ANNEX D

CEMEX HOLDINGS PHILIPPINES, INC.

SEC Form 17-A (Annual Report) for 2022 - Main

COVER SHEET

CS201518815
S.E.C. Registration Number

C E M E X H O L D I N G S P H I L I P P I N E S , I N C .

3 4 t h F l o o r P e t r o n M e g a P l a z a
B u i l d i n g , 3 5 8 S e n . G i l J . P u y a t
A v e n u e , M a k a t i C i t y

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

JANNETTE VIRATA SEVILLA
Contact Person

8849-3600
Company Telephone Number

1 2	3 1	CHP's Annual Report (SEC Form 17-A) for 2022	0 6	0 7
Month	*Day*	FORM TYPE	*Month*	*Day*
Fiscal Year			First Wednesday of June Annual Meeting	

Issuer of Securities under SEC MSRD Order No. 9 series of 2016
Secondary License Type, If Applicable

M S R
Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

S T A M P S

Remarks = pls. use black ink for scanning purposes

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 177
OF THE REVISED CORPORATION CODE OF THE PHILIPPINES

1. For the year ended **December 31, 2022**

2. SEC Identification Number **CS201518815** 3. BIR Tax Identification No. **009-133-917-000**

4. Exact name of registrant as specified in its charter **CEMEX HOLDINGS PHILIPPINES, INC.**

5. **Metro Manila, Philippines**
   Province, Country or other jurisdiction of incorporation or organization

6. (SEC Use Only)
   Industry Classification Code:

7. **34th Floor Petron Mega Plaza Building, 358 Sen. Gil J. Puyat Avenue, Makati City 1200**
   Address of principal office — Postal Code

8. **+632-8849-3600**
   Issuer's telephone number, including area code

9. **Not Applicable**
   Former name, former address, and former fiscal year, if changed since last report.

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

Title of each Class	**Number of shares of common stock outstanding and amount of debt outstanding**
Common Shares	13,489,226,623

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

    Yes [X] No [ ]
    Stock Exchange: Philippine Stock Exchange (Main Board)
    Securities Listed: Common Shares

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 25 and 177 of the Revised 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 [ ]

13. State the aggregated market value of the voting stock held by non-affiliates of the registrant.

₱3,249,586,437.49 (based on the average market price of CHP common shares as at March 31, 2023)

14. Check whether the issuer 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.

Not Applicable

Yes [ ] No [ ]

15. The following documents are incorporated by reference, briefly describe them and identify the part of SEC Form 17-A into which the document is incorporated:

The audited 2022 consolidated financial statements of the Company which are attached as an exhibit to this Annual Report (SEC Form 17-A) is incorporated by reference in ITEM 1 (2)(viii) of PART I (Transactions with Related Parties), ITEM 2 of PART I (Properties), ITEM 6 of PART II (Management's Discussion and Analysis), ITEM 7 of PART II (Financial Statements), ITEM 8 of PART II (Information on Independent Accountant and other Related Matters) and ITEM 12 of PART III (Certain Relationships and Related Party Transactions):

- ***Audited 2022 Consolidated Financial Statements of the Company (with consolidated statements of financial position as at December 31, 2022 and 2021, and 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 Schedules***

Cautionary Statement Regarding Forward-Looking Statements

This Annual Report contains forward-looking statements. In some cases, these statements can be identified by the use of forward-looking words such as “may,” “assume,” “might,” “should,” “could,” “continue,” “would,” “can,” “consider,” “anticipate,” “estimate,” “expect,” “envision,” “plan,” “believe,” “foresee,” “predict,” “potential,” “target,” “strategy,” “intend” “aimed” or other similar words. These forward-looking statements reflect, as of the date such forward-looking statements are made, unless otherwise indicated, the Parent Company’s (as later defined) expectations and projections about future events based on the Parent Company’s (as later defined) knowledge of present facts and circumstances and assumptions about future events. These statements necessarily involve risks and uncertainties that could cause actual results to differ materially from the Parent Company’s (as later defined) expectations. Some of the risks, uncertainties and other important factors that could cause results to differ, or that otherwise could have an impact on the Parent Company (as later defined) and/or the Company (as later defined), include, but are not limited to:

- the impact of pandemics, epidemics or outbreaks of infectious diseases and the response of governments and other third parties, including with respect to COVID-19, which have affected and may continue to adversely affect, among other matters, the ability of operating facilities to operate at full or any capacity, supply chains, international operations, availability of liquidity, investor confidence and consumer spending, as well as availability of, and demand for, products and services;
- the cyclical activity of the construction sector;
- exposure to other sectors that impact the Company’s (as later defined) business and the business of the Company’s (as later defined) clients, such as, but not limited to, the energy sector;
- failure to achieve cost-savings with cost-reduction initiatives and to implement pricing initiatives for products;
- availability of raw materials and related fluctuating prices;
- competition in the markets in which the Company (as later defined) offers its products and services;
- general political, social, health, economic and business conditions in the markets in which the Company (as later defined) operates or that affect the Company’s (as later defined) operations, including any nationalization or privatization of any assets or operations, and any significant economic, health, political or social developments in those markets, as well as any inherent risks to international operations;
- the regulatory environment, including environmental, energy, tax, antitrust, labor, and acquisition-related rules and regulations;
- the Company’s (as later defined) ability to satisfy debt obligations and/or the ability of CEMEX (as later defined), the ultimate parent company of the Company’s (as later defined) major shareholder, to satisfy its obligations under its material debt agreements, the indentures that govern its notes and its other debt instruments and financial obligations;
- the availability of short-term credit lines or working capital facilities, which can assist in connection with market cycles;
- the impact of CEMEX’s (as later defined) below investment grade debt rating on its and/or the Company’s (as later defined) cost of capital and on the cost of the products and services purchased;
- the Company’s (as later defined) and/or the CEMEX Group’s (as later defined) ability to refinance their existing indebtedness;
- loss of reputation of the Company’s (as later defined) and/or the CEMEX Group’s (as later defined) brands;
- the Company’s (as later defined) and/or the CEMEX Group’s (as later defined) ability to consummate asset sales, fully integrate newly acquired businesses, achieve cost-savings

from cost-reduction initiatives, implement pricing initiatives for products and generally meet CEMEX's (as later defined) "Operation Resilience" strategy's goals;

- the increasing reliance on information technology infrastructure for operations, sales in general, sales invoicing, procurement, financial statements and other processes that can adversely affect sales and operations in the event that the infrastructure does not work as intended, experiences technical difficulties or is subjected to cyber-attacks;
- changes in the economy that affect demand for consumer goods, consequently affecting demand for the Company's (as later defined) products and services;
- weather conditions, including, but not limited to, excessive rain and snow, and disasters such as earthquakes and floods;
- trade barriers, including tariffs or import taxes and changes in existing trade policies or changes to, or withdrawals from, free trade agreements;
- terrorist and organized criminal activities as well as geopolitical events, such as war and armed conflicts, including the current conflict between Russia and Ukraine;
- declarations of insolvency or bankruptcy, or becoming subject to similar proceedings;
- natural disasters and other unforeseen events (including global health hazards such as COVID-19); and
- the other risks and uncertainties described under "Major Risks Affecting the Business" and elsewhere in this Annual Report.

Readers are urged to read this Annual Report and carefully consider the risks, uncertainties and other factors that affect the Company's (as later defined) business and operations. The information contained in this Annual Report is subject to change without notice, and the Parent Company (as later defined) is not obligated to publicly update or revise forward-looking statements after the date hereof or to reflect the occurrence of anticipated or unanticipated events or circumstances. Readers should review future reports filed or furnished by the Parent Company (as later defined) with the Securities and Exchange Commission of the Philippines.

This Annual Report also includes statistical data regarding the production, distribution, marketing and sale of cement, ready-mix concrete, clinker and aggregates. Some of this data was generated internally, and some was obtained from independent industry publications and reports that the Parent Company (as later defined) believes to be reliable sources. The Parent Company (as later defined) has not independently verified this data nor sought the consent of any organizations to refer to their reports in this Annual Report. Unless the context indicates otherwise, all references to pricing initiatives, price increases or decreases, refer to the Company's (as later defined) prices for products sold or distributed by the Company (as later defined).

PART I – BUSINESS AND GENERAL INFORMATION

ITEM 1. BUSINESS

(1) History and Business Development

(a) Organization

CEMEX HOLDINGS PHILIPPINES, INC., a subsidiary of CEMEX ASIAN SOUTH EAST CORPORATION ("CASEC"), was incorporated as a stock corporation on September 17, 2015 under the laws of the Republic of the Philippines primarily to invest in or purchase real or personal property; and to acquire and own, hold, use, sell, assign, transfer, mortgage all kinds of properties such as shares of stock, bonds, debentures, notes, or other securities and obligations; provided that it shall not engage either in the stock brokerage business or in the dealership of securities, and in the business of an open-end investment company as defined in Republic Act 2629, Investment Company Act.

CASEC is a wholly-owned indirect subsidiary of CEMEX España, S.A., of which substantially all shares are indirectly owned by CEMEX, S.A.B. de C.V. ("CEMEX"), a publicly traded variable stock corporation (*sociedad anónima bursátil de capital variable*) incorporated in Mexico with address of its principal executive office at Avenida Ricardo Margáin Zozaya #325, Colonia Valle del Campestre, San Pedro Garza García, Nuevo León, Mexico. CEMEX is one of the largest cement companies in the world based on annual installed cement production capacity. CEMEX's Ordinary Participation Certificates (Certificados de Participación Ordinarios) ("CPOs"), each of which currently represents two "Series A" shares and one "Series B" share, are listed on the Mexican Stock Exchange (*Bolsa Mexicana de Valores*) and trade under the symbol "CEMEX.CPO." CEMEX's American Depositary Shares, each of which currently represents ten CPOs, are listed on the New York Stock Exchange ("NYSE") and trade under the symbol "CX".

The terms "Parent Company" or "CHP" used in this Annual Report (SEC Form 17-A) refers to CEMEX HOLDINGS PHILIPPINES, INC. without its subsidiaries. Unless the context clearly indicates otherwise, any reference in this Annual Report (SEC Form 17-A) to "the Company", "we", "us", or "our" refers to CEMEX HOLDINGS PHILIPPINES, INC. together with its consolidated subsidiaries. Unless otherwise indicated or the context otherwise requires, all references in this Annual Report (SEC Form 17-A) to "CEMEX Group" refer to CEMEX and its consolidated subsidiaries (other than the Company).

The Parent Company's two principal operating subsidiaries, i.e., APO Cement Corporation ("APO Cement") and Solid Cement Corporation ("Solid Cement"), are involved in the production, marketing, distribution and sale of cement and other building materials in the Philippines with well-established brands, such as "APO", "Island", and "Rizal", each of which has a multi-decade history in the Philippines.

On January 1, 2016, the Parent Company acquired, directly and indirectly through intermediate holding companies, a 100% equity interest in each of Solid Cement and APO Cement as a result of the following acquisitions:

(a) 1,112,934,284 preferred shares of APO Cement representing 40% of the outstanding capital stock of APO Cement from CEMEX Asia Holdings, Ltd;

(b) 500,000 common shares of Solid Cement representing 10% of the outstanding capital stock of Solid Cement from CEMEX Asia Pacific Investments B.V.;

(c) 1,500,000 common shares of Solid Cement, representing a 30% equity interest in Solid, from CEMEX Asia, B.V. ("CABV") (in addition to CABV's minority interest in two shares that it owned jointly with Sandstone Strategic Holdings, Inc.);

(d) 458,500 common shares of Edgewater Ventures Corporation representing 100% of the outstanding capital stock of Edgewater Ventures Corporation from CEMEX Asia Holdings, Ltd.;

(e) 2,360,000 common shares of Triple Dime Holdings, Inc. representing 39.85% of the outstanding capital stock of Triple Dime Holdings, Inc. from CEMEX Asia Holdings, Ltd.;

(f) 120,000 common shares of Bedrock Holdings, Inc. representing 100% of the outstanding capital stock of Bedrock Holdings, Inc. from CEMEX Asia Holdings, Ltd.; and

(g) 4,660,966 common shares of Sandstone Strategic Holdings, Inc. representing 45% of the outstanding capital stock of Sandstone Strategic Holdings, Inc. from CEMEX Asia Holdings, Ltd.

On June 17, 2016, the Securities and Exchange Commission of the Philippines ("SEC") issued a Pre-effective Clearance for Registration covering 5,195,395,454 common shares of the Parent Company broken down as follows: (a) 2,337,927,954 common shares that shall be offered and sold to the public by way of primary offering ("IPO") and (b) 2,857,467,500 issued and outstanding shares which shall not be included in the offer. In view of the SEC Pre-effective Clearance for Registration and the Parent Company's compliance with other conditions imposed by the Board of the Philippine Stock Exchange ("PSE"), the PSE approved on June 17, 2016 the initial listing of up to 5,195,395,454 common shares under the Main Board of the Exchange.

On June 30, 2016, the SEC resolved to render effective the Registration Statement of the Parent Company and issued a Certificate of Permit to Offer Securities for Sale in favor of the Parent Company. On July 18, 2016, the total outstanding shares of the Parent Company consisting of 5,195,395,454 common shares were listed on the Main Board of the Philippine Stock Exchange.

On April 2, 2019, the Board of Directors approved the increase in the Parent Company's authorized capital stock ("ACS") from P5,195,395,454 divided into 5,195,395,454 Common Shares with par value P1.00 per share, of which 5,195,395,454 Common Shares are issued and fully paid-up, to P18,310,395,454 divided into 18,310,395,454 Common Shares with a par value of P1.00 per share. This increase was then authorized by the Parent Company's shareholders owning more than 2/3 of the total issued and outstanding capital during a special meeting of stockholders held on October 16, 2019. Following said special stockholders' meeting, the Parent Company initiated the corresponding processes with the SEC and the PSE for a stock rights offering ("Stock Rights Offering") for the purpose of raising the equivalent in Philippine Peso of up to US$250 million.

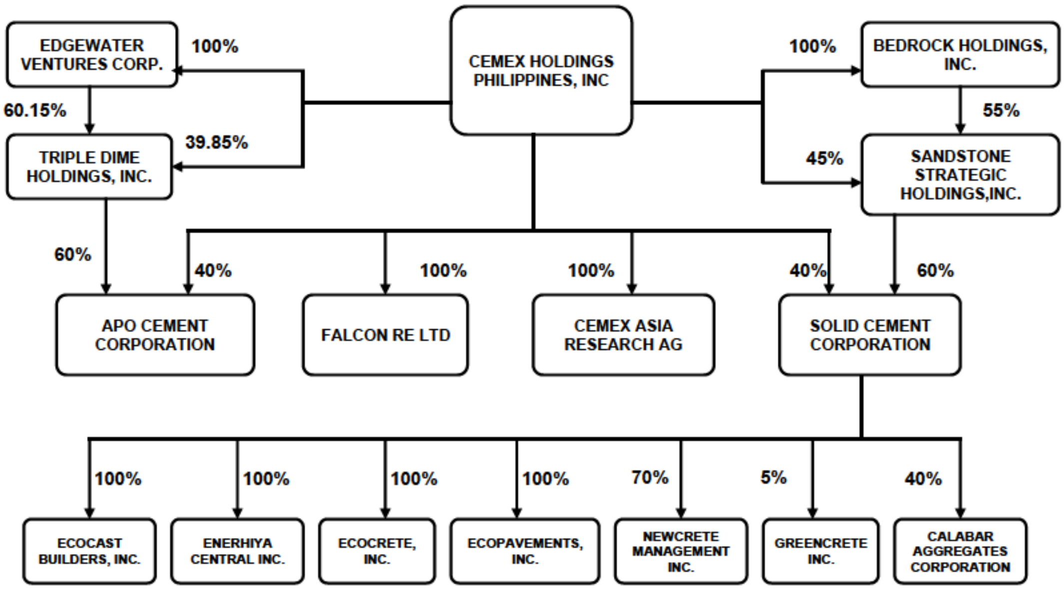
On December 11, 2019, the SEC issued a Notice of Confirmation of Exempt Transaction, confirming that the Stock Rights Offering is exempt from the registration requirements of the Securities Regulation Code of the Philippines and the board of directors of the PSE approved the Parent Company's application for listing of the shares to be offered in the Stock Rights Offering, subject to the fulfillment of certain listing conditions, such as but not limited to the Parent Company having obtained the SEC's approval of the increase in the Parent Company's ACS.

On January 6, 2020, the Parent Company announced that the Stock Rights Offering would involve the offer of 8,293,831,169 common shares with a par value of ₱1.00 per share (the "Rights Shares") at an offer price of ₱1.54 per Rights Share that would be issued from the Parent Company's increased ACS. The proceeds from the Stock Rights Offering would be used primarily (i) to fund the expansion of Solid Cement's plant in Antipolo City, Rizal, involving the construction and installation of a 1.5 million metric tons per year new integrated cement production line (the "Solid New Line Project"), including to pay outstanding amounts owed by Solid Cement under a revolving credit facility agreement dated November 21, 2018, as amended and restated from time to time, between Solid Cement, as the borrower, and CABV, as the lender (the "Solid Expansion Facility Agreement"), which facility agreement had been used primarily but not exclusively to fund the Solid New Line Project, and (ii) for other general corporate purposes, including to pay outstanding amounts owed by APO Cement under a master loan agreement dated October 1, 2014, as amended and restated from time to time, between APO Cement, as borrower, and CABV, as lender (as assignee to CEMEX Hungary KFT) (the "APO Operational Facility Agreement"[1]).

The offer period for the Stock Rights Offering was concluded on January 24, 2020. The total proceeds raised from the Stock Rights Offering amounted to ₱12,772,500,000.26. On February 27, 2020, the SEC approved the Parent Company's application for increase of ACS and on March 4, 2020, the 8,293,831,169 common shares comprising the Rights Shares were listed under the Main Board of the Exchange. After the Stock Rights Offering and the approval by the SEC of the Parent Company's application for increase in ACS, the Parent Company's issued and outstanding shares totaled 13,489,226,623 common shares at ₱1.00 par value per share or total par value of ₱13,489,226,623.

As at January 1, 2022, the shareholdings in the Parent Company owned by CASEC was 10,500,624,662 common shares (inclusive of 5 shares beneficially owned by CASEC), which corresponded to approximately 77.84% of the total issued and outstanding capital stock of the Parent Company. During 2022, CASEC increased its shareholdings in the Parent Company and, as of December 31, 2022, the total number of shares owned by CASEC was 10,507,954,662 (inclusive of 5 shares beneficially owned by CASEC) which corresponded to 77.9% of the total issued and outstanding shares of the Parent Company.

The following diagram provides a summary of the Company's organizational and ownership structure as of December 31, 2022:



[1] On October 1, 2014, APO Cement, as borrower, entered into a master loan agreement with CEMEX Hungary KFT, as lender, with a principal amount of up to US$40.0 million, which was assigned by CEMEX Hungary KFT to CABV on January 2016. In September 2017, the parties amended the APO Operational Facility Agreement to change the denomination of the outstanding principal of the loan to ₱2,046.8 million and to revise the prescribed interest rate to a fixed annual rate equal to 7.68%. On October 1, 2019, the APO Operational Facility Agreement was further amended to extend the maturity date to April 1, 2020 and changed the interest rate to 8.43% annually. On March 5, 2020, APO Cement fully paid and settled the balances under the APO Operational Facility Agreement which amounted to ₱1,090 million. The APO Operational Facility Agreement was not extended or renewed by the parties. CEMEX Hungary K.F.T. was merged into CEMEX España, S.A. effective 31 October 2017. As a result of the merger, CEMEX Hungary K.F.T. ceased to exist.

(b) Subsidiaries and Associates

The following are brief descriptions of the Company's operating subsidiaries:

- ***APO Cement Corporation***. APO Cement was incorporated in the Philippines on December 27, 1961 primarily to engage in the production and marketing of cement. The Parent Company owns a direct 40% equity interest in APO Cement as well as an indirect 60% equity interest through its equity interest in Triple Dime Holdings, Inc. APO Cement owns and operates the APO Cement plant and primarily produces products which carry the APO cement brand.

- ***Solid Cement Corporation* and its subsidiaries**. Solid Cement was incorporated in the Philippines on September 14, 1987. The Parent Company owns a direct 40% equity interest in Solid Cement as well as an indirect 60% equity interest through its equity interest in Sandstone Strategic Holdings, Inc. Solid Cement owns and operates the Solid Cement plant and primarily produces products which carry the Island and Rizal cement brands. The following are Solid Cement's subsidiaries:

  - *Ecocast Builders, Inc.* Ecocast Builders, Inc. ("Ecocast") was incorporated in the Philippines on October 16, 2014 to primarily provide its customers with materials and solutions for cement-intensive housing and other structures. Solid Cement owns a 100% equity interest in Ecocast.

  - *Ecopavements, Inc.* Ecopavements Inc. ("Ecopavements") was incorporated in the Philippines on October 16, 2014 to primarily provide its customers with materials and solutions for cement-intensive primarily provide its customers with materials and solutions for pavement, road and other pathway projects. Solid Cement owns a 100% equity interest in Ecopavements. Ecopavements' Board of Directors confirmed plans to close the business operations of the company effective on December 31, 2017. On August 31, 2018, the company's Board of Directors and Shareholders approved the shortening of the corporate term of the company to December 31, 2019. As at December 31, 2022, the company has not been able to obtain the approval of the SEC for the amendment of its articles of incorporation to reflect the shortened corporate term. Accordingly, the corporate existence of this company continues under its articles of incorporation.

  - *Ecocrete, Inc.* Ecocrete, Inc. ("Ecocrete") was incorporated in the Philippines on February 13, 2013 to primarily manufacture, develop and sell ready-mix concrete and other construction related products materials. Solid Cement owns a 100% equity interest in Ecocrete. Ecocrete's Board of Directors confirmed plans to close the business operations of the company effective on December 31, 2017. On August 31, 2018, the company's Board of Directors and Shareholders approved the shortening of the corporate term of the company to December 31, 2019. As at December 31, 2022, the company has not been able to obtain the approval of the SEC for the amendment of the company's articles of incorporation to reflect the shortened corporate term. Accordingly, the corporate existence of the company continues under its articles of incorporation.

  - *Enerhiya Central Inc.* Enerhiya Central Inc. ("Enerhiya") was incorporated in the Philippines on February 26, 2013, to primarily sell, broker market and/or aggregate electricity to industrial, commercial and institutional clients. Solid Cement owns a 100% equity interest in Enerhiya. Enerhiya has not yet started commercial operations.

  - *Newcrete Management Inc.* Newcrete Management Inc. ("Newcrete") was incorporated in the Philippines on November 14, 2012, to provide management services related to technical support, concrete sales, concrete products, special building materials and other related products and services. Newcrete Management Inc. has not yet started commercial operations. Solid Cement owns a 70% equity interest in Newcrete.

- ***Falcon Re Ltd***. – Falcon Re Ltd. ("Falcon") was incorporated in Barbados on May 9, 2016. The Parent Company owns a direct 100% equity interest in Falcon, which reinsures third-party insurers of the Company covering risks associated with property insurance coverage, with political violence and non-damage business interruption ("NDBI") programs, professional liability program and cyber risks.

- ***CEMEX Asia Research A.G***. – CEMEX Asia Research AG ("CAR") was incorporated in Switzerland on December 18, 2015. The Parent Company owns a direct 100% equity interest in CAR, which is the licensee for the certain licensed trademarks and intangible assets to which the Company has access through several agreements with CEMEX Group.

The following are brief descriptions of the Company's investment holding company subsidiaries:

- ***Edgewater Ventures Corporation*** and ***Triple Dime Holdings, Inc.*** Edgewater Ventures Corporation ("Edgewater") was incorporated in the Philippines on April 23, 1998 and Triple Dime Holdings, Inc. ("Triple Dime") was incorporated in the Philippines on May 13, 1998. The Parent Company owns a 100% equity interest in Edgewater, which is an investment holding company that owns a direct 60.15% equity interest in Triple Dime which is also an investment holding company. The Parent Company owns directly the remaining 39.85% equity interest in Triple Dime. Triple Dime owns a direct 60% equity interest in APO Cement.

- ***Bedrock Holdings, Inc.*** and ***Sandstone Strategic Holdings, Inc.*** Bedrock Holdings, Inc. ("Bedrock") was incorporated in the Philippines on October 30, 1998 and Sandstone Strategic Holdings, Inc. ("Sandstone") was incorporated in the Philippines on November 12, 1998. The Parent Company owns a direct 100% equity interest in Bedrock which is an investment holding company that owns a direct 55% equity interest in Sandstone which is also an investment holding company. The Parent Company directly owns the remaining 45% equity interest in Sandstone. Sandstone owns a direct 60% equity interest in Solid Cement.

The following are brief descriptions of companies in which Solid Cement has minority investments:

- ***Calabar Aggregates Corporation***. Calabar Aggregates Corporation ("CAC") was incorporated in the Philippines on January 31, 1991. CAC is a company in which the Parent Company owns an indirect 40% equity interest through its 100% equity interest in Solid Cement. This company is currently inactive. On August 31, 2021, CAC's Board of Directors and Shareholders approved the shortening of the company's corporate term to December 31, 2022. On December 17, 2021, the SEC approved the amendment of CAC's articles of incorporation to reflect the shortened corporate term.

- ***Greencrete Inc.*** Greencrete Inc. ("Greencrete") was incorporated in the Philippines on November 14, 2012. The Parent Company owns an indirect 5% equity interest in Greencrete through its 100% equity interest in Solid Cement. Greencrete has not yet started commercial operations.

(c) Material Reclassification, Merger and Consolidation

There was no material reclassification, merger or consolidation undertaken by the Company in 2022.

(2) General Business Description

The Company has two cement plants with aggregate installed annual capacity[2] of 5.7 million tonnes of cement as of December 31, 2022. APO Cement's cement production plant is located in Naga City, Cebu and currently has three grinding lines and has an installed annual capacity of 3.8 million tonnes of cement, and serves its customers in the Visayas and Mindanao regions through its marine and land distribution network. Solid Cement's cement production plant is located in Antipolo City, Rizal and currently has three grinding lines and an installed annual capacity of 1.9 million tonnes of cement. Solid Cement's plant principally serves the Luzon Region. The Solid New Line Project, consisting of the procurement, construction and installation of a 1.5 million metric tons per year new integrated cement production line at Solid Cement's plant, is ongoing. The Company currently estimates that the construction of the new production line should be completed by March 2024 and the start of its operations could commence in April 2024. A further discussion on developments regarding the Solid New Line Project is found under ITEM 2 of PART 1 of this Annual Report (SEC Form 17-A) (Properties) on pages 32 to 33.

The Company is dedicated to a customer--focused approach in the cement industry in the Philippines and is committed to providing building materials solutions that are convenient, sustainable reliable and efficient for our customers. Following a customer-centric direct sales model, we have established an extensive distribution system with a view to ensuring that our products are offered and made available close to our customers, and we utilize various electronic or digital platforms and automated operating systems to improve overall efficiency in managing and supporting our operations. In October 2018, the Company launched CEMEX Go, an end-to-end digital platform which was developed by CEMEX to provide an integrated experience for order placement, payment, tracking of deliveries and managing invoices for the Company's main products. CEMEX Go can be accessed from a laptop or any mobile device. Once an order is placed, the customer can track its delivery path in real-time. Through CEMEX Go's Order and Product Catalogue, customers have complete control over their orders. Across the different markets where this application was launched by CEMEX, the Philippines has had one of the fastest adoption rates within the CEMEX group. As of December 31, 2022, more than 94% of orders from the Company's on-boarded clients were placed using this digital platform. The Company continues to implement its Electronic Authority to Withdraw (e-ATW) digital solution, which was introduced in 2021 and, coupled with Book and Go, an online booking and queuing system, provided its customers a complete contactless experience for pick-up transactions.

The Company's customer-centric direct sales approach is also supported by a customer service center and our customer information system. Our customer service center is responsible for overall customer relationship management activities, such as order-taking and fulfillment, inquiries and complaint management. Based on the information provided by a customer upon completing an order form, we are able to see the order type, quantity and delivery preferences that are typical of each of our customers over time. To ensure service quality, we monitor specific key performance indicators, including response rate, handling time, and voice service quality. The Company's in-house Service Center is located in the head office in Makati City, Metro Manila. This Service Center enhances our capacity to better serve our customers across multiple communication channels.

(i) Products

Principal Product – Cement

Cement is a binding agent that, when mixed with sand, stone or other aggregates and water, produces either ready-mix concrete or mortar. The Company provides its customers with high-quality branded cement products and services in both bagged and bulk formats. The Company relies on professional knowledge and experience to develop customized products that fulfill its customers' specific requirements and foster efficient and sustainable construction. In 2022, the Company sold a large

[2] cement grinding capacity

proportion of its cement in bags which accounted for 75% of our total cement sales volume. Sales of cement and cement products accounted for 89.5% of consolidated net sales for 2022 before eliminations. The principal groups of related products and services are gray ordinary Portland cement, blended cement and masonry cement. The Company delivers its bagged, branded product to a large number of distribution outlets or retailers such as hardware stores so that its cement is available to end-users in a point of sale near to where the product will be used.

Product	Brands	Description	Product Specifications and National Standards Met
Gray Ordinary Portland	APO Portland Cement	General-purpose Type I Portland cement made for high performance applications. It passes the specifications of Type II cement as moderately sulfate resistant and is suitable for applications near bodies of water.	PNS 07:2022 ASTM C150:2022
	Island Portland Cement	General-purpose Portland cement made for high performance applications. Achieves higher compressive strength in less time compared to other Portland cement.	PNS 07:2022 ASTM C150:2022
Masonry	Rizal Masonry Cement APO Masonry Cement	Type M masonry cements. Minimizes the carbon footprint of regular Portland cement by up to 32% and allows better moisture retention and adhesion strength.	PNS ASTM C91/ C91M:2019
Blended	Rizal Portland Super/Rizal Portland (Vertua Plus) APO Portland Premium/APO Portland (Vertua Plus)	All-purpose Type 1P cement formulated with natural minerals that add beneficial properties, such as increased strength and durability over time. Used for general construction applications where structures are exposed to moderate sulfate environments.	PNS 63:2019 ASTM C595: 2020
	Rizal High Strength (Vertua Plus)	All-purpose General Cement Type 1P, formulated with natural minerals that add beneficial properties, such as increased early strength, suitable for high performance concrete requirements, and durability overtime. Used for general construction applications.	PNS 63:2019 ASTM C595: 2020
	APO High Strength (Vertua Plus)	All-purpose General Cement Type 1P, formulated with natural minerals that add beneficial properties, such as increased early strength, suitable for high performance concrete requirements, and durability overtime. Used for general construction applications and for structures requiring moderate sulfate resistance.	PNS 63:2019 ASTM C595: 2020
	Rizal Portland (Vertua Ultra)	All-purpose General Cement Type 1T (Ternary Blended Cement), formulated with natural minerals that add beneficial properties, such as increased strength and durability overtime. Use for general construction applications.	PNS 63:2019 ASTM C595: 2021
	APO Portland (Vertua Ultra)	All-purpose General Cement Type 1T (Ternary Blended Cement), formulated with natural minerals that add beneficial properties, such as increased strength and durability overtime. Use for general construction applications and for structures requiring moderate sulfate resistance.	PNS 63:2019 ASTM C595: 2021

In 2022, the Company sold gray ordinary Portland cement, masonry cement and blended cement. The Company's cement products are principally sold under the APO, Island and Rizal brand names. The Island and Rizal brands are primarily sold to customers in Luzon, whereas the APO brand cement is primarily sold to customers in the Visayas and Mindanao. The Company's Vertua® line of products, which was launched in 2021 to provide its customers with lower-carbon alternatives, are specially formulated to reduce CO2 emissions during production, while maintaining the same quality as other cement types. Compared with industry-standard ordinary Portland cement, products that fall under the classification of *Vertua Plus* reduce carbon emissions by at least 25%, while those under the *Vertua Ultra* classification reduce carbon footprint by 40%.

Others

The Company sold admixtures and building materials other than cement to third parties. In 2022, sales of admixture and building materials accounted to not more than 0.10% of consolidated net sales for the year. The Company also generated revenue from co-processing of waste materials or alternative fuel resources from third parties which accounted to not more than 0.22% of consolidated net sales for 2022.

(ii) Export Revenue

The export revenue for cement as of December 31, 2022 amounted to ₱73.2 million which is 0.4% of total revenue of the Company for the year. The cement was exported to the Pacific Islands.

(iii) Distribution Methods

As at December 31, 2022, the Company's distribution infrastructure utilizes 1 jetty/marine terminal in Cebu, 5 other marine distribution terminals, and 19 land distribution centers/warehouses located in Central Luzon, Southern Luzon, Visayas, and Mindanao. The Company distributes its products using a fleet which is managed directly by its subsidiaries or by third-party transport providers. As at December 31, 2022, the Company hires 95 trucks for the distribution of bag and bulk cement, charters 7 marine vessels for the waterborne distribution of bag cement in the Philippines, and contracts 3 marine vessels for the distribution of bulk cement.

(iv) Product Development

The Company continues to work on evolving its current portfolio of products with the objective of developing products to suit customers' specific requirements or specifications.

(v) Competition

The Company competes through a wide section of the Philippine archipelago, primarily on the basis of quality, market presence, distribution network, diversity of product offerings, sales strategy, brand image and pricing.

As of December 31, 2022[3], the Company's major competitors in the Philippine cement market were Holcim Philippines, Inc., Republic Cement Group, Taiheiyo Cement Philippines, Inc., Northern Cement Corporation, Southern Concrete Industries Corp (previously Oro Cemento Industries Corp.), Goodfound Cement Corporation, Mabuhay FilCement Inc., Eagle Cement Corporation, and Big Boss Cement Inc., as well as importers that import cement primarily from Vietnam. Since 2016, imported cement mainly from Vietnam has substantially increased the supply of cement in the Philippines, which adversely impacted pricing. Based on updated information from the Department of Trade and Industry, including reports relating to the 2022 report of the Tariff Commission of the Philippines on safeguard measures on the importation of cement from various countries, the share of cement imports in the domestic market grew from 0% in 2013 to approximately 8% in 2016, 12% in 2017, 15% in 2018, 17% in 2019, 21% in 2020, and 21% in 2021.

On August 27, 2019, the Department of Trade and Industry ("DTI") issued a general definitive import safeguard duty for cement imports of cement types 2523.29.90 and 2523.90.00 under the ASEAN

[3] In January 2023, it was disclosed by Century Peak Holdings Corporation that its construction unit, Century Peak Cement Manufacturing Corporation has secured the government's quality standard certification for its cement products which allows them to start commercial operations.

Harmonized Tariff Nomenclature from major exporting markets of China, Japan, Taiwan, Thailand, and Vietnam effective for three years at the rate of ₱10.00 per 40kg bag for the first year, ₱9.00 per 40kg bag for the second year, and ₱8.00 per 40kg bag for the third year. This duty is supposed to provide a disincentive to the importation of cement into the Philippines. The amount of the duty is subject to regular review by the DTI. This general safeguard measure was updated on December 5, 2020 in order to revise the general definitive import safeguard duty to ₱9.80 per 40kg bag for the second year (i.e., from October 22, 2020 to October 21, 2021). The general safeguard duty imposed for the final year of the aforementioned three-year period (i.e., period from October 21, 2021 to October 21, 2022) was confirmed by the DTI to be ₱200 per metric ton or ₱8.00 per 40kg bag.

Based on its preliminary determination that cement products have been dumped into the Philippines causing material injury to the Philippine cement industry, the DTI issued an order dated November 29, 2021 imposing provisional anti-dumping duties for Type 1 and Type 1P cement originating from Vietnam (Department Administrative Order 21-07, Series of 2021). The period of the department's investigation for dumping covered import transactions from July 2019 to December 2020 while the period of investigation for injury considered relevant information from 2017 to June 2020. This order identifies certain exporters of Type 1 and Type 1P cement originating from Vietnam who are subject to the provisional duties which will be imposed in the form of cash bond and based on prescribed dumping margins computed at rates ranging from US$0.73 to US$12.79 per metric ton. This provisional measure is effective for four months from December 20, 2021, which is the date of the order of the Philippine Bureau of Customs implementing the same. After concluding its formal investigation on the matter, the Tariff Commission of the Philippines (the "Commission") issued its Final Report dated October 11, 2022, ordering the imposition of anti-dumping duties on imports of Type 1 and Type 1P cement originating and exported from Vietnam for a period of five years. The Commission found that the threat of material injury to the domestic cement industry is imminent in the near future from dumped imports from Vietnam and ordered that anti-dumping duties be imposed on several foreign exporters computed at rates ranging from US$0.99 to US$8.33 per metric ton. On December 16, 2022, the DTI imposed anti-dumping duties on imports of ordinary portland cement (Type 1 cement) and blended cement (Type 1P cement) originating and exported from Vietnam (Department Administrative Order 22-17, Series of 2022) for a period of five years. The anti-dumping duties range from US$1.61/MT to US$10.29/MT for Type 1 cement and US$1.43/MT to US$16.42/MT for Type 1P cement. This administrative order also imposed an "All Others Rate" that will be imposed to foreign exporters who (1) did not make themselves known to the Commission (2) did not cooperate sufficiently during the formal investigation, and (3) new foreign exporters who have not exported subject articles to the Philippines during the period of investigation. The All-Others Rate was set to 27.64% of the export price for Type 1 and 54.82% for Type 1P cement or $10.29/MT and $16.42/MT respectively. Six exporters were determined to have de minimis and/or negative anti-dumping margin either for Type 1 or for Type 1P.

The administrative order will take effect after the lapse of the period to file a Motion for Reconsideration in case no Motion for Reconsideration has been filed or upon a negative resolution of the motion in case one is filed. Several motions for reconsideration were filed by various traders and Vietnamese exporters before the DTI.[4]

[4] Pursuant to its Department Administrative Order No. 23-01, s. 2023 dated February 14, 2023, the DTI resolved with finality the imposition of anti-dumping duties against importations of Type 1 and Type 1P cement from Vietnam by identified exporters (producer or trader) in Vietnam for a period of 5 years, ranging from US$0.99/MT to US$8.33/MT for Type 1 cement and US$1.43/MT to US$8.20/MT for Type 1P cement. Foreign exporters who (a) did not make themselves known to the Tariff Commission, (b) did not cooperate sufficiently during the formal investigation, and (c) new foreign exporters who have not exported Type 1 and Type 1P cement to the Philippines during the period of investigation and who can prove that they are not related to any of the exporters subject of anti-dumping duties, shall be imposed an All Others Rate of 23.07% of the export price for Type 1 cement and 23.33% of the export price for Type 1P cement, except that for those falling under (c), their individual margins of dumping may be determined during an expedited review. Nine exporters are determined to have de minimis and/or negative anti-dumping margin either for Type 1 or for Type 1P. DTI Order shall be implemented through the relevant issuance of a Customs Memorandum Order by the Bureau of Customs.

(vi) Sources and Availability of Raw Materials and Supplies

The primary raw materials used in the Company's cement production are limestone, pozzolan, clay and gypsum. The cost of such raw materials represented approximately 14%, 15%, 13% and 12% of the Company's consolidated costs of sales for 2022, 2021, 2020 and 2019, respectively.

The raw materials are customarily delivered directly to the Company's production facilities by trucks and conveyor belts.

The Company purchases the majority of its limestone, pozzolan and clay requirements from APO Land & Quarry Corporation ("ALQC") and Island Quarry and Aggregates Corporation ("IQAC") pursuant to long-term supply agreements, each having 20-year terms commencing on January 1, 2016 and automatic renewals for successive periods of two years.

ALQC is an entity that is wholly-owned by Impact Assets Corporation, a corporation in which CASEC owns a 40% equity interest. IQAC is an entity that is wholly-owned by Albatross Holdings, Inc., a corporation in which CASEC owns a 40% equity interest.

Most of the quarries from which ALQC and IQAC mine raw materials, such as limestone, pozzolan and clay, are located near the Company's cement production plants, which reduces the Company's pre-production transport time and costs.

The Company's cement plant operations consume significant amounts of electricity and fuel.

The Company sources electricity by purchasing grid electricity from third parties, in addition to electricity from in-house generators as well as the waste-heat-to-energy facilities of SINOMA Energy Conservation Ltd ("SINOMA") located at the Company's cement plants. When running at full utilization, APO Cement plant requires approximately 48 megawatts of power while Solid Cement plant requires up to approximately 24 megawatts of power. Electricity costs in the Philippines are among the highest in Asia. Electricity cost and availability are also impacted by the limited numbers of suppliers, a complex regulatory framework, low grid reliability, the geography of the Philippines which makes distribution costly, the climate and weather conditions in the Philippines which regularly impacts power supply and quality, and dependence on imported fuel.

The Company sources most of its electricity requirements by purchasing grid electricity from third parties. Both APO Cement and Solid Cement plants purchased grid electricity for its respective power needs from San Miguel Electric Corporation ("SMEC") from 2017 to 2020. In August 2020, SMEC assigned and transferred its obligations to supply APO Cement and Solid Cement to its affiliate, i.e., SMC Consolidated Power Corporation (SCPC) - a retail electricity supplier. The current electricity supply agreement between Solid Cement and SCPC covers a period which will expire in December 2025. On the other hand, since the expiration of the supply agreement between APO Cement and SCPC in December 2020, APO Cement has been purchasing grid electricity from Team (Philippines) Energy Corporation ("TPEC"). The current electricity supply agreement between APO Cement and TPEC covers a period which will expire in June 2024.

Regarding the in-house power generators at the Company's plants, the power generation plant at APO Cement plant has an installed capacity[5] of approximately 67.2 megawatts, while the power generation plant at Solid Cement plant has an installed capacity of approximately 15.9 megawatts of power.

In January 2012, Solid Cement entered into a 15-year build-and-operate arrangement with SINOMA, to implement a waste heat recovery system at Solid Cement plant. SINOMA's facility captures waste heat generated by the plant's kilns and converts it into electricity. Pursuant to this arrangement, SINOMA owns the facility and is responsible for the maintenance, repairs and operations of the facility

[5] "installed capacity" refers to the sum of the individual rated capacity of all generators

and, subject to certain conditions, is obligated to deliver for a period of 15 years all of the electricity generated by the facility to Solid Cement plant. Moreover, subject to certain conditions, Solid Cement is obligated to purchase all of the electricity generated by the facility. This waste-heat-to-energy facility has a rated capacity of approximately 6 megawatts of power. The construction and installation of the waste-heat-to-energy facility at the Solid Cement plant was completed in 2015. In March 2017, the Company entered into a similar build-and-operate arrangement with SINOMA to implement a waste-heat-to-energy facility at APO Cement plant with a rated capacity of approximately 4.5 megawatts of power and SINOMA is obligated to deliver for a period of 15 years all of the electricity generated by said facility to APO Cement plant. The construction and installation of the waste-heat-to-energy facility at the APO Cement plant was completed in 2022.

The Company's kilns are fired with fossil-based fuels, alternative fuels, and biomass fuels. The Company obtains substantially all of its imported fossil-based fuels from Transenergy, Inc.[6] or CEMEX International Trading LLC (subsidiaries of CEMEX) that sources coal, petroleum coke and other energy products on a CEMEX group-wide basis seeking to obtain favorable pricing.

The Company seeks to optimize its fuel mix and contribute to the circular economy through the co-processing of available alternative fuels, such as refuse-derived fuel, waste rubber tires, waste plastic, industrial waste, rice husks and other biomass, and hazardous waste, among others. The use of alternative fuels reduces CO2 emissions from the displacement of fossil-based fuels to fire the kilns. In 2022, the usage of alternative fuels at Solid Cement plant and APO Cement plant amounted to approximately 51.6% and 17.8%, respectively, of the overall fuel used to fire the plant's kiln. On a combined basis, the alternative fuels usage at Solid Cement and APO Cement plants was at 28.2% of the overall fuel used to fire the plants' kilns.

The Company primarily uses heavy fuel oil for the electricity generators in both plants, and the trucks and vessels used in the distribution of its products run primarily on diesel. The Company obtains its supply of these heavy fuel oil and diesel from domestic suppliers.

(vii) Dependence on a single or a few customers

The Company sells cement directly to retailers such as hardware stores. The Company also sells cement directly to institutional customers such as contractors, developers and ready-mix concrete operators or manufacturers. Many of the customers resell the Company's products to a variety of end-users, such as households, small and large contractors and ready-mix concrete producers, while the cement products which the Company sells directly to institutional customers are mostly used in a variety of private and public infrastructure projects. We believe the business of the Company does not depend on any single or few customers, and no single customer represented more than 20% of the Company's consolidated net sales.

(viii) Transactions with Related Parties

Refer to ITEM 12 of PART III of this Annual Report (SEC Form 17-A) (Certain Relationships and Related Party Transactions) on pages 76 to 80, and Note 13 - Balances and Transactions with Related Parties of the Notes to the Company's Audited 2022 Consolidated Financial Statements filed as part of this Annual Report (SEC Form 17-A).

(ix) Intellectual Properties

The Company relies on trademarks to establish and protect its business interests. As a subsidiary of a multinational corporation, substantially all of the trademarks and intellectual property of CEMEX

[6] Transenergy, Inc. was merged into CEMEX International Trading LLC, another subsidiary of CEMEX, in November 2022. As a result of the merger, Transenergy, Inc. ceased to exist.

Group, as well as the protection and enforcement thereof, are managed by the CEMEX offices in Mexico and Switzerland with the assistance of the local operating companies.

The Company has license rights to use the "CEMEX" name and other CEMEX trademarks in the Philippines pursuant to a *Trademark License Agreement* executed with CEMEX which took effect on January 1, 2016.[7] In exchange for the right to use the trademarks or brands owned by CEMEX, the Company incurred royalty fees payable to CEMEX for 2022 amounting to ₱27.2 million, which accounted for approximately 0.13% of the Company's consolidated revenue.

The Company also has license rights to use the "APO", "Island" and "Rizal" brands and the non-exclusive right to use, exploit and enjoy certain intangible assets, including but not limited to, know-how, processes, software and best practices, pursuant to a *Non Exclusive Use, Exploitation and Enjoyment of Assets License Agreement* executed with CEMEX Research Group AG which took effect on January 1, 2016[8]. The Company relies on these intangible assets for continuous improvements, enhancements and variations considering industry evolution and the particular needs of the Philippine market, and has entered into license agreements that allow its operating subsidiaries to use these intangible assets. For 2022, in exchange for the intangible assets and tools made available to the Company under license agreements, as well as the right to use trademarks or brands, the Company incurred royalty fees payable to the licensor amounting to ₱745.6 million, which accounted for approximately 3.6% of the Company's consolidated revenue.

The Company owns "Semento Filipino" and "Pioneer Cement" trademarks.

(x) Governmental approval of principal products

APO Cement and Solid Cement possess licenses issued by the Bureau of Product Standards – Department of Trade and Industry which allows them to use the Philippine Standard (PS) Quality Mark for its various products.

(xi) Governmental Regulations

The principal areas in which the Company is subject to regulation are product quality standards, environmental compliance, its methods of distribution, labor, taxation, antitrust and health and safety. For example, the Occupational Safety and Health Standards promulgated by the Department of Labor and Employment, prescribes the minimum set of standards, rules, and regulations for the welfare and protection of workers in all places of employment. The Company has been operating pursuant to specific guidelines of the government issued due to the COVID-19 Pandemic, including those issued by Inter-Agency Task Force for the Management of Emerging Infectious Diseases (IATF). Apart from domestic rules, the Company is also guided by global benchmarks and standards on occupational health and safety, which is a key focus of management. There are management policies and rules designed to achieve compliance with applicable laws and regulations such as production safety measures, the handling of hazardous materials, guidelines on high risk operations, and the Company also conducts regular training on occupational health and safety.

(xii) Research and Development

CEMEX's research and development center, which is currently led by Cemex Innovation Holding Ltd. based in Switzerland, work in close collaboration with customers to offer them unique, integrated and

---

[7] "Trademark License Agreement" between CEMEX, as Licensor, and CAR, as Licensee, effective as of January 1, 2016 (as from time to time amended and/or restated).

[8] "Non Exclusive Use, Exploitation and Enjoyment of Assets License Agreement" between CEMEX Research Group AG (a subsidiary of CEMEX) as Licensor, and CAR, as Licensee, effective as of January 1, 2016 (as from time to time amended and/or restated). CEMEX Research Group AG assigned and transferred its rights and obligations as Licensor under this license agreement to Cemex Innovation Holding Ltd. (another subsidiary of CEMEX based in Switzerland) with effect from 1 January 2021.

cost-effective solutions that aim to fulfill their specific performance requirements, including a growing portfolio of value-added brands and help the Company to anticipate and understand society's trends in order to create innovative, sustainable construction solutions, commercial digitalization or manufacturing technologies, while challenging the current technological landscape. Research and development assumes a key role in CEMEX, as the CEMEX Group focuses on creating tangible value for its customers, intending to elevate and accelerate the industry's evolution to achieve greater sustainability, increase engagement in social responsibility and provoke an important leap in its technological advancement.

CEMEX's innovative, sustainable construction solutions have been conceptualized and engineered to positively impact the jobsite safety, promote efficient construction practices, sensibly preserve natural resources vital to life, and improve the quality of life in rapidly transforming cities. Underlying CEMEX's R&D philosophy is a growing culture of global collaboration and coordination, where the global R&D collaboration network identifies and promotes novel collaboration practices, advanced supply chain processes and complete operating models and mobilizes its adoption throughout the CEMEX organization. Pursuant to the *Non Exclusive Use, Exploitation and Enjoyment of Assets License Agreement* (as supplemented and amended from time to time), the Company is able to access the research and development capabilities of CEMEX through the Company's enjoyment and utilization in the Philippines of certain licensed trademarks and intangible assets. Any research and development activties that may be undertaken by the Company are done in close coordination with and under the supervision of Cemex Innovation Holding Ltd., which reimburses the Company for any costs that the latter may incur for such activities.

(xiii) Compliance with Environmental Law

The Company is subject to a broad range of environmental laws and regulations in the Philippines, such as the Philippine Clean Air Act of 1999, the Philippine Clean Water Act of 2004 and the regulatory framework established by the Philippine Environmental Impact Statement System. These laws and regulations impose increasingly stringent environmental protection standards regarding, among other things, air emissions, wastewater discharges, the use and handling of hazardous waste or materials, waste disposal practices and the remediation of environmental damage or contamination.

The Company allocates resources to government-mandated social development funds in compliance with environmental laws and regulations. For instance, in 2022, the Company incurred expenses amounting to ₱3.6 million for social development programs.

(xiv) Employees

As at December 31, 2022, the Company has a total of 744 full-time employees in the Philippines, while the Parent Company's foreign subsidiaries employed a total of 5 employees. A breakdown of the employees in the Philippines is shown below:

Area	Number of Employees
Corporate and Administration	217
Cement Business (commercial sales & administration, cement operations & technology, and logistics)	527

As of December 31, 2022, approximately 27.5% of the non-managerial employees of our cement business were members of, and were represented by, labor unions. Their labor conditions, including wages and benefits, are governed by collective bargaining agreements negotiated at the plant level. The Solid Cement plant has two unions and the collective bargaining agreements of these unions will expire on December 31, 2022 and February 28, 2023, respectively. The APO Cement Plant has two unions and the collective bargaining agreements for these unions which expired on December 31, 2021 were renewed for another three years until December 31, 2026. Each of these unions is associated with the

Trade Union Congress of the Philippines. Under the Philippine Labor Code, a labor union serves as the certified collective bargaining representative of the relevant bargaining unit (i.e., rank and file; supervisors unit) for a period of five years, whereby the bargaining unit will then conduct a certification election to determine who its collective bargaining agent will be for the next five years. Accordingly, APO Cement and Solid Cement negotiate collective bargaining agreements with the newly elected collective bargaining representative every five years for the general and political terms. The economic terms, such as the salary, allowances and all monetary and non-monetary benefits to which the collective bargaining members are entitled, can be renegotiated after a period of three years from the execution of the collective bargaining agreement. There has been no strike affecting Solid Cement plant or APO Cement plant during the past twenty years.

(xv) Major Risks Affecting the Business

We are subject to various risks, mainly resulting from economic, environmental, political, industry, business, regulatory, financial and climate conditions, as well as risks related to ongoing legal proceedings and investigations, The following risk factors are not the only risks we face, and any of the risk factors described below could significantly and adversely affect our business, liquidity, results of operations or financial condition, as well as, in certain instances, our reputation.

Substantially all of the Company's manufacturing business and assets are located in the Philippines. Accordingly, economic conditions in the Philippines may materially and adversely affect its business, prospects, financial condition and results of operations.

The results of the Company's operations can be affected by the performance of the Philippine economy. The Philippines has experienced periods of slow or negative growth, high inflation, significant depreciation of the Philippine Peso and the imposition of exchange controls.

The Company's growth prospects are directly related to the economic growth in the Philippines.

The Company's growth may be influenced in part on whether the Philippine economy can maintain a consistent growth rate as well as our ability to capitalize on such growth. Even if the Philippine economy grows, there can be no assurance that growth will necessarily translate into an increase in demand for the Company's products. In addition, there can be no assurance that current or future governments will adopt economic policies conducive to sustaining growth in the Philippines.

There can be no assurance that an economic slowdown in the Philippines will not occur. Factors that may adversely affect the Philippine economy include, but are not limited to, the following:

- increased levels of inflation as well as the duration of such sustained elevated periods;
- decreases in business, industrial, manufacturing or financial activity in the Philippines or globally;
- availability of credit lines or other financing;
- increased interest rates and/or interest rate volatility;
- currency exchange rate fluctuations;
- an increase in unemployment levels or decrease in consumer confidence;
- a decrease in remittances from overseas Filipino workers;
- changes in applicable taxation policies and laws, as well as the enactment of new taxation policies and laws;
- the impact of pandemics, epidemics or outbreaks of infectious diseases, including the COVID-19 pandemic and its variants, which may adversely affect, among other matters, the ability of our operating facilities to operate at full or any capacity, supply chains, international operations, the availability of liquidity, investor confidence and consumer spending, as well as availability of, and demand for, our products and services;
- natural disasters, including landslides, typhoons, earthquakes, fires, floods and similar events;
- political instability, terrorism or military conflict in the Philippines, other countries in the region or globally; and
- political or economic developments in or affecting the Philippines.

In addition, the strength of the Philippine economy is influenced and affected by global factors, including the performance of the global and regional economies, including in particular the United States and China, and the global economy, in general. The demand for the Company's products is also influenced by the aforementioned factors, among others, as the Philippine economy has a direct influence over the Company's sales and operations. If these economies were to suffer negative fluctuations during prolonged periods, it could materially and adversely affect the Company's business, prospects, financial condition and results of operations.

Any deterioration of the economic or political environment in the Philippines could adversely affect demand for the Company's products. Demand for the Company's products is highly related to construction levels and depends, in large part, on residential and commercial construction activity as well as private and public infrastructure spending and government-led projects in the Philippines. Declines in the construction industry are usually correlated with declines in economic and political conditions. Notwithstanding the foregoing, there can be no assurance that any increase in construction activity, infrastructure spending or the gross domestic product of the Philippines will result in a correlated increase in the demand of our products. A deterioration of economic or political conditions in the Philippines may have a material adverse effect on the Company's business, prospects, financial condition and results of operations.

Pandemics, epidemics or outbreaks of infectious diseases could materially adversely affect the Company's financial condition and results of operations

In addition to risks to the health and safety of the Company's employees, customers, contractors and suppliers, the impact of pandemics, epidemics or outbreaks of infectious diseases may result in governmental measures to be implemented to attempt to contain and mitigate the effects of the disease. These measures, and the adverse effects of pandemics, epidemics or outbreaks of infectious diseases may result in, but not limited to: (i) temporary restrictions on, or suspended access to, or shutdown, or suspension or the halt of, the entirety or a part of the Company's manufacturing plants and other facilities; (ii) staffing shortages, production slowdowns or stoppages and disruptions in our delivery systems; (iii) disruptions or delays in our supply chains, including shortages of materials, products and services on which the Company and its business depend; (iv) reduced availability of land and sea transport methods to deliver our products, including labor shortages, logistics constraints and increased border controls or closures, as well as fluctuations in the price of such transport methods; (v) increased cost of materials, products and services on which the Company and its business depend, as well as the availability of such materials; (vi) investor confidence and consumer spending where the Company operates; (vii) a general slowdown in economic activity, including construction, and a decrease in demand for the Company's products and the cyclical activity of the construction sector; (viii) constraints on the availability of financing in the financial markets, if available at all, including on access to credit lines and working capital facilities from financial institutions; (ix) the Company's inability to, if required, refinance its existing indebtedness on desired terms, if at all; (x) the increasing reliance on information technology infrastructure for our sales invoicing, procurement, financial statements and other processes that can adversely affect our sales and operations in the event that the infrastructure does not work as intended, experiences technical difficulties or is subjected to cyber-attacks; or (xi) declarations of insolvency or bankruptcy or becoming subject to similar proceedings.

On March 11, 2020, the World Health Organization declared as a pandemic the outbreak of the novel strain of the coronavirus identified in China in late 2019 (the "COVID-19 Pandemic"), due to its rapid spread throughout the world. On March 16, 2020, the President of the Philippines issued Proclamation No. 929 declaring a state of calamity throughout the Philippines due to the COVID-19 Pandemic which resulted in the imposition of an Enhanced Community Quarantine ("ECQ") throughout Luzon starting midnight of March 16, 2020. The President announced several social distancing measures which were implemented including extension of suspension of school classes in all levels in Metro Manila, prohibition of mass gatherings or events, imposition of community quarantine measures when necessary, restriction of mass public transport system (MRT, LRT, etc.), and most importantly, suspension of land, domestic air and domestic sea travel to and from the Metro Manila beginning March 15, 2020. While transportation was heavily regulated, on March 19, 2020, the Department of Trade and Industry issued Memorandum Circular No. 20-06 mandating that the movement of all types of cargo should be left unhampered. On March 24, 2020, the Philippine Government enacted Republic Act No. 11469, also known as the Bayanihan Act, to effectively enact measures to address the pressing problems caused by the COVID-19 Pandemic. On March 26, 2020, the Governor of the Province of Cebu announced the implementation of ECQ measures for the entire island of Cebu, effective March 30, 2020. Beginning May 16, 2020, several cities and provinces, including Metro Manila and Cebu City, were placed under modified enhanced community quarantine, while other cities and provinces, including the Province of Rizal and other cities in the Province of Cebu, were placed under general community quarantine.

Consistent with the ECQ implementation in Luzon, the Company initiated steps to temporarily suspend the production of cement products at, and distribution of cement products from, Solid Cement plant in the third week of March 2020. On May 20, 2020, after taking the corresponding measures to fully comply with government regulations, operations at Solid Cement plant were resumed and have been able to operate continuously since then. APO Cement plant has remained operational as of the date of this Annual Report (SEC Form 17-A) in accordance with government regulations and the necessary hygiene and safety measures.

Since then, provinces and cities have been placed from time to time under different community quarantine levels with corresponding restrictions, respectively.

Subsequent to the recommendations of the Inter-Agency Task Force for the Management of Emerging Infectious Diseases (IATF) in its Resolution No. 146-F (s. 2021) dated October 28, 2021, the President of the Philippines issued Executive Order No. 151 dated November 11, 2021 adopting the Alert Level System for all areas of the Philippines through a nationwide roll-out which was designed to allow the reinvigoration of the economy through the opening of more sectors, while protecting the people's health through the continuous observance of public health protocols and interventions and the heightened implementation of lockdowns in smaller areas, also known as granular lockdowns. Restrictions and/or limitations affecting intrazonal and interzonal movement as well as the level of operations and activities undertaken by establishments and persons in areas nationwide were defined depending on the applicable Alert Level Status (ranging from 1 to 5). At any level, minimum public health standards and precautions such as the wearing of face masks and social distancing protocols may be mandated. On December 15, 2021, it was announced that all areas of the Philippines would be under Alert Level 2 until December 31, 2021,[9] then extended to January 15, 2022. Thereafter, due to the surge of the Omicron COVID-19 variant, the Alert Levels in Metro Manila, Cebu City, Cebu Province (including Naga City), and the Province of Rizal (including Antipolo City) were increased to Alert Level 3 beginning on January 16, 2022. The Alert Levels for these areas started to be downgraded at their respective pace in the month of February 2022. The Alert Levels for Metro Manila, Cebu City, and the Province of Rizal (including Antipolo City) have been at Alert Level 1 since March 1, March 16, and April 1, 2022, respectively. The Province of Cebu (including Naga City) has been at Alert Level 2 since March 1, 2022. The National Capital Region (NCR) is under Alert Level 1 effective July 16, 2022 until further notice according to the IATF. Meanwhile, Cebu City has been downgraded to Alert Level 1 effective August 16, 2022, while Cebu Province remains in Alert Level 2. Since October 28, 2022, the wearing of face masks is only mandatory in healthcare facilities, medical transport, and public transportation by land, air or sea. In other settings, wearing of facemasks is voluntary.

A further discussion on the impact of the COVID-19 Pandemic on the Company is found under "*Trends, Events or Uncertainties Affecting Recurring Revenues and Profits*" in ITEM 6 of PART II (Management's Discussion and Analysis) of this Annual Report (SEC Form 17-A), on pages 61 to 62.

[9] The restrictions applicable under Alert Level 2 include, among others, the limitation in the operation of certain establishments to a maximum of 50% indoor venue capacity for fully vaccinated individuals and those below 18 years of age and 70% outdoor venue capacity. The activities undertaken at the Company's cement manufacturing plants were not subject to this capacity restriction.

Potential outbreaks of new variants of COVID-19, or any other infectious disease, not yet identified as a pandemic, and the responses from governmental authorities, could potentially cause the Company's operations to stop. No accurate assumptions can be made about the severity and impact of future outbreaks. The effects of any subsequent variant of COVID-19 and/or any new infectious disease could materially and adversely affect the Company's business, prospects, financial condition and results of operations.

A reduction or delay in public or private construction projects may have a material adverse effect on the Company's business, financial condition and results of operations.

The Company's principal business is reliant on levels of public and private construction activity in the Philippines. Interruptions or delays in, or the termination of, public or private construction projects may materially and adversely affect the Company's business, financial condition and results of operations.

Historically, a substantial portion of construction activity in the Philippines relates to infrastructure, and public investment in the Philippines is driven by the Philippine government's investment in public infrastructure. There can be no assurance that the Philippine government will continue to promote public infrastructure spending. A reduction in public infrastructure spending in the Philippines would materially and adversely affect the Company's business, prospects, financial condition and results of operations.

Private construction, particularly in housing, is driven by, among other things, the growth of the Philippine economy, and in particular the growth of business process outsourcing to the Philippines, in addition to remittances from overseas Filipino workers. An economic slowdown in the Philippines or a significant decrease in remittances from overseas Filipino workers may materially and adversely impact private construction and, in turn, the Company's business, prospects, financial condition and results of operations.

The Company has a substantial amount of debt and the terms which govern the Company's indebtedness may impose restrictions and prevent us from obtaining additional financing on favorable terms or at all.

As of December 31, 2022, the Company has ₱11,060 million of outstanding debt, including ₱7,798 million of outstanding debt owed to BDO Unibank, Inc. ("BDO") pursuant to the 2017 BDO Facility Agreement[10] and the 2022 BDO Refinancing Facility Agreement[11], and ₱2,842 million of lease obligations according to PFRS 16. A further discussion on the 2017 BDO Facility Agreement and the 2022 BDO Refinancing Facility Agreement (collectively, the "BDO Agreements") is found in ITEM 6 of PART II (Management's Discussion and Analysis) of this Annual Report (SEC Form 17-A) under the section titled "Bank Loan" on pages 59 to 61.

The Company's indebtedness, and the terms which govern such indebtedness, could have significant adverse consequences, including, but not limiting to, by impairing its ability to obtain additional financing for working capital, capital expenditures, acquisitions or general corporate purposes. Furthermore, the Company may have a higher level of indebtedness than some of its competitors, which may put it at a competitive disadvantage and reduce its flexibility in planning for, or responding to, changing conditions in the industry, including increased competition, and subsequently, the Company may be more vulnerable to general economic downturns and adverse developments in its business. If

[10] "2017 BDO Facility Agreement" refers to the senior unsecured peso long-term loan facility agreement that the Parent Company signed with BDO Unibank, Inc. on February 1, 2017 for an amount of up to the Philippine Peso equivalent of US$ 280 million, as from time to time amended or supplemented. The proceeds under this facility was used to refinance a majority of the Parent Company's outstanding long-term loan with a subsidiary of CEMEX, New Sunward Holding B.V. ("NSH"), which loan was fully repaid during the 1st quarter of 2017.

[11] "2022 BDO Refinancing Facility Agreement" refers to the 5-year senior unsecured term loan facility agreement that the Parent Company signed with BDO Unibank, Inc. on July 28, 2022, for a principal amount of up to Six Billion Six Hundred Ninety Million Philippine Pesos (₱6,690,000,000.00), the loan proceeds of which was used to repay a *portion* of the outstanding indebtedness under the 2017 BDO Facility Agreement equivalent to approximately ₱6.68 billion.

the Company incurs additional indebtedness, it could limit our ability to satisfy its payment obligations, increase its cost of capital, and could increase the severity of these risks.

As of December 31, 2022, the Parent Company is in compliance with the applicable restrictions and covenants under the BDO Agreements. However, the Parent Company cannot give assurance that it will be able to comply with the restrictions and covenants contained in the BDO Agreements. The Parent Company may need to seek waivers, amendments and/or further supplement any of the BDO Agreements in the future. Even though the Parent Company has been able to amend or supplement these agreements in the past, there is no assurance that that any future waivers, amendments and/or supplements, if requested, will be obtained or entered into and, if obtained or entered into, that they will be obtained or entered into on terms and conditions favorable to the Parent Company.

Any of the foregoing could materially adversely impact the Company's business, prospects, financial condition and results of operations.

The price of cement is subject to significant fluctuations and an oversupply of cement could adversely affect the Company's profitability.
The Company's results of operations are highly dependent upon revenue obtained from the sales of its products. Pricing is generally set through competitive negotiation with dealers and is a function of the demand for, and supply of, cement in the relevant market. Demand for cement varies predominantly with construction activity, while supply is determined by domestic production levels and imports.

There is no assurance that the Philippine Government will sustain the imposition of anti-dumping duties for cement originating from Vietnam or that new duties will or will not be imposed to other markets. The expiration of safeguard duty in October 2022 or any elimination of the anti-dumping duties may result in increased imports of cement into the Philippines, from Vietnam or elsewhere and, if cement companies in Vietnam or elsewhere continue to export cement into the Philippines, we may realize lower pricing for our cement or risk losing a portion of our share of the market. Any of the foregoing could have a material adverse effect on the Company's business, prospects, financial condition and results of operations.

Additionally, negative economic conditions in the countries in which we or our suppliers operate may have an adverse effect toward the fulfillment of our agreements, such as those agreements entered into for the construction and installation of the new integrated cement production line of the Solid New Line Project. The decision to add this new production line was largely based on an expectation of a favorable long-term cement demand outlook in the Philippines. However, if demand is weaker than anticipated when the new line commences operations or thereafter, the additional installed annual capacity from this new production line may result in excess supply of cement and adversely impact pricing.

An extended or substantial decline in the prices of cement and general economic conditions in the Philippines and other countries with whom we perform business may materially and adversely affect the Company's business, prospects, financial condition and results of operations.

The Company is dependent on the continuing operation of the Company's two cement plants.
The principal manufacturing facilities of the Company are at two cement plants, the Solid Cement plant, located in Antipolo City, Rizal in Luzon, and the APO Cement plant, located in Naga City, Cebu in the Visayas. These plants are subject to the normal risks of industrial production, including, but not limited to, equipment breakdowns, labor stoppages, natural disasters, directives from Government agencies, such as the government's implementation of community quarantine restrictions in Luzon and in the Visayas, and power interruptions.

In the past, the Company has experienced a number of power disruptions, including as a result of inadequate power generation and transmission infrastructure in the Philippines and natural disasters such as typhoons, which are common in the Philippines. While the APO Cement plant has the capacity to generate back-up power to supply substantially all of its electricity needs, the Solid Cement plant is only capable of generating enough back-up power to supply approximately 60% of its current electricity needs.

Any prolonged or significant disruption to the cement plants, whether due to repair, maintenance or servicing, industrial accidents, mechanical equipment failure, human error or otherwise, could disrupt and adversely affect the Company's operations. Additionally, any major or sustained disruptions in the supply of utilities such as water or electricity, or the supply of raw materials, or any fire, flood, landslide or other natural calamities, or communal unrest or acts of terrorism, may disrupt our operations or damage our cement plants or inventories and could materially and adversely affect the Company's business, prospects, financial condition and results of operations. For example, on September 20, 2018, a landslide occurred in Sitio Sindulan, Barangay Tina-an, Naga City, Cebu, Philippines (the "Naga Landslide") affecting a site located within an area covered by the mining rights of ALQC. The Naga Landslide prompted local and national authorities to order the suspension of the mining operations of ALQC[12]. Business continuity plans were put in place by APO Cement with a view to addressing the disruption in the supply arrangement with ALQC. In order to overcome the supply disruption caused by the Naga Landslide, APO Cement sourced raw materials from other suppliers.

The Company typically shuts down its cement plants, terminals or other facilities to undertake maintenance and repair work at scheduled intervals. Although the shut downs are scheduled such that not all of the facilities are shut down at the same time, the unexpected shut down of any facility may nevertheless materially and adversely affect the Company's business, prospects, financial condition and results of operations.

The Company's operations depend on an adequate supply of raw materials and other production inputs. The limited availability or increased costs of these materials may adversely affect our business, prospects, financial condition and results of operations. The Company may fail to secure certain materials required to run its business.

The production of cement is highly dependent on an adequate supply of certain raw materials. Our primary raw materials are limestone, pozzolans, clay and gypsum. The Company purchases these raw materials from third parties in and outside of the Philippines. The Company may use products produced in other industrial processes of third parties, such as coal, pet coke, gypsum, fuels and alternative fuels, among others.

The Company customarily tries to secure the supply of the required materials through long-term renewable contracts and framework agreements, which allow the Company to better manage supplies. Should existing suppliers cease operations or reduce or eliminate production of these products, or should for any reason any suppliers not be able to deliver to the Company the contractual quantities and qualities, or should laws and/or regulations in any region or country limit the access to these materials, sourcing costs for these materials could increase or require the Company to find alternative sources for these materials, which could have a material adverse effect on our business, financial condition, liquidity, results of operations and prospects. Additionally, any scarcity or decrease in the quality of natural resources (including water) could materially and adversely affect the Company's business, prospects, financial condition and results of operations. Subsequently, any interruption to or a shortage in the supply of the raw materials and/or other production inputs or supplies used by the Company could prevent the Company from operating its facilities at full capacity, and if the shortage is severe, could lead to the suspension of our production all together. Any of the foregoing could materially and adversely affect the Company's business, prospects, financial condition and results of operations.

The Company leases from ALQC and IQAC the premises on which its principal manufacturing installations are located.

The Company's principal manufacturing installations are located on land owned by ALQC or IQAC. Under our lease agreements, ALQC and IQAC have various customary rights as landlord. Each of these lease agreements expires in December 2040 and is extendable for a subsequent 25-year period. There

[12] By the third quarter of 2020, local and national authorities allowed ALQC to resume its mining operations in the affected areas.

can be no assurance that our leasing arrangements may be extended under favorable terms for the Company, or at all, or that the Company will be able to enforce its rights under these agreements. If ALQC and IQAC were to take actions that are adverse to the Company's interests, such as modifying the pricing of our leases, or the necessity of executing new agreements, may cause the Company's business to be materially and adversely affected. Additionally, as the leases expire, the Company may be unable to negotiate renewals on favorable terms or at all. Even if the Company is able to renew existing leases, the terms of such renewals may not be as favorable as the expiring leases, which could materially and adversely affect the Company's business, prospects, financial condition and results of operations.

The Company has significant lease obligations and its failure to meet those obligations could materially and adversely affect the Company's business, prospects, financial condition and results of operations.

The Company leases many of its key logistics centers and capital equipment from third parties as well as certain land from ALQC and IQAC. A failure on the part of the Company to pay its rental obligations would constitute a default allowing the applicable landlord or lessor to pursue any remedy available to it under applicable law, which could include taking possession of our property and, in the case of real property, evicting us. Further, as the Company's leases expire, the Company may not be able to negotiate renewals on favorable terms or at all. If any of these events were to occur, it could materially and adversely affect the Company's business, prospects, financial condition and results of operations.

The Company operates in highly competitive markets.

The markets in which the Company operate are highly competitive and are served by a variety of established companies with recognized brand names, as well as new market entrants such as new brand introductions by local manufacturers and importers. Companies in these markets compete based on a variety of factors, often employing aggressive pricing strategies to gain market share. Some may use aggressive competitive strategies based on imports and pricing that could be damaging to our profitability and, therefore, our results of operations. In addition, asset optimization by buyers of the disposed assets could result in an operational cost advantage.

The Company's results of operations depend, in part, on its ability to compete effectively and maintain or increase its share of the market. In the relatively consolidated cement industry, the Company primarily competes on the basis of quality, market presence, distribution network, diversity of product offerings, sales strategy, brand image and pricing. Some of the Company's competitors may be more established, benefit from greater brand recognition or have greater manufacturing and distribution channels and other resources than that of the Company. In addition to domestic competition, the Philippines has historically had periods during which there were significant imports of cement from foreign-based producers. If foreign-based producers export significant volumes of cement to the Philippines and the Company is unable to compete effectively with such foreign imports or with domestic competitors, the Company may lose some of its market share or see its pricing affected, its revenues could decline or grow at a slower rate and our business, prospects, financial condition and results of operations could be materially and adversely affected.

The construction industry is generally cyclical and variations in supply (including by increase of capacities) and demand (including from a decrease in construction activities) may result in overcapacity and a corresponding reduction in the utilization of the cement plants.

The Company is affected by the cyclical nature of the construction industry, which is characterized by periods of growth and slowdown or decline caused by variations in supply and demand. Such fluctuations may lead to periods of overcapacity where cement supply exceeds cement demand. Overcapacity could be due to (i) a decrease in demand and a failure by the industry to adjust supply or (ii) the industry adding capacity in excess of that required to satisfy demand.

No assurance can be made that demand for our products will remain at a favorable pace for the Company, and an increase in the supply of our products, accompanied by a decrease in the demand for construction materials, could potentially disrupt our operations. Such event could materially and adversely affect our business, financial condition, liquidity and results of operations.

Higher electricity and fuel costs, or the reduction or interruption in supply thereof, may materially and adversely affect the Company's business, prospects, financial condition and results of operations.
The Company's operations consume significant amounts of electricity and fuel. The cement plants use electricity from the electricity grid, in addition to electricity produced from in-house generators fired by heavy fuel oil and waste production heat. Electricity and fuel prices and availability are unpredictable and are generally subject to market volatility fluctuations based on events that the Company cannot control, such as geopolitical developments, supply and demand for oil and gas, war and unrest in oil producing regions and weather concerns. Therefore, fluctuating prices and availability of electricity and fuels may have an adverse impact on the Company's costs and operating results. Increases in electricity and fuel costs or any interruption to or shortage in the supply of electricity and fuel could materially and adversely affect the Company's business, prospects, financial condition and results of operations.

Fluctuations in distribution costs, disruptions in transportation and our reliance on our third-party service providers may materially and adversely affect our business, prospects, financial condition and results of operations.
Pursuant to our direct sales model, we distribute our products throughout the Philippines, which involves significant expense and logistical difficulties. Distribution costs are impacted by a number of factors such as fuel costs, weather conditions and our logistics footprint, including the size and utilization of the Company's fleet of trucks and vessels that it charters, the cost of chartering trucks and vessels and the cost of other distribution infrastructure such as terminals and distribution centers. The Company has sought to expand its distribution infrastructure in order to bring products closer to the markets in which they are sold. Any future increases in the Company's distribution costs could cause it to raise its prices for cement and make it uneconomical for the Company's customers to purchase its products, which could result in a significant decrease in the volume of cement the Company sells to its customers. The Company also engages and relies on third-party service providers, the majority of which relate to services the Company requires for its distribution activities. In the event where any of these service providers were to stop providing the Company with their services, the Company would need to procure loading, hauling and delivery services elsewhere, which may come at a greater cost to the Company. Distribution of cement in the Philippines also entails significant logistical difficulties given the geography of the Philippines. The Company cannot assure that its operations will not be materially adversely affected in the future if distribution costs increase or if distribution of its products is interrupted. Any substantial increase in distribution costs or interruption in distribution could materially and adversely affect the Company's business, prospects, financial condition and results of operations.

The results of operations could be affected by fluctuations in interest rates.
The Company is exposed to interest rate risk primarily in connection with certain long-term loans which are subject to variable interest rate. Fluctuations in interest rates could materially and adversely impact the Company's business, prospects, financial condition and results of operations.

The Company's operations can be affected by adverse weather conditions.
Construction activity, and thus demand for the Company's products, decreases substantially when, for example, heavy or sustained rainfalls occur. Consequently, demand for the Company's products is significantly lower during the rainy season in the Philippines or during periods of unexpected heavy or sustained rainfalls. Adverse weather conditions can adversely affect the Company's results of operations and profitability especially if they occur with unusual intensity, during unexpected periods or last longer than usual, especially during peak construction periods. This was the case in September 2018 when the operations of the APO Cement plant was affected by the landslide in Naga, Cebu which took place during the rainy season.

In mid-December 2021, Typhoon Odette (International name: Rai) struck the central and southern part of the Philippines and disrupted the Company's operations in Cebu. While APO Cement's facilities experienced property damage due to Typhoon Odette, major plant equipment did not sustain damage. APO Cement's manufacturing plant was operational after the typhoon, but sales volumes were adversely impacted due to recovery efforts and infrastructure damage. Furthermore, the Company incurred inventory losses and incremental production and selling and administrative costs and expenses.

The development or implementation of the Company's various projects including the Solid New Line Project may not be completed on schedule, or at all, or within the allocated budget.
The time taken and the costs the Company incurs to complete the Solid New Line Project, and any other development or expansion project we may undertake, may be directly or indirectly affected by many factors, including shortages of materials, equipment, availability of contractors, technical skills and labor, adverse weather conditions, natural disasters, labor disputes, disputes with independent contractors and sub-contractors, accidents, and other problems and circumstances beyond our control.

Specifically, the time to finalize and the costs incurred in connection with the Solid New Line Project and the development of the Company's other projects may be affected by the following factors, among others, which are generally beyond our control:

- delays or inability to obtain necessary location, zoning, land use, building, development and other required governmental and regulatory licenses, permits, approvals and authorizations;
- construction risks, which include delays in construction and cost overruns (whether from variation to original design plans or any other reason), a shortage or increase in the cost of construction and building materials, equipment or labor as a result of inflation or otherwise, inclement weather conditions, unforeseen engineering, environmental or geological problems, defective materials or building methods, default by contractors and other third-party providers of their obligations, or financial difficulties faced by such persons, disputes between counterparties to a construction or construction-related contract, work stoppages, strikes, accidents, among others; and
- possible shortage of available cash to fund construction and capital improvements, as we may need to make significant capital expenditures without receiving revenue and cash flow from these properties, and the related possibility that financing for these capital improvements may not be available on commercially reasonable terms or at all

There can be no assurance that the Solid New Line Project, and any other development or expansion project we may undertake, will be completed within the anticipated time frame and the allocated budget, or at all. Furthermore, there can be no assurance that future demand for the Company's products will warrant the additional installed annual capacity that it expects to have available following the completion of the Solid New Line Project, or any other development or expansion project that the Company may undertake, in which case it is possible that the Company may not recoup its expenditures in connection with such projects in full or at all. Moreover, as the Solid New Line Project remains ongoing, the Company may need to augment its domestic production with additional cement or clinker from third parties or through global sourcing arrangements with CEMEX Group in order to serve the Philippine market. A further delay in, or the slow development of, the Solid New Line Project would require the Company to rely on imported cement or clinker for longer than is currently anticipated. Any of the foregoing could materially and adversely affect the Company's business, prospects, financial condition and results of operations.

New regulatory developments may increase costs of doing business or restrict operations.
The principal areas in which the Company is subject to regulation are product quality standards, environmental compliance, the Company's methods of distribution, labor, taxation, antitrust and health and safety. The Company may also be adversely affected by regulations applicable to ALQC and IQAC, or to other third parties that provide the Company with products and services. The adoption of new laws or regulations or a stricter interpretation or enforcement thereof in the Philippines may increase the Company's operating costs or impose restrictions on the Company's operations.

We are not able to assure that new regulatory developments will not be enacted, and therefore, we are not currently able to provide an accurate assessment of the full effects such regulations could potentially have in the Company's cost of operations. Nevertheless, the enactment of new regulations could increase our costs, subsequently causing disruptions to our operations, which, in turn, could materially and adversely affect the Company's business, liquidity and results of operations.

The results of operations could be affected by fluctuations in currency exchange rates.
The Company is exposed to foreign exchange fluctuations to the extent the Company incurs monetary assets and/or liabilities, or recognizes income or expenses, in a currency different from its functional currency, which is the Philippine Peso.

Potential fluctuations in currency exchange rates may increase the Company's expenses and costs for previously incurred obligations, which could exponentially increase in a short period, causing a materially adverse effect on the Company's business, financial condition, liquidity and results of operations.

The Company's insurance coverage may not cover all the risks to which the Company may be exposed and the Company essentially self-insures a portion of its risks.
The Company faces the risks of fatalities and injury of its employees and contractors, loss and damage to its products, property and machinery due to, among other things, fire, theft and natural disasters such as floods and earthquakes. The Company also faces risks related to cyber-security related matters. Such events may cause a disruption to or cessation of its operations. While the Company believes that it has suitable insurance coverage in line with industry practices, in some instances the Company's insurance coverage may not be sufficient to cover all of its potential unforeseen losses and liabilities. In addition, the Company's insurance coverage is subject to deductibles, exceptions and limitations, and may not cover all the risks to which the Company may be exposed, or cover all losses or all types of claims that may arise from an incident.

In accordance with Philippine law, which requires the Company to maintain insurance policies issued by insurers regulated in the Philippines, substantially all insurance premiums paid by APO Cement and Solid Cement are paid to a third-party insurer in the Philippines. This third-party insurer in turn reinsures most risks with an affiliate of CEMEX (the "CEMEX Reinsurer"). In 2016, we incorporated Falcon as a wholly-owned Barbados entity to create its own reserves and reinsure the CEMEX Reinsurer in connection with certain liabilities and risks. Falcon is expected to continue to retain 10% of the CEMEX Reinsurer's risk in connection with our property insurance and 100% of the CEMEX Reinsurer's risk in connection with earthquake and wind stop loss, non-damage business interruption, political risks insurance, cyber liability and professional liability insurance. As a result of these arrangements, the Company essentially self-insures these risks to the extent of Falcon's retained liability. Moreover, there can be no assurance that the reserves established by Falcon will exceed any losses in connection with the Company's self-insured risks, consequently the Company may suffer net losses as a result of its insurance strategy.

In addition, the Company's insurance coverage is subject to periodic renewal. If the availability of insurance coverage is reduced for any reason, the Company may become exposed to certain risks for which it is not and, in some cases could not be, insured. Moreover, if the Company's losses exceed its insurance coverage, if its losses are not covered by the insurance policies it has taken up, or if the Company is required to pay claims to its insurers pursuant to the re-insurance arrangements described above, the Company may be liable to cover any shortfall or losses. The Company's insurance premiums may also increase substantially because of such claim from its insurers. In any of such circumstances, the Company's business, prospects, financial condition and results of operations may be materially and adversely affected.

The Philippine Constitution and related statutes set forth restrictions on foreign ownership of companies that own land or mineral rights.
The Company currently does not conduct any mining operations, nor does it own any land or mineral rights, as it leases the land on which the APO Cement plant, Solid Cement plant and its other principal facilities are located and it purchases substantially all of its raw materials from ALQC and IQAC. While

it does not currently own land or mineral rights, it may do so in the future. If the Company does decide to purchase and own land or mineral rights in the Philippines, foreign ownership in the Company would be limited to a maximum of 40% of its issued and outstanding capital stock. Under such circumstances, the Company would not be permitted to allow the issuance or the transfer of Common Shares to persons other than Philippine Nationals (as defined under Republic Act No. 7042, as amended) if such issuance or transfer would result in it ceasing to be a Philippine National for purposes of complying with the restrictions on land and mineral rights ownership. These restrictions may adversely affect the liquidity and market price of the Parent Company's common shares to the extent international investors are restricted from purchasing its common shares in normal secondary transactions.

Ownership of land or mineral rights by the Company could cause major changes in its corporate structure, which will be required to comply with the provisions contained in the Philippine Constitution and other applicable regulations. Such restructuring may have a negative effect on investor confidence and consumer spending, as well as the demand for our products and services, potentially causing a materially adverse effect on our business, financial condition, liquidity and results of operations

The Company is subject to anti-corruption, anti-bribery, anti-money laundering, antitrust laws and other regulations in the Philippines and elsewhere. Any violation of any such laws or regulations could have a material adverse impact on our business, prospects, financial condition and results of operations.

The Company is subject to anti-corruption, anti-bribery, anti-money laundering, antitrust and other international laws and regulations and are required to comply with the applicable laws and regulations of the Philippines. In addition, it is subject to regulations on economic sanctions that restrict dealings with certain sanctioned countries, individuals and entities. Given the large number of contracts to which the Company is a party, and the great variety of people and entities with which it interacts with in the course of business, the Company is subject to the risk that its affiliates, employees, directors, officers, partners, agents and service providers may misappropriate its assets, manipulate its assets or information, make improper payments or engage in corruption, bribery, money laundering or other illegal activity, for such person's personal or business advantage.

During the third quarter of 2018, the Philippine Government's antitrust supervisory body, the Philippine Competition Commission, requested information from the Parent Company in connection with an on-going investigation into alleged improper facilitation of the maintenance of high cement prices by certain cement companies (who were not identified to the Company) that are members of the Cement Manufacturers' Association of the Philippines (the "CEMAP"). APO Cement and Solid Cement are members of CEMAP. Republic Act No. 10667 or the Philippine Competition Act (the "PCA") serves as the primary competition law in the Philippines for promoting and protecting market competition. Violations under the PCA may result in fines and penalties, civil damages and criminal sanctions, depending on the offense committed and the severity of the offense. While the Parent Company is not aware of any allegation related to this investigation against the Parent Company, Solid Cement or APO Cement, there can be no assurance that this investigation will not result in adverse actions against CEMAP and/or the Company (including against Solid Cement or APO Cement as members of CEMAP) and any penalties and/or fines levied against CEMAP may result in contribution of payment for such penalties and/or fines by CEMAP members, including Solid Cement and APO Cement.

There can be no assurance that the Company's internal policies and procedures will be sufficient to prevent or detect all inappropriate practices, fraud or violations of law by its affiliates, employees, directors, officers, partners, agents and service providers or that any such persons will not take actions in violation of the organization's policies and procedures. If the Company or any member of the CEMEX Group fails to fully comply with applicable laws and sanctions regulations, the applicable government authorities may investigate it and, if it is the case, impose fines, penalties and remedies, which could cause the Company to lose clients, suppliers and access to debt and capital markets. Any violations by the Company or a member of the CEMEX Group of anti-bribery, anti-corruption, anti-money laundering, antitrust or other laws or regulations could have a material and adverse effect on the Company's business, prospects, financial condition and results of operations.

The Company is subject or may become subject to litigation proceedings and investigations that could harm its reputation, business, prospects, financial conditions and results of operation.
From time to time the Company is and may become involved in litigation and other legal proceedings relating to claims arising from our operations in the normal course of business. The Company is currently involved in various legal proceedings that have arisen in the ordinary course of its business including claims for environmental damages. The Company may also become involved in litigation to protect the trademark rights associated with its brands or the CEMEX name or in investigations related to antitrust matters.

In September 2015, Solid Cement suffered an oil spill at its cement facility involving an estimated 2,000 liters of heavy fuel oil that overflowed from one of our storage tanks, the majority of which was recovered within seven days of the incident. However, due to heavy rain conditions, a portion was carried towards drainage areas that led to the Teresa River. As a result of the incident, three separate administrative proceedings were initiated against us before the Laguna Lake Development Authority ("LLDA"), the Environmental Management Bureau of the Department of Environment and Natural Resources and the City of Antipolo, Rizal. These proceedings have been resolved and Solid Cement paid fines of ₱250,000 in aggregate.

On November 19, 2018, the Parent Company and APO Cement were served summons concerning an environmental class action lawsuit filed by 40 individuals and one legal entity (on behalf of 8,000 individuals allegedly affected by the Naga Landslide) at the Regional Trial Court of Talisay, Cebu, against the Parent Company, APO Cement, ALQC, the Mines and Geosciences Bureau of the Department of Environment and Natural Resources, the City Government of Naga, and the Province of Cebu. A further discussion on this class action lawsuit is found in ITEM 3 of PART I of this Annual Report (SEC Form 17-A) on pages 34 to 36.

The outcome of the various legal proceedings and investigations involving the Company is uncertain and may affect our reputation, business, prospects, financial condition and results of operations. Furthermore, such proceedings can divert the attention of the Company's management from its business and any negative publicity resulting from such proceedings or other disputes may also result in substantial expenses and materially and adversely affect our business, prospects, financial condition and results of operations.

The Company is subject to human rights laws and internal policies regarding human rights, and any violation of human rights laws or deviation from the Company's and CEMEX Group's internal policies related to human rights may adversely affect the Company.
The Company seeks to align its strategy and operations with universal principles on human rights and it expects all of its employees and business partners to similarly adhere to these principles. Even though the Company has a strict human rights policy (including through the application of CEMEX policies) and a process of ongoing due diligence to monitor its adherence, it is possible that an affiliate, employee, director, officer, partner or a third party related to the Company could be accused or perceived to deviate from this policy. A deviation from its human rights principles could impact the Company's employees, communities, suppliers or customers, as well as the Company's reputation, which in turn could cause some persons to avoid business transactions with the Company, adversely impact the Company's capacity to operate without disruptions and affect talent retention and attraction efforts, all of which could have a material adverse impact on the Company's business, prospects, financial condition and results of operations.

The inability of the subsidiaries to pay dividends or make distributions or other payments to the Parent Company in sufficient amounts, including due to bankruptcy or insolvency, would impair the Company's ability to pay-off its indebtedness, make dividend payments or comply with future obligations.
The Parent Company is a holding company and operates exclusively through its operating subsidiaries. The Parent Company's primary assets are the equity capital in its subsidiaries, APO Cement and Solid

Cement. The ability of its subsidiaries to pay dividends to the Parent Company in the future will depend on their earnings, solvency, covenants contained in financing or other agreements and on regulatory restrictions. If the Parent Company is unable to receive cash from its subsidiaries pursuant to dividend payments and/or other obligations, it may not have sufficient funds to pay-off its indebtedness, make dividend payments, pay any fees to CEMEX Group resulting from services rendered under the agreements, or comply with its future obligations.

As of the date of this Annual Report (SEC Form 17-A), the Parent Company does not expect that existing regulatory, legal and economic restrictions on its existing direct and indirect subsidiaries' ability to pay dividends and make loans and other transfers to it will materially and negatively affect its ability to meet its cash obligations. However, we are not able to assure that the jurisdictions of organization of the Parent Company's current direct or indirect subsidiaries, or of any future subsidiary, may impose additional and more restrictive regulatory, legal and/or economic limitations. In addition, the Parent Company's subsidiaries may not be able to generate sufficient income to pay dividends or make loans or other transfers to it in the future. Any material additional future limitations on our subsidiaries could adversely affect the Parent Company's ability to service its debt and meet its other cash obligations.

CEMEX's significant interest in the Company may result in conflicts of interest.
As of December 31, 2022, CASEC held 77.9% of the outstanding common shares of stock of the Parent Company. As a result of its ownership of the Parent Company's common shares of stock through its indirect ownership of CASEC (which may increase or sell all or part of its shareholdings at any time), CEMEX will generally be able to determine the outcome of corporate actions requiring, as applicable, the approval of shareholders holding a majority or two-thirds of the outstanding shares of stock of the Parent Company, including the election of a majority of its directors.

CEMEX's interests may differ from those of other holders of the Parent Company's common shares, and actions that CEMEX may take with respect to the Company may not be favorable to other shareholders. The Parent Company's Board of Directors includes and/or may at any given time include persons who are not and/or may not be independent from CEMEX. Additionally, conflicts of interest may arise between the Company and CEMEX in a number of areas relating to their ongoing relationships including, but not limited to:

- disagreements over corporate opportunities;
- competition between the Company and CEMEX Group;
- employee remuneration, retention or recruiting;
- level of debt the Company can incur and use of cash resources;
- any potential dividend policy the Company may adopt; and
- the services and arrangements from which the Company benefits as a result of its relationship with CEMEX

There is a risk that the Company may be in competition with CEMEX Group with respect to the Company's activities in the construction materials industry because CEMEX Group may engage in the same activities in which the Company engages. To address these potential conflicts and conflicts of interest in general, the Parent Company entered into a Framework Agreement with CASEC and CEMEX on March 9, 2016 (the "Framework Agreement"), which provides, among other things, that the CEMEX Group is generally restricted from competing with the Company in the Philippines. The Company and CEMEX Group are permitted to compete with each other anywhere else in the world; provided, however, that in any country where competition between CEMEX Group and the Company is not prohibited under the Framework Agreement, CEMEX Group has first priority right over any investment opportunity and the Company must refrain from taking advantage of any such investment opportunity in any such country without the prior consent of CEMEX and CASEC. This agreement shall be in place for as long as CEMEX owns more than 50% of the Parent Company's total voting power, or the Parent Company is consolidated with CEMEX under IFRS, or the Parent Company remains a subsidiary of CEMEX (as such term is defined in the Framework Agreement). Due to the significant resources of CEMEX Group, including financial resources and name recognition, CEMEX

Group could have a significant competitive advantage over the Company should it decide to engage in the type of business we currently or in the future conduct upon the expiration or termination of the Framework Agreement, which may cause the Company's business to be materially adversely affected.

In addition, under the terms of the Framework Agreement, while the Company is an indirect subsidiary of CEMEX, it is restricted, subject to certain exceptions, from taking certain actions, such as issuing shares, incurring indebtedness, making capital expenditures and disposing and acquiring of assets, without the prior consent of CEMEX and CASEC. See ITEM 12 of PART III of this Annual Report (SEC Form 17-A) (Certain Relationships and Related Party Transactions) on pages 76 to 80.

We believe that the involvement of CEMEX in the Company's operations has been, and will continue to be, important in the pursuit and implementation of the Company's business strategy. However, CEMEX, through CASEC or other of its subsidiaries, may not remain the controlling shareholder in the future. The Company's business, prospects, financial condition and results of operations and the market price of the Parent Company's common shares could be materially and adversely affected if CEMEX ceases to participate actively in the Company's operations.

The Company's operations are subject to environmental laws and regulations.
The Company's operations are subject to a broad range of environmental laws and regulations in each of the jurisdictions in which we operate, and our direct and indirect subsidiaries operate. These laws and regulations impose stringent environmental protection standards regarding, among other things, air emissions, land use and biodiversity, use of alternative fuels, water availability, wastewater discharges, the use and handling of hazardous waste or materials, waste management practices and the remediation of environmental impact of our operations. These laws and regulations expose us to the risk of substantial environmental costs and liabilities, including taxes, higher investment in equipment and technology, fines and other sanctions, the payment of compensation to third parties, remediation costs, business disruption and damage to reputation. Moreover, the enactment of stricter laws and regulations, stricter interpretation of existing laws or regulations or new enforcement initiatives, may impose new risks or costs on us or result in the need for additional investments, which could result in a material decline in the Company's profitability.

The Company is increasingly dependent on information technology and our systems and infrastructure, as well as those provided by third-party service providers, face certain risks, including cyber-security risks.
The Company increasingly relies on a variety of information technologies and cloud services, on a fully digital customer integration platform, such as CEMEX Go, and on automated operating systems to manage and support our operations, as well as to offer our products to our customers. The proper functioning of these technologies and systems are critical to the efficient operation and management of our business, as well as for the sales generated by our business. Our technologies and systems may require modifications or upgrades as a result of technological changes, growth in our business, and to enhance our business security. These changes may be costly and disruptive to our operations and could impose substantial demands on our systems and increase system outage time. Our technologies and systems, as well as those provided by our third-party service providers, may be vulnerable to damage, disruption or intrusion caused by circumstances beyond our control, such as physical or electronic break-ins, catastrophic events, power outages, natural disasters, computer system or network failures, security breaches, computer viruses and cyber-attacks, including malicious codes, worms, ransomware, phishing, denial of service attacks and unauthorized access. For example, our digital solutions to improve sales, customer experience, enhance our operations and increase our business efficiencies could be impeded by such damages, disruptions or intrusions. To try to minimize such risks, we safeguard our systems and electronic information through a set of cyber-security controls, processes, and a proactive monitoring service to attend to potential breaches. In addition, we also have disaster recovery plans in case of incidents that could cause major disruptions to our business. During 2022, we noted a global trend of an increase on security threats related to Ukraine conflict and COVID-19, including, but not limited to, phishing and malware/ransomware campaigns, exploitation of video collaboration vulnerabilities, among other things. As part of the evolution on cybersecurity, we defined a Zero Trust Strategy that considers a multi-year roadmap plan to improve security controls and reduce

risks associated with modern threats. As of the date of this Annual Report, we had implemented additional cybersecurity technology and controls designed to reduce such risks and mitigate the impact of such risks.

However, the measures we have taken may not be sufficient and there can be no assurance that the Company's safeguards will be effective against all risks to our information technology infrastructure and systems.

Activities in our business can be hazardous and can cause injury to people or damage to property in certain circumstances.

The Company's cement manufacturing facilities require individuals to work with chemicals, equipment and other materials that have the potential to cause fatalities, harm and injury when used without due care. An accident or injury that occurs at our facilities could result in disruptions to our business and operations and could have legal and regulatory, as well as reputational, consequences. Other health and safety issues related to the Company's business include: burns arising from contact with hot cement kiln dust or dust on preheater systems; noise, including from chutes and hoppers, milling plants, exhaust fans and blowers; the potential for dioxin formation if chlorine-containing alternative fuels are introduced into kilns; plant cleaning and maintenance activities involving working at elevated heights or in confined or other awkward locations, and the storage and handling of coal, pet coke and certain alternative fuels, which, in their finely ground state, can pose a risk of fire or explosion; and health hazards associated with operating heavy vehicles or trucks. We may also be exposed to liability resulting from injuries or fatalities involving third-party service providers, such as drivers for our suppliers when delivering products or services to us. While the Company actively seeks to minimize the risk posed by these issues, personal injury claims may be made, and substantial damages awarded, against us, which could have a material adverse impact on the Company's reputation, business, financial condition, liquidity, and results of operations. Additionally, the Company may also be required to change its operational practices, involving material capital expenditure.

ITEM 2. PROPERTIES

(1) The Company does not own land. The Company's properties consist primarily of plant, building structures or facilities and equipment. A majority of the Company's properties are located in Naga City, Cebu; Antipolo City, Rizal; Batangas City, Batangas; and Tondo, Manila. The production plants and distribution infrastructure are strategically located to serve key markets in the Philippines.

APO Cement's cement production plant is located in Naga City, Cebu and currently has three grinding lines and has an installed annual capacity of 3.8 million tonnes of cement.

Solid Cement's cement production plant is located in Antipolo City, Rizal and currently has three grinding lines and an installed annual capacity of 1.9 million tonnes of cement. In October 2018, the principal agreements for the Solid New Line Project (i.e., procurement, construction and installation of a 1.5 million metric tons per year new integrated cement production line) were entered into with CBMI Construction Co., Ltd. On February 1, 2019, the Board of Investments of the Philippines ("BOI") duly registered Solid Cement as a New Producer of Cement on a Pioneer Status but with Non-Pioneer Incentives for the Solid New Line Project. The incentives granted to this registered project include, among others, (1) a 4-year income-tax holiday period commencing from December 2020 or actual start of commercial operations (whichever is earlier) and (2) importation *at zero duty* of capital equipment, spare parts and accessories directly needed and exclusively used in the operations of the registered project. The income qualified for income-tax holiday shall be limited to the income directly attributable to the eligible revenue generated from this registered project. In a letter dated February 15, 2021 of the BOI approving Solid Cement's request for an amendment of the timetable for the registered project, the start of commercial operations of the registered project was moved from "December 2020" to "January 2022".

On December 7, 2021, Solid Cement issued its *Notice of Termination of the Construction Contract* due to the delay in the implementation of construction and installation works. Solid Cement has taken measures to address contingencies which have arisen due to this termination. During the first quarter of 2022, Solid Cement engaged Atlantic Gulf and Pacific Company of Manila, Inc. and Betonbau Phil., Inc. as the principal contractors to continue the construction and installation of the Solid New Line Project.

The Company currently estimates that the construction of the new production line should be completed by March 2024 and the start of its operations could commence in April 2024. In a letter dated May 13, 2022, the BOI approved Solid Cement's request for an amendment of the timetable for the registered project and revised the start of commercial operations of the project to "April 2024". Accordingly, the 4-year income tax holiday period granted by the BOI to Solid Cement shall be reckoned from April 2024 or actual start of commercial operations, whichever is earlier.

The estimated total project cost was revised from US$235 million to US$323 million, while the estimated total interest capitalization for the project is adjusted to US$33 million. The additional investment requirements for this project could be sourced from one or any combination of the following options: free cash flow, debt from any subsidiary of CEMEX, and/or debt from one or more financial institutions.

(2) The following table sets forth certain information concerning the land and floor space leased by the Company from ALQC, IQAC and other entities for the Company's cement plants, offices and other facilities as of December 31, 2022:

	Land and/or Floor Space (approx. square meters)
APO Cement plant	453,884
Solid Cement plant	635,013
Marine distribution centers	62,638
Land distribution centers/warehouse	42,885
Company headquarters	2,192
Sales offices	136

Under the lease agreements of APO Cement and Solid Cement with ALQC and IQAC, respectively, each of APO Cement and Solid Cement as lessee uses the leased premises for its various business activities including the manufacture of cement and other cement products as well as the temporary storage and distribution of its products and raw materials. The term of the lease agreements is 25 years, effective from January 1, 2016, and extendable for another 25 years, unless the lessee opts not to renew. The lease between Solid Cement and IQAC (as amended) covers an approximate aggregate area of 650,013 square meters, and annual rent payments of ₱28.8 million plus VAT are due for the first two years of the lease. The lease between APO Cement and ALQC covers an approximate aggregate area of 453,884 square meters, and annual rental payments of ₱58.2 million plus VAT were due for the first two years of the lease. For every two-year period thereafter, the annual rental fee will be reviewed and adjusted if necessary to ensure that the rental fee reflects market conditions. For the year 2022, the annual rent payment due under the lease between Solid Cement and IQAC (as amended) amounted to₱39.51 million, while the annual rent payment due under the lease between APO Cement and ALQC amounted to around ₱64 million.

(3) The table below summarizes fixed assets and right-of-use assets portfolio of the Company as of December 31, 2022:

(In Thousand Pesos)	Amount (₱)
Buildings and improvements	8,026,969
Machinery and equipment	16,233,298
Construction in progress	12,583,220
Sub-total	36,843,487
Less: Accumulated depreciation, depletion, amortization and allowance for impairment loss	(11,676,086)
Total	25,167,401

(4) The Company's properties are not mortgaged or encumbered.

ITEM 3. LEGAL PROCEEDINGS

On September 20, 2018, the Naga Landslide occurred in Sitio Sindulan, Barangay Tina-an, Naga City, Cebu, Philippines, a site located within an area covered by the mining rights of ALQC. ALQC is a principal raw material supplier of APO Cement. The Parent Company does not own any equity stake (directly or indirectly) in ALQC or its parent company, Impact Assets Corporation. CASEC which is the majority stockholder of the Parent Company, owns a minority 40% stake in Impact Assets Corporation.

Landslide prompted local and national authorities to order the suspension of the mining operations of ALQC. Business continuity plans were put in place by APO Cement and implemented to address the disruption in the supply arrangement with ALQC. By the third quarter of 2020, local and national authorities allowed ALQC to resume its mining operations in the affected areas.

On November 19, 2018, the Parent Company and APO Cement were served summons concerning an environmental class action lawsuit filed by 40 individuals and one legal entity (on behalf of 8,000 individuals allegedly affected by the Landslide) at the Regional Trial Court of Talisay, Cebu[13], against the Parent Company, APO Cement, ALQC, the Mines and Geosciences Bureau of the Department of Environment and Natural Resources, the City Government of Naga, and the Province of Cebu, for "Restitution of Damage of the Natural and Human Environment, Application for the Issuance of Environmental Protection Order against Quarry Operations in Cebu Island with Prayer for Temporary Protection Order, Writ of Continuing Mandamus for Determination of the Carrying Capacity of Cebu Island and Rehabilitation and Restoration of the Damaged Ecosystems".

In the complaint, among other allegations, plaintiffs (i) claim that the Naga Landslide occurred as a result of the defendants' gross negligence; and (ii) seek, among other relief, (a) monetary damages in the amount of around ₱4.3 billion, (b) the establishment of a ₱500 million rehabilitation fund, and (c) the issuance of a Temporary Environment Protection Order against ALQC while the case is still pending. In the complaint, ALQC, APO Cement and the Parent Company are made solidarily liable for payment of monetary damages and establishment of a rehabilitation fund.

Among other defenses and based on a report by the Mines and Geosciences Bureau of the Department of Environment and Natural Resources, the Parent Company, APO Cement and ALQC hold the position that the Naga Landslide occurred due to natural causes and deny liability, fault and negligence.

In an order dated August 16, 2019, the Regional Trial Court denied plaintiffs' Application for Temporary Environment Protection Order. By denying such application, the Regional Trial Court found

[13] The records of the case were subsequently transferred to the Regional Trial Court of Cebu City Branch 23.

that the applicants did not sufficiently establish that they will suffer grave injustice and irreparable injury by the continued operations of ALQC while the proceedings are pending. Plaintiffs moved for reconsideration, but the Court also denied plaintiffs' motion in an Order dated September 30, 2019. Plaintiffs did not appeal this ruling, which became final as of December 5, 2020.

In an order dated September 30, 2019, the Regional Trial Court partially granted the affirmative defenses of the private defendants and ruled, among others, that the subject case against the Parent Company and APO Cement is dismissed for failure to state a cause of action. The court also ruled that: (i) the 22 plaintiffs who failed to sign the verification and certification against forum shopping are dropped as party-plaintiffs; (ii) the subject case is not a proper class suit, and that the remaining 17 plaintiffs can only sue for their respective claims, but not as representatives of the more than 8,000 alleged victims of the landslide incident; (iii) plaintiffs' cause of action against ALQC for violation of Section 19(a) of Republic Act No. 10121 is dismissed; (iv) there is a misjoinder of causes of action between the environmental suit and the damage suit; and (v) the damage suit of the remaining plaintiffs will proceed separately upon payment of the required docket fees within 30 days from receipt of order, otherwise, the case for damages will be dismissed. The plaintiffs filed a motion for reconsideration of the court's order dated September 30, 2019. During the hearing of plaintiffs' motion for reconsideration on September 11, 2020, the Province of Cebu was officially dropped as a party-defendant in the case, on oral motion of plaintiffs. In another order dated November 17, 2021, the Regional Trial Court denied plaintiffs' motion for reconsideration and also granted the motions of the Mines and Geosciences Bureau and the City Government of Naga and dismissed the subject case against them. On January 31, 2022, plaintiffs filed with the Regional Trial Court their Notice of Appeal, indicating their intention to appeal the court's latest order to the Court of Appeals. Defendants (including government defendants) opposed the plaintiff's Notice of Appeal, and, on April 28, 2022, the Regional Trial Court rejected the plaintiffs' Notice of Appeal for having been filed out of time and instructed the entry of judgement and to issue the corresponding certificate of finality. As of December 31, 2022, we are not aware that the plaintiffs have filed a motion for reconsideration, and if the plaintiffs did not file a motion for reconsideration, the decision of the Regional Trial Court will become final, and the case would be closed as to the Parent Company, APO Cement and all government defendants.

If the plaintiffs were to file a motion for reconsideration and such motion is granted by the competent court, allowing the plaintiffs' appeal to proceed, and the Regional Trial Court's order of September 30, 2019 is later reversed on appeal thereby maintaining the inclusion of the Parent Company and APO Cement as private defendants who are solidarily liable with ALQC and a final adverse resolution were to be concluded in this case against the private defendants, plaintiffs will have the option to proceed against any one of ALQC, APO Cement or the Parent Company for satisfaction of the entirety of the potential judgement award, without the need to proceed against any other private defendant beforehand. Thus, ALQC's, APO Cement's or the Parent Company's assets alone could be exposed to execution proceedings.

As of the date of this Annual Report (SEC Form 17-A), at this stage of the overall proceedings and considering all possible defenses that could be available, while we cannot assess with certainty the likelihood of an adverse result in the overall proceedings, we believe a final adverse resolution in the overall proceeding is not probable, and, in turn, because we are not able to assess the outcome of the appeal that may still be filed by plaintiffs to challenge the latest order of the Regional Trial Court, we are not able to determine if a final adverse resolution, if any, would have a material adverse impact on the Company's consolidated results of operations, liquidity and financial condition.

In addition to the above proceedings, the Company is involved in various legal proceedings that have arisen in the ordinary course of business. These proceedings involve: 1) national and local tax assessments; 2) labor claims; and 3) other diverse civil actions. The Company also received various information requests from governmental and administrative authorities when such authorities are conducting periodic or general reviews of the markets in which we operate. Although there is no guarantee for a favorable outcome, the Parent Company believes that it has made adequate provisions to cover both current and contemplated general and specific litigation risks. The Parent Company is sometimes able to make and disclose reasonable estimates of the expected loss or range of possible loss, as well as disclose any provision accrued for such loss. However, the Parent Company may not be able to make a reasonable estimate of the expected loss or range of possible loss or may be able to do so but believe that disclosure of such information on a case-by-case basis would prejudice our position in the ongoing legal proceedings or in any related settlement discussions. Accordingly, in these cases, the Parent Company has disclosed qualitative information with respect to the nature and characteristics of the contingency, but have not disclosed the estimate of the range of potential loss.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

The Annual Meeting of Stockholders of the Parent Company was held on June 1, 2022 and was conducted online and accessed by remote communication. During this annual meeting the following matters were approved by stockholders holding the requisite percentage of shareholdings: (a) approval of the minutes of the Annual Meeting of Stockholders held on June 2, 2021; (b) Report of the President and Chief Executive Officer; (c) approval of the Annual Report (SEC Form 17-A) and audited financial statements as of December 31, 2021; (d) ratification of actions of the Board of Directors and Management since June 2, 2021; (e) election of the members of the Board of Directors; and (f) appointment of the accounting firm of R.G. Manabat & Co. as external auditor of the Parent Company for the fiscal year 2022.

No other matter was submitted to a vote of security holders, through the solicitation of proxies or otherwise, in 2022 (including the fourth quarter of 2022).

PART II - OPERATIONAL AND FINANCIAL INFORMATION

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

(1) Market information

The common stock of the Company is traded on the Philippine Stock Exchange (PSE). For the years ended December 31, 2022, 2021 and 2020[14], the high and low market prices for each quarter are shown below:

Quarter Period	High	Low
January to March 2020	₱ 2.18	₱ 0.90
April to June 2020	₱ 1.27	₱ 1.01
July to September 2020	₱ 1.66	₱ 0.86
October to December 2020	₱ 1.84	₱ 1.44
January to March 2021	₱ 1.64	₱ 1.08
April to June 2021	₱ 1.38	₱ 1.14
July to September 2021	₱ 1.46	₱ 1.19
October to December 2021	₱ 1.36	₱ 0.99
January to March 2022	₱ 1.11	₱ 0.84
April to June 2022	₱ 0.89	₱ 0.61
July to September 2022	₱ 0.90	₱ 0.58
October to December 2022	₱ 0.70	₱ 0.59

(2) Shareholders

As of December 31, 2022, there were thirteen billion four hundred eighty nine million two hundred twenty six thousand and six hundred twenty three (13,489,226,623) issued and outstanding common shares of stock of the Parent Company.

Based on the report prepared by the Parent Company's stock transfer agent, the listed number of *stockholders of record* as of December 31, 2022 totaled 32. The *stockholders of record* of the Parent Company, including the number and percentage of total common shares outstanding held by each as of December 31, 2022 were as follows:

Names of Stockholders of Record	No. of Shares Held	% to Total Outstanding Shares
PCD Nominee Corporation (Non-Filipino)[(a) (d)]	8.507,127,157	63.066%
CEMEX ASIAN SOUTH EAST CORPORATION[(b)]	2,857,467,493	21.183%
PCD Nominee Corporation (Filipino) [(c) (e)]	2,116,606,199	15.691%
Syntrix Holdings Inc.	2,596,300	nil
Sysmart Corporation [(f)]	2,596,300	nil
Cai Yu Xi	1,000,000	nil
Sysmart Corporation	734,460	nil
Elvira M. Cruz or Bernardo A. Cruz	400,000	nil
Bob Dy Gothong	208,600	nil

[14] For the first quarter of 2023, the high and low market prices of the Company shares were ₱1.26 and ₱0.60, respectively.

Regina Capital Dev. Corp. 000351	181,741	nil
Tristan Q. Perper	100,000	nil
Felixberto T. Monasterio	60,000	nil
Cherrubin Den Tee Chua	50,000	nil
Myra P. Villanueva	40,000	nil
Rafael Jay P. Ramores	19,000	nil
Mercedes S. Del Rosario	13,000	nil
Majograjo Development Corporation	10,000	nil
Noemi Marie Faith D. Ramirez	5,000	nil
Anita Uy Mustera or Nicolas R. Mustera	2,700	nil
Milagros P. Villanueva	2,500	nil
Myrna P. Villanueva	2,500	nil
Jesus San Luis Valencia	1,259	nil
Marietta V. Cabreza	1,000	nil
Christine F. Herrera	1,000	nil
Victor Co and/or Alian Co	200	nil
Shareholders Association of the Philippines, Inc.	100	nil
Bartholomew Dybuncio Young	100	nil
Owen Nathaniel S. Au Itf: Li Marcus Au	10	nil
Joselito Tanwangco Bautista	1	nil
Botschaft N. Cheng Or Sevila Ngo	1	nil
Alfredo Panlilio	1	nil
Pedro Roxas	1	nil

[a] PCD Nominee Corporation is not related to the Parent Company. The beneficial owners of the shares held through a PCD participant are the beneficial owners thereof to the extent of the number of shares registered under the respective accounts with the PCD participant. Except for disclosures made in respect of Note [b] below, the Parent Company has no record relating to the power to decide how the shares by PCD Nominee Corporation (Filipino and Non-Filipino) are to be voted.

[b] CASEC, the majority stockholder of the Parent Company, is a corporation incorporated in the Philippines, but wholly-owned by a Netherlands company, and an indirect subsidiary of CEMEX. In addition to the 2,857,467,493 shares indicated in the table above, CASEC owned in scripless form 7,650,487,169 shares recorded under *PCD Nominee Corporation (Non-Filipino)*, inclusive of 5 shares held as of December 31, 2022 by Sergio Mauricio Menéndez Medina, Luis Guillermo Franco Carrillo, Antonio Iván Sánchez Ugarte, Francisco Javier García Ruiz de Morales and Jesús Ortiz de la Fuente, respectively. As of December 31, 2022, the total number of shares owned by CASEC was 10,507,954,662 corresponding to 77.9% of the total issued and outstanding shares of the Parent Company.

[c] See Note [a]

[d] Based on the Top 100 PCD Participants Report (consolidated) of the Philippine Depository & Trust Corporation as of December 31, 2022, the *PCD Nominee Corporation (Non-Filipino)* and the *PCD Nominee Corporation (Filipino)* accounts included the following:

(1) BDO Securities Corporation – holding 5,770,252,097 shares
(2) The Hongkong and Shanghai Banking Corp. Ltd.- Clients' Acct – holding 2,260,870,593 shares
(3) COL Financial Group, Inc. – holding 377,363,689 shares
(4) AB Capital & Investment Corp.- Trust & Investment Div. – holding 272,951,615 shares
(5) Abacus Securities Corporation – holding 216,938,838 shares

[e] See Note [d]

[f] The name appears twice in the table, each corresponding to separate share entries.

As of December 31, 2022, the total number of shares owned by CASEC was 10,507,954,662 common shares corresponding to 77.9% of the total issued and outstanding shares of the Parent Company. As of December 31, 2022, an estimated 21.97% of the total outstanding shares of stock of the Parent Company was held by the public.

(3) Dividend Policy; Dividends declaration, if any

The Parent Company's Board of Directors is authorized to declare dividends only from its unrestricted retained earnings, and the Board of Directors may not declare dividends which will impair its capital. Dividends may be payable in either cash, shares or property, or a combination thereof, as determined by the Board of Directors. The approval of stockholders representing at least 2/3 of the total issued and outstanding shares of stock of the Parent Company is required for the payment of stock dividends. As a holding company, the Parent Company's ability to declare and pay dividends to its shareholders will depend on whether it has received sufficient dividends from its subsidiaries that can be distributed to the shareholders by way of dividend. As such, the Parent Company's Board of Directors, may, at any time, evaluate whether it has sufficient cash available for distribution of cash dividends.

Dividends may be declared whenever there are unrestricted retained earnings available subject to a number of factors including restrictions that may be imposed by current and prospective financial covenants, overall level of indebtedness, projected levels of operating results of the Company, working capital needs and long-term capital expenditures of the Company, and regulatory requirements on dividend payments, among others.

In view of the Company's substantial long-term capital expenditure needs, which include the cost for pursuing the Solid New Line Project, and level of indebtedness of the Company, the Parent Company's Board of Directors has not declared any dividends on the Parent Company's common equity during the previous years and any subsequent interim period for which financial statements are required to be presented by SRC Rule 68.

(4) Sales of Unregistered Securities within the last three (3) years

In January 2020, the Parent Company concluded the offer period of the Stock Rights Offering involving 8,293,831,169 common shares of stock pursuant to a Notice of Confirmation of Exempt Transaction of the SEC which was issued on December 11, 2019, confirming that the Stock Rights Offering is exempt from the registration requirements of the Securities Regulation Code (SRC) under SRC Section 10.1 (e) and (i). The total proceeds raised from the Stock Rights Offering amounted to ₱12,772,500,000.26.

On February 27, 2020, the SEC approved the Parent Company's application for increase of ACS and on March 4, 2020, the 8,293,831,169 common shares comprising the Rights Shares were listed under the Main Board of the Exchange. After the Stock Rights Offering and the approval by the SEC of the Parent Company's application for increase in ACS, the Parent Company's issued and outstanding shares totaled 13,489,226,623 common shares at ₱1 par value per share or total par value of ₱13,489,226,623.

ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is a discussion and analysis of the Company's consolidated financial condition and results of operations as at December 31, 2022 and for the years ended December 31, 2022, 2021, 2020 and 2019 and certain trends, risks and uncertainties that may affect the Company's business.

AS AT AND FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

Results of Operations

Revenue
The consolidated revenue for the years ended December 31, 2022 and 2021 amounted to ₱20.6 billion and ₱20.9 billion, respectively. Revenue was generated mainly from sale of cement products as a result of the Company's ordinary activities.

Decrease of 1.5% in 2022 was mainly due to 10% decline in volume of product sold reflecting low cement demand, challenging industry dynamics and an impact from the Company's efforts to adjust prices. Domestic cement prices increased by 9%, reflecting the Company's efforts to offset the impact of input cost inflation, particularly in fuel, electricity, and transport.

The breakdown of revenue after elimination of transactions between consolidated entities for the years ended December 31, 2022 and 2021 were as follows:

	For the year ended December 31, 2022		**For the year ended December 31, 2021**	
Segment	***Amount****	***%Revenue***	***Amount****	***%Revenue***
Cement	₱20,505	100%	₱20,820	100%
Other business	66	0%	67	0%
Total	₱20,571	**100%**	₱20,887	**100%**

**Amounts in millions*

Cost of Sales

Consolidated cost of sales for the years ended December 31, 2022 and 2021, amounted to ₱13.8 billion and ₱13.0 billion, respectively. Costs arose mainly from power and fuel consumption, raw materials and supplies used during production, depreciation, and other expenses directly attributable to the manufacturing of finished goods.

Increase of 6.5% in 2022, despite the lower sales volume, was due to higher unitary cost of sales mainly resulting from higher fuel cost, driven by elevated global energy prices, as well as higher electricity rates.

Cost of sales as a percentage of revenue for the years ended December 31, 2022, and 2021, represented 67.2% and 62.2%, respectively.

Power and fuel represented approximately (i) 19.0% and 33.7%, respectively, of cost of sales in 2022, and (ii) 20.3% and 20.2%, respectively, of cost of sales in 2021.

Gross Profit

As a result of the above conditions, gross profit for the years ended December 31, 2022 and 2021, reached ₱6.8 billion and ₱7.9 billion, respectively. Gross profit as a percentage of revenue for the years ended December 31, 2022 and 2021, represented 32.8% and 37.8%, respectively.

Operating Expense

Operating expenses amounted to ₱5.8 billion and ₱6.0 billion, or 28.3% and 28.6% of revenue for the years ended December 31, 2022 and 2021, respectively. Operating expenses decreased by 2.6% in 2022 compared to 2021 due to lower distribution expenses supported by supply chain efficiencies. Operating expenses were mainly composed of administrative, selling, and distribution expenses.

Administrative and selling expenses amounted to ₱2.8 billion and ₱2.9 billion, or 13.8% and 13.7% of revenue in 2022 and 2021, respectively. These include a) license fees amounting to ₱772.8 million and ₱851.4 million, respectively; b) insurance amounting to ₱150.2 million and ₱186.7 million, respectively; c) salaries and wages amounting to ₱775.3 million and ₱796.3 million, respectively; and d) administrative fees amounting to ₱570.1 million and ₱544.3 million, respectively. Total administrative and selling expenses decreased by 1.2% year-over-year for 2022 mainly due to decrease in central service and management fees from the decrease in net sales.

Distribution expenses amounted to ₱3.0 billion and ₱3.1 billion, which accounted for 14.5% and 14.9% of revenue, in 2022 and 2021, respectively. Total distribution expenses decreased by 4.0% year-over-year for 2022, mainly driven by lower product volume moved and sold.

Other expenses included in operating expenses cover utilities and supplies, taxes and license, depreciation, advertising and travel expenses, rental, and others.

Operating Income before Other Expenses, Net
For the reasons discussed above, operating income before other expenses - net amounted to ₱0.9 billion and ₱1.9 billion in 2022 and 2021, respectively. These comprised 4.5% and 9.2% of revenue in 2022 and 2021. *Operating Income before Other Expenses, Net* decreased by 51.8% in 2022 as compared to 2021, mainly due to lower sales volume and higher costs.

Other Income (Expenses), Net
Other income (expenses), net for the years ended December 31, 2022 and 2021 were (₱60.8) million and ₱1.9 million, respectively and corresponded to less than 1% of revenues for the relevant periods. The line item has a net unfavorable movement of ₱62.7 million or more than 100% year-over-year which is attributable to the following items:

- The other income, net, in 2021, mainly pertains to the one-off income corresponding to the recovery of a previously written-off receivable from a related party amounting ₱33.9 million, and;
- The other expenses, net, in 2022, totaled ₱28.5 million significantly pertains to incremental expenses related to the COVID-19, repairs and incremental costs from the impact of Typhoon Odette (International Name: Rai) which struck the Philippines in mid-December 2021 and loss on disposal of fixed assets.

Financial and Other Financial Expenses, Net
Net financial expenses in 2022 and 2021 amounted to ₱230.9 million and ₱274.7 million, respectively. These expenses corresponded to 1.1% and 1.3% of revenue in 2022 and 2021, respectively. Decrease of 15.9% in 2022 compared to 2021 were attributable to lower outstanding loan balances.

Foreign Exchange Gain (Loss), Net
Loss of ₱934.0 million and ₱437.5 million were reported in 2022 and 2021, respectively. Unfavorable movement in foreign exchange gain (loss), net amounting to ₱496.6 million is mainly due to decline of Philippine Peso to U.S. dollar exchange rate from ₱51.00 in 2021 to ₱55.76 in 2022. Foreign exchange gain (loss), net was 4.5% and 2.1% of revenue in 2022 and 2021, respectively.

The following agreements affected the movement in foreign exchange gains (losses):

- On August 1, 2016, the Parent Company signed deposit agreements with Falcon and CAR, respectively, pursuant to which Falcon and CAR could deposit and withdraw the amount placed at any time and date, according to the conditions established in the deposit agreement. The agreements which were initially valid and binding until August 1, 2021 were subsequently amended to provide that these agreements would remain valid and binding until terminated by either of the respective parties thereto. The principal under the Falcon deposit agreement shall bear interest calculated daily at a rate equal to Western Asset Institutional Liquid Reserve Fund (WAILRF) minus 10 basis points. The principal under the CAR deposit agreement is subject to applicable safe-harbour interest rate published by the Swiss Federal Tax Administration ("SFTA"). The rate is revised by the SFTA annually. Historically for this deposit, the rates have been: 2.25% from August 2016 to June 2017; 2.5% per annum from July 2017 to February 2018; 3% per annum from March 2018 to February 2020; 2.25% per annum from March 2020 to December 2020; 1.25% per annum from January 2021 to date. Beginning January 1, 2022, the "minus 10 basis points" was removed from the interest rate under the deposit agreement with Falcon.

Income Tax
As a result of operations, the Company's income tax expense in 2022 and 2021 amounted to ₱717.2 million and ₱489.5 million, respectively.

Increase of 46.5% in 2022 compared to 2021 was mainly due to higher current income taxes (CIT), as this year includes withholding taxes from dividends received from CARG which cannot be use as tax credit while last year includes one-time benefit adjustment due to CREATE Act.

Income tax was more than 100% and 40.3% of profit (loss) before income tax in 2022 and 2021, respectively.

Net Profit (Loss)
As a result of the abovementioned concepts, net profit (loss) for the years ended December 31, 2022 and 2021 amounted to (₱1.0) billion and ₱725.5 million, respectively. Net loss in 2022 was ₱1.7 billion lower than the net profit in 2021, mainly due to lower operating income and foreign exchange losses. Net profit (loss) was (4.9%) and 3.5% of revenue in 2022 and 2021, respectively.

Regarding foreign exchange losses, this mainly relates to intragroup deposits between CHP and its subsidiaries, Falcon and CAR. These intragroup deposits are essentially neutral on a net equity basis and majority of these foreign exchange losses are unrealized (non-cash expenses). The Company will continue to strictly manage transactions which may result in realized foreign exchange losses, in order to control the incurrence of cash expenses.

Regarding the Company's operations, significant challenges prevailed in the industry in 2022, notably:

- global economic and political uncertainty which drove rising energy prices and extraordinary cost increases
- cement demand being affected by high inflation and slowdown of construction projects
- Philippine markets remain highly competitive, heightened by the presence of imported cement

Despite the aforementioned challenges, the Company will remain focused on the variables within its control to improve its operating and financial performance, such as but not limited to:

- conducting a thorough review of our fuels management, in order to further increase our use of alternative fuels while optimizing our use of fossil-based fuels
- increasing our use of alternative raw materials
- expanding our portfolio of non-fossil fuel-based energy sources
- pursuing further efficiencies in our supply chain network and resources, in order to optimize our distribution expenses
- deriving savings from operating expenses, such as those under selling and administrative expenses, and fixed costs at our facilities
- enhancing customer experience with value-adding products and services such as our Vertua® line of lower-carbon products
- continuing our digital transformation efforts to improve the purchasing, product delivery, and transactional experience of customers
- continuing the Company's pricing strategy intended to offset the impact of input cost inflation in our products

Financial Position

Cash and Cash Equivalents
Cash and cash equivalents amounted to ₱2.7 billion and ₱5.8 billion as at December 31, 2022 and December 31, 2021, respectively. As at December 31, 2022, cash and cash equivalents of ₱2.7 billion included ₱1.7 billion cash in banks and ₱1.0 billion short-term investments which were readily convertible to cash. As at December 31, 2021, cash and cash equivalents of ₱5.8 billion included ₱2.2 billion cash in banks and ₱3.6 billion short-term investments which were readily convertible to cash. Net decrease of 53% in cash and cash equivalents was mainly due to payment of bank loans and investing activities (such as the Solid New Line Project).

Cash and cash equivalents accounted for 4.0% and 9.0% of the total assets as at December 31, 2022 and 2021, respectively.

Trade Receivables - Net
Trade receivables amounted to ₱637.4 million and ₱696.9 million as at December 31, 2022 and December 31, 2021, net of allowance for impairment losses amounting to ₱22.5 million and ₱17.3 million, respectively, which mainly pertain to receivables from customers.

Due from Related Parties
Related party balances amounted to ₱4.1 million and ₱17.2 million as at December 31, 2022 and December 31, 2021, respectively. The decrease in the balances of receivables from related parties was mainly due to hedged diesel fuel.

Insurance Claims and Premiums Receivable
Insurance premiums receivable is related to non-damage business interruption insurance receivable from third party insurance company and represents premiums on written policies which are collectible within the Company's credit term. Insurance premiums receivable amounted to ₱538.7 million and ₱91.8 as at December 31, 2022 and December 31, 2021, respectively. Claims from insurance amounted to ₱12.2 million and nil as at December 31, 2022 and December 31, 2021. *Insurance Claims and Premium Receivables* accounted for 0.8% and 0.1% of the total assets as at December 31, 2022 and 2021, respectively.

Other Current Accounts Receivable
Other accounts receivables amounted to ₱69.2 million and ₱49.4 million as at December 31, 2022 and December 31, 2021, respectively. These figures accounted for 0.1% of the total assets in 2022 and 2021. Movements primarily refer to receivables from contractors, short-term deposits, loan receivables, receivables from employees and others. Increase was mainly due to the refundable security deposit made to the Company's health care provider.

Inventories
Inventories amounted to ₱5.8 billion and ₱3.1 billion as at December 31, 2022 and December 31, 2021, respectively. The increase in 2022 was mainly due to the higher value of inventories from increased prices of purchased production inputs and higher quantity of inventories resulting from lower sales volume. Inventories accounted for 8.6% and 4.8% of the total assets as at December 31, 2022 and 2021, respectively.

Derivative assets
Derivative assets amounted to ₱49.6 million and ₱12.5 million as at December 31, 2022 and December 31, 2021, respectively. This account pertains to the market value of derivative transactions entered into by the Company to hedge against the volatility of diesel fuel prices and under which the Company bears all the benefits and the risks arising from the hedge arrangement. Movement refers to mark-to-market valuation of the hedge instrument.

Prepayments and Other Current Assets
Other current assets which amounted to ₱3.1 billion and ₱2.2 billion as at December 31, 2022 and December 31, 2021, respectively, pertained mainly to (i) prepayment of insurance of ₱722.4 million and ₱646.5 million, respectively, and (ii) prepayment of taxes of ₱2,226.2 and ₱1,471.0 million, respectively. Movement in this account was primarily due to prepaid taxes and unamortized balance of prepaid insurance accounts. The aggregate of prepayments and other current assets accounted for 4.5% and 3.4% of the total assets as at December 31, 2022 and 2021, respectively.

Other Assets and Noncurrent Accounts Receivable
Other assets amounting to ₱638.8 million and ₱436.2 million as at December 31, 2022 and December 31, 2021, respectively, primarily consisted of long-term prepayments amounting to nil and ₱27.9 million, long-term performance deposits of ₱318.4 million and ₱301.6 million, respectively, and debt service reserve accounts and guarantee bonds used in operations amounting to ₱208.7 million and ₱32.3 million, respectively. The rest mainly referred to the noncurrent portion of the unamortized

transportation allowances of employees and other long-term prepayments. The debt service reserve accounts pertain to the BDO Agreements.

Advances to Contractors
In November 2018, the Company made a down payment amounting to ₱2.1 billion to a third party for the construction and installation of the Solid New Line Project and this down payment is presented under noncurrent assets in the consolidated statements of financial position. On December 7, 2021, Solid Cement issued its Notice of Termination of the Construction Contract due to the delay in the implementation of construction and installation works. Solid Cement has taken measures to address contingencies which have arisen due to this termination. The unapplied down payment at the date of termination amounting to ₱379.4 million was recovered in full in 2021.

During the first quarter of 2022, Solid Cement entered into contracts with third parties to continue the construction and installation of the Solid New Line Project.

As at December 31, 2022 and December 31, 2021, the balance of this account amounted to ₱768.5 million and ₱454.8 million, respectively, and corresponded to 1.1% and less than 1% of the total assets for the relevant periods. The increase of ₱313.7 million or 69.0% was due to the net movement from the advances made to the new contractors and depletion of advances in line with the progress of the Solid New Line Project.

Property, Machinery, Equipment and Assets for the Right-of-Use
Property, machinery and equipment had a balance of ₱22.7 billion and ₱21.2 billion as at December 31, 2022 and December 31, 2021, respectively. For the years ended December 31, 2022 and 2021, ₱844.6 million and ₱464.6 million, respectively, were incurred for maintenance capital expenditures and ₱1.9 billion and ₱2.3 billion, respectively, for strategic capital expenditures.

Assets for the right-of-use amounted to ₱2.5 billion and ₱1.6 billion as at December 31, 2022 and December 31, 2021, respectively. For the years ended December 31, 2022 and 2021, additions to assets for the right-of-use amounted to ₱1.6 billion and ₱0.4 billion, respectively.

Property, machinery, equipment and assets for the right-of-use accounted for 37.0% and 35.4% of the total assets as at December 31, 2022 and 2021, respectively.

Deferred Income Tax Assets – Net
The Company's deferred income tax assets amounted to ₱615.2 million and ₱828.9 million as at December 31, 2022 and December 31, 2021, respectively. Movement mainly refers to net impact of derecognition of deferred tax assets from operating losses and Minimum Corporate Income Tax; and recognition of deferred tax assets from unrealized foreign exchange losses. Deferred tax liability amounted to ₱2.8 million and ₱1.4 million as at December 31, 2022 and December 31, 2021, respectively. Deferred income tax assets net of deferred tax liability accounted for less than 1% and 1.3% of the total assets as at December 31, 2022 and 2021, respectively.

Goodwill
The Company's goodwill arose from the business combinations when the Parent Company acquired its subsidiaries in 2016. As of December 31, 2022, no impairment to goodwill is recognized. *Goodwill* accounted for 41.0% and 43.3% of the total assets as at December 31, 2022 and 2021, respectively.

Trade Payables
Trade payables as at December 31, 2022 and December 31, 2021 amounted to ₱5.7 billion and ₱5.0 billion, respectively. Higher trade payables of ₱674.1 million, or a 13.3% increase in 2022, was mainly due to increase on payables on insurance, fuel, power, spares inventory and service contractors. *Trade Payables* accounted for 8.4% and 7.9% of the total liabilities and equity as at December 31, 2022 and 2021, respectively.

Due to Related Parties
Short-term payables to related parties had a balance of ₱4.7 billion and ₱2.2 billion as at December 31, 2022 and December 31, 2021, respectively. Increase of ₱2.5 billion or more than 100% primarily refers to purchases of coal, raw materials, royalties, and administrative fees with related parties. The balances of Due to Related Parties accounted for 6.9% and 3.4% of the total liabilities and equity as at December 31, 2022 and 2021, respectively.

Contract Liabilities, Unearned Income, Other Accounts Payable, Accrued Expenses, and Income Tax Payable
Contract liabilities, unearned income, other payables and accruals which amounted to ₱2.0 billion and ₱1.7 billion as at December 31, 2022 and December 31, 2021, respectively, pertained mainly to accruals, contract liabilities (which include advances from customers and unredeemed customer loyalty points), unearned income from insurance premium, provisions, and income tax payable. The increase was mainly due to significant movement in taxes payable which includes net VAT payable, withholding taxes and final taxes payable. These figures accounted for 3.0% and 2.6% of the total liabilities and equity in 2022 and 2021, respectively.

Lease Liabilities[15]
Current portion of finance lease liabilities amounted to ₱456.6 million and ₱404.7 million as at December 31, 2022 and December 31, 2021, respectively. Noncurrent portion of finance lease liabilities amounted to ₱2.4 billion and ₱1.4 billion as at December 31, 2022 and December 31, 2021. The increase of ₱982.8 million in the non-current portion of finance lease liabilities or 70.0% compared to 2021 was mainly due to the net impact of the long-term access arrangement which was updated and extended in 2022 in respect of certain facilities of APO Cement in Cebu[16]. Lease Liabilities accounted for 4.2% and 2.8% of the total liabilities and equity as at December 31, 2022 and 2021, respectively.

Retirement Benefit Liability
Retirement benefit liability amounting to ₱397.1 million and ₱544.4 million as at December 31, 2022 and December 31, 2021, respectively, pertains to the provision recognized by the Company associated with employees' defined benefit pension plans. Decrease of ₱147.3 million or 27.1% as compared 2022 from 2021 was due to net impact of accrued retirement expense and contribution in the retirement fund. *Retirement Benefit Liability* accounted for 0.6% and 0.8% of the total liabilities and equity as at December 31, 2022 and 2021, respectively.

Bank Loan
Parent Company-BDO Agreements
The total outstanding balance of the BDO Agreements[17] amounted to ₱7.7 billion and ₱8.9 billion as at December 31, 2022 and December 31, 2021, respectively. The unamortized debt issuance cost of this long-term bank loan, amounting to ₱74.1 million and ₱54.1 million, was deducted from the total loan liability as at December 31, 2022 and December 31, 2021, respectively. Short-term portion of the bank loan amounted to nil and ₱3.4 billion as at December 31, 2022 and December 31, 2021, respectively. Decrease of ₱0.8 billion or 8.4% was due to payments in 2022. The balance of the bank loan *net of* debt issuance cost accounted for 11.4% and 13.8% of the total liabilities and equity as at December 31, 2022 and 2021, respectively.

---

[15] The term "Lease Liabilities" covers lease arrangements entered into by the Company for vessels, vehicles, parcels of land, warehouses, office premises and other facilities, as well as other arrangements for right-of-use for and/or access to any of said assets.

[16] For additional details, refer to ITEM 12 of PART III of this Annual Report (SEC Form 17-A) (Certain Relationships and Related Party Transactions) on pages 76 to 80.

[17] The term "BDO Agreements" means collectively (i) the 2017 BDO Facility Agreement which is that senior unsecured peso long-term loan facility agreement that the Parent Company signed with BDO Unibank, Inc. on February 1, 2017, for an amount of up to the Philippine Peso equivalent of US$ 280 million, as from time to time amended or supplemented, and (ii) the 2022 BDO Refinancing Facility Agreement which is that 5-year senior unsecured peso long-term loan facility agreement that the Parent Company signed with BDO Unibank, Inc. on July 28, 2022, for a principal amount of up to Six Billion Six Hundred Ninety Million Philippine Pesos (₱6,690,000,000.00), the loan proceeds of which was used to repay a *portion* of the outstanding indebtedness under the 2017 BDO Facility Agreement equivalent to approximately ₱6.68 billion

Solid-BDO Loan
On March 9, 2022 and September 12, 2022, Solid made a draw down on its short-term credit line with BDO for the amounts of ₱120.0 million and ₱185.0 million, respectively, to cover operational/working capital requirements and the outstanding balances for the relevant periods were fully paid on March 25, 2022 and September 29, 2022, respectively. On September 28, 2022, Solid executed another short-term loan with BDO for ₱160.0 million to cover operational/working capital requirements which was repaid on October 28, 2022. On December 20, 2022, another short-term loan was executed by Solid with BDO amounting to ₱420.0 million which was repaid in January 2023.

Other Equity Reserves
The amount referred to the cumulative effects of items and transactions that were, temporarily or permanently, recognized directly to stockholders' equity which included share-based compensation, remeasurement of retirement benefits liability (net of tax) and cumulative currency translation of foreign subsidiaries. *Other Equity Reserves* accounted for 2.1% and 0.8% of the total liabilities and equity as at December 31, 2022 and 2021, respectively.

The movement of ₱931.1 million or more than 100% for 2022 compared from 2021 was mainly attributable to the currency translations of the foreign subsidiaries of the Parent Company.

Retained Earnings
Retained earnings of ₱3.0 billion and ₱4.0 billion as at December 31, 2022 and December 31, 2021 respectively, included the Company's cumulative net results of operations. The decrease of ₱1.0 billion or 25.5% pertains to the consolidated profit for the year ended December 31, 2022. These figures accounted for 4.4% and 6.2% of the total liabilities and equity as at December 31, 2022 and 2021, respectively.

AS AT AND FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

Results of Operations

Revenue
The consolidated revenue for the years ended December 31, 2021 and 2020 amounted to ₱20.9 billion and ₱19.7 billion, respectively. Revenue was generated mainly from sale of cement products as a result of the Company's ordinary activities.
Increase of 6.0% in 2021 was due to higher volume of product sold, as the Company was recovering from the adverse impact of the COVID-19 Pandemic in 2020 and supported by the easing of quarantine restrictions relevant to the Company's business and the markets that it served.

The breakdown of revenue after elimination of transactions between consolidated entities for the years ended December 31, 2021 and 2020 were as follows:

	For the year ended December 31, 2021		**For the year ended December 31, 2020**	
Segment	***Amount****	***%Revenue***	***Amount****	***%Revenue***
Cement	₱20,820	100%	₱19,669	100%
Other business	67	0%	38	0%
Total	₱20,887	**100%**	₱19,707	**100%**

**Amounts in millions*

Cost of Sales
Consolidated cost of sales for the years ended December 31, 2021 and 2020, amounted to ₱13.0 billion and ₱11.6 billion, respectively. Costs arose mainly from power and fuel consumption, raw materials

and supplies used during production, depreciation, and other expenses directly attributable to the manufacturing of finished goods.

Increase of 11.8% in 2021 was due to a 6.0% increase in volume sold and higher unitary cost of sales mainly from the purchase of additional clinker on an expected one-off basis to support production requirements and higher electricity rates.

Cost of sales as a percentage of revenue for the years ended December 31, 2021, and 2020, represented 62.2% and 58.9%, respectively.

Power and fuel represented approximately (i) 20.3% and 20.2%, respectively, of cost of sales in 2021, and (ii) 19.2% and 22.8%, respectively, of cost of sales in 2020.

Gross Profit
As a result of the above conditions, gross profit for the years ended December 31, 2021 and 2020, reached ₱7.9 billion and ₱8.1 billion, respectively. Gross profit as a percentage of revenue for the years ended December 31, 2021 and 2020, represented 37.8% and 41.1%, respectively.

Operating Expense
Operating expenses amounted to ₱6.0 billion and ₱6.3 billion, or 28.6% and 31.9% of revenue for the years ended December 31, 2021 and 2020, respectively. Operating expenses decreased by 4.9% in 2021 compared to 2020 due to lower distribution expenses. Operating expenses were mainly composed of administrative, selling, and distribution expenses.

Administrative and selling expenses amounted to ₱2.9 billion and ₱2.8 billion, or 13.7% and 14.1% of revenue in 2021 and 2020, respectively. These include: a) license fees amounting to ₱851.4 million and ₱747.0 million, respectively; b) insurance amounting to ₱186.7 million and ₱209.2 million, respectively; c) salaries and wages amounting to ₱796.3 million and ₱727.5 million, respectively; and d) administrative fees amounting to ₱544.3 million and ₱620.9 million, respectively. Total administrative and selling expenses increased by 3.2% year-over-year for 2021 mainly due to increase in central service and management fees from the increase in net sales and higher salaries and wages.

Distribution expenses amounted to ₱3.1 billion and ₱3.5 billion, which accounted for 14.9% and 17.8% of revenue, in 2021 and 2020, respectively. Total distribution expenses decreased by 11.2% year-over-year for 2021, mainly driven by lower delivered product volume as compared to pick-up product volume as well as initiatives to increase operational and cost efficiency.

Other expenses included in operating expenses cover utilities and supplies, taxes and license, depreciation, advertising and travel expenses, rental, and others.

Operating Income before Other Expenses, Net
For the reasons discussed above, operating income before other expenses – net amounted to ₱1.9 billion and ₱1.8 billion in 2021 and 2020, respectively. These comprised 9.2% of revenue in both 2021 and 2020. *Operating Income before Other Expenses, Net* increased by 6.5% in 2021 compared to 2020.

Other Income (Expenses), Net
Other income (expenses), net for the years ended December 31, 2021 and 2020 were ₱1.9 million and (₱30.3) million, respectively. Significant movement in other expenses, net in 2021 are as follows: (a) increase of ₱33.9 million from the recovery of receivables previously written off, (b) incremental cost recognized in other income (expenses), net was lower by ₱27.3 million due to a change in recognition for recurring and non-recurring charges incurred by the Company related to the COVID-19 Pandemic and (c) (₱22.3 million) losses due to the impact of Typhoon Odette (International Name: Rai) which struck in mid-December 2021.

Financial and Other Financial Expenses, Net
Net financial expenses in 2021 and 2020 amounted to ₱274.7 million and ₱626.4 million, respectively. These expenses corresponded to 1.3% and 3.2% of revenue in 2021 and 2020, respectively. Decrease of 56.2% in 2021 compared to 2020 were attributable to lower outstanding loan balances and declining interest rates.

Foreign Exchange Gain (Loss), Net
Gain (loss) of (₱437.5) million and ₱170.2 million were reported in 2021 and 2020, respectively. Unfavorable movement in foreign exchange gain (loss), net amounting to ₱607.7 million is mainly due to declining Philippine Peso to U.S. dollar exchange rate from ₱48.02 in 2020 to ₱51.00 in 2021. Net foreign exchange gain (loss) was 2.1% and 0.9% of revenue in 2021 and 2020, respectively.

The following agreements affected the movement in foreign exchange gains (losses):

- On August 1, 2016, the Parent Company signed deposit agreements with Falcon and CAR, respectively, pursuant to which Falcon and CAR could deposit and withdraw the amount placed at any time and date, according to the conditions established in the deposit agreement. The agreements which were initially valid and binding until August 1, 2021 were subsequently amended to provide that these agreements would remain valid and binding until terminated by either of the respective parties thereto. The principal under the Falcon deposit agreement shall bear interest calculated daily at a rate equal to Western Asset Institutional Liquid Reserve Fund (WAILRF) minus 10 basis points. The principal under the CAR deposit agreement is subject to applicable safe-harbour interest rate published by the Swiss Federal Tax Administration ("SFTA"). The rate is revised by the SFTA annually. Historically for this deposit, the rates have been: 2.25% from August 2016 to June 2017; 2.5% per annum from July 2017 to February 2018; 3% per annum from March 2018 to February 2020; 2.25% per annum from March 2020 to December 2020; 1.25% per annum from January 2021 to date.
- On November 21, 2018, Solid Cement signed the Solid Expansion Facility Agreement with CABV allowing Solid to withdraw in one or several installments a sum of up to U.S.$75 million. The Solid Expansion Facility Agreement was amended on February 2019 to increase the facility to U.S.$100 million, and on November 28, 2019, further amendments were made to increase the facility to U.S.$160 million. The Solid Expansion Facility Agreement, which was subject to an initial interest rate of 8.2%, bore interest based on the Company's leverage ratio. On January 3, 2020, the loan was redenominated from U.S.$ to Philippine Peso using an exchange rate of ₱51.09 to U.S.$1.00. For additional details, refer to ITEM 12 of PART III of this Annual Report (SEC Form 17-A) (Certain Relationships and Related Party Transactions) on pages 76 to 80. The loan amount was paid in full in March 2020.

Income Tax
As a result of operations, the Company's income tax expense in 2021 and 2020 amounted to ₱489.5 million and ₱336.0 million, respectively.

Increase of 45.7% in 2021 compared to 2020 was mainly due to impact of the CREATE Act which includes a one-time reduction in current income tax by ₱46.5 million and net increase of ₱163.1 million of deferred income tax due to reduction of the valuation of deferred tax assets from 30% to 25% in the first quarter of 2021.

Income tax was 40.3% and 25.4% of profit (loss) before income tax in 2021 and 2020, respectively.

Net Profit
As a result of the abovementioned concepts, net profit for the years ended December 31, 2021 and 2020 amounted to ₱725.5 million and ₱985.1 million, respectively. Net profit in 2021 was 26.4% lower than the net profit in 2020. Net profit was 3.5% and 5.0% of revenue in 2021 and 2020, respectively.

Financial Position

Cash and Cash Equivalents
Cash and cash equivalents amounted to ₱5.8 billion and ₱6.1 billion as at December 31, 2021 and December 31, 2020, respectively. As at December 31, 2021, cash and cash equivalents of ₱5.8 billion included ₱2.2 billion cash in banks and ₱3.6 billion short-term investments which were readily convertible to cash. As at December 31, 2020, cash and cash equivalents of ₱6.1 billion included ₱1.9 billion cash in banks and ₱4.3 billion short-term investments which were readily convertible to cash. Net decrease in cash and cash equivalents was mainly due to payment of bank loans and investing activities (such as the Solid New Line Project).

Cash and cash equivalents accounted for 9.0% and 9.6% of the total assets as at December 31, 2021 and 2020, respectively.

Trade Receivables – Net
Trade receivables amounted to ₱696.9 million and ₱700.2 million as at December 31, 2021 and December 31, 2020, net of allowance for impairment losses amounting to ₱17.3 million and ₱26.7 million, respectively, which mainly pertain to receivables from customers.

Due from Related Parties
Related party balances amounted to ₱17.2 million and ₱3.8 million as at December 31, 2021 and December 31, 2020, respectively. The increase in the balances of receivables from related parties was mainly due to hedged diesel fuel for years 2022 to 2023.

Insurance Claims and Premiums Receivable
Insurance premiums receivable is related to non-damage business interruption insurance receivable from third party insurance company and represents premiums on written policies which are collectible within the Company's credit term. Insurance premiums receivable amounted to ₱91.8 million and ₱86.4 million as at December 31, 2021 and December 31, 2020, respectively. Claims from insurance amounted to nil and ₱1.1 million as at December 31, 2021 and December 31, 2020. *Insurance Claims and Premium Receivables* accounted for 0.1% and 0.1% of the total assets as at December 31, 2021 and 2020, respectively.

Other Current Accounts Receivable
Other accounts receivables amounted to ₱49.4 million and ₱43.7 million as at December 31, 2021 and December 31, 2020, respectively. These figures accounted for 0.1% of the total assets in 2021 and 2020. Movements primarily refer to receivables from contractors, short-term deposits, loan receivables, receivables from employees and others. Increase was mainly due to sublease transaction of APO Cement with a third party.

Inventories
Inventories amounted to ₱3.1 billion and ₱2.3 billion as at December 31, 2021 and December 31, 2020, respectively. Higher inventories in 2021 was mainly due to price increase and sourcing challenges. There was also a build-up of spare parts for the shutdown activities that have been scheduled for January 2022. Inventories accounted for 4.8% and 3.7% of the total assets as at December 31, 2021 and 2020, respectively.

Derivative assets
Derivative assets amounted to ₱12.5 million and ₱24.0 million as at December 31, 2021 and December 31, 2020, respectively. This account pertains to the market value of derivative transactions entered into by the Company to hedge against the volatility of diesel fuel prices and under which the Company bears all the benefits and the risks arising from the hedge arrangement. Movement refers to mark-to-market valuation of the hedge instrument.

Prepayments and Other Current Assets
Other current assets which amounted to ₱2.2 billion and ₱1.8 billion as at December 31, 2021 and December 31, 2020, respectively, pertained mainly to (i) prepayment of insurance of ₱646.5 million and ₱628.6 million, respectively, and (ii) prepayment of taxes of ₱1,471.0 million and ₱1,041.4 million, respectively. Movement in this account was primarily due to prepaid taxes and unamortized balance of prepaid NDBI and general liability insurance accounts. The aggregate of prepayments and other current assets accounted for 3.4% and 2.9% of the total assets as at December 31, 2021 and 2020, respectively.

Other Assets and Noncurrent Accounts Receivable
Other assets amounting to ₱436.2 million and ₱782.4 million as at December 31, 2021 and December 31, 2020, respectively, primarily consisted of long-term prepayments amounting to ₱27.9 million, long-term performance deposits of ₱301.6 million and ₱266.4 million, respectively, and debt reserve account and guarantee bonds used in operations amounting to ₱32.3 million and ₱407.8 million, respectively. The rest mainly referred to the noncurrent portion of the unamortized transportation allowances of employees and other long-term prepayments. In 2021, the debt service reserve accounts created under the 2017 BDO Facility Agreement ("DSRA") were released which mainly accounted for the movement in this account. The aggregate of other assets and noncurrent accounts receivable accounted for 0.7% and 1.2% of the total assets as at December 31, 2021 and 2020, respectively.

Property, Machinery, Equipment and Assets for the Right-of-Use
Property, machinery and equipment had a balance of ₱21.2 billion and ₱19.9 billion as at December 31, 2021 and December 31, 2020, respectively. For the years ended December 31, 2021 and 2020, ₱464.6 million and ₱274.5 million, respectively, were incurred for maintenance capital expenditures and ₱2.3 billion and ₱3.3 billion, respectively, for strategic capital expenditures.

Assets for the right-of-use amounted to ₱1.6 billion and ₱1.8 billion as at December 31, 2021 and December 31, 2020, respectively. For the years ended December 31, 2021 and 2020, additions to assets for the right-of-use amounted to ₱359.5 million and ₱558.2 million, respectively.

Property, machinery, equipment and assets for the right-of-use accounted for 35.4% and 34.0% of the total assets as at December 31, 2021 and 2020, respectively.

Advances to Contractors
In November 2018, the Company made a down payment amounting to ₱2.1 billion to a third party for the construction and installation of the new production line of the Solid New Line Project, which is presented under noncurrent assets in the consolidated statements of financial position. As at December 31, 2021, and December 31, 2020, the balance of this account amounted to ₱0.5 billion and ₱1.1 billion, respectively. Aside from the application of advances against progress billings for the Solid New Line Project, there was also a recovery of advances to the contractor amounting to ₱379.4 million following the termination of the construction contract for the Solid New Line Project in December 2021. The amounts corresponding to *Advances to Contractors* accounted for 0.7% and 1.8% of the total assets as at December 31, 2021 and 2020, respectively.

Deferred Income Tax Assets - Net
The Company's deferred income tax assets amounted to ₱0.8 billion and ₱1.1 billion as at December 31, 2021 and December 31, 2020, respectively, which mainly represented pension, unrealized foreign exchange losses and future tax benefits from operating losses. Movement mainly refers to recognition of additional deferred tax assets from operating losses and Minimum Corporate Income Tax. Deferred tax liability amounted to ₱1.4 million and ₱0.9 million as at December 31, 2021 and December 31, 2020, respectively. Deferred income tax assets net of deferred tax liability accounted for 1.3% and 1.7% of the total assets as at December 31, 2021 and 2020, respectively.

Goodwill
The Company's goodwill arose from the business combinations when the Parent Company acquired its subsidiaries in 2016. As of December 31, 2021, no impairment to goodwill is recognized. *Goodwill* accounted for 43.3% and 43.7% of the total assets as at December 31, 2021 and 2020, respectively.

Trade Payables
Trade payables as at December 31, 2021 and December 31, 2020 amounted to ₱5.0 billion and ₱4.3 billion, respectively. Higher trade payables of ₱774.7 million or 18.1% in 2021 as compared from 2020 was mainly due to increase on payables on fuels, contractors, raw materials and spares inventory. *Trade Payables* accounted for 7.9% and 6.7% of the total liabilities and equity as at December 31, 2021 and 2020, respectively.

Due to Related Parties
Short-term payables to related parties had a balance of ₱2.2 billion and ₱1.5 billion as at December 31, 2021 and December 31, 2020, respectively. Increase of ₱684.5 million or 45.3% primarily refers to purchases of coal, raw materials, royalties, and administrative fees with related parties. The balances of Due to Related Parties accounted for 3.4% and 2.4% of the total liabilities and equity as at December 31, 2021 and 2020, respectively.

Contract Liabilities, Unearned Income, Other Accounts Payable, Accrued Expenses, and Income Tax Payable
Contract liabilities, unearned income, other payables and accruals which amounted to ₱1.7 billion and ₱1.6 billion as at December 31, 2021 and December 31, 2020, respectively, pertained mainly to accruals, contract liabilities (which include advances from customers and unredeemed customer loyalty points), unearned income from insurance premium, provisions, and income tax payable. The increase was mainly due to significant movement in contract liabilities. These figures accounted for 2.6% and 2.5% of the total liabilities and equity in 2021 and 2020, respectively.

Lease Liabilities[18]
Current portion of finance lease liabilities amounted to ₱404.7 million and ₱628.3 million as at December 31, 2021 and December 31, 2020, respectively. Noncurrent portion of finance lease liabilities amounted to ₱1.4 billion as at December 31, 2021 and December 31, 2020. Decrease of ₱258.2 million or 12.5% was due to payments of leases in the fourth quarter of the year. Lease Liabilities accounted for 2.8% and 3.2% of the total liabilities and equity as at December 31, 2021 and 2020, respectively.

Retirement Benefit Liability
Retirement benefit liability amounting to ₱544.4 million and ₱653.9 million as at December 31, 2021 and December 31, 2020, respectively, pertains to the provision recognized by the Company associated with employees' defined benefit pension plans. Decrease of ₱109.5 million or 16.7% as compared 2021 from 2020 was due to contribution in the retirement fund. *Retirement Benefit Liability* accounted for 0.8% and 1.0% of the total liabilities and equity as at December 31, 2021 and 2020, respectively.

Long-term Bank Loan
The total outstanding balance of the 2017 BDO Facility Agreement amounted to ₱8.9 billion and ₱10.8 billion as at December 31, 2021 and December 31, 2020, respectively. The unamortized debt issuance cost of this long-term bank loan, amounting to ₱54.1 million and ₱80.1 million, was deducted from the total loan liability as at December 31, 2021 and December 31, 2020, respectively. Short-term portion of the bank loan amounted to ₱3.4 billion and ₱0.1 billion as at December 31, 2021 and December 31, 2020, respectively. Decrease of ₱1.8 billion or 16.9% was due to payments in 2021. The balance of the bank loan *net of* debt issuance cost accounted for 13.8% and 16.8% of the total liabilities and equity as at December 31, 2021 and 2020, respectively.

[18] The term "Lease Liabilities" covers lease arrangements entered into by the Company for vessels, vehicles, parcels of land, warehouses, office premises and other facilities, as well as other arrangements for right-of-use for and/or access to any of said assets.

Other Equity Reserves
The amount referred to the cumulative effects of items and transactions that were, temporarily or permanently, recognized directly to stockholders' equity which included share-based compensation, remeasurement of retirement benefits liability (net of tax) and cumulative currency translation of foreign subsidiaries. *Other Equity Reserves* accounted for 0.8% and (0.1%) of the total liabilities and equity as at December 31, 2021 and 2020, respectively.

The movement of ₱570.8 million or more than 100% for 2021 compared to 2020 was mainly attributable to the currency translations of the foreign subsidiaries of the Parent Company.

Retained Earnings
Retained earnings of ₱4.0 billion and ₱3.2 billion as at December 31, 2021 and December 31, 2020 respectively, included the Company's cumulative net results of operations. The increase of ₱725.5 million or 22.4% pertains to the consolidated profit for the year ended December 31, 2021. These figures accounted for 6.2% and 5.1% of the total liabilities and equity as at December 31, 2021 and 2020, respectively.

AS AT AND FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

Results of Operations

Revenue
The consolidated revenue for the years ended December 31, 2020 and 2019 amounted to ₱19.7 billion and ₱23.6 billion, respectively. Revenue was generated mainly from sale of cement products as a result of the Company's ordinary activities.

The decrease in revenue of 16.5% in 2020 compared to 2019 was attributed to a 11% decline in domestic gray cement volumes mainly due to the impact of the COVID-19 Pandemic and 6% decline in our domestic cement prices driven by a higher proportion of pick-up sales, lower demand and competitive market dynamics.

The breakdown of revenue after elimination of transactions between consolidated entities for the year ended December 31, 2020 and 2019 were as follows:

	For the year ended December 31, 2020		For the year ended December 31, 2019	
Segment	***Amount****	***%Revenue***	***Amount****	***%Revenue***
Cement	₱19,669	100%	₱23,588	100%
Other business	38	0%	8	0%
Total	₱19,707	**100%**	**₱23,596**	**100%**

**Amounts in millions*

Cost of Sales
Consolidated cost of sales for the years ended December 31, 2020 and 2019, amounted to ₱11.6 billion and ₱13.9 billion, respectively. Costs arose mainly from power and fuel consumption, raw materials and supplies used during production, depreciation and other expenses directly attributable to the manufacturing of finished goods.

Decrease of 16.5% in 2020 compared to 2019 was mainly attributable to lower sales volume, lower production cost per ton as well as an extraordinary benefit in shutdown costs in 2020 due to reduced scope and postponement of APO Cement plant major kiln shutdown.

Cost of sales as a percentage of revenue for the years ended December 31, 2020 and 2019, represented 58.9% and 59.0%, respectively.

Power and fuel represented approximately (i)19.2% and 22.8%, respectively, of cost of sales in 2020, and (ii) 19.1% and 20.6%, respectively, of cost of sales in 2019.

Gross Profit
As a result of the above conditions, gross profit for the years ended December 31, 2020 and 2019, reached ₱8.1 billion and ₱9.7 billion, respectively. Gross profit as a percentage of revenue for the year ended December 31, 2020 and 2019, represented 41.1% and 41.0%, respectively.

Operating Expense
Operating expenses amounted to ₱6.3 billion and ₱7.3 billion, or 31.9% and 31.1% of revenue, for the years ended December 31, 2020 and 2019, respectively. Operating expenses decreased by 14.4% in 2020 compared to 2019. Operating expenses were composed of administrative, selling, and distribution expenses. Operating expenses amounted to ₱6.3 billion and ₱7.3 billion, or 31.9% and 31.1% of revenue, for the years ended December 31, 2020 and 2019, respectively. Operating expenses decreased by 14.4% in 2020 compared to 2019. Operating expenses were composed of administrative, selling, and distribution expenses.

Administrative and selling expenses amounted to ₱2.8 billion and ₱3.1 billion, or 14.1% and 13.2% of revenue, in 2020 and 2019, respectively. These include: a) license fees amounting to ₱747.0 million and ₱865.4 million, respectively; b) insurance amounting to ₱209.2 million and ₱195.8 million, respectively; c) salaries and wages amounting to ₱727.5 million and ₱766.8 million, respectively; and d) administrative fees amounting to ₱620.9 million and ₱744.2 million, respectively. Total administrative and selling expenses decreased by 10.6% year-over-year for 2020 mainly due to lower license fees and strict measures to control costs by reducing discretionary expenses.

Distribution expenses amounted to ₱3.5 billion and ₱4.2 billion, which accounted for 17.8% and 17.9% of revenue, in 2020 and 2019, respectively. Total distribution expenses decreased by 17.2% year-over-year for 2020, mainly driven by initiatives to increase operational and cost efficiency.

Other expenses included in operating expenses cover utilities and supplies, taxes and license, depreciation, advertising and travel expenses, rental, and others.

Operating Income before Other Expenses, Net
For the reasons discussed above, operating income before other expenses - net amounted to ₱1.8 billion and ₱2.3 billion in 2020 and 2019, respectively. These comprised 9.2% and 9.9% of revenue in 2020 and 2019, respectively. *Operating Income before Other Expenses – Net* decreased by 22.8% in 2020 compared to 2019.

Other Income (Expenses), Net
Other income (expenses), net for the years ended December 31, 2020 and 2019 were (₱30.3) million and ₱8.5 million, respectively. Change in *Other Income, net* in 2020 compared to *Other Expenses, net* in 2019 was primarily due to incremental costs incurred by the Company due to the COVID-19 Pandemic.

Financial and Other Financial Expenses, Net
Net financial expenses in 2020 and 2019 amounted to ₱626.4 million and ₱1,304.5 million, respectively. These expenses corresponded to 3.2% and 5.5% of revenue in 2020 and 2019, respectively. Decrease of 52.0% in 2020 compared to 2019 was mainly attributable to lower outstanding loan balances and declining interest rates. The Company disbursed around ₱7.9 billion for the repayment of debt owed to CABV during the first quarter of 2020.

Foreign Exchange Gain (Loss), Net
Foreign exchange gain of ₱170.2 million and ₱453.1 million were reported in 2020 and 2019, respectively.

Movement in *net foreign exchange gain* in 2020 compared to *net foreign exchange gain* in 2019 was mainly due to: (a) lower balances of deposit agreements between the Parent Company and its foreign subsidiaries; (b) realized foreign exchange loss from redenomination of the Solid Expansion Facility Agreement in the first quarter of 2020 compared to unrealized foreign exchange gain in 2019; and (c) appreciation of Philippine peso against U.S. dollar in 2020 from ₱50.64 exchange rate as at December 31, 2019 to ₱48.02 exchange rate as at December 31, 2020.

Net foreign exchange gain in 2020 was 62.4% lower than the net foreign exchange gain in 2019. Net foreign exchange gain was 0.9% and 1.9% of revenue in 2020 and 2019, respectively.

The following agreements affected the movement in foreign exchange gains (losses):

- On August 1, 2016, the Parent Company signed deposit agreements with Falcon and CAR, respectively, pursuant to which Falcon and CAR could deposit and withdraw the amount placed at any time and date, according to the conditions established in the deposit agreement. The agreements which were initially valid and binding until August 1, 2021 were subsequently amended to provide that these agreements would remain valid and binding until terminated by either of the respective parties thereto. The principal under the Falcon deposit agreement shall bear interest calculated daily at a rate equal to Western Asset Institutional Liquid Reserve Fund (WAILRF) minus 10 basis points. The principal under the CAR deposit agreement is subject to applicable safe-harbour interest rate published by the Swiss Federal Tax Administration ("SFTA"). The rate is revised by the SFTA annually. Historically for this deposit, the rates have been: 2.25% from August 2016 to June 2017; 2.5% per annum from July 2017 to February 2018; 3% per annum from March 2018 to February 2020; 2.25% per annum from March 2020 to December 2020.
- On November 21, 2018, Solid Cement signed the Solid Expansion Facility Agreement with CABV allowing Solid Cement to withdraw in one or several installments a sum of up to U.S.$75 million. The Solid Expansion Facility Agreement was amended on February 2019, increasing the facility to U.S.$100 million, and on November 28, 2019, further amendments were made to increase the facility to U.S.$160 million. The Solid Expansion Facility Agreement, which was subject to initial interest rate of 8.2%, bore an interest based on the Company's leverage ratio. On January 3, 2020, the loan was redenominated from U.S.$ to Philippine Peso using an exchange rate of ₱51.09 to U.S.$1.00. The loan amount was paid in full in March 2020. For additional details, refer to ITEM 12 of PART III of this Annual Report (SEC Form 17-A) (Certain Relationships and Related Party Transactions) on pages 76 to 80.

Income Tax
As a result of operations, the Company's income tax expense in 2020 and 2019 amounted to ₱336.0 million and ₱219.2 million, respectively.

Increase of 53.3% in 2020 compared to 2019 was mainly due to the utilization of deferred tax assets during the second half of 2020 which reduced cash tax payments.

Income tax was 25.4% and 14.6% of profit before income tax in 2020 and 2019, respectively.

Net Profit
As a result of the abovementioned concepts, net profit for the years ended December 31, 2020 and 2019 amounted to ₱985.1 million and ₱1,279.6 million, respectively. Net profit in 2020 was 23.0% lower than the net profit in 2019. Net profit was 5.0% and 5.4% of revenue in 2020 and 2019, respectively.

Financial Position

Cash and Cash Equivalents
Cash and cash equivalents amounted to ₱6.1 billion and ₱1.4 billion as at December 31, 2020 and December 31, 2019, respectively. As at December 31, 2020, cash and cash equivalents of ₱6.1 billion include ₱1.9 billion cash in banks and ₱4.2 billion short-term investments which were readily convertible to cash. As at December 31, 2019, cash and cash equivalents of ₱1.4 billion include ₱1.2 billion cash in banks and ₱0.2 billion short-term investments which were readily convertible to cash. Net increase in cash and cash equivalents was mainly from the proceeds from the Parent Company's Stock Rights Offering concluded in 2020, net of payments of loans from related parties.

Cash and cash equivalents accounted for 9.6% and 2.4% of the total assets as at December 31, 2020 and 2019, respectively.

Trade Receivables - Net
Trade receivables amounted to ₱700.2 million and ₱893.0 million as at December 31, 2020 and December 31, 2019, net of allowance for impairment losses amounting to ₱26.7 million and ₱23.8 million, respectively, which mainly pertain to receivables from customers. Decrease was mainly driven by lower credit sales and increase in cash sales in 2020. *Trade Receivables – Net* accounted for 1.1% and 1.5% of the total assets as at December 31, 2020 and 2019, respectively.

Due from Related Parties
Related party balances amounted to ₱3.8 million and ₱27.7 million as at December 31, 2020 and December 31, 2019, respectively. The decrease in the balances of receivables from related parties is attributable to the collection of receivables arising from the sale of goods, provision of back-office and other support services, advances, and foreign currency conversion.

Insurance Claims and Premium Receivable
Insurance premiums receivable is related to non-damage business interruption insurance receivable from third party insurance company and represents premiums on written policies which are collectible within the Company's credit term. Insurance premiums receivables amounted to ₱86.4 million and ₱437.0 million as at December 31, 2020 and December 31, 2019, respectively, reflecting a decrease which was mainly due to Falcon's higher collection rate of insurance premiums earned in 2020 as compared to 2019. Claims from insurance amounted to ₱1.1 million and ₱8.5 million as at December 31, 2020 and December 31, 2019, respectively. *Insurance Claims and Premium Receivables* accounted for 0.1% and 0.8% of the total assets as at December 31, 2020 and 2019, respectively.

Other Current Accounts Receivable
Other accounts receivables amounted to ₱43.7 million and ₱65.2 million as at December 31, 2020 and December 31, 2019, respectively. These figures accounted for 0.1% of the total assets in 2020 and in 2019. Movements primarily refer to receivables from contractors, short-term deposits, loan receivables, receivable from employees and others. Decrease mainly refers to assignment of a third party loan from other accounts receivable to receivable from a related party.

Inventories
Inventories amounted to ₱2.3 billion and ₱3.0 billion as at December 31, 2020 and December 31, 2019, respectively. Inventories consisting of raw materials, cement and work in process amounted to ₱1.4 billion and ₱1.9 billion as at December 31, 2020 and December 31, 2019, respectively, and the remaining balance pertains to spare parts. Decline in inventories in 2020 primarily refers to decrease in work-in-process and finished goods inventories due to production optimization initiatives. *Inventories* accounted for 3.7% and 5.1% of the total assets as at December 31, 2020 and 2019, respectively.

Derivative assets
Derivative assets amounted to ₱24.0 million and nil as at December 31, 2020 and December 31, 2019, respectively. This account pertains to the market value of derivative transactions entered into by the

Company to hedge against the volatility of diesel fuel prices and under which the Company bears all the benefits and the risks arising from the hedge arrangement. Movement refers to mark-to-market valuation of the hedge instrument.

Prepayments and Other Current Assets
Other current assets which amounted to ₱1.8 billion and ₱1.7 billion as at December 31, 2020 and December 31, 2019, respectively, pertained primarily to (i) prepayment of insurance of ₱628.6 million and ₱508.8 million, respectively, and (ii) prepayment of taxes of ₱1,041.4 million and ₱645.0 million, respectively. Movement in this account was primarily due to unamortized balance of prepaid NDBI and general liability insurance accounts. The aggregate of prepayments and other current assets accounted for 2.9% and 2.8% of the total assets as at December 31, 2020 and 2019, respectively.

Investment in an Associate and Other Investments
Investments in associates cover minority equity investments in Greencrete, Inc. and Calabar Aggregates Corporation. This account remained at ₱14 million.

Other Assets and Noncurrent Accounts Receivable
Other assets amounting to ₱782.4 million and ₱837.2 million as at December 31, 2020 and December 31, 2019, respectively, primarily consisted of long-term prepayments amounting to ₱27.9 million, long-term performance deposits of ₱266.4 million and ₱259.9 million, respectively, and debt reserve account and guarantee bonds used in operations amounting to ₱407.8 million and ₱480.8 million, respectively. The rest mainly referred to noncurrent portion of the unamortized transportation allowances of employees and other long-term prepayments. Movement mainly refers to a lower balance in the DSRA. The aggregate of other assets and noncurrent accounts receivable accounted for 1.2% and 1.4% of the total assets as at December 31, 2020 and 2019, respectively.

Property, Machinery, Equipment and Assets for the Right-of-Use
Property, machinery and equipment had a balance of ₱19.9 billion and ₱18.0 billion as at December 31, 2020 and December 31, 2019, respectively. For the years ended December 31, 2020 and 2019, ₱274.5 million and ₱659.4 million, respectively, were incurred for maintenance capital expenditures and ₱3.3 billion and ₱3.2 billion, respectively, for strategic capital expenditures.

Assets for the right-of-use amounted to ₱1.8 billion and ₱2.0 billion as at December 31, 2020 and December 31, 2019, respectively. For the years ended December 31, 2020 and 2019, additions to assets for the right-of-use amounted to ₱558.2 million and ₱362.4 million, respectively.

Property, machinery, equipment and assets for the right-of-use accounted for 34.0% and 33.9% of the total assets as at December 31, 2020 and December 31,2019, respectively.

Advances to Contractors
In November 2018, the Company made a down payment amounting to ₱2.1 billion to a third party for the construction and installation of the new production line of the Solid New Line Project and is presented under noncurrent assets in the consolidated statements of financial position. As at December 31, 2020, and December 31, 2019, the balance of this account amounted to ₱1.1 billion and ₱1.6 billion, respectively. Movement was due to the application of advances against progress billings for the Solid New Line Project. These advances accounted for 1.8% and 2.7% of the total assets as at December 31, 2020 and 2019, respectively.

Deferred Income Tax Assets - Net
The Company's deferred income tax assets amounted to ₱1.1 billion and ₱1.0 billion as at December 31, 2020 and December 31, 2019, respectively, which mainly represented pension, unrealized foreign exchange losses and future tax benefits from operating losses. Movement mainly refers to recognition of additional deferred tax assets from operating losses and Minimum Corporate Income Tax. Deferred tax liability amounted to ₱0.9 million and ₱1.6 million as at December 31, 2020 and December 31,

2019, respectively. Deferred income tax assets *net of* deferred tax liability accounted for 1.7% and 1.8% of the total assets as at December 31, 2020 and 2019, respectively.

Goodwill
The Company's goodwill arose from the business combinations when the Parent Company acquired its subsidiaries in 2016. As of December 31, 2020, no impairment to goodwill is recognized. *Goodwill* accounted for 43.7% and 47.4% of the total assets as at December 31, 2020 and 2019, respectively.

Trade Payables
Trade payables as at December 31, 2020 and December 31, 2019 amounted to ₱4.3 billion and ₱4.8 billion, respectively. The decrease in trade payables is mainly due to the payment to various suppliers and settlement of various insurance with Pioneer. *Trade Payables* accounted for 6.7% and 8.2% of the total liabilities and equity as at December 31, 2020 and 2019, respectively.

Due to Related Parties
Short-term payable to related parties had a balance of ₱1.5 billion and ₱2.7 billion as at December 31, 2020 and December 31, 2019, respectively. Long-term payable to related parties amounted to nil and ₱5.4 billion as at December 31, 2020 and December 31, 2019, respectively. Movement primarily refers to repayment of loans with CABV. The balances of payables *Due to Related Parties* accounted for 2.4% and 4.6% of the total liabilities and equity as at December 31, 2020 and 2019, respectively.

Contract Liabilities, Unearned Income, Other Accounts Payable, Accrued Expenses, and Income Tax Payable
Contract liabilities, unearned income, other payables and accruals which amounted to ₱1.6 billion and ₱1.9 billion as at December 31, 2020 and December 31, 2019, respectively, pertained mainly to accruals, contract liabilities (which include advances from customers and unredeemed customer loyalty points), unearned income from insurance premium, provisions, and income tax payable. These figures accounted for 2.5% and 3.3% of the total liabilities and equity in 2020 and 2019, respectively. Movement is mainly due to lower accruals for freight cost, utilities and maintenance costs in 2020.

Lease Liabilities[19]
Current portion of finance lease liabilities amounted to ₱628.3 million and ₱525.4 million as at December 31, 2020 and December 31, 2019, respectively. Noncurrent portion of finance lease liabilities amounted to ₱1.4 billion and ₱1.6 billion as at December 31, 2020 and December 31, 2019, respectively. *Lease Liabilities* accounted for 3.2% and 3.7% of the total liabilities and equity as at December 31, 2020 and 2019, respectively.

Retirement Benefit Liability
Retirement benefit liability amounting to ₱653.9 million and ₱794.2 million as at December 31, 2020 and December 31, 2019, respectively, pertains to the provision recognized by the Company associated with employees' defined benefit pension plans. *Retirement Benefit Liability* accounted for 1.0% and 1.4% of the total liabilities and equity as at December 31, 2020 and 2019, respectively.

Long-term Bank Loan
The total outstanding balance of the 2017 BDO Facility Agreement amounted to ₱10.8 billion and ₱11.4 billion as at December 31, 2020 and December 31, 2019, respectively. The unamortized debt issuance cost of this long-term bank loan, amounting to ₱80.1 million and ₱106.0 million, was deducted from the total loan liability as at December 31, 2020 and December 31, 2019, respectively. Short-term portion of the bank loan amounted to ₱140.1 million as at December 31, 2020 and December 31, 2019. The balance of the bank loan *net of* debt issuance cost accounted for 16.8% and 19.3% of the total liabilities and equity as at December 31, 2020 and 2019, respectively.

[19] The term "Lease Liabilities" covers lease arrangements entered into by the Company for vessels, vehicles, parcels of land, warehouses, office premises and other facilities, as well as other arrangements for right-of-use for and/or access to any of said assets.

Other Noncurrent Liabilities
Other noncurrent liabilities of ₱20.6 million as at December 31, 2020 and December 31, 2019, pertain to provision for asset retirement obligation.

Common Stock
As at December 31, 2020 and December 31, 2019, the total ACS of the Parent Company consisted of 18,810,395,454 and 5,195,395,454 common shares at a par value of ₱1 per share, respectively, and the total issued and outstanding capital stock was 13,489,226,623 and 5,195,395,454 common shares at a par value of ₱1 per share, respectively. Increase in common stock was due to the Stock Rights Offering. These figures accounted for 21.2% and 8.8% of the total liabilities and equity as at December 31, 2020 and 2019, respectively.

Additional paid-in capital
As at December 31, 2020 and December 31, 2019, the additional paid-in capital amounted to ₱26.2 billion and ₱22.0 billion, respectively. The considerations received in excess of the par value of shares issued are recognized in this account. These figures accounted for 41.1% and 37.3% of the total liabilities and equity as at December 31, 2020 and 2019, respectively.

Other Equity Reserves
The amount referred to the cumulative effects of items and transactions that were, temporarily or permanently, recognized directly to stockholders' equity which included share-based compensation, remeasurement of retirement benefits liability (net of tax) and cumulative currency translation of foreign subsidiaries of the Parent Company. *Other Equity Reserves* accounted for (0.1%) and 0.4% of the total liabilities and equity as at December 31, 2020 and 2019, respectively.

Retained Earnings
Retained earnings of ₱3.2 billion and ₱2.3 billion as at December 31, 2020 and December 31, 2019 respectively, included the Company's cumulative net results of operations. These figures accounted for 5.1% and 3.8% of the total liabilities and equity as at December 31, 2020 and 2019, respectively.

COMPANY PERFORMANCE INDICATORS AND LIQUIDITY

Key Performance Indicators
As of December 31, 2022, the Company tests certain performance measures to gauge its operating performance periodically and to assess its overall state of corporate health. Listed below are the major performance measures, which the Company has identified as reliable performance indicators. Analyses are employed by comparisons and measurements on a consolidated basis based on the financial data as at December 31, 2022, 2021, 2020 and 2019.

Key Financial Indicators	**Formula**	**2022**	**2021**	**2020**	**2019**
Current Ratio	Current Asset/Current Liabilities	**0.97 : 1**	**0.94 : 1**	**1.37 : 1**	**0.74 : 1**
Solvency Ratio	Profit + Depreciation and Amortization/Total Liabilities	**0.04 : 1**	**0.13 : 1**	**0.16 : 1**	**0.11 : 1**
Net debt to Equity Ratio	Debt*/Total Equity	**0.48 : 1**	**0.34 : 1**	**0.34 : 1**	**0.94 : 1**
Asset to Equity Ratio	Total Assets/Total Equity	**1.54 : 1**	**1.46 : 1**	**1.49 : 1**	**1.98 : 1**

**The debt is net of cash and cash equivalents.*

Key Financial Indicators	Formula	2022	2021	2020	2019
Interest Rate Coverage Ratio	Operating income before other income (expenses) – net/ interest	**5.76 : 1**	**9.80 : 1**	**3.57 : 1**	**1.87 : 1**
Profitability Ratio	Operating income before other income (expenses) – net/ Revenue	**0.05 : 1**	**0.09 : 1**	**0.09 : 1**	**0.10 : 1**

As of December 31, 2022, the Company does not have any off-balance sheet arrangements that are reasonably likely to have a material effect on its financial condition, operating results and liquidity or capital resources.

Liquidity

The Company's operations are exposed to risks from changes in price, interest rates, inflation, foreign exchange, governmental spending, social instability and other political, economic and/or social developments in Philippines, any one of which may materially impact its net income and cash from operations. Consequently, in order to meet liquidity needs, the Company relies on cost-efficiency, profitability management and operating improvements to optimize capacity utilization and maximize profitability, as well as advances or borrowing under credit facilities, proceeds of debt and proceeds from asset sales. The Company also participates in a liquidity management program pursuant to which it invests excess liquidity and has certain flexibility to undertake borrowings (intragroup or with CEMEX Group) to meet its own liquidity needs. Amounts that are invested or borrowed under this liquidity management program are often denominated in U.S. dollars.

MATERIAL COMMITMENTS FOR CAPITAL EXPENDITURES FOR 2023

The Company has budgeted for 2023 about ₱4,100 million for capital expenditures and investments which substantially consist of the following: (i) ₱3,800 million – the new cement production line of the Solid New Line Project and (ii) ₱300 million – maintenance and other CAPEX. The Company expects to fund these capital expenditures through a combination of available cash from the proceeds raised during the Stock Rights Offering conducted in January 2020 and revenue or cashflow from operations, and/or loans from related parties or one or more financial institutions.

BANK LOAN – BDO AGREEMENTS

(a) *2017 BDO Facility Agreement*

On February 1, 2017, the Parent Company signed a facility agreement with BDO for a senior unsecured peso long-term loan covering a principal amount of up to the Philippine peso equivalent of US$280 million, the proceeds of which were applied to refinance a majority of the Parent Company's borrowings from New Sunward Holding B.V. ("NSH"), a subsidiary of CEMEX. The term loan provided by BDO has a tenor of seven years from the date of the initial drawdown on the facility and consists of a fixed rate and a floating rate tranche based on market rates plus spread.

Under this 2017 BDO Facility Agreement, the Parent Company was required to comply with several financial and non-financial covenants which included the following financial ratios (the "Financial Ratios"), each of which is tested twice annually:

- a ratio of Consolidated Total Debt (as defined in the 2017 BDO Facility Agreement) to Consolidated EBITDA (as defined in the 2017 BDO Facility Agreement) not exceeding 4.00x; and

- a ratio of Consolidated EBITDA (as defined in the 2017 BDO Facility Agreement) to Consolidated Interest Expense (as defined in the 2017 BDO Facility Agreement) not less than 4.00x.

On December 8, 2017, the Parent Company, together with APO Cement and Solid Cement, and BDO, entered into a supplemental agreement to the 2017 BDO Facility Agreement (the “2017 Supplemental Agreement”) pursuant to which it was agreed that (i) the commencement date for compliance with the Financial Ratios under the 2017 BDO Facility Agreement would be on June 30, 2020; (ii) the DSRA would be created; and (iii) additional debt incurrence restrictions would be put in place. One of these debt incurrence restrictions agreed is based on a financial ratio that measures, on a consolidated basis, the Company’s ability to cover its interest expense using its Consolidated EBITDA (as defined in the 2017 BDO Facility Agreement) and is measured by dividing Consolidated EBITDA by the Consolidated Interest Expense (as defined in the 2017 BDO Facility Agreement).

On December 14, 2018, the Parent Company, together with APO Cement and Solid Cement, and BDO, entered into another supplemental agreement to the 2017 BDO Facility Agreement that provides an option, only in case of certain potential events of default occurring under the 2017 BDO Facility Agreement, for CEMEX Group, to pay all amounts outstanding under the 2017 BDO Facility Agreement before they can be declared due and payable prior to their specified maturity.

On May 17, 2019, the Company entered into an agreement with BDO to amend the 2017 BDO Facility Agreement and the 2017 Supplemental Agreement to, among other changes, (i) conform the 2017 BDO Facility Agreement with certain changes required due to PFRS 16 taking effect as of January 1, 2019, (ii) exclude from the calculation of certain financial covenants in the 2017 BDO Facility Agreement any principal and interest in an amount up to US$250 million (or its Philippine peso equivalent) from certain subordinated loans and advances incurred in relation with the new cement line of the Solid New Line Project that have been made or are to be made to the Company by the CEMEX Group, and (iii) allow for certain loans taken by the Company from CEMEX Group to be paid with proceeds from any equity fundraising activity conducted by the Parent Company without having to pay a prepayment penalty to BDO under the 2017 BDO Facility Agreement.

On June 26, 2020, the Parent Company, APO Cement and Solid Cement reached an agreement with BDO further amending the 2017 BDO Facility Agreement so that the Parent Company would be required to comply with Financial Ratios commencing on June 30, 2021 (instead of June 30, 2020).

On August 25, 2021, BDO and the Parent Company terminated the 2017 Supplemental Agreement and BDO released the DSRA created thereunder, in accordance with the terms of the said agreement.

None of the foregoing amendments and supplements had the effect of increasing the debt level, maturity date, or interest cost under the 2017 BDO Facility Agreement.

(b) *2022 BDO Refinancing Facility Agreement*

On July 28, 2022, BDO and the Parent Company signed another facility agreement for a 5-year senior unsecured term loan covering a principal amount of up to Six Billion Six Hundred Ninety Million Philippine Pesos (₱6,690,000,000.00) and maturing in August 2027. The proceeds of the loan extended pursuant to this 2022 BDO Refinancing Facility Agreement was used to repay a portion of the outstanding indebtedness under the 2017 BDO Facility Agreement equivalent to approximately ₱6.68 billion. Following this repayment, approximately ₱1.11 billion principal amount maturing in February 2024 will remain outstanding under the 2017 BDO Facility Agreement. The interest on the loan will accrue at a floating rate and the loan will amortize in quarterly payments beginning in November 2024. The financial and non-financial covenants under this 2022 Refinancing Facility Agreement are substantially similar to those under the 2017 BDO Facility Agreement.

In December 2022, the Parent Company and BDO reached an agreement by which BDO waived compliance by the Parent Company with the Financial Ratios under the BDO Agreements during the period beginning from December 31, 2022 up to, and including, December 31, 2024, subject to maintenance of debt service reserve accounts.

As of December 31, 2020, December 31, 2021 and December 31, 2022, the ratio of the Company's Consolidated Total Debt (as defined in the BDO Agreements) to Consolidated EBITDA (as defined in the BDO Agreements) was 3.5, 3.1, 2.8 and 3.9, respectively, while the ratio of the Company's Consolidated EBITDA (as defined in the BDO Agreements) to Consolidated Interest Expense (as defined in the BDO Agreements) was 3.7, 6.0, 7.2 and 5.2, respectively.

As of December 31, 2022, the Parent Company is in compliance with the applicable restrictions and covenants under the BDO Agreements. However, the Parent Company cannot give assurance that it will be able to comply with the restrictions and covenants contained in the BDO Agreements. The Parent Company may need to seek waivers, amendments and/or further supplement any of the BDO Agreements in the future. Even though the Parent Company has been able to amend or supplement these agreements in the past, there is no assurance that that any future waivers, amendments and/or supplements, if requested, will be obtained or entered into and, if obtained or entered into, that they will be obtained or entered into on terms and conditions favorable to the Parent Company.

TRENDS, EVENTS OR UNCERTAINTIES AFFECTING RECURRING REVENUES AND PROFITS

COVID-19 Pandemic

The various measures imposed to date by the Philippine Government and those that could be additionally implemented as a result of the COVID-19 Pandemic have and may further adversely affect the Company's workforce deployment and operations and the operations of the Company's customers, distributors, suppliers and contractors, and may negatively impact the Company's financial condition, results of operations and cash flows. The Company faces significant uncertainties arising from the impacts of the COVID-19 Pandemic that may include restrictions on access to the Company's manufacturing facilities, on its operations or workforce, or similar limitations for the Company's customers, distributors, suppliers and contractors, which could limit customer demand and/ or the Company's capacity to meet customer demand, any of which could have a material adverse effect on the Company's financial condition and results of operations. The degree to which the COVID-19 Pandemic affects the Company's financial condition and results of operations will depend on future developments of the COVID-19 situation in the country, which are highly uncertain and cannot be predicted, including, but not limited to, the duration and spread of the outbreak, its severity, the emergence of COVID-19 variants ,the actions to contain the virus or treat its impact, government policy, and how quickly and to what extent normal or pre-COVID-19 economic and operating conditions can resume.

The Company implemented, and continues to implement, hygiene protocols in its operations and modified its manufacturing, sales, and delivery processes to implement physical distancing, so as to protect the health and safety of its employees and their families, customers and suppliers; and drastically reduce the possibility of contagion during the COVID-19 Pandemic. The Company plans to continue to focus its efforts on managing the impact of the COVID-19 Pandemic on its production, commercial, and financial activities. It will put further emphasis on the use of the CEMEX Go platform for a digital, contactless and/or limited contact experiences for customers, and enable additional online channels to promote engagement, manage communications and facilitate transactions with customers. It will continue to carefully monitor this overall situation and expects to take additional steps, as could be required.

The consequences resulting from the COVID-19 Pandemic have negatively affected the Company. For the years ended December 31, 2022, December 31, 2021 and December 31, 2020, additional expenses were incurred by the Company associated with measures designed to address the adverse impact of COVID-19 pandemic amounting to ₱23.02 million, ₱22.44 million and ₱49.76 million, respectively. These additional expenses were presented under "Operating expenses and cost of sales" and "Other income (expenses) - net" account in the condensed consolidated interim statements of comprehensive income for the years ended December 31, 2022, December 31, 2021 and December 31, 2020, respectively. The Company implemented, and continues to implement, hygiene protocols in its operations and modified its manufacturing, sales, and delivery processes to implement physical distancing, so as to protect the health and safety of its employees and their families, customers and suppliers, and drastically reduce the possibility of contagion during the COVID-19 Pandemic. It will continue to place emphasis on the use of the CEMEX Go platform for a digital, contactless and/or limited contact experiences for customers, and enable additional online channels to promote engagement, manage communications and facilitate transactions with customers.

Russia-Ukraine Conflict
The Company has no exposure to investments in Russia or Ukraine. It currently has no business, investments, customers, or suppliers from any of these countries. However, this event has given rise and may continue to give rise to circumstances with the potential to further cause world trade disruptions and rising prices of basic commodities, including oil and power, among others.

Other than as disclosed elsewhere in this Annual Report (SEC Form 17-A) or in the Company's Audited 2022 Consolidated Financial Statements filed as part of this Annual Report (SEC Form 17-A), the Parent Company is not aware of any trends, uncertainties, demands, commitments or events for the year ended December 31, 2022 that are reasonably likely to have a material and adverse effect on the Company's net sales, income, profitability, liquidity or capital resources, or that would cause the disclosed financial information to be not necessarily indicative of future results of operations or financial conditions, or that would trigger direct or contingent financial obligation, including any default or acceleration of an obligation.

Refer to the discussion on major risks affecting the business in ITEM 1 of PART I of this Annual Report (SEC Form 17-A) on pages 18 to 32.

ITEM 7. FINANCIAL STATEMENTS

The Audited 2022 Consolidated Financial Statements of the Company (with consolidated statements of financial position as at December 31, 2022 and 2021, and 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 Schedules are filed as part of this Annual Report (SEC Form 17-A).

ITEM 8. INFORMATION ON INDEPENDENT ACCOUNTANT AND OTHER RELATED MATTERS

(A) External Audit Fees and Services

The independent or external auditor of the Parent Company is R.G. Manabat & Co. (the "Firm") who was reappointed as external auditor for fiscal year 2022 during the annual meeting of stockholders held on June 1, 2022.

The Firm's signing partner for the Parent Company is Mr. Enrico E. Baluyut whose term began for the audit of 2021. He succeeded Ms. Emerald Anne C. Bagnes who was the signing audit partner since 2015. The change in the signing partner is consistent with Article 6 (A)(v) of the Parent Company's Revised Manual of Corporate Governance of March 22, 2018 (the "Manual of Corporate Governance") which provides that either (i) the external auditor shall be rotated or changed every five (5) years or earlier or (ii) the signing partner of the external auditing firm assigned to the corporation, should be changed with the same frequency. The Firm and Mr. Baluyut both have existing and valid Certificates of Accreditations issued by the Professional Regulatory Board of Accountancy ("PRBOA") and the Philippine SEC under the Group A category. These continuing accreditations have been granted to them based on their compliance with professional and operational requirements set by the PRBOA and the SEC pursuant to the Accountancy Act 2004 and the Securities Regulation Code and their implementing rules and regulations, respectively.

The fees billed for professional services[20] rendered to the Company by the Firm (exclusive of out-of-pocket expenses) since 2019 consisted of the following:

Nature of Work	2022	2021	2020	2019
(a)(1) Audit of annual financial statements or services that are normally engaged by external auditor in connection with statutory and regulatory filings or engagements	₱6,190,700	₱6,058,500	₱6,058,500	₱6,058,500
(a)(2) Other audit-related services	₱2,559,300	₱2,481,000	₱2,458,000	₱2,515,000
(b) Other non-audit related services (e.g., for tax compliance and advisory services, SRO-related work including reports for the disbursements of SRO proceeds, and services related to stockholders' meetings)	₱ 477,550	₱ 460,000	₱4,290,000	₱1,580,000

In accordance with the Manual of Corporate Governance, the Audit Committee is mandated, among others, to perform oversight functions over the Parent Company's external auditors. The Audit Committee is authorized to discuss with the external auditor the nature, scope and expenses of the audit. Furthermore, the Audit Committee shall evaluate and determine the non-audit work, if any, of the external auditor, and review periodically the non-audit fees paid to the external auditor in relation to their significance to the total annual income of the external auditor and to the Company's overall consultancy expenses. The Audit Committee has the authority to disallow any non-audit work that will conflict with the external auditor's duties as an external auditor or may pose a threat to their independence. The scope of work (including non-audit related services) of the external auditor in 2022 and corresponding fees were approved by the Audit Committee and the Board of Directors, respectively.

(B) Changes in and disagreements with accountants on accounting and financial disclosures

The accounting policies adopted in the preparation of the consolidated financial statements of the Company for the year ended December 31, 2022 have been applied consistently to all years presented therein, except that certain amendments to accounting standards have been adopted as at January 1, 2018 and applied in the preparation of the consolidated financial statements. A brief discussion of these changes is found in Note 3 of the Notes to the Company's Audited 2022 Consolidated Financial Statements filed as part of this Annual Report (SEC Form 17-A).

Since the Firm's appointment, there has been no disagreement with the Company with regard to any matter relating to accounting principles or practices, financial statement disclosures or auditing scope or procedure.

[20] The classification of work for the previous years was adjusted to reclassify certain work approved by the Parent Company's Audit Committee and Board of Directors but were previously tagged under (a)(2) to (b). The total annual fees previously disclosed are not changed.

PART III - CONTROL AND COMPENSATION INFORMATION

ITEM 9. DIRECTORS AND EXECUTIVE OFFICERS OF CEMEX HOLDINGS PHILIPPINES, INC.

(1) Directors and Executive Officers

Basic information and a brief description of the business experience of each of the Directors and Executive Officers of the Parent Company as at December 31, 2022 including directorships held in reporting companies, if any, are provided below.

Members of the Board of Directors[21]

The *independent* directors of the Parent Company are Pedro Roxas, Alfredo S. Panlilio and Eleanor M. Hilado. The *non-executive* directors of the Parent Company are Sergio Mauricio Menéndez Medina (Chairman of the Board), Antonio Iván Sánchez Ugarte and Francisco Javier García Ruiz de Morales. The *executive* directors of the Parent Company are Luis Guillermo Franco Carrillo (President & Chief Executive Officer) and Jesús Ortiz de la Fuente.

A. Independent Directors

Pedro Roxas, 66 years old, Filipino citizen. Pedro Roxas holds a B.S. Degree in Business Administration from the University of Notre Dame in Indiana, USA. Mr. Roxas is the Chairman of the Board of Directors of Roxas Holdings Inc. and its operating subsidiaries, namely: Central Azucarera Don Pedro, Inc., San Carlos Bioenergy, Inc., and RHI Agri-Business Development Corporation. He is likewise the Executive Chairman of Roxas & Co., Inc. and the President of Club Punta Fuego Inc. and Fundación Santiago. Mr. Roxas has extensive experience serving as an independent director for companies such as Manila Electric Co. ("Meralco"), Mapfre Insular Insurance Corporation, and Metro Pacific Investments Corporation. He is a board member of Brightnote Assets Corporation. Mr. Roxas serves as an independent member of the Board of Directors of the Parent Company. He was initially elected to the Board of Directors on June 3, 2016 and assumed office effective from July 14, 2016. He was re-elected as independent member of the Board of Directors during the Parent Company's annual stockholders' meetings held on June 7, 2017, June 6, 2018, June 6, 2019, June 24, 2020, June 2, 2021 and June 1, 2022, respectively. Mr. Roxas is the Chairman of the Parent Company's Audit Committee and is a Member of the Nomination Committee.

Alfredo S. Panlilio, 59 years old, Filipino citizen. Alfredo S. Panlilio holds a Bachelor of Science Degree in Business Administration (Computer Information Systems) from San Francisco State University. He obtained his Master in Business Administration at J. L. Kellogg School of Management of Northwestern University and the Hongkong University of Science and Technology. He served as Senior Vice President of PLDT from May 2001 to December 2010, and he was the President of PLDT Global Corporation from June 2004 to December 2010. From September 2010 to June 2019, Mr. Panlilio was the Senior Vice President and Head of Customer Retail Services and Corporate Communications at Meralco and held designations in Meralco's subsidiaries including those involved in renewable energy, multi-channel payments processing. On July 1, 2019, Mr. Panlilio returned to PLDT as its Chief Revenue Officer of PLDT. He has been a member of the

[21] The list reflects the members of the Board of Directors of the Parent Company as at December 31, 2022. Due to organizational changes implemented by CEMEX during the year: (i) María García Villán resigned as a member of the Board of Directors and Audit Committee effective on March 1, 2022; (ii) Ignacio Alejandro Mijares Elizondo, who was a board member and the President & CEO of the Parent Company, did not stand for re-election as board member during the Parent Company's annual stockholders' meeting held on June 1, 2022 and accordingly was not reappointed to any executive position of the Parent Company; and (iii) Alejandro Garcia Cogollos resigned as a member of the Board of Directors effective at the close of business hours of July 28, 2022 and as Vice President for Planning and Administration effective on August 1, 2022.

Board of Directors, President and Chief Executive Officer of PLDT since June 8, 2021 and of Smart Communications, Inc. (a subsidiary of PLDT) since August 8, 2019. He is also an Advisor of the Data Privacy and Information Security Committee, Advisor of the Governance, Nomination and Sustainability Committee, and Member of the Technology Strategy Committee of the PLDT Board of Directors. Within the PLDT Group, Panlilio holds leadership positions in subsidiaries involved in ICT, data center operations, digital banking, and more. A sports advocate, Mr. Panlilio sits as President of the MVP Sports Foundation, Second Vice President of FIBA Asia Central Board, First Vice President of the Philippine Olympic Committee, heads the FIBA Basketball World Cup 2023 local organizing committee, and President of Samahang Basketbol ng Pilipinas (SBP). Mr. Panlilio is the Treasurer of the National Golf Association of the Philippines (NGAP) and Manila Golf Country Club, Inc., and a member of the Management Association of the Philippines (MAP). Mr. Panlilio is an independent director on the Board of Directors of the Parent Company. He was initially elected to the Board of Directors on June 3, 2016 and assumed office effective from July 14, 2016. He was re-elected as independent member of the Board of Directors during the Parent Company's annual stockholders' meetings held on June 7, 2017, June 6, 2018, June 6, 2019, June 24, 2020, June 2, 2021 and June 1, 2022, respectively. Mr. Panlilio is a Member of the Parent Company's Nomination Committee and the Audit Committee.

Eleanor M. Hilado, 59 years old, Filipino citizen. Eleanor M. Hilado earned her Bachelor of Arts degree in Economics, Cum Laude, from the University of the Philippines. A former banker by profession, Ms. Hilado's 32-year banking career had its beginnings at the Far East Bank and Trust Company. Thereafter, Ms. Hilado joined the Development Bank of the Philippines as Sector Head of its Institutional Banking Group and was primarily responsible for professionalizing and revitalizing the corporate lending business of the institution immediately following its financial rehabilitation. In 1991, she joined the Corporate Banking Group of PCIBank and served as Assistant Vice President and Division Head until March 1997. In October 1997, Ms. Hilado's banking career was further broadened when she assumed senior management positions at PCI Capital Corporation, then the country's preeminent investment bank. In June 2007, she became First Vice President of BDO Capital & Investment Corporation, and was subsequently promoted to Senior Vice President in February 2009, a position she held until February 2018. At BDO Capital & Investment Corporation, Ms. Hilado led industry advocacy efforts to deepen the domestic bond markets by actively working with the SEC and the Philippine Dealing and Exchange Corporation to simplify registration requirements for issuers of public securities, on the one hand, and promoting investor education for publicly-issued debt and equity securities, on the other. Throughout her investment banking career, Ms. Hilado was instrumental in expanding the breadth and depth of issuer names and types of capital markets securities available in the domestic bond and equity markets. As Senior Vice President of BDO Capital & Investment Corporation, Ms. Hilado spearheaded the implementation of various award-winning capital markets transactions. Concurrent with her position and responsibilities at BDO Capital & Investment Corporation, Ms. Hilado also served as President of Armstrong Securities, Inc. and a member of its Board of Directors, a member broker of the Philippine Stock Exchange and one of three stock brokerage firms of the BDO Unibank Group from 2008-2018. Ms. Hilado is affiliated with the Canadian American School Manila, being a member of its Board of Advisors since 2016. She is also a member of the Board of Governors of the Home for Alternative Learning and Motivational Strategies (a division of the Birthright Educators Foundation). Ms. Hilado was initially elected as an independent member of the Board of Directors during the Parent Company's annual stockholders' meeting on June 6, 2019 and as member of the Parent Company's Audit Committee and Nomination Committee during the organizational meeting of the Board of Directors held on the same day. She was re-elected as an independent member of the Board of Directors during the Parent Company's annual stockholders' meetings on June 24, 2020, June 2, 2021 and June 1, 2022, respectively. She is a Member of the Parent Company's Audit Committee and the Chairman of the Nomination Committee.

B. Other Directors

Sergio Mauricio Menéndez Medina, 52 years old, Mexican citizen. Sergio Mauricio Menéndez Medina holds a Master of Business Administration degree from Stanford University and a degree in Bachelor of Science in Industrial Engineering from Instituto Tecnológico y de Estudios Superiores de Monterrey. He joined CEMEX in 1993 and has held various key management positions. Mr. Menéndez was the President of CEMEX's operations in the Philippines from 2008 to 2009, the Vice President for Strategic Planning for CEMEX's operations in Europe, Middle East, Africa & Asia region from 2009 to 2011 and, thereafter, the President for CEMEX's operations in Egypt until 2014. He subsequently assumed senior Vice President positions in the commercial department for CEMEX Mexico until 2019, when he was appointed as the President for CEMEX's operations in Europe, Middle East, Africa & Asia and became a member of the Executive Committee of CEMEX. Mr. Menéndez is currently the President of CEMEX's operations in Europe, Middle East, Africa & Asia region. Mr. Menéndez serves as the Parent Company's Chairman of the Board of Directors, a position he has held since April 2, 2020. He was re-elected as a Board member during the Parent Company's annual stockholders' meetings held on June 24, 2020, June 2, 2021 and June 1, 2022, respectively, and was elected as Chairman of the Board of Directors during the organizational meetings of the Board of Directors that followed the annual stockholders' meetings.

Luis Guillermo Franco Carrillo, 47 years old, Mexican citizen. Luis Guillermo Franco Carrillo holds a Bachelor's degree in Chemical Engineering from Instituto Tecnológico y de Estudios Superiores de Monterrey, and obtained a Master of Business Administration degree from Stanford Graduate School of Business in 2004. He joined CEMEX in 1999 through its management training program. Mr. Franco was assigned to the CEMEX's operations in the United Kingdom, assuming the positions of Manager for Strategic Planning from 2006 to 2007, Director for Strategic Planning from 2007 to 2009 and Director for Business Performance from 2009 to 2010. He has held other key management positions, including head of CEMEX's operations in Hungary from 2010 to 2011, Aggregates Vice President for CEMEX Mexico from 2011 to 2014, Industrial Channel Sale Vice President for CEMEX Mexico from 2014 to 2016, and Builders Segment Vice President for CEMEX Mexico in 2016. Mr. Franco was appointed as country head for CEMEX's operations in the Philippines effective from June 1, 2022. He was elected as a member of the Board of Directors during the Parent Company's annual stockholders' meeting held on June 1, 2022 and he was appointed as the President & Chief Executive Officer during the organizational board meeting that followed the annual stockholders' meeting. Mr. Franco is also the Chairman of the Board of Directors and President & Chief Executive Officer of the following subsidiaries of the Parent Company: APO Cement, Solid Cement, Triple Dime, Edgewater, Sandstone and Bedrock. He is the Chairman of the Board of Directors of Ecocrete, Enerhiya, Ecocast, Ecopavements, and Newcrete. Mr. Franco is the Chairman of the Board of Directors and President of CASEC. He is also a member of the board of directors of Impact Assets Corporation and Albatross Holdings, Inc.

Antonio Iván Sánchez Ugarte, 52 years old, Spanish citizen. Antonio Iván Sánchez Ugarte holds a law degree from Deusto University (Bilbao, Spain) and obtained a Master of Laws (Executive LLM) degree with honors from the Northwestern University Pritzker School of Law (Chicago, USA). After several years of private law practice, Mr. Sánchez joined CEMEX as International Legal Counsel in 2001 based in Madrid, Spain. He is the Vice President of Legal in CEMEX's Europe, Middle East, Africa and Asia region. Mr. Sánchez was initially elected as a member of the Board of Directors on December 6, 2017, which election was effective on January 1, 2018. He was re-elected as a Board member during the Parent Company's annual stockholders' meetings held on June 6, 2018, June 6, 2019, June 24, 2020, June 2, 2021 and June 1, 2022, respectively. Mr. Sánchez is a member of the Parent Company's Nomination Committee.

Francisco Javier García Ruiz de Morales, 54 years old, Spanish citizen. Francisco Javier García Ruiz de Morales holds Degrees in Law from Universidad Complutense de Madrid and in Business Administration from Universidad Antonio de Nebrija (Madrid). Mr. Garcia joined the operations of CEMEX in Spain in 2000 and has held several management positions in the finance and administration functional areas, including Financial Planning Director for CEMEX España from 2001 to 2004, International Financing Director from 2004 to 2012 and CEMEX EMEAA Regional Treasury Director from 2012 to May 2014. In 2014, Mr. García moved to Monterrey, Mexico to head the Corporate Funding group and reported directly to CEMEX's Chief Financial Officer. By the end of 2018, Mr. Garcia returned to Madrid, Spain and assumed the position of Director for Business Services Organization (BSO) for EMEAA and became a member of the Regional Management Team. He is currently the Director of Business Relationship (Global Enterprise Services) for CEMEX's operations in EMEAA. In view of the resignation of María García Villán as member of the Board of Directors and Audit Committee of the Parent Company, the Board of Directors initially elected Mr. Garcia as a member of the Board of Directors and member of the Audit Committee on April 7, 2022. He was re-elected as a member of the Board of Directors during the annual stockholders' meeting held on June 1, 2022. Mr. Garcia is a member of the Parent Company's Audit Committee.

Jesús Ortiz de la Fuente, 43 years old, Mexican citizen. Jesús Ortiz de la Fuente holds a Bachelor's degree in Mechanical Engineering from Instituto Tecnológico y de Estudios Superiores de Monterrey and he obtained in 2010 a Master of Business Administration degree from Stanford Graduate School of Business. He joined CEMEX in 2004 through its executive trainee program. During the earlier stage of his career in CEMEX, Mr. Ortiz was based in the United Kingdom, Germany and Monterrey, Mexico and was primarily immersed in the enterprise risk management area of the organization. From 2013 to 2014 he held the position of the Enterprise Risk Management Director of CEMEX Colombia, and from 2015 to 2018 he was the Investor Relations Officer of Cemex Latam Holdings, S.A., a publicly-listed company. In 2018, Mr. Ortiz returned to CEMEX's operations in Mexico when he assumed the position of Strategic Planning Director (Industrial Customers, Operations & Supply Chain), a position he held until he was appointed in 2020 as the Commercial Development Director of the Distribution Channel of CEMEX Mexico (the largest customer segment of said operation). In view of the resignation of Alejandro Garcia Cogollos as Board member and executive officer, the Board of Directors of the Parent Company during its meeting held on July 28, 2022 elected Mr. Ortiz was as a member of the Board of Directors effective on July 29, 2022 (and for the unexpired portion of Mr. Garcia's term) and appointed him as Vice President for Strategic Planning effective on August 1, 2022.

All members of the Board of Directors hold office for a term of one (1) year until their successors are elected and qualified.

Other Principal Executive Officers[22]

Irma D. Aure, 47 years old, Filipino citizen. Irma D. Aure holds a Bachelor of Arts degree in Behavioral Science and a Master in Business Administration degree. She was the Asia Region Head—HR Services and Solutions of Procter & Gamble (P&G) from June 2017 until June 30, 2019, responsible for the organization's HR technology and operations for the Asia region. Prior to assuming the regional position, Ms. Aure was the Country HR Head, Associate Director of P&G Philippines from August 2013 to May 2017. On July 24, 2019, the Board of Directors appointed Ms. Aure as Vice President for Human Capital and Organization effective July 15, 2019.

Adrian V. Bancoro, 45 years old, Filipino citizen. Adrian V. Bancoro is a licensed attorney and a certified public accountant. He holds a Bachelor of Laws degree and Bachelor of Science degree

[22] The list reflects the incumbent principal executive officers of the Parent Company as at December 31, 2022. The President & CEO (Mr. Luis Guillermo Franco Carrillo) and Vice President for Strategic Planning (Mr. Jesús Ortiz de la Fuente) are both members of the Board of Directors; their respective information is found in the previous section. The following principal executive officer left the organization in 2022: Mr Rolando S. Valentino resigned as Internal Auditor effective on April 15, 2022 (his resignation was the subject of Form 17-C dated March 15, 2022).

.

in Accounting. Prior to joining CEMEX, Mr. Bancoro worked as Tax Manager with PricewaterhouseCoopers—Manila from 2003 to 2008. In 2008, he became the Tax and Corporate Counsel of Filinvest Land, Inc., a position he held until 2012. He has participated in CEMEX's Achieve Leadership Program and the Management Development Program of the Asian Institute of Management. He is a member of the Integrated Bar of the Philippines, Philippine Institute of Certified Public Accountants and Tax Management Association of the Philippines. In 2012, Mr. Bancoro became the Tax Director of the CEMEX Philippines group of companies. Mr. Bancoro serves as the Tax Director of the Company, a position he has held since February 29, 2016.

Romeo Guilder Bringas, 46 years old, Filipino citizen. Mr. Bringas has a Bachelor of Science in Commerce Major in Computer Applications and Information Science from San Beda College (Mendiola, Manila). He started his career in CEMEX Philippines in 2002 and was an Area Sales Manager handling various areas and regions from Bicol, NCR, South Luzon, as well as Offshore VisMin markets. In 2018, he assumed the role of Commercial Manager for Bicol, Eastern Visayas, & South Luzon Offshore. He has attended various internal training programs including CEMEX - CONNECT Leadership Development Program, and he is also a certified Sandler Ambassador. On October 27, 2021 the Board of Directors appointed Mr. Bringas as the Company's Director for Commercial (Institutional Segment), with retroactive effect from October 15, 2021.

Pierre Ignatius C. Co, 33 years old, Filipino citizen. Pierre Ignatius C. Co holds a Bachelor of Science degree in Management Engineering from the Ateneo de Manila University. He completed the CEMEX Management Development Program at the Asian Institute of Management in 2017. He joined CEMEX Philippines in 2011 as Executive Assistant to the Regional President for Asia, and, in 2014, assumed the role of Financial Planning Manager under the Strategic Planning Department. In 2016, he became Investor Relations Manager of the Parent Company. On June 6, 2019, he was appointed by the Board of Directors as Investor Relations Director of the Parent Company effective on June 7, 2019.

Dom Antonoine B. Fortin, 35 years old, Filipino citizen. Dom Antonoine B. Fortinis a certified public accountant. He obtained his Bachelor of Science degree in Accountancy in 2008 from Silliman University. His professional career started as an associate with SGV & Company (Ernst & Young) in 008. From then, Mr. Fortin held various positions in accounting, finance, audit, and information technology within diverse industries of local and multinational companies. He was an Internal Audit Manager of SM Investments Corporation from February 2016 to September 2018 and Internal Control Manager of Taisho Pharmaceuticals Philippines from September 2018 to October 2019. In November 2019, he joined CEMEX Philippines as the Internal Control Manager. On June 1, 2022, Mr. Fortin was appointed as Internal Auditor by the Board of Directors during its organizational meeting that followed the annual stockholders' meeting.

Christer James Ray A. Gaudiano, 39 years old, Filipino citizen. Mr. Gaudiano has a Bachelor of Arts degree major in Legal Management and a Juris Doctor degree from the University of Santo Tomas (UST). He likewise holds an international certification from Harvard University-edX Program and from the International Air Transport Association. Mr. Gaudiano is currently taking up his International Master of Laws degree with International Business and Commercial Law track at the Ateneo de Manila University. He started his career in Divina Law, and thereafter, in the Office of the Solicitor General. After that , he held various positions in the Department of Tourism from 2011 to 2016 where he last served as Regional Director for the National Capital Region and concurrently, as Deputy Chief of Staff of the Tourism Secretary. Before joining CEMEX Philippines, he was the Legal & Aero-political Affairs Director of a seaplane and general aviation company in the Philippines. He joined CEMEX Philippines in July 2018 as Legal Manager and handled transactions and projects in labor, procurement, supply chain, contracts, litigation and account receivables, and government affairs. On June 2, 2021, Mr. Gaudiano was appointed by the Board of Directors as the Company's Director of Public Affairs. Following the resignation of Mr. José Mauro Gallardo Valdés as Director for Enterprise Risk Management, the Board of Directors appointed Mr. Gaudiano as the Company's Director for Enterprise Risk Management, Corporate

Communications and Public Affairs on October 27, 2021, effective from November 1, 2021. On December 15, 2022, the Board of Directors expanded the scope of work and changed the position title of Mr. Gaudiano to Director for Sustainability, Enterprise Risk Management, Corporate Communications and Public Affairs and said changes took effect on January 20, 2023.

Ma. Virginia Lacson-Del Rosario, 54 years old, Filipino citizen. Ma. Virginia Lacson-Del Rosario obtained a Bachelor of Science degree in Commerce, Major in Business Management and a Master of Business Administration degree. She completed the Management Development Programs of the Asian Institute of Management and Training Institute for Managerial Excellence, Inc. She joined CEMEX Philippines in 2001 as Commercial Administration Manager, and her major responsibilities since then included among others, the design and implementation of credit processes and procedure and managing the team of credit analysts responsible for the evaluation transactional risks. On October 24, 2017, Ms. Del Rosario was appointed by the Board of Directors as the Company's Customer Experience Director.

Edwin P. Hufemia, 51 years old, Filipino citizen. Edwin P. Hufemia holds a degree in Bachelor of Science (Chemical Engineering) and a Master of Engineering (Industrial Systems Engineering) degree. He joined CEMEX Philippines in 2001 when he was appointed as Logistics Planning Manager and has since held several management positions, including Vice President for Commercial and Logistics for CEMEX Philippines from 2004 to 2010, and Managing Director for CEMEX Bangladesh. On October 24, 2017, he was appointed as the Company's Vice President for Supply Chain. He is also a member of the Board of Directors of the following subsidiaries of the Parent Company: APO Cement, Solid Cement, Triple Dime, Edgewater, Sandstone, Bedrock, and a member of the Board of Directors and President & Chief Executive Officer of the other subsidiaries: Ecocast, Ecocrete, Enerhiya, Ecopavements, and Newcrete. Mr. Hufemia is a member of the Board of Directors of CASEC and Cemex Strategic Philippines, Inc., an affiliate of the Parent Company which concluded its process of winding-up on December 31, 2022. He is also a member of the Board of Directors of Impact Assets Corporation, Albatross Holdings, Inc., and CAC.

Roberto Martin Z. Javier, 48 years old, Filipino citizen. Roberto Martin Z. Javier holds a degree in Bachelor of Science and Commerce, Major in Marketing Management. Throughout his career of over 15 years with CEMEX, Mr. Javier has accumulated extensive experience in sales, marketing, commercial administration and commercial strategy. Mr. Javier has participated in the CEMEX Global Leadership programs and other executive programs from the Asian Institute of Management. In 2014, Mr. Javier became the Vice President for Commercial (Cement) for the CEMEX Philippines group of companies. On February 29, 2016, Mr. Javier was appointed as the Company's Vice President for Commercial and, on October 24, 2017, he assumed the new position of Vice President for Commercial-Institutional Segment. On October 27, 2021, the Board of Directors transferred Mr. Javier to the position of Vice President for Commercial-Distribution Segment, with retroactive effect on October 15, 2021. He is also a member of the Board of Directors of the various subsidiaries of the Parent Company. Mr. Javier is also a member of the Board of Directors of CASEC, CAC and Cemex Strategic Philippines, Inc., an affiliate of the Parent Company which concluded its process of winding-up on December 31, 2022.

Erlinda C. Lizardo, 56 years old, Filipino citizen. Erlinda Cari Lizardo holds a Bachelor of Arts in Communication Arts from the University of Santo Tomas and took Masteral Units in Broadcast Journalism from the University of the Philippines. She joined CEMEX Philippines in 2003 as Corporate Communications Manager supporting the communication and reputation management requirements of CEMEX Philippines. She is also directly involved in the implementation of social responsibility initiatives of the company. She completed CEMEX's Management Development Program at the Asian Institute of Management. Prior to joining the Company, she worked at the Office of the Press Secretary in Malacañang handling presidential coverages and media relations. She also served as Legislative Officer at the House of Representatives handling legislative research and government affairs. She was also part of the public relations team at USAID which handled communications requirements for energy and environmental projects. On June 24, 2020, she was appointed by the Board of Directors of the Company as Corporate Communications Director.

Santiago Ortiz García, 46 years old, Mexican citizen. Santiago Ortiz García holds a Bachelors degree in Industrial Engineering and Manufacturing Administration. He obtained his Masters degree in Occupational Risk Prevention at the Universidad a Distancia de Madrid, Spain and also a Master of Science in Production and Cement & Concrete Technology at Universidad Regiomontana, Mexico. Joining CEMEX in 1997, Mr. Ortiz' assignments exposed him to several cement production processes and he has worked in numerous cement plants within the organization. His extensive operational experience made him Production Manager holding the position for 8 years. He joined CEMEX Philippines last 2017 as Operations and Technical Manager and was promoted to Process and Quality Director for CEMEX's Asia, Middle East and Africa region in July 2019. Since January 2020, he has been the plant director of the cement plant of SOLID Cement Corporation located in Antipolo, Rizal and is responsible for the overall plant operations. On June 2, 2021, Mr. Ortiz was appointed by the Board of Directors as Director of the Solid Cement plant, Operations & Technical, reporting directly to the President & CEO. On December 15, 2022, the Board of Directors promoted Mr. Ortiz to Vice President of Cement Operations and Technical effective on January 1, 2023. Mr. Ortiz concurrently holds the position of Director of the Solid Cement plant, Operations & Technical.

Gery L. Rota, 48 years old, Filipino citizen. Gery L. Rota is a licensed Mechanical Engineer. He obtained his Bachelor of Science in Mechanical Engineering from the University of San Jose Recoletos. Mr. Rota completed the Cement Master Class in Monterrey, Mexico in year 2008 and the Management Development Program for Executives at the Asian Institute of Management in year 2017. Mr. Rota joined CEMEX Philippines in 1997 as a field engineer at the cement plant of APO Cement in Naga, Cebu and later assumed leadership roles of various teams in the cement operations. He became the Manager of the clinker group in year 2010 and later appointed as Production Manager. Since November 2013 to date, he is the plant director of the APO Cement plant, and is responsible for the overall plant operations. Mr. Rota has also represented CEMEX Philippines in various global networks for cement operations in CEMEX. On June 2, 2021, Mr. Rota was appointed by the Board of Directors as Director of the APO Cement plant, Operations & Technical, reporting directly to the President & CEO.

Dino Martin W. Segundo, 51 years old, Filipino citizen. Dino Martin Wilson Segundo obtained his Bachelor of Arts Degree in Economics in 1993 and, thereafter, his Bachelor of Laws Degree in 1998. After passing the 1999 Philippine bar exams, he immediately joined the Soo, Gutierrez, Leogardo & Lee Law Offices as Associate Attorney, focusing on Labor Law, Civil Law, and Criminal Law. Between 2001 and 2007, he was a Senior Associate Attorney at the Carag, Caballes, Jamora & Somera Law Offices, adding Intellectual Property Law and Maritime Law to his fields of specialization. Mr. Segundo joined the Company in 2007 as Senior Legal Manager and currently serves as the Company's Legal Director, a position to which he was appointed on June 6, 2018. He participated in CEMEX's Management Development Program at the Asian Institute of Management in 2017. Mr. Segundo is a member of the Board of Directors of the following subsidiaries of the Parent Company: APO Cement, Solid Cement, Triple Dime, Edgewater, Sandstone, Bedrock, Enerhiya, Ecocast, and Ecopavements. He is also a member of the Board of Directors of CASEC and Cemex Strategic Philippines, Inc., an affiliate of the Parent Company which concluded its process of winding-up on December 31, 2022.

Jannette Virata Sevilla, 60 years old, Filipino citizen. Jannette Virata Sevilla obtained her Bachelor of Laws and Bachelor of Arts (cum laude) degrees in 1987 and 1983, respectively. She was admitted to the Philippine Bar in 1988 and the New York State Bar in 1996. She is currently engaged in the private practice of law, and is also an external legal consultant of CEMEX Asia Pte. Ltd.—Philippine Headquarters. She was previously employed as Regional Legal Counsel for Asia and Vice President for Legal for the CEMEX Philippines group of companies until November 2008. She was formerly a Senior Associate Attorney at Carpio Villaraza & Cruz Law Offices; a Director in the Office of the Chief Presidential Legal Counsel, Office of the President of the Republic of the Philippines; an associate attorney at Bautista Picazo Buyco Tan & Fider Law Offices; and a Law Clerk/Confidential Attorney, Office of Associate Justice Irene R. Cortes, Supreme Court of the Philippines. Ms. Sevilla is the Parent Company's Corporate Secretary and Compliance Officer, positions she has held since September 17, 2015 and August 24, 2016, respectively. She also serves as Corporate Secretary of the various subsidiaries of the Parent Company. She is a member of the Board of Directors of Solid Cement. Ms. Sevilla is a member of the Board of Directors and the Corporate Secretary of CASEC and Cemex Strategic Philippines, Inc., an affiliate of the Parent Company which concluded its process of winding-up on December 31, 2022.

Juan Carlos Soto Carbajal, 47 years old, Spanish citizen. Juan Carlos Soto Carbajal, holds a Bachelor's degree in Engineering. He joined CEMEX in the United Arab Emirates in 2007. From the operations area, Mr. Soto moved to the procurement area and eventually assumed the position of Procurement Manager in 2010. After a few years, he was promoted to Supply Chain Director heading the logistics and supply chain area. In January 2019, he was designated as the Procurement Director of CEMEX for the Asia, Middle East and Africa (AMEA) region. On January 30, 2019, the Board of Directors appointed Mr. Soto as the Company's Procurement Director effective on January 30, 2019.

Steve Kuansheng Wu, 56 years old, Taiwanese citizen. Steve Kuansheng Wu holds an MBA (Finance), an MBA (Accounting), and a Bachelor's degree in Business Mathematics. He has participated in CEMEX's Achieve Leadership Program and its International Management Program, and, since 2001, he has held positions in the accounting areas for several business units of CEMEX in Asia. In 2011 he became Asia Management Financial Service Manager based in CEMEX Philippines. On December 6, 2017, he was appointed as the Parent Company's Treasurer, Chief Financial Officer and Business Services Organization Director (now, Global Enterprise Services Director). He is a member of the Board of Directors of Solid Cement and Ecocrete. He is also Treasurer, Chief Financial Officer and Director for Global Enterprise Services of the various subsidiaries of the Parent Company, CASEC, and Cemex Strategic Philippines, Inc. an affiliate of the Parent Company which concluded its process of winding-up on December 31, 2022.

(2) Significant Employees

As of December 31, 2022, no single person is expected to make a significant contribution to the business since the Company considers the collective efforts of all of the Company's employees as instrumental to the overall success of the Company's performance.

(3) Family Relationships

As of December 31, 2022, there are no family relationships among the members of the Board of Directors and Executive Officers up to the fourth civil degree of consanguinity or affinity.

(4) Involvement in Certain Legal Proceedings of Directors and Executive Officers

As of December 31, 2022, and to the best of the Parent Company's knowledge and belief, during the past five (5) years, none of the members of the Board of Directors, nor any of the Executive Officers of the Parent Company, (i) has filed any bankruptcy petitions or have had bankruptcy petitions filed against them; (ii) has been convicted by final judgment of any offense punishable by the laws of the Republic of the Philippines or of any other nation or country (excluding minor offenses); (iii) has been or is subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities; or (iv) has been found by a domestic or foreign court of competent jurisdiction (in a civil action), the Philippine SEC or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation.

ITEM 10. COMPENSATION

(1) Director's Compensation: Annual Report for 2022

Under the Parent Company's by-laws, the members of the Board shall receive compensation for the discharge of the duties of supervision and collegiate decision-making proper to said management body. The Board of Directors approved in a special meeting held on June 3, 2016 the following honorarium fee/per diem for independent directors of the Parent Company: (i) an honorarium fee/ per diem equivalent to ₱450,000.00 (computed on an annual basis) for acting as director and (ii) an honorarium fee/per diem equivalent to ₱90,000.00 (computed on an annual basis) per Committee membership.

Only the independent directors are entitled to compensation for the discharge of their duties as members of the Board of Directors of the Corporation or members of the Board Committees. The other board members do not receive any compensation, directly or indirectly, for the discharge of their duties as board director of the Corporation or as member of any of the Committees of the Board.

For 2022, the total director's compensation received by each of the individuals who served as a member of the Board of Directors (including board members* who resigned or did not stand for re-election during the year) is below:

Name of Board Member	Total Director's Compensation (honorarium/per diem)
1. Pedro Roxas *(lead independent director)*	₱ 630,000.00
2. Alfredo S. Panlilio *(independent director)*	₱ 630,000.00
3. Eleanor M. Hilado (*independent director*)	₱ 630,000.00
4. Sergio Mauricio Menéndez Medina	0
5. Luis Guillermo Franco Carrillo	0
6. Antonio Iván Sánchez Ugarte	0
7. Francisco Javier García Ruiz de Morales	0
8. Jesús Ortiz de la Fuente	0
9. Ignacio Alejandro Mijares Elizondo*	0
10. Alejandro García Cogollos*	0
11. María García Villán*	0
Grand Total	₱ 1,890,000.00

The total director's compensation for 2022 did not exceed ten (10%) percent of the net income before income tax of the Parent Company during the preceding year. In compliance with Section 29 of the Revised Corporation Code of the Philippines, the members of the Board of Directors of the Parent Company have not participated in the determination of their own per diem or compensation.

(2) Executives' Compensation

The following table summarizes the aggregate compensation of the President/Chief Executive Officer ("CEO") and the four most highly compensated Executive Officers (the "NEOs") of the Parent Company, as well as the other executive officers of the Parent Company during the last three completed fiscal years and the ensuing fiscal year are as follows:

Name and Principal Position	Year	Salary *(in millions of Philippine Pesos)*	Bonus[23] *(in millions of Philippine Pesos)*	Other Compensation *(in millions of Philippine Pesos)*
CEO and NEOs 1. Ignacio Alejandro Mijares - Elizondo President and CEO 2. Carlos Alberto Palero Castro - Vice President for Cement Operations & Technical 3. Alejandro García Cogollos - Vice President for Planning & Administration. 4. Edwin P. Hufemia - Vice President for Supply Chain 5. Everardo Sanchez Banuet - Vice President for Commercial – Distribution Segment	Actual 2020	₱70.7	₱32.4	₱19.5
CEO and NEOs 1. Ignacio Alejandro Mijares Elizondo - President and CEO 2. . Edwin P. Hufemia - Vice President for Supply Chain 3. Everardo Sanchez Banuet Vice President for Commercial – Distribution Segment 4. Alejandro García Cogollos Vice President for Planning & Administration 5. Irma del Mundo Aure – Vice President for Human Resources & Capital Organization	Actual 2021	₱60	₱35.6	₱21.3
CEO and NEOs 1. Ignacio Alejandro Mijares Elizondo - President and CEO (until June 2022) 2. Luis Guillermo Franco Carrillo - President and CEO 3. Edwin P. Hufemia - Vice President for Supply Chain 4. Santiago Ortiz Garcia – Solid Cement Plant Director 5. Juan Carlos Soto Carbajal – Procurement Director	Actual 2022	₱51	₱28.8	₱50
CEO and NEOs 1.Luis Guillermo Franco Carrillo – President and CEO CEO and NEOs 2.Jesus Ortiz Dela Fuente – Vice President for Strategic Planning 3.Santiago Ortiz Garcia – Vice President for Cement Operations and Technical 4. Edwin P. Hufemia - Vice President for Supply Chain 5. Juan Carlos Soto Carbajal – Procurement Director	Projected 2023	₱60.3estimated	₱42.6 estimated	₱50.3 estimated

[23] Bonus includes the value of benefits received in connection with variable compensation or long-term incentive plans applicable to eligible executives.

All other executive officers as a group unnamed.	Actual 2020	₱65.9	₱18.1	₱17
	Actual 2021	₱65.4	₱201	₱26.6
	Actual 2022	₱77	₱17.6	₱45.9
	Projected 2023	₱68.2 estimated	₱21.6 estimated	₱14.1 estimated

Certain executive officers of the Parent Company or its subsidiaries have received compensation in the form of CEMEX's restricted CPOs pursuant to the terms of variable compensation plan applicable to these executives under which the eligible executives are allocated annually with a specific number of restricted CPOs as a long-term incentive compensation to be vested over a specific period of time.

Beginning in 2018, certain executive officers of the Parent Company or its subsidiaries received compensation in the form of cash pursuant to the terms of a variable long-term incentive plan approved by the Parent Company's Board of Directors on April 25, 2018 under which the eligible executives are allocated cash amounts (to be released in four annual installments) which shall be used by these executives to purchase a specific number of shares of the Parent Company from the market.

(3) Employment Contracts Between the Parent Company and CEO and NEOs

As of December 31, 2022, the Parent Company has no special employment contracts with CEO and NEOs.

(4) Warrants and Options Outstanding

As of December 31, 2022, the Parent Company has not issued any warrants or options which are held by the CEO, the NEOs, and all officers and directors as a group.

(5) Employee Restricted Stock and Other Incentive Plans

As of December 31, 2022, the Parent Company has not established an employee restricted stock or other incentive stock plan of its shares or otherwise linked to the value of its shares.

ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

(1) Security Ownership of Certain Record and Beneficial Owners

The Parent Company is not aware of any person or entity who beneficially owns in excess of 5% of the Parent Company's common shares as of December 31, 2022, except as set forth in the table below:

Record Owners	Names of beneficial owner	Nationality	No. of Shares Held	% to Total Outstanding Shares
CEMEX ASIAN SOUTH EAST CORPORATION[(a)]	CEMEX ASIAN SOUTH EAST CORPORATION	Non-Filipino (incorporated in the Philippines but wholly owned by a Netherlands company)	2,857,467,493	21.18%
PCD Nominee Corporation (Non-Filipino) [(b)]	CEMEX ASIAN SOUTH EAST CORPORATION	Non-Filipino	7,650,487,169[(c)]	56.72%

PCD Nominee Corporation (Non-Filipino) [c]	PCD Participants and clients	Non-Filipino	856,639,988	6.35%
PCD Nominee Corporation (Filipino) [d]	PCD Participants and clients	Filipino	2,116,606,199	15.69%

[a] CASEC, the majority stockholder of the Parent Company, is a corporation incorporated in the Philippines, but wholly-owned by a Netherlands company.

[b] PCD Nominee Corporation is not related to the Parent Company. The beneficial owners of the shares held through a PCD participant are the beneficial owners thereof to the extent of the number of shares registered under the respective accounts with the PCD participant. The Parent Company has no information relating to the power to decide how the shares by PCD Nominee Corporation (Filipino and Non-Filipino) are to be voted.

[c] Based on SEC Form 23-B dated October 3, 2022 filed by CASEC, in addition to the 2,857,467,493 shares indicated in the table above, CASEC owns in scripless form 7,650,487,169 shares recorded under *PCD Nominee Corporation (Non-Filipino),* inclusive of 5 shares held as of December 31, 2022 by Sergio Mauricio Menéndez Medina, Luis Guillermo Franco Carrillo, Antonio Iván Sánchez Ugarte, Francisco Javier García Ruiz de Morales and Jesús Ortiz de la Fuente, respectively. As of December 31, 2022, the total number of shares owned by CASEC is 10,507,954,662 corresponding to 77.9% of the total issued and outstanding shares of stock of the Parent Company.

[d] See Note [b]

(2) Security Ownership of Management

The number of shares owned of record and/or beneficially owned as at December 31, 2022 by the current Directors, the CEO and NEOs are set forth below:

Title of Class	Name of Record Owner	Name of Beneficial Owner	Amount	Nationality	% to Total Shares
Common	Pedro Roxas	Same as record owner	51,001	Filipino	nil
Common	Alfredo S. Panlilio	Same as record owner	1,001	Filipino	nil
Common	Eleanor M. Hilado	Same as record owner	776,700	Filipino	nil
Common	Sergio Mauricio Menéndez Medina	CEMEX ASIAN SOUTH EAST CORPORATION	1 (director's qualifying share)	Mexican	nil
Common	Luis Guillermo Franco Carrillo	CEMEX ASIAN SOUTH EAST CORPORATION	1 (director's qualifying share)	Mexican	nil
Common	Antonio Iván Sánchez Ugarte	CEMEX ASIAN SOUTH EAST CORPORATION	1 (director's qualifying share)	Spaniard	nil
Common	Francisco Javier García Ruiz de Morales	CEMEX ASIAN SOUTH EAST CORPORATION	1 (director's qualifying share)	Spaniard	nil
Common	Jesús Ortiz de la Fuente	CEMEX ASIAN SOUTH EAST CORPORATION	1 (director's qualifying share)	Mexican	nil
Common	Edwin P. Hufemia	Same as record owner	3,905,508	Filipino	nil
Common	Santiago Ortiz Garcia	Same as record owner	1,619,113	Mexican	nil
Common	Juan Carlos Soto Carbajal	Same as record owner	721,599	Spaniard	nil

(3) Voting Trust Holders of 5% or More

As of December 31, 2022, the Parent Company is not aware of any voting trust or similar arrangement among persons holding more than 5% of the shares.

(4) Changes in Control

In 2022, CASEC slightly increased its beneficial ownership of the Parent Company from 77.84% to 77.9% of the total issued and outstanding shares of stock of the Parent Company. The Parent Company is not aware of the existence of any change in control agreements.

<u>ITEM 12</u>. <u>CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS</u>

Framework Agreement with CEMEX

The Parent Company entered into the Framework Agreement to avoid conflicts of interest between the Company and CEMEX Group. The Framework Agreement became effective upon commencement of trading of the Parent Company's shares on the PSE in July 2016, and may be amended by written agreement between CEMEX, CASEC and the Parent Company, provided that any amendment shall be authorized by the Parent Company's independent directors. In addition, the Framework Agreement will cease to be in effect if the Parent Company is no longer a subsidiary of CEMEX or if CEMEX ceases to account for its investment in the Parent Company on a consolidated basis or under the participation method for accounting purposes (or any other method that applies similar principles).

The Framework Agreement shall be construed and governed by the laws of the Repubglic of the Philippines and governs, among other things, the Company's ability to undertake certain actions including, but not limited to, the incurrence of indebtedness above certain levels, the disposition and acquisition of assets in excess of certain amounts and the making of capital expenditures in excess of certain amounts.

In addition, the Framework Agreement contains provisions relating to competition, solicitation of employees, corporate opportunities, compliance with CEMEX Group's debt agreements, financial information, regulatory status, compliance with policies and procedures, share transfer rights, equity purchase rights, litigation, dispute resolution, and further actions and assurances.

Other Transactions

Transactions with affiliated companies or other related parties of the Parent Company (including CEMEX Group) are mentioned or referenced to in the Company's Audited 2022 Consolidated Financial Statements filed as part of this Annual Report (SEC Form 17-A).

These transactions include, among others, the following:

- <u>*Services Agreement*</u>

    a) *Business Support Services Agreement* dated August 8, 2022 between APO Cement and CEMEX, pursuant to which CEMEX provides APO Cement with various services necessary for the operation of the APO Cement business (the "APO Services"). This services agreement has an initial term of five years commencing from January 1, 2022, subject to renewal by mutual agreement of the parties and may be terminated at any time by either party upon service of written notice of termination to the other party at least 30 days prior to the intended termination date. Additionally, either party may terminate the agreement if (i) a material breach is committed by the other party, or (ii) the other party goes into winding-up, voluntary or involuntary liquidation or other similar process. CEMEX has the right to terminate the agreement in the event that APO Cement ceases to be a direct or indirect subsidiary of CEMEX. APO Cement pays CEMEX a service fee that is calculated according to market practices based on the cost incurred to provide the Solid Services plus an arm's length markup. CEMEX calculates periodically the service fee and prepares its invoices in U.S. dollars. The service fees are determined exclusive of taxes. These APO Services were previously performed by other subsidiaries of CEMEX under various services agreements since 2009.[24]

b) *Business Support Services Agreement* dated August 8, 2022 between Solid Cement and CEMEX, pursuant to which CEMEX provides Solid Cement with various services necessary for the operation of the Solid Cement business (the "Solid Services"). This services agreement has an initial term of five years commencing from January 1, 2022, subject to renewal by mutual agreement of the parties and may be terminated at any time by either party upon service of written notice of termination to the other party at least 30 days prior to the intended termination date. Additionally, either party may terminate the agreement if (i) a material breach is committed by the other party, or (ii) the other party goes into winding-up, voluntary or involuntary liquidation or other similar process. CEMEX has the right to terminate the agreement in the event that Solid Cement ceases to be a direct or indirect subsidiary of CEMEX. Solid Cement pays CEMEX a service fee that is calculated according to market practices based on the cost incurred to provide the Solid Services plus an arm's length markup. CEMEX calculates periodically the service fee and prepares its invoices in U.S. dollars. The service fees are determined exclusive of taxes. These Solid Services were previously performed by other subsidiaries of CEMEX under various services agreements since 2009.[25]

c) *Services Agreement* dated October 11, 2022 between Solid Cement and Servicios Profesionales Cemex, S.A. de C.V. ("SPC"), a subsidiary of CEMEX, pursuant to which SPC provides Solid Cement with specialized services of design, engineering, procurement management of goods and services, review and analysis of bids and start-up of engineering projects. This services agreement has an initial term of five years commencing from January 1, 2022, subject to renewal by mutual agreement of the parties and may be terminated at any time by either party upon service of written notice of termination to the other party at least 30 days prior to the intended termination date. Additionally, either party may terminate the agreement if (i) a material breach is committed by the other party, or (ii) the other party goes into winding-up, voluntary or involuntary liquidation or other similar process. CEMEX has the right to terminate the agreement in the event that Solid Cement ceases to be a direct or indirect subsidiary of CEMEX. Solid Cement pays CEMEX a service fee that is calculated according to market practices based on the cost incurred to provide the Solid Services plus an arm's length markup. CEMEX calculates periodically the service fee and prepares its invoices in U.S. dollars. The service fees are determined exclusive of taxes. The services contemplated under this Services Agreement were previously performed by other subsidiaries of CEMEX under various services agreements.[26]

For 2022, the Company incurred under these services agreements service fees payable to CEMEX amounting to a total of ₱252.8 million, which accounted for approximately 1.23% of the Company's consolidated revenue.

---

[24] These APO Services were previously performed by CEMEX Operaciones México, S.A. de C.V. and CEMEX Central, S.A. de C.V., respectively, pursuant to the Business Support Services Agreement with APO Cement dated January 1, 2017 and by CEMEX Central, S.A. de C.V. pursuant to a certain service agreement dated June 1, 2009 entered into by APO Cement with CEMEX Asia Pte. Ltd. (through its regional headquarters in the Philippines) which agreement was terminated effective on December 31, 2017.

[25] These Solid Services were previously performed by CEMEX Operaciones México, S.A. de C.V. and CEMEX Central, S.A. de C.V., respectively, pursuant to the Business Support Services Agreement with Solid Cement dated January 1, 2017 and by CEMEX Central, S.A. de C.V. pursuant to a certain service agreement dated June 1, 2009 entered into by Solid Cement with CEMEX Asia Pte. Ltd. (through its regional headquarters in the Philippines) which agreement was terminated effective on December 31, 2017

[26] See footnote 21

- *Trademark License Agreement and Non-Exclusive Use, Exploitation and Enjoyment of Assets License Agreement*

Pursuant to separate license agreements entered into by CAR with CEMEX[27], the Parent Company's subsidiaries are allowed the non-exclusive use in the Philippines of different trademarks, names and intellectual property assets owned and developed by CEMEX, such as the name "CEMEX" and brands "APO", "Island" and "Rizal", and other related names and trademarks, processes and information technology, software, industrial models, procurement, commercial and distribution systems. These license agreements became effective with retroactive effect to 1 January 2016 upon completion of the IPO, and have an initial term of five years, automatically renewable for subsequent five-year terms unless terminated by either of the parties thereto by providing one-month written notice prior to the end of the applicable term. These agreements may also be terminated if CAR would cease to be a direct or indirect subsidiary of CEMEX. As consideration for the use of these trademarks, names and intellectual property assets, CAR pays to the licensors a royalty fee determined at an arm's length basis.

For 2022, the Company incurred under these license agreements royalty fees payable to CEMEX amounting to a total of ₱772.8 million, which accounted for approximately 3.77% of the Company's consolidated revenue.

- *Loan Facility Agreements*

a) On November 21, 2018, Solid Cement, as borrower, executed a revolving facility agreement with CABV for a principal amount of up to US$75 million under a revolving framework (as amended from time to time, herein referred to as the "Solid Expansion Facility Agreement"). The borrowings under the Solid Expansion Facility Agreement consisted of a tenor of six (6) years and carried a fixed interest rate depending on our consolidated debt to EBITDA leverage ranging from 8.2% to 10.2% per annum.

The Solid Expansion Facility Agreement was amended in February 2019, to increase the available principal amount to US$100 million. In November 2019, the Solid Expansion Facility Agreement was further amended to increase the amount available under the facility to US$160 million. The Solid Expansion Facility Agreement was further amended in December 2019 to (i) convert any unpaid interest as of January 3, 2020 (or such other date on which the Offer Price for the Offer Shares in the Rights Offer is determined) (such date, the "SEFA Reference Date") on account of any borrowings made under this Solid Expansion Facility Agreement from U.S. dollar-denominated indebtedness to Philippine peso-denominated indebtedness, (ii) convert any outstanding balances owed by Solid Cement under this facility agreement (including any accrued but unpaid interest) that have been accrued in connection with a draw down by Solid Cement under the facility within an 80-calendar day period following the SEFA Reference Date from U.S. dollar-denominated indebtedness to Philippine peso-denominated indebtedness, and (iii) for the fixed interest to be paid under the Solid Expansion Facility Agreement to range from 8.2% to 10.2% per annum for U.S. dollar-denominated indebtedness and from 10.3% to 12.3% for Philippine peso-denominated indebtedness (depending on our consolidated debt to EBITDA leverage).

[27] (1) "Trademark License Agreement" between CEMEX, as Licensor, and CAR, as Licensee, effective as of January 1, 2016 (as from time to time amended and/or restated), and (2) the "Non-Exclusive Use, Exploitation and Enjoyment of Assets License Agreement" between CEMEX Research Group AG (a subsidiary of CEMEX) as Licensor, and CAR, as Licensee, effective as of January 1, 2016 (as from time to time amended and/or restated). Pursuant to a notice dated December 15, 2020, CAR was notified that CEMEX Research Group AG assigned and transferred its rights and obligations as Licensor under this Non-Exclusive Use, Exploitation and Enjoyment of Assets License Agreement to Cemex Innovation Holding Ltd. (another subsidiary of CEMEX based in Switzerland) with effect from January 1, 2021.

On March 5, 2020, Solid Cement fully paid and settled the outstanding balances under the Solid Expansion Facility Agreement which amounted to ₱6,784 million. As of December 31, 2022, there are no unpaid balances under the Solid Expansion Facility Agreement.

b) Solid Cement signed, as borrower, a Revolving Loan Agreement dated December 1, 2022 with Cemex Innovation Holding Ltd., as lender, covering a 3-year term loan under a revolving framework, for a principal amount up to US$75 million. Solid Cement is permitted to use the loan proceeds for general corporate purposes. The borrowings under this loan agreement carry a fixed interest rate of 7.32% per annum. Solid Cement commenced to drawdown from this new loan facility only in January 2023.

After the close of fiscal year 2022, the following actions were implemented in connection with related-party loan agreements:

- APO Cement signed, as borrower, a Revolving Loan Agreement dated January 1, 2023 with Cemex Innovation Holding Ltd., as lender, covering a 3-year term loan under a revolving framework, for a principal amount up to US$75 million. APO Cement is permitted to use the loan proceeds for general corporate purposes. The borrowings under this loan agreement carry a fixed interest rate of 7.32% per annum.

- On March 1, 2023, the Solid Expansion Facility Agreement was assigned to Cemex Innovation Holding Ltd., as lender, and further amended to reduce the amount available to Solid Cement from US$160 million to US$130 million for a term of six (6) years, commencing from March 1, 2023, with a fixed interest rate of 9.44% per annum.

- *General Commercial Arrangements*

The Company engaged with affiliated companies or other related companies in various commercial arrangements in the ordinary course and on arm's-length terms, including:

- supply agreements or spot purchases of cement or other construction materials;
- freight contracts pursuant to which said related companies transport to the Company any products or goods purchased by the Company from related companies or third parties but using vessels owned or contracted by said related companies;
- spot purchases of carbon, petroleum coke or other fuels required by us and offered or arranged by said related companies or offered by the Company to said related companies, such as the coal supply contract with Transenergy, Inc.[28] or CEMEX International Trading LLC (each a CEMEX subsidiary that sources coal, petroleum coke and other products), as well as any hedges for such transactions; and
- the sale or purchase or lease of construction equipment, including machinery, vehicles used for construction, etc., between related companies and the Company.

Notably, APO Cement and Solid Cement purchase the majority of their respective limestone, pozzolan and clay requirements from ALQC[29] and IQAC[30] pursuant to long-term supply agreements effective as of January 1, 2016. These supply agreements each have 20-year terms and automatic renewals of two years. The principal manufacturing installations of APO Cement and Solid Cement are located on land owned by ALQC or IQAC. Under the lease agreements, ALQC and IQAC have various customary

[28] Transenergy, Inc. was merged into CEMEX International Trading LLC, another subsidiary of CEMEX, in November 2022. As a result of the merger, Transenergy, Inc. ceased to exist.

[29] APO Land & Quarry Corporation is not a direct or indirect subsidiary of the Parent Company and is not a member of the Company. ALQC is an entity that is wholly-owned by Impact Assets Corporation, a corporation in which CASEC owns a 40% equity interest.

[30] Island Quarry and Aggregates Corporation is not a direct or indirect subsidiary of the Parent Company and is not a member of the Company. IQAC is an entity that is wholly-owned by Albatross Holdings, Inc., a corporation in which CASEC owns a 40% equity interest.

rights as landlord. Each of these lease agreements expires in December 2040 and is extendable for another 25 years.

In 2022, APO Cement and ALQC executed a long-term agreement, whereby ALQC updated and extended the grant in favor of APO Cement of non-exclusive rights of access to and use of properties upon which are located APO's jetty and marine terminal and ancillary facilities in Naga, Cebu, for a new contract term expiring in November 2044. For and in consideration of the various rights granted to APO Cement under this agreement, APO Cement shall compensate ALQC in such reasonable amounts taking into account the actual costs incurred by ALQC in connection with the properties such as governmental fees and expenses. The annual fee for 2022 was ₱73.45 million, and for every year thereafter, the annual fee will be subject to a joint review and final written confirmation of the parties.

For further information on related party transactions, including outstanding advance balances, see Note 13 of the Notes to the Company's Audited 2022 Consolidated Financial Statements filed as part of this Annual Report (SEC Form 17-A).

Save for transactions with affiliated companies or other related parties of the Parent Company (including CEMEX Group) mentioned or referenced to in herein discussions or in the Company's Audited 2022 Consolidated Financial Statements filed as part of this Annual Report (SEC Form 17-A), there has been no other material related party transactions during the last three years with the Parent Company or any of its subsidiaries in which a Director or Executive Officer of the Parent Company, or a security holder owning at least ten percent (10%) or more of the outstanding shares of stock of the Parent Company, and members of their respective immediate family had or is to have a direct or indirect material interest

PART IV – CORPORATE GOVERNANCE

ITEM 13. BASIC CORPORATE GOVERNANCE POLICIES

(1) *Manual of Corporate Governance*

The Parent Company adopted its Manual of Corporate Governance on March 7, 2016. This manual was amended on October 25, 2016, May 10, 2017, February 6, 2018 and March 22, 2018. The Parent Company's policy of corporate governance is principally based on the Manual of Corporate Governance. The Manual of Corporate Governance lays down the principles of good corporate governance that are to be followed in the entire organization. The Manual of Corporate Governance provides that it is the Board's responsibility to initiate compliance to the principles of good corporate governance, to foster long-term success and to secure sustained competitiveness in a manner consistent with the Board's fiduciary responsibility.

There are currently three independent directors on the Board of Directors of the Parent Company namely, Eleanor M. Hilado, Pedro Roxas and Alfredo S. Panlilio. During the organizational meeting of the Board of Directors held on June 1, 2022, Mr. Roxas was designated as the Lead Independent Director, whose functions shall include, among others, serving as an intermediary between the Board Chairman and other independent directors, when necessary, and shall chair meetings among non-executive directors.

The Manual of Corporate Governance embodies the Parent Company's policies on disclosure and transparency, and mandates communication and training programs on corporate governance. The Manual of Corporate Governance further provides for certain rights of shareholders and for the protection of the interests of minority shareholders.

The Manual of Corporate Governance provides that any material amendment or revision to the provisions defining the (i) royalty/license fee or service fee, as applicable, payable to CEMEX Group pursuant to, or (ii) the duration or term of, any of the Company's license agreements involving the trademark and other intellectual properties of CEMEX Group or the service agreements with CEMEX Group shall require the affirmative vote of two independent directors.

The Manual of Corporate Governance recognizes the authority of the Board of Directors to create an internal self-rating system that can measure the performance of the Board and Management in accordance with the criteria provided for in the Manual of Corporate Governance. On January 30, 2019, the Board of Directors adopted a *Framework for a Self-Rating Performance System* which requires, among others, that every January of every year, separate performance assessments of the Board of Directors and the board committees shall be conducted using the criteria and rating system formalized in the questionnaires to be prepared and circulated for the performance assessments. For the Board of Directors, the criteria focused on the following key areas: composition and competencies of board members, decision-making effectiveness, relevance & timeliness of information and management of shareholders. For the board committees, the criteria focused on the following areas: composition & competencies of committee members, decision-making effectiveness, appropriateness of committee recommendations and availability of information & resources. The members of the Board of Directors and board committees completed their annual internal assessments since 2018 and the results of the performance assessment were presented and discussed with the Board of Directors during the board meeting following the conclusion of each annual exercise.

For the assessment of 2020's performance of the Board of Directors and the board committees, the Parent Company engaged the services of an external facilitator, i.e., the Institute of Corporate Directors ("ICD"), to perform the evaluation exercise which was conducted in January through February 2021. The results of the assessment of 2020's performance, as well as the recommendations from ICD, were presented and discussed at the meeting of the Board of Directors held on April 7, 2021. The Third-Party Board Evaluation intervention by ICD involves a methodology including Board Performance Self-Assessment and Individual Director Interviews. The Directors' Self-Assessment employed survey questionnaires designed by ICD and accomplished by the Board of Directors. The questionnaires are for the Board, the Committees, the Chairperson, and the Individual Directors. Meanwhile, the Individual Director Interviews allowed the directors to share their insights, comments, and ideas on how the Board of Directors governs the company. In formulating the parameters and question guides for these interviews, ICD used the Tricker++ Model for Board Functions (Strategy, Policy, Accountability and Oversight) enhanced with three other functions of the Board (Ethics, Social Responsibility and Sustainability): (a) Strategy – This includes the review of the strategic plan, setting the company direction, discussing future trends, and determining the strategy in the short term, medium term and long term; (b) Policies – This covers budget approval, executive compensation, corporate policies, and corporate culture; (c) Oversight – This discusses the effectiveness of the Board in reviewing results, assessing and managing risks, and measuring Board performance and the impact of Board decisions to the shareholder value and key stakeholders; (d) Accountability – This is about transparent reporting to the shareholders, reviewing Audit reports, and legal & regulatory compliance; (e) Ethics – This is practicing ethical business behavior and the company core values; (f) Sustainability – This includes protecting the environment, integrating the 17 UN Sustainable Development Goals and ensuring the long-term success of the company; (g) Social Responsibility – This is about the desire to integrate environmental and social impact to the Board; (h) Other Areas – This is to supplement the questionnaire responses related to Board Dynamics and Processes, Board and Committee Composition. The next externally-facilitated evaluation exercise should be conducted for the assessment of the performance of the Board of Directors and the board committees for 2023.

The organization has a performance management system for executives and employees, which follows a five-step process: 1) Goal Setting, 2) Monitoring, 3) Developing, 4) Rating, and 5) Reward. This system allows executives and employees to discuss, set, and evaluate their individual goals with their respective supervisors while also allowing them to receive continuous feedback on their performance. Our performance rating system uses a five-point scale to indicate whether an individual meets, exceeds, or is performing below expectations. Ratings include key performance indicators, where quantifiable measures are used to track and evaluate how individuals are achieving the goals set by the company. The period covered for the annual performance rating is the calendar year, from January to December.

Further to the Company's commitment under the Manual of Corporate Governance to provide continuing training opportunities, the Company arranged for members of the Board of Directors[31] along with principal executive officers of the Company to attend in 2022 on-line corporate governance training seminars or webinars conducted by the Institute of Corporate Directors ("ICD"), namely:

- October 26 and 27, 2022: 8-hour webinar entitled "Corporate Governance Orientation Program"

- November 18, 2022: 2-hour webinar entitled "Social and Governance Factors in the Post-Pandemic Landscape" which was organized by ICD, together with the Institute for Climate and Sustainable Cities and The Climate Reality Project Philippines, as part of their webinar *Pilipinas: Aspire, Rise and Sustain Series*.

- November 23, 2022: 4-hour webinar with the following topics: Disruptive Strategy: Theories and Frameworks and Operationalizing Shared Prosperity Towards Our Dream Philippines

- November 25, 2022: 2-hour webinar entitled "ICD Masterclass: Disruptive Strategy"

- December 9, 2022: 2-hour webinar entitled "ICD Masterclass: ESG Strategy: A Boardroom Topic for Directors"

[31] Mr. Pedro Roxas and Mr. Alfredo S. Panlilio, who are also members of the Board of Directors of other publicly-listed companies, respectively (*PLCs*), attended the 2022 in-house corporate governance training of said PLCs' group of companies held on September 22, 2022.

Through the Investor Relations team and the Corporate Communications team, the Parent Company communicates with its stockholders and other stakeholders and keeps the investors and relevant stakeholders regularly informed of developments in the Company's business. The Company's Sustainability Report identifies the channels through which feedback and communications with various stakeholders are received by the Company. These include social media platforms. The Investor Relations team conducts on a quarterly basis conference calls and webcast presentations which are accessible to its stockholders, during which time the President & Chief Executive Officer presents the operational and financial quarter results of the Company and responds to questions raised by attendees. In 2022, the relevant conference calls and webcast presentations were held on February 11, April 29, July 29 and October 28. The Public Affairs team conducted stakeholders' meetings in 2022 with community leaders and representatives of barangays in Antipolo City, Rizal and in Naga City, Cebu. Various consultations and meetings were also held with several interest groups in affected communities in relation to environment, livelihood, and community empowerment. The Public Affairs team also participated in barangay dialogues and council sessions in impacted communities, and took part in quarterly multi-partite monitoring activities with relevant government agencies, which provided the forum for assessing the progress of Company-led or supported initiatives or social development programs, and addressing concerns of its stakeholders.

To the best of the Parent Company's knowledge and belief, the Company has substantially complied with and has not violated the provisions of the Manual in any material respect.

The Parent Company strives to further improve its corporate governance practices as may be required by law or the exigency of the business.

On May 25, 2022, the Parent Company released its Integrated Corporate Governance Report for 2021 (SEC Form I-ACGR) with the corresponding attestation on the organization's internal audit, control and compliance system.

(2) *<u>CEMEX Code of Ethics and Business Conduct and Other Global Policies</u>*

The Company is bound by the Code of Ethics and Business Conduct of CEMEX ("Code") which was established to ensure that all employees, board members and other stakeholders of CEMEX and its subsidiaries worldwide abide by the same high standards of conduct in their daily interactions, including the principal executive officer, principal financial officer and principal accounting officer of CEMEX, as well as third parties, and other stakeholders. This Code is designed to govern the Company's relationships with all of its stakeholders regarding workplace safety, health, human rights, harassment, diversity and inclusion, customer relations, supplier relations, government relations, community relations, environmental responsibility, antitrust compliance, anti-corruption, preventing money laundering, data privacy and protection, conflicts of interest, gifts and hospitalities, use of CEMEX's assets, political activities, insider trading, intellectual property, communication and use of social media, and financial controls and records. Through the organization's ethics committees, training programs, and secure internal communications channels, the Company ensures awareness and enforcement of this Code. Among several implementing global policies of CEMEX being observed by the Company are the Global Anti-Trust Compliance Policy, CEMEX Anti-Bribery/Anti-Corruption Policy and CEMEX Insider Trading Policy, among others. The Code and the various implementing global policies of CEMEX are periodically evaluated and, where deemed necessary or appropriate, updated.

In 2022, the officers and employees of the Company received training on various topics governed by the Code, dedicating at least 11,574 training manhours related to Anti-Corruption and Anti-Bribery, Competition and Anti-Trust, Corporate Governance, Safety, Health & Wellness, Code of Ethics and Business Conduct, and Labor Education. Additional training programs for officers and employees were also conducted for other functional and technical topics and focus areas.

(3) ***Material Related Party Transactions Policy***

The Company has a *Policy on Material Related Party Transactions* (the "MRPT Policy") which was adopted and approved by the Board of Directors on September 3, 2019. The purpose of MRPT Policy is to (a) define the framework for the procedures and processes for the review, approval or ratification, monitoring and recording of Related Party Transactions (as defined in this Policy) of the Company; (b) provide guidance to management and employees on the governance guidelines for Related Party Transactions and disclosure requirements; and (c) supplement the *CEMEX Policy and Procedures with Respect to Related Person Transactions*, which is the general policy promulgated by the Board of Directors of CEMEX and applicable to the international group of companies of which the Company is a member.

The MRPT Policy requires each and every Material Related Party Transaction ("Material RPT") be approved under the following procedure:

(a) the Audit Committee shall review and evaluate the Material RPT, and endorse the same to the Board of Directors for approval; and

(b) the Material RPT shall require the approval of at least two-thirds (2/3) vote of the members of the Board of Directors, with at least a majority of the independent directors voting to approve the Material RPT.

A Material RPT means any Related Party Transaction individually, or set of Related Party Transactions in aggregate over a twelve (12)-month period with the same Related Party, which meets the Materiality Threshold defined as at least ten percent (10%) of the Company's total consolidated assets, based on its latest audited financial statement. In the event that the vote of a majority of the independent directors is not secured, the Material RPT may be ratified by the vote of the stockholders representing at least two- thirds (2/3) of the outstanding capital stock of the Parent Company. For aggregate Related Party Transactions within a twelve (12)- month period with the same Related Party that reaches the Materiality Threshold, the review and approval requirement above-described is required for the Related Party Transaction/s.

Material changes in the terms and conditions of a Material RPT shall be reviewed and must be approved in accordance with the same procedure above described. Material changes shall include, but are not limited to, changes in the price, interest rate, maturity date, payment terms, commissions, fees, tenor and collateral requirement of the Material RPT. Transactions meeting the Materiality Threshold that were entered into with an unrelated party that subsequently becomes a Related Party are excluded from the special review and approval process; however, any alteration to the terms and conditions, or increase in exposure level, related to these transactions after the non-related party becomes a Related Party shall require the special review and approvals.

As part of its Integrated Corporate Governance Report which was filed in 2021, the Company submitted a Summary of the Material RPTs for the year 2020 that contained the terms and conditions of the Revolving Master Loan Facility Agreement dated March 3, 2020 between the Parent Company and Solid Cement, with the following salient features:

(i) Type/Nature of Transaction: Revolving Master Loan Facility Agreement between the Parent Company, as lender, and Solid Cement, as borrower; 7-year tenor under a revolving framework

(ii) Amount/Contract Price: Up to ₱12,725,000,000

(iii) Percentage of the Contract Price to the Total Assets of the Parent Company: 21.64% (based on total assets per audited consolidated financial statements of the Parent Company for year ending December 31, 2019)

(iv) Corporate Approvals: The transaction was approved by the Board of Directors during the board meeting held on December 5, 2019 (following the review and favorable endorsement by the Audit Committee to the Board). Board members who voted favorably for the transaction comprised all of the members who were present during the meeting and constituted more than 2/3 of the board membership, including a majority of the independent directors: Joaquín Miguel Estrada Suárez (Chairman), Pedro Roxas (Lead Independent Director), Eleanor M. Hilado

(Independent Director), Ignacio Alejandro Mijares Elizondo, Alejandro García Cogollos, Antonio Iván Sánchez Ugarte.

(v) Maturity Date: March 3, 2027

(vi) Interest: Advances or borrowings under the loan facility will bear a fixed interest rate of 10.02% per annum

(vii) Subordinated Feature: The loan shall be subordinate to the BDO Facility Agreement (as supplemented), upon the occurrence of any of the events considered as an event of default under said BDO Facility Agreement.

The Company did not enter into or execute any new Material RPT in 2021 and 2022[32].

(4) *Board Committees*

The Parent Company's Board has constituted two committees to more effectively manage the operations: (i) the Audit Committee and (ii) the Nomination Committee.

(a) The Audit Committee will carry out, among other things, the following functions: (i) assist the Board of Directors in the performance of its oversight responsibility for: the company's financial reporting process; its system of internal control; its audit process and the monitoring of compliance with applicable laws, rules and regulations; (ii) supervise the effectiveness of its internal control procedures and corporate risk management systems; (iii) perform oversight functions over its internal and external auditors, ensuring that the internal and external auditors act independently from each other, and that each are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions; (iv) review the annual internal audit plan to ensure its conformity with the Company's objectives; (v) organize an internal audit department, and consider the appointment of an independent internal auditor and the terms and conditions of its engagement and removal; (vi) monitor and evaluate the adequacy and effectiveness of its internal control system, including financial reporting control and information technology security; (vii) review the reports submitted by the internal and external auditors; (viii) review the quarterly, half-year and annual financial statements before their submission to the Board of Directors; (ix) coordinate, monitor and facilitate compliance with laws, rules and regulations; (x) evaluate and determine non-audit work, if any, required of the external auditor, and periodically review the non-audit fees paid to the external auditor in relation to their significance to the total annual income of the external auditor and to the Company's overall consultancy expenses; and (xi) establish and identify the reporting line of the internal auditor to enable them to properly fulfill their duties and responsibilities.

Following the favorable endorsement of the Audit Committee, the Board of Directors approved the Charter for the Audit Committee on October 25, 2016 and approved the Internal Audit Charter on February 6, 2018.

The Audit Committee is currently comprised of four members, three of whom are the independent directors. The Audit Committee reports directly to the Board of Directors.

During the organizational meeting of the Board of Directors held on June 1, 2022, the Board of Directors appointed the following board members as members of the Audit Committee: Pedro Roxas (Chairman), Alfredo S. Panlilio, Eleanor M. Hilado and Francisco Javier García Ruiz de Morales.

[32] On March 6, 2023, the Parent Company and Solid Cement amended the Revolving Master Loan Facility Agreement dated March 3, 2020 by increasing the limit of the principal amount under the revolving loan facility from Twelve Billion Seven Hundred Twenty Five Million Philippine Pesos (₱12,725,000,000.00) to Thirteen Billion Seven Hundred Fifty Six Million Five Hundred Thousand Philippine Pesos (₱13,756,500,000.00). The amendment was approved by CHP's Board of Directors during its meeting held on 10 February 2023 with the favorable votes of board members comprising more than 2/3 of the board membership including a majority of the independent directors and majority of the members of the Audit Committee.

The members of the Audit Committee and the Board of Directors of the Parent Company are informed about the internal controls and procedures observed by the Company, and are regularly updated about and have reviewed the results/ findings of the audit and monitoring processes. The Audit Committee and the Board of Directors have not detected weaknesses in the internal controls and risk management system currently in place which have had a material adverse impact on the operations or financial condition of the Parent Company. In support of the oversight function of the Board of Directors, the Audit Committee is tasked to consider improvements to further enhance the effectiveness of the internal controls and risk management system of the Company.

(b) The Nomination Committee will carry out, among other things, the following functions: (i) provide shareholders with an independent and objective evaluation of and assurance that the members of the Board of Directors are competent and will foster the company's long-term success and secure its competitiveness; (ii) review and evaluate the qualifications of persons nominated to the Board of Directors as well as other appointments that require the approval of the Board of Directors; and (iii) assess the effectiveness of the processes and procedures of the Board of Directors in the election or replacement of directors.

The Nomination Committee reports directly to the Board of Directors. Following the favorable endorsement of the Nomination Committee, the Board of Directors approved the Charter for the Nomination Committee on October 25, 2016

The Nomination Committee is currently comprised of four members, three of whom are the independent directors. During the organizational meeting of the Board of Directors held on June 1, 2022, the Board of Directors appointed the following board members as members of the Nomination Committee: Eleanor M. Hilado (Chairman), Pedro Roxas, Alfredo S. Panlilio and Antonio Iván Sánchez Ugarte.

ITEM 14. SUSTAINABILITY REPORT

The Company's Sustainability Report for 2022 is attached as an integral part of this Annual Report (SEC Form 17-A).

ITEM 15. ATTENDANCE OF DIRECTORS IN 2022[33]

Name of Directors	Date of Election [initial date / re-election date(s)]	No. of Board Meetings Held during the Director's effective tenure in 2022	No. of Board Meetings Attended
Sergio Mauricio **Menendez** Medina	2 April 2020/24 June 2020/2 June 2021/1 June 2022	7	3
Pedro **Roxas**	3 June 2016 /7 June 2017/ 6 June 2018/ 9 June 2019/24 June 2020/2 June 2021/1 June 2022	7	7
Alfredo S. **Panlilio**	3 June 2016 /7 June 2017/ 6 June 2018/ 6 June 2019/24 June 2020/2 June 2021/1 June 2022	7	4
Eleanor M. **Hilado**	6 June 2019/24 June 2020/2 June 2021/1 June 2022	7	6
Luis Guillermo **Franco** Carrillo	1 June 2022	4	4
Antonio Ivan **Sanchez** Ugarte	6 December 2017 (effective on 1 January 2018)/6 June 2018/6 June 2019/ 24 June 2020/2 June 2021/ 1 June 2022	7	7
Francisco Javier **García** Ruiz de Morales	7 April 2022/1 June 2022	5	5
Jesus **Ortiz** De La Fuente	28 July 2022 (effective on 29 July 2022)	2	2

Members of the Audit Committee	No. of Audit Committee Meetings Held during the Member's tenure in 2022	No. of Committee Meetings Attended
Pedro **Roxas** (Chairman)	6	6
Alfredo S. **Panlilio**	6	2
Eleanor M. **Hilado**	6	6
Francisco Javier **García** Ruiz de Morales	4	4

Members of the Nomination Committee	No. of Nomination Committee Meetings Held during the Member's tenure in 2022	No. of Committee Meetings Attended
Eleanor M. **Hilado** (Chairman)	3	3
Pedro **Roxas**	3	3
Alfredo S. **Panlilio**	3	1
Antonio Iván **Sánchez** Ugarte	3	3

During the meeting of the Board of Directors held on December 13, 2021, the Board of Directors duly noted the calendar of meeting dates for 2022 for the Board and Board Committees.

During the meeting of the Board of Directors held on December 15, 2022, the Corporate Secretary presented a preliminary calendar of alternative meeting dates for 2023 for the Board and Board Committees. An updated version of this calendar of meetings with the specific dates in 2023 was circulated by the Corporate Secretary to members of the Board of Directors on January 11, 2023 and duly noted by the Board of Directors during its meeting held on February 10, 2023.

[33] Due to organizational changes implemented by CEMEX during 2022: (i) María García Villán resigned as a member of the Board of Directors and Audit Committee effective on March 1, 2022; (ii) Ignacio Alejandro Mijares Elizondo, who was a board member and the President & CEO of the Parent Company, did not stand for re-election as board member during the Parent Company's annual stockholders' meeting held on June 1, 2022 and accordingly was not reappointed to any executive position of the Parent Company; and (iii) Alejandro Garcia Cogollos resigned as a member of the Board of Directors effective at the close of business hours of July 28, 2022 and as Vice President for Planning and Administration effective on August 1, 2022.

PART V - EXHIBITS AND SCHEDULES

ITEM 16. EXHIBITS AND REPORTS ON SEC FORM 17-C

(a) Exhibits

A -Audited 2022 Consolidated Financial Statements of the Company (with consolidated statements of financial position as at December 31, 2022 and 2021, and consolidated statements of comprehensive income (loss), consolidated statements of changes in equity and consolidated statements of cash flows for the years ended December 31, 2022, 2021 and 2020) and Schedules

B -Audited 2022 Separate Financial Statements of the Parent Company (with separate statements of financial position as at December 31, 2022 and 2021, and separate statements of comprehensive income (loss), separate statements of changes in equity and separate statements of cash flows for the years ended December 31, 2022 and 2021).

C - SEC Form 17-Q for Quarter Ended March 31, 2022 (1st Quarter 2022)

D - SEC Form 17-Q for Quarter Ended June 30, 2022 (2nd Quarter 2022)

E - SEC Form 17-Q for Quarter Ended September 30, 2022 (3rd Quarter 2022) *AMENDED*

(b) Reports on SEC Form 17-C

List of Disclosures under SEC Form 17-C for the period from January 1, 2022 to December 31, 2022:

SUBJECT MATTER	DATE
Use of SRO Proceeds with Letter to PSE – 78th Report	December 29, 2022
Update on BDO Facility	December 23, 2022
Organizational Changes	December 15, 2022
Use of SRO Proceeds with Letter to PSE – 77th Report	December 15, 2022
Use of SRO Proceeds with Letter to PSE – 76th Report	December 9, 2022
Use of SRO Proceeds with Letter to PSE – 75th Report	December 7, 2022
Use of SRO Proceeds with Letter to PSE – 74th Report	November 23, 2022
Use of SRO Proceeds with Letter to PSE – 73rd Report	November 18, 2022
Use of SRO Proceeds with Letter to PSE – 72nd Report	November 11, 2022
Use of SRO Proceeds with Letter to PSE – 71st Report	November 10, 2022
Use of SRO Proceeds with Letter to PSE – 70th Report	November 7, 2022
Investors Briefing Materials for 3rd Q2022	October 28, 2022
Use of SRO Proceeds with Letter to PSE – 69th Report	October 21, 2022
Notice of Investors' Briefing for 3rd Quarter 2022	October 21, 2022
Use of SRO Proceeds with Letter to PSE – Quarterly Progress Report 3rd Quarter 2022	October 14, 2022
Use of SRO Proceeds with Letter to PSE – 68th Report	October 4, 2022
Use of SRO Proceeds with Letter to PSE – 67th Report	September 16, 2022
Use of SRO Proceeds with Letter to PSE – 66th Report	September 15, 2022
Use of SRO Proceeds with Letter to PSE – 65th Report	September 13, 2022
Use of SRO Proceeds with Letter to PSE – 64th Report	September 12, 2022
Use of SRO Proceeds with Letter to PSE – 63rd Report	September 8, 2022
Use of SRO Proceeds with Letter to PSE – 62nd Report	September 1, 2022
Use of SRO Proceeds with Letter to PSE – 61st Report	August 26, 2022
Use of SRO Proceeds with Letter to PSE – 60th Report	August 19, 2022
Use of SRO Proceeds with Letter to PSE – 59th Report	July 29, 2022
Investors Briefing Materials for 2ndQ2022	July 29, 2022

Changes in Board and Appointment of New Officer	July 28, 2022
Refinancing of BDO Facility	July 28, 2022
Notice of Investors' Briefing for 2nd Quarter 2022	July 22, 2022
Use of SRO Proceeds with Letter to PSE – 58th Report	July 22, 2022
Use of SRO Proceeds with Letter to PSE – 57th Report	July 20, 2022
Use of SRO Proceeds with Letter to PSE – Quarterly Progress Report 2nd Quarter 2022	July 13, 2022
Use of SRO Proceeds with Letter to PSE – 56th Report	July 7, 2022
Use of SRO Proceeds with Letter to PSE – 55th Report	June 23, 2022
Results of the Organizational Meeting of the Board of Directors	June 1, 2022
Results of the Annual Meeting of Stockholders	June 1, 2022
CHP's Presentation for PSE Star: Investor Day Event	May 25, 2022
Notice of CHP's Participation in the PSE Star: Investor Day Event	May 18, 2022
Amendment of BOI Approval for SOLID's New Line	May 16, 2022
Investors Briefing Materials for 1stQ2022	April 29, 2022
CEMEX Organizational Changes	April 29, 2022
Notice of Investors' Briefing for 1st Quarter 2022	April 22, 2022
Use of SRO Proceeds with Letter to PSE – Quarterly Progress Report 1st Quarter 2022	April 13, 2022
Use of SRO Proceeds with Letter to PSE – 54th Report	April 8, 2022
Election of Director	April 7, 2022
Resignation of Internal Auditor	March 15, 2022
Use of SRO Proceeds with Letter to PSE – 53rd Report	February 24, 2022
Resignation of Director	February 21, 2022
Update on the New Cement Line Project of SOLID Cement Corporation	February 11, 2022
Investors Briefing Materials for 4thQuarter2021	February 11, 2022
Notice of Annual Meeting of Stockholders for 2022	February 9, 2022
Notice of Investors'/Analysts' Briefing for 4Q2021	February 4, 2022
Use of SRO Proceeds with Letter to PSE – Annual Progress Report for 2021	January 31, 2022
Use of SRO Proceeds with Letter to PSE – Quarterly Progress Report 4th Quarter 2021	January 14, 2022

SIGNATURES

Pursuant to the requirements of Section 17 of the Securities Regulation Code, this Annual Report (SEC Form 17-A) for 2022 is signed on behalf of CEMEX HOLDINGS PHILIPPINES, INC. by the undersigned, thereunto duly authorized, in the City of Makati, Metro Manila, on APR 1 7 2023.

CEMEX HOLDINGS PHILIPPINES, INC.

By:

LUIS GUILLERMO FRANCO CARRILLO
President and Chief Executive Officer

STEVE KUANSHENG WU
Treasurer and Chief Financial Officer

JANNETTE VIRATA SEVILLA
Corporate Secretary

SUBSCRIBED AND SWORN to before me on APR 1 7 2023 in Makati City, Metro Manila, affiant(s) exhibiting to me the following documents:

NAMES	IDENTIFICATION DOCS	PLACE/DATE OF ISSUE
Luis Guillermo Franco Carrillo	[redacted]	[redacted]
Steve Kuansheng Wu	[redacted]	[redacted]
Jannette Virata Sevilla	[redacted]	[redacted]

Doc. No. 203
Page No. 42
Book No. 467
Series of 2023.

ATTY. GEORGE DAVID D. SITON
NOTARY PUBLIC FOR MAKATI CITY
APPT. NO. M-61 - UNTIL DEC. 31, 2023
ROLL NO. 68402 / MCLE COMPLIANCE NO. VII-0010136/2-15-2022
IBP O.R No.082282-LIFETIME MEMBER MAY 5, 2017
PTR No. MKT 9563580- JAN 03, 2023-MAKATI CITY
EXECUTIVE BLDG. CENTER MAKATI AVE., COR. JUPITER ST., MAKATI CITY