

## **NOTICE OF ANNUAL STOCKHOLDERS' MEETING**

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders of **SBS Philippines Corporation** (SBS or the "Company") will be held at **Kalayaan Hall, Club Filipino, Corner Eisenhower St., Club Filipino Avenue, San Juan City, Metro Manila** on **Monday, 3 July 2023** at **3:00 o' clock in the afternoon**, with the following agenda:

### **AGENDA**

1. Call to Order
2. Proof of notice and determination of quorum
3. Rules of conduct and procedures
4. Approval of the minutes of the previous Annual Stockholders' Meeting
5. Presentation of the 2022 Annual Report of the management to the stockholders and approval of the 2022 Audited Consolidated Financial Statements of the Company and its subsidiary
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. As special business
  - a. Increase in Authorized Capital Stock and the corresponding amendment of the seventh article of the Articles of Incorporation
  - b. Declaration of stock dividends
  - c. Amendment of the second article of the Articles of Incorporation on its secondary purpose to diversify the business of the Company
  - d. Amendment of Company's By-Laws
  - e. Approval of the Employee Stock Option Plan
10. Consideration of such other business as may properly come before the meeting
11. Adjournment

Only stockholders of record at the close of business on Friday, 05 May 2023 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 08 May 2023 to June 30, 2023.

**WE ARE NOT SOLICITING YOUR PROXY.** However if you cannot personally attend the meeting and would like to be represented thereat, you are requested to accomplish the attached proxy form (to appoint a proxy and/or representative to attend, speak and vote at the meeting in your behalf) and submit the same to the office of the Corporate Secretary at No. 10 Resthaven Street, San Francisco Del Monte, Quezon City for inspection, validation and recording at least ten (10) days before the opening of the Annual Stockholders' Meeting or on before 3 July 2023.

Registration will begin at 1:00 PM and will close at 3:00 PM. For your convenience in registering your attendance, you are requested to present some proof of identification such as passport, company ID, driver's license, or other government issued ID upon registration. If your shares of stock are held through PCD Nominee Corporation and its trading participants, kindly also bring with you an authorization letter from your registered holder signed by its duly authorized officer. Representatives of corporate stockholders and other entities should also present a duly sworn Secretary's Certificate or any similar document showing his or her authority to represent the corporation or entity.

24 May 2023, Quezon City.



**CHRISTINE P. BASE**  
Corporate Secretary

### EXPLANATORY NOTES TO AGENDA ITEMS

1. Proof of Notice and Determination of Quorum

***Rationale:*** *To inform the stockholders that the notice requirements for the 2023 Annual Stockholders' Meeting have been complied with in accordance with the Company's By-Laws and applicable laws and regulations, and that a quorum exists for the transaction of business.*

The Corporate Secretary will certify the date the notice of the meeting was sent to all stockholders and the date of publication of the notice in newspaper of general circulation.

The Corporate Secretary will further certify the existence of a quorum. The stockholders present, either in person or by proxy, representing a majority of the outstanding capital stock shall constitute a quorum for the transaction of business.

2. Rules of Conduct and Procedures

***Rationale:*** *To inform the stockholders of the procedures to govern the conduct of voting for the agenda items being put to a vote.*

*The following are the rules of conduct and procedures at the meeting:*

- (i) Stockholders' proxies shall register their attendance at the registration counter provided near the entrance of the designated meeting room.
- (ii) Upon registration, the stockholders will be presented with a pre-numbered ballot which will be used to cast their votes in writing. The ballot would state the item agenda with the proposed action for consideration of the stockholders.
- (iii) The Stockholders may cast their votes any time before and during the meeting. No re-casting of votes shall be allowed.
- (iv) To vote, the stockholder shall manually fill up the ballot provided to him upon registration, indicating the name of the registered stockholder, the number of shares owned and the votes cast per item of the Agenda. Once completed, the stockholder shall place the ballot with the votes cast in the ballot boxes located at the registration table and inside the meeting hall.
- (v) Each outstanding share of stock entitles the registered holder to one vote, except for the election of the directors, where a stockholder may distribute his shares for as many nominees as there are directors to be elected or he may cumulate his shares and give one nominee as many votes as the number of directors to be elected. The total number of votes cast should not exceed the total number of shares a stockholder owns.
- (vi) Except for items under special business, all other items in the Agenda requiring approval of the stockholders will require the affirmative vote of stockholders representing at least a majority of the outstanding and voting capital stock present in the meeting. (Items as special business requiring approval of the stockholders will require the affirmative vote of stockholders representing at least two-thirds (2/3) of the outstanding and voting capital stock of the Corporation.)
- (vii) All votes received shall be tabulated by the Office of the Corporate Secretary and the results of the tabulation shall be validated by Punongbayan & Araullo, the Company's Independent Auditors.
- (viii) During the meeting, as the stockholders take up an item on the Agenda, the Corporate Secretary will report the votes received and tabulated for the Agenda item and inform the stockholders if the particular agenda item is carried or disapproved. The total number of votes cast for each item for approval under the Agenda will be flashed on the projector screen during the meeting.
- (ix) Any stockholder who wishes to make a comment during the meeting shall first identify himself after being acknowledged by the Chairman and shall limit his comments to the Agenda item under consideration.

3. Approval of minutes of previous meeting

*RATIONALE: To allow the stockholders to confirm that the proceedings of the Annual Stockholders Meeting held on June 22, 2022 were recorded accurately and truthfully.*

The minutes of the meeting held on June 22, 2022 are posted at the Company website, [www.sbsph.com](http://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.

4. Annual Report by Management and Audited Financial Statements for 2022

*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 2022, in accordance with Section 74 of the Revised 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 2022 and its business outlook for 2023. Such performance results are summarized in the Company's 2022 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, 2022 will be included in the Definitive Information Statement to be sent to the stockholders at least twenty-eight (28) 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.

5. 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.sbsp.com](http://www.sbsp.com). Other resolutions approved by the Board since the annual stockholders' meeting of June 22, 2022 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 June 22, 2022 to up to the date of the meeting shall be presented to the stockholders for approval.

6. 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.

7. 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 23 of the Revised 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 D. 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.

8. As special business
  - a. Increase in Authorized Capital Stock by Two Billion Seven Hundred Fifty Million Pesos (PhP 2,750,000,000.00), Philippine currency and the corresponding Amendment of the Seventh Article of the Articles of Incorporation of the Company to reflect such increase, and the delegation to the Board the determination and the manner by which the proposed increase in the authorized capital stock of the Company will be implemented, subscribed and paid for.

*RATIONALE: The Company's authorized capital stock (ACS) is almost fully subscribed already. The increase in the authorized capital stock is intended to support the stock dividend declaration, any future employee stock option plan, and in anticipation of any future capital raising exercise that may be undertaken by the Company.*

The resolution for the increase in capital stock by up to Two Billion Seven Hundred Fifty Million Pesos (PhP2,750,000,000.00), Philippine currency and the corresponding amendment to the Seventh Article of the Articles of Incorporation to effect such increase of the authorized capital stock of the Company, and the delegation to the Board the determination and the manner by which the proposed increase in the authorized capital stock of the Company will be implemented, subscribed and paid for will be submitted for approval by the affirmative vote of stockholders representing at least 2/3 of the outstanding capital stock of the Company

- b. Declaration of Stock Dividends

*RATIONALE: The declaration of 22% stock dividend will be used to support the application for increase in Authorized Capital Stock of the Company. This is also in line with the Company's dividend policy to return to its shareholders approximately at least 20% of prior year's net income and to broaden the shareholder base of the Company*

For approval of the shareholders representing at least two-thirds (2/3) of the outstanding capital stock of the Company is the declaration of stock dividends of approximately 341,000,000 common shares to be payable at the dividend rate of twenty-two per cent (22%) owned by stockholders and any resulting fractional shares shall be dropped. The terms and conditions for the distribution and payment shall be determined by the Board of Directors after the relevant regulatory approvals have been obtained.

c. Amendment of the Second Article of the Articles of Incorporation on its secondary purpose

*RATIONALE: The approval of the amendment of the secondary purpose in the Second Article of the Articles of Incorporation of the Company is requested in order for the Company to submit its application for amendment to the regulatory authorities, together with the amendment of the seventh article of the Articles of Incorporation. The amendment of the secondary purpose in the Second Article of the Articles of Incorporation of the Company aims to diversify the business of the Company to include the holding, acquiring or participating in investments in property related assets as well as shares or interests in entities involved in property related and other businesses as and when the appropriate opportunities arise.*

A resolution for the Amendment of the Second Article of the Articles of Incorporation on its Secondary Purpose and for authority to the Board of Directors to undertake such investment of funds will be presented to the stockholders for approval by the affirmative vote of stockholders representing at least 2/3 of the outstanding capital stock of the Company.

d. Amendment of the Company's By-Laws

*RATIONALE: To allow the stockholders to ratify the act of the Board and Management in approving the amendment of the By-laws of the Corporation*

On November 10, 2022, the Board of Directors of the Corporation has approved and endorsed for approval of the stockholders the amendments to the following sections of the By-laws to comply with the applicable provisions of the Revised Corporation Code of the Philippines, to wit:

***Article II, Section 4, to increase the notice period for regular or special meetings of stockholders from two (2) weeks to twenty-one (21) days. The amended provision will read as follows:***

Section 4. Notice of Meeting - Notices for regular or special meetings of stockholders may be sent by the Secretary by personal delivery, or by mail or by facsimile or by email or any digital communication, or such other manner as the Securities and Exchange Commission (Commission) shall allow under its guidelines, at least twenty-one (21) days prior to the date of the meeting to each stockholder of record at his last known address. The notice shall state the place, date and hour of the meeting, and the purpose or purposes for which the meeting is called.

When the meeting of stockholders is adjourned to another time or place, it shall not be necessary to give any notice of the adjourned meeting if the time and place to which the meeting is adjourned are announced at the meeting at which the adjournment is taken. At the reconvened meeting, any business may be transacted that might have been transacted on the original date of the meeting.

***Article III, Section 6, to increase the number of attendees to constitute a quorum from majority to two-thirds (2/3) attendance of the number of directors. The amended provision will read as follows:***

Section 6. Quorum - A two-thirds (2/3) attendance of the number of directors as fixed in the Articles of Incorporation shall constitute a quorum for the transaction of corporate business and every decision of at least a majority of the directors present at a meeting at which there is a quorum shall be valid as a corporate act, except for the election of officers which shall require the vote of a majority of all the members of the Board. A director who participates through remote communication, shall be deemed present for the purpose of attaining quorum.

e. Employee Stock Option Plan

*RATIONALE: The purpose of the Plan is to enable qualified employees of the Company to participate in the growth of the Company, thereby encouraging long-term commitment to the Company.*

The resolution for the Approval of the Employee Stock Option Plan and authority for the Board to determine the specific terms and conditions of the Plan and the implementation of the annual grant of stock options amounting to up to 15 million common shares over a 10-year period. This will be submitted for approval by the affirmative vote of stockholders representing at least 2/3 of the outstanding capital stock of the Company.

9. 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 DEL 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 : July 3, 2023**

**TIME : 3:00 IN THE AFTERNOON**

**PLACE : Kalayaan Hall, Club Filipino, Corner Eisenhower St.,  
Club Filipino Avenue, San Juan City, Metro Manila**

9. Approximate date on which the Information Statement  
is first to be sent or given to security holders: **June 1, 2023**

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):

<b>No. of Shares Issued and Outstanding</b>	<b>Title of Each Class (as of December 31, 2022)</b>
	<b>1,549,999,999 common shares</b>
<b>Amount of Debt Outstanding</b>	<b>With Par Value of P1.00 per share</b>
	<b>N/A</b>

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) 2023 Annual Stockholders' Meeting

Date : July 3, 2023  
Time : 3 o'clock in the afternoon  
Place : Kalayaan Hall, Club Filipino, Corner Eisenhower St.,  
Club Filipino Avenue, San Juan City, Metro Manila

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.  
**June 1, 2023**

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 30, 2023, the following 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.

- 1.1 Approval of the Amendment of the Second Article of the Articles of Incorporation on its secondary purpose to clarify and expand the authority of the corporation to participate in property related investments and other business enterprises, and for authority to undertake such investment of funds;
- 1.2 Increase in Authorized Capital Stock.

**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, 2023, 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 05 May 2023 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, 2023.

Class of Shares	Name & Address of Record Owner & Relationship with Company	Name of Beneficial Owner & Relationship with Record Owner <sup>2</sup>	Citizenship	Number of Shares held as of 31 March 2023	Ownership Percentage
Common	PCD Nominee Corporation (Filipino) <sup>1</sup> 37 F Tower I The Enterprise Center, Ayala Avenue, Makati City	BDO Securities Corporation <sup>3</sup>	Filipino	1,018,699,642	65.72%
		Abacus Securities Corporation <sup>3</sup>	Filipino	341,843,807	22.05%
Common	Necisto U. Sytengco*	Necisto U. Sytengco	Filipino	86,907,300	5.61%

- <sup>1</sup> 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.
- <sup>2</sup> Out of the 1,452,511,179 common shares registered in the name of PCD Nominee Corporation (Filipino), 1,018,699,642 common shares (65.72% of the capital stock) and 341,843,807 common shares (22.05% of the capital stock) are for the accounts of BDO Securities Corporation and Abacus Securities Corporation, respectively.
- <sup>3</sup> 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.

ii. Security ownership of Directors and Management as of March 31, 2023.

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: 14,012,271 I: 31,792,309*	0.90% 2.05%
Common	Necisto Y. Sytengco II	Filipino	D: 18,175,678 I: 23,781,334*	1.17% 1.53%
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: 4,541,273 I: 53,195,423*	0.29% 3.43%
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	Emerson P. Paulino	Filipino	0	
Common	Jose Fidel R. Acuña	Filipino	0	-
Common	Maria Gemma R. Bien	Filipino	0	-
Common	Jose Ma. Jason J. Francisco	Filipino	0	
Common	Sabrina Adamelle Poon-Sytengco	Filipino	D: 0 I: 18,175,678**	- 1.17%

\* includes the inheritance from 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, 2023:

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 30, 2023.

Class of Shares	Name of Beneficial Owner	Citizenship	Nature of Beneficial Ownership Direct (D) & Indirect (I)	Ownership Percentage
Common	Lali Y. Sytengco	Filipino	D: 4,541,273 I: 53,195,423 *	0.29% 3.43%
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: 14,012,271 I: 31,792,309*	0.90% 2.05%
Common	Necisto Y. Sytengco II	Filipino	D: 18,175,678 I: 23,781,334*	1.17% 1.53%
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 inheritance from 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	62	Filipino	Chairman of the Board	2015	22 June 2022
AYLENE Y. SYTENGCO	39	Filipino	Vice-Chairperson, CFO and Treasurer	2008	22 June 2022
NECISTO Y. SYTENGCO II	38	Filipino	Vice-Chairman, SVP Marketing Operations and Assistant Treasurer	2010	22 June 2022
GERRY D. TAN	56	Filipino	Executive Director	2016	22 June 2022
ESMERALDO A. TEPACE	70	Filipino	Executive Director	2013	22 June 2022
LALI Y. SYTENGCO	72	Filipino	Executive Director	2020	22 June 2022
GEOCEL D. OLANDAY	67	Filipino	Independent Director	2018	22 June 2022
ROBERTO F. ANONAS, JR	67	Filipino	Independent Director	2017	22 June 2022
HELEN T. DE GUZMAN	65	Filipino	Independent Director	2019	22 June 2022

##### 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	62	Filipino	Chairman of the Board	17 September 2020
AYLENE Y. SYTENGCO	39	Filipino	Vice Chairperson, Chief Financial Officer and Treasurer	17 September 2020 5 March 2015
NECISTO Y. SYTENGCO II	38	Filipino	Vice Chairman, Senior Vice-President - Marketing Operations & Assistant Treasurer	17 September 2020 9 July 2015
GERRY D. TAN	56	Filipino	President & Chief Executive Officer	29 January 2016
ESMERALDO A. TEPACE	70	Filipino	Executive Vice President, Chief Operating Officer	5 March 2015
LALI Y. SYTENGCO	72	Filipino	Vice President - Supply Chain	17 September 2020
CHRISTINE P. BASE	52	Filipino	Corporate Secretary	1 January 2017
AILEEN LOU G. CODAMON	42	Filipino	Assistant Vice President - Controller	17 September 2020
EMERSON P. PAULINO	42	Filipino	Chief Risk Officer and Chief Audit Executive	10 August 2021
JOSE FIDEL R. ACUÑA	37	Filipino	Chief Compliance Officer Corporate Information Officer	17 September 2020 1 April 2018
SABRINA ADAMELLE POON- SYTENGCO	38	Filipino	Investor Relations Officer	1 January 2017
JOSE MA. JASON J. FRANCISCO	36	Filipino	Data Privacy Officer	25 June 2021
GEOCEL D. OLANDAY	67	Filipino	Lead Independent Director	22 May 2019

### C. Business Experience

**Ricardo Nicanor N. Jacinto**, 62 years old, was first 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 is likewise the Chairman of the Board and Independent Director of Maybank Capital, Inc. and Maybank Securities, Inc. 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 Securities (Thailand) Public Co., Ltd. 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. He was formerly a Trustee of the Judicial Reform Initiative and the Institute of Corporate Directors. 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**, 39 years old, was first elected as Vice Chairperson on 17 September 2020 and as Chairman of the Finance and Investment Committee on 09 November 2021. She is also a member of the Executive Committee and the Nomination and Remuneration Committee. 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**, 38 years old, was first elected as Vice Chairman on 17 September 2020. He is also a member of the following Board Committees: Executive Committee, Corporate Governance and Ethics Committee, Nomination and Remuneration Committee, and Finance and Investment 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**, 56 years old, joined the Company in January 2016 as President & Chief Executive Officer. He was first elected as director of the Company in 2016 and as Chairman of the Executive Committee on 17 September 2020 and a member of the Finance and Investment Committee. Mr. Tan has over 35 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. 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**, 70 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 and is also a member of the Executive Committee. On 22 June 2022, Mr. Tepace was elected as member of the Corporate Governance Committee. 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 40 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**, 72 years old, joined the Company in 2001 and has since served as the VP for Purchasing. She was first elected as director of the Company and a member of the Executive Committee on 17 September 2020. 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**, 67 years old, was elected as independent director on 22 June 2018, Lead Independent Director since 22 May 2019 and Chairperson of the Corporate Governance and Ethics Committee since 22 June 2022. He is also a member of the Audit and Risk Oversight Committee, the Related Party Transactions Committee, the Finance and Investment Committee, and the Nomination and Remuneration 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 member of the Board of Trustees of the Institute of Corporate Directors and one of its most active Teaching Fellows, and a director of the board of Star 8 Green Technology Corporation (developer, manufacturer, and distributor of Solar E-Vehicles). Prior to his appointment, Mr. Olanday was a director of Mindoro Resources Ltd (a TSX-V listed junior mining company) and several subsidiaries of the Villar Group Real Estate businesses (Camella, Brittany, Crown Asia, Star Mall, Golden Haven, MGS Construction, Primewater, Planet Cable (now part of the Streamtech group), Vitacare Hospital JV, Metro Express Transportation, Environet Pest Control, Globalland Property Management, 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, Baxter Healthcare Corporation, the Villar Group of Companies as well as Moldex Realty Corporation and Greenfield Development Corporation. His advocacies include stints as COO of Habitat for Humanity, and President of i-Home Foundation Inc - both of which are Poverty and Socialized Housing NGOs.

**Roberto F. Anonas, Jr.**, 67 years old, was elected as independent director on 9 October 2017 and is the Chairperson of the Related Party Transaction Committee since 22 June 2022. He is also a member of the Audit and Risk Oversight Committee, the Corporate Governance and Ethics Committee, and the Finance and Investment Committee. He is currently Director and General Manager at Fuji Haya Electric Corporation and Director at Fuji Haya International 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 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**, 65 years old, was first elected as independent director of SBS Philippines Corporation on 22 May 2019 and is the Chairperson of the Audit and Risk Oversight Committee and a member of the Related Party Transactions Committee and the Corporate Governance and Ethics 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., independent director of Etiqa Life and General Assurance Philippines, Treasurer of Couples for Christ Global Mission Foundation, Inc. and a teaching Fellow of the Institute of Corporate Directors. Previously she held directorship positions in Miescor Builders, Inc., 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**, 52 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/or director of the following companies: Italpinas 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**, 42 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.

**Emerson P. Paulino**, 42 years old, was appointed as Chief Risk Officer and Chief Audit Executive on 10 August 2021. He joined the Company in 2016 as the Internal Auditor. He pioneered the formation of the Internal Audit Department - establishing the Internal Audit plan, program and risk profile for audit. Mr. Paulino is a certified public accountant (CPA) and a certified internal auditor (CIA). He has over 15 years of experience (including supervisory and managerial level) in Internal Audit in areas of manufacturing, IT, project management, finance (SOX), sales and administration. His professional work experience also extends to SAP security and IT audit involving multinational firms and conglomerate businesses. In 2018 up to 2020, he led the implementation of ERP project of the Company as its Project Manager. He was a part time professor of Accounting and Audit subjects from 2016 to 2018 in the Immaculate Heart of Mary College in Paranaque. Mr. Paulino completed his Bachelor of Science in Accountancy from the University of Perpetual Help; and also in Philippine School of Business Administration Manila (PSBA Manila) in his first two collegiate years.

**Atty. Jose Fidel R. Acuña**, 37 years old, is the Chief Information Officer since 1 April 2018 and Chief Compliance Officer of the Company since 17 September 2020. 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, Francisco, & Mendoza Law and the Corporate Secretary for TRBank, Inc. He is also a Director and/or Corporate Secretary for several private corporations.

**Sabrina Adabelle Poon-Sytengco**, 38 years old, is the Investor Relations Officer of the Company since 1 January 2017. 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.

**Jose Ma. Jason J. Francisco**, 36 years old, was appointed as Data Privacy Officer on 25 June 2021. He is a lawyer with a Juris Doctor degree and a degree in Bachelor of Arts, major in Legal Management. He is a Senior Partner of Acuña, Francisco & Mendoza Law, and in charge of AFM Law's corporate litigation and data privacy practice. He also heads AFM Law's labor, real estate, housing, contracts, torts, family and election law practice.

The following persons have been nominated for election to the Board of Directors at the Annual Stockholders' Meeting to held on June 30, 2023 and have accepted their nominations:

1. **Ricardo Nicanor N. Jacinto**, 62 years old, was first 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 is likewise the Chairman of the Board and Independent Director of Maybank Capital, Inc. and Maybank Securities, Inc. 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 Securities (Thailand) Public Co., Ltd. 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. He was formerly a Trustee of the Judicial Reform Initiative and the Institute of Corporate Directors. 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**, 39 years old, was first elected as Vice Chairperson on 17 September 2020 and as Chairman of the Finance and Investment Committee on 09 November 2021. She is also a member of the Executive Committee and the Nomination and Remuneration Committee. 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, 56 years old, joined the Company in January 2016 as President & Chief Executive Officer. He was first elected as director of the Company in 2016 and as Chairman of the Executive Committee on 17 September 2020 and a member of the Finance and Investment Committee. Mr. Tan has over 35 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. 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, 70 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 and is also a member of the Executive Committee. On 22 June 2022, Mr. Tepace was elected as member of the Corporate Governance Committee. 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 40 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, 72 years old, joined the Company in 2001 and has since served as the VP for Purchasing. She was first elected as director of the Company and a member of the Executive Committee on 17 September 2020. 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, 38 years old, was first elected as Vice Chairman on 17 September 2020. He is also a member of the following Board Committees: Executive Committee, Corporate Governance and Ethics Committee, Nomination and Remuneration Committee, and Finance and Investment 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. Geocel D. Olanday, 67 years old, was elected as independent director on 22 June 2018, Lead Independent Director since 22 May 2019 and Chairperson of the Corporate Governance and Ethics Committee since 22 June 2022. He is also a member of the Audit and Risk Oversight Committee, the Related Party Transactions Committee, the Finance and Investment

Committee, and the Nomination and Remuneration 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 member of the Board of Trustees of the Institute of Corporate Directors and one of its most active Teaching Fellows, and a director of the board of Star 8 Green Technology Corporation (developer, manufacturer, and distributor of Solar E-Vehicles). Prior to his appointment, Mr. Olanday was a director of Mindoro Resources Ltd (a TSX-V listed junior mining company) and several subsidiaries of the Villar Group Real Estate businesses (Camella, Brittany, Crown Asia, Star Mall, Golden Haven, MGS Construction, Primewater, Planet Cable (now part of the Streamtech group), Vitacare Hospital JV, Metro Express Transportation, Environet Pest Control, Globalland Property Management, 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, Baxter Healthcare Corporation, the Villar Group of Companies as well as Moldex Realty Corporation and Greenfield Development Corporation. His advocacies include stints as COO of Habitat for Humanity, and President of i-Home Foundation Inc - both of which are Poverty and Socialized Housing NGOs.

8. Roberto F. Anonas, Jr., 67 years old, was elected as independent director on 9 October 2017 and is the Chairperson of the Related Party Transaction Committee since 22 June 2022. He is also a member of the Audit and Risk Oversight Committee, the Corporate Governance and Ethics Committee, and the Finance and Investment Committee. He is currently Director and General Manager at Fuji Haya Electric Corporation and Director at Fuji Haya International 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 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.
9. Helen T. De Guzman, 65 years old, was first elected as independent director of SBS Philippines Corporation on 22 May 2019 and is the Chairperson of the Audit and Risk Oversight Committee and a member of the Related Party Transactions Committee and the Corporate Governance and Ethics 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., independent director of Etiqa Life and General Assurance Philippines, Treasurer of Couples for Christ Global Mission Foundation, Inc. and a teaching Fellow of the Institute of Corporate Directors. Previously she held directorship positions in Miescor Builders, Inc., 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 6<sup>th</sup> 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 the 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.

Neither the Company, nor any of its subsidiaries or affiliates involved in any material pending legal proceedings.

#### G. Ownership Structure and Parent Company

As of December 31, 2022, Anesy Holdings Corporation owns 65.47% of the outstanding voting shares of the Company. Anesy Holdings Corporation is owned by Lali Y. Sytengco (34.70%), Aylene, Necisto II and Ned Bryan all surnamed Sytengco (19.44% each respectively) hereafter referred to as the “Sytengco Family” and Evelyn T. Ching (6.98%).

#### I. Certain Relationships and Related Transactions

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

All related party transactions are on terms no less favorable to the Company than those entered into with unrelated parties under same or similar circumstances and will not be prejudicial to the Company and its minority shareholders. These transactions are reported, evaluated and monitored by the Related Party Transactions Committee and approved by the Committee and/or the Board of Directors in accordance with the Related Party Transaction Policy of the Company.

Other than Equity in Investment in Associates and Co-investment in cash funds which are detailed in Note 7 and 19.6, respectively, of the Company’s audited consolidated financial statements, the table below shows the ongoing transactions of the Company with related parties as at end December 31, 2022.

Related Party	Relationship	Nature of Transaction	Amount (in Php thousands)
			Receivables (Payables)
Aneco Philippines Holdings Corporation	Under Common Ownership	Lease (right-of-use assets)	69,833
		Lease security deposit	3,838
		Lease Liabilities	(39,129)
Anase Holdings Corporation	Under Common Ownership	Refundable deposit with right to acquire warehouse facility	55,000
Betterfield Holdings Corporation	Under Common Ownership	Refundable deposit with right to subscribe	315,000
Icare Holdings Corporation	Associate of subsidiary	Lease (right-of-use assets)	96,281
		Lease security deposit	5,292
		Lease Liabilities	(53,949)
Smyte Holdings Corporation	Associate	Refundable deposit	453,750
Couts Holdings Corporation	Associate of subsidiary	Advances for investment property purchase	365,000

These transactions are done in the ordinary course of business of these associate or affiliate companies. The Company is leasing its corporate offices and warehouses facilities from its associate and affiliate companies. The lease agreement 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.

Refundable deposits and Advances to associate and affiliate companies are agreed upon with the relevant counter-party. 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 or upon completion of certain condition 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.

Other Company transactions with its related parties are as follows:

**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 favorable than those entered between unrelated parties.

**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. The Company is paid a monthly service fee which takes 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.

The information on related party transactions can also be found in Note 19 of the Company's Consolidated Audited Financial Statements for the twelve-month period ended 31 December 2022 which forms part of the Appendix of this report.

#### **Requirements Under Section 49 of the Revised Corporation Code of the Philippines**

a. **Voting and Tabulation Procedure Used in the Previous Meeting**

During the 2022 Annual Stockholder's Meeting, except in cases where a higher vote is required under the Revised Corporation Code, the approval of any corporate action required 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 who received the highest number of votes were elected under Section 23 of the Revised Corporation Code of the Philippines. Likewise, the nominee for external auditor with the highest number of votes was declared elected as such.

The method by which the votes of security holders were counted was in accordance with the general provisions of the Revised Corporation Code of the Philippines. The counting of votes was done by the Corporate Secretary with the assistance of her staff and the Corporation's stock and transfer agent. All votes received were validated by Punongbayan & Araullo, the Company's Independent Auditors.

Stockholders voted through manually filled ballots between 1pm to 3pm last June 22, 2022 at the meeting venue. Once completed, the stockholder placed the ballot with the votes cast in the ballot boxes located at the registration table and inside the meeting hall. In addition, stockholders who were unable to attend the meeting were given the option to execute a proxy form and submit the same to the office of the Corporate Secretary at No. 10 Resthaven Street, San Francisco Del Monte, Quezon City for inspection, validation and recording at least ten (10) days before the opening of the Annual Stockholders' Meeting or directly submitted at the venue last 22 June 2022.

b. **Opportunity of Stockholders or Members to Ask Questions**

During the meeting, stockholders were given the opportunity to ask questions. There was no question raised during the meeting.

c. Matters Discussed and Resolutions Reached

i. APPROVAL OF THE MINUTES OF THE PREVIOUS ANNUAL STOCKHOLDER'S MEETING HELD ON JUNE 25, 2021

The minutes of the previous annual stockholder's meeting which was held on June 25, 2021 was made available and was posted in the Company's website and copies of which were distributed during the registration.

The following resolutions were approved:

*"RESOLVED, that the minutes of the Annual Shareholders' Meeting held on 25 June 2021, be, as it is hereby, approved."*

ii. APPROVAL OF AUDITED CONSOLIDATED FINANCIAL STATEMENTS

The Chairman declared that the 2021 audited consolidated financial statements of the Company were appended to the Definitive Information Statement that was sent to all stockholders of record. He then requested the Corporate Secretary to present the proposed resolution to approve the 2021 Audited Financial Statement and the voting results thereof.

The approved resolution was as follows:

*"RESOLVED, that the Audited Consolidated Financial Statements of the Company and its subsidiaries as of and for the twelve-month period ended 31 December 2021 as audited by the Company's Independent Auditors, Punongbayan & Araullo, are hereby approved and accepted."*

iii. APPROVAL AND RATIFICATION OF ALL RESOLUTIONS, CONTRACTS, AND ACTS OF THE BOARD OF DIRECTORS AND OFFICERS

The acts of the Board and its Committees include approvals of contracts and agreements, investments and capital expenditures, treasury and other matters that have been subject of the corporate disclosures to the Philippines Stock Exchange and the Securities and Exchange Commission.

The acts of Management refer to those made to implement resolutions on the Board and its Committees and undertaken in the general conduct of the business and affairs of the Company.

The approved resolution was as follows:

*"RESOLVED, that all the acts of the Board of Directors and Management from the date of the last annual stockholders' meeting held on 25 June 2021 to date, be, as it is hereby, approved and ratified."*

iv. APPROVAL OF DIRECTORS' REMUNERATION

The Chairman presented the proposal to increase the per diem allowance of the independent and non-executive directors from the amount of Twenty-Five Thousand Pesos (PHP25,000.00) to Thirty-Five Thousand Pesos (PHP35,000.00) for every attendance in regular and special meetings, and an increase from Ten Thousand Pesos (PHP10,000.00) to Twenty Thousand Pesos (PHP20,000.00) for every attendance in the Board Committee Meetings.

The approved resolution was as follows:

*"RESOLVED, as it is hereby resolved, to authorize SBS Philippines Corporation (the "Company") to set the per diem allowances for independent and non-executive directors at Thirty-Five Thousand Pesos (PHP35,000.00) for every attendance in regular and special meetings of the Board and Twenty Thousand Pesos (PHP20,000.00) for every attendance in the Board Committee Meetings;*



*RESOLVED FURTHER, to authorize the Company's Chief Finance Officer to sign any and all documents to effect the foregoing;*

*RESOLVED FINALLY, that all acts done for and in consideration of the foregoing are hereby deemed ratified and approved.”*

v. CONFIRMATION OF THE APPOINTMENT OF THE EXTERNAL AUDITOR

The Chairperson of the Company's Audit and Risk Oversight Committee reported that after having considered the qualifications, performance, independence and the quality and candor of communication with the Company of the incumbent external auditors, Punongbayan & Araullo, the Audit and Risk Oversight Committee, on behalf of the Board, recommended the re-appointment of Punongbayan & Araullo as the Company's independent auditors for Financial Year 2022.

The proposed resolution was as follows:

*“RESOLVED, as it is hereby resolved, that the Stockholders approve the appointment of PUNONGBAYAN & ARAULLO as the Company's external auditors for 2022.”*

vi. ELECTION OF BOARD OF DIRECTORS

The Chairman of the Nomination & Remuneration Committee reported on the nominees for election to the Company's Board of Directors.

The proposed resolution and tally of votes are as follows:

*“RESOLVED, that the following individuals be, as they are hereby, re-elected as members of the Company's Board of Directors to serve for term of one year from June 22, 2022 and until their successors have been duly elected and qualified:*

<b>Name of Director</b>	<b>Number of Votes Received</b>
1. Mr. Ricardo Nicanor N. Jacinto	1,416,695,403
2. Ms. Aylene Y. Sytengco	1,416,695,403
3. Mr. Necisto Y. Sytengco II	1,416,695,403
4. Mr. Gerry D. Tan	1,416,695,403
5. Mr. Esmeraldo A. Tepace	1,416,695,403
6. Ms. Lali Y. Sytengco	1,416,695,403
<b>And as Independent Directors:</b>	
7. Mr. Roberto Anonas Jr.	1,416,695,403
8. Ms. Helen T. De Guzman	1,416,695,403
9. Mr. Geocel D. Olanday	1,416,695,403”

Based on the results, therefore, the above-named directors were elected as Directors of the Company for the year 2022 to 2023 and until their successors are successfully and duly elected.

vii. OTHER MATTERS

There were no other matters or concerns raised during the Annual Stockholders' Meeting.

d. Voting Results for Each Agenda Item

i. Approval of the minutes of the previous annual stockholder's meeting

The Corporate Secretary announced that stockholders owning 1,416,695,403 shares or 100% of shares represented in the meeting voted to approve the minutes of the meeting, no shares voted against it, and no shares abstained.

ii. Approval of Financial Statements

The Corporate Secretary made it of record that stockholders owning 1,416,695,403 shares or 100% of shares represented in the meeting voted to approve the resolution, 0 shares voted against it, and 0 shares abstained.

iii. Approval and ratification of all resolutions, contracts, and acts of the Board of Directors and Officers

The Corporate Secretary made it of record that stockholders owning 1,416,695,403 shares or 100% of shares represented in the meeting voted to approve the resolution, no shares voted against it, and no shares abstained.

iv. Approval of Directors' Remuneration

The Corporate Secretary made it of record that stockholders owning 1,416,695,403 shares or 100% of shares represented in the meeting voted to approve the resolution, no shares voted against it, and no shares abstained.

v. Confirmation of the appointment of the external auditor

The Corporate Secretary made it of record that stockholders owning 1,416,695,403 shares or 100% of shares represented in the meeting voted to approve the resolution, no shares voted against it, and no shares abstained.

vi. Election of Board of Directors

The following individuals were re-elected as members of the Company's Board of Directors to serve for term of one year from June 22, 2022 and until their successor have been duly elected and qualified:

<b>Name of Director</b>	<b>Number of Votes Received</b>
1. Mr. Ricardo Nicanor N. Jacinto	1,416,695,403
2. Ms. Aylene Y. Sytengco	1,416,695,403
3. Mr. Necisto Y. Sytengco II	1,416,695,403
4. Mr. Gerry D. Tan	1,416,695,403
5. Mr. Esmeraldo A. Tepace	1,416,695,403
6. Ms. Lali Y. Sytengco	1,416,695,403

**And as Independent Directors:**

7. Mr. Roberto Anonas Jr.	1,416,695,403
8. Ms. Helen T. De Guzman	1,416,695,403
9. Mr. Geocel D. Olanday	1,416,695,403

e. List of the directors or trustees, officers and stockholders or member who attended the meeting

The following directors and/or officers attended the 2022 Annual Stockholder's Meeting:

Name of Director

1. Ricardo Nicanor Jacinto
2. Aylene Sytengco
3. Necisto Sytengco
4. Gerry Tan

5. Esmeraldo Tepace
6. Lali Sytengco
7. Roberto Anonas Jr.
8. Helen De Guzman
9. Geocel Olanday

Name of Officer

1. Christine P. Base
2. Aileen Lou G. Codamon
3. Jose Fidel R. Acuña
4. Sabrina Adamelle Poon- Sytengco
5. Emerson P. Paulino
6. Jose Ma. Jason J. Francisco

Based on the record of attendance, the stockholders attending the meeting in person and by proxy represented 1,416,695,403 common shares which constitute 91.4% of the total outstanding capital stock of the Corporation as of the record of May 5, 2022.

f. Material Information On The Current Stockholders And Their Voting Rights

Only stockholders of record at the close of business on Thursday, 05 May 2023 are entitled to notice of, and to vote at this meeting. Each outstanding share of stock entitles the registered holder to one vote, except for the election of the directors, where a stockholder may distribute his shares for as many nominees as there are directors to be elected or he may cumulate his shares and give one nominee as many votes as the number of directors to be elected. The total number of votes cast should not exceed the total number of shares a stockholder owns.

g. Appraisals and performance report for the board and the criteria and procedure for assessment

The Corporate Governance and Ethics Committee of the Company conducts annual board and committee performance assessments.

The Corporate Governance and Ethics Committee reviewed the effectiveness of the corporate governance framework through an annual confidential performance evaluation of the effectiveness of the Board, its Committees and the contribution of each director. Factors considered in the performance assessment include regular attendance during meetings, preparedness for meetings, active participation and contribution to board decisions, strategic insights and candid communication, diversity of experience and background of directors, among others.

The Committee is satisfied that all directors carried out their duties professionally and had all demonstrated their commitment and availability to attend to the affairs of the Company.

h. Directors' disclosures on self-dealing and related party transactions

Location	Use	Lessor	Area (in sqm.)	Monthly Rental (Inc. of VAT)	Expiration
Judge Luna, San Francisco Del Monte, Quezon City	Warehouse facility	Bridgewell Property Leasing c/o Aylene Y. Sytengco	1,890.00	₱236,250.00	31 December 2022**

\* Related Party

\*\* The Company had signed a new lease agreement for the Judge Luna warehouse covering the period of 2023 to 2027.

i. Directors' Compensation Report

A discussion on the following Compensation Report may be referred to in Item 6.

DIRECTOR	DIRECTORS' FEES (2020)	DIRECTORS' FEES (2021)	DIRECTORS' FEES ( 2022)	DIRECTORS' FEES (Projected 2023)
Lali Y. Sytengco Gerry D. Tan Esmeraldo A. Tepace Aylene Y. Sytengco Necisto Y. Sytengco II	Executive Directors do not receive any compensation or per diem by reason of their directorship.			
Ricardo Nicanor N. Jacinto	Php 345,000	Php325,000	Php 285,000	Php 320,000
Geocel D. Olanday	Php 375,000	Php385,000	Php 445,000	Php 480,000
Roberto F. Anonas, Jr	Php 350,000	Php335,000	Php 340,000	Php 440,000
Helen T. De Guzman	Php 350,000	Php325,000	Php 385,000	Php 420,000

**SUMMARY COMPENSATION TABLE**

Name and Principal Position	Year	Salary	Bonuses	Others
<ul style="list-style-type: none"> <li>• Gerry D. Tan, President &amp; CEO</li> <li>• Esmeraldo A. Tepace - EVP &amp; COO</li> <li>• Aylene Y. Sytengco - Chief Financial Officer &amp; Treasurer;</li> <li>• Necisto Y. Sytengco II -SVP Marketing Operations &amp; Assistant Treasurer</li> <li>• Aileen G. Codamon - AVP - Controller</li> </ul>	Projected 2023	7,988,018	300,000	3,629,616
	Actual 2022	7,502,878	380,000	3,365,946
	Actual 2021	6,648,392	613,578	3,650,918
	Actual 2020	5,804,458	203,773	3,853,360

**Item 6. Compensation of Directors and Executive Officers**

From 22 June 2022, each independent and non-executive Director receives a per diem allowance of P35,000.00 for every attendance in regular meetings and special meetings of the Board of Directors. In addition, the independent and non-executive directors also receive a per diem allowance of P20,000.00 for each Board Committee meeting attended.

Prior to the said date, each independent and non-executive Director received a per diem allowance of P25,000.00 for every attendance in regular meetings and special meetings of the Board of Directors. The independent and non-executive directors also received a per diem allowance of P10,000.00 for each Board Committee meeting attended.

DIRECTOR	DIRECTORS' FEES (2020)	DIRECTORS' FEES (2021)	DIRECTORS' FEES ( 2022)	DIRECTORS' FEES (Projected 2023)
Lali Y. Sytengco Gerry D. Tan Esmeraldo A. Tepace Aylene Y. Sytengco Necisto Y. Sytengco II	Executive Directors do not receive any compensation or per diem by reason of their directorship.			
Ricardo Nicanor N. Jacinto	Php 345,000	Php325,000	Php 285,000	Php 320,000
Geocel D. Olanday	Php 375,000	Php385,000	Php 445,000	Php 480,000
Roberto F. Anonas, Jr	Php 350,000	Php335,000	Php 340,000	Php 440,000
Helen T. De Guzman	Php 350,000	Php325,000	Php 385,000	Php 420,000

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.

Meanwhile, the total remuneration paid to the President & CEO and the top four senior officers as well as other officers are shown in the table herein below provided. The total annual compensation reported includes the basic salary, variable bonus pay and other allowances received.

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. Neither are options or stock warrants also payable to executives.

#### SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Salary	Bonuses	Others
<ul style="list-style-type: none"> <li>• Gerry D. Tan, President &amp; CEO</li> <li>• Esmeraldo A. Tepace - EVP &amp; COO</li> <li>• Aylene Y. Sytengco - Chief Financial Officer &amp; Treasurer;</li> <li>• Necisto Y. Sytengco II -SVP Marketing Operations &amp; Assistant Treasurer</li> <li>• Aileen G. Codamon - AVP - Controller</li> </ul>	Projected 2023	7,988,018	300,000	3,629,616
	Actual 2022	7,502,878	380,000	3,365,946
	Actual 2021	6,648,392	613,578	3,650,918
	Actual 2020	5,804,458	203,773	3,853,360
All other officers and directors as a group unnamed	Projected 2023	2,822,181	60,000	897,751
	Actual 2022	2,460,901	0	853,539
	Actual 2021	2,028,409	39,158	847,955
	Actual 2020	1,179,633	32,731	977,747

#### 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 & Arullo as external auditor of the Company for the financial year 2023.

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 as members) has satisfied itself of the suitability of the Punongbayan & Arullo to meet the audit requirements of the Company for financial year 2023 and has recommended their re-appointment as external auditors of the Company.

- (b) Ms. Mary Grace A. Punay, a partner in the Audit and Assurance Division of Punongbayan & Arullo is the audit engagement and signing partner assigned to handle the account of the Company and its

subsidiary starting the fiscal year 2022. This is compliant with the requirement of Rotation of External Auditors.

- (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 3 July 2023 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:

External Audit Fees

	FY 2020	FY 2021	FY 2022
Audit Fees	P 1,195,000.00	P 1,255,000.00	P 1,200,000.00
Non-audit services	200,000.00	175,000.00	100,000.00

Punongbayan & Araullo was engaged to audit the annual financial statements of the Company and its subsidiary in 2022. Punongbayan & Araullo also assisted in the Company’s first quarter PSE filing and the tabulation and validation of votes during the 2022 annual stockholders’ meeting which are classified as non-audit services. In 2020 and 2021, Punongbayan & Araullo also assisted in three (3) quarterly PSE filings of the Company and the tabulation and validation of votes during the 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 (“ARO 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 ARO 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 ARO 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**

On 12 April 2023, the Board of Directors approved the general framework of the Employee Share Option Plan, as endorsed by the Nomination and Remuneration Committee (“NomRem Committee”), with the following features:

PROPOSAL	SBS Employee Stock Option Plan ("ESOP")
OBJECTIVE	The purpose of the Plan is to enable qualified employees of the Company to participate in the growth of the Company, thereby encouraging long-term commitment to the Company.
SIZE AND LIMITATION OF THE PLAN	The Company shall reserve up to 15 million common shares for issuance pursuant to the Plan once the application of increase in Authorized Capital Stock is approved by regulatory agencies and will be applied for listing with the Philippine Stock Exchange ("PSE").  Under the Plan, stock options may be granted on an annual basis as endorsed by the Nomination and Remuneration Committee ("NomRem Committee") and approved by the Board
ELIGIBILITY	Key employees as endorsed by the NomRem Committee and approved by the Board taking into consideration their position and responsibilities, nature and value of their services and accomplishments, and their present and potential contribution to the growth and success of the Company.
ADMINISTRATION	The Plan shall be administered by the Executive Committee with the NomRem Committee exercising its oversight functions.
EXERCISE PRICE	The Executive Committee shall recommend to the NomRem Committee, who shall review and endorse to the Board for approval based on a valuation methodology consistent with generally accepted valuation methodologies for pricing financial instruments with a corresponding discount percentage but the net amount should not be lower than the booked value of the Company share based on the annual audited financial statement of the preceding year of the date of the grant.
VESTING PERIOD	Between 1 to 5 years or such other vesting schedule as may be recommended by the NomRem Committee from time to time and approved by the Board
EXERCISE PERIOD	Within five (5) years from the date of vesting as endorsed by the NomRem Committee and approved by the Board
DURATION OF THE PLAN	Maximum of ten (10) years commencing from the approval by Company's shareholders owning 2/3 of the outstanding capital stock.

The SBS Employee Stock Option Plan and the authority of the Board to determine the specific terms and conditions of the Plan and the implementation of the annual grant of stock options amounting to up to 15 million common shares over a 10-year period will be submitted for approval by the affirmative vote of stockholders representing at least 2/3 of the outstanding capital stock of the Company during the Annual Stockholders' Meeting on July 3, 2023.

No stock option has been granted yet to any person as of the date of this statement.

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

The Company is also seeking approval from the shareholders for the following matters or actions to be taken in the forthcoming Annual Shareholders' Meeting:

## 1. Stock Dividends

The Company is seeking approval from shareholders representing at least 2/3 of the outstanding capital stock of the Company, of the declaration of stock dividends of approximately 341,000,000 common shares to be payable at the stock dividend rate of 22% owned by stockholders and any resulting fractional shares shall be dropped. The record date and payment date shall be determined by the Board of Directors after relevant regulatory approvals have been obtained.

The issuance of stock dividend to fund the ACS increase will consequently increase the subscribed and issued capital stock from 1,549,999,999 common shares to approximately 1,890,999,999 common shares upon completion of the stock dividend payment. There will be no dilutive effect on the holdings of existing shareholders.

## 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, 2022 and 2021.
  - (ii) Report of Independent Auditors
  - (iii) Consolidated Financial Statements as of December 31, 2022 and 2021 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, 2022. (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, 2022 and 2021.
  - (viii) Interim Condensed Consolidated Financial Statements (Unaudited) as of March 31, 2023 and 2022 and Notes to Financial Statements
  - (ix) Supplementary Schedules to Interim Condensed Consolidated Financial Statements as of March 31, 2023 (Annex 68-J, SRC Rule 68)
  - (x) Management Discussion and Analysis of Financial Condition and Results of Operations as of March 31, 2023 as compared with the financial condition and results of operations as of March 31, 2022.

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

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



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

As of 31 December 2022, the Company is 65.47% owned by Anesy Holdings Corporation, 10.76% by the directors, officers, employees and affiliates of the Company, and 23.77% 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 began 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 nationwide that services a wide range of industries such as, but not limited to: (i) food ingredients, (ii) industrial, (iii) animal health and nutrition including feeds and veterinary care, (iv) pharmaceutical, (v) home and personal care, (vi) environment and infrastructure, and many others. 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, acquiring minority stakes in Cleon Phils. Holdings Corporation, Lakerfield Phils Holdings Corporation, Ayschester Holdings Corporation, and I-Bonding Holdings Corporation. 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 cyclicity and volatility in its core chemical trading business.

In 2016, the Company established a 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.

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 acquired minority stakes in both Smyte Phils. Holdings Corporation and Goldchester Holdings Corporation, which owned prime real properties that are contiguous with each other.

In 2021, the Company divested its shareholdings in one of its affiliates, Lence Holdings Corporation. The divestment was in line with Company's direction to improve operational efficiency through expansion of additional warehouses in its head office located in Quezon City, instead of the previous plan of developing Lence's property.

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**

**Interim period ending March 31, 2023**

**SBS PHILIPPINES CORPORATION AND SUBSIDIARY**  
*(A Subsidiary of Anesys Holdings Corporation)*  
**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**MARCH 31, 2023 AND DECEMBER 31, 2022**  
*(Amounts in Philippine Pesos)*

	March 31, 2023 (Unaudited)	% of Total Assets	December 31, 2022 (Audited)	% of Total Assets	Mar. 31, 2023 vs Dec. 31, 2022
<b><u>A S S E T S</u></b>					
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	P 810,446,850	9%	P 820,745,705	9%	-1%
Trade and other receivables – net	467,144,560	5%	504,451,127	6%	-7%
Inventories – net	844,638,374	10%	837,699,465	10%	1%
Prepayments and other current assets	280,435,550	3%	331,173,912	4%	-15%
Total Current Assets	<u>2,402,665,334</u>	27%	<u>2,494,070,209</u>	28%	-4%
<b>NON-CURRENT ASSETS</b>					
Investments in associates	2,831,581,913	32%	2,840,809,024	32%	0%
Property and equipment – net	63,582,247	1%	56,822,866	1%	12%
Right-of-use assets – net	192,219,150	2%	186,216,150	2%	3%
Investment properties	625,700,346	7%	625,700,346	7%	0%
Other non-current assets	2,685,800,309	31%	2,568,332,394	29%	5%
Total Non-current Assets	<u>6,398,883,965</u>	73%	<u>6,277,880,780</u>	72%	2%
<b>TOTAL ASSETS</b>	<b>P 8,801,549,299</b>	100%	<b>P 8,771,950,989</b>	100%	0%
<b><u>LIABILITIES AND EQUITY</u></b>					
<b>CURRENT LIABILITIES</b>					
Loans payable	P 1,084,602,937	12%	P 1,036,879,231	12%	5%
Trade and other payables	443,638,271	5%	443,670,023	5%	0%
Total Current Liabilities	<u>1,528,241,208</u>	17%	<u>1,480,549,254</u>	17%	3%
<b>NON-CURRENT LIABILITIES</b>					
Loans payable	585,033,376	7%	612,401,333	7%	-4%
Lease liabilities	114,510,108	1%	104,341,241	1%	10%
Security deposit	123,900	0%	5,212,253	0%	-98%
Post-employment defined benefit obligation	8,840,265	0%	8,840,265	0%	0%
Deferred tax liabilities – net	14,803,800	0%	20,197,040	0%	-27%
Total Non-current Liabilities	<u>723,311,449</u>	8%	<u>750,992,132</u>	9%	-4%
Total Liabilities	<u>2,251,552,657</u>	26%	<u>2,231,541,386</u>	25%	1%
<b>EQUITY</b>					
Equity attributable to the shareholders of Parent Company:					
Capital stock	1,549,999,999	18%	1,549,999,999	18%	0%
Additional paid-in capital	2,242,794,207	25%	2,242,794,207	26%	0%
Revaluation reserves	( 2,641,039 )	0%	( 2,641,039 )	0%	0%
Retained earnings	2,049,426,152	23%	2,036,559,886	23%	1%
	<u>5,839,579,320</u>	66%	<u>5,826,713,053</u>	66%	0%
Non-controlling interest	710,417,323	8%	713,696,550	8%	0%
Total Equity	<u>6,549,996,642</u>	74%	<u>6,540,409,603</u>	75%	0%
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>P 8,801,549,299</b>	100%	<b>P 8,771,950,989</b>	100%	0%

**SBS PHILIPPINES CORPORATION AND SUBSIDIARY**  
*(A Subsidiary of Anesy Holdings Corporation)*  
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022**  
*(Amounts in Philippine Pesos)*  
**(UNAUDITED)**

	2023	% of Total Sales	2022	% of Total Sales	2023 vs 2022
<b>SALE OF GOODS</b>	<b>P 262,142,145</b>	100%	P 288,667,395	100%	-9%
<b>COST OF GOODS SOLD</b>	<u>169,355,107</u>	65%	<u>175,338,797</u>	61%	-3%
<b>GROSS PROFIT</b>	<u>92,787,038</u>	35%	<u>113,328,598</u>	39%	-18%
<b>OTHER OPERATING INCOME (EXPENSES)</b>					
Other operating expenses	( 47,649,387 )	-18%	( 52,534,568 )	-18%	-9%
Other operating income	<u>2,549,247</u>	1%	<u>3,397,601</u>	1%	-25%
	<u>( 45,100,140 )</u>	-17%	<u>( 49,136,967 )</u>	-17%	-8%
<b>OPERATING PROFIT</b>	47,686,898	18%	64,191,631	22%	-26%
<b>EQUITY IN NET LOSSES OF ASSOCIATES</b>	( 9,227,111 )	-4%	( 9,200,585 )	-3%	0%
<b>FINANCE COSTS - Net</b>	( <u>24,386,018</u> )	-9%	( <u>14,858,935</u> )	-5%	64%
<b>PROFIT BEFORE TAX</b>	14,073,769	5%	40,132,111	14%	-65%
<b>TAX EXPENSE</b>	<u>4,486,730</u>	2%	<u>12,737,449</u>	4%	-65%
<b>NET PROFIT</b>	<b>P <u>9,587,039</u></b>	4%	<b>P <u>27,394,662</u></b>	9%	-65%
<b>Attributable to:</b>					
Shareholders of the Parent Company	<b>P 12,866,266</b>	5%	P 30,973,748	11%	-58%
Non-controlling interest	( <u>3,279,227</u> )	-1%	( <u>3,579,086</u> )	-1%	-8%
	<b>P <u>9,587,039</u></b>	4%	<b>P <u>27,394,662</u></b>	9%	-65%
<b>EARNINGS PER SHARE</b>					
Basic and diluted earnings (loss) per share	<b>P <u>0.008</u></b>		<b>P <u>0.020</u></b>		

*The following discussions should be read in conjunction with the Unaudited Consolidated Interim Financial Statements of the Company as of and for the period 31 March 2023 (with comparative figures as of 31 December 2022 and for the period ended 31 March 2022).*

#### **Results of Operations (1Q 2023 versus 1Q 2022)**

SBS Philippines Corporation (“SBS” or the “Company”) and its subsidiary generated sales of P262.1 million in the first three months of 2023, down by 9% compared to previous comparable period of P288.7 million with lower sales volume in raw materials for animal health and nutrition, food ingredients, and industrial chemicals. Sales of Food ingredients segment contributed 29% of total revenue for the quarter while Animal Health and Nutrition, Industrial Chemicals, Home and Personal Care, and Others segments contributed 23%, 21%, 11% and 16% of sales revenue, respectively.

The Company incurred higher cost of goods sold for the quarter due to increasing logistic and importation cost of the products.

With lower sales volume and higher cost of goods sold, the Company posted 18.1% decline in gross profit in the first quarter of 2023 compared to the same period of the prior year. Consequently, the other operating expenses also decreased by 9.3% due to lower sales activity for the quarter.

Operating profit on a consolidated basis declined by 25.7% from P64.2 million to P47.7 million on comparable period year on year. Meanwhile, equity in net losses of associates was maintained at P9.2 million for the first quarter of 2023 and 2022. Net finance cost increased by P9.5 million from P14.9 million in 2022 to P24.4 million in 2023 due to higher amount of outstanding loans in 2023 and increasing interest rates in the market as compared to the same quarter of the prior year.

The Group posted a net profit P 9.6 million for the first quarter of 2023, down by P17.8 million from of P27.4 million for the first quarter of 2022 as a result of lower revenues, higher cost of sales and increase in finance cost.

**Material Changes to the Statement of Comprehensive Income for the three months ended 31 March 2023 compared to the Statement of Comprehensive Income for the three months ended 31 March 2022.**

Sales revenue for the period decreased by P26.5 million or 9.2% from P288.7 million in the first quarter of 2022 to P262.1 million of comparable period in 2023 with marked decline in revenues from Animal Health and Nutrition of 16.8%.

Cost of goods sold for the first three months decreased by P6.0 million or 3.4% from P175.3 million in 2022 to P169.4 million in 2023, reflecting the decrease in sales volume.

Gross profit from operations decreased by P20.5 million from P113.3 million posted in the first quarter of 2022 to P92.8 million of comparable period in 2023, consistent with the lower sales volume and the decrease in gross margin by 3.9 percentage points as selling prices adjusted downwards following the Philippine peso appreciation against the US Dollar during the first quarter of 2023.

Other operating expenses decreased by P4.9 million or 9.3% from P52.5 million posted in the first quarter of 2022 to P47.6 million in 2023 due to lower business taxes and selling-related expenses.

Equity in net losses of associates closed at P9.2 million in 2023, remaining at same level as compared to the same period of 2022.

In the first three months of 2023, the net finance cost went up by P9.5 million or 64.1% as a result of higher outstanding debt coupled by increasing interest rates for the period as compared to the same quarter of prior year. The Group's tax expense decreased by P8.3 million in the first quarter of 2022 as compared to the same quarter of the prior year.

As a result of the foregoing, the Group realized a Net Income of P9.6 million for the first quarter of 2023, declining by P17.8 million compared to P27.4 million from the same period in 2022.

**Material Changes to the Statement of Financial Position as at 31 March 2023 Compared to the Statement of Financial Position as at 31 December 2022**

**Assets**

As at 31 March 2023, total assets on consolidated basis amounted to 8,801.5 million, consisting of P2,402.7 million in current assets and P6,398.9 million in non-current assets. As at 31 December 2022, total assets amounted to P8,772.0 million, consisting of P2,494.1 million in current assets and P6,277.9 million in non-current assets.

Cash in banks decreased by 1.3% or P10.3 million from P820.7 million in 2022 to P810.4 million in 2023. For the first three months ended 31 March 2023, a total collection of P236.4 million were received comprising of P134.4 million from operations, P95.0 million proceeds from short-term loans and P7.0 million in interest income. Against this, a total of P246.7 million in disbursements were made consisting of the following: P117.0 million advance payment for investment in associates, P75.0 million for settlement of loan; P34.2 million for interest payment, P7.8 million for acquisition of property and equipment, P7.1 million payment for lease liabilities and P5.6 million effects of foreign exchange rate changes in cash.

Trade and other receivables decreased by P37.3 million or 7.4% from P504.5 million in 2022 to P467.1 million in 2023 due to lower sales volume for the quarter.

The inventory level went up by P6.9 million or 0.8% from P837.7 million in 2022 to P844.6 million in 2023.

Prepayments and other current assets decreased by P50.7 million or 15.3% from P331.2 million in 2022 to P280.4 million as of March 31, 2023 with reduction in refundable deposits, creditable withholding taxes and input VAT asset.

Investments in associates decreased to P2,831.6 million in the first quarter of 2023 from P2,840.8 million as at December 31, 2022 which corresponds to the equity net losses amounting to P9.2 million incurred by the Group on its investments in the associate companies.

Property and equipment value increased by P6.8 million or 11.9% to P63.6 million in 2023 from P56.8 million in 2022 as a result of additional acquisition of property and equipment in the amount of P7.8 million and partially offset by depreciation expense of P1.0 million during the period.

Right-of-use assets-net increased by P6.0 million from P186.2 million in 2022 to P192.2 million in 2023 with additional recognition of asset amounting to P16.1 million partially offset by amortization during the period of P10.1 million.

Other non-current assets increased by 117.5 million or 4.6% in 2023 due to additional deposits for investments in associates of P117.0 million, additional refundable deposit of P0.9 million and partially offset by amortization of computer software of P0.4 million.

### **Liabilities**

The total liabilities as at 31 March 2023 amounted to P2,251.6 million, comprising of P1,528.2 million in current liabilities and P723.3 million in non-current liabilities. For 31 December 2022, the total liabilities amounted to P2,231.5 million comprised of P1,480.6 million in current liabilities and P751.0 million in non-current liabilities.

Current loans payable increased by 4.6% or P47.7 million from P1,036.9 million in 2022 to P1,084.6 million as of first quarter 2023 due to availment of short term loans of P95.0 million and reclassification from long-term loans to short-term of P27.8 million, partially offset by loan settlement of P75.0 million made during the period.

A 5-year term loan of P700 million availed in 2022 subject to 5.10% interest annual repricing, net of amortized debt issue cost has an outstanding balance of P695.4 million of which P110.4 million is reflected as part of the current liabilities and P585.0 million under non-current liabilities.

Non-current lease liabilities increased by 9.7% of P10.2 million from P104.3 million in 2022 to P114.5 million in 2023 with additional recognition of P9.0 million and interest accretion for the period of P1.1 million.

Deferred tax liabilities - net decreased by P5.4 million from P20.2 million in 2022 to P14.8 million as of first quarter 2023 due mostly to reversal of temporary differences from foreign exchange rate changes.

Security deposit decreased by P5.1 million as of first quarter 2023 as result of refund of customer deposits.

### **Total equity**

The total equity as at 31 March 2023 was P6,550.0 million, comprising of P1,550.0 million in capital stock, P2,242.8 million in additional paid in capital stock, P2,049.4 million in retained earnings, P2.6 million revaluation reserves and P710.4 million non-controlling interest in the subsidiaries. As of 31 December 2022, the total equity was P6,540.4 million, comprising of P1,550.0 million in capital stock, P2,242.8 million in additional paid in capital stock, P2,036.6 million in retained earnings, P2.6 million revaluation reserves and P713.7 million non-controlling interest in a subsidiary.

Retained earnings increased by P12.9 million from P2,036.6 million in 2022 to P2,049.4 million in 2023 on account of current period income of P12.9 million attributable to Company shareholders.

### **Liquidity and Capital Resources**

*Net cash flows from operating activities*

As at March 31, 2023, the cash flows from operating activities resulted to a net inflow of P134.4 million. Cash receipts were mainly from operating profit, decrease in refundable deposits, decrease in trade and other receivables, decrease in prepayments and partially offset by increase in inventories, increase in trade and other payables, and decrease in security deposits.

*Net cash flows used in investing activities*

The cash flow from investing activities resulted in a net outflow of P117.8 million due to advance payment for investment in associates and acquisition of equipment and computer software, partially offset by interest income.

*Net cash flows used in financing activities*

The cash flow from financing activities resulted in a net outflow of P21.3 million. The cash outflow was due to settlement of bank loans, payment of lease liabilities and interest payment, partially offset with proceeds of short term loans.

**Key Performance Indicators (31 March 2023 versus 31 March 2022)**

	<u>2023</u>	<u>2022</u>
Liquidity Ratio <sup>1</sup>	157.2%	111.3%
Debt to Equity Ratio <sup>2</sup>	34.4%	22.5%
Asset to Equity Ratio <sup>3</sup>	134.4%	122.5%
Return on Assets <sup>4</sup>	0.1%	0.3%
Return on Equity <sup>5</sup>	0.1%	0.4%
Cost to Income Ratio <sup>6</sup>	18.2%	18.2%
Interest Cost Coverage Ratio <sup>7</sup>	143.5%	370.1%
Earnings per Share <sup>8</sup>	PHP 0.01	PHP 0.02

<sup>1/</sup> *Current Assets over Current Liabilities*

<sup>2/</sup> *Total Liabilities over Equity*

<sup>3/</sup> *Total Assets over Equity*

<sup>4/</sup> *Net Income over Average Assets*

<sup>5/</sup> *Net Income over Average Equity*

<sup>6/</sup> *Cost and Expenses over Revenues*

<sup>7/</sup> *EBIT over Interest Expense*

<sup>8/</sup> *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.

The several rounds of increases in interest rates resulted in the increase in finance cost of the Company. Based on the risk assessment of the scenarios analysed by the Company, the projection showed that the Company has

liquidity to cope with the current business environment. Nevertheless, the extent of business impact should interest rate continue to increase is not yet definite at this time. The Company estimates are based only on the parameters of the scenarios that it has considered in its analysis.

As 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 2023.

**(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 will be spending up to P52 million in capital expenditures for 2023 in line with its 5-year 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 available credit facilities.

**(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 increase in electricity cost during the summer period may slow down the economic growth for this year. In the event of reduction in manufacturing activities due to slow down of consumer demand, this may negatively impact the Company's top line growth objective and decreases the profitability of the business as compared to prior year. In addition, the Company intend to increase our inventory level to support the Company's growth objective and will require higher working capital requirement and bigger storage area that increases the Company's operating and finance cost in the short term.

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

None.

**(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.



## Review of 2022 versus 2021

<b>SBS PHILIPPINES CORPORATION AND SUBSIDIARY</b> <i>(A Subsidiary of Anesy Holdings Corporation)</i> <b>CONSOLIDATED STATEMENTS OF FINANCIAL POSITION</b> <b>DECEMBER 31, 2022 AND 2021</b> <i>(Amounts in Philippine Pesos)</i>					
	<u>2022</u>		<u>2021</u>		2022 vs 2021
<b>A S S E T S</b>					
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	P 820,745,705	9%	P 250,220,189	3%	228%
Trade and other receivables – net	504,451,127	6%	456,318,578	6%	11%
Inventories – net	837,699,465	10%	776,372,902	10%	8%
Prepayments and other current assets	<u>331,173,912</u>	4%	<u>133,668,518</u>	2%	148%
Total Current Assets	<u>2,494,070,209</u>	28%	<u>1,616,580,187</u>	20%	54%
<b>NON-CURRENT ASSETS</b>					
Investments in associates	2,840,809,024	32%	2,843,727,038	36%	0%
Property and equipment – net	56,822,866	1%	43,171,978	1%	32%
Right-of-use assets – net	186,216,150	2%	25,732,891	0%	624%
Investment properties	625,700,346	7%	625,700,346	8%	0%
Deferred tax assets – net	-	0%	1,479,920	0%	-100%
Other non-current assets – net	<u>2,568,332,394</u>	29%	<u>2,768,065,456</u>	35%	-7%
Total Non-current Assets	<u>6,277,880,780</u>	72%	<u>6,307,877,629</u>	80%	0%
<b>TOTAL ASSETS</b>	<b><u>P 8,771,950,989</u></b>	100%	<b><u>P 7,924,457,816</u></b>	100%	11%
<b>LIABILITIES AND EQUITY</b>					
<b>CURRENT LIABILITIES</b>					
Loans payable	P 1,036,879,231	12%	P 1,211,079,144	15%	-14%
Trade and other payables	443,670,023	5%	220,932,189	3%	101%
Income tax payable	-	0%	3,994,726	0%	-100%
Total Current Liabilities	<u>1,480,549,254</u>	17%	<u>1,436,006,059</u>	18%	3%
<b>NON-CURRENT LIABILITIES</b>					
Loans payable	612,401,333	7%	-	0%	100%
Lease liabilities	104,341,241	1%	-	0%	100%
Security deposit	5,212,253	0%	5,212,253	0%	0%
Post-employment defined benefit obligation	8,840,265	0%	8,596,025	0%	3%
Deferred tax liabilities – net	<u>20,197,040</u>	0%	-	0%	100%
Total Non-current Liabilities	<u>750,992,132</u>	9%	<u>13,808,278</u>	0%	5339%
Total Liabilities	<u>2,231,541,386</u>	25%	<u>1,449,814,337</u>	18%	54%
<b>EQUITY</b>					
Equity attributable to the shareholders of Parent Company:					
Capital stock	1,549,999,999	18%	1,549,999,999	20%	0%
Additional paid-in capital	2,242,794,207	26%	2,242,794,207	28%	0%
Revaluation reserves	( 2,641,039 )	0%	( 3,391,771 )	0%	-22%
Retained earnings	<u>2,036,559,886</u>	23%	<u>1,953,138,955</u>	25%	4%
	5,826,713,053	66%	5,742,541,390	72%	1%
Non-controlling interest	<u>713,696,550</u>	8%	<u>732,102,089</u>	9%	-3%
Total Equity	<u>6,540,409,603</u>	75%	<u>6,474,643,479</u>	82%	1%
<b>TOTAL LIABILITIES AND EQUITY</b>	<b><u>P 8,771,950,989</u></b>	100%	<b><u>P 7,924,457,816</u></b>	100%	11%

**SBS PHILIPPINES CORPORATION AND SUBSIDIARY**  
**(A Subsidiary of Anesy Holdings Corporation)**  
**CONSOLIDATED STATEMENTS OF PROFIT OR LOSS**  
**FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020**  
*(Amounts in Philippine Pesos)*

	2022		2021		2022 vs 2021
<b>REVENUES</b>					
Sale of goods	P 1,188,073,715	100%	P 817,548,037	100%	45%
Consultancy income	-	0%	1,339,286	0%	-100%
	<u>1,188,073,715</u>	100%	<u>818,887,323</u>	100%	45%
<b>COST OF SALES AND SERVICES</b>					
Cost of goods sold	723,979,725	61%	531,941,367	65%	36%
Cost of services	-	0%	1,087,827	0%	-100%
	<u>723,979,725</u>	61%	<u>533,029,194</u>	65%	36%
<b>GROSS PROFIT</b>	<u>464,093,990</u>	39%	<u>285,858,129</u>	35%	62%
<b>OTHER OPERATING INCOME (EXPENSES)</b>					
Other operating expenses	( 181,806,519 )	-15%	( 161,596,055 )	-20%	13%
Other operating income	10,659,024	1%	30,526,183	4%	-65%
	<u>( 171,147,495 )</u>	-14%	<u>( 131,069,872 )</u>	-16%	31%
<b>OPERATING PROFIT</b>	292,946,495	25%	154,788,257	19%	89%
<b>FINANCE COSTS</b>	( 93,219,242 )	-8%	( 133,136,158 )	-16%	-30%
<b>EQUITY IN NET INCOME (LOSSES) OF ASSOCIATES</b>	( 38,193,014 )	-3%	( 91,860,729 )	-11%	-58%
<b>FINANCE INCOME</b>	5,830,053	0%	8,832,473	1%	-34%
<b>GAIN ON SALE AND DECONSOLIDATION OF A SUBSIDIARY</b>	-	0%	311,965,240	38%	-100%
<b>PROFIT BEFORE TAX</b>	167,364,292	14%	250,589,083	31%	-33%
<b>TAX EXPENSE</b>	63,694,294	5%	59,962,917	7%	6%
<b>NET PROFIT FROM CONTINUING OPERATIONS</b>	103,669,998	9%	190,626,166	23%	-46%
<b>NET LOSS AFTER TAX FROM DISCONTINUED OPERATIONS</b>	-	0%	( 10,191,383 )	-1%	-100%
<b>NET PROFIT FOR THE YEAR</b>	<u>P 103,669,998</u>	9%	<u>P 180,434,783</u>	22%	-43%
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>					
Item that will not be reclassified subsequently to profit or loss					
Remeasurements of post-employment defined benefit plan	1,128,168	0%	981,736	0%	15%
Tax income (expense)	( 282,042 )	0%	( 536,913 )	0%	-47%
<b>Other Comprehensive Income (Loss) – net of tax</b>	<u>846,126</u>	0%	<u>444,823</u>	0%	90%
<b>TOTAL COMPREHENSIVE INCOME</b>	<u>P 104,516,124</u>	9%	<u>P 180,879,606</u>	22%	-42%
Attributable to:					
Shareholders of the Parent Company	P 122,921,663	10%	P 187,427,058	23%	-34%
Non-controlling interest	( 18,405,539 )	-2%	( 6,547,452 )	-1%	181%
	<u>P 104,516,124</u>	9%	<u>P 180,879,606</u>	22%	-42%

*The following discussions should be read in conjunction with the 2022 Audited Consolidated Financial Statements of the Company and its Subsidiaries as of and for the years ended 31 December 2022 (with comparative figures as of 31 December 2021).*

## **Results of Operations**

Material Changes to the Statement of Comprehensive Income for the year ended 31 December 2022 compared to the Statement of Comprehensive Income for the year ended 31 December 2021.

Sales revenue for the period increased by P370.5 million or 45.3% to P1,188.1 million in 2022 from P817.5 million in 2021. The sale of Industrial Chemicals rose by 113.3% or P121.2 million as manufacturing activities improved during the period, while Food Ingredients segment increased by 37.4% or P94.5 million as compared to the same period in 2021 driven by continued increase in consumer demand for food and beverage products. Meanwhile, revenue from the Animal Feed segment increased by 4.7% or P12.1 million as the swine industry gradually picked up from the effects of the African Swine Flu that hit the industry in 2020. There is no consultancy income registered in 2022, while P1.3 million was generated in 2021.

Cost of goods sold increased by P192.0 million or 36.1%, from P531.9 million in 2021 to P724.0 million in 2022.

Gross profit increased by P178.2 million or 62.4%, from P285.9 million in 2021 to P464.1 million in 2022, consistent with the higher sales volume and complemented by improvement in gross margin of 4.2 percentage points due to favorable product mix and rising prices.

Other operating expenses increased by 12.5% or P20.2 million from P161.6 million in 2021 to P181.8 million in 2022. P4.4 million of this increase was due to higher taxes and licenses paid by the Company as a result of the upturn in business activities for the year while another P3.6 million was due to increase spending in salaries and employee benefits.

Other operating income decreased by P19.9 million or 65.1% from P30.5 million in 2021 to P10.7 million in 2022 caused by the decrease in its various management services.

With the significant improvement in gross margin, the Group registered a boost in operating profit of P138.2 million or 89.3% from P154.8 million in 2021 to P292.9 million in 2022 as direct impact of higher sales volume and price increase achieved for the year.

In 2022, the Group registered equity in net losses of associates of P38.2 million, down by P53.7 million from P91.9 million in 2021, mainly due to reduction in financing cost on the side of the associate companies as result of lower levels of outstanding loans.

Consolidated finance costs amounted to P93.2 million in 2022, representing a decrease of 30.0% from P133.1 million in 2021 mainly due to the recognition of day-one loss after discounting certain receivables of a subsidiary amounting to P43.6 million in 2021. Finance income decreased by P3.0 million from P8.8 million in 2021 to P5.8 million in 2022. Consequently, the Group registered a net finance expense of P87.4 million in 2022 from P124.3 million in 2021.

In 2021, the Group registered P312.0 million gain on deconsolidation as a result of its divestment in shareholdings of subsidiary. There is no similar transaction in 2022.

The Group's tax expenses increased by 6.2% or P3.7 million from 60.0 million in 2021 to P63.7 million in 2022.

Consolidated net profit for the year decreased from P180.4 million in 2021 to P103.7 million in 2022 mainly due to the one-time gain on deconsolidation of subsidiary to the consolidated result of the Group in 2021.

Material Changes to the Statement of Financial Position as at 31 December 2022 compared to the Statement of Financial Position as at 31 December 2021.

## Assets

As at 31 December 2022, total assets amounted to P8,772.0 million, 10.7% up from last year of P7,924.5 million. Total assets in 2022 consist of P2,494.1 million in current assets and P6,277.9 million in non-current assets compared to P1,616.6 million in current assets and P6,307.9 million in non-current assets in 2021.

Cash and cash equivalents increased by 228.0% or P570.5 million from P250.2 million in 2021 to P820.7 million in 2022. For the current period, total cash collection amounted to P1,986.5 million and was received from the following: P1,575.0 million from proceeds of loans; P394.9 million generated from operating activities; P10.7 million on foreign exchange effect and P5.8 million of interest received. On the other hand, cash disbursements or settlements made for the period amounted to P1,416.0 million, comprised of the following: P1,132.0 million in loan repayments; P81.9 million for payment of lease liabilities; P80.2 million in interest payments for bank loans and bank trust receipts; P52.3 million advance payments for investment subscriptions; P38.8 million for dividend payments; P20.1 million for acquisition of property and equipment; P10.6 million in investments in associates; and P0.1 million for acquisition of computer software.

Trade and other receivables increased by P48.1 million or 10.5% from P456.3 million in 2021 to P504.5 million in 2022.

The inventory level went up by P61.3 million or 7.9% from P776.4 million in 2021 to P837.7 million in 2022 as a result of higher volume of importation for stock replenishment in response to market demand from the customers.

Prepayments and other current assets increased by P197.5 million from P133.7 million in 2021 to P331.2 million in 2022 as a result of reclassification of certain non-current asset held by the Group in the previous year to current assets on the account of an agreement to extend the refund of deposit over three years or until 2024 as a result of the cancellation of the intended transaction due to unfavorable result of the due diligence on the property. Consequently, other non-current assets in 2021 decreased by P199.7 million to P2,568.3 million in 2022 from P2,768.1 million in 2021 mainly due to the same agreement.

Investment in associates dipped by P2.9 million or 0.1% from P2,843.7 million in 2021 to P2,840.8 million in 2022 as a result of net equity losses of P38.2 million and additional investments in shares of associate companies made by the Group amounting to P35.3 million.

Property and equipment value increased by P13.7 million from P43.2 million in 2021 to P56.8 million in 2022, as a result of P20.1 million of asset purchase and partially offset by P6.4 million depreciation of the assets.

Right-of-use assets increased from P25.7 million in 2021 to P186.2 million in 2022, with additions of P186.2 million during the year partially offset by P25.7 million charged to depreciation and amortization.

## Liabilities

The total liabilities as at 31 December 2022 amounted to P 2,231.5 million, 53.9% up from P1,449.8 million in 2021. Total liabilities consist of P1,480.5 million in current liabilities and P751.0 million in non-current liabilities in 2022 compared to P1,436.0 million in current liabilities and P13.8 million in non-current liabilities in 2021.

Current loans payable decreased by 14.4% or P174.2 million from P1,211.1 million in 2021 to P1,036.9 million in 2022 after loan repayments of P1,132.0 million and partially offset with new loan drawdowns of P875.0 million during the year and recognition of current portion of long-term loans of P82.8 million. Non-current loans payable increased to P612.4 million in 2022 with the availment of 5-year term loans of P700.0 million subject to 5.1% interest annual repricing.

Trade and other payables increased by P222.7 million from P220.9 million in 2021 to P443.7 million in 2022 mainly due to increase in trust receipts payable.

There is no Income tax payable outstanding as at December 31, 2022 as compared to P4.0 million in 2021.

Lease liabilities outstanding as at December 31, 2022 was at P104.3 million, with additions of P186.2 million and lease payments of P81.9 million during the year.

Net deferred tax liabilities increased to P20.2 million in 2022 from a net deferred tax assets of P1.5 million in 2021 mostly due to recognition of deferred tax expenses pertaining to lease renewals concluded in 2022.

Post-employment defined benefits obligation increased by 2.8% or P0.2 million from P8.6 million in 2021 to P8.8 million in 2022. The increase was due to the recognized re-measurements on deferred benefits obligation and the related interest cost.

### **Total equity**

The total equity as at 31 December 2022 was P6,540.4 million, 1.0% higher compared to P6,474.6 million in 2021. Total equity in 2022 consists of P1,550.0 million in capital stock, P2,242.8 million in additional paid in capital stock, P2,036.6 million in retained earnings, P2.6 million in revaluation reserves and 713.7 million of equity attributable to non-controlling interest. For the period ended 31 December 2021, total equity consists of P1,550.0 million in capital stock, P2,242.8 million in additional paid in capital stock, P1,953.1 million in retained earnings, P3.4 million in revaluation reserves and 732.1 million of equity attributable to non-controlling interest.

Retained earnings increased by P83.4 million or 4.3% from P1,953.1 million in 2021 to P2,036.6 million in 2022 as a result of the Group's consolidated net income attributable to shareholders of P122.2 million minus dividend payment of P38.8 million for the year. Meanwhile, the equity attributable to Non-controlling interest decreased by P18.4 million or 2.5% from P732.1 million in 2021 to P713.7 million in 2022 mainly due to the recognition of net losses for the period of the subsidiary.

### **Liquidity and Capital Resources**

#### ***Net cash flows from operating activities***

The 2022 cash flows from operating activities resulted to a net inflow of P394.9 million. Cash receipts were mainly from operating profit, increase in trade and other payables, decrease in prepayments, and partially offset by increase in inventories, increase in trade and other receivables, and income tax payment.

#### ***Net cash flows used in investing activities***

The cash flow from investing activities resulted to a net cash outflow of P77.3 million. The cash outflows consist of investments in shares of associate companies and additional acquisition of equipment and computer software partially offset by interest income from short term placements.

#### ***Net cash flows from financing activities***

The net cash flow from financing activities resulted to a net inflow of P242.2 million. The cash inflows from proceeds of short term and long-term loans were partially offset by settlement of bank loans and payments for interest, dividends and leases.

### **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.

The transition of the COVID-19 pandemic into an endemic situation will continue to open up the economy and supports the business recovery across the country. Meanwhile, the increasing fuel cost and interest rates if sustained in 2023 could potentially result in increase of the operating cost and negatively impact the profitability of the business.

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 business environment. Nevertheless, the extent of business impact on the continuing increase in energy cost is not yet definite at this time. The Company estimates are based only on the parameters of the scenarios that it has considered in its analysis.

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 December 2022.

**(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 will be spending up to P52 million in capital expenditure for 2023 in line with its 5-year 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.**

In 2022, there was significant increase in logistic and transport costs due to limited availability of container space for shipments from Europe and China that is expected to continue in 2023.

The existing level of product inventory of the Company allowed us to minimize the impact brought about by the global supply chain disruption. However, continued deterioration of the situation may negatively impact the ability to serve the future needs of customers, affecting the revenue and income of the Company in 2023.

On the other hand, increasing further our inventory level will require higher working capital requirement and bigger storage area that increases the Company's operating and finance cost and may negatively impact the Company's future profitability.

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

None in 2022. In 2021, the Group posted a gain on deconsolidation as a result of sale of its shareholdings in a subsidiary of P312.0 million, gross of taxes and loss attributable for the year from discontinued operations of a subsidiary.

**(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.

## Key Performance Indicators

### SBS Philippines Corporation and Subsidiaries

#### Schedule of Financial Indicators for December 31, 2022, 2021 and 2020

	<u>2022</u>	<u>2021</u>	<u>2020</u>
<b>Liquidity Ratio</b> <sup>1</sup>	<b>168.5%</b>	112.6%	123.1%
<b>Debt to Equity Ratio</b> <sup>2</sup>	<b>34.1%</b>	22.4%	37.5%
<b>Asset to Equity Ratio</b> <sup>3</sup>	<b>134.1%</b>	122.4%	137.5%
<b>Return on Assets</b> <sup>4</sup>	<b>1.2%</b>	2.3%	8.0%
<b>Return on Equity</b> <sup>5</sup>	<b>1.6%</b>	2.8%	11.0%
<b>Interest rate coverage ratio</b> <sup>6</sup>	<b>3.10</b>	3.70	6.90
<b>Earnings per Share</b> <sup>7</sup>	<b>PHP 0.08</b>	PHP 0.12	PHP 0.46

<sup>1/</sup> *Current Assets over Current Liabilities*

<sup>2/</sup> *Total Liabilities over Equity*

<sup>3/</sup> *Total Assets over Equity*

<sup>4/</sup> *Net Income over Average Assets*

<sup>5/</sup> *Net Income over Average Equity*

<sup>6/</sup> *Earnings before interest and taxes (EBIT) divided by Interest expense*

<sup>7/</sup> *Net Income over Weighted Average Number of Common Outstanding Shares*

## Review of 2021 versus 2020

SBS PHILIPPINES CORPORATION AND SUBSIDIARIES  
(A Subsidiary of Anesy Holdings Corporation)  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2021 AND 2020  
(Amounts in Philippine Pesos)

	2021		2020		2021 vs 2020
<b><u>A S S E T S</u></b>					
<b>CURRENT ASSETS</b>					
Cash	P 250,220,189	3%	P 238,420,167	3%	5%
Trade and other receivables – net	456,318,578	6%	723,874,428	8%	-37%
Inventories – net	776,372,902	10%	894,472,936	10%	-13%
Prepayments and other current assets	133,668,518	2%	659,251,620	8%	-80%
Total Current Assets	<u>1,616,580,187</u>	20%	<u>2,516,019,151</u>	29%	-36%
<b>NON-CURRENT ASSETS</b>					
Investments in associates	2,843,727,038	36%	2,905,295,267	33%	-2%
Property and equipment – net	43,171,978	1%	12,879,597	0%	235%
Right-of-use assets – net	25,732,891	0%	51,465,782	1%	-50%
Investment properties – net	625,700,346	8%	625,700,346	7%	0%
Deferred tax assets – net	1,479,920	0%	2,403,246	0%	-38%
Other non-current assets	2,768,065,456	35%	2,105,546,724	24%	31%
Total Non-current Assets	<u>6,307,877,629</u>	80%	<u>5,703,290,962</u>	65%	11%
<b>ASSETS HELD FOR SALE</b>	-	0%	551,177,822	6%	-100%
<b>TOTAL ASSETS</b>	<u>P 7,924,457,816</u>	100%	<u>P 8,770,487,935</u>	100%	-10%
<b><u>LIABILITIES AND EQUITY</u></b>					
<b>CURRENT LIABILITIES</b>					
Loans payable	P 1,211,079,144	15%	P 1,840,140,828	21%	-34%
Trade and other payables	220,932,189	3%	177,726,867	2%	24%
Lease liabilities	-	0%	26,033,716	0%	-100%
Income tax payable	3,994,726	0%	-	0%	100%
Total Current Liabilities	<u>1,436,006,059</u>	18%	<u>2,043,901,411</u>	23%	-30%
<b>NON-CURRENT LIABILITIES</b>					
Post-employment defined benefit obligation	8,596,025	0%	9,019,095	0%	-5%
Security deposit	5,212,253	0%	7,690,253	0%	-32%
Loans payable	-	0%	333,040,884	4%	-100%
Total Non-current Liabilities	<u>13,808,278</u>	0%	<u>349,750,232</u>	4%	-96%
<b>LIABILITIES ATTRIBUTABLE TO ASSETS HELD FOR SALE</b>	-	0%	530,446	0%	-100%
Total Liabilities	<u>1,449,814,337</u>	18%	<u>2,394,182,089</u>	27%	-39%
<b>EQUITY</b>					
Equity attributable to the shareholders of Parent Company:					
Capital stock	1,549,999,999	20%	1,549,999,999	18%	0%
Additional paid-in capital	2,242,794,207	28%	2,242,794,207	26%	0%
Revaluation reserves	( 3,391,771 )	0%	( 4,080,708 )	0%	-17%
Retained earnings	1,953,138,955	25%	1,800,500,834	21%	8%
	5,742,541,390	72%	5,589,214,332	64%	3%
Non-controlling interest	732,102,089	9%	787,091,514	9%	-7%
Total Equity	<u>6,474,643,479</u>	82%	<u>6,376,305,846</u>	73%	2%
<b>TOTAL LIABILITIES AND EQUITY</b>	<u>P 7,924,457,816</u>	100%	<u>P 8,770,487,935</u>	100%	-10%



**SBS PHILIPPINES CORPORATION AND SUBSIDIARIES**  
*(A Subsidiary of Anesy Holdings Corporation)*  
**CONSOLIDATED STATEMENTS OF PROFIT OR LOSS**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**  
*(Amounts in Philippine Pesos)*

	<u>2021</u>		<u>2020</u>		<u>2021 vs 2020</u>
<b>REVENUES</b>					
Sale of goods	P 817,548,037	100%	P 909,307,222	95%	-10%
Consultancy income	<u>1,339,286</u>	0%	<u>44,642,857</u>	5%	-97%
	<u>818,887,323</u>	100%	<u>953,950,079</u>	100%	-14%
<b>COST OF SALES AND SERVICES</b>					
Cost of goods sold	531,941,367	65%	634,243,432	66%	-16%
Cost of services	<u>1,087,827</u>	0%	<u>600,000</u>	0%	81%
	<u>533,029,194</u>	65%	<u>634,843,432</u>	67%	-16%
<b>GROSS PROFIT</b>	<u>285,858,129</u>	35%	<u>319,106,647</u>	33%	-10%
<b>OTHER OPERATING INCOME (EXPENSES)</b>					
Other operating expenses	( 161,596,055 )	-20%	( 170,300,120 )	-18%	-5%
Other operating income	<u>30,526,185</u>	4%	<u>39,086,006</u>	4%	-22%
	<u>( 131,069,870 )</u>	-16%	<u>( 131,214,114 )</u>	-14%	0%
<b>OPERATING PROFIT</b>	154,788,259	19%	187,892,533	20%	-18%
<b>EQUITY IN NET INCOME (LOSSES) OF ASSOCIATES</b>	( 91,860,731 )	-11%	674,805,412	71%	-114%
<b>FINANCE COSTS</b>	( 133,136,158 )	-16%	( 123,861,556 )	-13%	7%
<b>FINANCE INCOME</b>	8,832,473	1%	6,752,622	1%	31%
<b>GAIN ON DECONSOLIDATION</b>	<u>311,965,240</u>	38%	<u>-</u>	0%	100%
<b>PROFIT BEFORE TAX</b>	250,589,083	31%	745,589,011	78%	-66%
<b>TAX EXPENSE</b>	<u>59,962,917</u>	7%	<u>30,060,187</u>	3%	99%
<b>NET PROFIT FROM CONTINUING OPERATIONS</b>	190,626,166	23%	715,528,824	75%	-73%
<b>NET LOSS AFTER TAX FROM DISCONTINUED OPERATIONS</b>	( 10,191,383 )	-1%	( 15,356,858 )	-2%	-34%
<b>NET PROFIT FOR THE YEAR</b>	<u>P 180,434,783</u>	22%	<u>P 700,171,966</u>	73%	-74%
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>					
Item that will not be reclassified subsequently to profit or loss					
Remeasurements of post-employment defined benefit plan	981,736	0%	( 2,301,447 )	0%	-143%
Tax income (expense)	( 536,913 )	0%	690,434	0%	-178%
<b>Other Comprehensive Income (Loss) – net of tax</b>	<u>444,823</u>	0%	<u>( 1,611,013 )</u>	0%	-128%
<b>TOTAL COMPREHENSIVE INCOME</b>	<u>P 180,879,606</u>	22%	<u>P 698,560,953</u>	73%	-74%
Attributable to:					
Shareholders of the Parent Company	P 187,427,058	23%	P 707,065,078	74%	-73%
Non-controlling interest	( 6,547,452 )	-1%	( 8,504,125 )	-1%	-23%
	<u>P 180,879,606</u>	22%	<u>P 698,560,953</u>	73%	-74%

*The following discussions should be read in conjunction with the 2021 Audited Consolidated Financial Statements of the Company and its Subsidiaries as of and for the years ended 31 December 2021 (with comparative figures as of 31 December 2020).*

## **Results of Operations**

### **Material Changes to the Statement of Comprehensive Income for the year ended 31 December 2021 compared to the Statement of Comprehensive Income for the year ended 31 December 2020.**

Sales revenue for the period declined by P91.8 million or 10.1% from P909.0 million in 2020 to P817.5 million in 2021. Revenues from the Animal Feed segment decreased by P77.2 million as the swine industry continued to suffer from the effects of the African Swine Flu that hit the industry in 2020. In addition, the COVID 19 pandemic and the restrictions enforced by the government continue to impact revenues especially in the Industrial and Infrastructure segments. Meanwhile, sales from Food ingredients, Pharmaceuticals and Home and Personal Care segments have increased in 2021 as compared to 2020. Meanwhile, because of the pandemic situation, consultancy income decreased by 97% from P44.6 million in 2020 to P1.3 million in 2021.

Cost of goods sold decreased by P102.3 million or 16.1%, from P634.2 million in 2020 to 531.9 million in 2021, due to the decline in sales volume across different industries. Meanwhile, the cost of services incurred in 2021 by the Group amounted to P1.1 million as compared to P0.6 million in 2020.

Although gross profit margin increased by 1.4 percentage points from 33.5% in 2020 to 34.9% in 2021, gross profit declined by P33.2 million or 10.4% from P319.1 million in 2020 to P285.9 million in 2021. The decrease in sales revenue and consultancy income contributed to the decrease in gross margin for the year.

Other operating expenses decreased by 5.1% or P8.7 million from P170.3 million in 2020 to P161.6 million in 2021. P8.3 million of this reduction was due to decrease in taxes and licenses paid by the Company as a result of lower business activities for the year.

Other operating income decreased by P8.6 million or 21.9% from P39.1 million in 2020 to P30.5 million in 2021 caused by the decrease in its various management services.

Despite improved gross margin and reduction of operating expenses, the Group registered decrease in operating profit of P33.1 million or 17.6% from P187.9 million in 2020 to P154.8 million in 2021 as direct impact of reduced sales volume and decline in service income for the year.

In 2021, the Group registered equity in net losses of associates of P91.9 million compared to equity in net income of associates of P674.8 million in 2020, mainly arising from the sale of a priced property by an associate company.

Consolidated finance costs amounted to P133.1 million in 2021, representing an increase of 7.5% from P123.9 in 2020 mainly due to the recognition of day-one loss after discounting certain receivables of a subsidiary amounting to P43.6 million. Actual finance charges decreased by 27.7% or P34.3 million as a result of declining interest rate on short term loans and lower outstanding debt in 2021 compared to prior year. Finance income increased by 30.8% from P6.7 million in 2020 to P8.8 million in 2021. Consequently, the Group registered a net finance expense of P124.3 million in 2021 from P117.1 million in 2020.

The Group registered P312.0 million gain on deconsolidation as a result of its divestment in shareholdings of subsidiary.

The Group's tax expenses increased by 99.5% P29.9 million from P30.1 million in 2020 to P60.0 million in 2021, which is attributable to capital gains tax payment of P41.6 million in 2021. Consequently, net profit from continuing operations decreased by P524.9 million from P715.5 million in 2020 to P190.6 million in 2021.

Net loss after tax from discontinued operations decreased by 14.7% from P15.4 million in 2020 to P10.2 million in 2021. Consolidated net profit for the year decreased from P700.2 million in 2020 to P180.4 million in 2021 mainly due to significant contribution of equity in net income of associates to the consolidated result of the Group in 2020.

## **Material Changes to the Statement of Financial Position as at 31 December 2021 compared to the Statement of Financial Position as at 31 December 2020.**

### **Assets**

As at 31 December 2021, total assets amounted to P7,924.5 million, 9.6% lower compared to last year of P8,770.5 million. Total assets in 2021 consist of P1,616.6 million in current assets and P6,307.9 million in non-current assets compared to P2,516.0 million in current assets, P5,703.3 million in non-current assets and P551.2 million in assets held for sale in 2020.

Cash in banks increased by 4.9% or P11.8 million from P238.4 million in 2020 to P250.2 million in 2021. For the current period, total cash collection amounted to P1,568.1 million and was received from the following: P805.1 million from proceeds of divestment of shareholdings in a subsidiary, P594.0 million generated from operating activities; P105.0 million from proceeds of short-term loans, P60.0 million from refund of cancelled investment subscriptions, P3.9 million on foreign exchange effect and P0.2 million of interest received. On the other hand, cash disbursements or settlements made for the period amounted to P1,556.3 million, comprised of the following: P1,068.0 million in loan repayments; P278.4 million advance payments for investment subscriptions, P87.4 million in interest payments for bank loans and bank trust receipts; P35.1 million for acquisition of property and equipment; P34.1 million for dividend payments; P27.0 million for payment of lease liabilities; P25.6 million in investments in associates; and P0.8 million for acquisition of computer software.

Trade and other receivables decreased by P267.6 million or 37.0% from P723.9 million in 2020 to P456.3 million in 2021.

The inventory level went down by P118.1 million or 13.2% from P894.5 million in 2020 to P776.4 million in 2021 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 decreased by P525.6 million from P659.3 million in 2020 to P133.7 million in 2021 as a result of reclassification of certain current asset held by the Group in the previous year to non-current asset on the account of an agreement to extend the refund of deposit over three years or until 2024 as a result of the cancellation of the intended transaction due to unfavorable result of the due diligence on the property. Consequently, other non-current assets in 2021 increased by P662.5 million to P2,768.1 million in 2021 from P2,105.5 million in 2020 mainly due to the same agreement.

Investment in associates dipped by P61.6 million or 2.1% from P2,905.3 million in 2020 to P2,843.7 million in 2021 as a result of net equity losses of P91.9 million and additional investments in shares of associate companies made by the Group amounting to P25.6 million.

Property and equipment value increased by P30.3 million from P12.9 million in 2020 to P43.2 million in 2021, as a result of P35.1 million of asset purchase and partially offset by P4.8 million depreciation of the assets.

Right-of-use assets decreased from P51.5 million in 2020 to P25.7 million in 2021, with P25.7 million charged to depreciation and amortization for the year.

Net deferred tax asset from continuing operations decreased by P0.9 million from P2.4 million in 2020 to P1.5 million in 2021.

### **Liabilities**

The total liabilities as at 31 December 2021 amounted to P 1,449.8 million, 39.4% lower compared to P2,394.2 million in 2020. Total liabilities consist of P1,436.0 million in current liabilities and P13.8 million in non-current liabilities in 2021 compared to P2,043.9 million in current liabilities and P349.8 million in non-current liabilities and P0.5 million liabilities attributable to assets held for sale in 2020.

Current loans payable decreased by 34.2% or P629.1 million from P1,840.1 million in 2020 to P1,211.1 million in 2021 after loan repayments of P1,068.0 million and new loan drawdown of P105.0 million during the year. 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 a remaining current balance of P332 million.

Trade and other payables increased by P43.2 million from P177.7 million in 2020 to P220.9 million in 2021 mainly due to increase in trust receipts payable.

There are no lease liabilities outstanding as at December 31, 2021 after lease payments of P26.0 million during the year.

Income tax payable as of December 31, 2021 amounted to P4.0 million. There was no tax liability as of December 31, 2020.

Post-employment defined benefits obligation decreased by 4.7% or P0.4 million from P9.0 million in 2020 to P8.6 million in 2021. The decrease was due to the recognized re-measurements on deferred benefits obligation and the related interest cost.

### **Total equity**

The total equity as at 31 December 2021 was P6,474.6 million, 1.5% higher compared to P6,376.3 million in 2020. Total equity in 2021 consists of P1,550.0 million in capital stock, P2,242.8 million in additional paid in capital stock, P1,953.1 million in retained earnings, P3.4 million in revaluation reserves and 732.1 million of equity attributable to non-controlling interest. For the period ended 31 December 2020, total equity consists 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, P4.1 million in revaluation reserves and P787.1 million of equity attributable to non-controlling interest.

Retained earnings increased by P152.6 million or 8.5% from P1,800.5 million in 2020 to P1,953.1 million in 2021 as a result of the Group's consolidated net income attributable to shareholders of P186.7 million minus dividend payment of P34.1 million for the year. Meanwhile, the equity attributable to Non-controlling interest decreased by P55.0 million or 7.0% from P787.1 million in 2020 to P732.1 million in 2021 mainly due to the deconsolidation of a subsidiary as a result of the divestment of the Group's shareholdings in a subsidiary.

### **Liquidity and Capital Resources**

#### *Net cash flows from operating activities*

The 2021 cash flows from operating activities resulted to a net inflow of P594.0 million. Cash receipts were mainly from operating profit, decrease in trade and other receivables, decrease in inventories, increase in trade and other payables, decrease in prepayments, and partially offset by income tax payment.

#### *Net cash flows from investing activities*

The cash flow from investing activities resulted to a net cash inflow of P525.4 million. The Group generated cash on proceeds from disposal of a subsidiary, refund from cancellation of investment subscription and interest income from short term placement and partially offset by its investments in shares of associate companies and additional acquisition of equipment and computer software.

#### *Net cash flows used in financing activities*

The net cash flow from financing activities resulted in a net outflow of P1,111.5 million. The cash outflow was due to the settlement of bank loans, payments for interest, dividends and leases, while partially offset by proceeds from short term loans.

### **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.**

The transition of the COVID-19 pandemic into an endemic situation will further open up the economy and supports the business recovery across the country. Meanwhile, the increasing energy cost is expected to drive up inflation in 2022, potentially result in increase of the operating cost and negatively impact the profitability of the business.

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 business environment. Nevertheless, the extent of business impact on the continuing increase in energy cost is not yet definite at this time. The Company estimates are based only on the parameters of the scenarios that it has considered in its analysis.

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 December 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 will be spending up to P50 million in capital expenditure for 2022 in line with its 5-year 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 global supply chain disruption since latter part of 2021 continue to affect the importation of chemical raw material products that cause limited supply and escalating prices. The situation is being monitored and assessed on weekly basis.

The existing level of product inventory of the Company allowed us to minimize the impact brought about by the global supply chain disruption. However, continued deterioration of the situation may negatively impact the ability to serve the future needs of customers, affecting the revenue and income of the Company in 2022.

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

In 2021, the Group posted a gain on deconsolidation as a result of sale of its shareholdings in a subsidiary of P312.0 million, gross of taxes and loss attributable for the year from discontinued operations of a subsidiary.

**(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 cyclical nature of specific industries.

## KEY PERFORMANCE INDICATORS

### SBS Philippines Corporation and Subsidiaries

#### Schedule of Financial Indicators for December 31, 2021, 2020 and 2019

	<u>2021</u>	<u>2020</u>	<u>2019</u>
<b>Liquidity Ratio <sup>1</sup></b>	<b>112.6%</b>	<b>123.1%</b>	129.8%
<b>Debt to Equity Ratio <sup>2</sup></b>	<b>22.4%</b>	<b>37.5%</b>	48.8%
<b>Asset to Equity Ratio <sup>3</sup></b>	<b>122.4%</b>	<b>137.5%</b>	148.8%
<b>Return on Assets <sup>4</sup></b>	<b>2.3%</b>	<b>8.0%</b>	0.3%
<b>Return on Equity <sup>5</sup></b>	<b>2.8%</b>	<b>11.0%</b>	0.4%
<b>Interest rate coverage ratio <sup>6</sup></b>	<b>3.70</b>	<b>6.90</b>	1.24
<b>Earnings per Share <sup>7</sup></b>	<b>PHP 0.12</b>	<b>PHP 0.46</b>	PHP 0.01

<sup>1/</sup> *Current Assets over Current Liabilities*

<sup>2/</sup> *Total Liabilities over Equity*

<sup>3/</sup> *Total Assets over Equity*

<sup>4/</sup> *Net Income over Average Assets*

<sup>5/</sup> *Net Income over Average Equity*

<sup>6/</sup> *Earnings before interest and taxes (EBIT) divided by Interest expense*

<sup>7/</sup> *Net Income over Weighted Average Number of Common Outstanding Shares*

## Review of 2020 versus 2019

**SBS PHILIPPINES CORPORATION AND SUBSIDIARIES**  
*(A Subsidiary of Anesys Holdings Corporation)*  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2020 AND 2019**  
*(Amounts in Philippine Pesos)*

	<u>2020</u>		<u>2019</u>		<u>2020 vs 2019</u>
<b>A S S E T S</b>					
<b>CURRENT ASSETS</b>					
Cash	P 238,420,167	3%	P 395,616,655	5%	-40%
Trade and other receivables – net	723,874,428	8%	815,555,562	10%	-11%
Inventories – net	894,472,936	10%	1,004,347,655	12%	-11%
Prepayments and other current assets	<u>659,251,620</u>	8%	<u>96,170,296</u>	1%	586%
Total Current Assets	<u>2,516,019,151</u>	29%	<u>2,311,690,168</u>	27%	9%
<b>NON-CURRENT ASSETS</b>					
Investments in associates	2,905,295,267	33%	2,122,989,855	25%	37%
Property and equipment – net	12,879,597	0%	92,638,508	1%	-86%
Right-of-use assets – net	51,465,782	1%	93,091,014	1%	-45%
Investment properties – net	625,700,346	7%	934,881,856	11%	-33%
Deferred tax assets – net	2,403,246	0%	23,580,135	0%	-90%
Other non-current assets	<u>2,105,546,724</u>	24%	<u>2,869,021,168</u>	34%	-27%
Total Non-current Assets	<u>5,703,290,962</u>	65%	<u>6,136,202,536</u>	73%	-7%
<b>ASSETS HELD FOR SALE</b>	<u>551,177,822</u>	6%	-	0%	100
<b>TOTAL ASSETS</b>	<u>P 8,770,487,935</u>	100%	<u>P 8,447,892,704</u>	100%	4%
<b>LIABILITIES AND EQUITY</b>					
<b>CURRENT LIABILITIES</b>					
Loans payable	P 1,840,140,828	21%	P 1,617,763,109	19%	14%
Trade and other payables	177,726,867	2%	138,314,566	2%	28%
Lease liabilities	<u>26,033,716</u>	0%	<u>24,836,032</u>	0%	5%
Total Current Liabilities	<u>2,043,901,411</u>	23%	<u>1,780,913,707</u>	21%	15%
<b>NON-CURRENT LIABILITIES</b>					
Post-employment defined benefit obligation	9,019,095	0%	6,260,859	0%	44%
Security deposit	7,690,253	0%	7,566,353	0%	2%
Loans payable	333,040,884	4%	956,113,887	11%	-65%
Lease liabilities	-	-	<u>19,293,005</u>	-	-
Total Non-current Liabilities	<u>349,750,232</u>	4%	<u>989,234,104</u>	12%	-65%
<b>LIABILITIES ATTRIBUTABLE TO ASSETS HELD FOR SALE</b>	<u>530,446</u>	0%	-	0%	100%
Total Liabilities	<u>2,394,182,089</u>	27%	<u>2,770,147,811</u>	33%	-14%
<b>EQUITY</b>					
Equity attributable to the shareholders of Parent Company:					
Capital stock	1,549,999,999	18%	1,549,999,999	18%	0%
Additional paid-in capital	2,242,794,207	26%	2,242,794,207	27%	0%
Revaluation reserves	( 4,080,708 )	0%	( 2,469,695 )	0%	65%
Retained earnings	<u>1,800,500,834</u>	21%	<u>1,091,824,743</u>	13%	65%
	5,589,214,332	64%	4,882,149,254	58%	14%
Non-controlling interest	<u>787,091,514</u>	9%	<u>795,595,639</u>	9%	-1%
Total Equity	<u>6,376,305,846</u>	73%	<u>5,677,744,893</u>	67%	12%
<b>TOTAL LIABILITIES AND EQUITY</b>	<u>P 8,770,487,935</u>	100%	<u>P 8,447,892,704</u>	100%	4%

**SBS PHILIPPINES CORPORATION AND SUBSIDIARIES**  
*(A Subsidiary of Anesy Holdings Corporation)*  
**CONSOLIDATED STATEMENTS OF PROFIT OR LOSS**  
**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**  
*(Amounts in Philippine Pesos)*

	<u>2020</u>		<u>2019</u>		<u>2020 vs 2019</u>
<b>REVENUES</b>					
Sale of goods	P 909,307,222	95%	P 1,199,851,267	95%	-24%
Consultancy income	<u>44,642,857</u>	5%	<u>61,160,714</u>	5%	-27%
	<u>953,950,079</u>	100%	<u>1,261,011,981</u>	100%	-24%
<b>COST OF SALES AND SERVICES</b>					
Cost of goods sold	634,243,432	66%	885,196,138	70%	-28%
Cost of services	<u>600,000</u>	0%	<u>2,400,000</u>	0%	-75%
	<u>634,843,432</u>	67%	<u>887,596,138</u>	70%	-28%
<b>GROSS PROFIT</b>	<u>319,106,647</u>	33%	<u>373,415,843</u>	30%	-15%
<b>OTHER OPERATING INCOME (EXPENSES)</b>					
Other operating expenses	( 170,300,120)	-18%	( 232,254,323)	-18%	-27%
Other operating income	<u>39,086,006</u>	4%	<u>37,481,898</u>	3%	4%
	<u>( 131,214,114)</u>	-14%	<u>( 194,772,425)</u>	-15%	-33%
<b>OPERATING PROFIT</b>	187,892,533	20%	178,643,418	14%	5%
<b>EQUITY IN NET INCOME (LOSSES) OF ASSOCIATES</b>	674,805,412	71%	( 19,792,302)	-2%	-3509%
<b>FINANCE COSTS</b>	( 123,861,556)	-13%	( 135,006,587)	-11%	-8%
<b>FINANCE INCOME</b>	6,752,622	1%	21,391,563	2%	-68%
<b>GAIN ON SALE OF INVESTMENT PROPERTIES</b>	-	0%	2,493,634	0%	0%
<b>PROFIT BEFORE TAX</b>	<u>745,589,011</u>	78%	<u>47,729,726</u>	4%	1462%
<b>TAX EXPENSE</b>	<u>30,060,187</u>	3%	<u>6,782,111</u>	1%	343%
<b>NET PROFIT FROM CONTINUING OPERATIONS</b>	715,528,824	75%	40,947,615	3%	1647%
<b>NET LOSS AFTER TAX FROM DISCONTINUED OPERATIONS</b>	( 15,356,858)	-2%	( 15,978,423)	-1%	-4%
<b>NET PROFIT FOR THE YEAR</b>	<u>P 700,171,966</u>	73%	<u>P 24,969,192</u>	2%	2704%
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>					
Item that will not be reclassified subsequently to profit or loss					
Remeasurements of post-employment defined benefit plan	( 2,301,447)	0%	157,623	0%	-1560%
Tax income (expense)	<u>690,434</u>	0%	( 47,287)	0%	-1560%
<b>Other Comprehensive Income (Loss) – net of tax</b>	<u>( 1,611,013)</u>	0%	<u>110,336</u>	0%	-1560%
<b>TOTAL COMPREHENSIVE INCOME</b>	<u>P 698,560,953</u>	73%	<u>P 25,079,528</u>	2%	2685%
Attributable to:					
Shareholders of the Parent Company	<u>P 707,065,078</u>	74%	<u>P 18,868,042</u>	1%	3647%
Non-controlling interest	<u>( 8,504,125)</u>	-1%	<u>6,211,486</u>	0%	-237%
	<u>P 698,560,953</u>	73%	<u>P 25,079,528</u>	2%	2685%



*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.

### **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 COVID-19 pandemic and the prevailing general community quarantine (GCQ) implemented in Metro Manila as of this date, the Company is expecting a slow recovery in sales revenue during the said period for the industrial raw materials. Meanwhile, the swine industry in Luzon that was impacted by the African Swine Flu remains sluggish that negatively impacted 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 difficult business environment. Nevertheless, the extent of business impact on the African Swine Flu will depend on the re-population decision by the swine industry players in Luzon and is not yet definite at this time. The Company estimates are based only on the parameters of the scenarios that it has considered in its analysis.

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 December 2020.

**(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 will be 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 experienced a significant slowdown in sales revenue as a result of the ECQ implemented Luzon wide from March 17, 2020 and this weak demand in industrial chemicals expected to continue until the Covid-19 problem is resolved or controlled. The situation will be assessed on monthly basis.

Meanwhile, from 4th quarter of 2020, the Company experienced a further slowdown in sales revenue due to the African Swine Flu that affected the swine population in Luzon in 2020 and continue to prevail as of this date.

These two market segments accounts for roughly 65 to 70% of the Group's annual sales revenues in 2020, and its temporary impact is considered to affect negatively to the result of the Company during the 1st half of 2021.

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

In 2020, the Group registered an equity gain on its investment in the amount of P674.8 million contributed by its associate company as a result of the disposal of its investment property.

**(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.

## KEY PERFORMANCE INDICATORS

### SBS Philippines Corporation and Subsidiaries

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

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

<sup>1/</sup> *Current Assets over Current Liabilities*

<sup>2/</sup> *Total Liabilities over Equity*

<sup>3/</sup> *Total Assets over Equity*

<sup>4/</sup> *Net Income over Average Assets*

<sup>5/</sup> *Net Income over Average Equity*

<sup>6/</sup> *Earnings before interest and taxes (EBIT) divided by Interest expense*

<sup>7/</sup> *Net Income over Weighted Average Number of Common Outstanding Shares*

**b) 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 prices for the Company's Common Shares SBS for the following quarterly periods:

	<u>2020</u>		<u>2021</u>		<u>2022</u>			<u>2023</u>		
(In ₱)	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Low	4.10	4.20	3.80	4.04	3.55	3.60	3.66	3.40	3.41	3.80
High	6.55	5.60	4.50	4.95	4.65	4.30	4.15	4.00	3.95	4.75

*Source: Philippine Stock Exchange*

The closing price as of April 18, 2023, being the Latest Practicable Trading Date, is P4.00. The corresponding market capitalization is P 6,199,999,996

**(ii) Holders**

As of 31 March 2023, the total number of registered stockholders based on the records of the Company's Stock and Transfer Agent is eleven (11)<sup>1</sup>.

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)	1,452,511,179	93.710%
2. Necisto U. Sytengco <sup>2</sup>	86,907,300	5.607%
3. PCD Nominee Corporation (non-Filipino)	10,168,048	0.656%
4. Aylene Y. Sytengco	380,911	0.025%
5. Ricardo Nicanor N. Jacinto	32,000	0.002%
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 Sevila Ngo	1	nil
TOTAL	1,549,999,999	100%

<sup>1</sup> Three (3) accounts are under the name of Mr. Necisto U. Sytengco

<sup>2</sup> Registered under three (3) accounts and consolidated herein.

As of 31 March 2023, there are 93 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 <i>c/o PCD Nominee Corporation</i>	1,018,699,642	65.72%
2. ABACUS SECURITIES CORPORATION <i>c/o PCD Nominee Corporation</i>	341,843,807	22.05%
3. EVERGREEN STOCK BROKERAGE & SECURITIES <i>c/o PCD Nominee Corporation</i>	59,695,144	3.85%
4. TIMSON SECURITIES, INC. <i>c/o PCD Nominee Corporation</i>	9,013,363	0.58%
5. IGC SECURITIES INC. <i>c/o PCD Nominee Corporation</i>	6,493,267	0.42%
6. WEALTH SECURITIES, INC. <i>c/o PCD Nominee Corporation</i>	4,591,265	0.30%
7. COL FINANCIAL GROUP, INC <i>c/o PCD Nominee Corporation</i>	3,967,353	0.26%
8. HDI SECURITIES, INC <i>c/o PCD Nominee Corporation</i>	1,849,186	0.12%
9. MAYBANK SECURITIES, INC <i>c/o PCD Nominee Corporation</i>	1,669,409	0.11%
10. BPI SECURITIES CORPORATION <i>c/o PCD Nominee Corporation</i>	1,665,733	0.11%
11. THE FIRST RESOURCES MANAGEMENT & SECURITIES CORP. <i>c/o PCD Nominee Corporation</i>	1,638,730	0.11%
12. TRITON SECURITIES CORP. <i>c/o PCD Nominee Corporation</i>	1,359,290	0.09%
13. GLOBALINKS SECURITIES & STOCKS, INC. <i>c/o PCD Nominee Corporation</i>	1,105,268	0.07%
14. CHINA BANK SECURITIES CORPORATION <i>c/o PCD Nominee Corporation</i>	1,033,358	0.07%
15. FIRST METRO SECURITIES BROKERAGE CORP <i>c/o PCD Nominee Corporation</i>	891,642	0.06%
16. A & A SECURITIES INC. <i>c/o PCD Nominee Corporation</i>	717,800	0.05%

17. R.S. LIM & CO., INC. <i>c/o PCD Nominee Corporation</i>	484,400	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>	427,284	0.03%
20. DAVID GO SECURITIES CORP. <i>c/o PCD Nominee Corporation</i>	323,249	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
2021	22 July 2021	05 August 2021	Cash	P0.022 per share
2022	19 July 2022	02 August 2022	Cash	P0.025 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 <sup>1</sup>	245,000,000	80,000,000 <sup>1</sup>
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
<b>Total</b>	<b>250,000,000</b>	<b>85,000,000</b>

<sup>1</sup>Anesy 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 November 09, 2021 the Board of Directors approved its Revised Manual of Corporate Governance ("CG Manual") with its immediate effectivity. 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.sbsp.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 July 3, 2023:

- (a) Minutes of the annual meeting of the stockholders of the Company held on 22 June 2022;

The minutes of Annual Stockholders' Meeting ("ASM") held on 22 June 2022 are posted on the Company's website, [www.sbsph.com](http://www.sbsph.com) and will be made available to the shareholders on the day of the annual meeting. Essentially, the 22 June 2022 ASM minutes provide for the following:

- (i) Call to Order
  - (ii) Proof of Due Notice of Meeting and Existence of Quorum
  - (iii) Discussion of the Rules and Voting Procedures for the Meeting;
  - (iv) Approval of the Minutes of the Previous Annual Stockholders' Meeting held on June 25, 2021;
  - (v) Chairman's Message and President's Report;
  - (vi) Approval of Audited Financial Statement as of December 31, 2021;
  - (vii) Approval and Ratification of all Resolutions, Contracts and Acts of the Board of Directors and Officers;
  - (viii) Approval of Directors' Remuneration
  - (ix) Appointment of the External Auditor
  - (x) Election of Board of Directors
- (b) 2022 Annual Report by Management to the Stockholders together with the Audited Financial Statements for the twelve-month period ended 31 December 2022 which reports cover the performance of the Company in FY 2022 and its outlook for FY 2023.

#### 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 June 22, 2022 until this year's annual stockholders' meeting on July 3, 2023 involving:
- i. Approval of the Declaration of Cash Dividends;
  - ii. Appointment of Officers and Board Committee composition;
  - iii. Approval for availment of a 5-year term loan amounting to up to PHP1,000,000,000.00 and delegation to Management on the finalisation of such loan;
  - iv. Approval of the 2<sup>nd</sup> Quarter Interim Financial Report;
  - v. Approval to update the Company's Audit and Risk Oversight Committee's Terms of Reference;
  - vi. Approval of the 3<sup>rd</sup> Quarter Financial Report;
  - vii. Approval to amend its Corporate Governance Committee Charter;
  - viii. Ratification of the Related Party Transactions;
  - ix. Ratification of Executive Committee Acts;

- x. Lease Agreement with Canon Philippines Holdings Corporation;
- xi. Lease Agreements with Aneco Philippines Holdings Corporation;
- xii. Lease Agreements with I Care Holding Corporation;
- xiii. Lease Agreement with Bridgewell Property Leasing;
- xiv. Lease Agreement with Everfield Holdings Corporation;
- xv. Approval of the 2023 Budget for Operating Expenses.
- xvi. Approval of the Setting of the Annual Meeting of the Shareholders to June 30, 2023 its time, record date, closing date, and delegation to management the setting of the agenda, and submission of the necessary documents including the Information Statement.;
- xvii. Approval of 2022 Audited Financial Statements of SBS Philippines Corporation
- xviii. Approval of 2022 Consolidated Audited Financial Statement of SBS Philippines Corporation and subsidiary.
- xix. Approval of the 2022 Annual Report SEC 17-A and its annexes
- xx. Approval of the 1<sup>st</sup> Quarter 2023 Financial Report
- xxi. Approval of the endorsement to the shareholders of the re-appointment of Punongbayan & Araullo as independent auditor for 2023
- xxii. Approval of 2022 Integrated Annual Corporate Governance Report
- xxiii. Approval to move the date of the 2023 Annual Stockholders Meeting (ASM) from June 30, 2023 to July 3, 2023.

**Item 17. Amendment of Charter, Bylaws or Other Documents**

In its meeting of March 20, 2023 and April 12, 2023, respectively, the Board of Directors approved and endorsed for approval of the stockholders the following amendments to the Articles of Incorporation of the Company, to wit:

- a) Amendment of the Seventh Article of the Articles of Incorporation of the Company to provide for the increase of the authorized capital stock of the Company by up to Two Billion Seven Hundred Fifty Million Pesos PhP 2,750,000,000.00), Philippine currency, divided into Two Billion Seven Hundred Fifty Million (2,750,000,000) common shares with par value of One Peso (PhP 1.00) per share or with an aggregate par value of PhP 2,750,000,000.00 from One Billion Five Hundred Fifty Million Pesos (PhP 1,550,000,000.00), Philippine currency, divided into One Billion Five Hundred Fifty Million (1,550,000,000) common shares with par value of One Peso (PhP 1.00) per share; and to delegate to the Board of Directors the manner by which the increase in the authorized capital stock will be implemented, subscribed and paid for.

The increase in the authorized capital stock is intended to support the stock dividend declaration, any future employee stock option plan, and in anticipation of any future capital raising exercise that may be undertaken by the Company.

The newly authorized shares of common stock will constitute additional shares of the existing class of common stock and, if and when issued, will have the same rights and privileges as the shares of common stock currently authorized.

- b) Amendment of the Second Article of the Articles of Incorporation of the Company relative to the secondary purpose to diversify the business of the Company to include the holding, acquiring or participating in investments in property related assets as well as shares or interests in entities involved in property related businesses as and when the appropriate opportunities arise. This amendment will be considered by the shareholders at their meeting.

As proposed to be amended and restated, the Second Article of the Articles of Incorporation of the Company will read as follows:

*“SECOND: That the primary purpose of this Corporation is -*

*XXX XXX XXX*

**SECONDARY PURPOSES**

*1. To acquire, hold, own or participate in investments and other property related assets whether for short term or long-term investments for the collection of rent, capital growth potential and/or the provision of property related services, facilities and materials, and to invest, purchase or otherwise acquire or dispose from time to time of property related assets, investments and shares or interests in*

any entity involved in property related investments or businesses provided that the corporation shall not engage in the business of an open-ended investment company or as investment adviser thereof as defined under Act No. 2629 or as a stock broker or dealer of securities, or investment house.

1.1 To provide its subsidiaries, affiliates, and partners corporate support services such as, but not limited to: general management, advisory, administration, and planning services; business planning and coordination services; sourcing or procurement of materials and components; transportation and logistics services; import and export processing services (except acting as a customs broker); marketing and sales promotion services; training and personnel management services; research and development, product development and analytical laboratory services; technical support and maintenance services; bookkeeping, data processing and communication services; business development services; manufacturing process planning; property, plant and equipment planning services; property management services; advisory and support services on investment strategy and other corporate matters; treasury management service; and, other support services; provided that the Company will not act as a broker or dealer of securities, government securities eligible dealer (GSED), investment adviser of an investment company, closed-end or open-end investment company, investment house, transfer agent, commodity/financial futures exchange/broker/merchant, financing company, pre-need plan issuer, general agent in pre-need plans and time shares/club shares/membership certificates issuer or selling agents thereof.

2. To borrow or raise money necessary to meet the financial requirements of its business by the issuance of bonds, promissory notes and other evidence of indebtedness, and to secure the repayment thereof by the mortgage. Pledge, deed of trust or lien upon the properties of the Corporation or to issue pursuant to law shares of its capital stock, debentures and other evidence of indebtedness in payment for properties acquired by the corporation or for money borrowed in the prosecution of its lawful business.

3. To purchase, acquire, own, lease, sell and convey all kinds of properties such as lands, buildings, factories, and warehouse and machinery, equipment and other personal properties and sell, dispose and transfer the business and/ or goodwill of the corporation or any part thereof for such consideration and under such terms as it shall see fit to accept and to pay in cash, shares of its capital stock, debentures and other evidence of indebtedness, or other securities, as may be deemed expedient, for any business or property acquired by the Corporation.

4. To invest and deal with the money and the properties of the Corporation in such manner as may from time to time be considered wise or expedient for the advancement of its interest including investments such as shares of stock, bonds and others in any and all types of business enterprises engaged in any productive or Commercial activity, or otherwise enter into any lawful; arrangement with any person or entity to promote and establish said business enterprise, within the limitations prescribed by law, including but not limited to, the business of manufacturing, producing, testing laboratories, buying, selling or otherwise dealing in all kinds of properties, products and by-products such as chemicals, fertilizers, foodstuffs, agricultural products, feed ingredients, industrial products and medical device; and in general, to carry on and undertake such activities which may seem to the Corporation capable of being conveniently carried on in connection with the above.”

5. To aid in any manner any corporation, association, or trust estate, domestic or foreign, or any firm or individual, in which any shares of stock or any bonds, debentures, notes, securities, evidence of indebtedness, contracts, or obligations of which are held by or for this Corporation, directly or indirectly or through other corporations or otherwise.

6. To carry on and or conduct its business through any subsidiary companies, or to enter working agreements with other natural or corporate entities within the limits set by law, or to enter into any lawful arrangement for sharing profits, union of interest, unitization or farmout agreement, reciprocal concessions, or cooperation, with any corporation, association, partnership, syndicate, entity, person or governmental, municipal or public authority, domestic or foreign, in the carrying on of any business or transaction deemed necessary, convenient or incidental to carrying out any of the purposes of this Corporation

In its meeting of November 10, 2022, the Board of Directors approved and endorsed for approval of the stockholders the amendments to the following sections of the By-laws to comply with the applicable provisions of the Revised Corporation Code of the Philippines, to wit:

#### Article II Section 4

Section 4. Notice of Meeting - Notices for regular or special meetings of stockholders may be sent by the Secretary by personal delivery, or by mail or by facsimile or by email or any digital communication, **or such other manner as the Securities and Exchange Commission (Commission) shall allow under its guidelines**, at least **twenty-one (21) days** prior to the date of the meeting to each stockholder of record at his last known address. The notice shall state the place, date and hour of the meeting, and the purpose or purposes for which the meeting is called.

When the meeting of stockholders is adjourned to another time or place, it shall not be necessary to give any notice of the adjourned meeting if the time and place to which the meeting is adjourned are announced at the meeting at which the adjournment is taken. At the reconvened meeting, any business may be transacted that might have been transacted on the original date of the meeting.

#### Article III Section 6

Section 6. Quorum - A **two-thirds (2/3) attendance** of the number of directors as fixed in the Articles of Incorporation shall constitute a quorum for the transaction of corporate business and every decision of at least a majority of the directors present at a meeting at which there is a quorum shall be valid as a corporate act, except for the election of officers which shall require the vote of a majority of all the members of the Board. **A director who participates through remote communication, shall be deemed present for the purpose of attaining quorum.**

#### Item 18. Voting Procedures

##### a. Vote Required

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 5 hereof. Likewise, the nominee for external auditor with the highest number of votes shall be declared elected as such.

##### b. Method of Voting

Except in the case of election of directors, each stockholder shall have one vote for each share of stock entitled to vote and registered in his or her name at record date for all agenda items for approval.

For the election of directors, each stockholder may vote for such number of shares as many nominees as there are directors to be elected or he or she may cumulate his or her shares and give one nominee as many votes as the number of directors to be elected multiplied by the number of his or her shares or he or she may distribute them on the same principle among as many nominees as he or she shall see fit; provided that the whole number of votes cast by him or her shall not exceed the number of shares owned by him or her multiplied by the total number of directors to be elected.

Voting will be by poll. Upon registration at the annual stockholders' meeting, each stockholder will be given a ballot to enable him or her to vote in writing on each item or proposal in the Agenda. The votes will be counted and tabulated by the Office of the Corporate Secretary with the assistance of his staff and the Company's stock and transfer agent and verified by the Company's external auditors, Punongbayan & Araullo.

**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, 24 May 2023.

By:

  
**CHRISTINE P. BASE**  
Corporate Secretary



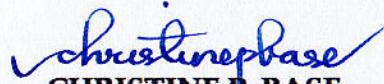
REPUBLIC OF THE PHILIPPINES     ]  
MAKATI CITY                             ] S.S.

**SECRETARY'S CERTIFICATE**

I, **CHRISTINE P. BASE**, Filipino, of legal age and with office address at the 8<sup>th</sup> 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 address at 10 Resthaven St., San Francisco Del Monte, Quezon City 1105 ;
2. As such Corporate Secretary, I have in my custody the books and records and other papers of the Corporation, including but not limited to the minutes of the meetings of the Board of Directors and of the stockholders 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 22 2023 at Makati City, Philippines.

  
**CHRISTINE P. BASE**  
Corporate Secretary

**SUBSCRIBED AND SWORN** to before me this MAY 22 2023 at Makati City, Philippines, affiant exhibiting to me her Integrated Bar of the Philippines Lifetime Member ID with No. 08661, Albay Chapter.

Doc. No. 438 ;  
Page No. 89 ;  
Book No. 484 ;  
Series of 2023

  
**ATTY. GEORGE DAVID D. SITON**  
NOTARY PUBLIC FOR MAKATI CITY  
APPT. NO. M-61 - UNTIL DEC. 31, 2023  
ROLL NO. 68402 / M/LE COMPLIANCE NO. VII-0010136/2-15-2022  
IBP O.R No. 002282-LIFETIME MEMBER MAY 5, 2017  
PTR No. MKT 956352D-JAN 03, 2023-MAKATI CITY  
EXECUTIVE BLDG. CENTER MAKATI AVE., COR. JUPITER ST., MAKATI 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	Independent Member, Audit Committee	January 2023 to present
Etiqa Life and General Assurance Philippines	Independent Director	October 15, 2021 to present
Institute of Corporate Directors	Teaching Fellow	2016 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.

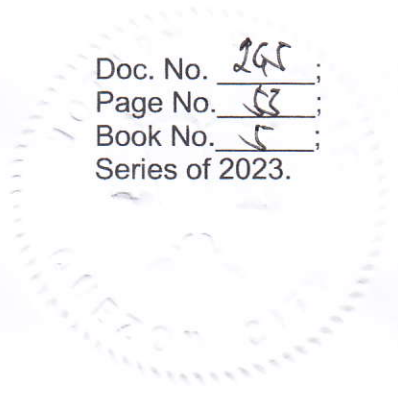



Done this MAY 16 2023 th of \_\_\_\_\_, at Quezon City, Philippines.

  
**HELEN T. DE GUZMAN**  
Affiant

**SUBSCRIBED AND SWORN** to before me this \_\_\_\_\_ day of MAY 16 2023 at QUEZON CITY, affiant personally appeared before me and exhibited to me her Philippine Passport No. P6347226A issued on 09 March 2018 valid until 08 March 2028.

Doc. No. 265 ;  
Page No. 53 ;  
Book No. 5 ;  
Series of 2023.



  
**ATTY. ROGELIO J. BOLVAR**  
NOTARY PUBLIC IN QUEZON CITY  
Commission No. Adm. Matter No. NP 158 (2023-2024)  
IBP O.R. No. 180315 2023 & IBP O.R. No. 180316 2024  
PTR O.R. No. 3916859 D 01/03/2023 / TRN No. 93032 / TIN # 120-871-009-000  
MCLE EXTENSION APRIL 15, 2022 UP TO APRIL 14, 2023 AS PER S.O. EN BANC B.M. NO. 850  
Address: 31-F Harvard St. Cubao, Q.C.

## 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
Amaris Global LTD (HK) Advisory Services	CEO & Chief Advisor	June 2006 to Date
i-Home Foundation	Trustee	Feb 2019 to Date
Institute of Corporate Directors	Trustee & 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
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 10th of May , 2023 at, QUEZON CITY, Philippines.

  
**GEOCEL D. OLANDAY**  
Affiant

**SUBSCRIBED AND SWORN** to before me this MAY 16 2023 day of QUEZON CITY at QUEZON CITY, affiant personally appeared before me and exhibited to me his Driver's License No. N10-75-034050 valid until 03 November 2024.

Doc. No. 263 ;  
Page No. 63 ;  
Book No. 5 ;  
Series of 2023.

  
**ATTY. ROGELIO J. BOLIVAR**  
NOTARY PUBLIC IN QUEZON CITY  
Commission No. Adm. Matter No. NP 158 (2023-2024)  
IBP O.R. No. 180316 2023 & IBP O.R. No. 180316 2024  
PTR O.R. No. 3810669 (1st) 2023 / PTR No. 33832 / TIN # 123-871-309-000  
MCLE EXTENSION APRIL 15, 2022 UP TO APRIL 14, 2025 AS PER S.C. EN BANG B.M. NO. 850  
Address: 31-F Harvard St. Cubao, Q.C.

## 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	22 years
Fuji-Haya Electric Corporation	Director	5 years
Macay Holdings, Inc.	Independent Director	9 years
Pentarch Stalwark Builders, Inc.	Director	7 years
Fuji Haya International Corporation	Director	2 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 38.23 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 **MAY 16 2023** at \_\_\_\_\_, Philippines.

  
ROBERTO F. ANONAS, JR.

SUBSCRIBED AND SWORN to before me this \_\_\_\_\_ day of **MAY 16 2023** at **QUEZON CITY** 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..

Doc. No. **264**  
Page No. **53**  
Book No. **5**  
Series of 2023.

  
**ATTY. ROGELIO J. BOLVAR**  
NOTARY PUBLIC IN QUEZON CITY

Commission No. Adm. Matter No. NP 158 (2023-2024)  
IBP O.R. No. 180815 2023 & IBP O.R. No. 180816 2024  
PTR O.R. No. 3916669 D 01/03/2023 / Roll No. 33832 / TIN # 120-871-009-000  
MCLE EXTENSION APRIL 15, 2022 UP TO APRIL 14, 2023 AS PER S.C. EN BANC B.M. NO. 660  
Address: 31-E Harvard St, Cubao, Q.C.

**MINUTES OF THE ANNUAL STOCKHOLDERS' MEETING**  
**of**  
**SBS PHILIPPINES CORPORATION**  
Held at the Kalayaan Hall Club Filipino  
San Juan City, Philippines  
22 June 2022

**Directors Present:**

<b>Mr. Ricardo Nicanor N. Jacinto</b>	-Chairman of the Board
<b>Mr. Gerry D. Tan</b>	-President
<b>Ms. Aylene Y. Sytengco</b>	-Director
<b>Mr. Necisto Y. Sytengco II</b>	-Director
<b>Mr. Esmeraldo A. Tepace</b>	-Director
<b>Ms. Lali Sytengco</b>	-Director
<b>Ms. Helen T. De Guzman</b>	-Independent Director
<b>Mr. Robert F. Anonas Jr.</b>	-Independent Director
<b>Mr. Geocel D. Olanday</b>	-Independent Director

**1. CALL TO ORDER**

Mr. Ricardo Nicanor Jacinto, Chairman of the Board, called the meeting to order and presided over the same.

**2. PROOF OF DUE NOTICE OF MEETING AND EXISTENCE OF A QUORUM**

The Chairman inquired from the Corporate Secretary, Atty. Christine P. Base, if the stockholders were duly notified of the meeting and if the stockholders present constitute a quorum.

The Secretary reported that the Stockholders as of record date were duly notified of the annual stockholders' meeting and that stockholders attending the annual meeting in person or by proxy represent 1,416,695,403 common shares which constitutes 91.40% of the outstanding capital stock of the Company. Therefore, a quorum was met.

### **3. DISCUSSION OF THE RULES AND PROCEDURE OF THE MEETING**

The Chairman requested the Corporate Secretary to discuss the voting procedures which shall govern the conduct of voting for the meeting and the Corporate Secretary presented the poll voting procedures to be observed.

### **4. APPROVAL OF THE MINUTES OF THE PREVIOUS ANNUAL STOCKHOLDERS' MEETING HELD ON JUNE 25, 2021**

The Chairperson stated that copies of the minutes of the previous Annual Stockholders' Meeting held on June 25, 2021 were distributed to the stockholders during registration and was also posted in the Company's website. Upon motion made and duly seconded, the Corporate Secretary presented the report on the vote, with stockholders owning 1,416,695,403 shares or 100% of shares represented in the meeting who voted to approve the minutes. Thus, the minutes of the previous Annual Stockholder's Meeting was approved on the basis of the distributed copies.

### **5. PRESENTATION OF THE MANAGEMENT'S REPORT AND APPROVAL OF THE FINANCIAL STATEMENT OF DECEMBER 31, 2021**

The President, Mr. Gerry Tan, rendered the report of the Management and the Financial Statement of December 31, 2021. Upon motion duly made and seconded, the Management's Report and the Audited Consolidated Financial Statement of 2021 were approved by the stockholders present and represented in the meeting.

The Corporate Secretary reported that stockholders owning 1,416,695,403 shares or 100% of shares represented in the meeting voted to approve the Management's Report and the Audited Consolidated Financial Statement of 2021.

### **6. APPROVAL AND RATIFICATION OF THE ACTS OF THE BOARD OF DIRECTORS AND MANAGEMENT**

The Chairperson requested the Corporate Secretary to explain the agenda item and to present the proposed resolution to approve the acts of the Board, its committees, and of Management, which the Corporate Secretary obliged to. On motion made and duly seconded, all the

resolutions, contracts and acts of the Board of Directors and Officers were confirmed and ratified by the stockholders.

The Corporate Secretary reported that stockholders owning 1,416,695,403 shares or 100% of shares represented in the meeting voted to approve all resolutions, contracts and acts of the Board of Directors and Officers.

## **7. APPROVAL OF DIRECTORS' REMUNERATION**

The Chairman presented the proposal to increase the per diem allowance of the independent and non-executive directors from the amount of Twenty-Five Thousand Pesos (PHP25,000.00) to Thirty-Five Thousand Pesos (PHP35,000.00) for every attendance in regular and special meetings, and an increase from Ten Thousand Pesos (PHP10,000.00) to Twenty Thousand Pesos (PHP20,000.00) for every attendance in the Board Committee Meetings.

On motion made and duly seconded, the shareholders present and represented approved to increase the Director's Remuneration. The Corporate Secretary then reported that stockholders owning 1,416,695,403 shares or 100% of shares represented in the meeting voted to approve the resolution.

## **8. APPOINTMENT OF INDEPENDENT AUDITOR**

The Chairman requested Ms. Helen De Guzman, as the chairperson of the Company's Audit and Risk Oversight Committee, to report on the committee's evaluation and recommendation as to the appointment of Independent Auditor.

Ms. De Guzman recommended the re-appointment of Punongbayan & Araullo as the Company's independent auditors for Financial year 2022. On motion duly made and seconded, the re-appointment of Punongbayan & Araullo as External Auditor of the Corporation, as well as the delegation to the Board of Directors to fix their remuneration was approved by the stockholders present.

The Corporate Secretary reported that stockholders owning 1,416,695,403 shares or 100% of shares represented in the meeting voted

to approve the re-appointment of Punongbayan & Araullo as independent auditors.

## 9. ELECTION OF BOARD OF DIRECTORS

Upon their nominations, the following were elected as members of the Board of Directors for the year 2022:

### Directors:

- |                                   |                     |
|-----------------------------------|---------------------|
| 1. Ms. Lali Y. Sytengco           | 1,416,695,403 votes |
| 2. Mr. Gerry D. Tan               | 1,416,695,403 votes |
| 3. Mr. Esmeraldo A. Tepace        | 1,416,695,403 votes |
| 4. Ms. Aylene Y. Sytengco         | 1,416,695,403 votes |
| 5. Mr. Necisto Y. Sytengco II     | 1,416,695,403 votes |
| 6. Mr. Ricardo Nicanor N. Jacinto | 1,416,695,403 votes |

### Independent Directors:

- |                               |                     |
|-------------------------------|---------------------|
| 7. Mr. Roberto F. Anonas, Jr. | 1,416,695,403 votes |
| 8. Ms. Helen T. De Guzman     | 1,416,695,403 votes |
| 9. Mr. Geocel D. Olanday      | 1,416,695,403 votes |

## 10. OTHER MATTERS

There were no other matters or concerns raised during the Annual Stockholders' Meeting.

## 11. ADJOURNMENT

There being no other matters to be discussed, on motion duly made and seconded, the meeting was adjourned.

  
**CHRISTINE P. BASE**  
Corporate Secretary

Attested by:

**Ricardo Nicanor N. Jacinto**  
Chairman