

NOTICE OF ANNUAL STOCKHOLDERS' MEETING

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders of **SBS Philippines Corporation (SBS)** will be conducted virtually at https://agm.conveneagm.com/sbs_asm2021 on **Friday, June 25, 2021 at 3:00 o' clock in the afternoon**, information about said virtual meeting can be accessed at the link provided in SBS' website at <http://www.sbsph.com/disclosure-filings/investors/annual-stockholders-meeting/> with the following agenda:

A G E N D A

1. Call to Order
2. Proof of Notice, Determination of Quorum
3. Rules of Conduct and Procedures
4. Approval of Minutes of the previous Annual Stockholders' Meeting
5. Presentation of the 2020 Annual Report of Management to the Stockholders and Approval of the 2020 Audited Consolidated Financial Statements of the Company and its Subsidiaries
6. Ratification of all Acts and Resolutions of the Board of Directors and Management Since the Last Meeting of the Stockholders
7. Appointment of Independent Auditors
8. Election of Directors
9. Consideration of Such Other Business as May Properly Come Before the Meeting
10. Adjournment

Only stockholders of record at the close of business on May 17, 2021 are entitled to notice of, and to vote at this meeting. For this purpose and in accordance with Section 8, Article II of the Company's Amended By-Laws, the Stock and Transfer Book of the Company will be closed from May 18, 2021 to June 25, 2021.

The conduct of this Annual Stockholders' Meeting will be streamed live and stockholders of record as of May 17, 2021 may attend, participate and vote only through proxy, remote communication or in absentia through https://agm.conveneagm.com/sbs_asm2021. The requirements and procedures on how to participate in this meeting and for voting in absentia are set forth in Annex "C" of the Information Statement. These are likewise published and made accessible through the Company's website www.sbsph.com.ph.

Stockholders who opt to vote by proxy on manually filled ballot must submit and address their proxy to the attention of the Corporate Secretary at 8th Floor, Chatham House Bldg., Valero corner Rufino Sts., Salcedo Village, Makati City or via e-mail at pacisreyes@pacisreyes.com for inspection, validation and recording at least ten (10) days before the opening of the Annual Stockholders' meeting, or on or before June 15, 2021.

May 11, 2021, Quezon City.


CHRISTINE P. BASE
Corporate Secretary

EXPLANATORY NOTES TO AGENDA ITEMS

SBS adopted measures to afford our stockholders' the opportunity to attend, participate and vote in this meeting as effectively as a physical distancing by holding this year's annual stockholders' meeting via remote communication or in absentia pursuant to Sections 49 of the Revised Corporation Code of the Philippines and SEC Memorandum Circular No. 6-2020. Please refer to Annex C: Guidelines for Participating via Remote Communication and Voting in Absentia.

1. Proof of notice, determination of quorum and rules of conduct and procedures

Rationale: *To inform the stockholders that the notice requirements for the 2021 Annual Stockholders' Meeting have been complied with in accordance with the Company's By-Laws and applicable laws and regulations, that a quorum exists for the transaction of business and the procedures to govern the conduct of voting for the agenda items being put to a vote.*

The Corporate Secretary will certify that written notice for the meeting was duly sent to stockholders and that a quorum exists for the transaction of business. Pursuant to Sections 57 and 23 of the Revised Corporation Code which allow voting in absentia by the stockholders, the Corporation has set up a designated online web address which may be accessed by the stockholders to register and vote in absentia on the matters presented for resolution at the meeting. A stockholder who votes in absentia as well as a stockholder participating by remote communication shall be deemed present for purposes of quorum.

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

- (i) Stockholders may attend the meeting remotely through the online web address https://agm.conveneagm.com/sbs_asm2021 provided. Questions and comments may be sent prior to the meeting and shall be limited to the Items in the Agenda.
- (ii) Each of the proposed resolutions will be shown during the livestreaming as the same is taken up at the meeting.
- (iii) Stockholders must pre-register through the online web address https://agm.conveneagm.com/sbs_asm2021 to participate in the Meeting by remote communication to be included in determining quorum, together with the stockholders who voted in absentia and by proxy.
- (iv) Voting shall only be allowed for Stockholders registered in the Voting in Absentia and Shareholder System or through the Chairman of the meeting as proxy.
- (v) Stockholders voting in absentia, who have previously registered through the online web address https://agm.conveneagm.com/sbs_asm2021, may cast their votes electronically within the voting period provided using such online web address prior to the meeting.
- (vi) All the items in the Agenda for the approval by the stockholders will need the affirmative vote of stockholders representing at least a majority of the issued and outstanding voting stock present at the meeting.
- (vii) Election of directors will be by plurality of votes and every stockholder will be entitled to cumulate his votes .

- (viii) The Committee of Inspectors of Proxies and Ballots will tabulate all votes received and an independent third party will validate the results. The Corporate Secretary shall report the results of voting during the meeting.
- (ix) The meeting proceedings shall be recorded in audio and video format.

2. Approval of minutes of previous meeting

RATIONALE: To allow the stockholders to confirm that the proceedings of the Annual Stockholders Meeting held on September 17, 2020 were recorded accurately and truthfully.

The minutes of the meeting held on September 17, 2020 are posted at the Company website, www.sbsph.com.

A resolution approving the minutes will be presented to the stockholders for approval by the affirmative vote of the stockholders representing at least a majority of the outstanding voting stock present at the meeting.

3. Annual Report by Management and Audited Financial Statements for 2020

RATIONALE: To apprise the stockholders of the Company's operating performance, financial condition and outlook and present to the stockholder the audited financial results of the Company's operations in 2020, in accordance with Section 75 of the Corporation Code.

The Chairman, Mr. Ricardo Nicanor N. Jacinto, and the President & Chief Executive Officer, Mr. Gerry D. Tan, will render a report to the stockholders on the highlights of the Company's operating performance and financial condition in 2020 and its business outlook for 2021. Such performance results are summarized in the Company's 2020 Annual Report by Management to the Stockholders, copies of which will be distributed to the stockholders before the meeting.

The Company's audited financial statements (AFS) as of December 31, 2020 will be included in the Definitive Information Statement to be sent to the stockholders at least twenty one (21) days prior to the meeting. The AFS has been reviewed by the Audit and Risk Oversight Committee and by the Board of Directors and were audited by the Independent Auditors who have expressed an unqualified opinion.

The Stockholders will be given an opportunity to ask questions about the Company's performance and financial results before the AFS is presented for consideration and approval of the stockholders.

A resolution noting the annual report and approving the audited financial statements will be presented to the stockholders for approval by the affirmative vote of the stockholders representing at least a majority of the outstanding voting stock present at the meeting.

4. Ratification of all acts and resolutions of the Board of Directors and Management since the last meeting of the stockholders to the date of this meeting

RATIONALE: To allow the stockholders to ratify the acts and resolutions of the Board and Management in the conduct of business of the Corporation

The Company regularly discloses material transactions approved by the Board and these disclosures are available and posted at the Company's website, www.sbsph.com. Other resolutions approved by the Board since the annual stockholders' meeting of September 17, 2020 are described in the Information Statement sent to all stockholders.

A resolution to ratify the acts and resolutions of the Board of Directors and Management since the meeting of the stockholders on September 17, 2020 to up to the date of the meeting shall be presented to the stockholders for approval.

5. Election of independent auditor

RATIONALE: To appoint an independent auditor that can provide assurance to the directors and stockholders on the integrity of the Company's financial statements and adequacy of its internal controls, as evaluated and endorsed by the Company's Audit and Risk Management Committee and to authorize the Board of Directors to fix their remuneration.

The Board of Directors, acting through its Audit and Risk Oversight Committee, will endorse to the stockholders the appointment of an independent auditor for the current fiscal year. The profile of the Punongbayan & Araullo who is recommended for appointment as independent auditor is provided in the Information Statement and in the Company website for examination by the stockholders.

A resolution for the appointment of the independent auditor will be presented to the stockholders for adoption by the affirmative vote of stockholders representing a majority of the voting stock present at the meeting.

6. Election of directors (including the independent directors)

RATIONALE: To allow stockholders to elect the Company's Board of Directors in the exercise of their rights as stockholder in accordance with Section 24 of the Corporation Code and the Company's By-Laws.

The following persons have been nominated for election to the Board of Directors and have accepted their nominations:

Mr. Ricardo Nicanor N. Jacinto
Mr. Gerry D. Tan
Mr. Esmeraldo A. Tepace
Ms. Aylene Y. Sytengco
Ms. Lali Y. Sytengco
Mr. Necisto Y. Sytengco II
Mr. Geocel D. Olanday, Independent Director
Mr. Roberto F. Anonas, Jr. Independent Director
Ms. Helen T. De Guzman Independent Director

All nominees are incumbent members of the Board of Directors of the Company. The nominees were formally nominated by shareholders to the Nomination and Remuneration Committee who reviewed their qualifications. All nominee-directors have been found to possess all the qualifications and none of the disqualifications prescribed for directors, including independent directors, under the Securities Regulations Code and its implementing rules, SEC Code of Corporate Governance, Company's Manual of Corporate Governance and such other applicable laws and regulations. Of the nominees, Mr. Geocel Olanday, Mr. Roberto F. Anonas, Jr. and Ms Helen T. De Guzman are eligible for election as independent directors in accordance with SRC Rule 38 and its implementing rules and regulations.

The directors may be elected by plurality of votes using the cumulative voting method. A stockholder may distribute his voting shares for as many nominees as there are directors to be elected, or he may cumulate his voting shares and give one candidate as many votes as the number of directors to be elected, provided that the total number of votes cast does not exceed his shares in the Company. The nine nominees receiving the highest number of votes will be declared elected as directors of the Company.

7. Consideration of such other business as may properly come before the meeting

The Chairman of the meeting will open the floor for comments and questions by the stockholders. Stockholders may raise other matters or issues that may be properly taken up at the meeting.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:
☐ Preliminary Information Statement
☒ Definitive Information Statement
2. Name of Registrant as specified in its charter : **SBS PHILIPPINES CORPORATION**
 (the "Company")
3. Province, country or other jurisdiction of incorporation or organization : **PHILIPPINES**
4. SEC Identification Number: **A200110402**
5. BIR Tax Identification Code : **213-054-503**
6. Address of principal office & Postal Code : **NO. 10 RESTHAVEN STREET**
SAN FRANCISCO DE MONTE, QUEZON CITY 1105
7. Registrant's telephone number, including area code : **(63 2) 8371 1111**
8. Date, time and place of the meeting of security holders :

DATE :	June 25, 2021
TIME :	3:00 IN THE AFTERNOON
PLACE :	Due to the Covid-19 situation, there will be no physical venue for the meeting which will be conducted virtually via https://agm.conveneagm.com/sbs_asm2021
9. Approximate date on which the Information Statement is first to be sent or given to security holders : May 26, 2021
10. **In case of Proxy Solicitations: NOT APPLICABLE**
Name of Person Filing the Statement/Solicitor: _____
Address and Telephone No.: _____
11. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

No. of Shares Issued and Outstanding	Title of Each Class (as of March 31, 2021)
	1,549,999,999 common shares
Amount of Debt Outstanding	With Par Value of P1.00 per share N/A
12. Are any or all of registrant's securities listed in a Stock Exchange?
 Yes ☒ No ☐
 If yes, disclose the name of such Stock Exchange and the class of securities listed therein:
 A total of 1,549,999,999 common shares of the Company are listed on the Philippine Stock Exchange.

PART I.

INFORMATION REQUIRED IN INFORMATION STATEMENT

A. GENERAL INFORMATION

Item 1. Date, time and place of meeting of security holders.

(a) 2021 Annual Stockholders' Meeting

Date : June 25, 2021
Time : 3 o'clock in the afternoon
Place : Due to the Covid-19 situation, there will be no physical venue for the meeting which will be conducted virtually via https://agm.conveneagm.com/sbs_asm2021
Mailing Address : No. 10 Resthaven Street
San Francisco del Monte, Quezon City 1105
Philippines

(b) Approximate date on which the information statement is to be sent or given to security holders. May 26, 2021

Item 2. Dissenters' Right of Appraisal

The Philippine Revised Corporation Code grants a shareholder a right of appraisal and demand payment of the fair value of his shares in certain circumstances where he has dissented and voted against a proposed corporate action, including:

- an amendment of the articles of incorporation which has the effect of changing or restricting the rights attached to his shares or of authorizing preferences in any respect superior to those of outstanding shares of any class;
- the extension or shortening of the term of corporate existence;
- the sale, lease, exchange, transfer, mortgage, pledge or other disposal of all or substantially all the assets of the corporation;
- a merger or consolidation; and
- investment by the corporation of funds in any other corporation or business or for any purpose other than the primary purpose for which it was organized.

In any of these circumstances, the dissenting shareholder may require the corporation to purchase its shares in accordance with the following procedure:

- (a) The appraisal right may be exercised by any stockholder who shall have voted against the proposed corporate action, by making a written demand on the corporation within thirty (30) days after the date on which the vote was taken for payment of the fair value of his shares: Provided, That failure to make the demand within such period shall be deemed a waiver of the appraisal right.
- (b) If the proposed corporate action is implemented or affected, the corporation shall pay to such stockholder, upon surrender of the certificate or certificates of stock representing his shares, the fair value thereof as of the day prior to the date on which the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action.
- (c) If within a period of sixty (60) days from the date the corporate action was approved by the stockholders, the withdrawing stockholder and the corporation cannot agree on the fair value of the shares, it shall be determined and appraised by three (3) disinterested persons, one of whom shall be named by the stockholder, another by the corporation, and the third by the two thus chosen. The findings of the majority of the appraisers shall be final, and their award shall be paid by the corporation within thirty (30) days after such award is made: Provided, that no payment shall be made to any dissenting stockholder unless the corporation has unrestricted retained

earnings in its books to cover such payment: and Provided, further, that upon payment by the corporation of the agreed or awarded price, the stockholder shall forthwith transfer his shares to the corporation.

The Regional Trial Courts will, in the event of a dispute, determine any question about whether a dissenting shareholder is entitled to this right of appraisal. From the time the shareholder makes a demand for payment until the corporation purchases such shares, all rights accruing on the shares, including voting and dividend rights, shall be suspended, except the right of the shareholder to receive the fair value of such shares. No payment shall be made to any dissenting stockholder unless the corporation has unrestricted retained earnings sufficient to support the purchase of the shares of the dissenting shareholders.

In relation to the Annual Stockholders' Meeting scheduled for June 25, 2021, there are no special matters or actions to be taken up at the meeting may give rise to a possible exercise by stockholders of their appraisal rights under Section 81 of the Revised Corporation Code of the Philippines.

Item 3. Interest of Certain Persons in or Opposition to Matters to be Acted Upon

- (a) Other than their election to office, there is no matter to be acted upon in which any director or officer is involved or had a direct, indirect or substantial interest.
- (b) No director has informed the Company of his intention to oppose any matter to be acted upon at the annual stockholders' meeting.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders Thereof

- (a) As of March 31, 2021, the number of shares outstanding, net of treasury shares, is 1,549,999,999 common shares. Each common share is entitled to one vote.
- (b) All stockholders of record as of May 17, 2021 shall be entitled to notice and to vote at the annual stockholders' meeting.
- (c) Under the Company's By-Laws, each holder of the Company's common share has full voting rights. Each stockholder is entitled to one vote for each share of the capital stock held by the stockholder, in person or by proxy.

The vote at the elections of Directors is by stock vote and by ballot. In accordance with the Revised Corporation Code, each stockholder entitled to vote may cast the vote to which the number of shares he owns entitles him, for as many persons as are to be elected as Directors, or he may give to one candidate as many votes as, the number of Directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates he may see fit, provided that the whole number of votes cast by him shall not exceed the number of shares owned by him multiplied by the whole number of Directors to be elected.

However, the Revised Corporation Code and the Company's By-Laws provide that voting rights cannot be exercised with respect to shares declared by the board of directors as delinquent, treasury shares, or if the shareholder has elected to exercise his right of appraisal.

- (d) Security Ownership of Certain Record and Beneficial Owners and Management
 - i. Security ownership of certain record and beneficial owners of more than 5% as of March 31, 2021.

Class of Shares	Name & Address of Record Owner & Relationship with Company	Name of Beneficial Owner & Relationship with Record Owner ²	Citizenship	Number of Shares held as of 31 March 2021	Ownership Percentage
Common	PCD Nominee Corporation (Filipino) ¹ 37 F Tower I The Enterprise Center, Ayala Avenue, Makati City	BDO Securities Corporation ³	Filipino	1,018,910,076	65.74%
		Abacus Securities Corporation ³	Filipino	339,889,559	21.93%
Common	Necisto U. Sytengco*	Necisto U. Sytengco	Filipino	86,907,300	5.61%

- 1 PCD Nominee Corporation is not related to the Company. PCD Nominee Corporation is the registered owner of shares beneficially owned by Participants of the Philippine Depository and Trust Corporation (PDTC), a private company organized to implement an automated book entry system for the handling securities transactions in the Philippines. Under the PDTC procedures, when an issuer of a PDTC-eligible security will hold a stockholders' meeting, PCD Nominee Corporation shall execute a pro-forma proxy in favor of the Participants for the total number of shares in their respective principal securities account as well as for the total number of shares in their client securities account. For the shares held in the principal securities account, the Participant concerned is appointed as proxy with full voting rights and powers as registered owner of such shares. For the shares held in the client securities account, the Participant concerned is appointed as proxy, with the obligation to constitute a sub-proxy in favor of its clients with full voting and other rights for the number of shares beneficially owned by such clients.
- 2 Out of the 1,452,387,206 common shares registered in the name of PCD Nominee Corporation (Filipino), 1,018,910,076 common shares (65.74% of the capital stock) and 339,889,559 common shares (21.93% of the capital stock) are for the accounts of BDO Securities Corporation and Abacus Securities Corporation, respectively.
- 3 This includes the 1,014,852,295 common shares owned by the Company's parent company, Anesy Holdings Corporation, representing 65.47% shareholding interest in the Company. Mr. Necisto Y. Sytengco II, chairman of Anesy, will vote on the shares held by Anesy Holdings Corporation.
- 4 86,907,300 common shares are registered in the name of Necisto U. Sytengco. However, this is now under his estate for distribution among the heirs of Necisto U. Sytengco.

ii. Security ownership of Directors and Management as of March 31, 2021

Class of Shares	Name of Beneficial Owner	Citizenship	Nature of Beneficial Ownership Direct (D) & Indirect (I)*	Ownership Percentage
Common	Ricardo Nicanor N. Jacinto	Filipino	D: 64,583	0.004%
Common	Aylene Y. Sytengco	Filipino	D: 11,462,441 I: 30,728,626*	0.74% 1.98%
Common	Necisto Y. Sytengco II	Filipino	D: 8,364,629 I: 22,717,649*	0.54% 1.47%
Common	Gerry D. Tan	Filipino	D: 32,291	0.002%
Common	Esmeraldo A. Tepace	Filipino	D: 183,016	0.012%
Common	Lali Y. Sytengco	Filipino	D: 2,991,030 I: 55,954,843*	0.19% 3.61%
Common	Roberto F. Anonas, Jr.	Filipino	D: 1,241	0%

Common	Geocel D. Olanday	Filipino	D: 1,000	0%
Common	Helen T. De Guzman	Filipino	D: 1,000	0%
Common	Christine P. Base	Filipino	0	-
Common	Aileen Lou G. Codamon	Filipino	0	-
Common	Jose Fidel R. Acuña	Filipino	0	-
Common	Maria Gemma R. Bien	Filipino	0	-
Common	Sabrina Adamelle Poon-Sytengco	Filipino	D: 0	-

** includes the assumed legitimate on the direct shareholding of the estate of Necisto U. Sytengco*

*** held by member of officer's immediately family sharing the same household*

- Security Ownership of Nominees for Election to the Board of Director as of March 31, 2021:

As of the date of this report, the Company received nominations for nine (9) members of the Board. The deadline for submission of nominations to the Board was on April 25, 2021.

Class of Shares	Name of Beneficial Owner	Citizenship	Nature of Beneficial Ownership Direct (D) & Indirect (I)	Ownership Percentage
Common	Lali Y. Sytengco	Filipino	D: 2,991,030 I: 55,954,843 *	0.19% 3.61%
Common	Gerry D. Tan	Filipino	D: 32,291	0.002%
Common	Esmeraldo A. Tepace	Filipino	D: 183,016	0.012%
Common	Aylene Y. Sytengco	Filipino	D: 11,462,441 I: 30,728,626*	0.74% 1.98%
Common	Necisto Y. Sytengco II	Filipino	D: 8,364,629 I: 22,717,649*	0.54% 1.47%
Common	Roberto F. Anonas, Jr.	Filipino	D: 1,241	0%
Common	Geocel D. Olanday	Filipino	D: 1,000	0%
Common	Helen T. De Guzman	Filipino	D: 1,000	0%
Common	Ricardo Nicanor N. Jacinto	Filipino	D: 64,583	0.004%

** includes the assumed legitimate on the direct shareholding of the estate of Necisto U. Sytengco*

iii. Voting trust holders of 5% or more

The Company knows of no person holding more than 5% of a class of shares of the Company under a voting trust or similar agreement.

iv. Change in control

Since the beginning of its last fiscal year, there have been no arrangements that resulted in a change in control of the Company

Item 5. Directors and Executive Officers

A. Directors

As of the date of this report, the Board of Directors of the Company is composed of the following individuals:

Name	Age	Nationality	Position	Year First Elected/ Appointed	Date of Last Election
RICARDO NICANOR N. JACINTO	60	Filipino	Chairman of the Board	2015	17 September 2020
AYLENE Y. SYTENGCO	37	Filipino	Vice-Chairperson, CFO and Treasurer	2008	17 September 2020
NECISTO Y. SYTENGCO II	36	Filipino	Vice-Chairman, SVP Marketing Operations and Assistant Treasurer	2010	17 September 2020
GERRY D. TAN	54	Filipino	Executive Director	2016	17 September 2020
ESMERALDO A. TEPACE	68	Filipino	Executive Director	2013	17 September 2020
LALI Y. SYTENGCO	70	Filipino	Executive Director	2020	17 September 2020
GEOCEL D. OLANDAY	65	Filipino	Independent Director	2018	17 September 2020
ROBERTO F. ANONAS, JR	65	Filipino	Independent Director	2017	17 September 2020
HELEN T. DE GUZMAN	63	Filipino	Independent Director	2019	17 September 2020

B. Principal Officers

As of the date of this report, the following are the Officers and Senior Executives of the Company:

Name	Age	Nationality	Position	Date First Appointed
RICARDO NICANOR N. JACINTO	60	Filipino	Chairman of the Board	17 September 2020
AYLENE Y. SYTENGCO	37	Filipino	Vice Chairperson, Chief Financial Officer and Treasurer	17 September 2020 5 March 2015
NECISTO Y. SYTENGCO II	36	Filipino	Vice Chairman, Senior Vice-President - Marketing Operations & Assistant Treasurer	17 September 2020 9 July 2015

GERRY D. TAN	54	Filipino	President & Chief Executive Officer	29 January 2016
ESMERALDO A. TEPACE	68	Filipino	Executive Vice President, Chief Operating Officer	5 March 2015
LALI Y. SYTENGCO	70	Filipino	Vice President - Supply Chain	17 September 2020
CHRISTINE P. BASE	50	Filipino	Corporate Secretary	1 January 2017
AILEEN LOU G. CODAMON	40	Filipino	Assistant Vice President - Controller	17 September 2020
JOSE FIDEL R. ACUÑA	35	Filipino	Compliance Officer Corporate Information Officer	17 September 2020 1 April 2018
SABRINA ADAMELLE POON- SYTENGCO	36	Filipino	Investor Relations Officer	1 January 2017
MARIA GEMMA R. BIEN	52	Filipino	Internal Auditor	29 October 2018
GEOCEL D. OLANDAY	65	Filipino	Lead Independent Director	22 May 2019

C. Business Experience

Ricardo Nicanor N. Jacinto, 60 years old, was elected as a non-executive director of the Company on 15 July 2015. On 17 September 2020, he was elected as the Chairman of the Board of the Company, and as the Chairman of the Nomination and Remuneration Committee on 09 November 2020. He currently also serves as a director of Torre Lorenzo Development Corporation as well as an Independent Director of Metro Retail Stores Group, Inc, Etiqa Life and General Assurance Philippines, and Maybank ATR Kim Eng Capital Partners, Inc. He is likewise a Trustee of the Judicial Reform Initiative and the Institute of Corporate Directors (where he previously served as its Chief Executive Officer from 2013-2017). He was formerly a Managing Director of Ayala Corporation and President & CEO of Habitat for Humanity Philippines. He also served as a director of Manila Water Corporation from 2011-2014. Mr. Jacinto earned his BS Business Economics magna cum laude from the University of the Philippines and holds a Masters in Business Administration from the Harvard Business School.

Aylene Y. Sytengco, 37 years old, was elected as Vice Chairperson on 17 September 2020. She joined the Company as Treasurer in 2008 and has served as its Chief Financial Officer since 2013. She is responsible for the day to day management of the financial affairs of the Corporation which covers accounting, financing & treasury, budget & financial planning and investment management. She was first elected as director of the Company in 2008. She also currently serves as an executive director (Director & Treasurer) of the corporations owned by the Sytengco Family which includes Anesy Holdings Corporation, ADZ On Wheels Corporation, Aneco Philippines Holdings Corporation, Anase Holdings Corporation, Baler Industrial Corporation, Canon Philippines Holdings Corporation, Sytengco Enterprises Corporation, Seren Philippines Corporation and ULife Corporation. She holds a degree in BS Management of Applied Chemistry from the Ateneo De Manila University.

Necisto Y. Sytengco II, 36 years old, was elected as Vice Chairman on 17 September 2020 and as a member of the Executive Committee. On November 9, 2020, he was elected as a member of the Corporate Governance Committee. He joined the Company as Purchasing Officer in 2008 and was appointed as VP Sales in 2010 and SVP - Marketing Operations in 2015 and Assistant Treasurer on 9 July 2015. He is responsible for planning and implementing sales and marketing programs of the Company. He also currently serves as the Chairman of Anesy Holdings Corporation, and an executive director

(Director & Vice President) of the corporations owned by the Sytengco Family which includes Aneco Philippines Holdings Corporation, Berny Philippines Holdings Corporation, Selec Holdings Corporation, Tamni Holdings Corporation, and ULife Corporation. He earned his BS Entrepreneurial Management Degree *cum laude* from the University of Asia and the Pacific.

Gerry D. Tan, 54 years old, joined the Company in January 2016 as President & Chief Executive Officer. He was first elected as director of the Company in 2016. Mr. Tan has over 30 years of experience in the chemical distribution industry in the Philippines and the Asia-Pacific region. Prior his appointment in the Company, he was Senior Adviser and General Manager of Bluestar Silicones Asia-Pacific and a board director of Bluestar Silicones Shanghai of the China National Bluestar Corporation Group, a global frontrunner in new chemical materials. He led a successful career spanning key senior positions at Bluestar Silicones Asia-Pacific (2007 - 2015), Rhodia Silicones Asia-Pacific (1998-2007) and Rhone-Poulenc Philippines (1986-1998). Mr. Tan earned his BS Chemistry degree *magna cum laude* from Siliman University and holds a Masters Degree in Business Administration from the Ateneo de Manila University.

Esmeraldo A. Tepace, 68 years old, joined the Company in 2004 and has served as its Chief Operating Officer/General Manager since 2004. He was first elected as director of the Company in March 2013. Prior to joining the Company, he was the Sales & Marketing executive of Baler Industrial Corporation, JY International Marketing Corporation, CAWC, Inc. and Chemphil Manufacturing Corporation. Mr. Tepace has over 35 years of experience in the chemical distribution business in the Philippines. He also currently serves as President of the following corporations owned by the Sytengco Family: ADZ on Wheels Corporation; Aneco Industries Corporation, Baler Industrial Corporation, Sytengco Enterprises Corporation, Seren Philippines Corporation and ULife Corporation. Mr. Tepace graduated from Manuel L Quezon University with a degree on BS Chemical Engineering.

Lali Y. Sytengco, 70 years old, joined the Company in 2001 and has since served as the VP for Purchasing. On 17 September 2020, she was elected Director of SBS Philippines, and a member of the Executive Committee. On November 9, 2020, she was elected as member of the Corporate Governance Committee. She is responsible for overall procurement including product sourcing, supplier relationship management and supply chain of the company. She has over 20 years' experience in chemical procurement business. She is a graduate of University of Sto. Tomas, with a degree in BS Medical Technology.

Geocel D. Olanday, 65 years old, was elected as independent director on 22 June 2018. He is the Lead Independent Director and Chair of the Related Party Transaction Committee. He is a CPA, holds a Masteral degree in Business Administration from the University of the Philippines where he also graduated with a degree of Bachelor of Science in Business Administration and Accountancy. He is concurrently the CEO and Chief Advisor of Amaris Global Advisory Services (HK) Ltd. (Corporate Restructuring, Business Development & Financial Advisory; Transportation, Real Estate, ICT, etc.), a teaching Fellow of the Institute of Corporate Directors, and a director of the board of Star 8 Green Technology Corporation (manufacturer and distributor of Solar E-Vehicles), President of i-Home Foundation Inc. (Poverty & Socialized Housing NGO). Prior to his appointment, Mr. Olanday was a director of Mindoro Resources Ltd (a TSX-V listed junior mining company) and several subsidiaries to the Villar Group Real Estate businesses (Camella, Brittany, Crown Asia, Star Mall, Golden Haven, MGS Construction, Primewater, Planet Cable, Vitacare Hospital JV, Transportation, Pest Control, etc.). In addition, he has over 40 years of work experience in senior executive positions in General Management, Finance, Marketing and Strategy & Business Development in various companies which include among others : Citibank NA, Unilever Philippines, Habitat for Humanity , Baxter Healthcare Corporation, the Villar Group of Companies as well as Moldex Realty Corporation and Greenfield Development Corporation.

Roberto F. Anonas, Jr., 65 years old, was elected as independent director on 9 October 2017 and is also the Chairman of the Corporate Governance Committee. He is currently Director and General Manager at Fujihaya Electric Corporation. He is also an Independent Director and Chair of the Audit Committee of Macay Holdings, Inc. He holds a Masters in Business Administration from IMEDE, a Management Development Institute under the University of Lausanne, Switzerland and is currently a member of the faculty of the University of Asia and the Pacific, School of Management as lecturer in Finance and management mentor/coach and Head of the New Business Ventures Module in the Entrepreneurial Management Program. He has attended training programs in financial management, investment and universal banking with Dillon Read & Co, NYC and Dresdner Bank AG, Frankfurt and has previously held senior management and executive positions in PLDT, PCI Capital Corporation and Philippine Commercial Capital, Inc. He is also a director of Pentarch Stalwark Builders, Inc.

Helen T. De Guzman, 63 years old, was elected as independent director of SBS Philippines Corporation on 22 May 2019 and is also the Chairperson of the Audit and Risk Oversight Committee. Helen holds an Executive Masteral degree in Business Administration dean's list from the Asian Institute of

Management. She is a certified public accountant, certified internal auditor and has global certification on risk management assurance. Currently, she is an Audit Committee advisor of the Peace and Equity Foundation Inc., Treasurer of Couples for Christ Global Mission Foundation, Inc. and a teaching Fellow and instructor of the Institute of Corporate Directors and the Institute of Internal Auditors Philippines, respectively. Previously she held directorship positions in Miescor Builders, Inc., Meralco Employees' Savings and Loan Association, Customer Frontline Solutions, Inc., and the Philippine Institute of Certified Public Accountants, Institute of Internal Auditors, Philippines, and the Asian Confederation of Institutes of Internal Auditors. Helen is a seasoned chief audit executive and a former external auditor. In addition, she has work experience in senior executive positions in comptrollership, treasury and general management in various companies, which include Metro, Inc., Computer Information System, Inc. and the Manila Electric Company.

Christine P. Base, 50 years old, was appointed as Corporate Secretary of the Company in January 2017. Atty C. P. Base is a senior partner of Pacis & Reyes Law offices and is both a lawyer and CPA by profession. She obtained her J.D. degree from the Ateneo De Manila University. She also serves as corporate secretary and director of the following companies: Itapinas Development Corporation and Anchor Land Holdings, Inc. and other private companies. She also serves as the corporate secretary for SL Agritech Corporation, Ever Gotesco Resources and Holdings, Inc., Asiasec Equities, Inc., and Araneta Properties, Inc..

Aileen Lou G. Codamon, 40 years old, joined the Company in 2020 and was appointed as Assistant Vice-President - Controller on 17 September 2020. She was previously the AVP-Finance for Gigawatt Power Inc. She also served as Manager for Financial Planning Analysis for Solaire Resort and Casino, and as Finance Manager for World Citi Group and Crowne Plaza Manila Galleria. She is a Certified Public Accountant, and has ongoing studies in Master in Business Administration with the De La Salle University's Graduate School of Business.

Atty. Jose Fidel R. Acuña, 35 years old, is the Chief Information Officer and Compliance Officer of the Company. He earned his Bachelor's Degree in Law at Far Eastern University, and Bachelor of Arts Major in Legal Management at the University of Santo Tomas. He is currently the Managing Partner of Acuña and Francisco Law and the Corporate Secretary for TRBank, Inc. He is also a Director and/or Corporate Secretary for several private corporations.

Sabrina Adamelle Poon-Sytengco, 36 years old, is the Investor Relations Officer of the Company. Prior to her joining the Company, Ms. Poon previously worked as Program Officer in the Office of the Presidential Adviser on the Peace Process. She holds a Bachelors of Arts degree in International Studies, Major in International Relations from Miriam College and continuing education units in Women and Gender Studies from University of Delaware.

Maria Gemma R. Bien, 52 years old, is the Internal Auditor of the Company. She manages the operations and business development activities of GRP Compliance and Advisory Services Inc. ("GRP"), a finance and accounting business processing outsourcing company that offers value-added services such as but not limited to management and financial advisory, statutory compliance and tax advisory and internal audit outsourcing. Prior to setting up GRP in August 2016, she was engaged in the practice of providing financial advisory services to corporate and individual clients from 2009 as freelance consultant, leveraging on her ten (10) years extensive experience in Financial Advisory works as Senior Manager from 1997 to 2008 in Manabat San Agustin and Co. (LM & Co.), an affiliate member firm of KPMG. Ms. Bien obtained her Master of Business Administration (MBA) in Dela Salle University, Taft Avenue, Manila in 1995. She completed her Bachelor of Science in Commerce degree Major in Accounting from the University of Sto. Tomas, España Manila and became a Certified Public Accountant.

The following persons have been nominated for election to the Board of Directors at the Annual Stockholders' Meeting to held on September 17, 2020 and have accepted their nominations:

1. **RICARDO NICANOR N. JACINTO**, Director & Chairman - 60 years old, was elected as a non-executive director of the Company on 15 July 2015. On 17 September 2020, he was elected as the Chairman of the Board of the Company, and as the Chairman of the Nomination and Remuneration Committee on 09 November 2020. He currently also serves as a director of Torre Lorenzo Development Corporation as well as an Independent Director of Metro Retail Stores Group, Inc, Etiqa Life and General Assurance Philippines, and Maybank ATR Kim Eng Capital Partners, Inc. He is likewise a Trustee of the Judicial Reform Initiative and the Institute of Corporate Directors (where he previously served as its Chief Executive Officer from 2013-2017). He was formerly a Managing Director of Ayala Corporation and President

& CEO of Habitat for Humanity Philippines. He also served as a director of Manila Water Corporation from 2011-2014. Mr. Jacinto earned his BS Business Economics *magna cum laude* from the University of the Philippines and holds a Masters in Business Administration from the Harvard Business School.

2. AYLENE Y. SYTENGCO, Director, Vice-Chairperson, Chief Finance Officer and Treasurer - 37 years old, was elected as Vice Chairperson on 17 September 2020. She joined the Company as Treasurer in 2008 and has served as its Chief Financial Officer since 2013. She is responsible for the day to day management of the financial affairs of the Corporation which covers accounting, financing & treasury, budget & financial planning and investment management. She was first elected as director of the Company in 2008. She also currently serves as an executive director (Director & Treasurer) of the corporations owned by the Sytengco Family which includes Anesy Holdings Corporation, ADZ On Wheels Corporation, Aneco Philippines Holdings Corporation, Anase Holdings Corporation, Baler Industrial Corporation, Canon Philippines Holdings Corporation, Sytengco Enterprises Corporation, Seren Philippines Corporation and ULife Corporation. She holds a degree in BS Management of Applied Chemistry from the Ateneo De Manila University.
3. GERRY D. TAN, Director, President & Chief Executive Officer - 54 years old, joined the Company in January 2016 as President & Chief Executive Officer. He was first elected as director of the Company in 2016. Mr. Tan has over 30 years of experience in the chemical distribution industry in the Philippines and the Asia-Pacific region. Prior his appointment in the Company, he was Senior Adviser and General Manager of Bluestar Silicones Asia-Pacific and a board director of Bluestar Silicones Shanghai of the China National Bluestar Corporation Group, a global frontrunner in new chemical materials. He led a successful career spanning key senior positions at Bluestar Silicones Asia-Pacific (2007 - 2015), Rhodia Silicones Asia-Pacific (1998-2007) and Rhone-Poulenc Philippines (1986-1998). Mr. Tan earned his BS Chemistry degree *magna cum laude* from Siliman University and holds a Masters Degree in Business Administration from the Ateneo de Manila University.
4. ESMERALDO A. TEPACE, Director, Executive Vice-President & Chief Operations Officer - 68 years old, joined the Company in 2004 and has served as its Chief Operating Officer/General Manager since 2004. He was first elected as director of the Company in March 2013. Prior to joining the Company, he was the Sales & Marketing executive of Baler Industrial Corporation, JY International Marketing Corporation, CAWC, Inc. and Chemphil Manufacturing Corporation. Mr. Tepace has over 35 years of experience in the chemical distribution business in the Philippines. He also currently serves as President of the following corporations owned by the Sytengco Family: ADZ on Wheels Corporation; Aneco Industries Corporation, Baler Industrial Corporation, Sytengco Enterprises Corporation, Seren Philippines Corporation and ULife Corporation. Mr. Tepace graduated from Manuel L Quezon University with a degree on BS Chemical Engineering.
5. LALI Y. SYTENGCO, Director & Vice-President for Supply Chain - 70 years old, joined the Company in 2001 and has since served as the VP for Purchasing. On 17 September 2020, she was elected Director of SBS Philippines, and a member of the Executive Committee. On November 9, 2020, she was elected as member of the Corporate Governance Committee. She is responsible for overall procurement including product sourcing, supplier relationship management and supply chain of the company. She has over 20 years' experience in chemical procurement business. She is a graduate of University of Sto. Tomas, with a degree in BS Medical Technology.
6. NECISTO Y. SYTENGCO II, Director, Vice-Chairman, Senior Vice-President for Marketing, Operations & Assistant Treasurer - 36 years old, was elected as Vice Chairman on 17 September 2020 and as a member of the Executive Committee. On November 9, 2020, he was elected as a member of the Corporate Governance Committee. He joined the Company as Purchasing Officer in 2008 and was appointed as VP Sales in 2010 and SVP - Marketing Operations in 2015 and Assistant Treasurer on 9 July 2015. He is responsible for planning and implementing sales and marketing programs of the Company. He also currently serves as the Chairman of Anesy Holdings Corporation, and an executive director (Director & Vice President) of the corporations owned by the Sytengco Family which includes Aneco Philippines Holdings Corporation, Berny Philippines Holdings Corporation, Selec Holdings Corporation, Tamni Holdings Corporation, and ULife Corporation. He earned his BS Entrepreneurial Management Degree *cum laude* from the University of Asia and the Pacific.

7. ROBERTO F. ANONAS, JR., Independent Director - 65 years old, was elected as independent director on 9 October 2017 and is also the Chairman of the Corporate Governance Committee. He is currently Director and General Manager at Fujihaya Electric Corporation. He is also an Independent Director and Chair of the Audit Committee of Macay Holdings, Inc. He holds a Masters in Business Administration from IMEDE, a Management Development Institute under the University of Lausanne, Switzerland and is currently a member of the faculty of the University of Asia and the Pacific, School of Management as lecturer in Finance and management mentor/coach and Head of the New Business Ventures Module in the Entrepreneurial Management Program. He has attended training programs in financial management, investment and universal banking with Dillon Read & Co, NYC and Dresdner Bank AG, Frankfurt and has previously held senior management and executive positions in PLDT, PCI Capital Corporation and Philippine Commercial Capital, Inc. He is also a director of Pentarch Stalwark Builders, Inc.
8. GEOCEL OLANDAY, Lead Independent Director - 65 years old, was elected as independent director on 22 June 2018. He is the Lead Independent Director and Chair of the Related Party Transaction Committee. He is a CPA, holds a Masteral degree in Business Administration from the University of the Philippines where he also graduated with a degree of Bachelor of Science in Business Administration and Accountancy. He is concurrently the CEO and Chief Advisor of Amaris Global Advisory Services (HK) Ltd. (Corporate Restructuring, Business Development & Financial Advisory; Transportation, Real Estate, ICT, etc.), a teaching Fellow of the Institute of Corporate Directors, and a director of the board of Star 8 Green Technology Corporation (manufacturer and distributor of Solar E-Vehicles), President of i-Home Foundation Inc. (Poverty & Socialized Housing NGO). Prior to his appointment, Mr. Olanday was a director of Mindoro Resources Ltd (a TSX-V listed junior mining company) and several subsidiaries to the Villar Group Real Estate businesses (Camella, Brittany, Crown Asia, Star Mall, Golden Haven, MGS Construction, Primewater, Planet Cable, Vitacare Hospital JV, Transportation, Pest Control, etc.) . In addition, he has over 40 years of work experience in senior executive positions in General Management, Finance, Marketing and Strategy & Business Development in various companies which include among others : Citibank NA, Unilever Philippines, Habitat for Humanity , Baxter Healthcare Corporation, the Villar Group of Companies as well as Moldex Realty Corporation and Greenfield Development Corporation.
9. HELEN T. DE GUZMAN, Independent Director - 63 years old, was elected as independent director of SBS Philippines Corporation on 22 May 2019 and is also the Chairperson of the Audit and Risk Oversight Committee. Helen holds an Executive Masteral degree in Business Administration dean's list from the Asian Institute of Management. She is a certified public accountant, certified internal auditor and has global certification on risk management assurance. Currently, she is an Audit Committee advisor of the Peace and Equity Foundation Inc., Treasurer of Couples for Christ Global Mission Foundation, Inc. and a teaching Fellow and instructor of the Institute of Corporate Directors and the Institute of Internal Auditors Philippines, respectively. Previously she held directorship positions in Miescor Builders, Inc., Meralco Employees' Savings and Loan Association, Customer Frontline Solutions, Inc., and the Philippine Institute of Certified Public Accountants, Institute of Internal Auditors, Philippines, and the Asian Confederation of Institutes of Internal Auditors. Helen is a seasoned chief audit executive and a former external auditor. In addition, she has work experience in senior executive positions in comptrollership, treasury and general management in various companies, which include Metro, Inc., Computer Information System, Inc. and the Manila Electric Company

Mr. Necisto Y. Sytengco II, a shareholder, formally nominated the first 5 nominees to the Nomination and Remuneration Committee (composed of Mr. Ricardo Nicanor N. Jacinto, Chairman & Independent Director, and Ms. Aylene Y. Sytengco, Mr. Necisto Y. Sytengco II and Mr. Geocel D. Olanday as Members)). Ms. Aylene Y. Sytengco, a shareholder nominated the 6th nominee on the list. Meanwhile, Ms. Nancy Legaspi, a shareholder and no relation to the independent directors, formally nominated the 3 nominees for independent directors. Of the nominees, Mr. Roberto F. Anonas, Jr., Ms. Helen T. De Guzman, and Mr. Geocel Olanday are eligible for election as Independent Directors in accordance with SRC Rule 38 and its implementing rules and regulations. The nominees for independent director comply with term limit set the Securities and Exchange Commission. Their certification of their qualifications and non-applicability of the disqualifications as Independent Directors are attached hereto as Annexes A-1 to A-3.

Under the Company's Manual of Corporate Governance, the Board shall be composed of nine (9) directors, one-third of which shall be composed of independent directors, all of whom shall have a term

of one year from date of the annual meeting of the stockholders or until their successors have been elected and have qualified.

The following are procedure and criteria for the screening of persons nominated for election to the Board of Directors:

- (a) Written nominations by the stockholders shall be received by the Company not later than sixty (60) calendar days before the date of the Annual General Meeting of the Stockholders;
- (b) The Nomination and Remuneration Committee (the "Committee") shall assess and determine if the person nominated for election to the Board of Directors possess all the qualifications and none of the disqualifications prescribed for directors, including independent directors, under the Securities Regulations Code and its implementing rules, SEC Code of Corporate Governance, Company's Manual of Corporate Governance and such other applicable laws and regulations.
- (c) Thereafter, the Committee shall identify and recommend a shortlist of qualified nominees for election at the Annual Meeting of the Stockholders.

To date, no director has resigned from, or declined to stand for re-election to the Board since the date of the 2018 Annual Meeting of Stockholders due to any disagreement with the Company relative to its operations, policies and practices.

The officers of the Company are elected annually by the Board during its organizational meeting.

None of the directors and officers of the Company work for the Government of the Republic of the Philippines as certified by the Corporate Secretary, a copy of such certification is attached herewith as Annex B.

D. Significant Employee

The Company has no employee who is not an executive officer and who is expected in his individual capacity to make a significant contribution to the business.

E. Family Relationships

Ms. Lali Y. Sytengco, VP for Purchasing and director, is the mother of Aylene Y. Sytengco, Director, Vice-Chairperson, CFO & Treasurer, and Necisto Y. Sytengco II, Director, Vice-Chairman & SVP-Marketing Operations & Assistant Treasurer. Aylene Y. Sytengco and Necisto Y. Sytengco II are siblings. Ms. Sabrina Adamelle Poon-Sytengco, Investor Relations Officer, is the wife of Necisto Y. Sytengco II.

There are no known family relationships between the current members of the Board and key officers of the Company other than the above.

F. Involvement in Certain Legal Proceedings

There has been no occurrence of any of following events during the past five (5) years up to the date of this report which are material to an evaluation of the ability or integrity of any director, any person nominated to become a director, executive officer or control person of the Company:

- (i) Any insolvency or bankruptcy petition filed by or against any business of which such persons was a general partner or executive officer either at the time of insolvency or bankruptcy or within two years prior to that time;
- (ii) Any conviction by final judgment in a criminal proceeding, domestic or foreign, or any pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;
- (iii) Any final and executory order, judgment, or decree of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting involvement in any type of business, securities, commodities or banking activities; and
- (iv) Any final and executory judgment by a domestic or foreign court of competent jurisdiction (in a civil action), the SEC or comparable foreign body, or a domestic or foreign exchange or electronic marketplace or self-regulatory organization, for violation of a securities or commodities law.

G. Ownership Structure and Parent Company

As of December 31, 2020, Anesy Holdings Corporation owns 65.47% of the outstanding voting shares of the Company. Anesy Holdings Corporation is owned and controlled by the Estate of Necisto U Sytengco (55.5%) and Sytengco family members, Aylene, Necisto II and Ned Bryan all surnamed Sytengco (12.5% each respectively) and Evelyn T. Ching (7%), hereafter referred to as the “Sytengco Family”.

I. Certain Relationships and Related Transactions

The Company, in the regular course of business, engages in transactions with its affiliates and other related parties, principally in the form of sale of goods, advances and reimbursement of expenses, leasing and management and administrative service agreements. All these affiliates are directly and majority owned by the Sytengco Family who are also members of the Board of Directors and/or Management.

These transactions are generally carried out at the prevailing market rates or on terms which are no less favourable than the usual commercial terms extended to unrelated third parties. All related party transactions are reported and monitored by the Related Party Transactions Committee with material related party transactions reviewed and approved by the Committee and/or the Board of Directors.

The following are the transactions of the Company with its related parties:

- (i) Purchase and Sale of Goods - The Company in the normal course of business provides or obtains goods from its affiliates. Sales and purchases of goods to and from its related parties are made at arms-length and at terms no less favourable than those entered between unrelated parties.
- (ii) Lease Agreements - The Company is leasing its corporate offices and warehouse facilities from its affiliates. The lease arrangement allows the Company to continue with its asset-light approach to its chemical business operations. The lease rates charged by affiliate-lessors of the Company’s leased offices and warehouses are at terms comparable to prevailing market rates offered by unrelated parties within the localities.
- (iii) Advances - The Company, from time to time, borrows and lends certain portion of its funds to related parties as temporary financing measures to address short term funding gaps, or as part of its working capital management for the enhanced ability to manage inventory and cash flow. These are non-interest bearing and unsecured transactions that are payable on demand and in cash. These payables normally have no fixed repayment dates. The advances are generally settled between the parties within a brief period of time.
- (iv) Shared Business and Management Services - The Company and its affiliates have entered into a resource sharing arrangement to benefit from the operating efficiencies created from the pooling of certain manpower resources and the sharing of services. Under these shared services agreements, the Company extends back office services. These include provision for corporate services to attend to the statutory and regulatory reportorial obligations of the affiliate as well as the provision of general company secretarial, management information systems, and administrative services. It also covers treasury services accounting and tax services such as records keeping, billing and collection, order processing, preparation of financial reports and tax return preparation. The shared services operations provide for a centralized delivery of back-office services and are intended to manage costs through the sharing of facilities and equipment and the standardization of business processes for greater efficiency especially on compliance matters.

Under this arrangement, the Company is paid a monthly service fee which take into consideration the fully allocated or distributed costs of the services provided depending whether the serviced company is an inactive company or an operating company.

For a more detailed discussion on these related party transactions, please refer to Note 19 of the Company’s Consolidated Audited Financial Statements for the twelve month period ended 31 December 2020 which forms part of the Appendix of this report.

Item 6. Compensation of Directors and Executive Officers

Each independent and non-executive Director receives a per diem allowance of P25,000.00 for every attendance in regular meetings and special meetings of the Board of Directors, respectively. In addition, the independent and non-executive directors also receive a per diem allowance of P10,000.00 for each Board Committee meeting attended.

DIRECTOR	DIRECTORS' FEES (2019)	DIRECTORS' FEES (2020)	DIRECTORS' FEES (Projected 2021) ¹
Necisto U. Sytengco	Executive Directors do not receive any compensation or per diem by reason of their directorship.		
Gerry D. Tan			
Esmeraldo A. Tepace			
Aylene Y. Sytengco			
Necisto Y. Sytengco II			
Ricardo Nicanor N. Jacinto	Php345,000.00	Php345,000.00	Php300,000.00
Geocel D. Olanday	Php345,000.00	Php375,000.00	Php300,000.00
Roberto F. Anonas, Jr	Php345,000.00	Php350,000.00	Php300,000.00
Helen T. De Guzman	Php160,000.00	Php350,000.00	Php300,000.00

Other than the payment of reasonable per diem allowances as discussed above, there are no standard arrangements pursuant to which directors of the Company are compensated, or are to be compensated, directly or indirectly, for any services provided as a director.

The total remuneration paid to the President & CEO and the top four highly compensated officers as well as to the other directors and officers as of 31 December 2020 is disclosed in the table herein below provided.

The officers of the Company are covered by appointment letters which describe their responsibilities, compensation package and other conditions of work. Except for the legally mandated benefits for termination of employment or retirement from office, there are no special arrangements for compensation to be paid to executive officers in the event of termination of employment or resignation or change in control of the Company. No options or stock warrants are payable to director and executives.

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Salary	Bonuses	Others
<ul style="list-style-type: none"> Gerry D. Tan, President & CEO Esmeraldo A. Tepace - EVP & COO Aylene Y. Sytengco - Chief Financial Officer & Treasurer Necisto Y. Sytengco II -SVP Marketing Operations & Assistant Treasurer Aileen G. Codamon - AVP Accounting Head / Controller 	Projected 2021	7,182,500	276,944	3,050,102
	Actual 2020	5,804,458	203,773	3,853,360
	Actual 2019	4,497,651	188,818	3,348,904
	Actual 2018	4,069,522	164,281	2,440,208
All other officers and directors as a group unnamed	Projected 2021	2,367,300	51,144	952,912
	Actual 2020	1,179,633	32,731	977,747
	Actual 2019	976,887	19,096	11,243
	Actual 2018	1,143,594		287,345

¹ Based on 8 scheduled board meetings and 10 committee meetings

Item 7. Independent Public Accountants

- (a) Having considered the adequacy of its resources and experience, the Board of Directors has recommended the re-appointment of the accounting firm of Punongbayan & Araullo as external auditor of the Company for the financial year 2021.

The firm has been the Company's independent auditors since 2013. The Company's Audit and Risk Oversight Committee (composed of Ms. Helen T. De Guzman, Independent Director as Chairman, Mr. Geocel D. Olanday, Independent Director, Mr. Roberto F. Anonas, Jr, Independent Director, Mr. Ricardo Nicanor N. Jacinto, Non-Executive Director, and Ms. Aylene Y. Sytengco, Executive-Director, as members) has satisfied itself of the suitability of the Punongbayan & Araullo to meet the audit requirements of the Company for financial year 2021 and has recommended their re-appointment as external auditors of the Company

- (b) Mr. Anthony L. Ng, a partner in the Audit and Assurance Division of Punongbayan & Araullo is the audit engagement and signing partner assigned to handle the account of the Company and its subsidiaries since FY 2018.
- (c) Representatives of the firm for the current year and for the most recently completed fiscal year will be expected to be present at the Annual Meeting of Stockholders to be held on 25 June 2021 and they will have the opportunity to make a statement, if they so desire, and are expected to be available to respond to appropriate questions.
- (d) Punongbayan & Araullo has been the Independent Accountants/external auditor of the Company since 2013. For the three most recent fiscal years, there was no instance where the Company's external auditor resigned or indicated that they decline to stand for re-election or were dismissed nor was there any instance where the Company had any disagreement on any matter of accounting principles or practices, financial statement disclosures, or auditing scope or procedure with the said external auditor.

Audit and audit related fees

The aggregate fees paid, inclusive of the value added tax and out of pocket expenses, for each of the last three (3) financial years for professional services rendered by the external auditor as approved by the Audit and Risk Oversight Committee are as follows:

	FY 2018	FY 2019	FY 2020
Fees for Audit & Audit Related Services	P 1,300,000.00	P 1,415,000.00	P 1,345,000.00
Fees for tabulation of voting results of the Annual Stockholder's Meeting	50,000.00	50,000.00	50,000.00
Other fees	0	0	0

The Company engaged Punongbayan & Araullo to audit its annual financial statements including its 2 subsidiaries, its disbursements of the IPO proceeds in 2019, agreed upon procedures on the quarterly consolidated condensed financial statements, and agreed upon procedures on the increase in authorized capital stock of its subsidiary in 2019. Punongbayan & Araullo also assisted in the tabulation and validation of votes during the 2020 annual stockholders' meeting. No tax consultancy services were secured from Punongbayan & Araullo for the past three years.

Audit and Risk Oversight Committee Policies and Procedures

The Audit and Risk Oversight Committee ("Committee") of the Company makes recommendations to the Board on the appointment, re-appointment, resignation, and removal of external auditors as well as their remuneration and terms of engagement. Prior to the appointment of the external auditor,

the Committee meets with the external auditor to review and discuss the nature and scope of its audit program for the Company as well as to evaluate and determine the expenses and fees for the audit and other related work. Subject to shareholder approval, the Company will appoint the external auditors to audit the Company. The Committee review significant financial reporting issues and compliance matters as well as announcements and disclosures relating to the Company's financial results before they are submitted for the consideration and approval of the Board of Directors.

Item 8. Compensation Plans

There are no existing or planned stock options. No action is to be taken at the Annual Stockholders' Meeting with respect to any plan pursuant to which cash or non-cash compensation may be paid or distributed.

Item 9. Authorization or issuance of securities other than for exchange

There are no matters or actions to be taken up with respect to authorization or issuance of securities.

Item 10. Modification or Exchange of Securities

There are no matters or actions to be taken up for the modification of any class of the Company's securities or the issuance or authorization for issuance of one class of the Company's securities in exchange for outstanding securities of another class.

Item 11. Financial and Other Information

- (a) The following financial reports and related documents are herewith attached as Appendix 1.
- (i) Statement of Management's Responsibility for Consolidated Financial Statements of the Company and its Subsidiary as of December 31, 2020 and 2019.
 - (ii) Report of Independent Auditors
 - (iii) Consolidated Financial Statements as of December 31, 2020 and 2019 and Notes to Consolidated Financial Statements
 - (iv) Report of Independent Auditors to Accompany Supplementary Information Required by the SEC to be filed separately from the Basic Financial Statements
 - (v) Supplementary Schedules to Consolidated Financial Statements as of December 31, 2020. (Annex 68-J, SRC Rule 68)
 - (vi) Report of Independent Auditors on Components of Financial Soundness Indicators
 - (vii) Supplemental Schedule of Financial Soundness Indicators December 31, 2020 and 2019.
 - (viii) Interim Condensed Consolidated Financial Statements (Unaudited) as of March 31, 2021 and 2020 and Notes to Financial Statements
 - (ix) Supplementary Schedules to Interim Condensed Consolidated Financial Statements as of March 31, 2021 (Annex 68-J, SRC Rule 68)
 - (x) Management Discussion and Analysis of Financial Condition and Results of Operations as of March 31, 2021 as compared with the financial condition and results of operations as of March 31, 2020.

(b) Description of the General Nature and Business of the Company and Plan of Operations

SBS Philippines Corporation (the "Company") was incorporated on 17 July 2001 and was formerly known as Sytengco Philippines Corporation. The change to its present name was approved by the SEC on 18

November 2014. On 10 August 2015, the Company became a public company and was admitted to the Main Board of the Philippine Stock Exchange.

As of 31 December 2020, the Company is 65.47% owned by Anesy Holdings Corporation, 10.04% by the directors, officers, employees and affiliates of the Company, and 24.49% by the public. Its registered office address and principal place of business is 10 Resthaven Street, San Francisco Del Monte, Quezon City.

The Company's principal business is in chemical trading and distribution. This business was founded by Mr. Necisto U. Sytengco in the 1970s which begun as a single proprietorship merchandising firm engaged in the import-wholesale trade of chemicals and other products. As its chemical trading business grew, the Sytengco family began setting up large dedicated and strategic distribution and warehousing facilities to better manage the flow of materials, gain economies of scale and have a more leveraged cost structure. By the 1990's, the Company became an important chemical supplier to leading manufacturing businesses.

Currently, the Company provides a one-stop-shop business solution to its customers by offering a comprehensive selection of chemical products to service a wide range of industries: (i) food ingredients, (ii) industrial, (iii) agribusiness, feeds and veterinary care, (iv) pharmaceutical, and (v) personal care and cosmetics. It also provides value-added services to its customers by providing logistics management in sourcing, procuring, warehousing and transporting chemical products and materials. Its highly diversified portfolio of products allows the Company to bundle and combine multiple orders of different products in smaller volumes, providing for a convenient stable source and "one-stop shop" single partner for the various chemical needs of its market customers. Clients are offered a full line of chemical and ingredient products on stock for which they can order in great variety and are programmed for dispatch and delivery in accordance with their requirements.

To create further value for its shareholders and transform the Company beyond its core business of chemical distribution, the Company embarked on a strategy of making investments in property related assets and businesses. This investment strategy will allow the Company to grow and diversify the Company's revenue and earnings streams by exploiting opportunities in the fast-growing real property sector while at the same time counteracting cyclical and volatility in its core chemical trading business.

In 2016, the Company established a wholly-owned subsidiary, SBS Holdings and Enterprises Corporation ("SBS Holdings") which was set up to eventually be the holding company for all real estate investments. Apart from these investments, its other business segments include property management and leasing as well as the distribution and sale of construction materials.

In November 2017, the Company also formed a new subsidiary, Lence Holdings Corporation, with the Company subscribing to a 65% equity interest, 25% by the Corporation's wholly owned subsidiary, SBS Holdings and Enterprises Corporation and 10% by the Sytengco family. The new subsidiary served as the acquisition vehicle for the investment in a warehouse facility complex which will be partly used in the warehouse and distribution operations of the Corporation to serve as a key distribution center for regional market customers south of Metro Manila. Given that SBS customers are looking for savings, the south depot will allow greater opportunities for customers cut down on their logistics and sourcing organization, integrate the Corporation's procurement and logistic capabilities in their business processes, and promote collaborations for supply chain optimization to simplify their operations. The arrangement will also allow the lease or use of the other areas for additional business building projects of SBS group.

In 2018, the Company subscribed to additional shares of its subsidiaries, SBS Holdings and Enterprises Corporation and Lence Holdings Corporation. It also invested 5.5% shareholding interest in Berny Philippines Holdings Corporation.

In 2019, the Company subscribed to additional shares of SBS Holdings and Enterprises Corporation. The Company also continued to acquire minority stakes in companies investing in prime real properties. These investments consist of shareholdings of 25.5% in Smyte Phils. Holdings Corporation and 7.75% in Goldchester Holdings Corporation.

Except as stated in the preceding paragraphs, there has been no other business development such as bankruptcy, receivership or similar proceedings or any material reclassification, merger, consolidation or purchase or sale of a significant amount of assets that is not in the ordinary course of business.

(c) **Management's Discussion and Analysis of Financial Condition and Results of Operations**

The following discussions should be read in conjunction with the Unaudited Condensed Consolidated Interim Financial Statements of the Company as of and for the period 31 March 2021 (with comparative figures as of 31 December 2020 and for the period ended 31 March 2020).

Results of Operations (1Q 2021 versus 1Q 2020)

SBS Philippines Corporation (“SBS” or the “Company”) and its subsidiaries generated sales of P174.1 million in the first three months of 2021, down by 38% compared to previous year comparable period of P283.4 million with lower volume sales in feed ingredients and other veterinary inputs. For 1st quarter 2021, the feeds and other veterinary and agricultural inputs accounts only for 23% share in the total revenue of the Company as compared to 37% in the same period in 2020.

The Company posted a 29% decline in its gross profit in the first three months of 2021 compared to 1st quarter of 2020 as a result of lower sales volume but partially compensated with improvement in gross margin by 4.6 percentage points due to favorable product mix and stable prices.

Operating profit on a consolidated basis declined by 19.8% from P42.1 million to P33.8 million on comparable period year on year with the Group incurring lower operating expenses due to limited business activities. Meanwhile, equity in net losses of associates increased from P9.6 million in 1st quarter 2020 to P21.3 million for the first three months of 2021. With lower currency gain posted during the 1st quarter 2021, the net finance cost increased by P8.7 million from P20.2 million to P29.0 million even if the interest payment for the quarter had slightly decreased due to lower amount of outstanding loan as compared to the same quarter of the prior year. The net loss for the period amounted to P20.8 million versus a net profit of P6.4 million registered for 2020 comparable period.

Material Changes to the Statement of Comprehensive Income for the three months ended 31 March 2021 compared to the Statement of Comprehensive Income for the three months ended 31 March 2020.

Sales for the period decreased by P109.3 million from P283.4 million in 2020 to P174.1 million in 2021. The revenue in core chemical business declined by 36.7% from P275.2 million in 2020 to P174.1 million in 1st quarter 2021 significantly affected by the African Swine Flu that hit the swine industry in Luzon and the prevailing community quarantine that limit the business activities in non-essential industries. Meanwhile, no revenue from consultancy services during the 1st quarter of 2021 as compared to P8.2 million in 1st quarter of 2020.

Cost of goods sold decreased by 42.1% or P81.1 million in the first three months of 2021, from P192.5 million in 2020 comparable period to P111.3 million in 2021, reflecting the decrease in sales volume, favorable product mix and lower average import cost for the quarter due to stronger peso currency. Meanwhile, no cost of services incurred by the Group during the period as compared to P1.9 million in the same period of 2020.

Gross profit from operations decreased by P26.2 million from P89.0 million posted in 2020 to P62.7 million in 2021, although the percentage gross margin improved by 4.6 percentage points. Other operating expenses decrease by 18.9% or P9.0 million to P38.8 million in 2021 from P47.8 million posted in 2020 as the Group scale down on advertising and promotions and defer non-essential spending due to limited business activities.

Equity in net losses of an associate increased to P21.3 million in 2021 as compared to P9.6 million in the same period of 2020 due to increase in interest payments serviced by the associate companies as they completed the acquisition of certain properties in 2020 funded by long term loans.

In the first three months of 2021, the net finance cost incurred increased by P8.7 million due to lower unrealized foreign currency gain recorded for the period as compared to the prior year.

For the first quarter of 2021, the Group incurred a Net Loss of P20.8 million with a loss of P16.4 million from continuing operations and P4.4 million loss incurred from discontinued operations. In the same period of 2020, the Group posted a Net Profit of P6.4 million with a net profit of P9.9 million from continuing operations while incurring a net loss of P3.5 million from discontinued operations.

Material Changes to the Statement of Financial Position as at 31 March 2021 Compared to the Statement of Financial Position as at 31 December 2020

Assets

As at 31 March 2021, total assets on consolidated basis reached P8,513.8 million, consisting of P2,282.7 million in current assets, P5,683.0 million in non-current assets and P548.1 million in asset held for sale. As at 31 December 2020, total assets reached P8,770.5 million, consisting of P2,516.0 million in current assets, P5,703.3 million in non-current assets and P551.2 million in asset held for sale.

Cash in banks decreased by 42.8% from P238.4 million in 2020 to P136.3 million in 2021. For the first three months ended 31 March 2021, a total collection of P161.2 million were received comprising of P157.6 million from operations and P3.6 million gain in foreign exchange rate. Against this, a total of P263.3 million in disbursement were made consisting of the following: P217.0 million for settlement of loan; P29.7 million for interest payment, P9.7 million for acquisition of property and equipment and P6.9 million for payment of lease liabilities.

Trade and other receivables decreased by 13.3% from P723.9 million in 2020 to P627.6 million in 2021 with the collection of the receivables.

Inventory level decreased by P32.3 million or 3.6% from P894.5 million in 2020 to P862.2 million in 2021 as the stock replenishments are delayed by tight shipping container availability from most of our supplier's country of origin.

Prepayments and other current assets decreased by P2.6 million from P659.3 million in 2020 to P656.7 million as of March 31, 2021 with reduction in input VAT asset.

Investments in associates decreased to P2,884.0 million in the first quarter of 2021 from P2,905.3 million in December 31, 2020 which corresponds to the equity net losses amounted to P21.3 million incurred by the Group on its investments in the associate companies.

Carrying cost of property and equipment increased by P8.3 million or 64.2% to P21.2 million in 2021 from P12.9 million in 2020 as a result of additional acquisition of property and equipment in the amount of P9.7 million and partially offset by depreciation expense of P1.4 million during the period.

Investment properties and Other non-current assets remains the same as at March 31, 2021 and December 31, 2020.

Liabilities

The total liabilities as at 31 March 2021 amounted to P2,158.3 million, comprising of P1,973.7 million in current liabilities, P182.8 million in non-current liabilities and P1.9 million in liabilities attributable to assets held for sale. For 31 December 2020, the total liabilities amounted to P2,394.2 million comprised of P2,043.9 million in current liabilities, P349.8 million in non-current liabilities and P0.5 million in liabilities attributable to assets held for sale.

Current loans payable decreased by 2.8% or P50.8 million from P1,840.1 million in 2020 to P1,789.3 million as of 1st quarter 2021 with additional reclassification of P166.2 million in the current portion of the long term debt offset with total settlement of P217.0 million made during the period.

A 5-year term loan of P2,000.0 million availed in 2017 at a fixed interest rate of 4.875% per annum, net of amortized debt issue cost has an outstanding balance of P833 million of which P667 million is reflected as part of the current liabilities and P166 million under non-current liability.

Total equity

The total equity as at 31 March 2021 was P6,355.5 million, comprising of P1,550.0 million in capital stock, P2,242.8 million in additional paid in capital stock, P1,784.6 million in retained earnings, gross of the P4.1 million revaluation reserves and 782.1 million non-controlling interest in the subsidiaries. As of 31 December 2020, the total equity was P6,376.3 million, comprising of P1,550.0 million in capital stock, P2,242.8 million in additional paid in capital stock, P1,800.5 million in retained earnings, gross of P4.1 million revaluation reserves and P787.1 million non-controlling interest in a subsidiary.

Retained earnings decreased by P15.9 million from P1,800.5 million in 2020 to P1,784.6 million in 2021 on account of current period loss of P15.9 million attributable to Company shareholders.

Liquidity and Capital Resources

Net cash flows from operating activities

As at March 31, 2021, the cash flows from operating activities resulted to a net inflow of P157.6 million. The cash collection results from operating profit, decrease in inventories, prepayments, trade and other receivables and partially offset by decrease in trade and other payables.

Net cash flows from investing activities

The cash flow in investing activities resulted to a net outflow of P9.6 million mainly due to acquisition of property and equipment.

Net cash flows used in financing activities

The cash flow from financing activities resulted in a net outflow of P253.6 million. The cash outflow mainly comprised of loan settlement, interest payment and payment of lease liabilities.

The following discussions should be read in conjunction with the 2020 Audited Consolidated Financial Statements of the Company and its Subsidiaries as of and for the years ended 31 December 2020 (with comparative figures as of 31 December 2019).

Results of Operations

Material Changes to the Statement of Comprehensive Income for the year ended 31 December 2020 compared to the Statement of Comprehensive Income for the year ended 31 December 2019.

Sales revenue for the period decline by 24.3% from P1,261.0 million in 2019 to P954.0 million in 2020. The COVID 19 pandemic and the resulting community quarantine for several months has negatively affected the sales of industrial chemicals and to some extent the food ingredients business. In addition, the African Swine Flu that impacted the swine industry in Luzon had affected the sales of animal feed ingredients of the Company in 2020. Meanwhile, the Company has seen increase in sales pharmaceutical ingredients and raw materials for the home care industries.

Cost of goods sold decreased by P251.0 million or 28.3%, from P885.2 million in 2019 to P634.2 million in 2020. The decrease in cost of goods is primarily due to decline in sales volumes across several industries. Meanwhile, the cost of services incurred in 2020 by the Group amounted to P0.6 million as compared to P2.4 million in 2019.

Gross profit declined by P54.3 million or 14.5% from P373.4 million in 2019 to P319.1 million in 2020. The decrease in sales revenue and decline in service income contributed to the decrease in gross margin for the year.

Other operating expenses decreased by 26.7 % or P62.0 million from P232.3 million in 2019 to P170.3 million in 2020. P37.3 million of this reduction was due to decrease in taxes and licenses paid by the Company since it incurred a one-time expense in 2019 in relation to the filing fee of P23.8 million paid by its subsidiary for its application to increase its authorized capital stock. Expenses related to the Group's operation decrease by P24.7 million as a result of lower business activities for the year.

Other operating income increase by P1.6 million or 4.3% from P37.5 million in 2019 to P39.1 million in 2020 with increase in its various management services.

With significant reduction in operating expenses, the Group registered an increase in operating profit by P9.2 million or 5.2% from P178.6 million in 2019 to P187.9 million in 2020.

Finance charges dropped by P11.1 million from P135.0 million in 2019 to P123.9 million in 2020 with declining interest rate on short term loans and lower level of outstanding debt in 2020 as compared to prior year. Meanwhile, finance income declined by P14.6 million from P21.4 million in 2019 to P6.8 million in 2020. Consequently, the Group registered a net finance expense of P117.1 million in 2020 from P113.6 million in 2019.

In 2020, the Group's Equity investment registered a net gain of P674.8 million on the account of one-time gain contributed by an associate as a result of its disposal of an investment property. This compared to a net loss of P19.8 million in 2019 mainly due to the Group's share in the organization costs, interest payments, taxes and licenses of the associate companies.

The Company sold certain investment properties in 2019 resulting in gain on sale of investment properties amounted to P2.5 million. There was no similar transaction in 2020.

The Group's income tax expenses increase by P23.3 million from P6.8 million credit in 2019 to P30.1 million tax expense in 2020. Consequently, net profit from continuing operations increase by P674.6 million from P41.0 million in 2019 to P715.5 million in 2020.

Net loss after tax from discontinuing operations slightly decrease from P16.0 million in 2019 to P15.4 million in 2020. Consolidated net profit for the year increased from P25.0 million in 2019 to P700.2 million in 2020 due to significant contribution of equity in net income of associates to the consolidated result of the Group.

Material Changes to the Statement of Financial Position as at 31 December 2020 compared to the Statement of Financial Position as at 31 December 2019.

Assets

As at 31 December 2020, total assets reached P8,770.5 million, consisting of P2,516.0 million in current assets, P5,703.3 million in non-current assets and P551.2 million in asset held for sale. As at 31 December 2019, the total assets reached P8,447.9 million, consisting of P 2,311.7 million in current assets and P6,136.2 million in non-current assets.

Cash in banks decreased by 39.7% or P157.2 million from P395.6 million in 2019 to P238.4 million in 2020. For the period, total cash collection amounted to P502.0 million and was received from the following: P500.4 million generated from operating activities; P1.1 million on foreign exchange effect and P0.5 million of interest received. Against such collections, the cash disbursements or settlements made for the period totaled P659.2 million, comprised of the following: P400.0 million in loan repayments; P119.7 million in interest payments for bank loans and bank trust receipts; P107.5 million in investments in associates; P27.0 million for payment of lease liabilities; P4.1 million for acquisition of property and equipment; and P0.9 million for acquisition of computer software.

Trade and other receivables decreased by P91.7 million from P815.6 million in 2019 to P723.9 million in 2020

The inventory level went down by P109.9 million or 10.9% from P1,004.3 million in 2019 to P894.5 million in 2020 as a result of lower volume of importation for stock replenishment in light with a decrease in market demand from the customers.

Prepayments and other current assets increased by P563.1million to P659.3 million in 2020 from P96.2 million in 2019 as certain non-current asset held by the Group in the previous year is expected to be refunded in the next 12 months on the account of cancellation of the intended transaction due to unfavorable result of the due diligence of the property. Consequently, other non-current assets in 2020 decreased by P763.5 million to P2,105.5 million in 2020 from P2,869.0 million in 2019 mainly due to the reversal of the deposit previously held as non-current asset.

Investment in associates grew by P782.3 million or 36.8% from P2,123.0 million in 2019 to P2,905.3 million in 2020 as a result of net equity gain of P674.8 million and additional new investments made in shares of associate companies made by the Group amounting to P107.5 million.

Property and equipment value decreased by P79.7 million to P12.9 million in 2020 from P92.6 million in 2019, as a result of P15.5 million as depreciation of the assets and P68.3 million for reclassification of the asset held for sale, while partially offset by addition of P4.1 million of asset purchase.

In 2019, the Group adopted PFRS 16, Leases, which resulted in changes in the accounting of lease transactions. Right-of-use asset decrease by P41.6 million from P93.1 million in 2019 to P51.5 million in 2020 consisting of P25.6 million in depreciation and amortization while P16.1 million has been reclassified into short term lease.

Investment properties decreased by P309.2 million to P625.7 million in 2020 from P934.9 million in 2019 due to Company subsidiary's depreciation charges on its investment property amounting to P5.8 million, and reclassification of its subsidiary's property as asset held for sale in the amount of P303.4 million.

Net deferred tax asset from continuing operations decreased by P21.2 million from P23.6 million in 2019 to P2.4 million in 2020.

Liabilities

The total liabilities as at 31 December 2020 amounted to P 2,394.2 million comprised of P2,043.9 million in current liabilities P349.8 million in non-current liabilities and P0.5 million liabilities attributable to assets held for sale. For 31 December 2019, the total liabilities was at P 2,770.1 million comprised of P1,780.9 million in current liabilities and P989.2 million in non-current liabilities.

Current loans payable increased by 13.7% or P222.4 million from P1,617.8 million in 2019 to P1,840.1 million in 2020 due to the shift of long term bank loan to current loan for the portion of amortization due in the next 12 months.

A 5-year term loan of P2,000.0 million availed in 2017 at a fixed interest rate of 4.875% per annum, net of amortized debt issue cost has remaining non-current portion of P333 million.

Trade and other payables increased by P39.4 million to P177.7 million in 2020 from P138.3 million in 2019 mainly due to increase in trust receipts payable.

Lease liabilities decreased by P18.1 million from P44.1 million in 2019 to P26.0 million in 2020 comprising of P27.0 million in lease payment and partially offset with P6.7 million in additional lease liabilities and P2.1 million of interest accretion.

There is no income tax payable outstanding for December 31, 2020, and for December 31, 2019.

Post-employment defined benefit obligation increased by 44.0% or P2.7 million from P6.3 million in 2019 to P9.0 million in 2020 on the account of recognized re-measurements on deferred benefit obligation and related interest cost.

Total equity

The total equity as at 31 December 2020 was P6,376.3 million, comprising of P1,550.0 million in capital stock, P2,242.8 million in additional paid in capital stock, P1,800.5 million in retained earnings gross of P4.1 million revaluation reserves and P787.1 million of non-controlling interest. For the period ended 31 December 2019, total equity was P5,677.7 million, comprising of P1,550.0 million in capital stock, P2,242.8 million in additional paid in capital stock, P1,091.8 million in retained earnings gross of P2.5 million revaluation reserves and P795.6 million of non-controlling interest.

Retained earnings increased by P708.7 million from P1,091.8 million in 2019 to P1,800.5 million in 2020. Meanwhile, the Non-controlling interest decrease by P8.5 million from P795.6 million in 2019 to P787.1 million in 2020 as attributed from the Group's consolidated net income of P700.2 million.

Liquidity and Capital Resources

Net cash flows from operating activities

The 2020 cash flows from operating activities resulted to a net inflow of P500.4 million. The cash receipts were mainly from operating profit, decrease in trade and other receivables, decrease in inventories and increase in trade and other payables, decrease in prepayments, increase in trade payables and partially offset by income tax payment.

Net cash flows from investing activities

The cash flow from investing activities resulted to a net cash outflow of P112.0 million. The cash balance decreased on account of the investments in shares of associate companies, additional acquisition of equipment and computer software, while partially offset by interest income earned from short term placement.

Net cash flows used in financing activities

The net cash flow from financing activities resulted in a net outflow of P546.7 million. The cash outflow was due to the settlement of bank loan, interest payment and payment of lease in 2020.

The following discussions should be read in conjunction with the 2019 Audited Consolidated Financial Statements of the Company and its Subsidiaries as of and for the years ended 31 December 2019 (with comparative figures as of 31 December 2018).

Results of Operations

Material Changes to the Statement of Comprehensive Income for the year ended 31 December 2019 compared to the Statement of Comprehensive Income for the year ended 31 December 2018.

Sales revenue for the period grew by 7.5% from P1,172.8 million in 2018 to P1,261.0 million in 2019. The increase is contributed by higher sales volume in raw material ingredients for animal feeds, industrial chemicals and the home care industries.

Cost of goods sold increased by P102.1 million or 13.0%, from P783.1 million in 2018 to P885.2 million in 2019. The increase in cost of goods is primarily due to increases in sales volumes as well as destination charges of imported raw materials, and depreciation of Philippine Peso currency against the US Dollar in the 2nd half of 2019. Meanwhile, the cost of services incurred in 2019 by the Group amounted to P2.4 million which was around the same level as that of 2018.

Gross profit declined by P13.9 million or 3.6% from P387.3 million in 2018 to P373.4 million in 2019. A combination of higher average import costs and a decline in service income contributed to the decrease in gross margin for the year.

Other operating expenses increased by 34.2 % or P65.0 million from P190.2 million in 2018 to P255.1 million in 2019. P8.3 million of the increase was due to a rise in taxes and licenses paid by the Company, while another P7.7 million was accounted for by an increase in the Company's various operational expenses. Meanwhile, the Company's subsidiary incurred a one-time expense of P23.8 million as filing fee on its increase in authorized capital stock and P22.8 million increase in organization expense as it ramped up its manpower and marketing activities. On the other hand, other operating income increased by P22.1 million from P15.4 million in 2018 to P37.5 million in 2019 due to increase in management services revenue generated by Company subsidiary, SBS Holdings.

Finance charges dropped slightly by P1.4 million from P136.4 million in 2018 to P135.0 million in 2019 with the stable interest rate on short term loans in 2019. Meanwhile, finance income declined by P10.8 million from P32.2 million in 2018 to P21.4 million in 2019. Consequently, the Group registered a net finance expense of P113.6 million in 2019 from P104.1 million in 2018.

In 2019, the Group's Equity investment registered a net loss of P19.8 million mainly due to the Group's share in the organization costs, interest payments, taxes and licenses of the associate companies. This compared to a net gain of P97.5 million in 2018 on the account of one-time gain contributed by an associate as a result of its disposal of an investment property.

The Company sold certain investment properties in 2019 resulting in gain on sale of investment properties amounted to P2.5 million compared to P1.0 gain achieved in 2018.

The Group's income tax expenses declined by P31.4 million from P31.3 million in 2018 to P0.07 million credit in 2019 due to losses incurred at Company's subsidiaries.

Consolidated net profit declined from P175.6 million in 2018 to P25.0 million in 2019 as a result of decrease in operating profit for the Group, and a loss incurred on investment in associates in 2019 compared to positive contribution of the investment in associates in 2018.

Material Changes to the Statement of Financial Position as at 31 December 2019 compared to the Statement of Financial Position as at 31 December 2018.

Assets

As at 31 December 2019, total assets reached P8,447.9 million, consisting of P 2,311.7 million in current assets and P6,136.2 million in non-current assets. As at 31 December 2018, the total assets registered P7,376.5 million consisting of P4,035.1 million in current assets and P3,341.4 million in non-current assets

Cash in banks decreased by 68.1% or P844.2 million from P1,239.8 million in 2018 to P395.6 million in 2019. For the period, total cash collection amounted to P2,375.6 million and was received from the following: P1,045.0 million cash from bank loan availment; P731.0 million proceeds from issuance of subsidiary shares; P244.7 million proceeds from redemption of investment securities; P193.1 million generated from operating activities; P139.2 million settlement from related party; P15.9 million

interest earned on short term bank placements; and P6.7 million net proceeds from disposal of investment property. Against such collections, the cash disbursements or settlements made for the period totalled P3,219.8 million, comprised of the following: P1,319.8 million for various prepayment for investment and asset acquisition; P850.0 million in loan repayments; P842.6 million in investments in associates; P122.7 million as interest payments on short term and long term bank loans and secured bank trust receipts; P43.0 million for payment of lease liabilities; P34.1 million as payment for cash dividend; P4.2 million in unrealized foreign exchange loss; P1.9 million for acquisition of property and equipment; and P1.5 million for acquisition of computer software.

Trade and other receivables decreased by P109.3 million from P924.8 million in 2018 to P815.6 million in 2019.

The inventory level went down by P71.2 million or 6.6% from P1,075.6 million in 2018 to P1,004.3 million in 2019 as a result of higher sales volume on existing product range and at the same time build-up of inventory for the new product offering.

Prepayments and other current assets decreased by P698.7 million to P96.2 million in 2019 from P794.9 million in 2018 as previous year prepayments are now part of the non-current assets of the Group. Meanwhile, other non-current assets in 2019 increased by P2,090.1 million to P2,869.0 million in 2019 from P778.9 million in 2018 on the account of deposits for asset acquisitions by the subsidiaries in relation to their respective purchases of certain investment properties which will be deducted from the total purchase price of these investment properties as well as deposits for future subscription made by the Group in certain affiliates that are yet to be completed or executed.

Investment in associates grew by P866.0 million or 68.9% from P1,257.0 million in 2018 to P2,123.0 million in 2019 as a result of additional new investments made in shares of associate companies made by the Group.

Property and equipment value decreased by P13.4 million to P92.6 million in 2018 from P106.0 million in 2018, mainly due to depreciation of the assets for the year.

In 2019, the Group adopted PFRS 16, Leases, which resulted in changes in the accounting of lease transactions. Prior to 2019, lease payments were treated as rent expense. Upon adoption of this standard, right-of-use assets are recognized in view of the right obtained by the Group to use the leased facilities. As of December 31, 2019, the carrying amount of right-of-use assets amounted to P93.1 million.

Investment properties decreased by P10.0 million to P934.9 million in 2019 from P944.9 million in 2018 due to Company subsidiary's depreciation charges on its investment property amounting to P5.8 million, and the Company disposal of investment asset with book value of P4.2 million.

Deferred tax asset increased by 129% or P13.3 million from P10.3 million in 2018 to P23.6 million in 2019. This was mainly due to deferred tax recorded by the subsidiary on account of net loss incurred for the year.

Liabilities

The total liabilities as at 31 December 2019 amounted to P 2,770.1 million comprised of P1,780.9 million in current liabilities and P989.2 million in non-current liabilities. For 31 December 2018, the total liabilities was at P2,420.8 million comprised of P1,336.9 million in current liabilities and P1,083.8 million in non-current liabilities.

Current loans payable increased by 24.2% or P315.5 million from P1,302.3 million in 2018 to P1,617.8 million in 2019 due to availment of new short term bank loan net of payments, and the shift of long term bank loan to current loan for the portion of amortization due in the next 12 months.

A 5-year term loan of P2,000.0 million availed in 2017 at a fixed interest rate of 4.875% per annum, net of amortized debt issue cost has remaining non-current portion of P956.1 million.

Trade and other payables increased by P110.9 million to P138.3 million in 2019 from P27.4 million in 2018 mainly due to increase in trust receipts payable.

Lease liabilities amounting to P44.1 million, including current portion of P24.8 million, were recognized as of December 31, 2019 in relation to the adoption in 2019 of PFRS 16 representing the present value of future lease payments throughout the expected lease period.

There is no income tax payable outstanding for December 31, 2019 as compared to the income tax payable outstanding as of December 31, 2018 is P7.3 million.

Post-employment defined benefit obligation increased by 11.3% or P0.6 million from P5.6 million in 2018 to P6.3 million on the account of recognized re-measurements on deferred benefit obligation and related interest cost.

Total equity

The total equity as at 31 December 2019 was P5,677.7 million, comprising of P1,550.0 million in capital stock, P2,242.8 million in additional paid in capital stock, P1,091.8 million in retained earnings gross of P2.5 million revaluation reserves and P795.6 million of non-controlling interest. For the period ended 31 December 2018, total equity was P4,955.7 million, comprising of P1,550.0 million in capital stock, P2,242.8 million in additional paid in capital stock, P1,107.2 million in retained earnings gross of P2.6 million revaluation reserves and P58.3 million of non-controlling interest.

Retained earnings decreased from P1,107.2 million in 2018 to P1,091.8 million in 2019. This is attributed to the net income of P25.0 million realized for the current period, gross of income by non-controlling interest of P6.2 million, and less the cash dividend distributed in the amount of P34.1 million.

Liquidity and Capital Resources

Net cash flows from operating activities

The 2019 cash flows from operating activities resulted to a net inflow of P193.1 million. The cash receipts were mainly from operating profit, decrease in trade and other receivables, decrease in inventories and increase in trade and other payables, partially offset by prepayments and other assets.

Net cash flows from investing activities

The cash flow from investing activities resulted to a net cash outflow of P1,898.5 million. The cash balance decreased on account of the investments in shares of several associate companies, deposits for investments and asset acquisitions by the group, additional acquisition of equipment, partially offset by cash dividends received from HTM securities held and interest income earned from short term placement, and the net proceeds from disposal of investment properties and investment securities.

Net cash flows used in financing activities

The net cash flow from financing activities resulted in a net inflow of P865.4 million. The major inflows comprised of proceeds from issuance of shares by a subsidiary, bank loan availment and payment received from related parties while cash outflows was due to the settlement of bank loan, interest payment, payment of lease liabilities and cash dividend paid to shareholders in 2019.

The following discussions should be read in conjunction with the 2018 Audited Consolidated Financial Statements of the Company and its Subsidiaries as of and for the years ended 31 December 2018 (with comparative figures as of 31 December 2017).

Results of Operations

Material Changes to the Statement of Comprehensive Income for the year ended 31 December 2018 compared to the Statement of Comprehensive Income for the year ended 31 December 2017.

Sales for the period grew by 6.6% from P1,100.3 million in 2017 to P1,172.8 million in 2018. The increase is contributed by higher volume sales and price increase in raw material ingredients for animal feeds, recovery of industrial chemical volume, and higher consultancy income of subsidiary.

The cost of goods sold increased by P32.7 million or 4.4%, from P750.4 million in 2017 to P783.1 million in 2018. The increase in cost of goods is primarily due to increase in volume sales and depreciation of Philippine Peso currency against the US Dollar in 2018 which is the main currency of transaction for imported chemical materials. Meanwhile, the cost of services incurred in 2018 by the Group amounted to P2.4 million as compared to P3.2 million in 2017.

Gross profit increased by P40.6 million or 11.7% from P346.7 million in 2017 to P387.3 million in 2018. Combination of higher volume growth and lower import cost achieved in the 1st half of 2018 are the main drivers of improve gross margin for the year.

Other operating expenses increased by 17.1 % or P27.8 million from P162.4 million in 2017 to P190.2 million in 2018 of which P22.3 million are operating expenses incurred in Company's subsidiary, Lence Holdings, with its acquisition of a warehouse facility complex in 2018, and which were not part of the 2017 operating expenses of the Group. Meanwhile, other operating income increased by P9.9 million from P5.6 million in 2017 to P15.4 million in 2018 as a result of new management services provided by Company subsidiary, SBS Holdings, to the affiliate companies in line with the diversification plan of the Group.

Finance charges increased by P64.6 million from P71.8 million in 2017 to P136.4 million in 2018 on account of long term debt availment by the Group to partially finance its diversification program and increase in interest rates on trust receipts and short term loans for its working capital. Meanwhile, finance income declined by P2.4 million from P34.7 million in 2017 to P32.2 million in 2018. Consequently, the Group registered a net finance expense of P104.1 million in 2018 from P37.1 million in 2017.

In 2018, the Group's Equity in net gain of associates registered P97.5 million on the account of one-time gain contributed by an associate as a result of its disposal of an investment property in 2018. This compared to 2017 which incurred a net loss of P15.8 million mainly due to the investments in shares in eleven (11) associate companies, reflecting share in the organization costs, interest payments, taxes and licenses expense of the associate companies.

Also, the Company sold certain investment properties in 2018 resulting in gain on sale of investment properties amounted to P1.0 million. No similar transaction was recorded in 2017.

The income tax expenses declined by 12.2% or P4.4 million from P35.7 million in 2017 to P31.3 million in 2018 as a result of higher finance cost incurred by the Group for the year.

Net profit increased from P101.3 million in 2017 to P175.6 million in 2018 as a result of improved gross margin in the chemical distribution business and the positive contribution of equity in net income of associates, tapered off by the increased finance cost incurred for the year.

Material Changes to the Statement of Financial Position as at 31 December 2018 compared to the Statement of Financial Position as at 31 December 2017.

Assets

As at 31 December 2018, total assets reached P7,376.5 million, consisting of P4,035.1 million in current assets and P3,341.4 million in non-current assets. As at 31 December 2017, the total assets registered P7,377.7 million comprising of P5,449.8 million in current assets and P1, 927.8 million in non-current assets.

Cash in banks decreased by 47.6% or P1,128.3 million from P2,368.1 million in 2017 to P1,239.8 million in 2018. For the period, total cash collection amounted to P3,064.4 million and was received from the following: P1,300.0 million cash from bank loan availment; P1,677.7 million settlement from related party; P54.3 million proceeds from issuance of subsidiary shares; P28.3 million interest earned on short term bank placements; P3.1 million net proceeds from disposal of investment property; and P1.0 million as foreign exchange gains. Against such collections, the cash disbursements or settlements made for the period totalled P4,192.7 million, comprised of the following: P1,450.0 million in loan repayments; P775.0 million deposit made on behalf of an associate; P772.8 million for various prepayment for investment and asset acquisitions; P472.5 million used in operating activities; P320.3 million in acquisition of investment property; P136.8 million in investment in associates; P133.0 million as interest payments on short term and long term bank loans and secured bank trust receipts, ; P99.8 million for acquisition of property and equipment; P26.4 million as payment for cash dividend; and P6.1 million for acquisition of computer software.

Trade and other receivables decreased by P915.6 million from P1,840.4 million in 2017 to P924.8 million in 2018 after payment received by Company from an affiliate in 2018.

The inventory level went down by P1.95million or 0.2% from P1,077.5 million in 2017 to P1,075.6 million in 2018 as a result of higher sales volume on existing product range and at the same time build-up of inventory for the new product offering.

Prepayments and other current assets increased by P631.1 million to P794.9 million in 2018 from P163.8 million in 2017 on account of refundable deposit made by the Company to a certain related party in relation to a memorandum of agreement executed in 2018 which may be refunded upon the performance of certain conditions which is expected to be within 12 months from the end of the reporting period; prepaid expenses, and input VAT credits. Meanwhile, other non-current assets in 2018 increased by P671.9 million to P778.9 million in 2018 from P107.0 million in 2017 on the account of deposits for asset acquisitions by the subsidiaries in relation to their respective purchases of certain investment properties which will be deducted from the total purchase price of these investment properties; and deposits for future subscription made by the Group in certain affiliates that are yet to be completed or executed.

Investment in associates grew by P341.4 million or 37.3% from P915.6 million in 2017 to P1,257.0 million in 2018 as a result of additional new investments made in shares of nine (9) associate companies and net equity gain of associates realized in 2018.

Property and equipment value increased by P84.8 million to P106.0 million in 2018 from P21.2 million in 2017, net of depreciation, due to the acquisition by Company subsidiary of investment property that includes warehouse facility and equipment.

Investment properties increased by 312.9 million to P944.9 million in 2018 from P632.0 million in 2017 with the acquisition by Company subsidiary of investment property amounting to P320.3 million, gross of the depreciation charges amounting to P5.3 million, and the Company disposal of investment asset with book value of P2.1 million.

Deferred tax asset increased by 41.6% or P3.0 million from P7.3 million in 2017 to P10.3 million in 2018. This was mainly due to deferred tax recorded by the subsidiary on account of net loss incurred for the year.

Liabilities

The total liabilities as at 31 December 2018 amounted to P 2,420.8 million comprised of P1,336.9 million in current liabilities and P1,083.8 million in non-current liabilities. For 31 December 2017, the total liabilities was at P2,626.4 million comprised of P661.1 million in current liabilities and P1,965.3 million in non-current liabilities.

Current loans payable increased by 130.5% or P737.3 million from P565.0 million in 2017 to P1,302.3 million in 2018 due to availment of new short term bank loan net of payments, and the shift of long term bank loan to current loan for the portion of amortization due in the next 12 months.

A 5-year term loan of P2,000.0 million availed in 2017 at a fixed interest rate of 4.875% per annum, net of amortized debt issue cost has remaining non-current portion of P1,073.2 million.

Trade and other payables decreased by 69.2% or by P61.6 million to P27.4 million in 2018 from P89.0 million in 2017 mainly due to settlement of trust receipts payable.

Income tax payable outstanding as of December 31, 2018 is P7.3 million refers to the balance of the year income tax due for payment on 15 April 2019.

Post-employment defined benefit obligation has declined by 31.8% or P2.62 million from P8.25 million in 2017 to P5.63 million due to contributions paid by the Company and on the account of recognized re-measurements on deferred benefit obligation and related interest cost.

Total equity

The total equity as at 31 December 2018 was P4,955.7 million, comprising of P1,550.0 million in capital stock, P2,242.8 million in additional paid in capital stock, P1,107.2 million in retained earnings gross of P2.6 million revaluation reserves and P58.3 million of non-controlling interest. For the period ended 31 December 2017, total equity was P4,751.3 million, comprising of P1,550.0 million in capital stock, P2,242.8 million in additional paid in capital stock, P956.3 million in retained earnings gross of P3.5 million revaluation reserves and P5.6 million of non-controlling interest.

Retained earnings increased from P956.3 million in 2017 to P1,107.2 million in 2018. This is attributed to the net income of P177.2 million realized for the current period, gross of non-controlling interest loss and less the cash dividend distributed in the amount of P26.4 million.

Liquidity and Capital Resources

Net cash flows from operating activities

The 2018 cash flows from operating activities resulted to a net outflow of P472.5 million. The cash receipts were mainly used for inventory purchases and refundable deposit in relation to a memorandum of agreement executed in 2018.

Net cash flows from investing activities

The cash flow from investing activities resulted to a net cash outflow of P1,304.4 million. The cash balance decreased on account of the investments in shares of several associate companies, acquisition of investment properties by a subsidiary, deposits for investments and asset acquisitions by the subsidiaries, additional acquisition of equipment, partially offset by cash dividends received from HTM securities held and interest income earned from short term placement, and the net proceeds from disposal of investment properties.

Net cash flows used in financing activities

The net cash flow from financing activities resulted in a net inflow of P647.6 million. The major inflows comprises of bank loan availment, payment received from related parties and proceeds from issuance of shares by a subsidiary while cash outflows was due to the settlement of bank loan, and interest payments.

KEY PERFORMANCE INDICATORS

SBS Philippines Corporation and Subsidiaries

Schedule of Financial Indicators for December 31, 2020, 2019 and 2018

	2020	2019	2018
Liquidity Ratio ¹	123.1%	129.8%	301.8%
Debt to Equity Ratio ²	37.5%	48.8%	48.8%
Asset to Equity Ratio ³	137.5%	148.8%	148.8%
Return on Assets ⁴	8.0%	0.3%	2.4%
Return on Equity ⁵	11.0%	0.4%	3.6%
Interest rate coverage ratio ⁶	6.90	1.24	2.29
Earnings per Share ⁷	PHP 0.46	PHP 0.01	PHP 0.11

^{1/} *Current Assets over Current Liabilities*

^{2/} *Total Liabilities over Equity*

^{3/} *Total Assets over Equity*

^{4/} *Net Income over Average Assets*

^{5/} *Net Income over Average Equity*

^{6/} Earnings before interest and taxes (EBIT) divided by Interest expense

^{7/} Net Income over Weighted Average Number of Common Outstanding Shares

Key Performance Indicators (31 March 2021 versus 31 March 2020)

	2021	2020
Liquidity Ratio ¹	115.7%	123.3%
Debt to Equity Ratio ²	34.0%	48.8%
Asset to Equity Ratio ³	134.0%	148.8%
Return on Assets ⁴	-0.2%	0.1%
Return on Equity ⁵	-0.3%	0.1%
Cost to Income Ratio ⁶	22.3%	16.9%
Interest Cost Coverage Ratio ⁷	28.1%	143.3%
Earnings per Share ⁸	(PHP 0.01)	PHP 0.01

^{1/} Current Assets over Current Liabilities

^{2/} Total Liabilities over Equity

^{3/} Total Assets over Equity

^{4/} Net Income over Average Assets

^{5/} Net Income over Average Equity

^{6/} Cost and Expenses over Revenues

^{7/} EBIT over Interest Expense

^{8/} Net Income over Weighted Average Number of Common Outstanding Shares

Other qualitative and quantitative factors

- (i) Any known trends or any known demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the registrant's liquidity increasing or decreasing in any material way. The following conditions shall be indicated: whether or not the registrant is having or anticipates having within the next twelve (12) months any cash flow or liquidity problems; whether or not the registrant is in default or breach of any note, loan, lease or other indebtedness or financing arrangement requiring it to make payments; whether or not a significant amount of the registrant's trade payables have not been paid within the stated trade terms.

In light of the reimposition of enhanced community quarantine (ECQ) implemented in National Capital Region from March 29, 2021 until April 11, 2021 and modified enhanced community quarantine (mECQ) until May 14, 2021, the Company had to adapt work process and schedule decreasing the productivity level. The impact on sales revenue due to reduction of swine population in Luzon is still affecting the sales revenue of the Company. Based on the risk assessment of the scenarios analyzed by the Company, the projection showed that the Company has liquidity to cope with the current situation. At of this date, the Company is not in default of any financial obligations. The Company has complied with the existing loan covenants and restrictions as of 31 March 2021.

- (ii) Any events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation:

None

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

None

- (iv) Any material commitments for capital expenditures, the general purpose of such commitments, and the expected sources of funds for such expenditures

The Company is spending up to P50 million in capital expenditure for 2021 in line with its strategic plan to consolidate warehouse operations and the use of renewable energy. This will be funded by internally generated cash from its business operation and/or disposal of non-strategic assets.

- (v) Any known trends, events or uncertainties that have had or that are reasonably expected to have impact on sales/revenues/ income from continuing operations.

The Company's sales revenue had declined from the 4th quarter of 2020 due to the African Swine Flu that affected the swine population in Luzon and continue to prevail as of this date. This is projected to affect negatively the result of the Company during the 1st half of 2021.

The logistic costs of the imported chemical products are increasing due to limited availability of shipping containers and will result in higher landed cost that is expected to decrease the gross margin of the Company if unable to pass these increasing cost to the customers in the 2nd half of 2021.

- (vi) Any significant elements of income or loss that did not arise from continuing operations.

The Group posted a net loss after tax from discontinued operations of P4.4 million in the 1st quarter 2021.

- (vii) Seasonal aspects that had material effect on the financial condition or results of operations.

For some end markets served by the Company, there is a pronounced cyclicity in the level of industrial production due to consumption and weather patterns affecting their processes and products. For the food and beverage business, the low requirement months in general are March-April and November-December while these drier months are generally the peak period for the requirements of the feeds and mining industries. This pronounced cyclicity creates some complexity in inventory management as the Company has to make purchases that would need to correspond to the expected demand for its products.

However, the Company's significant experience in the industry allows it to fairly estimate the supply requirements of its client base. The Company considers historical sales data, customer's rolling production forecasts, market information collected by the sales force and seasonal trends in anticipating future demand for its products. Further, given the Company's presence in a broad range of industries, there is substantially less exposure to the cyclicity of specific industries.

(a) Market price of and dividends

(i) Market Information

The Company was admitted to the Main Board of the Philippine Stock Exchange on 10 August 2015 and its shares listed and traded on the Philippines Stock Exchange (PSE).

The following are the high and low sales prices for the Company's Common Shares SBS for the following quarterly periods:

	<u>2018</u>		<u>2019</u>				<u>2020</u>				<u>2021</u>
(In ₱)	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Low	7.68	6.60	7.41	8.51	8.97	8.25	5.40	4.81	3.94	4.10	4.20
High	8.70	8.00	9.03	9.70	9.56	9.36	9.44	5.98	5.07	6.55	5.60

Source: Philippine Stock Exchange

The closing price as of March 31, 2021, being the Latest Practicable Trading Date, is 4.25.

(ii) Holders

As of 31 March 2021, the total number of registered stockholders based on the records of the Company's Stock and Transfer Agent is eleven (11)².

The following are the top registered shareholders of the Company as of the period:

Name	Number of Shares Subscribed	% of Ownership To Total Issued Shares
1. PCD Nominee Corporation (Filipino)	1,452,387,206	93.702%
2. Necisto U. Sytengco ³	86,907,300	5.607%
3. PCD Nominee Corporation (non-Filipino)	10,319,781	0.666%
4. Aylene Y. Sytengco	380,911	0.025%
5. Haidee A. Generoso &/or Sandy Edward A. Generoso	4,240	nil
6. Jesus San Luis Valencia	300	nil
7. Alexander S. Timbol	208	nil
8. Owen Nathaniel S. Au ITF Li Marcus Au	52	nil
9. Botschaft N. Cheng or Sevilla Ngo	1	nil
TOTAL	1,549,999,999	100%

As of 31 March 2021, there are 97 PDTC participants registered under PCD Nominee Corporation the following are the top 20 shareholders of the Company under PCD Nominee Corporation:

Name	Number of Shares Subscribed	% of Ownership To Total Issued Shares
1. BDO SECURITIES, CORPORATION* c/o PCD Nominee Corporation	1,018,910,076	65.74%
2. ABACUS SECURITIES CORPORATION*	339,889,559	21.93%

² Three (3) accounts are under the name of Mr. Necisto U. Sytengco

³ Registered under three (3) accounts and consolidated herein.

<i>c/o PCD Nominee Corporation</i>		
3. EVERGREEN STOCK BROKERAGE & SECURITIES <i>c/o PCD Nominee Corporation</i>	58,521,435	3.78%
4. TIMSON SECURITIES, INC. <i>c/o PCD Nominee Corporation</i>	10,536,647	0.68%
5. IGC SECURITIES INC. <i>c/o PCD Nominee Corporation</i>	6,512,567	0.42%
6. WEALTH SECURITIES, INC. <i>c/o PCD Nominee Corporation</i>	4,678,865	0.30%
7. COL FINANCIAL GROUP, INC <i>c/o PCD Nominee Corporation</i>	4,177,206	0.27%
8. HDI SECURITIES, INC <i>c/o PCD Nominee Corporation</i>	1,868,186	0.12%
9. BPI SECURITIES, INC. <i>c/o PCD Nominee Corporation</i>	1,684,133	0.11%
10. MAYBANK ATM KIM ENG SECURITIES, INC. <i>c/o PCD Nominee Corporation</i>	1,669,477	0.11%
11. THE FIRST RESOURCES MANAGEMENT & SECURITIES CORP. <i>c/o PCD Nominee Corporation</i>	1,646,349	0.11%
12. TRITON SECURITIES CORP. <i>c/o PCD Nominee Corporation</i>	1,483,839	0.10%
13. GLOBALINKS SECURITIES & STOCKS, INC. <i>c/o PCD Nominee Corporation</i>	1,134,184	0.07%
14. FIRST METRO SECURITIES BROKERAGE CORP <i>c/o PCD Nominee Corporation</i>	1,051,210	0.07%
15. CHINA BANK SECURITIES CORPORATION <i>c/o PCD Nominee Corporation</i>	1,033,358	0.07%
16. A & A SECURITIES INC. <i>c/o PCD Nominee Corporation</i>	720,920	0.05%
17. R.S. LIM & CO., INC. <i>c/o PCD Nominee Corporation</i>	514,400	0.03%
18. SOLAR SECURITIES, INC <i>c/o PCD Nominee Corporation</i>	476,931	0.03%
19. E. CHUA CHIACO SECURITIES INC. <i>c/o PCD Nominee Corporation</i>	420,284	0.03%
20. MERIDIAN SECURITIES INC. <i>c/o PCD Nominee Corporation</i>	364,931	0.02%

* This includes the 1,014,852,295 shares beneficially owned by the Company's parent company, Anesy Holdings Corporation.

(iii) Dividends

The table below sets forth the dividend history of the Company:

Year	Record Date	Payment Date	Type	Dividend Rate
2014	29 December 2014	25 March 15	Cash	P0.622 per share
2015	05 March 2015	28 April 2015	Cash	P0.128 per share
2016	01 June 2016	22 June 2016	Cash	P0.037 per share
2017	29 June 2017	17 July 2017	Stock	4% stock dividend
2018	01 June 2018	22 June 2018	Cash	P0.017 per share
2019	10 May 2019	22 May 2019	Cash	P0.022 per share

Dividend Policy

The Company adopted a dividend policy pursuant to which stockholders may be entitled to receive, upon declaration by the Company's Board of Directors, dividends equivalent to approximately twenty percent (20%) of the prior year's net income after tax based on the Company's audited financial statements as of such year, subject to the availability of the unrestricted retained earnings and except when: (i) justified by definite corporate expansion projects or programs approved by the Board; or (ii) when the Company is prohibited under any loan agreement with any financial institution or creditor, whether local or foreign, from declaring dividends without its consent, and such consent has not been secured; or (iii) when it can be clearly shown that retention of earnings is necessary under special circumstances obtaining in the Company, such as when there is a need for special reserves for probable contingencies.

Recent Sales of Unregistered or Exempt Securities

On 18 November 2014, the Company issued 250,000,000 Common Shares to the following subscribers as part of the increase in its authorized capital stock:

Name	No. of Shares	Amount paid up (P)
Anesy Holdings Corporation ¹	245,000,000	80,000,000 ¹
Necisto U. Sytengco	3,850,000	3,850,000
Aylene Y. Sytengco	1,100,000	1,100,000
Edwin R. Abella	25,000	25,000
Ricardo Nicanor N. Jacinto	25,000	25,000
Total	250,000,000	85,000,000

¹Anesy Holdings Corporation fully paid the P165,000,000 subscription balance on 23 March 2015.

On 18 December 2014, the Company further increased its authorized capital stock to P1,550,000,000.00 divided into 1,550,000,000 common shares with a par value of P1.00 per share. Anesy Holdings Corporation subscribed to and fully paid 155,000,000 Shares equivalent to P155,000,000.00.

On 5 March 2015, Anesy Holdings Corporation subscribed to an additional 353,000,000 Common Shares which it fully paid by virtue of the conversion of its P350,000,000.00 advances as of 31 December 2014 into Common Shares of the Company and the balance paid in cash by Anesy Holdings to the Company.

The foregoing additional issuances of the Common Shares are exempt transactions under Sections 10.1 (e), and 10.1(i) of the SRC and do not require any written confirmation of exemption from the SEC

On 9 June 2017 the Company's shareholders approved the declaration of stock dividends to be payable at the rate of one (1) common share for every twenty five (25) common shares owned by stockholders as of record date (or approximately up to 47,999,999 Common Shares) which were distributed on 17 July 2017. The issuance of the stock dividends is an exempt transaction under Section 10.1(d) of the Securities Regulation Code, as amended, or distribution by a corporation, actively engaged in the business authorized by its articles of incorporation, of securities to its stockholders or other security holders as a stock dividend or other distribution out of surplus. The additional issuance of shares for the stock dividends does not require any written confirmation of exemption from the SEC.

In December 2017, the Company offered for subscription (the "Offer") up to 302,000,000 common shares (the "Rights Shares" or "Offer Shares") by way of a rights offering ("SRO" or the "Offer") to existing holders of common shares of Company as of November 22, 2017 (the "Record Date") at the proportion One (1) Share of common share for every 4.1325 common shares held as of the Record Date at an offer price of P4.67 per Rights Share. On December 12, 2017, the Company has successfully completed its stock rights offering ("Offer") with a total of 302,000,000 Rights Shares having been subscribed which shares were issued and listed on December 22, 2017. In connection with the Offer, a Request for Confirmation of Exemption was filed by Company on 18 July 2017 with the Securities and Exchange Commission ("SEC") based on Section 10.1 (e) of the Securities Regulation Code. On 25

September 2017, the SEC approved the Company's Request for Confirmation of Exemption, confirming that the Offer is exempt from the registration requirements of the SRC.

Corporate governance

The trust of our shareholders and other stakeholders is fundamental to our business and is the source of the success and growth of the Company. We are committed to preserving this relationship of trust by promoting a strong corporate governance culture in the Company that is anchored on transparency, competent leadership, effective internal controls, and prudent risk management.

For the year under review, we are pleased to report that our corporate governance practices are consistent with the requirements under the Revised Code of Corporate Governance for Publicly Listed Companies issued by the Securities and Exchange Commission pursuant to SEC Memorandum Circular No. 19, Series of 2016 and SEC Memorandum Circular No. 8, Series of 2017.

On May 22, 2019 the Board of Directors approved its Revised Manual of Corporate Governance ("CG Manual") with effectivity from May 30, 2019. The Revised CG Manual serves to supplement the Articles and By-Laws of the Company in providing standards of governance in the performance of the duties and responsibilities of the Board of Directors, Management and employees to shareholders of the Company and other stakeholders. The Company's corporate governance report is summarized in the Integrated Annual Corporate Governance Report of the Company, a copy of which is available at <http://www.sbsph.com/disclosure-filings/corporate-governance/annual-corporate-governance-reports/>

Item 12. Mergers, Consolidations, Acquisitions and Similar Matters

There are no matters or actions to be taken up at this year's annual stockholders' meeting with respect to a merger, consolidation, sale or liquidation of the Company.

Item 13. Acquisition or Disposition of Property

There are no matters or actions to be taken up in the meeting with respect to acquisition or disposition of any property by the Company requiring stockholders' approval under the Corporation Code.

Item 14. Restatement of Accounts

There are no actions of matters to be taken up at this year's annual stockholders' meeting, which involves a restatement of any of the assets, capital or surplus account of the Company.

Item 15. Action with Respect to Reports

The following reports and minutes of meetings will be submitted for approval by the stockholders in the Annual Stockholders' Meeting scheduled on June 25, 2021:

- (a) Minutes of the annual meeting of the stockholders of the Company held on 17 September 2020;

The minutes of Annual Stockholders' Meeting ("ASM") held on 17 September 2020 are posted on the Company's website, www.sbsph.com and will be made available to the shareholders on the day of the annual meeting. Essentially, the 17 September 2020 ASM minutes provide for the following:

- (i) Discussion of the Rules and Voting Procedures for the Meeting;;
- (ii) Approval of the Minutes of the Previous Annual Stockholders' Meeting held on May 22, 2019;
- (iii) Chairman's Message and President's Report;;
- (iv) Approval of Financial Statement as of December 31, 2019;;
- (v) Confirmation and Ratification of all Resolutions, Contracts and Acts of the Board of Directors and Officers;

- (vi) Confirmation of the Appointment of the External Auditor
- (vii) Election of Board of Directors
- (viii) Amendment of By-Laws

- (b) 2020 Annual Report by Management to the Stockholders together with the Audited Financial Statements for the twelve month period ended 31 December 2020 which reports cover the performance of the Company in FY 2020 and its outlook for FY 2021.

Item 16. Other proposed actions

The following matters are to be proposed for approval at this year's annual shareholders' meeting:

- (a) Ratification of all acts and resolutions of the Board and management to implement the resolutions since the annual stockholders' meeting on September 17, 2020 until this year's annual stockholders' meeting on June 25, 2021 involving:
 - i. Approval of the 3rd Quarter Financial Report;
 - ii. Creation of Nomination and Remuneration Committee and Removal of the such functions from the Corporate Governance, Nomination and Remuneration Committee;
 - iii. Renaming of the Corporate Governance, Nomination and Remuneration Committee to Corporate Governance Committee;
 - iv. Revision of the Corporate Governance Committee Charter to: a. increase the number of members to five (5); b. require the presence of at least 2 independent directors to obtain quorum and the vote of at least 2 independent directors to pass or approve any resolutions;
 - v. Lease Agreement with Canon Philippines Holdings Corporation;
 - vi. Approval of SBS Philippines Corporation's Strategic Plan;
 - vii. Approval of the Amended Corporate Governance Committee Charter;
 - viii. Approval of the Nomination and Remuneration Charter;
 - ix. Approval of the Amended Board Charter;
 - x. Approval of the Setting of the Annual Meeting of the Shareholder to June 25, 2021, its agenda, time, record date, closing date;
 - xi. Approval of the Authority to sell Lence Holdings shares held by the Company;
 - xii. Ratification of Executive Committee Acts;
 - xiii. Ratification of Related Party Transactions;
 - xiv. Board resolution for authorized filer of SEC Online Submission Tool
 - xv. Approval of 2020 Audited Financial Statements;
 - xvi. Approval of the 2020 Annual Report SEC 17-A and Sustainability Report Annex A;
 - xvii. Approval of the 1st Quarter 2021 Financial Report;
 - xviii. Approval of the 2020 Interated Annual Corporate Governance Report; and
 - xix. Approval of the Enterprise Risk Management Policy

Item 17. Amendment of Charter, Bylaws or Other Documents

There are no matters or actions to be taken up in the meeting with respect to any amendment of the Company's Articles of Incorporation or By-laws.

Item 18. Voting Procedures

Except in cases where a higher vote is required under the Revised Corporation Code, the approval of any corporate action shall require the majority vote of all the stockholders present in the meeting, if constituting a quorum.

On the election of the member of the Board of Directors, the nominees receiving the highest number of votes shall be declared elected under Section 23 of the Revised Corporation Code of the Philippines and as provided for in Item 4 hereof. Likewise, the nominee for external auditor with the highest number of votes shall be declared elected as such.

The method by which the votes of security holders will be counted is in accordance with the general provisions of the Revised Corporation Code of the Philippines. The counting of votes will be done by the Corporate Secretary

with the assistance of his staff and the Corporation's stock and transfer agent. In addition, shareholders who are unable to attend the meeting may choose to execute a proxy form or vote electronically in absentia using the link https://agm.conveneagm.com/sbs_asm2021. The requirements and procedures for voting in absentia and participation in the Annual Stockholders' Meeting through remote communication are set forth under Annex "C" of this Information Statement.

Stockholders who opt to vote by proxy on manually filled ballots must submit and address their proxy to the attention of the Corporate Secretary at 8th Floor, Chatham House Bldg., Valero corner Rufino Sts., Salcedo Village, Makati City or via e-mail at pacisreyes@pacisreyes.com not later than 5:00 p.m. on or before June 15, 2021.

Stockholders may view the Notice and Agenda, Proxy Form, Definitive Information Statement, SEC Form 17-A (2020 Annual Report), SEC Form 17-Q (1st Quarter Report of 2021) and other pertinent documents related to SBS' Annual Stockholders' Meeting at link https://agm.conveneagm.com/sbs_agm2021; www.sbsp.com and via the PSE Electronic Disclosure Generation Technology (PSE EDGE) portal at <https://edge.pse.com.ph>.

UNDERTAKING

UPON WRITTEN REQUEST OF A STOCKHOLDER, THE COMPANY UNDERTAKES TO FURNISH SAID STOCKHOLDER WITH A COPY OF THE COMPANY'S ANNUAL REPORT (SEC FORM 17-A) FREE OF CHARGE. ANY WRITTEN REQUEST FOR A COPY OF THE ANNUAL REPORT SHALL BE ADDRESSED AS FOLLOWS:

**ATTENTION : ATTY. JOSE FIDEL R. ACUÑA
CORPORATE INFORMATION OFFICER**

**SBS PHILIPPINES CORPORATION
10 RESTHAVEN ST., SFDM, QUEZON CITY 1105**

SIGNATURE PAGE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in Makati City May 11, 2021.

By:


CHRISTINE P. BASE
Corporate Secretary

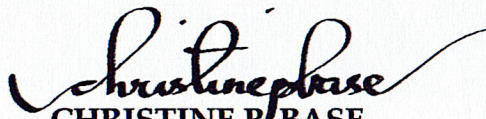
REPUBLIC OF THE PHILIPPINES]
MAKATI CITY] S.S.

SECRETARY'S CERTIFICATE

I, **CHRISTINE P. BASE**, Filipino, of legal age and with office address at the 8th Floor Chatham House, 116 Valero St., Salcedo Village, Makati City, after having been duly sworn in accordance with law, hereby depose and state that:

1. I am the duly elected Corporate Secretary of **SBS Philippines Corporation** (the "Corporation"), a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office at No. 10 Resthaven Street, San Francisco Del Monte, Quezon City;
2. As such Corporate Secretary, I have in my custody the books and records and other papers of the Corporation;
3. I hereby certify that to the best of my knowledge, none of the named directors and officers of the Corporation works for the Government of the Republic of the Philippines.

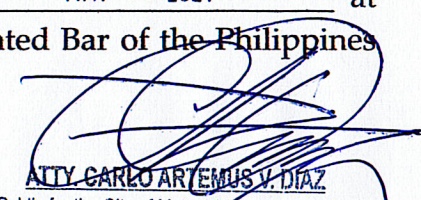
IN WITNESS WHEREOF, I have hereunto set my hand this MAY 10 2021 at Makati City, Philippines.


CHRISTINE P. BASE
Corporate Secretary

SUBSCRIBED AND SWORN to before me this MAY 10 2021 at Makati City, Philippines, affiant exhibiting to me her Integrated Bar of the Philippines Lifetime Member ID with No. 08661, Albay Chapter.

Doc. No. 164;
Page No. 33;
Book No. XV111
Series of 2021.




ATTY. CARLO ARTEMUS V. DIAZ
Notary Public for the City of Makati / Appointment No.: M-417
[Valid Until June 30, 2021 under B.M. No.: 3795]
2/F ACT Tower, 135 H.V. Dela Costa St.,
Salcedo Village, Makati City, 1227
Roll No.: 65662 / IBP Lifetime No.: 014850 / Manila I
MCLE Compliance No.: VI-0017273 / January 24, 2019
PTR No.: 8535065 / Makati City / January 5, 2021

CERTIFICATION OF INDEPENDENT DIRECTORS

I, **Roberto F. Anonas, Jr.**, Filipino, of legal age and a resident of 216 Habenaria St., Pacific Village, Muntinlupa City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of SBS Philippines Corporation and have been its independent director since 2017.
2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

Company/Organization	Position/Relationship	Period of Service
University of Asia & the Pacific	Faculty	20 years
Fuji-Haya Electric Corporation	Director	3 years
Macay Holdings, Inc.	Independent Director	7 years
Pentarch Stalwark Builders, Inc.	Director	5 years

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of SBS Philippines Corporation, as provided for in Section 38 of the Securities Regulations Code, its Implementing Rules and Regulations and other SEC issuances.
4. I am related to the following director/officer/substantial shareholder of SBS Philippines Corporation and affiliates other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code. (where applicable)

Name of Director / Officer / Substantial Shareholder	Company	Nature of Relationship
NONE		

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding / I disclose that I am the subject of the following criminal/administrative investigation or proceeding (as the case may be):

Offense Charged / Investigated	Tribunal or Agency Involved	Status
NONE		

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

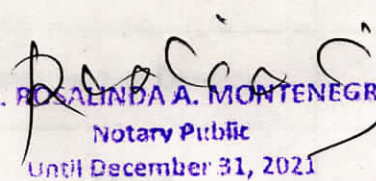
7. I shall inform the Corporate Secretary of SBS Philippines Corporation of any changes in the abovementioned information within five (5) days from its occurrence.

Done this 25th of March 2021, at Quezon City, Philippines.


ROBERTO F. ANONAS, JR.
Affiant

SUBSCRIBED AND SWORN to before me this 26 APR 2021 day of Quezon City, Metro Manila, affiant personally appeared before me and exhibited to me his Philippine Passport No. P4279751B issued at DFA NCR SOUTH on 02 January 2020 valid until 01 January 2030.

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Book No. 68
Series of 2021.


Atty. ROSALINDA A. MONTENEGRO
Notary Public
Until December 31, 2021
PTR No. 9296384 - 1/04/2021 - Q.C.
IBP No. AR40998326 - 1/04/2021
Roll No. 68465
MCLE Compliance No. VI-005347
Unit 312 Acre Bldg., 137 Malakas St.
Brgy. Central, Quezon City

CERTIFICATION OF INDEPENDENT DIRECTORS

I, **HELEN T. DE GUZMAN**, Filipino, of legal age and a resident of U512 Hudson, Riverfront Residences Condominium, Pasig City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of SBS Philippines Corporation and have been its independent director since May 22, 2019.
2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

Company/Organization	Position/Relationship	Period of Service
Peace & Equity Foundation	Audit Committee Advisor	November 2018 to present
Meralco Employees Savings & Loan Association	Board of Trustee	May 2019 to present
Institute of Corporate Directors	Teaching Fellow	2016 to present
Institute of Internal Auditors Philippines	Governance Committee Chairperson	Since January 2020 to present
Couples for Christ Global Mission Foundation, Inc.	Treasurer	February 23, 2021 to present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of SBS Philippines Corporation, as provided for in Section 38 of the Securities Regulations Code, its Implementing Rules and Regulations and other SEC issuances.
4. I am related to the following director/officer/substantial shareholder of SBS Philippines Corporation and affiliates other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code. (where applicable)

Name of Director / Officer / Substantial Shareholder	Company	Nature of Relationship
NONE		

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding / I disclose that I am the subject of the following criminal/administrative investigation or proceeding (as the case may be):

Offense Charged / Investigated	Tribunal or Agency Involved	Status
NONE		

6. I shall faithfully and diligently comply with my duties and responsibilities as independent director of the Securities Regulation Code and its Implementing Rules and Regulations Code of Corporate Governances and other SEC issuances.
7. I shall inform the Corporate Secretary of SBS Philippines Corporation of any changes in the abovementioned information within five (5) days from its occurrence.

Done this 29th of March 2021, at Quezon City, Philippines.

HELEN T. DE GUZMAN
Affiant

SUBSCRIBED AND SWORN to before me this 26 APR 2021 at Quezon City, Metro Manila, affiant personally appeared before me and exhibited to me her Philippine Passport No. P6347226A issued on 09 March 2018 valid until 08 March 2028.

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Page No. 34
Book No. 68
Series of 2021.

Atty. ROSALINDA A. MONTENEGRO
Notary Public
Until December 31, 2021
PTR No. 9296384 - 1/04/2021 - Q.C.
IBP No. AR40998326 - 1/04/2021
Roll No. 68465
MCLE Compliance No. VI-005347
Unit 312 Acre Bldg., 137 Malakas St.
Brgy. Central, Quezon City

CERTIFICATION OF INDEPENDENT DIRECTORS

I, **GEOCEL D. OLANDAY**, Filipino, of legal age and a resident of 12 Padilla St., Pacific Malayan Village, Muntinlupa City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of SBS Philippines Corporation and have been its independent director since June 22, 2018.
2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

Company/Organization	Position/Relationship	Period of Service
Star 8 Green Tech (PH) Ltd. HK	Director	May 2017 to Date
Pure Electric Transport Holdings, Inc.	Director	Feb 2020 to Date
Amaris Global (HK) LTD	CEO & Chief Advisor	June 2006 to Date
i-Home Foundation, Inc.	President	Feb 2019 to Date
Institute of Corporate Directors	Teaching Fellow	May 2013 to Date

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of SBS Philippines Corporation, as provided for in Section 38 of the Securities Regulations Code, its Implementing Rules and Regulations and other SEC issuances.
4. I am not related to any director/officer/substantial shareholder of SBS Philippines Corporation and affiliates other than the relationship provided under Rule 32.2.3 of the Securities & Exchange Commission
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
6. I shall faithfully and diligently comply with my duties and responsibilities as independent director of the Securities Regulation Code and its Implementing Rules and Regulations Code of Corporate Governances and other SEC issuances.
7. I shall inform the Corporate Secretary of **SBS Philippines Corporation** of any changes in the abovementioned information within five (5) days from its occurrence.

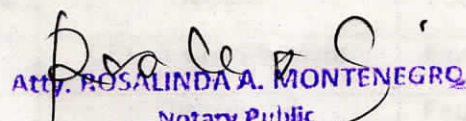
Done this 31st of March 2021, at Quezon City, Philippines.


Signature

GEOCEL D. OLANDAY
Affiant

SUBSCRIBED AND SWORN to before me this 26 APR 2021 at Quezon City, Metro Manila, affiant personally appeared before me and exhibited to me his Philippine Passport No. P2806350A issued on 27 April 2017 valid until 26 April 2022.

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Series of 2021.


ATTY. ROSALINDA A. MONTENEGRO
Notary Public
Until December 31, 2021
PTR No. 9296384 - 1/04/2021 - Q.C.
IBP No. AR40998326 - 1/04/2021
Roll No. 68465
MCLE Compliance No. VI-005347
Unit 312 Acre Bldg., 137 Malakas St.
Brgy. Central, Quezon City