Security Agreement (TLFSA). As a requirement, the Group ensures that the outstanding balance of the DSRA is at least equal to the interest and the principal due on the immediately succeeding payment date. Withdrawals from the DSRA should only be made if the amount outstanding exceeds the required balance, no default is continuing and a written consent of the security agent is obtained.

Advances to suppliers represent advance payments for purchases of inventories that are applied against subsequent deliveries and are outstanding for less than one (1) year from initial recognition.

11. **Property, Plant and Equipment**

The balances and movements in this account are as follows:

	March 31, 2023							
	At Revalued Amount	At Cost						
	Land	**ROU Asset**	**Machinery And Equipment**	**Building And Land & Building Improvements**	**Transportation Equipment**	**Office Furniture And Equipment**	**Construction In Progress**	**Total**
Cost/Revalued Amount								
Balance at the beginning of the year	7,947,234,645	74,049,299	24,415,953,354	5,147,034,535	228,617,272	326,441,914	594,871,782	38,734,202,801
Additions	-	-	174,424,289	577,999	-	(0)	130,138,417	305,140,705
Revaluation	-	-	-	-	-	-	-	-
Disposals	-	-	(70,759,540)	-	(1,080,000)	(297,143)	-	(72,136,683)
Settlements of construction in progress	9,754,506	-	126,713,184	14,577,189	732,143	8,880,729	(160,657,751)	-
Balances at end of March 2023	**7,956,989,150**	**74,049,299**	**24,646,331,287**	**5,162,189,723**	**228,269,415**	**335,025,500**	**564,352,448**	**38,967,206,822**
Accumulated Depreciation and Amortization								
Balance at the beginning of the	-	(44,562,668)	(6,483,827,994)	(1,729,691,084)	(208,666,333)	(240,740,815)	-	(8,707,488,894)
Depreciation and amortization	-	(3,094,118)	(273,954,457)	(49,369,885)	(4,563,186)	(8,725,837)	-	(339,707,483)
Disposals	-	-	575,556	-	1,080,000	297,143	-	1,952,699
Balances at end of March 2023	-	(47,656,787)	(6,757,206,895)	(1,779,060,969)	(212,149,518)	(249,169,509)	-	(9,045,243,679)
Carrying Amounts	**7,956,989,150**	**26,392,513**	**17,889,124,391**	**3,383,128,754**	**16,119,896**	**85,855,991**	**564,352,448**	**29,921,963,143**

	December 31, 2022							
	At Revalued Amount	At Cost						
	Land	**Machinery and Equipment**	**Building and Improvements**	**Furniture, Fixtures, and Other Office Equipment**	**Transportation Equipment**	**ROU Assets**	**Construction in Progress (CIP)**	**Total**
Cost/Revalued Amount								
Balances at beginning of year	₱6,091,294,614	₱21,958,220,932	₱3,663,184,950	₱276,831,605	₱240,414,558	₱66,885,648	₱2,824,741,422	₱35,121,573,729
Additions	52,416,521	47,763,769	–	3,244,416	–	–	1,389,099,278	1,492,523,984
Acquisition of a new subsidiary	–	290,117,423	110,987,458	377,749	–	7,163,651	2,830,720	411,477,001
Revaluation	1,774,239,982	–	–	–	–	–	–	1,774,239,982
Disposals	–	(761,647)	–	(5,419,399)	(17,538,108)	–	–	(23,719,154)
Price adjustment	–	(12,406,042)	933,503	13,505	(44,000)	–	(30,389,706)	(41,892,740)
Settlement of construction in progress	29,283,527	2,133,018,919	1,371,928,625	51,394,038	5,784,821	–	(3,591,409,930)	–
Balances at end of year	**7,947,234,644**	**24,415,953,354**	**5,147,034,536**	**326,441,914**	**228,617,271**	**74,049,299**	**594,871,784**	**38,734,202,802**
Accumulated Depreciation and Amortization								
Balances at beginning of year	–	5,428,449,901	1,537,687,948	209,878,558	191,607,108	30,317,419	–	7,397,940,934
Acquisition of subsidiary	–	40,001,080	4,814,572	324,427	–	1,868,779	–	47,008,858
Depreciation and amortization	–	1,019,377,691	185,648,651	35,900,271	33,079,930	12,376,470	–	1,286,383,013
Disposals	–	(761,647)	–	(5,419,399)	(16,020,704)	–	–	(22,201,750)
Reclassification adjustment	–	(3,239,031)	1,539,914	56,957	–	–	–	(1,642,160)
Balances at end of year	–	6,483,827,994	1,729,691,085	240,740,814	208,666,334	44,562,668	–	8,707,488,895
Carrying Amounts	**₱7,947,234,644**	**₱17,932,125,360**	**₱3,417,343,451**	**₱85,701,100**	**₱19,950,937**	**₱29,486,631**	**₱594,871,784**	**₱30,026,713,907**

12. **Other Noncurrent Assets**

This account consists of:

	March 31, 2023	December 31, 2022
Deposit on asset purchase	**₱201,333,990**	₱138,458,905
Long-term placements	**–**	650,000,000
Refundable deposits	**64,008,838**	63,982,934
Deposit in escrow	**49,879,815**	49,879,815
Deferred exploration and evaluation costs	**44,678,353**	44,678,353
Restricted cash	**74,295,696**	74,019,946
Deposit for future investment	**4,910,106**	4,848,487

Others	**3,665,886**	6,143,911
	₱442,772,683	₱1,032,012,351

Deposit on Asset Purchase
Deposit on asset purchase amounting to ₱201.3 million and ₱138.4 million as at March 31, 2023 and December 31, 2022, respectively, represents advance payments for the acquisition of machinery and equipment and long-term deposit for inventory acquisition.

Refundable Deposits
Refundable deposits include bill deposits for electric charges of the Group's manufacturing plant which are refundable upon termination of service, and rental deposits related to long-term rentals of office space.

Deposit in Escrow
Deposit in escrow amounting to ₱49.8 million as at March 31, 2023 and December 31, 2022 pertains to cash in escrow account related to a pending legal case.

Deferred Exploration and Development Costs
Deferred exploration and evaluation costs pertain to costs incurred for the exploration and development in the Mining Property of the Group.

Restricted Cash
Restricted cash pertains to rehabilitation funds established by the Group and deposited with a local bank for compliance with the Department of Environment and Natural Resources Administrative Order No. 2005-07 for environmental protection and enhancement

Deposit for Future Investment
Deposit for future investment amounting to ₱4.9 million and ₱4.8 million as at March 31, 2023 and December 31, 2022, respectively, pertains to deposit made for future subscription to the common shares of stock of a business entity that the Group is planning to venture.

13. Trade and Other Payables

This account consists of:

	March 31, 2023	December 31, 2022
Trade:		
Third parties	₱ **1,482,016,512**	₱ 2,184,409,731
Related parties	**874,755,850**	920,871,143
Accruals for:		
Sales rebates	**142,409,135**	460,969,649
Personnel costs	**161,035,146**	70,426,874
Interests	**15,731,023**	17,620,686
Outside services	**303,240,810**	148,699,751
Advances from customers	**432,187,164**	281,367,081
Retention payable	**78,719,911**	85,073,031
Output VAT	**321,633,780**	57,288,426
Advances from a related party	**79,892,821**	73,285,999
Withholding taxes payable	**31,588,016**	38,292,493
Current portion of installment payable	**3,294,217**	3,081,957
Others	**47,265,618**	64,390,734
	₱ **3,973,770,003**	₱ 4,405,777,555

Trade payables are noninterest-bearing and are generally settled in varying periods, within one year, depending on arrangements with suppliers.

Accrual for sales rebates pertain to accrued monthly sales volume incentives granted to customers.

Advances from customers are collections received for inventory purchases to be delivered by the Group within 30 days after collection date.

Retention payable represents retention fees of contractors and normally settled within one (1) year.

Other payables are noninterest-bearing and normally settled within one (1) year.

14. **Loans Payable**

This account consists of:

	March 31, 2023	December 31, 2022
Principal	**₱3,738,000,000**	₱4,049,500,000
Less unamortized debt issuance costs	**3,841,355**	9,119,182
	3,734,158,645	4,040,380,818
Less current portion	**1,246,000,000**	1,241,357,832
Noncurrent portion	**₱2,488,158,644**	₱2,799,022,986

The loans payable pertains to the drawdowns from the TLFSA amounting to ₱8.9B entered into by the Parent Company with various banks as lenders to refinance the aggregate outstanding principal amounts owed by the Parent Company under Note Facility and Security Agreement and Syndicated Loan and Security Agreement, and to finance the construction of the third production line.

As of December 31, 2021, details of the drawdowns under TLFSA are as follows:

Date	Drawdown	Effective Interest Rates	Nominal Interest Rates
February 3, 2016	₱6,000.0 million	5.94%	5.79%
January 11, 2017	2,150.0 million	5.94%	5.79%
April 5, 2017	750.0 million	5.94%	5.79%

In March 2021, the participating banks and the Group agreed to an interest rate repricing, resulting to a new nominal interest rate of 5.79% for the three (3) drawdowns. The new effective interest rate is 5.94%.

Interest expense on loans payable included as component of “Finance costs” account in the unaudited interim consolidated statements of comprehensive income amounted to ₱60.87 million and ₱78.53 million for the three months ended March 31, 2023 and 2022, respectively.

15. **Related Party Transactions**

The Group has transactions with its related parties in the ordinary course of business. These transactions are from the Group's recurring business operations. The outstanding balances and amount of transactions with related parties are as follows:

		March 31, 2023		December 31, 2022	
Nature of Relationship	Nature of Transactions	**Amount of**	**Outstanding Balance**	Amount of	Outstanding Balance
Cash and Cash Equivalents					
Entities under common key management with ECC	Cash deposits and investment in short- term placements	**277,215**	**7,486,257,556**	785,580	5,062,139,630
Financial Assets at FVPL					
Ultimate Parent Company	Investment in unquoted redeemable perpetual security	–	**3,968,544,629**	–	3,976,563,802
Ultimate Parent Company	Investment in quoted debt securities		**46,755,730**	25,000,000	23,246,675
			4,015,300,359		3,999,810,477
Trade Receivables (see Note 7)					
Entities under common control	Sale of inventories	**190,481,297**	**175,871,954**	253,623,092	288,480,588
Entities under common key management with ECC	Sale of inventories	**765,151**	**792,565**	576,452	560,062
		191,246,448	**176,664,519**		289,040,650
Advances to Related Parties (see Note 7)					
Entities under common key management	Working capital advances	**55,257**	**533,891,427**	32,000	532,035,231
Subsidiary of Parent Company	Working capital advances		**892,272**	823,229	892,272
		55,257	**534,783,699**		532,927,503
Dividends Receivable (see Note 7)					
Ultimate Parent Company	Dividends earned	**51,702,013**	**51,702,013**	206,797,143	51,702,013
Entities under common key management with ECC	Dividends earned			–	–
		51,702,013	**51,702,013**		51,702,013
Advances to Officers					
Key management personnel	Cash advances		**61,114**	–	109,398
Advances to Suppliers (see Note 9)					
Entities under common key management with ECC	Purchase of services		**16,015,648**	–	141,947,872

Nature of Relationship	Nature of Transactions	**March 31, 2023** Amount of Transactions	Outstanding Balance	December 31, 2022 Amount of Transactions	Outstanding Balance
Financial Assets at FVOCI (see Note 10)					
Entities under common key management with ECC	Investments in quoted equity instruments		**98,945,700**	–	100,012,500
Refundable Deposits					
Entities under common key management with ECC	Supply of services	**10,904**	**55,353,942**	–	55,343,038
Trade Payables (see Note 16)					
Entities under common control	Hauling, rental and other services	**1,970,266,013**	**637,308,331**	6,690,787,968	634,925,811
Entities under common key management with ECC	Purchase of raw materials and outside services	**38,890,268**	**237,447,519**	729,377,549	285,945,332
Associate	Purchase of goods			–	–
		2,009,156,282	**874,755,850**		920,871,143
Advances from a Related Party (see Note 16)					
Entity under common key management	Capital expenditure	–	**73,285,999**	–	73,285,999
Ultimate Parent Company	Capital expenditure	–		–	–
			73,285,999		73,285,999
Loans Payable					
Entity under common key management	Borrowings	**11,520,062**	**750,991,249**	55,140,605	813,571,182
Retirement Benefit Plan	Contribution	**6,310,220**	**6,310,220**	13,462,451	30,092,515
Personnel Costs					
Key management personnel	Salaries and other employee benefits	**37,400,639**	**4,479,916**	87,784,624	13,505,327
	Net retirement benefit liability	**11,187,291**	**96,266,094**	10,685,691	85,078,804
			100,741,010		98,584,131

**The plan assets for retirement benefit payments are held by an entity that is legally separate from the Company.*

16. Equity

Capital Stock

The Parent Company's authorized, issued and outstanding capital stock as at March 31, 2023 and December 31, 2022 are as follows:

Common stock - ₱1 par value	₱5,000,000,005
Preferred stock - ₱1 par value	3,000,000,000
Treasury stock	(3,000,000,000)
	₱5,000,000,005

On March 13, 2020, the Parent Company's BOD approved the redemption of its preferred stocks amounting to ₱3,000.0 million on June 2, 2020, with a redemption price of ₱3,000.0 million, to be paid upon submission and surrender of the original stock certificates by the preferred shareholders.

Dividend Declaration

The Company's BOD authorized the declaration of the following cash dividends in 2022, 2021 and 2020:

2022

Type	Declaration Date	Record Date	Payment Date	Dividend Per Share	Amount
Common	May 12, 2022	May 26, 2022	June 10, 2022	0.4	2,000,000,002
Common	August 4, 2022	August 18, 2022	September 7, 2022	0.4	2,000,000,002
					4,000,000,004

2021

Type	Declaration Date	Record Date	Payment Date	Dividend Per Share	Amount
Common	May 11, 2021	May 26, 2021	June 3, 2021	0.33	1,650,000,002
Common	September 23, 2021	October 7, 2021	October 22, 2021	0.33	1,650,000,001
					3,300,000,003

In June 2020, the Parent Company paid ₱46.5 million dividends to its preferred shareholders upon redemption of the preferred stocks. Dividend per share amounted to ₱0.0155.

Appropriations of Retained Earnings

Details of appropriated retained earnings as at March 31, 2023 and December 31, 2022 are as follows:

Year of Appropriation	Amount	Project Completion
2020	₱8,500,000,000	To be completed in 2023
2018	5,000,000,000	To be completed in 2023
2016	2,500,000,000	To be completed in 2023
	₱16,000,000,000	

On November 6, 2020, the Parent Company's BOD approved the appropriation of ₱8,500.0 million unrestricted retained earnings to supplement the funding of the fourth manufacturing line in Cebu and other future expansion which is expected to be completed this 2023.

The Parent Company's BOD also approved the appropriation of unrestricted retained earnings amounting to ₱5,000.0 million and ₱2,500.0 million on March 15, 2018 and December 22, 2016, respectively, to supplement the funding of the construction of its production facility in Cebu that is expected to be completed this 2023.

Other Equity Reserves

Details of the Parent Company's other equity reserves are as follows:

	March 31, 2023	December 31, 2022
Revaluation surplus (net of deferred tax)	**₱4,387,067,332**	₱4,387,067,333

Cumulative remeasurement losses on net retirement benefit liability (net of deferred tax)	**77,528,775**	77,528,775
Cumulative unrealized gains (losses) on financial assets at FVOCI	**-1,066,800**	
	₱4,463,529,307	₱4,464,596,108

17. **Income Taxes**

The components of income tax as reported in the consolidated statements of comprehensive income are as follows:

	For the Three-Month Periods Ended March 31 (Unaudited)	
	2023	2022
Reported in Profit or Loss		
Current tax expense	**297,952,859**	231,318,957
Adjustment for the current tax of previous period due to change in tax rate	**–**	–
	297,952,859	231,318,957
Deferred tax expense (benefit)	**–**	-8,736,660
	297,952,859	222,582,297
Reported in OCI		
Deferred tax expense on:		
Revaluation surplus	**–**	–
Remeasurement gains on net retirement benefit liability	**–**	–
	–	–

The components of the Group's net deferred tax liabilities are as follows:

	March 31, 2023	December 31, 2022
Deferred tax assets:		
Cumulative balance of proceeds from testing of property, plant and equipment	**₱65,992,702**	₱65,992,702
Net retirement benefit liability	**18,084,190**	18,084,190
Provision for mine rehabilitation and decommissioning	**12,109,044**	12,109,044
Lease liabilities	**1,882,326**	1,882,326
Excess of fair value over cost of financial assets at FVPL	**6,721,130**	6,721,130
Others	**3,627,658**	3,627,658
	117,619,138	109,417,050
Deferred tax liabilities:		
Excess of revalued amount or fair value over cost of property, plant and equipment	**1,462,355,778**	1,462,355,778
Deferred tax liability arising from business combination	**194,643,364**	194,643,364
Carrying amount of ROU assets	**7,371,659**	7,371,659
Unrealized foreign exchange gains	**9,808,011**	9,808,011
Others	**4,774,165**	4,774,165

	1,678,952,977	1,678,952,977
Net deferred tax liabilities	**₱1,569,535,927**	₱1,569,535,927

18. **Basic and Diluted Earnings Per Share**

Basic and diluted EPS are calculated as follows:

<u>For the three months ended March 31</u>

	March 31, 2023	December 31, 2022
Net income	**1,370,467,979**	1,663,552,202
Less dividends for cumulative preferred stock required for the year, net of tax	–	
Net income attributable to common stockholders of the Parent Company (a)	**1,370,467,979**	1,663,552,202
Weighted average number of common shares outstanding (b)	**5,000,000,005**	5,000,000,005
Per share amounts: Basic and diluted EPS (a/b)	**0.27**	0.33

19. **Segment Reporting**

The Group is organized into one reportable segment which is the quarrying, manufacturing and sale and distribution of cement products. The Group also has one geographical segment and derives all its revenues from domestic operations. Accordingly, all significant operating decisions are based upon analysis of the Group as one segment. The financial information about the sole business segment is equivalent to the consolidated financial statements of the Group.

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

The following discussion and analysis relate to the consolidated financial position and results of operations of the Group and should be read in conjunction with the accompanying unaudited interim consolidated financial statements and related notes. The unaudited interim consolidated financial statements have been prepared in compliance with PAS 34, *Interim Financial Reporting* and in compliance with PFRS issued by the Philippine Financial Reporting Standards Council and adopted by the SEC. This financial reporting framework includes PFRS, PAS and Philippine Interpretations from IFRIC and SEC provisions.

The financial information appearing in this report and in the accompanying unaudited interim consolidated financial statements is presented in Philippine pesos, the Group's functional and presentation currency, as defined under PFRS. All values are rounded to the nearest million pesos, except when otherwise indicated.

Overview

Eagle Cement Corporation (ECC) is a fully-integrated Corporation primarily engaged in the business of manufacturing, developing, processing, marketing, sale and distribution of cement, cement products, minerals and other by-products. The Company is one of the largest players in the Philippine cement industry and has the fastest growing market share amongst all competitors in the industry since it started its commercial operations in 2010.

The competitive strength of Eagle Cement is founded on its end-to-end production strategy, which seamlessly integrates critical raw material sourcing with modern manufacturing technology resulting in one of the most efficient cement manufacturing operations in the country. It has the newest, state-of -the art, and single largest fully-integrated cement production facility in the Philippines located in Barangay Akle, San Ildefonso, Bulacan (the "Bulacan Cement Plant"). The Bulacan Cement Plant consists of three (3) integrated production lines with a combined annual cement production capacity of approximately Eight Million Six Hundred Thousand (8,600,000) Metric Tonnes ("MT") or Two Hundred Fifteen Million (215,000,000) bags per annum. This is inclusive of the Twelve Million (12,000,000) bags of cement per annum produced by its grinding and packaging facility in Limay, Bataan. It is strategically located near demand-centric areas and in close proximity to rich limestone and shale reserves covered by the exclusive mineral rights of Eagle Cement.

The Company promotes the distribution of its high-quality products through strong mass media marketing efforts and grass-roots below-the-line activation partnership-building programs with dealers, distributors, and retailers. Through its holistic brand building activities, Eagle Cement continues to enhance its value proposition which develops strong client relationships. Sound credit management framework employed by the Company ensures a substantially liquid financial position that provides options in short-term financial planning and in long term capital development strategy.

About sixty-four percent (64%) of the country's total cement demand come from Luzon region. Eagle Cement currently distributes its products in the following areas of the Luzon region: National Capital Region, Region I (La Union, Pangasinan), Region II (Cagayan, Isabela, and Nueva Vizcaya), Region III (Nueva Ecija, Bulacan, Pampanga, Tarlac, Bataan, Zambales and Aurora), and Region IVA (Cavite, Laguna, Batangas, Rizal, and Quezon). As of 2022, NCR still serves as the center of construction and infrastructure activities in the country. The Company is considered as one of the leading players in areas with the highest economic activity in the Philippines with an estimated market share of 27% in Luzon, based on internal market survey.

Eagle Cement does not sell its products in other countries. With the foreseen increase in both private and public construction activities, supported by the commitment of the national government towards infrastructure development, there remains a strong positive outlook on the Philippine economy which translates to sustained and impressive growth prospects for the cement industry. The Company is uniquely well-positioned to capitalize on these market conditions to maintain its robust financial performance through modern production technology, strategic raw material sources, strong brand equity and established customer and dealer relationships

SNMC, a subsidiary of the Company, is operating a limestone, shale and pozzolan quarry and a Limestone Pulverizing Plant in San Ildefonso, Bulacan with an annual capacity of one million (1,000,000) metric tonnes. Bulk of its production are used as input in the Company's cement production and are supplied to power companies.

AFALCI, another subsidiary of the Company, is operating a Flyash Separator Plant that process waste flyash into product usable for ready mixed concrete and cement production.

Consolidated Results of Operations and Key Performance Indicators

Consolidated Results of Operations

RESULTS OF OPERATIONS (Q1 2023 vs Q1 2022)

The Group posted a consolidated revenue of ₱7,006.2 million for the first 3 months of operation, 3% growth from the ₱6,829.3 million in the corresponding period last year coming from better selling price. Sales of bagged cement remain the biggest share accounting for 81% while the remaining 19% was derived from bulk cement, with domestic demand still largely coming from the private sector.

Cost of sales increased by 10% to ₱18.14 billion from ₱12.42 billion last year mainly due to higher prices of power and fuel and coupled with higher spending in repairs and maintenance from inflationary effects of the increasing cost of energy.

Thus, the gross profit dropped by 10% to ₱2,334.4 million showing a 12% contraction in profit margin to 33% from 38% last year.

Operating expenses (OPEX) swell by 9% to ₱777.5 million from ₱715.8 million due to increase in freight and trucking, advertising and warehousing driven by the inflationary effect of increasing fuel price.

Lower finance costs by 22% to 60.9 million from ₱78.5 million of the same period last year due to continuous repayment of TLFSA noting the decline of interest-bearing loans by 8% to ₱3.73 billion from ₱4.04 billion at the beginning of the year.

Interest income increased significantly by 156% to ₱130.2 million owing to the improved interest rates on short term placements.

Other income increased by 16% to ₱42.3 million from ₱36.6 million in the previous year reflecting the improvement on the market rates of investments in bonds

Provision for income tax increased by 34% to ₱298.0 million from ₱222.6 million owing to the expiration of the third production line's income tax holiday incentive on April 30, 2022.

As a result, Net income after tax (NIAT) dropped by 18% to ₱1,370.5 million from ₱1,663.6 million year-on-year. This translated to earnings per share (EPS) of ₱0.27, 18% lower than last year's ₱0.33.

Earnings before interest, tax, depreciation and amortization (EBITDA) consequently decreased by 12% to ₱1,959.4 million from ₱2,227.1, EBITDA margin registered at 28%.

Net income margin stood at 20% at the end of the period.

Key Components of Consolidated Results of Operations

The table below summarizes the consolidated results of operations of the Group for the three months ended March 31, 2023 and 2022, presented in absolute amounts as a percentage of net sales.

	For the Three Months Ended March 31			
	2023	2022	Increase (Decrease)	Percentage of change
Net sales	**₱7,006,153,513**	₱6,829,320,681	₱176,832,832	3%
Cost of goods sold	**4,671,744,671**	4,236,267,335	435,477,336	10%
Gross profit	**2,334,408,842**	2,593,053,346	(258,644,504)	10%
Operating expenses	**777,532,876**	715,806,357	617,26,519	9%
Income from operations	**1,556,875,966**	1,877,246,989	(320,371,023)	(17%)
Finance costs	**(60,877,829)**	(78,532,694)	(17,654,865)	(22%)
Interest income	**130,166,371**	50,859,066	79,307,305	156%
Other income - net	**42,256,330**	36,561,138	5,695,192	16%
Income before income tax	**1,668,420,838**	1,886,134,499	217,713,661	(12%)
Less income tax expense	**297,952,859**	222,582,297	75,370,562	34%
Net income	**₱1,370,467,979**	₱1,663,552,202	₱ (293,084,223)	(18%)

Calculation of Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)

	For the Three Months Ended	
	March 31, 2023	March 30, 2022
Net income	**₱1,370,467,979**	₱1,663,552,202
Add:		
Depreciation and amortization	**360,310,362**	222,582,297
Income tax expense	**297,952,859**	313,328,677
Finance costs	**60,877,829**	78,532,694
Less:		
Interest income	**130,166,371**	50,859,066
EBITDA	**₱1,959,442,660**	₱2,227,136,804

FINANCIAL CONDITION

The financial condition of the Company for the period ended March 31, 2023 remains solid. Total assets increased by 2% to ₱55,497.7 million from ₱54,589.6 million on December 31, 2022.

Current assets at the end of the period totaled to ₱23,131.2 million, 7% higher against end of 2022 primarily due to the increase in cash and cash equivalents resulting from higher revenue.

Noncurrent assets decreased by 2% to ₱32,366.5 million from ₱33,060.9 million resulting from the reclassification of long-term placements maturing during the year to current assets.

Current liabilities decreased by 3% to ₱5,666.5 million largely resulting from subsequent payments made to the company's trade suppliers. These decreases were partially negated by the increase in income tax payable owing to the expiration of the third production line's income tax holiday incentive.

Noncurrent liabilities declined by 7% to ₱4,225.4 million resulting from the quarterly principal repayments made on the TLFSA.

Stockholders' equity, on the other hand, increased by 3% to ₱45,605.7 million from the group's net income generated during the first three month of the year.

ECC maintained its current gearing at healthy levels, with debt-to-equity and financial debt-to-equity ratios registering at 0.22x and 0.08x, respectively, giving the Company the flexibility to pursue its future investment plans. Meanwhile, current ratio stood at 3.50x.

Analysis of Consolidated Financial Position Information

The below table summarizes the consolidated financial position of the Group as at March 31, 2023 (Unaudited) and December 31, 2022 (Audited):

	March 31, 2023	December 31, 2022	**Increase (Decrease)**	**Percentage Change**
Current Assets	**23,131,302,213**	**21,528,655,153**	1,602,547,060	7%
Noncurrent Assets	**32,366,516,339**	**33,060,944,024**	(694,427,685)	(2%)
Total Assets	**55,497,718,552**	**54,589,599,177**	908,119,375	2%
Current Liabilities	**5,666,542,423**	**5,816,934,549**	(150,392,126)	(3%)
Noncurrent Liabilities	**4,225,448,916**	**4,536,338,593**	(310,889,677)	(7%)
Total Liabilities	**9,891,991,339**	**10,353,273,142**	(461,281,803)	(4%)
Equity	**45,605,727,214**	**44,236,326,035**	1,369,401,180	3%
Total Liabilities and Equity	**55,497,718,553**	**54,589,599,177**	908,119,375	2%

Key Performance Indicators

Relevant Financial Ratios

The following are the major financial indicators being used by the Group:

Financial KPI	Definition	2023	2022
Current/liquidity ratio*	$\frac{\text{Current assets}}{\text{Current liabilities}}$	4.08	3.70
Solvency ratio**	$\frac{\text{Net income before depreciation}}{\text{Total liabilities}}$	0.17	0.17
Debt-to-equity ratio*	$\frac{\text{Total liabilities}}{\text{Total equity}}$	0.22	0.23
Asset-to-equity ratio*	$\frac{\text{Total assets}}{\text{Total equity}}$	1.22	1.23
Return on asset ratio**	$\frac{\text{Net income before interest expense after tax}}{\text{Average total assets}}$	0.03	0.03
Return on equity ratio**	$\frac{\text{Net income}}{\text{Average total equity}}$	0.03	0.04

**Comparative balance for 2023 is as at December 31, 2022.*

***Comparative balance for 2022 is as at and for the three months ended March 31, 2022.*

Liquidity and Capital Resources

Cash Flow

The primary sources and uses of cash of the Group for the first three months ended March 31, 2022 and 2021 are summarized below.

	March 31, 2023	March 31, 2022
Net cash provided by operating activities	**₱1,609,835,670**	₱2,923,413,078
Net cash used in investing activities	**(309,587,6746)**	(585,318,464)
Net cash used in financing activities	**(374,337,299)**	(347,198,680)
Net increase (decrease) in cash and cash equivalents	**925,910,624**	1,990,895,934
Effects of exchange rate changes	**(1,859,4180**	(267,219)
Cash and cash equivalents at beginning of period	**9,547,285,54**	11,645,049,344
Cash and cash equivalents at end of period	**₱10,471,336,720**	₱13,635,678059

Net cash provided by operating activities arises from the following:

	March 31, 2023	March 31, 2022
Operating income before working capital changes	**₱1,913,935,231**	2,194,001,861
Decrease/(Increase) in net working capital	**(379,272,078)**	748,730,191
Interest received	**129,329,092**	45,142,202
Income taxes paid	**(54,156,575)**	(64,461,176)
Net cash provided by operating activities	**₱1,609,835,670**	₱2,923,413,078

The net decrease in 2023 net working capital pertains mainly on the lower profitability given the significant increase in costs and expenses.

Net cash used in investing activities are mainly attributed to the expansion projects in Bulacan plant.

Net cash used in financing activities include the following:

	March 31, 2023	**March 31, 2022**
Payment of loans payable	**311,500,000**	267,000,000
Payments of interest	**60,587,832**	77,340,346
Payment of lease liabilities	**2,249,467**	2,858,334

Net cash used in investing activities are mainly spent for the completion of the expansion projects in Bulacan plant and additional investment in bonds.

Net cash used in financing activities pertain to principal and interest payment related to the TLFSA.

Term Loan Facility and Security Agreement

On February 2016, the Parent Company entered into a TLFSA with various local financial institutions for a fixed rate loan amounting to ₱11,000.0 million with a tenor of 10 years. As at March 31, 2017, the Parent Company availed ₱8,200.0 million from the facility to refinance its debt obligations and to finance the construction, installation, commissioning, and operation of Line 3 of the Bulacan cement plant. In April 2017, the Parent Company availed of an additional ₱750.0 million from the facility. Payments under the TLFSA are made quarterly in arrears and based on the scheduled payments as agreed upon. Participating financial institutions include, Asia United Bank Corporation, Bank of Commerce, China Banking Corporation, Development Bank of the Philippines, Philippine Bank of Communications, Philippine National Bank, Security Bank Corporation, Standard Chartered Bank and United Coconut Planters Bank.

Under the terms and conditions of the TLFSA the Parent Company has the following material covenants:

- Debt Service Cover Ratio of not less than 1.50x;
- Debt Equity Ratio not to exceed 2.50x;
- Declaration and payment of dividends is limited to up to 50% of its net income of the previous fiscal year; and
- Secure approval in writing from the Majority Lenders (Lenders whose commitment constitutes at least 51% of the total loan facility) for any share issuance except (a) issue of shares to existing shareholders proportionate to their respective shareholding fully paid in cash or by way of stock dividends; or (b) issue of qualifying or nominal shares to nominee directors.

As of March 31, 2023, the Parent Company is in compliance with its debt covenants.

Capital Expenditures

Capital expenditures include expenditures for land, building and improvements, machinery and equipment, furniture, fixture and other office equipment, transportation equipment, ROU assets and construction in progress, as follows:

	March 31, 2023	December 31, 2022
Land	–	52,416,521
Machinery and equipment	**174,424,289**	47,763,769
Building and improvements	**577,999**	–
Transportation equipment	–	–
Furniture, fixtures and other office equipment	–	3,244,416
Construction in progress	**130,138,417**	1,389,099,278
Total	**305,140,705**	1,492,523,984

SIGNATURES

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

Issuer:
EAGLE CEMENT CORPORATION

By:

MONICA L. ANG-MERCADO
Treasurer/Chief Finance Officer
Date: May 15, 2023

JOHN PAUL L. ANG
President/Chief Executive Officer
Date: May 15, 2023

MINUTES OF THE 2022 ANNUAL MEETING OF THE STOCKHOLDERS HELD ON 23 JUNE 2022

(ANNEX D)

EAGLE CEMENT CORPORATION
Minutes of the Annual Meeting of the Stockholders
23 June 2022; Thursday; 2:00 PM
Via Videoconference

STOCKHOLDERS PRESENT	TYPE OF SHARES	NO. OF SHARES
In Person:		
Ramon S. Ang	Common	1,317,857,139
John Paul L. Ang	Common	96,428,569
Manny C. Teng	Common	1
Monica L. Ang-Mercado	Common	1
Mario K. Surio	Common	1
Manuel P. Daway	Common	1
Luis A. Vera Cruz, Jr.	Common	1
Melinda Gonzales-Manto	Common	1
Ricardo C. Marquez	Common	1
Martin S. Villarama, Jr.	Common	1
By Proxy:		
Far East Holdings, Inc. Represented by: Ramon S. Ang	Common	3,010,714,288
PDC Nominee Corp.	Common	24,422,060
Total No. of Shares Present or Represented at the Meeting	Common	4,449,422,064
Total No. of Shares Issued and Outstanding	Common	5,000,000,005
Percentage of Shares of Stock Present	Common	88.99%

DIRECTORS PRESENT:

RAMON S. ANG
JOHN PAUL L. ANG
MANNY C. TENG
MONICA L. ANG-MERCADO
MARIO K. SURIO
MANUEL P. DAWAY
LUIS A. VERA CRUZ, JR.
MELINDA GONZALES-MANTO *(ID)*
RICARDO C. MARQUEZ *(ID)*
MARTIN S. VILLARAMA, JR. *(ID)*

ALSO PRESENT:

FABIOLA B. VILLA
MARLON P. JAVARRO
MARIA FARAH Z.G. NICOLAS-SUCHIANCO
CHERYL S. SALDAÑA-DE LEON
JULIAN ELIZAR D. TORCUATOR
MA. CRISTINA M. LLEVA

I. NATIONAL ANTHEM AND INVOCATION

The Philippine national anthem was played *via* livestream. Afterwards, Director Manny C. Teng led the invocation.

II. CALL TO ORDER

The CEO, Mr. John Paul L. Ang, was appointed as Chairman of the Meeting. Mr. Ang called the meeting to order and presided over the same. The Corporate Secretary, Atty. Maria Farah Z.G. Nicolas-Suchianco, recorded the minutes of the meeting.

III. CERTIFICATION OF NOTICE AND QUORUM

The meeting was held via remote communication, consistent with the resolution of the Board of Directors dated 17 March 2022 authorizing the holding of the meeting by remote communication, pursuant to Section 57 of the Revised Corporation Code, and the Securities and Exchange Commission (SEC) Memorandum Circular No. 06, Series of 2020. The Corporate Secretary advised the stockholders that, in compliance with the requirements of the SEC for meetings held through remote communication, the meeting was being recorded, which recording would form part of the records of the Corporation. The Corporate Secretary likewise ensured that the proceedings were effectively livestreamed, and that all registered participants could see and hear the livestream from their individual devices.

The Corporate Secretary certified that the notice of annual meeting of the stockholders, along with the procedure for participation and casting of votes through remote communication, was disclosed to the Philippine Stock Exchange (PSE) and SEC on 26 May 2022 and published in the business section of two (2) newspapers of general circulation, in print and online format, for two (2) consecutive days, or on 25 and 26 May 2022 The Corporate Secretary noted that copies of the Information Statement, Minutes of the 2021 Annual Stockholders' Meeting, and Annual Report were available and could be accessed through the Corporation's website and the PSE Edge.

As confirmed by the Corporation's Stock Transfer Agent, Rizal Commercial Banking Corporation (RCBC), the Corporate Secretary certified that out of 5,000,000,005 issued and outstanding common shares, stockholders owning a total of 4,449,422,064 common shares, representing 88.99% of the total issued and outstanding common shares of the Corporation, were present in person, through remote communication, and/or by proxy. There was, therefore, a quorum present for the transaction of business.

Proxies and the votes on each agenda item were verified and tabulated by the office of the Corporate Secretary, as also independently tabulated by RCBC.

IV. APPROVAL OF THE PREVIOUS STOCKHOLDERS' MEETING MINUTES

The Chairman presented the minutes of the previous stockholders' meeting held on 24 June 2021 for ratification by the stockholders. Upon motion duly made and seconded, the stockholders passed and approved the following resolution:

> "RESOLVED, that the minutes of the Annual Meeting of Stockholders held on 24 June 2021 be approved and ratified."

V. PRESENTATION OF THE ANNUAL REPORT

The Chairman called the Chief Finance Officer, Director Monica L. Ang-Mercado, to deliver the Annual Report to the stockholders.

Ms. Ang-Mercado first presented the accomplishments and the positive financial state of the Corporation for 2021.

A. 2021 and 2022 Latest Interim Financial Performance

Ms. Ang-Mercado announced that the Corporation recorded a 54% increase in net sales at the end of 2021. Gross profit margin improved to 42%. EBITDA went up by 46%, translating into a margin of 38%. Net income increased by 78%, with margin improving to 28%.

Despite inflationary cost pressures, net sales increased by 30% in the first quarter of 2022. One-time tax adjustment relative to CREATE Law led to a 3% decline in net income. Without this, net income would have increased by 2%.

The Corporation's total assets as of 31 March 2022 grew by 4% from end-2021 figure. Total liabilities rose by 7% while shareholder equity improved by 4%. The Corporation's strong cash flow generation helped it maintain a very healthy debt profile.

B. Business Highlights

Ms. Ang-Mercado reported that the acquisition of Solid North Mineral Corporation (SNMC) allowed for a more sustainable supply of raw materials coming from the latter's mining rights adjacent to the Corporation's existing operations.

She also reported that the Corporation completed its Bulacan plant expansion. As a result, the Corporation secures its position as the single largest cement plant in the country. It was also reported that the onstream of new facilities in February 2022, which include the fifth finish mill, fifth cement silo, third packhouse, and other auxiliary facilities, is expected to mitigate the effect of the rising input costs and lower selling price of cement.

She added that the Corporation has implemented cost-efficency measures in its operations. The Corporation has also completed the first phase of its rainwater harvesting project in Bulacan which is expected to reduce its water consumption from water sources by up to 40%.

She also noted that the Corporation is a trusted partner of leading construction companies to supply the cement requirements of on-going major public infrastructure projects, such as the MRT-7 (NCR-Bulacan), the Skyway Stage 3 (NCR), and the Alabang/Sucat Skyway.

She also reported that this June 2022, the Department of Trade and Industry approved the introduction of the Corporation's latest product: Type 1T, under Eagle Cement Advance brand.

The Corporation has also adapted digital transformation designed to improve its business operations. To date, the corporation has shifted to new Enterprise Resource Planning (ERP) and Human Capital Management (HCM) systems enabling the generation of real-time reports, among others. Customer portal has been deployed to major dealers and clients to offer real-time support.

C. Sustainable Development and Corporate Social Responsibility

Ms. Ang-Mercado reported that the Corporation continues to make substantial impacts in its communities by equipping them with skills, resources, and opportunities that will advance their welfare and well-being through the Corporation's social development program (called FLIGHT), with six-pronged categories - Family and Community, Livelihood and Employment, Infrastructure Support, Growth and Development, Health and Emergency Response, and Technology and Education.

She also reported that for the eighth consecutive year, the Corporation was awarded by the Presidential Mineral Industry and Environmental Award Selection Committee. In 2021, it was acclaimed as a Titanium Achievement Awardee. The Corporation and its subsidiary, Solid North Mineral Corporation, also received other awards and recognitions during the Mines and Geosciences Bureau (MGB) Regional Mining Summit. The Corporation was also commended for donating a cloud-based report automation program which will be used by mining companies in the region for an efficient online submission of compliance reports to MGB 3.

The Corporation's pandemic-response efforts have been acclaimed for the highest COVID-19 assistance, contributing more than P21.0 million in various initiatives.

The Coporation also renewed its partnership with the Philippine Eagle Foundation to continue supporting Viggo, its adopted male Philippine eagle, by providing him with food, shelter, maintenance, and keeper and veterinary care, until 2025.

In closing, Ms. Ang-Mercado stated that the Corporation has placed the pandemic in its rearview mirror, and entered 2022 with confidence that its efforts will continue to elevate and expand the business.

The Chairman of the Meeting thanked Director Ang-Mercado for the Report and opened the floor for questions. Questions from stockholders were submitted in advance and read out by the Corporate Secretary.

A stockholder asked *via* e-mail the effect of the presence of imported cement to the industry. The CEO replied that the presence of imported cement has affected local players and that this issue is being investigated on by the relevant government authorities. The CEO however noted that the Corporation remains competitive against cement imports and other local players.

Another stockholder asked *via* e-mail whether the Corporation is eyeing on another expansion or any acquisition. The CEO replied that the Corporation is considering to expand its capacity in the near term, but so far any major acquisitions are not in the pipeline.

There being no further questions, and upon motion duly made and seconded, the stockholders passed and approved the following resolution:

"RESOLVED, that the Annual Report of the Corporation, as presented, be approved."

VI. APPROVAL AND RATIFICATION OF ACTS AND PROCEEDINGS OF THE BOARD OF DIRECTORS AND MANAGEMENT

The Chairman of the meeting requested the Corporate Secretary to present a summary of all acts and proceedings of the Board of Directors and Management, embodied in the resolutions issued from 24 June 2021 up to the date of this meeting. The summary of all acts was flashed on the screen. The stockholders thereafter approved and ratified the acts as presented to them.

Upon motion duly made and seconded, the stockholders passed and approved the following resolutions:

"RESOLVED, that the acts and proceedings of the Corporation's Officers and Board of Directors embodied in the resolutions that have been issued in accordance with the procedures provided in the Corporation's By-Laws from 24 June 2021, up to 23 June 2022, be approved, confirmed and ratified."

VII. APPOINTMENT OF EXTERNAL AUDITOR

The Chairman of the Meeting requested Director Melinda Gonzales-Manto, the Chairperson of the Audit Committee, to make a recommendation on the appointment of external auditor. Director Gonzales-Manto recommended the appointment of the professional services firm of Reyes Tacandong & Co., CPAs, as the Corporation's external auditor for the financial year 2022.

Upon motion duly made and seconded, the stockholders passed and approved the following resolutions:

> "RESOLVED, that the professional services firm of Reyes Tacandong & Co., CPAs, is hereby appointed as the Corporation's external auditor for the financial year 2022."

VIII. ELECTION OF THE MEMBERS OF THE BOARD OF DIRECTORS

The Corporate Secretary presented the list of nominees for Independent Directors and the list of nominees for the election to the Board of Directors, as pre-qualified by the Corporate Governance Committee. All the following nominees have all the qualifications and none of the disqualifications to be a director under the law, the Corporation's By-Laws, and the Corporation's Manual on Corporate Governance:

Nominee	Position
Ramon S. Ang	Director
John Paul L. Ang	Director
Manny C. Teng	Director
Monica L. Ang-Mercado	Director
Mario K. Surio	Director
Manuel P. Daway	Director
Luis A. Vera Cruz, Jr.	Director
Melinda Gonzales-Manto	Independent Director
Gen. Ricardo C. Marquez (Ret.)	Independent Director
Justice Martin S. Villarama, Jr. (Ret.)	Independent Director
Winston A. Chan	Independent Director

Considering that the number of directors to be elected was eleven (11) and there were only eleven (11) nominees, upon motion duly made and seconded, all eleven (11) nominees were considered unanimously elected as Directors of the Corporation for the ensuing year, until their successors are elected and qualified. The votes of the stockholders present and represented by proxies were distributed and recorded accordingly.

IX. ADJOURNMENT

There being no other matters to discuss and upon motion duly made and seconded, the meeting was adjourned.

Certified true and correct:

MARIA FARAH Z.G. NICOLAS-SUCHIANCO
Corporate Secretary

Attested:

RAMON S. ANG
Chairman