SEC FORM – I-ACGR

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

GENERAL INSTRUCTIONS

A. Use of Form I-ACGR

This SEC Form shall be used as a tool to disclose Publicly-Listed Companies' compliance/non-compliance with the recommendations provided under the Code of Corporate Governance for Publicly-Listed Companies, which follows the "comply or explain" approach, and for harmonizing the corporate governance reportorial requirements of the SEC and the Philippine Stock Exchange (PSE).

B. Preparation of Report

These general instructions are not to be filed with the report. The report shall contain the numbers and captions of all items.

The I-ACGR has four columns, arranged as follows:

RECOMMENDED CG PRACTICE/POLICY	COMPLIANT/ NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
Contains CG Practices/ Policies, labelled as follows: (1) **"Recommendations"** – derived from the CG Code for PLCs; (2) **"Supplement to Recommendation"** – derived from the PSE CG Guidelines for Listed Companies; (3) **"Additional Recommendations"** – CG Practices not found in the CG Code for PLCs and PSE CG Guidelines but are expected already of PLCs; and (4) **"Optional Recommendation"** – practices taken from the ASEAN Corporate Governance Scorecard ***Items under (1) – (3) must be answered/disclosed by the PLCs following the "comply or explain" approach. Answering of items under (4) are left to the discretion of PLCs.**	The company shall **indicate compliance or non-compliance** with the recommended practice.	The company shall provide additional information to **support their compliance** with the recommended CG practice	The PLCs shall **provide the explanations for any non-compliance,** pursuant to the "comply or explain" approach. Please note that the explanation given should describe the non-compliance and include **how the overall Principle being recommended is still being achieved** by the company. ***"Not Applicable" or "None" shall not be considered as sufficient explanation**

C. Signature and Filing of the Report

a. Three (3) copies of a fully accomplished I-ACGR shall be filed with the Main Office of the Commission **on or before May 30 of the following year for every year that the company remains listed in the PSE;**

b. At least one (1) complete copy of the I-ACGR shall be duly notarized and shall bear **original and manual** signatures

c. The I-ACGR shall be signed under oath by: (1) Chairman of the Board; (2) Chief Executive Officer or President; (3) All Independent Directors; (4) Compliance Officer; and (5) Corporate Secretary.

d. The I-ACGR shall cover all relevant information from January to December of the given year.

e. All reports shall comply with the full disclosure requirements of the Securities Regulation Code.

SEC FORM – I-ACGR

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

1. For the year ended **31 December 2020**

2. SEC Identification Number **15-A.** 3. BIR Tax Identification No. **000-290-538-000**

4. Exact name of issuer as specified in its charter **ROXAS HOLDINGS, INC.**

5. **Metro Manila** 6. (SEC Use Only)
Province, Country or other jurisdiction of incorporation or organization
Industry Classification Code:

7. .**14F Net One Center, 26th cor. 3rd Avenue, Bonifacio Global City, Taguig City**
Address of principal office
Postal Code **1634**

8. **(02)8771-7800**
Issuer's telephone number, including area code

9. ....n.a..
Former name, former address, and former fiscal year, if changed since last report.

	COMPLIANT/ NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
The Board's Governance Responsibilities			
Principle 1: The company should be headed by a competent, working board to foster the long- term success of the corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the long- term best interests of its shareholders and other stakeholders.			
Recommendation 1.1			
1. Board is composed of directors with collective working knowledge, experience or expertise that is relevant to the company's industry/sector.	Complied	Provide information or link/reference to a document containing information on the following: 1. Academic qualifications, industry knowledge, professional experience, expertise and relevant trainings of directors 2. Qualification standards for directors to facilitate the selection of potential nominees and to serve as benchmark for the evaluation of its performance	Annual Report, Information Statement and Company Website *See Annex A - Annual Report* *See Annex B – Information Statement*
2. Board has an appropriate mix of competence and expertise.	Complied		
3. Directors remain qualified for their positions individually and collectively to enable them to fulfill their roles and responsibilities and respond to the needs of the organization.	Complied		
Recommendation 1.2			
1. Board is composed of a majority of non-executive directors.	Complied	Identify or provide link/reference to a document identifying the directors and the type of their directorships	Annual Report, Information Statement and Company Website Only the following are Executive Directors of the Board, having concurrent directorship positions in the Company's subsidiaries: Pedro E. Roxas (Chairman) and Celso T. Dimarucut (President and CEO) *See Annex A - Annual Report* *See Annex B – Information Statement*

Recommendation 1.3			
1. Company provides in its Board Charter and Manual on Corporate Governance a policy on training of directors.	Complied	Provide link or reference to the company's Board Charter and Manual on Corporate Governance relating to its policy on training of directors.	Revised Manual on Corporate Governance: https://roxasholdings.com.ph/multipage_uploads/2538/24734/REVISED%202017%20MANUAL%20ON%20CORPORATE%20GOVERNANCE.pdf *See Annex C – Revised Manual on Corporate Governance*
2. Company has an orientation program for first time directors.	Complied	Provide information or link/reference to a document containing information on the orientation program and trainings of directors for the previous year, including the number of hours attended and topics covered.	The Company provides orientation programs for all directors, officers and employees upon on-boarding including plant visits, as may be needed. The directors have attended Corporate Governance seminars provided by SGV & Co., the Corporate Governance Committee of the MVP Group and the Central for Global Best Practices Foundation.
3. Company has relevant annual continuing training for all directors.	Complied		
Recommendation 1.4			
1. Board has a policy on board diversity.		Provide information on or link/reference to a document containing information on the company's board diversity policy. Indicate gender composition of the board.	Revised Manual on Corporate Governance, viz: *1.4 The Board shall have a policy on board diversity, taking into consideration factors on gender, age, ethnicity, culture, skills, competence and knowledge, provided that suitable qualified nominees to the Board are vetted, nominated and recommended by the Corporate Governance Committee and the Board, for election of the shareholders.*

			There were three independent directors, Mr. Oscar J. Hilado, Ms. Arlyn S. Villanueva and Atty. Santiago T. Gabionza Jr., elected as members of the Board of Directors of the Company for Calendar-Year ended December 31, 2020.
Optional: Recommendation 1.4			
1. Company has a policy on and discloses measurable objectives for implementing its board diversity and reports on progress in achieving its objectives.	Complied	Provide information on or link/reference to a document containing the company's policy and measureable objectives for implementing board diversity. Provide link or reference to a progress report in achieving its objectives.	Corporate Governance Committee Charter *See Annex D – Corporate Governance Committee Charter*
Recommendation 1.5			
1. Board is assisted by a Corporate Secretary.	Complied	Provide information on or link/reference to a document containing information on the Corporate Secretary, including his/her name, qualifications, duties and functions.	Corporate Secretary – Atty. Cynthia L. Dela Paz (See Company Website, Amended By-Laws and Revised Manual on Corporate Governance)
2. Corporate Secretary is a separate individual from the Compliance Officer.	Complied		
3. Corporate Secretary is not a member of the Board of Directors.	Complied		
4. Corporate Secretary attends training/s on corporate governance.	Complied	Provide information or link/reference to a document containing information on the corporate governance training attended, including number of hours and topics covered	Atty. De La Paz attended the Corporate Governance Seminar provided by SGV & CO. on December 16, 2020 from 1:00-4:00 p.m. which included discussions and sub-topics on SEC Updates on Corporate Governance, Beyond COVID, Cybersecurity and Business Continuity

			Management. The Certificate of Attendance has been submitted to the SEC and PSE.
Optional: Recommendation 1.5			
1. Corporate Secretary distributes materials for board meetings at least five business days before scheduled meeting.	Complied	Provide proof that corporate secretary distributed board meeting materials at least five business days before scheduled meeting	Notice, Agenda and Materials sent through electronic mails
Recommendation 1.6			
1. Board is assisted by a Compliance Officer.	Complied	Provide information on or link/reference to a document containing information on the Compliance Officer, including his/her name, position, qualifications, duties and functions.	
2. Compliance Officer has a rank of Senior Vice President or an equivalent position with adequate stature and authority in the corporation.	Complied		Atty. Hazel L. Rabara-Retardo, the VP Head of Legal and Treasury, formerly held the position of OIC Compliance Officer. In December 16, 2020, Mr. Pilipino T. Cayetano, RHI's VP-Chief Manufacturing Officer (CADPI & SCBI) was appointed as RHI's Chief Compliance Officer. His rank as Vice President is of adequate stature and authority in the corporation. Atty. Rabara-Retardo and Mr. Cayetano's credentials are posted in the Company's website and Annual Report.
3. Compliance Officer is not a member of the board.	Complied		
4. Compliance Officer attends training/s on corporate governance.	Complied	Provide information on or link/reference to a document containing information on the corporate governance training attended, including number of hours and topics covered	Atty. Rabara-Retardo and Mr. Cayetano attended the Corporate Governance Seminar provided by SGV & Co. on December 16, 2020 from 1:00-4:00 p.m. which included discussions and sub-topics on SEC Updates on Corporate Governance, Beyond COVID, Cybersecurity and Business Continuity Management.

Principle 2: The fiduciary roles, responsibilities and accountabilities of the Board as provided under the law, the company's articles and by-laws, and other legal pronouncements and guidelines should be clearly made known to all directors as well as to stockholders and other stakeholders.			
Recommendation 2.1			
1. Directors act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company.	Complied	Provide information or reference to a document containing information on how the directors performed their duties (can include board resolutions, minutes of meeting)	Minutes of the Meeting of the Board of Directors The Definitive Information Statement enumerated all the material actions and resolutions of the Company's Board of Directors for the previous year, as they are submitted for ratification by the Company's shareholders. In addition, all the meetings of the Board of Directors are properly recorded in the minutes. The Agenda of the Meetings of the Board of Directors always include a report and discussion on the Company and subsidiaries' Quarterly Performance, as well as the targets and strategies of the Company. *See Annex B – Information Statement* *See Annex E – Minutes of the Meetings of the Board of Directors*
Recommendation 2.2			
1. Board oversees the development, review and approval of the company's business objectives and strategy.	Complied	Provide information or link/reference to a document containing information on how the directors performed this function (can include board resolutions, minutes of meeting) Indicate frequency of review of business objectives and strategy	The Information Statement enumerated all the material actions and resolutions of the Company's Board of Directors for the previous year, as they are submitted for ratification by the Company's shareholders. In addition, all the meetings of the Board of Directors are properly recorded in the minutes. The Agenda of the Meetings of the Board of Directors always include a report and discussion on the Company and subsidiaries' Quarterly
2. Board oversees and monitors the implementation of the company's business objectives and strategy.	Complied		

			Performance, as well as the targets and strategies of the Company. *See Annex B – Information Statement*
Supplement to Recommendation 2.2			
1. Board has a clearly defined and updated vision, mission and core values.	Complied	Indicate or provide link/reference to a document containing the company's vision, mission and core values. Indicate frequency of review of the vision, mission and core values.	Company Manual, Revised Manual on Code of Corporate Governance As a long-term and enduring guide towards the Company's sustainable growth and profitability, the Company's vision and mission statements are intended to endure over a long period of time. Nevertheless, the Board of Directors reviews and approves the Company's vision and mission statements as the need arises in response or in anticipation of changes in circumstances which affect the business of the Company. Thus, during the regular meeting of the Board of Directors held last 06 February 2013, the Board of Directors approved the amendment of the previous Manual on Corporate Governance principally to reflect and incorporate the company's new vision, mission and values. The same was ratified again in the revision of the Corporate Governance Manual in 2017. *See Annex C – Revised Manual on Corporate Governance*
2. Board has a strategy execution process that facilitates effective management performance and is attuned to the	Complied	Provide information on or link/reference to a document containing information on the strategy execution process.	The Company conducts yearly strategic planning sessions, and the results of which form part of the report to the Board and

company's business environment, and culture.			submitted for the latter's approval. (Minutes of Board of Directors' Meetings) *See Annex E – Minutes of the Meetings of the Board of Directors*
Recommendation 2.3			
1. Board is headed by a competent and qualified Chairperson.	Complied	Provide information or reference to a document containing information on the Chairperson, including his/her name and qualifications	Annual Report, Company Website *See Annex A - Annual Report*
Recommendation 2.4			
1. Board ensures and adopts an effective succession planning program for directors, key officers and management.	Complied	Disclose and provide information or link/reference to a document containing information on the company's succession planning policies and programs and its implementation	Succession Management Program was initiated by the Management, through its Human Resources Department, within the entire organization. This is reported to the Board.
2. Board adopts a policy on the retirement for directors and key officers.	Complied		Retirement Policy *See Annex G - Retirement Policy*
Recommendation 2.5			
1. Board aligns the remuneration of key officers and board members with long-term interests of the company.	Complied	Provide information on or link/reference to a document containing information on the company's remuneration policy and its implementation, including the relationship between remuneration and performance.	See answers below
2. Board adopts a policy specifying the relationship between remuneration and performance.	Complied		
		(1) Fixed remuneration	The Board of Directors, through the Compensation Committee, determines the fixed remuneration of the key officers taking into account the company's salary structure as well as the prevailing compensation in the industry.

		(2) Variable remuneration	The variable remuneration is the bonus or profit share that is determined by the Compensation Committee every year depending on performance of the individual and the Company.
		(3) Per diem allowance	Per diem allowance of management officers is determined on the basis of existing company rules and regulations on per diems that they are entitled during official business trips.
3. Directors do not participate in discussions or deliberations involving his/her own remuneration.	Complied		The monthly compensation/salaries of the Executive Directors are determined by the Compensation Committee and approved by the Board of Directors taking into account the company's salary structure and benefit package as well as the prevailing compensation benefit for the same position in the market. Article 19 of the By-Laws of the company provides that the Board of Directors shall be given 6% of the net income of the corporation before tax which shall be distributed among the directors in the following manner; 2% for the executive committee and 4% for the directors. Presently, the members of the Board of Directors receive a per diem of Php25,000.00 for each meeting of the Board that they attend. They are also paid a per diem of Php25,000.00 for each meeting of the committee where they are members.
Optional: Recommendation 2.5			

1. Board approves the remuneration of senior executives.	Complied	Provide proof of board approval	Minutes of the Board of Directors' Meetings and recommendation from Corporate Governance Committee and/or Executive Compensation Committee *See Annex E – Minutes of the Meetings of the Board of Directors*
2. Company has measurable standards to align the performance-based remuneration of the executive directors and senior executives with long-term interest, such as claw back provision and deferred bonuses.	Complied	Provide information on or link/reference to a document containing measurable standards to align performance-based remuneration with the long-term interest of the company.	Amended By-Laws
Recommendation 2.6			
1. Board has a formal and transparent board nomination and election policy.	Complied	Provide information or reference to a document containing information on the company's nomination and election policy and process and its implementation, including the criteria used in selecting new directors, how the shortlisted candidates and how it encourages nominations from shareholders. Provide proof if minority shareholders have a right to nominate candidates to the board Provide information if there was an assessment of the effectiveness of the Board's processes in the nomination, election or replacement of a director.	Amended By-Laws of the Company, Information Statements prior to Annual Shareholders' Meetings All nominations to the Board of Directors are screened by the Corporate Governance Committee, chaired by an independent director, taking into account the qualifications and disqualifications set by the Board and the relevant laws, rules and regulations. It thereafter recommends to the Board the shortlisted nominees for endorsement to the shareholders. The nominees are then presented for all the shareholders' consideration as outlined in the Information Statement. In addition to the qualifications for membership in the Board as provided in
2. Board nomination and election policy is disclosed in the company's Manual on Corporate Governance.	Complied		
3. Board nomination and election policy includes how the company accepted nominations from minority shareholders.	Complied		
4. Board nomination and election policy includes how the board shortlists candidates.	Complied		
5. Board nomination and election policy includes an assessment of the effectiveness of the Board's processes in	Complied		

the nomination, election or replacement of a director.			the By-laws of the Company (Arts. 14 & 15, ABL), the Corporation Code, Securities Regulation Code and other relevant laws, the Company considers the college education or equivalent academic degree of the person, his practical understanding of the business of the company, membership in good standing in the industry, business or professional organizations and previous business experience.
6. Board has a process for identifying the quality of directors that is aligned with the strategic direction of the company.	Complied		
Optional: Recommendation to 2.6			
1. Company uses professional search firms or other external sources of candidates (such as director databases set up by director or shareholder bodies) when searching for candidates to the board of directors.	Complied	Identify the professional search firm used or other external sources of candidates	Institute of Corporate Directors and Viventis Search Asia
Recommendation 2.7			
1. Board has overall responsibility in ensuring that there is a group-wide policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions.	Complied	Provide information on or reference to a document containing the company's policy on related party transaction, including policy on review and approval of significant RPTs Identify transactions that were approved pursuant to the policy.	Annual Report with Audited Financial Statements (Note 15, Related Party Transactions for the last fiscal year) and Minutes of the Meeting of Board of Directors In accordance with SEC Memorandum Circular 10, Series of 2019, the Company also implemented a Material Related Party Transactions Policy. *See Annex H - Related Party Transactions Policy*
2. RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions.	Complied		
3. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations.	Complied		
Supplement to Recommendations 2.7			

1. Board clearly defines the threshold for disclosure and approval of RPTs and categorizes such transactions according to those that are considered *de minimis* or transactions that need not be reported or announced, those that need to be disclosed, and those that need prior shareholder approval. The aggregate amount of RPTs within any twelve (12) month period should be considered for purposes of applying the thresholds for disclosure and approval.	Complied	Provide information on a materiality threshold for RPT disclosure and approval, if any. Provide information on RPT categories	*See Annex H - Related Party Transactions Policy* Until such time as the Board deems it appropriate to create a separate Board Risk Oversight Committee, the Audit Committee shall be tasked to formulate the RPT policy including the thresholds, assess RPTs as they occur, and recommend actions to the Board.
2. Board establishes a voting system whereby a majority of non-related party shareholders approve specific types of related party transactions during shareholders' meetings.	Complied	Provide information on voting system, if any.	Related party transactions are reported and submitted for ratification by the shareholders during the annual shareholders' meetings.
Recommendation 2.8			
1. Board is primarily responsible for approving the selection of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).	Complied	Provide information on or reference to a document containing the Board's policy and responsibility for approving the selection of management. Identity the Management team appointed	Minutes of the Organizational Board of Directors Meeting and the Corporate Governance Committee. All Executive Officers, including the CEO, are vetted by the Corporate Governance Committee and endorsed/recommended to the Board for approval. *See Annex E – Minutes of the Meetings of the Board of Directors* *See Annex F – Results of the Organizational Board of Directors Meeting*

2. Board is primarily responsible for assessing the performance of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).	Complied	Provide information on or reference to a document containing the Board's policy and responsibility for assessing the performance of management. Provide information on the assessment process and indicate frequency of assessment of performance.	Minutes of the Meeting of the Board of Directors, Quarterly Financial and Management Reports and Annual Report The performance of the RHI Group is presented to the Board every quarter; assessment is done by the Board every quarter as well as annually for the entire year's performance. *See Annex E – Minutes of the Meetings of the Board of Directors*
Recommendation 2.9			
1. Board establishes an effective performance management framework that ensures that Management's performance is at par with the standards set by the Board and Senior Management.	Complied	Provide information on or link/reference to a document containing the Board's performance management framework for management and personnel.	Minutes of the Meeting of the Board of Directors, Quarterly Financial and Management Reports and Annual Report The performance of the RHI Group is presented to the Board every quarter; assessment is done by the Board every quarter as well as annually for the entire year's performance. *See Annex E – Minutes of the Meetings of the Board of Directors*
2. Board establishes an effective performance management framework that ensures that personnel's performance is at par with the standards set by the Board and Senior Management.	Complied		
Recommendation 2.10			
1. Board oversees that an appropriate internal control system is in place.	Complied	Provide information on or link/reference to a document showing the Board's responsibility for overseeing that an appropriate internal control system is in place and what is included in the internal control system	Revised Manual on Corporate Governance, Audit and Risk Committee Charter *See Annex C – Revised Manual on Corporate Governance* *See Annex I - Audit and Risk Committee Charter*
2. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders.	Complied		

3. Board approves the Internal Audit Charter.	Complied	Provide reference or link to the company's Internal Audit Charter	*See Annex J – Internal Audit Charter*
Recommendation 2.11			
1. Board oversees that the company has in place a sound enterprise risk management (ERM) framework to effectively identify, monitor, assess and manage key business risks.	Complied	Provide information on or link/reference to a document showing the Board's oversight responsibility on the establishment of a sound enterprise risk management framework and how the board was guided by the framework. Provide proof of effectiveness of risk management strategies, if any.	*See Annex K – ERM Framework*
2. The risk management framework guides the board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies.	Complied		
Recommendation 2.12			
1. Board has a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary role.	Complied	Provide link to the company's website where the Board Charter is disclosed.	http://roxasholdings.com.ph/corporategovernance.do?category_id=9930
2. Board Charter serves as a guide to the directors in the performance of their functions.	Complied		
3. Board Charter is publicly available and posted on the company's website.	Complied		
Additional Recommendation to Principle 2			
1. Board has a clear insider trading policy.	Complied	Provide information on or link/reference to a document showing company's insider trading policy.	http://roxasholdings.com.ph/images/items/uploads/Trading%20Restrictions%20Policy.pdf
Optional: Principle 2			
1. Company has a policy on granting loans to directors, either forbidding the practice	Complied	Provide information on or link/reference to a document	As a rule, the Company does not grant loans to directors.

or ensuring that the transaction is conducted at arm's length basis and at market rates.		showing company's policy on granting loans to directors, if any.	
2. Company discloses the types of decision requiring board of directors' approval.	Complied	Indicate the types of decision requiring board of directors' approval and where there are disclosed.	Board Charter
Principle 3: Board committees should be set up to the extent possible to support the effective performance of the Board's functions, particularly with respect to audit, risk management, related party transactions, and other key corporate governance concerns, such as nomination and remuneration. The composition, functions and responsibilities of all committees established should be contained in a publicly available Committee Charter.			
Recommendation 3.1			
1. Board establishes board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities.	Complied	Provide information or link/reference to a document containing information on all the board committees established by the company.	Company Website, Information Statement The compositions of the Committees are outlined in *Annex F – Results of the Organizational Board of Directors Meeting*
Recommendation 3.2			
1. Board establishes an Audit Committee to enhance its oversight capability over the company's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations.	Complied	Provide information or link/reference to a document containing information on the Audit Committee, including its functions. Indicate if it is the Audit Committee's responsibility to recommend the appointment and removal of the company's external auditor.	*See Annex I - Audit and Risk Committee Charter* The Audit Committee principally recommends the appointment and/or discharge of the external auditor.
2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman is independent.	Complied	Provide information or link/reference to a document containing information on the members of the Audit Committee, including their qualifications and type of directorship.	Information Statement, Company Website *See Annex B – Information Statement*

3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.	Complied	Provide information or link/reference to a document containing information on the background, knowledge, skills, and/or experience of the members of the Audit Committee.	
4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee.	Complied	Provide information or link/reference to a document containing information on the Chairman of the Audit Committee	
Supplement to Recommendation 3.2			
1. Audit Committee approves all non-audit services conducted by the external auditor.	Complied	Provide proof that the Audit Committee approved all non-audit services conducted by the external auditor.	Audited Financial Statements, Audit and Risk Committee Charter, Minutes of Audit and Risk Committee Meetings *See Annex I - Audit and Risk Committee Charter* *See Annex L - Minutes of the Audit and Risk Committee Meetings*
2. Audit Committee conducts regular meetings and dialogues with the external audit team without anyone from management present.	Not Complied	Provide proof that the Audit Committee conducted regular meetings and dialogues with the external audit team without anyone from management present.	The Audit Committee meets with the External Auditor but with the presence of key management officers and internal audit. The Committee, through the Chairman, ensures that the independence of the external auditor is not compromised or affected in the discussions and/or in the overall performance of its function.
Optional: Recommendation 3.2			
1. Audit Committee meet at least four times during the year.	Complied	Indicate the number of Audit Committee meetings during the year and provide proof	Five

2. Audit Committee approves the appointment and removal of the internal auditor.	Complied	Provide proof that the Audit Committee approved the appointment and removal of the internal auditor.	Minutes of the Audit and Risk Committee Meeting *See Annex L - Minutes of the Audit and Risk Committee Meetings*
Recommendation 3.3			

1. Board establishes a Corporate Governance Committee tasked to assist the Board in the performance of its corporate governance responsibilities, including the functions that were formerly assigned to a Nomination and Remuneration Committee.	Complied	Provide information or reference to a document containing information on the Corporate Governance Committee, including its functions Indicate if the Committee undertook the process of identifying the quality of directors aligned with the company's strategic direction, if applicable.	The Corporate Governance Committee vetted off the nominees prior to re-election to the Board. The Corporate Governance Committee (CG Committee) is tasked with ensuring compliance with and proper observance of corporate governance principles and practices. It has the following duties and functions, among others: a. Oversees the implementation of the corporate governance framework and periodically reviews the said framework to ensure that it remains appropriate in light of material changes to the corporation's size, complexity and business strategy, as well as its business and regulatory environments; b. Oversees the periodic performance evaluation of the Board and its committees as well as executive management, and conducts an annual self-evaluation of its performance; c. Ensures that the results of the Board evaluation are shared, discussed, and that concrete action plans are developed and implemented to address the identified areas for improvement; d. Recommends continuing education/training programs for directors, assignment of tasks/projects to board committees, succession plan for the board members and senior officers, and remuneration packages for corporate and individual performance; e. Adopts corporate governance policies and ensures that these are reviewed and updated regularly, and consistently implemented in form and substance; f. Proposes and plans relevant trainings for the members of the Board; g. Determines the nomination and election process for the company's directors and has the special duty of defining the general profile of board members that the

			company may need and ensuring appropriate knowledge, competencies and expertise that complement the existing skills of the Board; and, h. Establishes a formal and transparent procedure to develop a policy for determining the remuneration of directors and officers that is consistent with the corporation's culture and strategy as well as the business environment in which it operates.

2. Corporate Governance Committee is composed of at least three members, all of whom should be independent directors.	Not complied	Provide information or link/reference to a document containing information on the members of the Corporate Governance Committee, including their qualifications and type of directorship.	The Corporate Governance Committee is composed of one executive director and two independent directors, one of whom is the Chairman, at present. Independence in decision making exists among members as there are safeguards within the meetings and the Committee charter, in so far as to achieve the goal of ensuring adherence to corporate governance practices.
3. Chairman of the Corporate Governance Committee is an independent director.	Complied	Provide information or link/reference to a document containing information on the Chairman of the Corporate Governance Committee.	Company website *See Annex F – Results of the Organizational Board of Directors Meeting*
Optional: Recommendation 3.3.			
1. Corporate Governance Committee meet at least twice during the year.	Complied	Indicate the number of Corporate Governance Committee meetings held during the year and provide proof thereof.	The Corporate Governance Committee deliberates and approves resolutions through written assents or actual meetings. There were two meetings held for CY 2020.
Recommendation 3.4			
1. Board establishes a separate Board Risk Oversight Committee (BROC) that should be responsible for the oversight of a company's Enterprise Risk Management system to ensure its functionality and effectiveness.	Not Complied	Provide information or link/reference to a document containing information on the Board Risk Oversight Committee (BROC), including its functions	The Board has not yet deemed it appropriate to establish a separate BROC taking into consideration the size, operations and the risk profile of the Company and its subsidiaries. The functions of the BROC are performed currently by the Audit and Risk Committee. http://www.roxasholdings.com.ph/corporategovernance.do?category_id=9930
2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.	Not Complied	Provide information or link/reference to a document containing information on the members of the BROC, including their qualifications and type of directorship	

3. The Chairman of the BROC is not the Chairman of the Board or of any other committee.	Not Complied	Provide information or link/reference to a document containing information on the Chairman of the BROC	
4. At least one member of the BROC has relevant thorough knowledge and experience on risk and risk management.	Not Complied	Provide information or link/reference to a document containing information on the background, skills, and/or experience of the members of the BROC.	
Recommendation 3.5			
1. Board establishes a Related Party Transactions (RPT) Committee, which is tasked with reviewing all material related party transactions of the company.	Not complied	Provide information or link/reference to a document containing information on the Related Party Transactions (RPT) Committee, including its functions.	The Board has not yet deemed it appropriate to establish a separate RPT Committee taking into consideration the size, operations and the risk profile of the Company and its subsidiaries. The functions of the BROC are performed currently by the Audit and Risk Committee.
2. RPT Committee is composed of at least three non-executive directors, two of whom should be independent, including the Chairman.	Not complied.	Provide information or link/reference to a document containing information on the members of the RPT Committee, including their qualifications and type of directorship.	
Recommendation 3.6			
1. All established committees have a Committee Charter stating in plain terms their respective purposes, memberships, structures, operations, reporting process, resources and other relevant information.	Complied	Provide information on or link/reference to the company's committee charters, containing all the required information, particularly the functions of the Committee that is necessary for performance evaluation purposes.	The charters of each of the Audit and Risk and Corporate Governance Committees which would identify their memberships and functions are disclosed in the Company website.
2. Committee Charters provide standards for evaluating the performance of the Committees.	Complied		The committees shall be measured through the functions delegated to it by the Board and identified in their respective charters.

3. Committee Charters were fully disclosed on the company's website.	Complied	Provide link to company's website where the Committee Charters are disclosed.	https://www.roxasholdings.com.ph/corporategovernance.do?category_id=9930
Principle 4: To show full commitment to the company, the directors should devote the time and attention necessary to properly and effectively perform their duties and responsibilities, including sufficient time to be familiar with the corporation's business.			
Recommendation 4.1			
1. The Directors attend and actively participate in all meetings of the Board, Committees and shareholders in person or through tele-/videoconferencing conducted in accordance with the rules and regulations of the Commission.	Complied	Provide information or link/reference to a document containing information on the process and procedure for tele/videoconferencing board and/or committee meetings. Provide information or link/reference to a document containing information on the attendance and participation of directors to Board, Committee and shareholders' meetings.	Revised Manual on Corporate Governance; Minutes of the Board of Directors' Meetings The Board and the Board Committees allow the participation of directors to meetings through teleconferencing, upon advise to the Corporate Secretary. The Corporate Secretary keeps the records of the details of such meetings where teleconferencing was used. *See Annex C – Revised Manual on Corporate Governance* *See Annex E – Minutes of the Meetings of the Board of Directors*
2. The directors review meeting materials for all Board and Committee meetings.	Complied		Minutes of the Board of Directors' Meetings *See Annex E – Minutes of the Meetings of the Board of Directors*
3. The directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings.	Complied	Provide information or link/reference to a document containing information on any questions raised or clarification/explanation sought by the directors	Minutes of the Board of Directors' Meetings *See Annex E – Minutes of the Meetings of the Board of Directors*

Recommendation 4.2			
1. Non-executive directors concurrently serve in a maximum of five publicly-listed companies to ensure that they have sufficient time to fully prepare for minutes, challenge Management's proposals/views, and oversee the long-term strategy of the company.	Complied	Disclose if the company has a policy setting the limit of board seats that a non-executive director can hold simultaneously. Provide information or reference to a document containing information on the directorships of the company's directors in both listed and non-listed companies	Revised Manual on Corporate Governance provides: *4.2. Unless allowed by the Board and provided that the director concerned will still be able to effectively perform the roles and responsibilities as member of the Company's Board, a non-executive director of the Board shall concurrently serve as director up to a maximum of five publicly listed companies xxx"* The Information Statement lists down the current directorships in other companies of the Company's directors.
Recommendation 4.3			
1. The directors notify the company's board before accepting a directorship in another company.	Complied	Provide copy of written notification to the board or minutes of board meeting wherein the matter was discussed.	There were no new notifications coming from the directors, and there were none accepted within the CY-ending 2020.
Optional: Principle 4			
1. Company does not have any executive directors who serve in more than two boards of listed companies outside of the group.	Not Complied		Mr. Pedro Roxas, as Chairman, is part of the Board of Directors of Roxas & Company, Inc., PLDT and Cemex Holdings Inc.
2. Company schedules board of directors' meetings before the start of the financial year. 3.	Complied		
4. Board of directors meet at least six times during the year.	Complied	Indicate the number of board meetings during the year and provide proof	*See Annex M – Board Attendance*

5. Company requires as minimum quorum of at least 2/3 for board decisions.	Not complied	Indicate the required minimum quorum for board decisions	Simple majority of the quorum present during any meeting of the Board is required.
Principle 5: The board should endeavor to exercise an objective and independent judgment on all corporate affairs			
Recommendation 5.1			
1. The Board has at least 3 independent directors or such number as to constitute one-third of the board, whichever is higher.	Complied	Provide information or link/reference to a document containing information on the number of independent directors in the board	*See Annex F – Results of the Organizational Board of Directors Meeting* Revised Manual on Corporate Governance: 5.1 The Board shall have atleast three independent directors, or such number as to constitute at least one-third of the members of the Board, whichever is higher. <u>The Company shall, however, maintain its current number of two (2) independent directors, until such time as an additional independent director is properly vetted, nominated and elected in the Board by the Company shareholders.</u> Three independent directors were appointed during the Company's annual shareholders' meeting last June 4, 2020.
Recommendation 5.2			
1. The independent directors possess all the qualifications and none of the disqualifications to hold the positions.	Complied	Provide information or link/reference to a document containing information on the qualifications of the independent directors.	Company website; Information Statement *See Annex B – Information Statement*
Supplement to Recommendation 5.2			

1. Company has no shareholder agreements, by-laws provisions, or other arrangements that constrain the directors' ability to vote independently.	Complied	Provide link/reference to a document containing information that directors are not constrained to vote independently.	Amended By-Laws
Recommendation 5.3			
1. The independent directors serve for a cumulative term of nine years (reckoned from 2012).	Complied	Provide information or link/reference to a document showing the years IDs have served as such.	*See Annex B – Information Statement* *See Annex M – Board Attendance*
2. The company bars an independent director from serving in such capacity after the term limit of nine years.	Complied	Provide information or link/reference to a document containing information on the company's policy on term limits for its independent director	Revised Manual on Corporate Governance *See Annex C – Revised Manual on Corporate Governance*
3. In the instance that the company retains an independent director in the same capacity after nine years, the board provides meritorious justification and seeks shareholders' approval during the annual shareholders' meeting.	Complied	Provide reference to the meritorious justification and proof of shareholders' approval during the annual shareholders' meeting.	No shareholders' approval was solicited for this purpose
Recommendation 5.4			
1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals.	Complied	Identify the company's Chairman of the Board and Chief Executive Officer	*See Annex F – Results of the Organizational Board of Directors Meeting* Chairman – Mr. Pedro E. Roxas President and CEO – Mr. Celso T. Dimarucut
2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.	Complied	Provide information or link/reference to a document containing information on the roles and responsibilities of the Chairman of the Board and Chief Executive Officer.	The duties and responsibilities of the Chairman in relation to the Board include, among others, the following: 1. Ensure that the meetings of the Board are held in accordance with

		Identify the relationship of Chairman and CEO.	the By-Laws or as he may deem necessary; 2. Supervise the preparation of the agenda of the meeting in coordination with the Corporate Secretary, taking into consideration the suggestions of the Chief Executive Officer ("CEO"), Management and the Directors; and, 3. Maintain qualitative and timely lines of communication and information between the Board and Management. The roles of the Chairman and CEO shall, as much as practicable, be separate to foster an appropriate balance of power, increased accountability and better capacity for independent decision-making by the Board. A clear delineation of functions shall be made between the Chairman and CEO upon their election. The duties and responsibilities of the President and CEO are outlined in the Amended By-Laws of the Corporation
Recommendation 5.5			
1. If the Chairman of the Board is not an independent director, the board designates a lead director among the independent directors.	Complied	Provide information or link/reference to a document containing information on a lead independent director and his roles and responsibilities, if any.	The Company appointed Mr. Oscar J. Hilado as Lead Independent Director of the Board.

		Indicate if Chairman is independent.	
Recommendation 5.6			
1. Directors with material interest in a transaction affecting the corporation abstain from taking part in the deliberations on the transaction.	Complied	Provide proof of abstention, if this was the case	No director had any material interest in any transaction affecting the Company.
Recommendation 5.7			
1. The non-executive directors (NEDs) have separate periodic meetings with the external auditor and heads of the internal audit, compliance and risk functions, without any executive present.	Complied	Provide proof and details of said meeting, if any. Provide information on the frequency and attendees of meetings.	Revised Manual on Corporate Governance provides: *" 5.7 The non-executive directors shall have separate periodic meetings, as maybe necessary, with the external auditor and heads of internal, compliance and risk functions, without any executive directors present to ensure that proper checks and balances are in place within the Company. xxx"* In the determination of the NEDs, there was no instance that such a meeting was necessary during the last CY ending 2020.
2. The meetings are chaired by the lead independent director.	Complied		
Optional: Principle 5			
1. None of the directors is a former CEO of the company in the past 2 years.	Complied	Provide name/s of company CEO for the past 2 years	Mr. Hubert D. Tubio formerly held the position of President & CEO until his retirement effective on October 31, 2020. Mr. Celso T. Dimarucut was appointed as the Company's President & CEO last December 16, 2020.

Principle 6: The best measure of the Board's effectiveness is through an assessment process. The Board should regularly carry out evaluations to appraise its performance as a body, and assess whether it possesses the right mix of backgrounds and competencies.			
Recommendation 6.1			
1. Board conducts an annual self-assessment of its performance as a whole.	Complied	Provide proof of self-assessments conducted for the whole board, the individual members, the Chairman and the Committees	Self-assessment has been initiated by the Audit Committee, the results thereof will be validated by the Compliance Officer and reported to the Board for discussion and approval.
2. The Chairman conducts a self-assessment of his performance.	Complied		
3. The individual members conduct a self-assessment of their performance.	Complied		
4. Each committee conducts a self-assessment of its performance.	Complied		
5. Every three years, the assessments are supported by an external facilitator.	Complied	Identify the external facilitator and provide proof of use of an external facilitator.	The Company has engaged the services of SGV & Co. to facilitate the self-assessment of the Audit Committee.
Recommendation 6.2			
1. Board has in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, individual directors and committees.	Complied	Provide information or link/reference to a document containing information on the system of the company to evaluate the performance of the board, individual directors and committees, including a feedback mechanism from shareholders	The performance shall be assessed according to the functions stated in the Board Charter and in the committee charters. The self-assessment likewise takes into consideration the parameters set by the Commission such as Memorandum Circular 4, Series of 2012.
2. The system allows for a feedback mechanism from the shareholders.	Complied		Annual Shareholders' Meeting
Principle 7: Members of the Board are duty-bound to apply high ethical standards, taking into account the interests of all stakeholders.			
Recommendation 7.1			

1. Board adopts a Code of Business Conduct and Ethics, which provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings of the company.	Complied	Provide information on or link/reference to the company's Code of Business Conduct and Ethics.	http://roxasholdings.com.ph/corporategovernance.do?item_id=102385221
2. The Code is properly disseminated to the Board, senior management and employees.	Complied	Provide information on or discuss how the company disseminated the Code to its Board, senior management and employees.	The Code was presented to the Board for approval and thereafter circulated to all officers and employees within the RHI Group. Newly-hired officers and employees are likewise oriented on the Code and provided with a copy thereof together with the Company Manual.
3. The Code is disclosed and made available to the public through the company website.	Complied	Provide a link to the company's website where the Code of Business Conduct and Ethics is posted/ disclosed.	http://roxasholdings.com.ph/corporategovernance.do?item_id=102385221
Supplement to Recommendation 7.1			
1. Company has clear and stringent policies and procedures on curbing and penalizing company involvement in offering, paying and receiving bribes.	Complied	Provide information on or link/reference to a document containing information on the company's policy and procedure on curbing and penalizing bribery	Code of Business Conduct http://roxasholdings.com.ph/corporategovernance.do?item_id=102385221
Recommendation 7.2			
1. Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics.	Complied	Provide proof of implementation and monitoring of compliance with the Code of Business Conduct and Ethics and internal policies. Indicate who are required to comply with the Code of Business Conduct and Ethics and any findings on non-compliance.	The Chief Compliance Officer conducts orientation on the Code and ensures that communication lines are open through the whistle-bower hotline for reports on possible violations. He or she also conducts annual disclosure survey on conflicts of interest.
2. Board ensures the proper and efficient implementation and monitoring of	Complied		The Chief Compliance Officer is present during the Board and Committee

compliance with company internal policies.			meetings to report on possible violations observed.
Disclosure and Transparency			
Principle 8: The company should establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations.			
Recommendation 8.1			
1. Board establishes corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and timely report to shareholders and other stakeholders that gives a fair and complete picture of a company's financial condition, results and business operations.	Complied	Provide information on or link/reference to the company's disclosure policies and procedures including reports distributed/made available to shareholders and other stockholders	http://roxasholdings.com.ph/company-disclosures.do?category_id=9960
Supplement to Recommendations 8.1			
1. Company distributes or makes available annual and quarterly consolidated reports, cash flow statements, and special audit revisions. Consolidated financial statements are published within ninety (90) days from the end of the fiscal year, while interim reports are published within forty-five (45) days from the end of the reporting period.	Complied	Indicate the number of days within which the consolidated and interim reports were published, distributed or made available from the end of the fiscal year and end of the reporting period, respectively.	http://roxasholdings.com.ph/company-disclosures.do?category_id=9961 Consolidated financial statements are published within one hundred five (105) days from the end of the fiscal year, while interim reports are published within forty to forty-five (40-45) days from the end of the reporting period.
2. Company discloses in its annual report the principal risks associated with the identity of the company's controlling shareholders; the degree of ownership concentration; cross-holdings among company affiliates; and any imbalances between the controlling shareholders' voting power and overall equity position in the company.	Complied	Provide link or reference to the company's annual report where the following are disclosed: 1. principal risks to minority shareholders associated with the identity of the company's controlling shareholders; 2. cross-holdings among company affiliates; and 3. any imbalances between the controlling shareholders' voting power and overall	Annual Report in SEC Form 17-A https://roxasholdings.com.ph/images/items/uploads/28Feb2020_Integrated_Annual_Report_and_Sustainability_Report.pdf The major shareholders of the Company are the First Pacific Group and Roxas & Company, Inc. Both entities are listed in the Hong Kong Stock Exchange and the Philippine Stock Exchange, as such, all material transactions are disclosed to the public.

		equity position in the company.	
Recommendation 8.2			
1. Company has a policy requiring all directors to disclose/report to the company any dealings in the company's shares within three business days.	Complied	Provide information on or link/reference to the company's policy requiring directors and officers to disclose their dealings in the company's share. Indicate actual dealings of directors involving the corporation's shares including their nature, number/percentage and date of transaction.	Trading Restrictions Policy http://roxasholdings.com.ph/images/items/uploads/Trading%20Restrictions%20Policy.pdf
2. Company has a policy requiring all officers to disclose/report to the company any dealings in the company's shares within three business days.	Complied		http://roxasholdings.com.ph/images/items/uploads/Trading%20Restrictions%20Policy.pdf No director has engaged in the trading of the Company's shares in the last CY ending December 31, 2020.
Supplement to Recommendation 8.2			
1. Company discloses the trading of the corporation's shares by directors, officers (or persons performing similar functions) and controlling shareholders. This includes the disclosure of the company's purchase of its shares from the market (e.g. share buy-back program).	Complied	Provide information on or link/reference to the shareholdings of directors, management and top 100 shareholders. Provide link or reference to the company's Conglomerate Map.	Annual Report on SEC Form 17-A; Information Statement (SEC Form 20-IS); Beneficial Ownership Reports (SEC Form 23); Company Website
Recommendation 8.3			
1. Board fully discloses all relevant and material information on individual board members to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.	Complied	Provide link or reference to the directors' academic qualifications, share ownership in the company, membership in other boards, other executive positions, professional experiences, expertise and relevant trainings attended.	Annual Report on SEC Form 17-A; Information Statement (SEC Form 20-IS); Beneficial Ownership Reports (SEC Form 23)
2. Board fully discloses all relevant and material information on key executives to evaluate their experience and	Complied	Provide link or reference to the key officers' academic qualifications, share ownership in the company,	Annual Report on SEC Form 17-A; Information Statement (SEC Form 20-IS);

qualifications, and assess any potential conflicts of interest that might affect their judgment.		membership in other boards, other executive positions, professional experiences, expertise and relevant trainings attended.	Beneficial Ownership Reports (SEC Form 23); Company Website
Recommendation 8.4			
1. Company provides a clear disclosure of its policies and procedure for setting Board remuneration, including the level and mix of the same.	Complied	Disclose or provide link/reference to the company policy and practice for setting board remuneration	Executive Compensation Committee Charter https://roxasholdings.com.ph/images/items/uploads/Executive%20Compensation%20Committee%20Charter%2001%2028%202015.pdf
2. Company provides a clear disclosure of its policies and procedure for setting executive remuneration, including the level and mix of the same.	Complied	Disclose or provide link/reference to the company policy and practice for determining executive remuneration	https://roxasholdings.com.ph/images/items/uploads/Executive%20Compensation%20Committee%20Charter%2001%2028%202015.pdf
3. Company discloses the remuneration on an individual basis, including termination and retirement provisions.	Complied	Provide breakdown of director remuneration and executive compensation, particularly the remuneration of the CEO.	Annual Report on SEC Form 17-A and Information Statement on SEC Form 20-IS
Recommendation 8.5			
1. Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions in their Manual on Corporate Governance.	Complied	Disclose or provide reference/link to company's RPT policies Indicate if the director with conflict of interest abstained from the board discussion on that particular transaction.	*See Annex H - Related Party Transactions Policy* No director was engaged in any transaction that may arise to possible conflict of interest vis-à-vis the interests of the Company.
2. Company discloses material or significant RPTs reviewed and approved during the year.	Complied	Provide information on all RPTs for the previous year or reference to a document containing the following information on all RPTs:	Annual report and Audited Financial Statements

		1. name of the related counterparty; 2. relationship with the party; 3. transaction date; 4. type/nature of transaction; 5. amount or contract price; 6. terms of the transaction; 7. rationale for entering into the transaction; 8. the required approval (i.e., names of the board of directors approving, names and percentage of shareholders who approved) based on the company's policy; and 9. other terms and conditions	
Supplement to Recommendation 8.5			
1. Company requires directors to disclose their interests in transactions or any other conflict of interests.	Complied	Indicate where and when directors disclose their interests in transactions or any other conflict of interests.	Code of Business Conduct
Optional : Recommendation 8.5			
1. Company discloses that RPTs are conducted in such a way to ensure that they are fair and at arms' length.	Complied	Provide link or reference where this is disclosed, if any	Annual report and Audited Financial Statements, if any.
Recommendation 8.6			
1. Company makes a full, fair, accurate and timely disclosure to the public of every material fact or event that occur, particularly on the acquisition or disposal of significant assets, which could adversely	Complied	Provide link or reference where this is disclosed	PSE Edge disclosures are mirrored directly in the Company Website to allow for simultaneous disclosure.

affect the viability or the interest of its shareholders and other stakeholders.			
2. Board appoints an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets.	Complied	Identify independent party appointed to evaluate the fairness of the transaction price Disclose the rules and procedures for evaluating the fairness of the transaction price, if any.	No transaction was done to require a fairness opinion under the rules of the Commission for the CY ending December 31, 2020.
Supplement to Recommendation 8.6			
1. Company discloses the existence, justification and details on shareholder agreements, voting trust agreements, confidentiality agreements, and such other agreements that may impact on the control, ownership, and strategic direction of the company.	Complied	Provide link or reference where these are disclosed.	The sale of the assets of the Company's subsidiaries – Central Azucarera De La Carlota, Inc. and Roxol Bioenergy Corporation last September 30, 2020 was properly disclosed through the PSE. The sale transaction was also approved by the Philippine Competition Commission.
Recommendation 8.7			
1. Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG).	Complied	Provide link to the company's website where the Manual on Corporate Governance is posted.	http://roxasholdings.com.ph/corporategovernance.do?category_id=9927
2. Company's MCG is submitted to the SEC and PSE.	Complied		
3. Company's MCG is posted on its company website.	Complied		
Supplement to Recommendation 8.7			
1. Company submits to the SEC and PSE an updated MCG to disclose any changes in its corporate governance practices.	Not Complied	Provide proof of submission.	Revised MCG was not submitted or made in 2020, as there were no changes for the covered period.
Optional: Principle 8			

1. Does the company's Annual Report disclose the following information:		Provide link or reference to the company's Annual Report containing the said information.	https://roxasholdings.com.ph/images/items/uploads/28Feb2020_Integrated_Annual_Report_and_Sustainability_Report.pdf
a. Corporate Objectives	Complied		
b. Financial performance indicators	Complied		
c. Non-financial performance indicators	Complied		
d. Dividend Policy	Complied		
e. Biographical details (at least age, academic qualifications, date of first appointment, relevant experience, and other directorships in listed companies) of all directors	Complied		
f. Attendance details of each director in all directors' meetings held during the year	Complied		
g. Total remuneration of each member of the board of directors	Complied		
2. The Annual Report contains a statement confirming the company's full compliance with the Code of Corporate Governance and where there is non-compliance, identifies and explains reason for each such issue.	Complied	Provide link or reference to where this is contained in the Annual Report	https://www.roxasholdings.com.ph/images/items/uploads/2020_RHI_Annual_Report_Sustainability_Report.pdf pp. 13-14
3. The Annual Report/Annual CG Report discloses that the board of directors conducted a review of the company's material controls (including operational, financial and compliance controls) and risk management systems.	Complied	Provide link or reference to where this is contained in the Annual Report	The Board, through the Audit and Risk Committee (the Committee), confers with the internal and external auditors at the beginning of every fiscal year to discuss the audit plans and programs for the year, to ensure review Company's material

			controls. The plans are submitted for the consideration and approval of the Board of Directors.
4. The Annual Report/Annual CG Report contains a statement from the board of directors or Audit Committee commenting on the adequacy of the company's internal controls/risk management systems.	Not Complied	Provide link or reference to where this is contained in the Annual Report	This is contained in the Audit and Risk Committee Self-Assessment Results
5. The company discloses in the Annual Report the key risks to which the company is materially exposed to (i.e. financial, operational including IT, environmental, social, economic).	Complied	Provide link or reference to where these are contained in the Annual Report	Annual report, pp. 7-12 *See Annex A - Annual Report*
Principle 9: The company should establish standards for the appropriate selection of an external auditor, and exercise effective oversight of the same to strengthen the external auditor's independence and enhance audit quality.			
Recommendation 9.1			
1. Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditors.	Complied	Provide information or link/reference to a document containing information on the process for approving and recommending the appointment, reappointment, removal and fees of the company's external auditor.	Audit and Risk Committee Charter *See Annex I - Audit and Risk Committee Charter*
2. The appointment, reappointment, removal, and fees of the external auditor is recommended by the Audit Committee, approved by the Board and ratified by the shareholders.	Complied	Indicate the percentage of shareholders that ratified the appointment, reappointment, removal and fees of the external auditor.	1,358,958,762 shares or 99.98% of the total issued and outstanding shares of stock present in the meeting.
3. For removal of the external auditor, the reasons for removal or change are disclosed to the regulators and the public	Complied	Provide information on or link/reference to a document containing the company's reason for	Annual Report; Information Statement (SEC Form 20-IS) *See Annex A - Annual Report*

through the company website and required disclosures.		removal or change of external auditor.	*See Annex B – Information Statement*
Supplement to Recommendation 9.1			
1. Company has a policy of rotating the lead audit partner every five years.	Complied	Provide information on or link/reference to a document containing the policy of rotating the lead audit partner every five years.	Annual Report; Information Statement (SEC Form 20-IS) *See Annex A - Annual Report* *See Annex B – Information Statement*
Recommendation 9.2			
1. Audit Committee Charter includes the Audit Committee's responsibility on: i. assessing the integrity and independence of external auditors; ii. exercising effective oversight to review and monitor the external auditor's independence and objectivity; and iii. exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements.	Complied	Provide link/reference to the company's Audit Committee Charter	https://www.roxasholdings.com.ph/images/items/uploads/Audit%20&%20Risk%20Committee%20Charter.pdf Minutes of the Audit and Risk Committee Meeting *See Annex L - Minutes of the Audit and Risk Committee Meetings*
2. Audit Committee Charter contains the Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis.	Complied	Provide link/reference to the company's Audit Committee Charter	https://www.roxasholdings.com.ph/images/items/uploads/Audit%20&%20Risk%20Committee%20Charter.pdf Minutes of the Audit and Risk Committee Meeting *See Annex L - Minutes of the Audit and Risk Committee Meetings*

Supplement to Recommendations 9.2			
1. Audit Committee ensures that the external auditor is credible, competent and has the ability to understand complex related party transactions, its counterparties, and valuations of such transactions.	Complied	Provide link/reference to the company's Audit Committee Charter	https://www.roxasholdings.com.ph/images/items/uploads/Audit%20&%20Risk%20Committee%20Charter.pdf Minutes of the Audit and Risk Committee Meeting *See Annex L - Minutes of the Audit and Risk Committee Meetings*
2. Audit Committee ensures that the external auditor has adequate quality control procedures.	Complied	Provide link/reference to the company's Audit Committee Charter	https://www.roxasholdings.com.ph/images/items/uploads/Audit%20&%20Risk%20Committee%20Charter.pdf Minutes of the Audit and Risk Committee Meeting *See Annex L - Minutes of the Audit and Risk Committee Meetings*
Recommendation 9.3			
1. Company discloses the nature of non-audit services performed by its external auditor in the Annual Report to deal with the potential conflict of interest.	Complied	Disclose the nature of non-audit services performed by the external auditor, if any.	No non-audit service rendered for CY ending December 31, 2020
2. Audit Committee stays alert for any potential conflict of interest situations, given the guidelines or policies on non-audit services, which could be viewed as impairing the external auditor's objectivity.	Complied	Provide link or reference to guidelines or policies on non-audit services	Audit and Risk Committee Charter *See Annex I - Audit and Risk Committee Charter*
Supplement to Recommendation 9.3			
1. Fees paid for non-audit services do not outweigh the fees paid for audit services.	Complied	Provide information on audit and non-audit fees paid.	Audit and Risk Committee Charter

			See Annex I - Audit and Risk Committee Charter
Additional Recommendation to Principle 9			
1. Company's external auditor is duly accredited by the SEC under Group A category.	Complied	Provide information on company's external auditor, such as: 1. Name of the audit engagement partner; 2. Accreditation number; 3. Date Accredited; 4. Expiry date of accreditation; and 5. Name, address, contact number of the audit firm.	SYCIP GORRES VELAYO & CO. Aileen L. Saringan, Partner CPA Certificate No. 72557 SEC Accreditation No. 0096-AR-5 (Group A), July 25, 2019, valid until July 24, 2022 Tax Identification No. 102-089-397 BIR Accreditation No. 08-001998-058-2020, December 3, 2020, valid until December 2, 2023; PTR No. 8534360, January 4, 2021, Makati City SGV and Co. 6760 Ayala Avenue Makati City 1276 Philippines Tel. No.: (63 2) 8891 0307
2. Company's external auditor agreed to be subjected to the SEC Oversight Assurance Review (SOAR) Inspection Program conducted by the SEC's Office of the General Accountant (OGA).	Complied	Provide information on the following: 1. Date it was subjected to SOAR inspection, if subjected; 2. Name of the Audit firm; and 3. Members of the engagement team inspected by the SEC.	c/o SGV and Co. 6760 Ayala Avenue Makati City 1276 Philippines Tel. No.: (63 2) 8891 0307
Principle 10: The company should ensure that the material and reportable non-financial and sustainability issues are disclosed.			
Recommendation 10.1			
1. Board has a clear and focused policy on the disclosure of non-financial information, with emphasis on the management of economic, environmental, social and governance (EESG) issues of its business, which underpin sustainability.	Complied	Disclose or provide link on the company's policies and practices on the disclosure of non-financial information, including EESG issues.	Annual Report and Sustainability Report pp. 15-22 Company Website https://www.roxasholdings.com.ph/images/items/uploads/Audit%20&%20Risk%20Committee%20Charter.pdf

			See Annex A - Annual Report
2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.	Complied	Provide link to Sustainability Report, if any. Disclose the standards used.	Same as above
Principle 11: The company should maintain a comprehensive and cost-efficient communication channel for disseminating relevant information. This channel is crucial for informed decision-making by investors, stakeholders and other interested users.			
Recommendation 11.1			
1. Company has media and analysts' briefings as channels of communication to ensure the timely and accurate dissemination of public, material and relevant information to its shareholders and other investors.	Complied	Disclose and identify the communication channels used by the company (i.e., website, Analyst's briefing, Media briefings /press conferences, Quarterly reporting, Current reporting, etc.). Provide links, if any.	Website, PSE Disclosures (Periodic and Current Reports), Press Releases and Media Briefings
Supplemental to Principle 11			
1. Company has a website disclosing up-to-date information on the following:		Provide link to company website	
a. Financial statements/reports (latest quarterly)	Complied		https://roxasholdings.com.ph/company-disclosures.do?category_id=9961
b. Materials provided in briefings to analysts and media	Complied		https://www.roxasholdings.com.ph/press-materials.do?category_id=9972
c. Downloadable annual report	Complied		https://www.roxasholdings.com.ph/images/items/uploads/2020_RHI_Annual_Report_Sustainability_Report.pdf
d. Notice of ASM and/or SSM	Complied		https://www.roxasholdings.com.ph/images/items/uploads/2020_DIS_Rev_May.pdf
e. Minutes of ASM and/or SSM	Complied		https://www.roxasholdings.com.ph/company-disclosures.do?category_id=9958

f. Company's Articles of Incorporation and By-Laws	Complied		http://roxasholdings.com.ph/corporategovernance.do?id=22323 http://roxasholdings.com.ph/corporategovernance.do?id=22325
Additional Recommendation to Principle 11			
1. Company complies with SEC-prescribed website template.	Complied		
Internal Control System and Risk Management Framework			
Principle 12: To ensure the integrity, transparency and proper governance in the conduct of its affairs, the company should have a strong and effective internal control system and enterprise risk management framework.			
Recommendation 12.1			
1. Company has an adequate and effective internal control system in the conduct of its business.	Complied	List quality service programs for the internal audit functions. Indicate frequency of review of the internal control system	*See Annex J – Internal Audit Charter*
2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.	Complied	Identify international framework used for Enterprise Risk Management Provide information or reference to a document containing information on: 1. Company's risk management procedures and processes 2. Key risks the company is currently facing 3. How the company manages the key risks Indicate frequency of review of the enterprise risk management framework.	http://roxasholdings.com.ph/images/items/uploads/Enterprise%20Risk%20Management.pdf

Supplement to Recommendations 12.1			
1. Company has a formal comprehensive enterprise-wide compliance program covering compliance with laws and relevant regulations that is annually reviewed. The program includes appropriate training and awareness initiatives to facilitate understanding, acceptance and compliance with the said issuances.	Complied	Provide information on or link/ reference to a document containing the company's compliance program covering compliance with laws and relevant regulations. Indicate frequency of review.	Annual Report on SEC Form 17-A, pp. 13-24 *See Annex A - Annual Report*
Optional: Recommendation 12.1			
1. Company has a governance process on IT issues including disruption, cyber security, and disaster recovery, to ensure that all key risks are identified, managed and reported to the board.	Complied	Provide information on IT governance process	*See Annex N – IT Governance Processes*
Recommendation 12.2			
1. Company has in place an independent internal audit function that provides an independent and objective assurance, and consulting services designed to add value and improve the company's operations.	Complied	Disclose if the internal audit is in-house or outsourced. If outsourced, identify external firm.	Internal Audit functions are performed in-house.
Recommendation 12.3			
1. Company has a qualified Chief Audit Executive (CAE) appointed by the Board.	Complied	Identify the company's Chief Audit Executive (CAE) and provide information on or reference to a document containing his/her responsibilities.	Josephine M. Logrono – AVP, Internal Audit Internal Audit Charter *See Annex J – Internal Audit Charter*

2. CAE oversees and is responsible for the internal audit activity of the organization, including that portion that is outsourced to a third party service provider.	Complied		
3. In case of a fully outsourced internal audit activity, a qualified independent executive or senior management personnel is assigned the responsibility for managing the fully outsourced internal audit activity.	Complied	Identify qualified independent executive or senior management personnel, if applicable.	No outsourced internal audit activity for CY ending December 31, 2020
Recommendation 12.4			
1. Company has a separate risk management function to identify, assess and monitor key risk exposures.	Complied	Provide information on company's risk management function.	Audit and Risk Committee Charter *See Annex I - Audit and Risk Committee Charter*
Supplement to Recommendation 12.4			
1. Company seeks external technical support in risk management when such competence is not available internally.	Complied	Identify source of external technical support, if any.	Audit and Risk Committee Charter. No outsourced activity for CY ending December 31, 2020 *See Annex I - Audit and Risk Committee Charter*
Recommendation 12.5			
1. In managing the company's Risk Management System, the company has a Chief Risk Officer (CRO), who is the ultimate champion of Enterprise Risk Management (ERM).	Complied	Identify the company's Chief Risk Officer (CRO) and provide information on or reference to a document containing his/her responsibilities and qualifications/background.	Mr. George T. Cheung– EVP/Chief Commercial Officer and Chief Risk Officer Mr. Cheung's credentials are in the Company Website, Annual Report and Information Statement
2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities.	Complied		Mr. Cheung holds the rank of an Executive Vice-President of the Company.

Additional Recommendation to Principle 12			
1. Company's Chief Executive Officer and Chief Audit Executive attest in writing, at least annually, that a sound internal audit, control and compliance system is in place and working effectively.	Complied	Provide link to CEO and CAE's attestation	Statement of Management Responsibility, Audited Financial Statement
Cultivating a Synergic Relationship with Shareholders			
Principle 13: The company should treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.			
Recommendation 13.1			
1. Board ensures that basic shareholder rights are disclosed in the Manual on Corporate Governance.	Complied	Provide link or reference to the company's Manual on Corporate Governance where shareholders' rights are disclosed.	http://roxasholdings.com.ph/corporategovernance.do?category_id=9935
2. Board ensures that basic shareholder rights are disclosed on the company's website.	Complied	Provide link to company's website	http://roxasholdings.com.ph/corporategovernance.do?category_id=9935
Supplement to Recommendation 13.1			
1. Company's common share has one vote for one share.	Complied		Amended By-Laws
2. Board ensures that all shareholders of the same class are treated equally with respect to voting rights, subscription rights and transfer rights.	Complied	Provide information on all classes of shares, including their voting rights if any.	Articles of Incorporation http://roxasholdings.com.ph/corporategovernance.do?id=22323
3. Board has an effective, secure, and efficient voting system.	Complied	Provide link to voting procedure. Indicate if voting is by poll or show of hands.	Information Statement (SEC Form 20-IS) Stockholders are entitled to a cumulative voting in the election of directors. Section 24 of the Corporation Code of the Philippines provides that every stockholder entitled to vote shall have the right to vote, in person or by proxy, the number of shares of stock standing, at the time fixed in the by-laws, in his own name in the stock books of the corporation, or where the by-laws are silent, at the time of the

			election and the stockholder may vote such number of shares for as many persons as there are directors to be elected or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them, on the same principle, among as many candidates as he shall see fit. For all other matters to be acted upon, each share is entitled to one (1) vote.
4. Board has an effective shareholder voting mechanisms such as supermajority or "majority of minority" requirements to protect minority shareholders against actions of controlling shareholders.	Not Complied	Provide information on shareholder voting mechanisms such as supermajority or "majority of minority", if any.	Voting Procedures adopted in the annual shareholders' meeting conducted in June 4, 2020: (a) The vote required for approval or election. (1) Minutes of Previous Stockholders' Meeting - majority of the shares represented at the meeting (2) Chairman's and President's Report - majority of the shares represented at the meeting (3) Audited Financial Statements - majority of the shares represented at the meeting (4) Ratification of All Acts and Resolutions of the Board of Directors - majority of the shares represented at the meeting (5) Approval of the Amendment to Art. III of the Articles of Incorporation on the change in the principal office address of the corporation – 2/3 of the outstanding capital stock (5) Election of Directors - plurality of vote of the stockholders owning or representing a majority of the outstanding shares (6) Election of External Auditors - plurality of the shares represented at the meeting

			(b) The method by which votes will be counted. Subject to cumulative voting in the election of Directors, each stockholder shall have one vote for each share of stock entitled to vote and registered in his name at record date. Counting of votes will be done by representatives of Banco de Oro - Trust & Investments Group, the company's stock transfer agent, and Atty. Retardo in her capacity as Assistant Corporate Secretary, all of whom shall serve as members of the election committee. Voting shall be done through raising of hands. This is in compliance with existing rules and regulations including the Corporation Code and approved by all the shareholders themselves as it is adopted in the Company's Amended By-Laws. Adequate protection is ensured for the minority shareholders as they are entitled to appraisal right for instances enumerated under the Corporation Code. Further, as stated under the rights of Stakeholders in the Company website, although all the shareholders are treated equally or without discrimination, the Board shall give the minority stockholders the right to propose the holding of the meetings and the items for discussions in the agenda that relate directly to the business of the Company. This is clearly shown in the Minutes of Annual Shareholders' Meeting where ample opportunity to raise concerns from all shareholders are provided.
5. Board allows shareholders to call a special shareholders' meeting and submit a proposal for consideration or agenda item at the AGM or special meeting.	Complied	Provide information on how this was allowed by board (i.e., minutes of meeting, board resolution)	Amended By-Laws
6. Board clearly articulates and enforces policies with respect to treatment of minority shareholders.	Complied	Provide information or link/reference to the policies on treatment of minority shareholders	Company website
7. Company has a transparent and specific dividend policy.	Complied	Provide information on or link/reference to the company's dividend Policy.	https://www.roxasholdings.com.ph/images/items/uploads/2020_RHI_Annual_Report_Sustainability_Report.pdf

		Indicate if company declared dividends. If yes, indicate the number of days within which the dividends were paid after declaration. In case the company has offered scrip-dividends, indicate if the company paid the dividends within 60 days from declaration	*See Annex A - Annual Report*
Optional: Recommendation 13.1			
1. Company appoints an independent party to count and/or validate the votes at the Annual Shareholders' Meeting.	Complied	Identify the independent party that counted/validated the votes at the ASM, if any.	BDO as Stock Transfer Agent
Recommendation 13.2			
1. Board encourages active shareholder participation by sending the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant information at least 28 days before the meeting.	Complied	Indicate the number of days before the annual stockholders' meeting or special stockholders' meeting when the notice and agenda were sent out Indicate whether shareholders' approval of remuneration or any changes therein were included in the agenda of the meeting. Provide link to the Agenda included in the company's Information Statement (SEC Form 20-IS)	Notices were posted in the PSE and the Company website 28 days before the Annual Shareholders meeting held for CY 2020 and the same was accordingly amended due to the postponements arising from the restrictions brought about by the COVID-19 Pandemic. The notice of meeting was published in two newspapers of general circulation for two consecutive days 21 days before the meeting in accordance with SEC Notice dated April 20, 2020. http://roxasholdings.com.ph/company-disclosures.do?category_id=9963
Supplemental to Recommendation 13.2			

1. Company's Notice of Annual Stockholders' Meeting contains the following information:	Complied	Provide link or reference to the company's notice of Annual Shareholders' Meeting	https://www.roxasholdings.com.ph/images/items/uploads/2020_DIS_Rev_May.pdf
a. The profiles of directors (i.e., age, academic qualifications, date of first appointment, experience, and directorships in other listed companies)	Complied		pp 11-16, Definitive Information Statement *See Annex B – Information Statement*
b. Auditors seeking appointment/re-appointment	Complied		pp.22-23, Definitive Information Statement *See Annex B – Information Statement*
c. Proxy documents	Complied		Attachment to the Definitive Information Statement
Optional: Recommendation 13.2			
1. Company provides rationale for the agenda items for the annual stockholders meeting	Complied	Provide link or reference to the rationale for the agenda items	http://roxasholdings.com.ph/company-disclosures.do?category_id=9963
Recommendation 13.3			
1. Board encourages active shareholder participation by making the result of the votes taken during the most recent Annual or Special Shareholders' Meeting publicly available the next working day.	Complied	Provide information or reference to a document containing information on all relevant questions raised and answers during the ASM and special meeting and the results of the vote taken during the most recent ASM/SSM.	PSE Disclosure on the results and voting count on the matters taken up in the ASM.
2. Minutes of the Annual and Special Shareholders' Meetings were available on the company website within five business days from the end of the meeting.	Complied	Provide link to minutes of meeting in the company website. Indicate voting results for all agenda items, including the approving, dissenting and abstaining votes. Indicate also if the voting on resolutions was by poll.	https://www.roxasholdings.com.ph/company-disclosures.do?category_id=9958

		Include whether there was opportunity to ask question and the answers given, if any	
Supplement to Recommendation 13.3			
1. Board ensures the attendance of the external auditor and other relevant individuals to answer shareholders questions during the ASM and SSM.	Complied	Indicate if the external auditor and other relevant individuals were present during the ASM and/or special meeting	External Auditor and Board of Advisors were present in the ASM
Recommendation 13.4			
1. Board makes available, at the option of a shareholder, an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner.	Complied	Provide details of the alternative dispute resolution made available to resolve intra-corporate disputes	Any dispute or controversy may be raised by a shareholder directly to the Corporate Secretary or to the Investor Relations Office, to be endorsed to the Board for proper action. Should the dispute remain unresolved to the satisfaction of the parties, the Company may consider resorting to conciliation and mediation under existing rules and regulations.
2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance.	Complied	Provide link/reference to where it is found in the Manual on Corporate Governance	13.4 The Board shall make available an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner, which upon adoption, shall be part of this Manual on Corporate Governance
Recommendation 13.5			
1. Board establishes an Investor Relations Office (IRO) to ensure constant engagement with its shareholders.	Complied	Disclose the contact details of the officer/office responsible for investor relations, such as: 1. Name of the person 2. Telephone number 3. Fax number 4. E-mail address	Atty. Hazel L. Rabara-Retardo Tel/Fax: 8771-7800 to 05 Email: hazel.rabara@rhi.com.ph

2. IRO is present at every shareholder's meeting.	Complied	Indicate if the IRO was present during the ASM.	Atty. Rabara-Retardo was present during the ASM.
Supplemental Recommendations to Principle 13			
1. Board avoids anti-takeover measures or similar devices that may entrench ineffective management or the existing controlling shareholder group	Complied	Provide information on how anti-takeover measures or similar devices were avoided by the board, if any.	There were no anti-takeover measures or similar devices encountered in CY ending December 31, 2020
2. Company has at least thirty percent (30%) public float to increase liquidity in the market.	Not complied	Indicate the company's public float.	16.42% The current public float is compliant with existing rules and regulations of the Commission on minimum public ownership of existing PLCs.
Optional: Principle 13			
1. Company has policies and practices to encourage shareholders to engage with the company beyond the Annual Stockholders' Meeting	Complied	Disclose or provide link/reference to policies and practices to encourage shareholders' participation beyond ASM	Through the Investor Relations Office
2. Company practices secure electronic voting in absentia at the Annual Shareholders' Meeting.	Not complied	Disclose the process and procedure for secure electronic voting in absentia, if any.	No such existing policy or procedure is available since the Board allows for shareholders to nominate a proxy for the purpose.
Duties to Stakeholders			
Principle 14: The rights of stakeholders established by law, by contractual relations and through voluntary commitments must be respected. Where stakeholders' rights and/or interests are at stake, stakeholders should have the opportunity to obtain prompt effective redress for the violation of their rights.			
Recommendation 14.1			
1. Board identifies the company's various stakeholders and promotes cooperation between them and the company in creating wealth, growth and sustainability.	Complied	Identify the company's shareholder and provide information or reference to a document containing information on the company's policies and programs for its stakeholders.	Annual Report on SEC Form 17-A, the Quarterly Reports on SEC Form 17-Q, and Information Statement contain the data on the existing shareholders of the Company

Recommendation 14.2			
1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.	Complied	Identify policies and programs for the protection and fair treatment of company's stakeholders	http://roxasholdings.com.ph/corporategovernance.do?category_id=9936
Recommendation 14.3			
1. Board adopts a transparent framework and process that allow stakeholders to communicate with the company and to obtain redress for the violation of their rights.	Complied	Provide the contact details (i.e., name of contact person, dedicated phone number or e-mail address, etc.) which stakeholders can use to voice their concerns and/or complaints for possible violation of their rights. Provide information on whistleblowing policy, practices and procedures for stakeholders	http://roxasholdings.com.ph/corporategovernance.do?category_id=9936 Investor Relations Office – Atty. Hazel L. Rabara-Retardo (details earlier provided) Whistle-Blowing Hotline – 0998-599-5941 Included in the Code of Business Conduct
Supplement to Recommendation 14.3			
1. Company establishes an alternative dispute resolution system so that conflicts and differences with key stakeholders is settled in a fair and expeditious manner.	Complied	Provide information on the alternative dispute resolution system established by the company.	Any dispute or controversy may be raised by a shareholder directly to the Corporate Secretary or to the Investor Relations Office, to be endorsed to the Board for proper action. Should the dispute remain unresolved to the satisfaction of the parties, the Company may consider resorting to conciliation and mediation under existing rules and regulations.
Additional Recommendations to Principle 14			
1. Company does not seek any exemption from the application of a law, rule or regulation especially when it refers to a corporate governance issue. If an exemption was sought, the company	Complied	Disclose any requests for exemption by the company and the reason for the request.	No request for exemption

discloses the reason for such action, as well as presents the specific steps being taken to finally comply with the applicable law, rule or regulation.			
2. Company respects intellectual property rights.	Complied	Provide specific instances, if any.	No existing case for infringement on any intellectual property rights
Optional: Principle 14			
1. Company discloses its policies and practices that address customers' welfare	Complied	Identify policies, programs and practices that address customers' welfare or provide link/reference to a document containing the same.	http://roxasholdings.com.ph/corporategovernance.do?category_id=9937
2. Company discloses its policies and practices that address supplier/contractor selection procedures	Complied	Identify policies, programs and practices that address supplier/contractor selection procedures or provide link/reference to a document containing the same.	http://roxasholdings.com.ph/corporategovernance.do?category_id=9937
Principle 15: A mechanism for employee participation should be developed to create a symbiotic environment, realize the company's goals and participate in its corporate governance processes.			
Recommendation 15.1			
1. Board establishes policies, programs and procedures that encourage employees to actively participate in the realization of the company's goals and in its governance.	Complied	Provide information on or link/reference to company policies, programs and procedures that encourage employee participation.	Annual Report on Human Resources programs and initiatives as another factor to improve sustainability (p.21) *See Annex A - Annual Report*
Supplement to Recommendation 15.1			
1. Company has a reward/compensation policy that accounts for the performance of the company beyond short-term financial measures.	Complied	Disclose if company has in place a merit-based performance incentive mechanism such as an employee stock option plan (ESOP) or any such scheme that awards and incentivizes employees, at the same time aligns	Company has previously granted employee stock option plans.

		their interests with those of the shareholders.	
2. Company has policies and practices on health, safety and welfare of its employees.	Complied	Disclose and provide information on policies and practices on health, safety and welfare of employees. Include statistics and data, if any.	Annual report on SEC Form 17-A *See Annex A - Annual Report*
3. Company has policies and practices on training and development of its employees.	Complied	Disclose and provide information on policies and practices on training and development of employees. Include information on any training conducted or attended.	Annual Report on SEC Form 17-A; Information Statement; Executive Compensation Committee Charter and Corporate Governance Committee Charter
Recommendation 15.2			
1. Board sets the tone and makes a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Conduct.	Complied	Identify or provide link/reference to the company's policies, programs and practices on anti-corruption	Code of Business Conduct http://roxasholdings.com.ph/corporategovernance.do?item_id=102385221
2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture.	Complied	Identify how the board disseminated the policy and program to employees across the organization	The Chief Compliance Officer and/or the HR Department conduct onboarding orientation for new hires as well as trainings for existing employees. These activities are reported to Board.
Supplement to Recommendation 15.2			
1. Company has clear and stringent policies and procedures on curbing and penalizing employee involvement in offering, paying and receiving bribes.	Complied	Identify or provide link/reference to the company policy and procedures on penalizing employees involved in corrupt practices. Include any finding of violations of the company policy.	Code of Business Conduct No violation involving bribes was reported in CY ending December 31, 2020
Recommendation 15.3			
1. Board establishes a suitable framework for whistleblowing that allows employees to freely communicate their concerns about	Complied	Disclose or provide link/reference to the company whistle-blowing policy and procedure for employees.	Included in the Business Conduct Policy Whistle-Blowing Hotline – 0998-599-5941

illegal or unethical practices, without fear of retaliation		Indicate if the framework includes procedures to protect the employees from retaliation. Provide contact details to report any illegal or unethical behavior.	
2. Board establishes a suitable framework for whistleblowing that allows employees to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns.	Complied		Compliance Officer reports to the Corporate Governance Committee chaired by an Independent Director all concerns received through the hotline.
3. Board supervises and ensures the enforcement of the whistleblowing framework.	Complied	Provide information on how the board supervised and ensured enforcement of the whistleblowing framework, including any incident of whistleblowing.	Compliance Officer reports to the Corporate Governance Committee chaired by an Independent Director all concerns received through the hotline.
Principle 16: The company should be socially responsible in all its dealings with the communities where it operates. It should ensure that its interactions serve its environment and stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and balanced development.			
Recommendation 16.1			
1. Company recognizes and places importance on the interdependence between business and society, and promotes a mutually beneficial relationship that allows the company to grow its business, while contributing to the advancement of the society where it operates.	Complied	Provide information or reference to a document containing information on the company's community involvement and environment-related programs.	Annual Report provides a section on Corporate Social Responsibility programs and initiatives (pp.17-18). *See Annex A - Annual Report*
Optional: Principle 16			
1. Company ensures that its value chain is environmentally friendly or is consistent with promoting sustainable development	Complied	Identify or provide link/reference to policies, programs and practices to ensure that its value chain is environmentally friendly or is	Annual Report provides a section on Corporate Social Responsibility programs and initiatives(pp.17-18).

		consistent with promoting sustainable development.	*See Annex A - Annual Report*
2. Company exerts effort to interact positively with the communities in which it operates	Complied	Identify or provide link/reference to policies, programs and practices to interact positively with the communities in which it operates.	Annual Report provides a section on Corporate Social Responsibility programs and initiatives (pp.17-18). *See Annex A - Annual Report*

Pursuant to the requirement of the Securities and Exchange Commission, this Annual Corporate Governance Report is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the City of _______________, Philippines on _________________.

SIGNATURE

PEDRO E. ROXAS
Chairman of the Board

Pursuant to the requirement of the Securities and Exchange Commission, this Annual Corporate Governance Report is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the City of ________________, Philippines on __________________.

SIGNATURE

CELSO ~~T. DIMARUCUT~~
President & Chief Executive Officer

Pursuant to the requirement of the Securities and Exchange Commission, this Annual Corporate Governance Report is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the City of ______________, Philippines on ________________.

SIGNATURE

OSCAR J. HILADO
Independent Director

Pursuant to the requirement of the Securities and Exchange Commission, this Annual Corporate Governance Report is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the City of ______________, Philippines on ________________.

SIGNATURE

ARLYN S. VILLANUEVA
Independent Director

Pursuant to the requirement of the Securities and Exchange Commission, this Annual Corporate Governance Report is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the City of ________________, Philippines on __________________.

SIGNATURE

SANTIAGO T. GABIONZA, JR.
Independent Director

Pursuant to the requirement of the Securities and Exchange Commission, this Annual Corporate Governance Report is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the City of _______________, Philippines on _________________.

SIGNATURE

AIMEE E. PEDAYO
Deputy Compliance Officer /
Assistant Corporate Secretary

MAY 26 2021 MAKATI CITY

SUBSCRIBED AND SWORN to before me this ____________, affiants exhibiting to me their government issued I.D. as follow:

NAME	GOVERNMENT ISSUED ID	DATE OF ISSUE/VALID UNTIL	PLACE
Pedro E. Roxas	Driver's License No. N11-77-003593	March 19, 2023	
Celso T. Dimarucut	Passport ID No. P5791534	Jan. 26, 2028	DFA Manila
Oscar J. Hilado	Senior Citizen's ID No. 19900658	Sept. 18, 2002	Quezon City
Santiago T. Gabionza, Jr.	SSS ID No. 03-6548325-2	Jan. 21, 1957	
Arlyn S. Villanueva	Passport ID No. P1956551A	Feb. 16, 2022	DFA Angeles
Aimee E. Pedayo	TIN ID No. 273-720-041-000	June 3, 2011	

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Book No. 102
Series of 2021.

RUBEN M. RAMIREZ
NOTARY PUBLIC
UNTIL DEC. 31, 2021
IBP NO. [illegible] APPT. NO. M 168
ROLL NO. [illegible] MCLE NO. [illegible]
PTR NO. MKT [illegible] MAKATI CITY

ROXAS HOLDINGS, INC.

2020 ANNUAL REPORT

Reimagining The Future

CORPORATE PROFILE
ABOUT RHI

Roxas Holdings, Inc. (RHI) is one of the largest sugar producers in the Philippines as well as a pioneer in ethanol production and a first mover in agribusiness in the country.

It manages sugar mill/refinery Central Azucarera Don Pedro, Inc. (CADPI) in Nasugbu, Batangas; ethanol producer San Carlos Bioenergy, Inc. (SCBI) in San Carlos City, Negros Occidental; and agri-business mover RHI Agri-business Development Corporation (RHI-ADC).

The Group also managed the operations of sugar mill Central Azucarera de la Carlota, Inc. (CACI) and ethanol facility Roxol Bioenergy Corporation (RBC), both in La Carlota City, Negros Occidental, until September 30, 2020.

Further information on RHI, listed as ROX at the Philippine Stock Exchange, Inc. (PSEi), can be obtained at **www.roxasholdings.com.ph.**

VISION

To be a world-class leader in sugar cane-based products and services in the Asia Pacific.

MISSION

For customers:
To provide quality sugar cane-based products and services.

For partners:
To be fair and transparent in its dealings.

For stockholders:
To enhance shareholder value with reasonable return on equity.

For people:
To provide professional growth, development and recognition.

For communities:
To be a responsible corporate citizen.

VALUES

Reliability & Relevance

Reliability: We fulfill expectations and deliver our commitments with all stakeholders.

Relevance: We are mindful of the constant challenges and changes affecting the environment, and address them with creative, fresh and competent solutions.

High Standards

We constantly set high standards and ethics in our operations and with our products, and strive to exceed them.

Integrity

We consider doing business following the time-tested principles of fairness, transparency and honesty.

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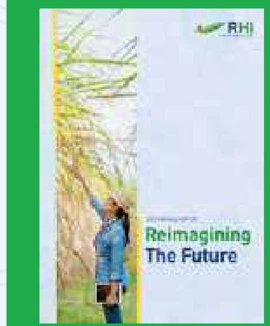


Reimagining The Future

Our cover shows a woman inspecting a sugar plantation while holding a tablet, bathed in sunlight that evokes hope. This is a nod to our roots, of how the past matters to us. The tablet in her hand symbolizes our embrace of forward-facing and future-ready technology.

The past year offered challenges that our company rose to address, taking advantage of the circumstances to map new paths for reinvention and growth. The future is ours to reimagine, its harvest is ours to claim.

TEN-YEAR
FINANCIAL HIGHLIGHTS

Amounts in PhP M *(Except for the last three items)*	2020	2019	2018	2017	2016	2015	2014	2013	2012*	2011
Net Sales	9,296	12,920	11,811	10,948	12,050	8,208	8,317	6,065	7,674	7,910
Income from Operations	398	308	1,254	1,457	1,073	1,044	1,434	1,615	1,718	226
Net Income (Loss)	-3,826	-1,889	55	120	102	19	615	486	701	-742
EBITDA	4	32	1,186	1,624	1,337	996	1,672	1,806	1,718	784
Total Assets	14,027	21,917	25,531	23,896	21,658	20,410	14,700	15,121	14,348	16,708
Total Equity	5,850	9,164	10,763	10,544	9,774	8,433	6,928	5,561	5,347	5,406
Debt-to-Equity Ratio	1.40	1.39	1.37	1.27	1.22	1.42	1.12	1.72	1.68	2.09
Earnings (Loss) Per Share	-2.46	-1.22	0.04	0.08	0.07	0.01	0.67	0.53	0.77	-0.81
Dividends Per Share	_	_	_	_	_	0.12	0.24	0.06	0.04	_

RHI changed its fiscal year to October-September cycle.

MESSAGE OF THE
CHAIRMAN

Dear Fellow Shareholders:

The past financial year 2019 to 2020 would be described aptly as a period fraught with uncertainties and nerve-wracking events.

We witnessed the Taal Volcano eruption in January 2020, followed by the months-long Corona Virus 2019 (COVID-19) pandemic that started in March 2020 and which later resulted to a punctuated slowdown in economy.

Against this backdrop, the Asian Development Bank (ADB) forecast in September 2020 that the Philippine economy would contract by 7.3% in 2020 amid the pandemic.

The year 2020 was indeed a tough, if not dark, period that tested every organization's mettle and ability to rebound in the face of stark and wide-ranging challenges especially with community quarantines that limited movements of people and closed establishments.

While it was a gloomy period, our company, Roxas Holdings, Inc. (RHI), took that time to reinvent its business model and build on its resources – pressing on as a bold mover despite the limiting constraints in line with efforts to contain the spread of the virus.

As FY1920 winded to an end, RHI announced the closing of its asset sale transaction with Universal Robina Corporation (URC) which involved the sale of sugar mill Central Azucarera de la Carlota, Inc. (CACI) and ethanol plant Roxol Bioenergy Corporation (RBC) as well as investment properties, consisting of shares in Najalin Agri-Ventures, Inc. (NAVI) – all located in La Carlota City, Negros Occidental.

The asset sale transaction was a decisive business move necessitated by the rapidly changing times and is a crucial part of the Group's ongoing reinvention strategy.

With the closing of the asset sale transaction, RHI can now focus its resources on Central Azucarera Don Pedro, Inc. (CADPI) in Nasugbu, Batangas to meet the discerning sugar requirements of our clients and boost the operations of our ethanol facility, San Carlos Bioenergy, Inc. (SCBI) in San Carlos City, Negros Occidental.

We aspire to shape CADPI's Refinery, strategically situated in Batangas, into world class operations that can cater to a larger market.

Aligned with this vision, we also hope to make CADPI ready and poised to seize opportunities with the expected increase in refined sugar consumption while helping the government minimize the importation of refined sugar.

As we retrain our sights, our vision for the entire Group is clear. Anchored on this solid vision, and supported by firm objectives that drive us to move beyond the challenges and bring out meaningful changes from our continuously evolving reinvention strategy, RHI is resolute in changing the current economic landscape for the sugar, ethanol and agribusiness sectors.

There is so much to do as we get down to the intricacies of reinventing our business model. We assure you that we will not waste this precious opportunity to build on our resources and expand our reach with enhanced quality of product and service offerings.

We ask for your continuing trust and support as we venture further in strengthening our operations which run the gamut of sugar mill, refinery, ethanol facility and agribusiness.

On this note, we gladly announce and welcome the new leadership at our Group with our President and CEO Celso T. Dimarucut at the helm of RHI's operations. Mr. Dimarucut has served the company as Executive Vice President and Chief Financial Officer for five years until his appointment as PCEO last December 16, 2020.

"RHI is resolute in changing the current economic landscape for the sugar, ethanol and agribusiness sectors."

With his astute leadership, we envision our Group to expand its reach and solidify further its standing as a trusted and leading sugar mill and refinery not only in Luzon but in the entire country; as one of the few and dependable Philippine ethanol producers; and to remain as the first mover in agribusiness in Luzon and Visayas.

Let us all look forward as RHI evolves in the coming years.

At this juncture, we thank you, our dear stakeholders and esteemed stockholders, for your continuing support. We extend our gratitude, in the same breadth, to our directors and advisors who share their wisdom and expertise for RHI's growth.

The steadfast commitment of our Management and Staff is also deeply appreciated. You stayed with us as we navigated the dark moments of the past year as COVID-19 pressed hard against us and almost threatened the sustainability of our operations.

As we set out on the road to recovery, albeit slow, let us keep a positive and open attitude to go beyond what is expected and deliver par excellence results with the resources we have.

Now, more than ever, is the time to reinvent. RHI, reset!

Thank you.

Pedro E. Roxas
Chairman

MESSAGE OF THE
PRESIDENT & CEO

Dear Fellow Shareholders:

The Philippine sugar industry and the local ethanol industry are both in a crucible.

Roxas Holdings, Inc. (RHI) was faced last year with formidable challenges that encompassed the facets of its business: sugar, ethanol and agri-business.

As a leading sugar producer in the country, it was beset with the uncontrollable impact of changing weather conditions vis-à-vis the decreasing number of laborers at the farms. The stiff competition arising from the deluge of low-priced imported sugar further exacerbated the situation. Combined, these conditions painted an impregnable scenario that had a domino effect rippling over to the Group's alcohol and agri-business ventures.

The challenges were made more severe by conditions arising from natural disasters that ranged from the eruption of Taal Volcano early in 2020 to a number of earthquakes and strong typhoons that were further aggravated by the Corona Virus 2019 (COVID-19) pandemic.

RHI was just starting to cope with the volcanic activity that gravely affected the operations of Central Azucarera Don Pedro, Inc. (CADPI) in Nasugbu, Batangas when the pandemic began.

Aside from the limited movement of sugar from CADPI due to the Taal Volcano eruption that blocked major roads leading to Metro Manila, the significant decline in available canes in the Batangas area also hampered the production of refined sugar as the supply of bagasse was limited.

Our ethanol operations were not spared either. The pandemic had caused major delays in the lifting of ethanol by oil companies, forcing RHI to shut down operations of one of its two ethanol plants earlier than scheduled. Added to this situation was the steep hike in the cost of feedstock, which tempered gains – translating to slim margins for the Group's ethanol unit.

These and other concomitant instances painted a bleak picture for most companies, such as RHI. But our Group saw beyond the challenges and moved quickly to reinvent its business model, seizing fundamental resources and turning these into a strategic advantage that allowed for flexibility of movement, and strength to maximize and secure its position.

A thorough and introspective evaluation of our situation empowered us to make tough but meaningful decisions which inevitably boiled down to a simple realization of how crucial it is for us to enrich the fundamental resources that we have.

"RHI will press on with its reinvention – unfazed by difficulties."

This led the Group to the decision to enter into an asset sale transaction with Universal Robina Corporation (URC) for our sugar mill and ethanol plant as well as shares in Najalin Agri-Ventures, Inc. in La Carlota City, Negros Occidental. The transaction was completed on September 30, 2020 – which coincided with the end of fiscal year 2019-2020.

We used the proceeds of the asset sale transaction to pay off all of the Group's long-term loans, bringing Net Debt down 54% to PhP4.4 billion from PhP9.8 billion in the previous year.

However, the move to recalibrate our priorities and retrain our sights resulted to the recognition of non-recurring losses of about PhP2.6 billion – mainly from asset sale and goodwill impairment – at the end of the year.

This resulted to RHI's Net Loss of PhP3.8 billion for the year ended September 30, 2020 from the PhP1.9 billion in the previous year – a stark reminder of how crucial the exercise of reinvention is in realigning our priorities and building on our strategic strengths.

At the forefront of sugar are our mill and refinery, which are currently undergoing massive refinements in order to meet and satisfy the demands of our sophisticated clients.

As for our alcohol business, we are continuously studying enhancements that will open new growth markets for us.

And for our agribusiness, RHI Agri-business Development Corporation is forging ahead with new partners and cultivates present relationships as it blazes the trail for advanced technology in the farms.

We are doing all these simultaneously with the focus on satisfying our customers and widening our market reach. RHI is driven to go the extra mile to gain a bigger share of the market and to sharpen its edge.

Demands in these rapidly changing times shift continuously but as a bold mover, RHI will press on with its reinvention – unfazed by difficulties.

More than any other time, we seek your continued trust as we usher in a new era.

To our stockholders and stakeholders, your support will keep us going.

To our Board of Directors and Board of Advisors, your unfailing guidance will steer us as we continue to reinvent.

To our Management and Staff, thank you. You are our partners as we roll out our vision in line with the ongoing reinvention of RHI's business model. Let us join together as we "reset" and do all that we can to make our vision for RHI a reality.

Let us work together to rewrite RHI's future because despite the prevailing uncertainties due to the pandemic, you can rest assured that our Group is doing its best to fast track recovery and implement a wide-ranging reinvention that will rebuild our sugar mill and refinery, boost our alcohol business, and strengthen our agribusiness with more targeted programs to help farmers increase their yields.

Thank you.

Celso T. Dimarucut
President & CEO

OPERATIONAL HIGHLIGHTS
SUGAR

Roxas Holdings, Inc. (RHI) manages the sugar mill and refinery of Central Azucarera Don Pedro, Inc. (CADPI) in Nasugbu, Batangas, as well as the sugar mill of Central Azucarera de la Carlota, Inc. (CACI) in La Carlota City, Negros Occidental until September 30, 2020 – when it officially completed its asset sale transaction with Universal Robina Corporation (URC).

Running these two large sugar operations in the country is challenging with the pronounced shortage of sugarcane that resulted to intense competition, shrinking number of laborers at the farms, and changing weather conditions.

The situation was further exacerbated as the sugar business experienced the intense impact of the twin occurrence of a natural disaster and a global pandemic in 2020.

However, RHI, as a prime mover in the Philippine sugar industry, took these challenges in stride by reshaping its business and implementing an overhaul of its strategy.

The Group aspires to shape CADPI's Refinery, strategically located in Nasugbu, Batangas, into a facility with world-class operations that can cater to a larger market while helping the government minimize the importation of refined sugar.

Central Azucarera Don Pedro, Inc.

When the Taal Volcano erupted in January 2020, CADPI's operations were vastly affected as deliveries to and from the plant were delayed due to road closures.

However, this did not deter CADPI as it immediately implemented "Oplan SAGIP" – an emergency preparedness procedure.

As CADPI was beginning to recover from the impact of the natural disaster, the government announced the implementation of community quarantines and travel restrictions as part of efforts to control the spread of Corona Virus 2019 (COVID 19). In response to this health pandemic, triggered by the rapid increase in the number of COVID 19 cases, CADPI rolled out its Business Continuity Action Plan.

To further strengthen health and security measures at the plant, CADPI put in place Health Declaration Forms, and provided hand sanitizers and alcohol while disinfecting common areas.

It supported these initiatives by disseminating reliable information and guidelines through email and printed ads posted in strategic areas at the plant, while running CADPI Hospital 24/7 for patients that require urgent medical attention.

While battling these challenges, CADPI also stepped up its efforts to rehabilitate and restore its equipment to ensure that it is well-positioned to cater to the demands of its discerning customers.

CADPI continues to reinvent its strategy despite some setbacks, such as a shortened operating period that lasted 17 weeks from February 1, 2020 to May 31, 2020, instead of until September 2020. The shortened operating period resulted to Tons Cane Milled (TCM) of 654,905, lower than the 783,310 in the previous crop year. Sugar refined by CADPI for the period was lower than the previous year's at 1.08 million LKg. This crop year's raw sugar yield is only at 1.913 LKg/TC, 7% lower than the previous period.

Despite the decrease in market share with 51%, CADPI still managed to be the leading mill of choice in Batangas area.The mill's operations were slowed down by low farm productivity and dwindling number of manual cane cutters.

CADPI continues to reinvent its strategy, especially as it responded to the challenges it faced: Taal Eruption in January 2020 and COVID-19 Pandemic since March 2020.

To strengthen partnership with its planters, CADPI assisted them in outsourcing mechanical harvesters in partnership with RHI Agri-business Development Corporation (RHI-ADC). The mill also intensified its cane campaign and provided loans to farmers. CADPI also optimized the use of bagasse and biomass.

With CADPI's continuous efforts to improve the Mill, Refinery and its over-all plant efficiency, it is also making sure that the people running the facility are ready for it. Cadetship program was successfully launched, with 10 Cadet Engineers strategically posted across the Factory operations. The mill also appointed a team that will oversee the maintenance of the plant and implemented a regular review of the processes in order to act quickly on plant concerns.

"... CADPI still managed to be the leading mill of choice in Batangas area."

Central Azucarera de La Carlota, Inc.

Despite the overwhelming impact of COVID 19, CACI ended CY1920 on a positive note with tons cane milled (TCM) at 1.733 million, higher than the 1.619 million TCM in the previous crop year.

CACI started milling on September 30, 2019 — two weeks later than the opening in CY 1819 which was on September 17, 2018. Sugar yield was also higher at 3.252 million LKg bags compared to 2.786 million LKg bags in the previous period.

The mill also recorded a higher LKg/TC at 1.877 from 1.874 in CY1819 and cornered a bigger market share at 15.38% in May 2020 from 14.32%.

CACI celebrated its Centennial in February 2020, marking 100 years of colorful history that laid the foundation for one of the country's pioneering sugar centrals.

"The mill... cornered a bigger market share at 15.38% in May 2020 from 14.32%."

OPERATIONAL HIGHLIGHTS
ETHANOL

Two of the country's leading ethanol producers are Roxol Bioenergy Corporation (RBC) in La Carlota City, Negros Occidental and San Carlos Bioenergy, Inc. (SCBI) in San Carlos City, Negros Occidental.

Roxas Holdings, Inc. (RHI) managed both ethanol plants in Crop Year 2019-2020. Since RBC was part of the asset sale transaction between RHI and Universal Corporation (URC), SCBI is the only ethanol plant that remains with the Group.

The Group's ethanol business had its share of challenges during the crop year. Delays in lifting by oil companies, resulting from the imposition of different levels of quarantine, forced the Group to shut down the operations of one of its alcohol plants earlier than scheduled.

Aside from the impact of the global pandemic, the two alcohol plants under the RHI Group were heavily affected by the soaring prices of molasses.

The steep rise in the cost of feedstock added to the impact of the early plant shutdown. Amid the challenges, RHI's ethanol business continues, with further operational enhancements being implemented regularly.

Overall, the alcohol segment of RHI reeled from the high cost of feedstock (molasses), resulting in marked decline in gross profit. This was further compounded by lower production volume as a result of the decreased demand for ethanol due to the imposition of lockdowns.

Despite the heightened challenges brought about by the global pandemic, RHI and its subsidiaries managed to lower operating expenses while actively responding to the demands of the time.

As part of its continuing initiative to reinvent its business model, RHI commits to bolster its competitiveness and focus on its strength as the Group charts new territories, and enhance the operations of its alcohol facility in San Carlos City.

san carlos Bioenergy, Inc.

SCBI faced two tough challenges in Crop Year 2019-2020: the soaring prices of molasses and the availability of sugarcanes for the mill.

The increasing number of distilleries in the Philippines pushed the demand for molasses and triggered significant increases in the cost of feedstock. At the height of the COVID 19 pandemic, the price of molasses in Negros climbed 5.8% month-on-month to PhP11,921.77 per metric ton in February 2020.

The imposition of quarantine as part of measures to contain the spread of the virus in terms of stricter border controls that limited the mobility of people and the transport of goods severely affected the supply of sugarcanes.

The high incidence of rains during the period also affected the availability of sugarcanes for the mill.

The pronounced lack of molasses had hampered the production of bioethanol in the country but SCBI continued with its operations while finding other ways to manage the crippling inadequacy of feedstock.

Always finding solutions in line with its parent's bold move to reinvent the business, SCBI changed the plant's primary feedstock from molasses to syrup – a move that heralded SCBI's "reset". The Plant's strong relationships with planters helped address the concern on sugarcane even amid the pandemic. SCBI also rolled out significant repairs on its steam turbine generator, evaporators, and storage tanks; and established procedures for continuing operations. It acted immediately too in response to the government measures to control the spread of COVID 19.

After the imposition of lockdown in March 2020, SCBI formed the Special Situations Managing Team (SSMT) and produced 70% ethyl alcohol for use by government agencies and other partners as well as communities near the plant.

SCBI also donated ethyl alcohol to other parts of the country, which needed vast amounts of ethyl alcohol in the continuing fight against the spread of the dreaded virus.

The plant rolled out as well proactive measures to support Sustainable Development and focused on the three (3) Rs: Reduce, Reuse, and Recycle.

In support of its continuing efforts to protect the environment and manage concerns on water, SCBI also formed a Water Management and Sustainability Team.

The operations of the alcohol plant for the period ran for eight (8) months from November 11, 2019 to June 11, 2020. Given the challenges, SCBI produced 15.94 million liters of alcohol for the period, lower than the production of 36.09 million liters in Crop Year 2018-2019.

SCBI also donated ethyl alcohol to other parts of the country... in the continuing fight against the spread of the dreaded virus.

roxol Bioenergy Corporation

RBC kept to its mission to care for the environment through effective waste management program while it enhanced its operations for Crop Year 2019-2020.

Since its operations were cut short by three months – lasting only from October 1, 2019 to June 20, 2020 due to the COVID 19 pandemic, RBC produced 29.71 million liters of alcohol from 40.22 million liters in the previous year.

Despite the challenging situation, RBC's yield was higher at 549 liters (L) of AHA/Ton on feedstock from 547 L in the previous year.

"RBC's yield was higher at 549 liters (L) of AHA/Ton on feedstock from 547 L in the previous year."

OPERATIONAL HIGHLIGHTS
AGRIBUSINESS

It has been an unpredictable year on all fronts. RHI Agri-business Development Corp. (RHI-ADC) was not spared from the chaos of 2020. However, it stood still to support the backliners (planters and farm workers) of RHI mills' sugarcane farms.

RHI-ADC was greeted at the first quarter of Crop Year 2019-20 with the eruption of Taal Volcano on January 12, 2020, merely a week after Central Azucarera Don Pedro, Inc. (CADPI) in Batangas started milling. Three major roads were closed, namely: Palico-Balayan-Batangas, Tanauan-Talisay-Tagaytay, and Talisay-Laurel-Agoncillo — prompting RHI-ADC to stop the operations of the mechanical harvesters as cane trucks could not pass through the roads from the farms to the mill. Total cane deliveries of RHI-ADC to CADPI from the mechanical harvesters only amounted to 7,435 tons.

After two months, just when RHI-ADC was starting to recover from the effects of Taal eruption, lockdown was announced. With minimal movements of farm workers, RHI-ADC in Batangas kept its nurseries of high yielding varieties (HYVs), including its dispersion; and continued crop loan program as well as the coordination with planters through phone and online meetings. RHI-ADC distributed 222 lacsas of HYV planting materials to 58 planters and released PhP11.85M to seven (7) planters who delivered 20,562 tons to CADPI.

The thrust for RHI-ADC Batangas in CY 2019-20 was to transfer all assets or agricultural equipment to Negros to fully support the La Carlota mill in cane supply and it did just that. For CY 2019-20, RHI-ADC Negros contributed 119,090 tons to CACI. The numbers came from the different programs of RHI-ADC, namely: management of in-house farms, contract growing, crop loans, nurseries of HYVs and provision of mechanical harvesters, grab loaders and tractors to planters within the mill district. RHI-ADC also assisted Roxol Bioenergy Corporation in the distribution of fertilizer spentwash to farmers. It distributed 378,236 cubic meters of spentwash to more than 100 farms in the mill district. With farm mechanization, RHI-ADC provided service to 52 planters comprising of small, medium and big ones plus the ARBs (Agrarian Reform Beneficiaries) and cooperatives. It surpassed its volume target for grab loaders by delivering 108,366 tons to CACI in 2019-20 and only 1% short of target for tractor services, servicing 4,878 hectare-passes out of its target of 4,918 hectare-passes.

The bulk of RHI-ADC cane deliveries to Central Azucarera de la Carlota, Inc. (CACI) came from its partnership with local cooperatives and big planters which rely on the services of RHI-ADC that managed 495 hectares of sugarcane farms in Negros.

The last quarter of 2019-20 was the transition of CACI to Universal Robina Corporation (URC). RHI-ADC kept its farms and assets in Negros since those were not part of the purchase agreement. The employees were moved to a makeshift office in one of its in-house farms.

For CY 2019-20, the mechanical harvesters used in Batangas came from third party service providers and except for the nurseries, no other farms were maintained. RHI-ADC was certified as an Accredited Service Provider of the Sugar Regulatory Administration (SRA) for Don Pedro and Balayan Mill Districts, which puts it in a better position to reach out for more planters using government funds of SRA's Sugar Industry Development Act (SIDA) Programs.

REVIVE BATANGAS OPERATIONS

Smart Agriculture

Drone

RHI-ADC will reclaim its position in Batangas as a pioneer in innovation by introducing the use of drone in the ripening of standing sugarcane crops for early milling to CADPI. Six to eight weeks before harvest, crops that are not ready for harvest with ripening chemical approved by the Fertilizer and Pesticide Authority (FPA) to hasten maturity. Drones will also be used for applying liquid herbicides and weedicides in the farm.

Irrigation

Sugarcane farms in Batangas and Cavite have been long dependent on rainfall due to lack of irrigation infrastructures and equipment efficient enough to bring and utilize available water from the river, deep well, dams, ponds or reservoirs. This contributes to the mill district's low sugarcane productivity. RHI-ADC shall work with irrigation experts (e.g Bureau of Soils and Water Management), private companies, and individuals with technical know-how to conduct farm surveys, mapping, and come up with an irrigation system suitable to the farms.

Farm Mechanization

RHI-ADC shall be more active in the land preparation, cultivation and harvesting of canes in Batangas by providing farm services. Aside from its fleet of equipment, RHI-ADC shall continue to partner with third-party service providers to reach more planters who are in need of help.

R&D Projects

RHI-ADC shall forge more partnerships with agri-supply companies which promote products with yield improving characteristics. It shall maintain nurseries of high-yielding sugarcane varieties for farm productivity improvement and continue to propagate commercial use of the tried and tested suitable variety in Batangas which is PSR 01-105.

Contract growing

RHI-ADC shall constantly look for available land for lease and find suitable partner planters to be in-charge in the farm operation. The arrangement ensures capital support to the planter while ensuring sugarcane deliveries to CADPI.

Crop Loans

RHI-ADC shall continue to provide crop loans and farm mechanization loans using in-house fund and third-party fund like the ones provided by the SRA and the Land Bank of the Philippines.

Extension Services

RHI-ADC shall engage with more sugarcane planter coops, ARBs, and mill district offices, to promote RHI- ADC programs and/or craft partnerships to support their needs. It shall also organize technical trainings especially for planters not associated with planters' associations, and who do not usually have access with technical trainings.

With the radical changes that happened in CY19-20, RHI-ADC shall continue to offer hope to the backliners of San Carlos and Batangas.

CORPORATE GOVERNANCE

Roxas Holdings, Inc. (RHI), as a listed organization and among the leading integrated sugar and bioethanol producers in the Philippines, puts high importance on corporate governance. In compliance with the circular of the Securities and Exchange Commission (SEC) requiring all listed companies to submit new versions of their respective Manual on Corporate Governance, RHI released its Revised Manual on Corporate Governance in 2017.

The Corporate Governance Committee unanimously approved the 2017 RHI Revised Manual on Corporate Governance, which contains the 16 principles below:

1. RHI shall be headed by a competent, working Board to foster the long-term success of the Company, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the long-term best interests of its shareholders and other stakeholders.
2. The fiduciary roles, responsibilities and accountabilities of the Board as provided under the law, the Company's articles and by-laws, and other legal pronouncements and guidelines shall be clearly made known to all directors as well as to stockholders and other stakeholders.
3. To show full commitment to the Company, the directors should devote the time and attention necessary to properly and effectively perform their duties and responsibilities, including sufficient time to be familiar with the Company's businesses.
4. The Board shall endeavor to exercise objective and independent judgment on all corporate affairs.
5. The best measure of the Board's effectiveness is through an assessment process. The Board shall regularly carry out evaluations to appraise its performance as a body, and assess whether it possesses the right mix of backgrounds and competencies.
6. Members of the Board are duty-bound to apply high ethical standards – taking into account the interests of the stakeholders.
7. The Board shall adopt standards for professional and ethical behavior.
8. The Company shall establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations.
9. The Company shall establish standards for the appropriate selection of an external auditor, and exercise effective oversight of the same to strengthen the external auditor's independence and enhance audit quality.
10. The Company shall ensure that material and reportable non-financial and sustainability issues are disclosed.
11. The Company shall maintain a comprehensive and cost-efficient communication channel for disseminating relevant information. This channel is crucial for informed decision-making by investors, stakeholders and other interested users.
12. To ensure the integrity, transparency and proper governance in the conduct of its affairs, the Company shall have a strong and effective internal control system and enterprise risk management framework.
13. The Company shall treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.
14. The rights of stakeholders established by law, by contractual relations and through voluntary commitments must be respected. Where stakeholders' rights and/or interests are at stake, stakeholders shall have the opportunity to obtain prompt effective redress for the violation of their rights.
15. A mechanism for employee participation shall be developed to create a symbiotic environment, realize the company's goals and participate in its corporate governance processes.
16. The Company shall be socially responsible in all its dealings with the communities where it operates. It shall ensure that its interactions serve its environment and stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and balanced development.

RHI also has the following policies in place:

Insider Trading Policy

The Company has an Insider Trading Policy which prohibits the purchase, sale, or trading in securities of the Company or another corporation while in possession of material non-public information.

The Policy likewise prohibits the giving of material non- public information, directly or indirectly, to anyone. A violation of the Policy subjects the member of the Board of Directors, Board of Advisors, officer, or employee to disciplinary action in addition to possible civil and criminal actions.

Business Conduct Policy

The highest standard of individual conduct is expected at all times from each employee of Roxas Holdings, Inc. not only in matters of financial integrity but also in every aspect of business relationship. Business should be conducted on the bases of fair dealing, consideration for the rights and feelings of others and the most stringent principles of good corporate citizenship.

Each employee is charged with the responsibility of acquiring sufficient knowledge of the laws relating to his or her particular duties in order to recognize potential dangers and to know when to seek legal advice. Unlawful conduct will not be condoned under any circumstances. Employees should consult with the in-house counsel if they have questions regarding compliance with certain laws, rules or regulations.

Whistle-blowing Policy

The Group has a public interest disclosure or a whistle-blowing policy whereby all employees have the right and moral responsibility to report improper actions and omissions. A workplace culture is developed in which employees who act in good faith and in compliance with the law are protected from interference in, or retaliation for, reporting improper actions and cooperating with subsequent investigations and proceedings.

Public Interest Disclosure is required when employees, in good faith, believe superiors or colleagues are engaged in an improper course of illegal or unethical conduct, and they must be able to disclose such conduct free from fear or intimidation or reprisal.

Conflict of Interest Policy

The Company and its stakeholders require and expect that business affairs must be conducted in a manner that does not cloud judgment when dealing with third parties, or when making decisions on behalf of the Company. Business transactions must be undertaken solely in the best interest of the Company.

Conflict of Interest can only be defined along broad lines of ethical principles as it is impossible to conceive of all situations where a conflict may arise. In general, conflict of interest arises when an employee engages in business or professional activities exclusively for his own benefit on Company time or when such vested interest goes against the interest of the Company regardless whether it occurs during Company time or not. In short, a conflict of interest arises when the Company's interests are sacrificed. Some illustrative situations are:

1. Accepting business or outside employment;
2. Solicitation or acceptance of gifts;
3. Business dealings with the Company; and
4. Other analogous circumstances.

Dividend Policy

Roxas Holdings, Inc. has a policy to declare regular cash and/or stock dividends of 35% of annual earnings payable out of its unrestricted retained earnings.

The dividends shall be distributed semi-annually with the record and payment dates to be set in consideration of the following:

a. Financial covenants on debt-equity and debt service cover ratios;
b. Prospective capital requirements for expansion or investments; and
c. Compliance to statutory requirements.

In addition, the Board may declare special dividends provided this would not be detrimental to the company's cash flow requirements.

Related Party Transactions Policy

The Related Party Transactions Policy of the company tackles policies and procedures as well as conflict of interest.

RHI has policies and procedures for the review, approval or ratification, monitoring and recording of related party transactions between and among the company and its parents, joint ventures, subsidiaries, associates, affiliates, substantial stockholders, officers and directors, including their spouses, children and dependent siblings and parents and of interlocking director relationships of members of the Board.

Possible conflicts of interest of the directors of the Company are determined and resolved by the Corporate Governance Committee at the time that they are considered for election to the Board of Directors. Conflicts of interest that may arise after the election to the Board are disclosed as they occur, and the Board of Directors addresses these.

Policy on Data Privacy

The Company recognizes the importance of the privacy of every individual it associates with. Thus, to strengthen this campaign, the Policy on Data Privacy was adopted to make sure that all employees who handle matters involving personal information of individuals are aware of their roles in safeguarding this information. Personal information of individuals must be held in confidence by all employees and disclosure should only be done with the individual's written consent or when requested by a Court or law enforcement agency.

In accordance with the requirement of the National Privacy Commission, the Company has appointed a Data Protection Officer and a Compliance Office for Privacy to oversee the compliance of the Company to relevant privacy laws and issuances. The Company has also established protocols in the Policy to ensure that all employees are properly informed about the measures to be taken if a data breach occurs and how it will be promptly addressed. Updates and frequent review of privacy controls are being done to protect the Personal Information in the Company's safekeeping.

RHI is committed to bring the level of adherence to good corporate governance at par with the best practices from all over the country and the ASEAN region.

Below is the list of meetings held from October 1, 2019 to September 30, 2020:

Board of Directors	Stockholders	Audit Committee	Executive Committee
03 October 2019	04 June 2020	04 December 2019	None
04 December 2019		03 February 2020	
04 February 2020		18 May 2020	
19 May 2020		05 August 2020	
11 August 2020			
18 September 2020			

SUSTAINABILITY

SAFETY/ QUALITY ASSURANCE/IE

Quality and safety are everyone's responsibility at Roxas Holdings, Inc. (RHI) as these are important in improving productivity.

The Quality Assurance/Safety/Industrial Engineering Team strives to consistently meet the quality of every subsidiary's product – be it sugar, bioethanol or agribusiness, based on regulatory and customer requirements.

In Crop Year 2019 to 2020, the team noted a decreasing trend of customer complaints compared to previous years. RHI's alcohol plants: San Carlos Bioenergy, Inc. (SCBI) and Roxol Bioenergy Corporation (RBC) recorded zero customer complaints, while the Group's sugar plants: Central Azucarera Don Pedro, Inc. (CADPI) and Central Azucarera de la Carlota, Inc. (CACI) saw the number of complaints drop by 50%.

To sustain the Group's quality performance and meet customer requirements, RHI's Plants are encouraged to work for their respective certification to local and international standards in quality and food safety management such as Food Safety System Certification (FSSC 22000) and ISO 9001:2015.

CADPI and CACI had maintained their Halal Certifications from the Islamic Da'wah Council of the Philippines (IDCP) and the Halal Development Institute of the Philippines (HDIP) for raw sugar and refined sugar products.

CADPI is working on obtaining its new Halal Certification under Prime to be more competitive with other suppliers – both in the local and international markets. It had also undergone a re-certification audit for Food Safety System (FSSC) with its newest version of FSSC 22000 v.5, which includes ISO 22000:2018, ISO/TS 220002-1:2009 and additional FSSC 22000 Requirements. With the fast pace of FSSC, CADPI is gearing up for a bigger challenge to sustain its certification with the newly released FSSC v.5.1.

RBC passed its annual surveillance audit and retained its ISO 9001:2015 Certification last September 2020. With the effective implementation of the Quality System, there were no major nonconformities observed.

Amidst the COVID-19 pandemic situation, both RBC and SCBI obtained from the Food and Drug Authority (FDA) their respective License to Operate and Certificate of Product Registration (CPR) for the production of 70% Ethyl Alcohol. As bioethanol producers, both plants need to leverage their key resources, such as 70% Ethyl Alcohol, and to cope with the nationwide demand for alcohol.

RHI's QA/Safety /IE is committed in ensuring the safety and health of its employees, including contractors, suppliers, visitors, and other stakeholders.

The team consistently looks for new innovative ways in improving the workplace by continuously implementing the Established Occupational Safety and Health Programs, conducting Hazard Identification Risk Assessment and Determination of Control (HIRADC), Safety Quarterly Meetings with all Safety Officers and Safety Committees, conducting Safety Orientations/ refresher sessions to all workers, and other groups. Monitoring procedures are also being improved to ensure compliance to all regulatory requirements, such as the implementation of the Occupational Safety and Health Standards.

- During this time of pandemic, business continuity is critical. As RHI adopted the "New Normal", it ensures the safety and health of its employees, partners, and other stakeholders by complying to the Guidelines in the workplace for the prevention and control of Corona Virus 2019 (COVID-19) as set forth by the Department of Health, the Department of Trade and Industry, and the Department of Labor and Employment. These include the provisions for face shields, face masks, alcohol stations, footh baths, and other protective mesasures.
- To ensure health and wellness of the employees, the team ensures that the following are conducted regularly: annual physical examination, wellness activities, and Work Environment Measurement. Employees are provided with necessary medical services through accredited medical centers and teleconsultation during the time of pandemic.
- Emergency Disaster Preparedness activities were also conducted to ensure that procedures are followed and revised, if needed, and to promote awareness among employees on what to do in case of emergency situations especially during the pandemic.
- Investigations and Root Cause Analyes were also conducted in line with corrective actions to prevent the recurrence of an incident.
- The process of monitoring of employees' health conditions improved and had resulted to a total of 4,080,890 safe man-hours for Crop Year 2019-2020 and zero local transmission of COVID-19 in RHI, including contractors/agency workers and other stakeholders working inside the plant.

4,080,890

TOTAL SAFE MAN-HOURS WITHOUT LOST TIME INCIDENT FOR CY 19-20

SAFE MAN-HOURS WITHOUT LOST TIME INCIDENT FOR CY 19-20:

CADPI – 1,501,132
SCBI – 683,053
CACI – 979,332
RBC – 917,373

RHI's QA/Safety/IE believes that strong leadership, participation, commitment, and intervention to safety are everyone's responsibility. As such, facilities, equipment and tools shall be designed, operated and maintained according to high standards, in order for injuries and incidents to be prevented.

Safety and health are a challenge in the work environment especially during a pandemic. Initiatives to improve these factors make for a healthy and safe workplace.

SUSTAINABILITY
CORPORATE SOCIAL RESPONSIBILITY

In support of the United Nations Sustainable Development Goals, the Corporate Social Responsibility (CSR) arm of Roxas Holdings, Inc. (RHI) focused its engagements for Crop Year 2019-2020 on the following areas: poverty alleviation through health care, education and livelihood assistance and environmental stewardship; and tapping into volunteerism and local partnerships.

CENTRAL AZUCARERA DON PEDRO, INC.

Central Azucarera Don Pedro, Inc. (CADPI) partnered with various organizations and local government units as it rolled out corporate social responsibility projects within and beyond its milling district. Beyond its usual engagements, CADPI shifted its priority to help those affected by the eruption of the Taal Volcano last January 12, 2020 and to assist communities in responding to the COVID-19 pandemic.

On January 13 to 15, 2020, CADPI reached out to 1,576 evacuees in five evacuation centers within Nasugbu, Batangas. In partnership with the Kiwanis Club of CADPI and the Kiwanis Club of Don Pedro Masikhay, CADPI coordinated with the Municipal Social Welfare Office and concerned barangays in providing cooked meals, bottles of water, hygiene kits, face masks and used clothes.

In coordination with Radio Mindanao Network, DZXL Radyo Trabaho, Excel Pack Corp, the League of Corporate Foundations, and P&A Grant Thornton, CADPI provided assistance to the evacuees staying at Nasugbu East Central last January 18, 2020. Three hundred families were given grocery packs, rice, water, sleeping mats and shirts. Rice and canned goods were also provided to individuals temporarily housed by planters in Tuy, Batangas. Three hundred eighty three adopted evacuees of Barangay Tumalim in Nasugbu; Barangay Bolboc in Tuy; and Barangay San Piro in Balayan, Batangas were provided packs containing rice, canned goods, clothes and blankets on January 28 to 30, 2020.

Together with the Philippine Business for Social Progress, CADPI gave out packs that included pails, rice, grocery, blankets and bottles of water last February 1, 10 and 11, 2020 to 100 families adopted by Barangay Tumalim in Nasugbu, Barangays Maywanac and Magahis of Tuy. On February 18, 2020, CADPI brought kitchenware package, rice canned goods, clothes and blankets to 20 families from Sitio Pulo Taal, now declared as a permanent danger zone, who were staying at the Nasugbu Court Evacuation Center.

As of June 7, 2020, CADPI had donated 1,625 pieces of mask; 564 bars of soap; 144 food packs; 116 liters of alcohol; 56 sacks of 25-kilo rice; and 51 sacks of 50-kilo sugar to sugarcane cutters and their families; medical, safety and security frontliners; and the following LGUs: Balayan, Nasugbu, Tuy, Bilaran, Cogunan, Lumbangan, Luntal, Mataas na Pulo, and Munting Indang.

CADPI also donated to sugarcane workers, providing 58 tabaseros with grocery packs and adult vitamins; and vitamin supplements to 30 children in four barangays in Balayan, Batangas.

san carlos Bioenergy, Inc.

A total of 6,414 seedlings were planted by San Carlos Bioenergy, Inc. (SCBI) in CY 2019-2020 as part of its Brigada Kalikasan Program. For its bamboo planting project, 148 volunteers planted 404 seedlings at the plant offsite lagoon in partnership with the Department of Environment and Natural Resources at the Don Juan Ledesma Elementary School and Lina de la Viña Valmayor Elementary School.

For SCBI's Sustainable Agroforestry Project, a total of 6,000 seedlings were planted in partnership with the Minapasok Farmers Association, Inc. (MIFA); Barangay Minapasuk; the local government of Calatrava, Negros Occidental; the Provincial Environment and Management Office; Negros Occidental Provincial Environment and Natural Resources Office; and the San Carlos Development Board.

Ten employees of SCBI volunteered to plant 10 seedlings at Barangay Prosperidad in partnership with the San Carlos City Government.

SCBI also took part in coastal and other cleanup drives, recording a total of 1.5 tons of garbage collected with the help of 31 volunteers.

Under its Brigada Kalusugan Program, SCBI handed over three health monitoring items to three health centers in the surrounding barangays of the Plant. As part of its Alcohol Sanitation project, it also gave out 300 N95 masks to PUSCOFAC.

Eighty volunteers to SCBI's bloodletting activity donated 62 bags of blood. SCBI also provided one unit of hands-free alcohol dispenser to the Department of Education in San Carlos and another four units to the City Health Office.

One hundred children were provided food from the Plant's Share-A-Meal Project and 61 learners of Don Juan Ledesma Elementary School were provided Supplemental Feeding.

In response to the pandemic, SCBI's Brigada Eskwela Program provided hands-free alcohol dispensers to 25 public elementary and high schools in San Carlos and helped 100 learners under its Hakbang Tungo sa Pangarap program.

SCBI also extended assistance to planters. With its Project REAP: Rapid Engagement and Assistance to Planters, SCBI reached out to 150 sugarcane planters and 150 children of planters. SCBI also responded to the challenge of COVID 19 by getting in touch with 432 planters and providing 350 N95 masks.

Relief operations for COVID-19 included ethyl alcohol donations of 597 liters to 31 government agencies, 408.5 liters to 28 non-government agencies and 49,040 liters to the MPIC Foundation and Alagang Kapatid Foundation. SCBI also gave 10 cavans of rice to 100 pedicab drivers in partnership with the San Carlos Borromeo Cathedral Parish.

SUSTAINABILITY

ENVIRONMENTAL MANAGEMENT

ENVIRONMENTAL SUSTAINABILITY PROGRAM

The operations of the subsidiaries of Roxas Holdings, Inc. (RHI) are carried out with strict compliance to environmental regulations.

Due to the global pandemic, there was no audit conducted in Crop Year 2019-2020 but the subsidiaries all worked to address and close the issues previously raised during the surveillance audit. The level of compliance has been maintained.

Ethanol subsidiary San Carlos Bioenergy, Inc. (SCBI) has completed the preparation for certification by the International Standards Organization (ISO).

WASTEWATER MANAGEMENT

The sugar and bioethanol production of RHI continue to be both a challenge and an opportunity as the processes produce huge volumes of wastewater. The Group continues to implement "wastewater re-use" which is both beneficial for factory operations and farmers of sugarcane.

For Crop Year 2019-2020, the Environmental Management Department recycled 90,000 m3 or almost 30% of treated wastewater at Central Azucarera Don Pedro, Inc. (CADPI). It also repaired wastewater canals and dredged wetland lagoons.

Thirty percent of treated wastewater is used by CADPI as makeup for scrubbing water and ground watering as mitigating measure for dust emission. CADPI is also partnering with the National Irrigation Administration (NIA) for the use of government canals in Crop Year 2020-2021 as the Plant distributes treated wastewater as irrigation to sugarcane plantations.

SOLID WASTE MANAGEMENT

The team's strict implementation of the waste segregation policy led to almost 50% reduction in solid waste.

CADPI has engaged the Binubusan Multipurpose Cooperative for the conversion of mudpress into organic fertilizer. The cooperative produces organic fertilizers that use mudpress. From October 2019 to September 2020, the cooperative produced 36,888 sacks of FEDMUCO fertilizer, equivalent to 1,844.40 tons of mudpress.

ENVIRONMENTAL SUSTAINABILITY PROGRAM

Each subsidiary has a standing Memorandum of Agreement (MOA) on "Adopt-An-Estero" program with the Department of Environment and Natural Resources (DENR). Under this program, RHI's subsidiaries adopted the following areas:

1. CADPI: Lian-Palico River, which has been expanded in the past crop year to 5 kilometers from 500 meters;
2. Central Azucarera de la Carlota, Inc. (CACI): Mangala and Najalin Rivers;
3. SCBI: Palampas River; and
4. Roxol Bioenergy Corporation (RBC): Tuburan River.

To achieve the goal of rehabilitating and improving the condition of these rivers, each subsidiary leads river cleanup activities quarterly along with some dialogue and information campaign with local residents about environment stewardship and responsibility. RHI subsidiaries are never remiss in their commitment to re- green their vicinities with planting trees. These activities this year were a show of endearing sense of community.

A pollution control officer (PCO) duly accredited by the DENR heads each subsidiary's environmental management unit. RHI ensures that the PCOs' accreditation is kept current and properly reinforced with new knowledge through trainings.

RHI continually supports environmental management with a resolve to give back to Mother Nature.

CADPI has a small plant nursery at Wastewater Treatment Plant area. As of September 30, 2020, CADPI has a total of 675 seedlings composed of the following:

Plant	Quantity
Neem Tree	216
Sampaloc Tree	120
Palmera Tree	200
Acacia Tree	35
Mahogany Tree	104
TOTAL	**675**

SUMMARY OF TREE PLANTING ACTIVITIES

Date	Quantity	Plant	Where
October 18, 2019	105	Mahogany, Acacia and Neem Tree	Bagasse Yard
November 23, 2020	20	Neem Tree	Lian-Palico River near NIA Office
June 9, 2020	14	Knife Acacia	Bagasse Yard
July 2020	229	Varieties	CADPI Plant Nursery
August 2020	487	Knife Acacia, Acacia, Neem Tree, Palmera and April Shower	CADPI Plant Nursery
Total	**855**		

- CADPI donated used sacks to different schools that served as the Evacuation Center of Taal Victims during the Taal Volcano Eruption.
- CADPI donated garbage bins and sacks to the Municipality of Nasugbu, and various barangays and schools.
- EMS distributed sacks of mudpress to different planters.
- CADPI participated in the "Linis Barangay Program" of Brgy. Lumbangan, Nasugbu.
- CADPI celebrated International Coastal Clean Up Day by conducting river cleanup at Brgy. Bilaran, Nasugbu, Batangas last September 19, 2020.
- Attended adopt-an-estero meeting Via goggle meet last September 3, 2020.
- For the IEC of the plant, EMS conducted environmental management orientations to all new employee and contractors before the start of their job.

Compliance to Clean Air Act

CADPI conducted quarterly stack sampling and ambient air monitoring, and passed the DENR standard for air emission. As a result, the DENR-EMB issued a Permit to Operate valid for five (5) years to CADPI and nominated the Plant to the government agency's Philippine Environment Partnership Program for 2019.

In adherence to the frequency set by the DENR-EMB, SCBI, RBC and CACI also conducted ambient air monitoring and stack sampling.

SUSTAINABILITY

HUMAN RESOURCES

Most companies would always say that their people are its best assets; and never has this been more pronounced than during this pandemic. While the company and the industry were beset with challenges from all corners, Corona Virus 2019 (COVID-19) stunned everybody as it became the world's biggest health crisis since the 1918 Spanish Flu pandemic. Like the others, protecting its employees is the number one priority. Safety protocols compliant with the guidelines of the Inter-Agency Task Force (IATF) were implemented in all plants, offices, and facilities. Work-from-home arrangements were also encouraged for applicable roles to lessen the risks. Those working in the plants were assured of a safe and healthy environment. Employees and dependents who were infected by the virus (non-work originated) were taken care of by the company with its health and wellness programs. Income was protected by allowing the employees to use their leave credits for this purpose even during days when they have to do self-quarantine.

But pandemic or not, life continued in the plants and offices of Roxas Holdings, Inc. (RHI). Mandatory safety trainings were implemented for all employees in compliance with the requirements for the workplace set by the Department of Labor and Employmet (DOLE) and the IATF. The usual big events like corporate trainings, engagement programs, and alike were shelved in deference to the situation and the safety of all. A total headcount of 30 cadets based in the Negros Plants were on boarded last November 2019 and became regular employees after six months of intense training. A Leadership Training and Personal Visioning Workshop as well as a Planning, Leading, Organizing and Controlling (PLOC) Program customized for the cadets were facilitated. Department-specific learning sessions have also been conducted by select Subject Matter Experts (SMEs) for potential job assignments. This initiative was also implemented in CADPI, where 11 cadets graduated as well.

One Team, One RHI focused on the achievement of operational excellence throughout the Crop Year, with eyes on hiring, training and retaining talent, all of whom are expected to take the company towards better standing in the industry from 2020 onwards.

Despite the given challenges in the sugar industry brought about by the immediate need to adapt to technological advancements, environmental changes and government directions, RHI and its subsidiaries in Negros Occidental and Batangas showed organizational strength through its people.

Events, interventions and activities done company-wide were all about energizing and mobilizing employees and departments to continue working together as one in producing quality sugar cane-based products and services in the Asia-Pacific region. The Annual Strategic Planning Workshop held last May 2019 became the open venue to share improvements and next steps based on groundwork laid out in the previous crop years. Successes as well as challenges and next steps were discussed amongst Top Management and Line Leaders to ensure all plans materialize.

Key to this is the critical organizational review and changes in response to the needs of RHI to grow. Roles are defined and standardized across the head office and business units which is the anchor of rewards programs and talent management practices.

A total of five Collective Bargaining Agreement (CBA) negotiations were conducted and successfully closed with the unions from Central Azucarera de la Carlota, Inc. (CACI) - two, Roxol Bioenergy Corporation (RBC) – one, and San Carlos Bioenergy, Inc. (SCBI) - one. The fifth one, which was in CADPI, was signed last December 2020. These were done through a blended approach where the union and local management were on site while the corporate participants were online. Despite the pandemic and the challenges of new technology, RHI was able to finish the negotiations accordingly.

The asset sale of CACI and RBC to Universal Robina Corporation (URC) led to the official closure of these companies as part of RHI and with it, the need to redundate its employees. HR focused on ensuring that the former employees of the two companies were paid the benefits due them and in a timely manner as most of them were offered jobs by the new owners.

On a lighter side, the Centennial Anniversary of CACI was celebrated last February 10, 2020 — weeks before the global pandemic was declared. It was a special occasion where employees, planters, officials from the La Carlota City government and the provincial government and other stakeholders were treated to various programs highlighted by an evening event showcasing the talents of CACI employees. Most recently, Mr. Pilipino T. Cayetano, Vice President-Chief Manufacturing Officer for South Neros, and Mr. Gil Morales, Assistant Vice President-Factory Operations Head (FOH) of CACI, were transferred to CADPI as the new VP-CMO of CADPI and SCBI, and AVP, Head of Manufacturing Services of CADPI, respectively. They were brought in to reinforce the leadership team in CADPI given the need to strengthen and protect RHI's Batangas operations.

"...Team RHI and its people are ready to face the challenges and help turn around the page for the company. RHI is ready...to reinvent the business as well."

This has been quite a year. But Team RHI and its people are ready to face the challenges and help turn around the page for the company. RHI is ready not only to push the reset button but to reinvent the business as well.

TRAININGS (CADPI)

Training Title	Date	No. of Hours	No. of Attendees
Bearing Technology and Maintenance Training	October 8 -10, 2019 August 18 - 20, 2020	48	39
Best Practices in Steam Trapping	October 25, 2019	2	21
Root Cause Analysis (RCA) Refresher Course	November 14 - 15, 2019	16	27
Mandatory 8-Hour OSH Seminar for Workers	November 26, 2019 November 27, 2019 November 28, 2019 November 29, 2019 February 20, 2020 February 21, 2020 July 21, 2020 July 22, 2020 July 24, 2020 July 27, 2020 August 3, 2020 August 4, 2020 August 5, 2020 September 4, 2020 September 14, 2020 September 15, 2020 September 23, 2020	136	347
ISO 22000-2018 Awareness to CADPI Leadership Team and FS Team	December 20, 2019	4	28
Cascading of Additional Requirements Focusing on Food Defence, Food Fraud, Mngt of Allergen and Env. Monitoring	December 23, 2019	7	19
IMS Awareness for CADPI Employees	December 26, 2019	2	201
Job Fundamentals Training of Refinery Department	January 21, 2020	8	44
Planning, Leading, Organizing and Controlling (PLOC) Training for the Cadets	February 26-27, 2020	16	13
Team Problem Solving Process Training	March 5 - 6, 2020 September 24 - 25, 2020	32	38
Safety Orientation on Confined Space	May 11, 2020 May 13, 2020 June 3, 2020 June 4, 2020 July 13, 2020	20	72
Safety Orientation on Work-at-Height	May 12, 2020 June 5, 2020 June 6, 2020 June 8, 2020 June 9, 2020 June 10, 2020 June 11, 2020 July 3, 2020 July 7, 2020 July 9, 2020 July 17, 2020	88	91
SuTech Driven Job Fundamentals Training - Refinery Department	August 15, 2020	4	16
SuTech Driven Job Fundamentals Training - Boiling House Department	August 17, 2020	4	45
Orientation on Good Warehousing Practices	August 19, 2020 August 20, 2020	8	20
SuTech Driven Job Fundamentals Training - Boiler Department	September 7, 2020 September 8, 2020	13	32
Learning Session on Environmental Monitoring Program	September 10, 2020	3.5	20
CBA Boiling System Training	September 16, 2020	2.5	37
Refresher and Awareness Session on Additional Requirements of FSSC (Allergen Management)	September 17, 2020	7.5	22
Learning Session on Requirements for Product Recall for Integration to FSMS	September 19, 2020	4	18
Refresher Training Session on Root Cause Analysis and Team Problem Solving Processes	September 21 - 22, 2020	15	16

TRAININGS (SCBI)

Local Trainings	Internal Trainings
NGCP 9th Annual Generators' Conference	First Aid Training
Seminar on the Regulatory Control of Dangerour Drugs	Fire Brigade Training
14th Safety Summit	Enterprise Asset Management User Acceptance Training
Advance PCO Training on Air Quality Management	PLT Teambuilding & Recommitment to Vision
Accredited 8-Hour Orientation Training for Managing Heads on Environmental Regulations	Good Laboratory Practices
Chemical Control Training	Safety Training (STOP)
Renewable Energy Market - Retail Energy Suppliers and Generators Serving Directly Connected Customers	First Aid Refreshers
Renewable Energy Markey Online Training - Eligible RE Generators	PLOC Training for Cadets
WESM Training (Fast Forward to Five: EWDO Full Parallel Operations Program	First Aid Refresher Training
PEMC Webinar on Market Participants' Update: Sustaining Momentum	Labor Relations (for Cadets)
Webinar on Second EWDO Full Parallel Operations Focus Group Discussion	Fermentation Seminar (for Cadets)
Webinar on Compensability of COVID-19 under EC Program	Refresher Training on MS Excel
DOLE NCMB Webinar on COVID-19	Job Fundamentals Training
RHI Webinar on Pandemic Updates & Action Plans	EAM-EUT Training
RHI Webinar on Immunity Nutrition & Immunity Response	8-Hour Mandatory OSH

OPERATIONS VS COVID 19

CADPI implemented safety precautionary measures such as spray-misting of body, taking body temperature, and putting up chlorinated footbaths for employees. It also provided supply of alcohol and washable face masks to employees.

It also supported the community in warding off COVID-19 and lessening the risk of transmission by disinfecting areas around Nasugbu on March 14, 2020.

CADPI raised last March 25, 2020 the "SANA ALL MAY DYOWA" Campaign to fight against COVID-29 which aimed to remind employees to always sanitize, disinfect their working areas and to never assume that the people and the materials known to them are safe.

Even with the rising number of cases in the town, many employees bravely stepped out of their homes and reported to work to serve the nation with the company. With that, in the Management's initiative, CADPI distributed grocery packs as a form of token of appreciation and recognition to those employees who consistently and regularly reported to work from March 30 to April 12, 2020. Around 400 employees were able to claim their grocery packs.

"Relief operations for COVID-19 included ethyl alcohol donations..."

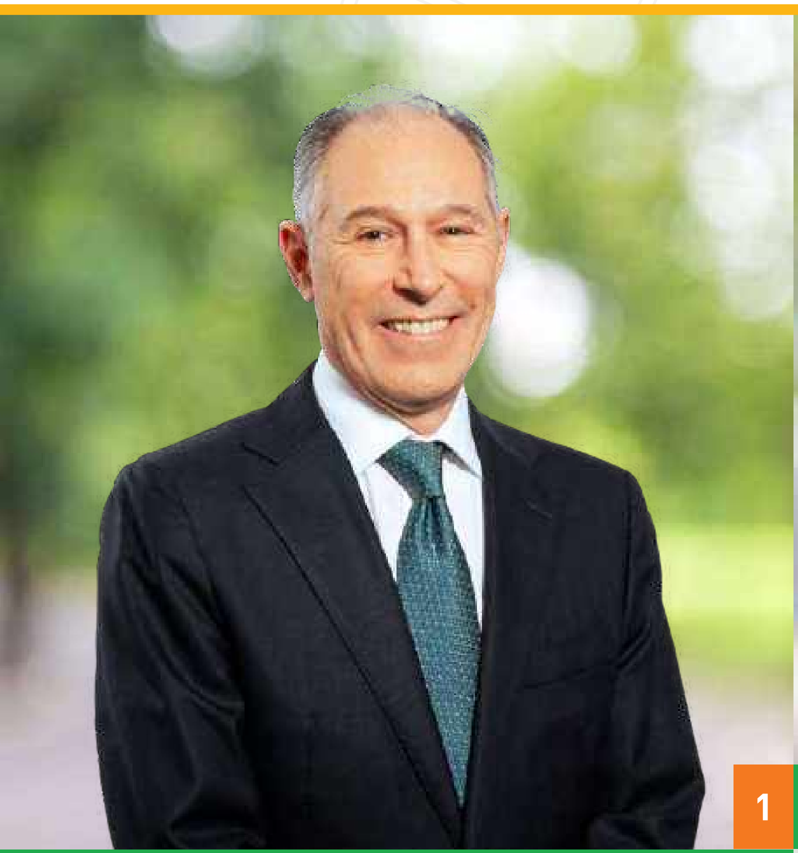
For its part, SCBI responded to the pandemic by providing hands-free alcohol dispensers to 25 public elementary and high schools in San Carlos City under its Brigada Eskwela Program and helped 100 learners through its Hakbang Tungo sa Pangarap program.

SCBI also extended assistance to planters. With its Project REAP: Rapid Engagement and Assistance to Planters, SCBI reached out to 150 sugarcane planters and 150 children of planters. SCBI also responded to the challenge of COVID 19 by getting in touch with 432 planters and providing 350 N95 masks.

Relief operations for COVID-19 included ethyl alcohol donations of 597 liters to 31 government agencies, 408.5 liters to 28 non-government agencies and 49,040 liters to the MPIC Foundation and Alagang Kapatid Foundation. SCBI also gave 10 cavans of rice to 100 pedicab drivers in partnership with the San Carlos Borromeo Cathedral Parish.

CACI and RBC also extended assistance to the communities in La Carlota City and neighboring towns in response to the pandemic by providing supply of alcohol and rice.

BOARD OF DIRECTORS



1. **PEDRO E. ROXAS**
   Chairman
2. **MANUEL V. PANGILINAN**
   Vice Chairman
3. **CELSO T. DIMARUCUT**
   President & CEO
4. **CHRISTOPHER H. YOUNG**
   Director
5. **RAY C. ESPINOSA**
   Director
6. **ALEX ERLITO S. FIDER**
   Director
7. **OSCAR J. HILADO**
   Lead Independent Director
8. **SANTIAGO T. GABIONZA**
   Independent Director
9. **ARLYN S. VILLANUEVA**
   Independent Director

PROFILES
BOARD OF DIRECTORS

PEDRO E. ROXAS
CHAIRMAN

Pedro E. Roxas is 65 years old and is a Filipino. He has been a member of the Board of Directors since 1982.

Mr. Roxas is the Chairman of the Executive Committee and a member of the Corporate Governance Committee.

He was elected as Acting President & Chief Executive Officer of the company on October 23, 2015. He is also the Chairman of the operating subsidiaries of the company, namely: Central Azucarera Don Pedro, Inc. (CADPI), Central Azucarera de la Carlota, Inc. (CACI), Roxol Bioenergy Corporation (RBC), San Carlos Bioenergy, Inc.(SCBI), and RHI Agri-Business Development Corporation (RHI-ADC).

Mr. Roxas is likewise the Executive Chairman of Roxas & Co., Inc. (RCI) and was the company's President and CEO until 2016; the Chairman of the Philippine Sugar Millers Association (PSMA); the Vice Chairman of the Asean Sugar Alliance; the President of Club Punta Fuego Inc. and of Fundación Santiago; an Independent Director of listed companies: PLDT, Inc. (PLDT) and Manila Electric Company (Meralco) and of non-listed firms: Banco de Oro (BDO) Private Bank, CEMEX Holdings, Philippines, Inc. and MAPFRE Insular; a Director of Brightnote Assets Corporation; a Trustee of Philippine Business for Social Progress (PBSP) and of Roxas Foundation, Inc. (RFI); and a Member of the Equestrian Directorate of Manila Polo Club.

Mr. Roxas was educated at Portsmouth Abbey School, Rhode Island, USA and at the University of Notre Dame in Indiana, USA, where he obtained his degree in Business Administration.

MANUEL V. PANGILINAN
VICE CHAIRMAN

Manuel V. Pangilinan is 74 years old and is a Filipino. He was elected to the Board of Directors on December 3, 2013.

Mr. Pangilinan is the Vice-Chairman of the Board of Directors, a member of the Executive Committee and the Chairman of the Compensation Committee.

Mr. Pangilinan founded First Pacific Company Limited in 1981 and served as its Managing Director until 1999. He was appointed Executive Chairman until June 2003, when he was named Managing Director and Chief Executive Officer. He holds the position of President Commissioner of P. T. Indofood Sukses Makmur Tbk, the largest food company in Indonesia. In the Philippines, Mr. Pangilinan is the Chairman, President & CEO of PLDT, Inc. (PLDT). He is also the Chairman of Smart Communications, Inc. (Smart), Metro Pacific Investments Corporation (MPIC), Manila Electric Company (Meralco), ePLDT, Inc., PLDT Communications and Energy Ventures, Inc. (formerly Pilipino Telephone Corporation), Maynilad Water Services, Inc., Metro Pacific Tollways Corporation), Philex Mining Corporation, PXP Energy Corporation, Landco Pacific Corporation, Medical Doctors, Inc. (Makati Medical Center), Davao Doctors, Inc. and Colinas Verdes Corporation (Cardinal Santos Medical Center), Mediaquest Holdings, Inc. and Associated Broadcasting Corporation (TV5).

He was formerly Chairman of the Board of Trustees of the Ateneo de Manila University and was a member of the Board of Overseers of the Wharton School. In civic duties, Mr. Pangilinan sits as Chairman of the Philippine Business for Social Progress (PBSP), PLDT-Smart Foundation Inc., One Meralco Foundation, Inc., and Co-Chairman of the Philippine Disaster Resilience Foundation (PDRF), and is a Director of the Philippine Business for Education (PBED).

He is Chairman of the Board of Trustees of San Beda College, Co-Chairperson of the Board of Trustees of Stratbase Albert de Rosario Institute and Co-Chairman of the U.S.-Philippine Society.

In sports, Mr. Pangilinan is Chairman of the MVP Sports Foundation Inc., Chairman Emeritus of the Samahang Basketbol ng Pilipinas and Chairman of the Amateur Boxing Association of the Philippines (ABAP).

Mr. Pangilinan has received numerous prestigious awards including Ten Outstanding Young Men of the Philippines (TOYM) Award for International Finance (1983), The Presidential Pamana ng Pilipino Award by the Office of the President of the Philippines (1996), Best CEO in the Philippines by the Institutional Investor (2004), CEO of the Year (Philippines) by Biz News Asia (2004), People of the Year by People Asia Magazine (2004), Distinguished World Class Businessman Award by the Association of Makati Industries, Inc. (2005), Management Man of the Year by the Management Association of the Philippines (2005), and Order of Lakandula (Rank of Komandante) by the Office of the President of the Philippines (2006).

He was voted as Corporate Executive Officer of the Year (Philippines) and Best Executive (Philippines) at the 2007 and 2008 Best-Managed Companies and Corporate Governance Polls conducted by Asia Money. Mr. Pangilinan also received the Best CEO award from Finance Asia Magazine (2012) and the Executive of the Year Award from the Philippine Sports Writers Association (PSA) (2014). In July 2015, Jaycees Philippines and the Asian Institute of Management (AIM) conferred him the 2015 Ramon V. del Rosario (RVR) Lifetime Achievement Award for his outstanding contributions to nation-building and exemplary corporate citizenship.

Mr. Pangilinan graduated cum laude from the Ateneo de Manila University, with a Bachelor of Arts degree in Economics. He received his MBA degree from the Wharton School at the University of Pennsylvania. He was awarded the First Honorary Doctorates Degree in Management by the Asian Institute of Management in 2016, Honorary Doctorates in Science by the Far Eastern University in 2010, and in Humanities by the Holy Angel University in 2008, by Xavier University in 2007 and by San Beda College in 2002 in the Philippines.

CELSO T. DIMARUCUT
DIRECTOR, PRESIDENT & CEO

Celso T. Dimarucut is 59 years old and is a Filipino. He was elected as member of the Board of Directors and appointed as President/Chief Executive Officer (PCEO) effective December 16, 2020. He served as Officer-in-Charge of RHI and its subsidiaries from October 29, 2020 to December 15, 2020. He was EVP-CFO and Group Head of Finance from December 1, 2015 to December 15, 2020.

Prior to joining the company, Mr. Dimarucut served as Senior Executive Vice President and Chief Finance Officer of Landco Pacific Corporation and its subsidiaries; Senior Vice President and Group Chief Finance Officer of Mediaquest Holdings, Inc. and its subsidiaries; Senior Vice President and Group Chief Finance Officer of ePLDT, Inc. and Subsidiaries; First Vice President and Group Controller of PLDT; First Vice-President and Group Financial Controller for domestic subsidiaries of Metropolitan Bank & Trust Company; and Finance Head of Pilipino Telephone Corporation (Piltel), and later, as Comptroller of then Philippine Long Distance Telephone Company which was renamed PLDT, Inc. after Piltel's integration to Smart Communications, Inc. where he managed the overall financial reporting functions of the Group. Mr Dimarucut has more than 10 years of professional audit and business advisory experience gained from SyCip, Gorres Velayo & Co. and Prasetio Utomo & Co. (Jakarta, Indonesia).

He graduated Cum Laude at the Polytechnic University of the Philippines with a degree of BS Commerce Major in Accounting. He is a Certified Public Accountant.

CHRISTOPHER H. YOUNG
DIRECTOR

Christopher H. Young is 63 years old and is a British. He was elected to the Board of Directors on May 23, 2015. Mr. Young is a member of the Audit & Risk Committee.

Mr. Young is the Executive Director and Chief Financial Officer of First Pacific Company Limited in Hong Kong. He is currently a Director of Metro Pacific Investments Corporation, Goodman Fielder Pty Limited, PacificLight Power Pte. Ltd., and FPM Power Holdings Limited. He is also a member of the Advisory Board of PLDT, Inc. Mr. Young is also a Commissioner of PT Indofood Sukses Makmur Tbk and a Trustee of IdeaSpace Foundation, Inc. He worked for PricewaterhouseCoopers in London and Hong Kong from 1979 until 1987, at which time he joined First Pacific as Group Financial Controller. Mr. Young moved to Metro Pacific Corporation in 1995 as Finance Director until November 1998 when he became the Chief Financial Advisor of PLDT. He returned to First Pacific as Chief Financial Officer in 2015 and as a member of the Board in August 2017.

Mr. Young graduated at the Waid Academy at Fife, Scotland. He finished his Master of Arts in Economics with Honors at St. Andrews University. He has been a member of the Institute of Chartered Accountants in England and Wales since 1982.

RAY C. ESPINOSA
DIRECTOR

Ray C. Espinosa is 64 years old and is a Filipino. He was elected to the Board of Directors on December 3, 2013.

Atty. Espinosa is an Associate Director of First Pacific Company Limited. He is a Director of PLDT Inc., Smart Communications, Inc., Manila Electric Company (Meralco), Metro Pacific Investments Corporation, Meralco PowerGen Corporation, First Agri Holdings Corporation and First Coconut Manufacturing Inc. He also serves as an Independent Director of Lepanto Consolidated Mining Company (Lepanto) and Maybank Philippines, Inc. (Maybank Philippines). He is the Chairman of the Audit Committee and Nomination Committee of Lepanto and the Risk Management Committee of Maybank Philippines.

Atty. Espinosa is the President and Chief Executive of Meralco, the Chief Corporate Services Officer of PLDT and Smart, and Head of PLDT's Regulatory and Strategic Affairs Office. He is also a Trustee of the Beneficial Trust Fund of PLDT. He is the Chairman of PhilStar Daily, Inc. and BusinessWorld Publishing, Inc. He is the Vice Chairman of First Agri Holdings, Inc. and First Coconut Manufacturing, Inc. He is also the President and Chief Executive Officer of Mediaquest Holdings, Inc. He joined First Pacific in 2013. He is currently First Pacific Group's Head of Government and Regulatory Affairs and Head of Communications Bureau for the Philippines.

Prior to joining the PLDT Group in 2000, Atty. Espinosa was a law partner at SyCip Salazar Hernandez & Gatmaitan, the largest law firm in the Philippines, until June 2000 and was a member of the firm's Executive Committee. He was a law lecturer at the Ateneo de Manila School of Law from 1983 to 1985 and in 1989. After finishing his Master of Laws degree, he worked as a foreign associate in Covington & Burling, the largest law firm in Washington, D.C., USA, from September 1987 to August 1988.

He is a member of the Integrated Bar of the Philippines, Philippine Bar Association, and Inter-Pacific Bar Association. He is also a member of the Executive Committee of LAWASIA Energy Section. Asia Law & Practice, Euromoney and The Asia Pacific Legal 500 named Atty. Espinosa as one of the leading capital market lawyers, and among the leading project finance lawyers, in the Philippines from 1996 to 2002. Atty. Espinosa finished his Bachelor of Laws degree at the Ateneo de Manila University, graduating Salutatorian, and his Master of Laws degree at the University of Michigan Law School. He took up Bachelor of Science in Pre-Medicine at the University of Santo Tomas. Atty. Espinosa placed first in the Philippine Bar Examinations of 1982, and was a Fellow of the University of Michigan Law School's Clyde Alton Dewitt Scholarship Foundation.

ALEX ERLITO S. FIDER
DIRECTOR

Alex Erlito S. Fider is 67 years old and is a Filipino. He was elected to the Board of Directors on December 3, 2013.

His legal experience spans over three decades of involvement in corporate transactions and projects. His legal work extends to an array of corporate and financial matters to companies involved in public infrastructure, water, and power utilities, telecommunications, mass media, banking and finance, real estate development, and agriculture. He is a specialist in the various fields of commercial, civil, telecommunications and public utilities law. Atty. Fider is a Director and Corporate Secretary of several Philippine corporations, including Metro Pacific Tollways Corporation, Metro Pacific Tollways Development Corporation, Manila North Tollways Corporation, Tollways Management Corporation, Smart Communications, Inc. and Maynilad Water Services, Inc. He is actively involved in the Financial Executives Institute of the Philippines (FINEX) and Institute of Corporate Directors where he is a Fellow. He is a member of the Board of Trustees of non-profit organizations like the Metropolitan Manila Cathedral Basilica Foundation and TV 5 Alagang Kapatid Foundation.

Atty. Fider graduated from the University of the Philippines with degrees in Economics and Law. He was admitted to the Philippine Bar in 1985 and undertook specialized courses in Strategic Economics and Corporate Governance in the Philippines and Australia, respectively.

OSCAR J. HILADO
LEAD INDEPENDENT DIRECTOR

Oscar J. Hilado is 83 years old and is a Filipino. He has been a member of the Board of Directors since May 11, 2016. Mr. Hilado is the Lead Independent Director and the Chairman of the Corporate Governance Committee. He is also a member of the Executive, Audit & Risk, and Compensation Committees.

He is the Chairman of the Board of Philippine Investment Management (PHINMA), Inc.; Phinma Corp.; Phinma Property Holdings Corp.; and Union Galvasteel Corporation. Mr. Hilado is also the Vice Chairman of Trans Asia Power Generation Corporation and Trans-Asia Petroleum Corporation. He is the Chairman of the Executive Committee of Phinma Corp.

He is also a director of A. Soriano Corporation; First Philippine Holdings Corporation; Philex Mining Corporation; United Pulp and Paper Co., Inc.; Beacon Property Ventures, Inc.; Manila Cordage Company; Smart Communications, Inc.; Digital Telecommunications Philippines, Inc. (DIGITEL); Pueblo de Oro Development Corporation; Seven Seas Resorts and Leisure, Inc.; Asian Eye Institute; Rockwell Land Corporation; Araullo University, Inc.; Cagayan de Oro College, Inc.; University of Iloilo, Inc.; University of Pangasinan, Inc.; Southwestern University; PEN Holdings, Inc.; Microtel Inns & Suites (Pilipinas), Inc.; and Trans Asia Renewable Energy Corporation. Mr. Hilado is an Honorary Consul of Ecuador.

He was a Smith Mundt/Fullbright scholar at the Harvard Graduate School of Business where he obtained his Master's Degree in Business Administration in 1962. He is a Certified Public Accountant (CPA) with a Bachelor of Science in Commerce degree from the De La Salle College in Bacolod in 1958. He earned his Doctorate in Business Management, Honoris Causa, from the De La Salle University in 1992 and in 2003, attained his Doctorate of Law, Honoris Causa, from the University of St. La Salle. He was awarded the MAP Management Man of the Year in 1991.

SANTIAGO T. GABIONZA
INDEPENDENT DIRECTOR

Santiago T. Gabionza is 63 years old and is a Filipino. He was elected as an Independent Director to the Board of Directors on April 30, 2019 and as a member of the Corporate Governance and Compensation Committees.

Atty. Gabionza is a founding partner of Villanueva Gabionza and Dy Law Offices; a Fellow at the Institute of Corporate Directors; and a Member of the Board of Directors of various corporations. Atty. Gabionza is a member of the Asia Pacific Lawyers Association, Philippine Lawyers Literary Club, Inc., ASEAN Law Association of the Philippines, Philippine Trial Lawyers Association, and Philippine Bar Association. He is also a member of Club Filipino, Quezon City Sports Club, Mimosa Golf and Country Club, Tagaytay Highlands Country Club, The Tower Club and The Celebrity Club.

He was a former Director of the Legal Management Council of the Philippines and past Grand Master, Grand Lodge of Free and Accepted Masons of the Philippines.

He also served in various capacities, as: Legal Consultant for then Ministry of Human Settlements; Senior Associate Lawyer at Balgos & Perez Law Offices; former President of the Northern Power Development Corporation; Corporate Secretary/Rehabilitation Counsel of Victorias Milling Company, Inc.; Rehabilitation Receiver of Steel Corporation of the Philippines; former Consultant to the Secretary of the Department of National Defense; former Consultant of the Committee on Justice at the House of Representatives; former OIC-President, Member of the Board of Directors and Chairman of the Audit Committee of Maynilad Water Services, Inc. He was also a College Instructor at The Catanduanes College; a Professorial Lecturer at the Philippine School of Business Administration; a Lecturer at Business Law Journal; a staff of the Ateneo Law Journal; Associate Editor of The Lance - the official organ of Letran College; a past President of the Catandungan Foundation, Inc. and a former President of the Integrated Bar of the Philippines - Makati Chapter.

Atty. Gabionza graduated Summa Cum Laude with a Bachelor of Arts degree, major in Economics at Colegio de San Juan de Letran. He finished Second Honors with Bachelor of Laws at the Ateneo de Manila College of Law. He passed the Philippine Bar examinations in 1981.

ARLYN S. VILLANUEVA
INDEPENDENT DIRECTOR

Arlyn S. Villanueva is 64 years old and is a Filipino. She was elected as an Independent Director to the Board of Directors on April 30, 2019 and as Chairman of the Audit & Risk Committee.

Dr. Villanueva is a partner of accounting firm Sicangco Menor Villanueva CPAs (SMV). She sits as an independent director of the Metro Pacific Transport Corporation (MPTC), the transport group of the Metro Pacific conglomerate, since 2009 and the Manila North Tollways Corporation (MNTC) since 2014. She chairs the audit committees of both companies.

She is currently a member of the Professional Regulatory Commission's Board of Accountancy. She has been in practice for more than 35 years, with her field of competence being in audit and management consultancy. Dr. Villanueva is also involved in accreditation, performance evaluation, strategic planning and development, as well as forecasting and budgeting projects for academic institutions, being exposed to the academe for over 30 years.

In June 2014, she concluded her eight-year term as President of the Holy Angel University, which she had served for 33 years. Before she was appointed as University President in August 2006, she served as Dean and full professor of the College of Business & Accountancy for 25 years, and of the Graduate School for 10 years.

Dr. Villanueva was admitted as a Fellow of the Institute of Corporate Directors in August 2014.

She has held various positions at the Philippine Institute of Certified Public Accountants (PICPA), both at the local and national levels. She was President of the Philippine Association of Collegiate Schools of Business (PACSB) in 2005 and 2006. She is also a member of the Association of Certified Public Accountants in Education, the Management Association of the Philippines, the Philippine Marketing Association, and the International Council on Hotel, Restaurant and Institutional Education - Asia Chapter.

Dr. Villanueva obtained her Accounting degree (BSC) from Holy Angel University in Angeles City in 1977 and passed the CPA licensure examinations in 1978. She pursued her studies and took her Master's Degree in Business Management from the Ateneo Graduate School of Business in 1982. She took her Doctorate Degree in Business Administration from De La Salle Graduate School of Business where she graduated in 2003 "With Distinction".

In 2011, she pursued her post-doctorate studies and completed the Advance Management Program, a program designed for top executives from all over the world, at the Harvard Business School (AMP181) in Boston, Massachusetts; and in December 2014, she completed the one-year Challenges of Leadership Programme: Crafting Reflective Leaders at the Insead Business School in Fontainebleau, France.

Dr. Villanueva was awarded the Most Outstanding President of PICPA in 2004.

In 2010, she received the Outstanding CPA in Education Award, in recognition of her outstanding achievement and distinguished performance as an accounting educator. In 2012, she received the Honorary Life Member Award, given to a PICPA member whose outstanding contribution has national impact.

In May 2014, Dr. Villanueva was one of the Outstanding Filipino Mothers who was honored and recognized in the 21st Ulirang Ina Awards organized by the Mother's and Father's Day Foundation.

PROFILES
BOARD OF ADVISORS

SENEN C. BACANI
ADVISOR

Senen C. Bacani is 75 years old and is a Filipino. He was formerly a member of the Board of Directors and was elected as a member of the Board of Advisors on December 11, 2013.

Mr. Bacani is the President of Ultrex Management & Investments Corp.; Chairman & President of La Frutera, Inc.; Chairman of Trully Natural Food Corporation; a Director of Swift Foods, Inc.; a Private Sector Representative of APEC Policy Partnership on Food Security, ABAC Philippines; Director of the Philippine Chamber of Agriculture & Food, Inc., Icebox Logistics Services, Inc., Franklin Baker Co. of the Philippines; and a Member of the Board of Advisors of East-West Seed Philippines, Inc. and of the National Competitiveness Council.

He is also a member of the Board of Trustees of the Philippine Rice Research Institute, and the Vice-Chairman of the Technical Advisory Committee of the PCARRD (DOST). Mr. Bacani is also involved in various non-government and people's organizations.

He obtained his degree in Bachelor of Science in Commerce at the De La Salle University, graduating Summa Cum Laude and Class Valedictorian, and his Masters in Business Administration at the University of Hawaii, USA. He passed the CPA Board Exams in 1966.

VICENTE S. PEREZ
ADVISOR

Vicente S. Perez is 62 years old and is a Filipino. He was elected as a member of the Board of Advisors on March 25, 2009.

Mr. Perez is an avid environment advocate and renewable energy investor. He is CEO of Alternergy, a wind and mini-hydro power developer, and Chairman of Merritt Partners, an energy advisory firm, and Chairman of Solar Pacific, an off-grid island solar PV developer.

He has been an independent director of regional companies in Australia, the Philippines and Singapore. He is an independent director of ST Telemedia, the Temasek holding company for telecom, data centers and mobile technology, and is an Independent Board Adviser of Banco de Oro, the Philippines' largest commercial bank. He is a member of the Advisory Boards of Coca-Cola FEMSA Philippines, Geneva-based Pictet Clean Energy Fund, and the Yale Center for Business and Environment. His philanthropy involvements are focused on the environment. Mr. Perez is chairman of the National Advisory Council of WWF-Philippines and treasurer of the WWF-International Board, and a trustee/adviser of the Asian Conservation Foundation, Bhutan Foundation, Solar Energie Foundation and Solar Car Challenge Foundation. Mr. Perez was Philippine Energy Minister from 2001 to 2005. He boosted energy self- sufficiency, promoted clean indigenous energy, and crafted an ambitious renewable policy framework. He served briefly in early 2001 as Deputy Minister for Trade and Industry.

Prior to 2001, Mr. Perez had 17 years' experience first in Latin American debt restructuring at Mellon Bank in Pittsburgh, and later in debt trading, capital markets, and private equity in emerging countries at Lazard in London, New York and Singapore. At 35, he became General Partner at New York investment bank Lazard Frères as head of its Emerging Markets Group. He was Managing Director of Lazard Asia in Singapore from 1995 until 1997.

Mr. Perez founded Next Century Partners in 1997, a private equity firm based in Singapore. In 2000, he founded Asian Conservation Company that acquired El Nido Resorts, an award- winning eco-tourism destination in Palawan. In 2006, he invested in Northwind Power, the first commercial wind farm in Southeast Asia.

He has consulted for the Asian Development Bank (ADB), International Finance Corporation (IFC) and numerous firms on renewable energy. With his various involvements, the media has dubbed him as the Philippines' "renewable czar".

Mr. Perez obtained an MBA from the Wharton Business School of the University of Pennsylvania in 1983 and a Bachelor's Degree in Business Economics from the University of the Philippines in 1979. He was a 2005 World Fellow at Yale University, where he lectured an MBA class on renewable power in emerging countries.

BOARD COMMITTEES

EXECUTIVE COMMITTEE

Chairman:
Pedro E. Roxas

Members:
Manuel V. Pangilinan
Oscar J. Hilado (ID)

AUDIT & RISK COMMITTEE

Chairman:
Arlyn S. Villanueva

Members:
Christopher H. Young
Oscar J. Hilado (ID)

CORPORATE GOVERNANCE COMMITTEE

Chairman:
Mr. Oscar J. Hilado (ID)

Members:
Pedro E. Roxas
Santiago T. Gabionza (ID)

COMPENSATION COMMITTEE

Chairman:
Manuel V. Pangilinan

Members:
Santiago T. Gabionza
Oscar J. Hilado (ID)

CORPORATE
OFFICERS

1. **PEDRO E. ROXAS**
   Chairman
2. **MANUEL V. PANGILINAN**
   Vice Chairman
3. **CELSO T. DIMARUCUT**
   President & CEO
4. **CYNTHIA L. DELA PAZ**
   Corporate Secretary
5. **GEORGE T. CHEUNG**
   Executive Vice President/Chief Commercial Operations/Chief Risk Officer
6. **MA. HAZEL L. RABARA-RETARDO**
   Treasurer/Vice President
   Head - Legal & Treasury
7. **PILIPINO T. CAYETANO**
   Vice President/Chief Manufacturing Officer - CADPI & SCBI/Chief Compliance Officer
8. **FREDERICK E. REYES**
   Vice President - Human Resources/
   Chief Governance Officer
9. **VERONICA C. CORTEZ**
   Vice President - Finance & Administration
   Deputy Risk Officer
   Data Privacy Officer
10. **JAYNEL R. SULANGI**
    Vice President/Head - Information & Communications Technology
11. **JULIUS G. RUGAS**
    Vice President/Head - Refined Sugar Operations - CADPI
12. **JOSE MANUEL D. MAPA**
    Vice President/General Manager
    RHI Agri-business Development Corporation
13. **JAYPEE V. JIMENEZ**
    Assistant Vice President/Head
    Procurement & Materials Management
14. **JOSEPHINE M. LOGROÑO**
    Assistant Vice President/Head - Internal Audit
15. **AIMEE E. PEDAYO**
    Assistant Corporate Secretary
    Manager, Legal
    Deputy Compliance Officer

SEC Reg. No. 15-A

ROXAS HOLDINGS, INC.

ROXAS HOLDINGS, INC.
14F, Net One Center, 26th St. cor. 3rd Avenue,
Bonifacio Global City, Taguig, Metro Manila

(632) 8771-7800
Telephone Number

30 September 2020
Fiscal Year Ending

Notice of Annual Meeting of Stockholders

\- and -

SEC FORM 20 IS
Information Statement
Pursuant to Rule 20 of the
Securities Regulation Code

ROXAS HOLDINGS, INC.

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

NOTICE IS HEREBY GIVEN that the annual meeting of stockholders of **ROXAS HOLDINGS, INC.** will be conducted virtually via https://asm2021.rhi.com.ph/ on Wednesday**, March 17, 2021** at **10:00 o'clock in the morning** with the following Agenda:

(1) Call to Order
(2) Certification of Notice and Quorum
(3) Approval of the Minutes of the Annual Meeting of Stockholders held on June 4, 2020
(4) Presentation and Approval of the Annual Report to Stockholders
(5) Ratification of All Acts and Resolutions of the Board of Directors and Management
(6) Election of the Board of Directors
(7) Appointment of External Auditor and Fixing its Remuneration
(8) Other Matters
(9) Adjournment

The Board of Directors has fixed the close of business on January 8, 2021 as the Record Date for the determination of stockholders entitled to notice of and to vote at the Annual Meeting of Stockholders.

Given the current circumstances, stockholders may only attend the meeting by remote communication, by voting in absentia, or by appointing the Chairman of the meeting as proxy.

Duly accomplished proxies shall be submitted on or before March 5, 2021 to the Office of the Assistant Corporate Secretary at the 14F Net One Center, 26th St. cor. 3rd Avenue, Bonifacio Global City, Taguig, Metro Manila or by email to: corporatesecretary@rhi.com.ph. Validation of proxies is set for March 10, 2021 at 2:00 p.m.

Stockholders intending to participate by remote communication should notify the Corporation by email to corporatesecretary@rhi.com.ph on or before March 5, 2021.

Stockholders may vote electronically in absentia, subject to validation procedures.

The explanation on the Agenda items and the procedures for participating in the meeting through remote communication and for casting their votes in absentia are set forth in the Information Statement.

Copies of the Information Statement and Management Report, the Annual Report of the Company and other pertinent documents necessary under the circumstances are available in the Company's website and PSE Edge. The Notice of the Meeting shall also be published in the business section of two (2) newspaper of general circulation, in print and online format, for two (2) consecutive days no later than twenty-one (21) days prior to the date of the Annual Meeting of the Stockholders.

In compliance with the SEC Advisory dated May 6, 2015, a copy of the Interim Unaudited Financial Statements of the Company as of and for the quarter ended December 31, 2020 with Management Discussion and Analysis shall be posted in the website of the Company, as may be available under the SEC rules. A hard copy of the same Interim Unaudited Financial Statements will be provided to any requesting shareholder, free of charge, as soon as said Interim Unaudited Financial Statements becomes available.

AIMEE E. PEDAYO
Assistant Corporate Secretary

February 8, 2021

EXPLANATION OF AGENDA ITEMS

Call to order

The Chairman will formally open the meeting at approximately 10:00 o' clock in the morning.

Certification of notice and quorum (and rules of conduct and procedures)

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

Pursuant to Sections 57 and 23 of the Revised Corporation Code which allow voting *in absentia* by the stockholders, the Corporation has set up a designated online web address which may be accessed by the stockholders to register and vote *in absentia* on the matters presented for resolution at the meeting. A stockholder who votes *in absentia* as well as a stockholder participating by remote communication shall be deemed present for purposes of quorum.

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

(i) Stockholders may attend the meeting remotely through the online web address (URL) provided. Questions and comments may be sent prior to or during the meeting at corporatesecretary@rhi.com.ph and shall be limited to the Items in the Agenda. The Company will endeavor to answer all questions submitted prior to and in the course of the meeting, or separately through the Company's Investor Relations Office within a reasonable period after the meeting.

(ii) Each of the proposed resolutions will be shown on the screen during the live streaming as the same is taken up at the meeting.

(iii) Stockholders must notify the Company of their intention to participate in the Meeting by remote communication to be included in determining quorum, together with the stockholders who voted *in absentia* and by proxy.

(iv) Voting shall only be allowed for Stockholders registered in the Electronic Voting in Absentia system or through the Chairman of the meeting as proxy.

(v) Stockholders voting *in absentia*, who have previously registered, may cast their votes electronically at any time after validation, using such online web address prior to or during the meeting.

(vi) All the items in the Agenda for the approval by the stockholders will need the affirmative vote of stockholders representing at least a majority of the issued and outstanding voting stock present at the meeting.

(vii) Election of directors will be by plurality of votes and every stockholder will be entitled to cumulate his votes.

(ix) The Office of the Corporate Secretary will tabulate all votes received and report the results of voting, immediately after the meeting.

(x) The meeting proceedings shall be recorded in audio and video format.

Approval of minutes of previous meeting

The minutes of the meeting held on June 4, 2020 are available at the Company's website, www.roxasholdings.com.ph.

Annual report

The Chairman, Mr. Pedro E. Roxas, and the President and Chief Executive Officer, Mr. Celso T. Dimarucut will report on the performance of the Company for Fiscal Year ending September 30, 2020.

The Company's Annual Report contains the "Message from the Chairman" and the "Message from the President and CEO". Copies of the Annual Report shall be available in the Company's website, www.roxasholdings.com.ph.

The Audited Financial Statements as of September 30, 2020 (AFS) is embodied in the Information Statement to be sent to the stockholders at least twenty-one days prior to the meeting.

Ratification of the acts of the Board of Directors and Officers

The actions of the Board and its committees were those taken since the annual stockholders' meeting on June 4, 2020 until March 17, 2021. The acts of the officers were those taken to implement the resolutions of the Board or its committees or made in the general conduct of business. A detailed list is provided in the Information Statement.

Election of directors (including the independent directors)

The Corporate Governance Committee of the Board would have evaluated and determined that the nine (9) nominees for directors, including the nominees for independent directors, have all the qualifications and competence necessary for the effective performance of the Board's roles and responsibilities, and none of the disqualifications to serve as members of the Board.

The profiles of the nominees to the Board are provided in the Information Statement.

Election of external auditor and fixing of its remuneration
The Audit Committee of the Board will endorse to the stockholders the election of the external auditor for the ensuing year as well as its proposed remuneration. The external auditor conducts an independent verification of the Company's financial statements and provides an objective assurance on the accuracy of its financial statements.

The profile of the external auditor is provided in the Information Statement.

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

SAMPLE PROXY

The undersigned stockholder of **ROXAS HOLDINGS, INC.** (the "Company") hereby appoints ______________________________ or the Chairman of the meeting, as *attorney-in-fact* and *proxy*, to represent and vote all shares registered in his/her/its name at the annual meeting of stockholders of the Company on March 17, 2021 and at any of the adjournments thereof for the purpose of acting on the following matters:

1. Approval of the minutes of previous meeting dated June 4, 2020

☐ For ☐ Against ☐ Abstain

2. Annual report and Management report for Fiscal year ending September 30, 2020

☐ For ☐ Against ☐ Abstain

3. Ratification of the acts of the Board of Directors and Officers

☐ For ☐ Against ☐ Abstain

4. Election of directors

☐ For all the nominee directors, please distribute my votes equally among the nominees

☐ For the following nominees only (Note: Total votes cast should not exceed number of shares held by stockholder multiplied by the number of directors to be elected)

	Number of shares:
Pedro E. Roxas	____________
Manuel V. Pangilinan	____________
Celso T. Dimarucut	____________
Christopher H. Young	____________
Ray C. Espinosa	____________
Alex Erlito S. Fider	____________
Independent Directors:	
Oscar J. Hilado	____________
Arlyn S. Villanueva	____________
Santiago T. Gabionza, Jr.	____________

☐ Abstain

5. Election of SyCip Gorres Velayo & Co. as the external auditor for Fiscal Year 2020-2021

☐ For ☐ Against ☐ Abstain

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

PRINTED NAME OF STOCKHOLDER

SIGNATURE OF STOCKHOLDER

DATE

THIS PROXY SHOULD BE RECEIVED BY THE CORPORATE SECRETARY ON OR BEFORE **MARCH 5, 2021**, THE DEADLINE FOR SUBMISSION OF PROXIES. FOR CORPORATE STOCKHOLDERS, PLEASE ATTACH TO THIS PROXY FORM THE SECRETARY'S CERTIFICATE ON THE AUTHORITY OF THE SIGNATORY TO APPOINT THE PROXY AND SIGN THIS FORM.

THIS PROXY, WHEN PROPERLY EXECUTED, WILL BE VOTED IN THE MANNER AS DIRECTED HEREIN BY THE STOCKHOLDER(S). IF NO DIRECTION IS MADE, THIS PROXY WILL BE VOTED FOR THE ELECTION OF ALL NOMINEES AND FOR THE APPROVAL OF THE MATTERS STATED ABOVE AND FOR SUCH OTHER MATTERS AS MAY PROPERLY COME BEFORE THE MEETING IN THE MANNER DESCRIBED IN THE INFORMATION STATEMENT AND/OR AS RECOMMENDED BY MANAGEMENT OR THE BOARD OF DIRECTORS.

A STOCKHOLDER GIVING A PROXY HAS THE POWER TO REVOKE IT AT ANY TIME BEFORE THE RIGHT GRANTED IS EXERCISED.

NOTARIZATION OF THIS PROXY IS NOT REQUIRED.

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 : **ROXAS HOLDINGS, INC.**

3. Province, country or other jurisdiction of incorporation or organization : Philippines

4. SEC Identification Number : 15 - A

5. BIR Tax Identification Code : 000-290-538

6. Address of principal office : 14F, Net One Center, 26th Street cor. 3rd Avenue, Bonifacio Global City, Taguig, Metro Manila

7. Registrant's telephone number : (632) 8771-7800

8. Date, time and place of meeting of security holders : March 17, 2021
   10:00 am
   Remote communication

9. Approximate date on which the Proxy Statement is first to be sent or given to security holders February 23, 2021

10. Securities registered pursuant to Sections 8 and 12 of the Code as of 30 September 2020.

Title of Each Class	Number of Shares of Stock Outstanding And Amount of Debt Outstanding
Common	1,547,935,799
Debt	None registered

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

    Yes _/_ No ____

    If so, disclose name of the Exchange : Philippine Stock Exchange

ROXAS HOLDINGS, INC.
INFORMATION STATEMENT

GENERAL INFORMATION

WE ARE NOT ASKING YOU FOR A PROXY AND YOU ARE REQUESTED NOT TO SEND US A PROXY.

DATE, TIME AND PLACE OF MEETING OF SECURITY HOLDERS

Date	:	March 17, 2021
Time	:	10:00 am
URL	:	https://asm2021.rhi.com.ph/
Address of principal office of the company	:	14F Net One Center, 26th Street corner 3rd Avenue, Bonifacio Global City, Taguig, Metro Manila
Approximate date on which the Information Statement is first to be sent or given to security holders	:	February 23, 2021

DISSENTER'S RIGHT OF APPRAISAL

A dissenting stockholder shall have the right of appraisal in the instances authorized under Sec. 80 of the Revised Corporation Code and in accordance with the procedure set out in Sec. 81 of the same Code. There are no matters included in the Agenda of the meeting which would give rise to an exercise of the right of appraisal.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

The incumbent directors and officers of the company, since the beginning of the last fiscal year, do not have substantial interest, direct or indirect, by security holdings or otherwise, in any matter to be acted upon other than election to office. None of the incumbent directors, who are all nominated for re-election informed in writing that he intends to oppose any action to be taken during the annual meeting of shareholders.

CONTROL AND COMPENSATION INFORMATION

VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

a) The number of shares outstanding and entitled to vote at the stockholders' meeting is 1,547,935,799 common shares.

b) The record date for the purpose of determining stockholders entitled to vote at the annual meeting of shareholders is January 8, 2021.

c) Stockholders are entitled to a cumulative voting in the election of directors. Section 23 of the Revised Corporation Code of the Philippines provides that every stockholder entitled to vote shall have the right to vote, in person or by proxy, the number of shares of stock standing, at the time fixed in the by-laws, in his own name in the stock books of the corporation, or where the by-laws are silent, at the time of the election and the stockholder may vote such number of shares for as many persons as there are directors to be elected or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them, on the same principle, among as many candidates as he shall see fit.

For all other matters to be acted upon, each share is entitled to one (1) vote.

d) Security ownership of certain record and beneficial owners and management.

(1) Security ownership of certain record and beneficial owners of more than 5% of Registrant securities as of January 8, 2021

Title of Class	Name and Address of Owner	Number and Nature of Ownership (Indicate Record and/or Beneficial)		Percent of Class
Common	Roxas & Company, Inc. 7/F CG Building, 101 Aguirre St., Legaspi Village, Makati City (Shareholder)	318,341,705	Record and Beneficial	20.57%
Common	First Pacific Natural Resources Holdings BV Prins Bernhardplein 200, 1097 JB Amsterdam, The Netherlands (Shareholder)	505,667,566	Beneficial	32.67%
Common	First Agri Holdings Corp. 10th Floor, MGO Building, De la Rosa cor Legaspi St., Makati City (Shareholder)	467,854,834	Beneficial	30.22%
Common	PCD Nominee Corp. 37F Tower 1 The Enterprise Center, Ayala Ave., Makati City (Shareholder)	445,747,616	Beneficial	38.71%

The members of the Board of Directors of Roxas & Co., Inc. (RCI) are Pedro E. Roxas, Santiago R. Elizalde, Francisco R. Elizalde, Fernando L. Gaspar, Guillermo D. Luchangco, Mr. Aurelio R. Montinola III and Corazon De La Paz-Bernardo. Collectively, they have the power to decide how the shareholdings of RCI in RHI shall be voted. Pedro E. Roxas is authorized to vote the shares of RCI in the annual meeting. Manuel V. Pangilinan or Christopher H. Young or Celso T. Dimarucut are authorized to vote the shares of First Pacific Natural Resources Holdings BV and First Agri Holdings Corp.

(2) Security Ownership of Management as of January 8, 2021.

The following are the number of shares owned of record by the Directors and the President & Chief Executive Officer (PCEO) and the percentage of shareholdings of each:

Title of Class	*Name of Beneficial Owner*	*Citizenship*	*Number and Nature of Ownership*	*Percent of Class*
Common	Pedro E. Roxas Chairman of the Board	Filipino	1,026,640 (r & b)	0.0004 %
Common	Manuel V. Pangilinan Vice-Chairman of the Board	Filipino	61,547 (r)	0.0000 %
Common	Celso T. Dimarucut President/CEO	Filipino	50,000 (b)	0.0000%

Title of Class	Name of Beneficial Owner	Citizenship	Number and Nature of Ownership	Percent of Class
Common	Ray C. Espinosa Director	Filipino	430,831 (r & b)	0.0002 %
Common	Alex Erlito S. Fider Director	Filipino	50,000 (r)	0.0000 %
Common	Santiago T. Gabionza Independent Director	Filipino	50,000 (b)	0.0000 %
Common	Christopher H. Young Director	British	61,547 (r)	0.0000 %
Common	Oscar J. Hilado Independent Director	Filipino	50,000 (b)	0.0000 %
Common	Arlyn S. Villanueva Independent Director	Filipino	50,000 (b)	0.0000 %
	TOTAL		1,830,565 (r & b)	0.0006%

(3) Voting Trust Holders of 5% or More.

The company is not aware of any voting trust or similar arrangements among persons holding more than 5% of a class of shares.

(4) Change in Control.

First Pacific Natural Resources Holdings BV and its Philippine affiliate, First Agri Holdings Corporation (the First Pacific Group), have acquired a total of 973,522,400 common shares corresponding to 62.89% equity ownership in the company. The total equity ownership of Roxas and Company, Inc. (RCI) is 20.57%.

Market information

The high and low prices of ROX shares for each quarter of fiscal years 2020, 2019, and 2018, and the first quarter of FY 2021, as reported by the PSE, are shown below:

	FY2021		FY2020		FY2019		FY2018	
Quarter	High	Low	High	Low	High	Low	High	Low
1	1.84	1.62	2.35	1.74	1.87	1.83	4.13	4.00
2			1.84	1.38	1.83	1.77	3.42	3.28
3			1.67	1.28	1.72	1.69	2.86	2.82
4			2.36	1.33	2.45	2.08	2.19	2.14

As of February 5, 2021, the closing price of RHI's shares is ₱1.61 per share.

Stockholders

There were about 2,079 holders of the Company's common shares as of January 8, 2021. The top twenty (20) holders of the common shares as of said date were:

	Stockholder	Nationality	Total No. of Shares	%
1.	PCD Nominee Corporation	Filipino	902,980,503	57.68
2.	PCD Nominee Corporation	Non-Filipino	523,821,839	33.46
3.	Roxas and Company, Inc.	Filipino	99,624,995	6.36
4.	Insular Life Assurance Co., Ltd.	Filipino	1,198,520	0.08
5.	Jose A. Manzano Jr.	Filipino	1,029,007	0.07
6.	Gilbert Liu	Filipino	1,014,000	0.07

	Stockholder	Nationality	Total No. of Shares	%
7.	Emilio Pantoja	Filipino	785,078	0.05
8.	Armando M. Medina	Filipino	770,640	0.05
9.	Leonardo T. Siguion Reyna	Filipino	608,400	0.04
10.	Raul S. Roco	Filipino	486,720	0.03
11.	O. Ledesma & Co., Inc.	Filipino	446,160	0.03
12.	BMI Holdings Corporation	Filipino	431,964	0.03
13.	Antonio G. Nieto	Filipino	367,450	0.02
14.	Corona Realty & Development Corporation	Filipino	365,040	0.02
15.	Lorna Perez Laurel	Filipino	354,900	0.02
16.	Abel Z. Silva III	Filipino	354,900	0.02
17.	Elaine Villar Rivilla	Filipino	346,788	0.02
18.	Rodolfo W. Antonino	Filipino	338,000	0.02
19.	Emma Lopez	Filipino	324,804	0.02
20.	Evelina M. Boongaling	Filipino	321,214	0.02
	Subtotal		1,535,970,922	99.13

The total number of common shares owned by foreigners is 524,002,846 shares or 33.85% of the total outstanding common shares of the Company.

DIRECTORS AND OFFICERS

a) Nominees for election to the Board of Directors.

The following have been nominated for election to the Board of Directors:

Messrs. Pedro E. Roxas, Manuel V. Pangilinan, Celso T. Dimarucut, Ray C. Espinosa, Alex Erlito S. Fider, Christopher H. Young, Oscar J. Hilado (Independent Director), Arlyn S. Villanueva (Independent Director) and Santiago T. Gabionza, Jr. (Independent Director) have been nominated for election to the Board of Directors.

Messrs. Oscar J. Hilado and Santiago T. Gabionza, Jr., and Ms. Arlyn S. Villanueva are nominees and are eligible for election as Independent Directors of the company in accordance with Rule 38.1 of the Implementing Rules and Regulations of the Revised Securities Regulation Code, SEC Memorandum Circular No. 16, Series of 2006 and SEC Memorandum Circular No. 9, Series of 2011 and the revised Manual on Corporate Governance.

b) Procedure for nomination and election of directors.

Chapter III of the By-Laws of the Corporation provides:

Article 13.0. Qualifications and Disqualifications for Directors. - Any stockholder having at least fifty thousand (50,000) shares registered in his name may be elected as Director, provided, however, that any stockholder who possesses any of the disqualifications enumerated in the Manual on Corporate Governance which was approved and adopted by the Board of Directors of the Corporation on 25 September 2002, including any amendments thereto, shall be disqualified from being elected as a Director of the Corporation; Provided, moreover, that no person shall qualify or be eligible for nomination or election to the Board of Directors if he is engaged in any business which competes with or is antagonistic to that of the corporation.

Article 14.0. Nominations for Director. - In addition to the right of the Board of Directors of the Corporation to make nominations for the election of Directors, nominations for the election of Directors may be made by any shareholder entitled to vote for the election of Directors if that shareholder complies with all of the provisions of this Article.

1.0. Nominations shall be received by the Chairman of the Board of Directors (which nominations may be sent to the Chairman through the Secretary of the Corporation) at least fifteen (15) working days prior to any meeting of the shareholders called for the election of Directors.

2.0. Each nomination under Article 14.0, par. 1.0, shall set forth (i) the name, age, business address, and, if known, residence address of each nominee, (ii) the principal occupation or employment of each nominee, (iii) the number of shares of stock of the corporation which are beneficially owned by each such nominee, and (iv) the interests and positions held by each nominee in other corporations. In addition, the shareholder making such nominations shall promptly provide any other information reasonably requested by the corporation.

3.0. The Board, by a majority vote, unless a greater majority is required under these By-Laws, may, in its discretion, determine and declare that a nomination was not made in accordance with the foregoing procedures, and/or that a nominee is disqualified for election as Director under these By-Laws and if the Board should so determine, the defective nomination and the nomination of a disqualified person shall be disregarded.

Moreover, the Manual on Corporate Governance of the corporation provides:

3.1. Qualifications of Directors

3.1.1. In addition to the qualifications for membership in the Board as provided for in the By-Laws of the Company, the Revised Corporation Code, Securities Regulation Code and other relevant laws, the Board may provide for additional qualifications which may include, among others, the following:

3.1.1.1. College education or equivalent academic degree;

3.1.1.2. Practical understanding of the business of the Company;

3.1.1.3. Membership in good standing in relevant industry, business or professional organizations; and

3.1.1.4. Previous business experience.

3.2 Board Committees.

The Board shall maintain the following Committees to assist it in good corporate governance:

3.2.1 Executive Committee

The Executive Committee shall be composed of three (3) Directors to be elected by the Board. The Executive Committee shall have the functions that the Board will delegate.

3.2.2 Corporate Governance Committee

The Board shall establish a Corporate Governance Committee that is tasked to assist the Board in the performance of its corporate governance responsibilities, including the functions that were formerly assigned to a Nomination and Remuneration Committee. It shall be composed of at least three members, all of whom should be independent directors including the Chairman, or at least a majority thereof.

3.3.3. Audit and Risk Committee

The committee should be composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman, should be independent. All of the members of the committee must have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance. The Chairman of the Audit Committee should not be the chairman of the Board or of any other committees.

3.3.4 Compensation Committee

The Compensation Committee shall consist of at least three (3) voting Directors, one (1) of whom must be an independent director.

c) Board of Directors and Officers.

Board of Directors & Corporate Secretary

Pedro E. Roxas is 64 years old and is a Filipino. He has been a member of the Board of Directors since year 1982. Mr. Roxas is the Chairman of the Board of Directors and is the Chairman of the Executive Committee and a member of the Corporate Governance Committee. He was elected as Acting President & Chief Executive Officer of the company on October 23, 2015. He is also the Chairman of the operating subsidiaries of the company, namely: Central Azucarera Don Pedro, Inc. (CADPI), Central Azucarera de la Carlota, Inc. (CACI), Roxol Bioenergy Corporation (RBC), San Carlos Bioenergy, Inc.(SCBI), and RHI Agri-Business Development Corporation (RHI-ADC).

Mr. Roxas is likewise the Executive Chairman of Roxas & Co., Inc. (RCI) and was the company's President and CEO until 2016; the Chairman of the Philippine Sugar Millers Association (PSMA); the Vice Chairman of the Asean Sugar Alliance; the President of Club Punta Fuego Inc. and of Fundación Santiago; an Independent Director of listed companies: Philippine Long Distance Telephone Company (PLDT) and Manila Electric Company (Meralco) and of non-listed firms: Banco de Oro (BDO) Private Bank, CEMEX Holdings, Philippines, Inc. and MAPFRE Insular; a Director of Brightnote Assets Corporation; a Trustee of Philippine Business for Social Progress (PBSP) and of Roxas Foundation, Inc. (RFI); and a Member of the Equestrian Directorate of Manila Polo Club.

Mr. Roxas was educated at Portsmouth Abbey School, Rhode Island, USA, and at the University of Notre Dame in Indiana, USA where he obtained his degree in Business Administration.

Manuel V. Pangilinan is 74 years old and is a Filipino. He was elected to the Board of Directors on December 3, 2013 and is the Vice-Chairman of the Board of Directors, a member of the Executive Committee and the Chairman of the Compensation Committee. Mr. Pangilinan founded First Pacific Company Limited in 1981 and served as its Managing Director until 1999. He was appointed Executive Chairman until June 2003 when he was named as CEO and Managing Director. He holds the position of President Commissioner of P. T. Indofood Sukses Makmur Tbk, the largest food company in Indonesia.

In the Philippines, Mr. Pangilinan is the Chairman, President & CEO of PLDT, Inc. (PLDT). He is also the Chairman of Smart Communications, Inc. (Smart), Metro Pacific Investments Corporation (MPIC), Manila Electric Comany (Meralco), ePLDT, Inc., PLDT Communications and Energy Ventures, Inc. (formerly Pilipino Telephone Corporation, Maynilad Water Services, Inc., Metro Pacific Tollways Corporation), Philex Mining Corporation, PXP Energy Corporation, Landco Pacific Corporation, Medical Doctors, Inc. (Makati Medical Center), Davao Doctors, Inc. and Colinas Verdes Corporation (Cardinal Santos Medical Center), Mediaquest Holdings, Inc. and Associated Broadcasting Corporation (TV5).

He was formerly Chairman of the Board of Trustees of the Ateneo de Manila Univerity and was a member of the Board of Overseers of the Wharton School. In civic duties, Mr. Pangilinan sits as Chairman of the Philippine Business for Social Progress (PBSP), PLDT-Smart Foundation Inc., One Meralco Foundation, Inc., and Co-Chairman of the Philippine Disaster Resilience Foundation (PDRF), and is a Director of the Philippine Business for Education (PBED). He is Chairman of the Board of Trustees of San Beda College, Co-Chairperson of the Board of Trustees of Stratbase Albert de Rosario Institute and Co-Chairman of the U.S.-Philippine Society.

In sports, Mr. Pangilinan is Chairman of the MVP Sports Foundation Inc., Chairman Emeritus of the Samahang Basketbol ng Pilipinas and Chairman of the Amateur Boxing Association of the Philippines (ABAP).

Mr. Pangilinan has received numerous prestigious awards including Ten Outstanding Young Men of the Philippines (TOYM) Award for International Finance (1983), The Presidential Pamana ng Pilipino Award by the Office of the President of the Philippines (1996), Best CEO in the Philippines by the Institutional Investor (2004), CEO of the Year (Philippines) by Biz News Asia (2004), People of the Year by People Asia Magazine (2004), Distinguished World Class Businessman Award by the Association of Makati Industries, Inc. (2005), Management Man of the Year by the Management Association of the Philippines (2005), and Order of Lakandula (Rank of Komandante) by the Office of the President of the Philippines (2006).

He was voted as Corporate Executive Officer of the Year (Philippines) and Best Executive (Philippines) at the 2007 and 2008 Best-Managed Companies and Corporate Governance Polls conducted by Asia_Money. Mr. Pangilinan also received the Best CEO award from Finance Asia Magazine (2012) and the Executive of the Year Award from the Philippine Sports Writers Association (PSA) (2014). In July 2015, Jaycees Philippines and the Asian Institute of Management (AIM) conferred him the 2015 Ramon V. del Rosario (RVR) Lifetime Achievement Award for his outstanding contributions to nation-building and exemplary corporate citizenship.

Mr. Pangilinan graduated cum laude from the Ateneo de Manila University, with a Bachelor of Arts degree in Economics. He received his MBA degree from the Wharton School at the University of Pennsylvania. He was awarded the First Honorary Doctorates Degree in Management by the Asian Institute of Management in 2016, Honorary Doctorates in Science by the Far Eastern University in 2010, and in Humanities by the Holy Angel University in 2008, by Xavier University in 2007 and by San Beda College in 2002 in the Philippines.

Celso T. Dimarucut is 59 years old and is a Filipino. He was formerly appointed as EVP-CFO and Group Head of Finance last December 1, 2015 and recently appointed as the President and Chief Executive Officer of RHI last December 16, 2020.

Mr. Dimarucut, prior to joining the company, served as Senior Executive Vice President and Chief Finance Officer of Landco Pacific Corporation and its subsidiaries, Senior Vice President and Group Chief Finance Officer of Mediaquest Holdings, Inc. and its subsidiaries, Senior Vice President and Group Chief Finance Officer of ePLDT, Inc. and Subsidiaries, First Vice President and Group Controller of PLDT Group, First Vice-President and Group Financial Controller for domestic subsidiaries of Metropolitan Bank & Trust Company and Finance Head of Pilipino Telephone Corporation (Piltel). Mr. Dimarucut has more than 10 years of professional audit and business advisory experience gained from SyCip, Gorres Velayo & Co. and Prasetio Utomo & Co. (Jakarta, Indonesia). He graduated Cum Laude at the Polytechnic University of the Philippines with a degree of BS Commerce Major in Accounting. He is a Certified Public Accountant (CPA).

Christopher H. Young is 63 years old and is a British citizen. He was elected as a member of the Board of Directors on May 13, 2015 and as a member of the Audit & Risk Committee on August 19, 2015.

Mr. Young is the Executive Director and Chief Financial Officer of First Pacific Company Limited in Hong Kong. He is currently a Director of Metro Pacific Investments Corporation, Goodman Fielder Pty Limited, PacificLight Power Pte. Ltd., and FPM Power Holdings Limited. He is also a member of the Advisory Board of PLDT, Inc. Mr. Young is also a Commissioner of PT Indofood Sukses Makmur Tbk and a Trustee of IdeaSpace Foundation, Inc.

He worked for PricewaterhouseCoopers in London and Hong Kong from 1979 until 1987, at which time he joined First Pacific as Group Financial Controller. Mr. Young moved to Metro Pacific Corporation in 1995 as Finance Director until November 1998 when he became the Chief Financial Advisor of PLDT. He returned to First Pacific as Chief Financial Officer in 2015 and as a member of the Board in August 2017.
Mr. Young graduated at the Waid Academy at Fife, Scotland. He finished his Master of Arts in Economics with Honors at St. Andrews University. He has been a member of the Institute of Chartered Accountants in England and Wales since 1982.

Ray C. Espinosa is 64 years old and is a Filipino. He was elected to the Board of Directors on December 3, 2013. Atty. Espinosa is an Associate Director of First Pacific Company Limited. He is a Director of PLDT Inc., Smart Communications, Inc., Manila Electric Company (Meralco), Metro Pacific Investments Corporation, Meralco PowerGen Corporation, First Agri Holdings Corporation and First Coconut Manufacturing Inc. He also serves as an Independent Director of Lepanto Consolidated Mining Company (Lepanto) and Maybank Philippines, Inc. (Maybank Philippines). He is the Chairman of the Audit Committee and Nomination Committee of Lepanto and the Risk Management Committee of Maybank Philippines.

Atty. Espinosa is the President and Chief Executive of Meralco, the Chief Corporate Services Officer of PLDT and Smart, and Head of PLDT's Regulatory and Strategic Affairs Office. He is also a Trustee of the Beneficial Trust Fund of PLDT. He is the Chairman of PhilStar Daily, Inc. and BusinessWorld Publishing, Inc. He is the Vice Chairman of First Agri Holdings, Inc. and First Coconut Manufacturing, Inc. He is also the President and Chief Executive Officer of Mediaquest Holdings, Inc.

He joined First Pacific in 2013. He is currently First Pacific Group's Head of Government and Regulatory Affairs and Head of Communications Bureau for the Philippines. Prior to joining the PLDT Group in 2000, Atty. Espinosa was a law partner at SyCip Salazar Hernandez & Gatmaitan, the largest law firm in the Philippines, until June 2000 and was a member of the firm's Executive Committee. He was a law lecturer at the Ateneo de Manila School of Law from 1983 to 1985 and in 1989. After finishing his Master of Laws degree, he worked as a foreign associate in Covington & Burling, the largest law firm in Washington, D.C., USA, from September 1987 to August 1988.

He is a member of the Integrated Bar of the Philippines, Philippine Bar Association, and Inter-Pacific Bar Association. He is also a member of the Executive Committee of LAWASIA Energy Section. Asia Law & Practice, Euromoney and The Asia Pacific Legal 500 named Atty. Espinosa as one of the leading capital market lawyers, and among the leading project finance lawyers, in the Philippines from 1996 to 2002.

Atty. Espinosa finished his Bachelor of Laws degree at the Ateneo de Manila University, graduating Salutatorian, and his Master of Laws degree at the University of Michigan Law School. He took up Bachelor of Science in Pre-Medicine at the University of Santo Tomas. Atty. Espinosa placed first in the Philippine Bar Examinations of 1982, and was a Fellow of the University of Michigan Law School's Clyde Alton Dewitt Scholarship Foundation.

Alex Erlito S. Fider is 67 years old and is a Filipino. He was elected to the Board of Directors on December 3, 2013. His legal experience spans 30 years of involvement in corporate transactions and projects. His legal work extends to an array of corporate and financial matters to companies involved in public infrastructure, water, and power utilities, telecommunications, mass media, banking and finance, real estate development, and agriculture. He is a specialist in the various fields of commercial, civil, telecommunications and public utilities law. Atty. Fider is a Director and Corporate Secretary of several Philippine corporations, including Metro Pacific Tollways Corporation, Metro Pacific Tollways Development Corporation, Manila North Tollways Corporation, Tollways Management Corporation, Smart Communications, Inc. and Maynilad Water Services, Inc. He is actively involved in the Financial Executives Institute of the Philippines (FINEX) and Institute of Corporate Directors of which he is a Fellow. He is a member of the Board of Trustees of non-profit organizations like the Metropolitan Manila Cathedral Basilica Foundation and TV 5 Alagang Kapatid Foundation.

Atty. Fider graduated from the University of the Philippines with degrees in Economics and Law. He was admitted to the Philippine Bar in 1985 and undertook specialized courses in Strategic Economics and Corporate Governance in the Philippines and Australia, respectively.

Oscar J. Hilado is 83 years old and is a Filipino. He has been a member of the Board of Directors since May 11, 2016. Mr. Hilado is the Lead Independent Director and is the Chairman of the Corporate Governance Committee. He is also a member of the Executive, Audit and Compensation Committees.

He is the Chairman of the Board of Philippine Investment Management (PHINMA), Inc.; Phinma Corp.; Phinma Energy Corporation; Phinma Property Holdings Corp.; and Union Galvasteel Corporation.

Mr. Hilado is also the Vice Chairman of Trans Asia Power Generation Corporation and Trans-Asia Petroleum Corporation.

He is the Chairman of the Executive Committee of Phinma Corp.

He is also a director of A. Soriano Corporation; First Philippine Holdings Corporation; Philex Mining Corporation; United Pulp and Paper Co., Inc.; Beacon Property Ventures, Inc.; Manila Cordage Company; Smart Communications, Inc.; Digital Telecommunications Philippines, Inc. (DIGITEL); Pueblo de Oro Development Corporation; Seven Seas Resorts and Leisure, Inc.; Asian Eye Institute; Rockwell Land Corporation; Araullo University, Inc.; Cagayan de Oro College, Inc.; University of Iloilo, Inc.; University of Pangasinan, Inc.; Southwestern University; PEN Holdings, Inc.; Microtel Inns & Suites (Pilipinas), Inc.; and Trans Asia Renewable Energy Corporation. Mr. Hilado is an Honorary Consul of Ecuador. He was awarded the MAP Management Man of the Year in 1991.
Mr. Hilado was a Smith Mundt/Fullbright scholar at the Harvard Graduate School of Business where he obtained his Master's Degree in Business Administration in 1962. He is a Certified Public Accountant (CPA) with a Bachelor of Science in Commerce degree from the De La Salle College in Bacolod in 1958. He earned his Doctorate in Business Management, Honoris Causa, from the De La Salle University in 1992 and in 2003, attained his Doctorate of Law, Honoris Causa, from the University of St. La Salle.

Santiago T. Gabionza, Jr. is 63 years old and is a Filipino. He was elected as an Independent Director to the Board of Directors on April 30, 2019 and as a member of the Corporate Governance and Compensation Committees.

Atty. Gabionza is a founding partner of Villanueva Gabionza and Dy Law Offices; a Fellow at the Institute of Corporate Directors; and a member of the Board of Directors of various corporations. He is a member of the Asia Pacific Lawyers Association, Philippine Lawyers Literary Club, Inc., ASEAN Law Association of the Philippines, Philippine Trial Lawyers Association, and Philippine Bar Association. He is also a member of Club Filipino, Quezon City Sports Club, Mimosa Golf and Country Club, Tagaytay Highlands Country Club, The Tower Club and The Celebrity Club.

He was a former Director of the Legal Management Council of the Philippines and past Grand Master, Grand Lodge of Free and Accepted Masons of the Philippines.

He also served in various capacities, as: Legal Consultant for then Ministry of Human Settlements; Senior Associate Lawyer at Balgos & Perez Law Offices; former President of the Northern Power Development Corporation; Corporate Secretary/Rehabilitation Counsel of Victorias Milling Company, Inc.; Rehabilitation Receiver of Steel Corporation of the Philippines; former Consultant to the

Secretary of the Department of National Defense; former Consultant of the Committee on Justice at the House of Representatives; former OIC-President, Member of the Board of Directors and Chairman of the Audit Committee of Maynilad Water Services, Inc. He was also a College Instructor at The Catanduanes College; a Professorial Lecturer at the Philippine School of Business Administration; a Lecturer at Business Law Journal; a staff of the Ateneo Law Journal; Associate Editor of The Lance - the official organ of Letran College; a past President of the Catandungan Foundation, Inc. and a former President of the Integrated Bar of the Philippines - Makati Chapter.

Atty. Gabionza graduated Summa Cum Laude with a Bachelor of Arts degree, major in Economics at Colegio de San Juan de Letran. He finished Second Honors with Bachelor of Laws at the Ateneo de Manila College of Law. He passed the Philippine Bar examinations in 1981.

Arlyn S. Villanueva is 64 years old and is a Filipino. She was elected as an Independent Director to the Board of Directors on April 30, 2019 and as Chairman of the Audit Committee. Dr. Villanueva is a partner of accounting firm Sicangco Menor Villanueva CPAs (SMV). She sits as an independent director of the Metro Pacific Transport Corporation (MPTC), the transport group of the Metro Pacific conglomerate, since 2009 and the Manila North Tollways Corporation (MNTC) since 2014. She chairs the audit committees of both companies.

She is currently a member of the Professional Regulatory Commission's Board of Accountancy. She has been in practice for more than 35 years, with her field of competence being in audit and management consultancy. Dr. Villanueva is also involved in accreditation, performance evaluation, strategic planning and development, as well as forecasting and budgeting projects for academic institutions, being exposed to the academe for over 30 years.

In June 2014, she concluded her eight-year term as President of the Holy Angel University, which she had served for 33 years. Before she was appointed as University President in August 2006, she served as Dean and full professor of the College of Business & Accountancy for 25 years, and of the Graduate School for 10 years.

Dr. Villanueva was admitted as a Fellow of the Institute of Corporate Directors in August 2014.

She has held various positions at the Philippine Institute of Certified Public Accountants (PICPA), both at the local and national levels. She was President of the Philippine Association of Collegiate Schools of Business (PACSB) in 2005 and 2006. She is also a member of the Association of Certified Public Accountants in Education, the Management Association of the Philippines, the Philippine Marketing Association, and the International Council on Hotel, Restaurant and Institutional Education - Asia Chapter.

Dr. Villanueva was awarded the Most Outstanding President of PICPA in 2004.

Dr. Villanueva obtained her Accounting degree (BSC) from Holy Angel University in Angeles City in 1977 and passed the CPA licensure examinations in 1978. She pursued her studies and took her Master's Degree in Business Management from the Ateneo Graduate School of Business in 1982. She took her Doctorate Degree in Business Administration from De La Salle Graduate School of Business where she graduated in 2003 "With Distinction". In 2011, she pursued her post-doctorate studies and completed the Advance Management Program, a program designed for top executives from all over the world, at the Harvard Business School (AMP181) in Boston, Massachusetts; and in December 2014, she completed the one-year Challenges of Leadership Programme: Crafting Reflective Leaders at the Insead Business School in Fontainebleau, France

The directors hold office for one (1) year from election until their successors are elected and qualified.

The members of the Board attended seminars on Corporate Governance in compliance with SEC rules and regulations.

Board of Advisors

Senen C. Bacani is 75 years old and is a Filipino. He was formerly a member of the Board of Directors and was elected as a member of the Board of Advisors on December 11, 2013. Mr. Bacani is the President of Ultrex Management & Investments Corp.; Chairman & President of La Frutera, Inc.; Chairman of Trully Natural Food Corporation; a Director of Swift Foods, Inc.; a Private Sector Representative of APEC Policy Partnership on Food Security, ABAC Philippines; Director of the Philippine Chamber of Agriculture & Food, Inc., Icebox Logistics Services, Inc., Franklin Baker Co. of the Philippines; and a Member of the Board of Advisors of East-West Seed Philippines, Inc. and of the National Competitiveness Council.

He is also a member of the Board of Trustees of the Philippine Rice Research Institute, and the Vice-Chairman of the Technical Advisory Committee of the PCARRD (DOST). Mr. Bacani is also involved in various non-government and people's organizations.
He obtained his degree in Bachelor of Science in Commerce at the De La Salle University, graduating Summa Cum Laude and Class Valedictorian, and his Masters in Business Administration at the University of Hawaii, USA. He passed the CPA Board Exams in 1966.

Vicente S. Pérez is 62 years old and is a Filipino. He was elected as a member of the Board of Advisors on March 25, 2009. Mr. Pérez is an avid environment advocate and renewable energy investor. He is CEO of Alternergy, a wind and mini-hydro power developer, and Chairman of Merritt Partners, an energy advisory firm, and Chairman of Solar Pacific, an off-grid island solar PV developer.

He has been an independent director of regional companies in Australia, the Philippines and Singapore. He is an independent director of ST Telemedia, the Temasek holding company for telecom, data centers and mobile technology, and is an Independent Board Adviser of Banco de Oro, the Philippines' largest commercial bank. He is a member of the Advisory Boards of Coca-Cola FEMSA Philippines, Geneva-based Pictet Clean Energy Fund, and the Yale Center for Business and Environment. His philanthropy involvements are focused on the environment. Mr. Pérez is chairman of the National Advisory Council of WWF-Philippines and treasurer of the WWF-International Board, and a trustee/adviser of the Asian Conservation Foundation, Bhutan Foundation, Solar Energie Foundation and Solar Car Challenge Foundation. Mr. Pérez was Philippine Energy Minister from 2001 to 2005. He boosted energy self- sufficiency, promoted clean indigenous energy, and crafted an ambitious renewable policy framework. He served briefly in early 2001 as Deputy Minister for Trade and Industry.

Prior to 2001, Mr. Pérez had 17 years' experience first in Latin American debt restructuring at Mellon Bank in Pittsburgh, and later in debt trading, capital markets, and private equity in emerging countries at Lazard in London, New York and Singapore. At 35, he became General Partner at New York investment bank Lazard Frères as head of its Emerging Markets Group. He was Managing Director of Lazard Asia in Singapore from 1995 until 1997.

Mr. Pérez founded Next Century Partners in 1997, a private equity firm based in Singapore. In 2000, he founded Asian Conservation Company that acquired El Nido Resorts, an award- winning eco-tourism destination in Palawan. In 2006, he invested in Northwind Power, the first commercial wind farm in Southeast Asia.

He has consulted for the Asian Development Bank (ADB), International Finance Corporation (IFC) and numerous firms on renewable energy. With his various involvements, the media has dubbed him as the Philippines' "renewable czar".

Mr. Pérez obtained an MBA from the Wharton Business School of the University of Pennsylvania in 1983 and a Bachelor's Degree in Business Economics from the University of the Philippines in 1979. He was a 2005 World Fellow at Yale University, where he lectured an MBA class on renewable power in emerging countries.

Corporate Officers.

Pedro E. Roxas (See above)

Manuel V. Pangilinan (See above)

Celso T. *Dimarucut* (See above)

Cynthia L. Dela Paz is 58 years old and is a Filipino. She has been the Corporate Secretary of the Group since February 15, 2017. Atty. de la Paz is a senior partner at Picazo Buyco Tan Fider & Santos. She has been in the practice of corporate law and taxation for the last 27 years. She has been a Director of Tax Management Association of the Philippines (TMAP) for the last 10 years. Atty. de la Paz holds a law degree from the University of the Philippines and graduated from the same university with a degree in Psychology.

George T. Cheung is 46 years old and is a Filipino. He was appointed as Executive Vice-President, Chief Commercial Officer and Chief Risk Officer on January 15, 202. Mr. Cheung was formerly a Managing Partner in Commodity Partners Pte., Ltd., Head of Domestic Coal Trading of Trafigura Investment China, Ltd, based in Shanghai, Associate Director & General Manager-Sugar Division of Wilmar Sugar Pte. Ltd/Yihai Commercial Eagle Trading, General Manager at the Greater China Region of ED&F Man, a global supplier of sugar, and a Trading Manager of the Sugar Division in Hong Kong of Cargill, among others. He also served as VP-Head of Trading of PILMICO. Mr. Cheung obtained his degree in Bachelor of Science in Food Sciences and Technology at the University of British Columbia in Vancouver, British Columbia, Canada. He also earned his diploma in Business Administration at the International Correspondence Schools, and his Master in Business Administration (MBA) Global Executive program at the Duke University in Durham, North Carolina, USA.

Pilipino T. Cayetano is 51 years old and is a Filipino. He was appointed as Vice President/Chief Manufacturing Officer of Central Azucarera de la Carlota, Inc. (CACI) on May 3, 2019 and as VP/CMO of CACI and Roxol Bioenergy Corporation (RBC) effective August 1, 2019. He was appointed as President/Chief Manufacturing Officer of Central Azucarera Don Pedro, Inc. (CADPI) and San Carlos Bioenergy, Inc. (SCBI) on October 12, 2020. He was also appointed as Chief Compliance Office on December 16, 2020.

Mr. Cayetano was a consistent academic scholar who graduated with a Bachelor of Science degree in Electronics and Communications Engineering at the Polytechnic University of the Philippines. He is a registered Electronics and Communications Engineer.

He has 25 years of experience in the fast moving consumer goods industry, covering the end-to-end process of supply chain. He has strong foundation in Continuous Improvement and Operational Excellence. He had received several awards as a leader for consistently exceeding business key performance targets in quality, productivity and cost.

Mr. Cayetano served as Processing Operations Director of Cargill Joy Meat Products, Inc. (C-Joy), a joint venture between Jollibee and Cargill from 2016 to 2019. He spent over 20 years at Coca Cola Bottlers Philippines, Inc. (CCBPI) as plant head of major operating units: Sta. Rosa 1 and 2; Davao; and San Fernando, Pampanga. He also served as Manufacturing Director at Zenith Foods Corporation, a subsidiary of Jollibee Foods Corp. He also worked as Senior Operations Manager at B/E Aerospace BV - Philippine Branch and as Plant Operations Manager at San Miguel Packaging Specialist, Inc. in San Fernando, Pampanga.

Jose Manuel D. Mapa is 53 years old and is a Filipino. He was appointed as VP-General Manager of RHI Agri-business Development Corporation on January 8, 2018. Mr. Mapa obtained his MBA with High Academic Honors from the University of St. La Salle Graduate School in Bacolod and holds a

Bachelor degree in Agribusiness Management from the University of the Philippines Los Baños in Laguna. Mr. Mapa served 2GO Group, Inc. for 20 years where he made major contribution as EVP for Key Accounts and Supply Chain Solutions (2015-2017) and EVP for Freight Sales and Operations – Luzon (2011-2014). Prior to that, he also worked as EVP for Corporate Sales at Negros Navigation Co., and as Operations Manager at Waterman Bacolod, Inc. He also manages a sugarcane farm in Talisay, Negros Occidental.

Julius G. Rugas is 44 years old and is a Filipino. He was appointed as VP-Manufacturing Operations Head of Central Azucarera Don Pedro, Inc. on July 1, 2019 and was later on appointed as VP-Head, Refined Sugar Operations on January 11, 2020. Mr. Rugas has over 21 years of experience working in various leadership and technical roles in plant operations. Prior to joining the RHI Group, Mr. Rugas was with URC Branded Consumer Foods group. He headed some of URC's major plants such as the Cavite and Canlubang operations. He also worked for RFM Meat Division where he performed the roles of Plant Manager and QA Manager. He started his career in Unilever where he was involved in quality assurance and food solutions. He is a BS Food Technology graduate of the University of Santo Tomas.

Frederick E. Reyes is 59 years old and is a Filipino. He was appointed as AVP & Deputy Head of Human Resources on February 1, 2014 and was promoted to VP & Deputy Head of Human Resources on January 5, 2015. He was as assigned as Corporate Governance Officer on December 16, 2020. Mr. Reyes was formerly the Director for Human Resources Services of Manila Water Company Inc. He has decades of experience in HR Operations having been in Vitarich in charge of Training, QC & Employee Relations. He joined Globe Telecom during its transition to become a "wireless" telephone company in charge of Training and Development from 1990 thru 1997, and also in Manila Water during its "privatization" years in 1997 thru 2012. Mr. Reyes obtained his degree in Industrial Engineering from the University of Sto. Tomas and is a licensed Industrial Engineer.

Jaynel R. Sulangi is 45 years old and is a Filipino. He was appointed VP/Head of Information & Communications Technology on March 21, 2018. Mr. Sulangi graduated Cum Laude with Bachelor of Science in Industrial Engineering degree at the University of the Philippines. Mr. Sulangi was VP for SAP Project Management at Deutsche Bank group before joining Roxas Holdings, Inc. He also worked at PLDT and Smart Communications, Inc. For seven years as Senior Manager, IT-Resource Planning (ERP) and later, as Solutions Architect, Program Management Office. He also worked at SAP, SSIP and Business Applications and Network Technologies. He is a Certified SAP Consultant in Planning Production Planning since 1997.

Veronica C. Cortez is 41 years old and is a Filipino. She is currently VP-Head of Finance and Administration having been promoted from her previous position as AVP of Finance from February 10, 2016. She was also appointed as Data Protection Officer and Deputy Risk Officer on December 16, 2020. She has over 10 years of experience in external auditing. She worked with SyCip Gorres Velayo & Co. (SGV) as Senior Director from September 2009 to 2015. She started her career with SGV as an Associate and moved to become Senior Associate, Associate Director and then Director. She also worked as a Senior Associate in the Resource Sharing Program of Ernst & Young Houston, Texas Office. Ms. Cortez graduated with a degree in BS Accountancy from San Sebastian College Recoletos de Cavite and is a Certified Public Accountant (CPA).

Ma. Hazel L. Rabara-Retardo is 40 years old and is a Filipino. She is currently the Company's Treasurer and VP-Head of Legal and Treasury. She previously held the position of AVP for Corporate Governance and Deputy Compliance Officer, as well as Assistant Corporate Secretary from September 20, 2016. Prior to joining RHI, Atty. Rabara-Retardo was Vice President for Legal & Administrative Affairs/Corporate Secretary of Advanced Merchant Payments Lending Corporation, an affiliate of Amplifi Capital (HK) Ltd. and AMP Credit Technologies, Ltd, where she likewise provided support in legal and contracts management and other roles for the AMP Group which has operations in Hong Kong, Singapore and the United Kingdom. She also worked as Court Attorney V at the Office of the Presiding Justice Ernesto Acosta of the Court of Tax Appeals. Atty. Rabara-Retardo also worked as an associate in the Tan Venturanza Valdez Law Office where she was assigned as

Corporate Secretary of various private and publicly-listed companies. She obtained her Bachelor of Laws degree and Bachelor of Arts Major in Political Science at the University of the Philippines-Diliman, Quezon City.

Jaypee V. Jimenez is 36 years old and is a Filipino. He was appointed AVP/Head of Procurement & Materials Management of February 15, 2018. Mr. Jimenez graduated with a B.S. mechanical Engineering degree at the Polytechnic University of the Philippines and later took up Masters in Business Administration at the De La Salle University. He is affiliated with the Philippine Society of Mechanical Engineers and Philippine Institute of Supply Management. Mr. Jimenez was Senior Manager of Procurement at Roxas Holdings, Inc. from June 2016 to February 2018, serving both the sugar and bioethanol units. Prior to that, he was Manager for MRO Procurement at Aboitiz Power Corporation. He also served as Supervisor for Procurement at AP Renewables, Inc., as Procurement Engineer at Bilfal Heavy Industries at the Kingdom of Saudi Arabia, and as Engineering Buyer at the Asian Terminals Incorporated.

Josephine M. Logroño is 45 years old and is a Filipino. She was appointed as AVP and Group Head of Internal Audit on February 1, 2018. Ms. Logroño graduated with a degree in BS Accountancy from the University of Sto. Tomas. She is a Certified Public Accountant (CPA) and a Certified Internal Auditor. Ms. Logroño was formerly Audit Manager at Arthaland Corporation (2016-2017) and Shang Properties Inc. (2013-2016). She has over 16 years of experience in both internal and external auditing. She worked with Holcim Philippines, Inc. as Finance - Process Solution Officer and as an Internal Auditor from 2003 to 2010. She also served as an Associate Auditor at Sycip, Gorres, Velayo (SGV) & Co. from 1999 to 2003.

Aimee E. Pedayo is 29 years old and is a Filipino. She was appointed as Legal Manager on January 14, 2019 and was subsequently appointed as Assistant Corporate Secretary on June 4, 2020. Atty. Pedayo was an Associate at Puno and Puno Law Offices prior to joining the Company. Atty. Pedayo obtained her Bachelor of Science in Commerce, Major in Legal Management from De La Salle University-Manila. She obtained her Juris Doctor Degree from the Ateneo De Manila University-Law School, where she graduated with Second Honors.

Significant Employees

The Group is not highly dependent on the services of an employee who is not an Executive Officer so as to be a key in the business.

Family Relationships

There are no incumbent directors and officers related to each other within the fourth degree of consanguinity or affinity.

Legal Proceedings

The Group is not aware of any legal proceeding/s during the last five (5) years up to the present, involving the members of its Board of Directors, Executive Officers or their property before any court of law or administrative body in the Philippines or elsewhere. Moreover, the company is not in possession of any information indicating that the members of its Board of Directors or Executive Officers have been convicted by final judgment of any offense punishable under the laws of the Philippines or of any other country.

d) Certain Relationships and Related Transactions.

Mr. Manuel V. Pangilinan, Atty. Ray C. Espinosa and Mr. Christopher H. Young hold the positions of CEO and Managing Director, Associate Director and Chief Financial Officer, respectively of First Pacific Company Limited. The First Pacific Group, through First Pacific Natural Resources Holdings BV (FPNRHBV) and First Agri Holdings Corp., owns 50.90% of the outstanding capital stock of the company as of 31 December 2015. Mr. Pedro E. Roxas is also the Executive Chairman and the President & CEO of Roxas and Company, Inc. (RCI). RCI owns 20.57% of the outstanding capital stock of the company as of 31 December 2020.

There is no transaction or proposed transaction during the last two (2) fiscal years to which the company was or is to be a party in relation to any director, any nominee for election as director, any security holder of certain record or beneficial owner or management or any member of the immediate families of the directors.

e) Disagreement with the Company.

No director has declined to stand for re-election to the Board of Directors since the date of the last meeting of shareholders because of a disagreement with the company on any matter relating to its operations, policies and practices.

COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS

a) Directors.

Art. 19 of the By-Laws of the company provides that the Board of Directors shall be given 6% of the net income of the corporation before tax to be distributed as fees in the following manner: 2% to the Executive Committee and 4% to the Board of Directors. Each member of the Board of Directors and the Board of Advisors receives a per diem of ₱25,000 for every meeting attended. Likewise, each member of the Executive Committee, Audit Committee, Executive Compensation Committee and Corporate Governance Committee receives a per diem of ₱25,000 for every meeting attended.

* Fees and remuneration of the members of the Board of Directors and Board of Advisors.

b) Executive Officers.

Compensation of Executive Officers

Name and Principal position	Fiscal Year	Salary	Bonus	Other Annual Compensation
The CEO and four most highly compensated Executive Officers: • Celso T. Dimarucut – President and CEO • Pilipino T. Cayetano – VP, Chief Manufacturing Officer (CADPI and SCBI) • Jaynel R. Sulangi – VP, ICT • Julius G. Rugas – VP-Head, Refined Sugar Operations • Gil M. Morales – AVP-Head, Manufacturing Services	2021	₱36,600,000.00	₱6,1066,600	₱–
All other officers and directors as a group unnamed*		₱23,793,516.00	₱3,912,146.00	-
The CEO and four most highly compensated Executive Officers: • Hubert D. Tubio - President and CEO • Celso T. Dimarucut - EVP and CFO	2020	₱53,243,628.00	₱8,847,218.00	₱–

Name and Principal position	Fiscal Year	Salary	Bonus	Other Annual Compensation
• Arcadio S. Lozada - EVP-COO, Sugar Business Unit • Jose B. Villanueva – VP, Chief Manufacturing Officer (CADPI and SCBI) • Pilipino T. Cayetano – VP, Chief Manufacturing Officer – Negros				
All other officers and directors as a group unnamed*		₱42,077,832.00	₱6,919,452.00	–
The CEO and four most highly compensated Executive Officers: • Hubert D. Tubio - President and CEO • Celso T. Dimarucut - EVP and CFO • Arcadio S. Lozada - EVP-COO, Sugar Business Unit • Jose B. Villanueva – VP, Chief Manufacturing Officer (CADPI and SCBI) • Pilipino T. Cayetano – VP, Chief Manufacturing Officer – Negros	2019	₱53,083,308	₱8,847,218	₱–
All other officers and directors as a group unnamed*		41,868,180	6,978,030	–
The CEO and four most highly compensated Executive Officers: • Hubert D. Tubio - President and CEO • Celso T. Dimarucut - EVP and CFO • Arcadio S. Lozada - EVP-COO, Sugar Business Unit • George T. Cheung – SVP, Commercial Operations • Bernard Jose S. Lachica – VP, Chief Manufacturing Officer – Sugar Business Unit	2018	₱52,029,288	₱8,671,548	₱–
All other officers and directors as a group unnamed*		33,766,056	5,627,676	–

ELECTION OF EXTERNAL AUDITORS

The Audit Committee recommends the re-election of the Auditing Firm of SyCip Gorres Velayo & Company as external auditors for fiscal year 2020-2021. The auditing firm was elected as external auditors during the annual meeting of the company's shareholders on February 15, 2017. Representatives of the firm are expected to be present at the annual meeting of stockholders on March 17, 2021. They are expected to be available to respond to appropriate questions, as the need arise. Ms. Aileen L. Saringan is the Partner assigned to handle the company's account.

External Audit Fees and Services.

	Audit & Related Fees	Other Fees
Aggregate fees billed by Auditors for the last two (2) Fiscal Years	Php9,385,000.00	Not Applicable

Policies and Procedures.

The Audit Committee (the Committee) confers with the external auditors at the beginning of every fiscal year to discuss the audit plans and programs for the year. After the audit plans and programs are approved, the Committee then determines the reasonableness of the fees proposed by the external auditors for audit and other related services. The Committee approves the quarterly financial statements of the company before they are presented for the approval of the Board of Directors and thereafter submitted to the Securities and Exchange Commission (SEC) and the Philippine Stock Exchange (PSE) as part of the company's compliance with the requirements of the Revised Securities Regulation Code (SRC). The Committee also approves the yearly audited financial statements of the company before they are submitted for the consideration and approval of the Board of Directors and thereafter submitted to the Bureau of Internal Revenue (BIR), the Securities and Exchange Commission (SEC) and the Philippine Stock Exchange (PSE) as part of the company's compliance with the requirements of the Philippine Internal Revenue Code and the Revised Securities Regulation Code (SRC).

The Committee is tasked under its revised Charter to a) develop and maintain free and open means of communication with the Board, the independent auditors, the internal auditors, and the financial and general management of the company; b) to perform any other activities as the Committee deems appropriate, or as requested by the Board, consistent with its Charter, the company's By-laws and other applicable laws; c) to maintain and update, as appropriate, its Charter; and d) to report regularly to the Board and to update the Board on any significant issues that arise with respect to financial reporting and disclosures and other material issues. Additionally, the Committee provides oversight on financial reporting and disclosures, oversight on risk management, oversight on internal audit function and internal controls and oversight on external audit.

There has been no disagreement with the external auditor, Sycip Gorres Velayo & Co., on accounting, financial concerns, and any disclosures in the Consolidated Financial Statements since its first election as external auditors of the company on February 15, 2017.

Financial Statements and other Reports.

The financial statements and other financial disclosures for the fiscal year ending September 30, 2020 are contained in the Company's Consolidated Financial Statements with corresponding Management's Discussion and Analysis or Plan of Operations for the same periods and is herein attached. Furthermore, financial statements and other disclosures for the quarter ending December 31, 2020 are contained in the Unaudited Interim Financial Statements of the Company, which is appended herein.

Annual Meeting of Stockholders dated June 4, 2020

The stockholders voted for the adoption of the matters raised in the meeting via votes cast electronically through https://asm2020.rhi.com.ph/ and were verified by Banco de Oro - Trust & Investments Group, the company's stock transfer agent, Atty. Ma. Hazel Rabara-Retardo in her capacity as Assistant Corporate Secretary and the external auditor, Sycip Gorres Velayo & Co.

The stockholders were given the opportunity to leave their questions in a comment box provided in the website when they log in using the secured credentials provided by RHI. The stockholders were allowed to leave their questions or comments throughout the conduct of the meeting. During the meeting, one stockholder, Mr. Antonio G. Nieto asked "If not for the sale of RHIs holdings in Hawaiian Phils., the net loss for the period March 31, 2020 would be bigger than last year. It seems that RHI's losses are getting bigger every reporting period. When will this stop? Where is RHI headed?"

Mr. Tubio, RHI's President and CEO, addressed the question as follows:

> "To put the half-year losses in context, we note that RHI's operating results this year is better compared to same period last year, before the gain from sale of Hawaiian Philippine Company, if we will disregard the deferred tax benefit recognized during the interim period last year. This year, we have taken a more conservative approach by not recognizing this same tax benefit.
>
> Nevertheless, your Management acknowledges that the RHI Group's overall performance is below even our own expectations, as certain challenges in our industry have significantly affected our operations, specifically:
>
> 1) In Batangas, for our Don Pedro mill and refinery, cane supply in the area declined by 34% compared to Crop Year 2016, or from 1.752M tons to 1.158M tons in 2019. Likewise, we have seen the entry of a new competitor for the already limited volume of canes in the current crop year. The Taal volcano eruption in January also affected the canes and cane deliveries. Internally, our productivity initiatives took a set-back when CADPI was put on the selling block, which transaction took a lot of time for the PCC to decide on, and eventually disapproving the proposed sale.
>
> 2) For our Ethanol Business, the significant increases in feedstock cost with prices of molasses skyrocketing from P8k to 13.5/ton dented our margins. The declaration of quarantine and limits on mobility arising out of the Covid-19 pandemic also disrupted withdrawals by oil companies. This greatly affected our production plans and raw material sourcing and contracts.
>
> 3) Prevailing high interest rates (from around 3.5% to 6%) compounded the economic impact of the failed CADPI transaction, which proceeds were planned to prepay long-term debts, and would have de-risked the business.
>
> 4) As for Central Azucarera de la Carlota - this side of the sugar segment did well, exceeding production targets for the current Crop Year, but the gains were tempered by relatively soft prices of sugar, brought about by importations in the First Quarter of our fiscal year, and threat of sugar import liberalization.
>
> Your Management Team is focused on addressing the feedstock issues - cane and molasses usage, while working simultaneously on productivity issues particularly in the limited hectarage in Batangas and on fuel issues affecting our refinery.
>
> Rest assured that your Management is well aware of these challenges and is prepared to take certain steps to address these and ensure our long-term sustainability and profitability."

No other questions were raised throughout the meeting.

The following were the matters discussed and the voting results for each item:

Resolution	Approving	Dissenting	Abstaining
Approval of the Minutes of the Stockholders' Meeting held on 30 April 2019	**1,358,968,699** shares or **99.98%** of the total outstanding shares of stock, present in the meeting.	NONE	NONE
Approval of the Annual Report to the Stockholders for the fiscal year ending 30 September 2019	**1,358,968,699** shares or **99.98%** of the total outstanding shares of stock present in the meeting.	NONE	NONE
Approval of all acts and resolutions of the Board of Directors and Management	**1,358,968,699** shares or **99.98%** of the total issued and outstanding shares of stock present in the meeting.	NONE	NONE
Election of the Board of Directors	**1,358,958,762** shares or **99.98%** of the total issued and outstanding shares of stock present in the meeting.	NONE	**9,937** shares or **0.00%** of the total issued and outstanding shares of stock present in the meeting.
Election of the external auditors	**1,358,958,762** shares or **99.98%** of the total issued and outstanding shares of stock present in the meeting.	NONE	**9,937** shares or **0.00%** of the total issued and outstanding shares of stock present in the meeting.

The following were the Board of Directors present during the meeting:

1. Pedro E. Roxas
2. Mr. Manuel V. Pangilinan
3. Mr. Hubert D. Tubio
4. Atty. Ray C. Espinosa
5. Mr. Christopher H. Young
6. Atty. Alex Erlito S. Fider
7. Mr. Oscar J. Hilado (Independent Director)
8. Ms. Arlyn S. Villanueva (Independent Director)
9. Atty. Santiago T. Gabionza, Jr. (Independent Director)

The following were the Officers present during the meeting:

1. Mr. Pedro E. Roxas - Chairman of the Board of Directors
2. Mr. Manuel V. Pangilinan - Vice-Chairman of the Board of Directors
3. Mr. Hubert D. Tubio - President & Chief Executive Officer
4. Atty. Cynthia Y. Ligeralde- Dela Paz - Corporate Secretary
5. Mr. Celso T. Dimarucut - EVP/Chief Finance Officer
6. Mr. Arcadio S. Lozada, Jr. - EVP/COO, Sugar Business Unit
7. Mr. Jose B. Villanueva III - VP-Chief Manufacturing Officer, Alcohol
8. Mr. Jose Manuel D. Mapa - VP-GM, RHI-ADC

9. Mr. Frederick E. Reyes - VP, Human Resources
10. Mr. Jaynel Sulangi - VP, Information & Communications Technology
11. Ms. Anna G. Yu - AVP, Treasury; Chief Risk & Credit Officer
12. Ms. Veronica C. Cortez - AVP, Finance Head
13. Ms. Daisy Perpetua A. Bo - AVP, QA/Safety/EMS/IE
14. Atty. Ma. Hazel L. Rabara-Retardo Asst. Corporate Secretary; AVP Governance & Deputy Compliance Officer; Data Protection Officer
15. Ms. Josephine M. Logroño - AVP, Internal Audit
16. Mr. Jaypee V. Jimenez - AVP, Procurement and Materials Management

The following stockholders were present via remote communication:

1. Mr. Antonio G. Nieto
2. Mr. Julius Victor J. Sanvictores
3. Mr. Charles Lim through his proxy, Ms. Jane Lim
4. Other stockholders of record authorized and appointed the Chairman, Mr. Pedro E. Roxas, as their proxy for the meeting

Stockholders with a total of 1,359,180,246 shares or 87.81% of the total issued and outstanding shares of stock, were present during the meeting.

Material information on the Current Stockholders and their voting rights

The number of shares outstanding and entitled to vote at the stockholders' meeting is 1,547,935,799 common shares which was determined as of the record date of January 8, 2021.

The Stockholders are entitled to a cumulative voting in the election of directors. Section 23 of the Revised Corporation Code of the Philippines provides that every stockholder entitled to vote shall have the right to vote, in person or by proxy, the number of shares of stock standing, at the time fixed in the by-laws, in his own name in the stock books of the corporation, or where the by-laws are silent, at the time of the election and the stockholder may vote such number of shares for as many persons as there are directors to be elected or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them, on the same principle, among as many candidates as he shall see fit.

For all other matters to be acted upon, each share is entitled to one (1) vote.

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

The Audit Committee oversees and makes sure that all members of the Board of Directors answer a self-assessment questionnaire. The results thereof will be validated by the Compliance Officer and reported to the Board of Directors for discussion and approval.

The performance of the individual members of the Board of Directors are assessed according to the functions stated in the Board Charter and in the committee charters. The self-assessment questionnaire also takes into consideration the parameters set by the SEC such as Memorandum Circular 4, Series of 2012.

The performance report is discussed in the Annual Meeting of the Stockholders for feedback.

Director Disclosure on Self-dealing and Related Party Transactions

There are no Directors involved in self-dealing and related party transactions.

Items for Ratification: All Acts and Resolutions of the Board of Directors

Material actions or resolutions submitted for ratification are summarized below.

June 4, 2020 - Results of Annual Shareholders' Meeting:

1. Approval of the Annual report with accompanying Financial Statements for fiscal-year ending September 30, 2019;

2. Ratification of all acts, proceedings and resolutions by the Board and Management since the last annual meeting of April 30, 2019;

Results of Organizational Meeting of the Board of Directors:

Name		Position
Mr. Pedro E. Roxas	-	Chairman of the Board of Directors
Mr. Manuel V. Pangilinan	-	Vice-Chairman of the Board of Directors
Mr. Hubert D. Tubio	-	President & Chief Executive Officer
Atty. Cynthia Y. Ligeralde- Dela Paz	-	Corporate Secretary
Mr. Celso T. Dimarucut	-	EVP/Chief Finance Officer
Mr. Arcadio S. Lozada, Jr.	-	EVP/Operations Advisor
Mr. Jose B. Villanueva III	-	VP-Chief Manufacturing Officer, CADPI & SCBI
Mr. Pilipino T. Cayetano	-	VP-Chief Manufacturing Officer, CACI & RBC
Mr. Jose Manuel D. Mapa	-	VP-GM, RHI-ADC
Mr. Julius G. Rugas	-	VP-Manufacturing Operations Head, CADPI
Mr. Frederick E. Reyes	-	VP, Human Resources
Mr. Jaynel R. Sulangi	-	VP, Information & Communications Technology
Ms. Anna G. Yu	-	AVP, Treasury; Chief Risk & Credit Officer
Ms. Veronica C. Cortez	-	AVP, Finance Head
Ms. Daisy Perpetua A. Bo	-	AVP, QA/Safety/EMS/IE
Atty. Ma. Hazel L. Rabara-Retardo	-	Asst. Corporate Secretary; AVP Governance & OIC- Compliance Officer; Data Protection Officer; Corporate Information Officer
Ms. Josephine M. Logroño	-	AVP, Internal Audit
Mr. Jaypee V. Jimenez	-	AVP, Procurement and Materials Management
Atty. Aimee E. Pedayo	-	Asst. Corporate Secretary; Deputy Corporate Information Officer; Deputy Compliance Officer

The Board of Directors also elected the following Directors to the standing Committees of RHI as follows:

Executive Committee:

Mr. Pedro E. Roxas	-	Chairman
Mr. Manuel V. Pangilinan	-	Member
Mr. Oscar J. Hilado	-	Member (Independent Director)

Audit and Risk Committee:

Ms. Arlyn S. Villanueva	-	Chairman (Independent Director)
Mr. Christopher H. Young	-	Member
Mr. Oscar J. Hilado	-	Member (Independent Director)

Corporate Governance Committee (formerly, Governance, Nomination & Election Committee):

Mr. Oscar J. Hilado	-	Chairman (Independent Director)
Mr. Pedro E. Roxas	-	Member
Mr. Santiago T. Gabionza, Jr.	-	Member (Independent Director)

Compensation Committee:

Mr. Manuel V. Pangilinan	-	Chairman
Mr. Santiago T. Gabionza, Jr.	-	Member (Independent Director)
Mr. Oscar J. Hilado	-	Member (Independent Director)

Mr. Oscar J. Hilado was likewise elected as Lead Independent Director of the Company.

August 11, 2020 – Approved RHI's Interim Unaudited Financial Statements and Management Discussion and Analysis for the third quarter ending June 30, 2020, of the current fiscal year and the Press Release.

Approved the renewal of the Short-Term Loan Facility from Land Bank of the Philippines (LBP) in the principal sum of Two Billion Pesos (Php2,000,000,000.00) or such other amount as may be agreed with LBP under such terms and conditions as may be beneficial to the Corporation.

September 18, 2020 - the RHI Board approved the sale of the Company's sugar mill and ethanol plant in La Carlota City, Negros Occidental and RHI's investment properties consisting of shares in Najalin Agri-Ventures, Inc.

September 30, 2020 – Resignation of Mr. Jose B. Villanueva III as Vice President/Chief Manufacturing Officer - SCBI & CADPI effective September 30, 2020.

October 12, 2020 – Change in Designation of Mr. Pilipino T. Cayetano from Vice President/Chief Manufacturing Officer – CACI & RBC to Vice President/Chief Manufacturing Officer - CADPI & SCBI.

October 16, 2020 – Change in Designation of Ms. Veronica C. Cortez from AVP-Finance to VP-Head of Finance and Administration. Change in Designation of Atty. Ma. Hazel L. Rabara-Retardo from AVP for Corporate Governance and Deputy Compliance Officer to VP-Head of Legal Treasury.

October 31, 2020 – Retirement of Mr. Hubert D. Tubio as President and CEO. Appointment of Mr. Celso T. Dimarucut as Officer-in-Charge.

November 13, 2020 – Resignation of Ms. Anna G. Yu as AVP - Treasury, Chief Risk & Credit Officer.

December 16, 2020 – Approved RHI's Audited Financial Statements and Management Discussion and Analysis for the fiscal year ending 30 September 2020 and Press Release;

Set the holding of the Annual Stockholders Meeting on 17 March 2021 with Record Date for the said Meeting on 8 January 2021, and for the shareholders to attend through remote participation or voting in absentia or by appointing the Chairman of the meeting as proxy, subject to validation procedures, and the internal rules and procedures set by the Corporation;

Appointment of Mr. Celso T. Dimarucut as President and CEO. Change in Designation of Atty. Ma. Hazel L. Rabara-Retardo from VP-Head of Legal Treasury to VP-Head of Legal Treasury/Treasurer. Change in Designation of Ms. Veronica C. Cortez from VP-Head of Finance and Administration to VP-Head of Finance and Administration/Deputy Risk Officer/Data Protection Officer. Change in designation of Mr. Pilipino T. Cayetano from Vice President/Chief Manufacturing Officer - CADPI & SCBI to Vice President/Chief Manufacturing Officer - CADPI & SCBI/Chief Compliance Officer. Change in Designation of Mr. Frederick E. Reyes from VP-Human Resources to VP-Human Resources/Corporate Governance Officer. Updated the designation of Atty. Aimee E. Pedayo to Legal Manager/Assistant Corporate Secretary & Deputy Compliance Officer. Appointment of George T. Cheung as EVP-Chief Commercial Officer/Chief Risk Officer effective January 15, 2021.

Approved the conversion and re-financing of the Short-Term Loan Line Facility from Landbank of the Philippines (LBP) in the current principal sum of One Billion Two Hundred Fifty Million Pesos (Php1,250,000,000.00) into a term loan, as may be agreed with LBP (the "Facility") under such terms and conditions as may be beneficial to the Corporation.

December 31, 2020 –Retirement of Mr. Arcadio S. Lozada Jr. as EVP-Operations Advisor and Resignation of Ms. Daisy Perpetua A. Bo as AVP, QA/Safety/EMS/IE.

January 11, 2021 – Change in Designation of Mr. Julius G. Rugas from VP-Manufacturing Operations Head to VP-Head, Refined Sugar Operations. Change in Designation of Mr. Edward R. Villanueva from AVP-Factory Operations Head (CADPI) to AVP-Head, Raw Sugar Operations. Change in Designation of Mr. Gil M. Morales from AVP-Factory Operations Head (CACI) to AVP-Head, Manufacturing Services.

February 4, 2021 – Approved RHI's Interim Unaudited Financial Statements and Management Discussion and Analysis for the first quarter ending 31 December 2020, of the current fiscal year and Press Release.

THE COMPANY UNDERTAKES TO PROVIDE WITHOUT CHARGE A COPY OF ITS ANNUAL REPORT FOR THE FISCAL YEAR ENDED 30 SEPTEMBER 2020 ON SEC FORM 17-A.

PLEASE ADDRESS ALL REQUESTS FOR COPIES OF THE AFORESAID REPORTS TO ATTY. AIMEE E. PEDAYO, 14F, Net One Center, 26th Street cor. 3rd Avenue, Bonifacio Global City, Taguig, Metro Manila.

SIGNATURE

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

ROXAS HOLDINGS, INC.

By:

AIMEE E. PEDAYO
Assistant Corporate Secretary

February 8, 2021

REQUIREMENTS AND PROCEDURE FOR

ELECTRONIC VOTING IN ABSENTIA

AND

PARTICIPATION BY REMOTE COMMUNICATION

ELECTRONIC VOTING IN ABSENTIA

Stockholders as of January 8, 2021 ("Stockholders") have the option of electronic voting *in absentia* on the matters in the Agenda, after complete registration and successful validation. To access the Electronic Voting in Absentia system, stockholders are required to provide their active, primary electronic mail (e-mail) addresses to the Corporation by informing the Corporation, together with submission of documents necessary for validation, through email at corporatesecretary@rhi.com.ph. Stockholders may also inform their respective brokers who will provide the necessary information on behalf of the stockholders.

The following are needed for registration:

2.1 For individual Stockholders--

2.1.1 A recent photo of the stockholder, with the face fully visible (in JPG format). The file size should be no larger than 2MB;

2.1.2 A scanned copy of the stockholder's valid government-issued ID showing photo and personal details, signature, and preferably with residential address (in JPG format). The file size should be no larger than 2MB;

2.1.3 A valid and active e-mail address;

2.1.4 A valid and active contact number;

2.2 For Stockholders with joint accounts –

A scanned copy of an authorization letter signed by all Stockholders, identifying who among them is authorized to cast the vote for the account (in JPG format). The file size should be no larger than 2MB;

2.3 For Stockholders under Broker accounts –

2.3.1 A broker's certification on the Stockholder's number of shareholdings (in JPG format). The file size should be no larger than 2MB;

2.3.2 A recent photo of the stockholder, with the face fully visible (in JPG format). The file size should be no larger than 2MB;

2.3.3 A scanned copy of the Stockholder's valid government-issued ID showing photo and personal details, signature and preferably with residential address (in JPG format). The file size should be no larger than 2MB;

2.3.4 A valid and active e-mail address;

2.3.5 A valid and active contact number;

2.4 For corporate Stockholders –

2.4.1 A secretary's certificate attesting to the authority of the representative to vote for, and on behalf of the Corporation (in JPG format). The file size should be no larger than 2MB;

2.4.2 A recent photo of the stockholder's representative, with the face fully visible (in JPG format). The file size should be no larger than 2MB;

2.4.3 A scanned copy of the valid government-issued ID of the stockholder's representative showing photo and personal details, signature and preferably with residential address (in JPG format). The file size should be no larger than 2MB;

4.4.4 A valid and active e-mail address of the Stockholder's representative;

4.4.5 A valid and active contact number of the Stockholder's representative.

The above documents shall be submitted to the Corporate Secretary by email through: corporatesecretary@rhi.com.ph.

Important Note: Incomplete or inconsistent information may result in an unsuccessful registration. As a result, Stockholders will not be allowed access to vote electronically *in absentia*, but may still vote through the Chairman of the meeting as proxy, by submitting a duly accomplished proxy form, on or before March 5, 2021.

Considering the extraordinary circumstances in relation to COVID-19, the Company shall allow electronic, digital or scanned signature for the required documents, as applicable. Notarization requirement shall also be dispensed with at this time. However, the Company reserves the right to request additional information, and original signed and notarized copies of these documents at a later time.

The deadline for registration to vote *in absentia* is March 5, 2021. Beyond this date, Stockholders may no longer avail of the option to vote *in absentia*.

After validation, shareholders will receive their unique access codes, together with the instructions sent to the e-mail address provided. Stockholders may then access the link https://asm2021.rhi.com.ph/ to complete the validation and start the voting process. Stockholders whose submission cannot be validated for being incomplete or for submitting unverifiable information shall not be allowed to proceed with registration and voting.

The validation process will be completed by the Corporation no later than three (3) business days from the final date of submission of proxies to the Corporation.

Once validated, the Stockholder will receive an e-mail confirmation on their successful registration. Registered Stockholders have until the end of the Meeting to cast their votes *in absentia*.

All agenda items indicated in the Notice of the Meeting will be set out in the digital absentee ballot and the registered Stockholder may vote as follows:

6.1 For items other than the Election of Directors, the registered Stockholder has the option to vote: For, Against, or Abstain. The vote is considered cast for all the registered Stockholder's shares.

6.2 For the Election of Directors, the registered Stockholder may vote for all nominees, not vote for any of the nominees, or vote for some nominees only, in such number of shares as preferred by the Stockholder, provided that the total number of votes cast shall not exceed the number of shares owned, multiplied by the number of directors to be elected.

Once voting on the agenda items is finished, the registered Stockholder can proceed to submit the accomplished ballot by clicking the 'Submit' button.

Electronic Voting in Absentia system will prompt the Stockholder to confirm the submission of the ballot. The votes cast *in absentia* will have equal effect as votes cast by proxy.

After the ballot has been submitted, Stockholders may no longer change their votes.

The Corporate Secretary will count and tabulate the votes cast *in absentia* together with the votes cast in person or by proxy. The Corporate Secretary shall report the results of voting, as validated, immediately after the Meeting.

PARTICIPATION BY REMOTE COMMUNICATION

Stockholders as of January 8, 2021 ("Stockholders") who are registered under the Electronic Voting in Absentia system can also participate in the Meeting on March 17, 2021 by remote communication by clicking the ASM live feed access in the same system.

Only those shareholders who have notified the Company of their intention to participate in the Meeting by remote communication, together with the stockholders who voted in absentia and by proxy, will be included in determining the existence of a quorum.

Shareholders participating by remote communication will not be able to vote unless they register in the Electronic Voting in Absentia system or authorize the Chairman to vote as proxy, on or before March 5, 2021.

Shareholders may send their questions and/or comments prior to or during the meeting at corporatesecretary@rhi.com.ph.

A link to the recorded webcast of the Meeting will be posted on the Company's website after the Meeting.

Stockholders shall have two weeks from posting to raise to the Company any issues, clarifications and concerns on the Meeting conducted.

For any clarifications, please contact our Office of the Corporate Secretary through corporatesecretary@rhi.com.ph.

COVER SHEET

PW-15A

SEC Registration Number

ROXAS HOLDINGS, INC. AND SUBSIDIARIES

(Company's Full Name)

14th Floor, Net One Center, 26th cor.
3rd Avenue, Bonifacio Global City,
Taguig, Metro Manila

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

Form Type	Department requiring the report	Secondary License Type, If Applicable
17-A	CRMD	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
corporatesecretary@rhi.com.ph	**(02) 8771-7800**	**09985914710**

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
2,080	**February 18**	**September 30**

CONTACT PERSON INFORMATION

The designed contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number	Mobile Number
Ma. Hazel L. Rabara-Retardo	**hazel.rabara@rhi.com.ph**	**(02) 8810-8901**	**–**

Contact Person's Address

14th Floor, Net One Center, 26th cor. 3rd Avenue, Bonifacio Global City, Taguig, Metro Manila

Note: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A, *AS AMENDED*

ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 141
OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the fiscal year ended: September 30, 2020

2. SEC Identification Number: 15-A.................. 3. BIR Tax Identification No.: 000-290-538

4. Exact name of issuer as specified in its charter: **ROXAS HOLDINGS, INC.**

5. Republic of the Philippines
Province, Country or other jurisdiction of incorporation or organization

6. (SEC Use Only)
Industry Classification Code:

7. 14th Floor, Net One Center, 26th corner 3rd Avenue, Bonifacio Global City, Taguig, Metro Manila
Address of principal office
1634
Postal Code

8. (02) 8771-7800
Issuer's telephone number, including area code

9. n.a.
Former name, former address, and former fiscal year, if changed since last report.

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

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Shares	1,547,935,799

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

Yes [x] No [ ]

If yes, state the name of such stock exchange and the classes of securities listed therein:
Philippine Stock Exchange, Inc. Common Shares

12. Check whether the issuer:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports);

Yes [x] No [ ]

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

Yes [x] No [ ]

13. State the aggregate market value of the voting stock held by non-affiliates of the registrant. The aggregate market value shall be computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of a specified date within sixty (60) days prior to the date of filing. If a determination as to whether a particular person or entity is an affiliate cannot be made without involving unreasonable effort and expense, the aggregate market value of the common stock held by non-affiliates may be calculated on the basis of assumptions reasonable under the circumstances, provided the assumptions are set forth in this Form. (See definition of "affiliate" in “Annex B”).

    Assuming that the number of shares held by non-affiliates as of November 27, 2020 is 254,546,187 and assuming further that the closing trading price as of the same date is ₱1.86 per share then the aggregate value of voting shares held by non-affiliates as of the said date is ₱473,455,907.82.

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

    Yes [ ]   No [ ]   Not Applicable [x]

DOCUMENTS INCORPORATED BY REFERENCE

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

    (a) Any annual report to security holders;

    (b) Any information statement filed pursuant to SRC Rule 20;

    (c) Any prospectus filed pursuant to SRC Rule 8.1.

ROXAS HOLDINGS, INC.

"STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS"

The management of **Roxas Holdings, Inc. and Subsidiaries** (the "Group") is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended September 30, 2020 and 2019, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

The Board of Directors reviews and approves the financial statements including the schedules attached therein, and submits the some to the stockholders.

SyCip Gorres Velayo & Co., the independent auditor appointed by the stockholders, has audited the financial statements of the Group in accordance with Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.

PEDRO E. ROXAS Chairman of the Board	CELSO T. DIMARUCUT President and Chief Executive Officer	VERONICA C. CORTEZ VP - Head of Finance and Administration

DEC 17 2020 MAKATI CITY

SUBSCRIBED AND SWORN to before me this ____ day of December, 2020 affiant(s) exhibiting to me their government IDs as follows:

~~Names~~	~~ID No.~~	~~Date of Issue~~	~~Place of Issue~~
Pedro E. Roxas	N11-77-003593	March 19, 2018	LTO Makati
Celso T. Dimarucut	P5791534A	January 27, 2018	DFA Manila
Veronica C. Cortez	N03-05-010126	September 23, 2019	LTO Imus, Cavite

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Book No. 65
Series of 2020

RUBEN M. RAMIREZ
NOTARY PUBLIC
UNTIL DEC. 31, 2020

December 16, 2020

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PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Business

Business Development

Roxas Holdings, Inc. (RHI or the Parent Company), doing business under the name and style of CADP Group, was organized in the Philippines and registered with the Securities and Exchange Commission (SEC) on October 30, 1930 for the purpose of holding and investing in corporations engaged in the business of manufacturing sugar and allied products.

In July 1996, the Parent Company offered its shares to the public through an initial public offering. On August 8, 1996, the shares of stock of the Parent Company were listed in the Philippine Stock Exchange (PSE) as "ROX".

Through the years, RHI became an integrated sugar company that has expanded its business interests to include bioethanol and co-generation. RHI has the following subsidiaries:

	Percentage of Ownership			Noncontrolling Interest				Principal Place of
	2020	2019	2018	**2020**	2019	2018	Nature of Business	Business
Central Azucarera Don Pedro, Inc. (CADPI)	**100.00%**	100.00%	100.00%	**–**	–	–	Production and selling of raw and refined sugar, molasses and related products	Taguig City and Nasugbu, Batangas
Central Azucarera de la Carlota, Inc. (CACI)	**100.00%**	100.00%	100.00%	**–**	–	–	Production and selling of raw sugar and molasses	Taguig City and Negros Occidental
CADP Insurance Agency, Inc. (CIAI)	**100.00%**	100.00%	100.00%	**–**	–	–	Insurance agency	Makati City
Roxol Bioenergy Corp. (RBC)	**100.00%**	100.00%	100.00%	**–**	–	–	Production and selling of bioethanol fuel and trading of goods such as sugar and related products	Negros Occidental
CADP Port Services, Inc. (CPSI)	**100.00%**	100.00%	100.00%	**–**	–	–	Providing ancillary services	Makati City
RHI Agri-Business Development Corporation (RABDC)	**100.00%**	100.00%	100.00%	**–**	–	–	Agricultural business	Makati City
Roxas Pacific Bioenergy Corporation (RPBC)	**100.00%**	100.00%	100.00%	**–**	–	–	Holding company for bioethanol investments	Negros Occidental
RHI Pacific Commercial Corp. (RHIPCC) (1)	**100.00%**	100.00%	100.00%	**–**	–	–	Selling arm of products of RHI Group	Makati City
San Carlos Bioenergy, Inc. (SCBI) (2)	**93.35%**	93.35%	93.35%	**6.65%**	6.65%	6.65%	Production and selling of bioethanol fuel	Negros Occidental
Najalin Agri Ventures, Inc. (NAVI)	**–**	95.82%	95.82%	**–**	4.18%	4.18%	Agricultural and industrial development	Negros Occidental
Roxas Power Corporation (RPC)	**50.00%**	50.00%	50.00%	**50.00%**	50.00%	50.00%	Sale of electricity	Nasugbu, Batangas
Northeastern Port Storage Corporation (NPSC) (3)	**100.00%**	100.00%	100.00%	**–**	–	–	Owning the depot and storage facilities used by SCBI	Negros Occidental

(1) *As at September 30, 2020 , RHIPCC has not yet started commercial operations.*
(2) *Acquired in April 2015 through RPBC.*
(3) *Indirect ownership through RPBC.*

As at fiscal year-end September 30, 2019, RHI also holds a 45.09% equity investment in HPCO, a sugar company located in Silay City, Negros Occidental. Subsequently, however, in November 2019, RHI divested its entire equity investment in HPCO.

As at fiscal year-end September 30, 2020, RHI sold its sugar mill and ethanol plant in La Carlota City, Negros Occidental and all of its equity interests in Najalin Agri-Ventures, Inc. to Universal Robina Corporation. Likewise, as at September 30, 2020, RHI and subsidiaries, collectively referred herein as "the Group", is one of the biggest raw sugar producers in the country with a capacity of twelve thousand (12,000) metric tons cane per day. The Group also owns the second largest sugar refinery with a capacity of eighteen thousand (18,000) Lkg bag. per day and one of the biggest ethanol producers in the country with a daily production capacity of one-hundred twenty-five thousand (125,000) liters.

Amid the challenges that come with the ASEAN integration, RHI thrives in a strong and young domestic market and is gradually setting its sights in the region.

<u>*Changes in Corporate Structure*</u>

As at September 30, 2013, the Parent Company is 66% owned by Roxas and Company, Inc. (RCI), a publicly-listed company incorporated and domiciled in the Philippines. On November 29, 2013, RCI sold its 27% equity interest in the Parent Company to First Pacific Natural Resources Holdings BVI Limited (FPNRHBV), a subsidiary of First Pacific Company, Ltd. (First Pacific), a Hong Kong-based company. RCI remained the major shareholder of the Parent Company with 35% equity.

On February 28, 2015, First Pacific Agri Holdings Corporation (FPAHC), a Philippine affiliate of FPNRHBV, acquired 241,780,709 treasury shares of the Company amounting to ₱1.7 billion representing 24% interest in the Company. As a result, equity interest of RCI in the Parent Company was further diluted from 35% to 28%.

On May 2016, the Parent Company completed its stock rights offering for 266,753,974 outstanding common shares of RHI, with par value of ₱1.00 each, on a pre-emptive basis to holders of common shares of the capital stock of RHI as of May 4, 2016 (the "Record Date") at an offer price of ₱4.19 per Rights Share (the “Offer Price”).

On June 8, 2016, the SEC approved the amendment in the Parent Company’s articles of incorporation to change the registered address to 14F, Net One Center, 26th cor. 3rd Avenue, Bonifacio Global City, Taguig, Metro Manila from 6th Floor, Cacho-Gonzales Building, 101 Aguirre Street, Legaspi Village, Makati City.

On February 1, 2017, the BOD approved the issuance of convertible debt securities amounting to ₱523,750,000 to FPNRHBV, convertible to 125,000,000 million common shares of RHI at the option of the holder and bears annual interest at 3%.

On February 15, 2017, the shareholders approved the amendment of the Parent Company’s articles of incorporation to increase the authorized capital stock from 1,500,000,000 to 2,000,000,000 divided into 2,000,000,000 with par value of ₱1.00 per share. On February 17, 2017, FPNRHBV exercised its conversion rights in respect of the convertible debt securities to be issued out of the increase in authorized capital stock at a conversion rate of ₱4.19 for every common share, or a total of 125,000,000 new common shares.

On July 14, 2017, the Parent Company’s application for increase in authorized capital stock using the convertible debt securities as payment for subscription was approved by SEC.

Business Description

RHI is one of the largest integrated sugar business and the biggest ethanol producer in the Philippines. At the forefront of the Philippine sugar and ethanol industries, it is a trusted brand recognized for its contributions and legacy in the areas of sugar and bio-ethanol production.

With a history that is close to a century, RHI owns and operates the largest milling operations in the Philippines as well as the second largest sugar refiner, and two of the country’s pioneering bioethanol plants. Together, the complementary locations of the sugar mills and ethanol plants enable RHI to serve customers throughout the Philippines.

(a) Principal Products, Markets and Relative Contribution to Consolidated Revenue

RHI has reorganized its subsidiaries to form two Strategic Business Units (SBUs) defined along its two core product lines: sugar and bioethanol, offering the following principal products and services:

1. ***Sugar.*** The Group produces raw and refined sugar in different grades. Big industrial users, including food and beverage, and pharmaceutical companies, prefer the Group’s premium raw sugar for blending in their own products. Customers with unique product specifications, such as packaging and delivery, also rely on the Group to provide them with customized sugar solutions.

2. ***Bioethanol.*** The Group, through SCBI, produces ethanol for local oil companies in compliance with the Biofuels Act of 2006 which mandates the blending of 10% ethanol in gasoline.

3. ***Tolling/Refining.*** The Group, through CADPI, offers tolling or refining services to raw sugar owners.

The relative contribution of each principal product and service to consolidated revenue for the years ended September 30, 2020, 2019 and 2018 follow:

	Fiscal Year Ended September 30		
	2020	2019	2018
Refined sugar	16.0%	26.1%	47.2%
Bioethanol	30.3%	29.9%	27.5%
Raw sugar	30.7%	26.3%	19.4%
Milling revenue	18.6%	11.8%	–
Others	4.4%	5.9%	5.9%
	100.0%	100.0%	100.0%

CADPI and CACI sell sugar mainly to the domestic market but cater to foreign buyers when opportunity arises. On the other hand, molasses is sold by CADPI and CACI only to the domestic market. RBC and SCBI sell anhydrous alcohol directly to domestic oil companies.

(b) Distribution Methods

Distribution is through direct selling to various traders and industrial users. They are not dependent on specific entities for the distribution of their products.

RBC and SCBI sell bioethanol fuel to the domestic market directly to oil companies. Majority of the major oil companies purchase their ethanol requirements from the Group.

(c) Competition

Over the years, RHI has developed solid relationships with high quality, tier one customers. Through its excellent level of service and reliability, and quality products, RHI has established a long-term relationship with its customers, which include multinational food and beverage, and pharmaceutical companies.

CADPI and CACI supply sugar to entities engaged in pharmaceutical, food, and beverage businesses, among others. Raw sugar is also supplied to households and small and medium-sized enterprises through wholesalers and retailers.

Raw sugar producers in the country include URC-Balayan in Batangas and Victorias Milling Company, Inc., Binalbagan-Isabela Sugar Company, HPCO and Lopez Sugar Corporation in Negros. The main competitors of CADPI's refined sugar production are Victorias Milling Company, Inc., Lopez Sugar Corporation, and Central Azucarera de Tarlac in Central Luzon.

RBC and SCBI supply bioethanol fuel to oil companies. Some of its competitors are Green Futures Innovations, Inc., Leyte Agri Corp., and Cavite Biofuels Producers Inc.

(d) Sources and Availability of Raw Materials

CADPI and CACI source its sugar cane requirements from planters and traders in Batangas and Negros, respectively. RBC sources its molasses requirements from CACI and from various planters and traders in Negros. SCBI also sources its molasses and sugar cane requirements from RBC, planters and traders in San Carlos City, Negros Occidental.

Sourcing of cane has been challenging in previous crop years. As such, the management created RHI-ADC to assist in cane sourcing requirements of the Group. RHI-ADC aims to improve farm productivity in the milling districts, increase the volume of canes delivered to RHI mills and create new revenue streams.

The Group's principal suppliers are (i) Central Azucarera De Bais, Inc. (ii) All Asian Bioethanol Corporation (iii) Crystal Sugar Company, Inc. (iv) Commander Security Services, Inc. (v) Ala-Eh Trucking and Hauling Services Association, Inc. (vi) Solitario Engineering (vii) All Asian Countertrade, Inc. (viii) St. Therese Instrumentation and Control Supply and Services and (ix) Gotuaco Del Rosario Insurance Brokers, Inc..

The Group's main contracts with principal suppliers are as follows:

1. Hauling Services Contracts

   The Group has agreements with various service providers for hauling services for the transport of sugarcane from the plantations to milling facilities. Hauling expenses are recorded as part of the cost of raw and refined sugar sold.

2. Manpower Supply Contract

   The Group has various agreements with service providers for the supply of manpower for the upkeep, maintenance and continuous operation of the Group's sugar mills.

3. Milling Contracts

   The Group has milling contracts with the planters, which provide for a 35% and 65% sharing between the Mills and the planters, respectively, of sugar, molasses and other sugar cane by-products, excluding bagasse, produced every crop year.

   In December 2017, milling contracts of CADPI with the planters were revised to provide for a 32% and 68% sharing between CADPI and the planters, respectively. This agreement is effective until crop year 2021 to 2022. Renewal is upon mutual consent of both parties thereafter.

(e) Dependence to Single or a Few Customers

The Group has established long-term relationships with various customers and is not dependent on a single or a few customers to generate revenue. Most of these customer relationships have been in place for as long as 15 years, with some companies sourcing sugar from RHI since its inception. Furthermore, with its wide network of customers, the Group enjoys customer diversification and is not reliant on only a select group of clients.

(f) Transactions with and/or Dependence on Related Parties

Please refer to Note 19, *Related Party Transactions and Balances* to the consolidated financial statements.

(g) Patents, Trademarks and Copyrights

RHI, CADPI, CACI and Roxol have the following registered trademarks:

Company	Trademarks
Roxas Holdings, Inc.	RHI doing business as CADP Group and Device
Central Azucarera Don Pedro, Inc.	Central Azucarera Don Pedro, Inc. and Device Nature Sweet (Stylized) Don Pedro Emblem G Special Raw Sugar
Central Azucarera de La Carlota, Inc.	Central Azucarera de La Carlota, Inc. Cane Best Primeraw Special Raw Sugar
Roxol Bioenergy Corporation	Roxol Bioenergy Corporation and Device

(h) Need for government approvals of principal products

The Group's sugar business principally regulated by Republic Act No. 10659, otherwise known as the Sugarcane Industry Development Act of 2015, and the policies and the rules and regulations of the Philippine Sugar Regulatory Administration ("SRA") while its bioethanol business is principally regulated by RA 9367, otherwise known as the Biofuels Act of 2006, and the rules and regulations issued by the Philippine Department of Energy ("DOE").

(i) Effect of existing or probable governmental regulations on the business

Republic Act No. 10963 – Tax Reform for Acceleration and Inclusion (TRAIN)

The law imposes an excise tax of six pesos (Php 6.00) per liter on sugar sweetened beverages and twelve pesos (Php 12.00) per liter on sweetened beverages using high fructose corn syrup, among others. It tasked the Food and Drug Administration to require manufacturers and importers of sweetened beverages to indicate the type of sweetener used in the label, and the equivalent volume of liter per serving if the beverage is in powder form. The law resulted to a decrease in the use and importation of high fructose corn syrup domestically, and the resurgence of the use of sugar by manufacturers of sweetened beverages.

Sugar Industry Development Act

Republic Act No. 10659, otherwise known as the Sugar Industry Development Act of 2015 ("SIDA") was enacted to law on 27 March 2015. The SIDA was passed to promote the competitiveness of the sugarcane industry by providing for the establishment of various government-led program which aim to maximize the utilization of sugarcane resources, and increase the incomes of farmers through improved productivity, product diversification, job generation, and increased efficiency of sugar mills. On 4 August 2015, the Implementing Rules and Regulation of the SIDA (the "SIDA IRR") were approved.

The Productivity Improvement Programs under the SIDA include the Block Farm Program wherein small farms can consolidate to be able to take advantage of the economies of scale in the production of sugarcane. Those who will not qualify for the Block Farm Program, can avail of the Farm Support Program which will include the provision of socialized credit, farm management and technical assistance, and professional services. On the other hand, the Farm Mechanization Program focuses on encouraging and training farmers to utilize appropriate agricultural machineries and equipment necessary for the efficient planting, cultivation, care and maintenance, harvesting and handling of sugarcane. Finally, to facilitate the transport of sugarcane to mills and distilleries and enhance the marketing and export of sugar and other products derived from sugarcane, farm-to-mill roads and irrigation facilities shall be provided.

The SRA under the Department of Agriculture is the main agency overseeing the sugar industry. With the enactment of the SIDA, the regulatory functions of the SRA as provided for in Executive Order No. 18 s. 1986 were significantly increased.

First, the SRA established a supply chain monitoring system from sugarcane to sugar at the retail level to ensure sufficiency and safety of sugar. In line with this objective, certain individuals and entities are now required to register with the SRA. Second, the SRA was tasked to classify imported sugar according to its appropriate classification when imported at a time that domestic production is sufficient to meet domestic sugar requirements. Third, it now provides for extension services such as technical assistance and advice, conduct of tests, propagation, and dissemination of high yielding varieties, and operation of demonstration farms. Lastly, in coordination with the DOST, it intensified research and development in this area.

Laws Related to Sugar Trade

In August 1987, the SRA issued Sugar Order No.1 which served as the basis for the annual sugar allocation for sugar produced in the Philippines. The said order allocated the country's total domestic sugar into the following categories: “A” for export to the US, “B” for domestic sugar, “C” for reserve sugar, and “D” for export to other foreign markets. These allocations are determined by the SRA Board at the beginning of every crop year. These same allocations affect the total amount of raw sugar available for domestic refineries. The SRA releases Sugar Orders all throughout every year after its creation. As part of the US sugar import quota system, the Philippines is also given annual sugar export allocations which vary for every crop year. Early 2017, the SRA issued Sugar Order No. 3 and Sugar Order No.3-A, regulating and providing the guidelines in importing High-Fructose Corn Syrup (HFCS) and Purely Chemical Fructose, which products are commonly used by beverage companies as sugar substitute.

On 17 June 1997, Executive Order No. 420 was issued which modified the rates of duty on sugar as provided under the Tariff and Customs Code of 1978, as amended, in order to implement the ASEAN preferential rates of duty on cane sugar and beet sugar, among others. Under the Order, the tariff on these products was placed at 65% from 1997 up to 1998; after which, sugar could be placed under the sensitive list allowing the gradual phase-down of tariffs. Additionally, it provided that the margins of preference (MOP) accorded under the ASEAN Preferential Trading Arrangements (PTA) will no longer be extended to any of the products covered under the same Order.

On 9 January 2004, Executive Order No. 268 was issued, which modified the rates of duty on other sugars under Section 104 of the Tariff and Customs Code of 1978, as amended, in order to implement the commitment to reduce the tariff rates on sixty percent (60%) of the products in the inclusion list to zero percent (0%) under the Common Effective Preferential Tariff (CEPT) scheme for the Asean Free Trade Area (AFTA).

On 3 March 2004, Executive Order No. 295 was issued, which provided that sugar which are entered and withdrawn from warehouses in the Philippines for consumption shall be levied the MFN (Most Favored Nation) rates of duty therein prescribed. Moreover, the Order provides that sugar which are entered and withdrawn from warehouses in the Philippines for consumption shall be imposed the ASEAN CEPT rates of duty therein prescribed subject to qualification under the Rules of Origin as provided for in the Agreement on the CEPT Scheme for the ASEAN Free Trade Area.

Biofuels Act of 2006

Republic Act No. 9367, also known as “The Biofuels Act of 2006”, aims to reduce the dependence of the transport sector on imported fuel with due regard to the protection of public health, the environment and natural ecosystems consistent with the country’s sustainable economic growth that would expand opportunities for livelihood by mandating the use of biofuels as a measure to develop and utilize indigenous and sustainably-sourced clean energy sources, and to mitigate toxic and greenhouse gas (GHG) emissions, increase rural employment and income and ensure the availability of alternative fuels.

The law provides that all liquid fuels for motors and engines sold in the Philippines shall contain locally sourced biofuels components. It further provides that within two (2) years from the effectivity of the law, at least 5% bioethanol shall comprise the annual total volume of gasoline fuel actually sold and distributed by each and every oil company in the country, subject to the requirement that all bioethanol blended gasoline shall contain a minimum of 5% bioethanol fuel by volume. Further, the law mandated that all gasoline fuel sold by every oil company in the Philippines should contain a minimum 10% blend of bioethanol starting August 6, 2011.

Department Circular No. DC 2007-05-006 was issued by the DOE on 17 May 2007 to implement the Biofuels Act of 2006. It covers the production, blending, storage, handling, transportation, distribution, use, and sale of biofuels, biofuel-blends and biofuel feedstock in the Philippines.

In 2008, a Joint Administrative Order known as the “Guidelines Governing the Biofuel Feedstock Production and Biofuels and Biofuel Blends Production, Distribution and Sale” (the “Guidelines”) was issued by various Philippine government agencies. The Guidelines were issued to govern the biofuel feedstock production and biofuels and biofuel blends production, distribution and sale of biofuels. The objectives of the Guidelines are to develop and utilize indigenous renewable and sustainably-sourced clean green energy sources to reduce dependence on imported oil, to mitigate toxic and GHG emissions, to increase rural employment and income, to promote the development of the biofuel industry in the country and to encourage private sector participation and to institute mechanisms which will fast track investments in the biofuel industry and to promote biofuel workers' welfare and protection, among others.

Other laws and regulations related to the business:

Foreign Investment Act of 1991

The Foreign Investment Act of 1991 ("FIA") liberalized the entry of foreign investment into the Philippines. Under the FIA, foreigners can own as much as 100% equity of domestic market enterprises, except in areas specified in the Foreign Investment Negative List. This Negative List enumerates industries and activities which have foreign ownership limitations under the FIA and other existing laws. The oil refining and distribution business is not found in the latest 9th Negative List of the FIA.

In connection with the ownership of private land, however, the Philippine Constitution states that no private land shall be transferred or conveyed except to citizens of the Philippines or to corporations or associations organized under the laws of the Philippines at least 60% of whose capital is owned by such citizens.

For the purpose of complying with nationality laws, the term "Philippine National" is defined under the FIA as any of the following:

(a) a citizen of the Philippines;

(b) a domestic partnership or association wholly-owned by citizens of the Philippines;

(c) a corporation organized under the laws of the Philippines of which at least 60% of the capital stock outstanding and entitled to vote is owned and held by citizens of the Philippines;

(d) a corporation organized abroad and registered to do business in the Philippines under the Philippine Corporation Code, of which 100% of the capital stock outstanding and entitled to vote is wholly owned by Filipinos; or

(e) a trustee of funds for pension or other employee retirement or separation benefits, where the trustee is a Philippine National and at least 60% of the fund will accrue to the benefit of Philippine Nationals.

For as long as the percentage of Filipino ownership of the capital stock of the corporation is at least 60% of the total shares outstanding and voting, the corporation shall be considered as a 100% Filipino-owned corporation. A corporation with more than 40% foreign equity may be allowed to lease private land for a period of 25 years, renewable for another 25 years.

Local Government Code

The Local Government Code ("LGC") establishes the system and powers of provincial, city, municipal, and *barangay* governments in the country. The LGC general welfare clause states that every local government unit ("LGU") shall exercise the powers expressly granted, those necessarily implied, as well as powers necessary, appropriate, or incidental for its efficient and effective governance, and those which are essential to the promotion of the general welfare.

LGUs exercise police power through their respective legislative bodies. Specifically, the LGU, through its legislative body, has the authority to enact such ordinances as it may deem necessary and proper for sanitation and safety, the furtherance of the prosperity, and the promotion of the morality, peace, good order, comfort, convenience, and general welfare of the locality and its inhabitants. Ordinances can reclassify land, order the closure of business establishments, and require permits and licenses from businesses operating within the territorial jurisdiction of the LGU.

Environmental Laws

Development projects that are classified by law as environmentally critical or projects within statutorily defined environmentally critical areas are required to obtain an Environmental Compliance Certificate (the "ECC") prior to commencement. The DENR, through its regional offices or through the Environmental Management Bureau (the "EMB"), determines whether a project is environmentally critical or located in an environmentally critical area and processes all applications for an ECC. As a requirement for the issuance of an ECC, an environmentally critical project must submit an Environment Impact Statement ("EIS") to the EMB while a non-environmentally critical project in an environmentally critical area is generally required to submit an Initial Environmental Examination (the "IEE") to the proper EMB regional office. In the case of an environmentally critical project within an environmentally critical area, an EIS is required.

The EIS refers to both the document and the study of a project's environmental impact, including a discussion of the scoping agreement identifying critical issues and concerns as validated by the EMB, environmental risk assessment if determined necessary by EMB during the scoping, environmental management program, direct and indirect consequences to human welfare and the ecological as well as environmental integrity. The IEE refers to the document and the study describing the environmental impact, including mitigation and enhancement measures, for projects in environmentally critical areas.

While the terms and conditions of an EIS or an IEE may vary from project to project, as a minimum it contains all relevant information regarding the project's environmental effects. The entire process of organization, administration and assessment of the effects of any project on the quality of the physical, biological and socio-economic environment as well as the design of appropriate preventive, mitigating and enhancement measures is known as the EIS System. The EIS System successfully culminates in the issuance of an ECC. The issuance of an ECC is a Philippine government certification that the proposed project or undertaking will not cause a significant negative environmental impact; that the proponent has complied with all the requirements of the EIS System; and that the proponent is committed to implementing its approved Environmental Management Plan in the EIS or, if an IEE was required, that it shall comply with the mitigation measures provided therein before or during the operations of the project and in some cases, during the project's abandonment phase.

Project proponents that prepare an EIS are required to establish an Environmental Guarantee Fund when the ECC is issued for projects determined by the DENR to pose a significant public risk to life, health, property and the environment or where the project requires rehabilitation or restoration. The Environmental Guarantee Fund is intended to meet any damage caused by such a project as well as any rehabilitation and restoration measures. Project proponents that prepare an EIS are required to include a commitment to establish an Environmental Monitoring Fund when an ECC is eventually issued. In any case, the establishment of an Environmental Monitoring Fund must not occur later than the initial construction phase of the project. The Environmental Monitoring Fund must be used to support the activities of a multi-partite monitoring team, which will be organized to monitor compliance with the ECC and applicable laws, rules and regulations.

Philippine Clean Water Act of 2004

In 2004, Republic Act No. 9275, or the "Philippine Clean Water Act", was enacted to streamline processes and procedures in the prevention, control, and abatement of pollution in the country's water resources and provide for a comprehensive water pollution management program focused on pollution prevention. The law primarily applies to the abatement and control of water pollution from land based sources. The EMB, in partnership with other Philippine government agencies and the respective local government units, is tasked by the Implementing Rules of the Philippine Clean Water Act to identify existing sources of water pollutants and strictly monitor pollution sources which are not in compliance with the effluent standards provided in the law.

(j) *Research and Development*

CADPI and CACI contribute ₱2.00 per Lkg. of sugar produced to the Philippine Sugar Research Institute Foundation, Inc. (PHILSURIN) in compliance with SRA Sugar Order No. 2, Series of 1995.

CADPI was the first sugar factory in the country which volunteered in the Industrial Environmental Management Project (IEMP) funded by the United States Agency for Industrial Development (US-AID) under the supervision of the DENR. IEMP advocates waste minimization through Pollution Management Appraisals (PMA).

(k) *Cost and Effects of Compliance with Environmental Laws*

The Group is subject to various environmental laws related to clean air and water quality, proper handling and disposal of solid, hazardous and chemical wastes, DOE's Renewable Energy Safety, Health and Environment Rules and Regulations (RESHERR). All subsidiary plants, CADPI, CACI, RBC, and SCBI are covered by Environmental Compliance Certificates issued by Environmental Management Bureau DENR. All plants also have valid wastewater Discharge permits issued by EMB DENR.

Following are the significant environmental programs implemented to comply with various requirements:

1. Installation of wastewater treatment and impounding facilities prior to disposal as land fertilizer or for irrigation.
2. Installation of air pollution control devices for equipment emitting regulated air pollutants, i.e., wet gas scrubbers
3. Regular sampling and testing of air and water samples based on regulatory requirements and secure permit to operate from responsible government agencies.
4. Implement solid waste management program that includes waste segregation and construction of material recovery facility (MRF), proper disposal to accredited sanitary landfill and reuse of solid waste as fertilizers.
5. Implement hazardous waste management program that includes proper segregation, storage, disposal and inventory of materials categorized as hazardous waste.
6. Implement an environmental management system that is aligned with ISO 14001:2015 standards. This system helps the company to identify, manage, monitor and control the environmental issues in a holistic manner.

(l) *Total number of employees and number of full-time employees*

As at September 30, 2020, the Company has the following number of employees:

	No. of Employees
Executive	19
Managers	330
PT/MRF/DRF	887
Total	**1,236**

CADPI has a standing Collective Bargaining Agreement (CBA) with the Batangas Labor Union (BLU) for a period of five years from July 1, 2016 to June 30, 2021 and with Central Azucarera Don Pedro, Inc. Professional and Technical Monthly Paid Workers Union Charter-Member of the National Congress Of Unions in the Sugar Industry of the Philippines-Trade Union Congress of the Philippines (CADPPTMPWU-NACUSIP-TUCP) for a period of five years from May 1, 2017 to May 1, 2022. For the past three years, the labor union of CADPI has not staged a strike.

CACI has a CBA with the Mag-Isa Mag-Ugyon Asosasyon Sang Mamumugon Sa Central Azucarera de la Carlota (MAMCAC) for a period of five years from June 1, 2015 to May 30, 2020 and with Association of Foremen and Technical Employees of CACI from for a period of five years from June 1, 2015 to May 30, 2020. For the past three years, the labor unions of CACI have not staged a strike.

RBC employees formed a union known as RBC Workers Union, and entered into a CBA with the Company for a period of five years, from May 10, 2017 up to May 9, 2022. For the past three years, the labor union of RBC has not staged a strike.

SCBI has a CBA with its employees under the union, San Carlos Bioenergy Employees Labor Union – All Workers Alliance Trade Unions (SCBELU-AWATU) for a period of five years from March 2, 2020 to March 2, 2025. For the past three years, the labor union of SCBI has not staged a strike.

Item 2. Properties

The Parent Company owns a parcel of land located in Nasugbu, Batangas valued at ₱4,039.8 million as at September 30, 2020.

CADPI is the owner of sugar milling and refining facilities, machineries and furniture and fixtures, transportation equipment and tools located in Nasugbu, Batangas. As at September 30, 2020, these properties are valued, net of depreciation, at ₱2,688.3 million.

CACI is the owner of parcels of land located in La Carlota City and Municipalities of Pontevedra and Hinigaran in Negros Occidental. As at September 30, 2020, properties are valued at ₱94.5 million.

RBC is the owner of a parcel of land located in La Carlota City, Negros Occidental. As at September 30, 2020, these properties are valued at ₱1.9 million.

SCBI is the owner of a bioethanol plant as well as parcels of land and machineries, fixtures and transportation equipment located in Brgys. Punao and Palampas, San Carlos City, Negros Occidental. As at September 30, 2020, these properties are valued, net of depreciation at ₱2,720.3 million.

Item 3. Legal Proceedings

In the ordinary course of its business, the Parent Company and its subsidiaries are engaged in litigations either as complainant or defendant. In the opinion of the Group, these cases do not have any material adverse effect on its financial condition.

Item 4. Submission of Matters to a Vote of Security Holders

No matter was submitted to a vote of security holders, through solicitation of proxies or otherwise, during the fourth quarter of the fiscal year covered by this report.

PART II - OPERATIONAL AND FINANCIAL INFORMATION

Item 5. Market for Issuer's Common Equity and Related Stockholder Matters

Market information

The Company's common shares are listed in the Philippine Stock Exchange. The high and low prices of ROX shares for each quarter of fiscal years 2020, 2019 and 2018, as reported by the PSE, are shown below:

	FY2020		FY2019		FY2018	
Quarter	High	Low	High	Low	High	Low
1	2.39	1.74	1.87	1.83	4.13	4.00
2	1.84	1.36	1.83	1.77	3.42	3.28
3	1.67	1.28	1.72	1.69	2.86	2.82
4	2.36	1.33	1.58	1.52	2.19	2.14

As of November 27, 2020, the closing price of RHI's shares is ₱1.86 per share.

Stockholders

There were about 2,080 holders of the company's common shares as of September 30, 2020. The top twenty (20) holders of the common shares as of said date were:

	Stockholder	**Nationality**	**Total No. of Shares**	**%**
1.	PCD Nominee Corporation	Filipino	902,943,503	57.68
2.	PCD Nominee Corporation	Non-Filipino	523,850,839	33.46
3.	Roxas and Company, Inc.	Filipino	99,624,995	6.36
4.	Insular Life Assurance Co., Ltd.	Filipino	1,198,520	0.08
5.	Jose A. Manzano Jr.	Filipino	1,029,007	0.07
6.	Gilbert Liu	Filipino	1,014,000	0.07
7.	Emilio Pantoja	Filipino	785,078	0.05
8.	Armando M. Medina	Filipino	770,640	0.05
9.	Leonardo T. Siguion Reyna	Filipino	608,400	0.04
10.	Raul S. Roco	Filipino	486,720	0.03
11.	O. Ledesma & Co., Inc.	Filipino	446,160	0.03
12.	BMI Holdings Corporation	Filipino	431,964	0.03
13.	Antonio G. Nieto	Filipino	367,450	0.02
14.	Corona Realty & Development Corporation	Filipino	365,040	0.02
15.	Lorna Perez Laurel	Filipino	354,900	0.02
16.	Abel Z. Silva lll	Filipino	354,900	0.02
17.	Elaine Villar Rivilla	Filipino	346,788	0.02
18.	Rodolfo W. Antonino	Filipino	338,000	0.02
19.	Emma Lopez	Filipino	324,804	0.02
20.	Evelina M. Boongaling	Filipino	321,214	0.02
	Subtotal		**1,535,962,922**	**99.23**
	Other Shareholders		11,972,877	0.77
	Grand Total		**1,547,935,799**	**100%**

Dividends

a) History of dividends paid:

Declaration Date	Record Date	Type and Amount of Dividends
28 June 2006	14 July 2006	Cash - ₱0.06 per share
27 September 2006	12 October 2006	Cash - ₱0.06 per share
20 June 2007	13 July 2007	Cash - ₱0.06 per share
19 September 2007	15 October 2007	Cash - ₱0.05 per share
25 June 2008	15 July 2008	Cash - ₱0.06 per share
3 October 2008	15 October 2008	Cash - ₱0.06 per share
24 June 2009	15 July 2009	Cash - ₱0.06 per share
17 September 2012	01 October 2012	Cash - ₱0.06 per share
12 December 2012	28 December 2012	Cash - ₱0.04 per share
07 August 2013	30 August 2013	Cash - ₱0.06 per share
06 November 2013	20 November 2013	Cash - ₱0.06 per share
06 August 2014	22 August 2014	Cash - ₱0.12 per share
05 December 2014	22 December 2014	Cash - ₱0.12 per share
19 August 2015	04 September 2015	Cash - ₱0.12 per share

The Parent Company's ability to declare and pay dividends on its common equity is generally limited by the Corporation Code of the Philippines such as the prohibition on capital impairment and the limitation on the discretion of the Board of Directors to declare dividends based on their fiduciary duty, among others. The Parent Company's policy is to declare a minimum of 35% of its annual earnings as cash or stock dividend payable out of its unrestricted retained earnings.

Recent Sales of Unregistered Securities

a) Securities Sold

A Stock Rights Offering of 266,753,974 Common Shares was conducted by the Company and sold during the Offer Period of May 12-18, 2016 to its stockholders of record as of May 4, 2016. The Offer Price is ₱4.19 per Rights Share at an entitlement ratio of 1 Rights Share for 4.33 Common Shares held as of record date. After the Offer Period, all shares were fully subscribed. These shares were likewise listed with the Philippine Stock Exchange (PSE).

On February 1, 2017, the BOD approved the issuance of convertible debt securities amounting to ₱523,750,000 to FPNRHBV, convertible to 125,000,000 million common shares of RHI at the option of the holder and bears annual interest at 3%.

On February 15, 2017, the shareholders approved the amendment of the Parent Company's articles of incorporation to increase the authorized capital stock from 1,500,000,000 to 2,000,000,000 divided into 2,000,000,000 with par value of ₱1.00 per share. On February 17, 2017, FPNRHBV exercised its conversion rights in respect of the convertible debt securities to be issued out of the increase in authorized capital stock at a conversion rate of ₱4.19 for every common share, or a total of 125,000,000 new common shares.

On July 14, 2017, the Parent Company's application for increase in authorized capital stock using the convertible debt securities as payment for subscription was approved by SEC. On November 9, 2017, the PSE approved the listing of these newly-subscribed 125,000,000 common shares.

b) Exemption from Registration Claimed

On July 12, 2013, the Securities and Exchange Commission (SEC) issued a Resolution exempting the issuance of Thirty Five Million (35,000,000) common shares for the Group's Employee Stock Option Plan 1 (ESOP 1) from the registration requirement of the Commission.

Also, on May 6, 2014, the SEC issued a Resolution exempting the issuance of Thirty Million (30,000,000) common shares for the Group's ESOP 2 from the registration requirement of the SEC.

On March 30, 2016, the SEC approved the Parent Company's Request for Confirmation of Exemption from Registration of 266,753,974 Common Shares from the registration requirements under the SRC Rules. These shares were subject of the Stock Rights Offering as described above.

On July 14, 2017, the Parent Company's application for increase in authorized capital stock using the convertible debt securities as payment for subscription, was approved by SEC, together with a confirmation of exemption from registration of these 125,000,000 common shares.

c) Description of Registrant's Securities

The authorized capital stock of the company is Two Billion Pesos (₱2,000,000,000.00), Philippine currency, consisting of Two Billion (2,000,000,000) common shares with par value of One Peso (₱1.00) per share. As of September 30, 2020, the company's total outstanding capital stock is 1,547,935,799 shares. Shares in treasury total 17,643,480 common shares.

The shareholders do not have pre-emptive rights to subscribe to issues or disposition of the shares of stock of the company of any class unless the Board of Directors decides otherwise. There are no provisions in its Charter or By-laws, which would delay, defer or prevent a change in the control of the company.

Item 6. Management's Discussion and Analysis or Plan of Operation

FULL FISCAL YEAR 2019-2020

On September 18, 2020, the BOD approved the sale of the Group's sugar mill and ethanol plant in La Carlota City, Negros Occidental and RHI's investment consisting of shares in NAVI (the "Sale Transaction") to URC. Under the terms of the Sale Transaction, URC will acquire all buildings, improvements, machineries and equipment, laboratory equipment, as well as the land on which these plant and buildings are located and investment properties that are necessary for the continuing operations of the mill and ethanol plant. On September 30, 2020, the parties proceeded to close the Sale Transaction, with the signing and delivery of the definitive sale agreements as well as performance of all conditions necessary for the closing of the transaction. The sale of the mill and ethanol plant located at La Carlota City, Negros Occidental represents a disposal of a separate major operating segment of the Group hence, the consolidated statements of income present its results of operations as discontinued operations.

Events arising from Global Outbreak of COVID-19 Pandemic

The COVID-19 pandemic which broke out in early 2020 resulted to nationwide mandated lockdowns and negatively impacted the Philippine economy. The community quarantine imposed decreased demand for fuel that resulted to early plant shutdown of the Group's alcohol units. The group also produced 70% alcohol which were sold and donated to help with the pandemic. As part of the Group's plans to support its working capital requirements, the Group is continuously in coordination with respective banks for the refinancing of short-term obligations for a minimum period of at least 7 years after September 30, 2020. Management has also been implementing plant efficiency and sustainability measures as well as cost cutting programs to improve results of operations.

Financial Highlights and Key Performance Indicators

Amounts in Thousands except Closing Price per Shares	**September 30** **2020** **(Audited)**	2019 (Audited)	Increase (Decrease) Amount	%
Balance Sheet				
Fixed assets	**₱9,752,071**	₱15,075,768	(₱5,323,697)	(35%)
Goodwill	**–**	1,079,615	(1,079,615)	(100%)
Total assets	**14,027,346**	21,917,434	(7,890,088)	(36%)
Shareholders' equity	**5,850,165**	9,164,335	(3,314,170)	(30%)
Net debt [1]	**4,481,953**	9,848,593	(5,366,640)	(54%)
Equity ratio	**41.7%**	41.8%	(0.1)	(1%)
Net debt as % of equity	**0.77x**	1.07x	(0.30)	(29%)
Shares				
Market capitalization	**2,600,532**	3,699,567	(1,099,035)	(30%)
Total shares issued	**1,547,936**	1,547,936	–	–
Closing price per share	**1.68**	2.39	(0.71)	(30%)

Amounts in Thousands except Operational Data	**Years Ended September 30** **2020**	2019	Increase (Decrease) Amount	%
Revenues and Earnings				
Revenues	**₱9,296,176**	₱12,919,513	(₱3,623,337)	(28%)
Gross profit	**397,636**	307,660	89,976	29%
Depreciation and amortization	**1,260,142**	566,516	693,626	122%
Operating expenses	**1,107,634**	1,127,198	(19,564)	(2%)
Interest	**639,640**	704,157	(64,517)	(9%)
Net loss	**(3,825,785)**	(1,888,936)	(1,936,849)	103%
Core net loss	**(1,181,570)**	(1,312,711)	131,141	(10%)
Return on equity	**(65.40%)**	(20.61%)	(44.79%)	217%
Earnings per share	**(2.46)**	(1.22)	(1.24)	102%
Cash Flow and Investments				
Cash flow from operations	**914,966**	1,786,112	(871,146)	(49%)
Investment in fixed assets	**335,087**	268,999	66,088	25%
Operational Data *(volume in thousands)*				
Tons cane milled	**2,388**	2,402	(14)	(1%)
Production:				
Raw sugar (Lkg)	**4,505**	4,652	(147)	(3%)
Refined sugar (Lkg)	**1,088**	1,724	(636)	(37%)
Ethanol (liters)	**44,066**	76,311	32,245	(42%)

(1) Net debt is derived by deducting cash and cash equivalents from total debt (short-term borrowings and long-term debt, including current portion).

The Group's financial performance is determined to a large extent by the following key results:

1. Raw sugar production - a principal determinant of consolidated revenue and computed as the gross amount of raw sugar output of CADPI and CACI as consolidated subsidiaries. It pertains to production capacity, ability to source sugar canes, efficiencies and the productivity of manufacturing facilities.

2. Refined sugar production - the most important determinant of revenue and computed as the gross volume of refined sugar produced by the CADPI refinery both as direct sales to industrial customers and traders or as tolling manufacturing service, limited by production capacity and by the ability of the Group to market its services to both types of customers.

3. Ethanol production - a measure of ethanol production yield compared to unit and cost of input and is computed as ethanol produced (in liters) from each ton of feedstock undergoing fermentation, distillation and dehydration processes.

4. Return on Equity - denotes the capability of the Group to generate returns on the shareholders' fund computed as a percentage of net income to total equity.

Results of Operations

Revenue

	Years Ended September 30				Increase (Decrease)	
	2020					
Amounts in Thousands	**Continuing**	**Discontinued**	**Total**	2019	Amount	%
Refined sugar	**₱1,479,693**	**₱–**	**₱1,479,693**	₱3,370,338	(₱1,890,645)	(56%)
Raw sugar	**1,457,274**	**1,392,505**	**2,849,779**	3,403,556	(553,777)	(16%)
Milling revenue	**461,472**	**1,265,767**	**1,727,239**	1,520,387	206,852	14%
Molasses	**232,134**	**122**	**232,256**	490,558	(258,302)	(53%)
Tolling fees	**158,198**	**–**	**158,198**	214,915	(56,717)	(26%)
	3,788,771	**2,658,394**	**6,447,165**	8,999,754	(2,552,589)	(28%)
Alcohol	**975,092**	**1,839,203**	**2,814,295**	3,861,260	(1,046,965)	(27%)
Farm services	**21,807**	**–**	**21,807**	17,759	4,048	23%
Power	**7,914**	**–**	**7,914**	28,966	(21,052)	(73%)
Carbon dioxide	**4,995**	**–**	**4,995**	11,774	(6,779)	(58%)
	₱4,798,579	**₱4,497,597**	**₱9,296,176**	₱12,919,513	(₱3,623,337)	(28%)

Consolidated revenue amounted to ₱9,296.2 million in 2020, a decrease of ₱3,632.3 million or 28% versus ₱12,919.5 million in 2019. The decrease is due to decrease in volume sold, particularly, refined sugar and alcohol. Sugar operations contributed ₱6,447.2 million or 69% of total revenue in 2020, while ₱2,814.3 million or 30% of total revenue came from alcohol operations.

Sugar. Revenue from sugar operations decreased by ₱2,552.6 million or 28% against last year's revenue of ₱8,999.8 million, primarily due to decrease in volume sold of refined sugar, raw sugar and molasses. Raw sugar sales volume decreased by 348 Lkg or 17% this year from 2,274 Lkg in 2019 while refined sugar sales volume decreased by 936 Lkg or 55% versus last year's sales volume of 1,699 Lkg. Average selling prices per Lkg of raw and refined sugar in 2020 amounted to ₱1,479 and ₱1,939, respectively, from ₱1,496 and ₱1,984, respectively in 2019.

Alcohol. Revenue from alcohol operations amounted to ₱2,814.3 million and ₱3,861.3 million in 2020 and 2019, respectively. The decrease is primarily due to lower production volume in 2020 by 30% due to early plant shutdown caused by the pandemic.

Gross Income
Consolidated gross income in 2020 increased by ₱90.0 million or 29% from ₱307.7 million last fiscal year and gross profit rate increased from 2.4% in 2019 to 4.3% in 2020. The increased gross profit is attributable to lower sugar manufacturing cost offset by slim margin on alcohol due to high molasses cost and low production volume as a result of early plant shutdown due to the pandemic, low refined sugar production with limited available bagasse and cost efficient alternative fuel. Total TCM in 2020 and 2019 amounted to 2,388 and 2,402 metric tons (MT), respectively.

Operating Expenses

	Years Ended September 30					
	2020				Increase (Decrease)	
Amounts in Thousands	**Continuing**	**Discontinued**	**Total**	2019	Amount	%
Salaries, wages and other employee benefits	**₱347,055**	**₱183,424**	**₱530,479**	₱440,435	₱90,044	20%
Taxes and licenses	**84,799**	**45,004**	**129,803**	114,404	15,399	13%
Depreciation and amortization	**73,626**	**4,576**	**78,202**	60,005	18,197	30%
Outside services	**60,325**	**63,355**	**123,680**	123,680	(46,863)	(27%)
Provision for probable losses	**–**	**–**	**–**	120,000	(120,000)	(100%)
Selling expenses	**35,369**	**7,502**	**42,871**	63,714	(20,843)	(33%)
Provision for impairment losses on receivables	**28,533**	**7,581**	**36,114**	4,863	31,251	643%
Communication, light and	**17,249**	**4,254**	**21,503**	20,659	844	4%

	Years Ended September 30					
	2020				Increase (Decrease)	
Amounts in Thousands	**Continuing**	**Discontinued**	**Total**	2019	Amount	%
water						
Travel and transportation	**6,121**	**4,822**	**10,943**	19,821	(8,878)	45%
Materials and consumables	**5,902**	**1,320**	**7,222**	9,642	2,420	(25%)
Corporate social responsibility	**3,594**	**2,678**	**6,272**	7,497	1,225	(16%)
Repairs and maintenance	**3,554**	**4,905**	**8,459**	11,743	(3,284)	(28%)
Representation and entertainment	**2,047**	**8,090**	**10,137**	7,538	2,599	34%
Others	**70,250**	**31,699**	**101,949**	76,334	(25,616)	34%
	₱738,424	**₱369,210**	**₱1,107,634**	₱1,127,198	(19,564)	(2%)

Operating expenses decreased by ₱19.6 million or 2% from ₱1,127.2 million in 2019 to ₱1,107.6 million in 2020.

Interest
Interest expense for the current fiscal year amounted to ₱639.6 million versus ₱704.2 million in 2019, attributed to payment of maturing long-term loans in 2020.

Share in Net Earnings of an Associate
Due to the sale of investment in associate, the Company's share in the latter's earnings decreased to ₱2.2 million in 2020 from ₱41.3 million in 2019.

Net Income
Consolidated net loss after tax increased by ₱1,936.9 million versus ₱1,888.9 million in 2019, due to impairment of goodwill recognized and loss from sale of assets in 2020.

Financial Position

Consolidated total assets as at September 30, 2020 amounted to ₱14,027.3 million against ₱21,917.4 million as at September 30, 2019. This decrease is due to (a) sale of South Negros assets (b) decrease in inventory and (c) impairment of goodwill.

Consolidated total liabilities as at September 30, 2020 amounted to ₱8,177.2 million, lower by ₱4,575.9 million than last year's balance of ₱12,753.1 million.

Book value per share decreased to ₱3.78 as at September 30, 2020 from ₱5.92 as at September 30, 2019.

Off-Balance Sheet Arrangements

The Group is not aware of any material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships with unconsolidated entities or other persons created during the reporting period.

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The Group entered into an Asset Sale and Purchase Agreement with a buyer for the sale of the Group's sugar milling and refining operations in Batangas. The consummation of the Proposed Sale Transaction is subject to the parties being able to secure the requisite regulatory approvals, corporate approvals, and other third party consents. On February 12, 2019, the PCC issued a decision disapproving the Proposed Sale Transaction. Nonetheless, the Group remained committed to sell the assets in Batangas and was negotiating with another prospective buyer. The Group has assessed that the subject assets are available for immediate sale in their present condition and sale is highly probable as of September 30, 2019.

Financial Highlights and Key Performance Indicators

	September 30		Increase (Decrease)	
	2019	2018		
Amounts in Thousands except Closing Price per Shares	**(Audited)**	(Audited)	Amount	%
Balance Sheet				
Fixed assets	**₱15,075,768**	₱15,614,626	(₱538,858)	(3%)
Goodwill	**1,079,615**	1,079,615	–	–
Total assets	**21,917,434**	25,763,131	(3,845,697)	(15%)
Shareholders' equity	**9,164,335**	10,908,705	(1,744,370)	(16%)
Net debt [(1)]	**9,848,593**	10,728,821	(880,228)	(8%)
Equity ratio	**41.8%**	42.3%	(0.5)	(1%)
Net debt as % of equity	**1.07x**	0.98x	0.09	9%
Shares				
Market capitalization	**3,699,567**	4,643,807	(944,240)	(20%)
Total shares issued	**1,547,936**	1,547,936	–	–
Closing price per share	**2.39**	3.00	(0.61)	(20%)

	Years Ended September 30		Increase (Decrease)	
Amounts in Thousands except Operational Data	**2019**	2018	Amount	%
Revenues and Earnings				
Revenues	**₱12,919,513**	₱11,811,289	₱1,108,224	9%
Gross profit	**307,660**	1,254,437	(946,777)	(75%)
Depreciation and amortization	**566,516**	773,473	(206,957)	(27%)
Operating expenses	**1,127,198**	930,531	196,667	21%
Interest	**704,157**	502,073	202,084	40%
Net income (loss)	**(1,888,936)**	55,503	(1,944,439)	(3503%)
Core net income	**(1,312,711)**	55,503	(1,368,214)	(2465%)
Return on equity	**(20.61%)**	0.51%	(21.1%)	(4142%)
Earnings per share	**(1.22)**	0.04	(1.26)	(3150%)
Cash Flow and Investments				
Cash flow from (used in) operations	**1,786,112**	1,214,309	571,803	47%
Investment in fixed assets	**268,999**	1,185,332	(916,333)	(77%)
Operational Data *(volume in thousands)*				
Tons cane milled	**2,402**	2,991	(589)	(20%)
Production:				
Raw sugar (Lkg)	**4,652**	5,269	(617)	(12%)
Refined sugar (Lkg)	**1,724**	2,977	(1,253)	(42%)
Ethanol (liters)	**76,311**	74,354	1,957	3%

(1) Net debt is derived by deducting cash and cash equivalents from total debt (short-term borrowings and long-term debt, including current portion).

The Group's financial performance is determined to a large extent by the following key results:

1. Raw sugar production - a principal determinant of consolidated revenue and computed as the gross amount of raw sugar output of CADPI and CACI as consolidated subsidiaries. It pertains to production capacity, ability to source sugar canes, efficiencies and the productivity of manufacturing facilities.

2. Refined sugar production - the most important determinant of revenue and computed as the gross volume of refined sugar produced by the CADPI refinery both as direct sales to industrial customers and traders or as tolling manufacturing service, limited by production capacity and by the ability of the Group to market its services to both types of customers.

3. Ethanol production - a measure of ethanol production yield compared to unit and cost of input and is computed as ethanol produced (in liters) from each ton of feedstock undergoing fermentation, distillation and dehydration processes.

4. Return on Equity - denotes the capability of the Group to generate returns on the shareholders' fund computed as a percentage of net income to total equity.

Results of Operations

Revenue

	Years Ended September 30				Increase (Decrease)	
	2019					
Amounts in Thousands	**Continuing**	**Discontinued**	**Total**	2018	Amount	%
Refined sugar	**₱–**	**₱3,370,338**	**₱3,370,338**	₱5,574,509	(₱2,204,171)	(40%)
Raw sugar	**1,776,217**	**1,627,339**	**3,403,556**	2,291,905	1,111,651	49%
Milling revenue	**683,959**	**836,428**	**1,520,387**	–	1,520,387	100%
Molasses	**184,192**	**306,366**	**490,558**	544,389	(53,831)	(10%)
Tolling fees	**–**	**214,915**	**214,915**	97,712	117,203	120%
	2,644,368	**6,355,386**	**8,999,754**	8,508,515	491,239	6%
Alcohol	**3,861,260**	**–**	**3,861,260**	3,244,918	616,342	19%
Power	**19,443**	**9,523**	**28,966**	29,564	(598)	(2%)
Farm services	**17,759**	**–**	**17,759**	18,436	(677)	(4%)
Carbon dioxide	**11,774**	**–**	**11,774**	9,856	1,918	19%
	₱6,554,604	**₱6,364,909**	**₱12,919,513**	₱11,811,289	₱1,108,224	9%

Consolidated revenue amounted to ₱12,919.5 million in 2019, an increase of ₱1,108.2 million or 9% versus ₱11,811.3 million in 2018. The increase is due to increase in volume sold, particularly, raw sugar and recognition of revenue from milling services arising from adoption of new accounting standards. Sugar operations contributed ₱9,000.0 million or 70% of total revenue in 2019, while ₱3,861.3 million or 30% of total revenue came from alcohol operations.

Sugar. Revenue from sugar operations increased by ₱491.2 million or 6% against last year's revenue of ₱8,508.5 million, primarily due to increase in volume sold of raw sugar and recognition of revenue from milling services. Raw sugar sales volume increased by 557 Lkg or 32% this year from 1,718 Lkg in 2018 while refined sugar sales volume decreased by 1,169 Lkg or 41% versus last year's sales volume of 2,868 Lkg. Average selling prices per Lkg of raw and refined sugar in 2019 amounted to ₱1,496 and ₱1,984, respectively, from ₱1,334 and ₱1,944, respectively in 2018.

Alcohol. Revenue from alcohol operations amounted to ₱3,861.3 million and ₱3,244.9 million in 2019 and 2018, respectively. The increase is primarily due to higher average selling price in 2019 by ₱9/liter.

Gross Income

Consolidated gross income in 2019 decreased by ₱940.0 million or 75% from ₱1,254.4 million last fiscal year and gross profit rate declined from 10.6% in 2018 to 2.4% in 2019. The decreased gross profit is attributable to increase in manufacturing cost caused by decrease in ton canes milled arising from changing weather patterns and intense cane competition and lower feedstock margin caused by increased molasses cost with relatively stable sugar price. Total TCM in 2019 and 2018 amounted to

2,402 and 2,991 metric tons (MT), respectively.

Operating Expenses

	Years Ended September 30					
	2019				Increase (Decrease)	
Amounts in Thousands	**Continuing**	**Discontinued**	**Total**	2018	Amount	%
Salaries, wages and other employee benefits	**₱373,664**	**₱66,771**	**₱440,435**	₱440,722	(₱287)	(0%)
Outside services	**80,290**	**67,298**	**147,588**	141,119	6,469	5%
Provision for probable losses	**70,000**	**50,000**	**120,000**	–	120,000	100%
Taxes and licenses	**92,315**	**22,089**	**114,404**	103,235	11,169	11%
Selling expenses	**15,203**	**48,511**	**63,714**	93,815	(30,101)	(32%)
Depreciation and amortization	**60,005**	**–**	**60,005**	53,949	6,056	11%
Rent	**22,955**	**–**	**22,955**	21,429	1,526	7%
Communication, light and water	**20,179**	**480**	**20,659**	20,538	121	1%
Travel and transportation	**17,498**	**2,323**	**19,821**	22,408	(2,587)	(12%)
Repairs and maintenance	**9,729**	**2,014**	**11,743**	16,488	(4,745)	(29%)
Materials and consumables	**7,346**	**2,296**	**9,642**	5,179	4,463	86%
Representation and entertainment	**6,919**	**619**	**7,538**	6,987	551	8%
Corporate social responsibility	**4,637**	**2,860**	**7,497**	6,679	818	12%
Provision for (reversal of) impairment losses on receivables	**4,068**	**795**	**4,863**	14,801	(9,938)	(67%)
Others	**65,355**	**10,979**	**76,334**	76,998	(664)	(1%)
	₱850,163	**₱277,035**	**₱1,127,198**	₱1,024,347	₱102,850	10%

Operating expenses increased by ₱102.9 million or 10% from ₱1,024.3 million in 2018 to ₱1,127.2 million in 2019.

Interest

Interest expense for the current fiscal year amounted to ₱704.2 million versus ₱502.1 million in 2018, attributed to availment of short-term loans and increase in interest rates in 2019.

Share in Net Earnings of an Associate

Due to lower net income of HPCo arising from the decrease in market price of raw sugar, the Company’s share in the latter’s earnings decreased to ₱41.3 million in 2019 from ₱55.9 million in 2018.

Net Income

Consolidated net income after tax decreased by ₱1,943.6 million versus ₱54.7 million in 2018, due to lower gross income and increase in operating and interest expense in 2019.

Financial Position

Consolidated total assets as at September 30, 2019 amounted to ₱21,917.4 million against ₱25,530.5 million as at September 30, 2018. This decrease is due to the movements in the following accounts:

a) decrease in inventory
b) decrease in accounts receivables; and
c) derecognition of deferred tax assets

Consolidated total liabilities as at September 30, 2019 amounted to ₱12,753.1 million, lower by ₱2,015.0 million than last year’s balance of ₱14,767.6 million.

Book value per share decreased to ₱5.92 as at September 30, 2019 from ₱6.95 as at September 30, 2018.

Off-Balance Sheet Arrangements

The Group is not aware of any material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships with unconsolidated entities or other persons created during the reporting period.

Item 7. Financial Statements

Refer to the attached Audited Consolidated Financial Statements.

Item 8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosures

There has been no disagreement with the external auditor, Sycip Gorres Velayo & Co., on accounting, financial concerns, and disclosures in the Consolidated Financial Statements, attached herein.

PART III - CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Issuer

Directors and Executive Officers of the Issuer

Board of Directors & Corporate Secretary

Pedro E. Roxas is 63 years old and is a Filipino. He has been a member of the Board of Directors since year 1982. Mr. Roxas is the Chairman of the Board of Directors and is the Chairman of the Executive Committee and a member of the Corporate Governance Committee. He was elected as Acting President & Chief Executive Officer of the company on October 23, 2015. He is also the Chairman of the operating subsidiaries of the company, namely: Central Azucarera Don Pedro, Inc. (CADPI), Central Azucarera de la Carlota, Inc. (CACI), Roxol Bioenergy Corporation (RBC), San Carlos Bioenergy, Inc.(SCBI), and RHI Agri-Business Development Corporation (RHI-ADC).

Mr. Roxas is likewise the Executive Chairman of Roxas & Co., Inc. (RCI) and was the company's President and CEO until 2016; the Chairman of the Philippine Sugar Millers Association (PSMA); the Vice Chairman of the Asean Sugar Alliance; the President of Club Punta Fuego Inc. and of Fundación Santiago; an Independent Director of listed companies: Philippine Long Distance Telephone Company (PLDT) and Manila Electric Company (Meralco) and of non-listed firms: Banco de Oro (BDO) Private Bank, CEMEX Holdings, Philippines, Inc. and MAPFRE Insular; a Director of Brightnote Assets Corporation; a Trustee of Philippine Business for Social Progress (PBSP) and of Roxas Foundation, Inc. (RFI); and a Member of the Equestrian Directorate of Manila Polo Club.

Mr. Roxas was educated at Portsmouth Abbey School, Rhode Island, USA, and at the University of Notre Dame in Indiana, USA where he obtained his degree in Business Administration.

Manuel V. Pangilinan is 73 years old and is a Filipino. He was elected to the Board of Directors on December 3, 2013 and is the Vice-Chairman of the Board of Directors, a member of the Executive Committee and the Chairman of the Compensation Committee. Mr. Pangilinan founded First Pacific Company Limited in 1981 and served as its Managing Director until 1999. He was appointed Executive Chairman until June 2003 when he was named as CEO and Managing Director. He holds the position of President Commissioner of P. T. Indofood Sukses Makmur Tbk, the largest food company in Indonesia.

In the Philippines, Mr. Pangilinan is the Chairman, President & CEO of PLDT, Inc. (PLDT). He is also the Chairman of Smart Communications, Inc. (Smart), Metro Pacific Investments Corporation (MPIC), Manila Electric Comany (Meralco), ePLDT, Inc., PLDT Communications and Energy Ventures, Inc.

(formerly Pilipino Telephone Corporation, Maynilad Water Services, Inc., Metro Pacific Tollways Corporation), Philex Mining Corporation, PXP Energy Corporation, Landco Pacific Corporation, Medical Doctors, Inc. (Makati Medical Center), Davao Doctors, Inc. and Colinas Verdes Corporation (Cardinal Santos Medical Center), Mediaquest Holdings, Inc. and Associated Broadcasting Corporation (TV5).

He was formerly Chairman of the Board of Trustees of the Ateneo de Manila Univerity and was a member of the Board of Overseers of the Wharton School. In civic duties, Mr. Pangilinan sits as Chairman of the Philippine Business for Social Progress (PBSP), PLDT-Smart Foundation Inc., One Meralco Foundation, Inc., and Co-Chairman of the Philippine Disaster Resilience Foundation (PDRF), and is a Director of the Philippine Business for Education (PBED). He is Chairman of the Board of Trustees of San Beda College, Co-Chairperson of the Board of Trustees of Stratbase Albert de Rosario Institute and Co-Chairman of the U.S.-Philippine Society.

In sports, Mr. Pangilinan is Chairman of the MVP Sports Foundation Inc., Chairman Emeritus of the Samahang Basketbol ng Pilipinas and Chairman of the Amateur Boxing Association of the Philippines (ABAP).

Mr. Pangilinan has received numerous prestigious awards including Ten Outstanding Young Men of the Philippines (TOYM) Award for *International Finance* (1983), The Presidential Pamana ng Pilipino Award by the Office of the President of the Philippines (1996), Best CEO in the Philippines by the *Institutional Investor* (2004), CEO of the Year (Philippines) by *Biz News Asia* (2004), People of the Year by *People Asia Magazine* (2004), Distinguished World Class Businessman Award by the Association of Makati Industries, Inc. (2005), Management Man of the Year by the Management Association of the Philippines (2005), and Order of Lakandula (Rank of Komandante) by the Office of the President of the Philippines (2006).

He was voted as Corporate Executive Officer of the Year (Philippines) and Best Executive (Philippines) at the 2007 and 2008 Best-Managed Companies and Corporate Governance Polls conducted by *Asia Money*. Mr. Pangilinan also received the Best CEO award from *Finance Asia Magazine* (2012) and the Executive of the Year Award from the Philippine Sports Writers Association (PSA) (2014). In July 2015, Jaycees Philippines and the Asian Institute of Management (AIM) conferred him the 2015 Ramon V. del Rosario (RVR) Lifetime Achievement Award for his outstanding contributions to nation-building and exemplary corporate citizenship.

Mr. Pangilinan graduated cum laude from the Ateneo de Manila University, with a Bachelor of Arts degree in Economics. He received his MBA degree from the Wharton School at the University of Pennsylvania. He was awarded the First Honorary Doctorates Degree in Management by the Asian Institute of Management in 2016, Honorary Doctorates in Science by the Far Eastern University in 2010, and in Humanities by the Holy Angel University in 2008, by Xavier University in 2007 and by San Beda College in 2002 in the Philippines.

Hubert D. Tubio[1] is 65 years old and is a Filipino. He was elected as a member of the Board of Directors on December 16, 2015 and as President and Chief Executive Officer of the Group effective January 1, 2016. He is a member of the Board of Trustees of the Philippine Sugar Research Institute (Philsurin) and the Philippine Sugar Millers Association (PSMA); and a member of the Board of Directors of Negros College, Inc. Mr. Tubio has an extensive and varied career occupying senior leadership roles in sugar, telecommunications, airlines, trading, and international accounting/auditing industries. He was the Chairman of the Board of Directors of Bioeq Energy Holdings, Inc., a vertically integrated bioenergy company. He served as President and Chief Operating Officer of Victorias Milling Co., Inc. from 2009 to 2014; President of Philsurin; Member of the Board of Directors of Globe Telecom; President of Consultancy by Technicus Corporation - a subsidiary of Deutsche Telekom A.G. of Germany; Consultant of PAL Holdings, Inc.; and Vice-President of Jardine Davies, Inc.

Mr. Tubio is a Certified Public Accountant (CPA). A consistent university scholar, he graduated Cum Laude with a degree in Bachelor of Science in Business Administration (BSBA), Major in Accounting, from the University of the East. He ranked 10th in the Philippine CPA Board Examinations conducted

[1] Mr. Tubio retired from Roxas Holdings, Inc. effective October 31, 2020.

in October 1975. He is also recognized as the "Most Exalted Alphan" of Tau Alpha Sigma – an exclusive fraternity for Accounting Honors at the University of the East Manila in 1972. He also belongs to the Top 10% of the 36th Management Development Program of the Asian Institute of Management in 1991 with Superior Performance Award.

Mr. Tubio is also an Awardee of the University of the East — Business Management's Diamond Jubilee Alumni Achievers' Award in 2006. He attended the Deutsche Telekom Global Event in Bonn, Germany in January 2002; and served as JDI Corporate Observation Group Leader for the team that visited the Louisiana Sugar Industry, at Lafayette, Patouville and New Orleans, Louisiana, and Hawaiian Sugar Industry in Maui, Hawaii, USA in November 1997. He also attended the International Society of Sugar Cane Technologists (ISSCT) Congress in Cali and Cartagena, Colombia, South America in September 1995; and the Sugar Production and Processes Hands-On Technical Training of Moreton Sugar Company, Ltd. (Bundaberg Sugar Group) in Queensland, Australia from July to August 1993.

Christopher H. Young is 62 years old and is a British citizen. He was elected as a member of the Board of Directors on May 13, 2015 and as a member of the Audit & Risk Committee on August 19, 2015.

Mr. Young is the Executive Director and Chief Financial Officer of First Pacific Company Limited in Hong Kong. He is currently a Director of Metro Pacific Investments Corporation, Goodman Fielder Pty Limited, PacificLight Power Pte. Ltd., and FPM Power Holdings Limited. He is also a member of the Advisory Board of PLDT, Inc. Mr. Young is also a Commissioner of PT Indofood Sukses Makmur Tbk and a Trustee of IdeaSpace Foundation, Inc.

He worked for PricewaterhouseCoopers in London and Hong Kong from 1979 until 1987, at which time he joined First Pacific as Group Financial Controller. Mr. Young moved to Metro Pacific Corporation in 1995 as Finance Director until November 1998 when he became the Chief Financial Advisor of PLDT. He returned to First Pacific as Chief Financial Officer in 2015 and as a member of the Board in August 2017.

Mr. Young graduated at the Waid Academy at Fife, Scotland. He finished his Master of Arts in Economics with Honors at St. Andrews University. He has been a member of the Institute of Chartered Accountants in England and Wales since 1982.

Ray C. Espinosa is 63 years old and is a Filipino. He was elected to the Board of Directors on December 3, 2013. Atty. Espinosa is an Associate Director of First Pacific Company Limited. He is a Director of PLDT Inc., Smart Communications, Inc., Manila Electric Company (Meralco), Metro Pacific Investments Corporation, Meralco PowerGen Corporation, First Agri Holdings Corporation and First Coconut Manufacturing Inc. He also serves as an Independent Director of Lepanto Consolidated Mining Company (Lepanto) and Maybank Philippines, Inc. (Maybank Philippines). He is the Chairman of the Audit Committee and Nomination Committee of Lepanto and the Risk Management Committee of Maybank Philippines.

Atty. Espinosa is the President and Chief Executive of Meralco, the Chief Corporate Services Officer of PLDT and Smart, and Head of PLDT's Regulatory and Strategic Affairs Office. He is also a Trustee of the Beneficial Trust Fund of PLDT. He is the Chairman of PhilStar Daily, Inc. and BusinessWorld Publishing, Inc. He is the Vice Chairman of First Agri Holdings, Inc. and First Coconut Manufacturing, Inc. He is also the President and Chief Executive Officer of Mediaquest Holdings, Inc.

He joined First Pacific in 2013. He is currently First Pacific Group's Head of Government and Regulatory Affairs and Head of Communications Bureau for the Philippines. Prior to joining the PLDT Group in 2000, Atty. Espinosa was a law partner at SyCip Salazar Hernandez & Gatmaitan, the largest law firm in the Philippines, until June 2000 and was a member of the firm's Executive Committee. He was a law lecturer at the Ateneo de Manila School of Law from 1983 to 1985 and in 1989. After finishing his Master of Laws degree, he worked as a foreign associate in Covington & Burling, the largest law firm in Washington, D.C., USA, from September 1987 to August 1988.

He is a member of the Integrated Bar of the Philippines, Philippine Bar Association, and Inter-Pacific Bar Association. He is also a member of the Executive Committee of LAWASIA Energy Section. *Asia Law & Practice*, *Euromoney* and *The Asia Pacific Legal 500* named Atty. Espinosa as one of the leading capital market lawyers, and among the leading project finance lawyers, in the Philippines from 1996 to 2002.

Atty. Espinosa finished his Bachelor of Laws degree at the Ateneo de Manila University, graduating Salutatorian, and his Master of Laws degree at the University of Michigan Law School. He took up Bachelor of Science in Pre-Medicine at the University of Santo Tomas. Atty. Espinosa placed first in the Philippine Bar Examinations of 1982, and was a Fellow of the University of Michigan Law School's Clyde Alton Dewitt Scholarship Foundation.

Alex Erlito S. Fider is 66 years old and is a Filipino. He was elected to the Board of Directors on December 3, 2013. His legal experience spans 30 years of involvement in corporate transactions and projects. His legal work extends to an array of corporate and financial matters to companies involved in public infrastructure, water, and power utilities, telecommunications, mass media, banking and finance, real estate development, and agriculture. He is a specialist in the various fields of commercial, civil, telecommunications and public utilities law. Atty. Fider is a Director and Corporate Secretary of several Philippine corporations, including Metro Pacific Tollways Corporation, Metro Pacific Tollways Development Corporation, Manila North Tollways Corporation, Tollways Management Corporation, Smart Communications, Inc. and Maynilad Water Services, Inc. He is actively involved in the Financial Executives Institute of the Philippines (FINEX) and Institute of Corporate Directors of which he is a Fellow. He is a member of the Board of Trustees of non-profit organizations like the Metropolitan Manila Cathedral Basilica Foundation and TV 5 Alagang Kapatid Foundation.

Atty. Fider graduated from the University of the Philippines with degrees in Economics and Law. He was admitted to the Philippine Bar in 1985 and undertook specialized courses in Strategic Economics and Corporate Governance in the Philippines and Australia, respectively.

Oscar J. Hilado is 82 years old and is a Filipino. He has been a member of the Board of Directors since May 11, 2016. Mr. Hilado is the Lead Independent Director and is the Chairman of the Corporate Governance Committee. He is also a member of the Executive, Audit and Compensation Committees.

He is the Chairman of the Board of Philippine Investment Management (PHINMA), Inc.; Phinma Corp.; Phinma Energy Corporation; Phinma Property Holdings Corp.; and Union Galvasteel Corporation.

Mr. Hilado is also the Vice Chairman of Trans Asia Power Generation Corporation and Trans-Asia Petroleum Corporation.

He is the Chairman of the Executive Committee of Phinma Corp.

He is also a director of A. Soriano Corporation; First Philippine Holdings Corporation; Philex Mining Corporation; United Pulp and Paper Co., Inc.; Beacon Property Ventures, Inc.; Manila Cordage Company; Smart Communications, Inc.; Digital Telecommunications Philippines, Inc. (DIGITEL); Pueblo de Oro Development Corporation; Seven Seas Resorts and Leisure, Inc.; Asian Eye Institute; Rockwell Land Corporation; Araullo University, Inc.; Cagayan de Oro College, Inc.; University of Iloilo, Inc.; University of Pangasinan, Inc.; Southwestern University; PEN Holdings, Inc.; Microtel Inns & Suites (Pilipinas), Inc.; and Trans Asia Renewable Energy Corporation. Mr. Hilado is an Honorary Consul of Ecuador. He was awarded the MAP Management Man of the Year in 1991.

Mr. Hilado was a Smith Mundt/Fullbright scholar at the Harvard Graduate School of Business where he obtained his Master's Degree in Business Administration in 1962. He is a Certified Public Accountant (CPA) with a Bachelor of Science in Commerce degree from the De La Salle College in Bacolod in 1958. He earned his Doctorate in Business Management, Honoris Causa, from the De La Salle University in 1992 and in 2003, attained his Doctorate of Law, Honoris Causa, from the University of St. La Salle.

Santiago T. Gabionza, Jr. is 62 years old and is a Filipino. He was elected as an Independent Director to the Board of Directors on April 30, 2019 and as a member of the Corporate Governance and Compensation Committees.

Atty. Gabionza is a founding partner of Villanueva Gabionza and Dy Law Offices; a Fellow at the Institute of Corporate Directors; and a member of the Board of Directors of various corporations. He is a member of the Asia Pacific Lawyers Association, Philippine Lawyers Literary Club, Inc., ASEAN Law Association of the Philippines, Philippine Trial Lawyers Association, and Philippine Bar Association. He is also a member of Club Filipino, Quezon City Sports Club, Mimosa Golf and Country Club, Tagaytay Highlands Country Club, The Tower Club and The Celebrity Club.

He was a former Director of the Legal Management Council of the Philippines and past Grand Master, Grand Lodge of Free and Accepted Masons of the Philippines.

He also served in various capacities, as: Legal Consultant for then Ministry of Human Settlements; Senior Associate Lawyer at Balgos & Perez Law Offices; former President of the Northern Power Development Corporation; Corporate Secretary/Rehabilitation Counsel of Victorias Milling Company, Inc.; Rehabilitation Receiver of Steel Corporation of the Philippines; former Consultant to the Secretary of the Department of National Defense; former Consultant of the Committee on Justice at the House of Representatives; former OIC-President, Member of the Board of Directors and Chairman of the Audit Committee of Maynilad Water Services, Inc. He was also a College Instructor at The Catanduanes College; a Professorial Lecturer at the Philippine School of Business Administration; a Lecturer at Business Law Journal; a staff of the Ateneo Law Journal; Associate Editor of The Lance - the official organ of Letran College; a past President of the Catandungan Foundation, Inc. and a former President of the Integrated Bar of the Philippines - Makati Chapter.

Atty. Gabionza graduated Summa Cum Laude with a Bachelor of Arts degree, major in Economics at Colegio de San Juan de Letran. He finished Second Honors with Bachelor of Laws at the Ateneo de Manila College of Law. He passed the Philippine Bar examinations in 1981.

Arlyn S. Villanueva is 63 years old and is a Filipino. She was elected as an Independent Director to the Board of Directors on April 30, 2019 and as Chairman of the Audit Committee. Dr. Villanueva is a partner of accounting firm Sicangco Menor Villanueva CPAs (SMV). She sits as an independent director of the Metro Pacific Transport Corporation (MPTC), the transport group of the Metro Pacific conglomerate, since 2009 and the Manila North Tollways Corporation (MNTC) since 2014. She chairs the audit committees of both companies.

She is currently a member of the Professional Regulatory Commission’s Board of Accountancy. She has been in practice for more than 35 years, with her field of competence being in audit and management consultancy. Dr. Villanueva is also involved in accreditation, performance evaluation, strategic planning and development, as well as forecasting and budgeting projects for academic institutions, being exposed to the academe for over 30 years.

In June 2014, she concluded her eight-year term as President of the Holy Angel University, which she had served for 33 years. Before she was appointed as University President in August 2006, she served as Dean and full professor of the College of Business & Accountancy for 25 years, and of the Graduate School for 10 years.

Dr. Villanueva was admitted as a Fellow of the Institute of Corporate Directors in August 2014.

She has held various positions at the Philippine Institute of Certified Public Accountants (PICPA), both at the local and national levels. She was President of the Philippine Association of Collegiate Schools of Business (PACSB) in 2005 and 2006. She is also a member of the Association of Certified Public Accountants in Education, the Management Association of the Philippines, the Philippine Marketing Association, and the International Council on Hotel, Restaurant and Institutional Education - Asia Chapter.

Dr. Villanueva was awarded the Most Outstanding President of PICPA in 2004.

Dr. Villanueva obtained her Accounting degree (BSC) from Holy Angel University in Angeles City in 1977 and passed the CPA licensure examinations in 1978. She pursued her studies and took her Master's Degree in Business Management from the Ateneo Graduate School of Business in 1982. She took her Doctorate Degree in Business Administration from De La Salle Graduate School of Business where she graduated in 2003 "With Distinction". In 2011, she pursued her post-doctorate studies and completed the Advance Management Program, a program designed for top executives from all over the world, at the Harvard Business School (AMP181) in Boston, Massachusetts; and in December 2014, she completed the one-year Challenges of Leadership Programme: Crafting Reflective Leaders at the Insead Business School in Fontainebleau, France

The directors hold office for one (1) year from election until their successors are elected and qualified.

The members of the Board attended seminars on Corporate Governance in compliance with SEC rules and regulations.

Board of Advisors

Senen C. Bacani is 74 years old and is a Filipino. He was formerly a member of the Board of Directors and was elected as a member of the Board of Advisors on December 11, 2013. Mr. Bacani is the President of Ultrex Management & Investments Corp.; Chairman & President of La Frutera, Inc.; Chairman of Trully Natural Food Corporation; a Director of Swift Foods, Inc.; a Private Sector Representative of APEC Policy Partnership on Food Security, ABAC Philippines; Director of the Philippine Chamber of Agriculture & Food, Inc., Icebox Logistics Services, Inc., Franklin Baker Co. of the Philippines; and a Member of the Board of Advisors of East-West Seed Philippines, Inc. and of the National Competitiveness Council.

He is also a member of the Board of Trustees of the Philippine Rice Research Institute, and the Vice-Chairman of the Technical Advisory Committee of the PCARRD (DOST). Mr. Bacani is also involved in various non-government and people's organizations.

He obtained his degree in Bachelor of Science in Commerce at the De La Salle University, graduating Summa Cum Laude and Class Valedictorian, and his Masters in Business Administration at the University of Hawaii, USA. He passed the CPA Board Exams in 1966.

Vicente S. Pérez is 61 years old and is a Filipino. He was elected as a member of the Board of Advisors on March 25, 2009. Mr. Pérez is an avid environment advocate and renewable energy investor. He is CEO of Alternergy, a wind and mini-hydro power developer, and Chairman of Merritt Partners, an energy advisory firm, and Chairman of Solar Pacific, an off-grid island solar PV developer.

He has been an independent director of regional companies in Australia, the Philippines and Singapore. He is an independent director of ST Telemedia, the Temasek holding company for telecom, data centers and mobile technology, and is an Independent Board Adviser of Banco de Oro, the Philippines' largest commercial bank. He is a member of the Advisory Boards of Coca-Cola FEMSA Philippines, Geneva-based Pictet Clean Energy Fund, and the Yale Center for Business and Environment. His philanthropy involvements are focused on the environment. Mr. Pérez is chairman of the National Advisory Council of WWF-Philippines and treasurer of the WWF-International Board, and a trustee/adviser of the Asian Conservation Foundation, Bhutan Foundation, Solar Energie Foundation and Solar Car Challenge Foundation. Mr. Pérez was Philippine Energy Minister from 2001 to 2005. He boosted energy self- sufficiency, promoted clean indigenous energy, and crafted an ambitious renewable policy framework. He served briefly in early 2001 as Deputy Minister for Trade and Industry.

Prior to 2001, Mr. Pérez had 17 years' experience first in Latin American debt restructuring at Mellon Bank in Pittsburgh, and later in debt trading, capital markets, and private equity in emerging countries at Lazard in London, New York and Singapore. At 35, he became General Partner at New York investment bank Lazard Frères as head of its Emerging Markets Group. He was Managing Director of Lazard Asia in Singapore from 1995 until 1997.

Mr. Pérez founded Next Century Partners in 1997, a private equity firm based in Singapore. In 2000, he founded Asian Conservation Company that acquired El Nido Resorts, an award- winning eco-tourism destination in Palawan. In 2006, he invested in Northwind Power, the first commercial wind farm in Southeast Asia.

He has consulted for the Asian Development Bank (ADB), International Finance Corporation (IFC) and numerous firms on renewable energy. With his various involvements, the media has dubbed him as the Philippines' "renewable czar".

Mr. Pérez obtained an MBA from the Wharton Business School of the University of Pennsylvania in 1983 and a Bachelor's Degree in Business Economics from the University of the Philippines in 1979. He was a 2005 World Fellow at Yale University, where he lectured an MBA class on renewable power in emerging countries.

Corporate Officers

Pedro E. Roxas (See above.)

Manuel V. Pangilinan (See above.)

Hubert D. Tubio (See above.)

Cynthia L. Dela Paz is 57 years old and is a Filipino. She has been the Corporate Secretary of the Group since February 15, 2017. Atty de la Paz has been a practicing corporate lawyer for the last twenty-seven (27) years, and is a senior partner at Picazo Buyco Tan Fider & Santos. She presently serves as corporate secretary or assistant corporate secretary of various Philippine companies. Her practice areas include project financing, debt capital market transactions, mergers and acquisitions and investments. She also has special practice in taxation and directly participates in tax reform initiatives and other advocacies relating to tax administration and practice through the professional tax organization, Tax Management Association of the Philippines (TMAP), of which she has been a director for the last ten (10) years.

Celso T. Dimarucut is 59 years old and is a Filipino. He was appointed as EVP-CFO and Group Head of Finance effective December 1, 2015. Mr. Dimarucut, prior to joining the company, served as Senior Executive Vice President and Chief Finance Officer of Landco Pacific Corporation and its subsidiaries, Senior Vice President and Group Chief Finance Officer of Mediaquest Holdings, Inc. and its subsidiaries, Senior Vice President and Group Chief Finance Officer of ePLDT, Inc. and Subsidiaries, First Vice President and Group Controller of PLDT Group, First Vice-President and Group Financial Controller for domestic subsidiaries of Metropolitan Bank & Trust Company and Finance Head of Pilipino Telephone Corporation (Piltel). Mr Dimarucut has more than 10 years of professional audit and business advisory experience gained from SyCip, Gorres Velayo & Co. and Prasetio Utomo & Co. (Jakarta, Indonesia). He graduated Cum Laude at the Polytechnic University of the Philippines with a degree of BS Commerce Major in Accounting. He is a Certified Public Accountant (CPA).

Pilipino T. Cayetano is 50 years old and is a Filipino. He was appointed as Vice President/Chief Manufacturing Officer of Central Azucarera de la Carlota, Inc. (CACI) on May 3, 2019 and as VP/CMO of CACI and Roxol Bioenergy Corporation (RBC) effective August 1, 2019 He was appointed as VP/CMO of CADPI and SCBI effective October 12, 2020.

Mr. Cayetano was a consistent academic scholar who graduated with a Bachelor of Science degree in Electronics and Communications Engineering at the Polytechnic University of the Philippines. He is a registered Electronics and Communications Engineer.

He has 25 years of experience in the fast moving consumer goods industry, covering the end-to-end process of supply chain. He has strong foundation in Continuous Improvement and Operational Excellence. He had received several awards as a leader for consistently exceeding business key performance targets in quality, productivity and cost.

Mr. Cayetano served as Processing Operations Director of Cargill Joy Meat Products, Inc. (C-Joy), a joint venture between Jollibee and Cargill from 2016 to 2019. He spent over 20 years at Coca Cola Bottlers Philippines, Inc. (CCBPI) as plant head of major operating units: Sta. Rosa 1 and 2; Davao; and San Fernando, Pampanga. He also served as Manufacturing Director at Zenith Foods Corporation, a subsidiary of Jollibee Foods Corp. He also worked as Senior Operations Manager at B/E Aerospace BV - Philippine Branch and as Plant Operations Manager at San Miguel Packaging Specialist, Inc. in San Fernando, Pampanga.

Jose Manuel L. Mapa is 52 years old and is a Filipino. He was appointed as VP-General Manager of RHI Agri-business Development Corporation on January 8, 2018. Mr. Mapa obtained his MBA with High Academic Honors from the University of St. La Salle Graaduate School in Bacolod and holds a Bachelor degree in Agribusiness Management from the University of the Philippines Los Baños in Laguna. Mr. Mapa served 2GO Group, Inc. for 20 years where he made major contribution as EVP for Key Accounts and Supply Chain Solutions (2015-2017) and EVP for Freight Sales and Operations – Luzon (2011-2014). Prior to that, he also worked as EVP for Corporate Sales at Negros Navigation Co., and as Operations Manager at Waterman Bacolod, Inc. He also manages a sugarcane farm in Talisay, Negros Occidental.

Julius G. Rugas is 43 years old and is a Filipino. He was appointed as VP-Manufacturing Operations Head of Central Azucarera Don Pedro, Inc. on July 1, 2019. Mr. Rugas has over 21 years of experience working in various leadership and technical roles in plant operations. Prior to joing the RHI Group, Mr. Rugas was with URC Branded Consumer Foods group. He headed some of URC's major plants such as the Cavite and Canlubang operations. He also worked for RFM Meat Division where he performed the roles of Plant Manager and QA Manager. He started his career in Unilver where he was involved in quality assurance and food solutions. He is a BS Food Technology graduate of the University of Santo Tomas.

Frederick E. Reyes is 58 years old and is a Filipino. He was appointed as AVP & Deputy Head of Human Resources on February 1, 2014 and was promoted to VP & Deputy Head of Human Resources on January 5, 2015. Mr. Reyes was formerly the Director for Human Resources Services of Manila Water Company Inc. He has decades of experience in HR Operations having been in Vitarich in charge of Training, QC & Employee Relations. He joined Globe Telecom during its transition to become a “wireless” telephone company in charge of Training and Development from 1990 thru 1997, and also in Manila Water during its “privatization” years in 1997 thru 2012. Mr. Reyes obtained his degree in Industrial Engineering from the University of Sto. Tomas and is a licensed Industrial Engineer.

Jaynel R. Sulangi is 44 years old and is a Filipino. He was appointed VP/Head of Information & Communications Technology on March 21, 2018. Mr. Sulangi graduated Cum Laude with Bachelor of Science in Industrial Engineering degree at the University of the Philippines. Mr. Sulangi was VP for SAP Project Management at Deutsche Bank group before joining Roxas Holdings, Inc. He also worked at PLDT and Smart Communications, Inc. For seven years as Senior Manager, IT-Resource Planning (ERP) and later, as Solutions Architect, Program Management Office. He also worked at SAP, SSIP and Business Applications and Network Technologies. He is a Certified SAP Consultant in Planning Production Planning since 1997.

Veronica C. Cortez is 40 years old and is a Filipino. She was appointed AVP of Finance on February 10, 2016. She has over 10 years of experience in external auditing. She worked with SyCip Gorres Velayo & Co. (SGV) as Senior Director from September 2009 to 2015. She started her career with SGV as an Associate and moved to become Senior Associate, Associate Director and then Director. She also worked as a Senior Associate in the Resource Sharing Program of Ernst & Young Houston, Texas Office. Ms. Cortez graduated with a degree in BS Accountancy from San Sebastian College Recoletos de Cavite and is a Certified Public Accountant (CPA).

Ma. Hazel L. Rabara-Retardo is 39 years old and is a Filipino. She was appointed as AVP for Corporate Governance and Deputy Compliance Officer on September 20, 2016. She is currently the OIC- Group Head of Legal and Corporate Affairs. Prior to joining RHI, Atty. Rabara-Retardo was Vice President for Legal & Administrative Affairs/Corporate Secretary of Advanced Merchant Payments Lending Corporation, an affiliate of Amplifi Capital (HK) Ltd. and AMP Credit Technologies, Ltd, where she likewise provided support in legal and contracts management and other roles for the AMP Group which has operations in Hong Kong, Singapore and the United Kingdom. She also worked as Court Attorney V at the Office of the Presiding Justice Ernesto Acosta of the Court of Tax Appeals. Atty. Rabara-Retardo also worked as an associate in the Tan Venturanza Valdez Law Office where she was assigned as Corporate Secretary of various private and publicly-listed companies. She obtained her Bachelor of Laws degree and Bachelor of Arts Major in Political Science at the University of the Philippines- Diliman, Quezon City.

Jaypee V. Jimenez is 35 years old and is a Filipino. He was appointed AVP/Head of Procurement & Materials Management of February 15, 2018. Mr. Jimenez graduated with a B.S. mechanical Engineering degree at the Polytechnic University of the Philippines and later took up Masters in Business Administration at the De La Salle University. He is affiliated with the Philippine Society of Mechanical Engineers and Philippine Institute of Supply Management. Mr. Jimenez was Senior Manager of Procurement at Roxas Holdings, Inc. from June 2016 to February 2018, serving both the sugar and bioethanol units. Prior to that, he was Manager for MRO Procurement at Aboitiz Power Corporation. He also served as Supervisor for Procurement at AP Renewables, Inc., as Procurement Engineer at Bilfal Heavy Industries at the Kingdom of Saudi Arabia, and as Engineering Buyer at the Asian Terminals Incorporated.

Josephine M. Logroño is 44 years old and is a Filipino. She was appointed as AVP and Group Head of Internal Audit on February 1, 2018. Ms. Logroño graduated with a degree in BS Accountancy from the University of Sto. Tomas. She is a Certified Public Accountant (CPA) and a Certified Internal Auditor. Ms. Logroño was formerly Audit Manager at Arthaland Corporation (2016-2017) and Shang Properties Inc. (2013-2016). She has over 16 years of experience in both internal and external auditing. She worked with Holcim Philippines, Inc. as Finance - Process Solution Officer and as an Internal Auditor from 2003 to 2010. She also served as an Associate Auditor at Sycip, Gorres, Velayo (SGV) & Co. from 1999 to 2003.

Significant Employees

The Group is not highly dependent on the services of an employee who is not an Executive Officer so as to be a key in the business.

Family Relationships

Messrs. Pedro E. Roxas and Santiago R. Elizalde are relatives within the fourth degree of consanguinity.

Legal Proceedings

The Group is not aware of any legal proceeding/s during the last five (5) years up to the present, involving the members of its Board of Directors, Executive Officers or their property before any court of law or administrative body in the Philippines or elsewhere. Moreover, the company is not in possession of any information indicating that the members of its Board of Directors or Executive Officers have been convicted by final judgment of any offense punishable under the laws of the Philippines or of any other country.

Item 10. Executive Compensation

Compensation of Executive Officers

Name and Principal position	Fiscal Year	Salary	Other Employee Benefits	Other Annual Compensation
The CEO and four most highly compensated Executive Officers: • Hubert D. Tubio - President and CEO • Celso T. Dimarucut - EVP and CFO • Arcadio S. Lozada - EVP-COO, Sugar Business Unit • Jose B. Villanueva – VP, Chief	2020	₱53,243,628	₱8,847,218	₱–

Name and Principal position	Fiscal Year	Salary	Other Employee Benefits	Other Annual Compensation
Manufacturing Officer (CADPI and SCBI) • Pilipino T. Cayetano – VP, Chief Manufacturing Officer – Negros				
All other officers and directors as a group unnamed*		46,943,808	7,717,088	–
The CEO and four most highly compensated Executive Officers: • Hubert D. Tubio - President and CEO • Celso T. Dimarucut - EVP and CFO • Arcadio S. Lozada - EVP-COO, Sugar Business Unit • Jose B. Villanueva – VP, Chief Manufacturing Officer (CADPI and SCBI) • Pilipino T. Cayetano – VP, Chief Manufacturing Officer – Negros	2019	₱53,083,308	₱8,847,218	₱–
All other officers and directors as a group unnamed*		41,868,180	6,978,030	–
The CEO and four most highly compensated Executive Officers: • Hubert D. Tubio - President and CEO • Celso T. Dimarucut - EVP and CFO • Arcadio S. Lozada - EVP-COO, Sugar Business Unit • George T. Cheung – SVP, Commercial Operations • Bernard Jose S. Lachica – VP, Chief Manufacturing Officer – Sugar Business Unit	2018	₱52,029,288	₱8,671,548	₱–
All other officers and directors as a group unnamed*		33,766,056	5,627,676	–

Compensation of Directors

Article 19 of the By-Laws of the Parent Company provides that the Board of Directors shall be given 6% of the net income of the corporation before tax to be distributed as fees in the following manner: 2% to the Executive Committee and 4% to the Board of Directors. Each member of the Board of Directors and of the Board of Advisors receives a per diem of ₱25,000.00 for every meeting attended. Each member of the Audit & Risk Committee, Compensation Committee, and Nomination, Election & Governance Committee, receives a per diem of ₱25,000.00 for every meeting attended. Except for the Chairman, the members of the Executive Committee receive a per diem of ₱25,000.00 for every meeting attended.

Item 11. Security Ownership of Certain Beneficial Owners and Management

Security Ownership of Certain Record and Beneficial Owners

The table below shows persons of groups known to the Group as of November 27, 2020 to be directly or indirectly the record or beneficial owner of more than 5% of the Parent Company's voting securities:

Title of Class	Name and Address of Owner	Number and Nature of Ownership (Indicate Record and/or Beneficial)		Percent of Class
Common	Roxas & Company, Inc. 7/F CG Building, 101 Aguirre St., Legaspi Village, Makati City (Shareholder)	318,341,705	Record and Beneficial	20.56%

Common	First Pacific Natural Resources Holdings BV Prins Bernhardplein 200, 1097 JB Amsterdam, The Netherlands (Shareholder)	505,667,566	Beneficial	32.67%
Common	First Agri Holdings Corp. 10th Floor MGO Building Dela Rosa cor Legaspi Sts. Makati City (Shareholder)	467,854,834	Beneficial	30.22%
Common	PCD Nominee Corp 37F Tower 1 Enterprise Center Makati City (Shareholder)	234,498,275	Beneficial	15.15%

The members of the Board of Directors of Roxas & Co., Inc. (RCI) are Antonio J. Roxas, Pedro E. Roxas, Carlos R. Elizalde, Francisco Jose R. Elizalde, Fernando L. Gaspar, Guillermo D. Luchangco, and Corazon De La Paz-Bernardo. Collectively, they have the power to decide how the shareholdings of RCI in RHI shall be voted. Pedro E. Roxas is authorized to vote the shares of RCI in the annual meeting.

Security Ownership of Management as of November 27, 2020

The following are the number of shares owned of record by the Directors and the President & Chief Executive Officer (PCEO) and the percentage of shareholdings of each:

Title of Class	*Name of Beneficial Owner*	*Citizenship*	*Number and Nature of Ownership*	*Percent of Class*
Common	Pedro E. Roxas Chairman of the Board	Filipino	1,026,640 (r & b)	0.0004 %
Common	Manuel V. Pangilinan Vice-Chairman of the Board	Filipino	61,547 (r)	0.0000 %
Common	Hubert D. Tubio President/CEO	Filipino	83,395 (r &b)	0.0000%
Common	Ray C. Espinosa Director	Filipino	430,831 (r & b)	0.0002 %
Common	Alex Erlito S. Fider Director	Filipino	50,000 (r)	0.0000 %
Common	Santiago T. Gabionza Independent Director	Filipino	50,000 (r)	0.0000 %
Common	Christopher H. Young Director	British	61,547 (r)	0.0000 %
Common	Oscar J. Hilado Independent Director	Filipino	50,000 (r)	0.0000 %
Common	Arlyn S. Villanueva Independent Director	Filipino	50,000 (r)	0.0000 %
	TOTAL		1,863,960 (r & b)	0.0006%

Item 12. Certain Relationships and Related Transactions

Mr. Manuel V. Pangilinan, Atty. Ray C. Espinosa and Mr. Christopher H. Young hold the positions of CEO and Managing Director, Associate Director and Executive Director and Chief Financial Officer, respectively of First Pacific Company Limited. The First Pacific Group, through First Pacific Natural Resources Holdings BV (FPNRHBV) and First Agri Holdings Corp., owns 62.93% of the outstanding capital stock of the company as of November 30, 2019. Mr. Pedro E. Roxas is also the Executive Chairman and the President & CEO of Roxas and Company, Inc. (RCI). RCI owns 20.57% of the outstanding capital stock of the company as of November 30, 2019.

There is no transaction or proposed transaction during the last two fiscal years to which the Group was or is to be a party in relation to any director, any nominee for election as director, any security holder of certain record or beneficial owner or management or any member of the immediate families of the directors.

PART IV - CORPORATE GOVERNANCE

Item 13. Corporate Governance

In compliance with SEC Memorandum Circular No. 2 dated April 5, 2002, the Group submitted its Manual on Corporate Governance on August 30, 2002. Since its effectivity on January 1, 2003, the company complied with the principles contained in the Manual insofar as they may be relevant to its businesses. It likewise established an evaluation system to measure or determine the level of compliance of its Board of Directors and top-level management with the Manual. Measures are also being undertaken by the company to ensure full compliance with the leading practices it has adopted in the Manual such as the constitution of the Executive Committee, Audit & Risk Committee, Executive Compensation Committee and the Nomination, Election & Governance Committee, the election of the required number of independent directors to its Board of Directors and the amendment of Article 13 of its By-Laws on the qualifications and disqualifications of its directors in order to adopt the provisions of the Manual. The company has not deviated from or violated the provisions of the Manual and it will improve on its corporate governance as may be required by law or the exigency of business. A revised Manual on Corporate Governance was submitted on May 25, 2017 to comply with the directive of Memorandum Circular No. 19, series of 2016 of the SEC.

Insider Trading Policy

The Company has an Insider Trading Policy which prohibits the purchase, sale, or trading in securities of the Company or another corporation while in possession of material non-public information. The Policy likewise prohibits the giving of material non-public information, directly or indirectly, to anyone. A violation of the Policy subjects the member of the Board of Directors, Board of Advisors, officer, or employee to disciplinary action in addition to possible civil and criminal actions.

Whistle Blowing Policy

The Group has a public interest disclosure or a whistle blowing policy whereby all employees have the right and moral responsibility to report improper actions and omissions. A workplace culture is developed in which employees who act in good faith and in compliance with the law are protected from interference in or retaliation for reporting improper actions and cooperating with subsequent investigations and proceedings. Public Interest Disclosure is required when employees, in good faith, believe superiors or colleagues are engaged in an improper course of illegal or unethical conduct, and they must be able to disclose such conduct free from fear or intimidation or reprisal.

Policy on Related Party Transactions

The Company has a Related Party Transactions Policy which sets out the review, approval or ratification, monitoring and recording of related party transactions between and among the company and its parent, joint ventures, subsidiaries, associates, affiliates, substantial stockholders, officers and directors, including their spouses, children and dependent siblings and parents and of interlocking director relationships of members of the Board. The Policy also includes rules and procedures in relation to Material Related Party Transactions set out by the Securities and Exchange Commission.

PART V - EXHIBITS AND SCHEDULES

Item 14. Exhibits and Reports on SEC Form 17-C

Exhibits

(1) Audited Consolidated Financial Statements for the years ended September 30, 2019, 2018 and 2017
   - Statement of Management’s Responsibility for Consolidated Financial Statements

- Independent Auditor's Report
- Consolidated Statements of Financial Position
- Consolidated Statements of Income
- Consolidated Statements of Comprehensive Income
- Consolidated Statements of Changes in Equity
- Consolidated Statements of Cash Flows
- Notes to the Consolidated Financial Statements
- Supplementary Schedule of Adoption of Effective Accounting Standards and Interpretations

(2) Supplementary Schedules
- Required by SRC Rule 68.1, As Amended
  - Schedule A. Financial Asset
  - Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
  - Schedule C. Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements
  - Schedule D. Intangible Assets – Other Assets
  - Schedule E. Long-term Debt
  - Schedule F. Indebtedness to Related Parties
  - Schedule G. Guarantee of Securities of Other Issuers
  - Schedule H. Capital Stock
- Schedule of Financial Soundness Indicators
- Corporate Structure

Reports on SEC Form 17-C

Material actions or resolutions are summarized below.

2019-2020

December 4, 2019 – Results of the Board Meeting of the RHI Board of Directors
1. Approved RHI's Audited Financial Statements and Management Discussion and Analysis for the fiscal year ending 30 September 2019;
2. Approved the Press Release and,
3. Approved the holding of the Annual Stockholders Meeting on 18 March 2020 and setting the Record Date for the said Meeting on 31 December 2019

February 4, 2020 – Results of the Board Meeting of the RHI Board of Directors

1. Approved RHI's Interim Unaudited Financial Statements and Management Discussion and Analysis for the first quarter ending 31 December 2019, of the current fiscal year; and,

2. Approved the Press Release.

March 13, 2020 – Postponement of the Annual Shareholders meeting indefinitely, due to coronavirus 19 pandemic

April 17, 2020 – Setting May 13, 2020 as tentative date of Annual Shareholders meeting

May 12, 2020 – Postponement of the Annual Shareholders Meeting to June 4, 2020, and holding of the said meeting online, by allowing the shareholders to attend the meeting by remote communication, by voting in absentia, or by appointing the Chairman of the meeting as proxy.

June 4, 2020 - Results of Annual Shareholders' Meeting:

1. Approval of the Annual report with accompanying Financial Statements for fiscal-year ending September 30, 2019;

2. Ratification of all acts, proceedings and resolutions by the Board and Management since the last annual meeting of April 30, 2019;

Results of Organizational Meeting of the Board of Directors:

Name		Position
Mr. Pedro E. Roxas	-	Chairman of the Board of Directors
Mr. Manuel V. Pangilinan	-	Vice-Chairman of the Board of Directors
Mr. Hubert D. Tubio	-	President & Chief Executive Officer
Atty. Cynthia Y. Ligeralde- Dela Paz	-	Corporate Secretary
Mr. Celso T. Dimarucut	-	EVP/Chief Finance Officer
Mr. Arcadio S. Lozada, Jr.	-	EVP/Operations Advisor
Mr. Jose B. Villanueva III	-	VP-Chief Manufacturing Officer, CADPI/ SCBI
Mr. Pilipino T. Cayetano	-	VP-Chief Manufacturing Officer, CACI/ RBC
Mr. Jose Manuel L. Mapa	-	VP-GM, RHI-ADC
Mr. Julius G. Rugas	-	VP-Manufacturing Operations Head, CADPI
Mr. Frederick E. Reyes	-	VP, Human Resources
Mr. Jaynel R. Sulangi	-	VP, Information & Communications Technology
Ms. Anna G. Yu	-	AVP, Treasury; Chief Risk & Credit Officer
Ms. Veronica C. Cortez	-	AVP, Finance Head
Ms. Daisy Perpetua A. Bo	-	AVP, QA/Safety/EMS/IE
Atty. Ma. Hazel L. Rabara-Retardo	-	Asst. Corporate Secretary; AVP Governance & OIC- Compliance Officer; Data Protection Officer; Corporate Information Officer
Ms. Josephine M. Logroño	-	AVP, Internal Audit
Mr. Jaypee V. Jimenez	-	AVP, Procurement and Materials Management
Atty. Aimee E. Pedayo	-	Asst. Corporate Secretary; Deputy Corporate Information Officer; Deputy Compliance Officer

The Board of Directors also elected the following Directors to the standing Committees of RHI as follows:

Executive Committee:

Mr. Pedro E. Roxas	-	Chairman
Mr. Manuel V. Pangilinan	-	Member
Mr. Oscar J. Hilado	-	Member (Independent Director)

Audit Committee:

Ms. Arlyn S. Villanueva	-	Chairman (Independent Director)
Mr. Christopher H. Young	-	Member
Mr. Oscar J. Hilado	-	Member (Independent Director)

Corporate Governance Committee (formerly, Governance, Nomination & Election Committee):

Mr. Oscar J. Hilado	-	Chairman (Independent Director)
Mr. Pedro E. Roxas	-	Member
Mr. Santiago T. Gabionza, Jr.	-	Member (Independent Director)

Compensation Committee:

Mr. Manuel V. Pangilinan	-	Chairman
Mr. Santiago T. Gabionza, Jr.	-	Member (Independent Director)
Mr. Oscar J. Hilado	-	Member (Independent Director)

Mr. Oscar J. Hilado was likewise elected as Lead Independent Director of the Company.

September 18, 2020 - the RHI Board approved the sale of the Company's sugar mill and ethanol plant in La Carlota City, Negros Occidental and RHI's investment properties consisting of shares in Najalin Agri-Ventures, Inc.

September 30, 2020 – Resignation of Mr. Jose B. Villanueva III as Vice President/Chief Manufacturing Officer - SCBI & CADPI effective September 30, 2020.

October 12, 2020 – Change of Designation of Mr. Pilipino T. Cayetano from Vice President/Chief Manufacturing Officer – CACI & RBC to Vice President/Chief Manufacturing Officer - CADPI & SCBI.

October 31, 2020 – Retirement of Mr. Hubert D. Tubio as President and CEO.

2018-2019

November 7, 2018 – Certificate of Attendance of the following Officers for the Annual Mandatory Corporate Governance Seminar:

1. Mr. Arcadio S. Lozada, Jr.
2. Ms. Josephine M. Logrono

December 12, 2018 – Certificate of Attendance of the following Officers for the Annual Mandatory Corporate Governance Seminar:

3. Mr. Hubert D. Tubio
4. Mr. Frederick E. Reyes
5. Mr. Jaynel R. Sulangi
6. Mr. Bernard Jose S. Lachica
7. Mr. Jaypee V. Jimenez

December 17, 2018 – Resignation of Mr. Fernando H. Corpuz Vice-President and General Manager of Central Azucarera Don Pedro, Inc., a subsidiary of Roxas Holdings, Inc., has resigned from RHI effective 15 December 2018.

February 12, 2019 – Results of the Regular Board Meeting of the RHI Board of Directors:

1. Approved RHI's Financial Statements and Management Discussion and Analysis for the first quarter ending December 31, 2018;

2. Approved the holding of the Annual Stockholders Meeting on 3 April 2019 to be held at the Manila Polo Club, and setting the Record Date for the said Meeting on 28 February 2019;

3. Approved the Press release on the First Quarter of Operations for Fiscal Year 2018-2019; and,

4. Confirmed the appointment of Ms. Anna Gonzales-Yu as AVP- Head, Treasury to replace Ms. Kathrina Estrella L. Sebastian who tendered her resignation.

February 12, 2019 – Press Release on the Results of Operations for the First Quarter ending December 31, 2018 of Fiscal Year 2018-2019

February 15, 2019 – Resignation of Mr. David L. Balangue as Independent Director of Roxas Holdings, Inc. effective 15 February 2019.

March 15, 2019 – Resignation of Mr. Bernard Jose S. Lachica as Vice President and Chief Manufacturing Officer (CMO) of Sugar SBU

April 30, 2019 – Results of Annual Shareholders' Meeting:

3. Approval of the Annual report with accompanying Financial Statements for fiscal-year ending September 30, 2018;

4. Ratification of all acts, proceedings and resolutions by the Board and Management since the last annual meeting of February 12, 2019.

Results of Organizational Meeting of the Board of Directors:

The Board of Directors of Roxas Holdings, Inc., in its organizational meeting held on, April 30, 2019, elected the following officers:

Name		Position
Mr. Pedro E. Roxas	-	Chairman of the Board of Directors
Mr. Manuel V. Pangilinan	-	Vice-Chairman of the Board of Directors
Mr. Hubert D. Tubio	-	President & Chief Executive Officer
Atty. Cynthia Y. Ligeralde- Dela Paz	-	Corporate Secretary
Mr. Celso T. Dimarucut	-	EVP/Chief Finance Officer
Mr. Arcadio S. Lozada, Jr.	-	EVP/COO, Sugar Business Unit
Mr. George T. Cheung	-	SVP, Commercial Operations
Mr. Jose B. Villanueva III	-	VP-Chief Manufacturing Officer, Alcohol Mr.
Esteban H. Coscolluela	-	VP-GM, CACI
Mr. Jose Manuel L. Mapa	-	VP-GM, RHI-ADC
Mr. Frederick E. Reyes	-	VP, Human Resources
Mr. Jaynel Sulangi	-	VP, Information & Communications Technology
Ms. Anna G. Yu	-	AVP, Treasury; Chief Risk & Credit Officer
Ms. Veronica C. Cortez	-	AVP, Finance Head
Ms. Daisy Perpetua A. Bo	-	AVP, QA/Safety/EMS/IE
Atty. Ma. Hazel L. Rabara-Retardo	-	Asst. Corporate Secretary; AVP Governance & Deputy Compliance Officer; Data Protection Officer
Ms. Josephine M. Logroño	-	AVP, Internal Audit
Mr. Jaypee V. Jimenez	-	AVP, Procurement and Materials Management

The Board of Directors also elected the following Directors to the standing Committees of RHI as follows:

Executive Committee:

Mr. Pedro E. Roxas	-	Chairman
Mr. Manuel V. Pangilinan	-	Member
Mr. Oscar J. Hilado	-	Member (Independent Director)

Audit Committee:

Ms. Arlyn S. Villanueva	-	Chairman (Independent Director)
Mr. Christopher H. Young	-	Member
Mr. Oscar J. Hilado	-	Member (Independent Director)

Corporate Governance Committee (formerly, Governance, Nomination & Election Committee):

Mr. Oscar J. Hilado	-	Chairman (Independent Director)
Mr. Pedro E. Roxas	-	Member
Mr. Santiago T. Gabionza, Jr.	-	Member (Independent Director)

Compensation Committee:

Mr. Manuel V. Pangilinan	-	Chairman
Mr. Santiago T. Gabionza, Jr.	-	Member (Independent Director)
Mr. Oscar J. Hilado	-	Member (Independent Director)

Mr. Oscar J. Hilado was likewise elected as Lead Independent Director of the Company.

May 2, 2019 - Appointment of Mr. Pilipino T. Cayetano as Vice President - Chief Manufacturing Officer (CMO)

May 9, 2019 - Results of the Regular Board Meeting of the RHI Board of Directors:

1. Approved RHI's Interim Financial Statements and Management Discussion and Analysis for the Second Quarter of Fiscal Year ending 30 September 2019 and press release; and,

2. Confirmed the appointment of Mr. Pilipino T. Cayetano as RHI's Vice-President, Chief Manufacturing Officer.

May 30, 2019 – Resignation of Mr. George T. Cheung, Senior Vice President – Commercial Operations of Roxas Holdings, Inc., effective 02 June 2019.

June 4, 2019 – Appointment of Mr. Elvi Manuel G. Bayle as Vice President – Commercial Operations effective June 4, 2019.

July 3, 2019 – Appointment of the following officers:

1. Mr. Julius Rugas as Vice President – Manufacturing Operations Head - CADPI
2. Mr. Gil M. Morales as Assistant Vice President for Project Management - CACI effective July 1, 2019.

August 1, 2019 - Results of the Board Meeting of the RHI Board of Directors

1. Approved RHI's Interim Financial Statements and Management Discussion and Analysis for the Third Quarter of Fiscal Year ending 30 September 2019 and the accompanying Press Release; and,

2. Confirmed the appointments of the following officers:

   a. Mr. Elvi Manuel G. Bayle as VP-Group Head, Commercial Operations to replace Mr. George T. Cheung;

   b. Mr. Julius G. Rugas as VP- Manufacturing Operations Head, Central Azucarera Don Pedro, Inc. (CADPI), to replace the former VP-General Manager Ferdinand Corpuz; and,

   c. Mr. Gil M. Morales as AVP for Project Management, Central Azucarera de la Carlota, Inc. (CACI)

September 13, 2019 – Resignation of Mr. Elvi Manuel G. Bayle, Vice President & Group Head – Commercial Operations of Roxas Holdings, Inc., effective 14 September 2019.

October 1, 2019 – Change in Officers:

1. Appointment of Mr. Alexander A. Pino as AVP and Factory Operations Head of San Carlos Bioenergy Inc., a subsidiary of Roxas Holdings, Inc. effective October 1, 2019.

2. Retirement of Mr. Simon P. Turno III as AVP- Factory Operations Head of CADPI effective October 1, 2019.

October 15, 2019 – Appointment of Mr. Edward R. Villanueva as AVP and Factory Operations Head of Central Azucarera Don Pedro, Inc., a subsidiary of Roxas Holdings, Inc. effective October 15, 2019.

2017-2018

October 27, 2017 – Resignation of Mr. Paul Edwin Lazaro as Assistant Vice President – Internal Audit

December 6, 2017 – Board Actions:

1. Approved RHI's Audited Financial Statements and Management Discussion and Analysis for the fiscal year ending 30 September 2017; and,

2. Approved the holding of the Annual Stockholders Meeting on 21 February 2018 to be held at the Manila Polo Club, and setting the Record Date for the said Meeting on 29 December 2017.

January 8, 2018 – Appointment of Mr. Jose Manuel L. Mapa as VIce-President and General Manager of Agribusiness Development Corporation (ADC)

January 10, 2018 – Resignation of Earl Eric Nestor H. Ferrer as Vice President - Information and Communication Technology

January 23, 2018 – Appointment of Jhoel P. Raquedan as Vice President – Group Head, Legal & Corporate Affairs

February 1, 2018 – Appointment of Ms. Josephine M. Logroño as Assistant Vice President and Group Head of Internal Audit

February 7, 2018 – Board Approvals:

1. Approved RHI's Interim Financial Statements and Management Discussion and Analysis for the First Quarter ending 31 December 2017;

2. Approved the Press Release of the Corporation;

3. Approved the postponement of the Annual Stockholders Meeting from 21 February 2018 to 26 March 2018 still to be held at the Turf Room, Manila Polo Club, McKinley Road, Forbes Park, Makati City;

4. Confirmed the appointment of the following officers to the positions as stated:

    a. Jose Manuel V. Mapa as Vice-President/General Manager, RHI Agri-Business Development Corporation;
    b. Atty. Jhoel P. Raquedan as Assistant Corporate Secretary/ Vice-President, Group Head – Legal and Corporate Affairs/ Compliance Officer;
    c. Josephine M. Logroño as AVP- Group Head, Internal Audit; and,
    d. Atty. Ma. Hazel L. Rabara-Retardo as Data Protection Officer, in addition to her role as AVP – Governance and Compliance/Assistant Corporate Secretary/Deputy Compliance Officer; and,

5. Approved the amendment of Article 8 of the By-Laws of the Corporation, changing the date of the annual shareholders' meeting to every second Wednesday of March of each fiscal year.

February 15, 2018 – Promotion of existing officers of the RHI Group to Executive-rank positions

Jaypee V. Jimenez as AVP – Head Procurement and Materials Management, RHI;
Simon P. Turno, III as AVP – Factory Operations Head, CADPI;
Genaro B. Bernabe as AVP – Factory Operations Head, CACI; and
Damaso T. Agudeo as AVP – Factory Operations Head, SCBI

March 2, 2018 – Postponement of Annual Shareholders' Meeting previously scheduled on March 26, 2018 to April 11, 2018.

March 21, 2018 – Appointment of Mr. Jaynel Sulangi as Vice-President - Information & Communications Technology Head

April 11, 2018 – Results of the Organizational Board Meeting of Roxas Holdings, Inc.

2016-2017

December 1, 2016 – Board Actions:

1. Approved RHI's Audited Financial Statements and Management Discussion and Analysis for the fiscal year ending 30 September 2016;

2. Approved the holding of the Annual Stockholders Meeting on 15 February 2017 to be held at the Turf Room, Manila Polo Club, McKinley Road, Forbes Park, Makati City and setting the Record Date for the said Meeting on 28 December 2016;

3. Approved the Increase in Authorized Capital Stock of RHI from One Billion Five Hundred Million Pesos (Php1,500,000,000.00) to Two Billion Pesos (Php2,000,000,000.00) divided into Two Billion Common Shares with par value of One Peso (Php 1.00) per share;

4. Approved the Issuance of at least Twenty Five Percent (25%) common shares out of the above Increase in Authorized Capital Stock (the "Initial Shares) through private placement of existing majority shareholder or shareholders and submit for approval of the RHI Shareholders' the following matters in the next Annual Stockholders' Meeting:

   a. Delegation of the authority to determine the terms and conditions of the Initial Shares, including the offer price, of the private placement to the Board of Directors;

   b. Waiver of any public offering requirement over the Initial Shares; and,

   c. c. Approval to list the Initial Shares with the Philippine Stock Exchange;

5. Approval of the recommendation of the Audit Committee to appoint and thereafter, submit for the approval of the Shareholders,' the change in the external auditor of RHI from Reyes, Tacandong and Company to SyCip Gorres Velayo & Co. as RHI's external auditors for the fiscal year 1 October 2016 - 30 September 2017; and,

6. Confirmed the appointment of Ms. Ma. Hazel L. Rabara-Retardo as AVP, Governance and Deputy Compliance Officer.

December 6, 2016 – Resignation of Ms. Jesselyn P. Panis as SVP-Deputy Sugar Business Unit Head

January 3, 2017 – Appointment of Servillaro Jose I. Dunglao as VP for Administrative Services

February 1, 2017 – Board Actions:

2. Approved RHI's Interim Financial Statements and Management Discussion and Analysis for the First Quarter ending December 31, 2016, of the current fiscal year;

3. Authorized the Company to enter into a Convertible Note Instrument with an affiliate, First Pacific Natural Resources Holdings BV, for an estimated principal value of Five Hundred Twenty Three

Million Seven Hundred Fifty Thousand Pesos (Php523,750,000.00) convertible into equity, upon the submission and approval of the increase in authorized capital stock of RHI to its shareholders and the Securities and Exchange Commission; and,

4. Confirmed the appointment of Mr. Servillano Jose I. Dunglao as RHI's Vice-President, Administrative Services.

February 16, 2017: Results of Annual Shareholders' Meeting:

1. The shareholders approved the Consolidated Financial Report of RHI to the shareholders for the fiscal year ended September 30, 2016.

2. The shareholders approved the amendment of Article VII of the Articles of Incorporation of RHI to increase the authorized capital stock from One Billion Five Hundred Million Pesos (Php 1,500,000,000.00) divided into One Billion Five Hundred common shares to Two Billion Pesos (Php 2,000,000,000.00) divided into Two Billion common shares, still with a par value of One Peso (Php1.00) per share, and in connection therewith, approved the below actions:

a. Conversion into equity of the Convertible Note to be issued to First Pacific Natural Resources Holdings, B.V., in the principal amount of Five Hundred Twenty Three Million Seven Hundred Fifty Thousand Pesos (PhP523,750,000.00) at a conversion rate of Four Pesos and Nineteen Centavos (Php 4.19) of the value of Convertible Note, for every One (1) common share, or a total of One Hundred Twenty Five Million new common shares out of the increase in authorized capital stock ("Converted Shares"); and,

b. Listing of the Converted Shares with the Philippine Stock Exchange.

Results of Organizational Meeting of the Board of Directors:

The Board of Directors of Roxas Holdings, Inc., in its organizational meeting held on, February 15, 2017, elected the following officers:

Name		Position
Mr. Pedro E. Roxas	-	Chairman of the Board of Directors
Mr. Manuel V. Pangilinan	-	Vice-Chairman of the Board of Directors
Mr. Hubert D. Tubio	-	President & Chief Executive Officer
Atty. Cynthia Y. Ligeralde- Dela Paz	-	Corporate Secretary
Mr. Celso T. Dimarucut	-	EVP/Chief Finance Officer
Mr. Arcadio S. Lozada, Jr.	-	EVP/COO, Sugar Business Unit
Mr. Luis O. Villa-Abrille	-	EVP/COO, Ethanol Business Unit
Mr. George T. Cheung	-	SVP, Commercial Operations
Atty. Florencio M. Mamauag, Jr.	-	Asst. Corporate Secretary; VP, Legal & Corporate Affairs; Compliance Officer; Chief Information Officer
Mr. Fernando H. Corpuz	-	VP/GM, CADPI
Mr. Esteban H. Coscolluela	-	VP/GM, CACI
Mr. Minrado A. Roño	-	VP/GM, ADC/Plantation
Mr. Jose Rojo G. Alisla	-	VP/, Agro-Industrial Research and Development/Farm Operations
Mr. Frederick E. Reyes	-	VP, Human Resources
Mr. Servillano A. Dunglao	-	VP, Administrative Services
Mr. Paul Edwin V. Lazaro	-	AVP, Internal Audit
Ms. Kathrina Estrella L. Sebastian	-	AVP, Treasury; Chief Risk & Credit Officer
Ms. Veronica Canela-Cortez	-	AVP, Finance Head
Ms. Daisy Perpetua A. Bo	-	AVP, QA/Safety/EMS/IE
Atty. Ma. Hazel L. Rabara-Retardo	-	Asst. Corporate Secretary; AVP Governance & Deputy Compliance Officer

The Board of Directors also elected the following Directors to the standing Committees of RHI as follows:

Executive Committee:

Mr. Pedro E. Roxas	-	Chairman
Mr. Manuel V. Pangilinan	-	Member
Mr. David L. Balangue	-	Member (Independent Director)

Audit Committee:

Mr. David L. Balangue	-	Chairman (Independent Director)
Mr. Christopher H. Young	-	Member
Mr. Oscar J. Hilado	-	Member (Independent Director)

Corporate Governance Committee (formerly, Governance, Nomination & Election Committee):

Mr. Oscar J. Hilado	-	Chairman (Independent Director)
Mr. Pedro E. Roxas	-	Member
Mr. David L. Balangue	-	Member (Independent Director)

Compensation Committee:

Mr. Manuel V. Pangilinan	-	Chairman
Mr. Santiago R. Elizalde	-	Member
Mr. Oscar J. Hilado	-	Member (Independent Director)

Mr. David L. Balangue was likewise elected as Lead Independent Director of the Company.

April 17, 2017 – The Company has appointed Mr. Earl Eric Nestor H. Ferrer as Vice- President – Information and Communication Technology, effective April 17, 2017.

May 2, 2017 – Resignation of Mr. Servillano Jose I. Dunglao as VP- Administrative Services (Administration/Security/CSR/Corporate Safety)

May 11, 2017 – Board Actions:

1. Approved **RHI's Interim Financial Statements and Management Discussion and Analysis** for the **Second Quarter** of Fiscal Year ending **September 30, 2017**;

2. Approved the **Revised Manual on Corporate Governance** in compliance with SEC Memorandum Circular No. 19, series of 2016; and,

3. Confirmed the appointment of **Mr. Earl Eric Nestor H. Ferrer** as RHI's Vice-President, Information and Communication Technology.

August 10, 2017 - The Board of Directors of Roxas Holdings, Inc. approved RHI's Interim Financial Statements and Management Discussion and Analysis for the Third Quarter (ending June 30, 2017) of Fiscal Year ending September 30, 2017

September 29, 2017 - Resignation of Mr. Jose Rojo G. Alisla as VP/GM, RHI Agri-business Development Corporation

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of ____________ on ____________, 20__.

By:

PEDRO E. ROXAS Chairman of the Board	**CELSO T. DIMARUCUT** President and Chief Executive Officer
VERONICA C. CORTEZ VP- Head of Finance and Administration	**AIMEE E. PEDAYO** Assistant Corporate Secretary

DEC 17 2020 MAKATI CITY

SUBSCRIBED AND SWORN to before me this _____ day of ________ 2020 affiants exhibiting to me their government-issued IDs, as follows:

Names	ID No.	Date of Issue	Place of Issue
Pedro E. Roxas	N11-77-003593	March 19, 2018	LTO Makati
Celso T. Dimarucut	P5791534A	January 27, 2018	DFA Manila
Veronica C. Cortez	N03-05-010126	September 23, 2019	LTO Imus, Cavite
Aimee E. Pedayo	273-720-041	–	–

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Book No. 65
Series of 2020

RUBEN M. RAMIREZ
NOTARY PUBLIC
UNTIL DEC. 31, 2020
IBP NO. 097071 / CY 2019 APPT. NO. M 168
ROLL NO. 28947 MCE-4 NO. 0006324/11 22 17
PTR NO. MKT 8117044/01-2-2020 MAKATI CITY

ROXAS HOLDINGS, INC. AND SUBSIDIARIES
Index to the Consolidated Financial Statements
As at and For the Year Ended September 30, 2020

Schedule I : Supplementary schedules required by Annex 68-E

Schedule	Description
A	Financial Assets
B	Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties)
C	Amounts Receivable from Related Parties which are eliminated during the consolidation of the financial statements
D	Intangible Assets – Other Assets
E	Long-term Borrowings
F	Indebtedness to Related Parties (Long-term Loans from Related Companies) - N/A
G	Guarantees of Securities of Other Issuers - N/A
H	Capital Stock

Schedule II : Supplementary schedules of financial soundness indicators

Schedule III : Schedule of all effective standards and interpretation (Part 1, 4J)

Schedule IV : Map of the relationships of the companies within the group

Schedule V : Reconciliation of Retained Earnings Available for Dividend Declaration (Part 1, 4C, Annex 68-C)

N/A – Not applicable

SCHEDULE I

ROXAS HOLDINGS, INC. AND SUBSIDIARIES

SCHEDULE A

FINANCIAL ASSETS

SEPTEMBER 30, 2020

(Amounts in Thousands)

Description	Carrying Value	Fair Value
Cash on hand	₱410	₱410
Loans and receivables:		
Cash in banks	886,082	886,082
Trade receivables*	1,113,790	1,113,790
Due from employees*	28,658	28,658
Others*	67,838	67,838
	₱2,096,778	₱2,096,778

**Net of related allowance for impairment losses totaling to ₱75.3 million.*

ROXAS HOLDINGS, INC. AND SUBSIDIARIES

SCHEDULE B

AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)

SEPTEMBER 30, 2020

(Amounts in Thousands)

Name and designation of debtor	Balance at beginning of year	Additions	Amounts collected	Amounts written off	Current	Noncurrent	Balance at end of year
Various employees (educational loans/advances)	₱55,229	₱63,265	(₱87,622)	₱–	₱30,872	₱–	₱30,872

SCHEDULE I

ROXAS HOLDINGS, INC. AND SUBSIDIARIES

SCHEDULE C
AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING CONSOLIDATION OF FINANCIAL STATEMENTS
SEPTEMBER 30, 2020
(Amounts in Thousands)

Debtor	Name and designation of creditor	Balance at beginning of year	Additions	Amounts collected	Amounts written off	Current	Noncurrent	Balance at end of year
Intercompany trade transactions								
Roxas Holdings, Inc. (RHI)	Central Azucarera Don Pedro, Inc. (CADPI)	₱–	₱202	(₱134)	₱–	₱68	₱–	₱68
CADPI	RHI	49,999	52,335	(49,999)	–	52,335	–	52,335
	Central Azucarera De La Carlota, Inc. (CACI)	362,909	121,525	(480,961)	–	3,473	–	3,473
	RHI-Agribusiness Development Corp. (RHIADC)	1	202	(134)	–	69	–	69
	Roxol Bioenergy Corp. (RBC)	–	262,356	(262,288)	–	68	–	68
	San Carlos Bioenergy, Corp (SCBI)	–	67,830	(8,061)	–	59,769		59,769
CACI	CADPI	163	20,293	(20,456)	–	–	–	–
	RHIADC	569	–	(569)	–	–	–	–
	Najalin Agri-Ventures, Inc.	358	–	(358)	–	–	–	–
	RBC	–	1,190,534	(1,190,534)	–	–	–	–
RBC	CADPI	12,544	–	(12,544)	–	–	–	–
	CACI	220,878	–	(220,878)	–	–	–	–
	SCBI	346	1,392,928	(1,393,274)	–	–	–	–
SCBI	CADPI	–	2,395	(1,895)	–	500	–	500
	RBC	1,249,963	1,598	(1,250,841)	–	720	–	720
	RHIADC	210	–	(210)	–	–	–	–
RHIADC	CADPI	–	37,651	(36,183)	–	1,468	–	1,468
		₱1,897,940	3,149,849	(4,929,319)	–	118,470	–	118,470

(Forward)

Debtor	Name and designation of creditor	Balance at beginning of year	Additions	Amounts collected	Amounts written off	Current	Noncurrent	Balance at end of year
Intercompany non-trade transactions								
RHI	RBC	₱–	₱565,778	₱–	₱–	₱565,778	₱–	₱565,778
	Roxas Power Corporation (RPC)	389	–	–	–	389	–	389
CADPI	RHI	1,616,745	4,399,994	(6,016,739)	–	–	–	–
CACI	RHI	92,680	5,147,448	(5,144,265)	–	95,863	–	95,863
SCBI	Roxas Pacific Bioenergy, Inc. (RPBC)	900,813	–	–	–	900,813	–	900,813
	RHI	126,908	1,017,796	(128,078)	–	1,016,626	–	1,016,626
RBC	RHI	738,373	–	(738,373)	–	–	–	–
RPBC	RHI	2,370,753	64	–	–	2,370,817	–	2,370,817
RHIADC	RHI	343,700	73,332	(25,200)	–	391,832	–	391,832
CADPI Insurance Agency, Inc.(CADPIAI)	RHI	621	–	–	–	621	–	621
CADPI Port Services, Inc. (CADPSI)	RHI	397	–	–	–	397	–	397
NAVI	RHI	65,622	855	(66,477)	–	–	–	–
Northeastern Port and Storage Corporation	RHI	91	5	–	–	96	–	96
		6,257,092	11,205,272	(12,119,132)	–	5,343,232	–	5,343,232
		₱8,155,032	₱14,355,121	(₱17,048,451)	₱–	₱5,461,702	₱–	₱5,461,702

ROXAS HOLDINGS, INC. AND SUBSIDIARIES

SCHEDULE D
INTANGIBLE ASSETS – OTHER ASSETS
SEPTEMBER 30, 2020
(Amounts in Thousands)

Description	Beginning balance	Additions at cost	Amortization	Charged to other accounts	Other changes additions (deductions)	Ending balance
Goodwill	₱1,079,615	₱–	₱–	₱–	(₱1,079,615)	₱–

ROXAS HOLDINGS, INC. AND SUBSIDIARIES

SCHEDULE E
LONG-TERM BORROWINGS
SEPTEMBER 30, 2020
(Amounts in Thousands)

Date Availed	Terms	Amount shown under "Current portion of long-term borrowings" account in the consolidated statement of financial position	Amount shown under "Noncurrent portion of long-term borrowings" account in the consolidated statement of financial position*
Aug 5, 2014	Payable quarterly starting Nov 5, 2016	₱–	₱1,000

**Net of transaction cost*

Details are discussed in Note 15 to consolidated financial statements.

ROXAS HOLDINGS, INC. AND SUBSIDIARIES

SCHEDULE H
CAPITAL STOCK
SEPTEMBER 30, 2020

Title of issue	Number of shares authorized	Number of shares issued and outstanding as shown under "capital stock" account in the consolidated statement of financial position	Number of shares reserved for options, warrants, conversion, and other rights	Number of shares held by related parties	Directors and officers	Others
Common shares - "Class A" at ₱1 par value	2,000,000,000	1,547,935,799	65,000,000	1,291,864,105	1,525,507	254,546,187

SCHEDULE II

ROXAS HOLDINGS, INC. AND SUBSIDIARIES

FINANCIAL SOUNDNESS INDICATORS

SEPTEMBER 30, 2020 and 2019

	2020	2019
Financial Ratios required under Loan Covenants		
Debt to Equity Ratio (not more than 2.33)	1.40	1.39
Debt Service Coverage Ratio (at least 1.25)	(0.46)	(0.07)
Others		
Return on Equity	(65.40%)	(20.61%)
Return on Asset	(27.27%)	(8.62%)
Asset-to-Equity Ratio	2.40	2.39
Current Ratio	0.40	1.23
Book Value per Share	₱3.78	₱5.92

SCHEDULE III

ROXAS HOLDINGS, INC.AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE OF ADOPTION OF EFFECTIVE ACCOUNTING STANDARDS AND INTERPRETATIONS

SEPTEMBER 30, 2020

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at September 30, 2020		Adopted	Not Early Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements Conceptual Framework Phase A: Objectives and qualitative characteristics		✓		
PFRS Practice Statement Management Commentary				✓
Philippine Financial Reporting Standards				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards	✓		
	Amendments to PFRS 1 and PAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	✓		
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters			✓
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters			✓
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			✓
	Amendments to PFRS 1: Government Loans			✓
PFRS 2	Share-based Payment	✓		
	Amendments to PFRS 2: Vesting Conditions and Cancellations	✓		
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions	✓		
	Amendments to PFRS 2: Definition of Vesting Condition	✓		
	Amendments to PFRS 2: Classification and Measurement of Share-based Payment Transactions		✓	
PFRS 3 (Revised)	Business Combinations	✓		
	Amendments to PFRS 3 : Accounting for Contingent Consideration in a Business Combination	✓		
	Amendments to PFRS 3 : Scope Exceptions for Joint Arrangements			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at September 30, 2020		Adopted	Not Early Adopted	Not Applicable
PFRS 4	Insurance Contracts		✓	
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts		✓	
	Amendments to PFRS 4: Applying PFRS 9, *Financial Instruments*, with PFRS 4		✓	
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✓
	Changes in Method of Disposal			✓
PFRS 6	Exploration for and Evaluation of Mineral Resources			✓
PFRS 7	Financial Instruments Disclosures	✓		
	Amendments to PFRS 7: Transition	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	✓		
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✓		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets	✓		
	Amendments to PFRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities	✓		
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures		✓	
	Amendments to PFRS 7: Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements	✓		
	Amendments to PFRS 7: Servicing Contracts			✓
PFRS 8	Operating Segments	✓		
	Amendments to PFRS 8 : Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Asset	✓		
PFRS 9	Financial Instruments	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at September 30, 2020		Adopted	Not Early Adopted	Not Applicable
PFRS 10	Consolidated Financial Statements	✓		
	Amendments to PFRS 10: Transition Guidance			✓
	Amendments to PFRS 10, PFRS 12 and PAS 27: Investment Entities			✓
	Amendments to PFRS 10, PFRS 12 and PAS 28, Investment Entities: Applying the Consolidation Exception			✓
	Amendments to PFRS 10 and PAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture		✓	
PFRS 11	Joint Arrangements			✓
	Amendments to PFRS 11: Transition Guidance			✓
	Amendments to PFRS 11: Accounting for Acquisitions of Interests in Joint Operations			✓
PFRS 12	Disclosure of Interests in Other Entities	✓		
	Amendments to PFRS 12: Transition Guidance			✓
	Amendments to PFRS 10, PFRS 12 and PAS 27: Investment Entities			✓
	Amendments to PFRS 10, PFRS 12 and PAS 28, Investment Entities: Applying the Consolidation Exception			✓
	Clarification of the Scope of the Standard		✓	
PFRS 13	Fair Value Measurement	✓		
	Amendments to PFRS 13 : Portfolio Exception			✓
PFRS 14	Regulatory Deferral Accounts			✓
PFRS 15	Revenue from Contracts with Customers	✓		
PFRS 16	Leases	✓		
Philippine Accounting Standards				
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	Amendment to PAS 1: Capital Disclosures	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	✓		
	Amendments to PAS 1, Disclosure Initiative	✓		
PAS 2	Inventories	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at September 30, 2020		Adopted	Not Early Adopted	Not Applicable
PAS 7	Statement of Cash Flows	✓		
	Amendments to PAS 7: Disclosure Initiative		✓	
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
PAS 10	Events after the Reporting Period	✓		
PAS 11	Construction Contracts			✓
PAS 12	Income Taxes	✓		
	Amendment to PAS 12 : Deferred Tax: Recovery of Underlying Assets	✓		
	Amendments to PAS 12: Recognition of Deferred Tax Assets for Unrealized Losses		✓	
PAS 16	Property, Plant and Equipment	✓		
	Amendments to PAS 16 and PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization			✓
	Amendments to PAS 16 and 38: Proportionate Restatement of Accumulated Amortization			✓
	Amendments to PAS 16 and PAS 41: Bearer Plants			✓
PAS 17	Leases	✓		
PAS 18	Revenue	✓		
PAS 19 (Revised)	Employee Benefits	✓		
	Amendments to PAS 19: Actuarial Gains and Losses, Group Plans and Disclosures			✓
	Regional Market Issue Regarding Discount Rate			✓
	Amendments to PAS 19: Defined Benefit Plans: Employee Contributions			✓
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	The Effects of Changes in Foreign Exchange Rates	✓		
	Amendment: Net Investment in a Foreign Operation			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at September 30, 2020		Adopted	Not Early Adopted	Not Applicable
PAS 23 (Revised)	Borrowing Costs	✓		
PAS 24 (Revised)	Related Party Disclosures	✓		
	Key Management Personnel	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans	✓		
PAS 27 (Amended)	Separate Financial Statements	✓		
	Amendments to PFRS 10, PFRS 12 and PAS 27: Investment Entities			✓
	Amendment: Equity Method in Separate Financial Statements			✓
PAS 28 (Amended)	Investments in Associates and Joint Ventures	✓		
	Amendments to PFRS 10, PFRS 12 and PAS 28, Investment Entities: Applying the Consolidation Exception			✓
	Amendments to PAS 28: Measuring an Associate or Joint Venture at Fair Value		✓	
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 32	Financial Instruments: Disclosure and Presentation	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation	✓		
	Amendment to PAS 32: Classification of Rights Issues	✓		
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities	✓		
PAS 33	Earnings per Share	✓		
PAS 34	Interim Financial Reporting	✓		
	Disclosure of Information ‘Elsewhere in the Interim Financial Report’	✓		
PAS 36	Impairment of Assets	✓		
	Amendment to PAS 36: Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets	✓		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		

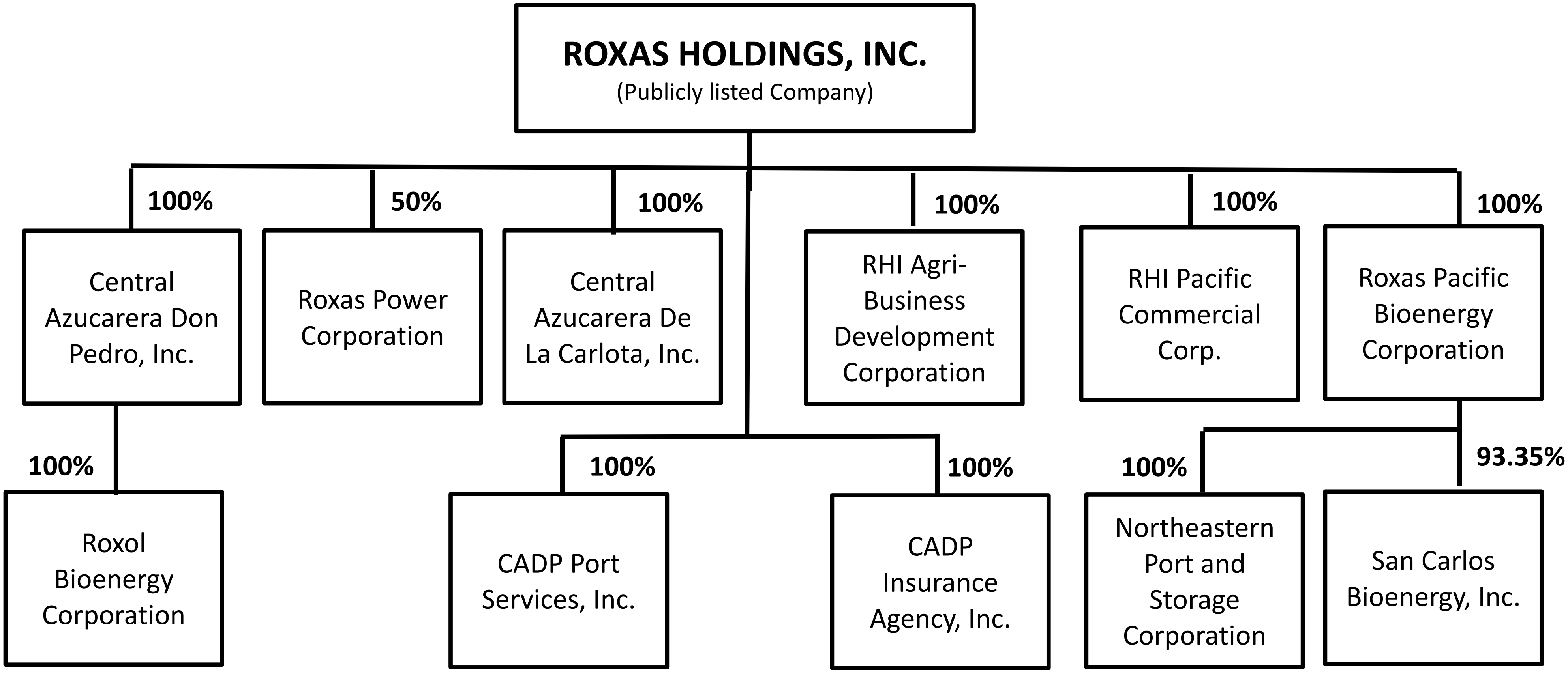
PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at September 30, 2020		Adopted	Not Early Adopted	Not Applicable
PAS 38	Intangible Assets	✓		
	Amendments to PAS 16 and PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization			✓
PAS 39	Financial Instruments: Recognition and Measurement	✓		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities	✓		
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions			✓
	Amendments to PAS 39: The Fair Value Option			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	✓		
	Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives			✓
	Amendment to PAS 39: Eligible Hedged Items			✓
	Amendment to PAS 39: Novation of Derivatives and Continuation of Hedge Accounting			✓
PAS 40	Investment Property	✓		
	Interrelationship between PFRS 3 and PAS 40	✓		
	Amendments to PAS 40: Transfers of Investment Property		✓	
PAS 41	Agriculture	✓		
Philippine Interpretations				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			✓
IFRIC 2	Members’ Share in Co-operative Entities and Similar Instruments			✓
IFRIC 4	Determining Whether an Arrangement Contains a Lease	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at September 30, 2020		Adopted	Not Early Adopted	Not Applicable
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✓
IFRIC 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment			✓
IFRIC 7	Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies			✓
IFRIC 9	Reassessment of Embedded Derivatives			✓
	Amendments to Philippine Interpretation IFRIC - 9 and PAS 39: Embedded Derivatives			✓
IFRIC 10	Interim Financial Reporting and Impairment	✓		
IFRIC 12	Service Concession Arrangements			✓
IFRIC 13	Customer Loyalty Programmes			✓
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	✓		
	Amendments to Philippine Interpretations IFRIC- 14, Prepayments of a Minimum Funding Requirement	✓		
IFRIC 15	Agreements for the Construction of Real Estate			✓
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✓
IFRIC 17	Distributions of Non-cash Assets to Owners			✓
IFRIC 18	Transfers of Assets from Customers			✓
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments			✓
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			✓
IFRIC 21	Levies	✓		
IFRIC 22	Foreign Currency Transactions and Advance Consideration		✓	
SIC-7	Introduction of the Euro			✓
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✓
SIC-15	Operating Leases - Incentives	✓		
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at September 30, 2020		Adopted	Not Early Adopted	Not Applicable
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	✓		
SIC-29	Service Concession Arrangements: Disclosures			✓
SIC-31	Revenue - Barter Transactions Involving Advertising Services			✓
SIC-32	Intangible Assets - Web Site Costs	✓		

SCHEDULE IV

ROXAS HOLDINGS, INC. AND SUBSIDIARIES
CORPORATE STRUCTURE
September 30, 2020



Retirement Funds:
RHI Retirement Fund, Inc.
CACI Retirement Fund, Inc.
CADPI Retirement Fund, Inc.

ROXAS HOLDINGS, INC.

SUPPLEMENTARY SCHEDULE OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

AS OF SEPTEMBER 30, 2020

Retained earnings, beginning	₱4,631,312,448
Cumulative unrealized fair value gain on investment properties, net of tax, beginning	(1,444,336,894)
Revaluation increment on land transferred to retained earnings on deemed cost adjustment, net of tax	(958,591,519)
Treasury stock	(52,290,236)
Retained earnings available for dividend declaration, beginning	2,176,093,799
Net loss earned during the year	(771,614,471)
Unrealized fair value gain on investment properties, net of tax	185,098,570
Unappropriated retained earnings available for dividend declaration at end of year	₱1,589,577,898

Reconciliation:

Retained earnings at year end as shown in the separate financial statements	₱3,859,697,977
Unrealized fair value gain on investment properties, net of tax	(1,259,238,324)
Revaluation increment on land transferred to retained earnings on deemed cost adjustment, net of tax	(958,591,519)
Treasury stock	(52,290,236)
	₱1,589,577,898

COVER SHEET

for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

P W - 1 5 A

COMPANY NAME

R O X A S   H O L D I N G S ,   I N C .   A N D

S U B S I D I A R I E S

PRINCIPAL OFFICE *(No. / Street / Barangay / City / Town / Province)*

1 4 t h   F l o o r ,   N e t   O n e   C e n t e r ,

2 6 t h   c o r .   3 r d   A v e n u e ,

B o n i f a c i o   G l o b a l   C i t y ,   T a g u i g ,

M e t r o   M a n i l a

Form Type	Department requiring the report	Secondary License Type, If Applicable
AACFS	CRMD	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
corporatesecretary@rhi.com.ph	(02) 8771-7800	09985914710

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
2,080	February 18	September 30

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Ma. Hazel L. Rabara-Retardo	hazel.rabara@rhi.com.ph	(02) 8810-8901	–

CONTACT PERSON's ADDRESS

14th Floor, Net One Center, 26th cor. 3rd Avenue, Bonifacio Global City, Taguig, Metro Manila

NOTE 1 *In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.*

2 *All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.*

SGV
Building a better working world

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1226 Makati City
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Fax: (632) 8819 0872
ey.com/ph

BOA/PRC Reg. No. 0001,
October 4, 2018, valid until August 24, 2021
SEC Accreditation No. 0012-FR-5 (Group A),
November 6, 2018, valid until November 5, 2021

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders
Roxas Holdings, Inc.
14th Floor, Net One Center
26th cor. 3rd Avenue, Bonifacio Global City
Taguig City, Metro Manila

Opinion

We have audited the consolidated financial statements of Roxas Holdings, Inc. and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at September 30, 2020 and 2019, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in period ended September 30, 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at September 30, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended September 30, 2020 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Accounting for Completeness of Quedan

The Group's raw sugar business follows the quedan system, which is unique to the Philippine sugar industry. A quedan is a warehouse receipt document which shows ownership of a specified amount of raw sugar in a warehouse or sugar central. Accordingly, the Group's physical possession or delivery of raw sugar may not necessarily indicate ownership, or sales or purchase transaction, respectively. We considered accounting for quedan as a key audit matter due to the volume of the transactions covered by this unique system, which impacts sales and inventory accounts which are material and significant to the consolidated financial statements.

The disclosures about quedan accounting are included in Notes 9 and 28 to the consolidated financial statements.

Audit Response

We have confirmed our understanding of the Group's quedanning system and tested the relevant controls on the information system and manual processes. We observed the inventory count procedures of the Group to establish the physical existence of raw sugar as of count date and reviewed the rollforward procedures to arrive at the physical quantity as of reporting date. We reviewed the reconciliation of the physical quantity and quedan accountability report to test the quantity reported, which are supported by quedans, as the Group's inventory and those which are held in trust for the planters and traders.

Impairment Testing of Goodwill

Under PFRSs, the Group is required to test the goodwill annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. As at September 30, 2020, the Group's goodwill, which is attributable to its investment in San Carlos Bioenergy, Inc., the cash generating unit (CGU), has been fully impaired. The goodwill amounted to ₱1.1 billion, which is considered significant to the consolidated financial statements. In addition, management's assessment process requires estimation of value-in-use based on the expected future cash flows of the CGU. Such process involves significant management judgment about future market conditions and estimation based on assumptions, specifically sales growth, terminal growth rate, alcohol selling price, feedstock yield, manufacturing cost ratio, operating expenses ratio, and discount rate.

The disclosures about goodwill are included in Notes 5 and 6 to the consolidated financial statements.

Audit Response

We involved our internal specialist in evaluating the methodology and the assumptions used. These assumptions include sales growth, terminal growth rate, alcohol selling price, feedstock yield, manufacturing cost ratio, operating expenses ratio, and discount rate. We compared the key assumptions used, such as sales growth, terminal growth rate, alcohol selling price, feedstock yield, manufacturing cost ratio and operating expense ratio against the CGU's historical performance, current industry outlook and other relevant external data. We tested the parameters used in the determination of the discount rate against market data. We obtained and evaluated management's sensitivity analyses to ascertain the impact of reasonably possible changes in key assumptions. We performed our own independent sensitivity calculations to quantify the downside changes to management's models required which will result in impairment. We also reviewed the Group's disclosures about those assumptions to which the outcome of the impairment test is most sensitive; specifically those that have the most significant effect on the determination of the recoverable amount of goodwill.

Valuation of Land Stated at Fair Value

The Group carries its parcels of land, which are accounted for as property, plant and equipment at revaluation method and investment properties at fair value method in its consolidated financial statements as of reporting date. As of September 30, 2020, the carrying value of land classified as property, plant and equipment and investment properties amounted to ₱4.84 billion, representing 35% of the Group's consolidated assets. Management obtains the services of external appraisers to determine the land values whose calculations involve certain assumptions such as sales prices of similar properties and adjustments to sales price based on internal and external factors. In addition, this requires significant management judgment and estimates. Thus, we considered this as key audit matter.

The disclosures relating to these parcels of land are included in Notes 12 and 13 to the consolidated financial statements.

Audit Response

We compared the property-related data in the appraisal reports against the Group's records. We reviewed the scope, methodology and the assumptions used by the Group's external appraisers. We evaluated the competence, capabilities and qualifications of the external appraisers by considering their qualifications, experience and reporting responsibilities. We compared the assumptions used, specifically the sales price of comparable properties, against relevant external information. We also discussed with the external appraisers the nature and magnitude of the adjustment factors. We also reviewed the Group's disclosures with respect to the fair values of the land under property, plant and equipment and investment properties.

Assessment of Contingent Liabilities and Estimation of Provisions from Claims

The Group is involved in certain claims by regulatory bodies and other parties. The inherent uncertainty over the outcome of these claims is brought about by the difference in the interpretations and implementation of the relevant regulations. The assessment of whether the provision should be recognized and the estimation of the potential liability resulting from these assessments require significant judgment by management. As of September 30, 2020, total provisions recognized by the Group amounted to ₱122.3 million.

The disclosures on management judgment on assessment of contingent liabilities and estimation of provisions and amounts recognized are included in Notes 5, 16 and 28, respectively, to the consolidated financial statements.

Audit Response

We inquired of the Group's legal counsels and management about the status and potential exposures of the significant claims and obtained legal opinion from the legal counsels, including their assessment of the likely outcome, and representation from the Group management. We also inspected relevant correspondences with the regulatory bodies and other relevant parties, and reviewed the minutes of meetings of the Board of Directors. We involved our internal specialist in the evaluation of management's assessment on whether provision should be recognized and the estimation of such amount.

Assessment of Prospective Financial Information

The consolidated current assets and current liabilities amounted to ₱2.8 billion and ₱7.0 billion, respectively, as at September 30, 2020. The overall financing plan including estimated future cash flows to meet its short-term obligations are included in Notes 1, 5, 14 and 29 to the consolidated financial statements and is significant to our audit as these involve management estimations and judgments.

Audit Response

We obtained an understanding of the financing plan and the progress of the financing plan up to the date of this report. We traced the status of the financing plan to communications with respective banks (e.g., letter of renewal of credit line, conforme letter and term sheet). We compared key assumptions used in arriving at the estimated future cash flows such as revenue growth rate and cost and expense ratios against historical performance, current industry outlook and other relevant external data and evaluated management's sensitivity analyses for impact of reasonably possible changes in these assumptions. We reviewed the adequacy of disclosures relating to management's assessment of overall financing plans, as disclosed in Notes 1, 5, 14 and 29 to the consolidated financial statements.

Other Information

Management is responsible for the other information. The other information comprises the SEC Form 17-A for the year ended September 30, 2020 but does not include the consolidated financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the SEC Form 20-IS (Definitive Information Statement) and Annual Report for the year ended September 30, 2020, which is expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Aileen L. Saringan.

SYCIP GORRES VELAYO & CO.

Aileen L. Saringan

Aileen L. Saringan
Partner
CPA Certificate No. 72557
SEC Accreditation No. 0096-AR-5 (Group A),
July 25, 2019, valid until July 24, 2022
Tax Identification No. 102-089-397
BIR Accreditation No. 08-001998-58-2018,
February 26, 2018, valid until February 25, 2021
PTR No. 8125297, January 7, 2020, Makati City

December 16, 2020

ROXAS HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Amounts in Thousands)

	Note	**September 30 2020**	2019
ASSETS			
Current Assets			
Cash and cash equivalents	7	**₱888,597**	₱438,268
Trade and other receivables	8	**1,252,304**	1,355,546
Inventories	9	**442,965**	1,205,848
Other current assets	10	**194,012**	1,285,418
		2,777,878	4,285,080
Assets Held for Sale	11	**–**	7,254,738
		2,777,878	11,539,818
Noncurrent Assets			
Property, plant and equipment:	12		
At cost		**4,912,445**	7,199,292
At revalued amount		**4,537,678**	1,287,002
Investment properties	13	**301,948**	513,561
Goodwill	6	**–**	1,079,615
Retirement assets - net	17	**2,958**	18,610
Other noncurrent assets	10	**1,494,439**	279,536
		11,249,468	10,377,616
		₱14,027,346	₱21,917,434
LIABILITIES AND EQUITY			
Current Liabilities			
Short-term borrowings	14	**₱5,369,550**	₱6,716,800
Current portion of long-term borrowings	15	**–**	847,576
Trade and other payables	16	**1,587,787**	1,175,248
Income tax payable		**2,408**	1,427
Lease liabilities - current portion	10	**8,848**	–
		6,968,593	8,741,051
Liability directly associated with the assets held for sale	11	**–**	616,096
		6,968,593	9,357,147
Noncurrent Liabilities			
Long-term borrowings - net of current portion	15	**1,000**	2,722,485
Retirement liabilities - net	17	**401,205**	407,259
Deferred tax liabilities - net	26	**783,813**	264,908
Other noncurrent liabilities		**22,570**	1,300
		1,208,588	3,395,952
Total Liabilities		**8,177,181**	12,753,099

(Forward)

	Note	September 30 2020	2019
Equity Attributable to the Equity Holders of the Parent Company			
Capital stock	18	**₱1,565,579**	₱1,565,579
Additional paid-in capital		**2,842,183**	2,842,183
Treasury stock	18	**(52,290)**	(52,290)
Other equity items and reserves	18	**3,649,712**	771,953
Retained earnings (deficit)		**(2,191,115)**	897,392
Revaluation increment on land under assets held for sale	12	**–**	2,806,661
Cumulative share in revaluation increment on land of an associate held for sale	18	**–**	285,600
Cumulative share in remeasurement loss on retirement liability of an associate held for sale	18	**–**	(7,664)
		5,814,069	9,109,414
Non-controlling Interests		**36,096**	54,921
		5,850,165	9,164,335
		₱14,027,346	₱21,917,434

See accompanying Notes to Consolidated Financial Statements.

ROXAS HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

(Amounts in Thousands, except Basic and Diluted Earnings per Share)

		Years Ended September 30		
	Note	**2020**	2019 (As restated, Note 11)	2018 (As restated, Note 11)
CONTINUING OPERATIONS				
REVENUE				
Revenue from contracts with customers	21	**₱4,798,579**	₱8,147,050	₱–
Sale of goods		**–**	–	8,638,059
Sale of services		**–**	–	145,605
		4,798,579	8,147,050	8,783,664
COST OF SALES AND SERVICES	22	**(4,696,756)**	(8,018,420)	(8,212,127)
GROSS INCOME		**101,823**	128,630	571,537
GENERAL AND ADMINISTRATIVE EXPENSES	23	**(703,055)**	(756,078)	(697,116)
SELLING EXPENSES	23	**(35,369)**	(51,003)	(77,213)
INTEREST EXPENSE	14, 15	**(395,997)**	(445,030)	(397,349)
SHARE IN NET EARNINGS OF AN ASSOCIATE	11	**–**	41,333	55,834
OTHER INCOME (EXPENSES)	25	**(1,317,511)**	28,513	67,120
LOSS BEFORE INCOME TAX FROM CONTINUING OPERATIONS		**(2,350,109)**	(1,053,635)	(477,187)
INCOME TAX BENEFIT (EXPENSE)	26			
Current		**(11,061)**	(15,379)	(21,574)
Deferred		**4,310**	(303,561)	225,151
		(6,751)	(318,940)	203,577
NET LOSS FROM CONTINUING OPERATIONS		**(2,356,860)**	(1,372,575)	(273,610)
NET INCOME (LOSS) FROM DISCONTINUED OPERATIONS, NET OF TAX	11	**(1,468,925)**	(516,361)	328,278
		(₱3,825,785)	(₱1,888,936)	₱54,668
NET INCOME (LOSS) ATTRIBUTABLE TO:				
Equity holders of the Parent Company		**(₱3,813,129)**	(₱1,884,113)	₱47,664
Non-controlling interests		**(12,656)**	(4,823)	7,004
		(₱3,825,785)	(₱1,888,936)	₱54,668
EARNINGS (LOSS) PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	27			
Basic		**(₱2.46)**	(₱1.22)	₱0.03
Diluted		**(2.46)**	(1.22)	0.03
EARNINGS (LOSS) PER SHARE FOR CONTINUING OPERATIONS ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	27			
Basic		**(₱1.51)**	(₱0.89)	(₱0.17)
Diluted		**(1.51)**	(0.89)	(0.17)
EARNINGS (LOSS) PER SHARE FOR DISCONTINUED OPERATIONS ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	27			
Basic		**(₱0.95)**	(₱0.33)	₱0.20
Diluted		**(0.95)**	(0.33)	0.20

See accompanying Notes to Consolidated Financial Statements.

ROXAS HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in Thousands)

		Years Ended September 30		
	Note	**2020**	2019 (As restated, Note 11)	2018 (As restated, Note 11)
NET INCOME (LOSS)		**(₱3,825,785)**	(₱1,888,936)	₱54,668
OTHER COMPREHENSIVE INCOME (LOSS)	18			
Items not to be reclassified to profit or loss				
Appraisal increase on land (net of tax effect of ₱107.9 million in 2020, ₱18.6 million in 2019 and ₱4.6 million in 2018)	12	**491,994**	43,374	10,782
Remeasurement gains (losses) on retirement assets and liabilities (net of tax effect of ₱9.1 million in 2020, ₱38.7 million in 2019 and ₱34.4 million in 2018)	17	**(80,449)**	(90,374)	80,249
Share in remeasurement gain (loss) on retirement liability of an associate (net of tax effect of ₱2.3 million in 2020, nil in 2019 and ₱0.6 million in 2018)	11	**(5,335)**	–	1,501
Reversal of deferred tax assets on remeasurement losses on retirement assets and liabilities	18	**–**	(96,589)	–
Effect of change in effective tax rate on revaluation increment of assets held for sale	18	**–**	410,731	–
Share in appraisal increase on land of an associate (net of tax effect of ₱9.1 million in 2019 and ₱24.3 million in 2018)	11	**–**	21,295	56,813
TOTAL COMPREHENSIVE INCOME (LOSS)		**(₱3,419,575)**	(₱1,600,499)	₱204,013
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Equity holders of the Parent Company		**(₱3,407,627)**	(₱1,595,567)	₱196,520
Non-controlling interests		**(11,948)**	(4,932)	7,493
		(₱3,419,575)	(₱1,600,499)	₱204,013

See accompanying Notes to Consolidated Financial Statements.

ROXAS HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Amounts in Thousands)

		Equity Attributable to the Equity Holders of the Parent Company								
	Note	Capital Stock (Note 18)	Additional Paid-in Capital	Treasury Stock (Note 18)	Other Equity Items and Reserves (Note 18)	Revaluation Increment on Land Under Assets Held for Sale (Note 12)	Retained Earnings	Total	Non-controlling Interests	Total Equity
Balances as at September 30, 2019		**₱1,565,579**	**₱2,842,183**	**(₱52,290)**	**₱1,049,889**	**₱2,806,661**	**₱897,392**	**₱9,109,414**	**₱54,921**	**₱9,164,335**
Net loss:										
Continuing operations		–	–	–	–	–	**(2,344,204)**	**(2,344,204)**	**(12,656)**	**(2,356,860)**
Discontinued operations	12	–	–	–	–	–	**(1,468,925)**	**(1,468,925)**	–	**(1,468,925)**
Appraisal increase on land, net of tax	18	–	–	–	**491,275**	–	–	**491,275**	**719**	**491,994**
Remeasurement loss on retirement assets and liabilities, net of tax		–	–	–	**(80,438)**	–	–	**(80,438)**	**(11)**	**(80,449)**
Share in remeasurement gain on retirement liability of an associate, net of tax	11	–	–	–	**(5,335)**	–	–	**(5,335)**	–	**(5,335)**
Total comprehensive income (loss)		–	–	–	**405,502**	–	**(3,813,129)**	**(3,407,627)**	**(11,948)**	**(3,419,575)**
Effect of deconsolidation:										
Derecognition of subsidiary's accumulated earnings		–	–	–	–	–	**(133,226)**	**(133,226)**	–	**(133,226)**
Reversal of subsidiary's treasury shares		–	–	–	–	–	**68,569**	**68,569**	–	**68,569**
Acquisition of non-controlling interest		–	–	–	–	–	–	–	**(6,877)**	**(6,877)**
Adjustment on revaluation increment on land under assets held for sale	18	–	–	–	–	**21,161**	–	**21,161**	–	**21,161**
Reclassification of revaluation increment on land under assets held for sale		–	–	–	**2,827,822**	**(2,827,822)**	–	–	–	–
Reclassification of subsidiaries' revaluation increment on land properties sold		–	–	–	**(490,888)**	–	**490,888**	–	–	–
Reversal of deferred tax liabilities on land properties sold		–	–	–	**147,266**	–	–	**147,266**	–	**147,266**
Reclassification of remeasurement gains on retirement assets and liabilities		–	–	–	**(25,790)**	–	**25,790**	–	–	–
Reversal of net deferred tax liabilities on remeasurement gains on retirement assets and liabilities		–	–	–	**8,512**	–	–	**8,512**	–	**8,512**
Reclassification of previously held investment in associate's comprehensive income		–	–	–	**(272,601)**	–	**272,601**	–	–	–
Balances as at September 30, 2020		**₱1,565,579**	**₱2,842,183**	**(₱52,290)**	**3,649,712**	**₱–**	**(₱2,191,115)**	**₱5,814,069**	**₱36,096**	**₱5,850,165**
Balances as at October 1, 2018, as previously reported		₱1,565,579	₱2,840,370	(₱52,290)	₱1,177,585	₱2,390,419	₱2,781,402	₱10,703,065	₱59,853	₱10,762,918
Opening adjustment on PFRS 15 adoption		–	–	–	–	–	103	103	–	103
Balances as at October 1, 2018, as restated		₱1,565,579	₱2,840,370	(₱52,290)	₱1,177,585	₱2,390,419	₱2,781,505	₱10,703,168	₱59,853	₱10,763,021
Net loss:										
Continuing operations		–	–	–	–	–	(1,367,752)	(1,367,752)	(4,823)	(1,372,575)
Discontinued operations	12	–	–	–	–	–	(516,361)	(516,361)	–	(516,361)
Appraisal increase on land, net of tax	18	–	–	–	43,374	–	–	43,374	–	43,374
Remeasurement gain on retirement assets and liabilities, net of tax	17	–	–	–	(90,265)	–	–	(90,265)	(109)	(90,374)
Effect of change in effective tax rate on revaluation increment of assets held for sale	18	–	–	–	–	410,731	–	410,731	–	410,731
Reversal of remeasurement gains (losses) on retirement assets and liabilities	18	–	–	–	(96,589)	–	–	(96,589)	–	(96,589)
Share in remeasurement gain on retirement liability of an associate, net of tax	11	–	–	–	–	–	–	–	–	–
Share in appraisal increase on land of an associate, net of tax	11	–	–	–	21,295	–	–	21,295	–	21,295
Total comprehensive income (loss)		–	–	–	(122,185)	410,731	(1,884,113)	(1,595,567)	(4,932)	(1,600,499)
Reclassification of revaluation increment on land under assets held for sale		–	–	–	(5,511)	5,511	–	–	–	–
Exercise of employee stock option	20	–	1,813	–	–	–	–	1,813	–	1,813
Balances as at September 30, 2019		₱1,565,579	₱2,842,183	(₱52,290)	₱1,049,889	₱2,806,661	₱897,392	₱9,109,414	₱54,921	₱9,164,335

	Note	Capital Stock (Note 18)	Additional Paid-in Capital	Treasury Stock (Note 18)	Other Equity Items and Reserves (Note 18)	Revaluation Increment on Land Under Assets Held for Sale (Note 12)	Retained Earnings	Total	Non-controlling Interests	Total Equity
		Equity Attributable to the Equity Holders of the Parent Company								
Balances as at September 30, 2017		₱1,564,599	₱2,826,554	(₱52,290)	₱3,419,148	₱–	₱2,733,738	₱10,491,749	₱52,360	₱10,544,109
Net income (loss):										
Continuing operations		–	–	–		–	(280,614)	(280,614)	7,004	(273,610)
Discontinued operations	12	–	–	–	–	–	328,278	328,278	–	328,278
Appraisal increase on land, net of tax	18	–	–	–	10,422	–	–	10,422	360	10,782
Remeasurement gain on retirement assets and liabilities, net of tax	17	–	–	–	80,120	–	–	80,120	129	80,249
Share in remeasurement gain on retirement liability of an associate, net of tax	11	–	–	–	1,501	–	–	1,501	–	1,501
Share in appraisal increase on land of an associate, net of tax	11	–	–	–	56,813	–	–	56,813	–	56,813
Total comprehensive income		–	–	–	148,856	–	47,664	196,520	7,493	204,013
Reclassification of revaluation increment on land under assets held for sale		–	–	–	(2,390,419)	2,390,419	–	–	–	–
Employee stock option	20	–	12,356	–	–	–	–	12,356	–	12,356
Exercise of employee stock option	20	980	1,460	–	–	–	–	2,440	–	2,440
Balances as at September 30, 2018		₱1,565,579	₱2,840,370	(₱52,290)	₱1,177,585	₱2,390,419	₱2,781,402	₱10,703,065	₱59,853	₱10,762,918

See accompanying Notes to Consolidated Financial Statements.

ROXAS HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in Thousands)

		Years Ended September 30		
	Note	**2020**	2019 (As restated, Note 11)	2018 (As restated, Note 11)
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before income tax from continuing operations		**(₱2,350,109)**	(₱1,053,635)	(₱477,187)
Loss before income tax from discontinued operations	11	**(1,453,059)**	(359,161)	386,226
Adjustments for:				
Depreciation and amortization	12	**1,260,142**	566,516	775,308
Loss from disposal of property, plant and equipment	12	**1,165,773**	4,719	38
Loss from impairment of goodwill	6	**1,079,615**	–	–
Interest expense	14, 15	**639,640**	704,156	501,788
Gain on sale of:				
Investment in associate	11, 25	**(258,311)**	–	–
Investment in subsidiary	4, 25	**(64,009)**	–	–
Investment property	13, 25	**(16,677)**	–	–
Movement of retirement liabilities	17	**(129,694)**	55,910	64,777
Unrealized gain on fair value adjustment on investment properties	13	**(13,387)**	(21,680)	(27,531)
Share in net earnings of an associate	11	**(2,193)**	(41,333)	(55,834)
Interest income	25	**(4,442)**	(4,013)	(2,600)
Employee stock option	20	**–**	1,813	12,356
Net unrealized foreign exchange gains	25	**–**	–	(1)
Operating income (loss) before changes in working capital		**(146,711)**	(146,708)	1,177,340
Decrease (increase) in:				
Trade and other receivables		**84,301**	1,684,806	(782,272)
Inventories		**762,883**	1,440,344	(106,559)
Other current assets		**(306,826)**	(89,931)	(126,261)
Increase (decrease) in trade and other payables		**528,959**	(1,084,447)	1,082,361
Net cash generated from operations		**922,606**	1,804,064	1,244,609
Income taxes paid, including final taxes		**(12,079)**	(21,435)	(32,550)
Interest received		**4,439**	4,013	2,600
Retirement benefits paid	17	**–**	(530)	(350)
Net cash flows provided by operating activities		**914,966**	1,786,112	1,214,309
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to property, plant and equipment including additions to investment properties and assets held for sale	12, 31	**(335,087)**	(268,999)	(1,185,332)
Proceeds from disposal of:				
Property, plant and equipment	12	**4,207,532**	4,988	7,117
Investment in associate	11	**870,813**	–	–
Investment in subsidiary	4	**142,267**	–	–
Investment property		**50,000**	–	–
Dividends received	11	**40,255**	49,419	78,226
Increase (decrease) in other noncurrent assets		**174,814**	6,032	(258,999)
Net cash flows provided by (used in) investing activities		**5,150,594**	(208,560)	(1,358,988)

(Forward)

	Note	2020	2019 (As restated, Note 11)	2018 (As restated, Note 11)
		Years Ended September 30		
CASH FLOWS FROM FINANCING ACTIVITIES	31			
Net availments (payments) of short-term borrowings		**(₱1,347,250)**	₱505,943	₱1,602,498
Payments of:				
Long-term borrowings	15	**(3,569,061)**	(1,243,052)	(1,242,222)
Interest	15	**(679,968)**	(697,324)	(494,266)
Principal portion of lease liabilities	10	**(18,952)**	–	–
Proceeds from exercise of stock option	20	–	–	2,440
Net cash flows used in financing activities		**(5,615,231)**	(1,434,433)	(131,550)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**450,329**	143,119	(276,229)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		–	–	1
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**438,268**	295,149	571,377
CASH AND CASH EQUIVALENTS AT END OF YEAR	7	**₱888,597**	₱438,268	₱295,149

See accompanying Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

Roxas Holdings, Inc. (RHI or the Parent Company), doing business under the name and style of CADP Group, was organized in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on October 30, 1930 for the purpose of operating mill and refinery facilities to manufacture sugar and allied products.

In July 1996, the Parent Company offered its shares to the public through an initial public offering. On August 8, 1996, the shares of stock of the Parent Company were listed in the Philippine Stock Exchange (PSE).

On February 1, 2017, the Board of Directors (BOD) approved the issuance of convertible debt securities amounting to ₱523,750,000 to FP Natural Resources Holdings B.V. (FPNRH), convertible to 125,000,000 common shares of RHI at the option of the holder and bears annual interest at 3%.

On February 15, 2017, the shareholders approved the amendment of the Parent Company's articles of incorporation to increase the authorized capital stock from ₱1,500,000,000 to ₱2,000,000,000 divided into 2,000,000,000 with par value of ₱1.00 per share. On the same day, the shareholders approved the subsequent application of the convertible note as subscription to 125,000,000 common shares arising from the increase in authorized capital stock at a conversion rate of ₱4.19 for every common share.

On July 14, 2017, the SEC approved the Parent Company's application for increase in authorized capital stock using the convertible debt securities as payment for subscription. Accordingly, FPNRH interest on the Parent Company increased from 27% to 32%.

The corporate office of the Parent Company is located at the 14th Floor, Net One Center, 26th cor. 3rd Avenue, Bonifacio Global City, Taguig, Metro Manila while the manufacturing plants of its operating subsidiaries are in Barrio Lumbangan, Nasugbu, Batangas; Barrio Consuelo, La Carlota City, Negros Occidental and San Carlos Ecozone, San Carlos City, Negros Occidental.

<u>Approval of the Consolidated Financial Statements</u>
The consolidated financial statements of RHI and subsidiaries, collectively referred to herein as "the Group", as at September 30, 2020 and 2019 and for each of the three years in the period ended September 30, 2020, as reviewed and recommended for approval by the Group's Audit and Risk Committee on December 14, 2020, were approved and authorized for issue by the Parent Company's BOD on December 16, 2020.

<u>Status of Operations</u>
The Group's current assets and current liabilities amounted to ₱2.8 billion and ₱7.0 billion, respectively, as of September 30, 2020 and ₱11.5 billion (including ₱7.3 billion assets held for sale) and ₱9.4 billion (including ₱0.6 billion liabilities directly associated with the assets held for sale), respectively, as of September 30, 2019. As part of the Group's plans to support its working capital requirements, the Group is continuously in coordination with respective banks for the refinancing of short-term obligations for a minimum period of at least 7 years after September 30, 2020 (see Notes 14 and 29). Management has also been implementing plant efficiency and sustainability measures as well as cost cutting programs to improve results of operations.

2. **Basis of Preparation and Statement of Compliance**

The consolidated financial statements of the Group have been prepared on a historical cost basis, except for land under property, plant and equipment which is measured at revalued amount and investment properties and retirement assets that are measured at fair value. The consolidated financial statements have been presented in Philippine Peso, which is the functional currency of the Parent Company and its subsidiaries. All amounts are rounded to the nearest thousands, except for number of shares and unless otherwise indicated.

The consolidated financial statements of the Group have been prepared in compliance with Philippine Financial Reporting Standards (PFRS) issued by the Philippine Financial Reporting Standards Council and adopted by the Philippine SEC, including the SEC provisions.

The financial reporting framework includes the PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretations from International Financial Reporting Interpretations Committee (IFRIC), including the SEC pronouncements.

3. **Summary of Changes in Accounting Policies**

The accounting policies adopted are consistent with those of the previous financial year, except that the Group has adopted the following new accounting pronouncements and amendments starting October 1, 2019. Except as otherwise indicated, the following did not have significant impact on the consolidated financial statements:

- PFRS 16, *Leases*
  PFRS 16 supersedes PAS 17, *Leases*, Philippine Interpretation IFRIC 4, *Determining whether an Arrangement contains a Lease*, Philippine Interpretation SIC-15, *Operating Leases-Incentives* and Philippine Interpretation SIC-27, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognize most leases on the balance sheet.

  Lessor accounting under PFRS 16 is substantially unchanged from today's accounting under PAS 17. Lessors will continue to classify all leases using the same classification principle as in PAS 17 and distinguish between two types of leases: operating and finance leases. Therefore, PFRS 16 did not have an impact for leases where the Group is the lessor.

  The Group adopted PFRS 16 using the modified retrospective approach upon adoption of PFRS 16 in October 2019 and elects to apply the standard to contracts that were previously identified as leases applying PAS 17 and Philippine Interpretation IFRIC-4. The Group will therefore not apply the standard to contracts that were not previously identified as containing a lease applying PAS 17 and Philippine Interpretation IFRIC-4.

The effect of adoption PFRS 16 as at October 1, 2019 is, as follows (amounts in thousands):

	Increase (decrease)
Consolidated statement of financial position:	
Other noncurrent assets (right-of-use assets)	₱72,460
Prepayments	(25,713)
Lease liabilities	(46,747)
Deferred tax assets	14,024
Deferred tax liabilities	(14,024)

The Group has lease contracts for various items of machinery, vehicles, other equipment and farm land. Before the adoption of PFRS 16, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. Refer to Note 4 for the accounting policy prior to October 1, 2019.

Upon adoption of IFRS 16, the Group applied a single recognition and measurement approach for all leases except for short-term leases of machinery, vehicles and other equipment and leases of low-value assets. Refer to Note 4 for the accounting policy beginning October 1, 2019.

Leases previously classified as finance leases
The Group did not change the initial carrying amounts of recognized assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e., the right-of-use assets and lease liabilities equal the lease assets and liabilities recognized under PAS 17). The requirements of PFRS 16 were applied to these leases from October 1, 2019.

Leases previously accounted for as operating leases
The Group recognized right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets were recognized based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognized. Lease liabilities were recognized based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Group also applied the available practical expedients wherein it:
- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Relied on its assessment of whether leases are onerous immediately before the date of initial application
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease

Based on the above, as at October 1, 2019:
- Right-of-use assets of ₱72,460 were recognized and presented under Other noncurrent assets in the consolidated statement of financial position.
- Lease liabilities of ₱46,747 were recognized.
- Prepayments of ₱25,713 related to previous operating leases were derecognized.
- Deferred tax assets and deferred tax liabilities each amounting to ₱14,024 were recognized.

The lease liability at as October 1, 2019 as can be reconciled to the operating lease commitments as of September 30, 2019 follows (amounts in thousands except percentage):

Operating lease commitments as at September 30, 2019	**₱141,156**
Weighted average incremental borrowing rate at October 1, 2019	5.93%
Discounted operating lease commitments at October 1, 2019	107,177
Less: Commitments relating to short term leases	(60,430)
Lease liabilities recognized at October 1, 2019	**₱46,747**

Due to the adoption of PFRS 16, the Group's operating profit in 2020 improved, while its interest expense increased. This is due to the change in the accounting for rent expense related to leases that were classified as operating leases under PAS 17.

The adoption of PFRS 16 did not have an impact on equity in 2020, since the Group elected to measure the right-of-use assets at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the consolidated statement of financial position immediately before the date of initial application.

- Philippine Interpretation IFRIC-23, *Uncertainty over Income Tax Treatments*

  The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of PAS 12, *Income Taxes*. It does not apply to taxes or levies outside the scope of PAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:
  - Whether an entity considers uncertain tax treatments separately
  - The assumptions an entity makes about the examination of tax treatments by taxation authorities
  - How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
  - How an entity considers changes in facts and circumstances

  The entity is required to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and use the approach that better predicts the resolution of the uncertainty. The entity shall assume that the taxation authority will examine amounts that it has a right to examine and have full knowledge of all related information when making those examinations. If an entity concludes that it is not probable that the taxation authority will accept an uncertain tax treatment, it shall reflect the effect of the uncertainty for each uncertain tax treatment using the method the entity expects to better predict the resolution of the uncertainty.

  Upon adoption of the Interpretation, the Group has assessed whether it has any uncertain tax position. The Group applies significant judgement in identifying uncertainties over its income tax treatments. The Group determined, in consultation with its tax counsel, that it is probable that its income tax treatments will be accepted by the taxation authorities. Accordingly, the interpretation did not have a significant impact on the consolidated financial statements of the Group.

- Amendments to PFRS 9, *Prepayment Features with Negative Compensation*

  Under PFRS 9, a debt instrument can be measured at amortized cost or at fair value through other comprehensive income (FVOCI), provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to PFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

  These amendments had no impact on the consolidated financial statements of the Group.

- Amendments to PAS 19, *Employee Benefits, Plan Amendment, Curtailment or Settlement*

  The amendments to PAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to:

  - Determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event.

  - Determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using: the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event; and the discount rate used to remeasure that net defined benefit liability (asset).

  The amendments also clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognized in profit or loss. An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in the net interest, is recognized in other comprehensive income.

  The amendments had no impact on the consolidated financial statements of the Group as it did not have any plan amendments, curtailments, or settlements during the period.

- Amendments to PAS 28, *Long-term Interests in Associates and Joint Ventures*

  The amendments clarify that an entity applies PFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in PFRS 9 applies to such long-term interests.

The amendments also clarified that, in applying PFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognized as adjustments to the net investment in the associate or joint venture that arise from applying PAS 28, *Investments in Associates and Joint Ventures*.

These amendments had no impact on the consolidated financial statements as the Group does not have long-term interests in its associate and joint venture.

- *Annual Improvements to PFRSs* 2015-2017 Cycle

  - Amendments to PFRS 3, *Business Combinations,* and PFRS 11, *Joint Arrangements*, *Previously Held Interest in a Joint Operation*

    The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation.

    A party that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in PFRS 3. The amendments clarify that the previously held interests in that joint operation are not remeasured.

    An entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2019 and to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after January 1, 2019, with early application permitted. These amendments had no impact on the consolidated financial statements of the Group as there is no transaction where joint control is obtained.

  - Amendments to PAS 12, *Income Tax Consequences of Payments on Financial Instruments Classified as Equity*

    The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognizes the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized those past transactions or events.

    An entity applies those amendments for annual reporting periods beginning on or after January 1, 2019, with early application is permitted. These amendments had no impact on the consolidated financial statements of the Group because dividends declared by the Group do not give rise to tax obligations under the current tax laws.

- Amendments to PAS 23, *Borrowing Costs, Borrowing Costs Eligible for Capitalization*

  The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

  An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after January 1, 2019, with early application permitted.

  Since the Group's current practice is in line with these amendments, they had no impact on the consolidated financial statements of the Group.

Standards Issued but not yet Effective

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Group does not expect that the future adoption of the said pronouncements will have a significant impact on its consolidated financial statements. The Group intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2020 (October 1, 2020 for the Group)

- Amendments to PFRS 3, *Definition of a Business*

  The amendments to PFRS 3 clarify the minimum requirements to be a business, remove the assessment of a market participant's ability to replace missing elements, and narrow the definition of outputs. The amendments also add guidance to assess whether an acquired process is substantive and add illustrative examples. An optional fair value concentration test is introduced which permits a simplified assessment of whether an acquired set of activities and assets is not a business.

  An entity applies those amendments prospectively for annual reporting periods beginning on or after January 1, 2020, with earlier application permitted.

  These amendments will apply on future business combinations of the Group.

- Amendments to PAS 1, *Presentation of Financial Statements*, and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, *Definition of Material*

  The amendments refine the definition of material in PAS 1 and align the definitions used across PFRSs and other pronouncements. They are intended to improve the understanding of the existing requirements rather than to significantly impact an entity's materiality judgements.

  An entity applies those amendments prospectively for annual reporting periods beginning on or after January 1, 2020, with earlier application permitted.

Effective beginning on or after January 1, 2021 (October 1, 2021 for the Group)

- PFRS 17, *Insurance Contracts*

  PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

  The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:
  - A specific adaptation for contracts with direct participation features (the variable fee approach)
  - A simplified approach (the premium allocation approach) mainly for short-duration contracts

  PFRS 17 is effective for reporting periods beginning on or after January 1, 2021, with comparative figures required. Early application is permitted.

  The standard is not applicable to the Group since the Group does not issue insurance contracts.

Deferred effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

  The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

  On January 13, 2016, the Financial Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the International Accounting Standards Board (IASB) completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

4. **Summary of Significant Accounting and Financial Reporting Policies**

<u>Basis of Consolidation</u>
The consolidated financial statements include the financial statements of the Parent Company and its subsidiaries, which it controls as at September 30 of each year. The Parent Company has control over the investee when the Parent Company is exposed, or has rights, to variable returns from its

involvement with the investee and has the ability to affect those returns through its power over the investee.

Presented below is the list of the subsidiaries.

	Percentage of Ownership			Noncontrolling Interest				Principal Place of
	2020	2019	2018	**2020**	2019	2018	Nature of Business	Business
Central Azucarera Don Pedro, Inc. (CADPI)	**100.00%**	100.00%	100.00%	**–**	–	–	Production and selling of raw and refined sugar, molasses and related products	Taguig City and Nasugbu, Batangas
Central Azucarera de la Carlota, Inc. (CACI)	**100.00%**	100.00%	100.00%	**–**	–	–	Production and selling of raw sugar and molasses	Taguig City and Negros Occidental
CADP Insurance Agency, Inc. (CIAI)	**100.00%**	100.00%	100.00%	**–**	–	–	Insurance agency	Makati City
Roxol Bioenergy Corp. (RBC)	**100.00%**	100.00%	100.00%	**–**	–	–	Production and selling of bioethanol fuel and trading of goods such as sugar and related products	Negros Occidental
CADP Port Services, Inc. (CPSI)	**100.00%**	100.00%	100.00%	**–**	–	–	Providing ancillary services	Makati City
RHI Agri-Business Development Corporation (RABDC)	**100.00%**	100.00%	100.00%	**–**	–	–	Agricultural business	Makati City
Roxas Pacific Bioenergy Corporation (RPBC)	**100.00%**	100.00%	100.00%	**–**	–	–	Holding company for bioethanol investments	Negros Occidental
RHI Pacific Commercial Corp. (RHIPCC) [1]	**100.00%**	100.00%	100.00%	**–**	–	–	Selling arm of products of RHI Group	Makati City
San Carlos Bioenergy, Inc. (SCBI) [2]	**93.35%**	93.35%	93.35%	**6.65%**	6.65%	6.65%	Production and selling of bioethanol fuel	Negros Occidental
Najalin Agri Ventures, Inc. (NAVI)	**–**	95.82%	95.82%	**–**	4.18%	4.18%	Agricultural and industrial development	Negros Occidental
Roxas Power Corporation (RPC)	**50.00%**	50.00%	50.00%	**50.00%**	50.00%	50.00%	Sale of electricity	Nasugbu, Batangas
Northeastern Port Storage Corporation (NPSC) [3]	**100.00%**	100.00%	100.00%	**–**	–	–	Owning the depot and storage facilities used by SCBI	Negros Occidental

(1) *As at September 30, 2020, RHIPCC has not yet started commercial operations*
(2) *Acquired in April 2015 through RPBC (see Note 6)*
(3) *Indirect ownership through RPBC (see Note 6)*

In March 2016, NAVI reacquired 63,248 common shares from the non-controlling shareholders for a total consideration of ₱19.0 million effectively reducing the non-controlling interest by ₱16.4 million, which represents 9.64% decrease in ownership of non-controlling shareholders in NAVI. Consequently, equity interest of the Parent Company in NAVI increased to 86.91%. The excess of the fair value of the consideration paid over the amount by which the non-controlling interest is reduced amounting to ₱2.6 million was recognized directly in equity attributable to the equity holders of the Parent Company.

In November 2016, NAVI reacquired 55,696 shares from non-controlling shareholders for a total consideration of ₱13.6 million. As at September 30, 2018, there are only 22,656 remaining shares from the non-controlling shareholders which represent 4.18% of the total shares.

In September 2020, the RHI Board approved the sale transaction involving the Group's sugar mill and ethanol plant in La Carlota City, Negros Occidental and RHI's investment consisting of shares in NAVI to Universal Robina Corporation (URC). The sold NAVI shares comprise of 520,115 common shares of the capital stock, inclusive of four (4) common shares registered in the name of RHI’s nominee directors, which in the aggregate represent 95.82% of the total issued and outstanding capital stock of NAVI. Gain on sale of shares in NAVI amounted to ₱64.0 million.

In September 2020, RHI re-acquired the remaining 4.18% of the total issued and outstanding capital stock of NAVI through settlement of NAVI’s receivable from various farmers, who previously held the non-controlling interest over NAVI. As at September 30, 2020, NAVI’s assets, liabilities and noncontrolling interests are derecognized in the Group’s consolidated financial statements.

On February 1, 2012, the BOD of RHI approved a resolution to shorten the corporate life of CPSI, CIAI and RPC effective September 30, 2012. On the same date, the BOD also approved the merger of CADP Consultancy Services, Inc. (CCSI), CADP Farm Services, Inc. (CFSI) and Jade Orient Management

Services, Inc. (JOMSI), which are non-operating subsidiaries and collectively referred to as “Absorbed Companies”, with CADPI. This decision was in line with the Group’s move to rationalize its operations. On April 14, 2014, the SEC issued the Certificate of Filing of Articles and Plan of Merger approving the merger of CCSI, CFSI and JOMSI with CADPI, as the surviving entity. In 2015, management changed its intention and decided to continue the corporate existence of RPC and requested the cancellation of the application for its business closure from the Bureau of Internal Revenue. As at September 30, 2020, the applications for the cancellation of the business of CPSI and CIAI are still pending approval from the pertinent government agencies.

The Parent Company has control over RPC because it has the power to cast the majority of votes through its representatives in the BOD, has rights to variable returns from RPC and has the ability to affect those returns.

Each entity determines its own functional currency, which is the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity, and items included in the financial statements of each entity are measured using that functional currency.

The financial statements of the subsidiaries are prepared for the same reporting year as the Parent Company. The Group is using uniform accounting policies for like transactions and other events in similar circumstances. All significant intercompany balances and transactions including inter-group unrealized profits and losses, are eliminated in preparing the consolidated financial statements.

The financial statements of the subsidiaries are included in the consolidated financial statements from the date when the Parent Company obtains control and continue to be consolidated until the date when such control ceases. The results of operations of the subsidiaries acquired or disposed of during the year are included in profit and loss from the date of acquisition or up to the date of disposal, as appropriate.

Changes in the controlling equity ownership (i.e., acquisition of non-controlling interest or partial disposal of interest over a subsidiary) that do not result in a loss of control are accounted for as equity transactions.

Any excess or deficit of consideration paid over the carrying amount of the non-controlling interests is recognized in equity of the Group in transactions where the non-controlling interests are acquired or sold without loss of control. This is recognized as part of “Other equity items”. If the Group loses control over a subsidiary, it: (a) derecognizes the assets (including goodwill) and liabilities of the subsidiary; (b) derecognizes the carrying amount of any non-controlling interests; (c) derecognizes the cumulative translation differences recorded in equity; (d) recognizes the fair value of the consideration received; (e) recognizes the fair value of any investment retained; (f) recognizes any surplus or deficit in profit or loss; (g) reclassifies the parent’s share of components previously recognized in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

Non-controlling interests represent the portion of profit or loss and net assets of RPC and SCBI (NAVI in 2019 and 2018) not held by the Group, directly or indirectly, and are presented separately in the consolidated statements of comprehensive income and within the equity section of the consolidated statements of financial position and consolidated statements of changes in equity, separately from the Parent Company’s equity. Total comprehensive income is attributed to the portion held by the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit.

Business Combination and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at fair value on acquisition date and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree at its proportionate share in the acquiree's identifiable net assets. Acquisition-related costs incurred are expensed and included in general and administrative expenses. The excess of the cost of acquisition over the fair value of the Parent Company's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the Parent Company's share of the net assets of the subsidiary acquired, the difference is recognized directly in profit or loss.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognized in accordance with PAS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it should not be remeasured. Subsequent settlement is accounted for within equity. In instance where the contingent consideration does not fall within the scope of PAS 39, it is measured in accordance with the appropriate PFRS.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss. If the initial accounting for business combination can be determined only provisionally by the end of the year by which the combination is effected because either the fair values to be assigned to the acquiree's identifiable assets, liabilities or contingent liabilities or the cost of the combination can be determined only provisionally, the Group accounts the combination using provisional values. Adjustments to these provisional values as a result of completing the initial accounting should be made within 12 months from the acquisition date. The carrying amount of an identifiable asset, liability or contingent liability that is recognized as a result of completing the initial accounting should be calculated as if its fair value at the acquisition date had been recognized from that date and goodwill or any gain recognized should be adjusted from the acquisition date by an amount equal to the adjustment to the fair value at the acquisition date of the identifiable asset, liability or contingent liability being recognized or adjusted.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Common Control Transactions. Where there are business combinations in which all the combining entities within the Group are ultimately controlled by the same ultimate parent before and after the business combination and that the control is not transitory ("business combinations under common control"), the Group accounts such business combinations under the acquisition method of accounting, if the transaction was deemed to have substance from the perspective of the reporting entity. In determining whether the business combination has substance, factors such as the underlying purpose of the business combination and the involvement of parties other than the combining entities such as the non-controlling interest, are being considered.

In cases where the business combination has no substance, the Parent Company accounts for the transaction similar to a pooling of interests. The assets and liabilities of the acquired entities and that of the Group are reflected at their carrying amounts. The difference in the amount recognized and the fair value of the consideration given, is accounted for as an equity transaction (i.e., as either a contribution or distribution of equity). Further, when a subsidiary is transferred in a common control transaction, the difference in the amount recognized and the fair value of consideration received, is also accounted for as an equity transaction.

Current versus Noncurrent Classification
The Group presents assets and liabilities in the consolidated statements of financial position based on current or noncurrent classification.

An asset is current when it is:
- expected to be realized or intended to be sold or consumed in the normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realized within twelve months after the reporting period; or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as noncurrent.

A liability is current when it is:
- expected to be settled in the normal operating cycle;
- held primarily for the purpose of trading;
- expected to be settled within twelve months after the reporting period; or
- there is no unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as noncurrent.

Deferred tax assets and liabilities and retirement benefits assets and liabilities are classified as noncurrent assets and liabilities, respectively.

Cash and Cash Equivalents
Cash includes cash on hand and in banks that earn interest at the respective bank deposit rates. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less from the date of acquisition and are subject to an insignificant risk of changes in value.

Financial Assets and Financial Liabilities
A financial instrument is any contract that gives rise to financial asset of one entity and a financial liability or equity instrument of another entity.

Initial recognition and measurement
Financial assets are classified, at initial recognition, and subsequently measured at amortized cost, FVOCI, and fair value through profit or loss (FVPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or which the Group has applied the practical expedient are measured at transaction price determined under PFRS 15. Refer to the *Accounting Policy in Section "Revenue Recognition".*

In order for a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest' (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at FVPL

The Group has no financial assets at FVPL and financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments) and financial assets at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments).

Financial assets at amortized cost (debt instruments). This category is most relevant to the Group. The Group measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are closely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

As of September 30, 2020, the Group's financial assets at amortized cost include cash and cash equivalents, trade receivables, due from employees, due from related parties, other receivables and refundable deposits presented in "other current assets".

Impairment of financial assets
The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. (a) For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the 12 months (a 12-month ECL). (b) For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For cash and cash equivalents, the Group applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. It is the Group's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Group uses the ratings from the external credit rating agencies to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to debtors and the economic environment.

In its ECL models, the Group relies on a broad range of forward looking information as economic updates such as inflation and gross national income.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual cash flows in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

For its due from related parties, the Group applies the general expected credit loss model. The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. The Group determines probability of default and loss-given default based on available data, adjusted for forward-looking factors specific to the debtors and the economic environment.

Classification and measurement of other financial liabilities
This category pertains to financial liabilities that are not held for trading or not designated as at FVPL upon the inception of the liability. These include liabilities arising from operations (e.g., accounts payable and accrued expenses, excluding taxes payable to the government) or borrowings (e.g., long term-debt).

The liabilities are recognized initially at fair value and are subsequently carried at amortized cost, taking into account the impact of applying the effective interest method of amortization (or accretion) for any related premium, discount, and any directly attributable transaction costs.

This category includes trade and other payables (excluding statutory liabilities and provision for probable losses), short-term borrowings and long-term borrowings as at September 30, 2020 and 2019 (see Notes 14, 15, 16 and 19).

<u>Derecognition of Financial Assets and Financial Liabilities</u>
Financial assets
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the right to receive cash flows from the asset has expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a “pass-through” arrangement; or
- the Group has transferred its right to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its right to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group’s continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred financial asset is measured at the lower of the original carrying amount of the financial asset and the maximum amount of consideration that the Group could be required to repay.

Financial liabilities
A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired.

Where an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

<u>Offsetting of Financial Instruments</u>
Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. The Group assesses that it has currently enforceable right of offset if the

right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default and in event of insolvency or bankruptcy of the Group and all of its counterparties.

Fair Value Measurement
The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active market for identical assets or liabilities.

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting year.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained in the foregoing.

Further information about the assumptions made in measuring fair value is included in the following notes to the consolidated financial statements:

- Note 5, "Significant Judgments, Accounting Estimates and Assumptions - Determining the Revaluation Amount of Land and Determining the Fair Value of Investment Properties"
- Note 12, "Property, Plant and Equipment"
- Note 13, "Investment Properties"
- Note 30, "Fair Value Measurement"

Inventories
Inventories are valued at the lower of cost and net realizable value (NRV).

Raw and Refined Sugar, Molasses and Alcohol. Cost is determined using the weighted average method. Production cost is allocated using the NRV of each of the joint products (i.e., raw sugar, refined sugar and molasses). The cost of alcohol includes direct materials and labor and a proportion of manufacturing overhead costs with unit cost determined using the moving average method. NRV is the estimated selling price in the ordinary course of business, less the estimated costs to complete the production and the estimated costs necessary to make the sale.

Materials and Supplies. Cost is determined using the moving average method. NRV is the current replacement cost.

Provision for inventory losses and obsolescence is provided for slow moving, obsolete, defective and damaged inventories based on physical inspection and management assessment.

Other Current Assets

This account consists of creditable withholding taxes (CWT), input value-added tax (VAT), advances to suppliers and prepayments.

CWT. CWT represents the amount withheld by the Group's customers in relation to its income. CWT can be utilized as payment for income taxes provided that these are properly supported by certificates of creditable tax withheld at source subject to the rules on Philippine income taxation.

VAT. Revenue, expenses, assets and liabilities are recognized net of the amount of VAT, except where the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable. Receivables and payables are stated with the amount of VAT included. For sale or purchase of services, related VAT is deferred until the related receivable or payable from the transaction has been collected or paid.

The net amount of VAT recoverable from taxation authority is presented as part of "Other current and noncurrent assets" in the consolidated statements of financial position. The net amount of VAT payable to taxation authority is included in "Trade and other payables" in the consolidated statements of financial position.

Prepayments. Prepayments are expenses paid in advance and recorded as asset before these are utilized. Prepayments are apportioned over the period covered by the payment and charged to appropriate expense accounts in profit or loss when incurred. Prepayments that are expected to be realized for no more than 12 months after the financial reporting year are classified as current assets. Otherwise, these are classified as noncurrent assets.

Advances to suppliers represent prepayment to suppliers for goods or services to be delivered / rendered in the future. A reclassification is made to the appropriate account (e.g. supplies, inventory, property and equipment) once the supplier has fulfilled the performance obligation. The classification as to current or noncurrent is determined by the usage or realization of the asset to which the advances were paid for.

Investment in an Associate

Investment in an associate initially recognized at cost, is subsequently accounted for using the equity method.

An associate is an entity in which the Group has significant influence but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting rights of the entity.

The share of its associate's post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in reserves is recognized in equity. The Parent Company's share in net appraisal increase resulting from the revaluation of land of an associate is presented as "Share in revaluation increment on land of an associate," net of related deferred tax, in the consolidated statements of changes in equity as other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

When the share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments in behalf of the associate. Unrealized gains on transactions between the Group and its associate are eliminated to the extent of the interest in the associate. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The financial statements of the associate are prepared for the same reporting year of the Parent Company. Adjustments, where necessary, are made to ensure consistency with the policies adopted by the Group.

Assets Held for Sale and Discontinued Operations

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification are regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortized once classified as held for sale.

The Group discontinues the use of the equity method for its investment in associate from the date that the investment (or the portion of it) is classified as held for sale; instead, the associate or joint venture is then measured at the lower of its carrying amount and fair value less cost to sell.

Assets and liabilities classified as held for sale are presented separately as current items in the consolidated statements of financial position.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations;
- Is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- Is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as net income (loss) after tax from discontinued operations in the consolidated statements of income.

Additional disclosures are provided in Note 11. All other notes to the consolidated financial statements include amounts for continuing operations, unless indicated otherwise.

Property, Plant and Equipment

Property, plant and equipment are carried at historical cost less accumulated depreciation, amortization and any impairment in value, except for land, which is stated at revalued amount.

The initial cost of property, plant and equipment comprises its purchase price, including import duties and nonrefundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Cost also includes the cost of replacing part of such asset when the recognition criteria are met, and the estimated present value of the cost of dismantling and removing the asset and restoring the site. Borrowing costs incurred during the construction of a qualifying asset is likewise included in the initial cost of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the items can be measured reliably. All other repairs and maintenance are charged to profit or loss in the year incurred.

Construction in progress pertains to properties under construction and are stated at cost. Cost includes costs of construction, labor, borrowings and other direct costs. Construction in progress is depreciated only from such time as the relevant assets are completed and put into operational use. Construction in progress are reclassified to the appropriate fixed asset category upon completion.

The net appraisal increment resulting from the revaluation of land is presented as "Revaluation increment on land under assets held for sale" and as part of "Other equity items and reserves", net of related deferred tax, in the consolidated statements of changes in equity as part of other equity items and reserves. Any resulting decrease is directly charged against the related revaluation increment to the extent that the decrease does not exceed the amount of the revaluation in respect of the same asset. All other decreases are charged to profit or loss. Valuations are performed frequently enough to ensure that the fair value of land does not differ significantly from its carrying amount.

The portion of revaluation increment on land, net of related deferred tax, realized upon disposal of the property is transferred to retained earnings.

Depreciation and amortization are calculated using the straight-line method to allocate the cost over the estimated useful lives, as presented as follows:

Asset Category	Number of Years
Buildings and building improvements	30
Land improvements	10 to 25
Machinery and equipment:	
Factory machinery and installations	17 to 28
Safety equipment	5
Office furniture, fixtures and equipment	3 to 5
Depot and storage facilities	15
Transportation equipment	3 to 6

Depreciation and amortization commence when an asset is in its location or condition capable of being operated in the manner intended by management. Depreciation and amortization cease at the earlier of the date that the item is classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with PFRS 5, *Noncurrent Assets Held for Sale and Discontinued Operations,* and the date the asset is derecognized.

Major repairs and maintenance that qualified for capitalization are depreciated and amortized over the remaining useful life of the related asset.

The asset's estimated useful lives and depreciation and amortization method are reviewed periodically to ensure that these are consistent with the expected pattern of economic benefits from items of property, plant and equipment.

Fully depreciated property and equipment are retained in the books until these are no longer in use.

When an asset is disposed of, or is permanently withdrawn from use and no future economic benefits are expected from its disposal, the cost and accumulated depreciation, amortization and impairment are derecognized. Gains and losses on retirement or disposal are determined by comparing the proceeds with carrying amount of the asset and are recognized in profit or loss.

Right-of-use Assets
Effective October 1, 2019, it is the Group's policy to recognize and classify right-of-use assets as part of noncurrent assets. Prior to that date, all of the Group's leases are accounted for as operating leases in accordance with PAS 17, hence, not recorded on the consolidated statement of financial position. The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are initially measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The initial cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received and estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of their estimated useful life and lease term. Right-of-use assets are subject to impairment.

Software Cost
Software cost, which is presented as part of "Other noncurrent assets," is initially measured at cost. Following initial recognition, software cost is carried at cost less accumulated amortization and any impairment losses. The software cost is amortized on a straight-line basis over its estimated economic useful life of three years and assessed for impairment whenever there is an indication that the software cost may be impaired. The amortization commences when the software cost is available for use. The period and the method of amortization for the software cost are reviewed at each financial year end.

Gains and losses arising from derecognition of software cost are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss.

Investment Properties
Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Gains or losses arising from changes in fair value of investment properties are included in profit or loss in the year in which these arise.

The fair value of investment property is the price at which the property could be exchanged between knowledgeable, willing parties in an arm's-length transaction. Fair value specifically excludes an estimated price inflated or deflated by special terms or circumstances such as typical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale. The fair value of investment property should reflect market conditions at the end of the reporting year.

Derecognition of an investment property will be triggered by a change in use or by sale or disposal. Gain or loss arising on disposal is calculated as the difference between any disposal proceeds and the carrying amount of the related asset, and is recognized in profit or loss.

Transfers are made to investment property when, and only when, there is change in use, evidenced by cessation of owner-occupation or commencement of an operating lease to another party. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sell.

Impairment of Nonfinancial Assets
The carrying amounts of investment in an associate, property, plant and equipment, and other nonfinancial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, except for goodwill acquired in a business combination which is reviewed for impairment annually. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Nonfinancial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Impairment losses are recognized in profit or loss under the expense category consistent with the function of the impaired asset. Impairment loss recognized during interim period in respect to goodwill or investment, cannot be reversed at year end.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as an appraisal increase. After such a reversal, the depreciation and amortization are adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Equity

Capital Stock and Additional Paid-in Capital. Capital stock is measured at par value for all shares issued. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from proceeds. The excess of proceeds from issuance of shares over the par value of shares are credited to additional paid-in capital. The Parent Company also recognizes a corresponding increase in additional paid-in capital when services are rendered in an equity-settled share-based payment transaction.

Treasury Stock. Where the Parent Company purchases its own capital stock (treasury stock), the consideration paid, including any directly attributable incremental costs (net of related taxes), is deducted from equity until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transactions costs and the related taxes, is included in equity attributable to the equity holders of the Parent Company.

Retained Earnings. Retained earnings represent the cumulative balance of net income or loss, dividend distributions, effects of the changes in accounting policy and other capital adjustments.

Dividend Distribution. Dividend distribution to the Parent Company's and subsidiaries' stockholders and the non-controlling interests is recognized as a liability and deducted from equity in the year in which the dividends are declared as approved by the BOD of respective entities. Dividends that are approved after the reporting year are dealt with as an event after the reporting year.

Other Comprehensive Income (Loss)

Other comprehensive income (loss) comprises items of income and expenses (including items previously presented as other equity reserves under the consolidated statements of changes in equity) that are not recognized in profit or loss for the year in accordance with PFRS. These are presented as part of other equity reserves in the consolidated statements of changes in equity. Other comprehensive income (loss) includes revaluation increment on land, cumulative remeasurement loss on net retirement assets and liabilities and cumulative loss on remeasurement loss of retirement assets of an associate.

Employee Stock Option (ESOP)

Regular employees (including directors) receive remuneration in the form of share-based payment transactions, whereby employees render services in exchange for rights over shares ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value of the stock options at the date at which these are granted. The fair value of the stock options is determined using an option-pricing model, further details of which are presented in Note 20. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of RHI ("market conditions"), if applicable.

The cost of equity-settled transactions is recognized, together with a corresponding increase in equity, over the period until employees become fully entitled to the award ("vesting date"). The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the best estimate of the number of awards that will ultimately vest. The change or credit for a year represents the movement in cumulative expense recognized as at the beginning and end of that year.

No expense is recognized for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

Where the terms of an equity-settled award are modified, an expense, at a minimum, is recognized as if the terms had not been modified. An expense is recognized for any increase in the value of the transactions as a result of the modification, as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if these were modifications of the original award, as described in the previous paragraph.

The dilutive effect of outstanding stock option is reflected as additional share dilution in the computation of earnings per share (see Note 27).

<u>Revenue Recognition</u>
The Group is in the business of operating mill and refinery facilities to manufacture sugar and allied products in the Philippines in accordance with existing laws and government regulations. Revenue from contracts with customers is recognized when control of the goods and services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods and services. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods and services before transferring them to the customer.

The disclosures of significant accounting judgments, estimates and assumptions relating to revenue from contracts with customers are provided in Note 5.

Sale of goods. Sale of goods, which encompasses sales of raw sugar, refined sugar, molasses and alcohol, is recognized at a point in time, i.e., when the control of the goods are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods.

Revenue from Tolling Services. Tolling services is recognized over time, i.e., when the control of the services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those services.

Revenue from Milling Contracts. The Group provides milling services to sugar cane planters through an output sharing agreement. Revenue arising from sugar milling operation under an output sharing agreement is recognized upon conversion of the Planter's canes into raw sugar based on the fair value of the raw sugar at the time of production. The Group recognizes revenue from milling services over time, using units of production method to measure progress towards complete satisfaction of the service, because the customer simultaneously receives and consumes the benefits provided by the Group.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g. free storage periods). In determining the transaction price for the sale of services, the Group considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (e.g. subsidies to planters). The Group has assessed that there is no significant impact arising from variable consideration, significant financing components and noncash consideration. Impact of subsidies paid to planters, which qualify as consideration payable to customers, is disclosed in Note 3.

(i) Variable consideration relating to revenue from milling contracts
If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of services provide customers with a right to additional free-of-charge services (e.g. free storage periods). These additional free-of-charge services give rise to variable consideration.

To estimate the variable consideration for the expected future performance of free-of-charge services, the Group applies the “most likely amount” method for contracts using the relative stand-alone selling price of the services. The Group then applies the requirements on constraining estimates of variable consideration and recognizes a contract liability for the expected future performance of services.

(ii) Significant financing component
Generally, the Group receives customer deposits from its customers. Using the practical expedient in PFRS 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less. The Group then recognizes a contract liability for the customer deposits received.

(iii) Consideration payable to customer relating to revenue from milling contracts
The Group provides subsidies to planters in the form of cash subsidies for transportation and hauling cost of sugar cane from sugar cane farms to mill site. The consideration payable to customer is accounted for as a reduction in the transaction price unless the payment to the customer is in exchange for a distinct good or service that the customer transfers to the Group.

Contract Balances
Contract assets. A contract asset is the right to consideration in exchange for services transferred to the customer. If the Group performs by transferring services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

Trade receivables. A receivable represents the Group’s right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets under Financial Assets and Financial Liabilities - Financial assets at amortized cost (debt instruments).

Contract liabilities. A contract liability is the obligation to transfer services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If the customer pays consideration before the Group transfers services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group performs under the contract.

Bill and Hold Sales. Bill and hold sales are recognized when all criteria are met:

a. It is probable that delivery will be made;
b. The item is on hand, identified and ready for delivery to the buyer at the time the sale is recognized;
c. The buyer specifically acknowledges the deferred delivery instructions; and
d. The usual payment terms apply.

Interest Income. Interest income is recognized on a time proportion basis using the effective interest method.

Cost and Expense Recognition
Cost and expenses are recognized in profit or loss upon receipt of goods, utilization of services, or at the date the cost and expenses are incurred.

Cost of Sales. Cost of sales includes direct materials and labor costs, and those related indirect cost incurred upon processing of the Group's products and rendering of its tolling services. It is recognized as expense when related goods are sold or the related services are rendered.

Selling, General and Administrative Expenses. Selling expenses are costs incurred to sell or distribute goods. General and administrative expenses are costs of administering the business such as salaries and wages of administrative department, outside services, rental, utilities and general office expenses. These expenses are recognized when incurred.

Borrowing Costs
Borrowing costs that are directly attributable to the acquisition, construction of a qualifying asset, which necessarily takes a substantial period of time to prepare for its intended use are included in the cost of that asset. Such borrowing costs are capitalized as part of the cost of the asset when it is probable that these will result in future economic benefits to the Group and the costs can be measured reliably. Other borrowing costs are recognized as expense when incurred.

Capitalization of borrowing costs is suspended during extended period in which the Group suspends active development of a qualifying asset and ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use are complete. An asset is normally ready for its intended use when the physical construction of the asset is complete even though routine administrative work might still continue.

Leases
Lease liabilities - effective October 1, 2019
At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets
The Group applies the short-term lease recognition exemption to its short-term leases of machinery, vehicles and other equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the leases of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e., ₱250,000). Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Accounting Policies Prior to October 1, 2019

The determination of whether the arrangement is, or contains a lease is based on the substance of the arrangement at inception date of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset. A reassessment is made after inception on the lease only if one of the following applies: (a) there is a change in contractual terms, other than a renewal or extension of the arrangement; (b) a renewal option is exercised or extension granted, unless the term of the renewal or extension was initially included in the lease term; (c) there is a change in the determination of whether fulfillment is dependent on a specified asset; or (d) there is substantial change to the asset.

Where a reassessment is made, lease accounting commences or ceases from the date when the change in circumstances gave rise to reassessment for scenarios (a), (c) or (d) and at the date of renewal or extension period for scenario (b).

Operating Lease - The Group as a Lessee. Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating lease. Operating leases are recognized as an expense on a straight-line basis over the lease term.

For income tax reporting purposes, operating lease payment under operating lease agreements is treated as deductible expense in accordance with the terms of the lease agreements.

Operating Lease - The Group as a Lessor. Leases where the Group does not transfer substantially all the risks and benefits of ownership of the assets are classified as operating leases. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and amortized over the lease term on the same basis as the rental income. Contingent rents are recognized as revenue in the year in which these are earned.

Employee Benefits
Short-term Employee Benefits. The Group recognizes a liability, net of amounts already paid, and an expense for services rendered by employees during the reporting year. A liability is also recognized for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Short-term employee benefits liabilities are measured on an undiscounted basis and are expensed as the related service is provided.

Retirement Benefits. The retirement benefits cost is determined using the projected unit credit method, which reflects services rendered by employees to the date of valuation and incorporates assumptions concerning employees' projected salaries.

The retirement benefits cost comprises of the service cost, net interest on the retirement liability or plan asset and remeasurements of retirement liability or plan asset.

The Group recognizes service costs, comprising of current service costs, past service costs, gains and losses on curtailments and non-routine settlements; and interest cost or income in profit or loss.

Net interest on the retirement liability or plan asset is the change during the year in the retirement liability or plan asset that arises from the passage of time, which is determined by applying the discount rate based on government bonds to the retirement liability or plan asset.

Past service costs are recognized in profit or loss on the earlier of the date of the plan amendment or curtailment, and the date that the Group recognizes restructuring-related costs.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on retirement liability or asset) are recognized immediately in other comprehensive income in the year in which these arise. Remeasurements are not reclassified to profit or loss in subsequent years.

The plan assets are generally funded through payments to trustee-administered funds as determined by periodic actuarial calculations. Plan assets are not available to the creditors of the Group, nor can be paid directly to the Group. The fair value of the plan assets is based on the market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the retirement liability, the measurement of the resulting retirement plan asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The retirement liability or asset is the aggregate of the present value of the retirement liability and the fair value of plan assets on which the obligations are to be settled directly. The present value of the retirement liability is determined by discounting the estimated future cash outflows using interest rate on government bonds that have terms to maturity approximating the terms of the related retirement liability.

Actuarial valuations are made with sufficient regularity so that the amounts recognized in the consolidated financial statements do not differ materially from the amounts that would be determined at the reporting date.

Termination Benefits. Termination benefits are payable when employment is terminated before the retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after end of reporting year are discounted to present value.

Foreign Currency-Denominated Transactions and Translations

Items included in the consolidated financial statements of each of the Group's entities are measured using the functional currency.

Transactions denominated in foreign currencies are recorded using the exchange rate at the date of the transaction. Outstanding monetary assets and liabilities denominated in foreign currencies are translated using the closing rate of exchange at the end of reporting year. Foreign exchange differences are credited or charged directly in profit or loss.

Income Taxes

Current Tax. Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rate and the tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting year.

Deferred Tax. Deferred tax is provided on all temporary differences at the end of reporting year between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, including asset revaluations. Deferred tax liability is not recognized when it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit or loss nor taxable profit or loss. However, deferred tax liabilities are not provided on non-taxable temporary differences associated with investments in domestic subsidiaries and associates. Deferred tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits (excess of minimum corporate income taxes or MCIT over regular corporate income taxes or RCIT) and unused tax losses (net operating loss carryover or NOLCO), to the extent that it is probable that sufficient future taxable profit will be available against which the deductible temporary differences and carryforward benefits of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting year and reduced to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting year and are recognized to the extent that it has become probable that sufficient future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of reporting year.

Deferred tax assets and liabilities are offset if a legally enforceable right exists to set off the deferred tax assets against the deferred tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in relation to the underlying transaction either in other comprehensive income or directly in equity.

Provisions and Contingencies
Provision are recognized when the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

Provisions are reviewed at the end of each reporting year and adjusted to reflect the current best estimate.

Contingent liabilities are not recognized in the consolidated financial statements. These are disclosed in the notes to consolidated financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the consolidated financial statements but disclosed in the notes to consolidated financial statements when an inflow of economic benefits is probable.

Earnings (Loss) per Share
The Group presents basic and diluted earnings (loss) per share. Basic earnings (loss) per share is calculated by dividing the profit (loss) attributable to equity holders of the Parent Company by the weighted average number of common shares outstanding during the year, excluding common shares purchased by the Parent Company and held as treasury shares. Diluted earnings per share is calculated in the same manner, adjusted for the effects of all the dilutive potential common shares.

Segment Reporting
For purposes of management reporting, the Group's operating businesses are organized and managed separately on a per company basis, but are grouped into strategic business units (SBU) defined along the Group's core main product lines, namely: sugar and alcohol.

Operating segments are components of the Group: (a) that engage in business activities from which these may earn revenue and incur expenses (including revenue and expenses relating to transactions with other components of the Group); (b) whose operating results are regularly reviewed by the Group's senior management, its chief operating decision maker, to make decisions about resources to be allocated to the segment and assess its performance; and (c) for which discrete financial information is available.

Events after the Reporting Date
Post year-end events that provide additional information about the Group's financial position at the end of reporting year (adjusting events) are reflected in the consolidated financial statements when material. Post year-end events that are non-adjusting events are disclosed in the notes to consolidated financial statements when material.

5. **Significant Judgments, Accounting Estimates and Assumptions**

The preparation of the consolidated financial statements requires the Group to exercise judgment, make estimates and use assumptions that affect the reported amounts of assets, liabilities, income and expenses and related disclosures. The Group makes estimates and uses assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the consolidated financial statements as these become reasonably determinable.

Judgments, estimates and assumptions are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group believes the following represent a summary of significant judgments, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities, as well as to the related revenues and expenses, within the next fiscal year, and related impact and associated risk in the consolidated financial statements.

Judgments
In the process of applying the Group's accounting policies, management exercised judgment on the following items, apart from those involving estimations, which has the most significant effect on the amounts recognized in the consolidated financial statements.

Revenue from contracts with customers - Identifying performance obligations. The Group has contracts with customers that involve the promise to deliver goods and provide free storage periods to customers which qualify as distinct performance obligations and are therefore accounted for separately. The Group determined that these are capable of being distinct as the Group can sell these goods and services on a stand-alone basis which indicates that the customer can benefit from both goods and services independently on their own. The Group also determined that the promises to transfer the goods and services are distinct within the context of the contract. The goods and services are not inputs to a combined item in the contract. The Group is not providing a significant integration service because the presence of the goods and services together in this contract do not result in any additional or combined functionality and neither among the goods and services listed in the contract modify or customize the other. In addition, the services are not highly interdependent or highly interrelated because the Group would be able to transfer the goods and services even if the customer declined the other goods and services and would be able to provide the main goods in relation to products sold by other entities. Moreover, these goods and services can also be offered by other entities. Consequently, the Group allocated the transaction price to the performance obligations based on relative stand-alone selling prices.

Determining the Operating Segments. Determination of operating segments is based on the information about components of the Group that management uses to make decisions about operating matters. Operating segments use internal reports that are regularly reviewed by the Parent Company's chief operating decision maker, which is defined to be the Parent Company's BOD, in order to allocate resources to the segment and assess its performance. The Parent Company reports separate information about an operating segment that meets any of the following quantitative thresholds: (a) its reported revenue, including both sales to external customers and intersegment sales or transfers, is 10% or more of the combined revenue, internal and external, of all operating segments; (b) the absolute amount of its reported profit or loss is 10% or more of the greater, in absolute amount, of (i) the combined reported profit of all operating segments that did not report a loss and (ii) the combined reported loss of all operating segments that reported a loss; and (c) its assets are 10% or more of the combined assets of all operating segments.

Management assessed that the Group's operating businesses are organized and managed separately according to core main product lines, namely: sugar and alcohol. Consequently, reportable operating segments as at and for the years ended September 30, 2020, 2019 and 2018 are sugar and alcohol (see Note 32).

Determining the Existence of Control in Investee Companies. Control is presumed to exist when the Company owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity unless, in exceptional circumstances, it can be clearly demonstrated that such ownership does not constitute control. The Parent Company has the power to cast the majority of votes through its representatives in the BOD. Management has determined that despite having only 50% ownership in RPC and no equity ownership yet in NPSC, the Parent Company has control over RPC and NPSC by virtue of its rights to variable returns from the subsidiary and ability to affect those returns.

Determining the Classification of Lease Arrangements. Management exercises judgment in determining whether substantially all the significant risks and benefits of ownership of the assets held for lease are retained by the Group. Lease contracts in which the Group retains substantially all the risks and benefits incidental to ownership of the leased item are accounted for as operating leases. Otherwise, these are considered as finance leases.

- <u>Operating Lease - The Group as a Lessee (effective prior to October 1, 2019)</u>. The Group has various property being leased covering several heavy handling equipment, service vehicles and office space of RHI, where it has determined that the risks and benefits of ownership over these properties are retained with the lessors. Accordingly, these lease agreements are accounted for as operating leases (see Note 28).

  Rent expense amounted to ₱14.4 million and ₱13.5 million, respectively, included in "Cost of goods sold" and "General and administrative expenses" accounts, in 2019 and 2018, respectively (see Notes 22, 23 and 28).

- <u>Operating Lease - The Group as a Lessor.</u> Leases where the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Rent income is recognized on a straight-line basis over the lease term of the lease, as applicable (see Note 13).

  Rent income from the lease of agricultural land of NAVI amounted to ₱6.2 million, ₱6.7 million and ₱5.4 million in 2020, 2019 and 2018, respectively (see Note 13).

Determination of lease term of contracts with renewal and termination options – the Group as a lessee
The Group has lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

The Group included the renewal period as part of the lease term for lease of farm land with shorter non-cancellable period (i.e., three to five years). The Group typically exercises its option to renew for these leases because there will be a significant negative effect on production if a replacement asset is not readily available. The renewal periods for lease of farm land with longer non-cancellable periods (i.e., 10 to 15 years) are not included as part of the lease term as these are not reasonably certain to be exercised.

Determining the classification of assets held for sale and discontinued operations. On May 23, 2018, the Group has reached an agreement with a buyer for the sale of the Group's sugar milling and refining operations in Batangas (the "Proposed Sale Transaction"). Management believes that the assets subject to the Proposed Sale Transaction are available for immediate sale and can be sold to the buyer in its current condition as of September 30, 2018. Further, management believes that the PCC approval is required in relation to similar transactions. On February 12, 2019, the PCC issued a decision disapproving the Proposed Sale Transaction. Nonetheless, the Group remained committed to sell the assets in Batangas and was negotiating with a prospective buyer as of September 30, 2019. The Group has assessed that the subject assets are available for immediate sale in their present condition and sale is highly probable as of September 30, 2019. The sale of sugar milling and refining operations represents a disposal of a separate geographical area of operations of the Group hence, the consolidated statements of income present its results of operations as discontinued operations in 2019. However, as of September 30, 2020, the criteria for classification as held for sale are no longer met thus; the assets were reclassified to property, plant and equipment. The Group's sugar milling and refinery operations in Batangas are measured at carrying amounts before the assets are classified as held for sale as adjusted for any depreciation, amortization or revaluation that would have been recognized if had not been so classified. The assets' total carrying amount is lower than the recoverable amount at the date of the subsequent decision not to sell. Accordingly, results of Batangas operations are presented in the consolidated statements of income as part of continuing operations in 2020.

On September 18, 2020, the BOD approved the sale of the Group's sugar mill and ethanol plant in La Carlota City, Negros Occidental and RHI's investment properties consisting of shares in NAVI (the "Sale Transaction") to URC. Under the terms of the Sale Transaction, URC will acquire all buildings, improvements, machineries and equipment, laboratory equipment, as well as the land on which these plant and buildings are located and investment properties that are necessary for the continuing operations of the mill and ethanol plant. On September 30, 2020, the parties proceeded to close the Sale Transaction, with the signing and delivery of the definitive sale agreements as well as performance of all conditions necessary for the closing of the transaction. The sale of the mill and ethanol plant located at La Carlota City, Negros Occidental represents a disposal of a separate major operating segment of the Group hence, the consolidated statements of income present its results of operations as discontinued operations.

As a result of the preceding circumstances, results of operations presented in the consolidated statements of income and the corresponding notes to the financial statements in 2019 and 2018 were restated to reflect continuing operations of CADPI and exclude from continuing operations the discontinued operations of CACI, RBC and NAVI.

Moreover, on August 1, 2019, the BOD authorized the evaluation and negotiation of terms and conditions of the sale of investment in Hawaiian-Philippine Company (HP Co.) comprising of 28,549,365 common shares. Accordingly, such investment has been classified as part of assets held for sale as of September 30, 2019. On November 5, 2019, the said investment in associate held for sale was sold.

As at September 30, 2020 and 2019, assets held for sale amounted to nil and ₱7,254.7 million, respectively (see Notes 11 and 12).

Assessment of Prospective Financial Information. The assumptions used in the Group's prospective financial information involve management making judgments, at a particular point in time, about the future outcome of events or conditions. Management takes into account a whole range of factors which include, but are not limited to, expected operations and profitability and potential sources of additional financing. Management has future financing and operating plans regarding the Group, as discussed in Notes 1, 14 and 29.

As of September 30, 2020, the key assumptions used in the assessment of the Group's financial condition and prospective financial information are as follows:

Sales growth (average of less than 10% year on year) - Management based the projected sales growth on the production capacity of its plants over the forecast period.

Manufacturing costs ratio (averaging at 79% over the forecast period) - Management based the ratio of production costs over sales on its historical experience.

Operating expenses ratio (averaging at 12% over the forecast period) - Management based the ratio of operating expenses over sales on its historical experience.

<u>Estimates and Assumptions</u>
The key assumptions concerning the future and other key sources of estimation uncertainty at the end of reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next fiscal years are discussed below.

Provision for expected credit losses

- *Due from related parties using general approach*
  The ECL is measured on either a 12-month or lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. The Group used the general approach which considers the probability of its counterparty to default in its obligation and the expected loss at default after considering the

effects of collateral, any potential value when realized, forward-looking estimates and time value of money.

Under PFRS 9, additional judgments are also made in assessing a significant increase in credit risk in the case of financial assets measured using the general approach. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition.

The Group's due from related parties amounted to nil and ₱ 100.1 million as at September 30, 2020 and 2019, respectively (see Notes 8 and 19). Allowance for expected credited losses on due from related parties amounted to nil as at September 30, 2020 and 2019 (see Note 8).

- *Trade and other receivables using simplified approach*
  For trade receivables, the Group applies a simplified approach in calculating ECLs, therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to debtors and the economic environment.
  As at September 30, 2020 and 2019, the Group's trade and other receivables (excluding due from related parties and due from planters and cane haulers) amounted to ₱1,210.3 million and ₱1,155.7 million, respectively (see Note 8). Allowance for expected credited losses on trade and other receivables amounted to ₱75.3 million and ₱45.2 million as at September 30, 2020 and 2019, respectively (see Note 8).

Determining the NRV of Inventories. The Group's estimates of the NRV of inventories are based on the most reliable evidence available at the time the estimates are made of the amount that the inventories are expected to be realized. These estimates consider the fluctuations of price or cost directly relating to events occurring after the end of the reporting period to the extent that such events confirm conditions existing at the end of the reporting period. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is a clear evidence of an increase in NRV because of change in economic circumstances, the amount of the write-down is reversed so that the new carrying amount is the lower of the cost and the revised NRV.

As at September 30, 2020 and 2019, the inventories carried at lower of cost and NRV amounted to ₱443.0 million and ₱1,205.8 million, respectively (see Note 9). Allowance for inventory losses and obsolescence amounted to ₱73.3 million and ₱97.7 million as at September 30, 2020 and 2019, respectively (see Note 9).

Allocating the Cost to Molasses Inventory. Management uses judgment to measure and allocate cost to the molasses inventory. When the costs of conversion of each product are not separately identifiable, these are allocated among the products on a rational and consistent basis. The allocation is based on the NRV of cane products at the completion of production.

As at September 30, 2020 and 2019, portion of molasses inventory amounting to ₱9.4 million and ₱9.1 million, respectively, pertains to allocated cost from the total production costs of milled raw and refined sugar (see Note 9).

Estimating the Provision for Unrecoverable Creditable Withholding Taxes. Provision for unrecoverable creditable withholding taxes is maintained at a level considered adequate to provide for potentially unrecoverable claims. The Group, on a continuing basis, makes a review of the status of the claims, designed to identify those to be provided with any impairment loss. In these cases, management uses judgment based on the best available facts and circumstances. The amount and timing of recorded loss for any period would differ based on the judgments or estimates made.

As at September 30, 2020 and 2019, the carrying amount of creditable withholding taxes (net of allowance amounting to ₱ 12.2 million as of both years) amounted to ₱ 1,354.4 million and ₱970.1 million, respectively, (see Note 10).

Determining the Revaluation Amount of Land. The land is carried at revalued amount, which approximates its fair value at the date of the revaluation. The valuation of land is performed by Philippine SEC accredited external appraisers. The fair value was arrived at using the Market Data Approach based on the gathered available market evidences. Revaluations are made on a regular basis to ensure that the fair value does not differ materially from its carrying value.

Land carried at revalued amount as at September 30, 2020 and 2019 amounted to ₱4,537.7 million and ₱ 1,287.0 million, respectively (see Note 12). Appraisal increase, net of tax, amounted to ₱494.4 million, ₱43.4 million and ₱10.4 million in 2020, 2019, and 2018, respectively (see Note 18).

Estimating Useful Lives of Property, Plant and Equipment. The useful life of each of the items of property, plant and equipment is estimated based on the year over which the asset is expected to be available for use. Such estimation is based on a collective assessment of practices of similar businesses, internal technical evaluation and experience with similar assets. The estimated useful life of each asset is reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the asset. It is possible, however, that future results of operations could be materially affected by changes in the amounts and timing of recorded expenses brought about by the changes in the factors mentioned in the foregoing. A change in the estimated useful life of any item of property, plant and equipment would impact the recorded cost and expenses and noncurrent assets.

In 2018, the Group's review indicated that the estimated useful life of buildings and improvements and machinery and equipment, mostly pertaining to the production plants, should be extended from 25 years to 30 years, and 18-25 years to 18-28 years, respectively, effective October 1, 2017. This is based on the Group's reassessment of the expected period over which the Group will benefit from the use of these assets. Management, with the involvement of its project engineers, performed internal technical evaluation, in determining the estimated useful life of these assets. There were no changes to the estimated useful lives of other items of property, plant and equipment.

The change in estimated useful life reduced the depreciation expense under continuing operations by ₱32.6 million in 2018.

The carrying amount of the depreciable property, plant and equipment as at September 30, 2020 and 2019 amounted to ₱4,912.4 million and ₱7.199.3 million, respectively (see Note 12).

Determining the Fair Value of Investment Properties. The fair value of the investment properties was determined by Philippine SEC accredited external appraisers using Market Data Approach based on gathered available market evidences. The latest appraisal reports were made for the valuation dates as of September 30, 2020 and 2019.

Investment properties stated at fair value amounted to ₱301.9 million and ₱513.6 million as at September 30, 2020 and 2019, respectively (see Note 13). The unrealized gain on fair value adjustment of investment properties amounted to ₱13.4 million, ₱21.7 million and ₱27.5 million in 2020, 2019 and 2018, respectively, recorded under “Other income” in the consolidated statements of income (see Note 25).

Measurement of assets held for sale. The assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. The determination of fair values requires estimates of economic conditions and other factors. The fair value was based on the appraisal values of the assets, while the cost to sell is primarily the documentary stamp tax related to the sale of assets. As at September 30, 2019, assets held for sale are measured at its carrying amount of ₱7,254.7 million, which is lower than its fair value less costs to sell.

Assessing Impairment of Nonfinancial Assets. The Group assesses at the end of each reporting year whether there is any indication that the nonfinancial assets listed below (except goodwill) may be impaired. If such indication exists for nonfinancial assets other than goodwill, the Group estimates the recoverable amount of the asset, which is the higher of an asset’s fair value less costs to sell and its value-in-use. In determining fair value, an appropriate valuation model is used, which can be based on quoted prices or other available fair value indicators. Goodwill is tested for impairment at least on an annual basis or more frequently if events or changes in circumstances indicate that it may be impaired. For goodwill, annual impairment test requires estimation of value-in-use of the cash generating unit to which goodwill relates. In estimating the value-in-use, the Group is required to make an estimate of the expected future cash flows from the cash generating unit and also to choose an appropriate discount rate in order to calculate the present value of those cash flows.

Determining the recoverable amounts of the nonfinancial assets which involves the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, requires the use of estimates and assumptions that can materially affect the consolidated financial statements. Future events could indicate that these nonfinancial assets and goodwill may be impaired. Any resulting impairment loss could have a material adverse impact on the financial condition and results of operations of the Group.

While the Group believes that its assumptions are appropriate and reasonable, significant changes in these assumptions may materially affect its assessment of recoverable values and may lead to future additional impairment changes.

Property, plant and equipment amounting to ₱ 4,912.4 million and ₱ 7,199.3 million as at September 30, 2020 and 2019, respectively (see Note 12), are subject to impairment testing when impairment indicators are present such as obsolescence, physical damage, significant changes to the manner in which the asset is used, worse than expected economic performance, a drop in revenue or other external indicators.

The recoverable amount of property, plant and equipment has been determined based on the value-in-use calculations using cash flow projections from financial budgets covering as approved by management a five-year period of projection. The projected cash flows were based on expectations on future outcomes taking into account past experiences, adjusted for anticipated revenue growth based on management’s future plans. The key assumptions used in determining the recoverable amount as of September 30, 2020 and 2019 are as follows:

Sales growth (average of 6.0% to 11.8% year on year) - Management based the projected sales growth on the production capacity of its plant over the forecast period.

Terminal growth rate (1.0% and 4.0% in 2020 and 2019, respectively) - Cash flows beyond the five-year period are extrapolated growth rate using a 1.0% and 4.0% in 2020 and 2019, respectively, which is within the long-term average growth rate for bioethanol industry.

Alcohol selling price (average of less than 1% year on year) - Management based the unit price of bioethanol on the average historical experience in the market.

Feedstock yield (average of less than 1% year on year) - Management based the feedstock yield on the Group's historical experience in bioethanol produced over feedstock used.

Manufacturing costs ratio (averaging at 81% and 93% over the forecast period in 2020 and 2019, respectively) - Management based the ratio of production costs over feedstock margin on its historical experience.

Operating expenses ratio (averaging at 4% and 2% over the forecast period in 2020 and 2019, respectively) - Management based the ratio of operating expenses over feedstock margin on its historical experience.

Discount rate (12.10% and 11.35% in 2020 and 2019, respectively) - The discount rate applied to the cash flows is based on the risk free rate for 10-year bonds issued by the government in the respective market, adjusted for a risk premium to reflect both the increased risk of investing in equities and the systematic risk of the specific Group operating company. In making this adjustment, inputs required are the equity market risk premium (that is the required increased return over and above a risk-free rate by an investor who is investing in the market as a whole) and the risk adjustment beta, applied to reflect the risk of the specific Group operating company relative to the market as a whole.

In determining the risk-adjusted discount rate, management has applied an adjustment for the systematic risk to the acquiree's operations determined using an average of the betas of comparable listed companies across the world. Management has used market risk premium that takes into consideration studies by independent economists.

Based on management's assessment, the recoverable amount of the goodwill is lower than the carrying value, thus goodwill on SCBI with carrying amount of ₱1,079.6 million was fully impaired in 2020 (see Note 6).

A decrease of 1% in the growth rate would have led to an impairment of property, plant and equipment amounting to ₱70.7 million, whereas a 1% increase in discount rate would have led to an impairment of property, plant and equipment amounting to ₱124.0 million.

Leases - Estimating the incremental borrowing rate. The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs when available and is required to make certain entity-specific estimates.

The Group's lease liabilities amounted to ₱30.1 million as of September 30, 2020 (see Note 10).

Determining Retirement Benefits and Liability. The determination of the cost of retirement benefits and related retirement liability is dependent on the selection of certain assumptions used by the actuary in calculating such amounts. Those assumptions, which include among others, discount rates and future salary increase rate are described in Note 17.

Actual results that differ from the assumptions are accumulated and are recognized as other comprehensive income and accumulated in equity. While management believes that the assumptions are reasonable and appropriate, significant differences in the Group's actual experience of significant changes in the assumptions may materially affect the retirement liability.

As at September 30, 2020 and 2019, net retirement assets amounted to ₱ 3.0 million and ₱ 18.6 million, respectively, while net retirement liabilities amounted to ₱ 401.2 million and ₱ 407.3 million as at September 30, 2020 and 2019, respectively (see Note 17). Net retirement benefits expense amounted to ₱141.1 million, ₱55.9 million and ₱64.8 million in 2020, 2019 and 2018, respectively (see Note 17).

Assessing Realizability of Deferred Tax Assets. The Group reviews the carrying amounts at the end of each reporting year and reduces the amount of deferred tax assets to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred tax assets to be utilized.

Total deferred tax assets amounted to ₱20.9 million and ₱108.6 million as at September 30, 2020 and 2019, respectively (see Note 26).

No deferred tax assets were recognized on certain deductible temporary differences and carryforward benefits of NOLCO and excess MCIT over RCIT with income tax effect amounting to ₱1,762.0 million and ₱553.6 million as at September 30, 2020 and 2019, respectively (see Note 26). Management believes that it may not be probable that future taxable profit will be available in the near future against which the deferred tax assets can be utilized.

In 2019, the Parent Company changed its effective tax rate applicable on its temporary differences due to an intention to use Optional Standard Deduction (OSD) instead of itemized deduction. As such, deferred tax liability directly associated with the assets held for sale decreased from ₱1,024.5 million to ₱616.1 million as of September 30, 2019.

Evaluation of Provisions and Contingencies. The Group provides for present obligations (legal or constructive) where it is probable that there will be an outflow of resources embodying economic benefits that will be required to settle said obligations. An estimate of the provision is based on known information at the end of reporting period, net of any estimated amount that may be reimbursed to the Group. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. The amount of provision is being re-assessed at least on an annual basis to consider new relevant information.

The Group is involved in various other labor disputes, litigations, claims and tax assessments that are normal to its business. Based on the opinion of the Group's legal counsels on the progress and legal grounds of certain claims and assessments, the Group has recognized outstanding provision for probable losses amounting ₱122.3 million and ₱149.6 million as at September 30, 2020 and 2019, respectively (see Notes 16 and 28).

6. Business Combination

In April 2015, the Group entered into a Sale and Purchase Agreement (SPA) for the acquisition of 93.35% equity interest in SCBI through RPBC, a wholly owned subsidiary. The acquisition resulted to recognition of goodwill amounting to P1,079.6 million. The goodwill primarily relates to expected synergy arising from acquisition.

In September 2020, the recoverable amount of the goodwill is lower than the carrying value, thus goodwill with carrying amount of ₱1,079.6 million was fully impaired. This was caused by the lower terminal growth rate for the bioethanol industry.

7. Cash and Cash Equivalents

This account consists of:

	2020	2019
Cash on hand	**₱410**	₱5,077
Cash in banks	**886,082**	431,124
Cash equivalents	**2,105**	2,067
	₱888,597	₱438,268

Cash in banks and cash equivalents earn interest at the respective bank deposit rates.

Interest income earned from cash in bank and cash equivalents amounted to ₱ 1.0 million, ₱0.4 million and ₱0.7 million in 2020, 2019, and 2018, respectively (see Note 25).

8. Trade and Other Receivables

This account consists of:

	Note	**2020**	2019
Trade		**₱1,175,836**	₱1,080,287
Due from:			
Planters and cane haulers	28	**97,492**	150,190
Employees		**30,872**	55,229
Related parties	19	**–**	100,066
Others		**78,900**	65,429
		1,383,100	1,451,201
Allowance for expected credit losses		**(130,796)**	(95,655)
		₱1,252,304	₱1,355,546

Trade receivables are unsecured, noninterest-bearing with credit terms ranging from 15 to 120 days.

Due from planters and cane haulers pertain to interest-bearing cash advances, which will be settled in the form of raw sugar from the planters and through services to be rendered by the cane haulers, respectively. Interest income amounted to ₱3.5 million, ₱1.6 million and ₱1.7 million in 2020, 2019 and 2018, respectively (see Note 25).

Due from employees include housing and educational loans which are collected through salary deduction, and advances for business purposes subject to liquidation.

Other receivables mainly include claims from a former stockholder of SCBI which are noninterest-bearing and covered by an escrow agreement. The amount is expected to be collected within the next year.

Details and movements of allowance for ECL on trade and other receivables are presented in the following tables:

		2020				
	Note	**Trade**	**Due from Planters and Cane Haulers**	**Due from Employees**	**Others**	**Total**
Balance at beginning of year		**₱34,169**	**₱50,414**	**₱2,214**	**₱8,858**	**₱95,655**
Provision	23	**27,878**	**5,059**	**–**	**2,204**	**35,141**
Balance at end of year		**₱62,047**	**₱55,473**	**₱2,214**	**₱11,062**	**₱130,796**

		2019				
	Note	Trade	Due from Planters and Cane Haulers	Due from Employees	Others	Total
Balance at beginning of year		₱33,119	₱46,731	₱2,084	₱8,858	₱90,792
Provision	23	1,050	3,683	130	–	4,863
Balance at end of year		₱34,169	₱50,414	₱2,214	₱8,858	₱95,655

9. Inventories

This account consists of:

	2020	2019
At NRV:		
Materials and supplies	**₱285,086**	₱553,820
Molasses	**58,025**	30,951
Alcohol	**3,845**	198,058
At cost:		
Refined sugar	**70,929**	375,485
Raw sugar	**–**	29,203
Others	**25,080**	18,331
	₱442,965	₱1,205,848

Raw sugar quantities reported as inventories are supported by quedans held by the Group. The Group also has raw sugar quantities, which are also supported by quedans, held in trust for third parties (see Note 28). A quedan is a warehouse receipt document which evidences the ownership of specified quantity in a warehouse or sugar central.

Cost of inventories valued at NRV is shown below:

	2020	2019
Materials and supplies	**₱304,166**	₱597,745
Molasses	**78,118**	50,916
Alcohol	**37,922**	231,890
	₱420,206	₱880,551

Details and movements of allowance for inventory losses and obsolescence are as follows:

	2020			
	Materials and Supplies	**Alcohol**	**Molasses**	**Total**
Balance at beginning of year	**₱43,925**	**₱33,832**	**₱19,965**	**₱97,722**
Provisions (reversal)	**(24,845)**	**245**	**128**	**(24,472)**
Balance at end of year	**₱19,080**	**₱34,077**	**₱20,093**	**₱73,250**

	2019			
	Materials and Supplies	Alcohol	Molasses	Total
Balance at beginning of year	₱40,038	₱17,720	₱–	₱57,758
Provisions	3,887	16,112	19,965	39,964
Balance at end of year	₱43,925	₱33,832	₱19,965	₱97,722

Provisions for inventory losses and obsolescence, net of reversals amounting to ₱24.5 million and ₱40.0 million, are presented as "Others" under Cost of goods sold in 2020 and 2019, respectively (see Note 22). Reversals pertain to inventories with allowance for losses and obsolescence which were sold in 2020.

Cost of inventories recognized as expense and presented as "Direct materials used" under "Cost of sales" amounted to ₱2,473.7 million, ₱5,714.9 million and ₱5,944.8 million in 2020, 2019 and 2018, respectively (see Note 22). Cost of inventories recognized as expense included as part of "Cost of sales and services" of discontinued operations amounted to ₱1,984.0 million, ₱2,118.4 million and ₱549.6 million in 2020, 2019 and 2018, respectively (see Note 11).

10. **Other Assets**

Current portion of this account consists of:

	2020	2019
Advances to suppliers	**₱75,419**	₱83,883
Input VAT	**58,683**	123,885
Prepayments	**35,797**	63,471
Refundable deposits	**12,412**	14,671
Creditable withholding taxes, net of allowance for probable losses of ₱12.2 million	**–**	970,082
Others	**11,701**	29,426
	₱194,012	₱1,285,418

Input VAT, which includes deferred input VAT, arises from purchases of capital goods and services for operations.

Current portion of advances to suppliers represents cash paid in advance for purchase of materials and supplies.

Noncurrent portion of other assets consist of:

	2020	2019
Creditable withholding taxes	**₱1,354,415**	–
Input VAT	**95,912**	₱269,185
Right-of-use assets	**44,112**	–
Advances to suppliers and contractors	**–**	8,794
Others	**–**	1,557
	₱1,494,439	₱279,536

Noncurrent portion of input VAT mostly arises from construction services relating to the Ethanol Plant.

Right-of-use (ROU) Assets and Lease Liabilities

PFRS 16 standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognize most leases on the consolidated statement of financial position. Thus, the Group as lessee is required to recognize right-of-use assets and lease liabilities.

The Group has long-term lease contracts for farm land and office space.

The rollforward analysis of ROU assets and lease liabilities follows:

	Note	ROU assets	Lease Liabilities
Balance as at October 1, 2019		₱72,460	₱46,747
Depreciation	23	(28,348)	–
Payments		–	(18,952)
Interest expense		–	2,322
Balance as at September 30, 2020		₱44,112	₱30,117

	Lease Liabilities
Current portion	₱8,848
Noncurrent portion	21,269

Lease liabilities - net of current portion are presented as part of “Other noncurrent liabilities”.

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

	Note	2020	2019	2018
Depreciation expense of right-of-use assets	23	**₱28,348**	₱–	₱–
Interest expense on lease liabilities	15	**2,322**	–	–
Included as "Outside services" under "Cost of Sales and Services" and "Operating Expenses" from continuing operations				
Rent expense - short-term leases	23	**29,135**	–	–
Rent expense - PAS 17		**–**	27,424	24,184
Rent expense included under "Cost of Sales and Services" and "Operating Expenses" from discontinued operations		**31,295**	66,118	74,845
Total amount recognized in consolidated statement of income		**₱91,100**	₱93,542	₱99,029

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

	2020	2019
1 year	**₱23,058**	₱20,829
more than 1 years to 2 years	**9,323**	15,229
more than 2 years to 3 years	**8,425**	2,136
more than 3 years to 4 years	**7,184**	2,172
more than 5 years	**3,600**	5,568
	₱51,590	₱45,934

Noncurrent portion of advances to suppliers and contractors represents cash paid in advance for purchase and/or construction of property, plant and equipment.

11. Assets Held for Sale and Discontinued Operations

Included in assets held for sale as at September 30, 2019 are as follows:

Land	₱3,422,891
Machinery and equipment	2,468,869
Buildings and improvements	554,868
Furniture fixture and other improvements	75,040
Construction in-progress	63,508
Transportation equipment	12,230
Investment properties	1,433
Investment in associate	655,899
	₱7,254,738

On May 23, 2018, the Group entered into an Asset Purchase Agreement with a buyer for the sale of the Group's sugar milling and refining operations in Batangas. The consummation of the Proposed Sale Transaction was subject to the parties being able to secure the requisite regulatory approvals, corporate approvals, and other third party consents. On February 12, 2019, the PCC issued a decision disapproving the Proposed Sale Transaction. Nonetheless, the Group remained committed to sell the assets in Batangas and was negotiating with a prospective buyer as of September 30, 2019. The Group has assessed that the subject assets are available for immediate sale in their present condition and sale is highly probable as of September 30, 2019.

However, as of September 30, 2020, the criteria for classification as held for sale are no longer met; thus, the assets were reclassified to property, plant and equipment (see Note 12). The Group's sugar milling and refinery operations in Batangas are measured at carrying amounts before the assets are classified as held for sale as adjusted for any depreciation, amortization or revaluation that would have been recognized if had not been so classified. The assets' total carrying amount of ₱7.3 billion is lower than the recoverable amount at the date of the subsequent decision not to sell. Depreciation of assets of previously classified as held for sale amounting to ₱612.0 million are presented under "Other income (expense)" (see Note 25).

On September 18, 2020, the BOD approved the sale of the Group's sugar mill and ethanol plant in La Carlota City, Negros Occidental and RHI's investment properties consisting of shares in NAVI (the "Sale Transaction") to URC. Under the terms of the Sale Transaction, URC will acquire all buildings, improvements, machineries and equipment, laboratory equipment, as well as the land on which these plant and buildings are located and investment properties that are necessary for the continuing operations of the mill and ethanol plant. On September 30, 2020, the parties proceeded to close the Sale Transaction, with the signing and delivery of the definitive sale agreements as well as performance of all conditions necessary for the closing of the transaction. The sale of the mill and ethanol plant located at La Carlota City, Negros Occidental represents a disposal of a separate geographical area of operations of the Group hence, the consolidated statements of income present its results of operations as discontinued operations and are no longer presented as part of sugar and alcohol operating segments disclosure in Note 32.

As a result of the preceding circumstances, results of operations presented in the consolidated statements of income and the corresponding notes to the financial statements in 2019 and 2018 were restated to reflect continuing operations of CADPI and exclude from continuing operations the discontinued operations of CACI, RBC and NAVI.

Deferred tax liability directly associated with the assets held for sale amounted to nil and ₱616.1 million as of September 30, 2020 and 2019, respectively.

Revaluation increment on land held for sale amounted to nil and ₱ 2,806.7 million as of September 30, 2020 and 2019, respectively.

The results of operations of the Group's sugar milling and distillery operations in La Carlota City, Negros Occidental, are shown in the table below:

	2020	2019 (As restated)	2018 (As restated)
Revenue:			
Revenue from contracts with customers	**₱4,497,597**	₱4,772,462	₱–
Sale of goods	**–**	–	3,027,625
	4,497,597	4,772,462	3,027,625
Cost of sales and services	**(4,201,784)**	(4,593,432)	(2,339,800)
Gross income	**295,813**	179,030	687,825
General and administrative expenses	**(361,708)**	(307,407)	(238,340)
Selling expense	**(7,502)**	(12,710)	(16,602)
Interest expense	**(243,643)**	(259,126)	(104,439)
Loss from sale of assets	**(1,163,230)**	–	–
Other income	**27,211**	41,052	57,782
Income (loss) before income tax	**(1,453,059)**	(359,161)	386,226
Income tax benefit (expense)	**(15,866)**	(157,200)	(57,948)
Net income (loss) from discontinued operations	**(₱1,468,925)**	(₱516,361)	₱328,278

Net increase (decrease) in cash provided by CACI's, RBC's and NAVI's discontinued operations follows:

	2020	2019 (As restated)	2018 (As restated)
Net cash provided (used in) by operating activities	**₱1,037,927**	(₱1,011,586)	₱547,433
Net cash provided by (used in) investing activities	**3,282,612**	(136,682)	(347,590)
Net cash provided by (used in) financing activities	**(4,428,886)**	1,237,930	(165,369)

Earnings (loss) per share from discontinued operations follow (see Note 27):

	2020	2019 (As restated)	2018 (As restated)
Basic	**(₱0.95)**	(₱0.33)	₱0.20
Diluted	**(0.95)**	(0.33)	0.20

The Parent Company had 45.09% ownership interest in HP Co., an entity incorporated in the Philippines, which is engaged in manufacturing and trading of raw and refined sugar, molasses and other sugar by-products.

Movements in investment in an associate are as follows:

	Note	2019
Acquisition cost		₱127,933
Accumulated share in net earnings:		
Balance at beginning of year		258,117
Dividends declared		(49,419)
Share in net earnings		41,333
Balance at end of the year		250,031
Cumulative share on remeasurement loss on retirement liability:	18	
Balance at beginning of year		(7,665)
Share in remeasurement gain		–
Balance at end of the year		(7,665)
Share in revaluation increment of land:	18	
Balance at beginning of year		264,305
Share in revaluation increment		21,295
Balance at end of the year		285,600
Reclassification to assets held for sale		(655,899)
		₱–

On August 1, 2019, the BOD authorized the evaluation and negotiation of terms and conditions of the sale of investment in HP Co. comprising of 28,549,365 common shares. Accordingly, such investment has been classified as part of assets held for sale as of September 30, 2019. On November 5, 2019, the said shares of stock held as an investment were sold at a higher price than the investment's carrying amount.

Cash dividends declared by HP Co. are as follows:

Date Approved	Amount per Share	Total Amount	Stockholders of Record Date	Date Paid
May 30, 2019	0.50	7,664	May 31, 2019	June 20, 2019
February 7, 2019	1.61	101,939	February 28, 2019	April 11, 2019
March 1, 2018	2.74	173,528	February 28, 2018	April 12, 2018
February 10, 2017	3.85	243,768	February 28, 2017	April 6, 2017
September 29, 2016	3.59	227,306	October 31, 2016	November 10, 2016

Dividends declared attributable to the Parent Company amounted to ₱40.3 million and ₱49.4 million in 2020 and 2019, respectively. The associate has no contingent liabilities or capital commitments as of September 30, 2019.

Summarized financial information of HP Co. are as follows:

	2019
Current assets	₱790,431
Noncurrent assets	1,923,293
Current liabilities	(1,034,890)
Noncurrent liabilities	(256,596)
Net assets	1,422,238
Revenue	1,943,337
Net income	91,668

12. **Property, Plant and Equipment**

Property, Plant and Equipment

Details and movements of property, plant and equipment, valued at cost, are shown below:

	2020						
	Buildings and Improvements	**Machinery and Equipment**	**Office Furniture, Fixtures and Equipment**	**Depot and Storage Facilities**	**Transportation Equipment**	**Construction in Progress**	**Total**
Cost							
Balances at beginning of year	**₱2,347,199**	**₱11,547,022**	**₱680,642**	**₱189,007**	**₱212,011**	**₱378,987**	**₱15,354,868**
Additions	**–**	**24,784**	**2,439**	**280**	**2,770**	**304,092**	**334,365**
Disposals	**(2,157,798)**	**(7,064,336)**	**(34,116)**	**–**	**(144,849)**	**(452,625)**	**(9,853,724)**
Reclassifications	**9,690**	**236,261**	**1,390**	**–**	**13,774**	**(261,115)**	**–**
Reclassification from assets held for sale (Note 11)	**1,660,721**	**6,252,750**	**40,715**	**–**	**124,516**	**63,508**	**8,142,210**
Balances at end of year	**1,859,812**	**10,996,481**	**691,070**	**189,287**	**208,222**	**32,847**	**13,977,719**
Accumulated Depreciation and Amortization							
Balances at beginning of year	**1,164,593**	**6,182,846**	**642,590**	**90,957**	**74,590**	**–**	**8,155,576**
Depreciation and amortization	**171,727**	**985,353**	**19,867**	**11,379**	**27,159**	**–**	**1,215,485**
Disposals	**(1,149,035)**	**(3,973,197)**	**(31,888)**	**–**	**(119,363)**	**–**	**(5,273,483)**
Reclassification from assets held for sale (Note 11)	**1,105,853**	**3,717,383**	**32,174**	**–**	**112,286**	**–**	**4,967,696**
Balances at end of year	**1,293,138**	**6,912,385**	**662,743**	**102,336**	**94,672**	**–**	**9,065,274**
Net Carrying Amount	**₱566,674**	**₱4,084,096**	**₱28,327**	**₱86,951**	**₱113,550**	**₱32,847**	**₱4,912,445**

	2019						
	Buildings and Improvements	Machinery and Equipment	Office Furniture, Fixtures and Equipment	Depot and Storage Facilities	Transportation Equipment	Construction in Progress	Total
Cost							
Balances at beginning of year	₱2,249,166	₱11,041,223	₱663,261	₱189,007	₱185,045	₱864,199	₱15,191,901
Additions	43,618	20,649	–	–	2,376	119,723	186,366
Retirement and disposals	–	(17,922)	–	–	(5,477)	–	(23,399)
Reclassifications	54,415	503,072	17,381	–	30,067	(604,935)	–
Balances at end of year	2,347,199	11,547,022	680,642	189,007	212,011	378,987	15,354,868
Accumulated Depreciation and Amortization							
Balances at beginning of year	1,080,267	5,761,829	617,794	79,578	56,568	–	7,596,036
Depreciation and amortization	84,326	431,375	24,796	11,379	19,607	–	571,483
Retirement and disposals	–	(10,358)	–	–	(1,585)	–	(11,943)
Balances at end of year	1,164,593	6,182,846	642,590	90,957	74,590	–	8,155,576
Net Carrying Amount	₱1,182,606	₱5,364,176	₱38,052	₱98,050	₱137,421	₱378,987	₱7,199,292

Construction in progress mainly pertains to the on-going plant improvements and milling and refinery equipment for inspection and installation, which are to be completed in 2021. As at September 30, 2020 and 2019, the Group has contractual commitment for the on-going construction projects amounting to ₱297.8 million and ₱412.2 million, respectively.

The Group has no borrowing cost capitalized in 2020 and 2019. Unamortized capitalized borrowing cost as at September 30, 2020 and 2019 amounted to nil and ₱16.6 million with corresponding deferred tax of nil and ₱5.0 million, respectively (see Note 26). The capitalized borrowing cost is amortized over the estimated useful lives of the qualifying assets to which it relates.

The amount of depreciation and amortization is summarized as follows:

	Note	**2020**	2019 (As restated, Note 11)	2018 (As restated, Note 11)
Cost of sales	22	**₱158,360**	₱117,098	₱391,473
General and administrative expenses	23	**73,626**	56,595	50,492
Other expense	25	**612,044**	–	–
Discontinued operations		**416,112**	392,823	333,343
		₱1,260,142	₱566,516	₱775,308

Depreciation and amortization includes amortization of software cost of ₱4.8 million in 2018. As at September 30, 2020 and 2019, the software with original acquisition cost of ₱62.5 million is fully depreciated.

Land at appraised values and its related cost are as follows:

	Note	**2020**	2019
Balance at beginning of year		**₱1,287,002**	₱1,376,627
Reclassification from assets held for sale		**3,414,959**	–
Disposal		**(793,066)**	–
Appraisal increase	18	**628,059**	62,011
Additions		**724**	–
Reclassification to investment properties	13	**–**	(151,636)
Balance at end of year		**₱4,537,678**	₱1,287,002
At cost		**₱708,990**	₱708,266

Loss from disposal of property, plant and equipment in September 2020 amounted to ₱1.2 billion.

As at September 30, 2020 and 2019, the revaluation of land is based on the appraised values using a market data approach, as determined by Philippine SEC accredited external appraisers. Market data approach considers the sales and listings and other market data of comparable properties registered within the vicinity of the property being valued. Factors such as location, size, shape of lot, highest and best use estimate were also taken into consideration in order to estimate the fair value of the property. The revalued amount has been categorized as level 2 (directly or indirectly observable inputs). The latest appraisal reports were made for the valuation dates as of September 30, 2020 and 2019.

Certain property, plant and equipment and assets held for sale with a carrying amount of ₱6,728.1 million and ₱10,768.5 million as at September 30, 2020 and 2019 were mortgaged and used as collateral to secure the loan obligations with the local banks (see Note 15).

13. **Investment Properties**

Movements in investment properties are as follows:

	Note	**2020**	2019
At fair value:			
Balance at beginning of year		**₱513,561**	₱347,591
Disposal		**(232,932)**	–
Fair value adjustment	25	**13,387**	21,680
Reclassification from (to) assets held for sale	12	**7,932**	(7,932)
Reclassifications from (to) property, plant and equipment	12	–	151,636
Others		–	586
		₱301,948	₱513,561

Investment properties pertain to land of the Parent Company, NAVI, CADPI and SCBI held for rental and capital appreciation.

Rent income from the lease of agricultural land of NAVI amounted to ₱6.2 million, ₱6.7 million and ₱ 5.4 million in 2020, 2019 and 2018, respectively. Direct operating expenses amounted to ₱1.8 million, ₱0.8 million and ₱0.8 million in 2020, 2019 and 2018, respectively, which mainly pertain to real property taxes.

The fair value of investment properties is based on the appraised value of the property using a market data approach, as determined by SEC accredited external appraisers. Market data approach considers the sales and listings and other market data of comparable properties registered within the vicinity of the property being valued. Factors such as location, size, shape of lot, highest and best use estimate were also taken into consideration in order to estimate the fair value of the property. The fair value measurement for land has been categorized as Level 2 (directly or indirectly observable inputs). The latest appraisal reports were made for the valuation dates as of September 30, 2020 and 2019.

14. Short-term Borrowings

This account consists of unsecured short-term loans obtained from various local banks for the working capital requirements of the Group. The short-term borrowings are payable within 30 to 90 days and bear interest ranging from 6.25% to 7.5% in 2020 and from 4.15% to 7.5% in 2019. There are no debt covenants relating to these borrowings in 2020 and 2019.

Total interest expense arising from short-term borrowings amounted to ₱269.9 million, ₱248.4 million and ₱181.0 million in 2020, 2019 and 2018, respectively (see Note 15).

On September 23, 2020, the Group sent letter request to the major creditor banks for the proposed conversion to long-term debt of outstanding short-term loans amounting to ₱4,750 million. As of December 16, 2020, the Group has received letter of renewal of credit line, conforme letter and term sheet from the creditor banks. The creditor banks are currently performing credit review and securing final approval on the term out requests.

15. Long-term Borrowings

The Group obtained various loans from local banks. Outstanding long-term borrowings are presented below:

			Outstanding Balance	
Facility	Terms	Collateral	**2020**	2019
₱2,645.0 million dated August 5, 2014	Payable in equal quarterly amortization for seven years beginning November 2016 and bears fixed interest of 4.50% for three years subject to repricing thereafter	Suretyship agreement and mortgage trust indenture (MTI)	**₱1,000**	₱1,653,125
₱1,227.0 million dated September 10, 2014	Quarterly principal repayment amounting to ₱49.0 million starting September 2017 until June 2021 and a lump sum payment of the remaining balance on September 10, 2021 and bears fixed interest of 4.50% subject to change as agreed by the parties	Suretyship agreement and MTI	–	786,000

(Forward)

Facility	Terms	Collateral	Outstanding Balance 2020	2019
₱1,400.0 million dated December 1, 2016	Quarterly principal repayment amounting to ₱66.7 million starting December 2017 until December 2022 and bears floating interest	Clean loan	**₱–**	₱866,656
₱380.0 million dated May 27, 2014	Quarterly principal repayment amounting to ₱13.6 million starting December 2017 until June 2021 and a lump sum payment of the remaining balance on September 10, 2021 and bears fixed interest of 4.50% subject to change as agreed by the parties	Suretyship agreement and MTI	**–**	271,472
Others			**–**	26
			1,000	3,577,279
Unamortized transaction costs			**–**	(7,218)
			1,000	3,570,061
Current portion			**–**	(847,576)
Noncurrent portion			**₱1,000**	₱2,722,485

Suretyship Agreements and MTI

The Group entered into various suretyship agreements and MTI with local bank creditors that secure the Group's obligations in solidarity against all the properties of RHI, CADPI, CACI and RBC. Property, plant and equipment with a carrying amount of ₱6,728.1 million and ₱10,768.5 million as at September 30, 2020 and 2019, respectively, were mortgaged and used as collateral to secure the loan obligations with the local bank creditors (see Note 12).

Loan Covenants

The foregoing loan agreements are subject to certain covenants, such as but not limited to:

- maintenance of debt service coverage ratio (DSCR) of at least 1.25 times and debt-to-equity ratio of not more than 70:30;
- prohibition on purchase of additional equipment, except in pursuance of its sugar expansion and ethanol project, unless the required financial ratios are maintained;
- prohibition on any material change in ownership or control of its business or capital stock or in the composition of its top level management; and
- prohibition on declaration or payment of dividends or any other capital or other asset distribution to its stockholders, unless the required financial ratios are maintained.

The Group is required to maintain a maximum debt-to-equity ratio of 2.33:1 and minimum DSCR of 1.25:1 by its creditor banks.

As of September 30, 2020, the Group prepaid its outstanding long-term borrowings amounting to ₱2,721.5 million.

As of September 30, 2019, the Group did not meet the minimum required DSCR. Approved bank waivers on minimum DSCR requirement as of September 30, 2019 were received before September 30, 2019. Accordingly, under PAS 1, the Group classified its long-term borrowings based on its agreed maturity dates into current and noncurrent portions on its consolidated statement of financial position as of September 30, 2019.

The maturities of the long-term borrowings based on the original terms of the loan agreements are as follows:

	2020	2019
Less than one year	**₱–**	₱847,576
Between one to two years	**–**	1,404,516
Between two to five years	**1,000**	1,325,187
	₱1,000	₱3,577,279

Interest Expense
Interest ranges from 4.55% to 6.55%, 4.55% to 7.55% and 4.55% to 5.54% in 2020, 2019 and 2018, respectively. Interest expense arises from the following borrowings:

	Note	**2020**	2019	2018
Continuing operations:				
Long-term		**₱123,751**	₱196,607	₱216,373
Short-term	14	**269,924**	248,423	180,976
Lease liabilities	10	**2,322**	–	–
		₱395,997	₱445,030	₱397,349
Discontinued operations	12	**₱243,643**	₱259,126	₱104,439

16. **Trade and Other Payables**

This account consists of:

	Note	**2020**	2019
Trade		**₱876,308**	₱604,055
Due to:			
Related parties	19	**–**	95,573
Planters		**22,928**	14,497
Accruals for:			
Services		**43,494**	26,404
Taxes		**35,952**	1,591
Interest		**12,298**	52,626
Utilities		**10,281**	13,408
Payroll and other employee benefits		**8,020**	17,208
Construction in progress		**6,553**	6,553
Others		**21,049**	28,137
Provision for probable losses	23, 28	**122,253**	149,590
Payable to government agencies for taxes and statutory contributions		**275,335**	11,694
Contract liabilities	21	**11,707**	8,731
Others		**141,609**	145,181
		₱1,587,787	₱1,175,248

Trade payables are noninterest-bearing and generally settled within 30 to 60 days.

Payables to government agencies contributions for taxes and statutory and other payables are noninterest-bearing and are normally settled in the next 12 months.

Contract liabilities pertain noninterest-bearing cash deposits from customers, which will be applied against future deliveries of refined sugar.

Other payables include advances from previous related parties of SCBI to fund SCBI's working capital requirements totaling ₱128.9 million as at September 30, 2020 and 2019, which are noninterest-bearing, unsecured and payable on demand.

Rollforward of provision for probable losses as of September 30, 2020 and 2019 are as follows:

	Note	**2020**	2019
Beginning balance		**₱149,590**	₱7,550
Additions	23	**–**	144,590
Payments		**(27,337)**	(2,550)
Ending balance		**₱122,253**	₱149,590

17. **Retirement Benefits**

The Parent Company and its subsidiaries, namely: CACI, CADPI and SCBI, have individual and separate non-contributory defined benefit plan covering all qualified employees. RBC estimates its retirement benefits under Republic Act (R. A.) No. 7641, *Philippine Retirement Pay Law*. A defined benefit plan is a retirement plan that defines an amount of retirement benefit to be provided, usually as a function of one or more factors such as age, years of service or compensation. The plans are generally funded through payments to trustee-administered funds as determined by periodic actuarial calculations.

Retirement Benefits

Net retirement benefits expense recognized in the consolidated statements of income included in personnel costs under "Cost of sales and services" and "General and administrative expenses" accounts are summarized in below.

	2020	2019	2018
Current service cost	**₱50,440**	₱39,530	₱50,601
Net interest cost	**18,204**	16,452	14,229
Settlement loss (gain)	**72,787***	(72)	(53)
	₱141,431	₱55,910	₱64,777

**The settlement loss in 2020 primarily arises from separation pay for separated employees of CACI and RBC.*

The remeasurement losses (gains) recognized in the consolidated statements of comprehensive income are as follows:

	2020	2019	2018
Remeasurement losses (gains) on:			
Defined benefit obligation due to:			
Changes in financial assumptions	**₱57,207**	₱124,326	(₱124,582)
Changes in demographic assumptions	**–**	–	(7,223)
Experience adjustments	**(8,770)**	(10,442)	(744)
	48,437	113,884	(132,549)
Return on plan assets	**41,118**	14,369	18,508
	89,555	128,253	(114,041)
Deferred tax	**(9,106)**	(37,879)	33,792
	₱80,449	₱90,374	(₱80,249)

Retirement Assets and Liabilities

Retirement assets and liabilities recognized in the consolidated statements of financial position are as follows:

	2020	2019
Net retirement liabilities [1]	**(₱401,205)**	(₱407,259)
Net retirement assets [2]	**2,958**	18,610
Net retirement liabilities	**(₱398,247)**	(₱388,649)

[1] *Pertain to net retirement liabilities of CADPI and SCBI.*
[2] *Pertain to net retirement assets of the Parent Company.*

Components of net retirement liabilities:

	2020	2019
Present value of defined benefit obligation	**(₱513,569)**	(₱554,607)
Fair value of plan assets	**115,322**	165,958
	(₱398,247)	(₱388,649)

The movements in net retirement assets (liabilities) are as follows:

	2020		2019	
	Net Retirement Assets	**Net Retirement Liabilities**	Net Retirement Assets	Net Retirement Liabilities
Balance at beginning of year	**₱18,610**	**(₱407,259)**	₱44,938	(₱249,953)
Remeasurement loss recognized in other comprehensive income	**(17,141)**	**(122,151)**	(15,182)	(113,071)
Retirement benefits expense	**1,489**	**(142,920)**	2,503	(58,413)
Benefits paid from Group funds	**–**	**162,318**	–	529
Contribution	**–**	**108,807**	–	–
Reclassification	**–**	**–**	(13,649)	13,649
Balance at end of year	**₱2,958**	**(₱401,205)**	₱18,610	(₱407,259)

Changes in the Present Value of the Defined Benefit Obligation

	2020		2019	
	Net Retirement Assets	**Net Retirement Liabilities**	Net Retirement Assets	Net Retirement Liabilities
Balance at beginning of year	**₱110,258**	**₱444,349**	₱72,526	₱375,679
Current service cost	**8,111**	**42,329**	5,378	34,152
Remeasurement losses (gains) due to:				
Changes in financial assumptions	**–**	**57,207**	26,879	97,447
Experience adjustments	**(989)**	**(7,781)**	1,744	(12,186)
Benefits paid	**(125,709)**	**(41,142)**	(2,294)	(80,664)
Interest cost	**5,539**	**21,397**	6,025	29,921
Reclassification	**2,790**	**(2,790)**	–	–
Balance at end of year	**₱–**	**₱513,569**	₱110,258	₱444,349

Changes in the Fair Value of Retirement Plan Assets

	2020		2019	
	Net Retirement Assets	**Net Retirement Liabilities**	Net Retirement Assets	Net Retirement Liabilities
Balance at beginning of year	**₱110,341**	**₱55,617**	₱119,766	₱123,424
Remeasurements	**(69,725)**	**(21,131)**	(16,751)	2,381
Benefits paid	**(44,155)**	**(33,165)**	(2,294)	(80,062)
Contribution	**–**	**108,807**	–	–
Interest income on plan assets	**6,008**	**2,725**	9,620	9,874
Balance at end of year	**₱2,469**	**₱112,853**	₱110,341	₱55,617

The expected return on plan assets were determined based on a reputable fund trustee’s yield rate for risk portfolio similar to that of the fund with consideration to the funds’ past performance.

The categories of the plan assets are as follows:

	2020	2019
Cash	**20.7%**	19.6%
Receivables	**56.4%**	63.1%
Available-for-sale financial assets	**22.9%**	17.3%
Investments in government securities	**0.0%**	0.0%
	100.0%	100.0%

As at September 30, 2020 and 2019, plan assets include investments in 27.4 million shares of stock of the Parent Company with a fair value amounting to ₱46.0 million and ₱65.5 million, respectively.

The principal assumptions used in determining the retirement assets and liabilities of the Group are shown below:

	Discount Rate, September 30		Discount Rate, October 1		Salary Increase Rate, September 30		Salary Increase Rate, October 1	
	2020	2019	**2019**	2018	**2020**	2019	**2019**	2018
RHI	**3.6%**	4.9%	**4.9%**	8.0%	**4.0%**	4.0%	**4.0%**	4.0%
CADPI	**3.6%**	4.9%	**4.9%**	8.0%	**4.0%**	4.0%	**4.0%**	4.0%
CACI	**–**	4.9%	**4.9%**	8.0%	**–**	4.0%	**4.0%**	4.0%
RBC	**–**	5.0%	**5.0%**	8.7%	**–**	4.0%	**4.0%**	4.0%
SCBI	**3.7%**	5.0%	**5.0%**	8.2%	**4.0%**	4.0%	**4.0%**	4.0%

The Group does not expect to contribute to their respective retirement funds in 2021.

The sensitivity analysis based on reasonably possible changes of the assumptions on the defined benefit obligation as at September 30, 2020 and 2019 is presented below.

		2020	2019
	Change in Assumption	**Retirement Liabilities**	Retirement Liabilities
Discount rate	+1.0%	**(₱45,089)**	(₱46,322)
	-1.0%	**53,671**	54,201
Salary Rate	+1.0%	**52,892**	54,147
	-1.0%	**(45,332)**	(47,114)

Each sensitivity analysis on the significant actuarial assumptions was prepared by remeasuring the retirement liability at the end of each reporting date after adjusting one of the current assumptions according to the applicable sensitivity increment or decrement (based on changes in the relevant assumption that were reasonably possible at the valuation date) while all other assumptions remained unchanged. The corresponding change in the retirement liability was expressed as a percentage change from the base retirement liability.

The schedule of projection of benefit payments expected to be paid out of the retirement fund is as follows:

Period	**2020**	2019
Less than one year	**₱141,272**	₱60,202
Between one and five years	**88,623**	204,111
Over five years	**2,080,965**	2,519,620
	₱2,310,860	₱2,783,933

As at September 30, 2020 and 2019, the average duration of the defined benefit obligation at the end of reporting period is 16.9 years and 16.0 years, respectively.

18. Equity

a. Capital stock and treasury stock

Details of capital stock and treasury stock follow:

	2020		2019		2018	
	Number of Shares	**Amount** *(in Thousands)*	Number of Shares	Amount *(in Thousands)*	Number of Shares	Amount *(in Thousands)*
Authorized common shares "Capital A" at ₱1.0 par value						
Balance at beginning of year	2,000,000,000	₱2,000,000	2,000,000,000	₱2,000,000	2,000,000,000	₱2,000,000
Additions	–	–	–	–	–	–
Balance at end of year	2,000,000,000	₱2,000,000	2,000,000,000	₱2,000,000	2,000,000,000	₱2,000,000
Issued common shares "Class A"						
Balance at beginning of year	1,565,579,279	₱1,565,579	1,565,579,279	₱1,565,579	1,564,599,146	₱1,564,599
Issuances	–	–	–	–	980,133	980
Balance at end of year	1,565,579,279	1,565,579	1,565,579,279	1,565,579	1,565,579,279	1,565,579
Treasury stock	(17,643,480)	(52,290)	(17,643,480)	(52,290)	(17,643,480)	(52,290)
Issued and outstanding	1,547,935,799	₱1,513,289	1,547,935,799	₱1,513,289	1,547,935,799	₱1,513,289

On July 14, 2017, the Parent Company's application for increase in authorized capital stock using the convertible debt securities as payment for subscription was approved by SEC. On November 9, 2017, the PSE approved the listing of these newly subscribed 125,000,000 common shares.

b. Other equity items and reserves

Details follow:

	Note	**2020**	2019	2018
Equity reserves:				
Revaluation Increment on Land	12			
Balance at beginning of year		**₱430,233**	₱392,370	₱2,772,367
Reclassification of revaluation increment on land under held for sale		**2,827,822**	(5,511)	(2,390,419)
Reclassification of subsidiaries' revaluation increment on land properties		**(490,888)**	–	–
Reversal of deferred tax liabilities on land properties sold		**147,266**	–	–
Appraisal increase, net of tax		**491,275**	43,374	10,422
Balance at end of year		**3,405,708**	430,233	392,370
Cumulative Remeasurement Loss on Net Retirement Assets and Liabilities	17			
Balance at beginning of year		**(279,995)**	(93,141)	(173,261)
Reclassification of remeasurement gains on retirement assets and liabilities		**(25,790)**	–	–
Reversal of net deferred tax liabilities on remeasurement gains on retirement assets and liabilities		**8,512**	–	–
Remeasurement gain (loss), net of tax		**(80,438)**	(90,265)	80,120
Balance at end of year		**(377,711)**	(279,995)	(93,141)

(Forward)

	Note	**2020**	2019	2018
Share in Revaluation Increment on Land of an Associate	11			
Balance at beginning of year		**₱–**	₱264,305	₱207,492
Reclassification		**–**	(264,305)	56,813
Balance at end of year		**–**	–	264,305
Cumulative Share in Remeasurement Loss on Retirement Liability of an Associate	11			
Balance at beginning of year		**–**	(7,664)	(9,165)
Reclassification		**–**	7,664	1,501
Balance at end of year		**–**	–	(7,664)
Total equity reserves		**3,027,997**	150,238	555,870
Other equity items				
Excess of Consideration Received over Carrying Amount of Net Assets of a Subsidiary Transferred to the Parent Company		**577,148**	577,148	577,148
Effect of Change in equity Interest in Subsidiaries		**44,567**	44,567	44,567
Total other equity items		**621,715**	621,715	621,715
Total other equity items and reserves		**₱3,649,712**	₱771,953	₱1,177,585

Revaluation increment on land under assets held for sale	11,12			
Balance at beginning of year		**₱2,806,661**	₱2,390,419	₱–
Adjustment on revaluation increment		**21,161**	–	–
Reversal of deferred tax liability due to change in effective tax rate		**–**	410,731	–
Reclassification of revaluation increment on land under held for sale		**(2,827,822)**	5,511	2,390,419
Balance at end of year		**₱–**	₱2,806,661	₱2,390,419

Share in revaluation increment on land of an associate held for sale	11			
Balance at beginning of year		**₱285,600**	₱–	₱–
Reclassification to profit and loss after disposal of investment		**(285,600)**	–	–
Reclassification from other equity items and reserves		–	264,305	–
Remeasurement gain, net of tax		–	21,295	–
Balance at end of year		**₱–**	₱285,600	₱–

Cumulative share in remeasurement loss on retirement liability of an associate held for sale	11			
Balance at beginning of year		**(₱7,664)**	₱–	₱–
Share in remeasurement loss		**(5,335)**	–	–
Reclassification to profit and loss after disposal of investment		**12,999**	–	–
Reclassification from other equity items and reserves		**–**	(7,664)	–
Balance at end of year		**₱–**	(₱7,664)	₱–

Following the Reorganization Program as approved by the SEC on December 11, 2001, RHI was transformed into a diversified holding and investment corporation, while its subsidiary, CADP Group Corporation (CADPGC), emerged as a holding and investment company with specific focus on sugar milling and refining business. In 2008, RHI increased its equity ownership in CADPGC from 89.28% to 89.36% when CADPGC re-acquired portion of its shares of stock. On December 11, 2008, RHI acquired CADPGC's sugar-related operating subsidiaries (CADPI, CACI, CADPI, CFSI, CCSI, JOMSI, NAVI) and an associate (HP Co.), including certain assets and liabilities of CADPGC. On January 23, 2009, RHI sold its investment in CADPGC to Roxas & Company, Inc. Effective June 29, 2009, upon approval by the SEC on June 23, 2009, CADPGC, as the surviving entity, merged with Roxas & Company, Inc. through a share swap, wherein 11.71 CADPGC's shares of stock were exchanged for every share of stock of Roxas & Company, Inc. On the same date, the SEC approved the change in corporate name of CADPGC to RCI.

The acquisition by RHI on December 11, 2008 of the sugar-related operating subsidiaries and an associate from CADPGC was made for a total consideration of ₱3,838.0 million, which represents the cost of CADPGC's investments in subsidiaries and an associate amounting to ₱4,101.0 million, reduced by the net liabilities transferred by CADPGC amounting to ₱263.0 million. As a result, RHI increased its effective equity ownership in the sugar-related operating subsidiaries and recognized the effect of the change in equity ownership in subsidiaries and an associate in view of the reduction of non-controlling interests in subsidiaries of ₱44.6 million and presented as a separate component of the total consolidated equity.

On January 23, 2009, following the acquisition of the sugar-related operating subsidiaries and an associate from CADPGC, RHI sold its investment in CADPGC to RCI for a total consideration of ₱3,927.3 million. The excess of consideration received from RCI over the carrying amounts of net assets of CADPGC amounted to ₱577.1 million. This is presented as a separate component of equity under "Other equity reserves".

In 2020 and 2019, the Parent Company's management used OSD in its income tax filing with the Bureau of Internal Revenue (BIR). The Parent Company's management believes it will continue to elect the use of OSD in 2021. As such, effective tax rate on the computation of deferred tax liability on the revaluation increment of the Parent Company's land as of September 30, 2020 and 2019 is at 18%. In 2020, the Parent Company reversed the cost to sell of previously held for sale land amounting to ₱21.2 million.

c. Track record of registration

On March 16, 1994, the Parent Company registered with the SEC its 1,000,000,000 shares, consisting of 600,000,000 Class "A" shares and 400,000,000 Class "B" shares at a par value of ₱1.0 a share equivalent to ₱1,000,000,000, and representing the entire capital stock of the Parent Company. Moreover, the SEC licensed the sale or offer for sale of the Parent Company's 477,750,000 shares (inclusive of its present subscribed capital stock of 382,200,000 shares), out of which 95,550,000 shares were sold at ₱3.0 a share.

On September 4, 1995, the SEC licensed the sale or offer for sale of 174,400,000 shares in an initial public offering at an offer price between ₱5.0 to ₱8.0 a share. The said shares consist of 100.0 million shares from the Parent Company's registered but unlicensed and unissued capital stock for primary offering and 74,400,000 shares owned by selling shareholders for secondary offering.

On January 28, 1997, the Parent Company declared stock dividend at the rate of 30% payable to stockholders of record as at February 28, 1997.

On November 24, 1999 and December 15, 1999, the Parent Company declared stock dividend at the rate of 30%, consisting of 225,322,500 common shares at ₱1.0 a share, payable to stockholders of record as at February 15, 2000.

On January 30, 2003, the SEC approved the Parent Company's increase in authorized capital stock from ₱1,000,000,000 to ₱1,500,000,000, divided into 1,500,000,000 common shares. Of the total increase in authorized capital stock, 192,779,459 common shares at par value of ₱1.0 a share or total of 192,779,459 common shares, were fully paid through the declaration of stock dividend at the rate of 20% to stockholders of record as at February 28, 2003.

On April 3, 2003, the PSE approved the listing of additional 192,779,459 common shares, at a par value of ₱281.0 a share, representing the 20% stock dividend declaration discussed in the foregoing. Moreover, the Parent Company's listed shares were reduced by 188 common shares representing fractional shares arising from the 30% stock dividend declared in 1997 and 30% stock dividends declared in 2000, which were paid for in cash.

On February 15, 2017, the shareholders approved the amendment of the Parent Company's articles of incorporation to increase the authorized capital stock from ₱1,500,000,000 to ₱2,000,000,000 divided into 2,000,000,000 with par value of ₱1.0 per share. On the same day, the shareholders approved the subsequent conversion of the convertible note to be issued out of the increase in authorized capital stock at a conversion rate of ₱4.19 for every common share, or a total of 125,000,000 new common shares.

On July 14, 2017, the Parent Company's application for increase in authorized capital stock was approved by SEC. On November 9, 2017, the PSE approved the listing of these newly subscribed 125,000,000 common shares.

d. Retained earnings

Portion of retained earnings not available for dividend declaration

	Note	**2020**	2019
Deferred tax assets	26	**₱20,861**	₱108,619
Cumulative unrealized gain on changes in fair value of investment properties, net of tax	26	**194,991**	185,620
Treasury stock		**52,290**	52,290
Accumulated earnings of subsidiaries		**2,253**	744,740
		₱270,395	₱1,091,269

Accumulated earnings of the subsidiaries are not yet available for dividend distribution to the Parent Company's stockholders, unless received as cash dividends from the subsidiaries and an associate.

e. Share prices

The principal market for the Parent Company's shares of stock is the PSE. The high and low trading prices of the Parent Company's shares of stock for each quarter within the three fiscal years are presented in the table below.

Quarter	High	Low
October 1, 2019 through September 30, 2020		
First	₱2.39	₱1.74
Second	1.84	1.36
Third	1.67	1.28
Fourth	2.36	1.33
October 1, 2018 through September 30, 2019		
First	1.87	1.83
Second	1.83	1.77
Third	1.72	1.69
Fourth	1.58	1.52
October 1, 2017 through September 30, 2018		
First	4.13	4.00
Second	3.42	3.28
Third	2.86	2.82
Fourth	2.19	2.14

19. Related Party Transactions and Balances

In the normal course of business, the Group has transactions with related parties as follows:

Related Party	Relationship	Nature of Transaction	Year	Transactions during the Year	Trade Payables (Note 16)	Net Amount Due from Related Parties (see Note 8)	Net Amount Due to Related Parties (see Note 16)
CADP Retirement Fund, Inc. (CADPRFI)	Retirement Fund of CADPI	Noninterest-bearing advances payable on demand	**2020**	**₱44,393**	**₱–**	**₱–**	**₱–**
			2019	62,697	–	99,670	13,149
RHI Retirement Fund, Inc. (RHIRFI)	Retirement Fund of RHI	Noninterest-bearing advances payable on demand	**2020**	**–**	**–**	**–**	**–**
			2019	–	–	6	55,000
CACI Retirement Fund, Inc. (CACIRFI)	Retirement Fund of CACI	Noninterest-bearing advances payable on demand	**2020**	**5,816**	**–**	**–**	**–**
			2019	724	–	138	27,424
Roxas Foundation, Inc.	Other related party*	Noninterest-bearing advances payable on demand	**2020**	**–**	**–**	**–**	**–**
			2019	–	–	252	–
HP Co	Associate	Purchase of raw sugar	**2020**	**1,954**	**–**	**–**	**–**
			2019	–	–	–	–
		Purchase of molasses	**2020**	**38,197**	**–**	**–**	**–**
			2019	92,514	20	–	–
		Purchase of bagasse	**2020**	**7,204**	**–**	**–**	**–**
			2019	31,422	108	–	–
		Dividend income	**2020**	**40,255**	**–**	**–**	**–**
			2019	49,419	–	–	–
Total			**2020**		**₱–**	**₱–**	**₱–**
			2019		128	100,066	95,573

**Other related party pertains to an entity under common control of the RHI Group management*

a. The Group made advances to RHIRFI, CADPIRFI and CACIRFI for a portion of the retirement payments made to the Group's qualified retired employees under defined benefit plan. As at September 30, 2019, advances to RHIRFI, CADPRFI and CACIRFI are included in "Trade and other receivables" account. The Group's retirement funds hold RHI shares amounting to ₱46.0 million and ₱65.5 million as of September 30, 2020 and 2019, respectively (see Note 17).

b. Due to related parties, which are presented as part of "Trade and other payables" account, represents noninterest-bearing payable arising from advances and rent of office space from CADPRFI.

c. As at September 30, 2020 and 2019, total amount of trade and non-trade receivables and payables with related parties eliminated during consolidation amounts to ₱5,414.0 million and ₱ 8,243.5 million, respectively, while revenue and expense eliminated amounts to ₱1,724.3 million, ₱2,996.1 million and ₱3,042.9 million as at September 30, 2020, 2019 and 2018, respectively.

Outstanding balances of transactions with related parties at yearend are unsecured and settlements are made in cash. The Group did not recognize any provision for impairment loss in 2020, 2019 and 2018. This assessment is undertaken each financial year by reviewing the financial position of the related party and the market in which the related party operates.

Key management personnel compensation:

	Note	**2020**	2019	2018
Salaries and wages and other short-term benefits		**₱116,046**	₱110,777	₱100,095
Retirement benefits		**22,783**	21,959	18,805
Employee stock option	20	**–**	1,068	1,642
		₱138,829	₱133,804	₱120,542

20. Employee Stock Option Plans (ESOP)

The BOD of the Parent Company approved the establishment of its first and second ESOP on May 8, 2013 and January 16, 2014, respectively. The ESOPs cover all employees of the Parent Company and its subsidiaries, namely: CACI, CADPI and RBC, who have rendered at least six months of service at the time of grant, subject for approval by the Senior Vice President, Human Resource, and the designated administrator. Employees are given the option to purchase the shares allocable to them over an exercise period of five years from the effectivity date of ESOP. The share options vest each year over the five-year term of ESOP. The offer price of the shares is based on the average quoted price during the 30-trading days prior to exercise date less a 15% discount. About 35.0 million and 30.0 million common shares of the Parent Company's unissued shares have been initially reserved under the first and second ESOP, respectively.

The fair value of the First and Second ESOP was estimated at the date of grant using Black Scholes-Merton model with inputs summarized below.

First ESOP

	Options Vesting After				
	Year One	Year Two	Year Three	Year Four	Year Five
Spot price	₱2.80	₱2.80	₱2.80	₱2.80	₱2.80
Strike price	₱2.49	₱2.49	₱2.49	₱2.49	₱2.49
Expected volatility	38.83%	39.10%	36.59%	39.61%	42.46%
Risk-free rate	2.71%	2.98%	3.29%	3.60%	3.36%
Dividend rate as a percentage of spot price	0.00%	0.00%	0.00%	0.00%	0.00%

Second ESOP

	Options Vesting After				
	Year One	Year Two	Year Three	Year Four	Year Five
Spot price	₱6.90	₱6.90	₱6.90	₱6.90	₱6.90
Strike price	₱5.32	₱5.32	₱5.32	₱5.32	₱5.32
Expected volatility	33.46%	39.77%	39.71%	37.65%	39.95%
Risk-free rate	2.86%	2.82%	3.15%	3.90%	3.38%
Dividend rate as a percentage of spot price	0.00%	0.00%	0.00%	0.00%	0.00%

The weighted average fair value of the share options granted in 2013 (First ESOP) and 2014 (Second ESOP) amounted to ₱0.9 and ₱3.0, respectively. The volatility rate is determined as the historical volatility of the returns on the stock over a period similar to the vesting period of the option.

Unexercised shares under first ESOP and second ESOP were forfeited as at September 30, 2018 and 2019, respectively.

The employee stock option expense recognized for employee services received amounted to nil, ₱1.7 million and ₱7.2 million in 2020, 2019 and 2018, respectively, presented as part of "Personnel costs" account under continuing operations (see Note 24) and nil, ₱0.1 million, and ₱0.6 million in 2020, 2019 and 2018, respectively, presented as part of "Personnel costs" account under discontinued operations.

21. **Revenue**

a. The components of revenue are as follows:

	2020	2019 (As restated, Note 11)	2018 (As restated, Note 11)
Sale of goods:			
Refined sugar	**₱1,479,693**	₱3,370,338	₱5,574,509
Raw sugar	**1,457,274**	1,627,212	825,132
Alcohol	**975,092**	2,055,762	1,804,200
Molasses	**232,134**	324,209	424,361
Carbon dioxide	**4,995**	11,774	9,857
	4,149,188	7,389,295	8,638,059
Sale of services:			
Milling (Note 3)	**461,472**	496,231	–
Tolling fees	**158,198**	214,915	97,712
Farm services	**21,807**	17,643	18,329
Power	**7,914**	28,966	29,564
	649,391	757,755	145,605
	₱4,798,579	₱8,147,050	₱8,783,664

b. Contract Balances

The Group's trade and other receivables amounted to ₱1,210.3 million and ₱1,255.8 million September 30, 2020 and 2019, respectively (see Note 8).
The Group has no contract assets as at September 30, 2020 and 2019.

Contract liabilities mainly result from customers' deposits on sale of goods which is generally recognized at a point in time and sale of services for which revenue is generally recognized over time. Contract liabilities will be recognized as revenue when the related goods are delivered and services are rendered. As at September 30, 2020 and 2019, contract liabilities amounted to ₱11.7 million and ₱8.7 million, respectively, and these will be recognized as revenue in the following year (see Note 16). Contract liabilities as of October 1, 2018 amounting to ₱8.2 million were recognized as revenue in 2019.

c. Performance Obligations

The performance obligations on the sale of goods and services are satisfied when the related goods are delivered and services are rendered. Payment is generally due within 15 to 120 days from performance.

22. **Cost of Sales and Services**

	Note	**2020**	2019 (As restated, Note 11)	2018 (As restated, Note 11)
Direct materials used	9	**₱2,473,698**	₱5,714,895	₱5,944,840
Milling cost		**811,049**	510,678	–
Fuel and oil		**336,446**	573,627	762,558
Personnel costs	24	**259,707**	240,600	272,137
Depreciation and amortization	12	**158,360**	117,099	387,869
Outside services		**147,569**	174,040	201,508
Repairs and maintenance		**140,592**	179,631	97,660
Productivity assistance and other planter's subsidies		**89,423**	69,451	225,086
Communication, light and water		**66,123**	103,070	79,957
Taxes and licenses		**49,688**	54,333	47,428
Materials and consumables		**43,466**	57,111	147,496
Others	9	**120,635**	223,885	45,588
		₱4,696,756	₱8,018,420	₱8,212,127

23. Operating Expenses

General and Administrative Expenses

The components of general and administrative expenses are as follows:

	Note	2020	2019 (As restated, Note 11)	2018 (As restated, Note 11)
Personnel costs	24	**₱347,055**	₱375,727	₱379,707
Taxes and licenses		**84,799**	58,207	59,316
Depreciation and amortization	12	**73,626**	56,595	54,054
Outside services		**60,325**	95,542	91,422
Professional fees		**41,669**	27,573	17,801
Provision for impairment losses on receivables	8	**28,533**	3,237	12,174
Communication, light and water		**17,249**	16,332	16,097
Organizational activities		**6,204**	7,745	9,799
Travel and transportation		**6,121**	8,338	12,879
Materials and consumables		**5,902**	6,302	2,986
Corporate social responsibility		**3,594**	4,149	3,451
Repairs and maintenance		**3,554**	3,599	11,620
Entertainment, amusement and recreation		**2,047**	2,719	4,006
Provision for probable losses	16, 28	**–**	70,000	3,853
Others		**22,377**	20,013	17,951
		₱703,055	₱756,078	₱697,116

Others mainly pertain to training and development, transfer cost and bank charges.

Selling Expenses

Selling expenses, representing mandatory fees paid to various regulatory agencies prior to sale of sugar, mainly pertains to delivery charges, sugar liens and dues and monitoring fees totaling ₱35.4 million, ₱51.0 million and ₱77.2 million in 2020, 2019 and 2018, respectively.

24. Personnel Costs

Personnel costs include:

	Note	2020	2019 (As restated, Note 11)	2018 (As restated, Note 11)
Salaries, wages, allowances and other employee benefits		**₱544,592**	₱561,624	₱586,259
Retirement benefits	17	**62,170**	52,992	58,393
Employee stock option	20	**–**	1,711	7,192
		₱606,762	₱616,327	₱651,844

The amount of personnel costs are allocated as follows:

	Note	2020	2019 (As restated, Note 11)	2018 (As restated, Note 11)
Cost of sales	22	**₱259,707**	₱240,600	₱272,137
General and administrative expenses	23	**347,055**	375,727	379,707
		₱606,762	₱616,327	₱651,844

25. Other Income - net

This account consists of:

	Note	2020	2019 (As restated, Note 11)	2018 (As restated, Note 11)
Impairment of goodwill	6	**(₱1,079,615)**	₱–	₱–
Gain on sale of properties and investments	4, 11, 13	**337,571**	–	–
Depreciation of assets previously classified as held for sale	12	**(612,044)**	–	–
Fair value adjustment of investment properties	13	**13,387**	2,374	27,532
Storage, handling and insurance fees		**9,103**	6,862	8,777
Sales of scrap		**3,996**	3,006	11,392
Interest income	7, 8	**1,554**	380	658
Others		**8,537**	15,891	18,761
		(₱1,317,511)	₱28,513	₱67,120

Others mainly pertain to income from conversion rights, woodchips and reversals of various accruals.

26. Income Taxes

a. The components of the recognized net deferred tax assets and liabilities represent the tax effects of the following temporary differences:

	Note	**2020** Net Deferred Tax Assets	**2020** Net Deferred Tax Liabilities[1]	2019 Net Deferred Tax Assets[2]	2019 Net Deferred Tax Liabilities[3]
Deferred tax assets recognized in profit or loss:					
Retirement liabilities	17	**₱–**	**₱1,250**	₱35,419	₱1,461
Various accruals		**–**	**–**	12,194	15,283
NOLCO		**–**	**–**	–	8,989
Unamortized past service cost		**–**	**–**	16,053	–
Excess MCIT		**–**	**–**	–	6,608
Allowances for:					
Expected credit losses	8	**–**	**–**	280	–

(Forward)

	Note	2020 Net Deferred Tax Assets	2020 Net Deferred Tax Liabilities[(1)]	2019 Net Deferred Tax Assets[(2)]	2019 Net Deferred Tax Liabilities[(3)]
Inventory losses and obsolescence	9	**₱–**	**₱415**	₱4,206	₱841
Impairment losses of CWT		**–**	**–**	–	841
Employee stock option		**–**	**–**	–	4,534
Customer's deposits		**–**	**–**	1,754	156
Lease liabilities		**–**	**9,035**	–	–
Prepayment reclassified as part of ROU assets		**–**	**7,714**	–	–
Deferred milling costs		**–**	**2,447**	–	–
		–	**20,861**	69,906	38,713
Deferred tax liabilities recognized in profit or loss					
Unamortized capitalized interest	12	**–**	**–**	(67,526)	(5,092)
Revaluation increment on land and depreciable assets		**–**	**(202,868)**	–	(206,820)
Unamortized transaction cost		**–**	**–**	(2,380)	(882)
Unrealized fair value gain on investment properties		**–**	**–**	–	(4,969)
Retirement assets	17	**–**	**–**	–	(2,884)
Deferred milling costs		**–**	**–**	–	(3,751)
ROU assets		**–**	**(13,234)**	–	–
		–	**(216,102)**	(69,906)	(224,398)
Deferred tax liabilities recognized in other comprehensive income:					
Cumulative remeasurement losses on retirement asset		**–**	**–**	–	(9,167)
Revaluation increment on land, including on land previously classified as held for sale		**–**	**(588,572)**	–	(70,056)
		–	**(804,674)**	(69,906)	(303,621)
Net deferred tax assets (liabilities)		**₱–**	**(₱783,813)**	₱–	(₱264,908)

[(1)] Recognized net deferred tax liabilities of RHI, CADPI, SCBI, ADC and NPSC.
[(2)] Recognized net deferred tax assets of CADPI and ADC
[(3)] Recognized net deferred tax liabilities of RHI, CACI, RBC, SCBI, NAVI and NPSC

Details of other deductible temporary differences for which no deferred tax assets were recognized as management believes that it may not be probable that sufficient future taxable profits will be available against which the other deductible temporary differences can be utilized are presented as follows:

	2020	2019
NOLCO	**₱5,579,753**	₱1,499,442
Excess MCIT over RCIT	**27,288**	51,076
Allowance for expected credit losses	**130,796**	94,722
Provision for inventory losses and obsolescence	**71,867**	80,899
	₱5,809,704	₱1,726,139

b. Details of carry forward benefits arising from NOLCO and excess MCIT are as follows:

NOLCO

Year Incurred	Balance as at September 30, 2019	Additions	Applied	Expired	Balance as at September 30, 2020	Available Until
September 30, 2020	₱–	₱4,118,515	₱–	₱–	₱4,118,515	September 30, 2025*
September 30, 2019	927,928	–	(21,275)	–	906,653	September 30, 2022
September 30, 2018	554,585	–	–	–	554,585	September 30, 2021
September 30, 2017	46,892	–	–	46,892	–	September 30, 2020
	₱1,529,405	₱4,118,515	(₱21,275)	₱46,892	₱5,579,753	

**In accordance with Revenue Regulations No. 15-2020, the unused NOLCO shall be presented in the Notes to Financial Statements, showing in detail, the following: (1) taxable year in which the net operating loss was sustained or incurred and (2) any amount thereof claimed as NOLCO deduction within 5 consecutive years.*

Excess MCIT

Year Incurred	Balance as at September 30, 2019	Additions	Applied	Expired	Balance as at September 30, 2020	Available Until
September 30, 2020	₱–	₱1,451	₱–	₱–	₱1,451	September 30, 2023
September 30, 2018	25,837	–	–	–	25,837	September 30, 2021
September 30, 2017	31,847	–	–	(31,847)	–	September 30, 2020
	₱57,684	₱1,451	₱–	(₱31,847)	₱27,288	

c. The reconciliation between the income tax benefit (expense) computed at the applicable statutory tax rate and income tax benefit (expense) presented in the consolidated statements of income is as follows:

	2020	2019	2018
Income tax benefit (expense) at statutory tax rate	**₱1,140,950**	(₱423,839)	₱26,932
Tax effects of:			
NOLCO and excess of MCIT over RCIT for which no related deferred tax assets were recognized	**(733,077)**	–	–
Impairment loss on goodwill	**(323,885)**	–	–
Gain on sale subjected to capital gains tax	**206,577**	–	–
Nondeductible expenses	**(123,409)**	116,333	(26,232)
Effect of using optional standard deduction of Parent Company	**(79,045)**	(231,206)	–
Effect of 5% statutory tax rate of SCBI	**(45,891)**	18,617	28,453
Temporary differences for which no deferred tax assets were recognized	**(36,842)**	–	–
Adjustments resulting from derecognition of deferred tax assets	**(27,346)**	59,309	(8,700)
Dividend income exempt from income tax	**12,076**	–	–

(Forward)

	2020	2019	2018
Net income subject to income tax holiday (ITH)	**(₱10,081)**	(₱3,444)	₱117,086
Interest income subject to final tax	**236**	(538)	146
Unallowable interest expense	**–**	4,247	(21)
Share in net earnings of an associate	**–**	(27,226)	16,750
Others	**(2,880)**	11,607	(8,781)
	(₱22,617)	(₱476,140)	₱145,633

The current income tax expense of the Group in 2020, 2019 and 2018 pertains to RCIT, or MCIT, whichever is higher, except for RBC and SCBI, which are entitled to ITH and 5% gross income tax, respectively.

d. Registration with the Board of Investments (BOI) of RBC

On October 24, 2008, the BOI approved the registration of RBC as a New Producer of Bioethanol (Anhydrous) and Potable (Hydrous) Ethanol on a Pioneer and Non-Pioneer Status under the Omnibus Investments Code of 1987 or Executive Order (E.O.) No.226

On October 22, 2014, the BOI approved the amendment of registration of RBC from a New Producer of Bioethanol (Anhydrous) under E.O. No. 226 to Renewable Energy (R.E.) Developer of Biomass Resources under the R. A. No. 9513. The registration as a New Producer of Potable Ethanol is maintained under E.O. No. 226.

As a registered enterprise, RBC is entitled to certain tax incentives, which include, among others:

- ITH for the first seven years from December 3, 2013 until December 3, 2020;
- Duty-free importation of machinery, equipment and materials including control and communication equipment within the first ten years from the issuance of the BOI certificate of registration until October 23, 2018;
- Realty and other taxes on civil works, equipment, machinery, and other improvements actually and exclusively used for R. E. facilities shall not exceed one and a half (1.5%) of the original cost less accumulated depreciation or net book value;
- NOLCO during the first three years from the start of commercial operation shall be carried over as a deduction from gross income for the next seven consecutive taxable years immediately following the year of such loss is unused;
- Corporate tax rate of 10% on its net taxable income after seven years of ITH;
- If RBC did not avail of the ITH, the plant, machinery and equipment that are reasonably needed and actually used for the exploration, development and utilization of R. E. resources may be depreciated using a rate not exceeding twice the rate which would have been used had the annual allowance been computed; and

- Zero percent value-added tax rate on its purchase of local supply of goods, properties and services needed for the development, construction and installation of its plant facilities.

Total tax incentives availed of amounted to nil, ₱36.8 million and ₱31.8 million in 2020, 2019 and 2018, respectively.

e. Income Tax Regime of SCBI

SCBI is registered with the Philippine Economic Zone Authority (PEZA) as an Agro-industrial Ecozone Enterprise under Registration Certificate No.09-01-AI dated September 23, 2009.

The following are the mutual covenants and undertaking of SCBI pursuant to Registration Agreement with the PEZA:

i. The registration as an Agro-Industrial Ecozone Enterprise entitles SCBI to conduct and operate its business inside the San Carlos Ecozone.

ii. The scope of SCBI's registered activity is limited to the production of bioethanol fuel and its by-products, power/electricity, carbon dioxide, and carbon emission reduction (known as carbon credits) and importation of raw materials, machinery, equipment, tools, goods, wares, articles or merchandise directly used in its registered operations at the San Carlos Ecozone.

iii. SCBI is not entitled to a separate ITH incentive. The incentives entitlement of SCBI is the remaining ITH period granted in its registration with the BOI until December 2014. Upon expiry of the ITH under BOI registration, SCBI is entitled to the 5% Gross Income Tax (GIT) incentive, in lieu of paying of all local and national internal revenue taxes, and other incentives under Article 77, Book VI of E.O. No. 226.

The PEZA approved SCBI's amendment in its registered activity to include the production of syrup from sugarcane, which will be subjected to 5% gross income tax, until October 1, 2015. The results of operations from said registered product thereafter is subjected to national taxes.

f. Last November 26, 2020, the Senate approved on 3rd and final reading Senate Bill No. 1357, otherwise known as the "Corporate Recovery and Tax Incentives for Enterprises Act" or "CREATE", which seeks reduction in the corporate income tax rates and to rationalize the current fiscal incentives by making it time-bound, targeted, and performance-based.

As of December 16, 2020, the provisions reflected in the said bill will still be reconciled with the House of Representatives' version, through a Bicameral Conference (BICAM) and may still be subject to change depending on the results thereof.

g. Last September 11, 2020, the President signs into law the "Bayanihan to Recover as One Act" or "Bayanihan 2", an act in response to COVID-19 to accelerate the recovery and bolster the resiliency of the Philippine economy.

The net operating loss of the business or enterprise for taxable years 2020 and 2021 shall be carried over as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss. This shall remain in effect even after the expiration of this Act.

27. Earnings per Share

Earnings per share is computed as follows:

	2020		2019		2018	
	Basic	**Diluted**	Basic	Diluted	Basic	Diluted
Net income (loss) attributable to the equity holders of the Parent Company (a)	**(₱3,813,129)**	**(₱3,813,129)**	(₱1,884,113)	(₱1,884,113)	₱47,664	₱47,664
Weighted average number of common shares outstanding for basic EPS	**1,547,936**	**1,547,936**	1,547,936	1,547,936	1,565,337	1,565,337
Weighted average number of common shares adjusted for effect of dilution (b)	**1,547,936**	**1,547,936**	1,547,936	1,547,936	1,565,337	1,565,337
Earnings (loss) per share (a/b)	**(₱2.46)**	**(₱2.46)**	(₱1.22)	(₱1.22)	₱0.03	₱0.03

Earnings per share for continuing and discontinued operations (Note 12) is computed as follows:

	2020		2019		2018	
	Basic	**Diluted**	Basic	Diluted	Basic	Diluted
Net income (loss) attributable to equity holders of the Parent Company from continuing operations (a)	**(₱2,344,204)**	**(₱2,344,204)**	(₱1,367,752)	(₱1,367,752)	(₱266,610)	(₱266,610)
Net income (loss) attributable to equity holders of the Parent Company from discontinued operations (b)	**(₱1,468,925)**	**(₱1,468,925)**	(₱516,361)	(₱516,361)	₱328,278	₱328,278
Weighted average number of common shares outstanding for basic EPS	**1,547,936**	**1,547,936**	1,547,936	1,547,936	1,565,337	1,565,337
Weighted average number of common shares adjusted for effect of dilution (c)	**1,547,936**	**1,547,936**	1,547,936	1,547,936	1,565,337	1,565,337
Earnings (loss) per share (a/c)	**(₱1.51)**	**(₱1.51)**	(₱0.89)	(₱0.89)	(₱0.17)	(₱0.17)
Earnings (loss) per share (b/c)	**(₱0.95)**	**(₱0.95)**	(₱0.33)	(₱0.33)	₱0.20	₱0.20

28. Commitments and Contingencies

a. Milling Contracts

CACI and CADPI (the "Mills") have milling contracts with the planters, which provide for a 35% and 65% sharing between the Mills and the planters, respectively, of sugar, molasses and other sugar cane by-products, excluding bagasse, produced every crop year.

In December 2017, milling contracts of CADPI with the planters were revised to provide for a 32% and 68% sharing between CADPI and the planters, respectively. This agreement is effective until crop year 2021 to 2022. Renewal is upon mutual consent of both parties thereafter.

b. The Group has in its custody the following raw and refined sugar owned by third parties:

	2020		2019	
	Total Volume *(in Thousands) (LKg*)*	**Estimated Market Value** *(Amounts in Millions)*	Total Volume *(in Thousands) (LKg*)*	Estimated Market Value *(Amounts in Millions)*
Raw sugar	**5**	**6,935**	158	₱237
Refined sugar	**59**	**112,451**	484	934

**Equivalent to 50 kilogram bag unit.*

The foregoing volume of sugar is not reflected in the consolidated statements of financial position since these are not considered as assets of the Group. These raw sugar held on behalf of the third parties are also supported by quedans. The Group is accountable to the third parties for the value of trusted sugar or their sales proceeds.

c. Sales Contracts

CADPI, RBC and SCBI entered into various sales contracts with its major customers for the sale of refined sugar and alcohol. Outstanding sales contracts for refined sugar amounted to ₱183.8 million for 86,165 lkg bags, ₱467.8 million for 198,681 lkg bags and ₱1,407.4 million for 672,344 lkg bags as at September 30, 2020, 2019 and 2018, respectively, and nil, ₱315.3 million for 5,323,499 liters and ₱ 415.0 million for 7,511,654 liters for anhydrous alcohol as at September 30, 2020, 2019 and 2018, respectively.

d. Crop Loan and Contract Growing Agreements

RADC entered into crop loan and contract growing agreements with various planters for the scheduled delivery of sugar cane for the crop year 2017 to 2018. Advances made to planters related to these agreements as at September 30, 2020 and 2019 amounted to ₱57.4 million and ₱26.3 million, respectively, which are included as part of "Due from planters and cane haulers" under "Trade and other receivables" account (see Note 8).

e. Leases

The Group has various lease agreements for a period of one year covering heavy loading equipment and service vehicles with various trucking and heavy equipment service companies, which are used in transloading, hauling and other milling operations. The lease agreements are renewable annually upon mutual consent of both parties.

Moreover, the Group, as a lessee, leases its office space from a third party for a period of five years until May 31, 2021, which is renewable upon mutual agreement of the parties.

Future minimum lease payments on its office space as at September 30, 2020 and 2019 are as follow:

	2020	2019
Within one year	**₱13,038**	₱18,592
After one year but not more than five years	**–**	13,038
	₱13,038	₱31,630

Total rent expense from the related contracts amounted to ₱4.2 million, ₱14.4 million and ₱13.5 million in 2020, 2019 and 2018, respectively.

f. Hauling Services Contracts

The Group has an agreement for hauling services for the transport of sugarcane from the plantations to milling facilities. Related hauling expenses, which are presented as part of "Productivity assistance and other planter's subsidies" account under "Cost of goods sold", amounted to ₱89.4 million, ₱69.5 million and ₱225.1 million in 2020, 2019 and 2018, respectively (see Note 22).

g. Emission Reduction Purchase Agreement (ERPA)

On January 14, 2009, RBC and World Bank Group signed a $3.2 million ERPA for the purchase of carbon emission credits under the Clean Development Mechanism of the Kyoto Protocol. The ERPA will also avoid at least 50,000 metric tons of carbon dioxide each year with a crediting period of 10 years starting 2010. As part of the ERPA, portion of the revenue for the purchase of the credits will be used to finance the RBC's community development projects.

h. Unused Credit Lines

The Group has unused lines of credit with various local banks amounting to ₱96.3 million and nil as at September 30, 2020 and 2019, respectively.

i. Contingencies

The Group has several pending claims and assessments, the expected ultimate outcome of which is based on management's judgment in consultation with its legal counsel. Disclosure of additional details beyond the present disclosures may seriously prejudice the Group's position. Thus, as allowed by PAS 37, only general disclosures were provided.

Outstanding provision for losses for disputed claims and assessments amounted to ₱122.3 million and ₱149.6 million as at September 30, 2020 and 2019, respectively, presented under "Trade and other payables" account (see Note 16).

29. **Financial Instruments**

<u>Financial Risk Management Objectives and Policies</u>
The Group's principal financial instruments comprise cash, trade and other receivables, and trade and other payables, which arise directly from its operations, and short and long-term borrowings. The Group has other financial instruments such as restricted cash and dividends payable.

The main risks arising from the Group's financial instruments are liquidity risk, credit risk and interest rate risk. The Group monitors the market price risk arising from all financial instruments. The Group's operations are also exposed to commodity price risk, particularly from sugar prices. Risk management is carried out by senior management under the guidance and direction of the BOD of the Parent Company.

Liquidity risk
Liquidity risk arises from the possibility that the Group may encounter difficulties in raising funds to meet or settle its obligations or at a reasonable price.

The Group's objective is to maintain continuity of funding. The Group's policy is to maximize the use of suppliers' credit for all its major purchases and limit major capital expenditures at a reasonable level. The Group monitors its risk to a shortage of funds through monitoring of financial investments and financial assets and projected cash flows from operations. The Group's objectives to manage its liquidity profile are: (a) to ensure that adequate funding is available at all times; (b) to meet commitments as they arise without incurring unnecessary costs; and (c) to be able to access funding when needed at the least possible cost.

The Group monitors its cash position by a system of cash forecasting. All expected collections, check disbursements and other payments are determined on a weekly basis to arrive at the projected cash position to cover its obligations.

The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Group has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders. On September 23, 2020, the Group sent letter requests to the major creditor banks for the proposed term out of outstanding short-term loans amounting to ₱4,750 million (see Note 14).

The tables below summarize the maturity profile of the Group's loans and receivables held for managing liquidity and other financial liabilities based on contractual undiscounted payments.

September 30, 2020

	On demand	Less than one year	Over 1 year but less than 2 year	Over 2 year	Total
Financial assets:					
Cash and cash equivalents	**₱888,597**	**₱–**	**₱–**	**₱–**	**₱888,597**
Trade receivables***	**371,009**	**742,780**	**–**	**–**	**1,113,789**
Due from employees***	**28,658**	**–**	**–**	**–**	**28,658**
Other receivables***	**67,838**	**–**	**–**	**–**	**67,838**
	1,356,102	**742,780**	**–**	**–**	**2,098,882**
Financial liabilities					
Trade and other payables**	**362,347**	**827,852**	**–**	**–**	**1,190,199**
Short-term borrowings*	**–**	**5,705,147**	**–**	**–**	**5,705,147**
Noncurrent portion of long-term borrowings*	**–**	**–**	**–**	**1,173**	**1,173**
Lease liabilities	**–**	**23,058**	**9,323**	**19,209**	**51,590**
	362,347	**6,556,057**	**9,323**	**20,382**	**6,948,109**
Liquidity position (gap)******	**₱993,755**	**(₱5,813,277)**	**(₱9,323)**	**(₱20,382)**	**(₱4,849,227)**

**Includes expected future interest payments for short-term and long-term borrowings amounting to ₱335.6 million and ₱0.2 million, respectively.*
*** Excludes payables to government agencies amounting to ₱283.9 million and provision for losses amounting to ₱122.2 million.*
****Net of related allowances for impairment losses totaling ₱75.3 million.*
*****Liquidity position is expected to improve within the next 12 months as the Group is continuously in coordination with respective banks for the refinancing of short-term obligations for a minimum period of at least 7 years after September 30, 2020 (see Notes 1 and 14)*

September 30, 2019

	On demand	Less than one year	Over 1 year but less than 2 year	Over 2 year	Total
Financial assets:					
Cash and cash equivalents	₱438,268	₱–	₱–	₱–	₱438,268
Trade receivables***	120,094	926,024	–	–	1,046,118
Due from employees***	53,015	–	–	–	53,015
Due from related parties	100,066	–	–	–	100,066
Other receivables***	56,571	–	–	–	56,571
	768,014	926,024	–	–	1,694,038
Financial liabilities					
Trade and other payables**	165,533	848,431	–	–	1,013,964
Short-term borrowings*	–	7,186,976	–	–	7,186,976
Current portion of long-term borrowings*	–	1,036,218	–	–	1,036,218
Noncurrent portion of long-term borrowings*	–	–	1,540,622	1,411,386	2,952,008
	165,533	9,071,625	1,540,622	1,411,386	12,189,166
Liquidity position (gap)	₱602,481	(₱8,145,601)	(₱1,540,622)	(₱1,411,386)	(₱10,495,128)

**Includes expected future interest payments for short-term and long-term borrowings amounting to ₱470.2 million and ₱418.1 million, respectively.*
*** Excludes payables to government agencies amounting to ₱11.7 million and provision for losses amounting to ₱125.0 million.*
****Net of related allowances for impairment losses totaling ₱45.2 million.*

Credit Risk
Credit risk is the risk that the Group incurs a loss because its customers, clients or counterparties failed to discharge their contractual obligation. To mitigate this risk, it is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures, which includes evaluation of the customers' financial standing and determination of allowable credit limit and credit terms. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry. The Group does not have significant concentrations of credit risk as the Group's customers and dealers are dispersed throughout the country.

To reduce the Group's exposure to bad debts, the Group took a conservative approach in its credit risk management. A policy has been developed to ensure that processes and risk-aversion are carefully observed to eliminate dealings with business entities that may pose collection issues in the future. This policy reinforces the Group's procedures for identifying and managing exposures to credit risk. Since the Group trades only with recognized third parties, there is no requirement for collateral.

With respect to credit risk arising from other financial assets of the Group which consist of cash, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. There are no collaterals or other credit enhancements held over these assets.

a. Risk concentrations of the maximum exposure to credit risk

   There is a significant concentration of credit risk within the Group given that the Group has limited creditors, stockholders and local banks.

   With respect to credit risk arising from the Group's financial assets, which comprise cash and receivables, the Group's exposure to credit risk arises from default of the counterparty with a maximum exposure equal to the carrying amount of these instruments.

b. As at September 30, 2020 and 2019, the analysis of financial assets follows:

	2020			
	Neither Past Due nor Impaired	**Past Due but not Impaired**	**ECL**	**Net of allowance for ECL**
Loans and receivables:				
Cash and cash equivalents*	**₱888,187**	**₱–**	**₱–**	**₱888,187**
Trade and other receivables				
Trade receivables	**805,031**	**370,804**	**(62,046)**	**1,113,789**
Due from employees	**28,658**	**2,214**	**(2,214)**	**28,658**
Other receivables	**–**	**78,900**	**(11,062)**	**67,838**
Refundable deposits**	**12,412**	**–**	**–**	**12,412**
	₱1,734,288	**₱451,918**	**(75,322)**	**₱2,110,884**

**Excluding cash on hand amounting to 0.4 million.*
***Included as part of other assets (see Note 10)*

	2019			
	Neither Past Due nor Impaired	Past Due but not Impaired	ECL	Net of allowance for ECL
Loans and receivables:				
Cash and cash equivalents*	₱433,191	₱–	₱–	₱433,191
Trade and other receivables				
Trade receivables	980,551	99,736	(34,169)	1,046,118
Due from employees	53,015	2,214	(2,214)	53,015
Due from related parties	100,066	–	–	100,066
Other receivables	–	65,429	(8,858)	56,571
Refundable deposits**	14,671	–	–	14,671
	₱1,581,494	₱167,379	(₱45,241)	₱1,703,632

**Excluding cash on hand amounting to 5.1 million.*
***Included as part of other assets (see Note 10)*

The Group's neither past due nor impaired receivables are high grade receivables which, based on experience, are highly collectible and exposure to bad debt is not significant.

As at September 30, 2020 and 2019, the age of the entire Group's past due but not impaired receivables is over 60 days (see Note 8).

Trade Receivables
The Group uses a provision matrix to calculate ECL for trade receivables. The provision rates are determined based on the Group's historical observed default rates analyzed in accordance to days past due by grouping of customers based on customer type and channels. The Group adjusts historical default rates to forward-looking default rate by determining the closely related economic factors affecting each customer segment. At each reporting date, the observed historical default rates are updated and changes in the forward-looking estimates are analyzed.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix as of September 30, 2020 and 2019.

	2020					
		Days past due				
	Current	**<30 days**	**30-60 days**	**61 to 90 days**	**> 90 days**	**Total**
Estimated credit loss rate	**0%**	**6%**	**14%**	**22%**	**38%**	**5%**
Estimated total gross carrying amount at default	**₱1,013,723**	**₱126**	**₱5,310**	**₱2,294**	**₱154,383**	**₱1,175,836**
Expected credit loss	**1,390**	**7**	**722**	**501**	**59,427**	**62,047**

	2019					
		Days past due				
	Current	<30 days	30-60 days	61 to 90 days	> 90 days	Total
Estimated credit loss rate	2%	5%	22%	32%	43%	3%
Estimated total gross carrying amount at default	₱944,627	₱122,712	₱1,790	₱28	₱11,130	₱1,080,287
Expected credit loss	22,606	6,401	399	9	4,754	34,169

c. Impairment analysis

For cash and cash equivalents, the Group applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. It is the Group's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Group uses the ratings from the external credit rating agencies to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

For due from related parties, an impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by customer type or by payors). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, due from related parties are written-off if the account is at least one year past due and are deemed uncollectible after subjecting to all possible collection effort activities. No ECL was recognized on due from related parties as of September 30, 2020 and 2019.

Commodity price risk
The Group is exposed to commodity price risk from conventional physical sales and purchase of sugar and alcohol managed through volume, timing and relationship strategies. The Group does not enter into commodity derivatives.

The Group's sales commitments are contracted at fixed prices, and thus have no impact on the consolidated cash flows in the next 12 months.

Interest rate risk
The primary source of the Group's interest rate risk relates to interest-bearing financial liabilities. The interest rates on these liabilities are disclosed in Notes 14 and 15.

The loans amounting to ₱5,369.6 million and ₱7,583.5 million as at September 30, 2020 and 2019, respectively, bear floating interest and expose the Group to interest rate risk.

The following table demonstrates the sensitivity analysis to a reasonably possible change in interest rates, with all other variables held constant, of the Group's income before income tax (through the impact of floating rate borrowings) and equity in 2020 and 2019. The estimates are based on the outstanding interest-bearing liabilities of the Group with floating interest rate as at September 30, 2020 and 2019.

	2020		2019	
Increase (Decrease)	**Effect on Income before Tax**	**Effect on Equity**	Effect on Income before Tax	Effect on Equity
0.25%	**(₱13,424)**	**(9,397)**	(₱18,959)	(₱13,271)
(0.25%)	**13,424**	**9,397**	18,959	13,271

Interest on financial liabilities with fixed interest rate is fixed until the maturity of the instrument (see Notes 14 and 15).

The other financial instruments of the Group that are not included in the foregoing tables are noninterest-bearing and are therefore not subject to interest rate risk.

Capital Management

The primary objective of the Group's capital management is to ensure that it maintains strong credit and healthy capital ratios in order to support its business and maximize shareholder value.

The Group's dividend declaration is dependent on availability of earnings and operating requirements. The Group manages its capital structure and makes adjustment to it, in light of changes in economic conditions. To maintain or adjust capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for the years ended September 30, 2020 and 2019.

Management considers the total consolidated equity (excluding noncontrolling interest) amounting to ₱5,814.1 million and ₱9,109.4 million as of September 30, 2020 and 2019, respectively, reflected in the consolidated statements of financial position as its capital. The Group monitors its use of capital using leverage ratios, specifically, debt-to-equity ratio. It also monitors its DSCR to ensure that there would be sufficient amount of cash flow available to meet annual interest and principal payments on debt.

30. **Fair Value Measurement**

The Group has assets and liabilities that are measured at fair value on a recurring basis in the consolidated statements of financial position after initial recognition. Recurring fair value measurements are those that another PFRS requires or permits to be recognized in the consolidated statements of financial position at the end of each reporting period. These include investment properties and land under property and equipment at revalued amount.

The Group does not have nonrecurring fair value measurements in the consolidated financial statements. The Group's management determines the policies and procedures for recurring fair value measurement.

External valuers are involved for valuation of investment properties and land under property and equipment. Involvement of external valuers is decided upon annually by management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Management decides, after discussion with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents with relevant external sources to determine whether the change is reasonable.

The carrying amounts of the Group's financial assets and liabilities approximate their fair values due to their short-term nature or the interest rates that they carry approximate the interest rate on comparable instruments in the market. For the long-term loans, these are subject to both fixed and floating rates.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments.

Cash, trade receivables, due to and from related parties, due from employees, other receivables, trade and other payable and short-term borrowings. The carrying amounts of these instruments approximate fair values due to their short-term maturities.

Long-term borrowings. The carrying value of long-term borrowings as at September 30, 2020 and 2019 approximates its fair value as they carry interest rates of comparable instruments in the market.

The following tables present fair value hierarchy of the Group's financial liabilities, investment properties and land under property, plant and equipment:

Date of valuation: September 30, 2020	**Carrying Value**	**Fair Value based on significant observable inputs (Level 2)**
Assets measured at fair value		
Land under property, plant and equipment (see Note 12)	**₱4,537,678**	**₱4,537,678**
Investment properties (see Note 13)	**301,948**	**301,948**
Liabilities for which fair value is disclosed		
Fixed interest rate loan (see Note 15)	**1,000**	**1,000**

Date of valuation: September 30, 2019	Carrying Value	Fair Value based on significant observable inputs (Level 2)
Assets measured at fair value		
Land under property, plant and equipment (see Note 12)	₱1,287,002	₱1,287,002
Investment properties (see Note 13)	513,561	513,561
Liabilities for which fair value is disclosed		
Fixed interest rate loan (see Note 15)	1,057,472	1,131,495

31. Notes to Consolidated Statements of Cash Flows

a. Changes in liabilities arising from financing activities are as follows:

2020	**Beginning Balance**	**Cash Flows**	**Interest Expense**	**Amortization of Transaction Costs**	**Ending Balance**
Current interest-bearing loans and borrowings	**₱6,716,800**	**(₱1,347,250)**	**₱–**	**₱–**	**₱5,369,550**
Noncurrent interest-bearing loans and borrowings	**3,570,061**	**(3,569,061)**	**–**	**–**	**1,000**
Interest on loans and borrowings	**52,626**	**(679,968)**	**632,422**	**7,218**	**12,298**
Total liabilities from financing activities	**₱10,339,487**	**(₱5,596,279)**	**₱632,422**	**₱7,218**	**₱5,382,848**

2019					
	Beginning Balance	Cash Flows	Interest Expense	Amortization of Transaction Costs	Ending Balance
Current interest-bearing loans and borrowings	₱6,210,857	₱505,943	₱–	₱–	₱6,716,800
Noncurrent interest-bearing loans and borrowings	4,813,113	(1,243,052)	–	–	3,570,061
Interest on loans and borrowings	45,794	(697,324)	699,633	4,523	52,626
Total liabilities from financing activities	₱11,069,764	(₱1,434,433)	₱699,633	₱4,523	₱10,339,487

32. **Segment Reporting**

The Group has two reportable segments: sugar and alcohol. The Group's sugar segment consists of four operating subsidiaries: CADPI, CACI, NAVI and RABDC that manufacture and sell raw and refined sugar, molasses and provides tolling and farm operations services. The alcohol segment consists of two operating subsidiaries: RBC and SCBI that manufactures and sells bio-ethanol fuel.

The Group has only one geographical segment as all of its assets are located in the Philippines. The Group operates and derives principally its revenue from domestic operations. Thus, geographical business information is not required.

The Group's senior management regularly reviews the operating results of the business units to make decisions on resource allocation and assess performance. Segment revenue and segment expenses are measured in accordance with PFRS. The presentation and classification of segment revenue and segment expenses are consistent with the consolidated statements of income.

In 2020, 2019 and 2018, ₱2,496.3 million (26%), ₱4,095.7 million (29%) and ₱2,628.0 million (or 35%), respectively, of the Group's total revenue were derived from two customers.

The following tables present information about the Group's operating segments:

	2020			
	Sugar	**Alcohol**	**Eliminations**	**Consolidated**
Revenue:				
External customers	**₱3,810,578**	**₱988,001**	**₱–**	**₱4,798,579**
Inter-segment	**472,396**	**3,512**	**(475,908)**	**–**
Cost of goods sold:				
Direct materials used	**2,300,290**	**636,658**	**(463,250)**	**2,473,698**
Productivity assistance and other planter's subsidies	**61,926**	**27,497**	**–**	**89,423**
Fuel and oil	**266,477**	**69,969**	**–**	**336,446**
Depreciation and amortization	**30,576**	**127,784**	**–**	**158,360**
Interest expense	**359,974**	**36,023**	**–**	**395,997**
Segment profit (loss)	**(2,147,324)**	**(209,536)**	**–**	**(2,356,860)**
Other disclosures:				
Capital expenditures	**128,471**	**25,803**	**–**	**154,274**

	2019 (As restated, Note 11)			
	Sugar	Alcohol	Eliminations	Consolidated
Revenue:				
External customers	₱6,042,355	₱2,104,695	₱–	₱8,147,050
Inter-segment	384,750	53,987	(438,737)	–
Cost of goods sold:				
Direct materials used	4,642,708	1,510,674	(438,487)	5,714,895
Productivity assistance and other planter's subsidies	34,974	34,477	–	69,451
Fuel and oil	307,040	266,587	–	573,627
Depreciation and amortization	21,514	95,585	–	117,099
Interest expense	(414,624)	(30,406)	–	(445,030)
Segment profit (loss)	(1,261,325)	(111,250)	–	(1,372,575)
Other disclosures:				
Capital expenditures	187,280	81,719	–	268,999

	2018 (As restated, Note 11)			
	Sugar	Alcohol	Eliminations	Consolidated
Revenue:				
External customers	₱6,952,424	₱1,831,240	₱–	₱8,783,664
Inter-segment	434,351	85,931	(520,282)	–
Cost of goods sold:				
Direct materials used	5,281,113	1,184,008	(520,281)	5,944,840
Productivity assistance and other planter's subsidies	188,285	36,801	–	225,086
Fuel and oil	542,096	220,462	–	762,558
Depreciation and amortization	290,618	97,251	–	387,869
Interest expense	(397,349)	–	–	(397,349)
Segment profit (loss)	(374,435)	100,825	–	(273,610)
Other disclosures:				
Capital expenditures	368,248	193,538	–	561,786
Investment in associate	642,690	–	–	642,690

33. **Impact of COVID-19 Pandemic**

The COVID-19 pandemic which broke out in early 2020 resulted to nationwide mandated lockdowns and negatively impacted the Philippine economy. While the sugar business units were not significantly impacted, the community quarantine imposed decreased demand for fuel that resulted to early plant shutdown of the Group's alcohol units. The Group also produced 70% alcohol which were sold and donated to help with the pandemic. As disclosed in Note 1, as part of the Group's plans to support its working capital requirements, the Group is continuously in coordination with respective banks for the refinancing of short-term obligations for a minimum period of at least 7 years after September 30, 2020. Management has also been implementing plant efficiency and sustainability measures as well as cost cutting programs to improve results of operations.

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
ey.com/ph

BOA/PRC Reg. No. 0001,
October 4, 2018, valid until August 24, 2021
SEC Accreditation No. 0012-FR-5 (Group A),
November 6, 2018, valid until November 5, 2021

INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY SCHEDULES

The Board of Directors and Stockholders
Roxas Holdings, Inc.
14th Floor, Net One Center
26th cor. 3rd Avenue, Bonifacio Global City
Taguig, Metro Manila

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Roxas Holdings, Inc. and subsidiaries as at and for the years ended September 30, 2020 and 2019, included in this Form 17-A, and have issued our report thereon dated December 16, 2020. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to the Consolidated Financial Statements and Supplementary Schedules are the responsibility of the Company's management. These schedules are presented for purposes of complying with Revised Securities Regulation Code (SRC) Rule 68 and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Aileen L. Saringan
Aileen L. Saringan
Partner
CPA Certificate No. 72557
SEC Accreditation No. 0096-AR-5 (Group A),
July 25, 2019, valid until July 24, 2022
Tax Identification No. 102-089-397
BIR Accreditation No. 08-001998-58-2018,
February 26, 2018, valid until February 25, 2021
PTR No. 8125297, January 7, 2020, Makati City

December 16, 2020

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

P	W	-	1	5	A					

COMPANY NAME

ROXAS HOLDINGS, INC. AND SUBSIDIARIES

PRINCIPAL OFFICE *(No. / Street / Barangay / City / Town / Province)*

14th Floor, Net One Center, 26th cor. 3rd Avenue, Bonifacio Global City, Taguig, Metro Manila

Form Type	Department requiring the report	Secondary License Type, If Applicable
17-Q		N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
corporatesecretary@rhi.com.ph	(02) 8771-7800	09985914710

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
2,080	February 18	September 30

CONTACT PERSON INFORMATION

The designated contact person *MUST* be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Ma. Hazel L. Rabara-Retardo	hazel.rabara@rhi.com.ph	(02) 8810-8901	–

CONTACT PERSON's ADDRESS

14th Floor, Net One Center, 26th cor. 3rd Avenue, Bonifacio Global City, Taguig, Metro Manila

NOTE 1 In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

2 All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.

SEC Number PW 15
File ____________

ROXAS HOLDINGS, INC. (formerly CENTRAL AZUCARERA DON PEDRO)

(Company's Full Name)

14th Floor, Net One Center, 26th corner 3rd Avenue,
Bonifacio Global City, Taguig, Metro Manila

(Company's Address)

(632) 8771-7800

(Company's Telephone Number)

September 30, 2020

(Fiscal Year Ending)

SEC Form 17-Q

(Form Type)

Amended Designation (If Applicable)

December 31, 2020

Period Ended Date

(Secondary License Type and File Number)

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarter ended: **31 December 2020**

2. Commission Identification Number **15A**

3. BIR Tax Identification No. **000-290-538**

4. Exact name of registrant as specified in its charter **ROXAS HOLDINGS, INC. (FORMERLY CENTRAL AZUCARERA DON PEDRO)**

5. Province, country or other jurisdiction of incorporation or organization
Philippines

6. Industry Classification Code:

7. Address of principal office — Postal Code
14th Floor, Net One Center, 26th corner 3rd Avenue, Bonifacio Global City, Taguig, Metro Manila — **1634**

8. Registrant's telephone number, including area code
(632) 8771-7800

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

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

Title of Each Class	Number of Shares and Amount of Debt Outstanding
Authorized Capital Stock:	2,000,000,000
No. of common shares issued and outstanding	1,547,935,799
No. of preferred shares issued and outstanding	-

11. Are any or all of these securities listed on the Philippine Stock Exchange.

Yes [X] No [ ]

12. Indicate by check mark whether the registrant:

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

    Yes [**X**] No [ ]

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

    Yes [**X**] No [ ]

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ROXAS HOLDINGS, INC.

ROXAS HOLDINGS, INC. AND SUBSIDIARIES

Unaudited Interim Condensed Consolidated Financial Statements
December 31, 2020 (With Comparative Audited Figures as at September 30, 2020)
and for the Three-Month Periods Ended December 31, 2020 and 2019

ROXAS HOLDINGS, INC. AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2020

(With Comparative Audited Balances as at September 30, 2020)

(Amounts in Thousands)

	Note	December 31, 2020 (Unaudited)	September 30, 2020 (Audited)
ASSETS			
Current Assets			
Cash and cash equivalents	3	**₱32,206**	₱888,597
Trade and other receivables	4	**867,040**	1,252,304
Inventories	5	**521,280**	442,965
Other current assets	6	**545,449**	194,012
		1,965,975	2,777,878
Noncurrent Assets			
Property, plant and equipment:	8		
At cost		**4,850,715**	4,912,445
At revalued amount		**4,541,024**	4,537,678
Investment properties	9	**301,948**	301,948
Retirement assets – net		**2,958**	2,958
Other noncurrent assets		**1,487,113**	1,494,439
		11,183,758	11,249,468
		₱13,149,733	₱14,027,346
LIABILITIES AND EQUITY			
Current Liabilities			
Short-term borrowings	10	**₱4,048,300**	₱5,369,550
Trade and other payables	12	**1,054,345**	1,587,787
Income tax payable		**5,177**	2,408
Lease liabilities - current portion		**2,420**	8,848
		5,110,242	6,968,593
Noncurrent Liabilities			
Long-term borrowings - net of current portion	11	**1,251,000**	1,000
Retirement liabilities -net		**372,660**	401,205
Deferred tax liabilities - net		**783,813**	783,813
Other noncurrent liabilities		**21,694**	22,570
		2,429,167	1,208,588
Total Liabilities		**7,539,409**	8,177,181

(Forward)

	Note	December 31, 2020 (Unaudited)	September 30, 2020 (Audited)
Equity Attributable to the Equity Holders of the Parent Company	13		
Capital stock		**₱1,565,579**	₱1,565,579
Additional paid-in capital		**2,842,183**	2,842,183
Treasury stock		**(52,290)**	(52,290)
Other equity items and reserves		**3,649,712**	3,649,712
Deficit		**(2,430,213)**	(2,191,115)
		5,574,971	5,814,069
Non-controlling interests		**35,353**	36,096
		5,610,324	5,850,165
		₱13,149,733	₱14,027,346

See accompanying Notes to Consolidated Financial Statements.

ROXAS HOLDINGS, INC. AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF INCOME FOR THE THREE-MONTH PERIODS ENDED DECEMBER 31, 2020 AND 2019

(Amounts in Thousands, except Basic and Diluted Earnings per Share Data)

	Notes	Three-Month Period October 1 to December 31 (Unaudited) 2020	2019 (As restated)
CONTINUING OPERATIONS			
REVENUE FROM CONTRACTS WITH CUSTOMERS	14	₱351,973	₱1,114,686
COST OF SALES	15	(341,123)	(1,090,837)
GROSS INCOME		10,850	23,849
OPERATING EXPENSES	16	(171,872)	(165,441)
INTEREST EXPENSE	9	(89,191)	(94,434)
OTHER INCOME – Net	18	10,403	15,463
LOSS BEFORE INCOME TAX		(239,810)	(220,563)
INCOME TAX BENEFIT (EXPENSE)		(31)	(1,422)
LOSS FROM CONTINUING OPERATIONS		(239,841)	(221,985)
NET INCOME FROM DISCONTINUED OPERATIONS		–	186,462
NET LOSS		(₱239,841)	(₱35,523)
Net loss attributable to:			
Equity holders of the Parent Company		(₱239,098)	(₱33,887)
Non-controlling interests		(743)	(1,636)
		(₱239,841)	(₱35,523)
LOSS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY			
Basic		(₱0.15)	(₱0.02)
Diluted		(0.15)	(0.02)

See accompanying Notes to Consolidated Financial Statements.

ROXAS HOLDINGS, INC. AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE THREE-MONTH PERIODS ENDED DECEMBER 31, 2020 AND 2019

(Amounts in Thousands)

	Three-Month Period October 1 to December 31 (Unaudited)	
	2020	2019 (As restated)
NET LOSS	**(₱239,841)**	(₱35,523)
OTHER COMPREHENSIVE INCOME (LOSS)		
Appraisal increase on land, net of tax	–	10,812
Deferred tax asset on retirement actuarial losses	–	9,057
Share in remeasurement loss on retirement liability of an associate, net of tax	–	(5,335)
TOTAL COMPREHENSIVE LOSS	**(₱239,841)**	(₱20,989)
Total comprehensive loss attributable to:		
Equity holders of the Parent Company	**(₱239,098)**	(₱20,072)
Non-controlling interests	**(743)**	(917)
	(₱239,841)	(₱20,989)

See accompanying Notes to Financial Statements.

ROXAS HOLDINGS, INC. AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE THREE-MONTH PERIODS ENDED DECEMBER 31, 2020 AND 2019

(Amounts in Thousands)

	December 31, 2020 (Unaudited)	December 31, 2019 (Unaudited)
CAPITAL STOCK	**₱1,565,579**	₱1,565,579
ADDITIONAL PAID-IN CAPITAL	**2,842,183**	2,842,183
TREASURY STOCK	**(52,290)**	(52,290)
REVALUATION INCREMENT ON LAND UNDER ASSETS HELD FOR SALE	–	2,806,661
OTHER EQUITY RESERVES		
Beginning balance	**3,649,712**	1,049,889
Reclassification of investment in associate's other comprehensive income to profit and loss	–	(272,600)
Appraisal increase on land, net of tax	–	10,093
Deferred tax asset on retirement actuarial losses	–	9,057
Share in remeasurement loss on retirement liability of an associate, net of tax	–	(5,335)
	3,649,712	791,104
RETAINED EARNINGS (DEFICIT)		
Beginning balance	**(2,191,115)**	897,392
Net loss attributable to equity holders of the Parent Company	**(239,098)**	(33,887)
Reclassification of investment in associate's other comprehensive income to profit and loss	–	272,600
	(2,430,213)	1,136,105
NON-CONTROLLING INTERESTS		
Beginning balance	**36,096**	54,921
Loss attributable to non-controlling interests	**(743)**	(1,636)
Appraisal increase on land, net of tax	–	719
	35,353	54,004
TOTAL EQUITY	**₱5,610,324**	₱9,143,346

See accompanying Notes to Consolidated Financial Statements.

ROXAS HOLDINGS, INC. AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE-MONTH PERIODS ENDED
DECEMBER 31, 2020 AND 2019
(Amounts in Thousands)

	December 31, 2020 (Unaudited)	December 31, 2019 (Unaudited, As restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax from continuing operations	(₱239,810)	(₱220,563)
Income before income tax from discontinued operations	–	186,496
Adjustments for:		
Interest expense	89,191	164,610
Depreciation and amortization	50,342	180,290
Retirement expense	21,966	15,322
Interest income	(102)	(1,311)
Gain on sale of investment in associate	–	(247,491)
Unrealized fair value gain on investment properties	–	(9,005)
Share in net earnings of associate	–	(2,193)
Operating income (loss) before changes in working capital	(78,413)	66,155
Decrease (increase) in:		
Trade and other receivables	385,264	407,996
Inventories	(78,315)	(42,401)
Other current assets	(351,719)	(251,785)
Increase (decrease) in trade and other payables	(440,257)	99,545
Net cash generated from (used in) operating activities	(563,440)	279,510
Retirement benefits paid	(50,511)	–
Income taxes paid	(20)	(1,455)
Interest received	102	1,308
Net cash flows provided by (used in) operating activities	(613,869)	279,363
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(55,626)	(90,844)
Proceeds from sale of investment in associate	–	859,994
Proceeds from dividends received	–	40,255
Decrease (increase) in other noncurrent assets	889	(23,155)
Net cash flows provided by (used in) investing activities	(54,737)	786,250
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of:		
Interest	(111,556)	(170,884)
Principal portion of lease liabilities	(4,979)	–
Long-term borrowings	–	(865,942)
Net payments of short-term borrowings	(71,250)	–
Net cash flows used in financing activities	(187,785)	(1,036,826)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(856,391)	28,787
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	888,597	438,268
CASH AND CASH EQUIVALENTS AT END OF PERIOD	₱32,206	₱467,055

See accompanying Notes to Financial Statements.

1. Corporate Information

Roxas Holdings, Inc. (RHI or the Parent Company), doing business under the name and style of CADP Group, was organized in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on October 30, 1930 for the purpose of operating mill and refinery facilities to manufacture sugar and allied products.

In July 1996, the Parent Company offered its shares to the public through an initial public offering. On August 8, 1996, the shares of stock of the Parent Company were listed in the Philippine Stock Exchange (PSE).

On February 1, 2017, the Board of Directors (BOD) approved the issuance of convertible debt securities amounting to ₱523,750,000 to FPNRH, convertible to 125,000,000 million common shares of RHI at the option of the holder and bears annual interest at 3%.

On February 15, 2017, the shareholders approved the amendment of the Parent Company's articles of incorporation to increase the authorized capital stock from ₱1,500,000,000 to ₱2,000,000,000 divided into 2,000,000,000 with par value of ₱1.00 per share. On the same day, the shareholders approved the subsequent application of the convertible note as subscription to 125,000,000 common shares arising from the increase in authorized capital stock at a conversion rate of ₱4.19 for every common share.

On July 14, 2017, the SEC approved the Parent Company's application for increase in authorized capital stock using the convertible debt securities as payment for subscription. Accordingly, FPNRH interest on the Parent Company increased from 27% to 32%.

The corporate office of the Parent Company is located at the 14th Floor, Net One Center, 26th cor. 3rd Avenue, Bonifacio Global City, Taguig, Metro Manila while the manufacturing plants of its operating subsidiaries are in Barrio Lumbangan, Nasugbu, Batangas and San Carlos Ecozone, San Carlos City, Negros Occidental.

The interim condensed consolidated financial statements of the Parent Company and its subsidiaries (collectively, the Group) for the three-month period ended December 31, 2020 were authorized for issue in accordance with a resolution of the Board of Directors on February 4, 2021.

2. Basis of Preparation and Basis of Consolidation

Basis of Preparation

The consolidated financial statements of the Group have been prepared on a historical cost basis, except for land and investment properties that are measured at fair value. The consolidated financial statements have been presented in Philippine Peso, which is the functional currency of the Group. All amounts are rounded to the nearest thousands, except for number of shares and unless otherwise indicated.

The interim condensed financial statements have been prepared in accordance with Philippine Accounting Standards (PAS) 34, Interim Financial Reporting.

The unaudited interim condensed financial statements do not include all the information and disclosures required in the annual audited financial statements and should be read in conjunction with the Company's annual audited financial statements as at and for the year ended September 30, 2020, which have been prepared in accordance with Philippine Financial Reporting Standards (PFRS).

Adoption of New and Revised PFRS
The Group adopted the following amendments and improvements to PFRS effective October 1, 2020 as summarized below.

Effective beginning on or after January 1, 2020 (October 1, 2020 for the Group)

- Amendments to PFRS 3, *Definition of a Business*

  The amendments to PFRS 3 clarify the minimum requirements to be a business, remove the assessment of a market participant's ability to replace missing elements, and narrow the definition of outputs. The amendments also add guidance to assess whether an acquired process is substantive and add illustrative examples. An optional fair value concentration test is introduced which permits a simplified assessment of whether an acquired set of activities and assets is not a business.

  An entity applies those amendments prospectively for annual reporting periods beginning on or after January 1, 2020, with earlier application permitted.

  These amendments will apply on future business combinations of the Group.

- Amendments to PAS 1, *Presentation of Financial Statements*, and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors, Definition of Material*

  The amendments refine the definition of material in PAS 1 and align the definitions used across PFRSs and other pronouncements. They are intended to improve the understanding of the existing requirements rather than to significantly impact an entity's materiality judgements.

  An entity applies those amendments prospectively for annual reporting periods beginning on or after January 1, 2020, with earlier application permitted.

Standards Issued but not yet Effective
Pronouncements issued but not yet effective are listed on the next page. The Group does not expect that the future adoption of the said pronouncements will have a significant impact on its interim consolidated financial statements unless otherwise indicated. The Group intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2021 (October 1, 2021 for the Group)

- PFRS 17, *Insurance Contracts*

  PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

PFRS 17 is effective for reporting periods beginning on or after January 1, 2021, with comparative figures required. Early application is permitted.

Deferred effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

  The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

  On January 13, 2016, the Financial Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the International Accounting Standards Board (IASB) completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

Basis of Consolidation

The consolidated financial statements include the financial statements of the Parent Company and its subsidiaries, which it controls as at September 30 of each year. The Parent Company has control over the investee when the Parent Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Presented on the next page is the list of the subsidiaries.

	Percentage of Ownership		Noncontrolling Interest		Nature of Business	Principal Place of Business
	2020	2019	2020	2019		
Central Azucarera Don Pedro, Inc. (CADPI)	**100.00%**	100.00%	**–**	–	Production and selling of raw and refined sugar, molasses and related products	Taguig City and Nasugbu, Batangas
Central Azucarera de la Carlota, Inc. (CACI)	**100.00%**	100.00%	**–**	–	Production and selling of raw sugar and molasses	Taguig City and Negros Occidental
CADP Insurance Agency, Inc. (CIAI)	**100.00%**	100.00%	**–**	–	Insurance agency	Makati City
Roxol Bioenergy Corp. (RBC)	**100.00%**	100.00%	**–**	–	Production and selling of bioethanol fuel and trading of goods such as sugar and related products	Negros Occidental
CADP Port Services, Inc. (CPSI)	**100.00%**	100.00%	**–**	–	Providing ancillary services	Makati City
RHI Agri-Business Development Corporation (RABDC)	**100.00%**	100.00%	**–**	–	Agricultural business	Makati City
Roxas Pacific Bioenergy Corporation (RPBC)	**100.00%**	100.00%	**–**	–	Holding company for bioethanol investments	Negros Occidental
RHI Pacific Commercial Corp. (RHIPCC) [1]	**100.00%**	100.00%	**–**	–	Selling arm of products of RHI Group	Makati City
San Carlos Bioenergy, Inc. (SCBI) [2]	**93.35%**	93.35%	**6.65%**	6.65%	Production and selling of bioethanol fuel	Negros Occidental
Najalin Agri Ventures, Inc. (NAVI)	**–**	95.82%	**–**	4.18%	Agricultural and industrial development	Negros Occidental
Roxas Power Corporation (RPC)	**50.00%**	50.00%	**50.00%**	50.00%	Sale of electricity	Nasugbu, Batangas
Northeastern Port Storage Corporation (NPSC) [3]	**100.00%**	100.00%	**–**	–	Owning the depot and storage facilities used by SCBI	Negros Occidental

[1] *As at September 30, 2020, RHIPCC has not yet started commercial operations*
[2] *Acquired in April 2015 through RPBC)*
[3] *Indirect ownership through RPBC*

Non-controlling interests represent the portion of profit or loss and net assets of RPC and SCBI (NAVI in 2019) not held by the Group, directly or indirectly, and are presented separately in the consolidated statement of comprehensive income and within the equity section of the consolidated statement of financial position and consolidated statement of changes in equity, separately from the Parent Company's equity. Total comprehensive income is attributed to the portion held by the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit.

3. Cash and Cash Equivalents

This account consists of:

	December 31, 2020 (Unaudited)	September 30, 2020 (Audited)
Cash on hand	**₱410**	₱410
Cash in banks and cash equivalents	**31,796**	888,187
	₱32,206	₱888,597

Cash in banks earn interest at the respective bank deposit rates.

4. Trade and Other Receivables

This account consists of:

	December 31, 2020 (Unaudited)	September 30, 2020 (Audited)
Trade	₱807,205	₱1,175,836
Due from:		
Planters and cane haulers	86,449	97,492
Employees	25,384	30,872
Others	78,798	78,900
	997,836	1,383,100
Allowance for impairment losses	(130,796)	(130,796)
	₱867,040	₱1,252,304

5. Inventories

This account consists of:

	December 31, 2020 (Unaudited)	September 30, 2020 (Audited)
At NRV:		
Alcohol	₱90,579	₱3,845
Materials and supplies	359,582	285,086
Molasses	25,328	58,025
At cost:		
Refined sugar	16,386	70,929
Raw sugar	717	–
Others	28,688	25,080
	₱521,280	₱442,965

Cost of inventories valued at NRV is shown below:

	December 31, 2020 (Unaudited)	September 30, 2020 (Audited)
Alcohol	₱90,874	₱37,922
Materials and supplies	378,663	304,166
Molasses	28,584	78,118
	₱498,121	₱420,206

6. Other Current Assets

This account consists of:

	December 31, 2020 (Unaudited)	September 30, 2020 (Audited)
Input VAT	₱71,035	₱58,683
Advances to suppliers	164,058	75,419
Prepayments	36,878	35,797
Refundable deposits	12,412	12,412
Deferred milling costs	261,066	11,701
	₱545,449	₱194,012

Input VAT, which includes deferred input VAT, mainly arises from purchases of capital goods and services for operations.

7. Discontinued Operations

On May 23, 2018, the Group entered into an Asset Purchase Agreement with a buyer for the sale of the Group's sugar milling and refining operations in Batangas. The consummation of the Proposed Sale Transaction was subject to the parties being able to secure the requisite regulatory approvals, corporate approvals, and other third party consents. On February 12, 2019, the PCC issued a decision disapproving the Proposed Sale Transaction. Nonetheless, the Group remained committed to sell the assets in Batangas and was negotiating with a prospective buyer as of September 30, 2019. The Group has assessed that the subject assets are available for immediate sale in their present condition and sale is highly probable as of September 30, 2019.

However, as of September 30, 2020, the criteria for classification as held for sale are no longer met; thus, the assets are removed from this classification. The Group's sugar milling and refinery operations in Batangas are measured at carrying amounts before the assets are classified as held for sale as adjusted for any depreciation, amortization or revaluation that would have been recognized if had not been so classified. The assets' total carrying amount is lower than the recoverable amount at the date of the subsequent decision not to sell.

On September 18, 2020, the BOD approved the sale of the Group's sugar mill and ethanol plant in La Carlota City, Negros Occidental and RHI's investment properties consisting of shares in NAVI (the "Sale Transaction") to URC. Under the terms of the Sale Transaction, URC will acquire all buildings, improvements, machineries and equipment, laboratory equipment, as well as the land on which these plant and buildings are located and investment properties that are necessary for the continuing operations of the mill and ethanol plant. On September 30, 2020, the parties proceeded to close the Sale Transaction, with the signing and delivery of the definitive sale agreements as well as performance of all conditions necessary for the closing of the transaction. The sale of the mill and ethanol plant located at La Carlota City, Negros Occidental represents a disposal of a separate geographical area of operations of the Group hence, the consolidated statements of income present its results of operations as discontinued operations and are no longer presented as part of sugar and alcohol operating segments disclosure in Note 20.

As a result of the preceding circumstances, results of operations presented in the consolidated statements of income and the corresponding notes to the financial statements in 2019 were restated to reflect continuing operations of CADPI and exclude from continuing operations the discontinued operations of CACI, RBC and NAVI.

The results of operations of the Group's sugar milling and distillery operations in La Carlota City, Negros Occidental as of December 31, 2019 is shown in the table below:

Revenue from contracts with customers	₱1,067,507
Cost of sales and services	(1,020,879)
Gross income	46,628
Operating expenses	(62,470)
Interest expense	(68,895)
Other income	271,233
Income before income tax	186,496
Income tax benefit	(34)
Net income from discontinued operations	₱186,462

The Parent Company had 45.09% ownership interest in HP Co., an entity incorporated in the Philippines, which is engaged in manufacturing and trading of raw and refined sugar, molasses and other sugar by-products.

Movements in investment in an associate are as follows:

	Note	2019
Acquisition cost		₱127,933
Accumulated share in net earnings:		
Balance at beginning of year		258,117
Dividends declared		(49,419)
Share in net earnings		41,333
Balance at end of the year		250,031
Cumulative share on remeasurement loss on retirement liability:	18	
Balance at beginning of year		(7,665)
Share in remeasurement gain		–
Balance at end of the year		(7,665)
Share in revaluation increment of land:	18	
Balance at beginning of year		264,305
Share in revaluation increment		21,295
Balance at end of the year		285,600
Reclassification to assets held for sale		(655,899)
		₱–

On August 1, 2019, the BOD authorized the evaluation and negotiation of terms and conditions of the sale of investment in HP Co. comprising of 28,549,365 common shares. Accordingly, such investment has been classified as part of assets held for sale as of September 30, 2019. On November 5, 2019, the said shares of stock held as an investment were sold at a higher price than the investment's carrying amount.

Cash dividends declared by HP Co. are as follows:

Date Approved	Amount per Share	Total Amount	Stockholders of Record Date	Date Paid
May 30, 2019	0.50	7,664	May 31, 2019	June 20, 2019
February 7, 2019	1.61	101,939	February 28, 2019	April 11, 2019
March 1, 2018	2.74	173,528	February 28, 2018	April 12, 2018
February 10, 2017	3.85	243,768	February 28, 2017	April 6, 2017
September 29, 2016	3.59	227,306	October 31, 2016	November 10, 2016

Dividends declared attributable to the Parent Company amounted to ₱40.3 million in 2020.

Summarized financial information of HP Co. are as follows:

	2019
Current assets	₱790,431
Noncurrent assets	1,923,293
Current liabilities	(1,034,890)
Noncurrent liabilities	(256,596)
Net assets	1,422,238
Revenue	1,943,337
Net income	₱91,668

8. Property, Plant and Equipment

Acquisitions and disposals

During the three months ended December 31, 2020, the Group acquired assets amounting to ₱50.3 million excluding property under construction.

The Group also started several capital expenditures. The projects with carrying amount of ₱72.3 million are expected to be completed within a year.

Certain property, plant and equipment with a carrying amount of ₱6,786.1 million were mortgaged and used as collateral to secure the loan obligations with the local banks (see Note 11).

9. Short-term Borrowings

This account consists of unsecured short-term loans obtained from various local banks for working capital requirements of the Group. The short-term borrowings are payable within 30 to 90 days and bear interest ranging from 6.25% to 8.00% for the periods ended December 31, 2020 and September 30, 2020.

Total interest expense arising from short-term borrowings amounted to ₱88.8 million and ₱163.3 million for the three-month periods ended December 31, 2020 and 2019, respectively.

On September 23, 2020, the Company sent letter request to the major creditor banks for the proposed term out of outstanding short term loans amounting to ₱4,375 million. As of December 22, 2020, the conversion of ₱1,250.0 million to a 7-year term loan facility was approved (see Note 10).

As of December 31, 2020, the Banks are currently performing credit review and securing approval on the remaining term out requests.

10. Long-term Borrowings

The Group obtained various loans from local banks. Total outstanding payable arising from loan agreements are as follows:

			Outstanding Balance	
Facility	Terms	Collateral	December 31, 2020	September 30, 2020
₱1,250.0 million dated December 22, 2020	Quarterly principal repayment amounting to ₱32.9 million starting March 2023 until September 2029 and a lump sum payment of the remaining balance on December 22, 2029 and bears fixed interest of 6.50% subject to repricing thereafter	Mortgage Trust Indenture (MTI)	₱1,250,000	₱–
₱2,645.0 million dated August 5, 2014	Payable in equal quarterly amortization for seven years beginning November 2016 and bears fixed interest of 4.50% for three years subject to repricing thereafter	Suretyship agreement and MTI	1,000	1,000
Noncurrent portion			₱1,251,000	₱1,000

Suretyship Agreement and Mortgage Trust Indenture
The Group entered into various suretyship agreements and MTI with local bank creditors that secure the Group's obligations in solidarity against all the properties of RHI, CADPI, CACI and RBC. Property, plant and equipment with a carrying amount of ₱6,786.1 million were mortgaged and used as collateral to secure the loan obligations with the local bank creditors.

Loan Covenants
The foregoing loan agreements, except for the Omnibus Loan and Security Agreement (OLSA) dated December 21, 2006, are subject to certain covenants, such as but not limited to:

- maintenance of debt service coverage ratio (DSCR) of at least 1.25 times and debt-to-equity ratio of not more than 70:30;
- prohibition on purchase of additional equipment, except in pursuance of its sugar expansion and ethanol project, unless the required financial ratios are maintained;
- prohibition on any material change in ownership or control of its business or capital stock or in the composition of its top level management, and
- prohibition on declaration or payment of dividends or any other capital or other asset distribution to its stockholders, unless the required financial ratios are maintained.

The Group is required to maintain a maximum debt-to-equity ratio of 2.33:1 and minimum DSCR of 1.25:1 by its creditor banks.

As of September 30, 2020, the Group prepaid its outstanding long-term borrowings amounting to ₱2,721.5 million.

The maturities of the long-term borrowings are as follows:

	December 31, 2020 (Unaudited)	September 30, 2020 (Audited)
Between two to three years	₱131,560	₱–
Between three to five years	264,120	1,000
Between five to seven years	855,320	–
	₱1,251,000	₱1,000

11. Trade and Other Payables

This account consists of:

	December 31, 2020 (Unaudited)	September 30, 2020 (Audited)
Trade	₱429,760	₱876,308
Accruals for:		
Sugar and molasses purchase	47,194	365
Services	36,253	43,494
Taxes	15,283	35,952
Interest	10,050	12,298
Utilities	9,872	10,281
Construction in progress	6,553	6,553
Others	7,729	28,704
Due to:		
Related parties	84,164	–
Planters	50,936	22,928
Contract liabilities	105,664	11,707
Provision for probable loss	97,253	122,253
Payable to government agencies for taxes and statutory contributions	11,501	275,335
Others	142,133	141,609
	₱1,054,345	₱1,587,787

12. Equity

Details of capital stock and treasury stock follow:

	December 31, 2020 (Unaudited)		September 30, 2020 (Audited)	
	Number of Shares	Amount *(in Thousands)*	Number of Shares	Amount *(in Thousands)*
Authorized – common shares "Class A" at ₱1.0 par value	2,000,000,000	₱2,000,000	2,000,000,000	₱2,000,000
Issued common shares "Class A"	1,564,599,146	₱1,564,599	1,564,599,146	₱1,564,599
Treasury stock	(17,643,480)	(52,290)	(17,643,480)	(52,290)
Issued and outstanding	1,547,935,799	₱1,513,289	1,547,935,799	₱1,513,289

On July 14, 2017, the Parent Company's application for increase in authorized capital stock was approved by SEC. On November 9, 2017, the PSE approved the listing of these newly subscribed 125,000,000 common shares.

13. Related Party Transactions and Balances

In the normal course of business, the Group has transactions with related parties as follows:

a. The Group made advances to RHIRFI, CADPIRFI and CACIRFI for a portion of the retirement payments made to the Group's qualified retired employees under defined benefit plan. Advances to RHIRFI, CADPRFI and CACIRFI are included in "Trade and other receivables" account.

b. Due to related parties, which are presented as part of "Trade and other payables" account, represents noninterest-bearing payable arising from advances and rent of office space from CADPRFI.

Outstanding balances of transactions with related parties are unsecured and settlements are made in cash. The Group did not recognize any provision for impairment for the three-month periods ended December 31, 2020 and 2019. This assessment is undertaken each reporting period by reviewing the financial position of the related party and the market in which the related party operates.

14. Revenue from Contracts with Customers

The components of revenue are as follows:

	December 31, 2020 (Unaudited)	December 31, 2019 (Unaudited)
Sale of goods:		
Alcohol	**₱236,758**	₱226,806
Refined sugar	**105,004**	456,745
Molasses	**3,292**	12,518
Carbon dioxide	**1,183**	1,183
Raw sugar	**–**	412,997
	346,237	1,110,249
Sale of services:		
Power	**4,532**	2,121
Farm services	**1,204**	2,316
	5,736	4,437
	₱351,973	₱1,114,686

15. Cost of Sales

	December 31, 2020 (Unaudited)	December 31, 2019 (Unaudited)
Direct materials used	**₱189,354**	₱986,303
Fuel and oil	**43,902**	33,265
Depreciation and amortization	**34,383**	21,354
Planters' subsidy and productivity assistance	**28,851**	2,796
Personnel costs	**12,691**	14,075
Outside services	**12,057**	9,879
Communication, light and water	**4,708**	8,157
Others	**15,177**	15,008
	₱341,123	₱1,090,837

16. Operating Expenses

	December 31, 2020 (Unaudited)	December 31, 2019 (Unaudited)
General and administrative expenses	**₱168,093**	₱155,481
Selling expenses	**3,779**	9,960
	₱171,872	₱165,441

General and Administrative Expenses

The components of general and administrative expenses are as follows:

	December 31, 2020 (Unaudited)	December 31, 2019 (Unaudited)
Personnel costs	**₱117,015**	₱91,361
Taxes and licenses	**5,092**	10,875
Outside services	**9,344**	15,140
Depreciation and amortization	**15,959**	11,458
Professional fees	**2,975**	3,624
Communication, light and water	**3,183**	3,539
Transportation and travel	**890**	2,897
Others	**13,635**	16,587
	₱168,093	₱155,481

Others mainly pertain to cost incurred for organizational activities, corporate social responsibility, office supplies among others.

Selling expenses mainly pertains to sugar liens and dues, delivery charges and monitoring fees paid to various regulatory agencies prior to sale of sugar.

17. Personnel Costs

The amount of personnel costs are allocated as follows:

	December 31, 2020 (Unaudited)	December 31, 2019 (Unaudited)
Costs of goods sold	₱12,691	₱14,075
General and administrative expenses	117,015	91,361
	₱129,706	₱105,436

18. Other Income (Expense) - Net

This account consists of:

	December 31, 2020 (Unaudited)	December 31, 2019 (Unaudited)
Rent income	₱102	₱435
Interest income	102	1,145
Unrealized fair value gain	–	9,005
Others	10,199	4,878
	₱10,403	₱15,463

19. Financial Instruments

Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise of cash in banks, trade and other receivables, and trade and other payables, which arise directly from its operations, and short and long-term borrowings. The Group has other financial instruments such as dividends payable.

The main risks arising from the Group's financial instruments are liquidity risk, credit risk and interest rate risk. The Group monitors the market price risk arising from all financial instruments. The Group's operations are also exposed to commodity price risk, particularly from sugar prices. Risk management is carried out by senior management under the guidance and direction of the BOD of the Parent Company.

Liquidity risk

Liquidity risk arises from the possibility that the Group may encounter difficulties in raising funds to meet maturing obligations.

The Group's objective is to maintain sufficient cash and cash in banks and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the business, the Group aims to maintain flexibility in funding by keeping track of daily cash flows and maintaining committed credit lines available.

The tables below summarize the maturity profile of the Group's financial liabilities based on contractual undiscounted payments and the related financial assets used for liquidity management.

December 31, 2020					
	On demand	Less than one year	Over 1 year but less than 2 year	Over 2 year	Total
Financial assets:					
Cash and cash equivalents	₱32,206	₱–	₱–	₱–	₱32,206
Trade receivables***	245,902	499,257	–	–	745,159
Due from employees***	23,170	–	–	–	23,170
Other receivables***	67,736	–	–	–	67,736
	369,014	499,257	–	–	868,271
Financial liabilities					
Trade and other payables**	553,264	392,327	–	–	945,591
Short-term borrowings*	–	4,311,440	–	–	4,311,440
Noncurrent portion of long term borrowings*	–	75,065	75,065	1,403,993	1,554,123
	553,264	4,778,832	75,065	1,403,993	6,811,154
Liquidity gap******	(₱184,250)	(₱4,279,575)	(₱75,065)	(₱1,403,993)	(₱5,942,883)

*Includes expected future interest payments for short-term and long-term borrowings amounting to ₱263.1 million and ₱303.1 million, respectively.
** Excludes payables to government agencies amounting to ₱11.5 million and provision for losses amounting to ₱97.2 million.
***Net of related allowances for impairment losses totaling ₱75.3 million.
****Liquidity position is expected to improve within the next 12 months as the Group is continuously in coordination with respective banks for the refinancing of short-term obligations for a minimum period of at least 7 years after December 31, 2020 (see Notes 1 and 9)

September 30, 2020					
	On demand	Less than one year	Over 1 year but less than 2 year	Over 2 year	Total
Financial assets:					
Cash and cash equivalents	₱888,597	₱–	₱–	₱–	₱888,597
Trade receivables***	371,009	742,780	–	–	1,113,789
Due from employees***	28,658	–	–	–	28,658
Other receivables***	67,838	–	–	–	67,838
	1,356,102	742,780	–	–	2,098,882
Financial liabilities					
Trade and other payables**	362,347	827,852	–	–	1,190,199
Short-term borrowings*	–	5,705,147	–	–	5,705,147
Noncurrent portion of long term borrowings*	–	–	–	1,173	1,173
	362,347	6,532,999	–	1,173	6,896,519
Liquidity position (gap)****	₱993,755	(₱5,790,219)	₱–	(₱1,173)	(₱4,797,637)

*Includes expected future interest payments for short-term and long-term borrowings amounting to ₱335.6 million and ₱0.1 million, respectively.
** Excludes payables to government agencies amounting to ₱283.9 million and provision for losses amounting to ₱122.2 million.
***Net of related allowances for impairment losses totaling ₱75.3 million.
****Liquidity position is expected to improve within the next 12 months as the Group is continuously in coordination with respective banks for the refinancing of short-term obligations for a minimum period of at least 7 years after September 30, 2020 (see Notes 1 and 9)

Credit risk

Credit risk is the risk that the Group incurs a loss because its customers, clients or counterparties failed to discharge their contractual obligation. To mitigate this risk, it is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures, which includes evaluation of the customers' financial standing and determination of allowable credit limit and credit terms. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry. The Group does not have significant concentrations of credit risk as the Group's customers and dealers are dispersed throughout the country.

To reduce the Group's exposure to bad debts, the Group took a conservative approach in its credit risk management. A policy has been developed to ensure that processes and risk-aversion are carefully observed to eliminate dealings with business entities that may pose collection issues in the future. This policy reinforces the Group's procedures for identifying and managing exposures to credit risk. Since the Group trades only with recognized third parties, there is no requirement for collateral.

With respect to credit risk arising from other financial assets of the Group which consist of cash, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. There are no collaterals or other credit enhancements held over these assets.

a. Risk concentrations of the maximum exposure to credit risk

   There is a significant concentration of credit risk within the Group given that the Group has limited creditors, stockholders and local banks.

   With respect to credit risk arising from the Group's financial assets, which comprise cash and receivables, the Group's exposure to credit risk arises from default of the counterparty with a maximum exposure equal to the carrying amount of these instruments.

b. As at December 31, 2020 and September 30, 2020, the analysis of financial assets follows:

	December 31, 2020			
	Neither Past Due nor Impaired	Past Due but not Impaired	ECL	Net of allowance for doubtful accounts
Loans and receivables:				
Cash and cash equivalents*	₱31,796	₱–	₱–	₱31,796
Trade and other receivables				
Trade receivables	538,486	268,719	(62,046)	745,159
Due from employees	23,170	2,214	(2,214)	23,170
Other receivables	–	78,798	(11,062)	67,736
Refundable deposits	12,413	–	–	12,413
	₱605,865	₱349,731	(75,322)	₱880,274

*Excluding cash on hand amounting to ₱0.4 million.

	September 30, 2020			
	Neither Past Due nor Impaired	Past Due but not Impaired	ECL	Net of allowance for doubtful accounts
Loans and receivables:				
Cash and cash equivalents*	₱888,187	₱–	₱–	₱888,187
Trade and other receivables				
Trade receivables	805,031	370,805	(62,046)	1,113,790
Due from employees	28,658	2,214	(2,214)	28,658
Other receivables	–	78,900	(11,062)	67,838
Refundable deposits	12,412	–	–	12,412
	₱1,734,288	₱451,919	(75,322)	₱2,110,885

*Excluding cash on hand amounting to 0.4 million.

The Group's neither past due nor impaired receivables are high grade receivables which, based on experience, are highly collectible and exposure to bad debt is not significant.
As at December 31, 2020 and September 30, 2020, the age of the entire Group's past due but not impaired receivables is over 60 days.

Trade Receivables

The Group uses a provision matrix to calculate ECL for trade receivables. The provision rates are determined based on the Group's historical observed default rates analyzed in accordance to days past due by grouping of customers based on customer type and channels. The Group adjusts historical default rates to forward-looking default rate by determining the closely related economic factors affecting each customer segment. At each reporting date, the observed historical default rates are updated and changes in the forward-looking estimates are analyzed.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix as of December 31, 2020 and September 30, 2020.

		December 31, 2020				
		Days past due				
	Current	<30 days	30-60 days	61 to 90 days	> 90 days	Total
Estimated credit loss rate	0%	8%	20%	32%	56%	8%
Estimated total gross carrying amount at default	₱695,915	₱86	₱3,645	₱1,575	₱105,984	₱807,205
Expected credit loss	1,390	7	722	501	59,426	62,046

		September 30, 2020				
		Days past due				
	Current	<30 days	30-60 days	61 to 90 days	> 90 days	Total
Estimated credit loss rate	0%	6%	14%	22%	38%	5%
Estimated total gross carrying amount at default	₱1,013,723	₱126	₱5,310	₱2,294	₱154,383	₱1,175,836
Expected credit loss	1,390	7	722	501	59,426	62,046

c. Impairment analysis

For cash and cash equivalents, the Group applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. It is the Group's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Group uses the ratings from the external credit rating agencies to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

For due from related parties, an impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by customer type or by payors). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, due from related parties are written-off if the account is at least one year past due and are deemed uncollectible after subjecting to all possible collection effort activities. No ECL was recognized on due from related parties as of June 30, 2020 and September 30, 2019.

Commodity price risk

The Group is exposed to commodity price risk from conventional physical sales and purchase of sugar managed through volume, timing and relationship strategies. The Group does not enter into commodity derivatives.

The Group's sales commitments are contracted at fixed prices, and thus have no impact on the consolidated cash flows in the next 12 months.

Interest rate risk

The primary source of the Group's interest rate risk relates to interest-bearing financial liabilities. The interest rates on these liabilities are disclosed in Notes 9 and 10.

The loans amounting to ₱1,250.0 million and ₱5,369.6 million as at December 31, 2020 and September 30, 2020, respectively, bear floating interest and expose the group to interest rate risk.

Interest on financial liabilities with fixed interest rate is fixed until the maturity of the instrument.

The other financial instruments of the Group are noninterest-bearing and are therefore not subject to interest rate risk.

Capital Management

The primary objective of the Group's capital management is to ensure that it maintains strong credit and healthy capital ratios in order to support its business and maximize shareholder value.

The Group's dividend declaration is dependent on availability of earnings and operating requirements. The Group manages its capital structure and makes adjustment to it, in light of changes in economic conditions. To maintain or adjust capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for the periods ended December 31, 2020 and September 30, 2020.

Management considers the total consolidated equity reflected in the consolidated statement of financial position as its capital. The Group monitors its use of capital using leverage ratios, specifically, debt-to-equity ratio. It also monitors its DSCR to ensure that there would be sufficient amount of cash flow available to meet annual interest and principal payments on debt.

Fair Values

The carrying amounts of the Group's financial assets and liabilities approximate their fair values due to their short-term nature or the interest rates that they carry approximate the interest rate on comparable instruments in the market. For the long term loans, these are subject to both fixed and floating rates.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments.

Cash and cash equivalents, trade receivables, due to and from related parties, due from employees, other receivables, trade and other payables, short-term borrowings, current portion of long-term borrowings and dividends payable. The carrying amounts of these instruments approximate fair values due to their short-term maturities.

Long-term borrowings. Fair values of long-term borrowings as at December 31, 2020 and September 30, 2020 were determined based on Level 2 in which the inputs are based on the discounted interest rate of the prevailing comparable instrument in the market.

20. Segment Reporting

The Group has two reportable segments: sugar and alcohol. The Group's sugar segment consists of four operating subsidiaries: CADPI, CACI, NAVI and RABDC that manufactures and sells raw and refined sugar, molasses and provides tolling and farm operations services. The alcohol segment consists of two operating subsidiaries: RBC and SCBI that manufactures and sells bioethanol fuel.

The Group has only one geographical segment as all of its assets are located in the Philippines. The Group operates and derives principally its revenue from domestic operations. Thus, geographical business information not required.

The Group's senior management regularly reviews the operating results of the business units to make decisions on resource allocation and assess performance. Segment revenue and segment expenses are measured in accordance with PFRS. The presentation and classification of segment revenue and segment expenses are consistent with the consolidated statements of income.

The following tables present information about the Group's operating segments:

	Three-Month Periods Ended December 31, 2020 (Unaudited)			
	Sugars	Alcohol	Eliminations	Consolidated
Revenue:				
External customers	₱109,500	₱242,473	₱–	₱351,973
Inter-segment	22,217	279	(22,496)	–
Cost of goods sold:				
Direct materials used	112,312	96,279	(19,237)	189,354
Planters' subsidy and productivity assistance	3,959	24,892	–	28,851
Depreciation and amortization	6,093	28,290	–	34,383
Fuel and oil	–	43,902	–	43,902
Interest expense	82,331	6,860	–	89,191
Segment profit (loss)	(229,150)	(10,691)	–	(239,841)

	Three-Month Periods Ended December 31, 2019 (Unaudited)			
	Sugar	Alcohol	Eliminations	Consolidated
Revenue:				
External customers	₱884,575	₱230,111	₱–	₱1,114,686
Inter-segment	97,838	527	(98,365)	–
Cost of goods sold:				
Direct materials used	927,201	153,116	(94,014)	986,303
Planters' subsidy and productivity assistance	–	2,796	–	2,796
Depreciation and amortization	5,067	16,287	–	21,354
Fuel and oil	–	33,265	–	33,265
Interest expense	87,092	7,342	–	94,434
Segment profit (loss)	16,979	(52,502)	–	(35,523)

21. Impact of COVID-19 Pandemic

The COVID-19 pandemic which broke out in early 2020 resulted to nationwide mandated lockdowns and negatively impacted the Philippine economy. While the sugar business units were not significantly impacted, the community quarantine imposed decreased demand for fuel that resulted to early plant shutdown of the Group's alcohol units. The Group also produced 70% alcohol which were sold and donated to help with the pandemic. As part of the Group's plans to support its working capital requirements, the Group is continuously in coordination with respective banks for the refinancing of short term obligations for a minimum period of 7 years as of December 31, 2020. Management has also been implementing plant efficiency and sustainability measures as well as cost cutting programs to improve results of operations.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

The following Management Discussion and Analysis should be read in connection with the submitted Unaudited Condensed Interim Consolidated Financial Statements as at and for three-month periods ended December 31, 2020 and 2019.

Financial Highlights and Key Performance Indicators

Amounts in Millions except Shares	**December 31, 2020 (Unaudited)**	September 30, 2020 (Audited)	Increase (Decrease) Amount	%
Balance Sheet				
Fixed assets	**₱9,694**	₱9,752	(58)	(1%)
Total assets	**13,150**	14,027	(877)	(6%)
Shareholders' equity	**5,610**	5,850	(240)	(4%)
Net debt [1]	**5,267**	4,482	785	18%
Equity ratio	**42.7%**	41.7%	1%	2%
Net debt as % of equity	**0.94x**	0.77x	0.17	20%
Shares				
Market capitalization	**2,802**	2,601	201	8%
Total shares issued	**1,548**	1,548	–	–
Closing price per share	**1.81**	1.68	0.13	8%

Amounts in Millions except Operational Data	**Three Months Ended December 31 (Unaudited)** 2020	2019 Continuing	2019 Discontinued	2019 Total	Increase (Decrease) Amount	%
Revenue and Earnings						
Revenue	**₱352**	₱1,115	₱1,067	₱2,182	(₱1,830)	(84%)
Gross profit	**11**	24	46	70	(59)	(85%)
Depreciation	**121**	46	103	149	(28)	(19%)
Operating expenses	**172**	165	63	228	(56)	(25%)
Interest expense	**89**	94	69	163	(74)	(45%)
Net income	**(240)**	(222)	186	(36)	(204)	(566%)
EBITDA	**(30)**	(81)	359	278	(308)	(111%)
EBITDA margin [2]	**(8%)**	(7%)	34%	13%	(21%)	(165%)
Return on equity	**(4.3%)**	(2.4%)	2.0%	(0.4%)	(3.9%)	(975%)
Income (loss) per share	**(0.15)**	(0.14)	0.12	(0.02)	(0.13)	(650%)
Cash Flow and Investments						
Cash flow provided by operations	**(614)**	940	(661)	279	(893)	(320%)
Investment in fixed assets	**56**	37	54	91	(35)	(39%)
Operational Data *(volume in thousands)*						
Tons cane milled	–	–	728	728	(728)	0%
Production:						
Raw sugar (Lkg)	–	–	1,289	1,289	(1,289)	0%
Ethanol (liters)	**5,656**	3,256	5,557	8,813	(3,157)	(36%)

(1) Net debt is derived by deducting cash and cash equivalents from total debt (short-term borrowings and long-term debt, including current portion).

(2) EBITDA margin for the period is measured as EBITDA divided by revenues.

The Group's financial performance is determined to a large extent by the following key results:

1. Raw sugar production – a principal determinant of consolidated revenues and is computed as the gross amount of raw sugar output of CADPI and CACI (in 2019) as consolidated subsidiaries.

2. Refined sugar production – the most important determinant of revenues and computed as the gross volume of refined sugar produced by the CADPI refinery both as direct sales to industrial customers and traders or as tolling manufacturing service, limited by production capacity and by the ability of the Group to market its services to both types of customers.

3. Ethanol production – a measure of ethanol production yield compared to unit and cost of input and is computed as ethanol produced (in liters) from each ton of molasses undergoing distillation and dehydration processes.

4. Earnings before interest, taxes, depreciation and amortization (EBITDA) – the measure for cash income from operations and computed as the difference between revenues and cost of sales and operating and other expenses, but excluding finance charges from loans, income taxes and adding back allowances for depreciation and other non-cash amortization.

5. Return on equity – denotes the capability of the Group to generate returns on the shareholders' funds computed as a percentage of net income to total equity.

Company Overview

Roxas Holdings, Inc. (RHI), a sugar and energy company, is the largest integrated sugar business and the biggest ethanol producer in the Philippines. The Company started operating as a sugar milling company in Nasugbu, Batangas in 1927 and was then known as Central Azucarera Don Pedro.

RHI has just re-organized its operations coming from the completion of the sale of its assets in La Carlota City in September 30, 2020 and sale of investment in November 2019.

The Company's subsidiaries include the following:

- Central Azucarera Don Pedro, Inc. (CADPI), located in Batangas, provides the refined sugar requirements of traders and industrial customers such as multinational food and beverage and pharmaceutical companies in Luzon.

- San Carlos Bioenergy, Inc. (SCBI), located at San Carlos Ecozone, Barangay Palampas and Punao, San Carlos City, Negros Occidental, operates integrated sugar mill and bioethanol distillery complex.

- RHI Agri-Business Development Corporation (RHIADC), located in Batangas City, manages and operates agricultural land and planting and cultivation of sugar cane and other farm products, has started commercial operations as at September 30, 2016.

Results of Operations

Revenues

	Three Months Ended December 31 (Unaudited)					
		2019			Increase (Decrease)	
Amounts In Millions	**2020**	Continuing	Discontinued	Total	Amount	%
Refined sugar	**₱105**	₱457	₱–	₱457	(₱352)	(77%)
Molasses	**3**	13	–	13	(10)	(76%)
Raw sugar	**–**	413	376	789	(789)	(100%)
Milling revenue	**–**	–	401	401	(401)	(100%)
	108	883	777	1,660	(1,552)	(93%)
Alcohol	**237**	227	290	517	(280)	(54%)
Others	**7**	5	–	5	2	40%
	₱352	₱1,115	₱1,067	₱2,182	(₱1,830)	(84%)

Consolidated revenues for the three months ended December 31, 2020 amounted to ₱352.0 million, ₱1,830.2 million or 84% lower than the ₱2,182.2 million consolidated revenues reported in the same period in 2019, primarily due to the sale of sugar mill and ethanol plant in La Carlota City, Negros Occidental and lower refined sugar inventory carryover from previous year. Milling operations in CADPI kicked off in mid-December 2020 while SCBI started its distillery operations in October 2020, after completing the off-season repairs and activities of the plants.

Sugar – Revenue from sugar operations decreased by ₱1,552.0 million or 93% against last year's revenue of ₱1,659.2 million due to decrease in volume sold and lower sugar prices. No raw sugar sales were recognized for the quarter ended December 31, 2020 compared to 538 Lkg sold during the same period last year. Refined sugar sales volume decreased by 178 Lkg or 76% versus last year's sales volume of 233 Lkg. Average selling price per Lkg of raw sugar amounted to ₱1,403 in 2020 and ₱1,466 in 2019 while refined sugar price decreased to ₱1,914 in current year from ₱1,963 in 2019.

Alcohol – Revenue from alcohol operations amounted to ₱243.7 million and ₱517.4 million in 2020 and 2019, respectively. The decrease of ₱273.7 million or 53% is due to lower volume sold in 2020 by 41%.

Other income – Other revenues pertains to sale of power and CO_2 of SCBI and sale of sugar cane and farm services of ADC.

Gross Profit

The gross profit of the Group's remaining business units for the three months ended December 31, 2020 amounting to ₱10.9 million is ₱13.0 million or 54% lower than the ₱23.9 million in 2019. The decrease in gross profit is attributable to very limited transactions for the period.

Sugar – The sugar operation's gross profit of ₱3.8 million is lower by ₱25.3 million from ₱29.1 million reported in the same period in 2019 due to lower inventory sales as a result of decreased inventory carryover from last year. Raw sugar production decreased from 1,289 million 50 lkg in 2019 to nil in 2020.

Alcohol – The gross profit of alcohol for the three months ended December 31, 2020 is ₱11.6 million higher from ₱4.5 million gross loss in the same period in 2019. Gross profit rate increased to 3% in 2020 from gross loss rate of 2% in 2019 due to lower manufacturing cost arising from decreased feedstock cost. Ethanol production for the three months ended December 31, 2020 increased by

2.4 million liters or 74% from 3.3 million liters production in 2019.

Operating Expenses

	Three Months Ended December 31 (Unaudited)				Increase (Decrease)	
		2019				
Amounts in Millions	2020	Continuing	Discontinued	Total	Amount	%
Salaries, wages and other employee benefits	₱117	₱91	₱22	₱113	₱4	4%
Taxes and licenses	5	11	13	24	(19)	(79%)
Outside services	9	14	16	30	(21)	(70%)
Depreciation and amortization	16	11	2	13	3	23%
Professional fees	3	4	1	5	(2)	(40%)
Communication, light and water	3	4	1	5	(2)	(40%)
Transportation and travel	1	3	1	4	(3)	(75%)
Selling expenses	4	10	1	11	(7)	(64%)
Others	14	17	5	23	(9)	(39%)
	₱172	₱165	₱62	₱228	(56)	(25%)

Consolidated operating expenses for the three months ended December 31, 2020 decreased by ₱56.0 million or 25% compared to the same period in 2019.

Interest
Interest expense amounted to ₱89.2 million for the three months ended December 31, 2020, which is 45% or ₱74.1 million lower than the ₱163.3 million reported in the same period in 2019, due to long-term loan payments made in 2020.

Share in Net Earnings of an Associate
Share in net earnings of an associate amounted to nil for the three months ended December 31, 2020, against ₱2.1 million reported in 2019, due to sale of investment in Hawaiian-Philippine Company.

Net Income
Consolidated net loss for the three months ended December 31, 2020 amounted to ₱239.8 million, which is ₱204.3 million lower than the ₱35.5 million net loss reported in the same period in 2019 after taking into consideration the ₱247.5 million nonrecurring gain from sale of investment in associate. Loss per share is ₱0.15 for the three months ended December 31, 2020.

EBITDA
Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) for the three months ended December 31, 2020 is lower by ₱307.7 million or 110% than ₱278.1 million reported in the same period in 2019.

Financial Condition

Consolidated total assets as at December 31, 2020 amounted to ₱13,149.7 million, which is ₱877.6 million lower than the ₱14,027.3 million as at September 30, 2020. Current assets decreased by ₱811.9 million from ₱2,777.9 million as at September 30, 2020 to ₱1,966.0 million as at December 31, 2020. Receivables decreased by ₱385.3 million while inventories increased by ₱78.3 million due to lower sales to customers in 2020.

During the three months ended December 31, 2020, the Group paid a total of ₱71.3 million worth of short term borrowings. The Group expects to finalize and complete the arrangement with major creditor banks to term out existing short-term loans within the next quarter.

Trade and other payables amounted to ₱1,054.3 million as at December 31, 2020, which is ₱533.4 million higher than ₱1,587.8 million as at September 30, 2020.

Off-Balance Sheet Arrangements

The Group is not aware of any material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships with unconsolidated entities or other persons created during the reporting period.

OTHER INFORMATION

1. New projects or investments in another project, line of business or corporation;
   None for the period.

2. Composition of Board of Directors;

Name	Position
PEDRO E. ROXAS	**Chairman**
MANUEL V. PANGILINAN	**Vice Chairman**
CELSO T. DIMARUCUT	**President and CEO**
CHRISTOPHER H. YOUNG	**Director**
RAY C. ESPINOSA	**Director**
ALEX ERLITO S. FIDER	**Director**
SANTIAGO T. GABIONZA, JR.	**Independent Director**
OSCAR J. HILADO	**Independent Director**
ARLYN S. VILLANUEVA	**Independent Director**

3. Performance of the corporation or result or progress of operations;

   See interim condensed consolidated financial statements and management's discussion and analysis of results of operations and financial conditions

4. Suspension of operations; **None for the period**

5. Declaration of dividends; **None for the period**

6. Contracts of merger, consolidation or joint venture; contract of management, licensing, marketing, distributorship, technical assistance or similar agreements; **None for the period**

7. Financing through loans; **None for the period**

8. Offering of rights, granting of Stock Options and corresponding plans therefore; **None for the period**

9. Acquisition of other capital assets or patents, formula or real estates; **None for the period**

10. Any other information, event or happening that may affect the market price of the Company's shares; **None for the period**

11. Transferring of assets, except in the normal course of business; **None for the period**

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Registrant

ROXAS HOLDINGS, INC.

Signature and Title:

ATTY. AIMEE E. PEDAYO
Asst. Corp. Secretary

VERONICA C. CORTEZ
VP – Finance and Administration

February 4, 2021

ROXAS HOLDINGS, INC. AND SUBSIDIARIES

ANNEX A. AGING OF TRADE AND OTHER RECEIVABLES
AS AT DECEMBER 31, 2020
(Amounts in Thousands)

		Past due but not impaired					
	Current	1-30 days	31-60 days	Over 60 days	Subtotal	Impaired	Total
Trade	₱695,915	₱86	₱3,645	₱45,513	₱49,244	₱62,046	₱807,205
Due from:							
Planters	30,975	–	–	–	–	55,474	86,449
Employees	23,170	–	–	–	–	2,214	25,384
Other receivables	–	–	–	67,736	67,736	11,062	78,798
	₱750,060	₱86	₱3,645	₱113,249	₱116,980	₱130,796	₱997,836

ROXAS HOLDINGS, INC. AND SUBSIDIARIES

ANNEX B. FINANCIAL SOUNDNESS INDICATORS
DECEMBER 31, 2020 AND 2019
(Amounts in Thousands)

		December 31	
		2020	2019
Current ratio	Current assets/Current liabilities	**0.38**	1.22
Debt to equity ratio	Total liabilities/Total equity	**1.34**	1.31
Asset to equity ratio	Total assets/Total equity	**2.34**	2.31
Return on assets	Net income/Total assets	**(1.82%)**	(0.17%)
Return on equity	Net income/Total equity	**(4.27%)**	(0.39%)
Book value per share	Total equity/Outstanding shares	**3.6**	5.9

Draft

MINUTES OF THE ANNUAL MEETING OF STOCKHOLDERS

ROXAS HOLDINGS, INC.

Held via Remote Communication and Electronic Voting in Absentia

June 4, 2020 at 10:00 o'clock a.m.

ATTENDANCE
(Via Remote Participation or Proxy)

Total Shares Issued and Outstanding	:	1,547,935, 799
Total Shares Present	:	**1,359,180,246**
Percentage Present	:	**87.81%**
* Shares present owned by Majority Shareholders (as a Group)	:	1,357,285,224
* Other shareholders	:	1,895,022

DIRECTORS PRESENT:
Mr. PEDRO E. ROXAS
Mr. MANUEL V. PANGILINAN
Mr. HUBERT D. TUBIO
Atty. RAY C. ESPINOSA (via teleconference)
Mr. CHRISTOPHER H. YOUNG (via teleconference)
Atty. ALEX ERLITO S. FIDER (via teleconference)
Mr. OSCAR J. HILADO (Independent Director) (via teleconference)
Ms. ARLYN S. VILLANUEVA (Independent Director) (via teleconference)
Atty. SANTIAGO T. GABIONZA (Independent Director) (via teleconference)

Also Present:
(*in person)*

Atty. Cynthia L. Dela Paz
Mr. Celso T. Dimarucut
Atty. Ma. Hazel L. Rabara-Retardo
Mr. Jaynel Sulangi
Ms. Roulee Jane F. Calayag
Atty. Aimee E. Pedayo
Mr. Aristeo Dela Rea
Ms. Rose Ann Robin

(via teleconference)

Mr. Vicente S. Perez
Mr. Arcadio S. Lozada, Jr.
Mr. Pilipino T. Cayetano
Mr. Jose B. Villanueva III
Mr. Julius G. Rugas
Mr. Frederick E. Reyes
Mr. Jose Manuel L. Mapa
Ms. Anna G. Yu
Ms. Daisy Perpetua A. Bo
Ms. Veronica C. Cortez

Mr. Jaypee V. Jimenez
Ms. Josephine M. Logrono
Ms. Jennifer Lim

I. CALL TO ORDER

The Chairman, Mr. Pedro E. Roxas (Mr. Roxas), called the meeting to Order while the Assistant Corporate Secretary, Atty. Ma. Hazel Rabara-Retardo (Atty. Retardo), recorded the minutes of the proceedings and facilitated the meeting held through remote communication.

II. CERTIFICATION OF QUORUM

The Corporate Secretary, Atty. Cynthia L. Dela Paz (Atty. Dela Paz), certified that the Notice of Meeting, Agenda and the Information Statement on SEC Form 20-IS were sent to all stockholders in accordance with the By-Laws of the Corporation and the Securities Regulation Code. She then certified that there are present in person or by proxy, stockholders representing approximately eighty-seven (87.00%) of the outstanding capital stock of the Corporation and, therefore, a quorum exists for the valid transaction of any business that may come before the meeting.

III. READING AND APPROVAL OF THE MINUTES OF THE PREVIOUS MEETING

On motion of the Management, the reading of the minutes of the annual meeting of stockholders of the Corporation held on April 30, 2019 was dispensed with and based on the tally of votes cast by the stockholders through electronic voting in absentia, by proxy ballot or by proxy, majority of the total voting shares represented, voted in favor of the approval of the Minutes of the annual meeting of the stockholders held on April 30, 2019.

IV. PRESENTATION AND APPROVAL OF THE ANNUAL REPORT

The Chairman's Report

The Chairman, Mr. Pedro E. Roxas, (Mr. Roxas) presented the highlights of the annual report to the stockholders.

"Dear Fellow Shareholders,

Our company, Roxas Holdings, Inc. (RHI), made tough but meaningful decisions in Crop Year 2018 to 2019 while facing multiple challenges from all sides.

The decisions, hard as they were, showed how resilient our company is – still standing through a year-long debate on whether to deregulate the centuries-old industry that supports about 700,000 Filipinos across the country.

RHI's bioethanol facilities kept going even when the prices of molasses swung to peak levels due to the strong demand for this feedstock.

Our Group also lined up resources behind initiatives to boost farm productivity by reaching out to farmers with our tractors and other farm machineries to address the pronounced shortage of farm labor while advancing our advocacy for technological innovations in agriculture.

Through all these challenges and more, RHI pressed on even when the odds were high – exemplifying its unique brand of resilience.

With the oversupply of sugar in the global markets, the financial challenges of majority of the sugar mills in India, and the prolonged drop in bioethanol prices particularly in the United States, combined with various local industry concerns in the past crop year, RHI is employing a more inclusive approach to sustainability.

This strategy entails us to be resilient at all times through a comprehensive evaluation of our potentials, and through agile and fast response to bring solution to any situation: be it at our five plants in Batangas and Negros Occidental, at the sugarcane farms or even at our offices.

In line with our continuing commitment to Sustainability, we consciously work at restoring benchmarks in tons cane milled and other industry metrics.

We fervently hope that these simple but consistent steps to promote sustainability will go a long way in helping the sugar industry get back to its feet.

With the Philippines' low sugar yield at 5.1 tons sugar per hectare compared to Thailand's, which is 22 percent more, local sugar millers and industry representatives need to work doubly hard.

Collective actions need to be done to ward off the impact of the four factors that threaten the sugar industry, namely: 1. high cost of production; 2. low yield for sugar, which inevitably results to low farm income; 3. the damaging effects of climate change; and 4. the worrying labor shortage due to an array of employment options through the government's infrastructure program and cash transfer program, as well as the boom in construction.

Our Group has blazed the trail to address the threats at the farm. Through farm mechanization, led by RHI Agri-business Development Corporation (RHI ADC), we envision yields per hectare to increase substantially over time. We also actively collaborate with other industry leaders to move our agenda to innovate farming in the Philippines.

Meanwhile, RHI and other industry stakeholders thank our lawmakers for supporting last November 2019 our plea to defer the deregulation of our industry. While we are uncertain on what the government's decision on the deferred proposal would be, it is imperative that the industry ensures that Philippine sugar mills become more efficient and that farm mechanization be rolled out extensively.

Let us seize the opportunity to turn things around while constantly promoting sustainability.

Last January 17, our subsidiary Central Azucarera de la Carlota, Inc. (CACI) marked its 100th year of operations. It is both humbling and encouraging to look back and see how CACI survived 10 decades marked by world war, tough times and challenging situations.

CACI's Centennial is a testament that the sugar industry can thrive whatever the situation and that it is crucial to save this industry that brings food to the table of thousands of Filipino families, particularly in the communities near our operations in Negros Occidental and Batangas.

Taking inspiration from the resilience of CACI, RHI is committed to make bigger strides in the next crop year.

Armed with the resilience and the dedication that everyone has shown through the past year, let us make things happen for RHI in Crop Year 2019 to 2020 – unhindered by obstacles that range from plant concerns, to farm challenges, and to national issues, such as the proposed deregulation of the sugar industry.

As we drive sustainability in all aspects of our operations as well as processes and remain resilient, we also actively pursue efforts to protect the environment.

The World Economic Forum, in its Global Risk Report, noted that the top global risks for 2020 involve environmental issues, such as extreme weather, climate action failure, natural disasters, biodiversity loss and man-made environmental disorders.

We have experienced the impact of climate change in our industry and we saw how much damage it wrought us through the years.

Given our experience, we urge and seek everyone's support in protecting the environment one step at a time.

We continue to count on you, our dear partners, in helping our subsidiaries in nurturing the environment as our Group continues to produce quality sugar and ethanol.

With this, we express our deep gratitude to the dedicated men and women who passionately guide the company in making better and wiser decisions.

To our stockholders, your trust in RHI means a lot. We bank on your continuing support as RHI embarks on a new journey.

To the members of our Board of Directors and Board of Advisors, thank you for supporting us with your valuable insights and bold leadership.

To our Management Team, we appreciate your commitment in supporting the company's operations and for driving initiatives aligned with our vision.

To our employees and staff, we are grateful for your hard work that will take us closer to the realization of our vision.

To our partners and other stakeholders, thank you for collaborating with us. Let us continue to create more opportunities.

We have made it through a tough year with resolve. We learned more lessons and we became even stronger. Let us work together for a new beginning.

Thank you."

The PCEO's Report

Mr. Hubert D. Tubio (Mr. Tubio) started his report by providing the highlights for Fiscal Year 2019.

"Dear Fellow Shareholders,

Retaining one's competitive advantage in the face of mounting challenges is a tall order but for our company, listed integrated sugar and ethanol producer Roxas Holdings, Inc. (RHI), it is what defines the Group.

For years, we have seen how the changing global weather conditions and other concomitant circumstances weighed down on the sugar industry, and consequently, on the ethanol industry as well.

But those factors did not deter RHI from forging ahead in Crop Year 2018 to 2019 as it faced a different set of issues, foremost of which was the proposed liberalization of the sugar industry.

As the debate on the proposal of government economic managers to deregulate the sugar industry dragged on for months, the anticipation over this scenario drove prices of sugar lower than expected.

Low sugar prices and a combination of low production volume for refined sugar, higher unit cost, and an increase in the cost of acquiring sugar canes pressed heavily on the Group's sugar unit while the alcohol segment experienced the impact of the high prices of molasses due to insufficient supply of the most in-demand feedstock.

But one of the biggest contributing factors to this year's results was the timing of the disapproval by the Philippine Competition Commission of the agreed asset sale transaction on Central Azucarera Don Pedro, Inc. (CADPI). It tremendously disrupted our sugar operating strategies, as well as our financial plans.

As a result, the Group also had to contend with higher interest cost as average interest rate rose to 6.82% per annum in 2019 from 4.49% per annum in 2018.

Considering all these, the Group reported a net loss of PhP1.9 billion including write-downs from a net income of PhP55 million for the same period in the previous year. RHI recognized non-recurring losses of PhP1.1 billion during the last quarter of the fiscal year due mainly to derecognition of certain deferred tax assets, as required by accounting standards.

However, Consolidated Revenues increased to PhP13.3 billion (including revenues from discontinued operations amounting to PhP6.3 billion) attributable to higher sales volume and price of alcohol, as well as milling revenues amounting to PhP1.5 billion recognized following the adoption of the Philippine Financial Reporting Standard (PFRS) 15 regarding "Revenue Recognition".

Rest assured that we are continuously seeking ways to reverse the trend as we work with our partners in addressing concerns through sustainable means. We will also continue finding solutions to de-risk our business.

In April 2019, when former Philippine President and previous House Speaker Gloria M. Arroyo, who is a staunch proponent of bioethanol, visited our subsidiary, San Carlos Bioenergy, Inc. (SCBI), we sought her intervention in coming up with possible remedies to the challenging supply of molasses in the country.

As by-product of sugar milling, molasses supply is affected by sugarcane production.

With the endorsement of then House Speaker Arroyo, the Visayas Development Oversight Committee convened to flesh out issues affecting ethanol producers. The Department of Energy and the Sugar Regulatory Administration (SRA) also met with ethanol producers on the

matter. The ethanol industry is awaiting the decision of the National Biofuels Board on the plea to allow for the importation of molasses with the ethanol produced from it for re-export.
We value the views of our various stakeholders and we constantly reach out in order to find a common ground in support of our vision for sustainable agriculture.

RHI coordinated with the SRA to address the pronounced shortage in sugarcane supply in the area covered by the Don Pedro Mill District Development Foundation in Tuy, Batangas, which led to a meeting with 500 stakeholders of the sugar industry in the province last August 8, 2019. The meeting served as venue for farmers and representatives of sugar mills to craft strategies to strengthen the sector.

Our organization's openness to tackle boldly the challenges that hamper growth echoes our deep-seated sense of resilience, which spurs us to see the bigger picture in the midst of a difficult period.

On this note, I wish to share that RHI upholds 11 of the 17 Sustainable Development Goals under the United Nations Development Program.

The Group's programs for sugar, ethanol and agribusiness units are intertwined and synchronized to bring RHI to a higher level at the end of Crop Year 2020.

We are setting our sights farther as we collaborate with more stakeholders and partners. We also explore new possibilities that will boost farm productivity and ensure smooth operations at the plants.

Alas, the new Crop Year is fraught with even more and greater challenges! Taal Volcano erupted on January 12, 2020, triggering supply chain disruptions to our CADPI operations in Batangas. And even worse, on March 16, 2020, a Quarantine against the Corona Virus 19 infection was implemented in NCR and other parts of the Philippines – totally affecting businesses, up to the present. This is now for survival – both for businesses and human lives, the reason why we postponed and conducted this AGSM virtually, for the first time ever.

Your company, through our Bio-Ethanol companies RBC & SCBI, is helping in our fight against this pandemic which already claimed 969 lives in our country, and 381,154 globally so far, by providing the much needed disinfectant alcohol to government and private hospitals, government agencies and LGUs, frontliners, etc., principally thru the PLDT-Smart Foundation, which facilitated the orderly and organized distribution of the product. Our other entities: CADPI and CACI, likewise, helped by relentlessly continuing its operations as part of the food essential producers, despite the many sacrifices and challenges they were facing.

We survived the challenges of the past years. We know we will survive this. With your continuing support and persevering diligence to drive excellence at all fronts, our Group will be able to make that big rebound moving forward.

We need to be resilient and ready for new challenges, face the new Normal, and do more as we faced head-on the challenges of the past and tackle the present. The ability to stand and make things better even when stronger headwinds and hurdles abound will enable us to appreciate deeply the milestones of RHI.

I wish to thank everyone: our dear stockholders, esteemed Board of Directors and Advisors, our committed Management Team as well as hardworking employees and staff for the trust and for sticking with us through the difficult period in CY 2019.

With this, I challenge everyone to decide which action to take through this quote from American writer Elizabeth Edwards: "Resilience is accepting your new reality, even if it's less good than the one you had before. You can fight it, you can do nothing but scream about what you've lost, or you can accept that and try to put together something that's good."

I fervently hope that we all make the same choice, which is the option to accept this new reality and be driven purposely to produce something good out of it.

Thank you."

The Chairman opened the floor for questions electronically submitted by the stockholders prior and during the meeting.

A question was submitted by Mr. Antonio G. Nieto, a stockholder:

"If not for the sale of RHIs holdings in Hawaiian Phils., the net loss for the period March 31, 2020 would be bigger than last year. It seems that RHI's losses are getting bigger every reporting period. When will this stop? Where is RHI headed?"

The Corporation's President, Mr. Tubio, answered the question submitted by Mr. Nieto:

"To put the half-year losses in context, we note that RHI's operating results this year is better compared to same period last year, before the gain from sale of Hawaiian Philippine Company, if we will disregard the deferred tax benefit recognized during the interim period last year. This year, we have taken a more conservative approach by not recognizing this same tax benefit.

Nevertheless, your Management acknowledges that the RHI Group's overall performance is below even our own expectations, as certain challenges in our industry have significantly affected our operations, specifically:

1) In Batangas, for our Don Pedro mill and refinery, cane supply in the area declined by 34% compared to Crop Year 2016, or from 1.752M tons to 1.158M tons in 2019. Likewise, we have seen the entry of a new competitor for the already limited volume of canes in the current crop year. The Taal volcano eruption in January also affected the canes and cane deliveries. Internally, our productivity initiatives took a set-back when CADPI was put on the selling block, which transaction took a lot of time for the PCC to decide on, and eventually disapproving the proposed sale.

2) For our Ethanol Business, the significant increases in feedstock cost with prices of molasses skyrocketing from P8k to 13.5/ton dented our margins. The declaration of quarantine and limits on mobility arising out of the Covid-19 pandemic also disrupted withdrawals by oil companies. This greatly affected our production plans and raw material sourcing and contracts.

3) Prevailing high interest rates (from around 3.5% to 6%) compounded the economic impact of the failed CADPI transaction, which proceeds were planned to prepay long-term debts, and would have de-risked the business.

4) As for Central Azucarera de la Carlota - this side of the sugar segment did well, exceeding production targets for the current Crop Year, but the gains were tempered by relatively soft prices of sugar, brought about by importations in the First Quarter of our fiscal year, and threat of sugar import liberalization.

Your Management Team is focused on addressing the feedstock issues - cane and molasses usage, while working simultaneously on productivity issues particularly in the limited hectarage in Batangas and on fuel issues affecting our refinery.

Rest assured that your Management is well aware of these challenges and is prepared to take certain steps to address these and ensure our long-term sustainability and profitability."

There being no other questions submitted and upon motion of the Management, the Annual Report of the Corporation for the fiscal year ending September 30, 2019 was approved based the tally of votes cast by the stockholders through electronic voting in absentia, by proxy ballot or by proxy, majority of the total voting shares represented voted in favor of the approval of the Annual Report of the Company for Fiscal Year ending 30 September 2019.

V. APPROVAL AND RATIFICATION OF ALL ACTS AND RESOLUTIONS OF THE BOARD OF DIRECTORS AND MANAGEMENT

The Management moved for the approval of the all acts, proceedings and resolutions adopted by the Board of Directors and Management since the previous annual stockholders held on April 30, 2019.

Based on the tally of votes cast by the stockholders through electronic voting in absentia, by proxy ballot or by proxy, majority of the total voting shares represented voted in favor of the approval of all acts, proceedings and resolutions adopted by the Board of Directors and Management since the previous annual stockholders meeting held on April 30, 2019.

VI. ELECTION OF THE BOARD OF DIRECTORS

The Corporate Secretary, Atty. Dela Paz, informed the Chairman, Mr. Roxas, that pursuant to Article 14, Section 1 of the By- laws, election to the Board of Directors should be submitted to the Chairman of the Board of Directors at least fifteen (15) working days prior to any meeting called for the election of the Board of Directors. He likewise advised that nominations were made for the election of the following persons to the Board of Directors of RHI:

1. MR. PEDRO E. ROXAS
2. MR. MANUEL V. PANGILINAN
3. MR. HUBERT D. TUBIO
4. ATTY. RAY C. ESPINOSA
5. MR. CHRISTOPHER H. YOUNG
6. ATTY. ALEX ERLITO S. FIDER
7. MS. ARLYN S. VILLANUEVA
8. MR. OSCAR J. HILADO
9. MR. SANTIAGO T. GABIONZA

Atty. Dela Paz stated that Mr. Santiago T. Gabionza, Mr. Oscar J. Hilado and Ms. Arlyn S. Villanueva are being nominated as Independent Directors of the Corporation.

Since there are only nine (9) seats in the Board of Directors, the Management moved that all votes be cast in favor of all nine (9) nominees. Based on the tally of votes cast by the stockholders through electronic voting in absentia, by proxy ballot or by proxy, majority of the total voting shares represented voted in favor of the nine (9) nominees. The Chairman requested the Corporate Secretary to cast all votes in favor of the above-named nine (9) nominees.

VII. ELECTION OF THE EXTERNAL AUDITOR

The Corporate Secretary, Atty. Dela Paz, informed the Chairman, Mr. Roxas, that in accordance with the Manual on Corporate Governance, the Audit and Risk Committee recommends the selection of the auditing firm of SyCip Gorres Velayo & Co. as external auditor of the corporation for fiscal year 2019-2020.

The Management moved for the election of the auditing firm of SyCip Gorres Velayo & Co. as external auditor of the corporation for fiscal year 2019-2020. Based on the votes casted by the stockholders through electronic voting in absentia, by proxy ballot or by proxy, majority of the total voting shares represented voted in favor of the election of the auditing firm of SyCip Gorres Velayo & Co. as external auditor of the corporation for fiscal year 2019-2020.

IX. OTHER MATTERS/ADJOURNMENT

There being no other matter to discuss, on motion duly made and seconded, the meeting was thereupon adjourned.

Attest:

PEDRO E. ROXAS	**MA. HAZEL L. RABARA-RETARDO**
Chairman of the Board	Asst. Corporate Secretary

TALLIES OF THE VOTES:

Resolution	Approving	Dissenting	Abstaining
Approval of the Minutes of the Stockholders' Meeting held on 30 April 2019	**1,358,968,699** shares or **99.98%** of the total outstanding shares of stock, present in the meeting.	NONE	NONE
Approval of the Annual Report to the Stockholders for the fiscal year ending 30 September 2019	**1,358,968,699** shares or **99.98%** of the total outstanding shares of stock present in the meeting.	NONE	NONE
Approval of all acts and resolutions of the Board of	**1,358,968,699** shares or **99.98%** of the total issued and	NONE	NONE

Directors and Management	outstanding shares of stock present in the meeting.		
Election of the Board of Directors	**1,358,958,762** shares or **99.98%** of the total issued and outstanding shares of stock present in the meeting.	NONE	**9,937** shares or **0.00%** of the total issued and outstanding shares of stock present in the meeting.
Election of the external auditors	**1,358,958,762** shares or **99.98%** of the total issued and outstanding shares of stock present in the meeting.	NONE	**9,937** shares or **0.00%** of the total issued and outstanding shares of stock present in the meeting.

CERTIFICATION OF INDEPENDENT DIRECTOR

I, ARLYN S. VILLANUEVA, Filipino, of legal age and with address at #2 MA. MYRNA DR. VILLA GLORIA SUBDV., ANGELES CITY after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of **ROXAS HOLDINGS, INC.**, and have been its independent director since APRIL 30, 2019 (where applicable).

2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporation):

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
SICANGCO MENOR VILLANUEVA	PARTNER	1980-PRESENT
BOARD OF ACCOUNTANCY	MEMBER	2015-PRESENT
METRO PACIFIC TRANSPORT CORP.	INDEPENDENT DIRECTOR	2009-PRESENT
NLEX CORP.	INDEPENDENT DIRECTOR	2014- PRESENT

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **ROXAS HOLDINGS INC.**, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC Issuances.

4. I am related to the following director/officer/substantial shareholder of (covered company and its subsidiaries 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
N/A		

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 a subject of the following criminal/administrative investigation or proceeding (as the case may be):

OFFENSE CHARGED/INVESTIGATED	TRIBUNAL OF AGENCY INVOLVED	STATUS
N/A		

6. (For those in government service/affiliated with a government agency or GOCC) I have the required written permission or consent from the (head of the agency/department) to be an independent director in N/A, pursuant to Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules.

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its implementing Rules and Regulations Code of Corporate Governance and other SEC Issuances.

8. I shall inform the Corporate Secretary of **ROXAS HOLDINGS, INC.** of any changes in the abovementioned information within five days from its occurrence.

Done this ___ day of ______________, at ________________.

ARLYN S. VILLANUEVA
Affiant

SUBSCRIBED AND SWORN to before me this ____ day of JAN 21 2021 at MAKATI CITY, affiant personally appeared before me and exhibited to me his/her ____________________ issued at ____________ on ____________________.

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RUBEN M. RAMIREZ
NOTARY PUBLIC
UNTIL DEC. 31, 2021
IBP NO. 097071 / CY 2019 APPT. NO. M 168
ROLL NO. 28947 MCE-4 NO. 0066324/11 22 17
PTR NO. MKT 8533046/01-4-2021 MAKATI CITY

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **OSCAR J. HILADO,** Filipino, of legal age and with address at 112 Mariposa Loop, Cubao, Quezon City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of **ROXAS HOLDINGS, INC.**, and have been its independent director since March 2, 2016 (where applicable).

2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporation):

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
PHINMA Inc.	Chairman	Aug 2005 - Present
PHINMA Corp.	Chairman	Dec 2003 – Present
Phinma Property Holdings Corp.	Chairman	April 1999 - Present
Union Galvasteel Corporation	Vice Chairman	March 2017 – Present
Araullo University	Director	April 2004 – Present
Cagayan de Oro College	Director	June 2005 – Present
University of Iloilo, Inc.	Director	August 17, 2009 – Present
University of Pangasinan, Inc.	Director	August 17, 2009 – Present
Southwestern University	Director	June 20, 2016
St. Jude College, Manila	Director	January 20, 2018 - Present
PEN Holdings, Inc.	Director	March 2016 – Present
Beacon Property Ventures, Inc.	Director	December 1994 – Present
Manila Cordage Company	Director	1986 – Present
Pueblo de Oro Devt. Corp.	Director	Feb 1996 – Present
Seven Seas Resorts and Leisure, Inc.	Director	1996 – Present
Phinma Solar Energy Corp.	Director	July 3, 2017 - Present
Philex Mining Corporation	Director	Dec. 2009 – Present
Rockwell Land Corporation	Director	May 27, 2015 – Present
A. Soriano Corporation	Director	April 13, 1998 – Present
Smart Communications, Inc	Director	May 6, 2013 – Present
Phil. Cement Corporation	Director	July 10, 2018 - Present
Phinma Hospitality, Inc.	Director	July 15, 2011 - Present
Phinma Microtel Hotels, Inc	Director	July 2011 - Present
United Pulp and Paper Company, Inc.	Director	Dec. 2, 1969 - Present
Digitel Telecommunications Phils., Inc	Director	May 6, 2013 – Present
Cebu Light Industrial Park, Inc.	Director	Feb 1996 – Present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **ROXAS HOLDINGS INC.**, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC Issuances.

4. I am related to the following director/officer/substantial shareholder of (covered company and its subsidiaries 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
NOT APPLICABLE		

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 a subject of the following criminal/administrative investigation or proceeding (as the case may be):

OFFENSE CHARGED/INVESTIGATED	TRIBUNAL OF AGENCY INVOLVED	STATUS
NOT APPLICABLE		

6. (For those in government service/affiliated with a government agency or GOCC) I have the required written permission or consent from the (head of the agency/department) to be an independent director in ROXAS HOLDINGS INC., pursuant to Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules. – **NOT APPLICABLE**

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its implementing Rules and Regulations Code of Corporate Governance and other SEC Issuances.

8. I shall inform the Corporate Secretary of **ROXAS HOLDINGS, INC.** of any changes in the abovementioned information within five days from its occurrence.

Done this ___ day of ______________, at ________________.

OSCAR J. HILADO

Affiant

SUBSCRIBED AND SWORN to before me this ___ day of JAN 21 2021 at MAKATI CITY affiant personally appeared before me and exhibited to me his/her Passport No. P7959521A issued at DFA NCR East on 16 July 2018.

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RUBEN M. RAMIREZ
NOTARY PUBLIC
UNTIL DEC. 31, 2021
IBP NO. 097071 / CY 2019 APPT. NO. M 168
ROLL NO. 28947 MCE-4 NO. 0066324/11 22 17
PTR NO. MKT 8533046/01-4-2021 MAKATI CITY

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **SANTIAGO T. GABIONZA, JR.**, Filipino, of legal age and with address at 20th Floor, 139 Corporate Center, 139 Valero Street, Salcedo Village, Makati City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of **ROXAS HOLDINGS, INC.**, and have been its independent director since April 30, 2019 (where applicable).

2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporation):

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Rajah Travel Corporation	Director	March 1994-present
Rajah Tours Philippines, Inc.	Director	March 1997-present
Capitol Masonic Corporation	Director	May 19, 2012-present
VGS Land, Inc.	Director/President	April 13, 1996-present
VGS Holdings, Inc.	Director/President	August 1992-present
VGS Properties, Inc.	Director/Treasurer	May 16, 2000-present
VBG Insurance Agency, Inc.	Director/Treasurer	April 12, 1996-present
Mask Holdings Corp.	Director/Treasurer	July 10, 2017-present
Mask Property Management Corp.	Director/Chairman	Aug. 3, 2016-present
Apo Associated Radio Electronics and Communication Company, Inc.	Director	May 2012-present
Kontak One Management Exchange (KOMEX), Inc.	Director	April 2011-present
Econo-Tech Investment, Inc.	Director	August 2010-present
Jahro Holdings, Inc.	Director	Feb. 2018-present
Saga & Sons, Inc.	Director	Jan. 1999-present
Bench Masters, Inc.	Director/President	June 1991-present
Laboratory of Computer Medicine Phils., Inc.	Corporate Secretary	Oct. 1987-present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **ROXAS HOLDINGS INC.**, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC Issuances.

4. I am related to the following director/officer/substantial shareholder of (covered company and its subsidiaries 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
	N/A	

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 a subject of the following criminal/administrative investigation or proceeding (as the case may be):

OFFENSE CHARGED/INVESTIGATED	TRIBUNAL OF AGENCY INVOLVED	STATUS
	N/A	

6. (For those in government service/affiliated with a government agency or GOCC) I have the required written permission or consent from the (head of the agency/department) to be an independent director in N/A, pursuant to Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules.

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its implementing Rules and Regulations Code of Corporate Governance and other SEC Issuances.

8. I shall inform the Corporate Secretary of **ROXAS HOLDINGS, INC.** of any changes in the abovementioned information within five days from its occurrence.

Done this 18th day of January 2021, at Makati City.

SANTIAGO T. GABIONZA, JR.
Affiant

SUBSCRIBED AND SWORN to before me this 18th day of January 2021 at Makati City, affiant personally appeared before me and exhibited to me his Passport No. P015271A issued on 03 September 2016 valid until 02 September 2021 issued at Department of Foreign Affairs, Manila.

IAN DANIEL B. GALANG
Notary Public for Makati City
Notarial Commission No. M-509
Commission Expires on June 30, 2021
Roll of Attorneys No. 71943
P.T.R. No. 8530374, 01/04/2021, Makati City
I.B.P. OR No. 137776; 01/05/2021, Baguio-Benguet Chapter
M.C.L.E. Compliance No. VI-0015339, 11/28/2018
20F 139 Corporate Center, 139 Valero St.
Salcedo Village, Makati City 1227, Metro Manila

IAN DANIEL B. GALANG NOTARY PUBLIC ROLL NO. 71943 MAKATI CITY, PHILIPPINES

Doc. No. 247;
Page No. 50;
Book No. I;
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ROXAS HOLDINGS, INC.

REVISED 2017 MANUAL ON CORPORATE GOVERNANCE

INTRODUCTION

The Board of Directors, Management, Officers and Staff of **ROXAS HOLDINGS, INC.** ("RHI" or the "Company") hereby commit themselves to the principles and best practices contained in this Manual and acknowledge that these principles and practices will guide them in the attainment of the company's goals.

This Manual institutionalizes the principles of good corporate governance in the entire organization. The Board of Directors, Management, Officers and Staff of RHI hereby undertake to do every effort that shall be necessary to create awareness and observance of these principles.

VISION AND MISSION STATEMENTS AND VALUES

The company continues to be bound and guided by its Vision and Mission Statements as well as its Values in the pursuit of its goals and hereby adopts them as integral parts of this Manual. Thus:

VISION

*To be a **WORLD-CLASS LEADER** in sugar cane-based products and services in the Asia Pacific region.*

MISSION

To our Customers:	*Provide quality sugar cane-based products and services.*
To our Partners:	*Be fair and transparent in our dealings.*
To our Stockholders:	*Enhance shareholder value with reasonable return on equity.*
To our People:	*Provide professional growth, development and recognition.*
To our Communities:	*Be a responsible corporate citizen.*

VALUES

R – RELIABLE AND RELEVANT

__RELIABLE__ – We fulfill expectations and deliver our commitments with all stakeholders.

__RELEVANT__ – We are mindful of the constant challenges and changes affecting the environment, and address them with creative, fresh and competent solutions.

H – HIGH STANDARDS

We constantly set high standards and ethics in our operations and with our products, and strive to exceed them.

I – INTEGRITY

We consider doing business following the time-tested principles of fairness, transparency and honesty.

PRINCIPLES ON CORPORATE GOVERNANCE

PRINCIPLE 1:

RHI shall be headed by a competent, working Board to foster the long-term success of the Company, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the long- term best interests of its shareholders and other stakeholders.

1.1

The Board shall be composed of directors with a collective working knowledge, experience or expertise that is relevant to the Company's industries/sectors of operation. The Board shall always ensure that it has an appropriate mix of competence and expertise and that its members remain qualified for their positions individually and collectively, to enable it to fulfill its roles and responsibilities and respond to the needs of the organization based on the evolving business environment and strategic direction.

1.2.

The Board shall be composed of a majority of non-executive directors who possess the necessary qualifications to effectively participate and help secure objective, independent judgment on corporate affairs and to substantiate proper checks and balances.

1.3.

The Company shall have a policy on the training of directors, including an orientation program for first-time directors and relevant annual continuing training for all directors.

1.4

The Board shall have a policy on board diversity, taking into consideration factors on gender, age, ethnicity, culture, skills, competence and knowledge, provided that suitable qualified nominees to the Board are vetted, nominated and recommended by the Corporate Governance Committee and the Board, for election by the Company's shareholders.

1.5

The Board shall ensure that it is assisted in its duties by a Corporate Secretary, who should be a separate individual from the Compliance Officer. The Corporate Secretary shall not be a member of the Board of Directors and shall annually attend a training on corporate governance.

1.6

The Board shall ensure that it is assisted in its duties by a Compliance Officer, who should have a rank of Senior Vice President or an equivalent position with adequate stature and authority in the Company. The Compliance Officer shall not be a member of the Board of Directors and shall annually attend a training on corporate governance.

Principle 2:

The fiduciary roles, responsibilities and accountabilities of the Board as provided under the law, the Company's articles and by-laws, and other legal pronouncements and guidelines shall be clearly made known to all directors as well as to stockholders and other stakeholders.

2.1.

The Board members shall act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the Company and all shareholders.

2.2

The Board shall oversee the development of and approve the Company's business objectives and strategy, and monitor their implementation, in order to sustain the company's long-term viability and strength.

2.3

The Board shall be headed by a competent and qualified Chairperson.

2.4.

The Board shall be responsible for ensuring and adopting an effective succession planning program for directors, key officers and management to ensure growth and a continued increase in the shareholders' value. This shall include adopting a policy on the retirement age or re-election for directors and key officers as part of management succession and to promote dynamism in the corporation.

2.5

The Board shall align the remuneration of key officers and board members with the long-term interests of the Company. In doing so, it shall formulate and adopt a policy specifying the relationship between remuneration and performance. Further, no director should participate in discussions or deliberations involving his own remuneration. The Board shall maintain a Compensation Committee to recommend, and oversee implementation of remuneration policies as adopted by the Board.

2.6

The Board, acting through the Corporate Governance Committee, shall have a formal and transparent board nomination and election policy that will include how it accepts nominations from minority shareholders and reviews nominated candidates. The policy shall also include an assessment of the effectiveness of the Board's processes and procedures in the nomination, election, or replacement of a director. In addition, its process of identifying the quality of directors shall be aligned with the strategic direction of the Company.

2.7

The Board shall have the overall responsibility in ensuring that there is a group-wide policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions, particularly those which pass certain thresholds of materiality. The policy shall include the appropriate review and approval of material or significant RPTs, which guarantee fairness and transparency of the transactions. The policy shall encompass all entities within the group, taking into account their size, structure, risk profile and complexity of operations. Until such time as the Board deems it appropriate to create a separate Board Risk Oversight Committee, the Audit Committee shall be tasked to formulate the RPT policy including thresholds of materiality of transactions, assess RPTs as they occur, and recommend actions to the Board.

2.8.

The Board shall be primarily responsible for approving the selection and assessing the performance of the Management led by the Chief Executive Officer (CEO), and control functions led by their respective heads (Chief Risk Officer, Chief Compliance Officer, and Chief Audit Executive). □

2.9

The Board shall establish an effective performance management framework that will ensure that the Management, including the Chief Executive Officer, and personnel's performance is at par with the standards set by the Board and Senior Management.

2.10

The Board shall oversee that an appropriate internal control system is in place, including setting up a mechanism for monitoring and managing potential conflicts of interest of Management, board members, and shareholders. The Board shall adopt and approve the Internal Audit Charter, as recommended by the Audit Committee.

2.11

The Board shall oversee that a sound enterprise risk management (ERM) framework is in place to effectively identify, monitor, assess and manage key business risks. The risk management framework should guide the Board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies.

2.12

The Board shall adopt a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary duties. The Board Charter shall serve as a guide to the directors in the performance of their functions, and shall be made publicly available and posted on the Company's website.

Principle 3:

To show full commitment to the Company, the directors should devote the time and attention necessary to properly and effectively perform their duties and responsibilities, including sufficient time to be familiar with the Company's businesses.

3.1.

The Board shall establish board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities.

3.2

The Board shall establish an Audit Committee to enhance its oversight capability over the company's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations. The committee shall be composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman, shall be independent. All of the members of the committee must have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance. The Chairman of the Audit Committee should not be the chairman of the Board or of any other committees.

3.3

The Board shall establish a Corporate Governance Committee that is tasked to assist the Board in the performance of its corporate governance responsibilities, including the functions that were formerly assigned to a Nomination and Remuneration Committee. It shall be composed of at least three members, all of whom should be independent directors including the Chairman, or at least a majority thereof, until such time as an additional director from the Company's current number of two (2) independent directors is properly vetted, nominated and elected in the Board by the Company's shareholders.

3.4

Depending on the Company's size, risk profile and complexity of operations, the Board has the option to establish a separate Board Risk Oversight Committee (BROC) that shall be responsible for the oversight of the Company's Enterprise Risk Management system to ensure its functionality and effectiveness. The BROC shall be composed of at least three members, the majority of whom should be independent directors, including the Chairman. The Chairman should not be the Chairman of the Board or of any other committee. At least one member of the committee must have relevant thorough knowledge and experience on risk and risk management.

3.5

Depending on the Company's size, risk profile and complexity of operations, the Board shall likewise have the option to establish a Related Party Transaction (RPT) Committee, which is tasked with reviewing all material related party transactions of the Company. The RPT Committee shall be composed of at least three non-executive directors, two of whom should be independent, including the Chairman.

3.6

All established committees shall have Committee Charters stating in plain terms their respective purposes, memberships, structures, operations, reporting processes, resources and other relevant information. The Charters shall provide the standards for evaluating the performance of the Committees. The Charters or any amendments thereto, once adopted, shall also be fully disclosed on the Company's website.

Principle 4:

The Board shall endeavor to exercise objective and independent judgment on all corporate affairs.

4.1.

The directors shall attend and actively participate in all meetings of the Board, committees, and shareholders in person or through tele-/videoconferencing conducted in accordance with the rules and regulations of the Commission, except when justifiable causes, such as illness, death in the immediate family and serious accidents, prevent them from doing so. In Board and Committee meetings, the director shall review meeting materials and if called for, ask the necessary questions or seek clarifications and explanations.

4.2

Unless allowed by the Board and provided that the director concerned will still be able to effectively perform his or her roles and responsibilities as member of the Company's Board, a non-executive director of the Board shall concurrently serve as director up to a maximum of five publicly listed companies, to ensure that he or she shall have sufficient time to fully prepare for meetings, challenge Management's proposals/views, and oversee the long-term strategies of the Company.

4.3

A director should notify the Board where he or she is an incumbent director, before accepting a directorship in the Company, or to another company after his or her election to the Board.

Principle 5:

The best measure of the Board's effectiveness is through an assessment process. The Board shall regularly carry out evaluations to appraise its performance as a body, and assess whether it possesses the right mix of backgrounds and competencies.

5.1.

The Board shall have at least three independent directors, or such number as to constitute at least one-third of the members of the Board, whichever is higher. The Company shall, however, maintain its current number of two (2) independent directors, until such time as an additional independent director is properly vetted, nominated and elected in the Board by the Company's shareholders.

5.2

The Board shall ensure that its independent directors possess the necessary qualifications and none of the disqualifications for an independent director to hold the position.

5.3

The Board's independent directors shall serve for a maximum cumulative term of nine years. After which, the independent director should be perpetually barred from re-election as such in the same company, but may continue to qualify for nomination and election as a non-independent director. In the instance that a company wants to retain an independent director who has served for nine years, the Board shall provide meritorious justification/s and seek shareholders' approval during the annual shareholders' meeting.

5.4

The positions of Chairman of the Board and Chief Executive Officer shall be held by separate individuals and each should have clearly defined responsibilities.

5.5.

The Board shall designate a lead director among the independent directors if the Chairman of the Board is not an independent director, including if the positions of the Chairman of the Board and Chief Executive Officer are held by one person.

5.6

A director with a material interest in any transaction affecting the corporation shall abstain from taking part in the deliberations for the same.

5.7

The non-executive directors (NEDs) shall have separate periodic meetings, as maybe necessary, with the external auditor and heads of the internal audit, compliance and risk functions, without any executive directors present to ensure that proper checks and balances are in place within the Company. The meetings shall be chaired by the lead independent director.

Principle 6:

Members of the Board are duty-bound to apply high ethical standards, taking into account the interests of all stakeholders.

6.1.

The Board shall conduct an annual self-assessment of its performance, including the performance of the Chairman, individual members and committees. Every three years or as maybe determined by the Board, the assessment shall be supported by an external facilitator.

6.2.

The Board shall have in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, the individual directors, committees and such system shall allow for a feedback mechanism from the shareholders.

Principle 7:

The Company shall establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations.

7.1.

The Board adopts a Code of Business Conduct and Ethics, which provides standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings. The Code shall be properly disseminated to the Board, senior management and employees. It shall also be disclosed and made available to the public through the Company website.

7.2

The Board shall ensure the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics and internal policies.

Principle 8:

The company shall establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations.

8.1

The Board shall establish corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and timely report to shareholders and other stakeholders that gives a fair and complete picture of the Company's financial condition, results and business operations.

8.2.

The Company shall have a policy requiring all directors and officers to disclose/report to the company any dealings in the company's shares within three business days.

8.3.

The Board shall fully disclose all relevant and material information on individual board members and key executives to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.

8.4

The Company shall provide a clear disclosure of its policies and procedure for setting Board and executive remuneration, as well as the level and mix of the same in the Annual Corporate Governance Report. The Company shall disclose the remuneration of directors and key executives, as a group, including termination and retirement provisions, in a manner that will provide the stakeholders reasonable and accurate information without compromising the right to privacy, safety and security of the directors and officers concerned.

8.5

The Company shall adopt policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions, to be disclosed to the public through the Company website. The material or significant RPTs reviewed and approved during the year shall be disclosed in its Annual Corporate Governance Report.

8.6

The Company shall make full, fair, accurate and timely disclosure to the public of every material fact or event that occurs, particularly on the acquisition or disposal of significant assets, which could adversely affect the viability or the interest of its shareholders and other stakeholders. Moreover, the Board of the Company, as may be necessary depending on the transaction involved, shall appoint an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets.

8.7

The Company's corporate governance policies, programs and procedures shall be submitted to the regulators and posted on the company's website, and annexed to this Manual as adopted or amended.

Principle 9:

The Company shall establish standards for the appropriate selection of an external auditor, and exercise effective oversight of the same to strengthen the external auditor's independence and enhance audit quality.

9.1

The Audit Committee shall have a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditor. The appointment, reappointment, removal, and fees of the external auditor shall be recommended by the Audit Committee, approved by the Board and ratified by the shareholders. For removal of the external auditor, the reasons for removal or change shall be disclosed to the regulators and the public through the company website and required disclosures.

9.2

The Audit Committee Charter shall include the Audit Committee's responsibility on assessing the integrity and independence of external auditors and exercising effective oversight to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements. The Charter should also contain the Audit Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis.

9.3

The Company shall disclose the nature of non-audit services performed by its external auditor in the Annual Report to deal with the potential conflict of interest. The Audit Committee shall be alert for any potential conflict of interest situations, given the guidelines or policies on non-audit services, which could be viewed as impairing the external auditor's objectivity.

Principle 10:

The Company shall ensure that material and reportable non-financial and sustainability issues are disclosed.

The Board shall have a clear and focused policy on the disclosure of non-financial information, with emphasis on the management of economic, environmental, social and governance (EESG) issues of its business, which underpin sustainability.

Principle 11:

The Company shall maintain a comprehensive and cost-efficient communication channel for disseminating relevant information. This channel is crucial for informed decision-making by investors, stakeholders and other interested users.

The Company shall include media and analysts' briefings as channels of communication to ensure the timely and accurate dissemination of public, material and relevant information to its shareholders and other investors.

Principle 12:

To ensure the integrity, transparency and proper governance in the conduct of its affairs, the Company shall have a strong and effective internal control system and enterprise risk management framework.

12.1

The Company shall have an adequate and effective internal control system and an enterprise risk management framework in the conduct of its business, taking into account its size, risk profile and complexity of operations.

12.2

The Company shall have in place an independent internal audit function that provides an independent and objective assurance, and consulting services designed to add value and improve the Company's operations.

12.3

The Company shall have a qualified Chief Audit Executive (CAE) appointed by the Board. The CAE shall oversee and be responsible for the internal audit activity of the organization, including that portion that is outsourced to a third party service provider, if any. In case of a fully outsourced internal audit activity, a qualified independent executive or senior management personnel shall be assigned the responsibility for managing the fully outsourced internal audit activity.

12.4

Subject to its size, risk profile and complexity of operations, the Company shall have a separate risk management function to identify, assess and monitor key risk exposures.

12.5

In managing the company's Risk Management System, the company shall have a Chief Risk Officer (CRO), who is the ultimate champion of Enterprise Risk Management (ERM) and has adequate authority, stature, resources and support to fulfill his/her responsibilities, subject to the Company's size, risk profile and complexity of operations.

Principle 13:

The Company shall treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.

13.1

The Board shall ensure that basic shareholder rights are disclosed, and made part of this Manual on Corporate Governance, and uploaded on the Company's website.

13.2

The Board shall encourage active shareholder participation by sending the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant information at least twenty eight (28) days before the meeting.

13.3

The Board shall encourage active shareholder participation by making the result of the votes taken during the most recent Annual or Special Shareholders' Meeting publicly available the next working day, or as soon as practicable, but not exceeding five business days from the date of the meeting. In addition, the Minutes of the Annual and Special Shareholders' Meeting shall be available on the company website within five business days from the date of the meeting.

13.4

The Board shall make available an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner, which upon adoption, shall be part of this Manual on Corporate Governance.

13.5

The Board shall establish an Investor Relations Office (IRO) to ensure constant engagement with its shareholders. The Investor Relations Officer should be present at every shareholders' meeting.

Principle 14:

The rights of stakeholders established by law, by contractual relations and through voluntary commitments must be respected. Where stakeholders' rights and/or interests are at stake, stakeholders shall have the opportunity to obtain prompt effective redress for the violation of their rights.

14.1

The Board shall identify the Company's various stakeholders and promote cooperation between them and the Company in creating wealth, growth and sustainability.

14.2

The Board shall establish clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.

14.3

The Board shall adopt a transparent framework and process that allow stakeholders to communicate with the company and to obtain redress for the violation of their rights.

Principle 15:

A mechanism for employee participation shall be developed to create a symbiotic environment, realize the company's goals and participate in its corporate governance processes.

15.1

The Board shall establish policies, programs and procedures that encourage employees to actively participate in the realization of the Company's goals and in its governance.

15.2

The Board shall set the tone and make a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Conduct. Further, the Board shall disseminate the policy and program to employees across the organization through trainings to embed them in the Company's culture.

15.3

The Board shall establish a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation and to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns. The Board shall be conscientious in establishing the framework, as well as in supervising and ensuring its enforcement.

Principle 16.

The Company shall be socially responsible in all its dealings with the communities where it operates. It shall ensure that its interactions serve its environment and stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and balanced development.

The Company shall recognize and place an importance on the interdependence between business and society, and promote a mutually beneficial relationship that allows the company to grow its business, while contributing to the advancement of the society where it operates.

Signed by the Corporate Governance Committee*:

OSCAR J. HILADO
Chairman

PEDRO E. ROXAS
Member/
Chairman of the Board

DAVID L. BALANGUE
Member

FLORENCIO M. MAMAUAG, JR.
VP Legal & Corp. Affairs/Compliance Officer

Revised Manual On Corporate Governance
May 10, 2017

*Unanimously approved for recommendation to the Company's Board of Directors by the Corporate Governance Committee, through written assent, and subsequently approved by the Company's Board of Directors on May 10, 2017.

ROXAS HOLDINGS, INC.

CORPORATE GOVERNANCE COMMITTEE CHARTER

The Board of Directors (Board) of Roxas Holdings, Inc. (Company) hereby adopts this Charter of the Nomination, Election and Governance Committee (Committee).

Section 1. **COMMITTEE STRUCTURE**

1.1 Composition

a. The Committee shall consist of at least three (3) voting Directors, one (1) of whom must be an independent director.

b. The Board shall designate one (1) member of the Committee as its Chairman.

c. The Board may appoint one or more persons to serve as advisor(s) to the Committee (Advisor). Advisors shall have the right to attend and speak at any meeting of the Committee, but shall have no right to vote in respect of any action of the Committee.

1.2 Term

The Board shall appoint the members of the Committee at its annual organizational meeting and each member shall serve upon his election until the next organizational meeting of the Board, unless removed or replaced by the Board.

1.3 Vacancy

Any vacancy in the Committee caused by the death, resignation, or disqualification of any member, or by any other cause, may be filled by the Board. The member elected to fill the vacancy shall hold office for the remainder of the term, or until his successor shall have been duly elected and qualified.

1.4 Qualifications and Disqualifications

The Chairman and the Members of the Committee shall possess all of the qualifications and have none of the disqualifications for membership in the Board as provided for in the By-Laws and the Revised Manual on Corporate Governance of the Company, the Corporation Code, the Securities Regulation Code, and other relevant laws. In addition, the Chairman or the Member of the Committee who is an independent director must meet the independence criteria under applicable law or regulation or as determined by the Board or the Committee.

Section 2. **POWERS, DUTIES AND RESPONSIBILITIES OF THE COMMITTEE**

2.1 The Committee shall have the following powers, duties and responsibilities:

a. Review and evaluate the qualifications of, and shortlist, all persons nominated to the Board and other appointments that require Board approval;

b. Assess the effectiveness of the Board's processes and procedures in the election or replacement of directors;

c. Consider the following guidelines in the determination of the capability of a director to serve as such:

   i. The nature of the business of the Company of which he is a director;
   ii. Age of the director;
   iii. Number of directorships/active memberships and officers in other corporations or organizations; and
   iv. Possible conflict of interest.

   Any optimum number of directorships shall be related to the capacity of a director to perform his duties diligently in general.

   The Chief Executive Officer and other executive directors shall submit themselves to a low indicative limit on membership in other corporate boards. The same low limit shall apply to independent, non-executive directors who serve as full-time executives in other corporations. In any case, the capacity of directors to serve diligently shall not be compromised.

d. Develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;

e. Review and monitor the training and continuous professional development of directors and senior management;

f. Review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

g. Develop, review and monitor the code of conduct or compliance manual applicable to the directors and employees of the Company;

h. Review the Company's compliance with the Revised Code of Corporate Governance and disclosure requirements in the Corporate Governance Report;

i. Report regularly to the Board; and

j. Such other powers, duties and responsibilities as may be delegated to the Committee by the Board from time to time.

2.2 The findings and recommendations of the Committee shall be submitted to the Board for approval provided that a director whose qualifications are in issue shall not have the right to vote when the Board considers his case.

2.3 The Committee shall have the resources and authorities appropriate to discharge its responsibilities, including the authority to engage and obtain external advice, counsel or consultancy services as it deems appropriate without need for Board approval.

2.4 The Chairman of the Committee and/or any of its Members may meet separately with management to discuss any matter that the Committee or any of the foregoing persons believe should be discussed privately. The Committee may also request any officer, executive or employee of the Company or the Company's outside counsel or third party consultants to attend a meeting of the Committee or to meet with any Member, advisor or consultant of the Committee.

2.5 As may be requested by the Committee, the Compliance Officer of the Company shall provide technical support for governance related matters and functions while the Head of Human Resources shall provide technical support for nominated related matters and functions.

2.6 The Committee shall be guided by the Company's mission and vision in the fulfillment of its functions.

Section 3. COMMITTEE PROCEDURES

3.1 Meetings

a. The Committee shall hold meetings at such times and places as it considers appropriate.

b. Meetings of the Committee shall be convened by the Chairman of the Committee as and when he considers appropriate or upon the request of a majority of the Members of the Committee.

c. A Committee meeting shall be convened upon notice in writing at least three (3) days prior to the meeting and specifying the place, date and time of the meeting and the matters to be discussed at the meeting.

d. Notwithstanding that a meeting is called by shorter notice, it shall be deemed to have been duly convened if it is so agreed by the Members present in the meeting at which there is a quorum. A Member may consent to short notice and may waive notice of any meeting of the Committee and such waiver may be retrospective.

e. Each Member/Advisor shall give to the Secretary of the Committee an address, an email address, and a facsimile number for the service of notices of meetings of the Committee.

f. Notice of a meeting of the Committee shall be deemed to be duly served upon a Member/Advisor if it is given to him personally, or sent to him by mail or email or facsimile transmission, to his address, email address, or facsimile number, as appropriate, given by him to the Secretary of the Committee in accordance with the immediately preceding paragraph.

g. The quorum for a meeting of the Committee shall be at least a majority of the Members present throughout the meeting.

h. Resolutions at a meeting of the Committee at which there is a quorum shall be passed by a simple majority of votes of the Members present at such meeting.

i. Each Member, including the Chairman of the Committee, shall have one (1) vote.

j. In case of an equality of votes, the Chairman of the Committee shall not have a second or casting vote.

k. A resolution in writing signed by a majority of the Members of the Committee shall be as valid and effective for all purposes as a resolution of the Committee passed at a meeting of the Committee duly convened, held and constituted.

l. Members and Advisors of the Committee may participate in a meeting of the Committee through teleconference or video conference by means of which all persons participating in the meeting can hear each other.

3.2 Escalation

If the Committee decides to take any action to which any Member objects, such Member shall have the right, by notice in writing to the Chairman of the Committee within ten (10) days after such meeting, to require the Committee to reconsider its decision in a separate meeting. If, after such reconsideration, any Member objects to the action which the Committee has decided to take at the second Committee meeting, then said Member shall be entitled, by notice in writing to the Board (together with any relevant supporting materials) within ten (10) days from the date of the second Committee meeting, to require the particular matter to be considered and finally decided by the Board at its next scheduled meeting, the decision of which is final and binding. Any action proposed to be taken by the Committee which is the subject of the foregoing procedures shall be held in abeyance, and shall be deemed for all purposes not to have been taken, during the pendency of such procedures.

3.3 Minutes and Records

a. The Corporate Secretary or the Assistant Corporate Secretary or his designated representative shall act as secretary for the meetings of the Committee. He shall prepare the minutes of meetings of the Committee and keep records of the Committee.

b. The Committee shall cause records to be kept for the following:

   i. appointments and resignations of the Members/Advisors;
   ii. all agenda and other documents sent to the Members/Advisors; and
   iii. minutes of proceedings and meetings of the Committee.

c. Any such records shall be open for inspection by any Member/Advisor upon reasonable prior notice during usual office hours of the Company.

d. Minutes of any meeting of the Committee, if signed by the Chairman of such meeting, or by the Chairman of the next succeeding meeting, shall be conclusive evidence of the proceedings and resolutions of such meeting.

Section 4. REMUNERATION OF MEMBERS/ADVISORS

No fees or other remuneration shall be payable to the Members/Advisors of the Committee in respect of their services provided in connection with the Committee or in respect of their attendance at meetings of the Committee, save and except fees or remuneration authorized and approved by the Board for such purposes. In the case of a Member who is an independent director, no fees or compensation shall be paid directly or indirectly to such Member or his firm for consultancy or advisory services rendered directly by the Member or indirectly through his firm even if such Member is not the actual service provider. However, this prohibition shall not apply to ordinary compensation paid to such Member or his firm in respect of any other supplier or other business relationship or transaction that the Board has determined to be at arm's length terms and immaterial for purposes of its basic Member's independence analysis.

Section 5. PERFORMANCE EVALUATION

The Committee shall undertake an annual evaluation assessing its performance with respect to its purposes and duties set forth in this Charter, with such evaluation being reported to the Board (Refer to Exhibit 1: Performance Evaluation Rating for the rating scale.).

Section 6. AMENDMENT

The Committee shall periodically review and reassess the adequacy of this Charter and recommend any proposed changes to the Board. This Charter shall not be amended, altered or varied unless such amendment, alteration or variation shall have been approved by a resolution of the Board.

Section 7. EFFECTIVITY

This Charter shall take effect upon approval by the Board.

***

Exhibit 1: Performance Evaluation Rating:

Rating	**Description** **(As to compliance with the Corporate Governance Committee Charter)**
1-2	Poor
3-4	Satisfactory
5-6	Very Satisfactory
7-8	Outstanding
9-10	Excellent

ROXAS HOLDINGS, INC.
MINUTES OF THE REGULAR MEETING OF
THE BOARD OF DIRECTORS

Held at the RUC Conference Room, 6th Floor RCB/PLDT Building, Dela Rosa St. corner Makati Ave, Makati City on February 4, 2020 at 2:00 in the afternoon.

ATTENDANCE:

Present:
Mr. PEDRO E. ROXAS
Mr. MANUEL V. PANGILINAN
Atty. RAY C. ESPINOSA
Atty. ALEX ERLITO S. FIDER
Mr. HUBERT D. TUBIO
Atty. SANTIAGO T. GABIONZA, JR.
Ms. ARLYN S. VILLANUEVA
Mr. CHRISTOPHER H. YOUNG

Absent:
Mr. OSCAR J. HILADO

Others Present:
Atty. CYNTHIA L. DE LA PAZ
Mr. SENEN C. BACANI
Mr. CELSO T. DIMARUCUT
Mr. ARCADIO S. LOZADA, JR.
Mr. JOSE MANUEL L. MAPA
Mr. PILIPINO T. CAYETANO
Mr. JOSE B. VILLANUEVA III
Mr. JULIUS G. RUGAS
Ms. VERONICA C. CORTEZ
Atty. MA. HAZEL L. RABARA-RETARDO
Ms. JENNIFER LIM
Ms. ROULEE JANE F. CALAYAG
Atty. AIMEE E. PEDAYO

I
CALL TO ORDER

The Vice Chairman, Mr. Manuel V. Pangilinan (Mr. Pangilinan), called the meeting of the Board of Directors to order. The Corporate Secretary, Atty. Cynthia L. de la Paz, certified the existence of a quorum and recorded the Minutes of the Meeting.

II
APPROVAL OF THE MINUTES OF THE PREVIOUS MEETING, AND MATTERS ARISING FROM THE MINUTES OF THE PREVIOUS MEETING

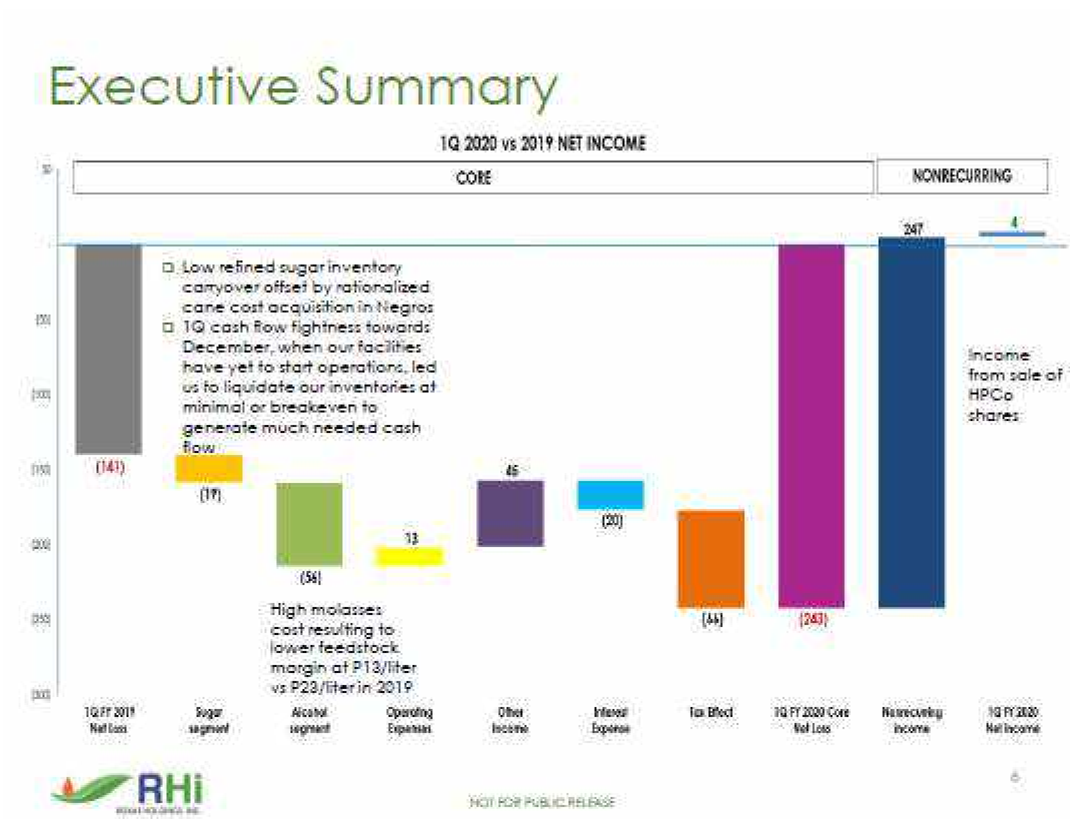
Mr. Pangilinan presented the Minutes of the Regular Meeting of the Board of Directors held on 04 December 2019. He stated that the Minutes of the Regular Meeting of the Board of Directors was circulated to all members of the Board prior to the meeting for their review.

On motion duly made and seconded, the Board approved the Minutes, as presented.

There were no matters arising from the minutes of the previous meeting.

III
HIGHLIGHTS OF OPERATIONS

The PCEO, Mr. Hubert D. Tubio (Mr. Tubio) presented the summary of the results for the first quarter.



He stated that Q1 is historically a low point in the Group's operations principally because during the months of October, November and December is where the repair and maintenance of the ethanol facilities are usually done. One of the Group's sugar mills in Batangas, or Central Azucarera Don Pedro, Inc. (CADPI), is not in operation. It normally starts it milling operations between December and January. So, only one unit or Central Azucarera De La Carlota, Inc. (CACI) is operational at this time. CACI started operating on the first week of October. From the first quarter, there was a net loss of Php141 million. The Sugar segment reported negative Php19 million due to low refined sugar inventory carryover which was rationalized by the cane acquisition cost in Negros. The Group stopped being aggressive in the Negros operations because of constraints in operational logistics. The other reason for this is that the cashflow was very tight towards December 2019. This really led the Group to liquidate some inventories to generate cash. In addition, in terms of the Alcohol segment, Roxol Bioenergy Corporation (RBC) resumed operations last November. The high molasses cost resulted to a lower feedstock margin of Php13.00 per liter versus Php23.00 per liter in the previous year. This resulted in a negative Php56 million contribution to the Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA). There was also other income recorded of about Php45 million. In terms of the interest expense, although some of the loans were paid up out of the proceeds from the Hawaiian Philippine Company (HPCo) transaction, it was still higher last quarter than in previous years. It contributed a negative Php20 million to the quarter under consideration. There is a tax effect of negative Php66 million which refer to deferred income taxes which are considered not useable anymore. This resulted in the first quarter having a net core loss of Php243 million. Fortunately, the Group was able to book a non-recurring income from the disposal of the Group's interest in HPCo amounting to Php247 million. This resulted in a net income for the first quarter amounting to Php4 million.

Sugar Business Unit


PCEO Report

Sugar Business Unit

- Issuance of Sugar Order #4 Sugar export replenishment program
  - Allows exporters to import the same refined sugar volume (1.08 for raw sugar) as they shipped out to the US in order to close the domestic sugar supply gap
- National sugar production

	1Q 2020		1Q 2019		Decrease	
(in million)	TCM	Raw Sugar Production	TCM	Raw Sugar Production	TCM	Raw Sugar Production
National	**6.2**	**10.8**	**6.6**	**13.8**	**-7%**	**-21%**
Negros	5.0	8.9	5.3	10.7	-5%	-17%
Luzon	0.1	0.2	0.2	0.4	-31%	-63%
Visayas	0.5	0.7	0.5	0.7	-7%	-4%
Mindanao	0.6	1.1	0.7	1.9	-9%	-43%

NOT FOR PUBLIC RELEASE

7

As regards the Sugar Business Unit, in December, the Sugar Regulatory Administration (SRA) issued Sugar Order Nos. 3 and 4. Sugar Order No. 3 regulated or laid down the procedures on the US sugar quota. There have been a lot of opinions as to whether the Philippines should continue supplying the United States (US) with locally-made sugar. Planters and politicians are against the continued servicing of sugar quotas to the US. The Philippine Sugar Millers Association, Inc. (PSMA) made a presentation to the SRA to show that the Philippines should continue servicing the quota. The Philippines can actually export to the US at a higher rate than the replenishment which can be imported from other Asian countries like Thailand. This Sugar Order authorized the exportation of about 136,000 tons of sugar to the US. Subsequently, Sugar Order No. 4 was issued which laid down the replenishment program for production from December 1, 2019 to December 15, 2019. Significantly, this also indicated that import is allowed as a form of replenishment - a certain type of sugar which is raw and not purely refined. It is significant because as a refiner, the Group is interested to have raw sugar as a raw material for the refinery in Batangas. But CADPI only had about 30,000 LKg of A sugar from September 1 to December 15. Although CADPI was not operating at that time, the Group was still active in purchasing canes in CACI. When the Group sold the A, there was still no news about the replenishment program. The trader agreed to buy Php260.00 per bag. This is already good because that will average to Php1,450.00 per LKg up to December 15, 2019. Right now, the price of A sugar is over Php1,500.00 already.

The Chairman, Mr. Pedro E. Roxas (Mr. Roxas) inquired if the traders will bring the same to CADPI for refinery purposes. Mr. Tubio answered that this is an arrangement that the Group is trying to make with them. Management has also initiated consultations with industry players on the guidelines on sugar importation program through auction. This came out after the report was prepared. As of Week 18 or December 29, the national production was below last year’s production in terms of tonnage. Total tonnage for the Philippines was 6.6 million last year as compared to 6.2 million this year. This is despite the fact that the SRA announced that there will be an increase in production for this coming crop year in so far as the Philippine production is concerned. One of the reasons is that the data used as basis was culled from the PSMA and as of that time twenty-two (22) mills were operating while six (6) have not started or have shut down. The six (6) mills at that time included CADPI. The reason why there is a decrease in the tonnage despite the projection of SRA is that milling started late for Crop Year 2019-2020 as against last year. Based on the number of milling weeks, PSMA calculated a total of one hundred ninety five (195) milling weeks as against two hundred twenty two (222) milling weeks last year for the same period. Furthermore, the average LKg/TC for the Philippines is lower by 6.87% against last year. As of this date, the total of the LKg/TC of the Philippines is an average of 1.77 LKg/TC as against 1.83 LKg/TC last year. Since there is lower sugar production as against last year, it is expected that there will be importation again for this year. He added that the Group is talking to some Tarlac and Pampanga planters to compensate for shortage of canes, because Batangas has been affected by the Taal eruption and it is expected that there will be a decrease of 10-15% production in terms of volume of the canes. Aside from that, there is another player that came in to operation, which is Progreen. This is an ethanol entity. It has divided the pie into three (3). Progreen started operations last October, which is way ahead of CADPI. What they did was to offer to buy canes on a per ton basis regardless of the quality of the canes, at Php2,500.00 per ton, all in. Based on the calculations, CADPI should be hitting around 2.3 LKg if the same price will be followed. It is small but it is still affecting the pie because the area is getting smaller. Productivity is getting lower. Also, Balayan started first week of December last year, which is ahead of CADPI. When CADPI resumed operations in January 2020, there was already a combined 90,000 tons out of the pie. Based on the latest information received, CADPI is actually doing 136,000 tons as of the week before the meeting. Universal Robina

Corporation (URC) had 121,000 tons. CADPI has already surpassed URC. Progreen stopped operating because the planters are not bringing the canes to them as they have not been paid. Management still expects that the Group will dominate the market, probably at 65% of the total pie until the end of the milling. This must be complemented by the Tarlac canes, which is around 70,000 tons. Management is making sure that CADPI is operational and can be competitive with the available canes. Management also wants CADPI to be the preferred sugar refiner and rebuild its competitive advantage. Management talked to some of its industrial customers and they still call CADPI despite there being importations of sugar. There is still a demand for CADPI refined sugar. The Group is already in the process of acquiring a multi-fuel fired boiler for CADPI. Right now, if there is no bagasse for fuel, the Group cannot continuously rely on bunker. The biomass relied on is also not reliable. This is an alternative that the Management is pushing. This will extend the refining operations to ten (10) months a year. Approximately around 5.5 million bags of refined sugar will be produced. The materials are from a combination of locally milled raw sugar, domestic raw sugar from traders and imported raw sugar which the Group can source. This is either directly or through business partners. He added that the Group will be engaging Poyry Energy, Inc. (Poyry) as technical advisor. Management wants them to perform technical due diligence on the boiler that has been identified in China. The boiler identified was supposed to be operating for a paper mill. It was not allowed by the government of China to operate because of pollution concerns. Mr. Roxas commented that if the Group plans to operate ten (10) months, in effect it could become an effective electricity supplier. Of which, the refinery will be one of the major clients, while the excess can be sold as power to the grid. Mr. Tubio mentioned that CADPI has a FIT-status so it can operate the co-gen on the raw side. Mr. Roxas stated that this can be studied so that there are two revenue streams, the power side and the sugar side. Moving forward, one of the ways out is refining based on imports. There may be 300,000-400,000 tons of imports per year in the next ten (10) years. CADPI, being in Luzon and next to the markets, has that competitive and strategic advantage. Mr. Dimarucut explained that when Management was brainstorming about the alternative for CADPI, it initially thought of changing certain components of the present boiler. There were attempts to source the components, but there was none. Mr. Pangilinan inquired if the Management looked at Taiwanese boilers. Mr. Tubio answered in the negative. He explained that Poyry is ready to examine the fitness of the boiler already identified. They will do due diligence and send people to look at whatever the state of the boiler is and this will be disclosed to Management. Mr. Roxas inquired about the power capacity of the refinery. Mr. Arcadio S. Lozada, Jr. (Mr. Lozada) answered that right now, the current load is five (5) megawatts for the standalone refinery. CADPI needs around seventy-five (75) tons of steels to produce this. This offer comes with seventy-five 75 megawatts turbine in a seventy-five (75) tons boiler. This is less than half of the original price. He added that the same brand of boiler was built in La Carlota and is about to be commissioned. They use agricultural trash and woods chips for fuel. Mr. Tubio added that it is Poyry which actually put it up. The initial estimate for this boiler is around Php300 million. While the boiler is being dismantled in China, engineering works can already be started. Management's estimate period needed for the boiler to be shipped to the Philippines and be re-assembled is five hundred forty (540) days. Based on assumed LKg tolling fee of Php185.00, the internal rate of return is around 13%. If the tolling fee can be increased to Php220.00 to Php230.00 per bag, it will vastly improve the internal rate of return to 26%. After due diligence, Management will engage Poyry, they are quoting around $30,000.00 for this project, and this will take them thirty (30) to thirty-five (35) days. Once the report is received, Management will make a formal presentation for the Board's approval of this project. Management intends to recommend that this project be funded through the sale of assets which are not used in operations in the balance sheet. In terms of timeline for the presentation of this project, it should be by the end of March or first week of April. Mr. Roxas clarified if a more detailed presentation will be shown on those dates. Mr. Lozada answered in the affirmative and added that Management intends to present this again once the Poyry report is received.

Mr. Tubio continued by discussing that CACI has already milled 728,000 tons as of December 2019 but actually one million tons have already been milled as of January 2020. The estimate on the standing canes as far as the Southern area is concerned, it is around 40% remaining. On the Northern side, it is around 50%. HPCo stated that they will be milling even after Holy Week. For CACI, Management expects to reach the target of 1.7 million tons. Based on the report, raw sugar yield is lower than last year but is 2% higher than budget. Decline in tons cane milled due to very limited sources. The Group is not very aggressive anymore in terms of cane acquisition, due to economic and financial constraints. The Group is targeting the small and medium-sized planters. It is not as expensive. Sugar yield is at 1.812 but CACI is actually hitting 1.9.

CADPI started its milling operations on January 3, 2020 while the refinery operations started on January 27, 2020. CADPI has already milled 159,000 tons. The Group is working hard to make sure that majority of the pie in Batangas stays in CADPI.

Weekly Negros Mills Performance Report

WEEKLY NEGROS MILLS PERFORMANCE REPORT

CROP YEAR 2019-2020

NEGROS OCCIDENTAL (SOUTH TO NORTH)	DISTANCE TO CACI	START OF MILLING	19-Jan-20			26-Jan-20			% INCREASE / DECREASE		CY 2019-2020 TO - DATE 26-Jan-20	
			GROSS TCM	LKG/TC	SDF	GROSS TCM	LKG/TC	SDF	GROSS TCM	LKG/TC	GROSS TCM	LKG/TC
1. SONEDCO	75	25-Sep-19	68,425.00	1.920	1.0130539	68,425.00	1.920		0.0%	0.0%	1,199,723.81	1.891
2. BISCOM	37	3-Oct-19	73,626.42	1.818	1.0015418	74,696.59	1.860	1.0038249	1.5%	2.7%	946,248.02	1.708
3. LA CARLOTA	8	30-Sep-19	67,296.12	1.902	1.0010079	72,945.68	1.915	1.0018869	8.4%	0.7%	980,040.85	1.836
4. FIRST FARMERS	54	1-Sep-19	26,097.06	1.800	1.0140880	27,696.00	1.800	1.0100000	6.1%	1.1%	505,825.05	1.714
5. HPCO	95	30-Sep-19	40,104.79	1.800	1.0956050	44,918.55	1.870	1.0912590	11.6%	4.2%	814,575.18	1.892
6. VMC	75	16-Sep-19	93,645.00	1.860	1.0017182	95,795.00	1.900	1.0000040	2.3%	2.2%	1,228,204.69	1.792
7. LOPEZ	117	3-Oct-18	35,101.57	1.865	1.0022422	35,010.63	1.902	1.0056783	-0.2%	2.0%	660,162.93	1.838
TOTAL			412,346.90	1.873		427,305.26	1.908		3.6%	1.9%	6,022,845.48	1.812
THIS WEEK CACI % SHARE / RANK			16.32%	2	7	17.07%	3	5			15.05%	4
TCM Rank			4			3					3	

No data for SONEDCO yet, copied only previous weeks performance, for updating once data is available.

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Mr. Tubio also presented the Weekly Negros Mills Performance Report. He stated that this is as of January 26, 2020. CACI is at number three in terms of tonnage. CACI milled 72, 000 and behind only Victoria's Milling Corporation (VMC) which milled around

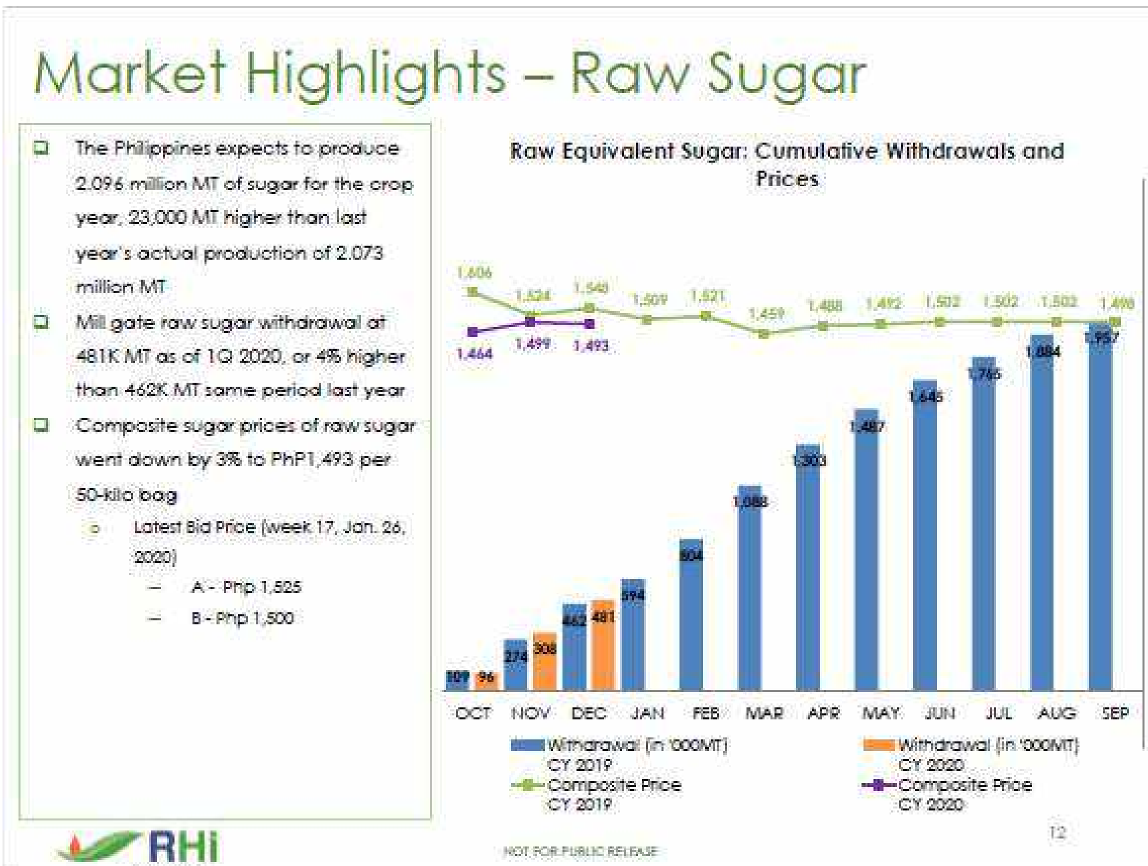
90,000 and Binalbagan Sugar Refining Mill (BISCOM) which reported around 74,000. In terms of LKg/TC, CACI is number four since it is hitting 1.9 already behind VMC, HPCo and URC. Despite the handicap due to limited resources, the Group is actually working hard to deliver and to ensure that targets are reached.

Alcohol Business Unit

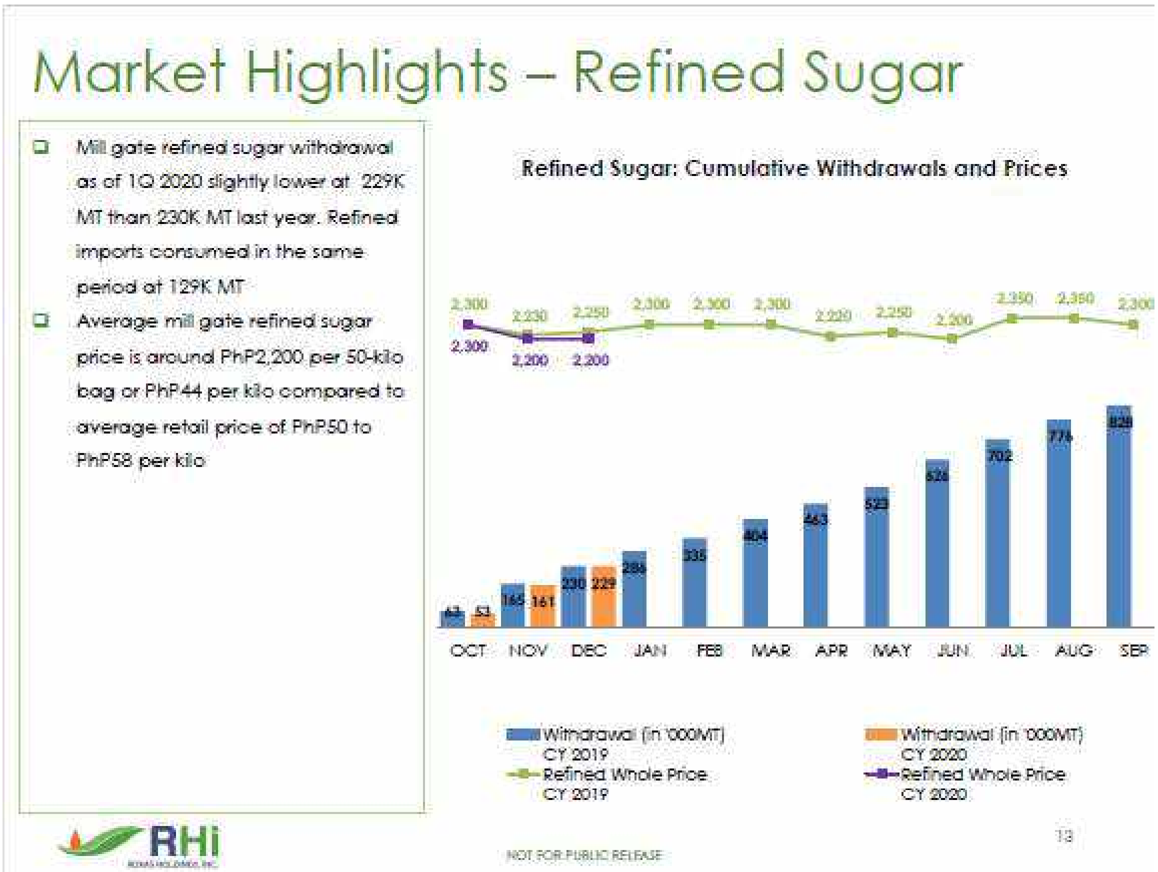
As far as Alcohol is concerned, production is low because of reasons earlier reported. It is 24% lower than last year and 38% lower than budget due to shorter operating days. Management intentionally stopped re-starting San Carlos Bioenergy, Inc. (SCBI) because of certain operational issues such as water management due to the typhoons which resulted to the lagoons being filled up. Fearing the overflowing of lagoons and environmental problems, Management decided to delay it because there were also repairs needed to be done on the turbine generators. Late milling and immature canes coming from the North also contributed to this.

RBC started to produce ethanol from sugar syrup. As mentioned, the price of molasses went sky high towards the last quarter last year. Going into the first quarter, the price went as high as Php13,500.00 per ton. The Group only budgeted for around Php10,500. The Group resorted to using sugar syrup instead of molasses. Based on the tests made in the RBC facility, it was successful and the yields were actually achieved. Except that, the price of molasses started to go down. It is now at Php11,300.00. As mentioned, the Group is actually a big user of molasses because it is the primary feedstock for the ethanol facilities. And so, if the Group does not buy, the tanks will be filled up. This will be a big problem insofar as the producers are concerned because there is no movement. There will also be a threat of an overflow, which may result to an environmental problem. From a traders' point of view, they will be charged with storage fees from the sugar mills. The sugar mills actually included a provision wherein if the traders do not withdraw within a specific period, the same will be bidded out and should be withdrawn immediately. Proceeds from that bidding will be paid back to the owners of the molasses certificates. That is why, instead of making a lot of money for these transactions, the traders and producers are actually lowering down the prices so that ethanol producers will buy from them already. This is a very limited window for the Group because after the milling season, the Group cannot source syrup anymore as a substitute. At this point in time, the Group has started contracting at a reasonable price so that the ethanol facilities can continue to operate beyond the milling season. As far as SCBI is concerned, it has now resumed operations.

Market Highlights (Sugar Business)

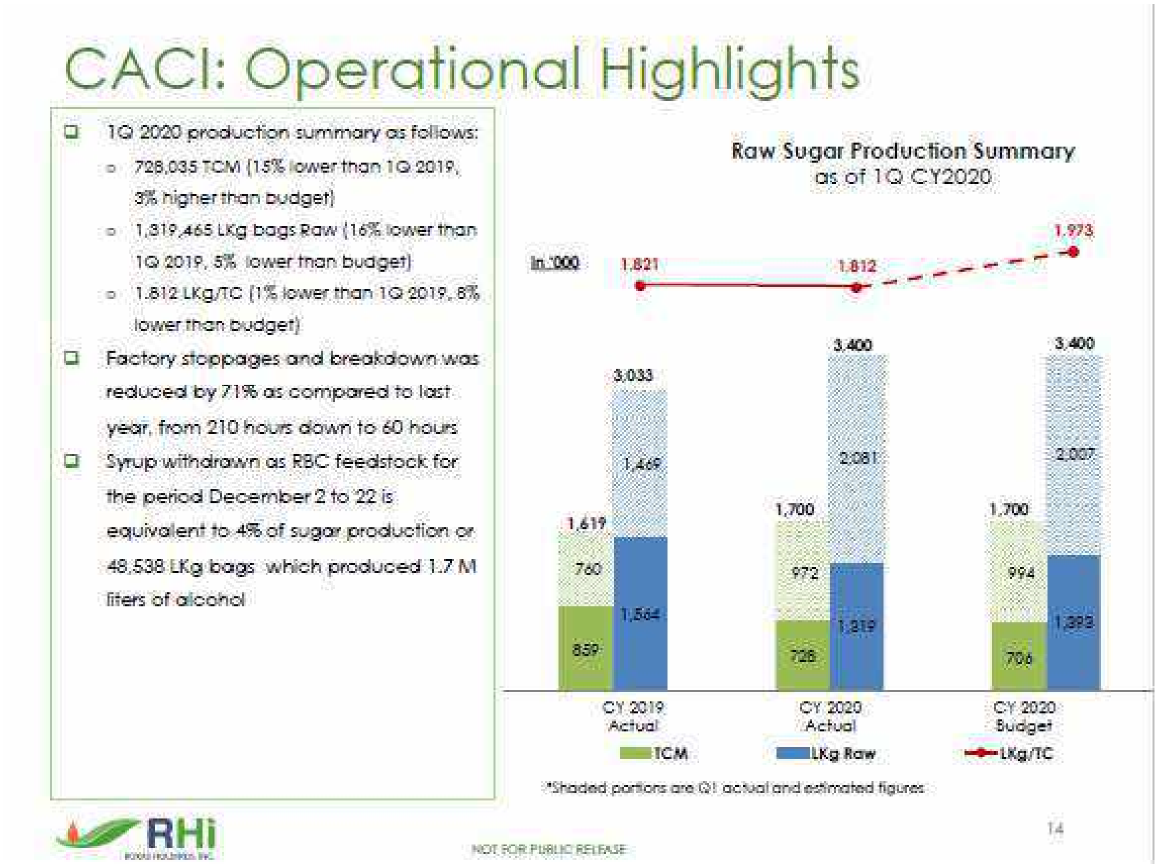


As far as raw sugar is concerned, the price of raw sugar globally has gone up substantially since the start of the year. From $0.11 per pound, it has risen to $0.14 per pound. The refined sugar has also risen from $480.00 per ton to $523.00 per ton. It is substantial and that is why the price of A sugar, which is the US export, has exceeded the price of domestic price right now. B sugar or the domestic sugar is selling at around Php1,500.00 and the A sugar is being traded at around Php1,520.00. This level of trading may continue for the time being because of the spike in world sugar prices. This is brought about really by the shortfall in the expected production from India, Thailand and Brazil. Mr. Roxas added that the reason why the replenishment program is being pushed is so that the Philippines can export at those prices and re-import at a cheaper price. Mr. Pangilinan inquired if the price will be set based on the US domestic price or the world price. Mr. Roxas answered that it will be set using the US domestic price. But because the trade is buying the A to replenish, they factor in that margin. So, they are in effect buying it in more or less the same price as the B sugar. There may be problems with this. Just like how Thailand is refusing to sell their sugar right now and India having shortfalls in their production. That is why there is a spike in the world sugar prices right now. The food security issue must be taken into account as well. Mr. Dimarucut added that the world supply is subject to certain parameters and it can actually change. Part of the reason why there is a shortage is because some producers of sugar are shifting to ethanol in Brazil. Mr. Tubio mentioned that prices have since improved a bit.



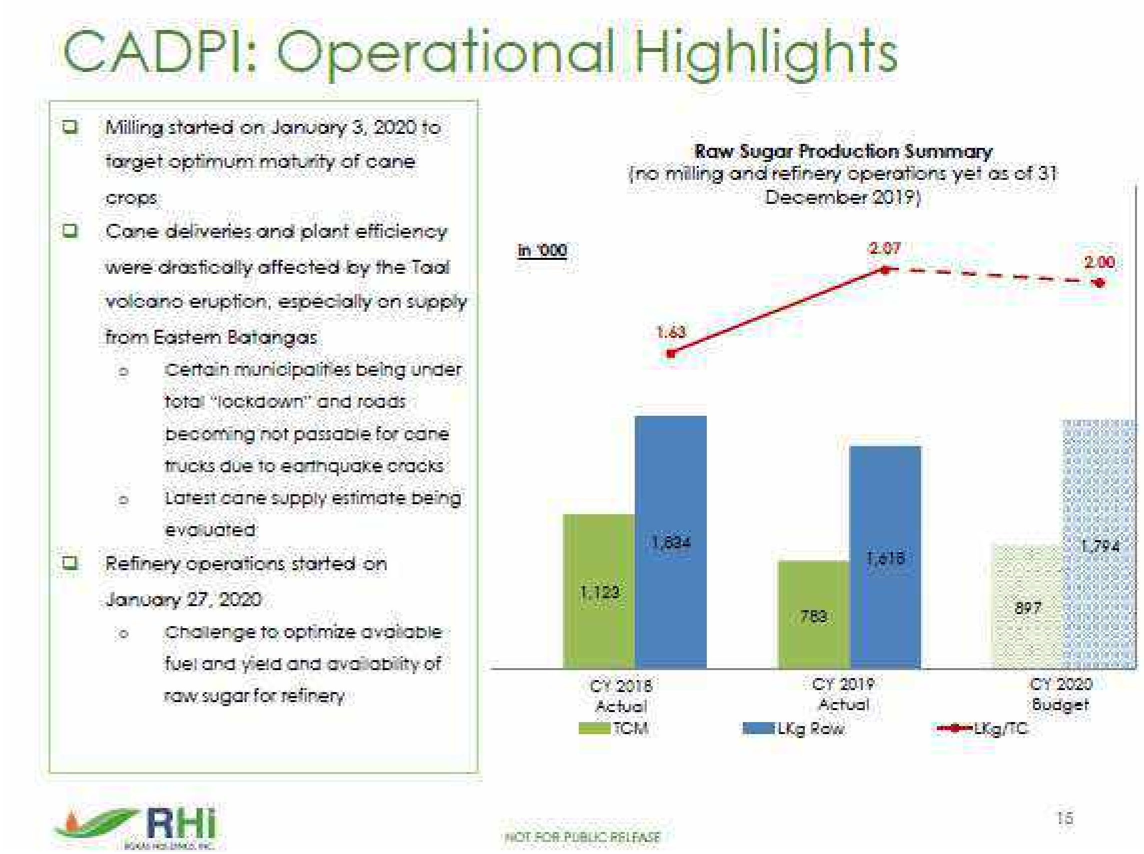
For refined sugar, there is not much to talk about because there are no stocks. In fact, the Group oversold. Mr. Roxas inquired about the price level of the Group's commitments. Mr. Tubio answered that the Group based it at around Php2,250.00, inclusive of Value-Added Tax (VAT). He explained that the Group could not really move it that high because when the Group was talking to industrial users, the imports came in. They were selling it at only Php1,900.00 per bag. Coca-Cola came to the Group and suggested that it can bring their raw sugar to the Group. The rates and terms are still being negotiated. Mr. Roxas mentioned that the problem about imports is that they cannot control the quality. As opposed to when they deal with local players, they can actually say that the product is not at par with their quality standards. This is where the Group should position itself because there is a niche that can be taken advantage of.

Operational Highlights (CACI)



Mr. Pilipino T. Cayetano (Mr. Cayetano) discussed the operational highlights of CACI. He stated that for the first quarter, CACI has already milled 728,000 tons. This is actually 15% lower than the first quarter of 2019. Last crop year, the milling started two weeks ahead. This year, milling started in October. The budget this year is 3% higher. For the sugar production or LKg raw, CACI is at 1,319,465 LKg. This is 16% lower than quarter one of 2019 and also 5% lower than budget. But as of February closing, CACI is already averaging 1,036,000 tons can milled. CACI has improved on its downtimes and stoppages. There is a 71% reduction in terms of its stoppages. CACI has also provided syrup to RBC for feedstock. This is equivalent to 48,538 LKg. Mr. Roxas inquired about the average daily tonnage. Mr. Cayetano answered 12,000 tons. 72,000 tons was already reached as of the week of January 20-26, 2020.

Operational Highlights (CADPI)



Mr. Jose B. Villanueva III (Mr. Villanueva) presented the operational highlights for CADPI. He stated that CADPI wanted to start early. However, the typhoon and the fact that the optimum maturity of the canes were not met, hindered the early start of the milling operations. CADPI was able to re-start its milling operations without reliance on bunker and bagasse. CADPI maximized the availability biomass. The challenge now is to increase the tones cane milled. A lot of challenges came, as earlier mentioned, one of the issues was the eruption of the Taal Volcano. There were lockdowns of road. Some of the areas had a lot of rains. Thus, the quality of the canes was not what is expected. The refinery operations have been re-started. CADPI is slowing ramping up the maximum capacity of its refinery based on the available raw sugar.

Operational Highlights (RHI Agri-Business Development Corporation)

ADC: Operational Highlights

- Expanded in-house farms and contract growing areas from 186 to 499 hectares, increased by 168%
- Farm productivity of in-house farms continues to rise from 34 tons/ha last CY 2018 to 83 tons/ha
- ADC's programs (farm services) have helped in the cane acquisition campaign, particularly with the ECJ Farm Agrarian Reform Beneficiaries Coop (ENFARBCO) which is now CACI's No. 1 planter with 800 hectares of sugarcane
    - CACI is able to capture 90% of the total canes of ENFARBCO to a large extent due to the tractors, grab loaders, mechanical harvesters and even HYVs provided by ADC

	FY2019		FY2020	
Negros farms	Rented Areas (ha)	Actual TCM	Rented Areas (ha)	Estimated TCM
In-house farms				
San Ricardo	31	1,880	32	2,760
Carolina	83	2,764	89	6,678
Hibong	-	-	52	4,160
San Jose*	-	-	80	-
US*	-	-	72	-
Hibong additional	-	-	12	-
Manaloto*	-	-	64	-
Batangas**	30	853	-	-
Contract Growing				
Himamaylan**	13	399	-	-
Alegria	29	2,500	31	2,512
Hilado	-	-	67	5,000
Total	**186**	**8,396**	**499**	**21,110**

*acquired September 2019, harvest will be on CY2021

**agreement terminated in CY2019

RHI

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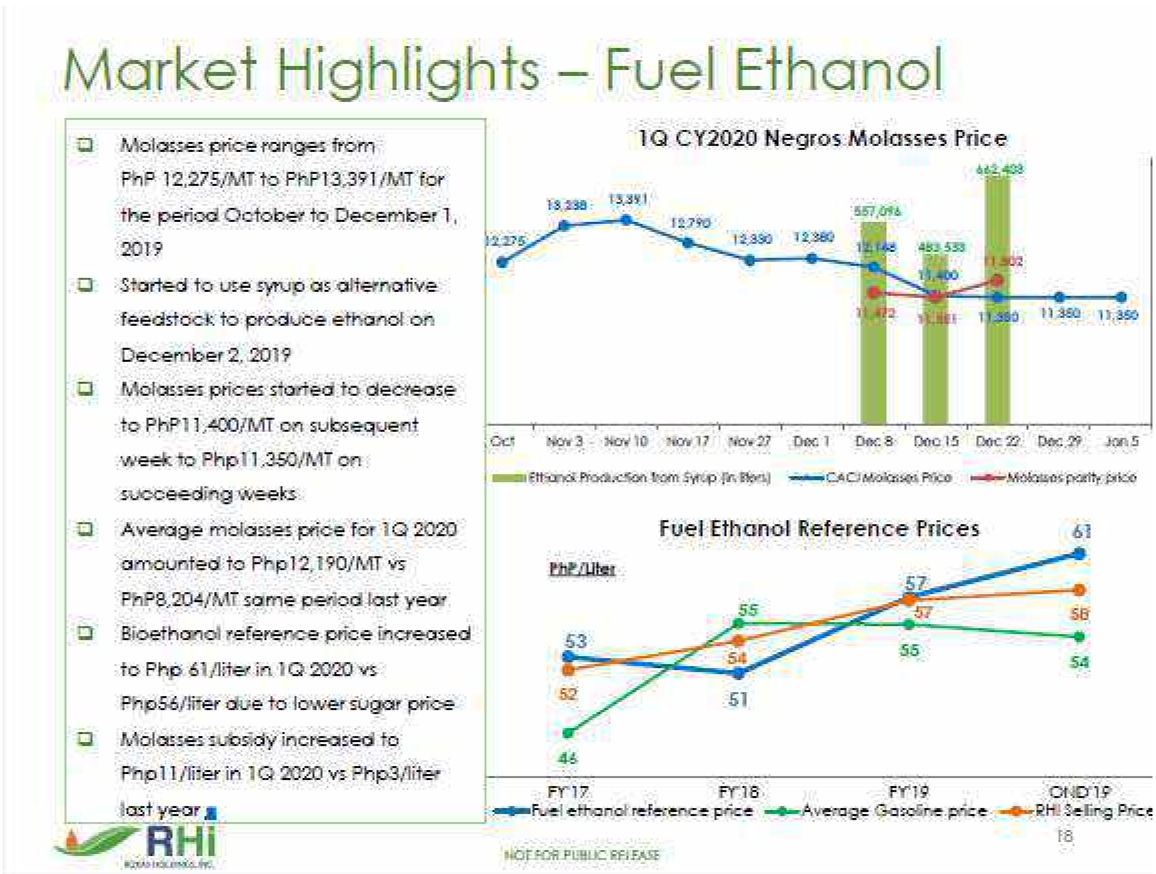
Mr. Jose Manuel L. Mapa (Mr. Mapa) discussed the operational highlights for RHI Agri-Business Development Corporation (ADC). He mentioned that ADC was able to expand the in-house farms and contract growing areas from one hundred eighty six (186) hectares to four hundred ninety nine (499) hectares. Four (4) farms have been added in the past seven (7) months. The farm productivity of the in-house farms continues to rise. What used to be thirty-four (34) tons per hectare, it is now at eighty three (83) tons per hectare. ADC's programs, particularly the farm services program, have helped in the cane acquisition campaign. ADC provides tractors for land preparation and grab loaders and mechanical harvesters. One of the main clients of ADC is the Coop of Mr. Cojuangco's farms, which is the ECJ Farm Agrarian Reform Beneficiaries Coop (ENFARBCO). They now operate eight hundred (800) hectares and ADC has been very supportive of them. Eight tractors are doing the land preparation for them. Because of this, CACI was able to capture 90% of the total canes of ENFARBCO. These are good quality canes. So far, it seems like Mr. Cojuangco is very pleased with the partnership. He is looking to adding more farms to the Coop. ENFARBCO is actually CACI's number one planter. Mr. Roxas inquired about the average tonnage they are getting. Mr. Mapa answered ninety (90) tons per hectare. He added that these farms used to be managed by Mr. Hinojales and it was turned over to them. Mr. Pangilinan clarified who manages the farms. Mr. Mapa answered that it is the Coop itself that manages the farm. He also mentioned that ADC's role is to provide them with equipment support in exchange for canes. They also pay for the services. Since the Group also has access to high yielding varieties, a portion is also given to this Coop. Mr. Tubio inquired about the length of the joint venture contracts of ADC. Mr.

Mapa answered that it is usually three (3) years and renewable. As for the farms directly leased, it is five (5) years. ADC is now directly leasing 499 hectares of farms.

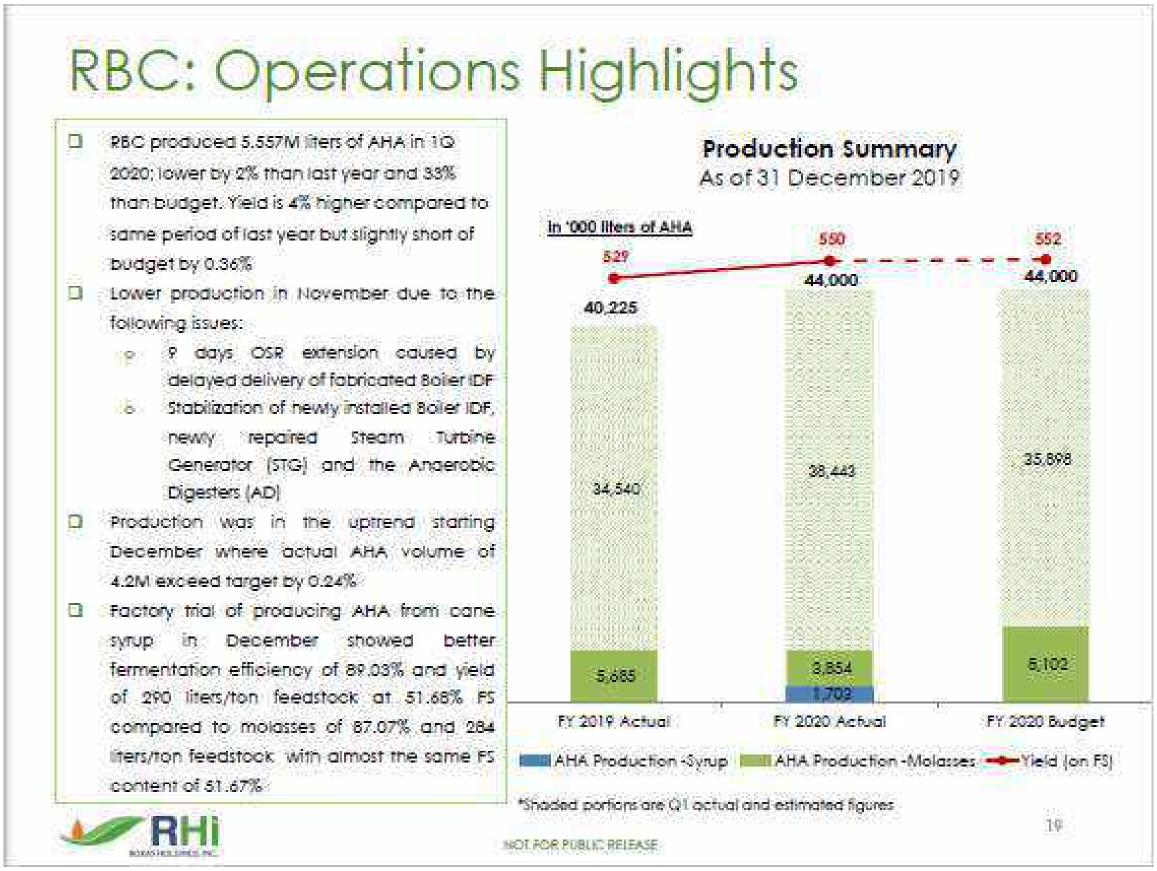
Market Highlights (Alcohol Business)



Mr. Tubio discussed the Market Highlights for ethanol. He mentioned that the National Biofuels Board (NBB) price for ethanol as of the first half of January is about Php60.25 per liter. It is still challenging for the manufacturers because of the high price of molasses. The Group still has inventory, the carrying cost of which is around Php12,000.00. The Group still continues to subsidize the feedstock in the production. The Group used syrup as an alternative feedstock but this was stopped last December 2, 2019 because the prices of molasses went down from the previous highs. Once the milling operations of the sugar mills stop for this crop year, producers and traders will sell at a high price again because they know that the ethanol producers do not have that option of using sugar syrup anymore. The Group is currently reviewing its feedstock or molasses inventory for the rest of the year. As of now, the Group is still short by around 60,000 tons for RBC and 40,000 for SCBI. In SCBI, syrup can still be utilized because milling in the North is expected to be late. Mr. Christopher H. Young (Mr. Young) inquired about the selling price of ethanol. Mr. Tubio answered that the Group expects it to be on the same level because the formula uses the average of the molasses prices and sugar prices. Sugar prices have been hovering at around Php1,500.00 per LKg. 50% of that is being used in the formula. Although the price of molasses has gone down, it is still not that low. It is at Php11,400.00 and this is still high. It is way beyond the Group's budget of

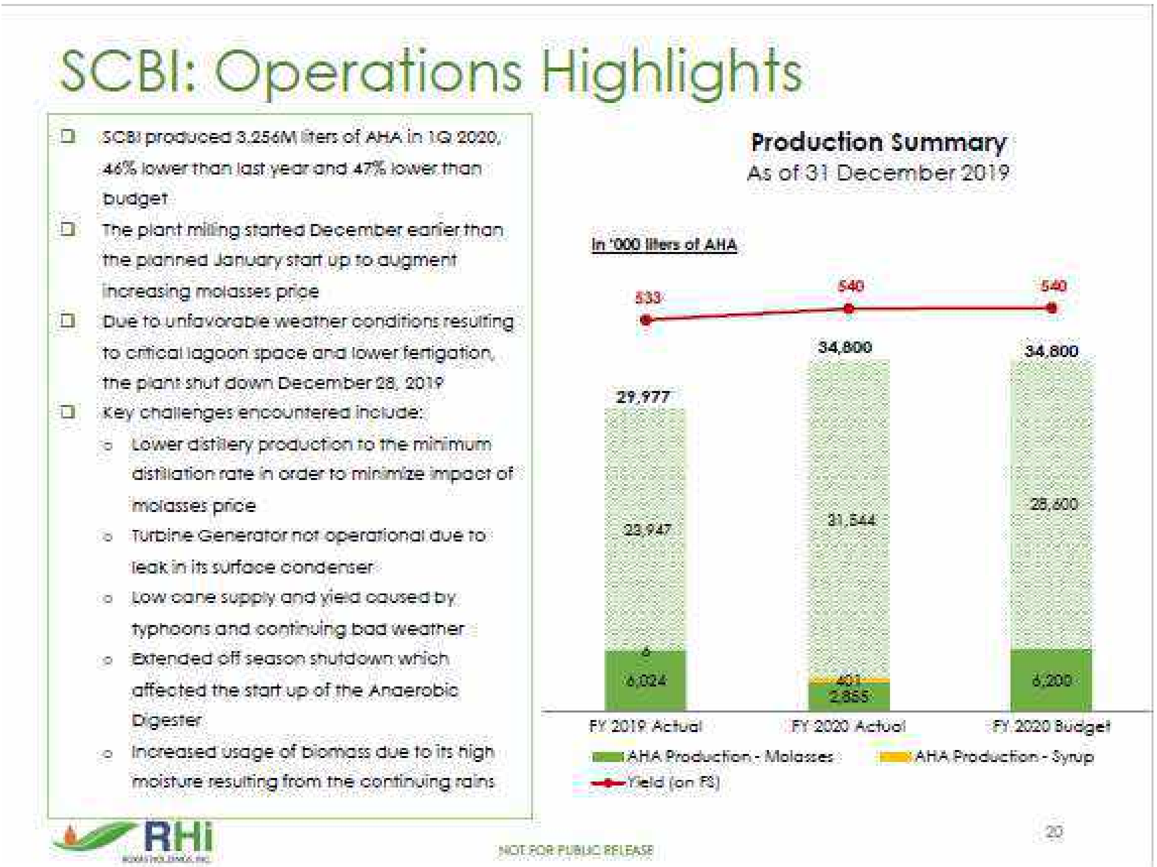
Php10,500.00. Thus, the price of ethanol is expected be around Php58.00 or Php59.00. Mr. Dimarucut added that the Group expects to narrow down the gap. Part of the gap is due to the committed deliveries last quarter, which was already pegged at Php59.00, where the NBB price is Php62.00. The standard discount being given is between Php.0.50 to Php1.00. Considering that there is huge gap between the gasoline price and NBB price. There is a pressure to ethanol producers, in terms of the ethanol product, being a substitute to gasoline.

Operational Highlights (RBC)



Mr. Cayetano discussed that in the first quarter, RBC has already produced 5.57 million liters of AHA. This is 33% lower than the budget. This was due to extended Off-Season Repair (OSR) activities because of the fabrication of the IDF for the boilers and the stabilization of turbine generators and anaerobic digester. However, there is a recovery plan for this. From January to September, there will be an additional seven (7) production days and the target is 146,000 liters per day. Mr. Tubio added that the Management is also monitoring the price of oil. In 2016, the price of bunker went down and the Group booked forward. This was used to fuel the refinery. Money was made out of it. If the price of bunker goes down again, the Group will recalculate the parity for biomass and bagasse. Hopefully, this can be used in the refinery so that it can operate longer. Mr. Cayetano stated that for December and January, RBC has already started to uptrend the production. Last December, RBC has already hit 4.2 million liters and for January, it is at 4.17 million liters. In the first two weeks of December, syrup was used as alternative feedstock. This showed a good yield, which is at 290 liters of AHA.

Operational Highlights (SCBI)



Mr. Villanueva stated that SCBI is behind because it has only produced around 46% and it is lower than what should be produced. As compared to last year, the challenge is that the operations started late and the available affordable molasses, needed to be maximized. The output was actually 70,000. The rains also caused the lagoons to reach a critical level. There was a day that it filled up twenty-one (21) hectares. This urged SCBI to find farms so that it can irrigate and reduce waters in the lagoons. Within the proximity of San Carlos, no one would get the spentwash because the lands are wet. The good news is that when SCBI resumed, it was able to create about twenty-five (25) days of equivalent production output. SCBI can now run at a normal pace. SCBI is now producing ethanol from sugar syrup and molasses. There is good quality molasses and continued improvements are being done in terms of the use syrup. From February 3, the minimum output has been increased to 100,000 and will be increased to 120,000. Mr. Pangilinan asked the range of products which can be used as raw material. Mr. Villanueva answered that corn syrup, glucose, sugar beets, cassava, corn and other high fructose content can be used as raw material. Mr. Dimarucut mentioned that outside the Philippines, the dominant raw material is actually corn. Mr. Villanueva also mentioned that the use of steam turbine generator is limited due to the leak in its surface condenser which is targeted to be repaired in six (6) weeks.

IV

AUDITED FINANCIAL STATEMENTS FOR THE FOR FIRST QUARTER ENDING DECEMBER 31, 2019

Profit & Loss

- Lower sugar profit is caused by decreased sales volume due to lower inventory carryover; average sugar sales price decreased also from PhP1,692 in FY19 to PhP1,616 in FY20
- Alcohol gross profit decreased significantly due to increased feedstock cost, average molasses cost in FY20 amounted to PhP12,025 vs PhP9,079 in FY19. Feedstock margin decreased to PhP13 in FY20 vs PhP23 in FY19 (equivalent to Php 92 million)
- Nonrecurring item pertains to gain on sale of HPCo shares

	Period ended December 31		
PhP millions	FY2020 Actual	FY2020 Budget	FY2019 Actual
Sugar segment	80	104	99
CACI (Negros plant)	49	105	(27)
CADPI (Batangas plant)	50	-	115
HPCo (45% equity interest)	2	-	16
Alcohol segment	(7)	72	48
SCBI	(5)	11	6
RBC	(3)	61	42
Contribution from operations	73	176	147
Operating expenses	(228)	(275)	(241)
Other income	37	22	(8)
Interest expense	(165)	(144)	(145)
Tax benefit	39	58	105
CORE NET LOSS	(244)	(163)	(141)
Nonrecurring income	247	-	-
NET INCOME (LOSS)	4	(163)	(141)
Depreciation	149	156	139
EBITDA	31	78	37

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Mr. Dimarucut reported that CACI was able to reverse what was a negative margin last year due to the substantial incentives given to big planters. The target volume was recalibrated to 1.7 million, which was previously 2 million. At the same time, the Group's focus now is on cheaper canes. This resulted to a positive gross margin for the first quarter as compared to last year. For CADPI, since there was no operation, it was dependent on the carryover inventory form the previous period. In the previous year, there were significant products of refined sugar and this was seen in 2019. This is not the case for this quarter because the refined sugar production went down in 2019. HPCo earning represents the equity earning up to the time of sale. This is mid-November 2019. The significant figures are actually in the Alcohol due to the increasing price of molasses. This decreased the margin considerably. Moving forward, if the Group can maintain a Php5.00 per liter margin, Php70-75 million can be registered on a quarterly basis in terms of margin. The Management is continuing to find ways to reduce the OPEX given the current situation and the level of operation of the business. The Group was able to bring this down to Php228 million as compared to Php241 million last year. Interest expense continues to increase as banks continue to impose higher interest rates. Banks are charging as high as 8%. The Group's interest rate averages at 7.5%. All told, it is about Php244 million core net loss for the first quarter before the non-recurring income. The non-recurring income pertains to the sale of HPCo. The Group was able to get Php860 million after deducting capital gains tax and other taxes. The book value was actually below that number, as such, the Group was able to recognize Php247 million gain for the period.

Profit & Loss

	Period ended December 31		
	FY2020	FY2020	FY2019
PhP millions	Actual	Budget	Actual
Revenues	1,504	2,774	2,267
Cost of Sales	(1,484)	(2,598)	(2,252)
Gross Profit	20	176	16
GP Rate	1%	6%	1%
Operating Expenses	(181)	(213)	(186)
Other Operating Income	281	13	(3)
Operating Loss	120	(24)	(174)
Equity in Net Earnings - HPCo	2	-	16
Finance Cost	(124)	(107)	(56)
Loss Before Income Tax	(2)	(131)	(213)
Income Tax Benefit	29	31	104
NET INCOME (LOSS) FROM CONTINUING OPERATIONS	27	(100)	(109)
NET LOSS FROM DISCONTINUED OPERATIONS	(24)	(63)	(32)
NET INCOME (LOSS)	4	(163)	(141)
Attributable to :			
Equity holders of parent company	5	(162)	(141)
Non controlling interest	(2)	(1)	(1)
Total	4	(163)	(141)

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CADPI is still shown as part of the assets available for sale and thus, the report of the operations is included in the net loss from discontinued operations line but the bottom-line numbers are the same.

Balance Sheet

- Consolidated total asset decreased by Php 4.2 billion primarily due to lower inventory carryover, collection of receivables and sale of HPCo shares
- Net Debt decreased due to advance payment of long term loan amounting to Php 866 million

	Period ended December 31		
	FY2020 Actual	FY2020 Budget	FY2019 Actual
Current Assets	10,859	10,873	13,599
Cash	467	384	550
Receivables	1,025	961	3,075
Inventories	1,255	1,733	2,012
Asset held for sale	6,599	6,525	6,525
Others	1,513	1,270	1,436
Noncurrent Assets	10,418	10,976	11,857
Property and equipment	8,966	9,026	9,233
Investment and goodwill	1,080	1,593	1,738
Others	373	356	886
Total Assets	21,277	21,848	25,456
Current Liabilities	8,898	8,647	14,452
Short term borrowings	6,717	6,717	7,044
Current portion of long-term debt	212	848	4,502
Trade and other payables	1,354	1,082	1,883
Liabilities directly associated with assets held for sale	616	-	1,024
Noncurrent Liabilities	3,196	4,200	439
Long term borrowings	2,492	2,730	-
Others	704	1,470	439
Equity	9,183	9,002	10,566
Total Liabilities and Equity	21,277	21,848	25,456
Net Debt	8,954	9,930	10,995

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As for the Balance Sheet, despite the setbacks as seen in the results of operations, the Group continues to strive to find ways to reduce the net debt. The congregation of reduction in the working capital, receivables and inventories, as well as the use of proceeds from the sale of HPCo, resulted to a net debt of almost Php9 billion which is lower than last year which was at Php11 billion. It is actually Php2 billion reduction.

Cash Flow

- Positive Free Cash Flow due to liquidation of inventories and collection of receivables
- Payment of long term loans from the proceeds of sale of HP Co shares

	Period ended December 31		
	FY2020 Actual	FY2020 Budget	FY2019 Actual
EBITDA	**31**	**78**	**37**
Working capital	260	161	(32)
Capital expenditures	(91)	(150)	(124)
Free cash flow	**199**	**89**	**(119)**
Debt availments (servicing)			
Long term principal payments	(866)	-	(311)
Short term availments	-	-	833
Interest expense	(165)	(144)	(145)
Proceed from sale of investment	860	-	-
Cash balance			
Beginning	438	438	293
End	**467**	**384**	**550**

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In terms of cashflow, despite the low Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA), the Group continues to serve its debt obligations and capital expenditures through the use of working capital.

On motion duly made and seconded, the Board approved the Audited Financial Statements and Management Report for the First Quarter ending December 31, 2019, as presented.

Approval of the Press Release

Upon motion duly made and seconded, the Board likewise approved the Press Release on the Results of Operations for the First Quarter ending December 31, 2019, as circulated.

V
OTHER MATTERS

Upon motion duly made and seconded, the Board likewise approved the following resolutions:

BREDCO Land

Board Resolution No. RHI 2020-0204-01

"RESOLVED, That the Board of Directors of **Roxas Holdings, Inc.** (the "Corporation"), authorizes, as it hereby authorizes, the Corporation to evaluate and negotiate the terms and conditions of the sale of its parcel of land located in Poblacion, Bacolod City, Negros Occidental covered by TCT No. 337801;

RESOLVED, FURTHER, That the Board of Directors of the Corporation authorizes, as it hereby authorizes, the Corporation to negotiate, sign, execute, perform, undertake, procure, implement and/or deliver, any and all documents and actions identified, or as may be required or may be deemed necessary or appropriate, to give effect to this resolution, and to determine such terms and conditions as may be advantageous to the Corporation;

RESOLVED, **FINALLY,** That the Board of Directors of the Corporation authorizes, as it hereby authorizes, **HUBERT D. TUBIO**, President and CEO, as the Corporation's representative, for and on behalf of the Corporation, to sign, execute, endorse and deliver any and all documents, certificates, undertakings, and agreements and to perform and do any and all acts as may be required or may be deemed necessary or appropriate in all the phases of the transaction or as may be required or may be deemed necessary or appropriate to fully effect all of the foregoing resolutions."

NAVI SHARES

Board Resolution No. RHI 2020-0204-02

RESOLVED, That the Board of Directors of **Roxas Holdings, Inc.** (the "Corporation"), authorizes, as it hereby authorizes, the Corporation to evaluate and negotiate the terms and conditions of a possible sale of its investment in Najalin Agri-Ventures, Inc. ("NAVI"), owned directly and indirectly by the Corporation and comprising of 517,153 Class A and 2,962 Class B NAVI shares, with Universal Robina Corporation;

RESOLVED, FURTHER, That the Board of Directors of the Corporation authorizes, as it hereby authorizes, the Corporation to negotiate, sign, execute, perform, undertake, procure, implement and/or deliver, any and all documents and actions identified, or as may be required or may be deemed necessary or appropriate, to give effect to this resolution, and to determine such terms and conditions as may be advantageous to the Corporation;

RESOLVED, **FINALLY,** That the Board of Directors of the Corporation authorizes, as it hereby authorizes, **HUBERT D. TUBIO**, President and CEO of the Corporation, and /or **CELSO T. DIMARUCUT**, Chief Finance Officer of the Corporation, jointly or individually, as the Corporation's representatives, for and on behalf of the Corporation, to sign, execute, endorse and deliver any and all documents, certificates, undertakings, and agreements and to perform and do any and all acts as may be required or may be deemed necessary or appropriate in all the phases of the transaction or as may be required or may be deemed necessary or appropriate to fully effect all of the foregoing resolutions.

ADJOURNMENT

There being no other matters to discuss, the meeting was thereupon adjourned.

ROXAS HOLDINGS, INC.
MINUTES OF THE REGULAR MEETING OF
THE BOARD OF DIRECTORS

Held Online via Microsoft Teams on May 19, 2020 at 10:00 in the morning.

ATTENDANCE:

Present via teleconference:

Mr. PEDRO E. ROXAS
Mr. MANUEL V. PANGILINAN
Atty. RAY C. ESPINOSA
Atty. ALEX ERLITO S. FIDER
Mr. HUBERT D. TUBIO
Atty. SANTIAGO T. GABIONZA, JR.
Ms. ARLYN S. VILLANUEVA
Mr. CHRISTOPHER H. YOUNG
Mr. OSCAR J. HILADO

Others Present via teleconference:

Atty. CYNTHIA L. DE LA PAZ
Mr. SENEN C. BACANI
Mr. CELSO T. DIMARUCUT
Mr. ARCADIO S. LOZADA, JR.
Mr. JOSE MANUEL L. MAPA
Mr. PILIPINO T. CAYETANO
Mr. JOSE B. VILLANUEVA III
Mr. JULIUS G. RUGAS
Ms. VERONICA C. CORTEZ
Atty. MA. HAZEL L. RABARA-RETARDO
Mr. JAYNEL R. SULANGI
Ms. JENNIFER LIM
Ms. ROULEE JANE F. CALAYAG
Atty. AIMEE E. PEDAYO

I
CALL TO ORDER

The Chairman, Mr. Pedro E. Roxas (Mr. Roxas), called the meeting of the Board of Directors to order. In view of the conduct of the meeting through remote communication, the Corporate Secretary, Atty. Cynthia L. De la Paz (Atty. De la Paz) read the rules of the meeting and proceeded to disclose the names of the people present in the meeting through Microsoft Teams. Thereafter, Atty. De la Paz certified the existence of a quorum and recorded the Minutes of the Meeting.

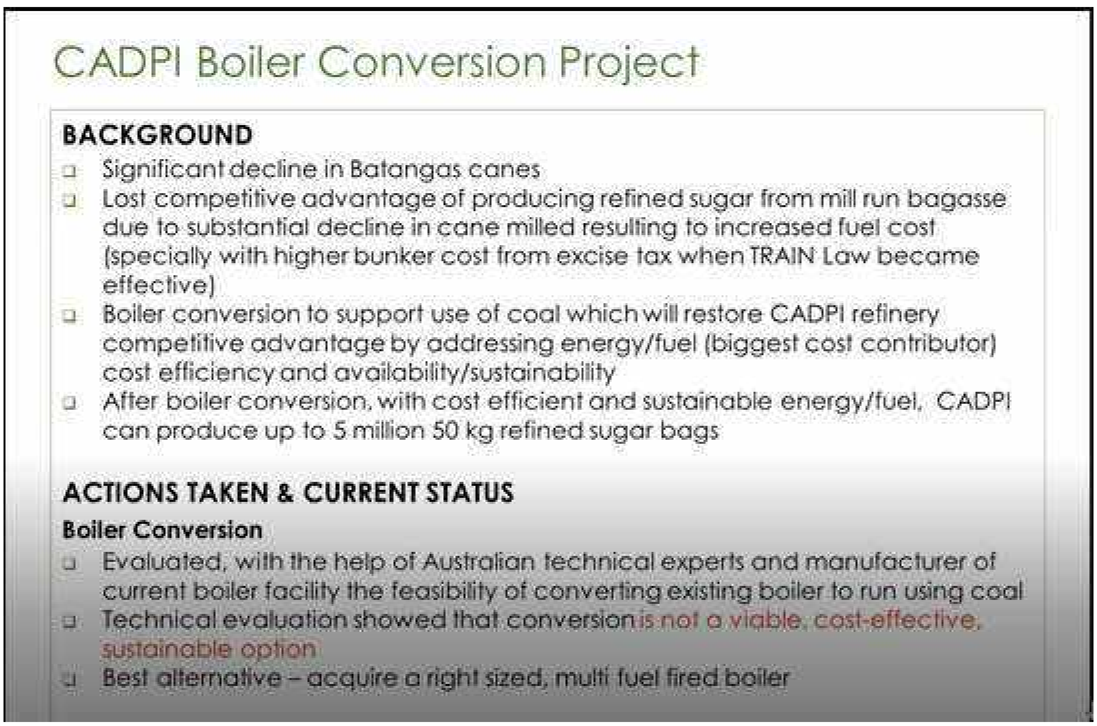
II
APPROVAL OF THE MINUTES OF THE PREVIOUS MEETING

Mr. Roxas presented the Minutes of the Regular Meeting of the Board of Directors held on 04 February 2020. He stated that a copy of the Minutes of the Regular Meeting of the Board of Directors was circulated to all members of the Board prior to the meeting for their review.

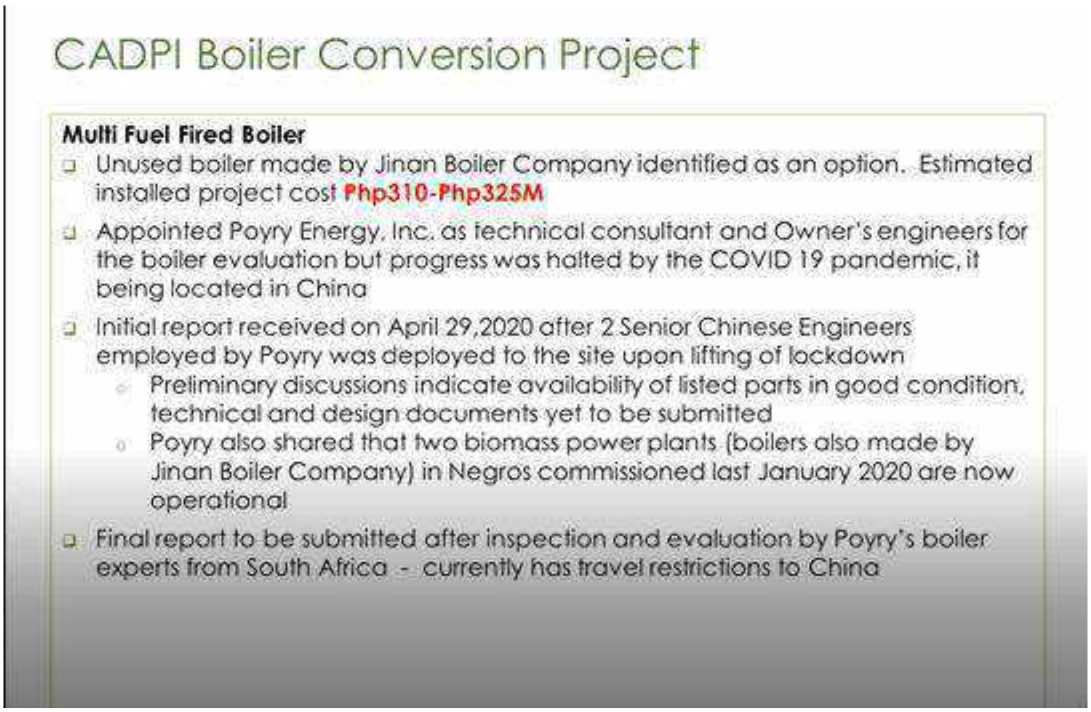
On motion duly made and seconded, the Board approved the Minutes, as presented.

III
MATTERS ARISING FROM THE MINUTES OF THE PREVIOUS MEETING

Mr. Arcadio S. Lozada, Jr. (Mr. Lozada) presented an update on the Central Azucarera Don Pedro, Inc. (CADPI) Boiler Conversion Project.



He discussed that as reported in the previous meeting, the decline in the cane tonnage in Batangas has resulted in higher cost of the operations of the refinery. This translates to very uncompetitive pricing for refined sugar. The price of bunker fuel with the new tariff in the TRAIN Law is quite high. The Management explored the possibility of converting one of the boilers, and two engineers from John Thompson were invited to observe and look at the facility. While they can do this conversion, there are no assurances because they have not done this kind of conversion. Thus, the Management decided to forego this direction.

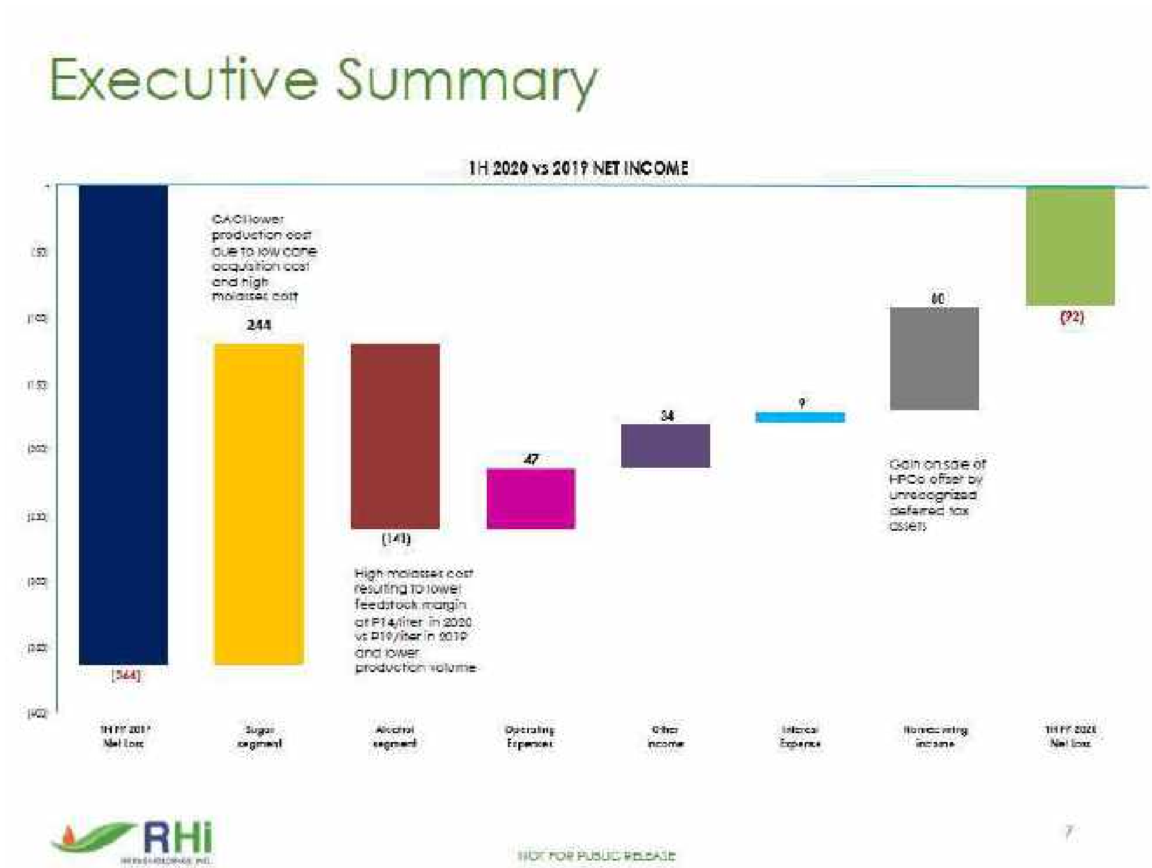


The Management got a quotation for a multi-fuel fired boiler from China which was installed in a cement factory. The price is really attractive and in-house estimates show that this can run at a price of Php310-Php325 million. To make sure that this is a good buy, the Management commissioned Poyry Energy Inc. (Poyry) to be the Group's technical advisers. They sent 2 Chinese Engineers under their employee to China. Based on the initial report, the listed parts are in good condition but they need the documents before they can make a final report. They supposedly have scheduled their engineers form South Africa. However, there are travel restrictions to China right now. The Group is optimistic that this is the right direction to go to. Part of the engagement of Poyry is for them to verify the Group's assumption on the cost and the operation cost because they have experience in operating a multi-fuel fired boiler.

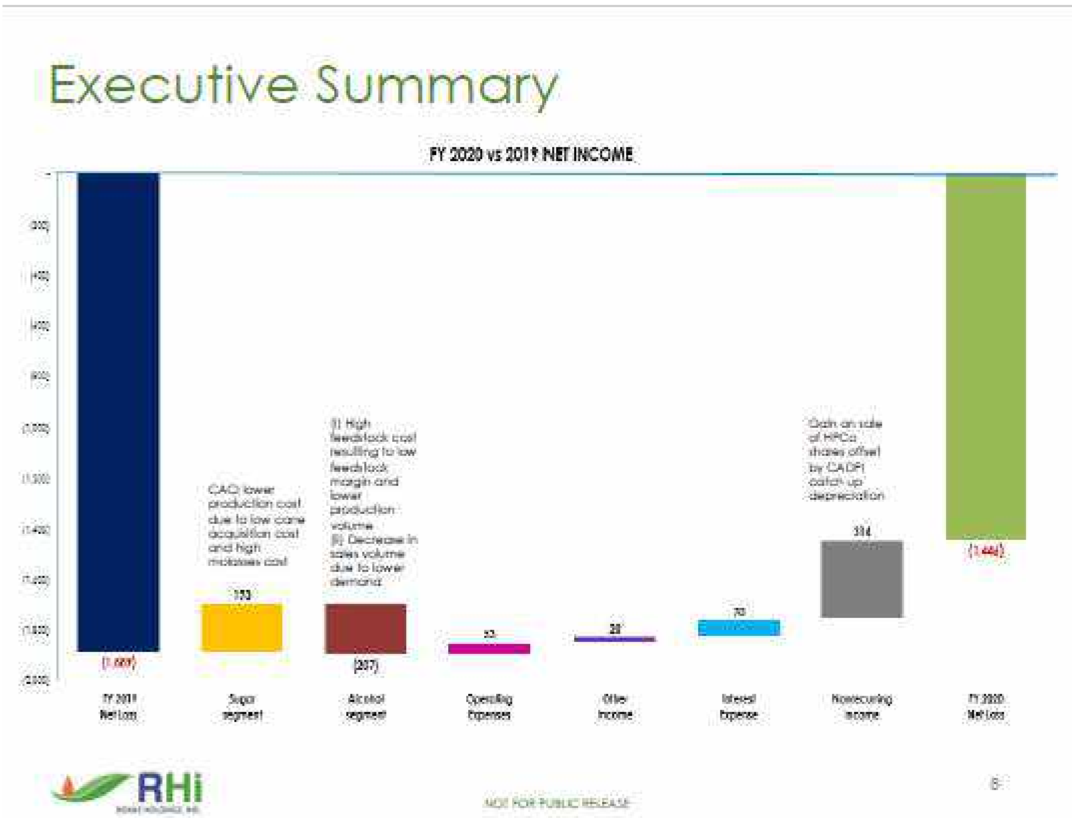
Mr. Roxas confirmed if with this multi-fuel fired boiler CADPI will be able to operate 9-10 months of the year and be able to produce 5 million bags of refined sugar. Mr. Lozada affirmed. He added that the boiler manufacturer is the same manufacturer of two biomass powerplants recently built in Negros. Poyry was also involved in these.

IV
HIGHLIGHTS OF OPERATIONS

The PCEO, Mr. Hubert D. Tubio (Mr. Tubio) presented the summary of the results for the first half of the fiscal year.



He discussed that the operations for this Crop Year was very challenging. While Central Azucarera De La Carlota, Inc. (CACI) started in September and the ethanol companies sometime in November, the operations in CADPI was very much affected because of the Taal Volcano eruption. CADPI started its operations last January 3, 2020 and the Taal Volcano erupted in January 13, 2020. Then, community quarantine for the COVID-19 pandemic started last March 16, 2020. The Sugar Segment actually contributed Php244 million to the Gross Profit and CACI made significant contribution on this by milling 1.7 million tons of cane for the Crop Year. The contribution from the Sugar Segment was deflated because of the performance of CADPI. CADPI ended its milling operations in April 17, 2020 with only 655,000 tons of canes milled. The total canes available for the area was 1.2 million tons. Out of the total canes available, 400,000 to URC Balayan. A new ethanol facility, Progreen, was able to get 122,000 tons of the pie. These are the new challenges that the Group is facing in its sugar unit in Batangas. While the Sugar Segment continued production during the COVID-19 disruption because of its essential goods classification, the deliveries, sales and collections were also disrupted substantially. These will also be reflected in the negative contribution of the Ethanol Segment. The high price of molasses resulted to low feedstock margins. San Carlos Bioenergy, Inc. (SCBI) contributed a lot to the negative contribution of the Ethanol Segment. The worst incident that really affected the Group, not only in productivity but also in the cashflow, is the halting of lifting in the ethanol units. Liftings were put on hold last April and this May. By the end of March, there was already reduced lifting because of the reduction of demand in fuel. Oil companies also have tanks being filled up because there is no movement. The Group expects that this will continue as long as the situation has not yet improved. Going back to CACI, it has improved performance. The target of 1.7 million tons was hit. The cane acquisition cost was reduced significantly form Php415.00 last year to Php344.00 per MT. And yet the Group was not able to cover fully the negative impact of CADPI. The strategy was to shift focus on small and medium sized planters. Although there was a slight effect on the LKg/TC and the yields from the sugarcanes from these planters, nevertheless, CACI was able to hit its target with lesser cost in acquisition. LKg/TC remained the same compared to last year with only a slight difference. The other contributory factors for the first half include the positive reduction of Operating Cost and Expense. Adjustments are needed to be done because of the new normal being experienced. The Group will strictly and consciously re-evaluate the situation and how the Group can further cut the Operating Cost and Expenses. Yet, the Group is still not getting a positive contribution in terms of the Interest Expense because the interest rate went up towards the end of the first half of the year. The Banks are not giving the Group preferred rates because of the Balance Sheet. Overall, these resulted in a Php92 million net loss for the first half.



For the full year, it is really disheartening to see a loss of Php1.4 billion. There is an increase in the negative contribution of the Alcohol Segment to the net loss. In addition to the Interest Expense and Depreciation cost. Management is firm in its commitment to present strategic options for the Board's consideration given the current situation of the Group's business. Though there were foregone opportunities because of the financial situation, the Group does not have any other choice. For example, the raw sugar produced in CACI is liquidated at once to generate cash. No collections were made from the Alcohol Segment because of the pause in liftings. Also, because of the shortage in raw materials in CADPI, the refinery operations were cut short or sometime last March 22. The refinery operated only for 52 days compared to 138 days last year. CADPI will resume on the third week of May. CADPI will process around 280,000 bags of sugar. The Management is committed to the Board and the shareholders that it will do its best to ensure that recommendations and solutions will be given. The Management has already started discussions and the same will continue for the following weeks. Another presentation will be made for this. The situation right now is affecting everyone and will be difficult for the RHI Group.

Sugar Business Unit

PCEO Report

Sugar Business Unit

National Sugar Production

- Raw sugar production could fall to 2.025 million metric tons (MMT) from estimated 2.096 MMT, as El Niño and rains battered plantations in key sugar-producing areas in the country
  - Latest Sugar Regulatory Administration (SRA) forecast indicated that sugar output in CY 2019-2020 may be slightly lower from the previous crop year's 2.072 MMT
- National Production as of 12 April 2020

	1H 2020		1H 2019		Decrease	
(in million)	TCM	Raw Sugar Production (in MT)	TCM	Raw Sugar Production (in MT)	TCM	Raw Sugar Production
National	**19.199**	**1.753**	**20.261**	**1.923**	**-5%**	**-9%**
Negros	12.443	1.146	12.845	1.212	-3%	-5%
Luzon	1.646	0.143	1.867	0.178	-12%	-20%
Visayas	1.877	0.148	1.892	0.161	-1%	-8%
Mindanao	3.232	0.316	3.657	0.372	-12%	-15%

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Mr. Tubio discussed the National Sugar Production data. The volume has decreased because of the weather situation, particularly in Luzon. The timing of the rainfall was not also great. Based on several feedbacks from some planter groups, they said that this year should have been better because they planted new seedlings as compared to last year. The Group also brought in cane points to Batangas and committed to increase the nursery for cane points because this factor is important especially for the Batangas area where the yield per hectare is very low. Hopefully, this can be done positively for the next Crop Year.

PCEO Report

Sugar Business Unit

- CACI ended its milling operations last 26 April 2020:
  - 1.733 million tons, 7% higher than 1.619 million tons canes milled (TCM) in previous crop year and 2% higher than budget
  - 3.252M LKg raw sugar produced, 7% higher than 3.033M LKg produced in previous crop year
  - Raw sugar yield remains at 1.87 LKg/TC, almost the same with previous crop year
- CADPI ended its milling operation on April 17, 2020 with 655 thousand TCM, 16% lower than last year and 27% lower than budget
  - Taal eruption, ProGreen aggressive cane acquisition and COVID 19 collectively decreased CADPI's cane market share
  - Low LKg/TC due to unfavorable weather condition wherein Eastern Batangas experienced more rainfall than last year
- On 21 March 2020, CADPI refinery operations temporarily stopped with production of 696 thousand LKg bags at 93.3% recovery
  - May 28 tentative schedule for resumption with target production of 270 thousand LKg bags

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Mr. Oscar J. Hilado (Mr. Hilado) inquired if CACI has completed its milling. Mr. Tubio answered in the affirmative and stated that the milling was completed last April 26, 2020. CACI milled 1.734 million tons. The target was also reached. Mr. Hilado further inquired about the Alcohol Segment and stated that it has contributed negatively for Roxas Holdings, Inc. (RHI) this year. He asked how critically important is the Alcohol operations to the Sugar operations. Mr. Tubio answered that it is not critically important vis-à-vis the Sugar operations. There are two Ethanol units in the Group. Roxol Bioenergy Corporation (RBC) is actually doing well. SCBI is the one pulling it down. This was not anticipated when the Group took over the management of SCBI. The Management was overwhelmed by the number of issues that were present at that time from the Sugar business to the Ethanol business. Both businesses had problems at that time and Management tried to focus on solutions that can be done as fast as possible. CACI was prioritized and that resulted to a record production. The issues when the Management took over SCBI included planter relations, cane acquisition cost, the people and the facilities. When SCBI was taken over, repairs were not done yet. Some of the issues which were present when it was expanded from 90,000 to 140,000 liters/day, they were not prepared to do it. One of the reasons why SCBI contributed negatively is some of the factors attributed to its integral operations were not addressed very well by the previous owners. The expansion during the time of Jimenez did not fully consider the impact of producing ethanol from molasses. In terms of production, SCBI would need more water to produce the same volume of ethanol from molasses than from syrup. SCBI was specifically built to produce ethanol from sugarcane syrup and not molasses. This is the reason why there are problems in SCBI such as insufficient storage capacity and insufficient water discharge facilities. Management will present the strategies to solve these issues moving forward. Another factor is that SCBI has an exclusive contract with Petron. While this has pros and cons, it can choose not to lift like what it has done during the quarantine period. SCBI may have to stop operations since there is no storage. In the case of RBC, its yield or return is better. CACI is also subsidizing the bagasse. This is a major factor in producing ethanol. Internally, this is still costed. In terms of cash flow, it is not that much.

Mr. Hilado expressed his concern that the problem in SCBI is more structural rather than operational. He added that when ethanol was seen as a business to get into, it was because oil was considered as a critical scarce commodity and the country wanted to prioritize the development of fossil fuels. This has changed dramatically and the policies of the government do not seem to favor the operation of ethanol plants. The amount allotted for the drawdowns are not very attractive. He emphasized that his concern is that the structural challenges are causing long-term viability issues. This year, the high molasses affected the Ethanol businesses even more. Mr. Tubio answered that the previous statements are true. There has been a shift because of the primary basis that the Biofuel law was enacted during the time that the price of oil was $150.00 per barrel. The price of sugar at that time was Php900.00. It was very attractive, not only for the planters, to shift to high value products. Unfortunately, Administrations change. When the price of oil went down, instead of protecting the industry that was created though the Biofuel law, the Administration allowed the conversion of existing potable alcohol manufacturers to ethanol producers. There are additional competitors in the ethanol market. Worst part, these potable alcohol manufacturers are allowed to import molasses. Imported molasses is cheaper. He added that the Group made several representations and joined as founding member of the Ethanol Producers Association of the Philippines (EPAP) but he noted that most of the members are also converters. Mr. Hilado commented that the Group should focus on the things that can be controlled and consider a strategy that will help the Ethanol business to live in the environment which will prevail.

Alcohol Business Unit

PCEO Report

Ethanol Business Unit

Production

- Ethanol production at 27.8 million liters for the 1HCY2020
  - 5.7 million liters or 17% lower than last year's production of 33.6 million liters and 8.0 million liters or 22% lower than budgeted production of 35.9 million liters
  - Production volume hampered due to significant increase in molasses cost with sugar price almost constant at about Php1,500 per LKg
    - average price for the 1H FY20 amounted to PhP12,000 vs PhP9,000 same period last year
    - Increase in molasses price equivalent to molasses subsidy of Php11/liter
    - Molasses price increased to as high as Php14,500, breakeven molasses price at 280 yield is Php12,880
- Maximized the use of CACI sugar syrup, additional AHA production from syrup of 2.0 million liters
- Plan to produce and sell 70% ethyl alcohol to help the fight against COVID 19
  - RBC produced 25,000 liters of 70% ethyl alcohol which was shipped for donation last March 21 and April 1

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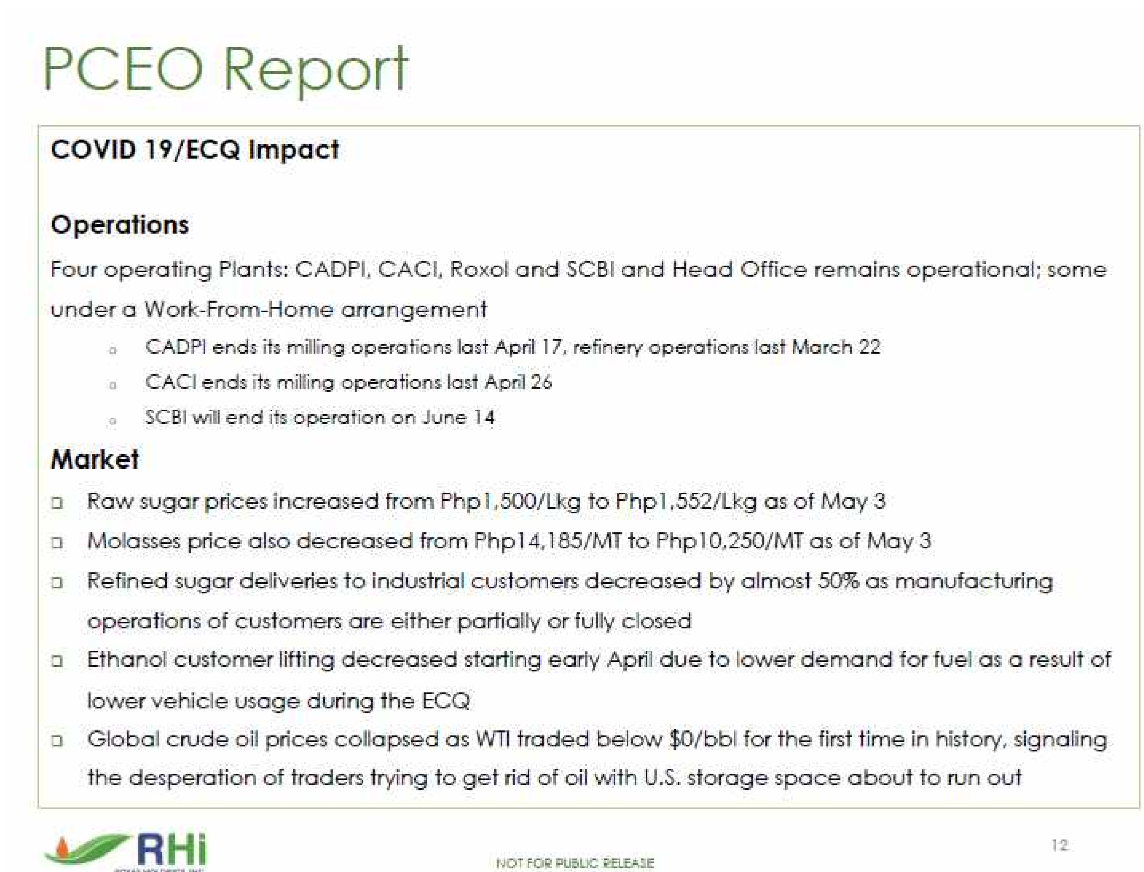
Mr. Tubio presented a slide on the performance of the Ethanol business units. As a result of the COVID-19 pandemic and the pushing back of the lifting of oil producers, the production has been substantially reduced. RBC was doing fine and targets were reached during the half way point. The target is actually 44 million liters. At halfway point, RBC hit the target of 50%. Because of the lifting issues, RBC pared down the target productions for the rest of the year. The Management believes that whatever was pushed back by the oil companies will not be recovered within the succeeding quarters. The result for the full year will reflect that the Ethanol units were really affected. Aside from that, when the price of molasses went up to Php13,000.00-Php14,000.00 per metric ton, the Group stopped buying molasses except for the volumes that have been contracted. The Group used the sugar syrup. Because of that, the Group was able to affect the price of molasses. This also contributed to the congestion problem driving the price of molasses to go down. From the time the Group stopped buying molasses, the price went down to Php10,000.00 per metric ton. The Group is still not buying until the price goes down to Php9,000.00. The Group has maximized the sugar syrup form CACI which enabled RBC to produce an additional 2 million liters. In addition, the Group contributed to the efforts of the MVP Group in fighting COVID-19 by supplying a substantial volume of 70% alcohol for the use of hospitals, government agencies and so forth. To date, the Group has already supplied 75,000 liters of 70% alcohol. That is the small contribution of the Group to fight the pandemic.



Mr. Tubio stated that the operations for the four subsidiaries continued during the ECQ, until the milling operation ended in both CACI and CADPI. The refinery operations will resume on the third or last week of May. These are the significant figures that have affected the first half.

PCEO Report

COVID 19/ECQ Impact

Cash Flow Management

- Operational Cash Flows
  - Cash flow is monitored on a daily basis to ensure that cash is available to support continuous manufacturing operations
  - Major customers has online payment facility which helped in the timely settlement of invoices
  - Significantly reduced refined sugar deliveries to customers with unpaid invoices beyond due dates
  - Payments to core suppliers, including planters, are being paid on a regular basis to ensure continuity of operations
  - Extended payments terms to suppliers of non-core expenses

- Debt Servicing
  - Long term loans amortization maturing up to September 30, 2020 were fully paid in November 2019 from HPCo shares proceeds including related interest
  - Interest payments were deferred in accordance with the guidelines issued by Department of Finance

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Mr. Tubio mentioned that the cashflow issues will be fully explained by Mr. Celso T. Dimarucut (Mr. Dimarucut). Mr. Tubio reiterated that the Management will prepare and present the strategies moving forward.

Market Highlights (Sugar Business)

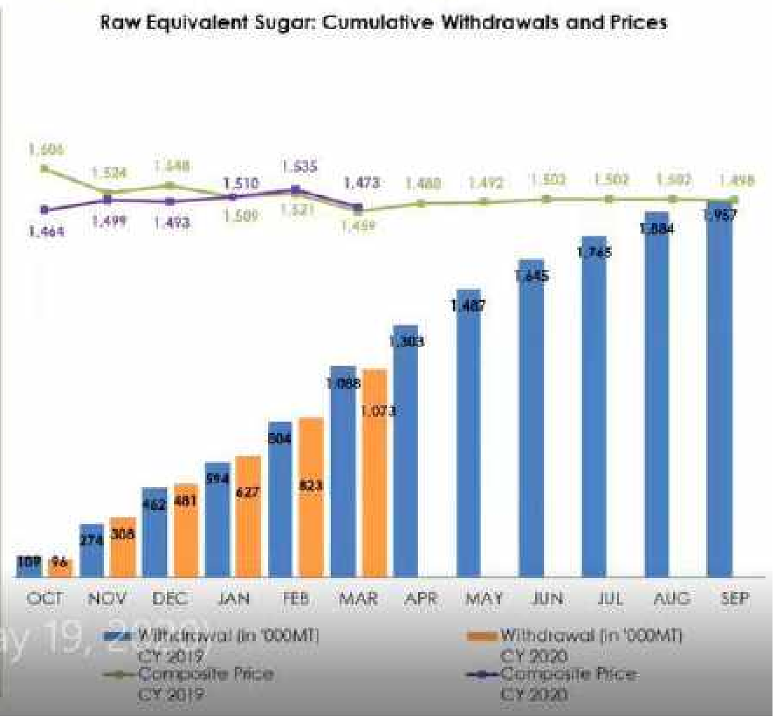
Ms. Jennifer Lim (Ms. Lim) present the market highlights for the Sugar business.

Market Highlights – Raw Sugar

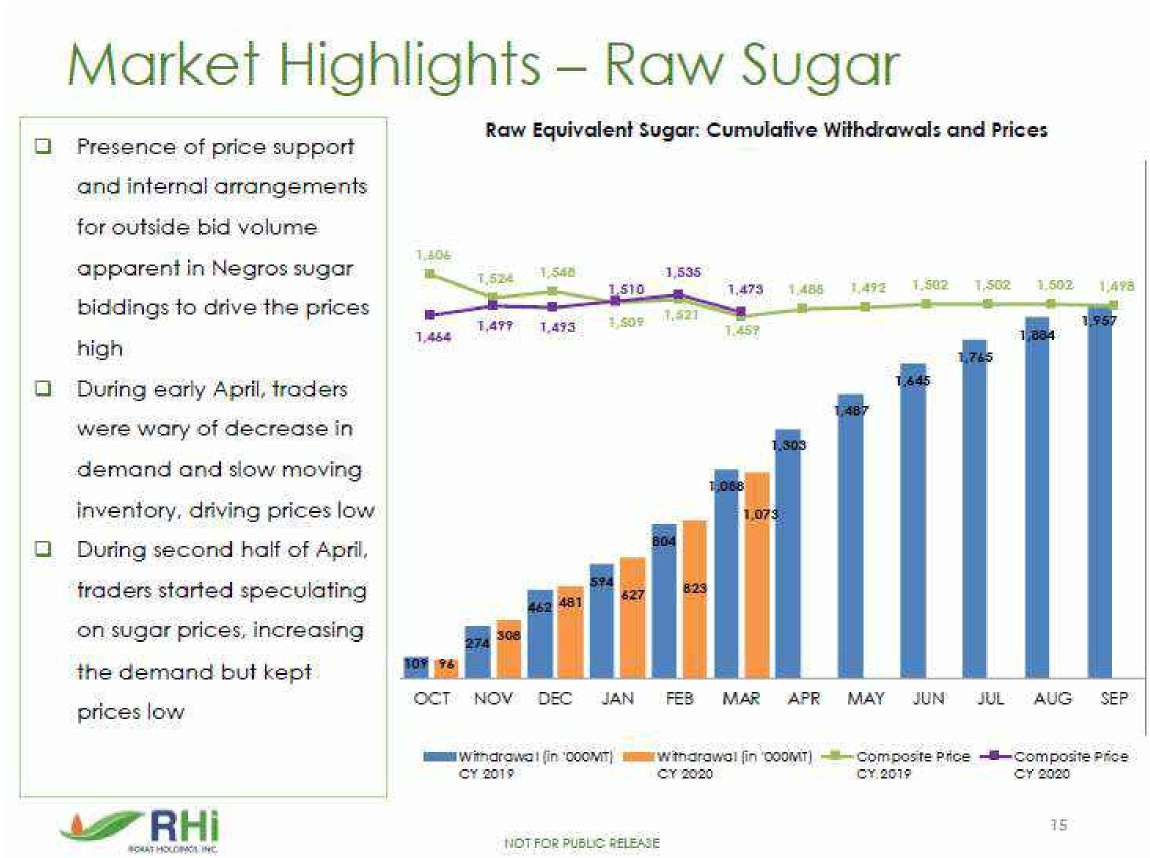
- Millgate raw sugar withdrawal at 1.073M MT, or 1% lower than 1.088M MT last year
- Composite sugar prices of raw sugar went down by 1% to PhP1,473 per 50-kilo bag
- Drop in weekly sugar price

Date	Raw A	Raw B	Composite Price
March 1	1,507	1,541	1,539
March 8	1,505	1,529	1,527
March 15	1,505	1,497	1,498
March 22	1,477	1,447	1,449
March 29	1,429	1,350	1,354
April 5	1,485	1,425	1,428
April 12	1,396	1,315	1,319
April 19	1,416	1,417	1,417
April 26	1,422	1,506	1,502
May 3	1,438	1,558	1,552

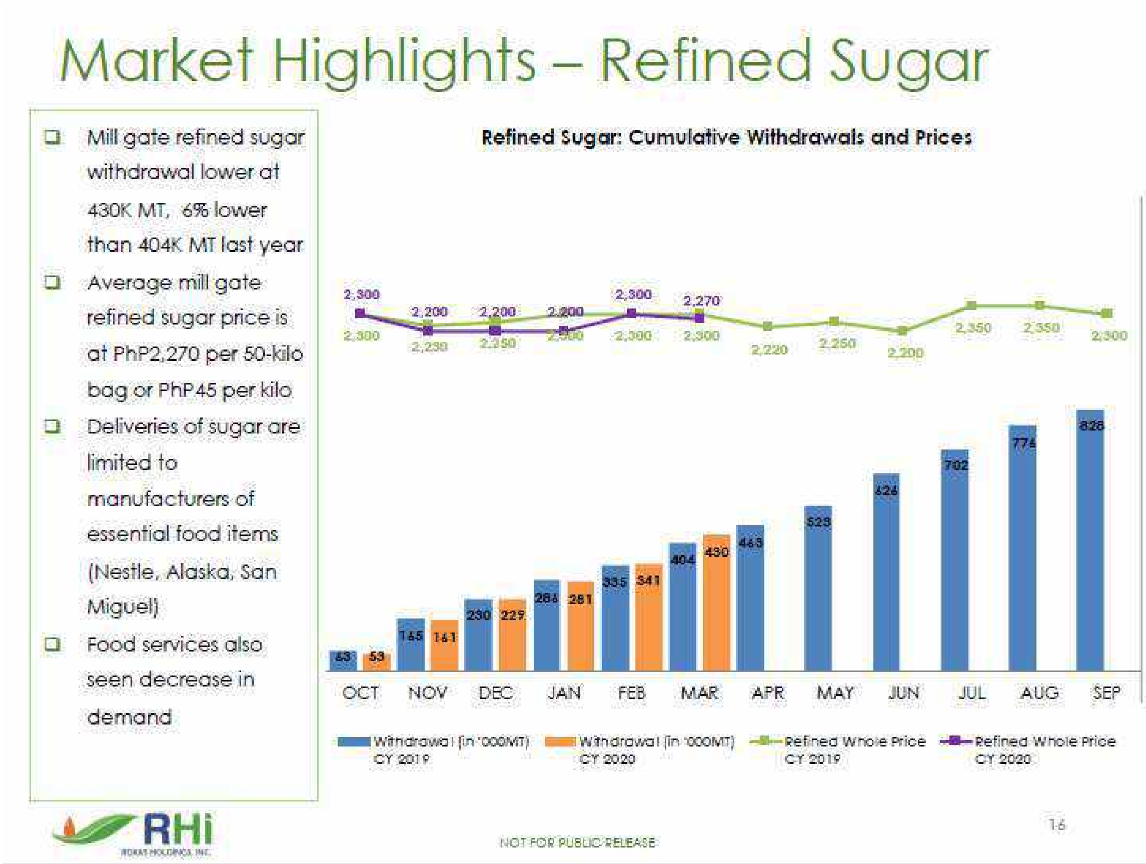
- SRA sought interventions from the national government as sugar price falls



Ms. Lim discussed that mill gate raw sugar was down by 1% compared last year. In terms of demand for La Carlota sugar, it is still very strong. In fact, all the sugar produced for mill share and planter share were sold until the last week of the bidding sometime in mid-April. In terms of sugar prices, the graph shows that from Php1,535.00 per bag in February, it went down to Php1,473.00 per bag in March for composite prices. The reason for the decline in the price is that sometime during the period of the quarantine, traders who were buying became wary of the increase in inventories that they have but demand from manufacturers was low. From late April to the date of the meeting, price has gone up because demand has been returning from the manufacturers. Traders are also speculating with regard to the demand.



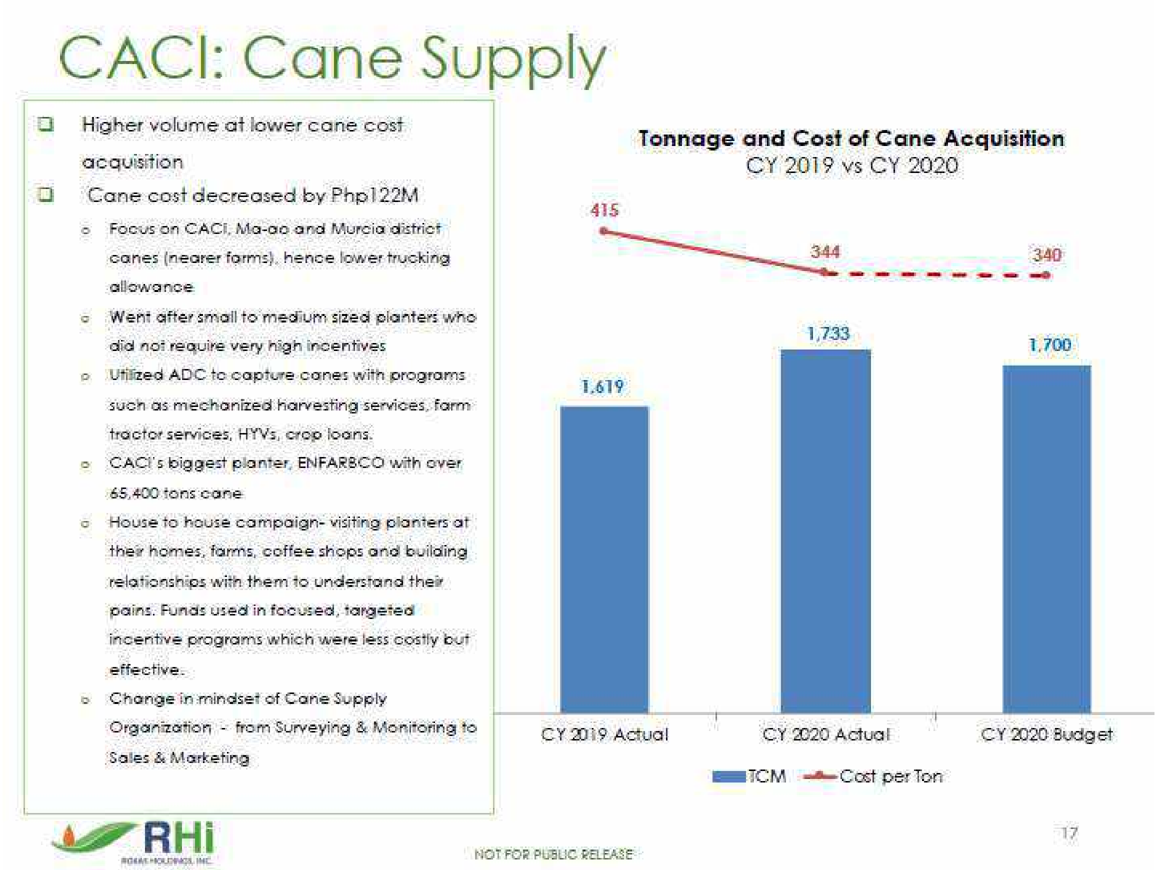
Even if the prices are going down, there is a presence of price support and internal arrangements. What happens is that the mill and the trader will have internal arrangements where they will bid for the open bid volume at a high price. This drives the price of the sugar to go higher but the real price is actually lower. Prices of sugar this year have been a little bit of a play between market forces and somehow a bit synthetic. CACI has not participated in this.



For refined sugar, prices hit the Php2,270.00 level in March. During the first quarter, importations were done driving the price of sugar to about Php2,100.00. By the time the demand went back in January, the Group was already closing contracts with higher prices. Prices went down during the quarantine period. As of now, the Group is serving a few customers and mostly food manufacturers, such as Nestle, Alaska and San Miguel. During the quarantine, most of the food services were halted therefore decreasing the demand for sugar. The Group will continue to serve Nestle, while the others would have exhausted their Purchase Orders by the end of May.

Mr. Tubio added that collections were made through online deposits despite the quarantine imposed by the government.

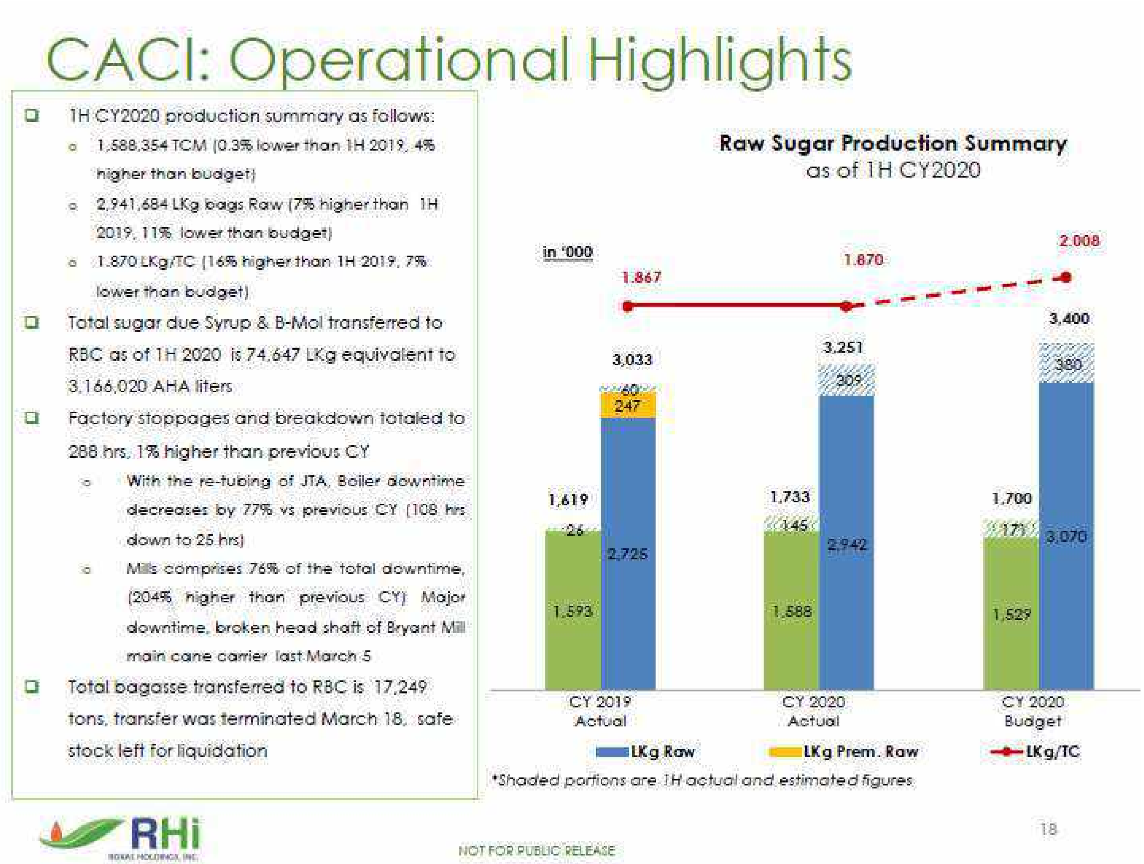
Cane Supply (CACI)



Mr. Jose Manuel L. Mapa (Mr. Mapa) discussed the cane supply situation in CACI. He mentioned that CACI was able to exceed the targeted 1.7 million tons. From 1.619 million tons caned milled last year, CACI attained 1.733 million tons. What is significant here is that CACI was able to achieve a higher tonnage but the cost of cane acquisition decreased by Php122 million. This translates to a cost of cane acquisition of Php344.00 per ton. Essentially, what was done was to focus on nearby farms. Since these are nearer, the trucking allowances were also lower. CACI went after small and medium planters who did not require high incentives. These were mostly below the radar of other competitors. By doing this, CACI avoided going into a price war in terms of incentives. CACI utilized RHI-Agribusiness Development Corporation (ADC) to capture canes through programs such as the use mechanical harvesters, farm tractor services, high yielding varieties and crop loans. He said that the best example of this is ENFARBCO, a coop. They turned out to be the biggest planter with around 65,400 tons. The Group's relations with ENFARBCO started two years ago when Mr. Cojuangco turned over five of his farms to the coop. The Group found out that they needed tractor services and since the Group had them, the same was offered to the coop. When they needed high yielding varieties, the Group helped them by giving these high yielding varieties to them. The Group was able to build a deep relationship with them. The Group also went to the houses of the farmers and listened to them. By doing this, the Group was able to allocate the fund well.

Mr. Hilado inquired if the farms mentioned are those in La Carlota all the way to the Himamaylan area. Mr. Mapa answered that the strategy was to target the nearer farms. Mr. Mapa continued to discuss that there was a change in mindset of the Cane Supply Organization to more of sales and marketing. Targets were assigned and their performances were monitored on a weekly basis. What allowed CACI to reach the target is the reliability of the mill. A lot of repairs were done.

Operational Highlights (CACI)

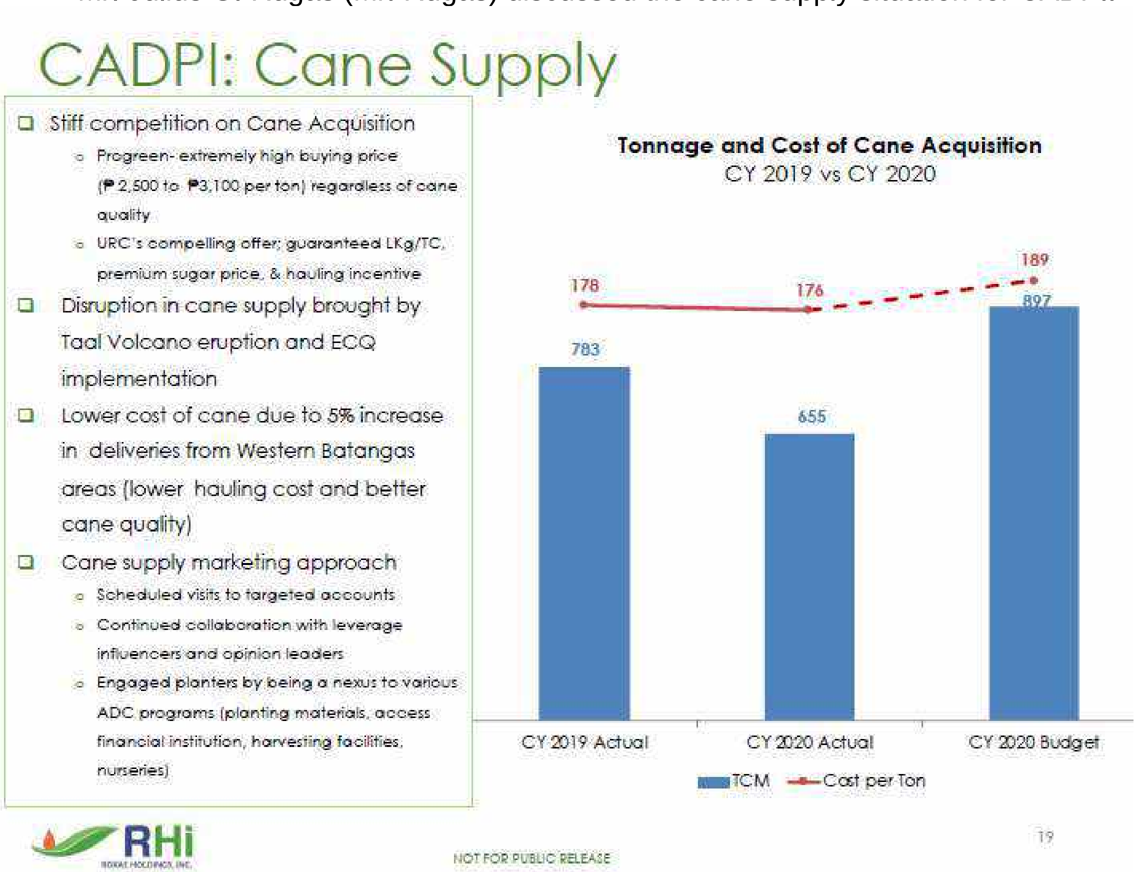


Mr. Pilipino T. Cayetano (Mr. Cayetano) discussed the operational highlights for CACI. He shared that CACI was able to hit more than 1.7 million tons and this is 7% higher as compared to last year. CACI was able to produce 3,252,828 bags of raw sugar with a yield of 1.877LKg. CACI shared an equivalent 85,000 tons of syrup to RBC which is equivalent to 2 million liters of AHA. Factory stoppages and breakdowns were also experienced but with regard to the boiler, the same was reduced by 77% versus last crop year. The highest down time happened in the mill last March 5, 2020 wherein there was a broken shaft in the mill cane carrier. The total bagasse transferred to RBC is around 17,258 tons and the remaining inventory is at around 3,500 tons which is good enough for the next start up. Another highlight is the improvement in the quality parameters. For raw sugar, CACI is monitoring the color, the poll and the moisture. In preparation for the next crop year, CACI has started the preparations for the Off-Season Repairs (OSR) since last December. Starting May 30, CACI will start the initial activities for OSR with priority on the Bryant Mill. CACI's OSR initially started May 4, 2020 but the full blast of activities will happen on May 25, 2020. The target is to have one mill operations which is from June 1 – September 30, 2020. A test run is targeted to be done on September 14, 2020. There are challenges right now in the OSR, especially those items and activities that are outside Negros. This includes the Phase 2 repair of the JTA Boiler. The challenge here is the materials which will be coming from South Africa and the engineers who will guide CACI in the repairs. To mitigate the situation, JTA will install a CCTV camera so that there will be a direct supervision from the technical team of JTA in South Africa. CACI will also prioritize pumps for the boiler house during the OSR. Pumps for reconditioning have already been shipped.

Mr. Hilado inquired if CACI is able to produce the same quality as the sugar from HPCo to qualify for premium pricing. Mr. Tubio answered that the Management found that the incremental value of that sugar began to slide and it was not actually sustainable in the future because everybody else can do it. The Management felt that that project is not sustainable moving forward insofar as that type of sugar is concerned.

Cane Supply (CACI)

Mr. Julius G. Rugas (Mr. Rugas) discussed the cane supply situation for CADPI.



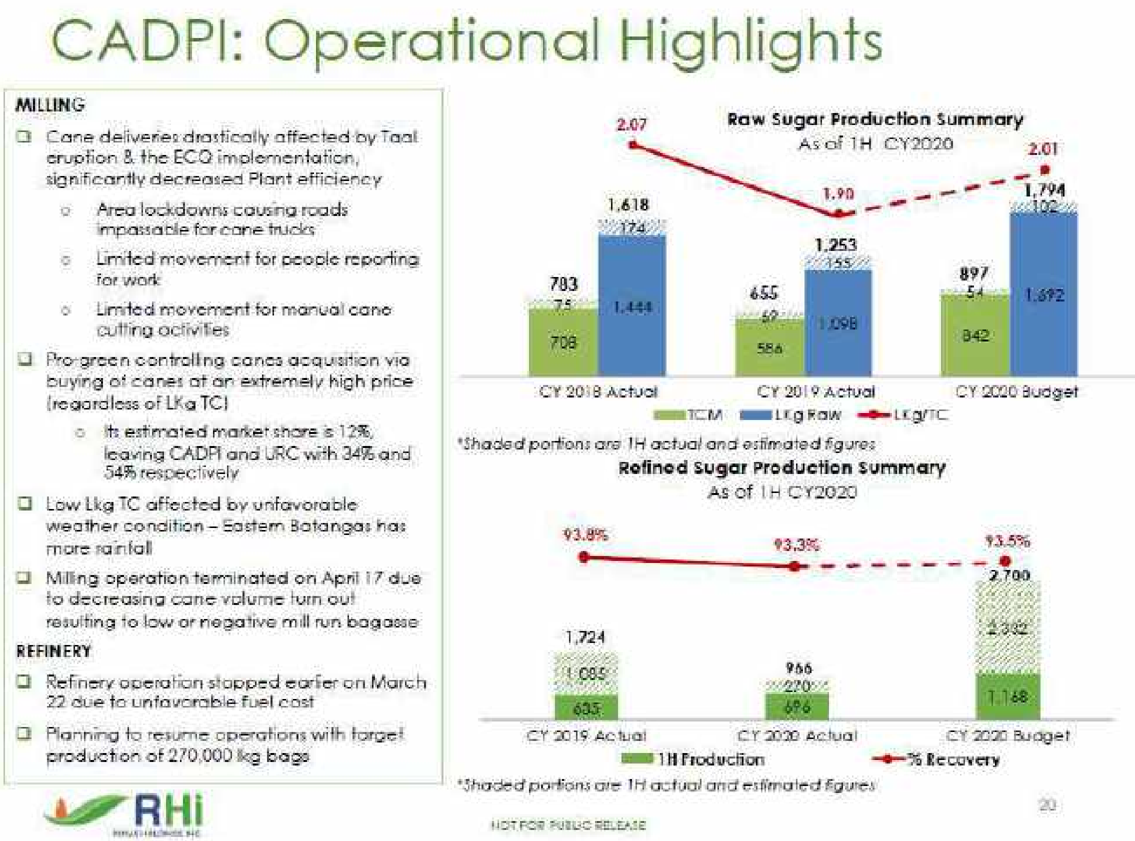
He mentioned that for cane supply, it is actually lower than the previous year and significantly lower than the budget of 897. There were two major issues that were faced: the Taal eruption and the Enhanced Community Quarantine (ECQ) imposed in Batangas. With regard to the competition of cane acquisition, it is quite hard to fight the high buying price of Progreen. Despite the delivery canes that are not matured, Progreen still pays Php3,000.00 per ton. Universal Robina Corporation (URC) is offering a guaranteed LKg/TC especially for Eastern Batangas planters. The Eastern Batangas has higher volumes compared to Western Batangas where CADPI is. Despite this, CADPI concentrated on the areas near it. This resulted to a lower cane acquisition cost. What the Management did was to convert the field inspector's mindset into marketing and sales instead. They know the computations whether the canes are brought to CADPI or to other mills. CADPI also engaged the influencers of the small planters in Batangas. The Management is looking to recover this year because the initial data shows that the Batangas cane plantation increased by 20%. The Management is hopeful that those planted areas will grow as normal crops. The CADPI Management is also looking at the availability of tabaseros. During the Taal eruption, there were a lot of construction workers who went back to Batangas and it was a good opportunity to engage them as tabaseros. Unfortunately, because of the ECQ, CADPI cannot move them from one place to another. CADPI will also bring back two units of mechanical harvesters from Bacolod so that the harvesters can be used to the advantage of CADPI. Management will continue the strategies of support through the Don Pedro Mill Foundation and one of the biggest cooperative in Batangas, which is the BPSCMA to augment the needs of the small planters in terms of land preparation and fertilizer supply. He reiterated that CADPI is looking at about 20% increase in terms of the cane supply in Batangas by this coming crop season.

Mr. Roxas inquired as to the source of the 20% increase mentioned by Mr. Rugas. Mr. Rugas answered that this combined from Western and Eastern Batangas. He mentioned that the focus really is in the Western side.

Mr. Tubio added that the Management is also looking at utilizing a land area in Cavite. These are farms left by the Cavite Bio. The Management has initiated talks with them for a partnership wherein they will bring the canes to CADPI. The area is about 1,000 hectares which can be utilized for planting and an additional area of 2,000 hectares more but this one may be problematic. The first land area mentioned actually has standing crops already.

Operational Highlights (CADPI)

Mr. Lozada presented the operational highlights for CADPI.

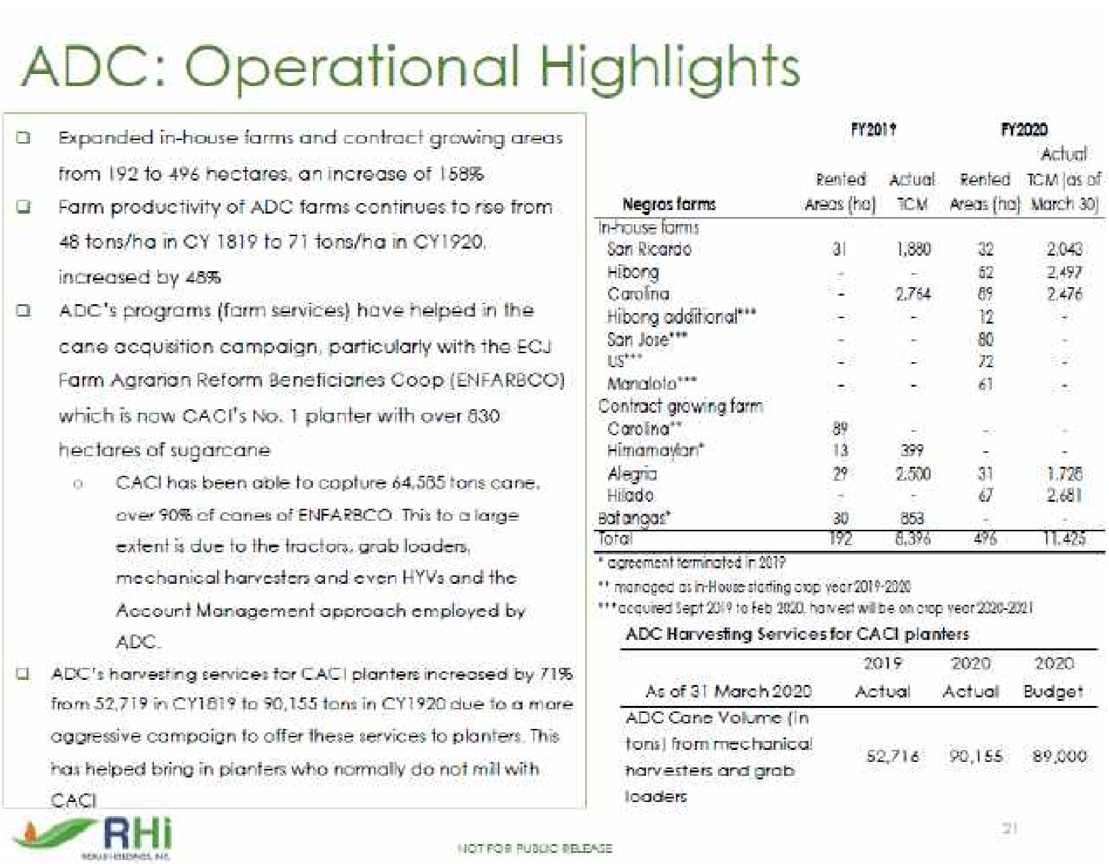


As mentioned earlier, the cane deliveries were affected by two incidents mentioned by Mr. Rugas – the Taal volcano eruption and the COVID-19 pandemic. There is limited movement of manual canes. With Progreen buying into the CADPI's pie, the market share has dropped from 60%-70% to about 54%. The weather conditions also did not help and there were a lot of rainfalls resulting to low quality of canes and low LKg/TC. The milling operations were terminated last April 17, 2020 due to decrease in cane volumes and the bagasse being produced for milling is not enough for continuity and would result in eroding of bagasse for the remaining refinery run. The refinery operations stopped last March 22, 2020 because of the unavailability of bagasse due to low deliveries of canes. CADPI is planning to resume the refinery operations to produce 270,000 Lkg bags before the end of May.

Mr. Roxas inquired if the raw sugar of Balayan is being sent to CADPI for refining. Mr. Lozada answered that there is a tolling contract with one of the big traders. The 270,000 LKg bags are already in CADPI's warehouse.

Operational Highlights (RHI Agri-Business Development Corporation)

Mr. Mapa presented the operational highlights for ADC.



ADC: Operational Highlights

- Expanded in-house farms and contract growing areas from 192 to 496 hectares, an increase of 158%
- Farm productivity of ADC farms continues to rise from 48 tons/ha in CY 1819 to 71 tons/ha in CY1920, increased by 48%
- ADC's programs (farm services) have helped in the cane acquisition campaign, particularly with the ECJ Farm Agrarian Reform Beneficiaries Coop (ENFARBCO) which is now CACI's No. 1 planter with over 830 hectares of sugarcane
    - CACI has been able to capture 64,585 tons cane, over 90% of canes of ENFARBCO. This to a large extent is due to the tractors, grab loaders, mechanical harvesters and even HYVs and the Account Management approach employed by ADC.
- ADC's harvesting services for CACI planters increased by 71% from 52,719 in CY1819 to 90,155 tons in CY1920 due to a more aggressive campaign to offer these services to planters. This has helped bring in planters who normally do not mill with CACI

	FY2019		FY2020	
Negros farms	Rented Areas (ha)	Actual TCM	Rented Areas (ha)	Actual TCM (as of March 30)
In-house farms				
San Ricardo	31	1,880	32	2,043
Hibong	-	-	62	2,497
Carolina	-	2,764	69	2,476
Hibong additional***	-	-	12	-
San Jose***	-	-	80	-
US***	-	-	72	-
Manaloto***	-	-	61	-
Contract growing farm				
Carolina**	89	-	-	-
Himamaylan*	13	399	-	-
Alegria	29	2,500	31	1,728
Hilado	-	-	67	2,681
Batangas*	30	853	-	-
Total	192	8,396	496	11,425

* agreement terminated in 2019
** managed as in-House starting crop year 2019-2020
*** acquired Sept 2019 to Feb 2020, harvest will be on crop year 2020-2021

ADC Harvesting Services for CACI planters

As of 31 March 2020	2019 Actual	2020 Actual	2020 Budget
ADC Cane Volume (in tons) from mechanical harvesters and grab loaders	52,716	90,155	89,000

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He mentioned that ADC has expanded its in-house farms and contract growing areas from 192 hectares to 496 hectares. These are all in Negros. It is an increase of 158%. The farm productivity of ADC farms continues to rise from 48 tons/hectares to 71 tons/hectare. This is an increase of about 48%. ADC's farm services have helped in the cane acquisition campaign. ADC's harvesting services for CACI planters increased by

71%. This from 52,719 tons last crop year to 90,155 tons this crop year due to a more aggressive campaign.

ADC: Operational Results

	NEGROS FARMS							Harvester/ Tractors Rental	Farm Services	Others	1H FY2020 Actual	2H FY2020 Estimate	FY2020 Outlook
	In-House				Contract Growing								
	San Ricardo	San Jose	Hibong	Carolina	Alegria	Hilado	Total						
FARM PRODUCTIVITY													
Hectares planted	24	-	33	36	26	48	164						
TCM	2043	257	2,497	2,476	1,728	2,681	11,682						
Ton/Hectare	87	-	79	69	68	56	71						
REVENUE	4.415	0.559	5.487	5.271	4.864	6.469	27.065	3.462	0.428	1.101	32.056	-	32.056
Sugar Cane	4.415	-	5.487	5.271	4.864	6.469	26.506	-	-	-	26.506		26.506
Equipment Rental	-	-	-	-	-	-	-	3.462	-	-	3.462		3.462
Farm Services	-	-	-	-	-	-	-	-	0.428	-	0.428		0.428
Others	-	0.559	-	-	-	-	0.559	-	-	1.101	1.660		1.660
COST OF SALES	5.829	1.402	6.471	8.159	5.093	-	28.169	10.146	-	-	38.316	-	38.316
Farm Cost of Sales	5.829	1.402	6.471	8.159	5.093	-	28.169	-	-	-	28.169		28.169
Depreciation	-	-	-	-	-	-	-	10.146	-	-	10.146		10.146
OTHER EXPENSES	-	-	-	-	-	-	-	2.721	-	2.115	4.836	-	4.836
Repairs and Maintenance	-	-	-	-	-	-	-	2.721	-	-	2.721		2.721
Personnel Cost	-	-	-	-	-	-	-	-	-	2.115	2.115		2.115
GROSS PROFIT	(1.413)	(0.843)	(0.984)	(2.888)	(0.230)	6.469	(1.104)	(9.405)	0.428	(1.014)	(11.095)	-	(11.095)

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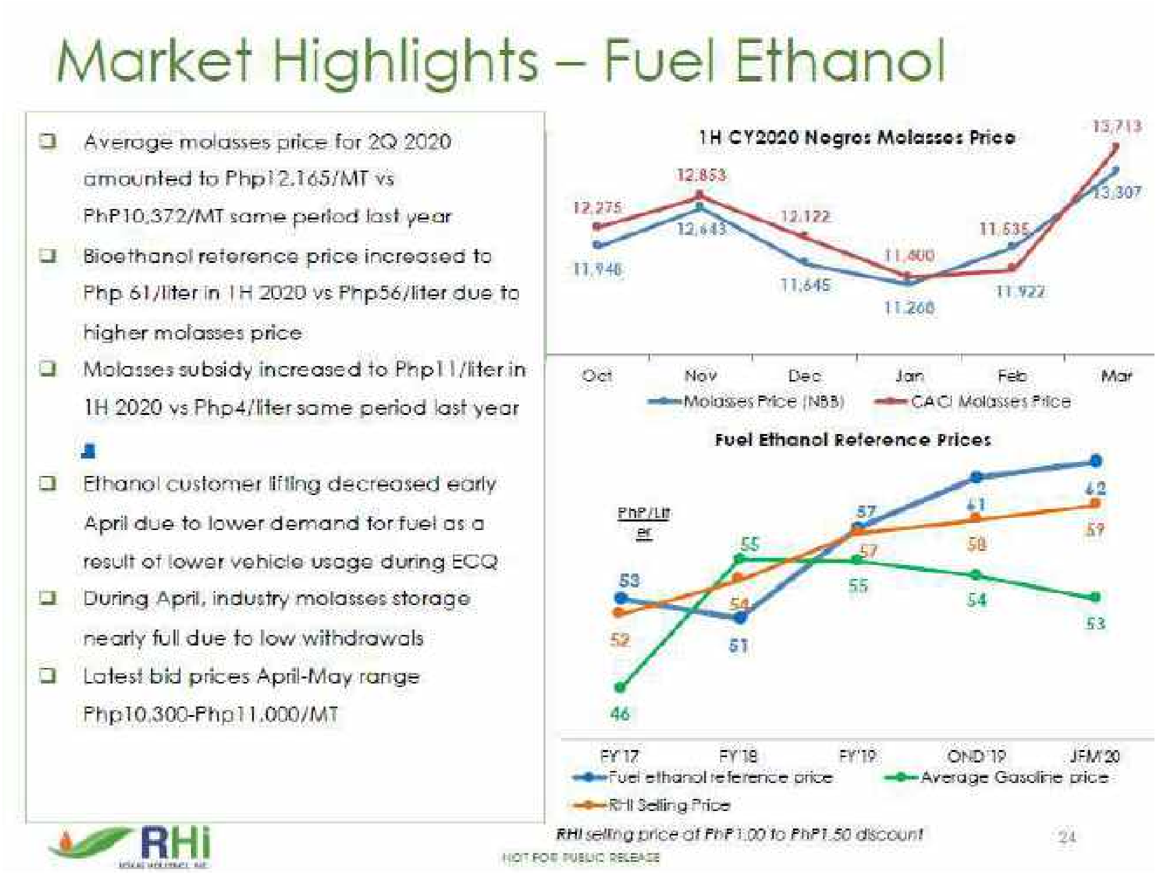
As for the Profit and Loss (P&L) of ADC, Mr. Mapa mentioned that it is still a gross loss of Php11 million but that includes Php10 million of depreciation. Same time last year, it was a gross loss of Php28 million. It is improving because there are more farms and better utilization of tractors, grab loaders and mechanical harvesters.

Mr. Roxas inquired if moving forward, the area can be increased. Mr. Mapa said that the area can still be increased and there are still prospects in Negros. Meanwhile in Batangas, he mentioned that the planters will not be happy if the Group continues to increase its in-house farms. Collaborations would have to be carved up with them. Mr. Tubio added that one of the plans of Management is to improve the yield per hectare in Batangas. The planters are not really very keen in good agricultural practices because these are small farms. They are not very dependent on sugar alone. A strategy is needed to influence the planters' practices.

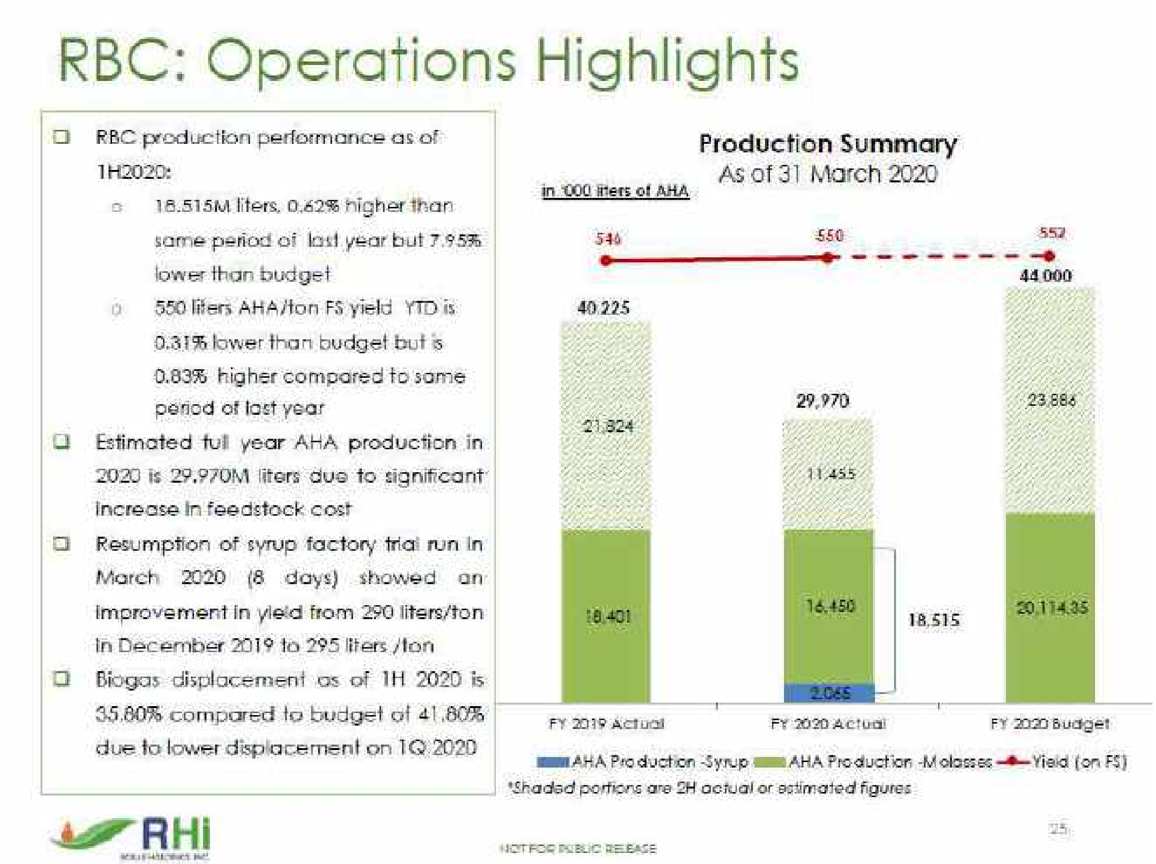
Market Highlights (Alcohol Business)



Ms. Lim discussed that for ethanol, the Group has seen high prices of molasses for the first half year. It has continuously increased from October 2019 and went down sometime in January 2020. This is because demand has gone down after the Christmas holiday. The prices shown are all National Average price for molasses. Since the Group is only utilizing molasses in Negros, it is important to note that the prices in Negros have been reaching the Php14,000.00 level sometime before the quarantine period. After quarantine started, prices when down to about Php10,500.00 at negotiated price. This is because all the mills have full storage of molasses due to slowdown in demand. Because of the increase in the price of molasses, the NBB price also increased. The molasses subsidy is also increased to Php11.00 per liter. In terms of ethanol, there are contract balances and Purchase Orders which were not lifted during the quarantine period. The last barge lifting for SCBI was last April. There have been withdrawals for tankers as well. The customers also mentioned that they will not be lifting ethanol for the rest of May. The Group is forecasting that demand with trickle slowly towards the latter part of June.

Mr. Roxas inquired as to what happens when the customers with contracts fail to withdraw and if this will allow the Group to serve others. Ms. Lim answered that whatever volume is left in the contract and if they expressed interest to lift again, the contract would have to be served. Mr. Tubio added that the Group can also in the meantime serve others. Ms. Lim also mentioned that there are other customers being served by SCBI. Mr. Tubio also discussed that the Group has been offering discounts to customers because of the constraints in the storage of AHA. Permission from the Bureau of Internal Revenue was secured to transfer the inventories from SCBI to RBC.

Operational Highlights (RBC)

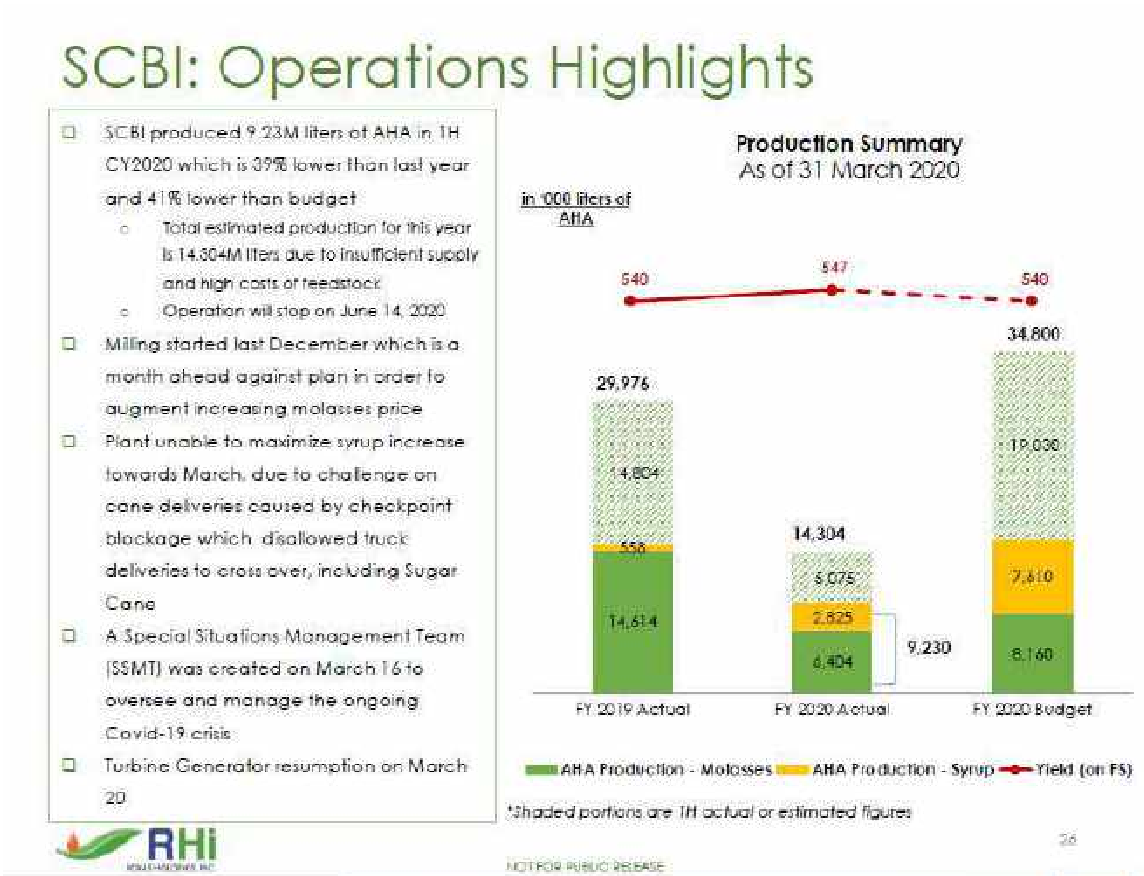


Mr. Cayetano discussed that RBC has already produced about 18.515 million liters, where about 2 million came from the feedstock of syrup and B molasses. As the milling operations ended, about 85,000 bags equivalent sugar were transferred which is equivalent to about 5,025 tons of molasses. For the whole month of March, syrup and B molasses were transferred to RBC for alternative feedstock. As for the yield, RBC has already produced about 25,289,000 million liters of AHA as of May 17, 2020. For the rest of 2020, if RBC is able to produce about 29 million liters of AHA, the total production will exceed the 44 million target. As of the AHA/ton FS yield, RBC has produced about 550 liters AHA/ton FS yield as of date. For the biogas displacement during the first half, RBC is at 35.80% compared to the target of about 41.80%. As of May 17, 2020, RBC has already hit 39.71% of biogas displacement. RBC is forecasted to hit the target by the end of June.

Mr. Roxas inquired about the use of syrup and how it affects the biogas production and if it is the same if molasses is used. Mr. Cayetano mentioned that the numbers will be checked but based on the trend, higher biogas percentage was produced from the use of syrup and high-grade molasses. Mr. Lozada added that because of the lesser impurities in the syrup, the volume of biogas will be reduced. Considering that when syrup is used, bagasse will also be produced. Thus, it will be covered by the bagasse produced. Mr. Roxas asked if this is because bagasse will not be used for crystallization. Mr. Tubio mentioned that there are constraints because the Sugar Regulatory Administration is monitoring the productions of RBC.

Mr. Cayetano continued by saying that RBC is targeting about 146,000 liters of AHA production per day. Part of the action items are to control the scale formation, regular sanitation of the fermenters, continuously use the fermentation time and to improve on equipment reliability.

Operational Highlights (SCBI)



Mr. Jose B. Villanueva III (Mr. Villanueva) discussed that apart from the ongoing pandemic, during the start of the operations, the budget was below the price of feedstock already. Milling started in the middle of December but the canes were not sufficient yet. It was hard to compete with the nearby millers as well. There was a major breakdown of the condenser and this took away around 300-400 tons in SCBI's capability to mill because there was a need to cut the electricity. Thus, SCBI was milling around 900-1,000 tons per day. SCBI is trying to increase the blend of syrup but the maximum is at about 45%-50% and the ideal is 90%-10%, where molasses is at 10%. The good news is that SCBI is hitting its efficiency targets. Theoretical computations show that around 320 liters per ton of syrup where hit but the actual is already at 305 liters per ton of syrup. As mentioned, the reliability of the plant was affected by the condenser. This has been corrected already. The problem arose because of the use of chemicals in cleaning the tubes. When SCBI re-started sometime in March, there was no major issues. Other challenges include the halting of deliveries of canes from the Negros Oriental because of the implementation of ECQ. Sometime in April, when there were no liftings already, SCBI had to shift its productions to the storage of RBC. Nonetheless, SCBI was able to form a Special

Situations Management Team to address unique and special circumstances such as the current pandemic.

Mr. Roxas asked about the total tonnage milled of SCBI. Mr. Villanueva answered that the tones canned milled for SCBI is at 93,244 tons. This is 29% lower compared to 120,000 tons last year. SCBI will continue to try to mill until mid-June and that will produce around 20,000-25,000 tons.

Mr. Tubio mentioned that once the storage of SCBI is calculated to be filled up, operations would have to be stopped.

V
INTERIM FINANCIAL STATEMENTS FOR THE FIRST HALF-YEAR ENDING MARCH 31, 2020

Profit & Loss

- Higher sugar gross profit is primarily driven by gross profit generated from raw sugar sales. Raw sugar unit production cost went down from Php1,383 in FY19 to Php1,246 in FY20. Raw sugar gross profit per Lkg increased by Php132 in FY20.
- Alcohol gross profit declined significantly as a result of higher feedstock cost --- average molasses cost in FY20 amounted to PhP12,088 vs PhP10,209 in FY19. Feedstock margin decreased to PhP14 in FY20 vs PhP19 in FY19 (equivalent to Php 114 million)

	Half Year Ended March 31			Year End		
PhP millions	FY2020 Actual	FY2020 Budget	FY2019 Actual	FY2020 Outlook	FY2020 Budget	FY2019 Actual
Sugar segment	390	730	146	455	1,073	261
CACI (Negros plant)	269	300	(2	255	324	41
CADPI (Batangas plant)	136	421	140	211	747	190
HPCo (45% equity interest)	2	-	37	2	-	41
ADC	(11)	9	(26	(11)	3	(6)
Alcohol segment	(4)	221	137	(67)	511	140
SCBI	(32)	70	53	(125)	180	48
RBC	28	151	84	58	331	92
Contribution from operations	386	952	283	388	1,585	402
Operating expenses	(467)	(588)	(514	(957)	(1,093)	(1,010)
Other income	61	44	27	90	87	70
Interest expense	(328)	(285)	(337)	(634)	(561)	(704)
CORE INCOME (LOSS) BEFORE INCOME TAX	(348)	123	(541)	(1,114)	18	(1,243)
Tax benefit (expense)	(2)	(5)	(8	-	(32)	(20)
CORE NET INCOME (LOSS)	(351)	118	(548)	(1,114)	(15)	(1,263)
Gain from sale of HPCO investment	258	-	-	258	204	-
CADPI catch up depreciation	-	-	-	(590)	-	-
Recognition (derecognition) of deferred taxes	-	83	184	-	127	(456)
Provision for tax assessment	-	-	-	-	-	(120)
NET INCOME (LOSS)	(92)	201	(364)	(1,446)	316	(1,889)
Depreciation	312	460	446	1,151	921	571
CORE EBITDA	291	868	282	81	1,499	32

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Mr. Dimarucut mentioned that that the main drivers in the financials of the Group have already been discussed by Mr. Tubio and the rest of the team. He added that by way of summary, the Group will be reporting a net loss of Php92 million for the first half. This is an amount lower than the previous year of about Php364 net loss. The improvement was driven by the good performance of the Sugar Segment and combined reduction in the Interest Expense, Operating Expense and addition to Other Income. The benefit of the gain from the sale of HPCo was also included in the first half. Moving on the full year outlook, the Group is looking at a net loss of Php1.4 billion. While it is lower than last year, it is still quite substantial. The biggest driver for this is the shortfall on the Alcohol business and that of CADPI. The Group continues to pay a high level of interest expense but the Group has been able to bring down the level of debt of about Php900 million each year. This is the result of the proper management of the working capital and the sale of HPCo. Nevertheless, the Interest Expense remains to be high because of the increase in rates. Three years ago, the interest rate averaged about 4% but now, the average is about 6.6%. This was driven by the increasing rates in the market and the Group is no longer getting premium rates considering the level of indebtedness in the Group's accounts. The Group has maximized most of it credit lines. For the full year, there is a catch up on the depreciation of CADPI. CADPI has previously been classified as an asset held for sale and as such under the rules, the Group was not required to depreciate CADPI. With the re-classification of CADPI, the Group would need to book a catch-up adjustment for this.

Alcohol segment GP Analysis

	BRP	RBC	Variance
Feedstock margin	22.29	16.00	(6.29) *
Processing cost	22.29	13.77	8.52
Gross profit/liter			2.23
Production volume			25,918,394
Estimated Gross Profit (in millions)			58
* Selling price discount	(1.00)		
Molasses subsidy	(11.40)		
Yield improvement	6.11		
	(6.29)		

	BRP	SCBI	Variance
Feedstock margin	22.29	12.54	(9.83) *
Processing cost	22.29	20.33	1.96
Gross loss/liter			(7.87)
Production volume			15,880,407
Estimated Gross Loss (in millions)			(125)
* Selling price discount	(1.00)		
Molasses subsidy	(9.40)		
Yield improvement	0.57		
	(9.83)		

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Mr. Dimarucut discussed that the biggest factor hitting the Group is the molasses subsidy. Categorically, in terms of the feedstock, the Group should have been covered because the formula accounts for the use of molasses and sugarcane on an equal basis. Unfortunately, this is a fixed formula and does not account for changes in the kind of feedstock being used. In the Group's case, since price movements are happening in the molasses and price of sugar remains constant, then to a certain extent, the Group's reimbursement in the feedstock price is averaged down by the price of sugarcane. In SCBI, there is low production volume of about 16 million, thus, the average unit cost will increase. This is because there is less volume to absorb the fixed cost of running SCBI.

Profit & Loss

PhP millions	Half Year Ended March 31 FY2020 Actual	FY2020 Budget	FY2019 Actual	Year End FY2020 Outlook	FY2020 Budget	FY2019 Actual
Revenues	4,287	7,437	4,106	4,707	7,813	6,555
Cost of Sales	(4,039)	(6,907)	(4,001)	(4,556)	(6,975)	(6,384)
Gross Profit	247	530	106	152	838	171
GP Rate	6%	7%	3%	3%	11%	3%
Operating Expenses	(376)	(387)	(395)	(760)	(785)	(780)
Other Operating Income	54	26	20	90	52	40
Operating Income (Loss)	(75)	170	(269)	(518)	105	(569)
Equity in Net Earnings - HPCo	2	-	37	2	-	41
Finance Cost	(249)	(212)	(215)	(483)	(423)	(474)
Loss Before Income Tax	(321)	(43)	(447)	(999)	(318)	(1,002)
Income Tax Benefit	(1)	(10)	(10)	-	(20)	(35)
NET LOSS FROM CONTINUING OPERATIONS	(322)	(53)	(457)	(999)	(338)	(1,037)
NET INCOME (LOSS) FROM DISCONTINUED OPERATIONS	(28)	171	(91)	(115)	324	(226)
CORE NET INCOME (LOSS)	**(351)**	**118**	**(548)**	**(1,114)**	**(15)**	**(1,263)**
Gain from sale of HPCO investment	258	-	-	258	204	-
CADPI catch up depreciation	-	-	-	(590)	-	-
Recognition (derecognition) of deferred taxes	-	83	184	-	127	(456)
Provision for tax assessment	-	-	-	-	-	(120)
NET INCOME (LOSS)	**(92)**	**201**	**(364)**	**(1,446)**	**316**	**(1,889)**
Attributable to:						
Equity holders of parent company	(87)	202	(363)	(1,428)	310	(1,884)
Non controlling interest	(5)	(1)	(2)	(18)	6	(5)
Total	**(92)**	**201**	**(364)**	**(1,446)**	**316**	**(1,889)**

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Mr. Dimarucut also presented the P&L which will be shown externally. CADPI is shown in a single line item under Net Income (Loss) from Discontinued Operations. By year-end, CADPI will be returned as part of the continuing operations. This is the latest outlook based on the volumes earlier discussed.

Balance Sheet

- Consolidated total asset decreased by Php 2.9 billion primarily due to liquidation of inventories, collection of receivables and sale of investment in HPCo.
- Net Debt went down following payment of long term loan amounting to Php 867 million.

	Half Year Ended March 31			Year End		
	FY2020 Actual	FY2020 Budget	FY2019 Actual	FY2020 Outlook	FY2020 Budget	FY2019 Actual
Current Assets	11,581	4,544	12,959	3,040	5,394	11,540
Cash	168	280	667	70	500	438
Receivables	1,373	1,430	1,515	950	1,739	1,356
Inventories	2,012	1,848	3,128	920	2,000	1,206
Asset held for sale	6,599	-	6,525	-	-	7,256
Others	1,428	986	1,124	1,100	1,155	1,288
Noncurrent Assets	10,288	17,129	11,702	16,884	17,322	10,378
Property and equipment	8,840	15,238	8,994	16,504	15,242	9,000
Investment and goodwill	1,080	1,593	1,759	1,080	1,080	1,080
Others	368	298	949	300	1,000	298
Total Assets	21,869	21,673	24,662	19,924	22,716	21,917
Current Liabilities	9,792	9,314	10,870	9,806	9,400	9,357
Short term borrowings	6,667	6,717	7,034	6,267	6,717	6,717
Current portion of long-term debt	424	848	1,248	1,405	1,405	848
Trade and other payables	2,086	1,750	1,564	1,735	1,279	1,177
Liabilities directly associated with assets held for sale	616	-	1,024	-	-	616
Noncurrent Liabilities	2,997	2,993	3,392	2,698	2,825	3,396
Long term borrowings	2,281	1,522	2,943	1,298	1,326	2,722
Others	716	1,470	449	1,400	1,498	673
Equity	9,080	9,366	10,399	7,719	10,491	9,164
Total Liabilities and Equity	21,869	21,673	24,662	19,924	22,716	21,917
Net Debt	9,203	8,807	10,556	9,003	8,947	9,845

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In terms of Balance Sheet, net debt stood at about Php9.2 billion and this is about Php800 million lower than the same period last year because the Group paid most of the principal amortizations this year from the sale of HPCo. The Group is trying to manage down the level of inventories and receivables. As can be seen from the figure stated in the inventories line, last year it was about Php3 billion, it went down to more or less Php2 billion. Significant portion of the inventory is really the refined sugar which is due for delivery on the second half. The Group anticipates that were will be no residual inventories for the year insofar as refined sugar is concerned. With respect to alcohol, the Group anticipates that it will end up at around 6 million liters at year-end. To drive Petron to start lifting, the Group has offered to Bank of Commerce (BOC) repayment option to offset certain debts. Given the situation, the Group is trying to push the amortizations to the next fiscal year. BOC is still in discussions with Petron, and the Group is still waiting for confirmation on their side.

Cash Flow

- Positive Free Cash Flow due to liquidation of inventories and collection of receivables
- Payment of long term loans from the proceeds of sale of investment

	Half Year Ended March 31			Year End		
	FY2020 Actual	FY2020 Budget	FY2019 Actual	FY2020 Outlook	FY2020 Budget	FY2019 Actual
EBITDA	291	868	242	81	1,499	32
Working capital	(30)	759	385	943	(340)	1,869
Capital expenditures	(146)	(300)	(119)	(400)	(600)	(317)
Free cash flow	115	1,327	507	623	560	1,584
Debt availments (servicing)						
Long term principal payments	(867)	(1,200)	(621)	(867)	(848)	(1,243)
Short term availments/payment	(50)	-	823	(350)	-	506
Interest expense	(328)	(285)	(337)	(634)	(561)	(704)
Proceed from sale of investment	860	-	-	860	911	-
Cash balance						
Beginning	438	438	295	438	438	295
End	168	280	667	70	500	438

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The ending cash balance is quite low and stands at about Php168 million. Hopefully, the Group will be able to liquidate the receivables and inventories so that the Group can rebuild the working capital for the coming crop year.

Mr. Roxas inquired about the effect of the Bayanihan Act to the Group. Mr. Dimarucut answered that the during the period the Group had little to no loan amortization because it has pre-paid most of the principal. The Group has availed the 60-day extension and the Management is expecting that in the coming months, the Group will start paying those arrears in interest. Mr. Tubio added that there are moves from the Department of Finance to help stimulate the business and the economy. They are planning to lower down the corporate income tax from 30% to 25% starting July. They are also planning to implement what they call enhanced NOLCO from 3 years to 5 years. If there are any 2020 losses it can be credited to future tax payments. While there is still uncertainty whether these will push through, these are some of the things that can help the Group.

On motion duly made and seconded, the Board approved the Audited Financial Statements and Management Report for the First Half-Year ending March 31, 2020, as presented.

Approval of the Press Release

Upon motion duly made and seconded, the Board likewise approved the Press Release on the Results of Operations for the First Half-Year ending March 31, 2020, as circulated.

ROXAS HOLDINGS, INC.
MINUTES OF THE REGULAR MEETING OF
THE BOARD OF DIRECTORS

Held Online via Microsoft Teams on August 11, 2020 at 10:00 in the morning.

ATTENDANCE:

Present via teleconference:

Mr. PEDRO E. ROXAS
Mr. MANUEL V. PANGILINAN
Atty. ALEX ERLITO S. FIDER
Mr. HUBERT D. TUBIO
Atty. SANTIAGO T. GABIONZA, JR.
Ms. ARLYN S. VILLANUEVA
Mr. CHRISTOPHER H. YOUNG
Mr. OSCAR J. HILADO

Others Present via teleconference:

Atty. CYNTHIA L. DE LA PAZ
Mr. VICENTE S. PEREZ
Mr. CELSO T. DIMARUCUT
Mr. ARCADIO S. LOZADA, JR.
Mr. JOSE MANUEL L. MAPA
Mr. PILIPINO T. CAYETANO
Mr. ALEXANDER A. PINO
Mr. JULIUS G. RUGAS
Ms. VERONICA C. CORTEZ
Atty. MA. HAZEL L. RABARA-RETARDO
Ms. JENNIFER LIM
Ms. ROULEE JANE F. CALAYAG
Atty. AIMEE E. PEDAYO

I
CALL TO ORDER

The Chairman, Mr. Pedro E. Roxas (Mr. Roxas), called the meeting of the Board of Directors to order. In view of the conduct of the meeting through remote communication, the Corporate Secretary, Atty. Cynthia L. De la Paz (Atty. De la Paz) read the rules of the meeting and proceeded to disclose the names of the people present in the meeting through Microsoft Teams. Thereafter, Atty. De la Paz certified the existence of a quorum and recorded the Minutes of the Meeting.

II
APPROVAL OF THE MINUTES OF THE PREVIOUS MEETING

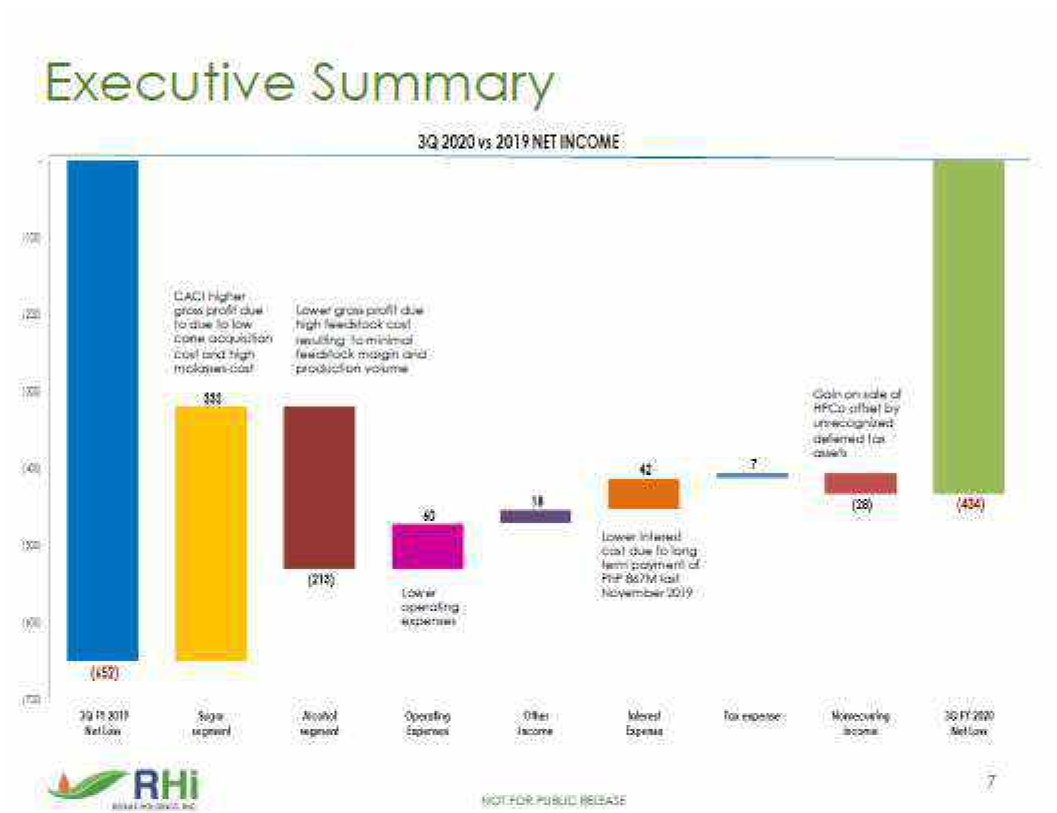
Mr. Roxas presented the Minutes of the Regular Meeting of the Board of Directors held on 19 May 2020. He stated that a copy of the Minutes of the Regular Meeting of the Board of Directors was circulated to all members of the Board prior to the meeting for their review.

On motion duly made and seconded, the Board approved the Minutes, as presented.

There were no matters arising from the previous meeting.

III
HIGHLIGHTS OF OPERATIONS

The PCEO, Mr. Hubert D. Tubio (Mr. Tubio) presented the summary of the results for the third quarter.



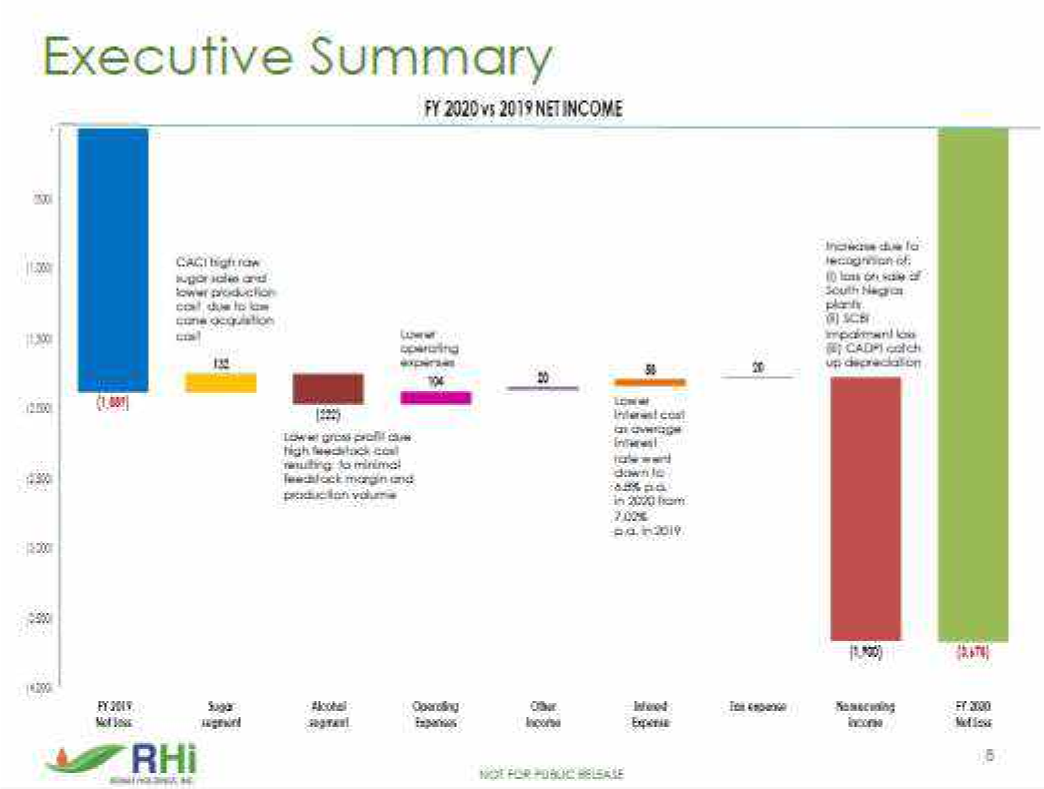
He stated that the nine-months operation resulted in a net loss of Php434 million versus last year which was at Php652 million. The Sugar segment contributed Php332 million which was the result of Central Azucarera De La Carlota, Inc.'s (CACI) slight improvement compared to last year. CACI was able to hit the target of 1.7 million tons with reduced production cost with the shift of the cane acquisition strategy. The increased molasses prices, it being a cost recovery for the Sugar segment, also contributed to the Sugar units' performance despite the challenges posed by the pandemic. CACI milling ended last April 29, 2020. This positive result in CACI was tempered by the continuous decrease in the production of Central Azucarera Don Pedro, Inc. (CADPI) in Batangas. It was hit by the decreasing farm productivity caused by different factors such as planter insecurity due to threat of industrialization, fragmented farm areas due to land reforms negating economies of scale, and other factors previously mentioned. Similarly, Management is also focusing on the factors which can be controlled to ensure the viability of the business moving forward. The operations in CADPI were also affected by natural calamities. Milling ended April 17, 2020 after starting it during the first week of January, with only 655,000 tons cane milled as opposed to 783,000 tons cane milled last year. This greatly affected the refinery operations which production capacity was vastly reduced by 37% due to fuel constraints. When CADPI stopped milling, the refinery operation also stopped. CADPI tried to accumulate more fuel to restart the refinery operations. Demand from the industrial users has waned and challenges in logistics did not help in the situation with industrial customers during the pandemic period. The Alcohol business posted a negative gross profit contribution of Php213 million, pulling down the Sugar's positive accomplishment. The principal cause being the very high price of the molasses feedstock cost for Alcohol and prices have not gone down below Php10,000.00 per metric ton since the start of the operations of the Operating Units. It actually reached up to more than Php14,000.00 per metric ton which not only ate up the feedstock margin but also impacted the cash flow. The Group pushed for the use of cane syrup for both Roxol Bioenergy Corporation (RBC) and San Carlos Bioenergy, Inc. (SCBI). The total actual alcohol produced from syrup was 8.2 million liters. The other factor that negatively impacted the Group, is that the oil companies stopped lifting bioethanol products last April, May and most of June. Demand from major oil customers dropped as much as 70% versus the last quarter. The storage tanks became filled up and logistics constraints led to operational stoppages. Production plans were hastily re-drawn, significantly affecting initiatives and targets. RBC was well on its way to hit its 44 million liters annual target, when halfway it had to scale down production to 29.7 million liters and eventually halting operations in June 2020. This was due to the filling up of the storage tanks and no withdrawals done by the customers. It was disappointing to operations because as RBC was ramping up, it had to stop and halt operations. SCBI, on the other hand, had more issues because it does not have similar storage capacities like RBC. It was forced to stop production with 14.4 million liters on a 30 million annual target.

Mr. Oscar J. Hilado (Mr. Hilado) inquired if the production of 70% alcohol for use to fight COVID-19 is helping the Alcohol businesses. Mr. Tubio answered that it is not helping that much because the demand for 70% alcohol production is not equivalent to the demand for ethanol. Furthermore, BIR only granted a provisional permit since the Group is only allowed to withdraw alcohol if they are denatured. This permit has a validity of 90 days only. An extension is being requested. When the Group offered this to customers, the volume required is not equivalent to how much the plants can produce. Nevertheless, the Group is looking to augment the revenues moving forward. The plants would have to have facilities to be able to produce this and certain permits should be applied for, especially if this will be marketed to the public. The Management is putting up this as part of the future plans, so that the Group can actually participate in the consumer market for 70% alcohol. An inquiry was received from the United States with regard to a modified product which they will re-use for sanitizers. The Management is looking at this but, right now, the Group is not capable of producing it based on the specifications required by the United States. Mr. Roxas commented if information can be sourced from the Metro

Pacific Hospital Group as to the total requirement of all the hospitals and see if this is something that can be explored at competitive rates. Mr. Manuel V. Pangilinan (Mr. Pangilinan) agreed. He said that he will also try to find out the required volume of the hospitals. Mr. Roxas further commented that if the Management is able to see the total requirement for the hospitals, then it would be able to produce and package it in a way that meets the requirements of the hospitals. As long as the price is competitive or better, then the Management can make a pitch for a supply agreement. Mr. Tubio mentioned that the Management will look into this. In conjunction with that, Management will prepare a business proposal. Mr. Roxas added that if the Group will be able to meet the demands of that market, then the Group can obviously go into the retail side of it.

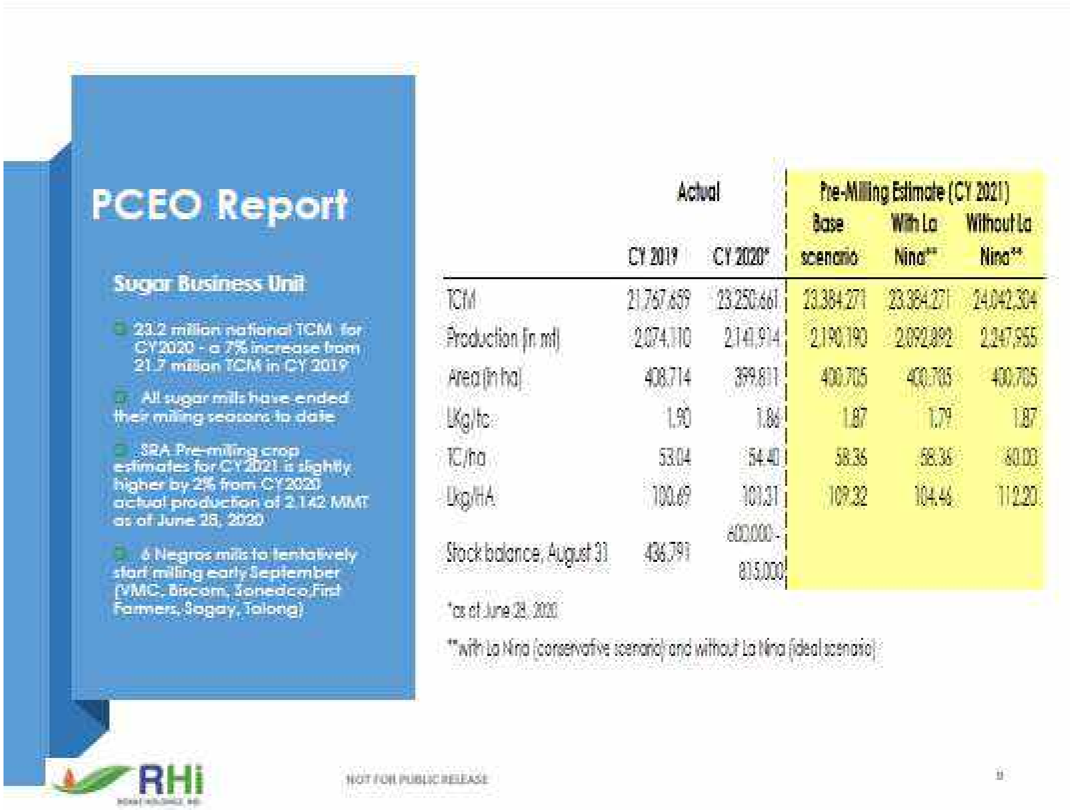
Mr. Tubio continued by saying that the Group produced 70% alcohol to support the government in its fight against COVID-19. The Group produced about 100,000 liters of disinfecting alcohol so far. Mr. Pangilinan shared that the MVP Group now has 17 hospitals. Mr. Tubio mentioned that is the reason also why they requested for an extension of the permit from the BIR and the DOE so that the Group will be able to support the requirements of the MVP Group and the government.

The Operating Expenses (OPEX) actually decreased due to decline in outsourced services, rental, transportation and travel. On Other Income, it increased due to the sale of a land known as Bredco property. Interest and Debt Servicing Expenses are lower by Php42 million. It was Php526 million last year but it is now Php485 up to the third quarter due to the advance repayment of some long-term debts of Php867 million last November 5, 2019 which was supposed to be due on September 2020 and Php1.2 billion principal payment last year. Interest is still eating a big chunk of the Group’s gross profit.



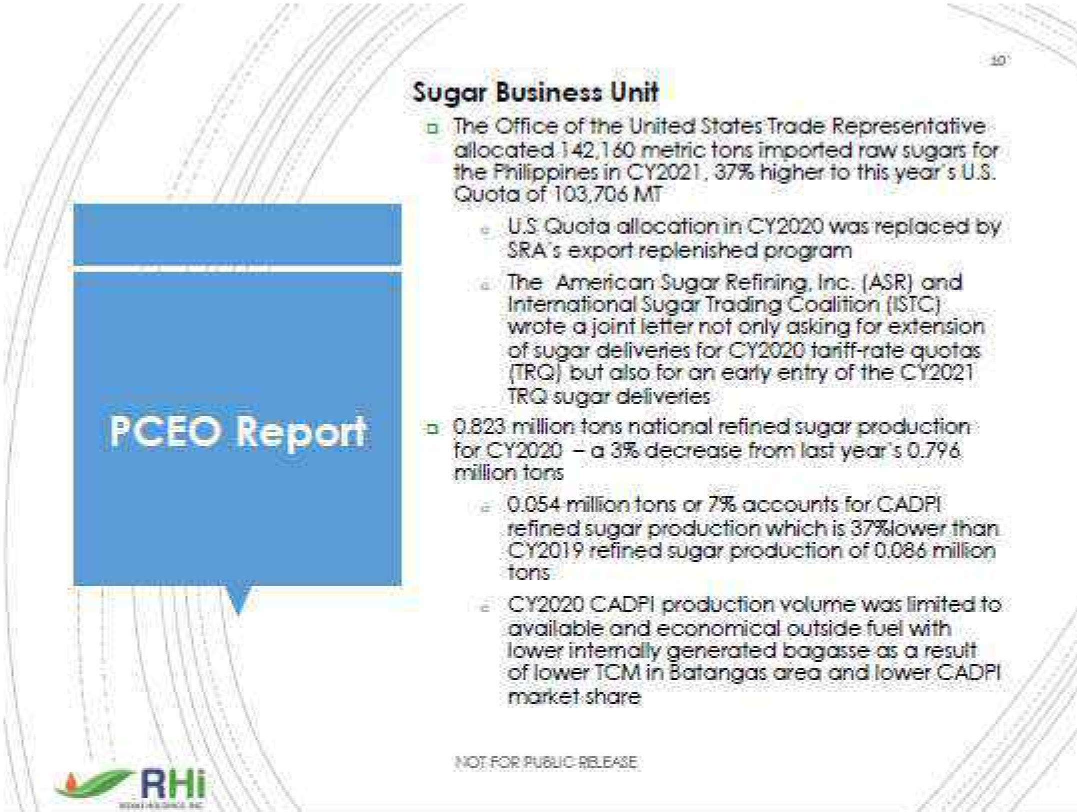
The slide shows the outlook for the year. Nothing much will change because the operating units are doing Off-Season Repairs (OSR) already. The only major item here is the increase in Net Loss due to loss of sale of SNU if the same will push through. Next is the impairment in SCBI which is being proposed to be booked this year. Also, there is a catch-up depreciation for CADPI, which was previously classified as asset held for sale. The total for that is around Php1.9 billion. The projection for the year is about Php3.6 billion.

Sugar Business Unit



Mr. Roxas inquired if the Balance Sheet will be shown. Mr. Tubio answered that the same will be presented by Mr. Celso T. Dimarucut (Mr. Dimarucut) later.

Mr. Tubio continued by discussing the National Sugar Production Data which shows a slight increase versus last year but with a decrease in LKg/TC from 1.90 to 1.86 this year. The projected national production for this coming crop year increased by 2% or 2,190,190 tons. The issue being tackled by the industry right now is the projected peak sugar ending balance inventory this coming August 31, 2020. This has been estimated between 600,000 metric tons to 800,000 metric tons from a normal scenario of 300,000 metric tons to 400,000 metric tons. This is to support the economy until the next milling season. This can affect the mill gate prices of newly-produced sugar. The Chairman of PSMA has been expressing suggestions and has talked to the SRA. Some of the suggestions are delay of startup, advance classification of shipment of existing D2, and delay in the replenishment program of A Sugar which is around 130,000 tons. These suggestions where met with favorable and unfavorable reactions form US stakeholders.

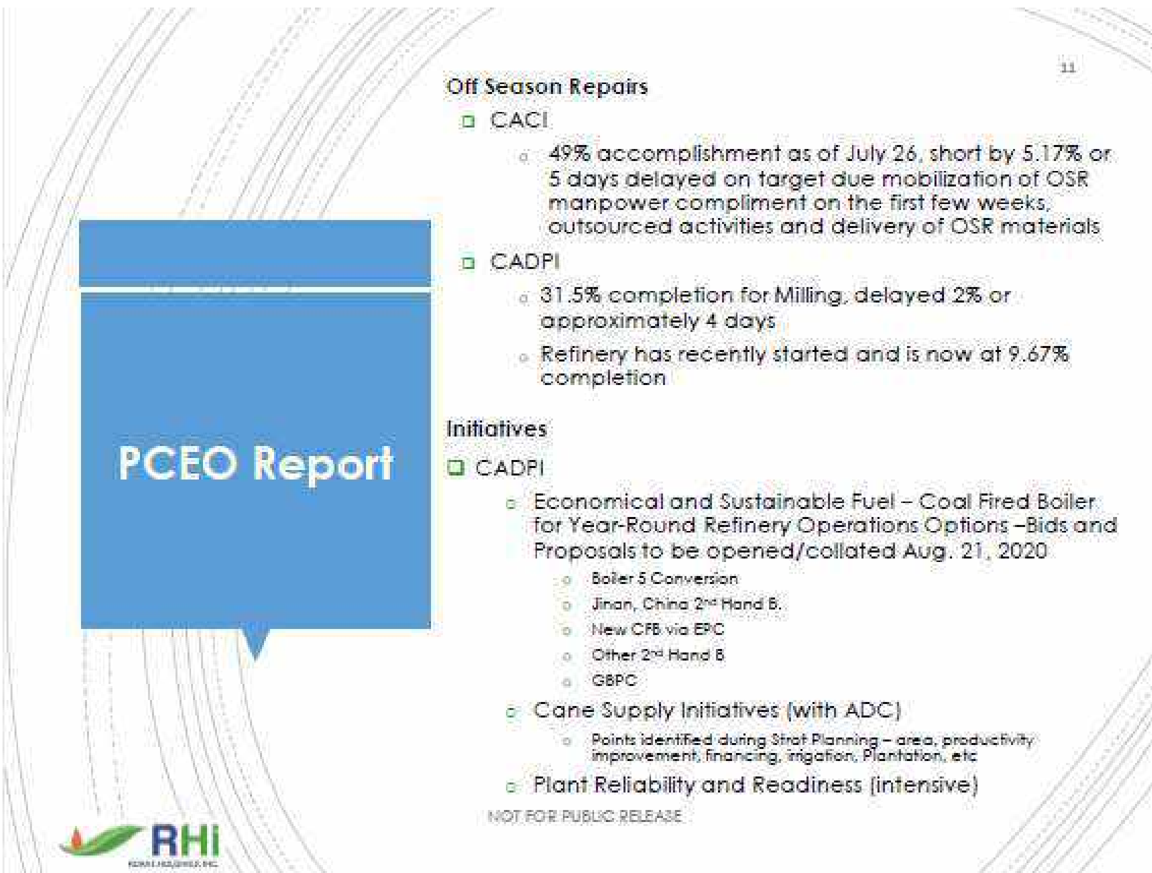


The Office of the United States Trade Representative had allocated 142,160 metric tons of imported raw sugar for the Philippines in the next crop year. This is 37% higher than last year's quota. There is also a corresponding negative feedback from the American Sugar Refining, Inc. and the International Sugar Trading Coalition. Both wrote a joint letter not only asking for extension of sugar deliveries for the previous crop year, but also for an early entry of the tariff-rate quotas for the next crop year. The PSMA is closely monitoring this.

This Crop Year, the National Refined Sugar Production increased by 3% to 0.823 million tons as compared to 0.796 million tons last year. Some of the refiners have been producing more refined sugar this year. 54,000 tons or 7% account for CADPI refined sugar production. This is actually 37% lower as compared to last year. The CADPI production volume was really constrained because of the fuel requirement due to the low production in the mill of bagasse.

Mr. Hilado inquired about the performance of VMC this year with regard to their sugar and refined sugar. Mr. Tubio answered that VMC improved in their production this year by about 15%. They were able to get imported sugar sometime last year. He explained that locally produced refined sugar has a higher asking price. Mr. Hilado further inquired if they are still the biggest. Mr. Tubio affirmed. Mr. Hilado mentioned that two years ago high fructose corn syrup (HFCS) was a big issue in the Philippines, but this is not being mentioned anymore. Mr. Tubio mentioned that the problem was already resolved. During the early part of 2019, the importation of HFCS was slabbed with a tariff. It became very costly for producers to utilize this in their production. Mr. Roxas added that the industry successfully lobbied to have the tax treatment of soft drinks for HFCS to be double the rate than for normal cane sugar. This made the HFCS not viable. Mr. Hilado clarified with Mr. Tubio if the supply in bagasse is the principal reason why there is a shortfall on refined sugar. Mr. Tubio affirmed. But he added that it is principally fuel and not just bagasse. Bagasse is the least expensive especially if it is internally generated. Part of the initiative is to improve on the cane acquisition and to have plantations in CADPI. It will be good for the Group because CADPI has a refinery.

There was a NEDA study and all the sugar stakeholders were invited. Before they finalized the report, they wanted to get the reactions from the stakeholders. All the issues that the Management was mentioning were tackled. One of the conclusions from the meeting was that they were not pushing industrialization at this time. Rather they are looking at doing other things that would improve the productivity of the farms. This is quite optimistic. If all stakeholders will push for this, it would be good for the industry. Mr. Roxas inquired as to how the Philippine Competition Commission (PCC) representative reacted. Mr. Tubio mentioned that the PCC representative did not say anything and just listened. He mentioned that he raised questions on overcapacity and consolidation. These are the reasons why the cost per ton is shooting up in Negros. He expressed his hope that the concerned government agencies will give a substantial answer.



The OSR started and as of June 30, 2020, CACI has already accomplished 49% of its plant repairs. This is regardless of the pending transaction. The delay has been addressed and CACI is on track. As for CADPI, there is more time. The targeted resumption is around 2nd week of December. CADPI will be prepared to operate by November. A very significant factor is the COVID-19 effect to the operations. Lockdowns were imposed as well. Management continues to exert efforts, despite the constraints, to implement the recommendations. Among the recommendations for CADPI is the economical and sustainable coal-fired boiler for a year-round refinery operation option. There are five options available to CADPI which will be subject to bidding this August. In terms of the cane supply initiatives, the points identified during the strategic planning presentation are area, productivity improvement, financing, irrigation and plantation. Management is looking at lands in Mindoro. Mr. Pangilinan mentioned that he was there two or three years ago. And he mentioned that there is about 20,000 hectares available there. Mr. Tubio reported that the Management sent a team to visit it sometime in 2016. Some parts of the land can be planted. The corn planters there offered to plant sugar as well. Management will re-visit this and studies will be done. What has to be planned out here is the logistics of transferring the canes to CADPI. Another option is to put up a mill there so that only syrup will have to be transferred to CAPDI. Mr. Pangilinan mentioned that the islands of Mindoro and Romblon actually have agricultural potential. Mr. Tubio mentioned that the Management must make an organization which will focus on the operation of a plantation. RHI Agri-Business Development Corporation (ADC) is also engaged in the improvement and interventions with the planters in the sugar mill. Mr. Roxas inquired about the land in Cavite. He added that may be the Group can work out a deal with them either to lease or jointly manage the area because the place is fairly close. Mr. Tubio mentioned that Management is working on this. He said that the caretaker told him that he still has to talk to the Indian owners. This is part of the Management initiatives.

Alcohol Business Unit

Insofar as the Alcohol units are concerned, because of the huge drop in demand, there was also a huge gap in the ethanol producers' commitment versus the withdrawal of the oil companies.

As a result, the ending inventory for ethanol producers for the third quarter was at 32.3 million liters of AHA. Of which, 17.1 million liters account for RBC and SCBI. Some manufacturers stopped because of the high cost of molasses. RBC and SCBI continued because they were still milling from sugar syrup. This is why 17.1 million liters were produced. Both units are in OSR. They had to close down as mentioned a while. The tentative resumption is still to be announced. SCBI will be ready to resume by October using cane sugar feedstock. Initiatives have also been started. The original construction of SCBI was to use cane syrup. To this effect, the Management is looking at utilizing syrup from the ADC farms in the South. The Management is looking at equipment/storage sufficiency and plant efficiency in SCBI.

Market Highlights (Sugar Business)

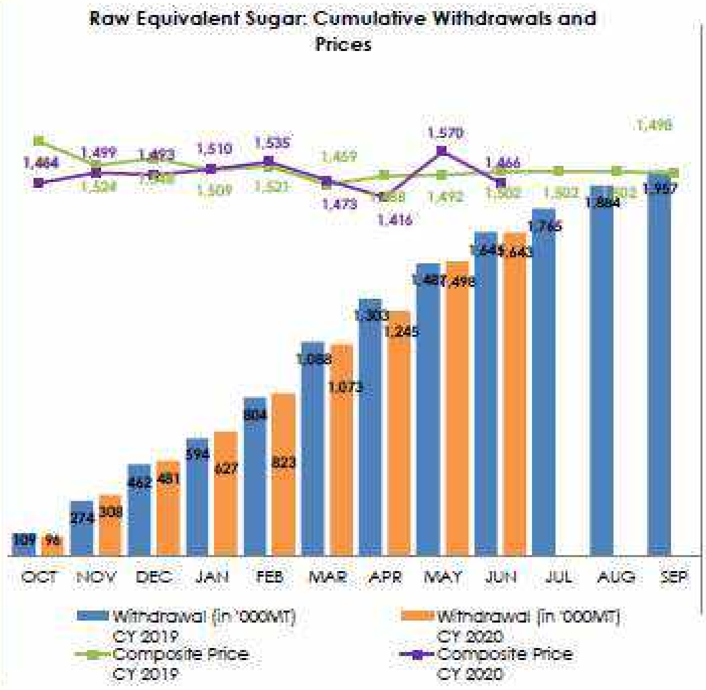
Ms. Jennifer Lim (Ms. Lim) present the market highlights for the Sugar business.

Market Highlights – Raw Sugar

- Mill gate raw sugar withdrawal at 1.643M MT, or .1% lower than 1.645M MT last year
- Composite sugar prices of raw sugar went down by 2% to PhP1,466 per 50-kilo bag
- Spike in prices seen during May to June as market players have started to speculate and support price decline in previous weeks

Date	Raw A	Raw B	Composite Price
April 19	1,416	1,417	1,417
April 26	1,422	1,506	1,502
May 3	1,435	1,506	1,549
May 10	1,501	1,555	1,561
May 17	1,508	1,564	1,577
May 24	1,507	1,581	1,577
May 31	1,502	1,588	1,584
June 7	1,302	1,586	1,572
June 14	1,300	1,495	1,485

- Forecasted domestic raw sugar balance by November 30 ranges between 128K MT to 316k MT depending on withdrawal rates

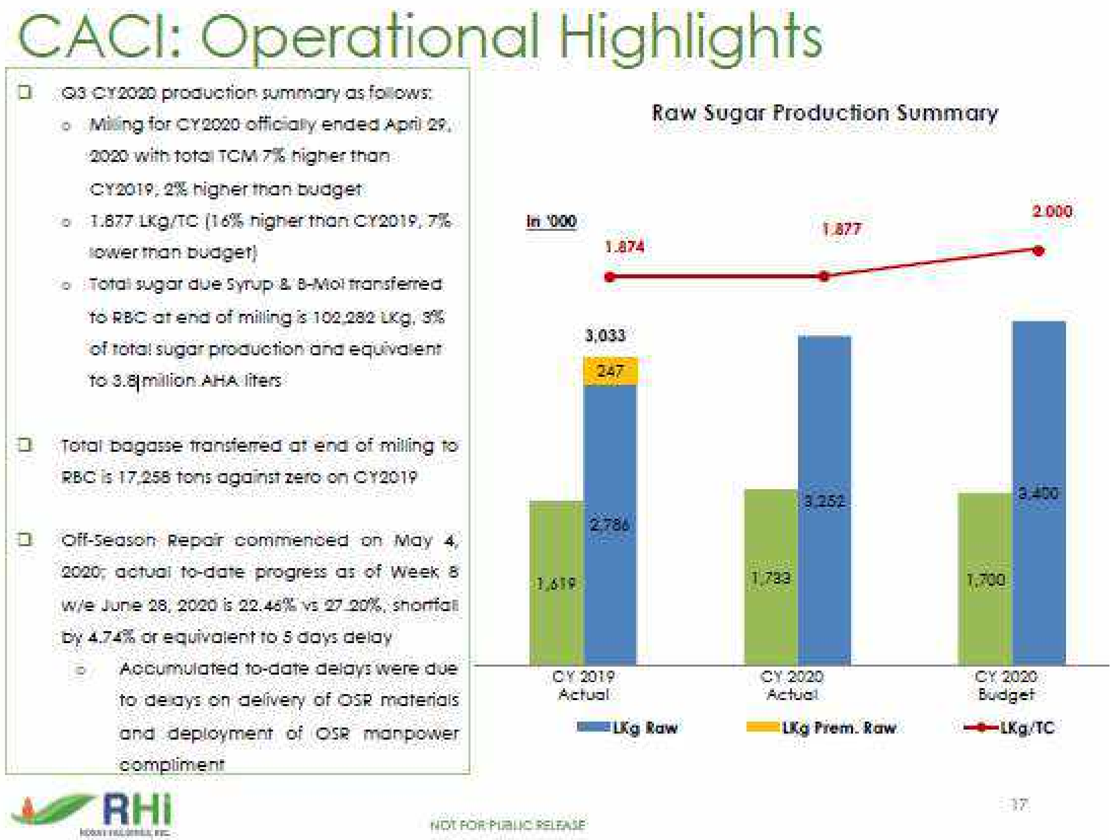


Ms. Lim discussed that for raw sugar and during the end of the quarter ending June, the price was down at about Php1,466.00 per bag. This is due to the overall decline in consumption because of the COVID-19 impact. There was a spike during the month of May which was due to the market players who started to speculate on the price of sugar to protect the position. Withdrawals are down by 1% as compared to last year due to the pandemic. Against April and May, it was higher because consumption is coming back up. The forecasted domestic raw sugar balance, depending on the withdrawal rates, is about 303,000 metric tons by the end of August and 316,000 metric tons by the end of November. The withdrawal rates until September may be similar to the previous months.

For refined sugar, mill gate prices went down due to the COVID-19 impact and the presence of imported refined sugar coming from Sugar Order No. 4-A replenishment program. The average withdrawal rates went down by 5% as compared to last year due to the pandemic and changing consumer behavior. Despite the 5% decrease, the demand was seen to increase during May and June for the sugar and beverage sector. Consumption until the end of September will be the same as the previous months. The forecasted refined sugar balance by November is about 285,000 metric tons depending on withdrawal rates.

Operational Highlights (CACI)

Mr. Pilipino T. Cayetano (Mr. Cayetano) discussed the operational highlights for CACI.

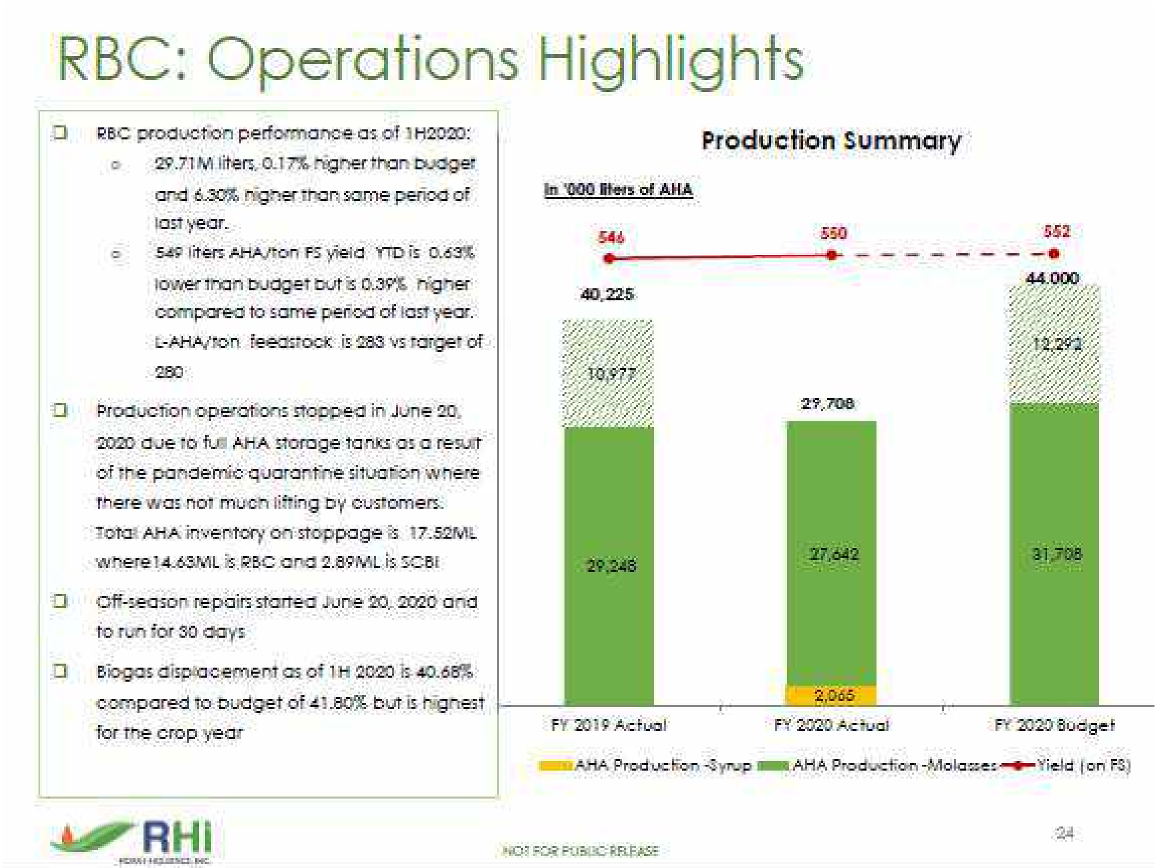


The milling ended last April 29, 2020. CACI was able to mill around 1.733 million tons of canes. This is 7% higher compared to last crop year and 2% higher compared to the budget. Mr. Hilado asked how many milling days did CACI have for this crop year. Mr. Cayetano answered that it was about 30 weeks. Mr. Hilado asked the same for VMC. Mr. Tubio answered that in the past it was about 37-40 weeks.

For LKg/TC, the actual is about 1.877 LKg/TC which is 7% lower than budget but 16% higher than the previous crop year. CACI was able to produce 3.252 million bags of raw sugar. With the initiative to use syrup for RBC, CACI was able to transfer 102,282 LKg equivalent. This is equal 3.8 million liters of production in terms of liters of AHA. This year total bagasse transferred to RBC is around 17,258 tons against zero last crop year. After the milling, the ending inventory is 3,500 which is good for startup. As of July 30, 2020, the OSR is at 62%. Moving forward, CACI will be able to complete the OSR before the start of milling.

Operational Highlights (RBC)

Mr. Cayetano continued to present the Operational Highlights for RBC.



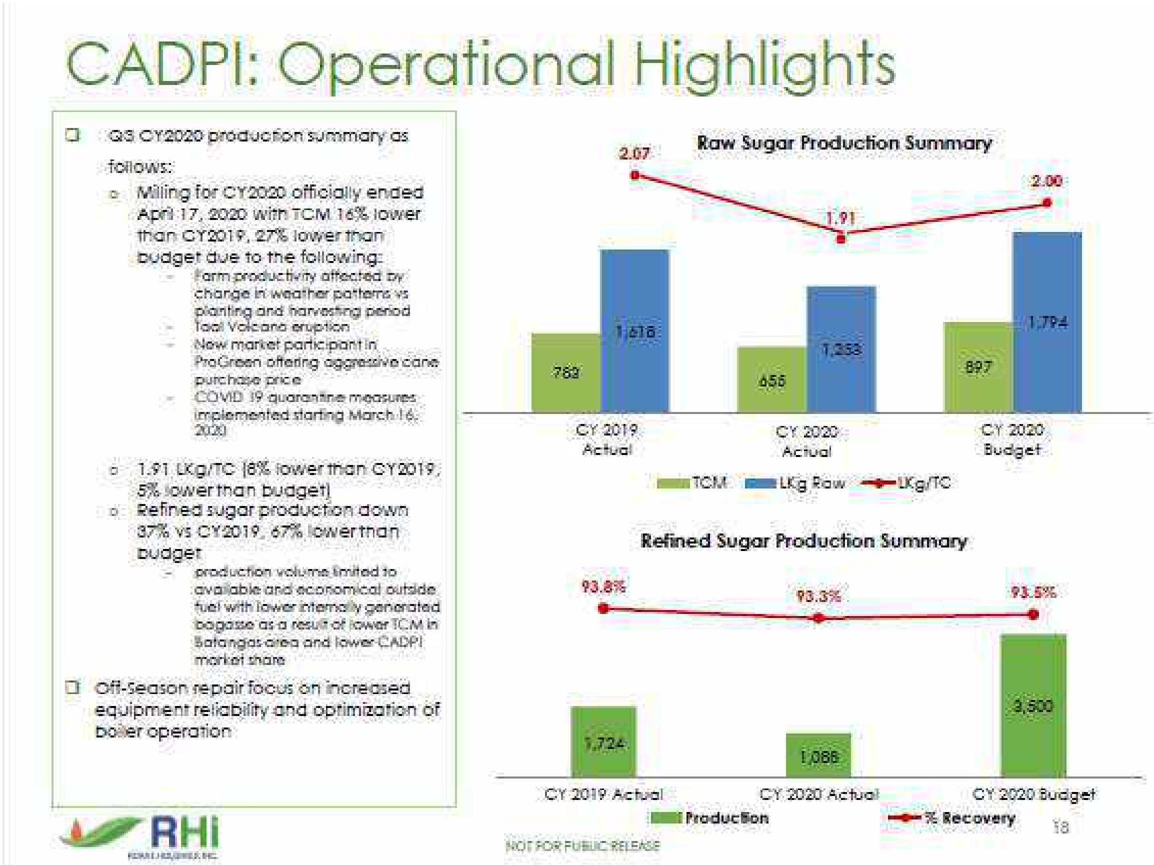
As far as total production of AHA as of June 2020, RBC has already filled up the AHA tanks. This is around 29.7 million liters which is higher than the budget and 6.30% higher than same period last year. But it is still lower than the total target of 44 million liters. Insofar as yield is concerned, RBC had 549 liters of AHA/ton of FS. This is around 0.63% lower than the budget but it is higher compared to the same period of last year. Total composite is 283 liters of AHA/ton of FS. For the production operations, RBC was forced to stop because the tanks are full. As of today, the AHA inventory in RBC is about 10 million liters. OSR has started last June 20, 2020. Activities for improvements are also being done. The target re start-up is on October or November.

In summary, both CACI and RBC had improvements this crop year.

Mr. Hilado asked Mr. Tubio if he is satisfied with the engineers in the sugar mills. Mr. Tubio answered that compared to when the present Management started, there has been noticeable improvements. The team now is more proactive and a little bit more guidance is needed in terms of the details of the sugar industry. The improvement is especially seen in SNU, headed by Mr. Cayetano. He added that there are new leaders as well in CADPI and SCBI. The Management is improving and developing within, through a cadetship program across the subsidiaries.

Operational Highlights (CADPI)

Mr. Lozada presented the operational highlights for CADPI.

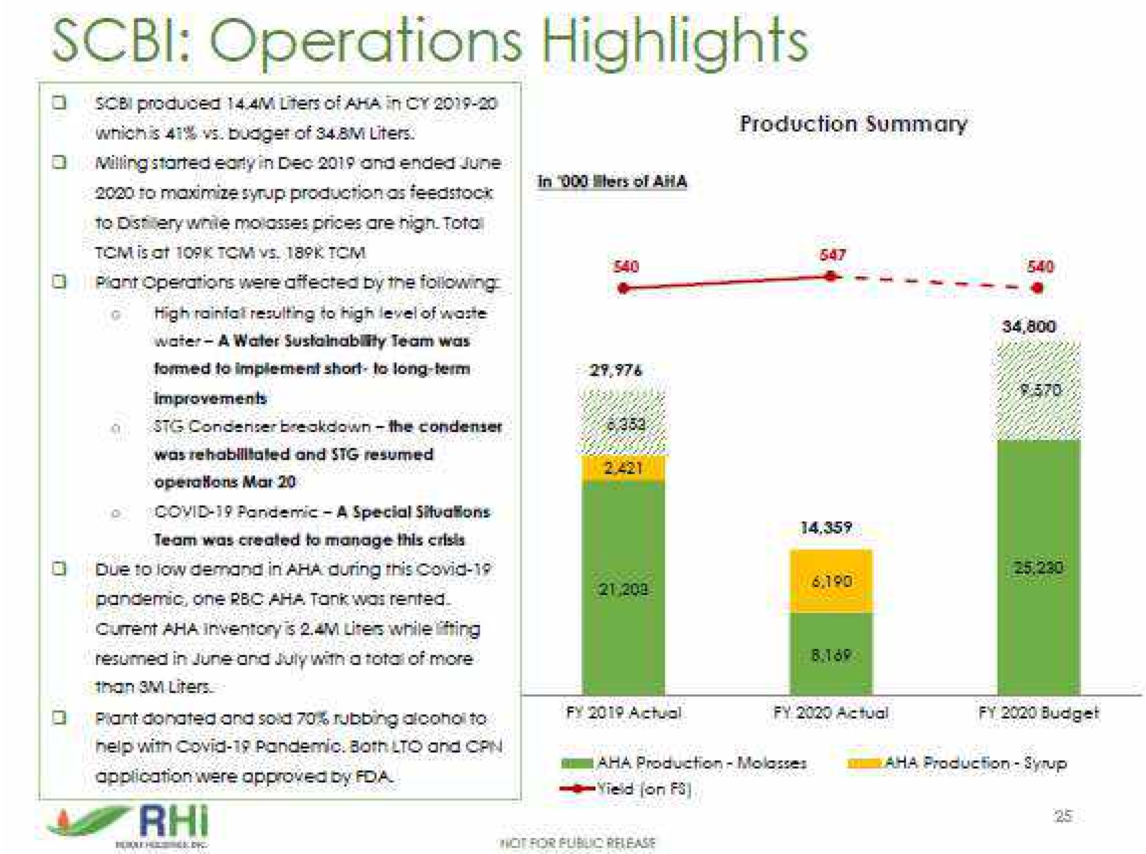


In CADPI, there was a drop in tonnage of about 16% as compared to last year and 27% lower than budget. Several challenges were met, such as, that of farm productivity which was affected by several changes in weather patterns, and as it was about to ramp up, the Taal volcano erupted. A few weeks after that, lockdowns were imposed due to COVID-19. He mentioned that the biggest reason for the drop is the 200,000 tons which was taken by the Ethanol plant in Balayan (Progreen). Given the pricing previously mentioned, the molasses price in Luzon was around Php16,000.00 per ton allowing Progreen to offer Php3,000.00 per ton regardless of the quality to the farmers. Given that this is cane purchase, most of the planters in the area took advantage of this opportunity. He added that if CADPI can source canes from Mindoro, then it will be a good initiative to bring back production to about 1.3 million tons. The LKg/TC is lower than last year due to drop in productivity in the area by 5%. In the refinery, CADPI produced a little over a million bags as compared to 1.7 million bags last year. With planned expansion in Mindoro, CADPI will be able to increase its production in terms of the demand for raw sugar. The OSR started last August 1, 2020. A test run will be done towards the end of October and milling will start in December.

Mr. Hilado inquired about the capacity of CADPI. Mr. Lozada answered that CADPI is rated around 12,000 tons per day milling capacity. Mr. Hilado further inquired what the annual capacity will be if CADPI has canes from Mindoro. Mr. Lozada mentioned that for 6 months, CADPI is able to mill around 1.5 million tons. Mr. Tubio added that if CADPI is able to source canes from Mindoro, it would be able to operate the raw sugar mill continuously and mill 1.5 million tons every year. The plan is to sell refined only and not raw. There is also another project involving liquid sugar. Management is studying this and its viability.

Operational Highlights (SCBI)

Mr. Lozada continued presenting the Operational Highlights for SCBI.



In SCBI, the plant produced 14.4 million liters of AHA. This is 41% lower than the budget of 34.8 million liters. The total canes milled is around 109,000. Because of the prices of sugar and molasses, the milling started in November which is earlier than the planned milling in January. This allowed SCBI to produce 6 million liters of sugar syrup. There is better feedstock margin for syrup. This will be the strategy for the coming crop year given the pricing advantages. Moreover, a water sustainability team was formed to address issues on waste water. Some issues in the plants involve the condenser breakdown but this was resolved. Hopefully next year, SCBI will focus on milling to produce syrup and exporting power. Due to low demand of AHA in this quarter, operations had to stop. There were disruptions due to COVID-19. Fortunately, SCBI was already able to acquire LTO and CPN from FDA allowing it to produce 70% alcohol.

Operational Highlights (RHI Agri-Business Development Corporation)

Mr. Jose Manuel L. Mapa (Mr. Mapa) presented the operational highlights for ADC.

ADC: Operational Highlights

- ADC Farms- projected cane output to reach 37,810 tons in CY 20-21, this is an increase of 139% from last crop year's production of 15,491 tons.
- Looking into viability of bringing canes from ADC farms to SCBI if CACI transaction pushes thru.
- The lease contract for two farms with a total area of 63 has. will expire in CY 20-21 and will no longer be renewed given the impending CACI transaction.
- Due to ENFARBCO's successful 1st year of operating 830 has, ECJ family to turn over an additional 1,000 hectares of farms to ENFARBCO.
- Due to the deep sense of partnership built with ENFARBCO, they are interested in exploring the possibility of bringing canes from some of their farms to SCBI, given certain levels of trucking allowance

	FY2019		FY2020		FY2021	
Negros farms	Rented Areas (ha)	Actual TCM	Rented Areas (ha)	Actual TCM	Rented Areas (ha)	Target TCM
In-house farms						
San Ricardo	31	1,880	32	2,402	32	2,400
Hibong	-	-	52	2,683	52	4,055
Carolina**	86	2,764	89	4,353	86	6,016
Hibong additional***	-	-	12	-	12	900
San Jose***	-	-	80	-	80	6,800
US***	-	-	70	-	70	5,400
Mandaloto***	-	-	61	-	61	4,774
Contract growing farm						
Himamaylan*	13	399	-	-	-	-
Alegria	29	2,500	31	2,381	31	2,321
Hilado	-	-	67	3,674	67	5,144
Batangas*	30	853	-	-	-	-
Total	189	8,396	494	15,493	491	37,810

* agreement terminated in 2019

** managed as in-House starting crop year 2019-2020

***acquired Sept 2019 to Feb 2020, harvest will be on crop year 2020-2021

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Four farms were added in Negros with a total of 223 hectares. As such, the output will increase to 37,810 tons for the next crop year. This is an increase of 139% from last crop year's production of about 15,491 tons. ADC intends to bring the canes to SCBI when the transaction pushes through. 2 out of the 8 farms are quite far, thus ADC is still looking for ways to bring the canes to SCBI. 6 out 8 are viable to be brought to SCBI. The Lease Contracts for two farms, with a total of 63 hectares, will expire in this coming crop year. They will no longer be renewed given the impending sale.

On ENFARBCO, because of their successful operations of the 830 hectares, of which ADC was a vital partner, Mr. Cojuangco decided to add 1,000 hectares to the cooperative. ENFARBCO has committed to give the canes to the Group and will explore the possibility of bringing canes to SCBI. Mr. Roxas inquired if ENFARBCO ended the year as profitable. Mr. Mapa answered in the affirmative. This is the reason for the additional 1,000 hectares. As for the canes of Hinojales, most of his canes are brought to SONEDCO because of the LKg/Tc incentives.

ADC: Operational Results

	NEGROS FARMS							Equipment Rental			Q3 FY2020 Actual
	In-House			Contract Growing		Other Farms*	Total			Others	
	San Ricardo	Hibong	Carolina	Alegria	Hilado			Harvester	Grab Loader		
FARM PRODUCTIVITY											
Hectares harvested	32	33	69	34	60	-	229	-	-	-	
TCM	2,402	2,683	4,353	2,381	3,674	-	15,492	-	-	-	
Ton/Hectare	74	82	63	70	61	-	68	-	-	-	
REVENUE	5.757	6.239	10.575	6.366	9.537	1.215	39.689	0.920	12.269	2.580	55.457
Sugar Cane	5.478	5.946	10.035	5.997	9.029	1.183	37.668	-	-	-	37.668
Equipment Rental	-	-	-	-	-	-	-	0.920	12.269	-	13.189
Farm Services	-	-	-	-	-	-	-	-	-	2.232	2.232
Others	0.279	0.293	0.540	0.369	0.509	0.031	2.021	-	-	0.348	2.369
COST OF SALES	6.249	7.565	12.492	4.156	5.386	9.308	48.723	6.519	15.321	0.715	71.277
Farm Cost of Sales	5.611	6.572	14.639	4.156	5.386	6.316	42.680	-	-	-	42.680
Depreciation	0.296	0.439	1.105	-	-	1.155	2.994	5.793	5.630	0.715	15.133
Fuel	0.342	0.554	0.315	-	-	1.836	3.048	0.250	3.336	-	6.634
Manpower	-	-	-	-	-	-	-	0.476	6.354	-	6.831
OTHER EXPENSES	-	-	-	-	-	-	-	0.257	3.422	3.507	7.186
Repairs and maintenance	-	-	-	-	-	-	-	0.257	3.422	-	3.679
Personnel cost	-	-	-	-	-	-	-	-	-	3.495	3.495
Others	-	-	-	-	-	-	-	-	-	0.012	0.012
GROSS PROFIT	(0.492)	(1.326)	(1.917)	2.210	4.152	(8.093)	(9.033)	(5.856)	(6.474)	(1.643)	(23.006)

*San Jose, Nursery, Manaloto, Secondez, US Farms

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The harvesters and grab loaders still reflect negative figures, that is why adjustments on the pricing must be done.

Cane Supply (CADPI and SCBI)

Cane Supply Initiatives and Strategies

Batangas

- Improve farm yields as a sustainable strategy to capture canes
  - Over 214 lacsas of High Yielding Varieties (HYVs) delivered by ADC to Batangas planters
  - Expanded HYV nursery from 2 hectares last year to 16 hectares as of July 2020
  - Some mechanical harvesters, tractors and implements to be transferred from CACI to CADPI
  - Released PhP11m crop loans capture 22,000 tons.
  - Irrigation program for planters
    - ✓ Engaged specialists in solar irrigation and ram pump
    - ✓ Deployment of conventional diesel powered pumps

San Carlos

- Target volume of canes for CY 2021 is 236,000 tons, an increase of 169% from last crop year's 108,789 tons.
- Reached out to the some non-SCBI planters to deliver canes in CY2021:
  - AJ Ledesma - estimated 9,000 tons. We will provide him with a grab loader
  - Luigi Benedicto – estimated 9,000 tons
  - GHI – negotiating with Mr. Marton Cui for possible 20,000 tons
- Current HYV nursery of 1.7 hectares to be expanded to 5 hectares
- Tractors w implements and grab loaders to be sent from CACI to SCBI

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For Batangas, the main concern is that farm yields are continuing to decline. ADC's approach is to help planters improve their yields. ADC has distributed 214 laksas of high yielding varieties (HYV) from ADC's farms in Negros. ADC has expanded its nursery in Batangas from 2 hectares to 16 hectares. There are plans to increase this to 30 hectares. ADC will also be bringing mechanical harvesters, tractors and implements from CACI to CADPI. The harvesters will play a big role in capturing the canes. Particularly the canes of Arnel Toreja and other planters from the Eastern side. They need help in terms of mechanical harvester. Market share in Batangas is targeted to increase this coming crop year. Mr. Roxas inquired about the mechanical harvesters. Mr. Mapa said that ADC is improving in utilization. In terms of costs, ADC has realized that what was being charged is still low to be able to break even. The rates will be raised to make this viable. Mr. Roxas asked how the present rates are compared to other cut and load rates. Mr. Mapa mentioned that the present rates are slightly higher compared to other rates in Negros. But in Batangas, ADC's rates are competitive.

ADC has also released crop loans worth Php11 million. Also for Batangas, ADC is planning to introduce irrigation programs for the planters. ADC has already asked the specialists on irrigation to visit. ADC is quite confident that it can improve the TCM in Batangas with the help of its harvesters and programs in HYVs.

For SCBI, the target volume of canes is 236,000 tons. This is an increase of 169% from last crop year which was at 108,789 tons. ADC has reached to some non-SCBI planters so that they can deliver to SCBI. ADC has been talking to some planters for SCBI. They seem to be okay in bringing the canes to SCBI with the condition that the LKg/TC will be okay as well. The HYV nursery of 1.7 hectares will be expanded to 5 hectares. Also, the tractors, implements and grab loaders will be transferred from CACI to SCBI.

IV
INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDING 30 JUNE 2020

Mr. Celso T. Dimarucut (Mr. Dimarucut) discussed the financials of the Group.

Profit & Loss

- Higher gross contribution on sugar business driven by improvement in CACI's gross margin brought about by lower unit production cost
- Decline in gross contribution on alcohol business due to higher feedstock cost and lower production volume
    - minimal lifting of oil companies in 3Q due to community quarantine period and earlier production shutdown
- Non-recurring net charge at year-end: Php2.5 billion

	Period ended June 30			Year End		
PhP millions	FY2020 Actual	FY2020 Budget	FY2019 Actual	FY2020 Outlook	FY2020 Budget	FY2019 Actual
Sugar segment	390	952	58	394	1,073	261
CACI (Negros plant)	210	324	(2)	210	324	41
CADPI (Batangas plant)	207	617	23	211	747	190
Others	(27)	11	36	(27)	3	31
Alcohol segment	(1)	376	212	(82)	511	140
SCBI	(30)	138	73	(110)	180	48
RBC	29	238	139	29	331	92
Contribution from operations	389	1,328	269	312	1,585	402
Operating expenses	(667)	(734)	(727)	(906)	(1,093)	(1,010)
Other income	72	66	54	90	87	70
Interest expense	(485)	(424)	(526)	(646)	(561)	(704)
Tax expense	(2)	(24)	(9)	-	(32)	(20)
CORE NET INCOME (LOSS)	(693)	211	(939)	(1,151)	(15)	(1,263)
Nonrecurring income (charges):						
Gain from sale of HPCO investment	258	-	-	258	204	-
Impairment loss:						
SNU	-	-	-	(1,114)	-	-
SCBI	-	-	-	(1,080)	-	-
CADPI catch up depreciation	-	-	-	(590)	-	-
Recognition (derecognition) of deferred taxes	-	-	324	-	127	(456)
Provision for tax assessment	-	-	-	-	-	(120)
NET INCOME (LOSS)	(434)	211	(652)	(3,678)	316	(1,889)
Depreciation	459	690	665	1,151	921	571
CORE EBITDA	253	1,380	261	56	1,499	32

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By way of recap, the strategy in CACI, with regard to putting focus on the least costly canes and those within the district, paid off. The margins improved with the reduction in the cost of the canes. The increasing price of molasses helped to a certain extent to increase the margin in CACI. Unfortunately, the targeted improvement in CADPI did not materialize because of the dwindling cane supply in the area. This is principally driven by low output and entry of a new player, Progreen. The improvement in the Sugar Segment of about Php398 million was negated by the poor performance of the Alcohol Business. This was driven by the high price of feedstock cost. Because of COVID-19 and reduction of lifting by oil companies, both RBC and SCBI had to shut down. This resulted to a much lower production volume. What was lost during the shutdown period can no longer be recovered as this revenue will be considered lost.

In terms of the Operating Expenses, the Management was able to bring this down. Together with the Interest Expenses, the Group has continuously paid down debts over the last two years. The Group was able bring down debt to about Php2 billion. This was driven by good management of working capital and from the sale of HPCo. For the nine month period Ending June 30, 2020, the Group will reporting a net loss of Php434 million. While this is an improvement from the same period last year, the margins from Sugar and Alcohol segments were not enough to cover the Operating Expenses and Interest Expenses. Mr. Roxas inquired as to why the depreciation is substantially lower compared to last year. Mr. Dimarucut answered that some equipment has been fully depreciated. In 2019, there were some additional depreciation recognized to catch up on some items.

On a full year basis, the loss will swell up to Php 3.6 billion driven by non-recurring charges at the end of the year. The biggest of which is that as the transaction is closed down, a net loss of about Php1.1 billion will be generated. Given the poor performance of SCBI, the Management is anticipating that the auditors will raise the issue on impairment of goodwill, thus, the Group may need to recognize the impairment for SCBI. This is the goodwill which was booked when the RHI Group acquired SCBI. This would also include the depreciation catch up for CADPI. This year and last year, CADPI was reflected as asset held for sale. As this is brought back to the category of operating subsidiaries, catch up deprecation will have to be booked. Mr. Hilado asked if the charges will be picked up only if the PCC approves the pending sale. Mr. Dimarucut updated the Board about the PCC process. He stated that feedback may be received by August 24, 2020. The Management will know by then if the transaction will be approved or the same will be pushed back to the Second Phase. Mr. Hilado inquired if URC is pushing for an early decision. Mr. Dimarucut stated that it is really the intention. There is actually a chance for it to be approved. Assuming it gets delayed, CADPI and RBC may need to run for one month under the RHI Management. Mr. Pangilinan asked if the Management is in communications with the banks. Mr. Dimarucut mentioned that the Management has already sent out letters and personally met up with them individually. Consent letters will also be released.

Balance Sheet

- Consolidated total asset decreased by Php1.1 billion primarily due to collection of receivables and sale of investment in HPCo
- Payment of long term loan amounting to Php867 million reduced Net Debt
- Short term credit facilities

Bank	Loan Amount (in Billions)	Renewal Status
BPI	2.0	Fully Renewed until September 30, 2020
BDO	1.5	Fully Renewed until September 30, 2020
BOC RSC	0.8	Line Extended until October 27, 2020
BOC ICBI	0.8	Line Extended until August 28, 2020
Landbank	2.0	Line Extended until August 27, 2020

- Php3.9B total loan payments from SNU proceeds

	Period ended June 30			Year End			
	FY2020 Actual	FY2020 Budget	FY2019 Actual	FY2020 Outlook	FY2020 Outlook 2	FY2020 Budget	FY2019 Actual
Current Assets	10,816	10,494	12,261	8,077	3,729	10,996	11,540
Cash	261	438	492	100	341	500	438
Receivables*	858	1,784	1,561	850	850	1,739	1,356
Inventories	1,762	1,748	2,506	1,200	1,200	2,000	1,206
Asset held for sale	6,599	5,602	6,525	4,589	-	5,602	7,255
Others	1,338	923	1,176	1,338	1,338	1,155	1,285
Noncurrent Assets	10,102	11,371	11,618	9,504	9,504	11,590	10,378
Property and equipment	8,662	9,480	8,809	9,144	9,144	9,640	9,000
Investment and goodwill	1,080	1,593	1,714	-	-	950	1,080
Others	360	298	1,095	360	360	1,000	298
Total Assets	20,918	21,866	23,879	17,581	13,233	22,586	21,917
Current Liabilities	9,366	9,359	10,270	9,600	6,550	9,270	9,357
Short term borrowings*	6,667	6,717	7,034	6,390	4,948	6,717	6,717
Current portion of long-term debt	636	848	848	1,404	-	1,405	848
Trade and other payables	1,447	1,795	1,363	1,602	1,602	1,149	1,177
Liabilities directly associated with assets held for sale	616	-	1,024	204	-	-	616
Noncurrent Liabilities	2,814	3,131	3,496	2,494	1,196	2,825	3,396
Long term borrowings	2,069	1,522	3,033	1,298	-	1,326	2,722
Others	745	1,608	464	1,196	1,196	1,498	673
Equity	8,738	9,376	10,113	5,487	5,487	10,491	9,164
Total Liabilities and Equity	20,918	21,866	23,879	17,581	13,233	22,586	21,917
Net Debt	9,110	8,649	10,423	8,992	4,607	8,947	9,849

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For the full year outlook, two scenarios are presented. The first outlook assumes that the transaction will be closed after September 30, 2020. While the second outlook assumes that the transaction will be closed before September 30, 2020. The equity will be down to Php5.4 billion. In terms of bank debts, it will go down to Php5 billion after the proceeds are applied. The intention is to pay down the long-term debts because most of the collateral are related to these debts. After this transaction, the Management plans to term out at least Php3 billion of the Php5 billion. There is a residual of about Php2 billion and long-term debt of Php3 billion. Mr. Vince S. Perez (Mr. Perez) asked if the Group availed of the Bayanihan debt relief. Mr. Dimarucut answered that the Group availed those for interest. The Group did not avail for the principal because of the same have already been pre-paid from the proceeds of the sale of HPCo. Mr. Roxas inquired about the arrangement with URC in terms of the OSR budget. Mr. Dimarucut answered that the estimated cost for OSR is Php300 million. If there is a delay in the PCC decision, the Group will have to share with the cost. Mr. Roxas inquired about the year-end loss and if it subject to NOLCO. Mr. Dimarucut answered that the Group can preserve some taxes like creditable taxes when the subsidiaries merge. NOLCO will no longer be retained because this is not transferable.

Cash Flow

- Positive Free Cash Flow due to liquidation of inventories and collection of receivables
- Payment of long term loans from the proceeds of sale of investment

	Period ended June 30			Year End			
	FY2020 Actual	FY2020 Budget	FY2019 Actual	FY2020 Outlook 1	FY2020 Outlook 2	FY2020 Budget	FY2019 Actual
EBITDA	253	1,350	261	56	56	1,499	32
Working capital	300	159	726	977	1,250	(340)	1,869
Capital expenditures	(199)	(450)	(155)	(400)	(400)	(600)	(317)
Free cash flow	354	1,059	832	633	905	560	1,584
Debt availments (servicing)							
Long term principal payments	(867)	(636)	(932)	(868)	(3,570)	(848)	(1,243)
Short term availments (payments)*	(50)	-	823	(327)	(1,769)	-	506
Interest expense	(485)	(424)	(526)	(646)	(646)	(561)	(704)
Proceed from sale of SNU assets**	-	-	-	-	4,113	-	-
Proceed from sale of investment	871	-	-	871	871	911	-
Cash balance							
Beginning	438	438	295	438	438	438	295
End	261	438	492	100	341	500	438

** Outlook includes P277M Petron collection used to settle Bank of Commerce short-term loans*
*** Net of VAT and CWT*

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The Group tried to bring down the working capital by selling inventories. This helped in the generation of cashflow. Assuming the transaction is completed, the Group will be able to pare down debt. Mr. Roxas added that interest expense will also go down. Mr. Dimarucut mentioned that that interest will definitely go down. The intention of terming out certain loans, if a 6-year amortization period will be approved, then that will be at Php500 million principal annually. With interest, it would be around Php800 million. Mr. Roxas inquired about the book value. Mr. Dimarucut stated that it would be around Php3.50 per share.

On motion duly made and seconded, the Board approved the Interim Financial Statements and Management Report for the Third Quarter ending 30 June 2020, as presented.

Approval of the Press Release

Upon motion duly made and seconded, the Board likewise approved the Press Release on the Results of Operations for the Third Quarter ending 30 June 2020, as circulated.

OTHER MATTERS

Request for Car Sticker

Board Resolution No. RHI-2020-0811-01

"**RESOLVED,** that the Board of Directors of **Roxas Holdings, Inc.** (the "Corporation") authorizes and empowers the Corporation, to apply for Car Sticker from the Forbes Park Association, Inc. over its designated company vehicle, assigned to its **Chairman, Mr. Pedro E. Roxas**, specifically described as follows:

Make	:	BMW
Model	:	520D Sedan 2011
Plate No.	:	TIO698
Color	:	White

"**RESOLVED, FINALLY**, that the Board of Directors of the Corporation authorizes and empowers its Head, Corporate Administration, **MR. EDWARD A. DE GUZMAN** to sign, execute and deliver any and all forms, agreements, instruments and documents necessary to carry out the foregoing resolution, and to perform such further acts and deeds as may be necessary to carry into effect the foregoing."

RHI Authorized Signatories to the Control Agreement

Board Resolution No. RHI-2020-0811-02

"**RESOLVED**, that the Board of Directors of **Roxas Holdings, Inc.** (the "Corporation") authorizes the Corporation to enter into a Control Agreement, as Issuer, with Roxas and Company, Inc. ("RCI") and Bank of the Philippine Islands (the "Bank") to effect the security arrangement for loans and credit facilities of RCI and Roxaco Land Corporation with the Bank"

"RESOLVED, FINALLY, that the following officers of the Corporation be authorized, as they are hereby authorized, to sign jointly, execute and, deliver any and all documents necessary and proper to give effect to the foregoing resolution:

Name	Position
Pedro E. Roxas	Chairman
Hubert D. Tubio	President and CEO

Renewal of Short-Term Loan Facility with Land Bank

Board Resolution No. RHI-2020-0811-03

"**RESOLVED**, That the Board of Directors of **Roxas Holdings, Inc.** (the "Corporation") authorizes and empowers, as it does hereby authorize and empower, the Corporation to renew the Short-Term Loan Line Facility from Landbank of the Philippines (LBP) in the principal sum of TWO BILLION PESOS (Php2,000,000,000.00) or such other amount as may be agreed with LBP (the "Facility") under such terms and conditions as may be beneficial to the Corporation;

"RESOLVED, FINALLY, That the Board of Directors of the Corporation authorizes and empowers, as it does hereby authorize and empower, the execution of any and all agreements, instruments, notes, documents, and papers, relating to and which may be necessary to negotiate, obtain, conclude, and consummate, the Facility, on the signature of the following officers of the Corporation:

A. Without limitation as to amount, on the joint signature of:

Any two (2) among:

Name
PEDRO E. ROXAS
MANUEL V. PANGILINAN
HUBERT D. TUBIO
ARCADIO S. LOZADA, JR.
CELSO T. DIMARUCUT

Or

Any one (1) among:

Name
PEDRO E. ROXAS
MANUEL V. PANGILINAN
HUBERT D. TUBIO
ARCADIO S. LOZADA, JR.
CELSO T. DIMARUCUT

And

Any one (1) among:

ROXAS HOLDINGS, INC.
MINUTES OF THE SPECIAL MEETING OF
THE BOARD OF DIRECTORS

Held Online via Microsoft Teams on September 18, 2020 at 4:00 in the afternoon.

ATTENDANCE:

Present via teleconference:

Mr. PEDRO E. ROXAS
Mr. MANUEL V. PANGILINAN
Atty. ALEX ERLITO S. FIDER
Mr. HUBERT D. TUBIO
Atty. SANTIAGO T. GABIONZA, JR.
Ms. ARLYN S. VILLANUEVA
Mr. CHRISTOPHER H. YOUNG
Mr. OSCAR J. HILADO
Atty. RAY C. ESPINOSA

Others Present via teleconference:

Atty. CYNTHIA L. DE LA PAZ
Mr. VICENTE S. PEREZ
Mr. CELSO T. DIMARUCUT
Mr. ARCADIO S. LOZADA, JR.
Ms. VERONICA C. CORTEZ
Atty. MA. HAZEL L. RABARA-RETARDO
Atty. AIMEE E. PEDAYO

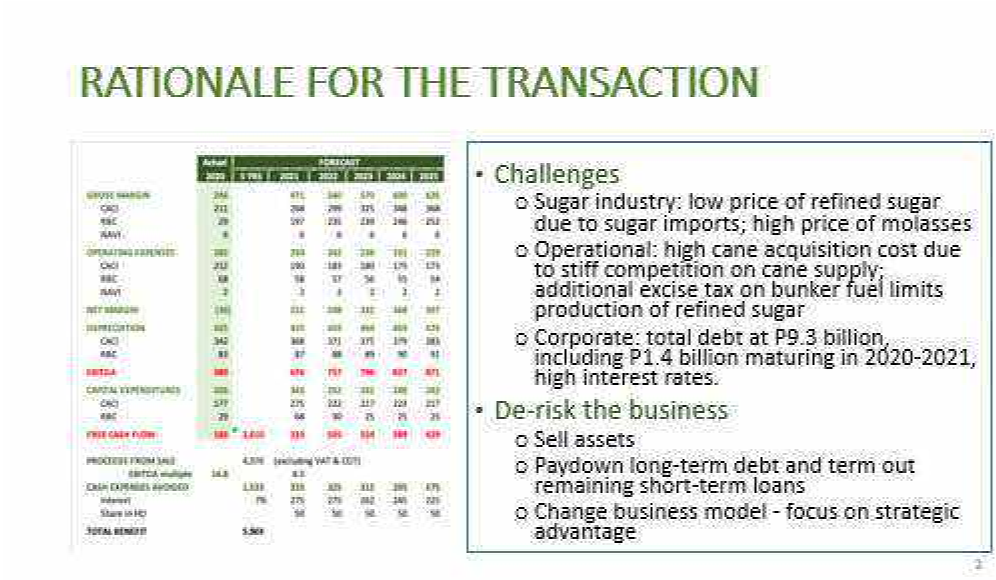
I
CALL TO ORDER

The Chairman, Mr. Pedro E. Roxas (Mr. Roxas), called the meeting of the Board of Directors to order. In view of the conduct of the meeting through remote communication, the Corporate Secretary, Atty. Cynthia L. De la Paz (Atty. De la Paz) read the rules of the meeting and proceeded to disclose the names of the people present in the meeting through Microsoft Teams. Thereafter, Atty. De la Paz certified the existence of a quorum and recorded the Minutes of the Meeting.

II
SALE OF SNU ASSETS

Mr. Hubert D. Tubio (Mr. Tubio) welcomed the attendance of the directors of Roxas Holdings, Inc. (RHI) in this meeting, the agenda of which, is the approval of the sale of the SNU assets in Central Azucarera De La Carlota, Inc. (CACI) and Roxol Bioenergy Corporation (RBC).

Mr. Tubio presented a slide on the rationale for the transaction.



He emphasized that the Sugar Industry continues to face challenges such as low prices of refined sugar due to sugar importations. He stated that Sugar No. 11 is only selling for Php707.00/bag, while for raw, Sugar No. 16, it is Php1,457.00 per bag. There are also operational challenges, one of which, is the high cane acquisition cost because of the stiff competition, particularly in Negros. There are just so much facilities and competition in Negros. As far as Ethanol is concerned, the high price of molasses in the country has posed a big challenge in the Group's ethanol production. The operational issues in Sugar include the stiff competition in cane supply and the excise tax on bunker fuel which limits the operations of the refinery. The low production in Batangas is also affecting the Group quite severely.

The Management is pushing for the transaction because the Group has a corporate debt of about Php9.3 billion, including Php1.4 billion which is maturing in 2021. Interest rates are not very favorable given the Group's current situation. Given the risk of the business, the Management recommends selling assets to pare down the long-term debt and to term out the remaining short-term loans. The Management also plans to change the business model. From the traditional mill and refinery, the Group currently has, the Management is planning to make it into a miller, refinery and plantation niche.

Mr. Tubio also presented the 5-year forecast for CACI, RBC and Najalin Agri-ventures, Inc. (NAVI). The EBITDA is around Php3.9 billion and free cash flow of Php2.6 billion, which the Management has compared to the proceeds of the proposed sale which is at Php4.37 billion. The Management also calculated the unavoidable cash expense or interest expense of Php1.5 billion. The total benefit is Php5.9 billion as compared to Php2.6 billion free cash flow. This is the reason why the Management is recommending the approval of this transaction.

SALE TRANSACTION

Sale and disposal by RHI and its wholly-owned subsidiaries namely, Central Azucarera De La Carlota, Inc. (CACI) and Roxol Bioenergy Corporation (RBC), of the following Negros Assets in favor of Universal Robina Corporation (URC) for a total consideration of Php4.9Bn broken down as follows:

1. **CACI Assets** owned by CACI consisting of all buildings, improvements, machineries & equipment, and laboratory equipment that are necessary for the continuing operations of CACI's sugar milling plant located at Barrio Consuelo, La Carlota City, Negros Occidental, and all spare parts inventory available for the operations of CACI's sugar milling plant for a consideration of **Php1,612,430,283.00**, inclusive of VAT
2. **CACI Land** owned by CACI consisting of certain parcels of land with a total area of approximately 1,069,037 square meters situated at Barrio Consuelo, La Carlota City, Negros Occidental for a consideration of **Php1,410,475,450.00**, inclusive of VAT
3. **RBC Assets** owned by RBC consisting of all buildings, improvements, machineries & equipment, and laboratory equipment that are necessary for the continuing operations of bioethanol plant facility located at Brgy. Nagasi, La Carlota City, Negros Occidental as set out in Schedule 2(A); and (ii) all spare parts inventory available for the operations of RBC's bioethanol plant facility for a consideration of **Php1,459,018,150.00**, inclusive of VAT
4. **RBC Land** owned by RBC consisting of a parcel of land covered by TCT No. T-11673 with a total area of approximately 391,826 square meters situated at Brgy. Nagasi, La Carlota City, Negros Occidental for a consideration of **Php275,808,841.00**, inclusive of VAT
5. **NAVI Shares** owned by RHI consisting of 520,115 common shares of the capital stock of Najalin Agri-Ventures, Inc. (NAVI), inclusive of four (4) common shares registered in the name of RHI's nominee directors, which in the aggregate represent 95.8% of the total issued and outstanding capital stock of NAVI for a consideration of **Php142,267,276.00**

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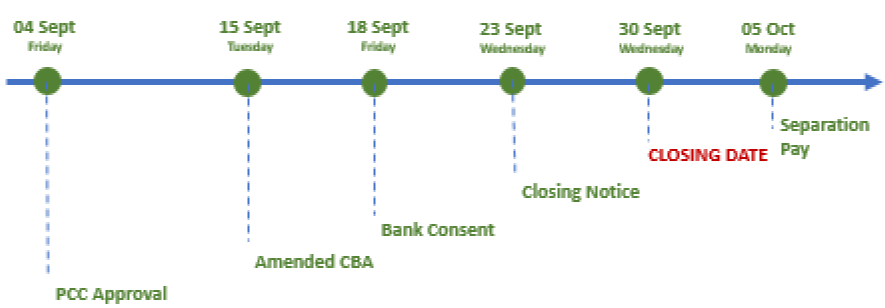
Mr. Celso T. Dimarucut (Mr. Dimarucut) discussed the sale transaction itself, the timeline and the use of the proceeds. The aggregate price of the transaction is Php4.9 billion which will cover all the equipment and land of both CACI and RBC. This will also cover the shares of stock of NAVI which holds certain parcels of land. The aggregate price of Php4.9 billion includes value added tax (VAT).

CLOSING TIMELINE



- 18 September : Test run
- 30 September : Long Stop Date
- 12 October : Target start of mill of URC La Carlota

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Based on the latest discussion, the Management is looking at September 30, 2020 as the Closing Date. The Philippine Competition Commission has already approved the transaction last September 4, 2020. There were certain CBA issues which the Management had to deal with and it was able to complete the same last September 15, 2020. The Management now has the signed Amended CBA and the Management is now in the process of completing the bank consents. The Management already has BPI, BOC and RCBC. The final consent the Management is waiting for is from BDO. There is indication that they are going to release the consent so that the Group can proceed with the transaction.

Mr. Oscar J. Hilado (Mr. Hilado) inquired if the deal structure is sale of assets or sale of equity. Mr. Dimarucut answered that it is sale of assets for CACI and RBC, while for NAVI, it is sale of equity. The latter's property is being leased to Mr. Hinojales.

Mr. Dimarucut repeated that the target date is September 30, 2020 and this coincides with the long stop date. The Group will be able to meet the contractual closing date under the Sale and Purchase Agreement. The Management is also targeting to pay the separation pay of the employees five (5) days after closing, so that they can start with Universal Robina Corporation (URC) from October 6, 2020 onwards. URC plans to start their milling on October 12, 2020.

USE OF PROCEEDS

Price	4,900,000,000
VAT	(509,752,078)
6% CWT	(254,878,539)
CGT	(19,907,033)
Net	4,115,457,350
Loan prepayment	(3,935,445,690)
Balance	180,011,660
NBV	5,498,030,600
Selling Price - net	4,390,242,922
Loss	1,107,787,678
Separation pay	186,890,000
Retirement assets	(37,332,690)
Unfunded	149,557,310
Liability recognized	(119,682,983)
Loss	29,874,327

	Balances			Pre Payments			Final Balances
	Long Term	Short Term	TOTAL	Long Term	Short Term	TOTAL	Short Term
BPI	**1,189,984,000**	**2,000,000,000**	**3,189,984,000**	**(1,189,984,000)**	-	**(1,189,984,000)**	**2,000,000,000**
CADPI	1,040,484,000	2,000,000,000	3,040,484,000	(1,040,484,000)		(1,040,484,000)	2,000,000,000
CACI	149,500,000	-	149,500,000	(149,500,000)		(149,500,000)	-
BDO	**1,303,253,690**	**1,500,000,000**	**2,803,253,690**	**(1,303,253,690)**	-	**(1,303,253,690)**	**1,500,000,000**
CADPI	532,500,000	1,500,000,000	2,032,500,000	(532,500,000)		(532,500,000)	1,500,000,000
CACI	495,000,000	-	495,000,000	(495,000,000)		(495,000,000)	-
RBC	11,111		11,111	(11,111)		(11,111)	-
RHI	275,742,579		275,742,579	(275,742,579)		(275,742,579)	-
LBP	-	**2,000,000,000**	**2,000,000,000**	-	**(750,000,000)**	**(750,000,000)**	**1,250,000,000**
RHI		2,000,000,000	2,000,000,000		(750,000,000)	(750,000,000)	1,250,000,000
BOC	-	**878,750,000**	**878,750,000**	-	**(475,000,000)**	**(475,000,000)**	**403,750,000**
RBC		475,000,000	475,000,000		(475,000,000)	(475,000,000)	-
SCBI		403,750,000	403,750,000			-	403,750,000
RCBC	**217,208,000**	-	**217,208,000**	**(217,208,000)**	-	**(217,208,000)**	-
CADPI	136,040,800		136,040,800	(136,040,800)		(136,040,800)	-
CACI	81,167,200		81,167,200	(81,167,200)		(81,167,200)	-
MB	-	**216,800,000**	**216,800,000**	-	-	-	**216,800,000**
RHI		216,800,000	216,800,000				216,800,000
TOTAL	2,710,445,690	6,595,550,000	9,305,995,690	(2,710,445,690)	(1,225,000,000)	(3,935,445,690)	5,370,550,000

Mr. Dimarucut reported that the Group has Php9.3 billion of debt. Php2.7 billion of which is the long-term portion and Php6.6 billion in short-term loans. The plan is to settle all the long-term debt and a certain portion of the short-term loans, particularly that of Land Bank which is approximately Php750 million and BOC loans to RBC which is around Php475 million. From the total proceeds, the Management expects, on a net cash basis that the Group will receive about Php4.1 billion. This is enough to cover the Php3.9 billion total loans which the Group will pre-pay. This leaves a net cash of about Php180 million, which the Management intends to use to cover the unfunded portion of the retirement plan for the settlement of the separation pay of employees. The unfunded portion is about Php149 million. Profit and Loss (P&L) wise, the Group is expected to book a loss of around Php1.1 billion since the assets are being sold below net book value of Php5.5 billion. The Group will also recognize additional retirement expense of about Php30 million because the Group has only recognized up to Php120 million so far. The difference relates as part of the process wherein the Management had to sit down with the union to have a smooth transition. Additional two (2) months of separation pay was given. The Management also agreed to cover some of the years when they were still considered as casuals. That resulted to additional separation benefits to the employees.

REQUIRED APPROVAL

- Execution, negotiation, delivery and performance of the Sale and Purchase Agreement dated 11 March 2020, as amended by the Amendment Agreement dated 26 August 2020, covering the sale and purchase transaction involving the Negros Assets (including the CACI Assets and CACI Land) and all other definitive agreements and closing deliverables provided in the Sale and Purchase Agreement including the Deeds of Absolute Sale, under such terms and conditions negotiated, determined and agreed upon by the Authorized Representatives of RHI.
- Designation of any one (1) of Mr. Hubert D. Tubio (President and Chief Executive Officer) or Mr. Celso T. Dimarucut (EVP – Chief Finance Officer) as authorized representatives and signatories of RHI for the sale and purchase transaction involving Negros Assets in favor of URC
- Prepayment and settlement of the relevant RHI Group Secured Loans and certain Unsecured Loans in the total amount of Php3,935,445,690 from the proceeds of the Negros Assets sale transaction and the corresponding release and discharge of the mortgaged security covered by the relevant Mortgage Trust Indenture (MTI) securing the Negros Assets and other relevant assets of the RHI Group, including negotiating and securing the necessary consents and waivers from the relevant lender banks, and doing all acts necessary to carry out the foregoing purpose.

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Mr. Dimarucut presented the approvals being sought from the Board, which includes the execution and performance of the Sale and Purchase Agreement (SPA), particularly the execution of those definitive agreements related to the SPA. These include the Deed of Sale and other related documents. The Management requests the designation of Mr. Hubert. D. Tubio, as President and CEO and Mr. Celso T. Dimarucut, as EVP-CFO as authorized representatives to sign on behalf RHI, CACI and RBC. Also, the approval to pre-pay the Group's loans up to Php3.9 billion pesos out of the proceeds of the sale.

WHAT'S NEXT

- Term out P4.75 billion short-term loan to BPI (P2.0 billion), BDO (P1.5 billion and Landbank (P1.250) billion:
  - 50% amortizing starting 2023 (2 years grace period 2021 & 2022) to 2026
  - 50% balloon payment on 2027 or retain as Short-Term Loan
  - MTI over Batangas Asset with FMV at P8.3 billion (PhpP4.98 billion loanable amount – 1.50x asset coverage)
- Corporate legal restructuring
  - Merge RHI-CADP-CACI-RBC to preserve post transaction tax assets of CACI & RBC amounting to P725 million (excluding NOLCO)
  - Rename
  - Change from fiscal year ending 30 Sept to calendar ending 31 Dec
  - Delisting with PSE
- Re-invent Batangas and SCBI business model

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As presented earlier, the biggest exposure is the short-term loan, particularly BPI, BDO and Land Bank. The aggregate of which is about Php4.75 billion. The intention is to term-out all these short term loans to long-term facility and be covered by a Mortgage Trust Indenture over the Batangas Asset. The Fair Market Value of the Batangas Asset is about Php8.3 billion and on that basis, the Group can hold in about Php5 billion of debt on the basis of a 60% loanable amount and 1.50x asset coverage ratio. The Management has started the discussions with BDO but Management is still trying to reach out to BPI and Land Bank, insofar as the Php2 billion and Php1.250 billion are concerned. So far, in the discussions with BDO, a seven (7) year facility is being looked at, 50% of which is payable over the term of the loan but with a grace period of two (2) years, and the other half will be paid in lump sum in the year 2027. If this is acceptable to the other banks, the Management will structure the other loans in the same manner. The key here is to ask for a two (2)-year grace period for the principal. The Group needs this time to rebuild the business of Central Azucarera Don Pedro, Inc. (CADPI) and San Carlos Bioenergy, Inc. (SCBI). The Management is also considering doing certain restructuring so that the Group can preserve some of the tax assets remaining in CACI and RBC. That is about Php725 million. The Group can also take that opportunity to re-brand the remaining business and rename it. There are also plans on changing the fiscal year to December 31, in time for the opening of CADPI and the remaining ethanol business. This will also coincide with the calendar year of the Group's principal shareholder. Since there are many things that the Group must undertake, the Management may also consider privatizing the remaining entity and delisting from the Philippine Stock Exchange. These plans will be presented after the closing of the transaction. The Management is just waiting for one critical information because the new business plan is making sure that the Group can rebuild and maximize the refinery capability. This would entail certain upgrades on the boiler. The Management is in the process of selecting suppliers and it has been narrowed down. As of yesterday, Management got information that the analysis is almost done.

Mr. Tubio mentioned that BDO has already given the go signal. Mr. Dimarucut mentioned that the Management suggested to BDO that there should be two separate processes with regard to the consent for the transaction and the commitment to cover the remaining loan with an MTI asset. There will be further discussions about the forms of the letter commitment and the requirement on the LOS. BDO is letting the Group proceed to close the transaction. Mr. Manuel V. Pangilinan (Mr. Pangilinan) inquired if BDO will deal with the LOS after the transaction. Mr. Dimarucut mentioned that the Group would need to issue a separate commitment letter and it will be given sixty (60) days to deal with the LOS and fifteen (15) days for the terming-out of the loan. The Management has yet to agree with them regarding the wording of the commitment and the LOS. Mr. Christopher H. Young (Mr. Young) mentioned that there is already a draft, but Management has not given it to BDO yet. Mr. Dimarucut added that if BDO would agree on best effort basis to secure the LOS in the letter commitment, then that would be the preferred approach and the same would be discussed after the closing of the transaction. But if they would require the Group to a firmer LOS, then the Management would have to discuss with them regarding the language of the letter.

Mr. Hilado mentioned that the debt level would have been reduced to about Php5 billion. He inquired if this is a debt level that the operations of CADPI can handle. Mr. Dimarucut answered that based on the preliminary numbers and assuming that the Group will be able to restore the refining capability of CADPI, through the alteration of the boiler to accept other fuels aside from bunker, and if CADPI is able to hit about 5 million bags of refined sugar then this can really help the Group. Taking a look at the past performance of CADPI, it is able to generate close to Php1 billion EBITDA, principally coming from the refinery margins. The Management assumes that if the loans are amortized, the Group would have an amortization of about Php500 million of the principal and if the Php300 million of interest is included, that is about Php800 million, which is within the Php1 billion earning capability of CADPI. This is not counting the contribution from SCBI. Mr. Hilado inquired as to how much Capital Expenditures (CAPEX) are needed to bring up the level of efficiency to be able to generate the cash flow needed. Mr. Dimarucut answered that as for the boiler upgrade, the quote is about Php480 million. The Group will get reimbursement for the Off-Season Repairs from URC.

Atty. Santiago T. Gabionza, Jr. (Atty. Gabionza) asked about the impact on the book value per share pre-transaction and post-transaction. Mr. Dimarucut answered that the loss is about Php1 billion, as presented. In terms of book value, it would be less than Php1.00 or roughly around Php0.75 reduction. The market has already discounted because the market price is below book value. The Management does not expect that there will be much movement in the market.

Mr. Tubio mentioned that the Management will pursue the strategies previously discussed with the Board. The Management will have to control the Operating Expenses (OPEX). There will be a cost reduction in terms of manpower since CACI and RBC are no longer operation. There will really be a general and strict reduction in OPEX moving forward. The Management has not considered the contribution of SCBI. The strategy is to change the feedstock from molasses to cane syrup. This is the original feedstock for SCBI. There will be additional products like the 70% alcohol. SCBI has actually received a positive response insofar as the Bureau of Internal Revenue is concerned. In terms of products for CADPI, the Management will also consider going to branding and niche market for the industrial customers. Despite the presence of imported sugar, Management believes that it still has a niche market due to the quality of refined sugar that CADPI is able to produce what the industry customers want. The other plan is the plantation side, which the Group is exploring. This will be presented separately.

Mr. Roxas asked about the tax assets that can be monetized over time. Mr. Dimarucut mentioned that when the merger is done, the NOLCO cannot be carried over. What can only be preserved is the Php725 million, which includes creditable withholding tax and value-added tax. The NOLCO cannot be carried over and that is why in the past years the subsidiaries have already started writing it off.

Mr. Roxas extended his gratitude to the Management for ensuring that the transaction pushes through as efficiently as possible. What is important is that the Management moves forward and maximize the remaining entities. He reminded the Management to ensure that the proper letters and communications to the planters are given. Mr. Dimarucut mentioned that there is a communication plan covering the planters, employees and the local government.

On motion duly made and seconded, the Board approved the following resolutions:

Board Resolution No. RHI-2020-0918-02

"**RESOLVED**, **AS IT IS HEREBY RESOLVED,** that the Corporation and its wholly-owned subsidiaries namely, Central Azucarera De La Carlota, Inc. ("**CACI**") and Roxol Bioenergy Corporation ("**RBC**"), be authorized to sell and dispose of certain of its Negros Assets in favor of Universal Robina Corporation ("**URC**") for a total consideration of Four Billion Nine Hundred Million Pesos (Php4,900,000,000.00), which assets consist of the following (the "**Sale Transaction**"):

(i) "**CACI Assets**", owned by CACI, consisting of all buildings, improvements, machineries & equipment, and laboratory equipment that are necessary for the continuing operations of CACI's sugar milling plant located at Barrio Consuelo, La Carlota City, Negros Occidental, and all spare parts inventory available for the operations of CACI's sugar milling plant for a consideration of One Billion Six Hundred Twelve Million Four Hundred Thirty Thousand Two Hundred Eighty-Three Pesos (Php1,612,430,283.00), inclusive of Value Added Tax ("VAT");

(ii) "**CACI Land**", owned by CACI, consisting of certain parcels of land with a total area of approximately 1,069,037 square meters situated at Barrio Consuelo, La Carlota City, Negros Occidental for a consideration of One Billion Four Hundred Ten Million Four Hundred Seventy-Five Thousand Four Hundred Fifty Pesos (Php1,410,475,450.00), inclusive of VAT;

(iii) "**RBC Assets**", owned by RBC, consisting of all buildings, improvements, machineries & equipment, and laboratory equipment that are necessary for the continuing operations of bioethanol plant facility located at Brgy. Nagasi, La Carlota City, Negros Occidental, all spare parts inventory available for the operations of RBC's bioethanol plant facility for a consideration of One Billion Four Hundred Fifty-Nine Million Eighteen Thousand One Hundred Fifty Pesos (Php1,459,018,150.00), inclusive of VAT;

(iv) "**RBC Land**", owned by RBC, consisting of a parcel of land covered by TCT No. T-11673 with a total area of approximately 391,826 square meters situated at Brgy. Nagasi, La Carlota City, Negros Occidental for a consideration of Two Hundred Seventy-Five Million Eight Hundred Eight Thousand Eight Hundred Forty-One Pesos (Php275,808,841.00), inclusive of VAT; and

(v) "**NAVI Shares**", owned by RHI, consisting of 520,115 shares of the capital stock of Najalin Agri-Ventures, Inc. ("**NAVI**"), inclusive of four (4) shares of stock registered in the name of RHI's nominee directors, which in the aggregate represent 95.8% of the total issued and outstanding capital stock of NAVI for a consideration of One Hundred Forty Two Million Two Hundred Sixty Seven Thousand Two Hundred Seventy Six Pesos (Php142,267,276.00).

"**RESOLVED, FURTHER,** that the Corporation is hereby authorized to negotiate, execute, deliver and perform the Sale and Purchase Agreement dated 11 March 2020, as amended by the

Amendment Agreement dated 25 August 2020, covering the Sale Transaction as well as the sale and purchase of the CACI Assets, the CACI Land, the RBC Assets, the RBC Land, and the NAVI Shares (collectively, the "**Negros Assets**") as therein defined, and all other definitive agreements and closing deliverables provided in the Sale and Purchase Agreement including the Deeds of Absolute Sale covering the Negros Assets (collectively, the "**Definitive Agreements**"), including those related, connected, antecedent, supplemental, consequential, or amendatory to the foregoing Definitive Agreements, and to perform any and all acts, as may be necessary, appropriate and proper to carry out the Sale Transaction, under such terms and conditions as are fair, reasonable, and shall be to the best interest of the Corporation under the premises, and accordingly, the negotiation, execution, delivery and performance of the Definitive Agreements is hereby approved and ratified;

"**RESOLVED, FURTHER**, to designate and appoint any One (1) of the following individuals (each an "**Authorized Representative**"):

HUBERT D. TUBIO	President and CEO
CELSO T. DIMARUCUT	EVP – Chief Finance Officer

as the authorized representatives and signatories of the Corporation, and as such, any One (1) of them signing singly is hereby authorized and empowered: (i) to negotiate, sign, and deliver any of the Definitive Agreements, and any and all agreements, contracts, documents, papers, certifications, or instruments necessary to carry out the Sale Transaction and implement the proposed sale of the Negros Assets to the Buyer, which agreements, contracts, documents, papers, certifications or instruments may contain or otherwise provide for such representations and warranties, covenants, and undertakings as the Authorized Representatives may approve; (ii) to secure any necessary government and/or third party approvals necessary for the Sale Transaction, including securing the necessary approval from the Philippine Competition Commission; and (iii) to otherwise do any and all acts for and on behalf of the Corporation necessary and appropriate to the foregoing purposes;

"**RESOLVED, FURTHER,** that the Corporation shall: (i) use the proceeds of the Sale Transaction to prepay and settle certain loans of the RHI Group amounting to roughly Three Billion Nine Hundred Thirty Five Million Four Hundred Forty Five Thousand Six Hundred Ninety Pesos and Ninety Nine Centavos (Php3,935,445,690.99); and (ii) facilitate the corresponding release and discharge of the relevant Negros Assets from the mortgage and security interest securing the aforesaid RHI Group loans, including negotiating and securing the necessary consents and waivers from the relevant lender banks, and doing all acts necessary to carry out the foregoing purpose;

"**RESOLVED, FINALLY**, that the Corporate Secretary or Assistant Corporate Secretary is hereby authorized to certify to the approval of the foregoing resolutions and any party is hereby authorized to rely upon such certification until advised by a like Secretary's Certificate of any change herein."

BDO Update on Signatories for Mortgage Trust Indenture

Board Resolution No. RHI-2020-0918-02

RESOLVED, that the Board of Directors of **Roxas Holdings, Inc**. (the "**Corporation**") authorizes the Corporation to update its signatories for the Mortgage Trust Indenture by and between the Corporation and BDO Unibank, Inc. – Trust and Investments Group as Trustee;"

"**RESOLVED, FINALLY**, that any one of the following officers of the Corporation be authorized, as they are hereby authorized, to sign, execute and, deliver any amendment or supplement to the Mortgage Trust Indenture, and, in general to do any and all acts and execute and deliver any and all documents necessary and proper to give effect to the mortgage created under the Mortgage Trust Indenture to the best interest of the Corporation, to replace previously appointed signatories:

Name	**Position**
Hubert D. Tubio	President and CEO
Celso T. Dimarucut	EVP - Chief Finance Officer

Processing of CAR for the sale of NAVI Shares

Board Resolution No. RHI 2020-0918-03

"RESOLVED, that the Board of Directors of Roxas Holdings, Inc. (the "Corporation") authorizes and empowers its AVP-Finance, Veronica C. Cortez and/or its Head-Tax Management, Dorothy Anne O. Diokno to process, apply for and secure the Certificate Authorizing Registration (CAR) on behalf of the Corporation, with the Bureau of Internal Revenue over the sale of the Corporation's shares of stock of Najalin Agri-Ventures, Inc. and to do all acts and sign and deliver documents necessary to the foregoing."

Conversion of Advances

The Board of Directors approved the conversion of Eight Hundred Fifty Eight Million Eight Hundred Seventy Seven Thousand Five Hundred Pesos (PhP858,877,500.00) of its advances with Central Azucarera Don Pedro, Inc. (CADPI) to Seven Hundred Forty Seven Thousand Five Hundred (747,500) common shares in CADPI at a subscription price of One Thousand One Hundred Forty Nine Pesos (PhP1,149.00) per common share.

ROXAS HOLDINGS, INC.
MINUTES OF THE REGULAR MEETING OF
THE BOARD OF DIRECTORS

Held Online via Microsoft Teams on October 28, 2020 at 5:00 in the afternoon.

ATTENDANCE:

Present via teleconference:

Mr. PEDRO E. ROXAS
Mr. MANUEL V. PANGILINAN
Atty. ALEX ERLITO S. FIDER
Mr. HUBERT D. TUBIO
Atty. SANTIAGO T. GABIONZA, JR.
Ms. ARLYN S. VILLANUEVA
Mr. CHRISTOPHER H. YOUNG
Atty. RAY C. ESPINOSA

Others Present via teleconference:

Atty. CYNTHIA L. DE LA PAZ
Mr. VICENTE S. PEREZ
Mr. SENEN BACANI
Mr. CELSO T. DIMARUCUT
Ms. VERONICA C. CORTEZ
Atty. MA. HAZEL L. RABARA-RETARDO

I
CALL TO ORDER

The Chairman, Mr. Pedro E. Roxas (Mr. Roxas), called the meeting of the Board of Directors to order. In view of the conduct of the meeting through remote communication, the Corporate Secretary, Atty. Cynthia L. De la Paz (Atty. De la Paz) read the rules of the meeting and proceeded to disclose the names of the people present in the meeting through Microsoft Teams. Thereafter, Atty. De la Paz certified the existence of a quorum and recorded the Minutes of the Meeting.

II
APPROVAL OF THE MINUTES OF THE PREVIOUS MEETING

Mr. Roxas presented the Minutes of the Regular Meeting of the Board of Directors held on 11 August 2020 and Special Meeting on 18 September 2020. He stated that copies of the Minutes were circulated to all members of the Board prior to the meeting for their review.

On motion duly made and seconded, the Board approved the Minutes, as presented.

There were no matters arising from the previous meeting.

III

RETIREMENT OF PRESIDENT AND CEO

Mr. Roxas proceeded to inform the Board of the intention of Mr. Hubert D. Tubio, the current President and CEO of RHI and its subsidiaries, to retire from his position and in the Board, effective October 31, 2020.

Mr. Tubio expressed his sincere gratitude to the Chairman, the Vice-Chairman Mr. Manuel V. Pangilinan and the rest of the members of the Board for the trust and support during his leadership. He stated that, with the successful transaction of RHI's South Negros Units, he believes that this is just the right time for him to finally retire and hand down the reins of managing the remaining units to move the organization forward. He likewise thanked RHI's Management Team for all the work, efforts, cooperation, support and initiatives in trying to realize the objectives the Group has all been working for. He hopes these efforts and initiatives now form part of the foundation built over the years, and will be instrumental for the future of the organization.

The Board, upon motion duly made and seconded, accepted the retirement of Mr. Tubio effective October 31, 2020, and adopted the following resolution:

Board Resolution No. RHI-2019-0212-07

"**RESOLVED,** that the Board of Directors of **ROXAS HOLDINGS, INC.** (the "Corporation") does hereby accept the retirement of Mr. Hubert D. Tubio as President and CEO of the Corporation, and his resignation as member of the Board of Directors effective October 31, 2020.

RESOLVED, FURTHER, that the Board of Directors of the Corporation recognizes and is grateful to Mr. Tubio for his significant contributions during his tenure as President and CEO of the Corporation.

RESOLVED, FINALLY, that the Board of Directors expresses its utmost appreciation to Mr. Tubio and wishes him well in all future endeavors."

After consideration of Mr. Tubio's retirement, Mr. Roxas stated that the Board needs to appoint a replacement for the position. Mr. Roxas suggested that, while the selection is ongoing, Mr. Celso T. Dimarucut, the current Executive Vice-President, Chief Finance Officer, be appointed as Officer-in-Charge of the Corporation and the subsidiaries.

Upon motion duly made and seconded, the Board appointed Mr. Dimarucut as Officer -In-Charge until such time as the replacement of Mr. Tubio has been duly selected and appointed in accordance with the Manual of Corporate Governance of RHI, and directed the Corporate Secretary to make the necessary disclosures to the PSE and SEC, on the above re-organization of executive positions.

(N.B. Mr. Tubio has left the meeting after confirmation of his retirement.)

IV
MANAGEMENT PRESENTATION OF THE BUSINESS PLAN FOR 2021-2025

Mr. Dimarucut first thanked the Board for the trust and confidence in appointing him as OIC of the Group. He thereafter discussed the presentation for the Budget proposal of the RHI Group, with an opening that the next two years will be difficult for RHI as Management will try to reinvent and transition the business, but with the help of the key shareholders, the Board of Directors and the executive officers, the Group is hopeful to deliver. While the plan to be presented to the Board already identifies the key strategies of the Group, it is still a work in progress and shall be re-shaped as more information is obtained moving forward.

PHILIPPINE SUGAR INDUSTRY SUMMARY

THREATS

- No significant improvement in farm productivity and sugar yield, significantly lower vs other sugar producing countries
- Margins getting thinner on raw sugar due to underutilized mills – increasing cane acquisition cost
- Overcapacity on plants utilizing by-products (i.e. molasses, bagasse)
- Increasing price of by-products – molasses and bagasse
- Sugar Trade Liberalization

OPPORTUNITIES

- Strong demand for refined sugar
- Stand alone refining by decoupling from cane and bagasse; refine 3rd party raw sugar from domestic and imported sources
- Influence imports to be raw sugar for local refining (similar models as other importing Asian nations like China, Japan, Korea, Malaysia and Indonesia that restrict refined imports in favor of raw sugar)
- Potential demand for power from renewable source

Management assessed the factors affecting the business and had seen that over the last 50 years, there is no significant improvement in the farm productivity and sugar yields, especially when compared to other sugar-producing countries. At present, there is roughly around 410,000 hectares devoted to sugarcane in the country (slightly smaller than 50 years ago), but yield from these lands remained almost constant at 43 million bags per year (or about 99 bags/ha). These inefficiencies stemmed from structural issues besetting the entire agricultural industry, particularly when lands where fragmented and distributed to agrarian reform beneficiaries under the CARP. Thus, around 85% of farmers only own around 5has of land, and with that kind of land size, it will be hard-pressed to achieve any economies of scale. Moreover, these farms are highly dependent on rain for irrigation, and thus are affected by El Nino and La Nina conditions. Added to that, sugarcane farmers are aging; it has not attracted the young generation because of the small income to be generated.

In turn, these factors affected the mills as margins on raw sugar production are getting thinner because of under-utilization of the mills and increasing cane acquisition costs. Partly to help the sugar industry, the Biofuels Act was passed in 2006 mandating the 10% ethanol blend in all fuel. While this has initially attracted investors, it has caused issues within the industry, due to limited supply of molasses which resulted in increasing price of molasses which went as high as 14,500 pesos per MT. Oil companies continue to lobby to repeal/amend the Biofuels Law, to reduce the cost of gasoline. Upon inquiry from customers, we note that most recent landed cost of imported ethanol is around P28/liter versus local ethanol price of P60/liter.

With the above scenario vis-a-vis increase in demand of sugar with the growing population, Philippines is projected to be a net importer of sugar in the coming years.

Nevertheless, Management has seen several areas for opportunities for the Group, particularly in refined sugar. With the return of beverage companies to using sugar (instead of HFCS because of TRAIN), demand has gone up steadily to around 23.5 million bags in 2019, coming from 17.6 million bags in 2016 or before the TRAIN law was enacted and imposed higher taxes on HFCS. On the other hand, production has gone down from 19.1million bags in 2016, to roughly around 16.5million bags in 2019. CADPI contributed to the decline in refined sugar production. Before TRAIN law, CADPI maximized its refined sugar production capacity with the use of bunker fuel. CADPI was able to produce 3.5 million bags in 2017. Before the implementation of the TRAIN Law, bunker fuel price was just Php12.00 per liter. When the TRAIN Law was implemented, the price went up to Php25.00. This is not cost efficient anymore for the refinery operations. CADPI refined sugar production went down to roughly 1 million bags in 2020.

Management has observed that only about 41-45% of the raw sugar are being refined. Except for Lopez, most of the refineries are operated as an adjunct to the mill – with the operation of the refinery being dependent on the amount of bagasse generated by the mill. Thus, there is an opportunity for a standalone refinery, by decoupling cane and bagasse; and start to accept raw sugar for refining from third party sources, using outside fuel. We have to influence the industry – similar to what's happening in other Asian countries, i.e. where these countries import raw sugar for refining.

The other advantage in the industry is the growing demand for power. Both CADPI and SCBI have licenses to export power. VMC and URC have bigger capacity to export power and have maximize the use of their bagasse to produce power.

RHI KEY STRATEGIC POSITION

WEAKNESSES

- Limited source of canes due to dwindling supply of canes in Batangas area
- Internal generation of fuel affected by reduction in canes supply
- Margins is getting thinner due to high feedstock cost, high fixed cost and lower production volume

STRENGTH

- CADPI is the only refinery operation in Luzon – closer to the food manufacturing companies (FMCs)
- Preferred supplier of refined sugar by key FMCs – Nestle, Alaska etc.
- SCBI has capability to produce ethanol from cane syrup
- CADPI and SCBI are licensed to produce and export power to the Grid

Given the above, Management has identified its key strategic position.

While there are weaknesses in terms of cane supply and fuel generation, the Group will be able to utilize its strength by rebuilding the refining capability of CADPI. CADPI is the only one with refining capability in Luzon. Relationships have been built with the FMCs, like Nestle and Alaska.

Likewise, SCBI was originally constructed to use cane syrup as main feedstock. Due to the soured relationship with planters, former owner of SCBI decided to use molasses which is cheaper during those times. Over the last five years, the price of molasses went up to as high as Php14,000.00. This is no longer a viable feedstock for the production of ethanol. The plan is to use cane syrup as the primary feedstock of SCBI. Management believes that SCBI can be profitable even with shorter production months.

BUSINESS PLAN

2021 Transition Year

- ❑ De risked the business with the sale of SNU and reduction of total debt to P5.371 billion from P10.287 billion in 2019
- ❑ Rebuild refinery capability of CADPI through upgrade of boiler to allow use of alternative fuel
- ❑ Use sugar syrup as primary feedstock for SCBI – opportunistic use of molasses Maximize export of excess power
- ❑ Term-out short term loans (7 years with 2 years grace period)

	2020 Unaudited	2021 Budget	2022 Forecast	2023 Forecast	2024 Forecast	2025 Forecast
Gross Income	308	276	1,039	1,253	1,440	1,640
CADPI (Batangas)	210	185	872	974	1,107	1,266
SCBI (San Carlos)	(95)	91	167	279	333	374
SNU (La Carlota)	193	-	-	-	-	-
Core EBITDA	(24)	224	986	1,185	1,360	1,545
Core Income (loss)	(1,208)	(569)	179	362	520	683
Bank Debt	5,371	5,150	4,900	4,275	3,800	3,088

2022 Turnaround Year

- ❑ 5 million 50-kg (LKg) bags refined sugar production
- ❑ EBITDA/Debt at 5x
- ❑ Restore profitability

With the sale of the South Negros Assets, the Group was able to pay down and reduce debt to about PhP5.371 Billion from PhP10.2787 Billion in 2019.

The focus now is on the rebuilding of the refinery capability of CADPI through the upgrade of Boiler No. 5 to allow the use of alternative fuel, specifically coal. This will entail capex of about PhP400Million, but in this way, Management believes that it can rebuild the gross margin of CADPI to around PhP800million. In 2017, when 3.5million bags were produced, gross margin went as high as PhP800million.

There is also a need to refocus on SCBI and use cane syrup as primary feedstock, instead of molasses as earlier discussed.

Along with the above initiatives, Management is in discussions with the bank to term out the short-term loan for seven years, with a two-year grace period. This will allow the Group to re-invent the business to generate sufficient cash flow to support the business.

Management is hopeful that 2022 would be the turnaround year. The target is to produce five million bags and sufficient core EBITDA and restore profitability.

Mr. Roxas inquired if all inventory of CACI and RBC have been liquidated. Mr. Dimarucut replied that all raw sugar inventory has been disposed; for molasses, remaining inventory have been transferred to SCBI. On ethanol, most of it were sold – the only remaining inventory transferred to SCBI was about 141,000 liters, and this is scheduled to be lifted by Petron.

CADPI KEY OBJECTIVES

IMMEDIATE (CURRENT YEAR)

- ❑ Improve plant efficiencies to attract planters and improve margin
- ❑ Complete upgrade of Boiler 5 to allow use of alternative fuel
- ❑ Explore Pampanga 'orphaned' planters' canes

SHORT TERM (2 – 3 YEARS)

- ❑ Produce 5 -7 million bags of refined sugar
- ❑ Extend assistance to farmers – irrigation, high yield variety cane tops, financial
- ❑ Develop liquid sugar for beverage companies and other specialty products*
- ❑ Farm expansion in untapped areas (Mindoro) – initial 1,000 hectares*

MEDIUM TERM (4 – 5 YEARS) TO LONG TERM (MORE THAN 5 YEARS)

- ❑ Develop Nasugbu to become Special PEZA Sugar Zone to allow import and export of sugar products (raw and refined sugar) for domestic and regional market*

* not yet included in the financials

In terms of CADPI, the focus for this year is to improve plant efficiencies and complete the upgrade of Boiler 5 to allow the use of alternative fuel. Management has already identified a supplier, and is in constant communication, as well, with the external consultant for the Project. Activity is projected to take 12 months to complete.

It is expected that the margins will continue to be low before the completion of the upgrade. After the first year, the focus is to start producing refined sugar of about 5-7 million bags. There are also big margin opportunities on specialty projects and liquid sugar for the beverage companies. Long-term, if CADPI is developed as a Special PEZA Sugar Zone, it can be a hub for the importation of raw sugar and exportation of refined sugar.

SCBI KEY OBJECTIVES

IMMEDIATE (CURRENT YEAR)

- ❑ Use sugar syrup as primary feedstock – opportunistic use of molasses
- ❑ Generate excess bagasse to support cost efficient Distillery operations
- ❑ Develop other (non-fuel use) alcohol products

SHORT TERM (2 – 3 YEARS)

- ❑ Revisit and improve long-term relationship with Petron, largest customer since inception
- ❑ Use of Reused Derived Fuel (RDF) to reduce fuel cost and achieve sustainable and efficient boiler operations*

* not yet included in the FS

For SCBI, as mentioned, there will be a shift from the use of molasses to sugar syrup. Along that line, excess bagasse will be produced to support the distillery. SCBI was also able to get a license to produce 70% alcohol which help expand the product line. SCBI is also in the final stage of getting approval from the DENR for the use of RDF to reduce fuel cost.

RDF is also being looked at in CADPI.

PROFIT AND LOSS

- ❑ Improved gross margin
  - o CADPI - higher refined sugar production and lower fuel cost
  - o SCBI – use of sugar syrup as main feedstock (opportunistic use of molasses), increased tons canes milled resulting to higher bagasse generated and maximized power export to the Grid
- ❑ Restructured operating expenses
- ❑ Lower financing cost

(in millions)	Audited				Unaudited	Budget	Forecast			
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Gross Income	1,073	1,459	1,254	360	308	276	1,039	1,253	1,440	1,640
Batangas	779	799	468	178	210	185	872	974	1,107	1,266
San Carlos	95	64	264	77	(95)	91	167	279	333	375
Negros	199	597	522	106	193	-	-	-	-	-
Operating expenses	(896)	(1,008)	(931)	(946)	(910)	(546)	(510)	(524)	(535)	(546)
Selling expenses	(69)	(58)	(94)	(64)	(52)	(32)	(55)	(59)	(63)	(69)
Interest expense	(383)	(444)	(502)	(704)	(646)	(316)	(302)	(275)	(242)	(207)
Share in HPCo earnings	212	68	56	41	2	-	-	-	-	-
Other income - net	90	94	125	70	90	53	53	53	53	53
Tax benefit (expense)	75	12	146	(20)	-	(5)	(46)	(85)	(133)	(188)
CORE NET INCOME (LOSS)	103	120	55	(1,263)	(1,208)	(569)	179	362	520	483
NONRECURRING LOSS	-	-	-	(626)	(2,509)	-	-	-	-	-
Depreciation	928	951	777	571	537	473	460	463	465	466
CORE EBITDA	1,338	1,503	1,188	32	(24)	224	986	1,185	1,360	1,545

The loss on the sale of SNU amounting to about Php1 billion is shown in the consolidated figures as non-recurring. The Php500 million depreciation of CADPI is also shown. He added that reduction in the manpower cost in 2020 is in relation to the South Negros Units. In 2021, the Group will let go of about 45 people in the head office. The cost of that is about Php60 million but will generate significant savings.

Mr. Dimarucut continued to discuss that the gross income from Negros is about Php193 million in 2020 but will no longer be there moving forward. But the amount of expenses went down from Pjp910 million to about Php546 million. The interest will go down from Php646 million to Php316 million. The reduction on the operating expenses and the interest is more than loss on the gross income on the assets of the business units sold.

DEBT AND INTEREST EXPENSE

- P4.9B 2020 principal payments
  - proceeds from sale of CACI/RBC assets and investment in HP Co shares
  - Long term debt fully paid as of 30 September 2020
- P4.75B short term loans proposed for term out
- New short term facility OR extension of existing short term facility

In millions	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Term Out Loans	**4,750**	-	-	**(475)**	**(475)**	**(713)**	**(713)**	**(2,375)**	-	-
BPI	2,000			(200)	(200)	(300)	(300)	(1,000)		
BDO	1,500			(150)	(150)	(225)	(225)	(750)		
Landbank	1,250			(125)	(125)	(188)	(188)	(625)		
Short term	**621**	**(221)**	**(250)**	**(150)**	-	-	-	-	-	-
New	-	250	(250)	-	-	-	-	-	-	-
Existing	621	(471)	-	(150)	-	-	-	-	-	-
BOC	404	(404)								
MIB	217	(67)		(150)						
Refinancing								**1,200**	**(1,200)**	
BALANCE - END	5,371	5,150	4,900	4,275	3,800	3,088	2,375	1,200	-	-
Balance beginning		5,371	5,150	4,900	4,275	3,800	3,088	2,375	1,200	-
Availment		250						1,200		
Repayment		(471)	(250)	(625)	(475)	(713)	(713)	(2,375)	(1,200)	-
ESTIMATED INTEREST		**316**	**302**	**275**	**242**	**207**	**164**	**107**	**36**	-
TOTAL DEBT SERVICING		**536**	**552**	**900**	**717**	**919**	**876**	**1,282**	**1,236**	-
DSCR		0.41	1.10	1.65	1.48	1.76	1.20	1.25	-	
DEBT TO EBITDA	times	22.89	4.96	3.60	2.79	2.00	1.54	0.28	-	-

For the debt and interest expense, as mentioned, the Php4.7 billion short term loans are with BPI, BDO and Land Bank. These are intended to be termed out for seven years with two years grace period. Termed-out debt will be covered by MTI, with the asset being valued at around PhP8Billion. If the Group is successful, then it can comfortably service these. The Management is currently working on a short-term facility to help the Group with the 2020-2021 period.

In terms of cashflow, the Management hopes to give a better EBITDA to service principal repayments and interest. Hopefully, also, the capex that is needed for the CADPI project will be taken out of the URC reimbursement for off-season repairs that were advanced by RHI. This is around 280Million Pesos.

CASH FLOWS

- 2021 capital expenditures includes cost of CADPI boiler project to support extended refinery operations
- P4.75B Term out loans
  - 2 years grace period until 2022
  - 50% amortization, 50% lump sum payment in 2027

In millions	2021	2022	2023	2024	2025	2026	2027	2028	2029
EBITDA	224	986	1,188	1,360	1,545	1,544	1,543	1,543	1,543
Capital expenditure	(378)	(519)	(346)	(317)	(250)	(250)	(250)	(250)	(250)
Free cash flow	(154)	468	839	1,043	1,295	1,294	1,293	1,293	1,293
Debt servicing	(536)	(552)	(900)	(717)	(919)	(876)	(1,282)	(1,236)	-
Principal	(221)	(250)	(625)	(475)	(713)	(713)	(1,175)	(1,200)	-
Interest	(314)	(302)	(275)	(242)	(207)	(164)	(107)	(36)	-
Net working capital	36	(1)	-	(300)	(300)	(400)	-	-	-
Receivables/inventories									
Sugar	207	(100)	-	(300)	(300)	(400)	-	-	-
Alcohol	576	-	-	-	-	-	-	-	-
OSR - URC	250	-	-	-	-	-	-	-	-
Royal input VAT	-	100	-	-	-	-	-	-	-
Payables									
Trade payables	(350)	-	-	-	-	-	-	-	-
URP	(367)	-	-	-	-	-	-	-	-
VAT	(250)	-	-	-	-	-	-	-	-
Net change in cash	(654)	116	(61)	36	76	18	11	57	1,293
CASH BALANCE	196	312	250	276	352	369	380	437	1,729
Beginning	850	196	312	250	276	352	369	380	437

As for the Balance sheet, assuming the loans will be termed out, the current ratio will be much better. The debt to equity will be 60:40, which is within the 70:30 financial covenant with the bank.

BALANCE SHEET

(in millions)	Audited				Unaudited	Budget	Forecast							
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Current assets	4,484	6,198	15,711	11,540	4,232	2,510	2,580	2,485	2,437	2,814	3,031	2,825	2,666	3,742
Cash	706	571	295	436	850	196	312	250	276	352	369	380	437	1,729
Trade and other receivables	1,331	2,258	3,040	1,356	1,170	107	207	207	507	807	1,207	1,207	1,207	1,207
Inventories	1,600	2,540	2,646	1,206	318	318	318	318	318	318	318	318	318	318
Other current assets	847	829	1,204	1,285	1,894	1,889	1,744	1,659	1,326	1,338	1,136	920	704	488
Assets held for sale	-	-	6,525	7,255	-	-	-	-	-	-	-	-		
Noncurrent assets	17,174	17,698	11,820	10,378	9,494	9,399	9,258	9,141	8,993	8,777	8,561	8,345	8,129	7,913
Property, plant and equipment	14,712	15,049	8,972	9,000	9,144	9,049	8,908	8,791	8,643	8,427	8,211	7,995	7,779	7,563
Investment and goodwill	2,049	2,006	2,070	1,080	-	-	-	-	-	-	-	-	-	-
Other noncurrent assets	413	643	777	298	350	350	350	350	350	350	350	350	350	350
Total Assets	21,658	23,896	25,531	21,917	13,726	11,909	11,839	11,626	11,420	11,591	11,593	11,170	10,795	11,655
Current liabilities	4,368	7,033	14,331	9,257	7,128	1,130	1,355	1,205	1,443	1,443	3,105	1,930	730	730
Short term borrowings	2,914	4,608	6,211	6,717	5,371	400	150	-	-	-	-	1,200	-	-
Current portion of long term borrowings	380	1,235	4,813	848	-	-	475	475	713	713	2,375	-	-	-
Trade and other payables	1,074	1,190	1,907	1,177	1,757	730	730	730	730	730	730	730	730	730
Liabilities associated with assets held for sale	-	-	1,400	414	-	-	-	-	-	-	-	-		
Noncurrent liabilities	7,516	6,319	437	3,396	1,151	5,901	5,426	4,951	4,238	3,526	1,151	1,151	1,151	1,151
Long-term borrowings - net of current	6,056	4,821	-	2,722	-	4,750	4,275	3,800	3,088	2,375	-	-	-	-
Other noncurrent liabilities	1,461	1,498	437	673	1,151	1,151	1,151	1,151	1,151	1,151	1,151	1,151	1,151	1,151
Equity	9,774	10,544	10,763	9,164	5,447	4,878	5,057	5,420	5,739	6,622	7,335	8,088	8,913	9,774
Total Liabilities and Equity	21,658	23,896	25,531	21,917	13,726	11,909	11,839	11,626	11,420	11,591	11,593	11,170	10,795	11,655
Bank Debt	9,350	10,664	11,024	10,287	5,371	5,150	4,900	4,275	3,800	3,088	2,375	1,200	-	-

There being no questions, the Board, upon motion duly made and seconded, approved the Business Plan of RHI as presented by Management.

V
OTHER MATTERS

Management discussed the need to update the existing bank signatories given that there were several movements in the executives in the Head Office and the Plants.

1. Deletion of Anna G. Yu and Jose B. Villanueva III as authorized signatories for all accounts; and
2. Addition of the following persons, with signing limits as follows:

    a. Pilipino T. Cayetano (For Head Office Plant-site Accounts) as Group "A" Signatory- For any amount, signing jointly with any one of the Group A Signatories; For any amount not exceeding One Hundred Million Pesos, signing jointly with any one of the Group B Signatories; and,

    b. Jose Manuel L. Mapa, Ma. Hazel L. Rabara-Retardo and Veronica C. Cortez (For Head Office and Plant-Site Accounts) as Group B Signatory– For any amount, signing jointly with any one of the Group A Signatories; For any amount not exceeding One Hundred Million Pesos, signing jointly with any one of the Group B Signatories.

Upon motion duly made and seconded, the Board approved the above proposal.

VI
ADJOURNMENT

There being no other matters to discuss, on motion made and seconded, the meeting was thereupon adjourned.

ROXAS HOLDINGS, INC.
MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS

Held Online via Microsoft Teams on December 16, 2020 at 10:00 in the morning.

ATTENDANCE:

Present via teleconference:

Mr. PEDRO E. ROXAS
Mr. MANUEL V. PANGILINAN
Atty. ALEX ERLITO S. FIDER
Atty. SANTIAGO T. GABIONZA, JR.
Ms. ARLYN S. VILLANUEVA
Mr. CHRISTOPHER H. YOUNG
Mr. OSCAR J. HILADO

Others Present via teleconference:

Atty. CYNTHIA L. DE LA PAZ
Mr. SENEN BACANI
Mr. CELSO T. DIMARUCUT
Mr. JOSE MANUEL L. MAPA
Mr. PILIPINO T. CAYETANO
Mr. FREDERICK E. REYES
Ms. VERONICA C. CORTEZ
Atty. MA. HAZEL L. RABARA-RETARDO
Ms. JENNIFER LIM
Atty. AIMEE E. PEDAYO

I
CALL TO ORDER

The Chairman, Mr. Pedro E. Roxas (Mr. Roxas), called the meeting of the Board of Directors to order. In view of the conduct of the meeting through remote communication, the Corporate Secretary, Atty. Cynthia L. De la Paz (Atty. De la Paz) read the rules of the meeting and proceeded to disclose the names of the people present in the meeting through Microsoft Teams. Thereafter, Atty. De la Paz certified the existence of a quorum and recorded the Minutes of the Meeting.

II
APPROVAL OF THE MINUTES OF THE PREVIOUS MEETING

Mr. Roxas presented the Minutes of the Regular Meeting of the Board of Directors held on 28 October 2020. He stated that a copy of the Minutes of the Regular Meeting of the Board of Directors was circulated to all members of the Board prior to the meeting for their review.

On motion duly made and seconded, the Board approved the Minutes, as presented.

There were no matters arising from the previous meeting.

III
AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDING 30 SEPTEMBER 2020

The Officer-in-Charge, Mr. Celso T. Dimarucut (Mr. Dimarucut) started the discussion by presenting the Profit & Loss slide.

Profit & Loss

- Gross income recovered slightly – growth limited by:
  - alcohol slim margin due to higher feedstock cost (molasses) and early plant shutdown due to the pandemic
  - low refined sugar production in Batangas with limited available bagasse and/or alternative fuel.
- Interest expense declined with the reduction in loans at the start of the year.
- Details of non-recurring loss:

	2020	2019
Loss from sale of SNB assets including taxes, fees and separation costs	(1,228)	-
Impairment of SCBI goodwill	(1,183)	-
CADPI catch up depreciation	(497)	-
Gain on sale from HPCo investment	253	-
Derecognition of deferred taxes	-	(506)
Provision for tax assessment	-	(120)
	(2,645)	(626)

(in millions)	2020	Audited 2019	2018
Gross Income	**437**	**366**	**1,282**
Batangas	238	190	456
San Carlos	(87)	48	378
South Negros	286	128	448
Operating expenses	(1,035)	(1,066)	(1,052)
Interest expense	(640)	(704)	(502)
Share in HPCo earnings	2	41	56
Other income	62	70	125
Tax benefit (expense)	(8)	30	146
CORE NET INCOME (LOSS)	**(1,181)**	**(1,263)**	**55**
NONRECURRING LOSS	**(2,645)**	**(626)**	**-**
Core depreciation	537	571	775
CORE EBITDA	**4**	**32**	**1,186**

RHI

Mr. Dimarucut reported that the Group's external auditor, SGV & Co. (SGV) has finished the audit of the Group's accounts. There was no major adjustment from the unaudited financials that were presented during the Budget meeting. This is required to be approved by the Board of Directors prior to filing with the Securities Exchange Commission and Philippine Stock Exchange. In accordance with the rules, SGV presented the required communication to the Audit Committee last 14 December 2020.

The total reported loss is at Php3.8 billion versus Php1.9 billion net loss for the same period last year. Significant portion of the net loss was brought about by the non-recurring loss of about Php2.6 billion which is from the sale of South Negros assets and impairment of goodwill in the investment in San Carlos Bioenergy, Inc. (SCBI). Before the non-recurring loss, growth was tempered by the lean margins on Alcohol. This was brought about by the high price of feedstock, which went as high as Php14,000.00 during the fiscal year. On top of that, the production level of alcohol went down significantly, as a result of the slowdown in the lifting by oil companies. This was due to the glut in the oil companies' tanks during the community quarantine periods. The Taal Volcano also affected the harvesting of canes in the areas servicing Central Azucarera Don Pedro, Inc. (CADPI). This resulted to lower canes and bagasse needed for the production of refined sugar.

Profit & Loss

(In millions)	Audited	Audited (As restated)*	
	2020	2019	2018
Revenues	4,799	8,147	8,784
Cost of sales	(4,697)	(8,018)	(8,212)
Gross income	102	129	572
GP Rate	2%	2%	7%
General and administrative expenses	(703)	(806)	(697)
Selling expenses	(35)	(51)	(77)
Interest expense	(396)	(445)	(397)
Share in net earnings of an associate	2	41	56
Other income (loss)	(1,320)	29	67
Loss before income tax	(2,350)	(1,104)	(477)
Income tax expense	(7)	(269)	204
NET LOSS FROM CONTINUING OPERATIONS	(2,357)	(1,373)	(274)
NET INCOME (LOSS) FROM DISCONTINUED OPERATIONS	(1,469)	(516)	328
NET INCOME (LOSS)	**(3,826)**	**(1,889)**	**55**
Attributable to:			
Equity holders of parent company	(3,813)	(1,884)	48
Non controlling interest	(13)	(5)	7
Total	(3,826)	(1,889)	55

*Presented discontinued operations pertains to SNU (CACI and RBC) operations

RHI

NOT FOR PUBLIC RELEASE

In terms of the external report, the Group will present Central Azucarera De La Carlota, Inc. (CACI) and Roxol Bioenergy Corporation (RBC) as part of the net income (loss) from discontinued operations. Accordingly, the 2019 and 2018 figures are also restated to conform with such presentation.

Balance Sheet

- Consolidated total asset decreased by PhP7.9 billion primarily due to sale of assets and impairment of goodwill
- Net Debt went down by PhP4.5 billion due to payment of bank loans from proceeds of sale of assets.
- Submitted proposal to the banks to term out short term loans.

(In millions)		Audited	
	2020	2019	2018
Current Assets	4,132	11,540	13,711
Cash	889	438	295
Receivables	1,252	1,356	3,040
Inventories	443	1,206	2,646
Assets held for sale	-	7,255	6,525
Others	1,548	1,285	1,204
Noncurrent Assets	9,895	10,378	11,819
Property and equipment	9,752	9,000	9,320
Investment and goodwill	-	1,080	1,722
Others	143	298	777
Total Assets	14,027	21,917	25,530
Current Liabilities	6,960	9,357	14,331
Short term borrowings	5,370	6,717	6,211
Current portion of long-term debt	-	848	4,913
Trade and other payables	1,590	1,177	2,282
Liabilities directly associated with assets held for sale	-	616	1,024
Noncurrent Liabilities	1,217	3,396	437
Long term borrowings	1	2,722	-
Others	1,216	673	437
Equity	5,850	9,164	10,763
Total Liabilities and Equity	14,027	21,917	25,530
Net Debt	4,402	9,849	10,729

RHI

NOT FOR PUBLIC RELEASE

With respect to the financial condition of the Group as of September 30, 2020, there is significant reduction in net debt. It went down by about 54% from Php9.8 billion last year, to close to Php4.5 billion this year. Similarly, the total assets went down as a result of the sale of the SNU assets, and the goodwill impairment. Proceeds of the SNU sale were used to pay down bank debts and right now, in terms of current liabilities, the Group has roughly around Php7 billion; Php5.3 billion of which are in the short-term obligations. The Management has submitted the requests to the banks, specifically BPI, BDO and Land Bank to term-out about Php4.75 billion of debt into 50% amortizing over a period of seven years, with two years grace period. 50% will be balloon payment at the end of the term. Assuming that the Group will receive confirmation from the banks, the current liabilities will significantly be lowered compared to the current assets right now. This will correct the liquidity position of the Group.

Cash Flow

- Payment of long term and short-term loans out of the proceeds from sale of investment and properties
- Working capital was used for capital expenditures and debt servicing.

(in millions)		Audited	
	2020	2019	2018
EBITDA	**4**	**32**	**1,186**
Working capital	1,067	1,869	(135)
Capital expenditures	(335)	(317)	(1,185)
FREE CASH FLOW	**736**	**1,584**	**(134)**
Debt servicing			
Long term principal payments	(3,569)	(1,243)	(1,242)
Short term availments (payments)	(1,347)	506	1,602
Interest expense	(640)	(704)	(502)
Proceed from sale of SNU assets	4,400	-	-
Proceed from sale of investment	871	-	-
CASH BALANCE			
Beginning	438	295	571
End	**889**	**438**	**295**

NOT FOR PUBLIC RELEASE

Due to the minimal cash flow generated from operations, the Group utilized the working capital to fund the capital expenditures and debt servicing. The Group generated about Php5.2 billion from the sale of the SNU assets, and from the HPCo. shares during the earlier part of the fiscal year. With that, the Group was able to pre-pay about Php4.5 billion of short-term and long-term loans.

Financial Ratios

		Audited	
	2020	2019	2018
Debt-to-Equity*	58:42	58:42	58:42
DSCR*	(0.46)	(0.07)	0.68
Current Ratio	0.59	1.23	0.96
Quick Ratio	0.53	0.33	0.32
Days Receivable	50	61	81
Days Inventory	33	2,325	7,815
Days Payable	56	2,087	5,230
GP Margin	4%	2%	11%
EBITDA (Php M)	4	32	1,106
EBITDA Margin	0%	-2%	10%
ROA	-27.3%	-8.6%	0.2%
ROE	-65.4%	-20.7%	0.5%
EPS	(2.46)	(1.22)	0.04
Book Value/ Share	3.78	5.72	7.05
Market Price/ Share	1.65	2.39	3.00
Market Cap (Php M)	2,553	3,697	4,641

* Bank Loan Covenant
Debt-to-Equity - 70:30 max
Debt Service Coverage Ratio (DSCR) - 1.25 min

NOT FOR PUBLIC RELEASE

The ratios are no longer relevant insofar as the covenants with the banks. The Group has already paid most of its long-term debts. The Group would have to negotiate new financial covenants, during the negotiations for the term-out. The Management has proposed to retain D/E ratio of 70:30 but to reduce the debt service coverage ratio to 1.1x.

Mr. Roxas asked if this was discussed in the meeting of the Audit Committee. Ms. Arlyn Villanueva, Chairwoman of the Audit Committee, affirmed and said that the Audit Committee endorses the same to the Board of Directors for approval.

On motion duly made and seconded, the Board approved the Audited Financial Statements and Management Report for the Fiscal Year ending September 30, 2020, as presented.

IV
HIGHLIGHTS OF OPERATIONS

Mr. Dimarucut presented the highlights of the operations.

Market Highlights

Market Highlights

SUGAR

- Due to favorable weather conditions, SRA's Crop Year 2021 national sugar production estimate is at 2.19 million metric tons (MMT), 2% higher than 2.145 MMT production last crop year. Batangas estimated cane available for Crop Year 2021 is at 1.35 MMT, 6% higher than 1.28 MMT last crop year
  - 0.291MMT production as of November 22, 34.27% increase from same period last year due to earlier milling start of HPCo, Lopez and URSUMCO
- US Sugar allocation for Crop Year 2021 is 7% or 0.153 MMT vs 5% or 0.107 MMT last crop year, while Domestic Sugar Allocation is 93% or 2.03 MMT vs 95% or 2.04 MMT last crop year
  - Opening raw sugar inventory for Crop Year 2021 is at 0.254 MMT vs 0.246 MMT last year, while refined sugar opening inventory for Crop Year 2021 is at 0.369 MMT (0.074 MMT from import) vs 0.251MMT (0.060 MMT from import) last year
- Sugar and molasses prices are as follows:

Month	A	B	Composite Price	Refined Sugar Price	Negros Average Molasses Price
Annual Average CY2020	1,356	1,404	1,404	2,242	11,939
September 2020	1,114	1,521	1,400	2,300	10,636
October 2020	1,153	1,470	1,450	2,150	10,005
November 2020	1,255	1,515	1,500	2,200	8,324

ALCOHOL

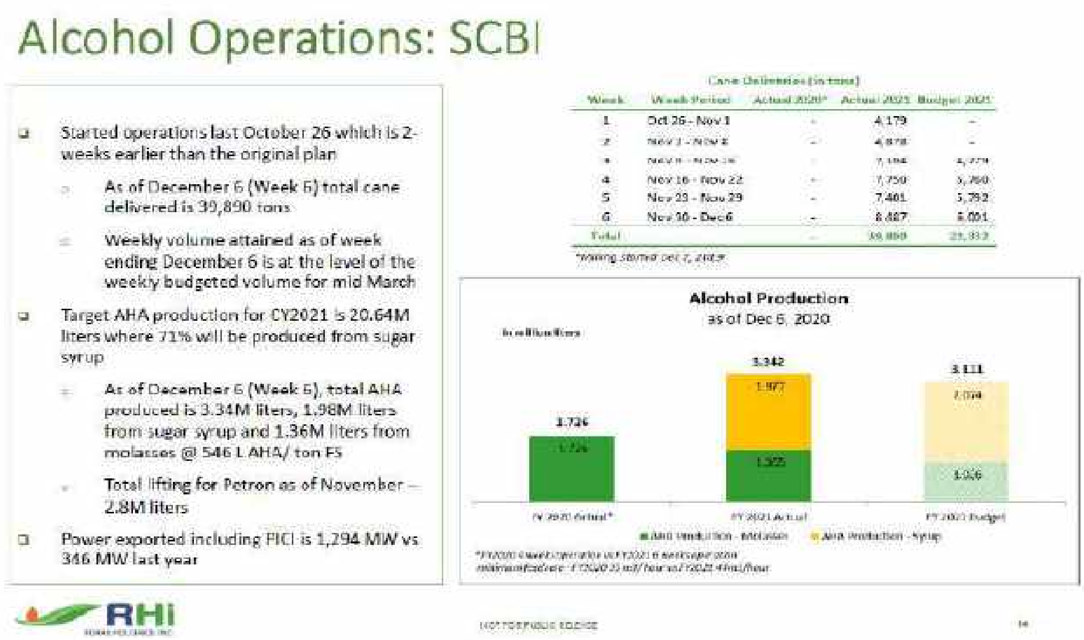
- The Philippines' molasses production rose to 0.140 MMT between September 1 to November 22, up by 29% against 0.108 MMT last year
- Lower Negros average molasses price decreased bioethanol reference price

Month	Bioethanol Reference Price	Average Gasoline Price	RHI Average Selling Price
Annual Average CY2020	61.07	45.87	60.10
September 2020	58.93	47.00	59.45
October 2020	57.10	46.00	-
November 2020	56.05	46.05	58.35

On the Sugar segment, the Group expects slightly higher national sugar production this year due to favorable weather conditions. The Sugar Regulatory Administration (SRA) estimates that during Crop Year 2021, sugar production will be 2% higher at 2.19 million metric tons versus 2.145 million metric tons (MMT) same period last year. The estimated canes in the Batangas area is at 1.35 million metric tons compared to 1.28 million metric tons. Most of the mills started early this year because of the good weather conditions. In fact, Central Azucarera Don Pedro, Inc. (CADPI) will start two weeks ahead of the schedule as compared to last year. Sugar production allocation for the year for US export was increased to 7% versus 5% last year; while domestic sugar allocation is at 93% or about 2.03MMT. This is an effort to address the price level and inventory level of sugar as of end of crop year. The price of sugar started to climb. The latest composite price is at Php1,500.00. Similarly, the price of refined sugar is also climbing at Php 2,200.00 per bag in November 2020. Mr. Oscar J. Hilado (Mr. Hilado) asked how much of the cane production goes to the Group, in Batangas. Mr. Dimarucut answered that last year, out of the total of 1.2 million, roughly around 680,000 went to the Group. It is a little bit more than 50%. Mr. Hilado asked what the Management is looking at this year. Mr. Dimarucut mentioned that the Group is targeting about 750,000-800,000 with all the efforts being undertaken. Mr. Manuel V. Pangilinan (Mr. Pangilinan) asked if the balance went to Balayan. Mr. Dimarucut answered that 15% went to Progreen. Progreen was able to get a significant chunk because they started earlier and they were able to offer very attractive incentives to the planters. Mr. Pangilinan asked if it is a sugar mill. Mr. Dimarucut answered that it is an ethanol facility which has started to use sugarcane as feedstock because of the high price of molasses. He added that the Group is targeting about 60% market share. Mr. Hilado further inquired if the Group had to give more incentives for the planters to deliver canes. Mr. Dimarucut confirmed that adjustments were made in the incentives and certain strategies were implemented in relation to the provision of harvesting equipment to attract more planters.

On the Alcohol side, there is continuous lifting by the oil companies. From the start of production up to November, the total production is 29% higher as compared to last year. The price of molasses has gone down up to November and this is expected to decrease until January 2021. However with the increasing level of production of ethanol companies, this will also rise starting February.

Alcohol Business Operations

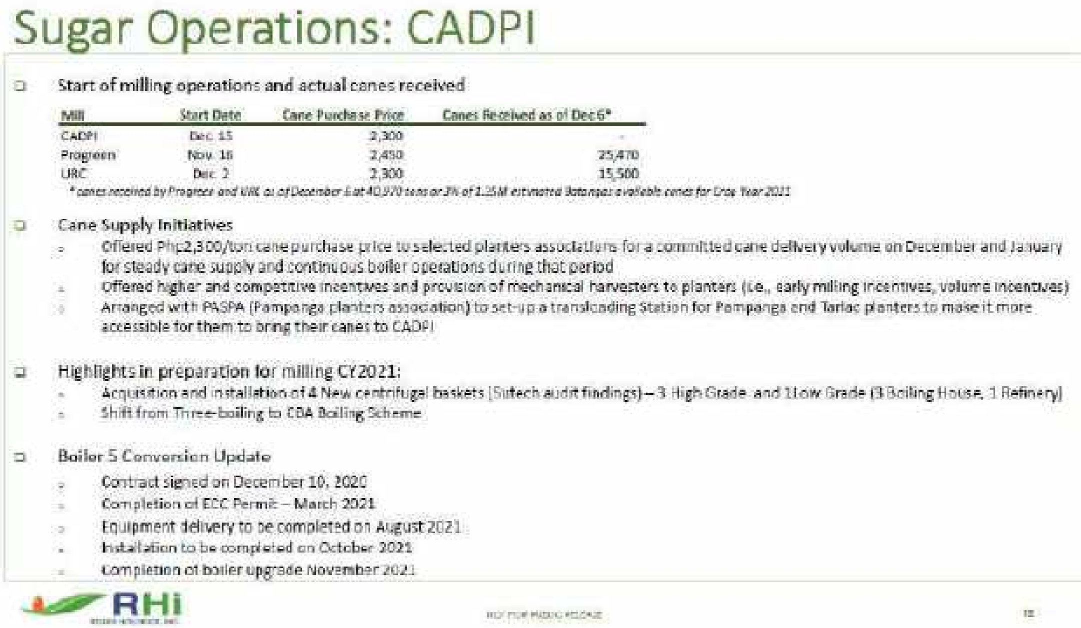


Things are looking good, in terms of the Alcohol business. San Carlos Bioenergy, Inc. (SCBI) started two weeks ahead of schedule. Because of the long break, the Off-Season Repairs were completed earlier. There are also available canes. To date, SCBI has milled close to 40,000 tons of canes and reached 8,500 for week 6. The capacity of the mill in SCBI is about 1,500 per day, at six days in a week. The target really is to push it to maximum capacity of about 9,500-10,000 tons. This is a good development because

SCBI has shifted to the use of canes as feedstock. Molasses is still used as supplement for daily production, to meet the 100,000 liters per day capacity. SCBI has produced 3.34 million liters, out of which, 2.8 million liters have already been lifted by Petron. This helped the Group with the cash flow. Mr. Roxas asked the yield that SCBI is getting from sugar syrup. Mr. Dimarucut answered that this is the challenge in SCBI because the Management is still not happy with the level of cane syrup. Management is now seeing roughly 57 liters on the average, but the target is to reach about 60 liters. Based on the preliminary assessment by our external consultant (Carbo Solutions), enzymes may be needed to increase the yield. Mr. Pangilinan asked what is driving the increase in demand. Mr. Dimarucut answered that most of the ethanol producers shutdown operations early during the quarantine period because of the slowdown in lifting. Right now, there is a good indication that the consumption of fuel is climbing up. Thus, there is a need for the oil companies to restock their inventory. Mr. Pangilinan asked if the closing down of Petron will affect the demand for ethanol. Mr. Dimarucut answered that all the oil companies stopped producing during the pandemic because their tanks were full. With the increase in movement, the Group expects that there will be an increase in demand.

With the available canes and bagasse, the power exported also increased. SCBI has exported about 1,294 MW versus 346 MW last year. Mr. Roxas asked what the rate is for the power exported. Mr. Dimarucut answered that it is being sold to PICI at Php7.00. Anything in excess is being sold in the WESM market at the rate of Php1.80. Mr. Roxas commented that the selling rate to PICI is good. He asked if PICI still needs more power. Mr. Dimarucut answered that they can still get more if SCBI produces more CO_2. Because PICI's production hours is dependent on the amount of CO_2 that SCBI passes on to them. Mr. Hilado asked where would SCBI's ethanol go if Petron shuts down. Mr. Roxas commented that if Petron shuts down its refinery and start to import fuel, the blending will still be done here. Mr. Dimarucut will confirm to the board the potential effect to SCBI of the decision of Petron to shut down its refinery. Mr. Pangilinan also suggested that blending can be done in the oil storage facility that the MVP Group just bought. Mr. Dimarucut also commented that most of the imported ethanol are being stored in Subic. That basically supplies the demand in Luzon. The reason why Petron is very keen in sourcing from SCBI is because of its proximity to their Visayas and Mindanao operations. This would cost less for them in terms of logistics and transport costs. Mr. Hilado inquired as to whether the price of ethanol goes up as the price of gasoline goes up. Mr. Dimarucut answered in the negative. The price of ethanol continues to be higher than gasoline. The price of ethanol is dependent on the price of the feedstock. The reference price is being provided by the Government. Mr. Christopher H. Young (Mr. Young) inquired if there is still some form of impact brought about by the price of gasoline, in terms of price adjustments or cuts. Mr. Dimarucut answered that in the past, there was lesser compliance by the oil companies because they can source cheaper ethanol from overseas. This has been raised with the regulators and this helped ethanol companies to police the compliance of the oil companies. The pandemic also improved compliance, as it caused difficulty to oil companies to move imported ethanol.

Sugar Business Operations



As earlier mentioned, Progreen and URC started earlier than CADPI. CADPI is already accumulating canes. The Group had to adjust the incentives to about Php2,300.00 on a cane purchase basis to compete with Progreen. Progreen is offering about Php2,400.00. This has likewise been offered to some selected planters near Balayan. The Management has also provided mechanical harvesters and have granted some planters early milling incentives for the period of December-January. This will ensure that there is continuity in the operations for the period. The Management has also arranged for a transloading station for the Pampanga planters. The Management is hoping to get about 30,000 metric tons. In preparation for the start of milling operations, the installation of two centrifugal baskets is nearing completion while the other two are in progress. This is based on the recommendation of Sutech in its audit of CADPI. The same was done in CACI and the Management saw significant improvement in the operations. Before the CACI assets were sold to URC, the Management likewise saw substantial improvement in the quality of sugar produced. Also, Management has started the program for the Boiler 5 conversion and the contract was signed on December 10, 2020. The ECC permit is targeted to be completed on March 2021. Hopefully, the boiler will be up and running by November 2021. The Group has also engaged third party consultants to assist in all levels of project completion.

Mr. Hilado inquired if this conversion will not have any impact on the 2021 refinery operations. Mr. Dimarucut answered that it will not have any impact. Based on the budget submitted for approval, the Group will still register a loss principally because the capacity to refine will increase in the following crop year, not in the current year. It is also on that basis that the Management requested the two-year grace period from the banks, to allow the Group to rebuild its capability. Once the refinery capability is rebuilt, that is the time the Group will service payment of principal on its outstanding loans. The banks are fully aware of this. Mr. Pangilinan asked where the boiler is coming from. Mr. Dimarucut answered that the plan is to retrofit the current boiler (Boiler No. 5). It used to be a coal boiler but it was converted to a bagasse-fed boiler. Mr. Pangilinan asked if there is a way to expedite this process. Mr. Dimarucut answered that the conversion or retrofitting is the fastest. If the Group buys a coal-fired boiler, it will be made to order. It will take roughly two years to complete and install the said boiler. Mr. Pangilinan asked what is the capacity right now. Mr. Dimarucut answered that the capacity is dependent on the available bagasse and currently CADPI is milling roughly 1 million bags of refined sugar. In the past, when bunker was still cheap, CADPI was able produce around 3.5 million bags of refined sugar. With the conversion, CADPI will be able to maximize the refining capability to about 5 million bags. The main driver really is the availability of cost efficient fuel.

Financing Status

Financing Status

Bank	Loan Term Out	New Credit Facility	Status
	(in millions)		
Total	**4,750**	**500**	
BPI	2,000	250	undergoing credit review; Credit Committee requested for CADPI audited FS
BDO	1,500	-	undergoing credit review, scheduled for ExCom presentation on Jan 2021
Landbank	1,250	250	term-out endorsed for Board approval on December 16, New short-term line denied
DBP			SRA Admin Serafica agreed to endorse RHI Group to DBP, for availment of credit facilities and development financing

RHi

Mr. Dimarucut reported that Land Bank has approved the Group's request for the term-out, in the bank's Board of Directors' meeting concurrently being held with the Group's board today. The Management will also work with BPI and BDO for the term-out. Unfortunately, in terms of the new facility, the Group was not able to get the same from Land Bank. The Group is still waiting for feedback from BPI. Through the help of the Chairman, the Management met with SRA Admin Serafica and he showed support in terms of the projects that the Group would want to present to the planters. SRA Admin Serafica agreed to endorse the Group to DBP and the letters were already prepared for the availment of credit facilities. Mr. Roxas asked if there are still payments coming from the sale. Mr. Dimarucut confirmed that URC is still due to reimburse the Group for off-season repairs costs and consumables and the agreed date is thirty days from completion of the post-closing deliverables. The Management intends to complete the same by the end of the year. This is roughly around Php280 million for the OSR. This would help the Group fund the capital requirement.

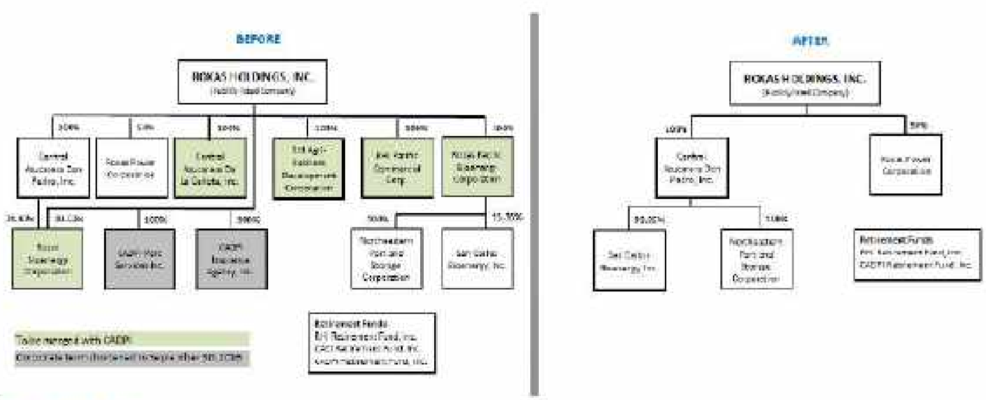
Manpower Rightsizing

- **Head Office**
  - 34 employees covered including 2 executives and 8 managers/ senior managers, payout made last December 9
  - 7 roles currently under review for possible inclusion in Wave 2
- **Manufacturing**
  - Ongoing organization review in CADPI, SCBI, ADC/Cane Supply
    - ✓ Consolidate administrative services (janitorial, messengerial, ground maintenance) and save on contracted HC
    - ✓ Assess number of contracted services complementing manufacturing regular employees during milling and off-milling seasons
    - ✓ Opportunity to transition and downscale CADPI hospital services to simply comply with DOLE rules on plant clinic and first aid facility - with hospitals within 5- kilometer radius from the plant
    - ✓ Remove layers among managers, supervisors, and team leads
  - Reorganize CADPI by separating Refinery Operations and Raw Sugar Processing Operations
  - Create Manufacturing Services to support both refinery and raw sugar processing units - shall include safety, EMS, Instrumentation, and Reliability/Maintenance

The Group has also completed the manpower rightsizing program (MRP) at the Head Office. Thirty-four people were part of the redundancy program, as a consequence of the sale of the SNU assets. The Management is still assessing the positions in HO. On the Manufacturing side, the Management has also made a thorough review of the organization and the said review is expected to be finished by the end of the year.

Merger and Consolidation of Subsidiaries

- Transfer of RHI's 21% interest in RBC to CADPI and conversion of RHI advances to equity as of September 30, 2020
- Merger of all subsidiaries, except SCBI and NPSC, to preserve Php755M SNU taxes (CWT Php695M, Input VAT Php97M)



Merger will be done at the CADPI level. Most of the tax assets are in CACI and RBC levels and with CADPI being the surviving entity, it will be able to utilize that tax asset. After the merger, the Group will only have CADPI as the sole operating unit under RHI, and SCBI will be below CADPI. Mr. Roxas asked about Northeastern Port and Storage Corporation. Mr. Dimarucut mentioned that this is being used for the port facilities in San Carlos. Mr. Roxas asked if the Group has a certain percentage in the port. Mr.

Dimarucut affirmed and said that the Group has 25% in the ownership of the NPSC landholdings. Mr. Roxas asked about the contracts in the Negros Farms. Mr. Dimarucut answered that for this year, the Group has continued to manage them and what will be produced will be brought to SCBI. Mr. Roxas commented that the Group should focus on getting farms within the San Carlos area. Mr. Dimarucut answered that this is a consideration too. Mr. Mapa is already negotiating with planters within the San Carlos area. Mr. Hilado asked what the Group did with the properties in La Carlota. Mr. Dimarucut answered that the properties in La Carlota were included in the asset sale to URC. Mr. Hilado asked about the credit facility and how critical it is. Mr. Dimarucut answered that this will be used for the working capital. The Management is still exploring other options. Mr. Pangilinan mentioned that he spoke to Metro Pacific to provide this facility to RHI for the meantime until it is able to get the next Php250 million facility. Mr. Roxas also suggested to Management to look at the properties or assets which are not necessary for operations.

Approval of the Press Release

After the presentation of the Highlights of Operations, the draft Press Release was presented to the Board for approval.

Upon motion duly made and seconded, the Board likewise approved the Press Release on the Results of Operations for the Fiscal Year ending September 30, 2020, as circulated.

V
OTHER MATTERS

Appointment of Mr. Celso T. Dimarucut as President & CEO

Mr. Pangilinan nominated Mr. Celso T. Dimarucut, the current Officer-in-Charge/EVP-CFO to the position of President & CEO of the Group. Upon motion duly made and seconded, the Board approved the appointment of Mr. Celso T. Dimarucut as President & CEO.

Appointment of Atty. Ma. Hazel L. Rabara- Retardo as Treasurer

With his appointment as PCEO, there is a need to vacate the position of Treasurer which Mr. Dimarucut currently holds, given the prohibition in the Corporation Code. Thus, Mr. Dimarucut nominated Atty. Ma. Hazel L. Rabara-Retardo, the current Head of Legal, as the Group’s Treasurer. Upon motion duly made and seconded, the Board approved the appointment of Atty. Hazel L. Rabara-Retardo as Treasurer.

Appointment of Mr. George T. Cheung as Chief Commercial Officer

Appointment of George T. Cheung, EVP, Chief Commercial Officer

- Appointed as Chief Commercial Officer effective January 15, 2021 – to drive commercial strategies of the Group and develop plans to expand revenue base by developing new businesses and products
- Commercial Group Head of RHI from January 2015 to April 2019. After that he joined PILMICO as VP- Head of Trading. Prior to RHI, Mr. Cheung worked for various companies where he was involved in international marketing, commercial business, and trading (Cargill Philippines and Hong Kong Operations, ED&F MAN Shanghai, Wilmar Sugar Shanghai, Trafigura Coal Trading, and Commodity Partners)
- Graduate of BS in Agricultural Sciences from the University of British Columbia in Vancouver, Canada. He also took up his MBA-Global Executive from Duke University

RHi

Upon motion duly made and seconded, the Board approved the appointment of Mr. George T. Cheung as EVP-Chief Commercial Officer.

Appointments for Required Positions

Appointments for Required Positions

Position	Person Designated
Chief Risk Officer[(2) (a)]	George T. Cheung, Chief Commercial Officer
Chief Compliance Officer[(2) (b)]	Pilipino T. Cayetano, Chief Manufacturing Officer
Corporate Governance Officer[(2)(b)]	Frederick E. Reyes, VP Human Resources
Data Privacy Officer[(3) (b)]	Veronica C. Cortez, VP Finance and Administration
Deputy Risk Officer	Veronica C. Cortez, VP Finance and Administration
Deputy Compliance Officer[(b)]	Aimee E. Pedayo, Manager Legal
Assistant Corporate Secretary[(b)]	Aimee E. Pedayo, Manager Legal

Required position under:
(1) Revised Corporation Code and By-Laws
(2) Revised Manual on Corporate Governance
(3) Data Privacy Act

Previously held by:
(a) Treasury Head
(b) Legal Head

RHi

Upon motion duly made and seconded, the Board approved the various appointments for the above-mentioned required positions.

Date of the Annual Stockholders' Meeting

Upon motion duly made and seconded, the Board approved March 17, 2021 as the date of the Annual Stockholders' Meeting (ASM), with January 8, 2021 as the record date of the meeting. Because of the pandemic and government restrictions, the Board likewise approved that the meeting be held online, via remote communication and voting in absentia and has adopted rules for the conduct of online ASM similar to the previous year.

Signatories for the Terming Out of Short-Term Loans with Land Bank

Board Resolution No. RHI-2020-1216-01

"**RESOLVED**, That the Board of Directors of **Roxas Holdings, Inc.** (the "Corporation") authorizes and empowers, as it does hereby authorize and empower, the Corporation to convert and re-finance the Short-Term Loan Line Facility from Landbank of the Philippines (LBP) in the current principal sum of ONE BILLION TWO HUNDRED FIFTY MILLION PESOS (Php1,250,000,000.00) into a term loan, as may be agreed with LBP (the "Facility") under such terms and conditions as may be beneficial to the Corporation;

"RESOLVED, FINALLY, That the Board of Directors of the Corporation authorizes and empowers, as it does hereby authorize and empower, the execution of any and all agreements, instruments, notes, documents, and papers, relating to and which may be necessary to negotiate, obtain, conclude, and consummate, the Facility, on the signature of the following officers of the Corporation:

1. Without limitation as to amount, on the joint signature of (i) any two (2) from Group A signatories; or (ii) any one (1) from Group A signatories and any one (1) from Group B signatories;

2. For an amount not exceeding One Hundred Million Pesos (PhP100,000,000.00), on the joint signature of any two (2) from Group B signatories.

Group A Signatories:

PEDRO E. ROXAS
MANUEL V. PANGILINAN
CELSO T. DIMARUCUT
PILIPINO T. CAYETANO

Group B Signatories:

FREDERICK E. REYES
JOSE MANUEL D. MAPA
MA. HAZEL L. RABARA-RETARDO
VERONICA C. CORTEZ

Submission of Official Email Address and Contact Number to the SEC

Board Resolution No. SCBI-2020-1216-02

"**RESOLVED**, That the Board of Directors of **Roxas Holdings, Inc.** (the "Corporation") authorizes and empowers, as it does hereby authorize and empower, the Corporation to submit the following official e-mail address, alternate e-mail addresses, official cellphone number and alternate cellphone number to the Securities and Exchange Commission ("SEC") in compliance with SEC Memorandum Circular No. 28, Series of 2020:

Official E-mail Address	corporatesecretary@rhi.com.ph
Alternate E-mail Addresses	aimee.pedayo@rhi.com.ph / hazel.rabara@rhi.com.ph
Official Cellphone Number	09985914710
Alternate Cellphone Number	09985995941

RESOLVED, FINALLY, That the Board of Directors of the Corporation authorizes and empowers its Legal Manager/Assistant Corporate Secretary, **Atty. AIMEE E. PEDAYO** to notify the e-mail addresses and cellphone numbers, as well as to sign and file any submission, Certification of Authorization, papers, application, documents and similar documents, as may be required by the SEC for the foregoing purpose."

Update of DPO Registration Form with the NPC

Board Resolution No. RHI-2020-1216-03

"**RESOLVED**, That the Board of Directors of **Roxas Holdings, Inc.** (the "Corporation") authorizes and empowers, as it does hereby authorize and empower, the Corporation to amend and update its DPO Registration Form with the National Privacy Commission;

ROXAS HOLDINGS, INC.
MINUTES OF THE REGULAR MEETING OF
THE BOARD OF DIRECTORS

Held at the RUC Conference Room, 6th Floor RCB/PLDT Building, Dela Rosa St. corner Makati Ave, Makati City on February 4, 2020 at 2:00 in the afternoon.

ATTENDANCE:

Present:
Mr. PEDRO E. ROXAS
Mr. MANUEL V. PANGILINAN
Atty. RAY C. ESPINOSA
Atty. ALEX ERLITO S. FIDER
Mr. HUBERT D. TUBIO
Atty. SANTIAGO T. GABIONZA, JR.
Ms. ARLYN S. VILLANUEVA
Mr. CHRISTOPHER H. YOUNG

Absent:
Mr. OSCAR J. HILADO

Others Present:
Atty. CYNTHIA L. DE LA PAZ
Mr. SENEN C. BACANI
Mr. CELSO T. DIMARUCUT
Mr. ARCADIO S. LOZADA, JR.
Mr. JOSE MANUEL L. MAPA
Mr. PILIPINO T. CAYETANO
Mr. JOSE B. VILLANUEVA III
Mr. JULIUS G. RUGAS
Ms. VERONICA C. CORTEZ
Atty. MA. HAZEL L. RABARA-RETARDO
Ms. JENNIFER LIM
Ms. ROULEE JANE F. CALAYAG
Atty. AIMEE E. PEDAYO

I
CALL TO ORDER

The Vice Chairman, Mr. Manuel V. Pangilinan (Mr. Pangilinan), called the meeting of the Board of Directors to order. The Corporate Secretary, Atty. Cynthia L. de la Paz, certified the existence of a quorum and recorded the Minutes of the Meeting.

II

APPROVAL OF THE MINUTES OF THE PREVIOUS MEETING, AND MATTERS ARISING FROM THE MINUTES OF THE PREVIOUS MEETING

Mr. Pangilinan presented the Minutes of the Regular Meeting of the Board of Directors held on 04 December 2019. He stated that the Minutes of the Regular Meeting of the Board of Directors was circulated to all members of the Board prior to the meeting for their review.

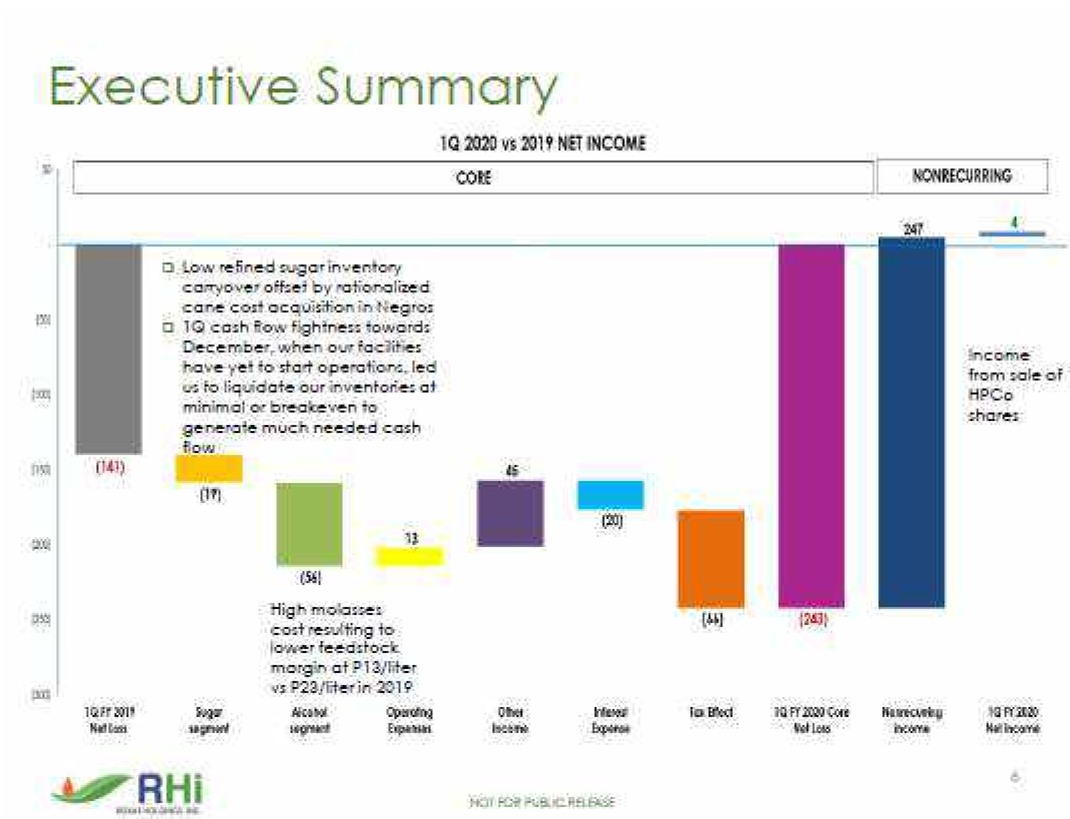
On motion duly made and seconded, the Board approved the Minutes, as presented.

There were no matters arising from the minutes of the previous meeting.

III

HIGHLIGHTS OF OPERATIONS

The PCEO, Mr. Hubert D. Tubio (Mr. Tubio) presented the summary of the results for the first quarter.



He stated that Q1 is historically a low point in the Group's operations principally because during the months of October, November and December is where the repair and maintenance of the ethanol facilities are usually done. One of the Group's sugar mills in Batangas, or Central Azucarera Don Pedro, Inc. (CADPI), is not in operation. It normally starts it milling operations between December and January. So, only one unit or Central Azucarera De La Carlota, Inc. (CACI) is operational at this time. CACI started operating on the first week of October. From the first quarter, there was a net loss of Php141 million. The Sugar segment reported negative Php19 million due to low refined sugar inventory carryover which was rationalized by the cane acquisition cost in Negros. The Group stopped being aggressive in the Negros operations because of constraints in operational logistics. The other reason for this is that the cashflow was very tight towards December 2019. This really led the Group to liquidate some inventories to generate cash. In addition, in terms of the Alcohol segment, Roxol Bioenergy Corporation (RBC) resumed operations last November. The high molasses cost resulted to a lower feedstock margin of Php13.00 per liter versus Php23.00 per liter in the previous year. This resulted in a negative Php56 million contribution to the Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA). There was also other income recorded of about Php45 million. In terms of the interest expense, although some of the loans were paid up out of the proceeds from the Hawaiian Philippine Company (HPCo) transaction, it was still higher last quarter than in previous years. It contributed a negative Php20 million to the quarter under consideration. There is a tax effect of negative Php66 million which refer to deferred income taxes which are considered not useable anymore. This resulted in the first quarter having a net core loss of Php243 million. Fortunately, the Group was able to book a non-recurring income from the disposal of the Group’s interest in HPCo amounting to Php247 million. This resulted in a net income for the first quarter amounting to Php4 million.

Sugar Business Unit

PCEO Report

Sugar Business Unit

- Issuance of Sugar Order #4 Sugar export replenishment program
  - Allows exporters to import the same refined sugar volume (1.08 for raw sugar) as they shipped out to the US in order to close the domestic sugdr supply gap
- National sugar production

	1Q 2020		1Q 2019		Decrease	
(in million)	TCM	Raw Sugar Production	TCM	Raw Sugar Production	TCM	Raw Sugar Production
National	**6.2**	**10.8**	**6.6**	**13.8**	**-7%**	**-21%**
Negros	5.0	8.9	5.3	10.7	-5%	-17%
Luzon	0.1	0.2	0.2	0.4	-31%	-63%
Visayas	0.5	0.7	0.5	0.7	-7%	-4%
Mindanao	0.6	1.1	0.7	1.9	-9%	-43%

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As regards the Sugar Business Unit, in December, the Sugar Regulatory Administration (SRA) issued Sugar Order Nos. 3 and 4. Sugar Order No. 3 regulated or laid down the procedures on the US sugar quota. There have been a lot of opinions as to whether the Philippines should continue supplying the United States (US) with locally-made sugar. Planters and politicians are against the continued servicing of sugar quotas to the US. The Philippine Sugar Millers Association, Inc. (PSMA) made a presentation to the SRA to show that the Philippines should continue servicing the quota. The Philippines can actually export to the US at a higher rate than the replenishment which can be imported from other Asian countries like Thailand. This Sugar Order authorized the exportation of about 136,000 tons of sugar to the US. Subsequently, Sugar Order No. 4 was issued which laid down the replenishment program for production from December 1, 2019 to December 15, 2019. Significantly, this also indicated that import is allowed as a form of replenishment - a certain type of sugar which is raw and not purely refined. It is significant because as a refiner, the Group is interested to have raw sugar as a raw material for the refinery in Batangas. But CADPI only had about 30,000 LKg of A sugar from September 1 to December 15. Although CADPI was not operating at that time, the Group was still active in purchasing canes in CACI. When the Group sold the A, there was still no news about the replenishment program. The trader agreed to buy Php260.00 per bag. This is already good because that will average to Php1,450.00 per LKg up to December 15, 2019. Right now, the price of A sugar is over Php1,500.00 already.

The Chairman, Mr. Pedro E. Roxas (Mr. Roxas) inquired if the traders will bring the same to CADPI for refinery purposes. Mr. Tubio answered that this is an arrangement that the Group is trying to make with them. Management has also initiated consultations with industry players on the guidelines on sugar importation program through auction. This came out after the report was prepared. As of Week 18 or December 29, the national production was below last year's production in terms of tonnage. Total tonnage for the Philippines was 6.6 million last year as compared to 6.2 million this year. This is despite the fact that the SRA announced that there will be an increase in production for this coming crop year in so far as the Philippine production is concerned. One of the reasons is that the data used as basis was culled from the PSMA and as of that time twenty-two (22) mills were operating while six (6) have not started or have shut down. The six (6) mills at that time included CADPI. The reason why there is a decrease in the tonnage despite the projection of SRA is that milling started late for Crop Year 2019-2020 as against last year. Based on the number of milling weeks, PSMA calculated a total of one hundred ninety five (195) milling weeks as against two hundred twenty two (222) milling weeks last year for the same period. Furthermore, the average LKg/TC for the Philippines is lower by 6.87% against last year. As of this date, the total of the LKg/TC of the Philippines is an average of 1.77 LKg/TC as against 1.83 LKg/TC last year. Since there is lower sugar production as against last year, it is expected that there will be importation again for this year. He added that the Group is talking to some Tarlac and Pampanga planters to compensate for shortage of canes, because Batangas has been affected by the Taal eruption and it is expected that there will be a decrease of 10-15% production in terms of volume of the canes. Aside from that, there is another player that came in to operation, which is Progreen. This is an ethanol entity. It has divided the pie into three (3). Progreen started operations last October, which is way ahead of CADPI. What they did was to offer to buy canes on a per ton basis regardless of the quality of the canes, at Php2,500.00 per ton, all in. Based on the calculations, CADPI should be hitting around 2.3 LKg if the same price will be followed. It is small but it is still affecting the pie because the area is getting smaller. Productivity is getting lower. Also, Balayan started first week of December last year, which is ahead of CADPI. When CADPI resumed operations in January 2020, there was already a combined 90,000 tons out of the pie. Based on the latest information received, CADPI is actually doing 136,000 tons as of the week before the meeting. Universal Robina

Corporation (URC) had 121,000 tons. CADPI has already surpassed URC. Progreen stopped operating because the planters are not bringing the canes to them as they have not been paid. Management still expects that the Group will dominate the market, probably at 65% of the total pie until the end of the milling. This must be complemented by the Tarlac canes, which is around 70,000 tons. Management is making sure that CADPI is operational and can be competitive with the available canes. Management also wants CADPI to be the preferred sugar refiner and rebuild its competitive advantage. Management talked to some of its industrial customers and they still call CADPI despite there being importations of sugar. There is still a demand for CADPI refined sugar. The Group is already in the process of acquiring a multi-fuel fired boiler for CADPI. Right now, if there is no bagasse for fuel, the Group cannot continuously rely on bunker. The biomass relied on is also not reliable. This is an alternative that the Management is pushing. This will extend the refining operations to ten (10) months a year. Approximately around 5.5 million bags of refined sugar will be produced. The materials are from a combination of locally milled raw sugar, domestic raw sugar from traders and imported raw sugar which the Group can source. This is either directly or through business partners. He added that the Group will be engaging Poyry Energy, Inc. (Poyry) as technical advisor. Management wants them to perform technical due diligence on the boiler that has been identified in China. The boiler identified was supposed to be operating for a paper mill. It was not allowed by the government of China to operate because of pollution concerns. Mr. Roxas commented that if the Group plans to operate ten (10) months, in effect it could become an effective electricity supplier. Of which, the refinery will be one of the major clients, while the excess can be sold as power to the grid. Mr. Tubio mentioned that CADPI has a FIT-status so it can operate the co-gen on the raw side. Mr. Roxas stated that this can be studied so that there are two revenue streams, the power side and the sugar side. Moving forward, one of the ways out is refining based on imports. There may be 300,000-400,000 tons of imports per year in the next ten (10) years. CADPI, being in Luzon and next to the markets, has that competitive and strategic advantage. Mr. Dimarucut explained that when Management was brainstorming about the alternative for CADPI, it initially thought of changing certain components of the present boiler. There were attempts to source the components, but there was none. Mr. Pangilinan inquired if the Management looked at Taiwanese boilers. Mr. Tubio answered in the negative. He explained that Poyry is ready to examine the fitness of the boiler already identified. They will do due diligence and send people to look at whatever the state of the boiler is and this will be disclosed to Management. Mr. Roxas inquired about the power capacity of the refinery. Mr. Arcadio S. Lozada, Jr. (Mr. Lozada) answered that right now, the current load is five (5) megawatts for the standalone refinery. CADPI needs around seventy-five (75) tons of steels to produce this. This offer comes with seventy-five 75 megawatts turbine in a seventy-five (75) tons boiler. This is less than half of the original price. He added that the same brand of boiler was built in La Carlota and is about to be commissioned. They use agricultural trash and woods chips for fuel. Mr. Tubio added that it is Poyry which actually put it up. The initial estimate for this boiler is around Php300 million. While the boiler is being dismantled in China, engineering works can already be started. Management's estimate period needed for the boiler to be shipped to the Philippines and be re-assembled is five hundred forty (540) days. Based on assumed LKg tolling fee of Php185.00, the internal rate of return is around 13%. If the tolling fee can be increased to Php220.00 to Php230.00 per bag, it will vastly improve the internal rate of return to 26%. After due diligence, Management will engage Poyry, they are quoting around $30,000.00 for this project, and this will take them thirty (30) to thirty-five (35) days. Once the report is received, Management will make a formal presentation for the Board's approval of this project. Management intends to recommend that this project be funded through the sale of assets which are not used in operations in the balance sheet. In terms of timeline for the presentation of this project, it should be by the end of March or first week of April. Mr. Roxas clarified if a more detailed presentation will be shown on those dates. Mr. Lozada answered in the affirmative and added that Management intends to present this again once the Poyry report is received.

Mr. Tubio continued by discussing that CACI has already milled 728,000 tons as of December 2019 but actually one million tons have already been milled as of January 2020. The estimate on the standing canes as far as the Southern area is concerned, it is around 40% remaining. On the Northern side, it is around 50%. HPCo stated that they will be milling even after Holy Week. For CACI, Management expects to reach the target of 1.7 million tons. Based on the report, raw sugar yield is lower than last year but is 2% higher than budget. Decline in tons cane milled due to very limited sources. The Group is not very aggressive anymore in terms of cane acquisition, due to economic and financial constraints. The Group is targeting the small and medium-sized planters. It is not as expensive. Sugar yield is at 1.812 but CACI is actually hitting 1.9.

CADPI started its milling operations on January 3, 2020 while the refinery operations started on January 27, 2020. CADPI has already milled 159,000 tons. The Group is working hard to make sure that majority of the pie in Batangas stays in CADPI.

Weekly Negros Mills Performance Report

WEEKLY NEGROS MILLS PERFORMANCE REPORT
CROP YEAR 2019-2020

NEGROS OCCIDENTAL (SOUTH TO NORTH)	DISTANCE TO CACI	START OF MILLING	19-Jan-20			26-Jan-20			% INCREASE / DECREASE		CY 2019-2020 TO - DATE 26-Jan-20	
			GROSS TCM	LKG/TC	SDF	GROSS TCM	LKG/TC	SDF	GROSS TCM	LKG/TC	GROSS TCM	LKG/TC
1. SONEDCO	75	25-Sep-19	66,425.00	1.920	1.0130939	66,425.00	1.920		0.0%	0.0%	1,155,723.81	1.891
2. BISCOM	37	3-Oct-19	73,626.13	1.810	1.0015418	74,656.59	1.860	1.0038240	1.1%	2.7%	956,248.02	1.708
3. LA CARLOTA	8	30-Sep-19	67,296.12	1.902	1.0010879	72,665.60	1.915	1.0010003	8.0%	0.7%	960,640.85	1.856
4. FIRST FARMERS	54	1-Sep-19	26,097.00	1.890	1.0240000	27,696.00	1.910	1.0109000	6.1%	1.1%	505,825.05	1.714
5. HPCO	95	30-Sep-19	40,194.78	1.800	1.0558050	44,918.55	1.870	1.0812590	11.8%	4.2%	814,575.18	1.892
6. VMC	79	10-Sep-19	91,665.00	1.880	1.0017182	93,795.00	1.900	1.0600040	2.3%	2.2%	1,228,204.65	1.797
7. LOPEZ	117	3-Oct-19	35,101.53	1.965	1.0022422	35,010.63	1.402	1.0356782	-0.3%	2.0%	660,663.90	1.838
TOTAL			412,346.90	1.873		427,305.26	1.808		3.6%	1.0%	6,022,845.88	1.812
THIS WEEK CACI % SHARE / RANK			16.32%	2	7	17.07%	3	5			15.95%	4
TCM Rank			4			3					3	

No data for SONEDCO yet, copied only previous weeks performance, for updating once data is available.

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Mr. Tubio also presented the Weekly Negros Mills Performance Report. He stated that this is as of January 26, 2020. CACI is at number three in terms of tonnage. CACI milled 72, 000 and behind only Victoria's Milling Corporation (VMC) which milled around

90,000 and Binalbagan Sugar Refining Mill (BISCOM) which reported around 74,000. In terms of LKg/TC, CACI is number four since it is hitting 1.9 already behind VMC, HPCo and URC. Despite the handicap due to limited resources, the Group is actually working hard to deliver and to ensure that targets are reached.

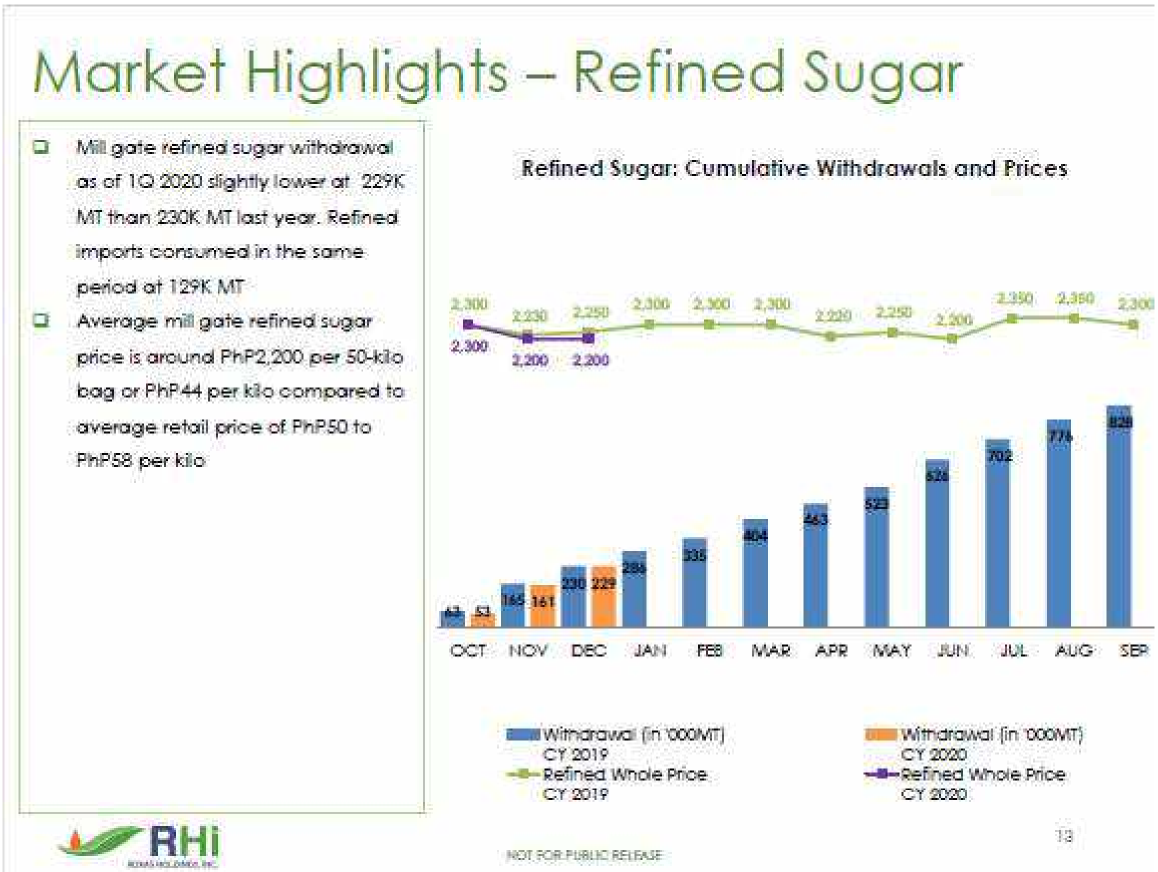
Alcohol Business Unit

As far as Alcohol is concerned, production is low because of reasons earlier reported. It is 24% lower than last year and 38% lower than budget due to shorter operating days. Management intentionally stopped re-starting San Carlos Bioenergy, Inc. (SCBI) because of certain operational issues such as water management due to the typhoons which resulted to the lagoons being filled up. Fearing the overflowing of lagoons and environmental problems, Management decided to delay it because there were also repairs needed to be done on the turbine generators. Late milling and immature canes coming from the North also contributed to this.

RBC started to produce ethanol from sugar syrup. As mentioned, the price of molasses went sky high towards the last quarter last year. Going into the first quarter, the price went as high as Php13,500.00 per ton. The Group only budgeted for around Php10,500. The Group resorted to using sugar syrup instead of molasses. Based on the tests made in the RBC facility, it was successful and the yields were actually achieved. Except that, the price of molasses started to go down. It is now at Php11,300.00. As mentioned, the Group is actually a big user of molasses because it is the primary feedstock for the ethanol facilities. And so, if the Group does not buy, the tanks will be filled up. This will be a big problem insofar as the producers are concerned because there is no movement. There will also be a threat of an overflow, which may result to an environmental problem. From a traders' point of view, they will be charged with storage fees from the sugar mills. The sugar mills actually included a provision wherein if the traders do not withdraw within a specific period, the same will be bidded out and should be withdrawn immediately. Proceeds from that bidding will be paid back to the owners of the molasses certificates. That is why, instead of making a lot of money for these transactions, the traders and producers are actually lowering down the prices so that ethanol producers will buy from them already. This is a very limited window for the Group because after the milling season, the Group cannot source syrup anymore as a substitute. At this point in time, the Group has started contracting at a reasonable price so that the ethanol facilities can continue to operate beyond the milling season. As far as SCBI is concerned, it has now resumed operations.

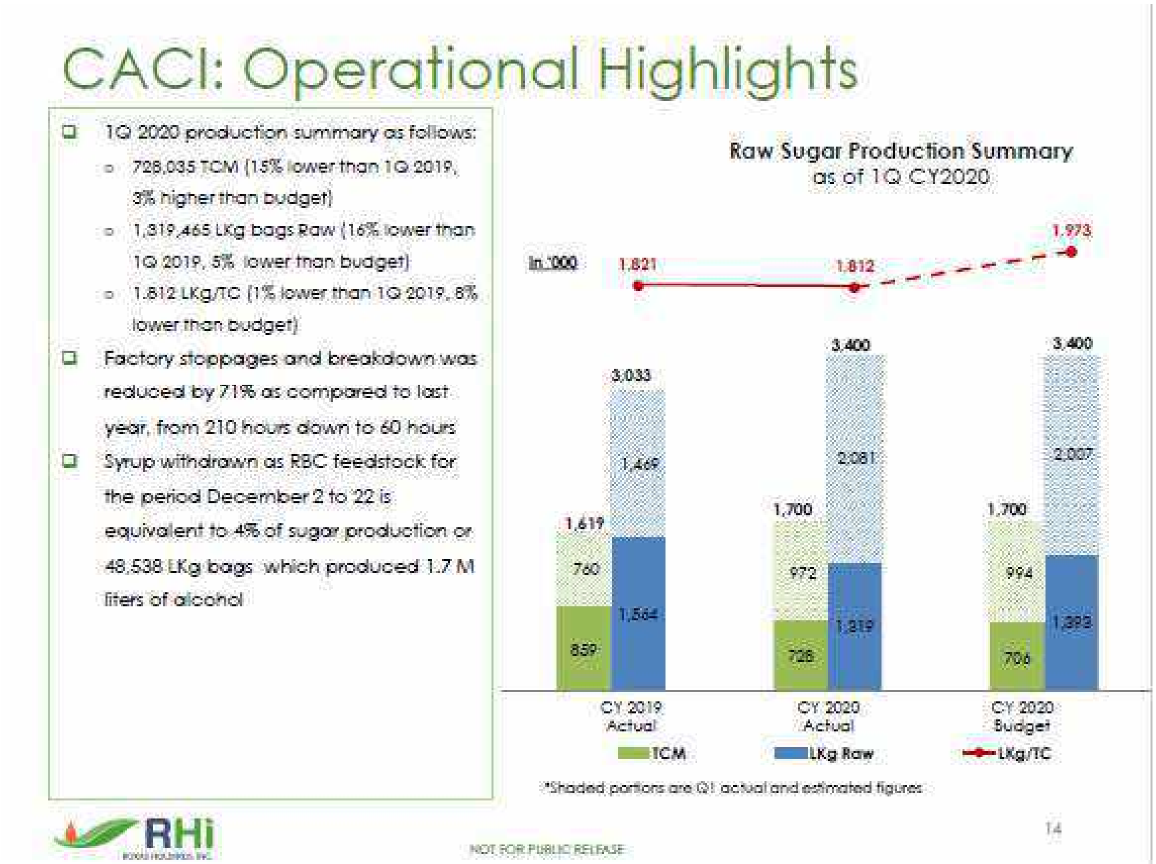
Market Highlights (Sugar Business)

As far as raw sugar is concerned, the price of raw sugar globally has gone up substantially since the start of the year. From $0.11 per pound, it has risen to $0.14 per pound. The refined sugar has also risen from $480.00 per ton to $523.00 per ton. It is substantial and that is why the price of A sugar, which is the US export, has exceeded the price of domestic price right now. B sugar or the domestic sugar is selling at around Php1,500.00 and the A sugar is being traded at around Php1,520.00. This level of trading may continue for the time being because of the spike in world sugar prices. This is brought about really by the shortfall in the expected production from India, Thailand and Brazil. Mr. Roxas added that the reason why the replenishment program is being pushed is so that the Philippines can export at those prices and re-import at a cheaper price. Mr. Pangilinan inquired if the price will be set based on the US domestic price or the world price. Mr. Roxas answered that it will be set using the US domestic price. But because the trade is buying the A to replenish, they factor in that margin. So, they are in effect buying it in more or less the same price as the B sugar. There may be problems with this. Just like how Thailand is refusing to sell their sugar right now and India having shortfalls in their production. That is why there is a spike in the world sugar prices right now. The food security issue must be taken into account as well. Mr. Dimarucut added that the world supply is subject to certain parameters and it can actually change. Part of the reason why there is a shortage is because some producers of sugar are shifting to ethanol in Brazil. Mr. Tubio mentioned that prices have since improved a bit.



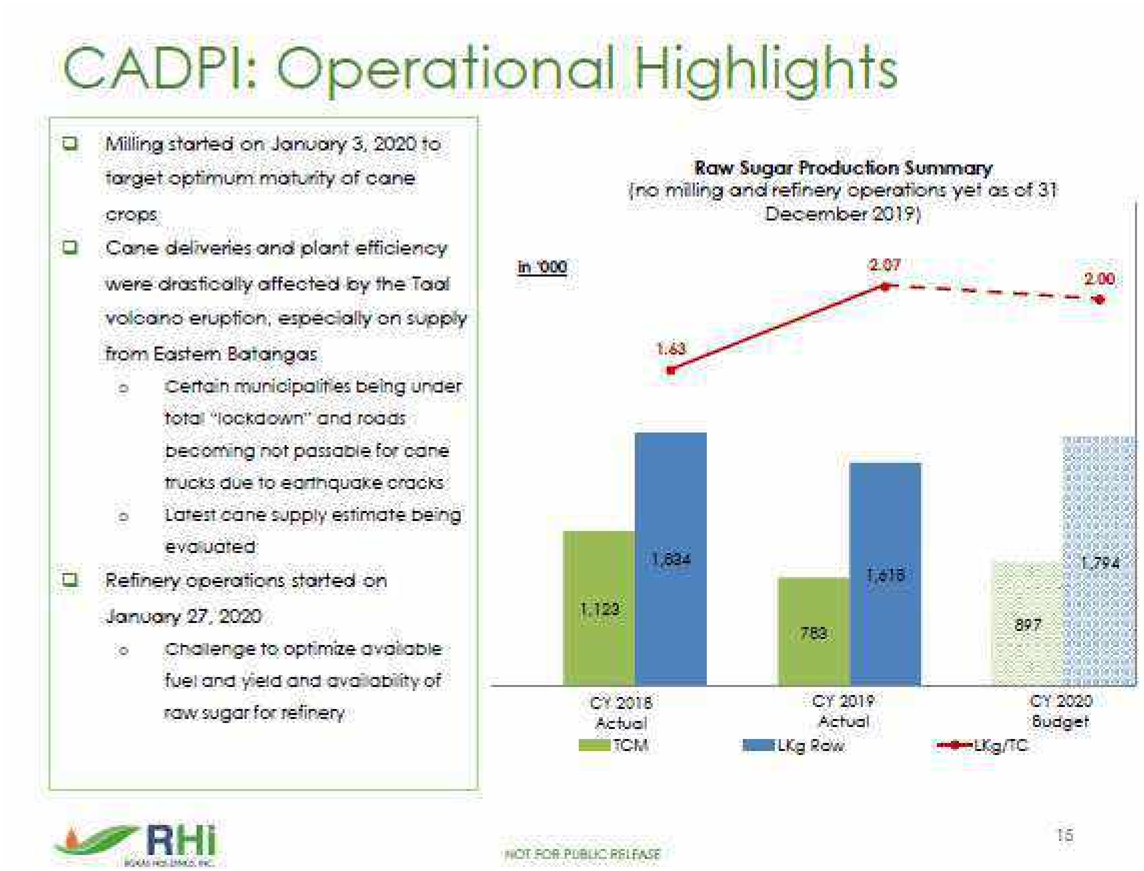
For refined sugar, there is not much to talk about because there are no stocks. In fact, the Group oversold. Mr. Roxas inquired about the price level of the Group's commitments. Mr. Tubio answered that the Group based it at around Php2,250.00, inclusive of Value-Added Tax (VAT). He explained that the Group could not really move it that high because when the Group was talking to industrial users, the imports came in. They were selling it at only Php1,900.00 per bag. Coca-Cola came to the Group and suggested that it can bring their raw sugar to the Group. The rates and terms are still being negotiated. Mr. Roxas mentioned that the problem about imports is that they cannot control the quality. As opposed to when they deal with local players, they can actually say that the product is not at par with their quality standards. This is where the Group should position itself because there is a niche that can be taken advantage of.

Operational Highlights (CACI)



Mr. Pilipino T. Cayetano (Mr. Cayetano) discussed the operational highlights of CACI. He stated that for the first quarter, CACI has already milled 728,000 tons. This is actually 15% lower than the first quarter of 2019. Last crop year, the milling started two weeks ahead. This year, milling started in October. The budget this year is 3% higher. For the sugar production or LKg raw, CACI is at 1,319,465 LKg. This is 16% lower than quarter one of 2019 and also 5% lower than budget. But as of February closing, CACI is already averaging 1,036,000 tons can milled. CACI has improved on its downtimes and stoppages. There is a 71% reduction in terms of its stoppages. CACI has also provided syrup to RBC for feedstock. This is equivalent to 48,538 LKg. Mr. Roxas inquired about the average daily tonnage. Mr. Cayetano answered 12,000 tons. 72,000 tons was already reached as of the week of January 20-26, 2020.

Operational Highlights (CADPI)



Mr. Jose B. Villanueva III (Mr. Villanueva) presented the operational highlights for CADPI. He stated that CADPI wanted to start early. However, the typhoon and the fact that the optimum maturity of the canes were not met, hindered the early start of the milling operations. CADPI was able to re-start its milling operations without reliance on bunker and bagasse. CADPI maximized the availability biomass. The challenge now is to increase the tones cane milled. A lot of challenges came, as earlier mentioned, one of the issues was the eruption of the Taal Volcano. There were lockdowns of road. Some of the areas had a lot of rains. Thus, the quality of the canes was not what is expected. The refinery operations have been re-started. CADPI is slowing ramping up the maximum capacity of its refinery based on the available raw sugar.

Operational Highlights (RHI Agri-Business Development Corporation)

ADC: Operational Highlights

- Expanded in-house farms and contract growing areas from 186 to 499 hectares, increased by 168%
- Farm productivity of in-house farms continues to rise from 34 tons/ha last CY 2018 to 83 tons/ha
- ADC's programs (farm services) have helped in the cane acquisition campaign, particularly with the ECJ Farm Agrarian Reform Beneficiaries Coop (ENFARBCO) which is now CACI's No. 1 planter with 800 hectares of sugarcane
    - CACI is able to capture 90% of the total canes of ENFARBCO to a large extent due to the tractors, grab loaders, mechanical harvesters and even HYVs provided by ADC

	FY2019		FY2020	
Negros farms	Rented Areas (ha)	Actual TCM	Rented Areas (ha)	Estimated TCM
In-house farms				
San Ricardo	31	1,880	32	2,760
Carolina	83	2,764	89	6,678
Hibong	-	-	52	4,160
San Jose*	-	-	80	-
US*	-	-	72	-
Hibong additional	-	-	12	-
Manaloto*	-	-	64	-
Batangas**	30	853	-	-
Contract Growing				
Himamaylan**	13	399	-	-
Alegria	29	2,500	31	2,512
Hilado	-	-	67	5,000
Total	**186**	**8,396**	**499**	**21,110**

**acquired September 2019, harvest will be on CY2021*

***agreement terminated in CY2019*

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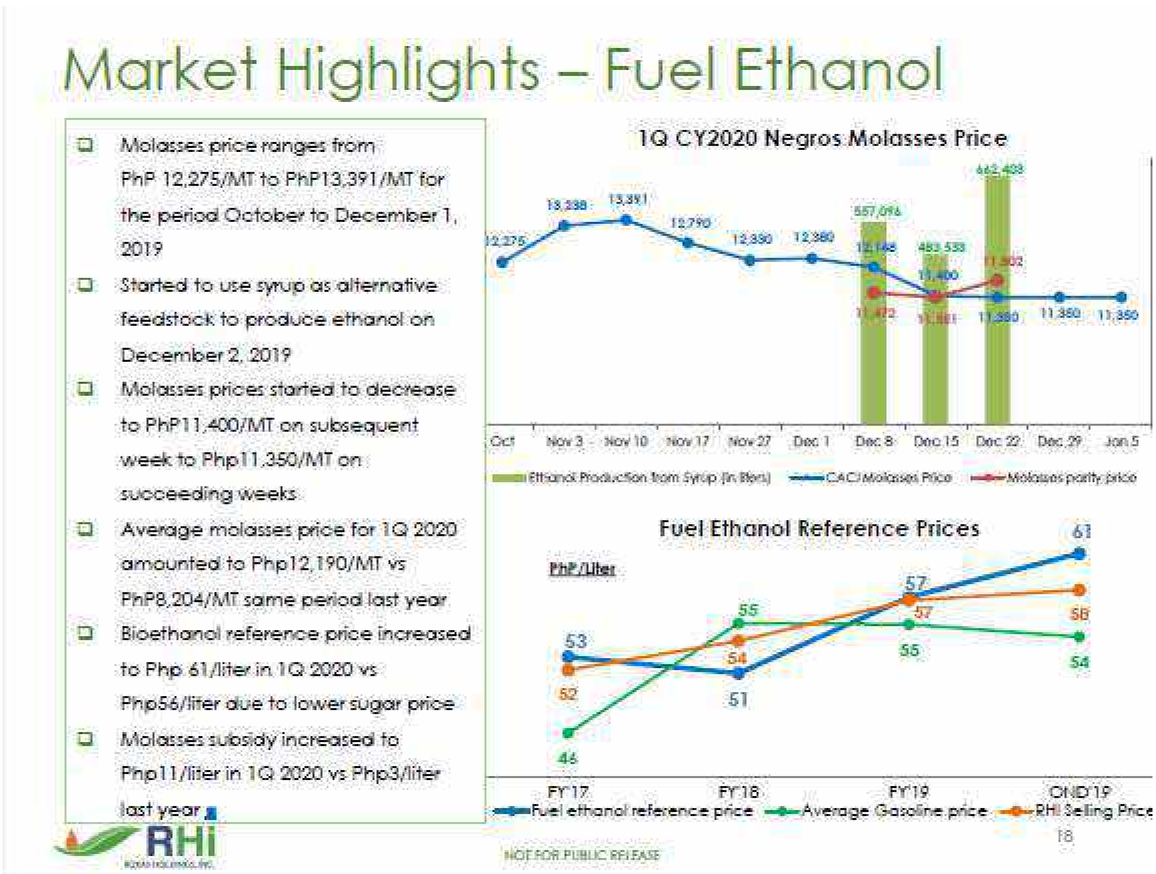
Mr. Jose Manuel L. Mapa (Mr. Mapa) discussed the operational highlights for RHI Agri-Business Development Corporation (ADC). He mentioned that ADC was able to expand the in-house farms and contract growing areas from one hundred eighty six (186) hectares to four hundred ninety nine (499) hectares. Four (4) farms have been added in the past seven (7) months. The farm productivity of the in-house farms continues to rise. What used to be thirty-four (34) tons per hectare, it is now at eighty three (83) tons per hectare. ADC's programs, particularly the farm services program, have helped in the cane acquisition campaign. ADC provides tractors for land preparation and grab loaders and mechanical harvesters. One of the main clients of ADC is the Coop of Mr. Cojuangco's farms, which is the ECJ Farm Agrarian Reform Beneficiaries Coop (ENFARBCO). They now operate eight hundred (800) hectares and ADC has been very supportive of them. Eight tractors are doing the land preparation for them. Because of this, CACI was able to capture 90% of the total canes of ENFARBCO. These are good quality canes. So far, it seems like Mr. Cojuangco is very pleased with the partnership. He is looking to adding more farms to the Coop. ENFARBCO is actually CACI's number one planter. Mr. Roxas inquired about the average tonnage they are getting. Mr. Mapa answered ninety (90) tons per hectare. He added that these farms used to be managed by Mr. Hinojales and it was turned over to them. Mr. Pangilinan clarified who manages the farms. Mr. Mapa answered that it is the Coop itself that manages the farm. He also mentioned that ADC's role is to provide them with equipment support in exchange for canes. They also pay for the services. Since the Group also has access to high yielding varieties, a portion is also given to this Coop. Mr. Tubio inquired about the length of the joint venture contracts of ADC. Mr.

Mapa answered that it is usually three (3) years and renewable. As for the farms directly leased, it is five (5) years. ADC is now directly leasing 499 hectares of farms.

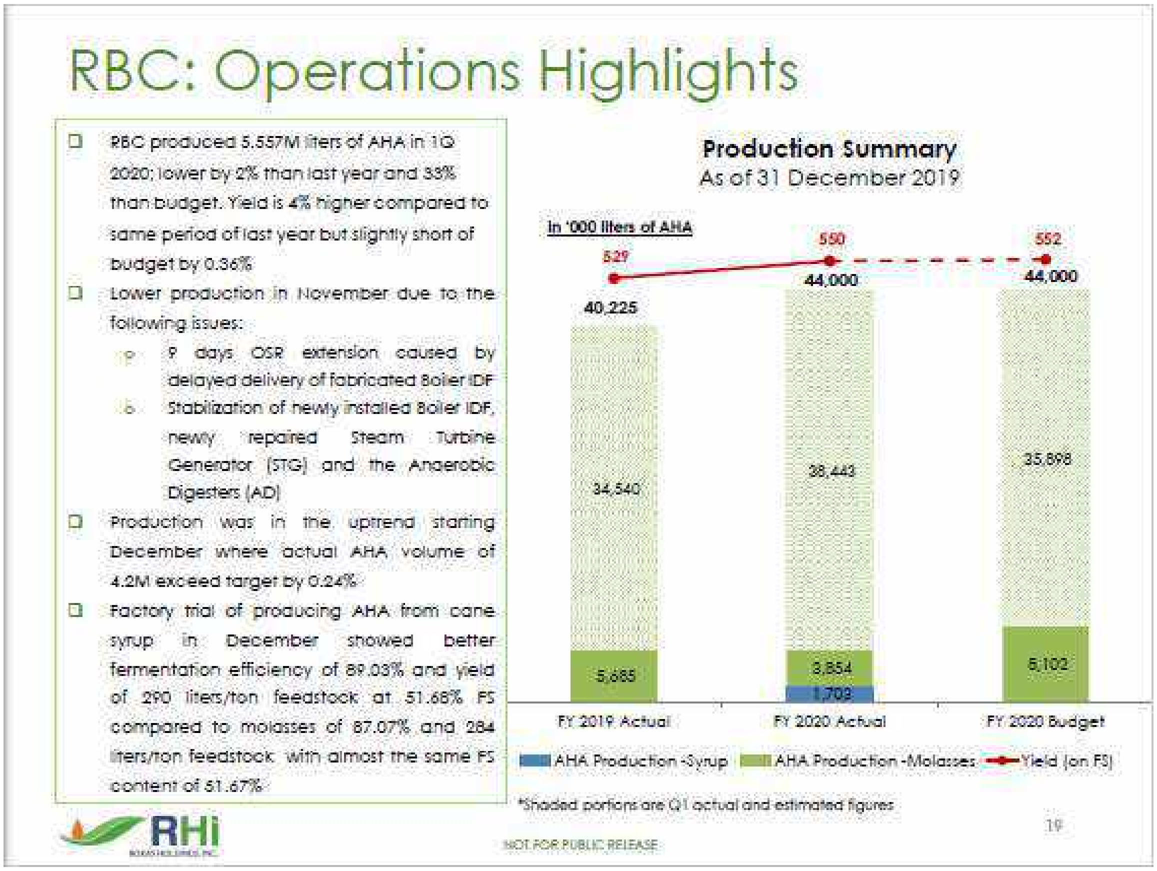
Market Highlights (Alcohol Business)



Mr. Tubio discussed the Market Highlights for ethanol. He mentioned that the National Biofuels Board (NBB) price for ethanol as of the first half of January is about Php60.25 per liter. It is still challenging for the manufacturers because of the high price of molasses. The Group still has inventory, the carrying cost of which is around Php12,000.00. The Group still continues to subsidize the feedstock in the production. The Group used syrup as an alternative feedstock but this was stopped last December 2, 2019 because the prices of molasses went down from the previous highs. Once the milling operations of the sugar mills stop for this crop year, producers and traders will sell at a high price again because they know that the ethanol producers do not have that option of using sugar syrup anymore. The Group is currently reviewing its feedstock or molasses inventory for the rest of the year. As of now, the Group is still short by around 60,000 tons for RBC and 40,000 for SCBI. In SCBI, syrup can still be utilized because milling in the North is expected to be late. Mr. Christopher H. Young (Mr. Young) inquired about the selling price of ethanol. Mr. Tubio answered that the Group expects it to be on the same level because the formula uses the average of the molasses prices and sugar prices. Sugar prices have been hovering at around Php1,500.00 per LKg. 50% of that is being used in the formula. Although the price of molasses has gone down, it is still not that low. It is at Php11,400.00 and this is still high. It is way beyond the Group's budget of

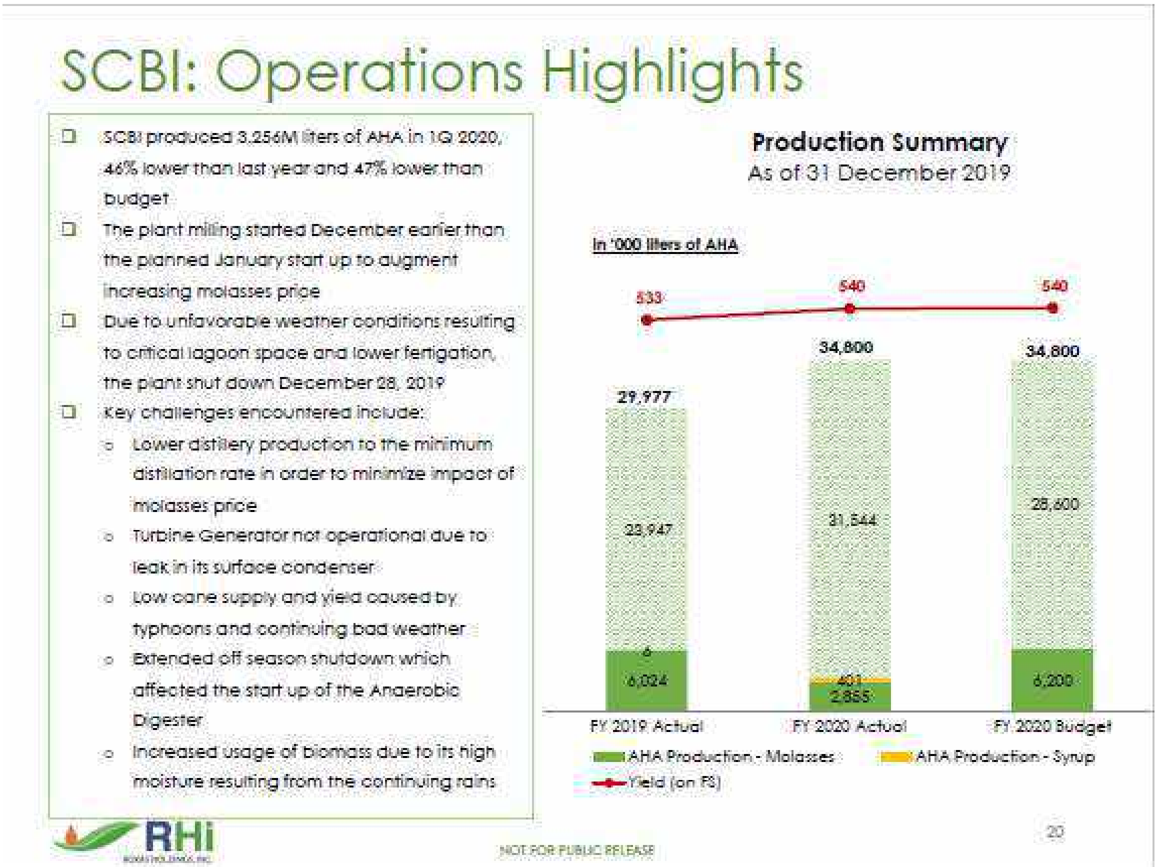
Php10,500.00. Thus, the price of ethanol is expected be around Php58.00 or Php59.00. Mr. Dimarucut added that the Group expects to narrow down the gap. Part of the gap is due to the committed deliveries last quarter, which was already pegged at Php59.00, where the NBB price is Php62.00. The standard discount being given is between Php.0.50 to Php1.00. Considering that there is huge gap between the gasoline price and NBB price. There is a pressure to ethanol producers, in terms of the ethanol product, being a substitute to gasoline.

Operational Highlights (RBC)



Mr. Cayetano discussed that in the first quarter, RBC has already produced 5.57 million liters of AHA. This is 33% lower than the budget. This was due to extended Off-Season Repair (OSR) activities because of the fabrication of the IDF for the boilers and the stabilization of turbine generators and anaerobic digester. However, there is a recovery plan for this. From January to September, there will be an additional seven (7) production days and the target is 146,000 liters per day. Mr. Tubio added that the Management is also monitoring the price of oil. In 2016, the price of bunker went down and the Group booked forward. This was used to fuel the refinery. Money was made out of it. If the price of bunker goes down again, the Group will recalculate the parity for biomass and bagasse. Hopefully, this can be used in the refinery so that it can operate longer. Mr. Cayetano stated that for December and January, RBC has already started to uptrend the production. Last December, RBC has already hit 4.2 million liters and for January, it is at 4.17 million liters. In the first two weeks of December, syrup was used as alternative feedstock. This showed a good yield, which is at 290 liters of AHA.

Operational Highlights (SCBI)



Mr. Villanueva stated that SCBI is behind because it has only produced around 46% and it is lower than what should be produced. As compared to last year, the challenge is that the operations started late and the available affordable molasses, needed to be maximized. The output was actually 70,000. The rains also caused the lagoons to reach a critical level. There was a day that it filled up twenty-one (21) hectares. This urged SCBI to find farms so that it can irrigate and reduce waters in the lagoons. Within the proximity of San Carlos, no one would get the spentwash because the lands are wet. The good news is that when SCBI resumed, it was able to create about twenty-five (25) days of equivalent production output. SCBI can now run at a normal pace. SCBI is now producing ethanol from sugar syrup and molasses. There is good quality molasses and continued improvements are being done in terms of the use syrup. From February 3, the minimum output has been increased to 100,000 and will be increased to 120,000. Mr. Pangilinan asked the range of products which can be used as raw material. Mr. Villanueva answered that corn syrup, glucose, sugar beets, cassava, corn and other high fructose content can be used as raw material. Mr. Dimarucut mentioned that outside the Philippines, the dominant raw material is actually corn. Mr. Villanueva also mentioned that the use of steam turbine generator is limited due to the leak in its surface condenser which is targeted to be repaired in six (6) weeks.

IV
AUDITED FINANCIAL STATEMENTS FOR THE FOR FIRST QUARTER ENDING DECEMBER 31, 2019

Profit & Loss

- Lower sugar profit is caused by decreased sales volume due to lower inventory carryover; average sugar sales price decreased also from PhP1,692 in FY19 to PhP1,616 in FY20
- Alcohol gross profit decreased significantly due to increased feedstock cost, average molasses cost in FY20 amounted to PhP12,025 vs PhP9,079 in FY19. Feedstock margin decreased to PhP13 in FY20 vs PhP23 in FY19 (equivalent to Php 92 million)
- Nonrecurring item pertains to gain on sale of HPCo shares

	Period ended December 31		
PhP millions	FY2020 Actual	FY2020 Budget	FY2019 Actual
Sugar segment	80	104	99
CACI (Negros plant)	49	105	(27)
CADPI (Batangas plant)	50	-	115
HPCo (45% equity interest)	2	-	16
Alcohol segment	(7)	72	48
SCBI	(5)	11	6
RBC	(3)	61	42
Contribution from operations	**73**	**176**	**147**
Operating expenses	(228)	(275)	(241)
Other income	37	22	(8)
Interest expense	(165)	(144)	(145)
Tax benefit	39	58	105
CORE NET LOSS	(244)	(163)	(141)
Nonrecurring income	247	-	-
NET INCOME (LOSS)	4	(163)	(141)
Depreciation	149	156	139
EBITDA	31	78	37

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Mr. Dimarucut reported that CACI was able to reverse what was a negative margin last year due to the substantial incentives given to big planters. The target volume was recalibrated to 1.7 million, which was previously 2 million. At the same time, the Group's focus now is on cheaper canes. This resulted to a positive gross margin for the first quarter as compared to last year. For CADPI, since there was no operation, it was dependent on the carryover inventory form the previous period. In the previous year, there were significant products of refined sugar and this was seen in 2019. This is not the case for this quarter because the refined sugar production went down in 2019. HPCo earning represents the equity earning up to the time of sale. This is mid-November 2019. The significant figures are actually in the Alcohol due to the increasing price of molasses. This decreased the margin considerably. Moving forward, if the Group can maintain a Php5.00 per liter margin, Php70-75 million can be registered on a quarterly basis in terms of margin. The Management is continuing to find ways to reduce the OPEX given the current situation and the level of operation of the business. The Group was able to bring this down to Php228 million as compared to Php241 million last year. Interest expense continues to increase as banks continue to impose higher interest rates. Banks are charging as high as 8%. The Group's interest rate averages at 7.5%. All told, it is about Php244 million core net loss for the first quarter before the non-recurring income. The non-recurring income pertains to the sale of HPCo. The Group was able to get Php860 million after deducting capital gains tax and other taxes. The book value was actually below that number, as such, the Group was able to recognize Php247 million gain for the period.

Profit & Loss

	Period ended December 31		
	FY2020	FY2020	FY2019
PhP millions	Actual	Budget	Actual
Revenues	1,504	2,774	2,267
Cost of Sales	(1,484)	(2,598)	(2,252)
Gross Profit	20	176	16
GP Rate	1%	6%	1%
Operating Expenses	(181)	(213)	(186)
Other Operating Income	281	13	(3)
Operating Loss	120	(24)	(174)
Equity in Net Earnings - HPCo	2	-	16
Finance Cost	(124)	(107)	(56)
Loss Before Income Tax	(2)	(131)	(213)
Income Tax Benefit	29	31	104
NET INCOME (LOSS) FROM CONTINUING OPERATIONS	27	(100)	(109)
NET LOSS FROM DISCONTINUED OPERATIONS	(24)	(63)	(32)
NET INCOME (LOSS)	4	(163)	(141)
Attributable to :			
Equity holders of parent company	5	(162)	(141)
Non controlling interest	(2)	(1)	(1)
Total	4	(163)	(141)

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CADPI is still shown as part of the assets available for sale and thus, the report of the operations is included in the net loss from discontinued operations line but the bottom-line numbers are the same.

Balance Sheet

- Consolidated total asset decreased by Php 4.2 billion primarily due to lower inventory carryover, collection of receivables and sale of HPCo shares
- Net Debt decreased due to advance payment of long term loan amounting to Php 866 million

	Period ended December 31		
	FY2020 Actual	FY2020 Budget	FY2019 Actual
Current Assets	10,859	10,873	13,597
Cash	467	384	550
Receivables	1,025	961	3,075
Inventories	1,255	1,733	2,012
Asset held for sale	6,599	6,525	6,525
Others	1,513	1,270	1,436
Noncurrent Assets	10,418	10,976	11,857
Property and equipment	8,966	9,026	9,233
Investment and goodwill	1,080	1,593	1,738
Others	373	356	886
Total Assets	21,277	21,848	25,456
Current Liabilities	8,898	8,647	14,452
Short term borrowings	6,717	6,717	7,044
Current portion of long-term debt	212	848	4,502
Trade and other payables	1,354	1,082	1,883
Liabilities directly associated with assets held for sale	616	-	1,024
Noncurrent Liabilities	3,196	4,200	439
Long term borrowings	2,492	2,730	-
Others	704	1,470	439
Equity	9,183	9,002	10,566
Total Liabilities and Equity	21,277	21,848	25,456
Net Debt	8,954	9,930	10,995

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As for the Balance Sheet, despite the setbacks as seen in the results of operations, the Group continues to strive to find ways to reduce the net debt. The congregation of reduction in the working capital, receivables and inventories, as well as the use of proceeds from the sale of HPCo, resulted to a net debt of almost Php9 billion which is lower than last year which was at Php11 billion. It is actually Php2 billion reduction.

Cash Flow

- Positive Free Cash Flow due to liquidation of inventories and collection of receivables
- Payment of long term loans from the proceeds of sale of HP Co shares

	Period ended December 31		
	FY2020 Actual	FY2020 Budget	FY2019 Actual
EBITDA	**31**	**78**	**37**
Working capital	260	161	(32)
Capital expenditures	(91)	(150)	(124)
Free cash flow	**199**	**89**	**(119)**
Debt availments (servicing)			
Long term principal payments	(866)	-	(311)
Short term availments	-	-	833
Interest expense	(165)	(144)	(145)
Proceed from sale of investment	860	-	-
Cash balance			
Beginning	438	438	293
End	**467**	**384**	**550**

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In terms of cashflow, despite the low Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA), the Group continues to serve its debt obligations and capital expenditures through the use of working capital.

On motion duly made and seconded, the Board approved the Audited Financial Statements and Management Report for the First Quarter ending December 31, 2019, as presented.

Approval of the Press Release

Upon motion duly made and seconded, the Board likewise approved the Press Release on the Results of Operations for the First Quarter ending December 31, 2019, as circulated.

V

OTHER MATTERS

Upon motion duly made and seconded, the Board likewise approved the following resolutions:

BREDCO Land

Board Resolution No. RHI 2020-0204-01

"RESOLVED, That the Board of Directors of **Roxas Holdings, Inc.** (the "Corporation"), authorizes, as it hereby authorizes, the Corporation to evaluate and negotiate the terms and conditions of the sale of its parcel of land located in Poblacion, Bacolod City, Negros Occidental covered by TCT No. 337801;

RESOLVED, FURTHER, That the Board of Directors of the Corporation authorizes, as it hereby authorizes, the Corporation to negotiate, sign, execute, perform, undertake, procure, implement and/or deliver, any and all documents and actions identified, or as may be required or may be deemed necessary or appropriate, to give effect to this resolution, and to determine such terms and conditions as may be advantageous to the Corporation;

RESOLVED, **FINALLY,** That the Board of Directors of the Corporation authorizes, as it hereby authorizes, **HUBERT D. TUBIO**, President and CEO, as the Corporation's representative, for and on behalf of the Corporation, to sign, execute, endorse and deliver any and all documents, certificates, undertakings, and agreements and to perform and do any and all acts as may be required or may be deemed necessary or appropriate in all the phases of the transaction or as may be required or may be deemed necessary or appropriate to fully effect all of the foregoing resolutions."

NAVI SHARES

Board Resolution No. RHI 2020-0204-02

RESOLVED, That the Board of Directors of **Roxas Holdings, Inc.** (the "Corporation"), authorizes, as it hereby authorizes, the Corporation to evaluate and negotiate the terms and conditions of a possible sale of its investment in Najalin Agri-Ventures, Inc. ("NAVI"), owned directly and indirectly by the Corporation and comprising of 517,153 Class A and 2,962 Class B NAVI shares, with Universal Robina Corporation;

RESOLVED, FURTHER, That the Board of Directors of the Corporation authorizes, as it hereby authorizes, the Corporation to negotiate, sign, execute, perform, undertake, procure, implement and/or deliver, any and all documents and actions identified, or as may be required or may be deemed necessary or appropriate, to give effect to this resolution, and to determine such terms and conditions as may be advantageous to the Corporation;

RESOLVED, **FINALLY,** That the Board of Directors of the Corporation authorizes, as it hereby authorizes, **HUBERT D. TUBIO**, President and CEO of the Corporation, and /or **CELSO T. DIMARUCUT**, Chief Finance Officer of the Corporation, jointly or individually, as the Corporation's representatives, for and on behalf of the Corporation, to sign, execute, endorse and deliver any and all documents, certificates, undertakings, and agreements and to perform and do any and all acts as may be required or may be deemed necessary or appropriate in all the phases of the transaction or as may be required or may be deemed necessary or appropriate to fully effect all of the foregoing resolutions.

ADJOURNMENT

There being no other matters to discuss, the meeting was thereupon adjourned.

A T T E S T:

PEDRO E. ROXAS	**MANUEL V. PANGILINAN**
HUBERT D. TUBIO	**ARLYN S. VILLANUEVA**
SANTIAGO T. GABIONZA, JR.	**CHRISTOPHER H. YOUNG**
RAY C. ESPINOSA	**ALEX ERLITO S. FIDER**
CYNTHIA L. DE LA PAZ *Corporate Secretary*	**MA. HAZEL L. RABARA-RETARDO** *Assistant Corporate Secretary*

ROXAS HOLDINGS, INC.
MINUTES OF THE REGULAR MEETING OF
THE BOARD OF DIRECTORS

Held Online via Microsoft Teams on May 19, 2020 at 10:00 in the morning.

ATTENDANCE:

Present via teleconference:

Mr. PEDRO E. ROXAS
Mr. MANUEL V. PANGILINAN
Atty. RAY C. ESPINOSA
Atty. ALEX ERLITO S. FIDER
Mr. HUBERT D. TUBIO
Atty. SANTIAGO T. GABIONZA, JR.
Ms. ARLYN S. VILLANUEVA
Mr. CHRISTOPHER H. YOUNG
Mr. OSCAR J. HILADO

Others Present via teleconference:

Atty. CYNTHIA L. DE LA PAZ
Mr. SENEN C. BACANI
Mr. CELSO T. DIMARUCUT
Mr. ARCADIO S. LOZADA, JR.
Mr. JOSE MANUEL L. MAPA
Mr. PILIPINO T. CAYETANO
Mr. JOSE B. VILLANUEVA III
Mr. JULIUS G. RUGAS
Ms. VERONICA C. CORTEZ
Atty. MA. HAZEL L. RABARA-RETARDO
Mr. JAYNEL R. SULANGI
Ms. JENNIFER LIM
Ms. ROULEE JANE F. CALAYAG
Atty. AIMEE E. PEDAYO

I
CALL TO ORDER

The Chairman, Mr. Pedro E. Roxas (Mr. Roxas), called the meeting of the Board of Directors to order. In view of the conduct of the meeting through remote communication, the Corporate Secretary, Atty. Cynthia L. De la Paz (Atty. De la Paz) read the rules of the meeting and proceeded to disclose the names of the people present in the meeting through Microsoft Teams. Thereafter, Atty. De la Paz certified the existence of a quorum and recorded the Minutes of the Meeting.

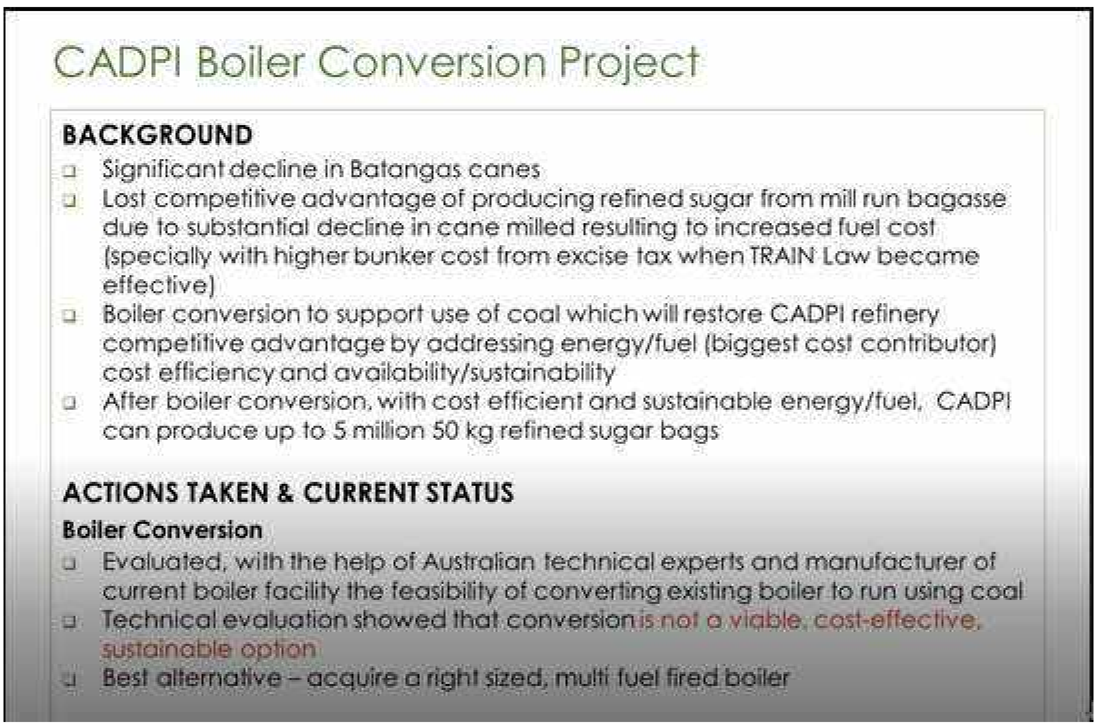
II
APPROVAL OF THE MINUTES OF THE PREVIOUS MEETING

Mr. Roxas presented the Minutes of the Regular Meeting of the Board of Directors held on 04 February 2020. He stated that a copy of the Minutes of the Regular Meeting of the Board of Directors was circulated to all members of the Board prior to the meeting for their review.

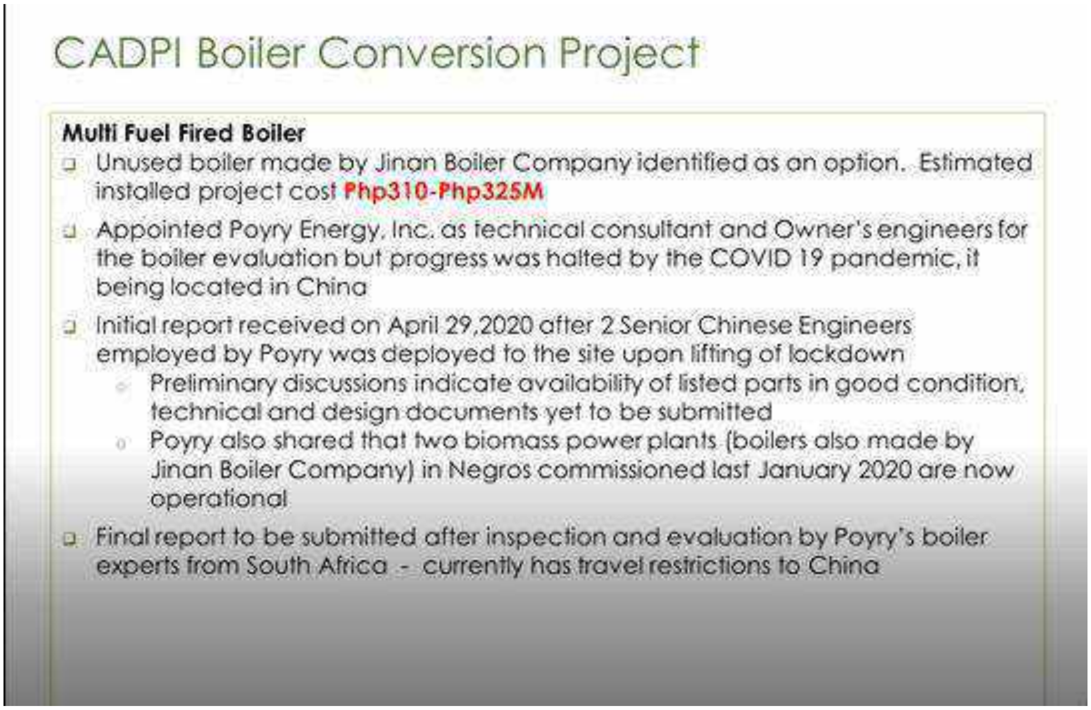
On motion duly made and seconded, the Board approved the Minutes, as presented.

III
MATTERS ARISING FROM THE MINUTES OF THE PREVIOUS MEETING

Mr. Arcadio S. Lozada, Jr. (Mr. Lozada) presented an update on the Central Azucarera Don Pedro, Inc. (CADPI) Boiler Conversion Project.



He discussed that as reported in the previous meeting, the decline in the cane tonnage in Batangas has resulted in higher cost of the operations of the refinery. This translates to very uncompetitive pricing for refined sugar. The price of bunker fuel with the new tariff in the TRAIN Law is quite high. The Management explored the possibility of converting one of the boilers, and two engineers from John Thompson were invited to observe and look at the facility. While they can do this conversion, there are no assurances because they have not done this kind of conversion. Thus, the Management decided to forego this direction.

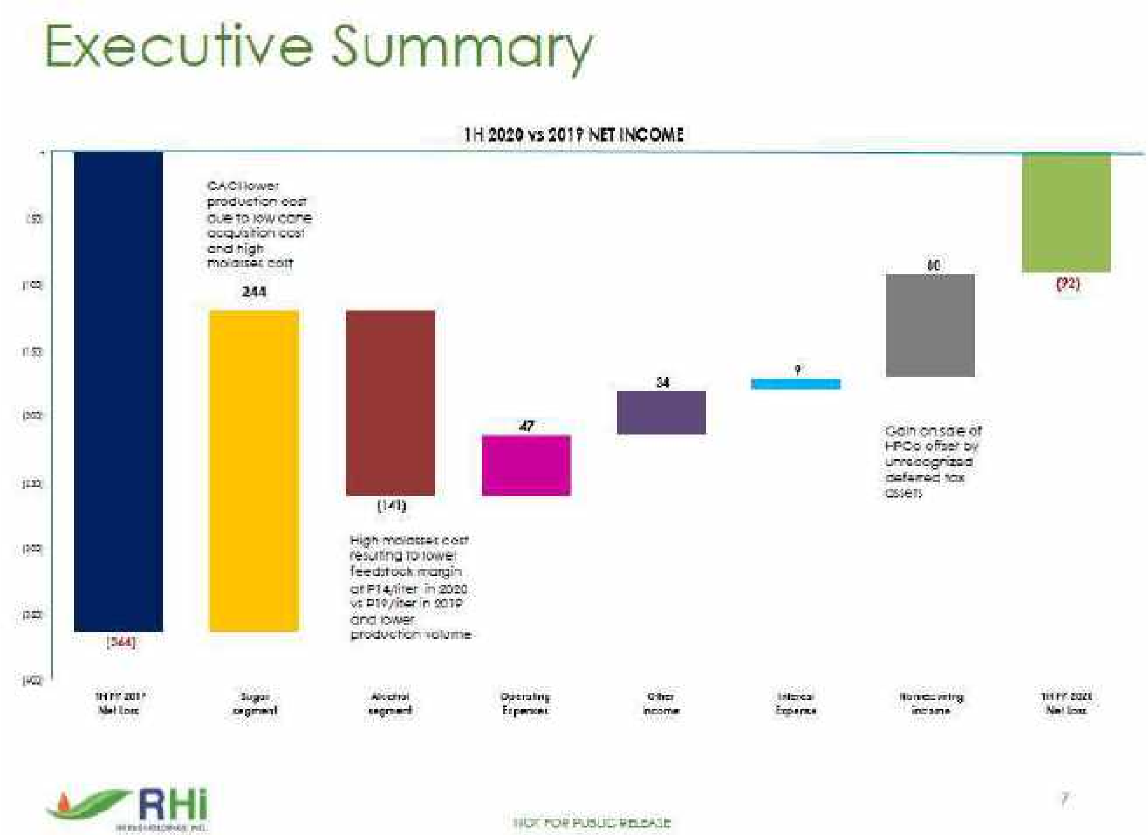


The Management got a quotation for a multi-fuel fired boiler from China which was installed in a cement factory. The price is really attractive and in-house estimates show that this can run at a price of Php310-Php325 million. To make sure that this is a good buy, the Management commissioned Poyry Energy Inc. (Poyry) to be the Group's technical advisers. They sent 2 Chinese Engineers under their employee to China. Based on the initial report, the listed parts are in good condition but they need the documents before they can make a final report. They supposedly have scheduled their engineers form South Africa. However, there are travel restrictions to China right now. The Group is optimistic that this is the right direction to go to. Part of the engagement of Poyry is for them to verify the Group's assumption on the cost and the operation cost because they have experience in operating a multi-fuel fired boiler.

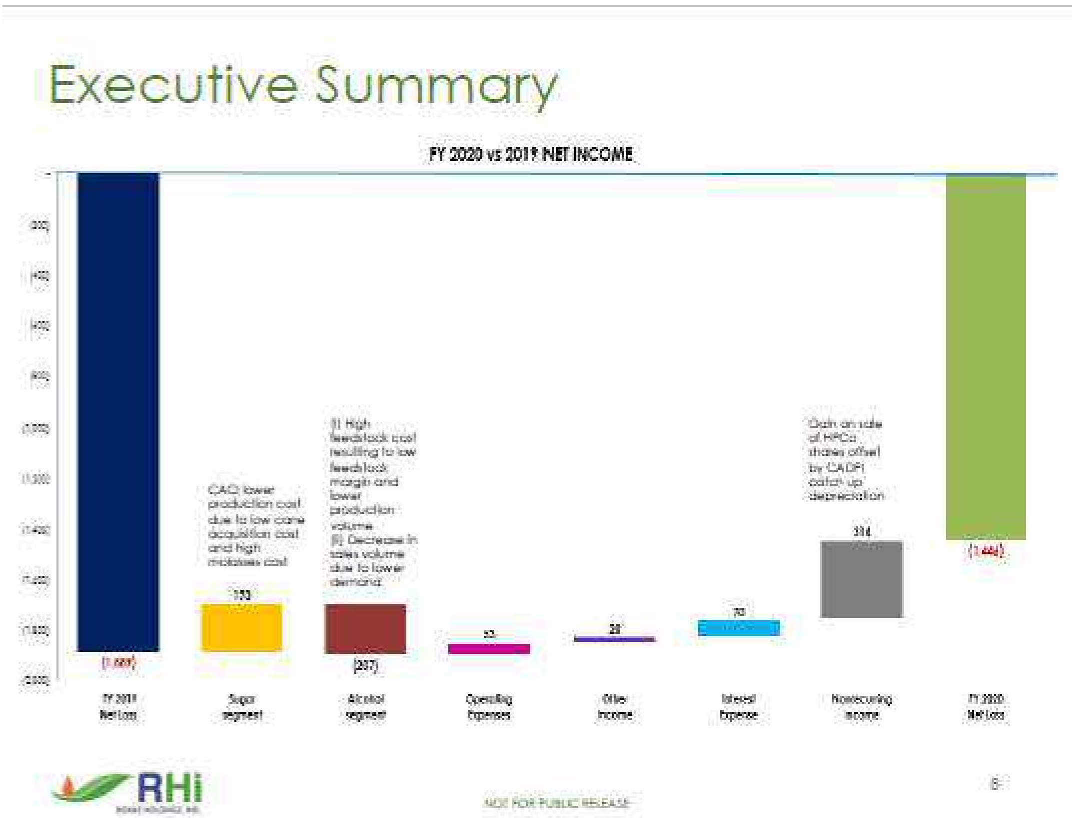
Mr. Roxas confirmed if with this multi-fuel fired boiler CADPI will be able to operate 9-10 months of the year and be able to produce 5 million bags of refined sugar. Mr. Lozada affirmed. He added that the boiler manufacturer is the same manufacturer of two biomass powerplants recently built in Negros. Poyry was also involved in these.

IV
HIGHLIGHTS OF OPERATIONS

The PCEO, Mr. Hubert D. Tubio (Mr. Tubio) presented the summary of the results for the first half of the fiscal year.



He discussed that the operations for this Crop Year was very challenging. While Central Azucarera De La Carlota, Inc. (CACI) started in September and the ethanol companies sometime in November, the operations in CADPI was very much affected because of the Taal Volcano eruption. CADPI started its operations last January 3, 2020 and the Taal Volcano erupted in January 13, 2020. Then, community quarantine for the COVID-19 pandemic started last March 16, 2020. The Sugar Segment actually contributed Php244 million to the Gross Profit and CACI made significant contribution on this by milling 1.7 million tons of cane for the Crop Year. The contribution from the Sugar Segment was deflated because of the performance of CADPI. CADPI ended its milling operations in April 17, 2020 with only 655,000 tons of canes milled. The total canes available for the area was 1.2 million tons. Out of the total canes available, 400,000 to URC Balayan. A new ethanol facility, Progreen, was able to get 122,000 tons of the pie. These are the new challenges that the Group is facing in its sugar unit in Batangas. While the Sugar Segment continued production during the COVID-19 disruption because of its essential goods classification, the deliveries, sales and collections were also disrupted substantially. These will also be reflected in the negative contribution of the Ethanol Segment. The high price of molasses resulted to low feedstock margins. San Carlos Bioenergy, Inc. (SCBI) contributed a lot to the negative contribution of the Ethanol Segment. The worst incident that really affected the Group, not only in productivity but also in the cashflow, is the halting of lifting in the ethanol units. Liftings were put on hold last April and this May. By the end of March, there was already reduced lifting because of the reduction of demand in fuel. Oil companies also have tanks being filled up because there is no movement. The Group expects that this will continue as long as the situation has not yet improved. Going back to CACI, it has improved performance. The target of 1.7 million tons was hit. The cane acquisition cost was reduced significantly form Php415.00 last year to Php344.00 per MT. And yet the Group was not able to cover fully the negative impact of CADPI. The strategy was to shift focus on small and medium sized planters. Although there was a slight effect on the LKg/TC and the yields from the sugarcanes from these planters, nevertheless, CACI was able to hit its target with lesser cost in acquisition. LKg/TC remained the same compared to last year with only a slight difference. The other contributory factors for the first half include the positive reduction of Operating Cost and Expense. Adjustments are needed to be done because of the new normal being experienced. The Group will strictly and consciously re-evaluate the situation and how the Group can further cut the Operating Cost and Expenses. Yet, the Group is still not getting a positive contribution in terms of the Interest Expense because the interest rate went up towards the end of the first half of the year. The Banks are not giving the Group preferred rates because of the Balance Sheet. Overall, these resulted in a Php92 million net loss for the first half.



For the full year, it is really disheartening to see a loss of Php1.4 billion. There is an increase in the negative contribution of the Alcohol Segment to the net loss. In addition to the Interest Expense and Depreciation cost. Management is firm in its commitment to present strategic options for the Board’s consideration given the current situation of the Group’s business. Though there were foregone opportunities because of the financial situation, the Group does not have any other choice. For example, the raw sugar produced in CACI is liquidated at once to generate cash. No collections were made from the Alcohol Segment because of the pause in liftings. Also, because of the shortage in raw materials in CADPI, the refinery operations were cut short or sometime last March 22. The refinery operated only for 52 days compared to 138 days last year. CADPI will resume on the third week of May. CADPI will process around 280,000 bags of sugar. The Management is committed to the Board and the shareholders that it will do its best to ensure that recommendations and solutions will be given. The Management has already started discussions and the same will continue for the following weeks. Another presentation will be made for this. The situation right now is affecting everyone and will be difficult for the RHI Group.

Sugar Business Unit

PCEO Report

Sugar Business Unit

National Sugar Production

- Raw sugar production could fall to 2.025 million metric tons (MMT) from estimated 2.096 MMT, as El Niño and rains battered plantations in key sugar-producing areas in the country
  - Latest Sugar Regulatory Administration (SRA) forecast indicated that sugar output in CY 2019-2020 may be slightly lower from the previous crop year's 2.072 MMT
- National Production as of 12 April 2020

	1H 2020		1H 2019		Decrease	
(in million)	TCM	Raw Sugar Production (in MT)	TCM	Raw Sugar Production (in MT)	TCM	Raw Sugar Production
National	**19.199**	**1.753**	**20.261**	**1.923**	**-5%**	**-9%**
Negros	12.443	1.146	12.845	1.212	-3%	-5%
Luzon	1.646	0.143	1.867	0.178	-12%	-20%
Visayas	1.877	0.148	1.892	0.161	-1%	-8%
Mindanao	3.232	0.316	3.657	0.372	-12%	-15%

Mr. Tubio discussed the National Sugar Production data. The volume has decreased because of the weather situation, particularly in Luzon. The timing of the rainfall was not also great. Based on several feedbacks from some planter groups, they said that this year should have been better because they planted new seedlings as compared to last year. The Group also brought in cane points to Batangas and committed to increase the nursery for cane points because this factor is important especially for the Batangas area where the yield per hectare is very low. Hopefully, this can be done positively for the next Crop Year.

PCEO Report

Sugar Business Unit

- CACI ended its milling operations last 26 April 2020:
  - 1.733 million tons, 7% higher than 1.619 million tons canes milled (TCM) in previous crop year and 2% higher than budget
  - 3.252M LKg raw sugar produced, 7% higher than 3.033M LKg produced in previous crop year
  - Raw sugar yield remains at 1.87 LKg/TC, almost the same with previous crop year
- CADPI ended its milling operation on April 17, 2020 with 655 thousand TCM, 16% lower than last year and 27% lower than budget
  - Taal eruption, ProGreen aggressive cane acquisition and COVID 19 collectively decreased CADPI's cane market share
  - Low LKg/TC due to unfavorable weather condition wherein Eastern Batangas experienced more rainfall than last year
- On 21 March 2020, CADPI refinery operations temporarily stopped with production of 696 thousand LKg bags at 93.3% recovery
  - May 28 tentative schedule for resumption with target production of 270 thousand LKg bags

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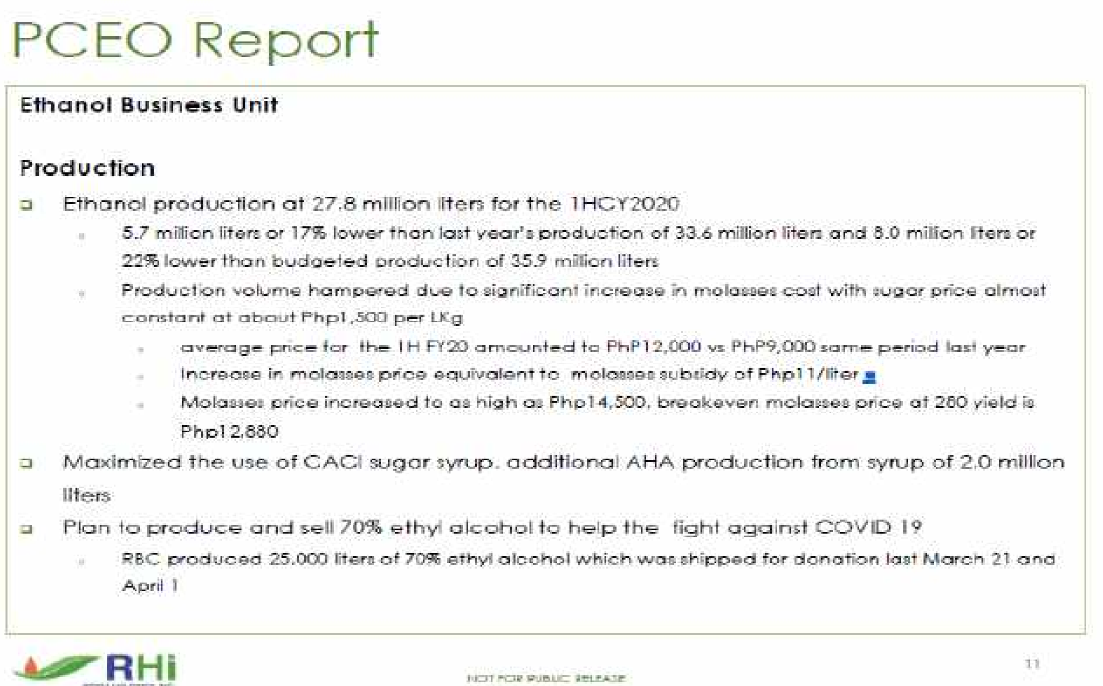
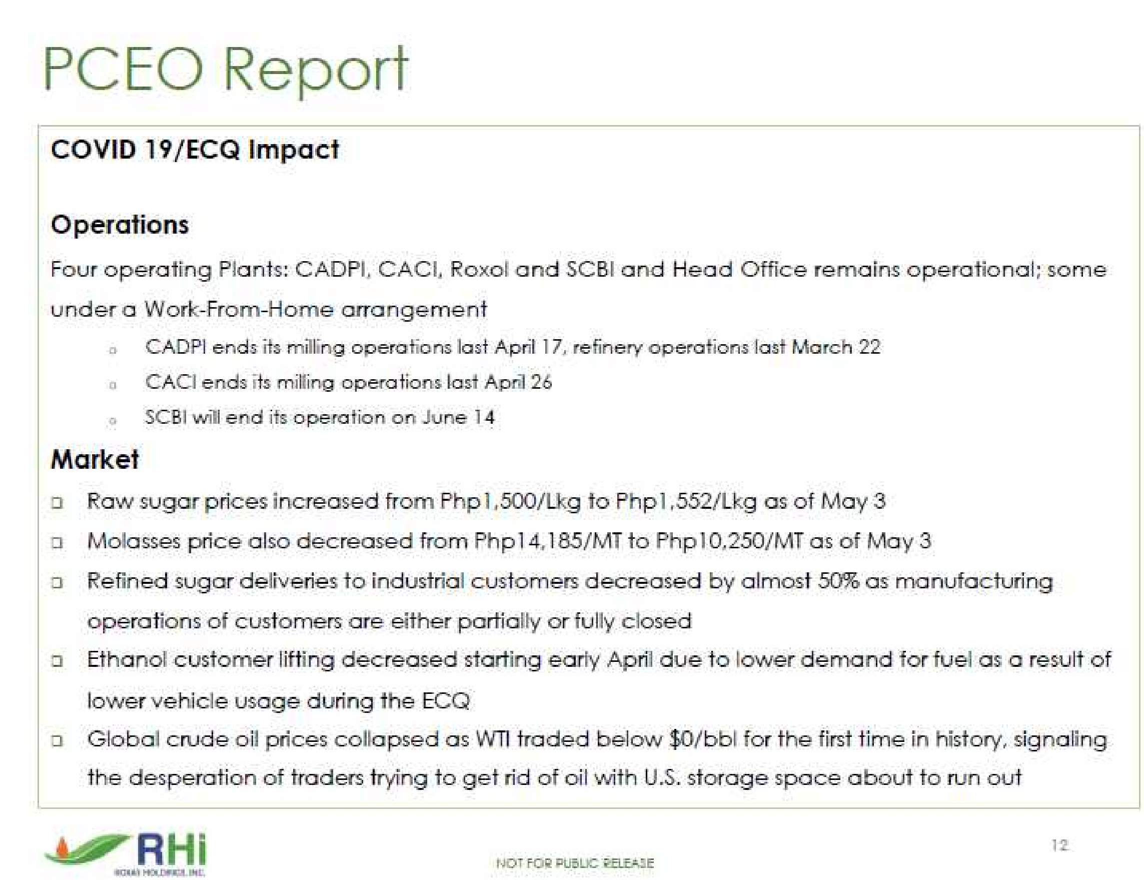
Mr. Oscar J. Hilado (Mr. Hilado) inquired if CACI has completed its milling. Mr. Tubio answered in the affirmative and stated that the milling was completed last April 26, 2020. CACI milled 1.734 million tons. The target was also reached. Mr. Hilado further inquired about the Alcohol Segment and stated that it has contributed negatively for Roxas Holdings, Inc. (RHI) this year. He asked how critically important is the Alcohol operations to the Sugar operations. Mr. Tubio answered that it is not critically important vis-à-vis the Sugar operations. There are two Ethanol units in the Group. Roxol Bioenergy Corporation (RBC) is actually doing well. SCBI is the one pulling it down. This was not anticipated when the Group took over the management of SCBI. The Management was overwhelmed by the number of issues that were present at that time from the Sugar business to the Ethanol business. Both businesses had problems at that time and Management tried to focus on solutions that can be done as fast as possible. CACI was prioritized and that resulted to a record production. The issues when the Management took over SCBI included planter relations, cane acquisition cost, the people and the facilities. When SCBI was taken over, repairs were not done yet. Some of the issues which were present when it was expanded from 90,000 to 140,000 liters/day, they were not prepared to do it. One of the reasons why SCBI contributed negatively is some of the factors attributed to its integral operations were not addressed very well by the previous owners. The expansion during the time of Jimenez did not fully consider the impact of producing ethanol from molasses. In terms of production, SCBI would need more water to produce the same volume of ethanol from molasses than from syrup. SCBI was specifically built to produce ethanol from sugarcane syrup and not molasses. This is the reason why there are problems in SCBI such as insufficient storage capacity and insufficient water discharge facilities. Management will present the strategies to solve these issues moving forward. Another factor is that SCBI has an exclusive contract with Petron. While this has pros and cons, it can choose not to lift like what it has done during the quarantine period. SCBI may have to stop operations since there is no storage. In the case of RBC, its yield or return is better. CACI is also subsidizing the bagasse. This is a major factor in producing ethanol. Internally, this is still costed. In terms of cash flow, it is not that much.

Mr. Hilado expressed his concern that the problem in SCBI is more structural rather than operational. He added that when ethanol was seen as a business to get into, it was because oil was considered as a critical scarce commodity and the country wanted to prioritize the development of fossil fuels. This has changed dramatically and the policies of the government do not seem to favor the operation of ethanol plants. The amount allotted for the drawdowns are not very attractive. He emphasized that his concern is that the structural challenges are causing long-term viability issues. This year, the high molasses affected the Ethanol businesses even more. Mr. Tubio answered that the previous statements are true. There has been a shift because of the primary basis that the Biofuel law was enacted during the time that the price of oil was $150.00 per barrel. The price of sugar at that time was Php900.00. It was very attractive, not only for the planters, to shift to high value products. Unfortunately, Administrations change. When the price of oil went down, instead of protecting the industry that was created though the Biofuel law, the Administration allowed the conversion of existing potable alcohol manufacturers to ethanol producers. There are additional competitors in the ethanol market. Worst part, these potable alcohol manufacturers are allowed to import molasses. Imported molasses is cheaper. He added that the Group made several representations and joined as founding member of the Ethanol Producers Association of the Philippines (EPAP) but he noted that most of the members are also converters. Mr. Hilado commented that the Group should focus on the things that can be controlled and consider a strategy that will help the Ethanol business to live in the environment which will prevail.

Alcohol Business Unit



Mr. Tubio presented a slide on the performance of the Ethanol business units. As a result of the COVID-19 pandemic and the pushing back of the lifting of oil producers, the production has been substantially reduced. RBC was doing fine and targets were reached during the half way point. The target is actually 44 million liters. At halfway point, RBC hit the target of 50%. Because of the lifting issues, RBC pared down the target productions for the rest of the year. The Management believes that whatever was pushed back by the oil companies will not be recovered within the succeeding quarters. The result for the full year will reflect that the Ethanol units were really affected. Aside from that, when the price of molasses went up to Php13,000.00-Php14,000.00 per metric ton, the Group stopped buying molasses except for the volumes that have been contracted. The Group used the sugar syrup. Because of that, the Group was able to affect the price of molasses. This also contributed to the congestion problem driving the price of molasses to go down. From the time the Group stopped buying molasses, the price went down to Php10,000.00 per metric ton. The Group is still not buying until the price goes down to Php9,000.00. The Group has maximized the sugar syrup form CACI which enabled RBC to produce an additional 2 million liters. In addition, the Group contributed to the efforts of the MVP Group in fighting COVID-19 by supplying a substantial volume of 70% alcohol for the use of hospitals, government agencies and so forth. To date, the Group has already supplied 75,000 liters of 70% alcohol. That is the small contribution of the Group to fight the pandemic.



PCEO Report

COVID 19/ECQ Impact

Operations

Four operating Plants: CADPI, CACI, Roxol and SCBI and Head Office remains operational; some under a Work-From-Home arrangement

- CADPI ends its milling operations last April 17, refinery operations last March 22
- CACI ends its milling operations last April 26
- SCBI will end its operation on June 14

Market

- Raw sugar prices increased from Php1,500/Lkg to Php1,552/Lkg as of May 3
- Molasses price also decreased from Php14,185/MT to Php10,250/MT as of May 3
- Refined sugar deliveries to industrial customers decreased by almost 50% as manufacturing operations of customers are either partially or fully closed
- Ethanol customer lifting decreased starting early April due to lower demand for fuel as a result of lower vehicle usage during the ECQ
- Global crude oil prices collapsed as WTI traded below $0/bbl for the first time in history, signaling the desperation of traders trying to get rid of oil with U.S. storage space about to run out

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Mr. Tubio stated that the operations for the four subsidiaries continued during the ECQ, until the milling operation ended in both CACI and CADPI. The refinery operations will resume on the third or last week of May. These are the significant figures that have affected the first half.

PCEO Report

COVID 19/ECQ Impact

Cash Flow Management

- Operational Cash Flows
  - Cash flow is monitored on a daily basis to ensure that cash is available to support continuous manufacturing operations
  - Major customers has online payment facility which helped in the timely settlement of invoices
  - Significantly reduced refined sugar deliveries to customers with unpaid invoices beyond due dates
  - Payments to core suppliers, including planters, are being paid on a regular basis to ensure continuity of operations
  - Extended payments terms to suppliers of non-core expenses

- Debt Servicing
  - Long term loans amortization maturing up to September 30, 2020 were fully paid in November 2019 from HPCo shares proceeds including related interest
  - Interest payments were deferred in accordance with the guidelines issued by Department of Finance

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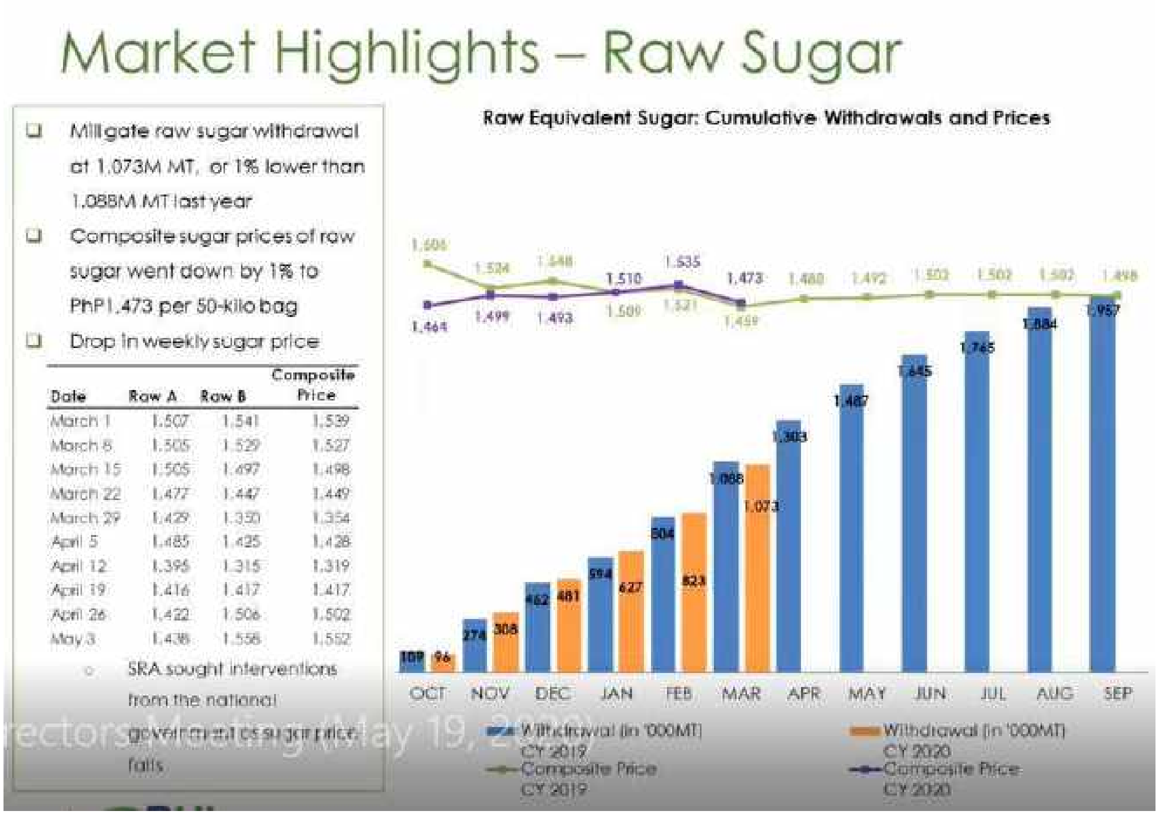
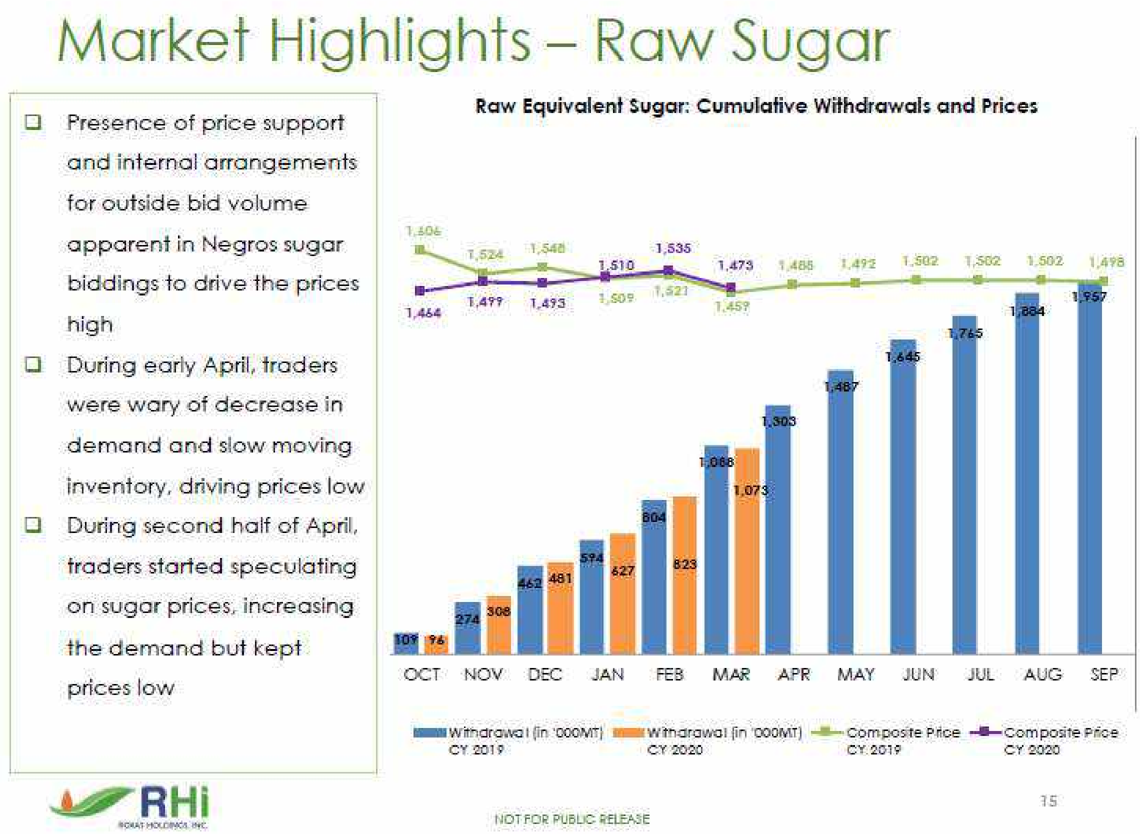
Mr. Tubio mentioned that the cashflow issues will be fully explained by Mr. Celso T. Dimarucut (Mr. Dimarucut). Mr. Tubio reiterated that the Management will prepare and present the strategies moving forward.

Market Highlights (Sugar Business)

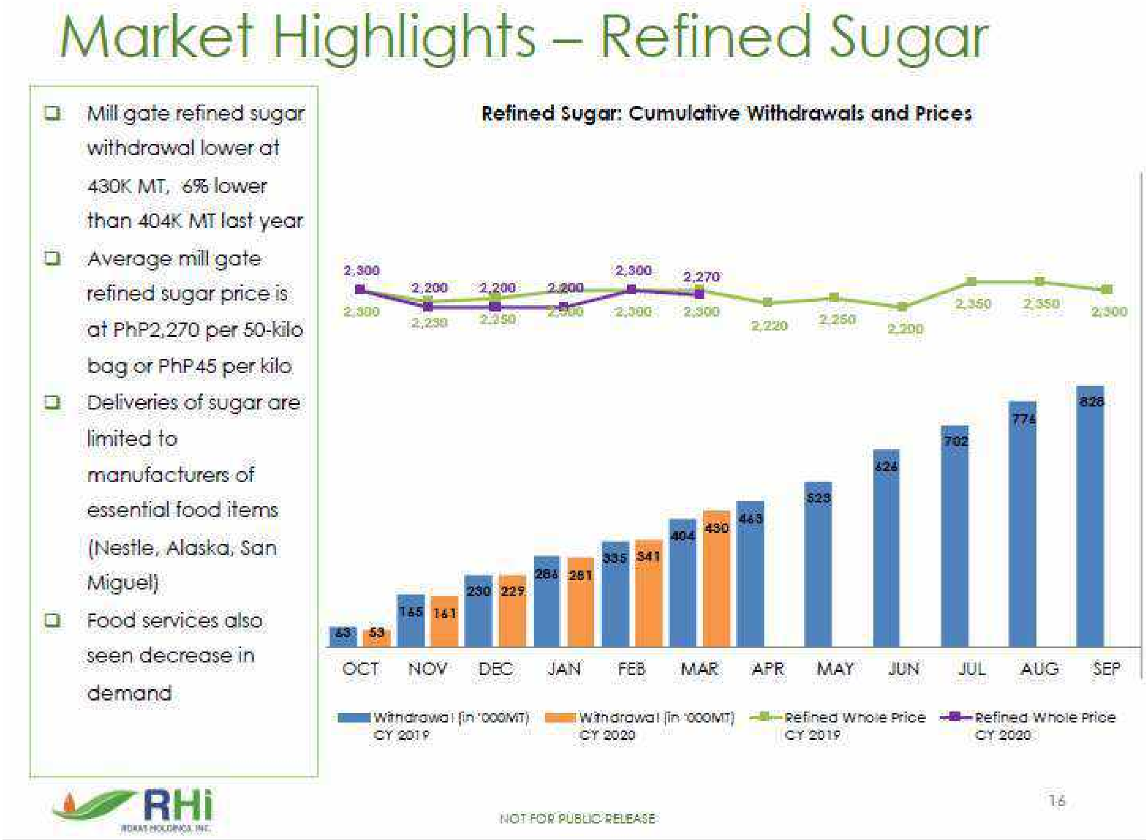
Ms. Jennifer Lim (Ms. Lim) present the market highlights for the Sugar business.



Ms. Lim discussed that mill gate raw sugar was down by 1% compared last year. In terms of demand for La Carlota sugar, it is still very strong. In fact, all the sugar produced for mill share and planter share were sold until the last week of the bidding sometime in mid-April. In terms of sugar prices, the graph shows that from Php1,535.00 per bag in February, it went down to Php1,473.00 per bag in March for composite prices. The reason for the decline in the price is that sometime during the period of the quarantine, traders who were buying became wary of the increase in inventories that they have but demand from manufacturers was low. From late April to the date of the meeting, price has gone up because demand has been returning from the manufacturers. Traders are also speculating with regard to the demand.



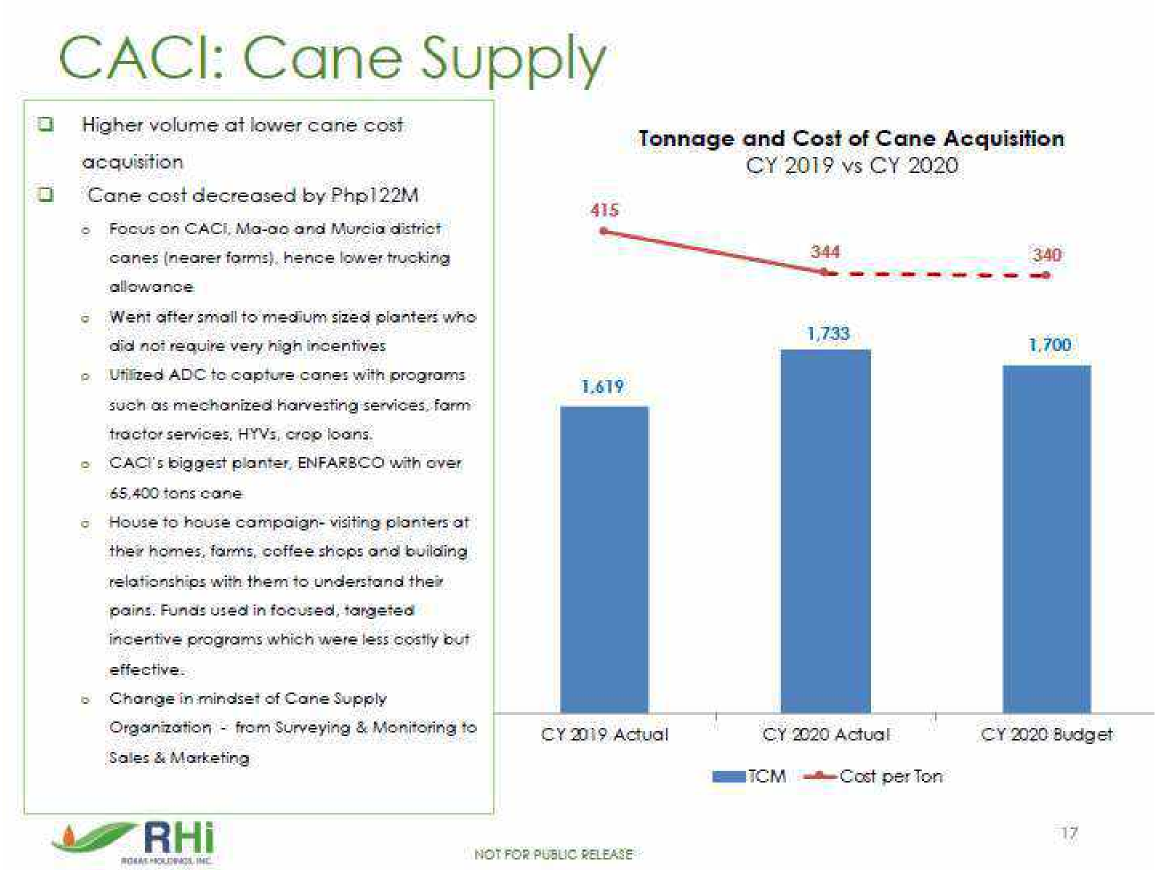
Even if the prices are going down, there is a presence of price support and internal arrangements. What happens is that the mill and the trader will have internal arrangements where they will bid for the open bid volume at a high price. This drives the price of the sugar to go higher but the real price is actually lower. Prices of sugar this year have been a little bit of a play between market forces and somehow a bit synthetic. CACI has not participated in this.



For refined sugar, prices hit the Php2,270.00 level in March. During the first quarter, importations were done driving the price of sugar to about Php2,100.00. By the time the demand went back in January, the Group was already closing contracts with higher prices. Prices went down during the quarantine period. As of now, the Group is serving a few customers and mostly food manufacturers, such as Nestle, Alaska and San Miguel. During the quarantine, most of the food services were halted therefore decreasing the demand for sugar. The Group will continue to serve Nestle, while the others would have exhausted their Purchase Orders by the end of May.

Mr. Tubio added that collections were made through online deposits despite the quarantine imposed by the government.

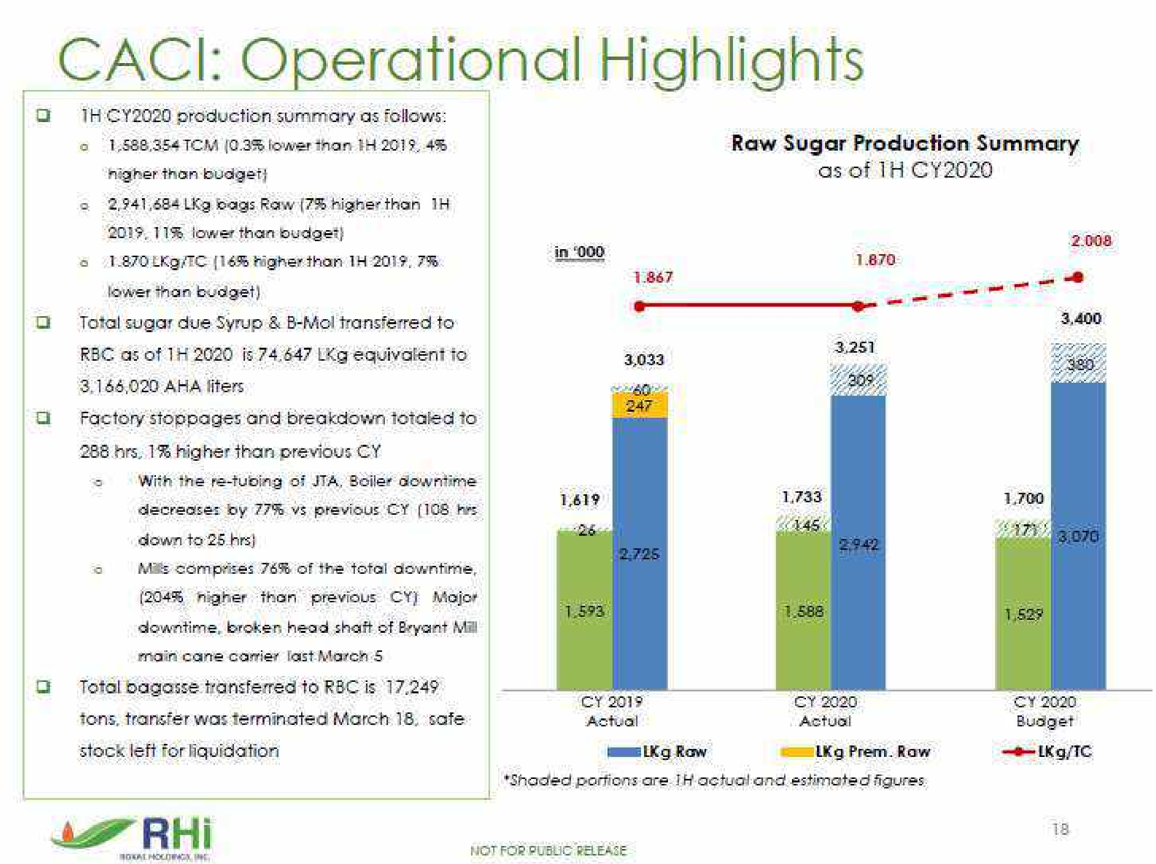
Cane Supply (CACI)



Mr. Jose Manuel L. Mapa (Mr. Mapa) discussed the cane supply situation in CACI. He mentioned that CACI was able to exceed the targeted 1.7 million tons. From 1.619 million tons caned milled last year, CACI attained 1.733 million tons. What is significant here is that CACI was able to achieve a higher tonnage but the cost of cane acquisition decreased by Php122 million. This translates to a cost of cane acquisition of Php344.00 per ton. Essentially, what was done was to focus on nearby farms. Since these are nearer, the trucking allowances were also lower. CACI went after small and medium planters who did not require high incentives. These were mostly below the radar of other competitors. By doing this, CACI avoided going into a price war in terms of incentives. CACI utilized RHI-Agribusiness Development Corporation (ADC) to capture canes through programs such as the use mechanical harvesters, farm tractor services, high yielding varieties and crop loans. He said that the best example of this is ENFARBCO, a coop. They turned out to be the biggest planter with around 65,400 tons. The Group's relations with ENFARBCO started two years ago when Mr. Cojuangco turned over five of his farms to the coop. The Group found out that they needed tractor services and since the Group had them, the same was offered to the coop. When they needed high yielding varieties, the Group helped them by giving these high yielding varieties to them. The Group was able to build a deep relationship with them. The Group also went to the houses of the farmers and listened to them. By doing this, the Group was able to allocate the fund well.

Mr. Hilado inquired if the farms mentioned are those in La Carlota all the way to the Himamaylan area. Mr. Mapa answered that the strategy was to target the nearer farms. Mr. Mapa continued to discuss that there was a change in mindset of the Cane Supply Organization to more of sales and marketing. Targets were assigned and their performances were monitored on a weekly basis. What allowed CACI to reach the target is the reliability of the mill. A lot of repairs were done.

Operational Highlights (CACI)

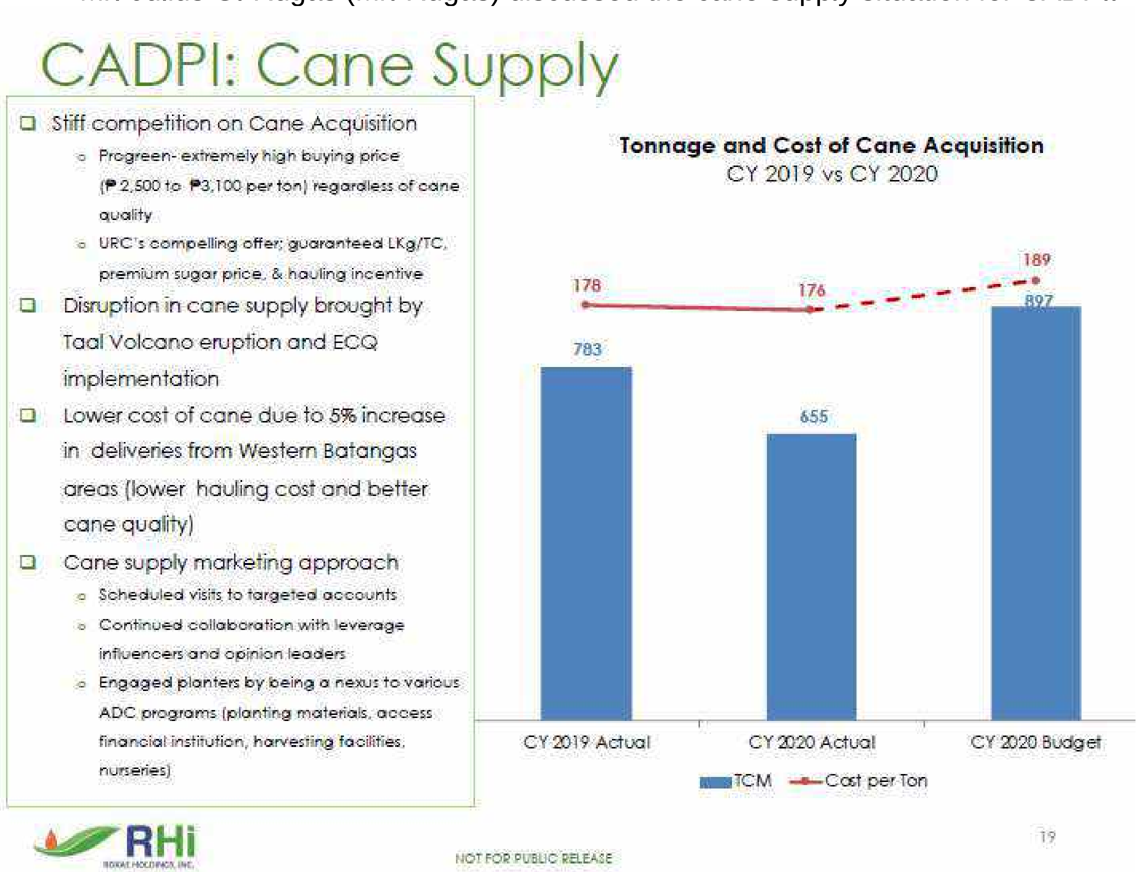


Mr. Pilipino T. Cayetano (Mr. Cayetano) discussed the operational highlights for CACI. He shared that CACI was able to hit more than 1.7 million tons and this is 7% higher as compared to last year. CACI was able to produce 3,252,828 bags of raw sugar with a yield of 1.877LKg. CACI shared an equivalent 85,000 tons of syrup to RBC which is equivalent to 2 million liters of AHA. Factory stoppages and breakdowns were also experienced but with regard to the boiler, the same was reduced by 77% versus last crop year. The highest down time happened in the mill last March 5, 2020 wherein there was a broken shaft in the mill cane carrier. The total bagasse transferred to RBC is around 17,258 tons and the remaining inventory is at around 3,500 tons which is good enough for the next start up. Another highlight is the improvement in the quality parameters. For raw sugar, CACI is monitoring the color, the poll and the moisture. In preparation for the next crop year, CACI has started the preparations for the Off-Season Repairs (OSR) since last December. Starting May 30, CACI will start the initial activities for OSR with priority on the Bryant Mill. CACI's OSR initially started May 4, 2020 but the full blast of activities will happen on May 25, 2020. The target is to have one mill operations which is from June 1 – September 30, 2020. A test run is targeted to be done on September 14, 2020. There are challenges right now in the OSR, especially those items and activities that are outside Negros. This includes the Phase 2 repair of the JTA Boiler. The challenge here is the materials which will be coming from South Africa and the engineers who will guide CACI in the repairs. To mitigate the situation, JTA will install a CCTV camera so that there will be a direct supervision from the technical team of JTA in South Africa. CACI will also prioritize pumps for the boiler house during the OSR. Pumps for reconditioning have already been shipped.

Mr. Hilado inquired if CACI is able to produce the same quality as the sugar from HPCo to qualify for premium pricing. Mr. Tubio answered that the Management found that the incremental value of that sugar began to slide and it was not actually sustainable in the future because everybody else can do it. The Management felt that that project is not sustainable moving forward insofar as that type of sugar is concerned.

Cane Supply (CACI)

Mr. Julius G. Rugas (Mr. Rugas) discussed the cane supply situation for CADPI.



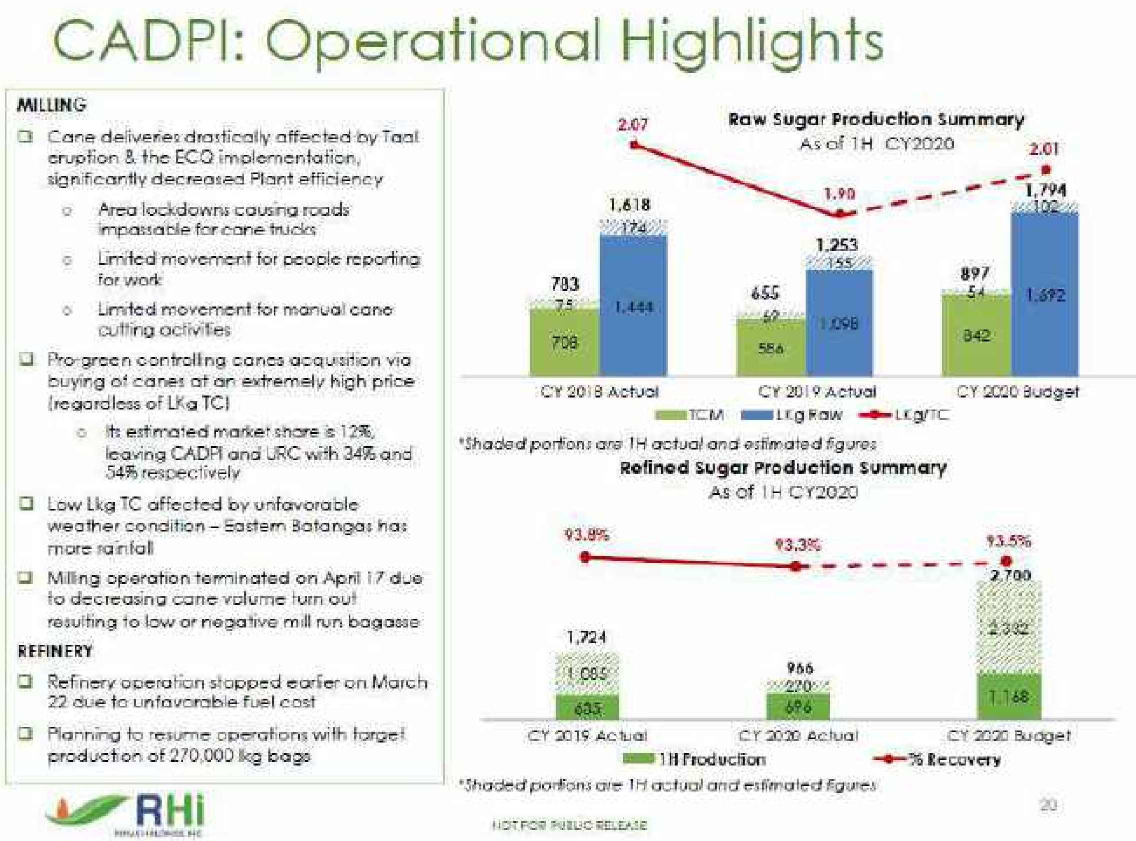
He mentioned that for cane supply, it is actually lower than the previous year and significantly lower than the budget of 897. There were two major issues that were faced: the Taal eruption and the Enhanced Community Quarantine (ECQ) imposed in Batangas. With regard to the competition of cane acquisition, it is quite hard to fight the high buying price of Progreen. Despite the delivery canes that are not matured, Progreen still pays Php3,000.00 per ton. Universal Robina Corporation (URC) is offering a guaranteed LKg/TC especially for Eastern Batangas planters. The Eastern Batangas has higher volumes compared to Western Batangas where CADPI is. Despite this, CADPI concentrated on the areas near it. This resulted to a lower cane acquisition cost. What the Management did was to convert the field inspector's mindset into marketing and sales instead. They know the computations whether the canes are brought to CADPI or to other mills. CADPI also engaged the influencers of the small planters in Batangas. The Management is looking to recover this year because the initial data shows that the Batangas cane plantation increased by 20%. The Management is hopeful that those planted areas will grow as normal crops. The CADPI Management is also looking at the availability of tabaseros. During the Taal eruption, there were a lot of construction workers who went back to Batangas and it was a good opportunity to engage them as tabaseros. Unfortunately, because of the ECQ, CADPI cannot move them from one place to another. CADPI will also bring back two units of mechanical harvesters from Bacolod so that the harvesters can be used to the advantage of CADPI. Management will continue the strategies of support through the Don Pedro Mill Foundation and one of the biggest cooperative in Batangas, which is the BPSCMA to augment the needs of the small planters in terms of land preparation and fertilizer supply. He reiterated that CADPI is looking at about 20% increase in terms of the cane supply in Batangas by this coming crop season.

Mr. Roxas inquired as to the source of the 20% increase mentioned by Mr. Rugas. Mr. Rugas answered that this combined from Western and Eastern Batangas. He mentioned that the focus really is in the Western side.

Mr. Tubio added that the Management is also looking at utilizing a land area in Cavite. These are farms left by the Cavite Bio. The Management has initiated talks with them for a partnership wherein they will bring the canes to CADPI. The area is about 1,000 hectares which can be utilized for planting and an additional area of 2,000 hectares more but this one may be problematic. The first land area mentioned actually has standing crops already.

Operational Highlights (CADPI)

Mr. Lozada presented the operational highlights for CADPI.



As mentioned earlier, the cane deliveries were affected by two incidents mentioned by Mr. Rugas – the Taal volcano eruption and the COVID-19 pandemic. There is limited movement of manual canes. With Progreen buying into the CADPI's pie, the market share has dropped from 60%-70% to about 54%. The weather conditions also did not help and there were a lot of rainfalls resulting to low quality of canes and low LKg/TC. The milling operations were terminated last April 17, 2020 due to decrease in cane volumes and the bagasse being produced for milling is not enough for continuity and would result in eroding of bagasse for the remaining refinery run. The refinery operations stopped last March 22, 2020 because of the unavailability of bagasse due to low deliveries of canes. CADPI is planning to resume the refinery operations to produce 270,000 Lkg bags before the end of May.

Mr. Roxas inquired if the raw sugar of Balayan is being sent to CADPI for refining. Mr. Lozada answered that there is a tolling contract with one of the big traders. The 270,000 LKg bags are already in CADPI's warehouse.

Operational Highlights (RHI Agri-Business Development Corporation)

Mr. Mapa presented the operational highlights for ADC.

ADC: Operational Highlights

- Expanded in-house farms and contract growing areas from 192 to 496 hectares, an increase of 158%
- Farm productivity of ADC farms continues to rise from 48 tons/ha in CY 1819 to 71 tons/ha in CY1920, increased by 48%
- ADC's programs (farm services) have helped in the cane acquisition campaign, particularly with the ECJ Farm Agrarian Reform Beneficiaries Coop (ENFARBCO) which is now CACI's No. 1 planter with over 830 hectares of sugarcane
  - CACI has been able to capture 64,585 tons cane, over 90% of canes of ENFARBCO. This to a large extent is due to the tractors, grab loaders, mechanical harvesters and even HYVs and the Account Management approach employed by ADC.
- ADC's harvesting services for CACI planters increased by 71% from 52,719 in CY1819 to 90,155 tons in CY1920 due to a more aggressive campaign to offer these services to planters. This has helped bring in planters who normally do not mill with CACI

	FY2019		FY2020	
Negros farms	Rented Areas (ha)	Actual TCM	Rented Areas (ha)	Actual TCM (as of March 30)
In-house farms				
San Ricardo	31	1,880	32	2,043
Hibong	-	-	62	2,497
Carolina	-	2,764	69	2,476
Hibong additional***	-	-	12	-
San Jose***	-	-	80	-
US***	-	-	72	-
Manaloto***	-	-	61	-
Contract growing farm				
Carolina**	89	-	-	-
Himamaylan*	13	399	-	-
Alegria	29	2,500	31	1,728
Hilado	-	-	67	2,681
Batangas*	30	853	-	-
Total	192	8,396	496	11,425

* agreement terminated in 2019

** managed as in-House starting crop year 2019-2020

*** acquired Sept 2019 to Feb 2020, harvest will be on crop year 2020-2021

ADC Harvesting Services for CACI planters

As of 31 March 2020	2019 Actual	2020 Actual	2020 Budget
ADC Cane Volume (in tons) from mechanical harvesters and grab loaders	52,716	90,155	89,000

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He mentioned that ADC has expanded its in-house farms and contract growing areas from 192 hectares to 496 hectares. These are all in Negros. It is an increase of 158%. The farm productivity of ADC farms continues to rise from 48 tons/hectares to 71 tons/hectare. This is an increase of about 48%. ADC's farm services have helped in the cane acquisition campaign. ADC's harvesting services for CACI planters increased by

71%. This from 52,719 tons last crop year to 90,155 tons this crop year due to a more aggressive campaign.

ADC: Operational Results

	NEGROS FARMS							Harvester/ Tractors Rental	Farm Services	Others	1H FY2020 Actual	2H FY2020 Estimate	FY2020 Outlook
	In-House				Contract Growing								
	San Ricardo	San Jose	Hibong	Carolina	Alegria	Hilado	Total						
FARM PRODUCTIVITY													
Hectares planted	24	-	32	36	26	48	164						
TCM	2043	257	2,497	2,476	1,728	2,681	11,682						
Ton/Hectare	87	-	79	69	68	56	71						
REVENUE	4.415	0.559	5.487	5.271	4.864	6.469	27.065	3.462	0.428	1.101	32.056	-	32.056
Sugar Cane	4.415	-	5.487	5.271	4.864	6.469	26.506	-	-	-	26.506		26.506
Equipment Rental	-	-	-	-	-	-	-	3.462	-	-	3.462		3.462
Farm Services	-	-	-	-	-	-	-	-	0.428	-	0.428		0.428
Others	-	0.559	-	-	-	-	0.559	-	-	1.101	1.660		1.660
COST OF SALES	5.829	1.402	6.471	8.159	5.093	-	28.169	10.146	-	-	38.316	-	38.316
Farm Cost of Sales	5.829	1.402	6.471	8.159	5.093	-	28.169	-	-	-	28.169		28.169
Depreciation	-	-	-	-	-	-	-	10.146	-	-	10.146		10.146
OTHER EXPENSES	-	-	-	-	-	-	-	2.721	-	2.115	4.836	-	4.836
Repairs and Maintenance	-	-	-	-	-	-	-	2.721	-	-	2.721		2.721
Personnel Cost	-	-	-	-	-	-	-	-	-	2.115	2.115		2.115
GROSS PROFIT	(1.413)	(0.843)	(0.984)	(2.888)	(0.230)	6.469	(1.104)	(1.405)	0.428	(1.014)	(11.095)	-	(11.095)

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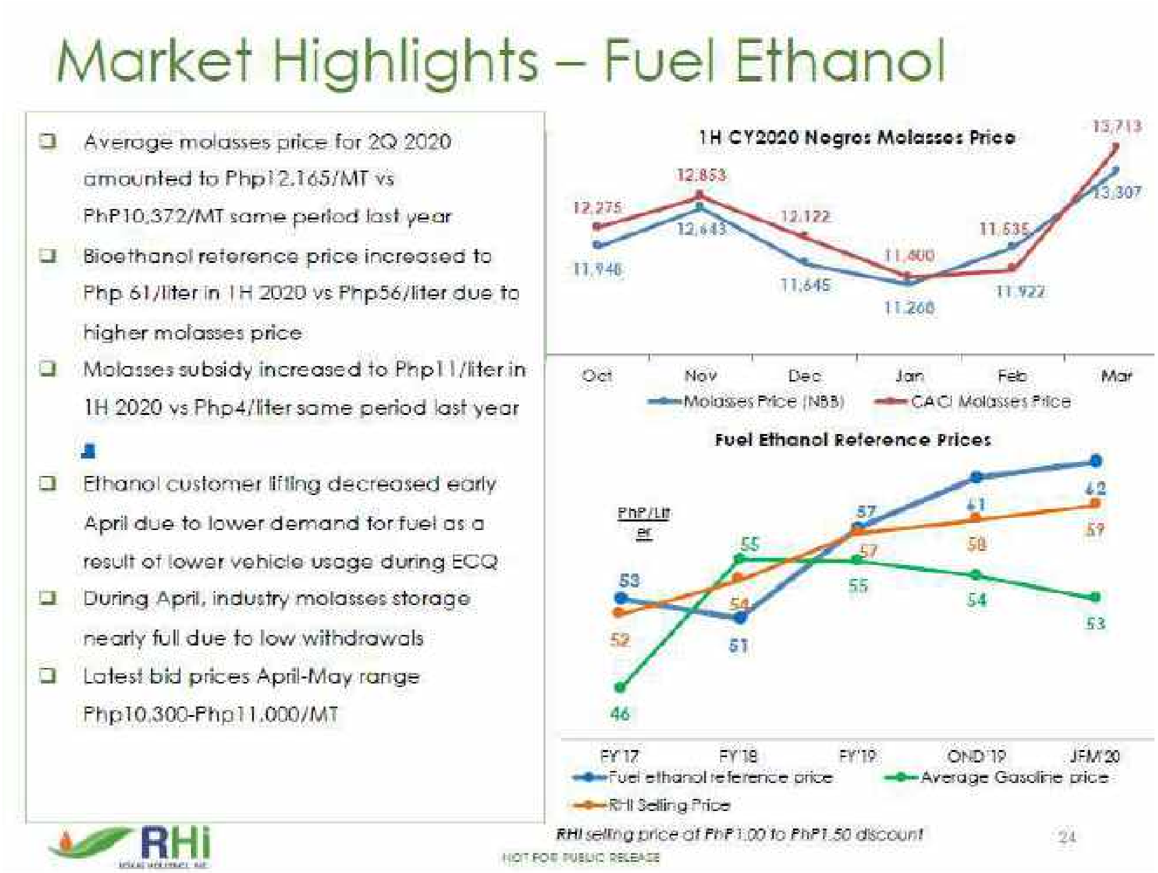
As for the Profit and Loss (P&L) of ADC, Mr. Mapa mentioned that it is still a gross loss of Php11 million but that includes Php10 million of depreciation. Same time last year, it was a gross loss of Php28 million. It is improving because there are more farms and better utilization of tractors, grab loaders and mechanical harvesters.

Mr. Roxas inquired if moving forward, the area can be increased. Mr. Mapa said that the area can still be increased and there are still prospects in Negros. Meanwhile in Batangas, he mentioned that the planters will not be happy if the Group continues to increase its in-house farms. Collaborations would have to be carved up with them. Mr. Tubio added that one of the plans of Management is to improve the yield per hectare in Batangas. The planters are not really very keen in good agricultural practices because these are small farms. They are not very dependent on sugar alone. A strategy is needed to influence the planters' practices.

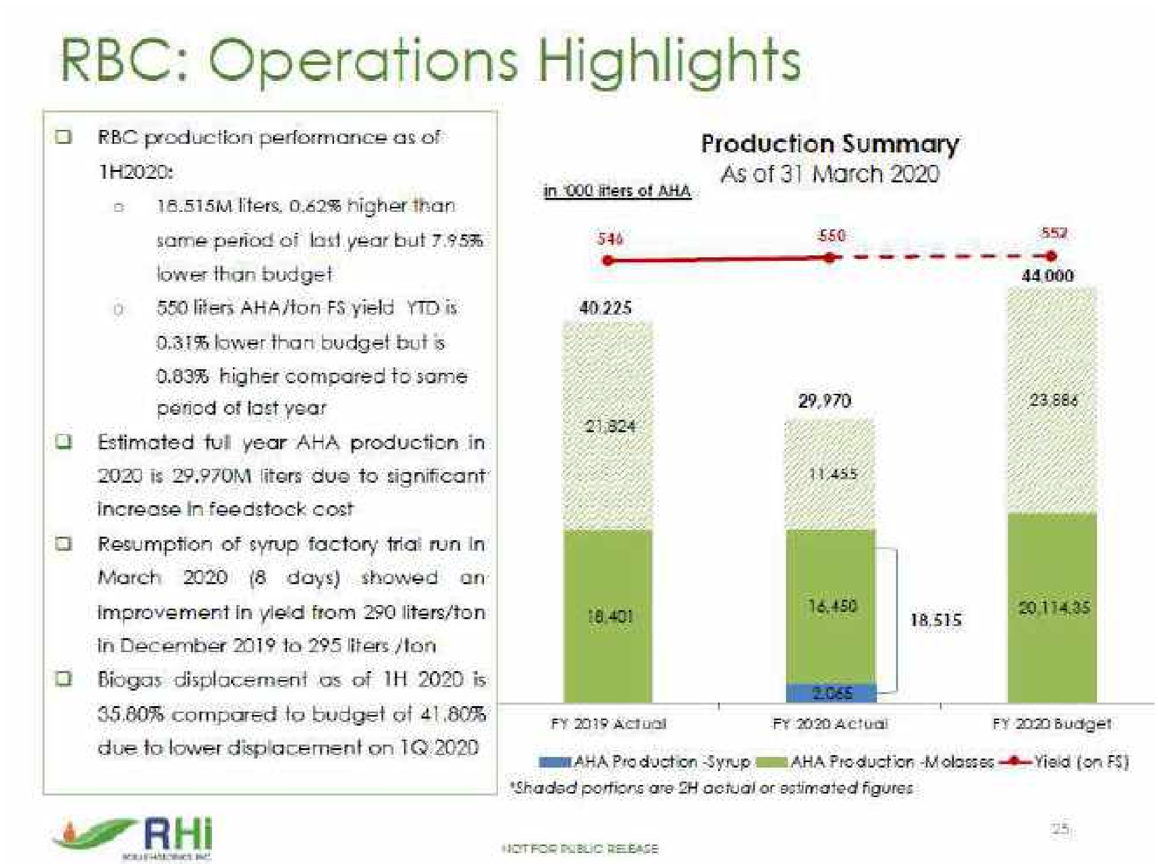
Market Highlights (Alcohol Business)



Ms. Lim discussed that for ethanol, the Group has seen high prices of molasses for the first half year. It has continuously increased from October 2019 and went down sometime in January 2020. This is because demand has gone down after the Christmas holiday. The prices shown are all National Average price for molasses. Since the Group is only utilizing molasses in Negros, it is important to note that the prices in Negros have been reaching the Php14,000.00 level sometime before the quarantine period. After quarantine started, prices when down to about Php10,500.00 at negotiated price. This is because all the mills have full storage of molasses due to slowdown in demand. Because of the increase in the price of molasses, the NBB price also increased. The molasses subsidy is also increased to Php11.00 per liter. In terms of ethanol, there are contract balances and Purchase Orders which were not lifted during the quarantine period. The last barge lifting for SCBI was last April. There have been withdrawals for tankers as well. The customers also mentioned that they will not be lifting ethanol for the rest of May. The Group is forecasting that demand with trickle slowly towards the latter part of June.

Mr. Roxas inquired as to what happens when the customers with contracts fail to withdraw and if this will allow the Group to serve others. Ms. Lim answered that whatever volume is left in the contract and if they expressed interest to lift again, the contract would have to be served. Mr. Tubio added that the Group can also in the meantime serve others. Ms. Lim also mentioned that there are other customers being served by SCBI. Mr. Tubio also discussed that the Group has been offering discounts to customers because of the constraints in the storage of AHA. Permission from the Bureau of Internal Revenue was secured to transfer the inventories from SCBI to RBC.

Operational Highlights (RBC)

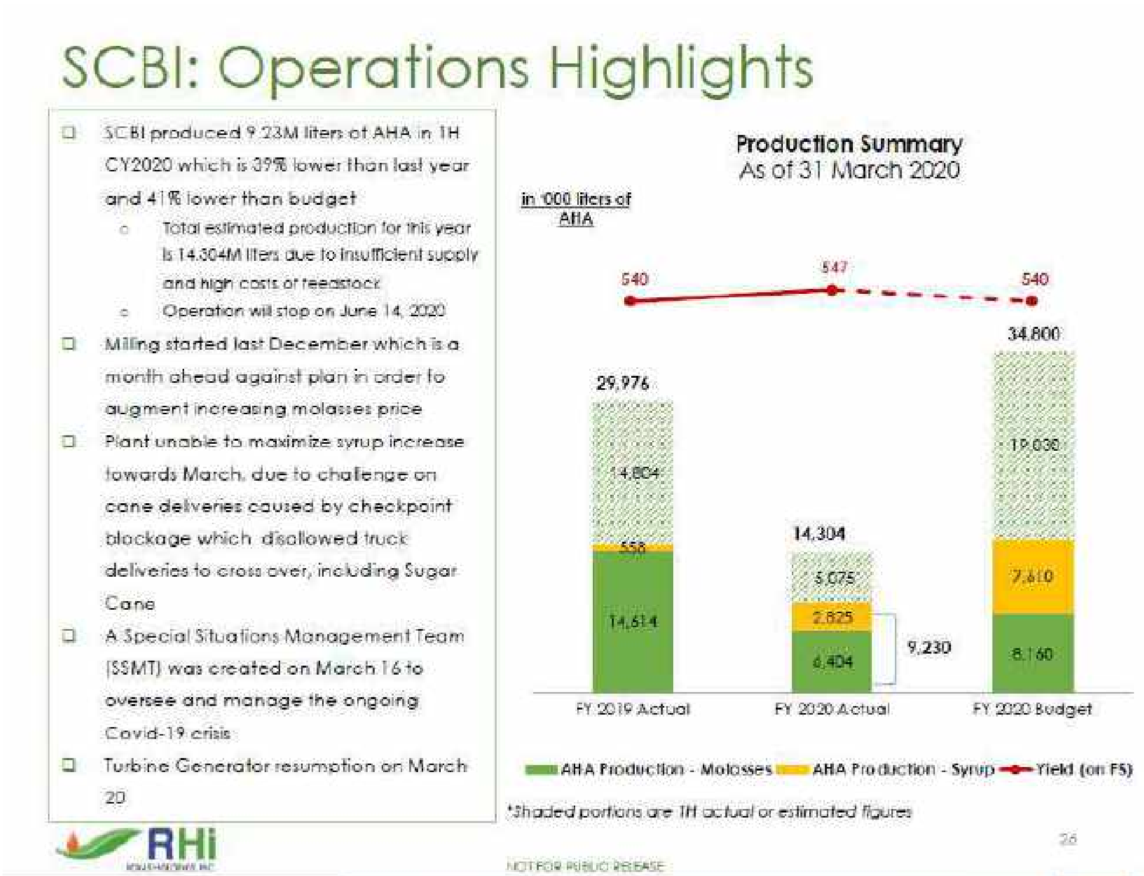


Mr. Cayetano discussed that RBC has already produced about 18.515 million liters, where about 2 million came from the feedstock of syrup and B molasses. As the milling operations ended, about 85,000 bags equivalent sugar were transferred which is equivalent to about 5,025 tons of molasses. For the whole month of March, syrup and B molasses were transferred to RBC for alternative feedstock. As for the yield, RBC has already produced about 25,289,000 million liters of AHA as of May 17, 2020. For the rest of 2020, if RBC is able to produce about 29 million liters of AHA, the total production will exceed the 44 million target. As of the AHA/ton FS yield, RBC has produced about 550 liters AHA/ton FS yield as of date. For the biogas displacement during the first half, RBC is at 35.80% compared to the target of about 41.80%. As of May 17, 2020, RBC has already hit 39.71% of biogas displacement. RBC is forecasted to hit the target by the end of June.

Mr. Roxas inquired about the use of syrup and how it affects the biogas production and if it is the same if molasses is used. Mr. Cayetano mentioned that the numbers will be checked but based on the trend, higher biogas percentage was produced from the use of syrup and high-grade molasses. Mr. Lozada added that because of the lesser impurities in the syrup, the volume of biogas will be reduced. Considering that when syrup is used, bagasse will also be produced. Thus, it will be covered by the bagasse produced. Mr. Roxas asked if this is because bagasse will not be used for crystallization. Mr. Tubio mentioned that there are constraints because the Sugar Regulatory Administration is monitoring the productions of RBC.

Mr. Cayetano continued by saying that RBC is targeting about 146,000 liters of AHA production per day. Part of the action items are to control the scale formation, regular sanitation of the fermenters, continuously use the fermentation time and to improve on equipment reliability.

Operational Highlights (SCBI)



Mr. Jose B. Villanueva III (Mr. Villanueva) discussed that apart from the ongoing pandemic, during the start of the operations, the budget was below the price of feedstock already. Milling started in the middle of December but the canes were not sufficient yet. It was hard to compete with the nearby millers as well. There was a major breakdown of the condenser and this took away around 300-400 tons in SCBI's capability to mill because there was a need to cut the electricity. Thus, SCBI was milling around 900-1,000 tons per day. SCBI is trying to increase the blend of syrup but the maximum is at about 45%-50% and the ideal is 90%-10%, where molasses is at 10%. The good news is that SCBI is hitting its efficiency targets. Theoretical computations show that around 320 liters per ton of syrup where hit but the actual is already at 305 liters per ton of syrup. As mentioned, the reliability of the plant was affected by the condenser. This has been corrected already. The problem arose because of the use of chemicals in cleaning the tubes. When SCBI re-started sometime in March, there was no major issues. Other challenges include the halting of deliveries of canes from the Negros Oriental because of the implementation of ECQ. Sometime in April, when there were no liftings already, SCBI had to shift its productions to the storage of RBC. Nonetheless, SCBI was able to form a Special

Situations Management Team to address unique and special circumstances such as the current pandemic.

Mr. Roxas asked about the total tonnage milled of SCBI. Mr. Villanueva answered that the tones canned milled for SCBI is at 93,244 tons. This is 29% lower compared to 120,000 tons last year. SCBI will continue to try to mill until mid-June and that will produce around 20,000-25,000 tons.

Mr. Tubio mentioned that once the storage of SCBI is calculated to be filled up, operations would have to be stopped.

V
INTERIM FINANCIAL STATEMENTS FOR THE FIRST HALF-YEAR ENDING MARCH 31, 2020

Profit & Loss

- Higher sugar gross profit is primarily driven by gross profit generated from raw sugar sales. Raw sugar unit production cost went down from Php1,383 in FY19 to Php1,246 in FY20. Raw sugar gross profit per Lkg increased by Php132 in FY20.
- Alcohol gross profit declined significantly as a result of higher feedstock cost --- average molasses cost in FY20 amounted to PhP12,088 vs PhP10,209 in FY19. Feedstock margin decreased to PhP14 in FY20 vs PhP19 in FY19 (equivalent to Php 114 million)

	Half Year Ended March 31			Year End		
PhP milions	FY2020 Actual	FY2020 Budget	FY2019 Actual	FY2020 Outlook	FY2020 Budget	FY2019 Actual
Sugar segment	390	730	146	455	1,073	261
CACI (Negros plant)	269	300	(2	255	324	41
CADPI (Batangas plant)	136	421	140	211	747	190
HPCo (45% equity interest)	2	-	37	2	-	41
ADC	(11)	9	(26	(11)	3	(6)
Alcohol segment	(4)	221	137	(67)	511	140
SCBI	(32)	70	53	(125)	180	48
RBC	28	151	84	58	331	92
Contribution from operations	386	952	283	388	1,585	402
Operating expenses	(467)	(588)	(514	(957)	(1,093)	(1,010)
Other income	61	44	27	90	87	70
Interest expense	(328)	(285)	(337	(634)	(561)	(704)
CORE INCOME (LOSS) BEFORE INCOME TAX	(348)	123	(541)	(1,114)	18	(1,243)
Tax benefit (expense)	(3)	(5)	(8	-	(32)	(20)
CORE NET INCOME (LOSS)	(351)	118	(548)	(1,114)	(15)	(1,263)
Gain from sale of HPCO investment	258	-	-	258	204	-
CADPI catch up depreciation	-	-	-	(590)	-	-
Recognition (derecognition) of deferred taxes	-	83	184	-	127	(456)
Provision for tax assessment	-	-	-	-	-	(120)
NET INCOME (LOSS)	(92)	201	(364)	(1,446)	316	(1,889)
Depreciation	312	460	446	1,151	921	571
CORE EBITDA	291	868	282	81	1,499	32

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Mr. Dimarucut mentioned that that the main drivers in the financials of the Group have already been discussed by Mr. Tubio and the rest of the team. He added that by way of summary, the Group will be reporting a net loss of Php92 million for the first half. This is an amount lower than the previous year of about Php364 net loss. The improvement was driven by the good performance of the Sugar Segment and combined reduction in the Interest Expense, Operating Expense and addition to Other Income. The benefit of the gain from the sale of HPCo was also included in the first half. Moving on the full year outlook, the Group is looking at a net loss of Php1.4 billion. While it is lower than last year, it is still quite substantial. The biggest driver for this is the shortfall on the Alcohol business and that of CADPI. The Group continues to pay a high level of interest expense but the Group has been able to bring down the level of debt of about Php900 million each year. This is the result of the proper management of the working capital and the sale of HPCo. Nevertheless, the Interest Expense remains to be high because of the increase in rates. Three years ago, the interest rate averaged about 4% but now, the average is about 6.6%. This was driven by the increasing rates in the market and the Group is no longer getting premium rates considering the level of indebtedness in the Group's accounts. The Group has maximized most of it credit lines. For the full year, there is a catch up on the depreciation of CADPI. CADPI has previously been classified as an asset held for sale and as such under the rules, the Group was not required to depreciate CADPI. With the re-classification of CADPI, the Group would need to book a catch-up adjustment for this.

Alcohol segment GP Analysis

	BRP	RBC	Variance
Feedstock margin	22.29	16.00	(6.29) *
Processing cost	22.29	13.77	8.52
Gross profit/liter			2.23
Production volume			25,918,394
Estimated Gross Profit (in millions)			58
* Selling price discount	(1.00)		
Molasses subsidy	(11.40)		
Yield improvement	6.11		
	(6.29)		

	BRP	SCBI	Variance
Feedstock margin	22.29	12.54	(9.83) *
Processing cost	22.29	20.33	1.96
Gross loss/liter			(7.87)
Production volume			15,880,407
Estimated Gross Loss (in millions)			(125)
* Selling price discount	(1.00)		
Molasses subsidy	(9.40)		
Yield improvement	0.57		
	(9.83)		

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Mr. Dimarucut discussed that the biggest factor hitting the Group is the molasses subsidy. Categorically, in terms of the feedstock, the Group should have been covered because the formula accounts for the use of molasses and sugarcane on an equal basis. Unfortunately, this is a fixed formula and does not account for changes in the kind of feedstock being used. In the Group's case, since price movements are happening in the molasses and price of sugar remains constant, then to a certain extent, the Group's reimbursement in the feedstock price is averaged down by the price of sugarcane. In SCBI, there is low production volume of about 16 million, thus, the average unit cost will increase. This is because there is less volume to absorb the fixed cost of running SCBI.

Profit & Loss

	Half Year Ended March 31			Year End		
PhP millions	FY2020 Actual	FY 2020 Budget	FY2019 Actual	FY2020 Outlook	FY2020 Budget	FY2019 Actual
Revenues	4,287	7,437	4,106	4,707	7,813	6,555
Cost of Sales	(4,039)	(6,907)	(4,001)	(4,556)	(6,975)	(6,384)
Gross Profit	247	530	106	152	838	171
GP Rate	6%	7%	3%	3%	11%	3%
Operating Expenses	(376)	(387)	(395)	(760)	(785)	(780)
Other Operating Income	54	26	20	90	52	40
Operating Income (Loss)	(75)	170	(269)	(518)	105	(569)
Equity in Net Earnings - HPCo	2	-	37	2	-	41
Finance Cost	(249)	(212)	(215)	(483)	(423)	(474)
Loss Before Income Tax	(321)	(43)	(447)	(999)	(318)	(1,002)
Income Tax Benefit	(1)	(10)	(10)	-	(20)	(35)
NET LOSS FROM CONTINUING OPERATIONS	(322)	(53)	(457)	(999)	(338)	(1,037)
NET INCOME (LOSS) FROM DISCONTINUED OPERATIONS	(28)	171	(91)	(115)	324	(226)
CORE NET INCOME (LOSS)	**(351)**	**118**	**(548)**	**(1,114)**	**(15)**	**(1,263)**
Gain from sale of HPCO investment	258	-	-	258	204	-
CADPI catch up depreciation	-	-	-	(590)	-	-
Recognition (derecognition) of deferred taxes	-	83	184	-	127	(456)
Provision for tax assessment	-	-	-	-	-	(120)
NET INCOME (LOSS)	**(92)**	**201**	**(364)**	**(1,446)**	**316**	**(1,889)**
Attributable to:						
Equity holders of parent company	(87)	202	(363)	(1,428)	310	(1,884)
Non controlling interest	(5)	(1)	(2)	(18)	6	(5)
Total	**(92)**	**201**	**(364)**	**(1,446)**	**316**	**(1,889)**

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Mr. Dimarucut also presented the P&L which will be shown externally. CADPI is shown in a single line item under Net Income (Loss) from Discontinued Operations. By year-end, CADPI will be returned as part of the continuing operations. This is the latest outlook based on the volumes earlier discussed.

Balance Sheet

- Consolidated total asset decreased by Php 2.9 billion primarily due to liquidation of inventories, collection of receivables and sale of investment in HPCo.
- Net Debt went down following payment of long term loan amounting to Php 867 million.

	Half Year Ended March 31			Year End		
	FY2020 Actual	FY2020 Budget	FY2019 Actual	FY2020 Outlook	FY2020 Budget	FY2019 Actual
Current Assets	11,581	4,544	12,959	3,040	5,394	11,540
Cash	168	280	667	70	500	438
Receivables	1,373	1,430	1,515	950	1,739	1,356
Inventories	2,012	1,848	3,128	920	2,000	1,206
Asset held for sale	6,599	-	6,525	-	-	7,255
Others	1,428	986	1,124	1,100	1,155	1,285
Noncurrent Assets	10,288	17,129	11,702	16,884	17,322	10,378
Property and equipment	8,840	15,238	8,994	15,504	15,242	9,000
Investment and goodwill	1,080	1,593	1,759	1,080	1,080	1,080
Others	368	298	949	300	1,000	298
Total Assets	21,869	21,673	24,662	19,924	22,716	21,917
Current Liabilities	9,792	9,314	10,870	9,506	9,400	9,357
Short term borrowings	6,667	6,717	7,004	6,367	6,717	6,717
Current portion of long-term debt	424	848	1,248	1,405	1,405	848
Trade and other payables	2,086	1,750	1,564	1,735	1,279	1,177
Liabilities directly associated with assets held for sale	616	-	1,024	-	-	616
Noncurrent Liabilities	2,997	2,993	3,392	2,695	2,825	3,396
Long term borrowings	2,281	1,522	2,943	1,295	1,326	2,722
Others	716	1,470	449	1,400	1,498	673
Equity	9,080	9,366	10,399	7,719	10,491	9,164
Total Liabilities and Equity	21,869	21,673	24,662	19,924	22,716	21,917
Net Debt	9,203	8,807	10,558	9,003	8,947	9,845

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In terms of Balance Sheet, net debt stood at about Php9.2 billion and this is about Php800 million lower than the same period last year because the Group paid most of the principal amortizations this year from the sale of HPCo. The Group is trying to manage down the level of inventories and receivables. As can be seen from the figure stated in the inventories line, last year it was about Php3 billion, it went down to more or less Php2 billion. Significant portion of the inventory is really the refined sugar which is due for delivery on the second half. The Group anticipates that were will be no residual inventories for the year insofar as refined sugar is concerned. With respect to alcohol, the Group anticipates that it will end up at around 6 million liters at year-end. To drive Petron to start lifting, the Group has offered to Bank of Commerce (BOC) repayment option to offset certain debts. Given the situation, the Group is trying to push the amortizations to the next fiscal year. BOC is still in discussions with Petron, and the Group is still waiting for confirmation on their side.

Cash Flow

- Positive Free Cash Flow due to liquidation of inventories and collection of receivables
- Payment of long term loans from the proceeds of sale of investment

	Half Year Ended March 31			Year End		
	FY2020 Actual	FY2020 Budget	FY2019 Actual	FY2020 Outlook	FY2020 Budget	FY2019 Actual
EBITDA	291	868	242	81	1,499	32
Working capital	(30)	759	385	943	(340)	1,869
Capital expenditures	(146)	(300)	(119)	(400)	(600)	(317)
Free cash flow	115	1,327	507	623	560	1,584
Debt availments (servicing)						
Long term principal payments	(867)	(1,200)	(621)	(867)	(848)	(1,243)
Short term availments/payment	(50)	-	823	(350)	-	506
Interest expense	(328)	(285)	(337)	(634)	(561)	(704)
Proceed from sale of investment	860	-	-	860	911	-
Cash balance						
Beginning	438	438	295	438	438	295
End	168	280	667	70	500	438

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The ending cash balance is quite low and stands at about Php168 million. Hopefully, the Group will be able to liquidate the receivables and inventories so that the Group can rebuild the working capital for the coming crop year.

Mr. Roxas inquired about the effect of the Bayanihan Act to the Group. Mr. Dimarucut answered that the during the period the Group had little to no loan amortization because it has pre-paid most of the principal. The Group has availed the 60-day extension and the Management is expecting that in the coming months, the Group will start paying those arrears in interest. Mr. Tubio added that there are moves from the Department of Finance to help stimulate the business and the economy. They are planning to lower down the corporate income tax from 30% to 25% starting July. They are also planning to implement what they call enhanced NOLCO from 3 years to 5 years. If there are any 2020 losses it can be credited to future tax payments. While there is still uncertainty whether these will push through, these are some of the things that can help the Group.

On motion duly made and seconded, the Board approved the Audited Financial Statements and Management Report for the First Half-Year ending March 31, 2020, as presented.

Approval of the Press Release

Upon motion duly made and seconded, the Board likewise approved the Press Release on the Results of Operations for the First Half-Year ending March 31, 2020, as circulated.

Draft

MINUTES OF THE ANNUAL MEETING OF STOCKHOLDERS

ROXAS HOLDINGS, INC.

Held via Remote Communication and Electronic Voting in Absentia

June 4, 2020 at 10:00 o'clock a.m.

ATTENDANCE
(Via Remote Participation or Proxy)

Total Shares Issued and Outstanding	:	1,547,935, 799
Total Shares Present	:	**1,359,180,246**
Percentage Present	:	**87.81%**
* Shares present owned by Majority Shareholders (as a Group)	:	1,357,285,224
* Other shareholders	:	1,895,022

DIRECTORS PRESENT:
Mr. PEDRO E. ROXAS
Mr. MANUEL V. PANGILINAN
Mr. HUBERT D. TUBIO
Atty. RAY C. ESPINOSA (via teleconference)
Mr. CHRISTOPHER H. YOUNG (via teleconference)
Atty. ALEX ERLITO S. FIDER (via teleconference)
Mr. OSCAR J. HILADO (Independent Director) (via teleconference)
Ms. ARLYN S. VILLANUEVA (Independent Director) (via teleconference)
Atty. SANTIAGO T. GABIONZA (Independent Director) (via teleconference)

Also Present:
(*in person*)

Atty. Cynthia L. Dela Paz
Mr. Celso T. Dimarucut
Atty. Ma. Hazel L. Rabara-Retardo
Mr. Jaynel Sulangi
Ms. Roulee Jane F. Calayag
Atty. Aimee E. Pedayo
Mr. Aristeo Dela Rea
Ms. Rose Ann Robin

(via teleconference)

Mr. Vicente S. Perez
Mr. Arcadio S. Lozada, Jr.
Mr. Pilipino T. Cayetano
Mr. Jose B. Villanueva III
Mr. Julius G. Rugas
Mr. Frederick E. Reyes
Mr. Jose Manuel L. Mapa
Ms. Anna G. Yu
Ms. Daisy Perpetua A. Bo
Ms. Veronica C. Cortez

Mr. Jaypee V. Jimenez
Ms. Josephine M. Logrono
Ms. Jennifer Lim

I. CALL TO ORDER

The Chairman, Mr. Pedro E. Roxas (Mr. Roxas), called the meeting to Order while the Assistant Corporate Secretary, Atty. Ma. Hazel Rabara-Retardo (Atty. Retardo), recorded the minutes of the proceedings and facilitated the meeting held through remote communication.

II. CERTIFICATION OF QUORUM

The Corporate Secretary, Atty. Cynthia L. Dela Paz (Atty. Dela Paz), certified that the Notice of Meeting, Agenda and the Information Statement on SEC Form 20-IS were sent to all stockholders in accordance with the By-Laws of the Corporation and the Securities Regulation Code. She then certified that there are present in person or by proxy, stockholders representing approximately eighty-seven (87.00%) of the outstanding capital stock of the Corporation and, therefore, a quorum exists for the valid transaction of any business that may come before the meeting.

III. READING AND APPROVAL OF THE MINUTES OF THE PREVIOUS MEETING

On motion of the Management, the reading of the minutes of the annual meeting of stockholders of the Corporation held on April 30, 2019 was dispensed with and based on the tally of votes cast by the stockholders through electronic voting in absentia, by proxy ballot or by proxy, majority of the total voting shares represented, voted in favor of the approval of the Minutes of the annual meeting of the stockholders held on April 30, 2019.

IV. PRESENTATION AND APPROVAL OF THE ANNUAL REPORT

The Chairman's Report

The Chairman, Mr. Pedro E. Roxas, (Mr. Roxas) presented the highlights of the annual report to the stockholders.

"Dear Fellow Shareholders,

Our company, Roxas Holdings, Inc. (RHI), made tough but meaningful decisions in Crop Year 2018 to 2019 while facing multiple challenges from all sides.

The decisions, hard as they were, showed how resilient our company is – still standing through a year-long debate on whether to deregulate the centuries-old industry that supports about 700,000 Filipinos across the country.

RHI's bioethanol facilities kept going even when the prices of molasses swung to peak levels due to the strong demand for this feedstock.

Our Group also lined up resources behind initiatives to boost farm productivity by reaching out to farmers with our tractors and other farm machineries to address the pronounced shortage of farm labor while advancing our advocacy for technological innovations in agriculture.

Through all these challenges and more, RHI pressed on even when the odds were high – exemplifying its unique brand of resilience.

With the oversupply of sugar in the global markets, the financial challenges of majority of the sugar mills in India, and the prolonged drop in bioethanol prices particularly in the United States, combined with various local industry concerns in the past crop year, RHI is employing a more inclusive approach to sustainability.

This strategy entails us to be resilient at all times through a comprehensive evaluation of our potentials, and through agile and fast response to bring solution to any situation: be it at our five plants in Batangas and Negros Occidental, at the sugarcane farms or even at our offices.

In line with our continuing commitment to Sustainability, we consciously work at restoring benchmarks in tons cane milled and other industry metrics.

We fervently hope that these simple but consistent steps to promote sustainability will go a long way in helping the sugar industry get back to its feet.

With the Philippines' low sugar yield at 5.1 tons sugar per hectare compared to Thailand's, which is 22 percent more, local sugar millers and industry representatives need to work doubly hard.

Collective actions need to be done to ward off the impact of the four factors that threaten the sugar industry, namely: 1. high cost of production; 2. low yield for sugar, which inevitably results to low farm income; 3. the damaging effects of climate change; and 4. the worrying labor shortage due to an array of employment options through the government's infrastructure program and cash transfer program, as well as the boom in construction.

Our Group has blazed the trail to address the threats at the farm. Through farm mechanization, led by RHI Agri-business Development Corporation (RHI ADC), we envision yields per hectare to increase substantially over time. We also actively collaborate with other industry leaders to move our agenda to innovate farming in the Philippines.

Meanwhile, RHI and other industry stakeholders thank our lawmakers for supporting last November 2019 our plea to defer the deregulation of our industry. While we are uncertain on what the government's decision on the deferred proposal would be, it is imperative that the industry ensures that Philippine sugar mills become more efficient and that farm mechanization be rolled out extensively.

Let us seize the opportunity to turn things around while constantly promoting sustainability.

Last January 17, our subsidiary Central Azucarera de la Carlota, Inc. (CACI) marked its 100th year of operations. It is both humbling and encouraging to look back and see how CACI survived 10 decades marked by world war, tough times and challenging situations.

CACI's Centennial is a testament that the sugar industry can thrive whatever the situation and that it is crucial to save this industry that brings food to the table of thousands of Filipino families, particularly in the communities near our operations in Negros Occidental and Batangas.

Taking inspiration from the resilience of CACI, RHI is committed to make bigger strides in the next crop year.

Armed with the resilience and the dedication that everyone has shown through the past year, let us make things happen for RHI in Crop Year 2019 to 2020 – unhindered by obstacles that range from plant concerns, to farm challenges, and to national issues, such as the proposed deregulation of the sugar industry.

As we drive sustainability in all aspects of our operations as well as processes and remain resilient, we also actively pursue efforts to protect the environment.

The World Economic Forum, in its Global Risk Report, noted that the top global risks for 2020 involve environmental issues, such as extreme weather, climate action failure, natural disasters, biodiversity loss and man-made environmental disorders.

We have experienced the impact of climate change in our industry and we saw how much damage it wrought us through the years.

Given our experience, we urge and seek everyone's support in protecting the environment one step at a time.

We continue to count on you, our dear partners, in helping our subsidiaries in nurturing the environment as our Group continues to produce quality sugar and ethanol.

With this, we express our deep gratitude to the dedicated men and women who passionately guide the company in making better and wiser decisions.

To our stockholders, your trust in RHI means a lot. We bank on your continuing support as RHI embarks on a new journey.

To the members of our Board of Directors and Board of Advisors, thank you for supporting us with your valuable insights and bold leadership.

To our Management Team, we appreciate your commitment in supporting the company's operations and for driving initiatives aligned with our vision.

To our employees and staff, we are grateful for your hard work that will take us closer to the realization of our vision.

To our partners and other stakeholders, thank you for collaborating with us. Let us continue to create more opportunities.

We have made it through a tough year with resolve. We learned more lessons and we became even stronger. Let us work together for a new beginning.

Thank you."

<u>The PCEO's Report</u>

Mr. Hubert D. Tubio (Mr. Tubio) started his report by providing the highlights for Fiscal Year 2019.

"Dear Fellow Shareholders,

Retaining one's competitive advantage in the face of mounting challenges is a tall order but for our company, listed integrated sugar and ethanol producer Roxas Holdings, Inc. (RHI), it is what defines the Group.

For years, we have seen how the changing global weather conditions and other concomitant circumstances weighed down on the sugar industry, and consequently, on the ethanol industry as well.

But those factors did not deter RHI from forging ahead in Crop Year 2018 to 2019 as it faced a different set of issues, foremost of which was the proposed liberalization of the sugar industry.

As the debate on the proposal of government economic managers to deregulate the sugar industry dragged on for months, the anticipation over this scenario drove prices of sugar lower than expected.

Low sugar prices and a combination of low production volume for refined sugar, higher unit cost, and an increase in the cost of acquiring sugar canes pressed heavily on the Group's sugar unit while the alcohol segment experienced the impact of the high prices of molasses due to insufficient supply of the most in-demand feedstock.

But one of the biggest contributing factors to this year's results was the timing of the disapproval by the Philippine Competition Commission of the agreed asset sale transaction on Central Azucarera Don Pedro, Inc. (CADPI). It tremendously disrupted our sugar operating strategies, as well as our financial plans.

As a result, the Group also had to contend with higher interest cost as average interest rate rose to 6.82% per annum in 2019 from 4.49% per annum in 2018.

Considering all these, the Group reported a net loss of PhP1.9 billion including write-downs from a net income of PhP55 million for the same period in the previous year. RHI recognized non-recurring losses of PhP1.1 billion during the last quarter of the fiscal year due mainly to derecognition of certain deferred tax assets, as required by accounting standards.

However, Consolidated Revenues increased to PhP13.3 billion (including revenues from discontinued operations amounting to PhP6.3 billion) attributable to higher sales volume and price of alcohol, as well as milling revenues amounting to PhP1.5 billion recognized following the adoption of the Philippine Financial Reporting Standard (PFRS) 15 regarding "Revenue Recognition".

Rest assured that we are continuously seeking ways to reverse the trend as we work with our partners in addressing concerns through sustainable means. We will also continue finding solutions to de-risk our business.

In April 2019, when former Philippine President and previous House Speaker Gloria M. Arroyo, who is a staunch proponent of bioethanol, visited our subsidiary, San Carlos Bioenergy, Inc. (SCBI), we sought her intervention in coming up with possible remedies to the challenging supply of molasses in the country.

As by-product of sugar milling, molasses supply is affected by sugarcane production.

With the endorsement of then House Speaker Arroyo, the Visayas Development Oversight Committee convened to flesh out issues affecting ethanol producers. The Department of Energy and the Sugar Regulatory Administration (SRA) also met with ethanol producers on the

matter. The ethanol industry is awaiting the decision of the National Biofuels Board on the plea to allow for the importation of molasses with the ethanol produced from it for re-export.
We value the views of our various stakeholders and we constantly reach out in order to find a common ground in support of our vision for sustainable agriculture.

RHI coordinated with the SRA to address the pronounced shortage in sugarcane supply in the area covered by the Don Pedro Mill District Development Foundation in Tuy, Batangas, which led to a meeting with 500 stakeholders of the sugar industry in the province last August 8, 2019. The meeting served as venue for farmers and representatives of sugar mills to craft strategies to strengthen the sector.

Our organization's openness to tackle boldly the challenges that hamper growth echoes our deep-seated sense of resilience, which spurs us to see the bigger picture in the midst of a difficult period.

On this note, I wish to share that RHI upholds 11 of the 17 Sustainable Development Goals under the United Nations Development Program.

The Group's programs for sugar, ethanol and agribusiness units are intertwined and synchronized to bring RHI to a higher level at the end of Crop Year 2020.

We are setting our sights farther as we collaborate with more stakeholders and partners. We also explore new possibilities that will boost farm productivity and ensure smooth operations at the plants.

Alas, the new Crop Year is fraught with even more and greater challenges! Taal Volcano erupted on January 12, 2020, triggering supply chain disruptions to our CADPI operations in Batangas. And even worse, on March 16, 2020, a Quarantine against the Corona Virus 19 infection was implemented in NCR and other parts of the Philippines – totally affecting businesses, up to the present. This is now for survival – both for businesses and human lives, the reason why we postponed and conducted this AGSM virtually, for the first time ever.

Your company, through our Bio-Ethanol companies RBC & SCBI, is helping in our fight against this pandemic which already claimed 969 lives in our country, and 381,154 globally so far, by providing the much needed disinfectant alcohol to government and private hospitals, government agencies and LGUs, frontliners, etc., principally thru the PLDT-Smart Foundation, which facilitated the orderly and organized distribution of the product. Our other entities: CADPI and CACI, likewise, helped by relentlessly continuing its operations as part of the food essential producers, despite the many sacrifices and challenges they were facing.

We survived the challenges of the past years. We know we will survive this. With your continuing support and persevering diligence to drive excellence at all fronts, our Group will be able to make that big rebound moving forward.

We need to be resilient and ready for new challenges, face the new Normal, and do more as we faced head-on the challenges of the past and tackle the present. The ability to stand and make things better even when stronger headwinds and hurdles abound will enable us to appreciate deeply the milestones of RHI.

I wish to thank everyone: our dear stockholders, esteemed Board of Directors and Advisors, our committed Management Team as well as hardworking employees and staff for the trust and for sticking with us through the difficult period in CY 2019.

With this, I challenge everyone to decide which action to take through this quote from American writer Elizabeth Edwards: "Resilience is accepting your new reality, even if it's less good than the one you had before. You can fight it, you can do nothing but scream about what you've lost, or you can accept that and try to put together something that's good."

I fervently hope that we all make the same choice, which is the option to accept this new reality and be driven purposely to produce something good out of it.

Thank you."

The Chairman opened the floor for questions electronically submitted by the stockholders prior and during the meeting.

A question was submitted by Mr. Antonio G. Nieto, a stockholder:

"If not for the sale of RHIs holdings in Hawaiian Phils., the net loss for the period March 31, 2020 would be bigger than last year. It seems that RHI's losses are getting bigger every reporting period. When will this stop? Where is RHI headed?"

The Corporation's President, Mr. Tubio, answered the question submitted by Mr. Nieto:

"To put the half-year losses in context, we note that RHI's operating results this year is better compared to same period last year, before the gain from sale of Hawaiian Philippine Company, if we will disregard the deferred tax benefit recognized during the interim period last year. This year, we have taken a more conservative approach by not recognizing this same tax benefit.

Nevertheless, your Management acknowledges that the RHI Group's overall performance is below even our own expectations, as certain challenges in our industry have significantly affected our operations, specifically:

1) In Batangas, for our Don Pedro mill and refinery, cane supply in the area declined by 34% compared to Crop Year 2016, or from 1.752M tons to 1.158M tons in 2019. Likewise, we have seen the entry of a new competitor for the already limited volume of canes in the current crop year. The Taal volcano eruption in January also affected the canes and cane deliveries. Internally, our productivity initiatives took a set-back when CADPI was put on the selling block, which transaction took a lot of time for the PCC to decide on, and eventually disapproving the proposed sale.

2) For our Ethanol Business, the significant increases in feedstock cost with prices of molasses skyrocketing from P8k to 13.5/ton dented our margins. The declaration of quarantine and limits on mobility arising out of the Covid-19 pandemic also disrupted withdrawals by oil companies. This greatly affected our production plans and raw material sourcing and contracts.

3) Prevailing high interest rates (from around 3.5% to 6%) compounded the economic impact of the failed CADPI transaction, which proceeds were planned to prepay long-term debts, and would have de-risked the business.

4) As for Central Azucarera de la Carlota - this side of the sugar segment did well, exceeding production targets for the current Crop Year, but the gains were tempered by relatively soft prices of sugar, brought about by importations in the First Quarter of our fiscal year, and threat of sugar import liberalization.

Your Management Team is focused on addressing the feedstock issues - cane and molasses usage, while working simultaneously on productivity issues particularly in the limited hectarage in Batangas and on fuel issues affecting our refinery.

Rest assured that your Management is well aware of these challenges and is prepared to take certain steps to address these and ensure our long-term sustainability and profitability."

There being no other questions submitted and upon motion of the Management, the Annual Report of the Corporation for the fiscal year ending September 30, 2019 was approved based the tally of votes cast by the stockholders through electronic voting in absentia, by proxy ballot or by proxy, majority of the total voting shares represented voted in favor of the approval of the Annual Report of the Company for Fiscal Year ending 30 September 2019.

V. APPROVAL AND RATIFICATION OF ALL ACTS AND RESOLUTIONS OF THE BOARD OF DIRECTORS AND MANAGEMENT

The Management moved for the approval of the all acts, proceedings and resolutions adopted by the Board of Directors and Management since the previous annual stockholders held on April 30, 2019.

Based on the tally of votes cast by the stockholders through electronic voting in absentia, by proxy ballot or by proxy, majority of the total voting shares represented voted in favor of the approval of all acts, proceedings and resolutions adopted by the Board of Directors and Management since the previous annual stockholders meeting held on April 30, 2019.

VI. ELECTION OF THE BOARD OF DIRECTORS

The Corporate Secretary, Atty. Dela Paz, informed the Chairman, Mr. Roxas, that pursuant to Article 14, Section 1 of the By- laws, election to the Board of Directors should be submitted to the Chairman of the Board of Directors at least fifteen (15) working days prior to any meeting called for the election of the Board of Directors. He likewise advised that nominations were made for the election of the following persons to the Board of Directors of RHI:

1. MR. PEDRO E. ROXAS
2. MR. MANUEL V. PANGILINAN
3. MR. HUBERT D. TUBIO
4. ATTY. RAY C. ESPINOSA
5. MR. CHRISTOPHER H. YOUNG
6. ATTY. ALEX ERLITO S. FIDER
7. MS. ARLYN S. VILLANUEVA
8. MR. OSCAR J. HILADO
9. MR. SANTIAGO T. GABIONZA

Atty. Dela Paz stated that Mr. Santiago T. Gabionza, Mr. Oscar J. Hilado and Ms. Arlyn S. Villanueva are being nominated as Independent Directors of the Corporation.

Since there are only nine (9) seats in the Board of Directors, the Management moved that all votes be cast in favor of all nine (9) nominees. Based on the tally of votes cast by the stockholders through electronic voting in absentia, by proxy ballot or by proxy, majority of the total voting shares represented voted in favor of the nine (9) nominees. The Chairman requested the Corporate Secretary to cast all votes in favor of the above-named nine (9) nominees.

VII. ELECTION OF THE EXTERNAL AUDITOR

The Corporate Secretary, Atty. Dela Paz, informed the Chairman, Mr. Roxas, that in accordance with the Manual on Corporate Governance, the Audit and Risk Committee recommends the selection of the auditing firm of SyCip Gorres Velayo & Co. as external auditor of the corporation for fiscal year 2019-2020.

The Management moved for the election of the auditing firm of SyCip Gorres Velayo & Co. as external auditor of the corporation for fiscal year 2019-2020. Based on the votes casted by the stockholders through electronic voting in absentia, by proxy ballot or by proxy, majority of the total voting shares represented voted in favor of the election of the auditing firm of SyCip Gorres Velayo & Co. as external auditor of the corporation for fiscal year 2019-2020.

IX. OTHER MATTERS/ADJOURNMENT

There being no other matter to discuss, on motion duly made and seconded, the meeting was thereupon adjourned.

Attest:

PEDRO E. ROXAS
Chairman of the Board

MA. HAZEL L. RABARA-RETARDO
Asst. Corporate Secretary

TALLIES OF THE VOTES:

Resolution	Approving	Dissenting	Abstaining
Approval of the Minutes of the Stockholders' Meeting held on 30 April 2019	**1,358,968,699** shares or **99.98%** of the total outstanding shares of stock, present in the meeting.	NONE	NONE
Approval of the Annual Report to the Stockholders for the fiscal year ending 30 September 2019	**1,358,968,699** shares or **99.98%** of the total outstanding shares of stock present in the meeting.	NONE	NONE
Approval of all acts and resolutions of the Board of	**1,358,968,699** shares or **99.98%** of the total issued and	NONE	NONE

Directors and Management	outstanding shares of stock present in the meeting.		
Election of the Board of Directors	**1,358,958,762** shares or **99.98%** of the total issued and outstanding shares of stock present in the meeting.	NONE	**9,937** shares or **0.00%** of the total issued and outstanding shares of stock present in the meeting.
Election of the external auditors	**1,358,958,762** shares or **99.98%** of the total issued and outstanding shares of stock present in the meeting.	NONE	**9,937** shares or **0.00%** of the total issued and outstanding shares of stock present in the meeting.

ROXAS HOLDINGS, INC.
MINUTES OF THE REGULAR MEETING OF
THE BOARD OF DIRECTORS

Held Online via Microsoft Teams on August 11, 2020 at 10:00 in the morning.

ATTENDANCE:

Present via teleconference:

Mr. PEDRO E. ROXAS
Mr. MANUEL V. PANGILINAN
Atty. ALEX ERLITO S. FIDER
Mr. HUBERT D. TUBIO
Atty. SANTIAGO T. GABIONZA, JR.
Ms. ARLYN S. VILLANUEVA
Mr. CHRISTOPHER H. YOUNG
Mr. OSCAR J. HILADO

Others Present via teleconference:

Atty. CYNTHIA L. DE LA PAZ
Mr. VICENTE S. PEREZ
Mr. CELSO T. DIMARUCUT
Mr. ARCADIO S. LOZADA, JR.
Mr. JOSE MANUEL L. MAPA
Mr. PILIPINO T. CAYETANO
Mr. ALEXANDER A. PINO
Mr. JULIUS G. RUGAS
Ms. VERONICA C. CORTEZ
Atty. MA. HAZEL L. RABARA-RETARDO
Ms. JENNIFER LIM
Ms. ROULEE JANE F. CALAYAG
Atty. AIMEE E. PEDAYO

I
CALL TO ORDER

The Chairman, Mr. Pedro E. Roxas (Mr. Roxas), called the meeting of the Board of Directors to order. In view of the conduct of the meeting through remote communication, the Corporate Secretary, Atty. Cynthia L. De la Paz (Atty. De la Paz) read the rules of the meeting and proceeded to disclose the names of the people present in the meeting through Microsoft Teams. Thereafter, Atty. De la Paz certified the existence of a quorum and recorded the Minutes of the Meeting.

II
APPROVAL OF THE MINUTES OF THE PREVIOUS MEETING

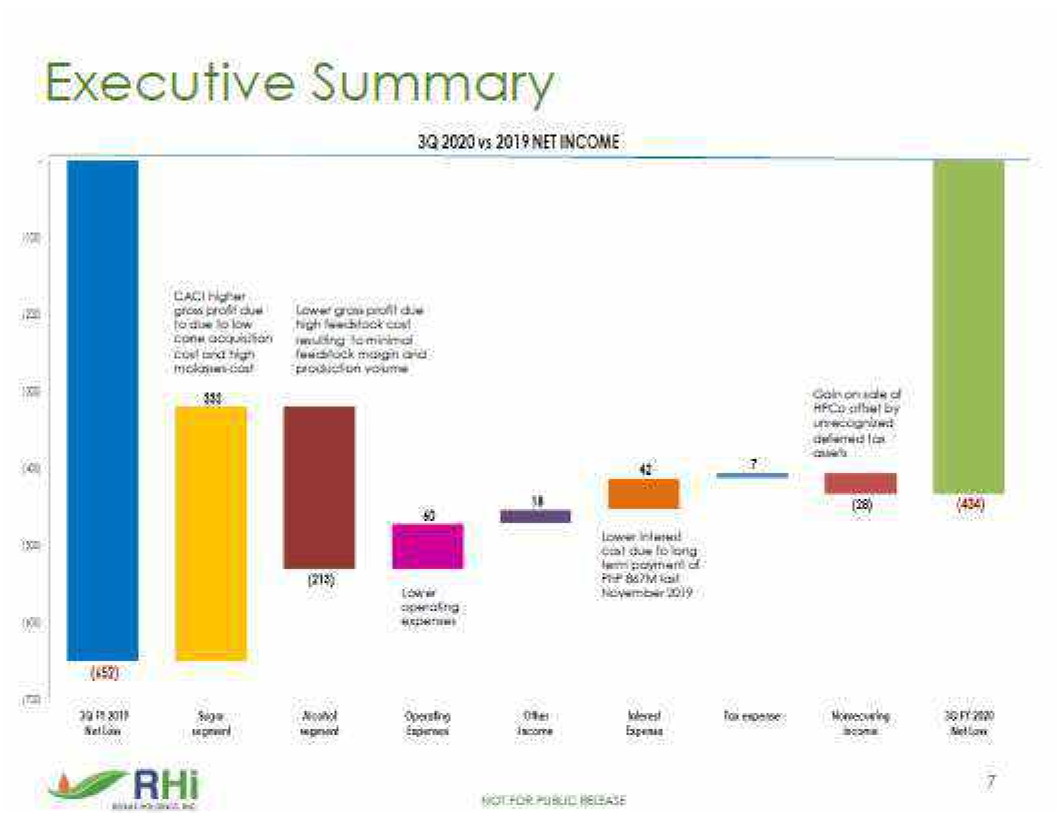
Mr. Roxas presented the Minutes of the Regular Meeting of the Board of Directors held on 19 May 2020. He stated that a copy of the Minutes of the Regular Meeting of the Board of Directors was circulated to all members of the Board prior to the meeting for their review.

On motion duly made and seconded, the Board approved the Minutes, as presented.

There were no matters arising from the previous meeting.

III
HIGHLIGHTS OF OPERATIONS

The PCEO, Mr. Hubert D. Tubio (Mr. Tubio) presented the summary of the results for the third quarter.



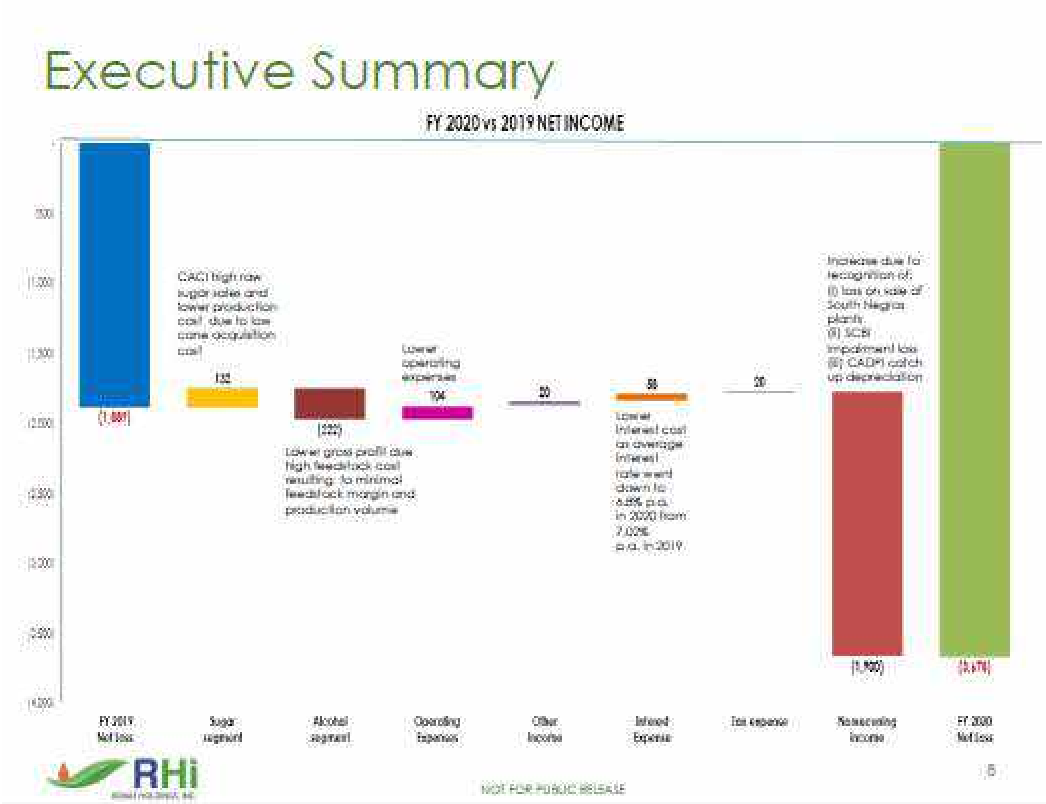
He stated that the nine-months operation resulted in a net loss of Php434 million versus last year which was at Php652 million. The Sugar segment contributed Php332 million which was the result of Central Azucarera De La Carlota, Inc.'s (CACI) slight improvement compared to last year. CACI was able to hit the target of 1.7 million tons with reduced production cost with the shift of the cane acquisition strategy. The increased molasses prices, it being a cost recovery for the Sugar segment, also contributed to the Sugar units' performance despite the challenges posed by the pandemic. CACI milling ended last April 29, 2020. This positive result in CACI was tempered by the continuous decrease in the production of Central Azucarera Don Pedro, Inc. (CADPI) in Batangas. It was hit by the decreasing farm productivity caused by different factors such as planter insecurity due to threat of industrialization, fragmented farm areas due to land reforms negating economies of scale, and other factors previously mentioned. Similarly, Management is also focusing on the factors which can be controlled to ensure the viability of the business moving forward. The operations in CADPI were also affected by natural calamities. Milling ended April 17, 2020 after starting it during the first week of January, with only 655,000 tons cane milled as opposed to 783,000 tons cane milled last year. This greatly affected the refinery operations which production capacity was vastly reduced by 37% due to fuel constraints. When CADPI stopped milling, the refinery operation also stopped. CADPI tried to accumulate more fuel to restart the refinery operations. Demand from the industrial users has waned and challenges in logistics did not help in the situation with industrial customers during the pandemic period. The Alcohol business posted a negative gross profit contribution of Php213 million, pulling down the Sugar's positive accomplishment. The principal cause being the very high price of the molasses feedstock cost for Alcohol and prices have not gone down below Php10,000.00 per metric ton since the start of the operations of the Operating Units. It actually reached up to more than Php14,000.00 per metric ton which not only ate up the feedstock margin but also impacted the cash flow. The Group pushed for the use of cane syrup for both Roxol Bioenergy Corporation (RBC) and San Carlos Bioenergy, Inc. (SCBI). The total actual alcohol produced from syrup was 8.2 million liters. The other factor that negatively impacted the Group, is that the oil companies stopped lifting bioethanol products last April, May and most of June. Demand from major oil customers dropped as much as 70% versus the last quarter. The storage tanks became filled up and logistics constraints led to operational stoppages. Production plans were hastily re-drawn, significantly affecting initiatives and targets. RBC was well on its way to hit its 44 million liters annual target, when halfway it had to scale down production to 29.7 million liters and eventually halting operations in June 2020. This was due to the filling up of the storage tanks and no withdrawals done by the customers. It was disappointing to operations because as RBC was ramping up, it had to stop and halt operations. SCBI, on the other hand, had more issues because it does not have similar storage capacities like RBC. It was forced to stop production with 14.4 million liters on a 30 million annual target.

Mr. Oscar J. Hilado (Mr. Hilado) inquired if the production of 70% alcohol for use to fight COVID-19 is helping the Alcohol businesses. Mr. Tubio answered that it is not helping that much because the demand for 70% alcohol production is not equivalent to the demand for ethanol. Furthermore, BIR only granted a provisional permit since the Group is only allowed to withdraw alcohol if they are denatured. This permit has a validity of 90 days only. An extension is being requested. When the Group offered this to customers, the volume required is not equivalent to how much the plants can produce. Nevertheless, the Group is looking to augment the revenues moving forward. The plants would have to have facilities to be able to produce this and certain permits should be applied for, especially if this will be marketed to the public. The Management is putting up this as part of the future plans, so that the Group can actually participate in the consumer market for 70% alcohol. An inquiry was received from the United States with regard to a modified product which they will re-use for sanitizers. The Management is looking at this but, right now, the Group is not capable of producing it based on the specifications required by the United States. Mr. Roxas commented if information can be sourced from the Metro

Pacific Hospital Group as to the total requirement of all the hospitals and see if this is something that can be explored at competitive rates. Mr. Manuel V. Pangilinan (Mr. Pangilinan) agreed. He said that he will also try to find out the required volume of the hospitals. Mr. Roxas further commented that if the Management is able to see the total requirement for the hospitals, then it would be able to produce and package it in a way that meets the requirements of the hospitals. As long as the price is competitive or better, then the Management can make a pitch for a supply agreement. Mr. Tubio mentioned that the Management will look into this. In conjunction with that, Management will prepare a business proposal. Mr. Roxas added that if the Group will be able to meet the demands of that market, then the Group can obviously go into the retail side of it.

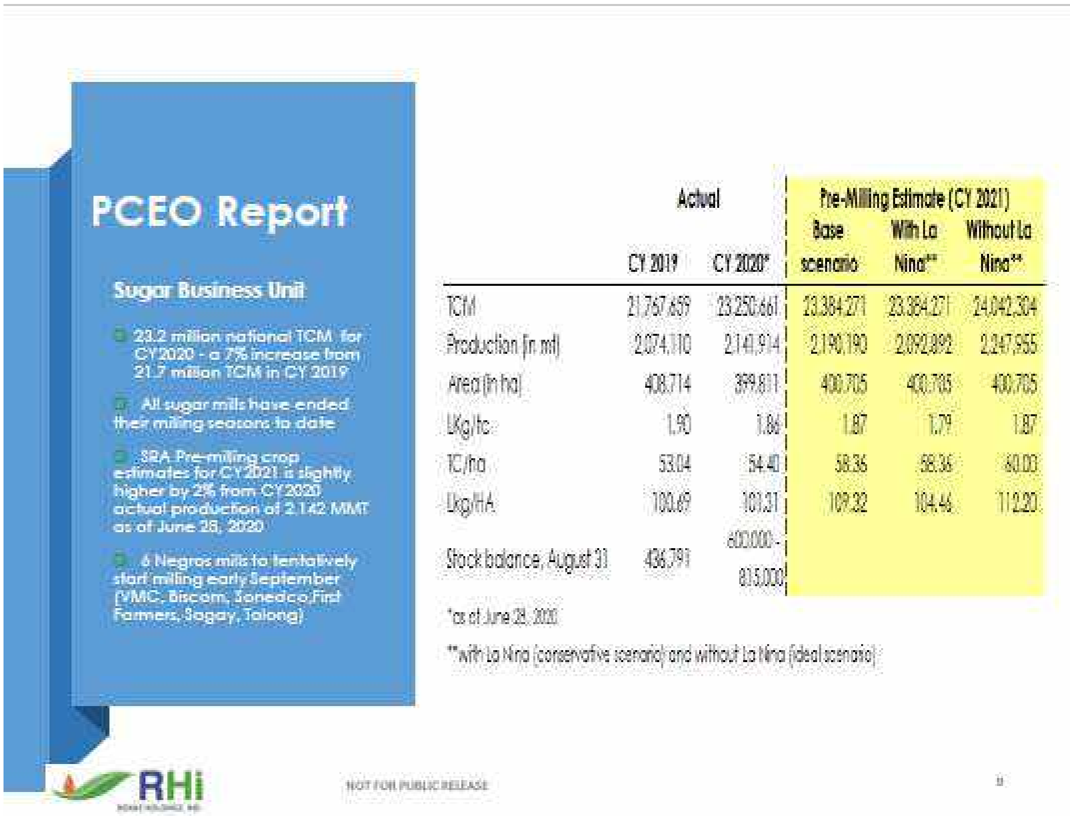
Mr. Tubio continued by saying that the Group produced 70% alcohol to support the government in its fight against COVID-19. The Group produced about 100,000 liters of disinfecting alcohol so far. Mr. Pangilinan shared that the MVP Group now has 17 hospitals. Mr. Tubio mentioned that is the reason also why they requested for an extension of the permit from the BIR and the DOE so that the Group will be able to support the requirements of the MVP Group and the government.

The Operating Expenses (OPEX) actually decreased due to decline in outsourced services, rental, transportation and travel. On Other Income, it increased due to the sale of a land known as Bredco property. Interest and Debt Servicing Expenses are lower by Php42 million. It was Php526 million last year but it is now Php485 up to the third quarter due to the advance repayment of some long-term debts of Php867 million last November 5, 2019 which was supposed to be due on September 2020 and Php1.2 billion principal payment last year. Interest is still eating a big chunk of the Group's gross profit.



The slide shows the outlook for the year. Nothing much will change because the operating units are doing Off-Season Repairs (OSR) already. The only major item here is the increase in Net Loss due to loss of sale of SNU if the same will push through. Next is the impairment in SCBI which is being proposed to be booked this year. Also, there is a catch-up depreciation for CADPI, which was previously classified as asset held for sale. The total for that is around Php1.9 billion. The projection for the year is about Php3.6 billion.

Sugar Business Unit



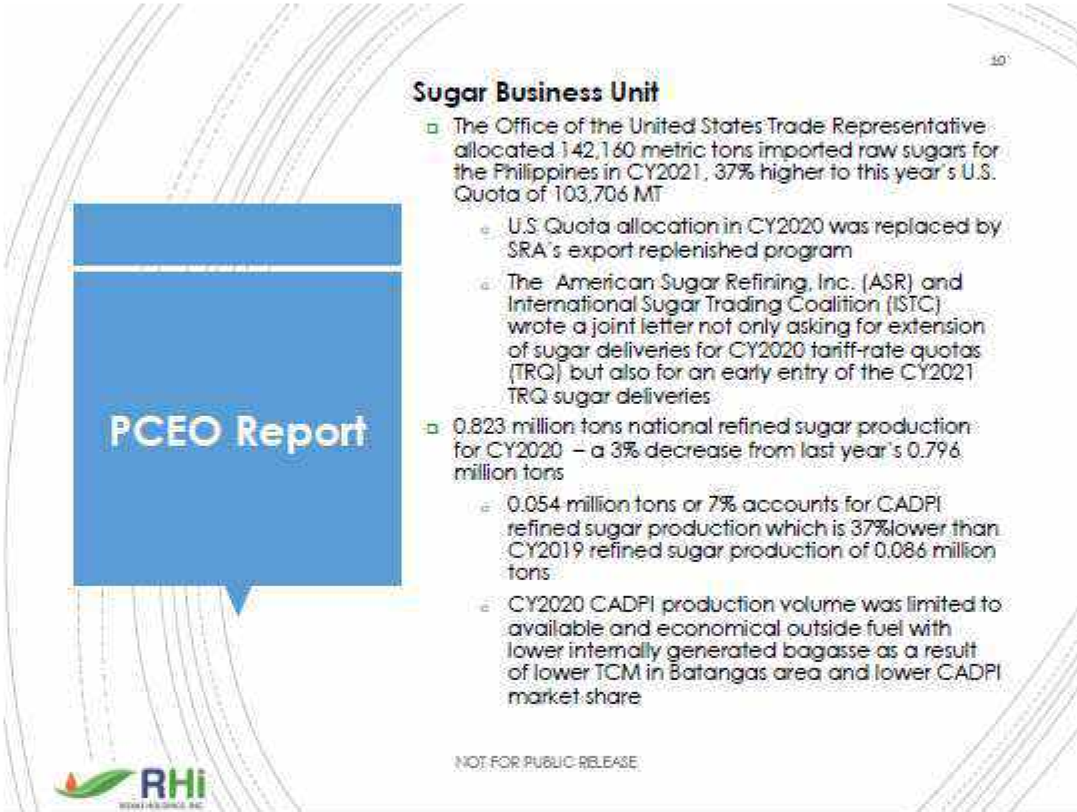
	Actual		Pre-Milling Estimate (CY 2021)		
	CY 2019	CY 2020*	Base scenario	With La Nina**	Without La Nina**
TCM	21,767,659	23,250,661	23,384,271	23,384,271	24,042,304
Production (in mt)	2,074,110	2,141,914	2,190,190	2,092,892	2,247,955
Area (in ha)	408,714	399,811	400,705	400,705	400,705
LKg/tc	1.90	1.86	1.87	1.79	1.87
TC/ha	53.04	54.40	58.36	58.36	60.00
Lkg/HA	100.69	101.31	109.32	104.46	112.20
Stock balance, August 31	436,791	600,000 - 815,000			

*as of June 28, 2020

**with La Nina (conservative scenario) and without La Nina (ideal scenario)

Mr. Roxas inquired if the Balance Sheet will be shown. Mr. Tubio answered that the same will be presented by Mr. Celso T. Dimarucut (Mr. Dimarucut) later.

Mr. Tubio continued by discussing the National Sugar Production Data which shows a slight increase versus last year but with a decrease in LKg/TC from 1.90 to 1.86 this year. The projected national production for this coming crop year increased by 2% or 2,190,190 tons. The issue being tackled by the industry right now is the projected peak sugar ending balance inventory this coming August 31, 2020. This has been estimated between 600,000 metric tons to 800,000 metric tons from a normal scenario of 300,000 metric tons to 400,000 metric tons. This is to support the economy until the next milling season. This can affect the mill gate prices of newly-produced sugar. The Chairman of PSMA has been expressing suggestions and has talked to the SRA. Some of the suggestions are delay of startup, advance classification of shipment of existing D2, and delay in the replenishment program of A Sugar which is around 130,000 tons. These suggestions where met with favorable and unfavorable reactions form US stakeholders.

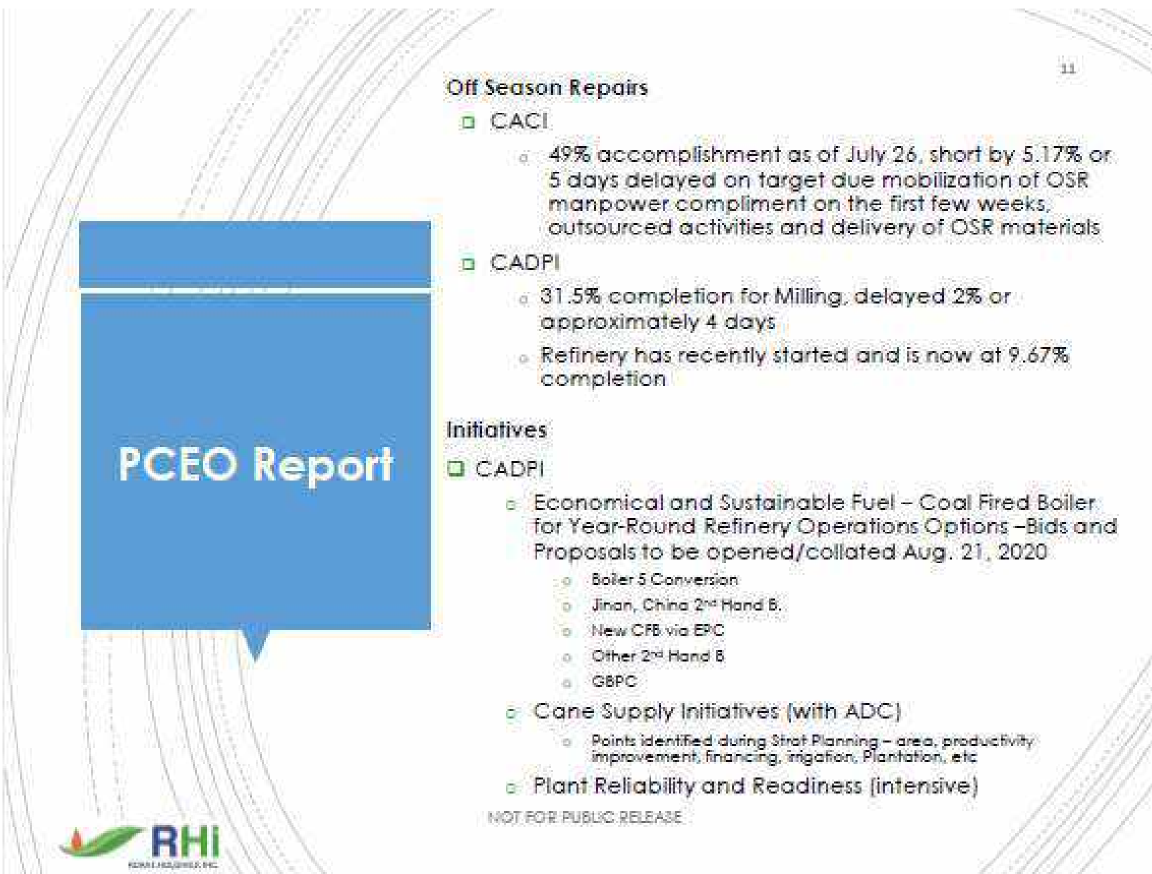


The Office of the United States Trade Representative had allocated 142,160 metric tons of imported raw sugar for the Philippines in the next crop year. This is 37% higher than last year's quota. There is also a corresponding negative feedback from the American Sugar Refining, Inc. and the International Sugar Trading Coalition. Both wrote a joint letter not only asking for extension of sugar deliveries for the previous crop year, but also for an early entry of the tariff-rate quotas for the next crop year. The PSMA is closely monitoring this.

This Crop Year, the National Refined Sugar Production increased by 3% to 0.823 million tons as compared to 0.796 million tons last year. Some of the refiners have been producing more refined sugar this year. 54,000 tons or 7% account for CADPI refined sugar production. This is actually 37% lower as compared to last year. The CADPI production volume was really constrained because of the fuel requirement due to the low production in the mill of bagasse.

Mr. Hilado inquired about the performance of VMC this year with regard to their sugar and refined sugar. Mr. Tubio answered that VMC improved in their production this year by about 15%. They were able to get imported sugar sometime last year. He explained that locally produced refined sugar has a higher asking price. Mr. Hilado further inquired if they are still the biggest. Mr. Tubio affirmed. Mr. Hilado mentioned that two years ago high fructose corn syrup (HFCS) was a big issue in the Philippines, but this is not being mentioned anymore. Mr. Tubio mentioned that the problem was already resolved. During the early part of 2019, the importation of HFCS was slabbed with a tariff. It became very costly for producers to utilize this in their production. Mr. Roxas added that the industry successfully lobbied to have the tax treatment of soft drinks for HFCS to be double the rate than for normal cane sugar. This made the HFCS not viable. Mr. Hilado clarified with Mr. Tubio if the supply in bagasse is the principal reason why there is a shortfall on refined sugar. Mr. Tubio affirmed. But he added that it is principally fuel and not just bagasse. Bagasse is the least expensive especially if it is internally generated. Part of the initiative is to improve on the cane acquisition and to have plantations in CADPI. It will be good for the Group because CADPI has a refinery.

There was a NEDA study and all the sugar stakeholders were invited. Before they finalized the report, they wanted to get the reactions from the stakeholders. All the issues that the Management was mentioning were tackled. One of the conclusions from the meeting was that they were not pushing industrialization at this time. Rather they are looking at doing other things that would improve the productivity of the farms. This is quite optimistic. If all stakeholders will push for this, it would be good for the industry. Mr. Roxas inquired as to how the Philippine Competition Commission (PCC) representative reacted. Mr. Tubio mentioned that the PCC representative did not say anything and just listened. He mentioned that he raised questions on overcapacity and consolidation. These are the reasons why the cost per ton is shooting up in Negros. He expressed his hope that the concerned government agencies will give a substantial answer.



The OSR started and as of June 30, 2020, CACI has already accomplished 49% of its plant repairs. This is regardless of the pending transaction. The delay has been addressed and CACI is on track. As for CADPI, there is more time. The targeted resumption is around 2nd week of December. CADPI will be prepared to operate by November. A very significant factor is the COVID-19 effect to the operations. Lockdowns were imposed as well. Management continues to exert efforts, despite the constraints, to implement the recommendations. Among the recommendations for CADPI is the economical and sustainable coal-fired boiler for a year-round refinery operation option. There are five options available to CADPI which will be subject to bidding this August. In terms of the cane supply initiatives, the points identified during the strategic planning presentation are area, productivity improvement, financing, irrigation and plantation. Management is looking at lands in Mindoro. Mr. Pangilinan mentioned that he was there two or three years ago. And he mentioned that there is about 20,000 hectares available there. Mr. Tubio reported that the Management sent a team to visit it sometime in 2016. Some parts of the land can be planted. The corn planters there offered to plant sugar as well. Management will re-visit this and studies will be done. What has to be planned out here is the logistics of transferring the canes to CADPI. Another option is to put up a mill there so that only syrup will have to be transferred to CAPDI. Mr. Pangilinan mentioned that the islands of Mindoro and Romblon actually have agricultural potential. Mr. Tubio mentioned that the Management must make an organization which will focus on the operation of a plantation. RHI Agri-Business Development Corporation (ADC) is also engaged in the improvement and interventions with the planters in the sugar mill. Mr. Roxas inquired about the land in Cavite. He added that may be the Group can work out a deal with them either to lease or jointly manage the area because the place is fairly close. Mr. Tubio mentioned that Management is working on this. He said that the caretaker told him that he still has to talk to the Indian owners. This is part of the Management initiatives.

Alcohol Business Unit

Insofar as the Alcohol units are concerned, because of the huge drop in demand, there was also a huge gap in the ethanol producers' commitment versus the withdrawal of the oil companies.

As a result, the ending inventory for ethanol producers for the third quarter was at 32.3 million liters of AHA. Of which, 17.1 million liters account for RBC and SCBI. Some manufacturers stopped because of the high cost of molasses. RBC and SCBI continued because they were still milling from sugar syrup. This is why 17.1 million liters were produced. Both units are in OSR. They had to close down as mentioned a while. The tentative resumption is still to be announced. SCBI will be ready to resume by October using cane sugar feedstock. Initiatives have also been started. The original construction of SCBI was to use cane syrup. To this effect, the Management is looking at utilizing syrup from the ADC farms in the South. The Management is looking at equipment/storage sufficiency and plant efficiency in SCBI.

Market Highlights (Sugar Business)

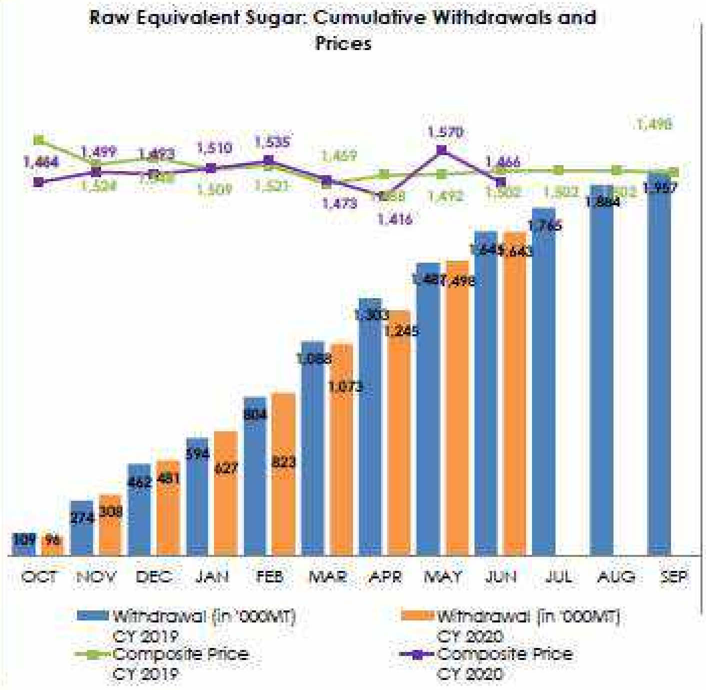
Ms. Jennifer Lim (Ms. Lim) present the market highlights for the Sugar business.

Market Highlights – Raw Sugar

- Mill gate raw sugar withdrawal at 1.643M MT, or .1% lower than 1.645M MT last year
- Composite sugar prices of raw sugar went down by 2% to PhP1,466 per 50-kilo bag
- Spike in prices seen during May to June as market players have started to speculate and support price decline in previous weeks

Date	Raw A	Raw B	Composite Price
April 19	1,416	1,417	1,417
April 26	1,422	1,506	1,502
May 3	1,435	1,506	1,549
May 10	1,501	1,555	1,561
May 17	1,508	1,564	1,577
May 24	1,507	1,581	1,577
May 31	1,502	1,588	1,584
June 7	1,302	1,586	1,572
June 14	1,300	1,495	1,485

- Forecasted domestic raw sugar balance by November 30 ranges between 128K MT to 316k MT depending on withdrawal rates



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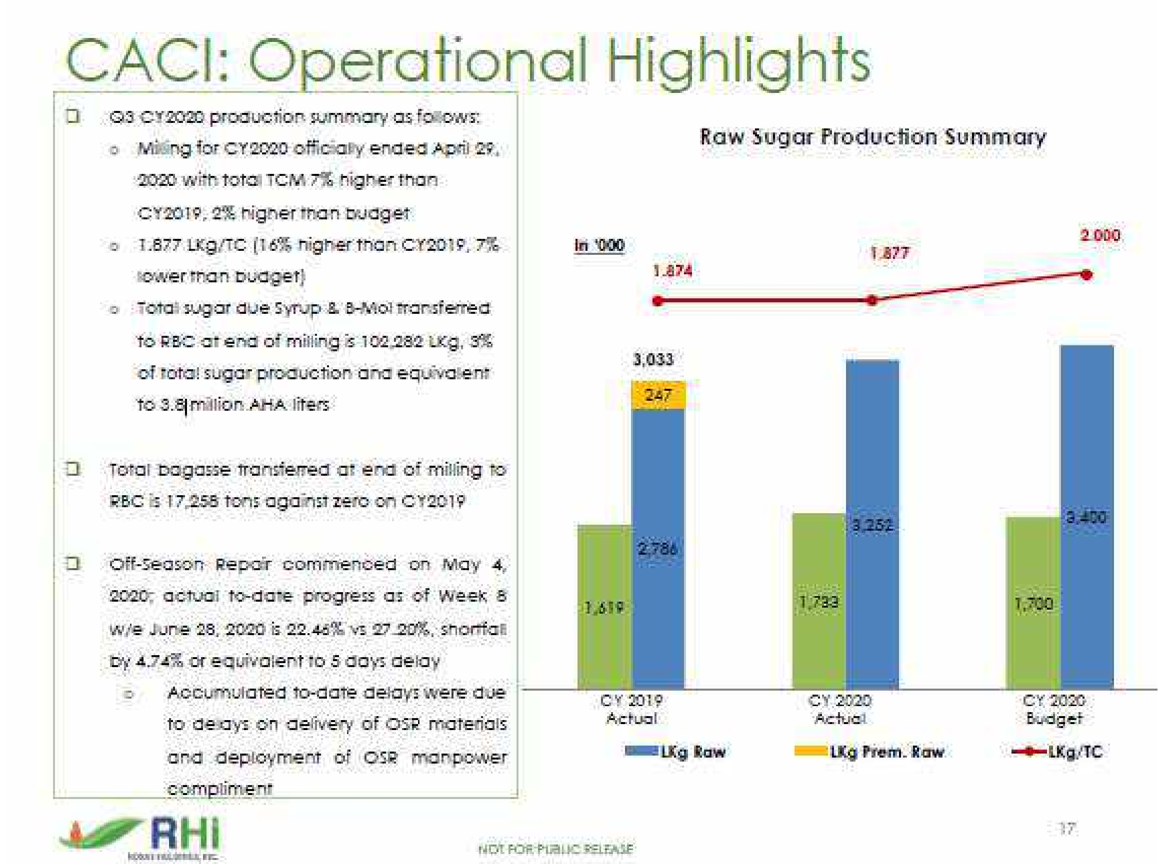
Ms. Lim discussed that for raw sugar and during the end of the quarter ending June, the price was down at about Php1,466.00 per bag. This is due to the overall decline in consumption because of the COVID-19 impact. There was a spike during the month of May which was due to the market players who started to speculate on the price of sugar to protect the position. Withdrawals are down by 1% as compared to last year due to the pandemic. Against April and May, it was higher because consumption is coming back up. The forecasted domestic raw sugar balance, depending on the withdrawal rates, is about 303,000 metric tons by the end of August and 316,000 metric tons by the end of November. The withdrawal rates until September may be similar to the previous months.

For refined sugar, mill gate prices went down due to the COVID-19 impact and the presence of imported refined sugar coming from Sugar Order No. 4-A replenishment program. The average withdrawal rates went down by 5% as compared to last year due to the pandemic and changing consumer behavior. Despite the 5% decrease, the demand was seen to increase during May and June for the sugar and beverage sector. Consumption until the end of September will be the same as the previous months. The forecasted refined sugar balance by November is about 285,000 metric tons depending on withdrawal rates.

Operational Highlights (CACI)

Mr. Pilipino T. Cayetano (Mr. Cayetano) discussed the operational highlights for CACI.

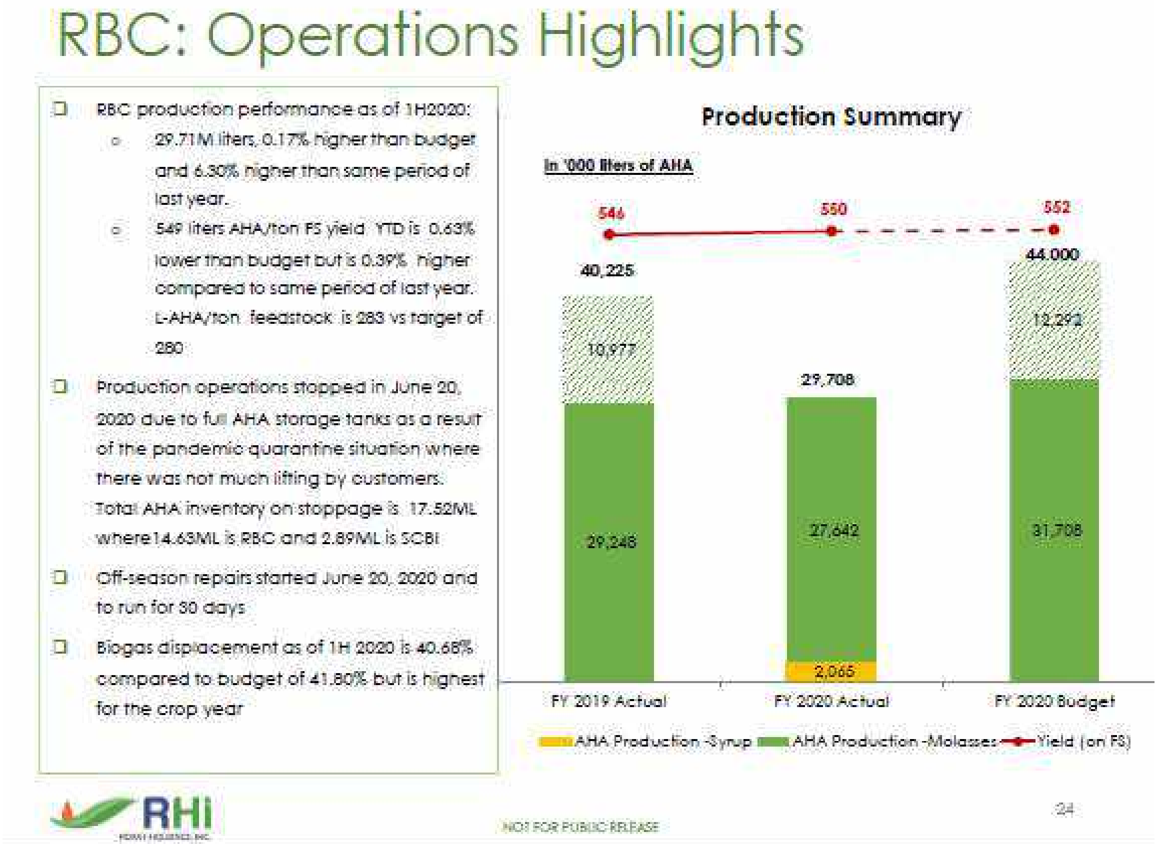


The milling ended last April 29, 2020. CACI was able to mill around 1.733 million tons of canes. This is 7% higher compared to last crop year and 2% higher compared to the budget. Mr. Hilado asked how many milling days did CACI have for this crop year. Mr. Cayetano answered that it was about 30 weeks. Mr. Hilado asked the same for VMC. Mr. Tubio answered that in the past it was about 37-40 weeks.

For LKg/TC, the actual is about 1.877 LKg/TC which is 7% lower than budget but 16% higher than the previous crop year. CACI was able to produce 3.252 million bags of raw sugar. With the initiative to use syrup for RBC, CACI was able to transfer 102,282 LKg equivalent. This is equal 3.8 million liters of production in terms of liters of AHA. This year total bagasse transferred to RBC is around 17,258 tons against zero last crop year. After the milling, the ending inventory is 3,500 which is good for startup. As of July 30, 2020, the OSR is at 62%. Moving forward, CACI will be able to complete the OSR before the start of milling.

Operational Highlights (RBC)

Mr. Cayetano continued to present the Operational Highlights for RBC.



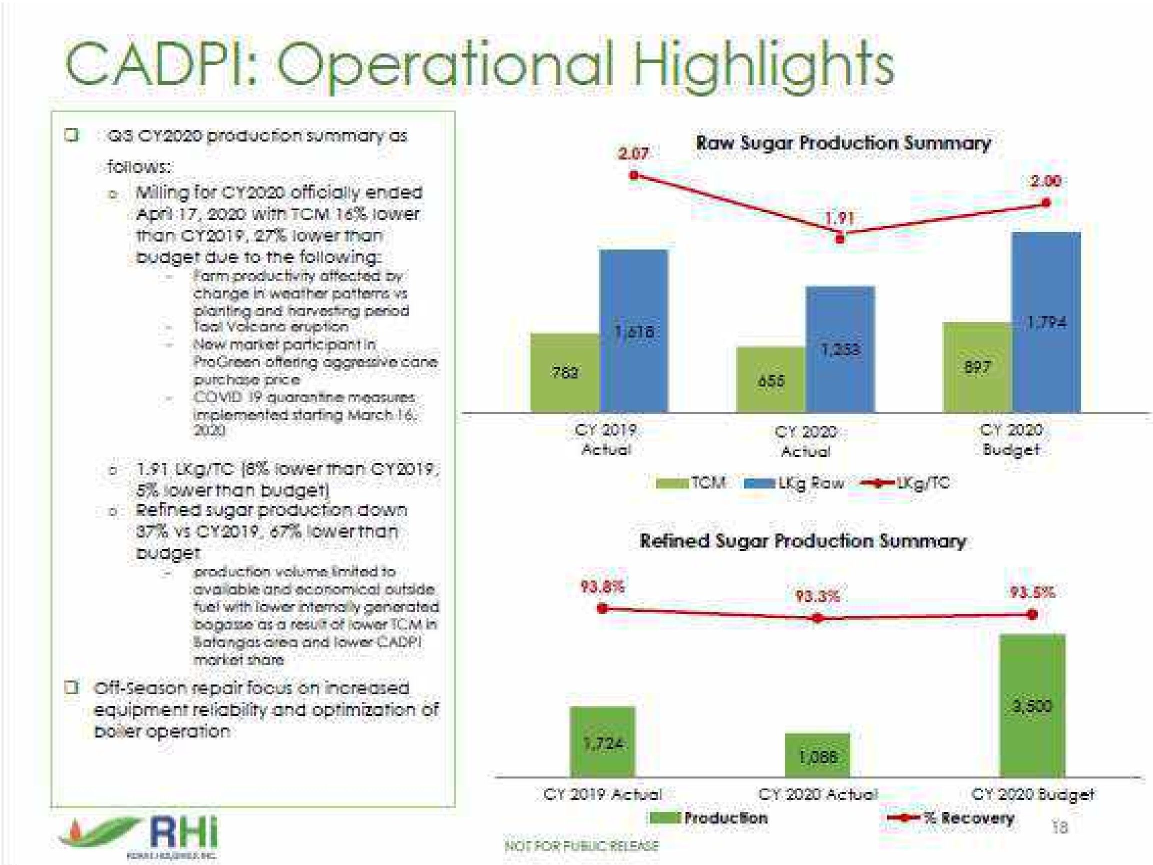
As far as total production of AHA as of June 2020, RBC has already filled up the AHA tanks. This is around 29.7 million liters which is higher than the budget and 6.30% higher than same period last year. But it is still lower than the total target of 44 million liters. Insofar as yield is concerned, RBC had 549 liters of AHA/ton of FS. This is around 0.63% lower than the budget but it is higher compared to the same period of last year. Total composite is 283 liters of AHA/ton of FS. For the production operations, RBC was forced to stop because the tanks are full. As of today, the AHA inventory in RBC is about 10 million liters. OSR has started last June 20, 2020. Activities for improvements are also being done. The target re start-up is on October or November.

In summary, both CACI and RBC had improvements this crop year.

Mr. Hilado asked Mr. Tubio if he is satisfied with the engineers in the sugar mills. Mr. Tubio answered that compared to when the present Management started, there has been noticeable improvements. The team now is more proactive and a little bit more guidance is needed in terms of the details of the sugar industry. The improvement is especially seen in SNU, headed by Mr. Cayetano. He added that there are new leaders as well in CADPI and SCBI. The Management is improving and developing within, through a cadetship program across the subsidiaries.

Operational Highlights (CADPI)

Mr. Lozada presented the operational highlights for CADPI.

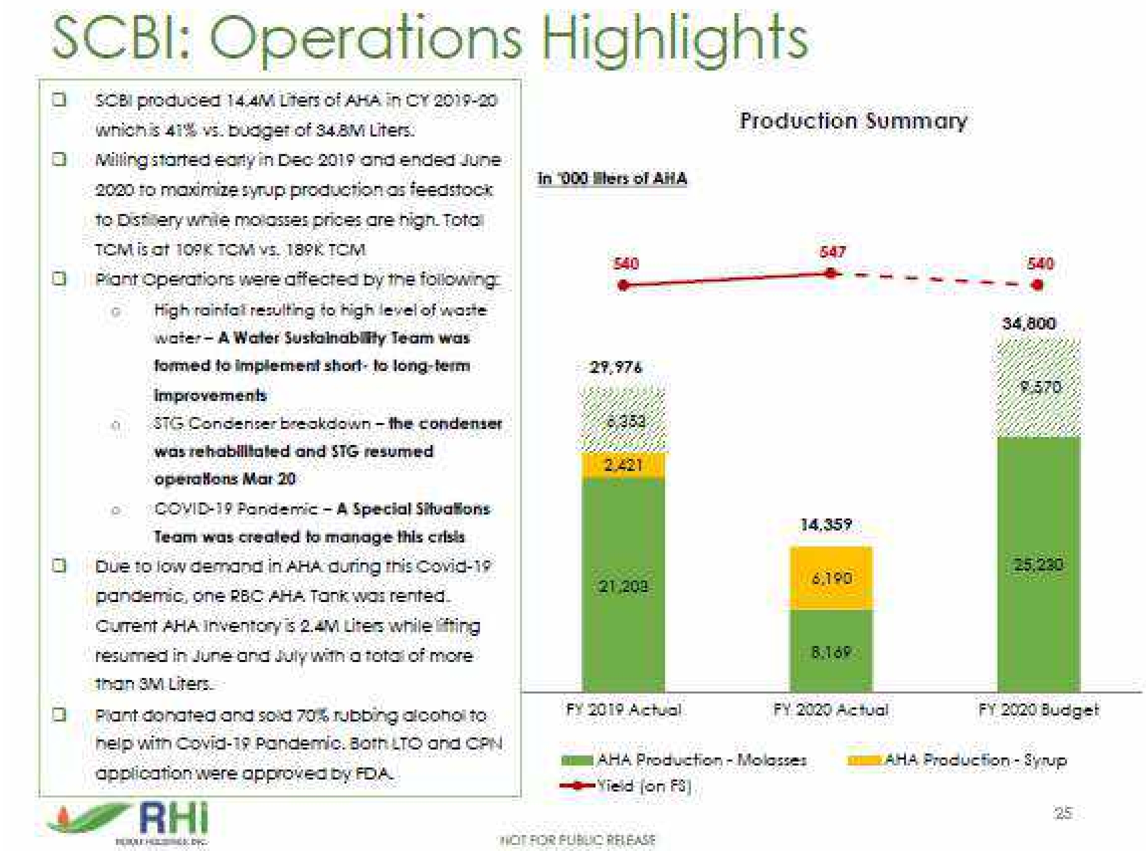


In CADPI, there was a drop in tonnage of about 16% as compared to last year and 27% lower than budget. Several challenges were met, such as, that of farm productivity which was affected by several changes in weather patterns, and as it was about to ramp up, the Taal volcano erupted. A few weeks after that, lockdowns were imposed due to COVID-19. He mentioned that the biggest reason for the drop is the 200,000 tons which was taken by the Ethanol plant in Balayan (Progreen). Given the pricing previously mentioned, the molasses price in Luzon was around Php16,000.00 per ton allowing Progreen to offer Php3,000.00 per ton regardless of the quality to the farmers. Given that this is cane purchase, most of the planters in the area took advantage of this opportunity. He added that if CADPI can source canes from Mindoro, then it will be a good initiative to bring back production to about 1.3 million tons. The LKg/TC is lower than last year due to drop in productivity in the area by 5%. In the refinery, CADPI produced a little over a million bags as compared to 1.7 million bags last year. With planned expansion in Mindoro, CADPI will be able to increase its production in terms of the demand for raw sugar. The OSR started last August 1, 2020. A test run will be done towards the end of October and milling will start in December.

Mr. Hilado inquired about the capacity of CADPI. Mr. Lozada answered that CADPI is rated around 12,000 tons per day milling capacity. Mr. Hilado further inquired what the annual capacity will be if CADPI has canes from Mindoro. Mr. Lozada mentioned that for 6 months, CADPI is able to mill around 1.5 million tons. Mr. Tubio added that if CADPI is able to source canes from Mindoro, it would be able to operate the raw sugar mill continuously and mill 1.5 million tons every year. The plan is to sell refined only and not raw. There is also another project involving liquid sugar. Management is studying this and its viability.

Operational Highlights (SCBI)

Mr. Lozada continued presenting the Operational Highlights for SCBI.



In SCBI, the plant produced 14.4 million liters of AHA. This is 41% lower than the budget of 34.8 million liters. The total canes milled is around 109,000. Because of the prices of sugar and molasses, the milling started in November which is earlier than the planned milling in January. This allowed SCBI to produce 6 million liters of sugar syrup. There is better feedstock margin for syrup. This will be the strategy for the coming crop year given the pricing advantages. Moreover, a water sustainability team was formed to address issues on waste water. Some issues in the plants involve the condenser breakdown but this was resolved. Hopefully next year, SCBI will focus on milling to produce syrup and exporting power. Due to low demand of AHA in this quarter, operations had to stop. There were disruptions due to COVID-19. Fortunately, SCBI was already able to acquire LTO and CPN from FDA allowing it to produce 70% alcohol.

Operational Highlights (RHI Agri-Business Development Corporation)

Mr. Jose Manuel L. Mapa (Mr. Mapa) presented the operational highlights for ADC.

ADC: Operational Highlights

- ADC Farms- projected cane output to reach 37,810 tons in CY 20-21, this is an increase of 139% from last crop year's production of 15,491 tons.
- Looking into viability of bringing canes from ADC farms to SCBI if CACI transaction pushes thru.
- The lease contract for two farms with a total area of 63 has. will expire in CY 20-21 and will no longer be renewed given the impending CACI transaction.
- Due to ENFARBCO's successful 1st year of operating 830 has, ECJ family to turn over an additional 1,000 hectares of farms to ENFARBCO.
- Due to the deep sense of partnership built with ENFARBCO, they are interested in exploring the possibility of bringing canes from some of their farms to SCBI, given certain levels of trucking allowance

	FY2019		FY2020		FY2021	
Negros farms	Rented Areas (ha)	Actual TCM	Rented Areas (ha)	Actual TCM	Rented Areas (ha)	Target TCM
In-house farms						
San Ricardo	31	1,880	32	2,402	32	2,400
Hibong	-	-	52	2,683	52	4,055
Carolina**	86	2,764	89	4,353	86	6,016
Hibong additional***	-	-	12	-	12	900
San Jose***	-	-	80	-	80	6,800
US***	-	-	70	-	70	5,400
Mandolfo***	-	-	61	-	61	4,774
Contract growing farm						
Himamaylan*	13	399	-	-	-	-
Alegria	29	2,500	31	2,381	31	2,321
Hilado	-	-	67	3,674	67	5,144
Batangas*	30	853	-	-	-	-
Total	189	8,396	494	15,493	491	37,810

* agreement terminated in 2019

** managed as in-House starting crop year 2019-2020

*** acquired Sept 2019 to Feb 2020, harvest will be on crop year 2020-2021

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Four farms were added in Negros with a total of 223 hectares. As such, the output will increase to 37,810 tons for the next crop year. This is an increase of 139% from last crop year's production of about 15,491 tons. ADC intends to bring the canes to SCBI when the transaction pushes through. 2 out of the 8 farms are quite far, thus ADC is still looking for ways to bring the canes to SCBI. 6 out 8 are viable to be brought to SCBI. The Lease Contracts for two farms, with a total of 63 hectares, will expire in this coming crop year. They will no longer be renewed given the impending sale.

On ENFARBCO, because of their successful operations of the 830 hectares, of which ADC was a vital partner, Mr. Cojuangco decided to add 1,000 hectares to the cooperative. ENFARBCO has committed to give the canes to the Group and will explore the possibility of bringing canes to SCBI. Mr. Roxas inquired if ENFARBCO ended the year as profitable. Mr. Mapa answered in the affirmative. This is the reason for the additional 1,000 hectares. As for the canes of Hinojales, most of his canes are brought to SONEDCO because of the LKg/Tc incentives.

ADC: Operational Results

	NEGROS FARMS							Equipment Rental			
	In-House			Contract Growing							
	San Ricardo	Hibong	Carolina	Alegria	Hilado	Other Farms*	Total	Harvester	Grab Loader	Others	Q3 FY2020 Actual
FARM PRODUCTIVITY											
Hectares harvested	32	33	69	34	60	-	**229**	-	-	-	
TCM	2,402	2,683	4,353	2,381	3,674	-	**15,492**	-	-	-	
Ton/Hectare	74	82	63	70	61	-	**68**	-	-	-	
REVENUE	**5.757**	**6.239**	**10.575**	**6.366**	**9.537**	**1.215**	**39.689**	**0.920**	**12.269**	**2.580**	**55.457**
Sugar Cane	5.478	5.946	10.035	5.997	9.029	1.183	37.668	-	-	-	37.668
Equipment Rental	-	-	-	-	-	-	-	0.920	12.269	-	13.189
Farm Services	-	-	-	-	-	-	-	-	-	2.232	2.232
Others	0.279	0.293	0.540	0.369	0.509	0.031	2.021	-	-	0.348	2.369
COST OF SALES	**6.249**	**7.565**	**12.492**	**4.156**	**5.386**	**9.308**	**48.723**	**6.519**	**15.321**	**0.715**	**71.277**
Farm Cost of Sales	5.611	6.572	14.639	4.156	5.386	6.316	42.680	-	-	-	42.680
Depreciation	0.296	0.439	1.105	-	-	1.155	2.994	5.793	5.630	0.715	15.133
Fuel	0.342	0.554	0.315	-	-	1.836	3.048	0.250	3.336	-	6.634
Manpower	-	-	-	-	-	-	-	0.476	6.354	-	6.831
OTHER EXPENSES	-	-	-	-	-	-	-	**0.257**	**3.422**	**3.507**	**7.186**
Repairs and maintenance	-	-	-	-	-	-	-	0.257	3.422	-	3.679
Personnel cost	-	-	-	-	-	-	-	-	-	3.495	3.495
Others	-	-	-	-	-	-	-	-	-	0.012	0.012
GROSS PROFIT	**(0.492)**	**(1.326)**	**(1.917)**	**2.210**	**4.152**	**(8.093)**	**(9.033)**	**(5.856)**	**(6.474)**	**(1.643)**	**(23.006)**

*San Jose, Nursery, Manaloto, Secondez, US Farms

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The harvesters and grab loaders still reflect negative figures, that is why adjustments on the pricing must be done.

Cane Supply (CADPI and SCBI)

For Batangas, the main concern is that farm yields are continuing to decline. ADC's approach is to help planters improve their yields. ADC has distributed 214 laksas of high yielding varieties (HYV) from ADC's farms in Negros. ADC has expanded its nursery in Batangas from 2 hectares to 16 hectares. There are plans to increase this to 30 hectares. ADC will also be bringing mechanical harvesters, tractors and implements from CACI to CADPI. The harvesters will play a big role in capturing the canes. Particularly the canes of Arnel Toreja and other planters from the Eastern side. They need help in terms of mechanical harvester. Market share in Batangas is targeted to increase this coming crop year. Mr. Roxas inquired about the mechanical harvesters. Mr. Mapa said that ADC is improving in utilization. In terms of costs, ADC has realized that what was being charged is still low to be able to break even. The rates will be raised to make this viable. Mr. Roxas asked how the present rates are compared to other cut and load rates. Mr. Mapa mentioned that the present rates are slightly higher compared to other rates in Negros. But in Batangas, ADC's rates are competitive.

ADC has also released crop loans worth Php11 million. Also for Batangas, ADC is planning to introduce irrigation programs for the planters. ADC has already asked the specialists on irrigation to visit. ADC is quite confident that it can improve the TCM in Batangas with the help of its harvesters and programs in HYVs.

For SCBI, the target volume of canes is 236,000 tons. This is an increase of 169% from last crop year which was at 108,789 tons. ADC has reached to some non-SCBI planters so that they can deliver to SCBI. ADC has been talking to some planters for SCBI. They seem to be okay in bringing the canes to SCBI with the condition that the LKg/TC will be okay as well. The HYV nursery of 1.7 hectares will be expanded to 5 hectares. Also, the tractors, implements and grab loaders will be transferred from CACI to SCBI.

IV
INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDING 30 JUNE 2020

Mr. Celso T. Dimarucut (Mr. Dimarucut) discussed the financials of the Group.

Profit & Loss

- Higher gross contribution on sugar business driven by improvement in CACI's gross margin brought about by lower unit production cost
- Decline in gross contribution on alcohol business due to higher feedstock cost and lower production volume
    - minimal lifting of oil companies in 3Q due to community quarantine period and earlier production shutdown
- Non-recurring net charge at year-end: Php2.5 billion

	Period ended June 30			Year End		
PhP millions	FY2020 Actual	FY2020 Budget	FY2019 Actual	FY2020 Outlook	FY2020 Budget	FY2019 Actual
Sugar segment	390	952	58	394	1,073	261
CACI (Negros plant)	210	324	(2)	210	324	41
CADPI (Batangas plant)	207	617	23	211	747	190
Others	(27)	11	36	(27)	3	31
Alcohol segment	(1)	376	212	(82)	511	140
SCBI	(30)	138	73	(110)	180	48
RBC	29	238	139	29	331	92
Contribution from operations	389	1,328	269	312	1,585	402
Operating expenses	(667)	(734)	(727)	(906)	(1,093)	(1,010)
Other income	72	66	54	90	87	70
Interest expense	(485)	(424)	(526)	(646)	(561)	(704)
Tax expense	(2)	(24)	(9)	-	(32)	(20)
CORE NET INCOME (LOSS)	(693)	211	(939)	(1,151)	(15)	(1,263)
Nonrecurring income (charges):						
Gain from sale of HPCO investment	258	-	-	258	204	-
Impairment loss:						
SNU	-	-	-	(1,114)	-	-
SCBI	-	-	-	(1,080)	-	-
CADPI catch up depreciation	-	-	-	(590)	-	-
Recognition (derecognition) of deferred taxes	-	-	324	-	127	(456)
Provision for tax assessment	-	-	-	-	-	(120)
NET INCOME (LOSS)	(434)	211	(652)	(3,678)	316	(1,889)
Depreciation	459	690	665	1,151	921	571
CORE EBITDA	253	1,350	261	56	1,499	32

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By way of recap, the strategy in CACI, with regard to putting focus on the least costly canes and those within the district, paid off. The margins improved with the reduction in the cost of the canes. The increasing price of molasses helped to a certain extent to increase the margin in CACI. Unfortunately, the targeted improvement in CADPI did not materialize because of the dwindling cane supply in the area. This is principally driven by low output and entry of a new player, Progreen. The improvement in the Sugar Segment of about Php398 million was negated by the poor performance of the Alcohol Business. This was driven by the high price of feedstock cost. Because of COVID-19 and reduction of lifting by oil companies, both RBC and SCBI had to shut down. This resulted to a much lower production volume. What was lost during the shutdown period can no longer be recovered as this revenue will be considered lost.

In terms of the Operating Expenses, the Management was able to bring this down. Together with the Interest Expenses, the Group has continuously paid down debts over the last two years. The Group was able bring down debt to about Php2 billion. This was driven by good management of working capital and from the sale of HPCo. For the nine month period Ending June 30, 2020, the Group will reporting a net loss of Php434 million. While this is an improvement from the same period last year, the margins from Sugar and Alcohol segments were not enough to cover the Operating Expenses and Interest Expenses. Mr. Roxas inquired as to why the depreciation is substantially lower compared to last year. Mr. Dimarucut answered that some equipment has been fully depreciated. In 2019, there were some additional depreciation recognized to catch up on some items.

On a full year basis, the loss will swell up to Php 3.6 billion driven by non-recurring charges at the end of the year. The biggest of which is that as the transaction is closed down, a net loss of about Php1.1 billion will be generated. Given the poor performance of SCBI, the Management is anticipating that the auditors will raise the issue on impairment of goodwill, thus, the Group may need to recognize the impairment for SCBI. This is the goodwill which was booked when the RHI Group acquired SCBI. This would also include the depreciation catch up for CADPI. This year and last year, CADPI was reflected as asset held for sale. As this is brought back to the category of operating subsidiaries, catch up deprecation will have to be booked. Mr. Hilado asked if the charges will be picked up only if the PCC approves the pending sale. Mr. Dimarucut updated the Board about the PCC process. He stated that feedback may be received by August 24, 2020. The Management will know by then if the transaction will be approved or the same will be pushed back to the Second Phase. Mr. Hilado inquired if URC is pushing for an early decision. Mr. Dimarucut stated that it is really the intention. There is actually a chance for it to be approved. Assuming it gets delayed, CADPI and RBC may need to run for one month under the RHI Management. Mr. Pangilinan asked if the Management is in communications with the banks. Mr. Dimarucut mentioned that the Management has already sent out letters and personally met up with them individually. Consent letters will also be released.

Balance Sheet

- Consolidated total asset decreased by Php1.1 billion primarily due to collection of receivables and sale of investment in HPCo
- Payment of long term loan amounting to Php867 million reduced Net Debt
- Short term credit facilities

Bank	Loan Amount (in Billions)	Renewal Status
BPI	2.0	Fully Renewed until September 30, 2020
BDO	1.5	Fully Renewed until September 30, 2020
BOC RSC	0.8	Line Extended until October 31, 2020
BOC SCBI	0.8	Line Extended until August 28, 2020
Landbank	2.0	Line Extended until August 27, 2020

- Php3.9B total loan payments from SNU proceeds

	Period ended June 30			Year End			
	FY2020 Actual	FY2020 Budget	FY2019 Actual	FY2020 Outlook	FY2020 Outlook 2	FY2020 Budget	FY2019 Actual
Current Assets	10,816	10,494	12,261	8,077	3,729	10,996	11,540
Cash	261	438	492	100	341	500	438
Receivables*	856	1,784	1,561	850	850	1,739	1,356
Inventories	1,762	1,748	2,506	1,200	1,200	2,000	1,206
Asset held for sale	6,599	5,602	6,525	4,589	-	5,602	7,255
Others	1,338	925	1,176	1,338	1,338	1,155	1,285
Noncurrent Assets	10,102	11,371	11,618	9,504	9,504	11,590	10,378
Property and equipment	8,662	9,480	8,809	9,144	9,144	9,640	9,000
Investment and goodwill	1,080	1,593	1,714	-	-	950	1,080
Others	360	298	1,095	360	360	1,000	298
Total Assets	20,918	21,866	23,879	17,581	13,233	22,586	21,917
Current Liabilities	9,366	9,359	10,270	9,600	6,550	9,270	9,357
Short term borrowings*	6,667	6,717	7,034	6,390	4,948	6,717	6,717
Current portion of long-term debt	636	848	848	1,404	-	1,405	848
Trade and other payables	1,447	1,795	1,363	1,602	1,602	1,149	1,177
Liabilities directly associated with assets held for sale	616	-	1,024	204	-	-	616
Noncurrent Liabilities	2,814	3,131	3,496	2,494	1,196	2,825	3,396
Long term borrowings	2,069	1,522	3,033	1,298	-	1,326	2,722
Others	745	1,608	464	1,196	1,196	1,498	673
Equity	8,738	9,376	10,113	5,487	5,487	10,491	9,164
Total Liabilities and Equity	20,918	21,866	23,879	17,581	13,233	22,586	21,917
Net Debt	9,110	8,649	10,423	8,992	4,607	8,947	9,849

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For the full year outlook, two scenarios are presented. The first outlook assumes that the transaction will be closed after September 30, 2020. While the second outlook assumes that the transaction will be closed before September 30, 2020. The equity will be down to Php5.4 billion. In terms of bank debts, it will go down to Php5 billion after the proceeds are applied. The intention is to pay down the long-term debts because most of the collateral are related to these debts. After this transaction, the Management plans to term out at least Php3 billion of the Php5 billion. There is a residual of about Php2 billion and long-term debt of Php3 billion. Mr. Vince S. Perez (Mr. Perez) asked if the Group availed of the Bayanihan debt relief. Mr. Dimarucut answered that the Group availed those for interest. The Group did not avail for the principal because of the same have already been pre-paid from the proceeds of the sale of HPCo. Mr. Roxas inquired about the arrangement with URC in terms of the OSR budget. Mr. Dimarucut answered that the estimated cost for OSR is Php300 million. If there is a delay in the PCC decision, the Group will have to share with the cost. Mr. Roxas inquired about the year-end loss and if it subject to NOLCO. Mr. Dimarucut answered that the Group can preserve some taxes like creditable taxes when the subsidiaries merge. NOLCO will no longer be retained because this is not transferable.

Cash Flow

- Positive Free Cash Flow due to liquidation of inventories and collection of receivables
- Payment of long term loans from the proceeds of sale of investment

	Period ended June 30			Year End			
	FY2020 Actual	FY2020 Budget	FY2019 Actual	FY2020 Outlook 1	FY2020 Outlook 2	FY2020 Budget	FY2019 Actual
EBITDA	253	1,350	261	56	56	1,499	32
Working capital	300	159	726	977	1,250	(340)	1,869
Capital expenditures	(199)	(450)	(155)	(400)	(400)	(600)	(317)
Free cash flow	354	1,059	832	633	905	560	1,584
Debt availments (servicing)							
Long term principal payments	(867)	(636)	(932)	(868)	(3,570)	(848)	(1,243)
Short term availments (payments)*	(50)	-	823	(327)	(1,769)	-	506
Interest expense	(485)	(424)	(526)	(646)	(646)	(561)	(704)
Proceed from sale of SNU assets**	-	-	-	-	4,113	-	-
Proceed from sale of investment	871	-	-	871	871	911	-
Cash balance							
Beginning	438	438	295	438	438	438	295
End	261	438	492	100	341	500	438

* Outlook includes P277M Petron collection used to settle Bank of Commerce short-term loans

** Net of VAT and CWT

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The Group tried to bring down the working capital by selling inventories. This helped in the generation of cashflow. Assuming the transaction is completed, the Group will be able to pare down debt. Mr. Roxas added that interest expense will also go down. Mr. Dimarucut mentioned that that interest will definitely go down. The intention of terming out certain loans, if a 6-year amortization period will be approved, then that will be at Php500 million principal annually. With interest, it would be around Php800 million. Mr. Roxas inquired about the book value. Mr. Dimarucut stated that it would be around Php3.50 per share.

On motion duly made and seconded, the Board approved the Interim Financial Statements and Management Report for the Third Quarter ending 30 June 2020, as presented.

Approval of the Press Release

Upon motion duly made and seconded, the Board likewise approved the Press Release on the Results of Operations for the Third Quarter ending 30 June 2020, as circulated.

OTHER MATTERS

Request for Car Sticker

<u>Board Resolution No. RHI-2020-0811-01</u>

"**RESOLVED,** that the Board of Directors of **Roxas Holdings, Inc.** (the "Corporation") authorizes and empowers the Corporation, to apply for Car Sticker from the Forbes Park Association, Inc. over its designated company vehicle, assigned to its **Chairman, Mr. Pedro E. Roxas**, specifically described as follows:

Make	:	BMW
Model	:	520D Sedan 2011
Plate No.	:	TIO698
Color	:	White

"**RESOLVED, FINALLY**, that the Board of Directors of the Corporation authorizes and empowers its Head, Corporate Administration, **MR. EDWARD A. DE GUZMAN** to sign, execute and deliver any and all forms, agreements, instruments and documents necessary to carry out the foregoing resolution, and to perform such further acts and deeds as may be necessary to carry into effect the foregoing."

RHI Authorized Signatories to the Control Agreement

<u>Board Resolution No. RHI-2020-0811-02</u>

"**RESOLVED**, that the Board of Directors of **Roxas Holdings, Inc.** (the "Corporation") authorizes the Corporation to enter into a Control Agreement, as Issuer, with Roxas and Company, Inc. ("RCI") and Bank of the Philippine Islands (the "Bank") to effect the security arrangement for loans and credit facilities of RCI and Roxaco Land Corporation with the Bank"

"RESOLVED, FINALLY, that the following officers of the Corporation be authorized, as they are hereby authorized, to sign jointly, execute and, deliver any and all documents necessary and proper to give effect to the foregoing resolution:

Name	**Position**
Pedro E. Roxas	Chairman
Hubert D. Tubio	President and CEO

Renewal of Short-Term Loan Facility with Land Bank

Board Resolution No. RHI-2020-0811-03

"**RESOLVED**, That the Board of Directors of **Roxas Holdings, Inc.** (the "Corporation") authorizes and empowers, as it does hereby authorize and empower, the Corporation to renew the Short-Term Loan Line Facility from Landbank of the Philippines (LBP) in the principal sum of TWO BILLION PESOS (Php2,000,000,000.00) or such other amount as may be agreed with LBP (the "Facility") under such terms and conditions as may be beneficial to the Corporation;

"RESOLVED, FINALLY, That the Board of Directors of the Corporation authorizes and empowers, as it does hereby authorize and empower, the execution of any and all agreements, instruments, notes, documents, and papers, relating to and which may be necessary to negotiate, obtain, conclude, and consummate, the Facility, on the signature of the following officers of the Corporation:

A. Without limitation as to amount, on the joint signature of:

Any two (2) among:

Name
PEDRO E. ROXAS
MANUEL V. PANGILINAN
HUBERT D. TUBIO
ARCADIO S. LOZADA, JR.
CELSO T. DIMARUCUT

Or

Any one (1) among:

Name
PEDRO E. ROXAS
MANUEL V. PANGILINAN
HUBERT D. TUBIO
ARCADIO S. LOZADA, JR.
CELSO T. DIMARUCUT

And

Any one (1) among:

ROXAS HOLDINGS, INC.
MINUTES OF THE SPECIAL MEETING OF
THE BOARD OF DIRECTORS

Held Online via Microsoft Teams on September 18, 2020 at 4:00 in the afternoon.

ATTENDANCE:

Present via teleconference:

Mr. PEDRO E. ROXAS
Mr. MANUEL V. PANGILINAN
Atty. ALEX ERLITO S. FIDER
Mr. HUBERT D. TUBIO
Atty. SANTIAGO T. GABIONZA, JR.
Ms. ARLYN S. VILLANUEVA
Mr. CHRISTOPHER H. YOUNG
Mr. OSCAR J. HILADO
Atty. RAY C. ESPINOSA

Others Present via teleconference:

Atty. CYNTHIA L. DE LA PAZ
Mr. VICENTE S. PEREZ
Mr. CELSO T. DIMARUCUT
Mr. ARCADIO S. LOZADA, JR.
Ms. VERONICA C. CORTEZ
Atty. MA. HAZEL L. RABARA-RETARDO
Atty. AIMEE E. PEDAYO

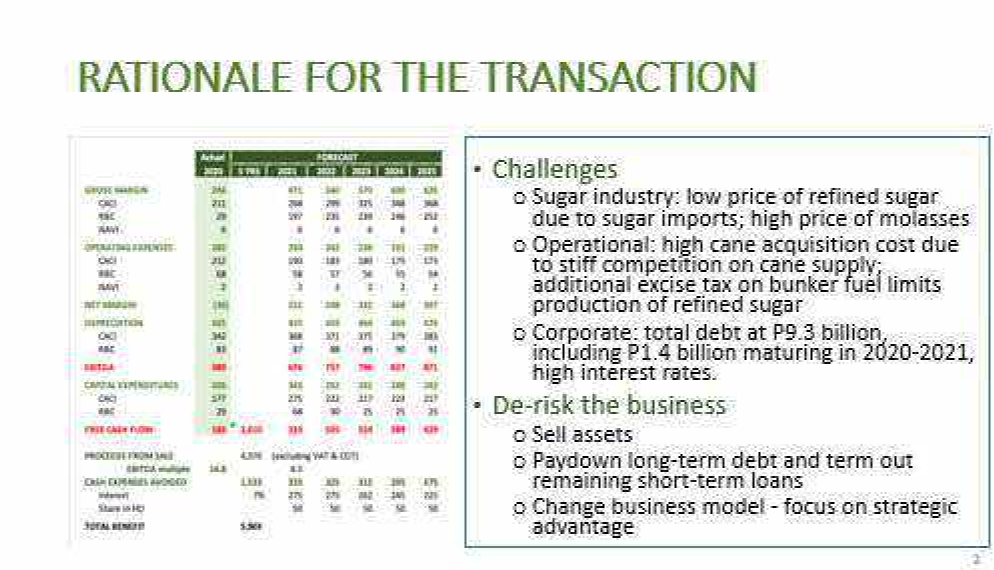
I
CALL TO ORDER

The Chairman, Mr. Pedro E. Roxas (Mr. Roxas), called the meeting of the Board of Directors to order. In view of the conduct of the meeting through remote communication, the Corporate Secretary, Atty. Cynthia L. De la Paz (Atty. De la Paz) read the rules of the meeting and proceeded to disclose the names of the people present in the meeting through Microsoft Teams. Thereafter, Atty. De la Paz certified the existence of a quorum and recorded the Minutes of the Meeting.

II
SALE OF SNU ASSETS

Mr. Hubert D. Tubio (Mr. Tubio) welcomed the attendance of the directors of Roxas Holdings, Inc. (RHI) in this meeting, the agenda of which, is the approval of the sale of the SNU assets in Central Azucarera De La Carlota, Inc. (CACI) and Roxol Bioenergy Corporation (RBC).

Mr. Tubio presented a slide on the rationale for the transaction.



He emphasized that the Sugar Industry continues to face challenges such as low prices of refined sugar due to sugar importations. He stated that Sugar No. 11 is only selling for Php707.00/bag, while for raw, Sugar No. 16, it is Php1,457.00 per bag. There are also operational challenges, one of which, is the high cane acquisition cost because of the stiff competition, particularly in Negros. There are just so much facilities and competition in Negros. As far as Ethanol is concerned, the high price of molasses in the country has posed a big challenge in the Group's ethanol production. The operational issues in Sugar include the stiff competition in cane supply and the excise tax on bunker fuel which limits the operations of the refinery. The low production in Batangas is also affecting the Group quite severely.

The Management is pushing for the transaction because the Group has a corporate debt of about Php9.3 billion, including Php1.4 billion which is maturing in 2021. Interest rates are not very favorable given the Group's current situation. Given the risk of the business, the Management recommends selling assets to pare down the long-term debt and to term out the remaining short-term loans. The Management also plans to change the business model. From the traditional mill and refinery, the Group currently has, the Management is planning to make it into a miller, refinery and plantation niche.

Mr. Tubio also presented the 5-year forecast for CACI, RBC and Najalin Agri-ventures, Inc. (NAVI). The EBITDA is around Php3.9 billion and free cash flow of Php2.6 billion, which the Management has compared to the proceeds of the proposed sale which is at Php4.37 billion. The Management also calculated the unavoidable cash expense or interest expense of Php1.5 billion. The total benefit is Php5.9 billion as compared to Php2.6 billion free cash flow. This is the reason why the Management is recommending the approval of this transaction.

SALE TRANSACTION

Sale and disposal by RHI and its wholly-owned subsidiaries namely, Central Azucarera De La Carlota, Inc. (CACI) and Roxol Bioenergy Corporation (RBC), of the following Negros Assets in favor of Universal Robina Corporation (URC) for a total consideration of Php4.9Bn broken down as follows:

1. **CACI Assets** owned by CACI consisting of all buildings, improvements, machineries & equipment, and laboratory equipment that are necessary for the continuing operations of CACI's sugar milling plant located at Barrio Consuelo, La Carlota City, Negros Occidental, and all spare parts inventory available for the operations of CACI's sugar milling plant for a consideration of **Php1,612,430,283.00**, inclusive of VAT
2. **CACI Land** owned by CACI consisting of certain parcels of land with a total area of approximately 1,069,037 square meters situated at Barrio Consuelo, La Carlota City, Negros Occidental for a consideration of **Php1,410,475,450.00**, inclusive of VAT
3. **RBC Assets** owned by RBC consisting of all buildings, improvements, machineries & equipment, and laboratory equipment that are necessary for the continuing operations of bioethanol plant facility located at Brgy. Nagasi, La Carlota City, Negros Occidental as set out in Schedule 2(A); and (ii) all spare parts inventory available for the operations of RBC's bioethanol plant facility for a consideration of **Php1,459,018,150.00**, inclusive of VAT
4. **RBC Land** owned by RBC consisting of a parcel of land covered by TCT No. T-11673 with a total area of approximately 391,826 square meters situated at Brgy. Nagasi, La Carlota City, Negros Occidental for a consideration of **Php275,808,841.00**, inclusive of VAT
5. **NAVI Shares** owned by RHI consisting of 520,115 common shares of the capital stock of Najalin Agri-Ventures, Inc. (NAVI), inclusive of four (4) common shares registered in the name of RHI's nominee directors, which in the aggregate represent 95.8% of the total issued and outstanding capital stock of NAVI for a consideration of **Php142,267,276.00**

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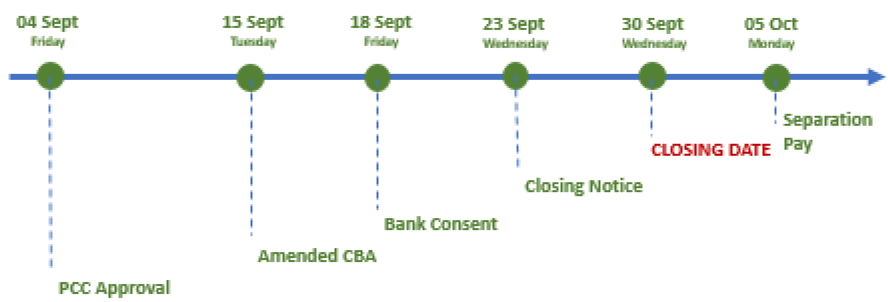
Mr. Celso T. Dimarucut (Mr. Dimarucut) discussed the sale transaction itself, the timeline and the use of the proceeds. The aggregate price of the transaction is Php4.9 billion which will cover all the equipment and land of both CACI and RBC. This will also cover the shares of stock of NAVI which holds certain parcels of land. The aggregate price of Php4.9 billion includes value added tax (VAT).

CLOSING TIMELINE



- 18 September : Test run
- 30 September : Long Stop Date
- 12 October : Target start of mill of URC La Carlota

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Based on the latest discussion, the Management is looking at September 30, 2020 as the Closing Date. The Philippine Competition Commission has already approved the transaction last September 4, 2020. There were certain CBA issues which the Management had to deal with and it was able to complete the same last September 15, 2020. The Management now has the signed Amended CBA and the Management is now in the process of completing the bank consents. The Management already has BPI, BOC and RCBC. The final consent the Management is waiting for is from BDO. There is indication that they are going to release the consent so that the Group can proceed with the transaction.

Mr. Oscar J. Hilado (Mr. Hilado) inquired if the deal structure is sale of assets or sale of equity. Mr. Dimarucut answered that it is sale of assets for CACI and RBC, while for NAVI, it is sale of equity. The latter's property is being leased to Mr. Hinojales.

Mr. Dimarucut repeated that the target date is September 30, 2020 and this coincides with the long stop date. The Group will be able to meet the contractual closing date under the Sale and Purchase Agreement. The Management is also targeting to pay the separation pay of the employees five (5) days after closing, so that they can start with Universal Robina Corporation (URC) from October 6, 2020 onwards. URC plans to start their milling on October 12, 2020.

USE OF PROCEEDS

Price	4,900,000,000
VAT	(509,757,078)
6% CWT	(254,878,539)
CGT	(19,907,033)
Net	4,115,457,350
Loan prepayment	(3,935,445,690)
Balance	180,011,660
NBV	5,498,030,600
Selling Price - net	4,390,242,922
Loss	1,107,787,678
Separation pay	186,890,000
Retirement assets	(37,332,690)
Unfunded	149,557,310
Liability recognized	(119,682,983)
Loss	29,874,327

	Balances			Pre Payments			Final Balances
	Long Term	Short Term	TOTAL	Long Term	Short Term	TOTAL	Short Term
BPI	1,189,984,000	2,000,000,000	3,189,984,000	(1,189,984,000)	-	(1,189,984,000)	2,000,000,000
CADPI	1,040,484,000	2,000,000,000	3,040,484,000	(1,040,484,000)		(1,040,484,000)	2,000,000,000
CACI	149,500,000	-	149,500,000	(149,500,000)		(149,500,000)	-
BDO	1,303,253,690	1,500,000,000	2,803,253,690	(1,303,253,690)	-	(1,303,253,690)	1,500,000,000
CADPI	532,500,000	1,500,000,000	2,032,500,000	(532,500,000)		(532,500,000)	1,500,000,000
CACI	495,000,000	-	495,000,000	(495,000,000)		(495,000,000)	-
RBC	11,111		11,111	(11,111)		(11,111)	-
RHI	275,742,579		275,742,579	(275,742,579)		(275,742,579)	-
LBP	-	2,000,000,000	2,000,000,000	-	(750,000,000)	(750,000,000)	1,250,000,000
RHI		2,000,000,000	2,000,000,000		(750,000,000)	(750,000,000)	1,250,000,000
BOC	-	878,750,000	878,750,000	-	(475,000,000)	(475,000,000)	403,750,000
RBC		475,000,000	475,000,000		(475,000,000)	(475,000,000)	-
SCBI		403,750,000	403,750,000			-	403,750,000
RCBC	217,208,000	-	217,208,000	(217,208,000)	-	(217,208,000)	-
CADPI	136,040,800		136,040,800	(136,040,800)		(136,040,800)	-
CACI	81,167,200		81,167,200	(81,167,200)		(81,167,200)	-
MB	-	216,800,000	216,800,000	-	-	-	216,800,000
RHI		216,800,000	216,800,000				216,800,000
TOTAL	2,710,445,690	6,595,550,000	9,305,995,690	(2,710,445,690)	(1,225,000,000)	(3,935,445,690)	5,370,550,000

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Mr. Dimarucut reported that the Group has Php9.3 billion of debt. Php2.7 billion of which is the long-term portion and Php6.6 billion in short-term loans. The plan is to settle all the long-term debt and a certain portion of the short-term loans, particularly that of Land Bank which is approximately Php750 million and BOC loans to RBC which is around Php475 million. From the total proceeds, the Management expects, on a net cash basis that the Group will receive about Php4.1 billion. This is enough to cover the Php3.9 billion total loans which the Group will pre-pay. This leaves a net cash of about Php180 million, which the Management intends to use to cover the unfunded portion of the retirement plan for the settlement of the separation pay of employees. The unfunded portion is about Php149 million. Profit and Loss (P&L) wise, the Group is expected to book a loss of around Php1.1 billion since the assets are being sold below net book value of Php5.5 billion. The Group will also recognize additional retirement expense of about Php30 million because the Group has only recognized up to Php120 million so far. The difference relates as part of the process wherein the Management had to sit down with the union to have a smooth transition. Additional two (2) months of separation pay was given. The Management also agreed to cover some of the years when they were still considered as casuals. That resulted to additional separation benefits to the employees.

REQUIRED APPROVAL

- Execution, negotiation, delivery and performance of the Sale and Purchase Agreement dated 11 March 2020, as amended by the Amendment Agreement dated 26 August 2020, covering the sale and purchase transaction involving the Negros Assets (including the CACI Assets and CACI Land) and all other definitive agreements and closing deliverables provided in the Sale and Purchase Agreement including the Deeds of Absolute Sale, under such terms and conditions negotiated, determined and agreed upon by the Authorized Representatives of RHI.
- Designation of any one (1) of Mr. Hubert D. Tubio (President and Chief Executive Officer) or Mr. Celso T. Dimarucut (EVP – Chief Finance Officer) as authorized representatives and signatories of RHI for the sale and purchase transaction involving Negros Assets in favor of URC
- Prepayment and settlement of the relevant RHI Group Secured Loans and certain Unsecured Loans in the total amount of Php3,935,445,690 from the proceeds of the Negros Assets sale transaction and the corresponding release and discharge of the mortgaged security covered by the relevant Mortgage Trust Indenture (MTI) securing the Negros Assets and other relevant assets of the RHI Group, including negotiating and securing the necessary consents and waivers from the relevant lender banks, and doing all acts necessary to carry out the foregoing purpose.

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Mr. Dimarucut presented the approvals being sought from the Board, which includes the execution and performance of the Sale and Purchase Agreement (SPA), particularly the execution of those definitive agreements related to the SPA. These include the Deed of Sale and other related documents. The Management requests the designation of Mr. Hubert. D. Tubio, as President and CEO and Mr. Celso T. Dimarucut, as EVP-CFO as authorized representatives to sign on behalf RHI, CACI and RBC. Also, the approval to pre-pay the Group's loans up to Php3.9 billion pesos out of the proceeds of the sale.

WHAT'S NEXT

- Term out P4.75 billion short-term loan to BPI (P2.0 billion), BDO (P1.5 billion and Landbank (P1.250) billion:
  - 50% amortizing starting 2023 (2 years grace period 2021 & 2022) to 2026
  - 50% balloon payment on 2027 or retain as Short-Term Loan
  - MTI over Batangas Asset with FMV at P8.3 billion (PhpP4.98 billion loanable amount – 1.50x asset coverage)
- Corporate legal restructuring
  - Merge RHI-CADP-CACI-RBC to preserve post transaction tax assets of CACI & RBC amounting to P725 million (excluding NOLCO)
  - Rename
  - Change from fiscal year ending 30 Sept to calendar ending 31 Dec
  - Delisting with PSE
- Re-invent Batangas and SCBI business model

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As presented earlier, the biggest exposure is the short-term loan, particularly BPI, BDO and Land Bank. The aggregate of which is about Php4.75 billion. The intention is to term-out all these short term loans to long-term facility and be covered by a Mortgage Trust Indenture over the Batangas Asset. The Fair Market Value of the Batangas Asset is about Php8.3 billion and on that basis, the Group can hold in about Php5 billion of debt on the basis of a 60% loanable amount and 1.50x asset coverage ratio. The Management has started the discussions with BDO but Management is still trying to reach out to BPI and Land Bank, insofar as the Php2 billion and Php1.250 billion are concerned. So far, in the discussions with BDO, a seven (7) year facility is being looked at, 50% of which is payable over the term of the loan but with a grace period of two (2) years, and the other half will be paid in lump sum in the year 2027. If this is acceptable to the other banks, the Management will structure the other loans in the same manner. The key here is to ask for a two (2)-year grace period for the principal. The Group needs this time to rebuild the business of Central Azucarera Don Pedro, Inc. (CADPI) and San Carlos Bioenergy, Inc. (SCBI). The Management is also considering doing certain restructuring so that the Group can preserve some of the tax assets remaining in CACI and RBC. That is about Php725 million. The Group can also take that opportunity to re-brand the remaining business and rename it. There are also plans on changing the fiscal year to December 31, in time for the opening of CADPI and the remaining ethanol business. This will also coincide with the calendar year of the Group's principal shareholder. Since there are many things that the Group must undertake, the Management may also consider privatizing the remaining entity and delisting from the Philippine Stock Exchange. These plans will be presented after the closing of the transaction. The Management is just waiting for one critical information because the new business plan is making sure that the Group can rebuild and maximize the refinery capability. This would entail certain upgrades on the boiler. The Management is in the process of selecting suppliers and it has been narrowed down. As of yesterday, Management got information that the analysis is almost done.

Mr. Tubio mentioned that BDO has already given the go signal. Mr. Dimarucut mentioned that the Management suggested to BDO that there should be two separate processes with regard to the consent for the transaction and the commitment to cover the remaining loan with an MTI asset. There will be further discussions about the forms of the letter commitment and the requirement on the LOS. BDO is letting the Group proceed to close the transaction. Mr. Manuel V. Pangilinan (Mr. Pangilinan) inquired if BDO will deal with the LOS after the transaction. Mr. Dimarucut mentioned that the Group would need to issue a separate commitment letter and it will be given sixty (60) days to deal with the LOS and fifteen (15) days for the terming-out of the loan. The Management has yet to agree with them regarding the wording of the commitment and the LOS. Mr. Christopher H. Young (Mr. Young) mentioned that there is already a draft, but Management has not given it to BDO yet. Mr. Dimarucut added that if BDO would agree on best effort basis to secure the LOS in the letter commitment, then that would be the preferred approach and the same would be discussed after the closing of the transaction. But if they would require the Group to a firmer LOS, then the Management would have to discuss with them regarding the language of the letter.

Mr. Hilado mentioned that the debt level would have been reduced to about Php5 billion. He inquired if this is a debt level that the operations of CADPI can handle. Mr. Dimarucut answered that based on the preliminary numbers and assuming that the Group will be able to restore the refining capability of CADPI, through the alteration of the boiler to accept other fuels aside from bunker, and if CADPI is able to hit about 5 million bags of refined sugar then this can really help the Group. Taking a look at the past performance of CADPI, it is able to generate close to Php1 billion EBITDA, principally coming from the refinery margins. The Management assumes that if the loans are amortized, the Group would have an amortization of about Php500 million of the principal and if the Php300 million of interest is included, that is about Php800 million, which is within the Php1 billion earning capability of CADPI. This is not counting the contribution from SCBI. Mr. Hilado inquired as to how much Capital Expenditures (CAPEX) are needed to bring up the level of efficiency to be able to generate the cash flow needed. Mr. Dimarucut answered that as for the boiler upgrade, the quote is about Php480 million. The Group will get reimbursement for the Off-Season Repairs from URC.

Atty. Santiago T. Gabionza, Jr. (Atty. Gabionza) asked about the impact on the book value per share pre-transaction and post-transaction. Mr. Dimarucut answered that the loss is about Php1 billion, as presented. In terms of book value, it would be less than Php1.00 or roughly around Php0.75 reduction. The market has already discounted because the market price is below book value. The Management does not expect that there will be much movement in the market.

Mr. Tubio mentioned that the Management will pursue the strategies previously discussed with the Board. The Management will have to control the Operating Expenses (OPEX). There will be a cost reduction in terms of manpower since CACI and RBC are no longer operation. There will really be a general and strict reduction in OPEX moving forward. The Management has not considered the contribution of SCBI. The strategy is to change the feedstock from molasses to cane syrup. This is the original feedstock for SCBI. There will be additional products like the 70% alcohol. SCBI has actually received a positive response insofar as the Bureau of Internal Revenue is concerned. In terms of products for CADPI, the Management will also consider going to branding and niche market for the industrial customers. Despite the presence of imported sugar, Management believes that it still has a niche market due to the quality of refined sugar that CADPI is able to produce what the industry customers want. The other plan is the plantation side, which the Group is exploring. This will be presented separately.

Mr. Roxas asked about the tax assets that can be monetized over time. Mr. Dimarucut mentioned that when the merger is done, the NOLCO cannot be carried over. What can only be preserved is the Php725 million, which includes creditable withholding tax and value-added tax. The NOLCO cannot be carried over and that is why in the past years the subsidiaries have already started writing it off.

Mr. Roxas extended his gratitude to the Management for ensuring that the transaction pushes through as efficiently as possible. What is important is that the Management moves forward and maximize the remaining entities. He reminded the Management to ensure that the proper letters and communications to the planters are given. Mr. Dimarucut mentioned that there is a communication plan covering the planters, employees and the local government.

On motion duly made and seconded, the Board approved the following resolutions:

<u>Board Resolution No. RHI-2020-0918-02</u>

"**RESOLVED**, **AS IT IS HEREBY RESOLVED,** that the Corporation and its wholly-owned subsidiaries namely, Central Azucarera De La Carlota, Inc. ("**CACI**") and Roxol Bioenergy Corporation ("**RBC**"), be authorized to sell and dispose of certain of its Negros Assets in favor of Universal Robina Corporation ("**URC**") for a total consideration of Four Billion Nine Hundred Million Pesos (Php4,900,000,000.00), which assets consist of the following (the "**Sale Transaction**"):

(i) "**CACI Assets**", owned by CACI, consisting of all buildings, improvements, machineries & equipment, and laboratory equipment that are necessary for the continuing operations of CACI's sugar milling plant located at Barrio Consuelo, La Carlota City, Negros Occidental, and all spare parts inventory available for the operations of CACI's sugar milling plant for a consideration of One Billion Six Hundred Twelve Million Four Hundred Thirty Thousand Two Hundred Eighty-Three Pesos (Php1,612,430,283.00), inclusive of Value Added Tax ("VAT");

(ii) "**CACI Land**", owned by CACI, consisting of certain parcels of land with a total area of approximately 1,069,037 square meters situated at Barrio Consuelo, La Carlota City, Negros Occidental for a consideration of One Billion Four Hundred Ten Million Four Hundred Seventy-Five Thousand Four Hundred Fifty Pesos (Php1,410,475,450.00), inclusive of VAT;

(iii) "**RBC Assets**", owned by RBC, consisting of all buildings, improvements, machineries & equipment, and laboratory equipment that are necessary for the continuing operations of bioethanol plant facility located at Brgy. Nagasi, La Carlota City, Negros Occidental, all spare parts inventory available for the operations of RBC's bioethanol plant facility for a consideration of One Billion Four Hundred Fifty-Nine Million Eighteen Thousand One Hundred Fifty Pesos (Php1,459,018,150.00), inclusive of VAT;

(iv) "**RBC Land**", owned by RBC, consisting of a parcel of land covered by TCT No. T-11673 with a total area of approximately 391,826 square meters situated at Brgy. Nagasi, La Carlota City, Negros Occidental for a consideration of Two Hundred Seventy-Five Million Eight Hundred Eight Thousand Eight Hundred Forty-One Pesos (Php275,808,841.00), inclusive of VAT; and

(v) "**NAVI Shares**", owned by RHI, consisting of 520,115 shares of the capital stock of Najalin Agri-Ventures, Inc. ("**NAVI**"), inclusive of four (4) shares of stock registered in the name of RHI's nominee directors, which in the aggregate represent 95.8% of the total issued and outstanding capital stock of NAVI for a consideration of One Hundred Forty Two Million Two Hundred Sixty Seven Thousand Two Hundred Seventy Six Pesos (Php142,267,276.00).

"**RESOLVED, FURTHER,** that the Corporation is hereby authorized to negotiate, execute, deliver and perform the Sale and Purchase Agreement dated 11 March 2020, as amended by the

Amendment Agreement dated 25 August 2020, covering the Sale Transaction as well as the sale and purchase of the CACI Assets, the CACI Land, the RBC Assets, the RBC Land, and the NAVI Shares (collectively, the "**Negros Assets**") as therein defined, and all other definitive agreements and closing deliverables provided in the Sale and Purchase Agreement including the Deeds of Absolute Sale covering the Negros Assets (collectively, the "**Definitive Agreements**"), including those related, connected, antecedent, supplemental, consequential, or amendatory to the foregoing Definitive Agreements, and to perform any and all acts, as may be necessary, appropriate and proper to carry out the Sale Transaction, under such terms and conditions as are fair, reasonable, and shall be to the best interest of the Corporation under the premises, and accordingly, the negotiation, execution, delivery and performance of the Definitive Agreements is hereby approved and ratified;

"**RESOLVED, FURTHER**, to designate and appoint any One (1) of the following individuals (each an "**Authorized Representative**"):

HUBERT D. TUBIO	President and CEO
CELSO T. DIMARUCUT	EVP – Chief Finance Officer

as the authorized representatives and signatories of the Corporation, and as such, any One (1) of them signing singly is hereby authorized and empowered: (i) to negotiate, sign, and deliver any of the Definitive Agreements, and any and all agreements, contracts, documents, papers, certifications, or instruments necessary to carry out the Sale Transaction and implement the proposed sale of the Negros Assets to the Buyer, which agreements, contracts, documents, papers, certifications or instruments may contain or otherwise provide for such representations and warranties, covenants, and undertakings as the Authorized Representatives may approve; (ii) to secure any necessary government and/or third party approvals necessary for the Sale Transaction, including securing the necessary approval from the Philippine Competition Commission; and (iii) to otherwise do any and all acts for and on behalf of the Corporation necessary and appropriate to the foregoing purposes;

"**RESOLVED, FURTHER,** that the Corporation shall: (i) use the proceeds of the Sale Transaction to prepay and settle certain loans of the RHI Group amounting to roughly Three Billion Nine Hundred Thirty Five Million Four Hundred Forty Five Thousand Six Hundred Ninety Pesos and Ninety Nine Centavos (Php3,935,445,690.99); and (ii) facilitate the corresponding release and discharge of the relevant Negros Assets from the mortgage and security interest securing the aforesaid RHI Group loans, including negotiating and securing the necessary consents and waivers from the relevant lender banks, and doing all acts necessary to carry out the foregoing purpose;

"**RESOLVED, FINALLY**, that the Corporate Secretary or Assistant Corporate Secretary is hereby authorized to certify to the approval of the foregoing resolutions and any party is hereby authorized to rely upon such certification until advised by a like Secretary's Certificate of any change herein."

BDO Update on Signatories for Mortgage Trust Indenture

Board Resolution No. RHI-2020-0918-02

RESOLVED, that the Board of Directors of **Roxas Holdings, Inc**. (the "**Corporation**") authorizes the Corporation to update its signatories for the Mortgage Trust Indenture by and between the Corporation and BDO Unibank, Inc. – Trust and Investments Group as Trustee;"

"**RESOLVED, FINALLY**, that any one of the following officers of the Corporation be authorized, as they are hereby authorized, to sign, execute and, deliver any amendment or supplement to the Mortgage Trust Indenture, and, in general to do any and all acts and execute and deliver any and all documents necessary and proper to give effect to the mortgage created under the Mortgage Trust Indenture to the best interest of the Corporation, to replace previously appointed signatories:

Name	**Position**
Hubert D. Tubio	President and CEO
Celso T. Dimarucut	EVP - Chief Finance Officer

Processing of CAR for the sale of NAVI Shares

Board Resolution No. RHI 2020-0918-03

"RESOLVED, that the Board of Directors of Roxas Holdings, Inc. (the "Corporation") authorizes and empowers its AVP-Finance, Veronica C. Cortez and/or its Head-Tax Management, Dorothy Anne O. Diokno to process, apply for and secure the Certificate Authorizing Registration (CAR) on behalf of the Corporation, with the Bureau of Internal Revenue over the sale of the Corporation's shares of stock of Najalin Agri-Ventures, Inc. and to do all acts and sign and deliver documents necessary to the foregoing."

Conversion of Advances

The Board of Directors approved the conversion of Eight Hundred Fifty Eight Million Eight Hundred Seventy Seven Thousand Five Hundred Pesos (PhP858,877,500.00) of its advances with Central Azucarera Don Pedro, Inc. (CADPI) to Seven Hundred Forty Seven Thousand Five Hundred (747,500) common shares in CADPI at a subscription price of One Thousand One Hundred Forty Nine Pesos (PhP1,149.00) per common share.

VI
ADJOURNMENT

There being no other matters to discuss, the meeting was thereupon adjourned.

A T T E S T:

PEDRO E. ROXAS

MANUEL V. PANGILINAN

HUBERT D. TUBIO

ARLYN S. VILLANUEVA

SANTIAGO T. GABIONZA, JR.

CHRISTOPHER H. YOUNG

ALEX ERLITO S. FIDER

OSCAR J. HILADO

RAY C. ESPINOSA

CYNTHIA L. DE LA PAZ
Corporate Secretary

MA. HAZEL L. RABARA-RETARDO
Assistant Corporate Secretary

ROXAS HOLDINGS, INC.
MINUTES OF THE REGULAR MEETING OF
THE BOARD OF DIRECTORS

Held Online via Microsoft Teams on October 28, 2020 at 5:00 in the afternoon.

ATTENDANCE:

Present via teleconference:

Mr. PEDRO E. ROXAS
Mr. MANUEL V. PANGILINAN
Atty. ALEX ERLITO S. FIDER
Mr. HUBERT D. TUBIO
Atty. SANTIAGO T. GABIONZA, JR.
Ms. ARLYN S. VILLANUEVA
Mr. CHRISTOPHER H. YOUNG
Atty. RAY C. ESPINOSA

Others Present via teleconference:

Atty. CYNTHIA L. DE LA PAZ
Mr. VICENTE S. PEREZ
Mr. SENEN BACANI
Mr. CELSO T. DIMARUCUT
Ms. VERONICA C. CORTEZ
Atty. MA. HAZEL L. RABARA-RETARDO

I
CALL TO ORDER

The Chairman, Mr. Pedro E. Roxas (Mr. Roxas), called the meeting of the Board of Directors to order. In view of the conduct of the meeting through remote communication, the Corporate Secretary, Atty. Cynthia L. De la Paz (Atty. De la Paz) read the rules of the meeting and proceeded to disclose the names of the people present in the meeting through Microsoft Teams. Thereafter, Atty. De la Paz certified the existence of a quorum and recorded the Minutes of the Meeting.

II
APPROVAL OF THE MINUTES OF THE PREVIOUS MEETING

Mr. Roxas presented the Minutes of the Regular Meeting of the Board of Directors held on 11 August 2020 and Special Meeting on 18 September 2020. He stated that copies of the Minutes were circulated to all members of the Board prior to the meeting for their review.

On motion duly made and seconded, the Board approved the Minutes, as presented.

There were no matters arising from the previous meeting.

III

RETIREMENT OF PRESIDENT AND CEO

Mr. Roxas proceeded to inform the Board of the intention of Mr. Hubert D. Tubio, the current President and CEO of RHI and its subsidiaries, to retire from his position and in the Board, effective October 31, 2020.

Mr. Tubio expressed his sincere gratitude to the Chairman, the Vice-Chairman Mr. Manuel V. Pangilinan and the rest of the members of the Board for the trust and support during his leadership. He stated that, with the successful transaction of RHI's South Negros Units, he believes that this is just the right time for him to finally retire and hand down the reins of managing the remaining units to move the organization forward. He likewise thanked RHI's Management Team for all the work, efforts, cooperation, support and initiatives in trying to realize the objectives the Group has all been working for. He hopes these efforts and initiatives now form part of the foundation built over the years, and will be instrumental for the future of the organization.

The Board, upon motion duly made and seconded, accepted the retirement of Mr. Tubio effective October 31, 2020, and adopted the following resolution:

Board Resolution No. RHI-2019-0212-07

> "**RESOLVED,** that the Board of Directors of **ROXAS HOLDINGS, INC.** (the "Corporation") does hereby accept the retirement of Mr. Hubert D. Tubio as President and CEO of the Corporation, and his resignation as member of the Board of Directors effective October 31, 2020.
>
> **RESOLVED, FURTHER**, that the Board of Directors of the Corporation recognizes and is grateful to Mr. Tubio for his significant contributions during his tenure as President and CEO of the Corporation.
>
> **RESOLVED, FINALLY**, that the Board of Directors expresses its utmost appreciation to Mr. Tubio and wishes him well in all future endeavors."

After consideration of Mr. Tubio's retirement, Mr. Roxas stated that the Board needs to appoint a replacement for the position. Mr. Roxas suggested that, while the selection is ongoing, Mr. Celso T. Dimarucut, the current Executive Vice-President, Chief Finance Officer, be appointed as Officer-in-Charge of the Corporation and the subsidiaries.

Upon motion duly made and seconded, the Board appointed Mr. Dimarucut as Officer -In-Charge until such time as the replacement of Mr. Tubio has been duly selected and appointed in accordance with the Manual of Corporate Governance of RHI, and directed the Corporate Secretary to make the necessary disclosures to the PSE and SEC, on the above re-organization of executive positions.

(N.B. Mr. Tubio has left the meeting after confirmation of his retirement.)

IV
MANAGEMENT PRESENTATION OF THE BUSINESS PLAN FOR 2021-2025

Mr. Dimarucut first thanked the Board for the trust and confidence in appointing him as OIC of the Group. He thereafter discussed the presentation for the Budget proposal of the RHI Group, with an opening that the next two years will be difficult for RHI as Management will try to reinvent and transition the business, but with the help of the key shareholders, the Board of Directors and the executive officers, the Group is hopeful to deliver. While the plan to be presented to the Board already identifies the key strategies of the Group, it is still a work in progress and shall be re-shaped as more information is obtained moving forward.

PHILIPPINE SUGAR INDUSTRY SUMMARY

THREATS

- No significant improvement in farm productivity and sugar yield, significantly lower vs other sugar producing countries
- Margins getting thinner on raw sugar due to underutilized mills – increasing cane acquisition cost
- Overcapacity on plants utilizing by-products (i.e. molasses, bagasse)
- Increasing price of by-products – molasses and bagasse
- Sugar Trade Liberalization

OPPORTUNITIES

- Strong demand for refined sugar
- Stand alone refining by decoupling from cane and bagasse; refine 3rd party raw sugar from domestic and imported sources
- Influence imports to be raw sugar for local refining (similar models as other importing Asian nations like China, Japan, Korea, Malaysia and Indonesia that restrict refined imports in favor of raw sugar)
- Potential demand for power from renewable source

Management assessed the factors affecting the business and had seen that over the last 50 years, there is no significant improvement in the farm productivity and sugar yields, especially when compared to other sugar-producing countries. At present, there is roughly around 410,000 hectares devoted to sugarcane in the country (slightly smaller than 50 years ago), but yield from these lands remained almost constant at 43 million bags per year (or about 99 bags/ha). These inefficiencies stemmed from structural issues besetting the entire agricultural industry, particularly when lands where fragmented and distributed to agrarian reform beneficiaries under the CARP. Thus, around 85% of farmers only own around 5has of land, and with that kind of land size, it will be hard-pressed to achieve any economies of scale. Moreover, these farms are highly dependent on rain for irrigation, and thus are affected by El Nino and La Nina conditions. Added to that, sugarcane farmers are aging; it has not attracted the young generation because of the small income to be generated.

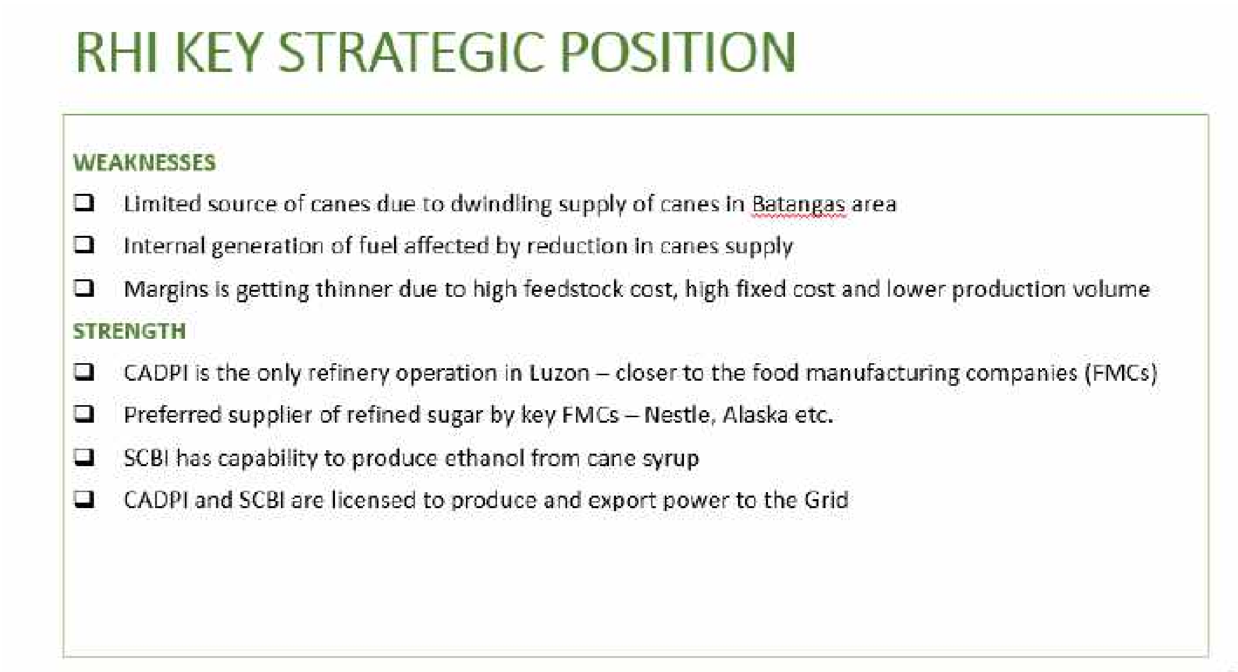
In turn, these factors affected the mills as margins on raw sugar production are getting thinner because of under-utilization of the mills and increasing cane acquisition costs. Partly to help the sugar industry, the Biofuels Act was passed in 2006 mandating the 10% ethanol blend in all fuel. While this has initially attracted investors, it has caused issues within the industry, due to limited supply of molasses which resulted in increasing price of molasses which went as high as 14,500 pesos per MT. Oil companies continue to lobby to repeal/amend the Biofuels Law, to reduce the cost of gasoline. Upon inquiry from customers, we note that most recent landed cost of imported ethanol is around P28/liter versus local ethanol price of P60/liter.

With the above scenario vis-a-vis increase in demand of sugar with the growing population, Philippines is projected to be a net importer of sugar in the coming years.

Nevertheless, Management has seen several areas for opportunities for the Group, particularly in refined sugar. With the return of beverage companies to using sugar (instead of HFCS because of TRAIN), demand has gone up steadily to around 23.5 million bags in 2019, coming from 17.6 million bags in 2016 or before the TRAIN law was enacted and imposed higher taxes on HFCS. On the other hand, production has gone down from 19.1million bags in 2016, to roughly around 16.5million bags in 2019. CADPI contributed to the decline in refined sugar production. Before TRAIN law, CADPI maximized its refined sugar production capacity with the use of bunker fuel. CADPI was able to produce 3.5 million bags in 2017. Before the implementation of the TRAIN Law, bunker fuel price was just Php12.00 per liter. When the TRAIN Law was implemented, the price went up to Php25.00. This is not cost efficient anymore for the refinery operations. CADPI refined sugar production went down to roughly 1 million bags in 2020.

Management has observed that only about 41-45% of the raw sugar are being refined. Except for Lopez, most of the refineries are operated as an adjunct to the mill – with the operation of the refinery being dependent on the amount of bagasse generated by the mill. Thus, there is an opportunity for a standalone refinery, by decoupling cane and bagasse; and start to accept raw sugar for refining from third party sources, using outside fuel. We have to influence the industry – similar to what's happening in other Asian countries, i.e. where these countries import raw sugar for refining.

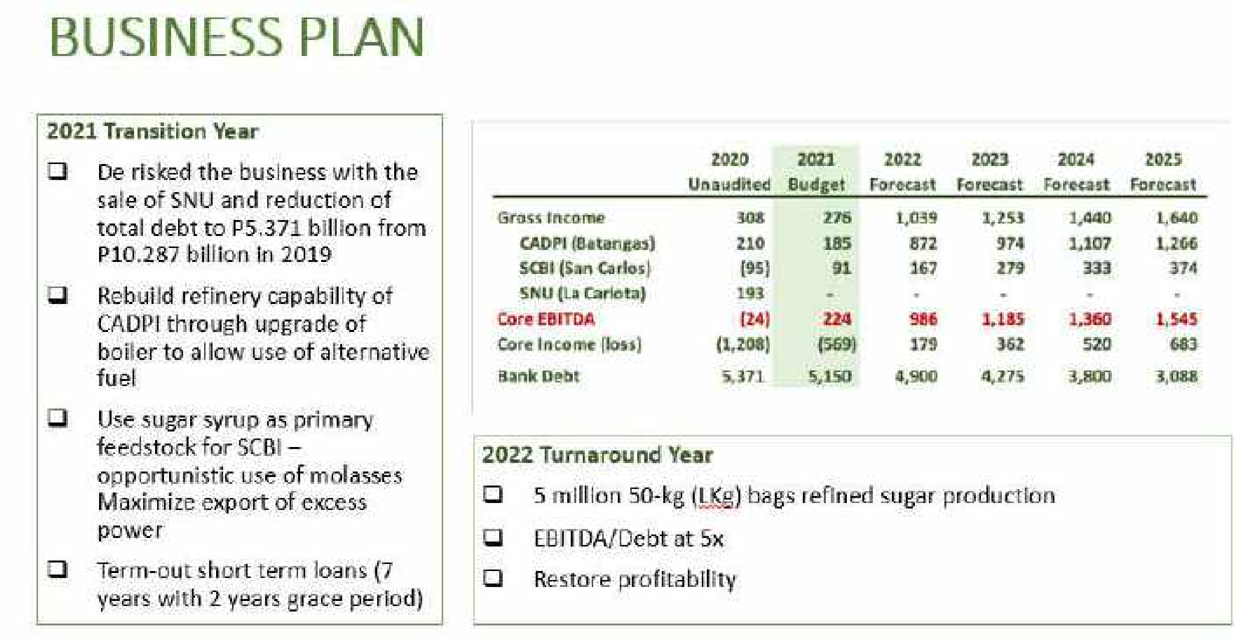
The other advantage in the industry is the growing demand for power. Both CADPI and SCBI have licenses to export power. VMC and URC have bigger capacity to export power and have maximize the use of their bagasse to produce power.



Given the above, Management has identified its key strategic position.

While there are weaknesses in terms of cane supply and fuel generation, the Group will be able to utilize its strength by rebuilding the refining capability of CADPI. CADPI is the only one with refining capability in Luzon. Relationships have been built with the FMCs, like Nestle and Alaska.

Likewise, SCBI was originally constructed to use cane syrup as main feedstock. Due to the soured relationship with planters, former owner of SCBI decided to use molasses which is cheaper during those times. Over the last five years, the price of molasses went up to as high as Php14,000.00. This is no longer a viable feedstock for the production of ethanol. The plan is to use cane syrup as the primary feedstock of SCBI. Management believes that SCBI can be profitable even with shorter production months.



BUSINESS PLAN

2021 Transition Year

- ❑ De risked the business with the sale of SNU and reduction of total debt to P5.371 billion from P10.287 billion in 2019
- ❑ Rebuild refinery capability of CADPI through upgrade of boiler to allow use of alternative fuel
- ❑ Use sugar syrup as primary feedstock for SCBI – opportunistic use of molasses Maximize export of excess power
- ❑ Term-out short term loans (7 years with 2 years grace period)

	2020 Unaudited	2021 Budget	2022 Forecast	2023 Forecast	2024 Forecast	2025 Forecast
Gross Income	308	276	1,039	1,253	1,440	1,640
CADPI (Batangas)	210	185	872	974	1,107	1,266
SCBI (San Carlos)	(95)	91	167	279	333	374
SNU (La Carlota)	193	-	-	-	-	-
Core EBITDA	(24)	224	986	1,185	1,360	1,545
Core Income (loss)	(1,208)	(569)	179	362	520	683
Bank Debt	5,371	5,150	4,900	4,275	3,800	3,088

2022 Turnaround Year

- ❑ 5 million 50-kg (LKg) bags refined sugar production
- ❑ EBITDA/Debt at 5x
- ❑ Restore profitability

With the sale of the South Negros Assets, the Group was able to pay down and reduce debt to about PhP5.371 Billion from PhP10.2787 Billion in 2019.

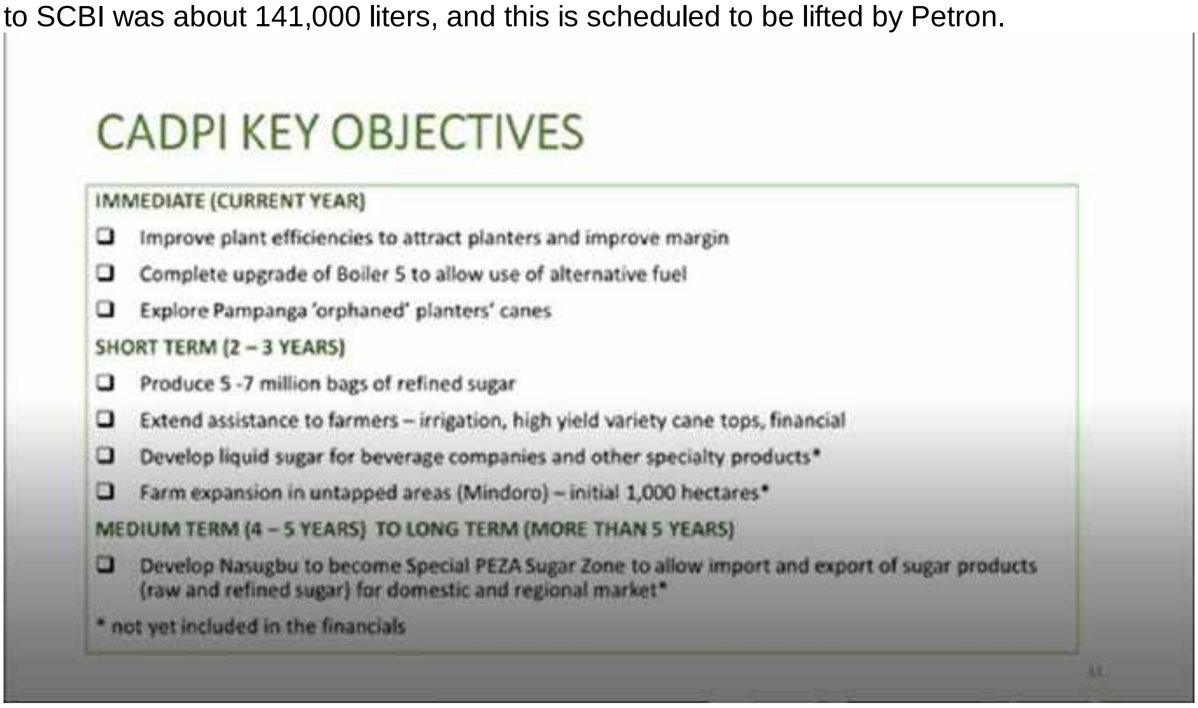
The focus now is on the rebuilding of the refinery capability of CADPI through the upgrade of Boiler No. 5 to allow the use of alternative fuel, specifically coal. This will entail capex of about PhP400Million, but in this way, Management believes that it can rebuild the gross margin of CADPI to around PhP800million. In 2017, when 3.5million bags were produced, gross margin went as high as PhP800million.

There is also a need to refocus on SCBI and use cane syrup as primary feedstock, instead of molasses as earlier discussed.

Along with the above initiatives, Management is in discussions with the bank to term out the short-term loan for seven years, with a two-year grace period. This will allow the Group to re-invent the business to generate sufficient cash flow to support the business.

Management is hopeful that 2022 would be the turnaround year. The target is to produce five million bags and sufficient core EBITDA and restore profitability.

Mr. Roxas inquired if all inventory of CACI and RBC have been liquidated. Mr. Dimarucut replied that all raw sugar inventory has been disposed; for molasses, remaining inventory have been transferred to SCBI. On ethanol, most of it were sold – the only remaining inventory transferred to SCBI was about 141,000 liters, and this is scheduled to be lifted by Petron.



CADPI KEY OBJECTIVES

IMMEDIATE (CURRENT YEAR)

- ❑ Improve plant efficiencies to attract planters and improve margin
- ❑ Complete upgrade of Boiler 5 to allow use of alternative fuel
- ❑ Explore Pampanga 'orphaned' planters' canes

SHORT TERM (2 – 3 YEARS)

- ❑ Produce 5 -7 million bags of refined sugar
- ❑ Extend assistance to farmers – irrigation, high yield variety cane tops, financial
- ❑ Develop liquid sugar for beverage companies and other specialty products*
- ❑ Farm expansion in untapped areas (Mindoro) – initial 1,000 hectares*

MEDIUM TERM (4 – 5 YEARS) TO LONG TERM (MORE THAN 5 YEARS)

- ❑ Develop Nasugbu to become Special PEZA Sugar Zone to allow import and export of sugar products (raw and refined sugar) for domestic and regional market*

* not yet included in the financials

In terms of CADPI, the focus for this year is to improve plant efficiencies and complete the upgrade of Boiler 5 to allow the use of alternative fuel. Management has already identified a supplier, and is in constant communication, as well, with the external consultant for the Project. Activity is projected to take 12 months to complete.

It is expected that the margins will continue to be low before the completion of the upgrade. After the first year, the focus is to start producing refined sugar of about 5-7 million bags. There are also big margin opportunities on specialty projects and liquid sugar for the beverage companies. Long-term, if CADPI is developed as a Special PEZA Sugar Zone, it can be a hub for the importation of raw sugar and exportation of refined sugar.

SCBI KEY OBJECTIVES

IMMEDIATE (CURRENT YEAR)

- ❑ Use sugar syrup as primary feedstock – opportunistic use of molasses
- ❑ Generate excess bagasse to support cost efficient Distillery operations
- ❑ Develop other (non-fuel use) alcohol products

SHORT TERM (2 – 3 YEARS)

- ❑ Revisit and improve long-term relationship with Petron, largest customer since inception
- ❑ Use of Reused Derived Fuel (RDF) to reduce fuel cost and achieve sustainable and efficient boiler operations*

* not yet included in the FS

For SCBI, as mentioned, there will be a shift from the use of molasses to sugar syrup. Along that line, excess bagasse will be produced to support the distillery. SCBI was also able to get a license to produce 70% alcohol which help expand the product line. SCBI is also in the final stage of getting approval from the DENR for the use of RDF to reduce fuel cost.

RDF is also being looked at in CADPI.

PROFIT AND LOSS

- ❑ Improved gross margin
  - o CADPI - higher refined sugar production and lower fuel cost
  - o SCBI – use of sugar syrup as main feedstock (opportunistic use of molasses), increased tons canes milled resulting to higher bagasse generated and maximized power export to the Grid
- ❑ Restructured operating expenses
- ❑ Lower financing cost

(in millions)	Audited				Unaudited	Budget	Forecast			
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Gross Income	1,073	1,459	1,254	360	308	276	1,039	1,253	1,440	1,640
Batangas	779	799	468	178	210	185	872	974	1,107	1,266
San Carlos	95	64	264	77	(95)	91	167	279	333	375
Negros	199	597	522	106	193	-	-	-	-	-
Operating expenses	(896)	(1,008)	(931)	(946)	(910)	(546)	(510)	(524)	(535)	(546)
Selling expenses	(69)	(58)	(94)	(64)	(52)	(32)	(55)	(59)	(63)	(69)
Interest expense	(383)	(444)	(502)	(704)	(646)	(316)	(302)	(275)	(242)	(207)
Share in HPCo earnings	212	68	56	41	2	-	-	-	-	-
Other Income - net	90	94	125	70	90	53	53	53	53	53
Tax benefit (expense)	75	12	146	(20)	-	(5)	(46)	(85)	(133)	(188)
CORE NET INCOME (LOSS)	103	120	55	(1,263)	(1,208)	(569)	179	362	520	483
NONRECURRING LOSS	-	-	-	(626)	(2,509)	-	-	-	-	-
Depreciation	928	951	777	571	537	473	460	463	465	466
CORE EBITDA	1,338	1,503	1,188	32	(24)	224	986	1,185	1,360	1,545

The loss on the sale of SNU amounting to about Php1 billion is shown in the consolidated figures as non-recurring. The Php500 million depreciation of CADPI is also shown. He added that reduction in the manpower cost in 2020 is in relation to the South Negros Units. In 2021, the Group will let go of about 45 people in the head office. The cost of that is about Php60 million but will generate significant savings.

Mr. Dimarucut continued to discuss that the gross income from Negros is about Php193 million in 2020 but will no longer be there moving forward. But the amount of expenses went down from Pjp910 million to about Php546 million. The interest will go down from Php646 million to Php316 million. The reduction on the operating expenses and the interest is more than loss on the gross income on the assets of the business units sold.

DEBT AND INTEREST EXPENSE

- P4.9B 2020 principal payments
  - proceeds from sale of CACI/RBC assets and investment in HP Co shares
  - Long term debt fully paid as of 30 September 2020
- P4.75B short term loans proposed for term out
- New short term facility OR extension of existing short term facility

In millions		2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Term Out Loans		**4,750**	-	-	**(475)**	**(475)**	**(713)**	**(713)**	**(2,375)**	-	-
BPI		2,000			(200)	(200)	(300)	(300)	(1,000)		
BDO		1,500			(150)	(150)	(225)	(225)	(750)		
Landbank		1,250			(125)	(125)	(188)	(188)	(625)		
Short term		**621**	**(221)**	**(250)**	**(150)**	-	-	-	-	-	-
New		-	250	(250)	-	-	-	-	-	-	-
Existing		621	(471)	-	(150)	-	-	-	-	-	-
BOC		404	(404)								
MIB		217	(67)		(150)						
Refinancing									**1,200**	**(1,200)**	
BALANCE - END		5,371	5,150	4,900	4,275	3,800	3,088	2,375	1,200	-	-
Balance beginning			5,371	5,150	4,900	4,275	3,800	3,088	2,375	1,200	-
Availment			250						1,200		
Repayment			(471)	(250)	(625)	(475)	(713)	(713)	(2,375)	(1,200)	-
ESTIMATED INTEREST			**316**	**302**	**275**	**242**	**207**	**164**	**107**	**36**	-
TOTAL DEBT SERVICING			**538**	**552**	**900**	**717**	**919**	**876**	**1,282**	**1,236**	-
DSCR			0.41	1.10	1.65	1.48	1.76	1.20	1.25	-	
DEBT TO EBITDA	times		22.89	4.96	3.60	2.79	2.00	1.54	0.78	-	-

For the debt and interest expense, as mentioned, the Php4.7 billion short term loans are with BPI, BDO and Land Bank. These are intended to be termed out for seven years with two years grace period. Termed-out debt will be covered by MTI, with the asset being valued at around PhP8Billion. If the Group is successful, then it can comfortably service these. The Management is currently working on a short-term facility to help the Group with the 2020-2021 period.

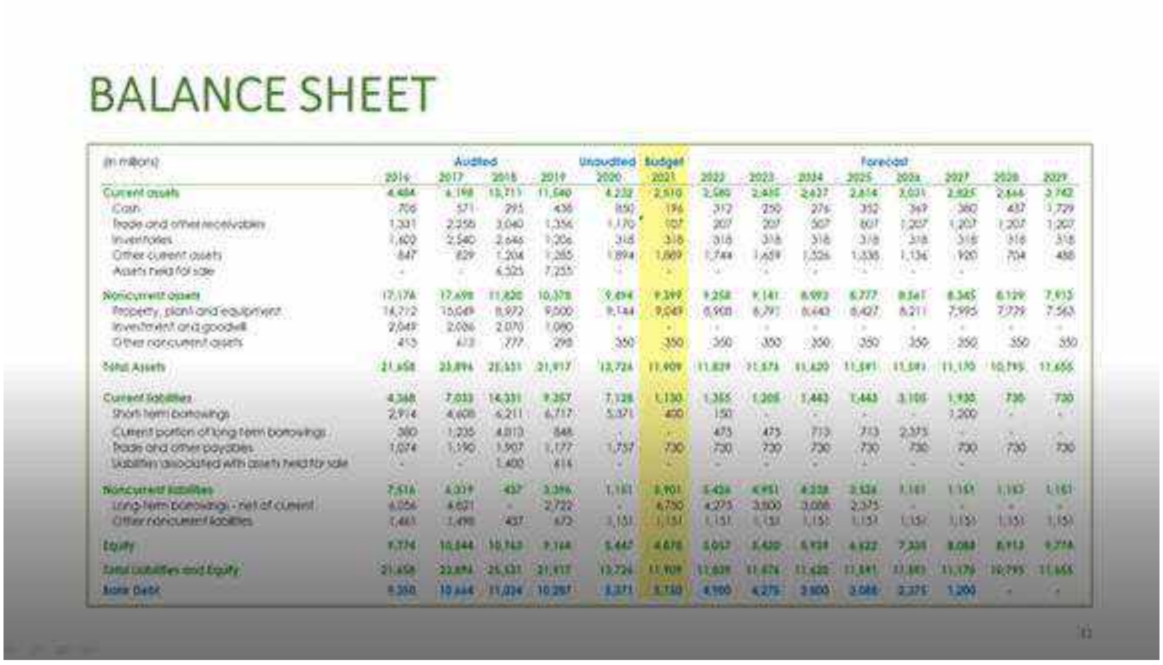
In terms of cashflow, the Management hopes to give a better EBITDA to service principal repayments and interest. Hopefully, also, the capex that is needed for the CADPI project will be taken out of the URC reimbursement for off-season repairs that were advanced by RHI. This is around 280Million Pesos.

CASH FLOWS

- 2021 capital expenditures includes cost of CADPI boiler project to support extended refinery operations
- P4.75B Term out loans
  - 2 years grace period until 2022
  - 50% amortization, 50% lump sum payment in 2027

In millions	2021	2022	2023	2024	2025	2026	2027	2028	2029
EBITDA	224	986	1,185	1,360	1,545	1,544	1,543	1,543	1,543
Capital expenditure	(378)	(319)	(346)	(317)	(250)	(250)	(250)	(250)	(250)
Free cash flow	(154)	668	839	1,043	1,295	1,294	1,293	1,293	1,293
Debt servicing	(536)	(552)	(900)	(717)	(919)	(876)	(1,282)	(1,236)	-
Principal	(221)	(250)	(626)	(475)	(713)	(713)	(1,175)	(1,200)	-
Interest	(316)	(302)	(275)	(242)	(207)	(164)	(107)	(36)	-
Net working capital	36	(1)	-	(300)	(300)	(400)	-	-	-
Receivables/inventories									
Sugar	207	(100)	-	(300)	(300)	(400)	-	-	-
Alcohol	576	-	-	-	-	-	-	-	-
OSR - URC	250	-	-	-	-	-	-	-	-
Road input VAT	-	100	-	-	-	-	-	-	-
Payables									
Trade payables	(350)	-	-	-	-	-	-	-	-
MRP	(367)	-	-	-	-	-	-	-	-
VAT	(250)	-	-	-	-	-	-	-	-
Net change in cash	(654)	116	(61)	26	76	18	11	57	1,293
CASH BALANCE	196	312	250	276	352	369	380	437	1,729
Beginning	850	196	312	250	276	352	369	380	437

As for the Balance sheet, assuming the loans will be termed out, the current ratio will be much better. The debt to equity will be 60:40, which is within the 70:30 financial covenant with the bank.



BALANCE SHEET

(in millions)	Audited				Unaudited	Budget	Forecast							
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Current assets	4,484	6,198	13,711	11,540	4,232	2,510	2,580	2,485	2,627	2,814	3,031	2,825	2,666	3,742
Cash	706	571	295	436	850	196	312	250	276	352	369	380	437	1,729
Trade and other receivables	1,331	2,258	3,040	1,356	1,170	107	207	207	507	807	1,207	1,207	1,207	1,207
Inventories	1,600	2,540	2,646	1,206	318	318	318	318	318	318	318	318	318	318
Other current assets	847	829	1,204	1,285	1,894	1,889	1,744	1,659	1,526	1,338	1,136	920	704	488
Assets held for sale	-	-	6,525	7,255	-	-	-	-	-	-	-	-		
Noncurrent assets	17,174	17,698	11,820	10,378	9,494	9,399	9,258	9,141	8,993	8,777	8,561	8,345	8,129	7,913
Property, plant and equipment	14,712	15,049	8,972	9,000	9,144	9,049	8,908	8,791	8,643	8,427	8,211	7,995	7,779	7,563
Investment and goodwill	2,049	2,006	2,070	1,080	-	-	-	-	-	-	-	-	-	-
Other noncurrent assets	413	643	777	298	350	350	350	350	350	350	350	350	350	350
Total Assets	21,658	23,896	25,531	21,917	13,726	11,909	11,839	11,574	11,620	11,591	11,593	11,170	10,795	11,655
Current liabilities	4,368	7,033	14,331	9,257	7,128	1,130	1,355	1,205	1,443	1,443	3,105	1,930	730	730
Short term borrowings	2,914	4,608	6,211	6,717	5,371	400	150	-	-	-	-	1,200	-	-
Current portion of long term borrowings	380	1,235	4,013	848	-	-	475	475	713	713	2,375	-	-	-
Trade and other payables	1,074	1,190	1,907	1,177	1,757	730	730	730	730	730	730	730	730	730
Liabilities associated with assets held for sale	-	-	1,400	614	-	-	-	-	-	-	-	-		
Noncurrent liabilities	7,516	6,319	437	3,396	1,151	5,901	5,426	4,951	4,238	3,526	1,151	1,151	1,151	1,151
Long-term borrowings - net of current	6,056	4,821	-	2,722	-	4,750	4,275	3,800	3,088	2,375	-	-	-	-
Other noncurrent liabilities	1,461	1,498	437	673	1,151	1,151	1,151	1,151	1,151	1,151	1,151	1,151	1,151	1,151
Equity	9,774	10,844	10,763	9,164	5,447	4,878	5,057	5,420	5,939	6,622	7,338	8,088	8,913	9,774
Total Liabilities and Equity	21,658	23,896	25,531	21,917	13,726	11,909	11,839	11,576	11,620	11,591	11,593	11,170	10,795	11,655
Bank Debt	9,350	10,664	11,024	10,287	5,371	5,150	4,900	4,275	3,800	3,088	2,375	1,200	-	-

There being no questions, the Board, upon motion duly made and seconded, approved the Business Plan of RHI as presented by Management.

V
OTHER MATTERS

Management discussed the need to update the existing bank signatories given that there were several movements in the executives in the Head Office and the Plants.

1. Deletion of Anna G. Yu and Jose B. Villanueva III as authorized signatories for all accounts; and
2. Addition of the following persons, with signing limits as follows:

    a. Pilipino T. Cayetano (For Head Office Plant-site Accounts) as Group “A” Signatory- For any amount, signing jointly with any one of the Group A Signatories; For any amount not exceeding One Hundred Million Pesos, signing jointly with any one of the Group B Signatories; and,

    b. Jose Manuel L. Mapa, Ma. Hazel L. Rabara-Retardo and Veronica C. Cortez (For Head Office and Plant-Site Accounts) as Group B Signatory– For any amount, signing jointly with any one of the Group A Signatories; For any amount not exceeding One Hundred Million Pesos, signing jointly with any one of the Group B Signatories.

Upon motion duly made and seconded, the Board approved the above proposal.

VI
ADJOURNMENT

There being no other matters to discuss, on motion made and seconded, the meeting was thereupon adjourned.

ROXAS HOLDINGS, INC.
MINUTES OF THE REGULAR MEETING OF
THE BOARD OF DIRECTORS

Held Online via Microsoft Teams on December 16, 2020 at 10:00 in the morning.

ATTENDANCE:

Present via teleconference:

Mr. PEDRO E. ROXAS
Mr. MANUEL V. PANGILINAN
Atty. ALEX ERLITO S. FIDER
Atty. SANTIAGO T. GABIONZA, JR.
Ms. ARLYN S. VILLANUEVA
Mr. CHRISTOPHER H. YOUNG
Mr. OSCAR J. HILADO

Others Present via teleconference:

Atty. CYNTHIA L. DE LA PAZ
Mr. SENEN BACANI
Mr. CELSO T. DIMARUCUT
Mr. JOSE MANUEL L. MAPA
Mr. PILIPINO T. CAYETANO
Mr. FREDERICK E. REYES
Ms. VERONICA C. CORTEZ
Atty. MA. HAZEL L. RABARA-RETARDO
Ms. JENNIFER LIM
Atty. AIMEE E. PEDAYO

I
CALL TO ORDER

The Chairman, Mr. Pedro E. Roxas (Mr. Roxas), called the meeting of the Board of Directors to order. In view of the conduct of the meeting through remote communication, the Corporate Secretary, Atty. Cynthia L. De la Paz (Atty. De la Paz) read the rules of the meeting and proceeded to disclose the names of the people present in the meeting through Microsoft Teams. Thereafter, Atty. De la Paz certified the existence of a quorum and recorded the Minutes of the Meeting.

II
APPROVAL OF THE MINUTES OF THE PREVIOUS MEETING

Mr. Roxas presented the Minutes of the Regular Meeting of the Board of Directors held on 28 October 2020. He stated that a copy of the Minutes of the Regular Meeting of the Board of Directors was circulated to all members of the Board prior to the meeting for their review.

On motion duly made and seconded, the Board approved the Minutes, as presented.

There were no matters arising from the previous meeting.

III
AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDING 30 SEPTEMBER 2020

The Officer-in-Charge, Mr. Celso T. Dimarucut (Mr. Dimarucut) started the discussion by presenting the Profit & Loss slide.

(in millions)	2020	Audited 2019	2018
Gross Income	**437**	**366**	**1,282**
Batangas	238	190	456
San Carlos	(87)	48	378
South Negros	286	128	448
Operating expenses	(1,035)	(1,066)	(1,052)
Interest expense	(640)	(704)	(502)
Share in HPCo earnings	2	41	56
Other income	62	70	125
Tax benefit (expense)	(8)	30	146
CORE NET INCOME (LOSS)	**(1,181)**	**(1,263)**	**55**
NONRECURRING LOSS	**(2,645)**	**(626)**	-
Core depreciation	537	571	775
CORE EBITDA	**4**	**32**	**1,186**

Mr. Dimarucut reported that the Group's external auditor, SGV & Co. (SGV) has finished the audit of the Group's accounts. There was no major adjustment from the unaudited financials that were presented during the Budget meeting. This is required to be approved by the Board of Directors prior to filing with the Securities Exchange Commission and Philippine Stock Exchange. In accordance with the rules, SGV presented the required communication to the Audit Committee last 14 December 2020.

The total reported loss is at Php3.8 billion versus Php1.9 billion net loss for the same period last year. Significant portion of the net loss was brought about by the non-recurring loss of about Php2.6 billion which is from the sale of South Negros assets and impairment of goodwill in the investment in San Carlos Bioenergy, Inc. (SCBI). Before the non-recurring loss, growth was tempered by the lean margins on Alcohol. This was brought about by the high price of feedstock, which went as high as Php14,000.00 during the fiscal year. On top of that, the production level of alcohol went down significantly, as a result of the slowdown in the lifting by oil companies. This was due to the glut in the oil companies' tanks during the community quarantine periods. The Taal Volcano also affected the harvesting of canes in the areas servicing Central Azucarera Don Pedro, Inc. (CADPI). This resulted to lower canes and bagasse needed for the production of refined sugar.

Profit & Loss

(In millions)	Audited	Audited (As restated)*	
	2020	2019	2018
Revenues	4,799	8,147	8,784
Cost of sales	(4,697)	(8,018)	(8,212)
Gross income	102	129	572
GP Rate	2%	2%	7%
General and administrative expenses	(703)	(806)	(697)
Selling expenses	(35)	(51)	(77)
Interest expense	(396)	(445)	(397)
Share in net earnings of an associate	2	41	56
Other income (loss)	(1,320)	29	67
Loss before income tax	(2,350)	(1,104)	(477)
Income tax expense	(7)	(269)	204
NET LOSS FROM CONTINUING OPERATIONS	(2,357)	(1,373)	(274)
NET INCOME (LOSS) FROM DISCONTINUED OPERATIONS	(1,469)	(516)	328
NET INCOME (LOSS)	**(3,826)**	**(1,889)**	**55**
Attributable to:			
Equity holders of parent company	(3,813)	(1,884)	48
Non controlling interest	(13)	(5)	7
Total	(3,826)	(1,889)	55

*Presented discontinued operations pertains to SNU (CACI and RBC) operations

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In terms of the external report, the Group will present Central Azucarera De La Carlota, Inc. (CACI) and Roxol Bioenergy Corporation (RBC) as part of the net income (loss) from discontinued operations. Accordingly, the 2019 and 2018 figures are also restated to conform with such presentation.

Balance Sheet

- Consolidated total asset decreased by PhP7.9 billion primarily due to sale of assets and impairment of goodwill
- Net Debt went down by PhP4.5 billion due to payment of bank loans from proceeds of sale of assets.
- Submitted proposal to the banks to term out short term loans.

(In millions)		Audited	
	2020	2019	2018
Current Assets	4,132	11,540	13,711
Cash	889	438	295
Receivables	1,252	1,356	3,040
Inventories	443	1,206	2,646
Assets held for sale	-	7,255	6,525
Others	1,548	1,285	1,204
Noncurrent Assets	9,895	10,378	11,819
Property and equipment	9,752	9,000	9,320
Investment and goodwill	-	1,080	1,722
Others	143	298	777
Total Assets	14,027	21,917	25,530
Current Liabilities	6,960	9,357	14,331
Short term borrowings	5,370	6,717	6,211
Current portion of long-term debt	-	848	4,913
Trade and other payables	1,590	1,177	2,282
Liabilities directly associated with assets held for sale	-	616	1,024
Noncurrent Liabilities	1,217	3,396	437
Long term borrowings	1	2,722	-
Others	1,216	673	437
Equity	5,850	9,164	10,763
Total Liabilities and Equity	14,027	21,917	25,530
Net Debt	4,482	9,849	10,729

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With respect to the financial condition of the Group as of September 30, 2020, there is significant reduction in net debt. It went down by about 54% from Php9.8 billion last year, to close to Php4.5 billion this year. Similarly, the total assets went down as a result of the sale of the SNU assets, and the goodwill impairment. Proceeds of the SNU sale were used to pay down bank debts and right now, in terms of current liabilities, the Group has roughly around Php7 billion; Php5.3 billion of which are in the short-term obligations. The Management has submitted the requests to the banks, specifically BPI, BDO and Land Bank to term-out about Php4.75 billion of debt into 50% amortizing over a period of seven years, with two years grace period. 50% will be balloon payment at the end of the term. Assuming that the Group will receive confirmation from the banks, the current liabilities will significantly be lowered compared to the current assets right now. This will correct the liquidity position of the Group.

Cash Flow

- Payment of long term and short-term loans out of the proceeds from sale of investment and properties
- Working capital was used for capital expenditures and debt servicing.

(in millions)	2020	Audited 2019	2018
EBITDA	**4**	**32**	**1,186**
Working capital	1,067	1,869	(135)
Capital expenditures	(335)	(317)	(1,185)
FREE CASH FLOW	**736**	**1,584**	**(134)**
Debt servicing			
Long term principal payments	(3,569)	(1,243)	(1,242)
Short term availments (payments)	(1,347)	506	1,602
Interest expense	(640)	(704)	(502)
Proceed from sale of SNU assets	4,400	-	-
Proceed from sale of investment	871	-	-
CASH BALANCE			
Beginning	438	295	571
End	**889**	**438**	**295**

Due to the minimal cash flow generated from operations, the Group utilized the working capital to fund the capital expenditures and debt servicing. The Group generated about Php5.2 billion from the sale of the SNU assets, and from the HPCo. shares during the earlier part of the fiscal year. With that, the Group was able to pre-pay about Php4.5 billion of short-term and long-term loans.

Financial Ratios

	2020	Audited 2019	2018
Debt-to-Equity*	58:42	58:42	58:42
DSCR*	(0.46)	(0.07)	0.68
Current Ratio	0.59	1.23	0.96
Quick Ratio	0.53	0.33	0.32
Days Receivable	50	61	81
Days Inventory	33	2,325	7,815
Days Payable	56	2,087	5,230
GP Margin	4%	2%	11%
EBITDA (Php M)	4	32	1,186
EBITDA Margin	0%	-2%	10%
ROA	-27.3%	-8.6%	0.2%
ROE	-65.4%	-20.7%	0.5%
EPS	(2.46)	(1.22)	0.04
Book Value/ Share	3.78	5.72	7.05
Market Price/ Share	1.65	2.39	3.00
Market Cap (Php M)	2,553	3,697	4,641

* Bank Loan Covenant
  Debt-to-Equity - 70:30 max
  Debt Service Coverage Ratio (DSCR) - 1.25 min

The ratios are no longer relevant insofar as the covenants with the banks. The Group has already paid most of its long-term debts. The Group would have to negotiate new financial covenants, during the negotiations for the term-out. The Management has proposed to retain D/E ratio of 70:30 but to reduce the debt service coverage ratio to 1.1x.

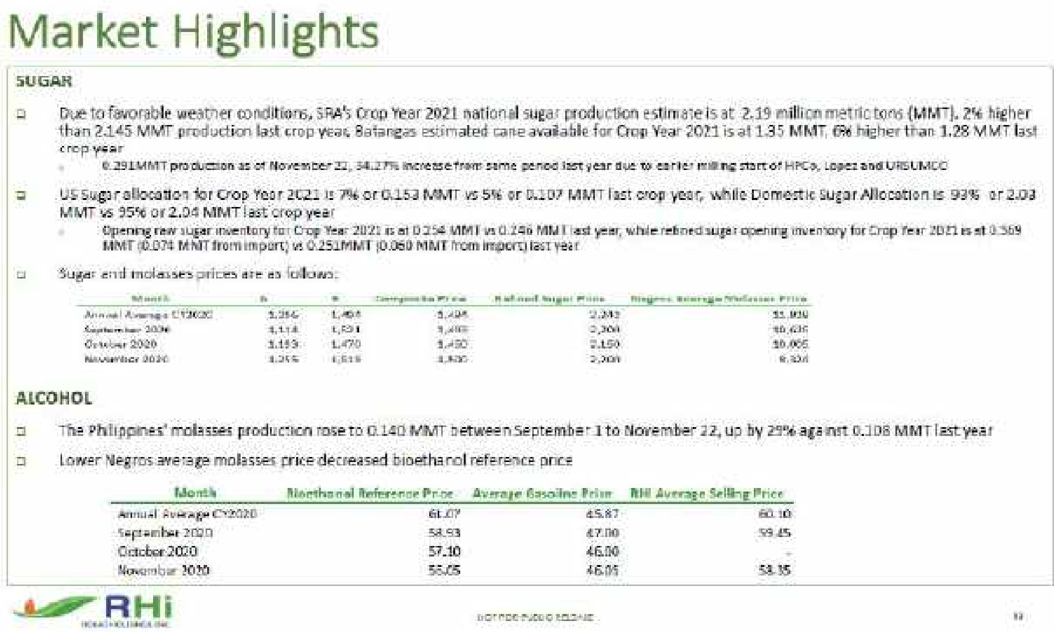
Mr. Roxas asked if this was discussed in the meeting of the Audit Committee. Ms. Arlyn Villanueva, Chairwoman of the Audit Committee, affirmed and said that the Audit Committee endorses the same to the Board of Directors for approval.

On motion duly made and seconded, the Board approved the Audited Financial Statements and Management Report for the Fiscal Year ending September 30, 2020, as presented.

IV
HIGHLIGHTS OF OPERATIONS

Mr. Dimarucut presented the highlights of the operations.

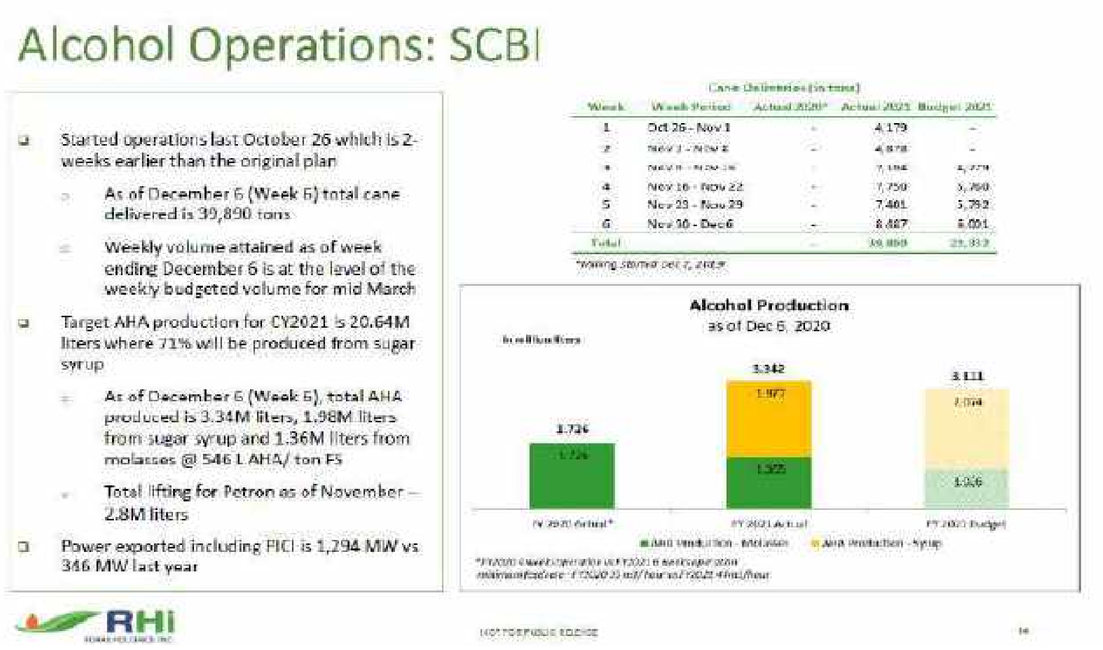
Market Highlights



On the Sugar segment, the Group expects slightly higher national sugar production this year due to favorable weather conditions. The Sugar Regulatory Administration (SRA) estimates that during Crop Year 2021, sugar production will be 2% higher at 2.19 million metric tons versus 2.145 million metric tons (MMT) same period last year. The estimated canes in the Batangas area is at 1.35 million metric tons compared to 1.28 million metric tons. Most of the mills started early this year because of the good weather conditions. In fact, Central Azucarera Don Pedro, Inc. (CADPI) will start two weeks ahead of the schedule as compared to last year. Sugar production allocation for the year for US export was increased to 7% versus 5% last year; while domestic sugar allocation is at 93% or about 2.03MMT. This is an effort to address the price level and inventory level of sugar as of end of crop year. The price of sugar started to climb. The latest composite price is at Php1,500.00. Similarly, the price of refined sugar is also climbing at Php 2,200.00 per bag in November 2020. Mr. Oscar J. Hilado (Mr. Hilado) asked how much of the cane production goes to the Group, in Batangas. Mr. Dimarucut answered that last year, out of the total of 1.2 million, roughly around 680,000 went to the Group. It is a little bit more than 50%. Mr. Hilado asked what the Management is looking at this year. Mr. Dimarucut mentioned that the Group is targeting about 750,000-800,000 with all the efforts being undertaken. Mr. Manuel V. Pangilinan (Mr. Pangilinan) asked if the balance went to Balayan. Mr. Dimarucut answered that 15% went to Progreen. Progreen was able to get a significant chunk because they started earlier and they were able to offer very attractive incentives to the planters. Mr. Pangilinan asked if it is a sugar mill. Mr. Dimarucut answered that it is an ethanol facility which has started to use sugarcane as feedstock because of the high price of molasses. He added that the Group is targeting about 60% market share. Mr. Hilado further inquired if the Group had to give more incentives for the planters to deliver canes. Mr. Dimarucut confirmed that adjustments were made in the incentives and certain strategies were implemented in relation to the provision of harvesting equipment to attract more planters.

On the Alcohol side, there is continuous lifting by the oil companies. From the start of production up to November, the total production is 29% higher as compared to last year. The price of molasses has gone down up to November and this is expected to decrease until January 2021. However with the increasing level of production of ethanol companies, this will also rise starting February.

Alcohol Business Operations

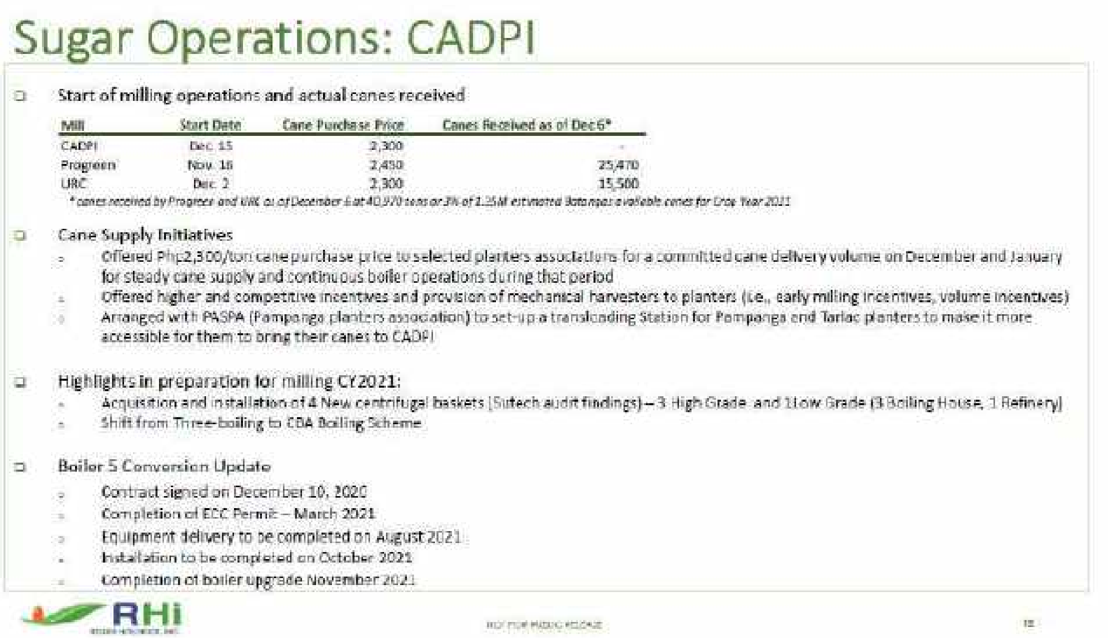


Things are looking good, in terms of the Alcohol business. San Carlos Bioenergy, Inc. (SCBI) started two weeks ahead of schedule. Because of the long break, the Off-Season Repairs were completed earlier. There are also available canes. To date, SCBI has milled close to 40,000 tons of canes and reached 8,500 for week 6. The capacity of the mill in SCBI is about 1,500 per day, at six days in a week. The target really is to push it to maximum capacity of about 9,500-10,000 tons. This is a good development because

SCBI has shifted to the use of canes as feedstock. Molasses is still used as supplement for daily production, to meet the 100,000 liters per day capacity. SCBI has produced 3.34 million liters, out of which, 2.8 million liters have already been lifted by Petron. This helped the Group with the cash flow. Mr. Roxas asked the yield that SCBI is getting from sugar syrup. Mr. Dimarucut answered that this is the challenge in SCBI because the Management is still not happy with the level of cane syrup. Management is now seeing roughly 57 liters on the average, but the target is to reach about 60 liters. Based on the preliminary assessment by our external consultant (Carbo Solutions), enzymes may be needed to increase the yield. Mr. Pangilinan asked what is driving the increase in demand. Mr. Dimarucut answered that most of the ethanol producers shutdown operations early during the quarantine period because of the slowdown in lifting. Right now, there is a good indication that the consumption of fuel is climbing up. Thus, there is a need for the oil companies to restock their inventory. Mr. Pangilinan asked if the closing down of Petron will affect the demand for ethanol. Mr. Dimarucut answered that all the oil companies stopped producing during the pandemic because their tanks were full. With the increase in movement, the Group expects that there will be an increase in demand.

With the available canes and bagasse, the power exported also increased. SCBI has exported about 1,294 MW versus 346 MW last year. Mr. Roxas asked what the rate is for the power exported. Mr. Dimarucut answered that it is being sold to PICI at Php7.00. Anything in excess is being sold in the WESM market at the rate of Php1.80. Mr. Roxas commented that the selling rate to PICI is good. He asked if PICI still needs more power. Mr. Dimarucut answered that they can still get more if SCBI produces more CO_2. Because PICI's production hours is dependent on the amount of CO_2 that SCBI passes on to them. Mr. Hilado asked where would SCBI's ethanol go if Petron shuts down. Mr. Roxas commented that if Petron shuts down its refinery and start to import fuel, the blending will still be done here. Mr. Dimarucut will confirm to the board the potential effect to SCBI of the decision of Petron to shut down its refinery. Mr. Pangilinan also suggested that blending can be done in the oil storage facility that the MVP Group just bought. Mr. Dimarucut also commented that most of the imported ethanol are being stored in Subic. That basically supplies the demand in Luzon. The reason why Petron is very keen in sourcing from SCBI is because of its proximity to their Visayas and Mindanao operations. This would cost less for them in terms of logistics and transport costs. Mr. Hilado inquired as to whether the price of ethanol goes up as the price of gasoline goes up. Mr. Dimarucut answered in the negative. The price of ethanol continues to be higher than gasoline. The price of ethanol is dependent on the price of the feedstock. The reference price is being provided by the Government. Mr. Christopher H. Young (Mr. Young) inquired if there is still some form of impact brought about by the price of gasoline, in terms of price adjustments or cuts. Mr. Dimarucut answered that in the past, there was lesser compliance by the oil companies because they can source cheaper ethanol from overseas. This has been raised with the regulators and this helped ethanol companies to police the compliance of the oil companies. The pandemic also improved compliance, as it caused difficulty to oil companies to move imported ethanol.

Sugar Business Operations



As earlier mentioned, Progreen and URC started earlier than CADPI. CADPI is already accumulating canes. The Group had to adjust the incentives to about Php2,300.00 on a cane purchase basis to compete with Progreen. Progreen is offering about Php2,400.00. This has likewise been offered to some selected planters near Balayan. The Management has also provided mechanical harvesters and have granted some planters early milling incentives for the period of December-January. This will ensure that there is continuity in the operations for the period. The Management has also arranged for a transloading station for the Pampanga planters. The Management is hoping to get about 30,000 metric tons. In preparation for the start of milling operations, the installation of two centrifugal baskets is nearing completion while the other two are in progress. This is based on the recommendation of Sutech in its audit of CADPI. The same was done in CACI and the Management saw significant improvement in the operations. Before the CACI assets were sold to URC, the Management likewise saw substantial improvement in the quality of sugar produced. Also, Management has started the program for the Boiler 5 conversion and the contract was signed on December 10, 2020. The ECC permit is targeted to be completed on March 2021. Hopefully, the boiler will be up and running by November 2021. The Group has also engaged third party consultants to assist in all levels of project completion.

Mr. Hilado inquired if this conversion will not have any impact on the 2021 refinery operations. Mr. Dimarucut answered that it will not have any impact. Based on the budget submitted for approval, the Group will still register a loss principally because the capacity to refine will increase in the following crop year, not in the current year. It is also on that basis that the Management requested the two-year grace period from the banks, to allow the Group to rebuild its capability. Once the refinery capability is rebuilt, that is the time the Group will service payment of principal on its outstanding loans. The banks are fully aware of this. Mr. Pangilinan asked where the boiler is coming from. Mr. Dimarucut answered that the plan is to retrofit the current boiler (Boiler No. 5). It used to be a coal boiler but it was converted to a bagasse-fed boiler. Mr. Pangilinan asked if there is a way to expedite this process. Mr. Dimarucut answered that the conversion or retrofitting is the fastest. If the Group buys a coal-fired boiler, it will be made to order. It will take roughly two years to complete and install the said boiler. Mr. Pangilinan asked what is the capacity right now. Mr. Dimarucut answered that the capacity is dependent on the available bagasse and currently CADPI is milling roughly 1 million bags of refined sugar. In the past, when bunker was still cheap, CADPI was able produce around 3.5 million bags of refined sugar. With the conversion, CADPI will be able to maximize the refining capability to about 5 million bags. The main driver really is the availability of cost efficient fuel.

Financing Status

Financing Status

Bank	Loan Term Out	New Credit Facility	Status
	(in millions)		
Total	**4,750**	**500**	
BPI	2,000	250	undergoing credit review; Credit Committee requested for CADPI audited FS
BDO	1,500	-	undergoing credit review, scheduled for ExCom presentation on Jan 2021
Landbank	1,250	250	term-out endorsed for Board approval on December 16, New short-term line denied
DBP			SRA Admin Serafica agreed to endorse RHI Group to DBP, for availment of credit facilities and development financing

RHi

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Mr. Dimarucut reported that Land Bank has approved the Group's request for the term-out, in the bank's Board of Directors' meeting concurrently being held with the Group's board today. The Management will also work with BPI and BDO for the term-out. Unfortunately, in terms of the new facility, the Group was not able to get the same from Land Bank. The Group is still waiting for feedback from BPI. Through the help of the Chairman, the Management met with SRA Admin Serafica and he showed support in terms of the projects that the Group would want to present to the planters. SRA Admin Serafica agreed to endorse the Group to DBP and the letters were already prepared for the availment of credit facilities. Mr. Roxas asked if there are still payments coming from the sale. Mr. Dimarucut confirmed that URC is still due to reimburse the Group for off-season repairs costs and consumables and the agreed date is thirty days from completion of the post-closing deliverables. The Management intends to complete the same by the end of the year. This is roughly around Php280 million for the OSR. This would help the Group fund the capital requirement.

Manpower Rightsizing

- **Head Office**
  - 34 employees covered including 2 executives and 8 managers/ senior managers, payout made last December 9
  - 7 roles currently under review for possible inclusion in Wave 2
- **Manufacturing**
  - Ongoing organization review in CADPI, SCBI, ADC/Cane Supply
    - ✓ Consolidate administrative services (janitorial, messengerial, ground maintenance) and save on contracted HC
    - ✓ Assess number of contracted services complementing manufacturing regular employees during milling and off-milling seasons
    - ✓ Opportunity to transition and downscale CADPI hospital services to simply comply with DOLE rules on plant clinic and first aid facility - with hospitals within 5- kilometer radius from the plant
    - ✓ Remove layers among managers, supervisors, and team leads
  - Reorganize CADPI by separating Refinery Operations and Raw Sugar Processing Operations
  - Create Manufacturing Services to support both refinery and raw sugar processing units - shall include safety, EMS, Instrumentation, and Reliability/Maintenance

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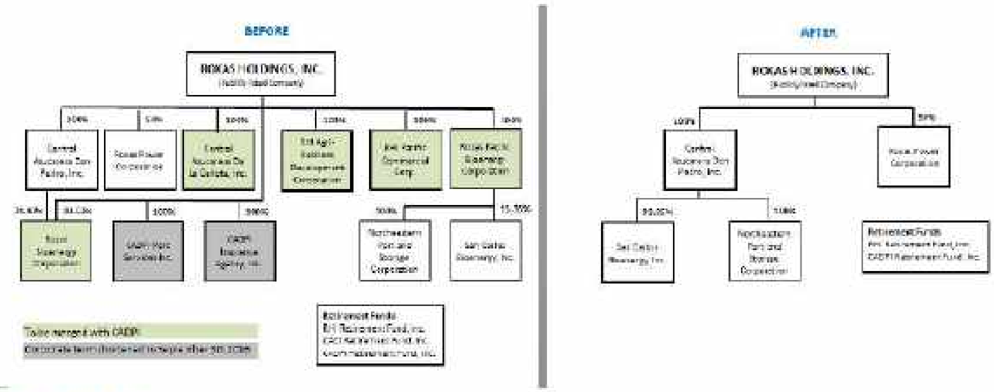
The Group has also completed the manpower rightsizing program (MRP) at the Head Office. Thirty-four people were part of the redundancy program, as a consequence of the sale of the SNU assets. The Management is still assessing the positions in HO. On the Manufacturing side, the Management has also made a thorough review of the organization and the said review is expected to be finished by the end of the year.

Merger and Consolidation of Subsidiaries

- Transfer of RHI's 21% interest in RBC to CADPI and conversion of RHI advances to equity as of September 30, 2020
- Merger of all subsidiaries, except SCBI and NPSC, to preserve Php755M SNU taxes (CWT Php695M, Input VAT Php97M)



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Merger will be done at the CADPI level. Most of the tax assets are in CACI and RBC levels and with CADPI being the surviving entity, it will be able to utilize that tax asset. After the merger, the Group will only have CADPI as the sole operating unit under RHI, and SCBI will be below CADPI. Mr. Roxas asked about Northeastern Port and Storage Corporation. Mr. Dimarucut mentioned that this is being used for the port facilities in San Carlos. Mr. Roxas asked if the Group has a certain percentage in the port. Mr.

Dimarucut affirmed and said that the Group has 25% in the ownership of the NPSC landholdings. Mr. Roxas asked about the contracts in the Negros Farms. Mr. Dimarucut answered that for this year, the Group has continued to manage them and what will be produced will be brought to SCBI. Mr. Roxas commented that the Group should focus on getting farms within the San Carlos area. Mr. Dimarucut answered that this is a consideration too. Mr. Mapa is already negotiating with planters within the San Carlos area. Mr. Hilado asked what the Group did with the properties in La Carlota. Mr. Dimarucut answered that the properties in La Carlota were included in the asset sale to URC. Mr. Hilado asked about the credit facility and how critical it is. Mr. Dimarucut answered that this will be used for the working capital. The Management is still exploring other options. Mr. Pangilinan mentioned that he spoke to Metro Pacific to provide this facility to RHI for the meantime until it is able to get the next Php250 million facility. Mr. Roxas also suggested to Management to look at the properties or assets which are not necessary for operations.

Approval of the Press Release

After the presentation of the Highlights of Operations, the draft Press Release was presented to the Board for approval.

Upon motion duly made and seconded, the Board likewise approved the Press Release on the Results of Operations for the Fiscal Year ending September 30, 2020, as circulated.

V
OTHER MATTERS

Appointment of Mr. Celso T. Dimarucut as President & CEO

Mr. Pangilinan nominated Mr. Celso T. Dimarucut, the current Officer-in-Charge/EVP-CFO to the position of President & CEO of the Group. Upon motion duly made and seconded, the Board approved the appointment of Mr. Celso T. Dimarucut as President & CEO.

Appointment of Atty. Ma. Hazel L. Rabara- Retardo as Treasurer

With his appointment as PCEO, there is a need to vacate the position of Treasurer which Mr. Dimarucut currently holds, given the prohibition in the Corporation Code. Thus, Mr. Dimarucut nominated Atty. Ma. Hazel L. Rabara-Retardo, the current Head of Legal, as the Group's Treasurer. Upon motion duly made and seconded, the Board approved the appointment of Atty. Hazel L. Rabara-Retardo as Treasurer.

Appointment of Mr. George T. Cheung as Chief Commercial Officer

Appointment of George T. Cheung, EVP, Chief Commercial Officer

- Appointed as Chief Commercial Officer effective January 15, 2021 – to drive commercial strategies of the Group and develop plans to expand revenue base by developing new businesses and products
- Commercial Group Head of RHI from January 2015 to April 2019. After that he joined PILMICO as VP- Head of Trading. Prior to RHI, Mr. Cheung worked for various companies where he was involved in international marketing, commercial business, and trading (Cargill Philippines and Hong Kong Operations, ED&F MAN Shanghai, Wilmar Sugar Shanghai, Trafigura Coal Trading, and Commodity Partners)
- Graduate of BS in Agricultural Sciences from the University of British Columbia in Vancouver, Canada. He also took up his MBA-Global Executive from Duke University

RHI

Upon motion duly made and seconded, the Board approved the appointment of Mr. George T. Cheung as EVP-Chief Commercial Officer.

Appointments for Required Positions

Appointments for Required Positions

Position	Person Designated
Chief Risk Officer[2][a]	George T. Cheung, Chief Commercial Officer
Chief Compliance Officer[2][b]	Pilipino T. Cayetano, Chief Manufacturing Officer
Corporate Governance Officer[2][b]	Frederick E. Reyes, VP Human Resources
Data Privacy Officer[3][b]	Veronica C. Cortez, VP Finance and Administration
Deputy Risk Officer	Veronica C. Cortez, VP Finance and Administration
Deputy Compliance Officer[b]	Aimee E. Pedayo, Manager Legal
Assistant Corporate Secretary[b]	Aimee E. Pedayo, Manager Legal

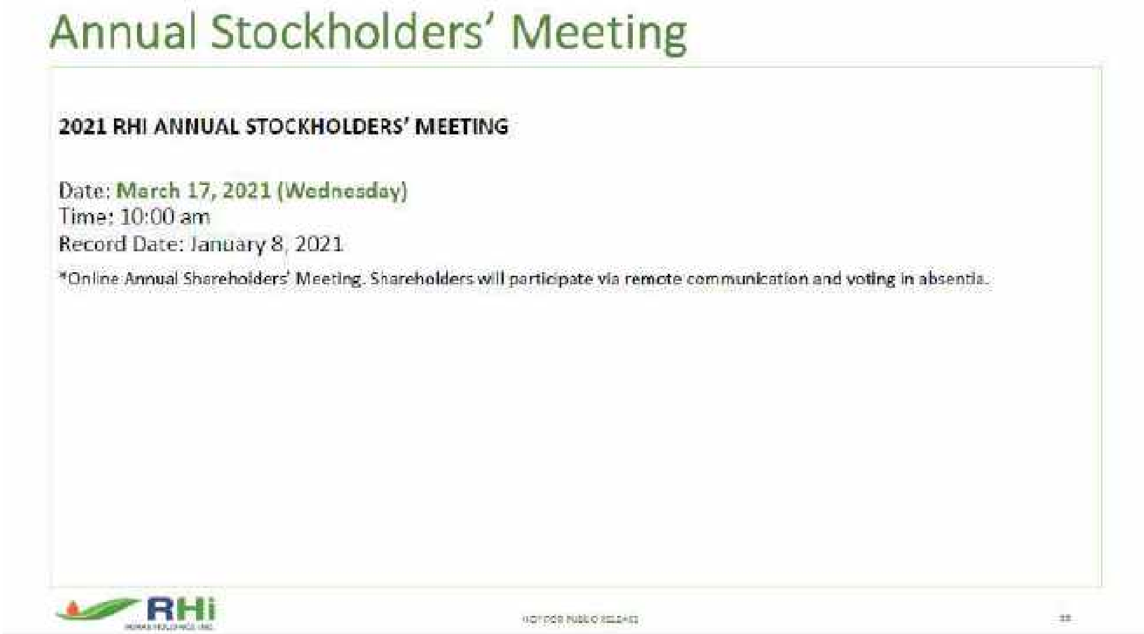
Required position under:
(1) Revised Corporation Code and By-Laws
(2) Revised Manual on Corporate Governance
(3) Data Privacy Act

Previously held by:
(a) Treasury Head
(b) Legal Head

RHI

Upon motion duly made and seconded, the Board approved the various appointments for the above-mentioned required positions.

Date of the Annual Stockholders' Meeting



Upon motion duly made and seconded, the Board approved March 17, 2021 as the date of the Annual Stockholders' Meeting (ASM), with January 8, 2021 as the record date of the meeting. Because of the pandemic and government restrictions, the Board likewise approved that the meeting be held online, via remote communication and voting in absentia and has adopted rules for the conduct of online ASM similar to the previous year.

Signatories for the Terming Out of Short-Term Loans with Land Bank

Board Resolution No. RHI-2020-1216-01

"**RESOLVED**, That the Board of Directors of **Roxas Holdings, Inc.** (the "Corporation") authorizes and empowers, as it does hereby authorize and empower, the Corporation to convert and re-finance the Short-Term Loan Line Facility from Landbank of the Philippines (LBP) in the current principal sum of ONE BILLION TWO HUNDRED FIFTY MILLION PESOS (Php1,250,000,000.00) into a term loan, as may be agreed with LBP (the "Facility") under such terms and conditions as may be beneficial to the Corporation;

"RESOLVED, FINALLY, That the Board of Directors of the Corporation authorizes and empowers, as it does hereby authorize and empower, the execution of any and all agreements, instruments, notes, documents, and papers, relating to and which may be necessary to negotiate, obtain, conclude, and consummate, the Facility, on the signature of the following officers of the Corporation:

1. Without limitation as to amount, on the joint signature of (i) any two (2) from Group A signatories; or (ii) any one (1) from Group A signatories and any one (1) from Group B signatories;

2. For an amount not exceeding One Hundred Million Pesos (PhP100,000,000.00), on the joint signature of any two (2) from Group B signatories.

Group A Signatories:

PEDRO E. ROXAS
MANUEL V. PANGILINAN
CELSO T. DIMARUCUT
PILIPINO T. CAYETANO

Group B Signatories:

FREDERICK E. REYES
JOSE MANUEL D. MAPA
MA. HAZEL L. RABARA-RETARDO
VERONICA C. CORTEZ

Submission of Official Email Address and Contact Number to the SEC

Board Resolution No. SCBI-2020-1216-02

"**RESOLVED**, That the Board of Directors of **Roxas Holdings, Inc.** (the "Corporation") authorizes and empowers, as it does hereby authorize and empower, the Corporation to submit the following official e-mail address, alternate e-mail addresses, official cellphone number and alternate cellphone number to the Securities and Exchange Commission ("SEC") in compliance with SEC Memorandum Circular No. 28, Series of 2020:

Official E-mail Address	corporatesecretary@rhi.com.ph
Alternate E-mail Addresses	aimee.pedayo@rhi.com.ph / hazel.rabara@rhi.com.ph
Official Cellphone Number	09985914710
Alternate Cellphone Number	09985995941

RESOLVED, FINALLY, That the Board of Directors of the Corporation authorizes and empowers its Legal Manager/Assistant Corporate Secretary, **Atty. AIMEE E. PEDAYO** to notify the e-mail addresses and cellphone numbers, as well as to sign and file any submission, Certification of Authorization, papers, application, documents and similar documents, as may be required by the SEC for the foregoing purpose."

Update of DPO Registration Form with the NPC

Board Resolution No. RHI-2020-1216-03

"**RESOLVED**, That the Board of Directors of **Roxas Holdings, Inc.** (the "Corporation") authorizes and empowers, as it does hereby authorize and empower, the Corporation to amend and update its DPO Registration Form with the National Privacy Commission;

04 June 2020

Philippine Stock Exchange
Disclosure Department
Tower One and Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City, Metro Manila

Attention: **Janet A. Encarnacion**,
Head, Disclosure Department

Subject: **Roxas Holdings, Inc**. (PSEI:ROX)

Gentlemen:

Please be informed that the Board of Directors of Roxas Holdings, Inc. (RHI), in its organizational meeting held today, 04 June 2020, elected the following officers:

Name		Position
Mr. Pedro E. Roxas	-	Chairman of the Board of Directors
Mr. Manuel V. Pangilinan	-	Vice-Chairman of the Board of Directors
Mr. Hubert D. Tubio	-	President & Chief Executive Officer
Atty. Cynthia Y. Ligeralde- Dela Paz	-	Corporate Secretary
Mr. Celso T. Dimarucut	-	EVP/Chief Finance Officer
Mr. Arcadio S. Lozada, Jr.	-	EVP/Operations Advisor
Mr. Jose B. Villanueva III	-	VP-Chief Manufacturing Officer, CADPI & SCBI
Mr. Pilipino T. Cayetano	-	VP-Chief Manufacturing Officer, CACI & RBC
Mr. Jose Manuel L. Mapa	-	VP-GM, RHI-ADC
Mr. Julius G. Rugas	-	VP-Manufacturing Operations Head, CADPI
Mr. Frederick E. Reyes	-	VP, Human Resources
Mr. Jaynel R. Sulangi	-	VP, Information & Communications Technology
Ms. Anna G. Yu	-	AVP, Treasury; Chief Risk & Credit Officer
Ms. Veronica C. Cortez	-	AVP, Finance Head
Ms. Daisy Perpetua A. Bo	-	AVP, QA/Safety/EMS/IE
Atty. Ma. Hazel L. Rabara-Retardo	-	Asst. Corporate Secretary; AVP Governance & OIC- Compliance Officer; Data Protection Officer; Corporate Information Officer

14/F Net One Center, 26th Street corner 3rd Avenue
Bonifacio Global City, Taguig, Metro Manila
Trunk Lines: (632) 771-7800 to 05

Ms. Josephine M. Logroño	-	AVP, Internal Audit
Mr. Jaypee V. Jimenez	-	AVP, Procurement and Materials Management
Atty. Aimee E. Pedayo	-	Asst. Corporate Secretary; Deputy Corporate Information Officer; Deputy Compliance Officer

The Board of Directors also elected the following Directors to the standing Committees of RHI as follows:

Executive Committee:

Mr. Pedro E. Roxas	-	Chairman
Mr. Manuel V. Pangilinan	-	Member
Mr. Oscar J. Hilado	-	Member (Independent Director)

Audit Committee:

Ms. Arlyn S. Villanueva	-	Chairman (Independent Director)
Mr. Christopher H. Young	-	Member
Mr. Oscar J. Hilado	-	Member (Independent Director)

Corporate Governance Committee (formerly, Governance, Nomination & Election Committee):

Mr. Oscar J. Hilado	-	Chairman (Independent Director)
Mr. Pedro E. Roxas	-	Member
Mr. Santiago T. Gabionza, Jr.	-	Member (Independent Director)

Compensation Committee:

Mr. Manuel V. Pangilinan	-	Chairman
Mr. Santiago T. Gabionza, Jr.	-	Member (Independent Director)
Mr. Oscar J. Hilado	-	Member (Independent Director)

Mr. Oscar J. Hilado was likewise elected as Lead Independent Director of the Company.

Very truly yours,

MA. HAZEL L. RABARA-RETARDO
Asst. Corporate Secretary/Compliance Officer

CENTRAL AZUCARERA DON PEDRO, INC.
Makati, Metro Manila
****

VOLUNTARY NON-CONTRIBUTORY
GRATUITY AND RETIREMENT PLAN FOR THE PERSONNEL OF
CENTRAL AZUCARERA DON PEDRO, INC.

VOLUNTARY NON-CONTRIBUTORY
GRATUITY AND RETIREMENT PLAN FOR THE PERSONNEL OF
CENTRAL AZUCARERA DON PEDRO, INC.

TITLE I.
QUALIFICATIONS FOR GRATUITY

<u>Death and Permanent Disability:</u>

(a) For death or permanent disability whether,

(1) subject to compensation under any existing legislation; or

(2) not compensable under existing laws.

<u>Compulsory and Optional Retirements:</u>

(b) Compulsory Retirement at the age of sixty five (65) years irrespective of length of service, except in cases where due to his special qualifications the Company deem it necessary to continue with the employee's services with his consent.

(c) Optional Retirement on the part of an employee who either-

(c-1) shall have reached age sixty (60) regardless of number of years of service, or

(c-2) shall have completed at least twenty (20) years of continuous service even if below sixty (60) years of age.

<u>Termination of service:</u>

(d) Separation from the service upon requirement of the Company for reasons other than misconduct.

(e) For voluntary separation before becoming eligible for full retirement and after completing five (5) years of continuous service.

<u>TITLE II.</u>
<u>DEFINITION OF THE TERMS</u>

<u>"Employee" defined:</u>

Any person, except an agricultural worker, performing service under payroll of the Company whether permanent or seasonal.

"Last monthly salary" defined:
The monthly salary of the employee shown on the last payroll immediately preceding the date of his separation.

For those paid on daily basis, the monthly salary shall be the daily basic wage earned during the last Milling season which the employee served, multiplied by thirty (30).

"Number of years of service" defined:

The number of years of service to be credited the employee shall be the aggregate number of crop-years (July/June) he rendered services irrespective of the number of days of actual work in each crop-year.

TITLE III.
ADJUDICABLE AMOUNT OF GRATUITY

(a) For the employee who qualifies for benefits under the requirements of paragraphs (a-1), (a-2), (b), (c-1), (c-2) and (d) of Title I, he or his heirs in case of his death in paragraphs (a-1) and (a-2) shall receive death, disability, retirement or gratuity cash benefits, as the case may be, in an amount equivalent to two (2) times his last monthly salary multiplied by his number of years of service but after this has been reduced to the same proportion existing between the total number of days actually worked by the employee, and the total of the working days comprised in his total years of service, the latter computed at 252 days per year, but in no case shall an employee be credited with more that 252 days of work a year even if he had actually worked more days; it being understood that for this purpose, all days of duly authorized leave with pay shall be counted as days worked.

It is also hereby understood that in cases of separation due to retrenchment, mechanization, and sickness (specially PTB, cancer, myocardial infarction and cerebro vascular incident) a fraction of (6) months of actual work will be considered as one (1) year of service.

(b) For the employee who qualifies under paragraph (e) of TITLE I, the amount of gratuity benefits shall be limited to the percentage of normal full benefits under the PLAN depending on the number of years of service rendered, in accordance with the following schedule:

Number of Years of Service	Percentage of the Normal Full Benefit
5	25%
6	30%
7	35%
8	40%
9	45%
10	50%
11	55%
12	60%
13	65%
14	70%
15	75%
16	80%
17	85%
18	90%
19	95%
oOo	oOo

(c) Should the employee, who is eligible for any benefits set forth under this Plan, be entitled at the same time, by virtue of a written agreement, to a specific amount of death, disability, retirement or gratuity benefits, the adjudicable amount of benefits shall either be the amount specified in the agreement or the adjudicable amount resulting from the operation of this Plan, whichever is higher.

TITLE IV.
GENERAL PROVISIONS

INTERRUPTIONS IN THE SERVICE:

In the determination of the number of years of service, the employee's service with the predecessors of the Company shall also be taken into account.

The continuity of service shall not be interrupted by any temporary separation from the Company if caused by: (a) the Japanese occupation or as a consequence of the last Pacific War, provided the absence did not exceed four (4) years; or (b) compulsory military service for the whole period of such service; it being understood, however, that while the continuity remains uninterrupted, the period of absence will be completely excluded in the determination of the number of years of service.

Any other separation of the employee will be considered as abandonment of service except when his absence is previously authorized by the Company.

STATUS OF RE-EMPLOYED PERSONNEL:

Any employee who has received benefits under any qualifications of Title I shall be considered as definitely separated from the Company. However, if due to any circumstances the separated employee is re-employed, the status of such employee shall be considered, for purposes of his subsequent retirement, as that of a new employee from time of his re-employment.

NON-TRANSFERABILITY OF BENEFITS:

Benefits under this Plan are not transferable and payments shall be made directly to the employee except when he is physically or legally unable to personally collect such benefits.

In case of death, the benefits shall be paid to the beneficiary or beneficiaries previously indicated by the employee in his service record card, it being, however, discretionary on the part of the Company to withhold payment and to submit the adjudication to the proper Court for decision in cases where the payment may involve legal questions.

VOLUNTARY NATURE OF PLAN:

In as much as the plan is purely voluntary on the part of the Company in which the employee does not contribute any part of his salary, this Plan and any or all of the terms or conditions thereof cannot be considered a contract.

Therefore, the Company has the right to alter, amend, change, modify or abrogate this Plan and any or all of its terms and conditions at any time, and/or to adopt any other system not contrary to existing laws, in which case, any kind of benefits already extended under this Plan cannot be claimed as a precedent.

EFFECTIVITY:

The Plan shall become effective on January 01, 2003, hereinafter referred to as the "Effective Date". Each January 1st thereafter shall be known as the "Anniversary Date". The period commencing on January 1, 2003 and ending on December 31, 2003 shall be known as the "First Plan Year" and each January 1st to December 31st thereafter shall be known as the "Nth Plan Year".

TITLE V.
MISCELLANEOUS PROVISIONS

Service in Affiliated Company

Service in affiliated Company such as but not limited to Roxas & Company, Inc., Roxas Holdings, Inc. (formerly Central Azucarera Don Pedro) shall be counted as part of total number of years of service in this Company.

Inter-Fund Transfer

In case of transfer of an employee from an affiliated company in accordance with the provision immediately preceding, the funded portion of the employee's past service liability shall be transferable to the Company's Retirement Fund directly from the affiliated Company's Retirement Fund.

Basis of Inter-Fund Transfer

The funded portion of the employee's past service liability shall be calculated in accordance with the same valuation method and the degree of funding as existing in the Trust Fund of the affiliated company.

Makati, Metro Manila

CENTRAL AZUCARERA DON PEDRO, INC.

President

C11-PD
02.21.03
/ds

RHI ROXAS HOLDINGS, INC.	Document Code:	
	Revision Code: 01	Page 1
	Effectivity Date: October 25, 2019	

Section : FINANCE /LEGAL AND COMPLIANCE

Title : POLICY ON RELATED PARTY TRANSACTION

RELATED PARTY TRANSACTIONS POLICY

1. Policies and Procedures

The company's policies and procedures for the review, approval or ratification, monitoring and recording of related party transactions between and among the company and its parent, joint ventures, subsidiaries, associates, affiliates, substantial stockholders, officers and directors, including their spouses, children and dependent siblings and parents and of interlocking director relationships of members of the Board are:

a. Parent Company
Major investments and substantial operational transactions require approval from the Executive Committee subject to confirmation by the Board. Disclosures are always provided in the audited financial statements for transparency.

b. Joint Ventures
Major investments and substantial operational transactions require approval from the Executive Committee subject to confirmation by the Board. Disclosures are always provided in the audited financial statements for transparency.

c. Subsidiaries
Major investments and substantial operational transactions require approval from the Executive Committee subject to confirmation by the Board. Disclosures are always provided in the audited financial statements for transparency.

d. Entities Under Common Control
Major investments and substantial operational transactions require approval from the Executive Committee subject to confirmation by the Board. Disclosures are always provided in the audited financial statements for transparency.

e. Substantial Stockholders
Major investments and substantial operational transactions require approval from the Executive Committee subject to confirmation by the Board. Disclosures are always provided in the audited financial statements for transparency.

f. Officers including spouse/children/siblings/parents and relatives within the fourth civil degree
Major investments and substantial operational transactions require approval from the Executive Committee subject to confirmation by the Board. Disclosures are always provided in the audited financial statements for transparency.

g. Directors including spouse/children/siblings/parents and relatives within the fourth civil degree

Major investments and substantial operational transactions require approval from the Executive Committee subject to confirmation by the Board. Disclosures are always provided in the audited financial statements for transparency.

h. Interlocking director relationship of Board of Directors
Major investments and substantial operational transactions require approval from the Executive Committee subject to confirmation by the Board. Disclosures are always provided in the audited financial statements for transparency.

Moreover, the Company adopts by law, the rules pertaining to interlocking directors, as follows:

a. if the interests of the interlocking director in the corporations are both substantial (stockholdings exceed 20% of capital stock)

- General Rule: A contract between two or more corporations having interlocking directors shall not be invalidated on that ground alone.
- Exception: If the contract is fraudulent or not fair and reasonable.

b. if the interest of the interlocking director in one of the corporations is nominal while substantial in the other (stockholdings at 20% or more), the contract shall be valid provided the following conditions are present:

1. the presence of such director in the board meeting in which the contract was approved was not necessary to constitute a quorum for such meeting;
2. That the vote of such director was not necessary for the approval of the contract;
3. That the contract is fair and reasonable under the circumstances.

Where (1) and (2) are absent, the contract can be ratified by the vote of the stockholders representing at least 2/3 of the outstanding capital stock or by the vote of the stockholders representing at least 2/3 of the members in the meeting called for the purpose. Provided that: (i) Full disclosure of the adverse interest of the directors/trustees involved is made on such meeting, and; (ii) The contract is fair and reasonable under the circumstances.

In addition to the above, the SEC Rules on Material Related Party Transactions (MRPT) are herein adopted:

SECTION 1. Definition of Terms. —

For purposes of this Material RPT Rules, the following definitions shall apply:

Related parties — covers the reporting Publicly-Listed Company (PLC) directors, officers, substantial shareholders and their spouses and relatives within the fourth civil degree of consanguinity or affinity, legitimate or common-law, if these persons have control, joint control or significant influence over the reporting PLC. It also covers the reporting PLC's parent, subsidiary, fellow subsidiary, associate, affiliate, joint venture or an entity that is controlled, jointly controlled or significantly influenced or managed by a person who is a related party.

Substantial Shareholder — any person who is directly or indirectly the beneficial owner of more than ten percent (10%) of any class of its equity security.

Affiliate — refers to an entity linked directly or indirectly to the reporting PLC through any one or a combination of any of the following:

• Ownership, control or power to vote, whether by permanent or temporary proxy or voting trust, or other similar contracts, by a company of at least ten percent (10%) or more of the outstanding voting stock of the PLC, or vice-versa;

• Interlocking directorship or officership, except in cases involving independent directors as defined under existing regulations;

• Common stockholders owning at least ten percent (10%) of the outstanding voting stock of the reporting PLC and the entity; or

• Management contract or any arrangement granting power to the reporting PLC to direct or cause the direction of management and policies of the entity, or vice-versa.

Associate — An entity over which the reporting PLC holds twenty percent (20%) or more of the voting power, directly or indirectly, or which the reporting PLC has significant influence.

Significant Influence — The power to participate in the financial and operating policy decisions of the company but has no control or joint control of those policies.

Control — A person or an entity controls a reporting PLC if and only if the person or entity has all of the following:

• Power over the reporting PLC;

• Exposure, or rights, to variable returns from its involvement with the reporting PLC; and

• The ability to use its power over the reporting PLC to affect the amount of the reporting PLC's returns.

Related party transactions — a transfer of resources, services or obligations between a reporting PLC and a related party, regardless of whether a price is charged. It should be interpreted broadly to include not only transactions that are entered into with related parties, but also outstanding transactions that are entered into with an unrelated party that subsequently becomes a related party.

Material Related Party Transactions — Any related party transaction/s, either individually, or in aggregate over a twelve (12)-month period with the same related party, amounting to ten percent (10%) or higher of a company's total assets based on its latest audited financial statement.

Materiality Threshold — Ten percent (10%) of the company's total assets based on its latest audited financial statement. If the reporting PLC is a parent company, the total assets shall pertain to its total consolidated assets.

Related Party Registry — A record of the organizational and structural composition, including any change thereon, of the company and its related parties.

SECTION 2. Duties and Responsibilities. —

A. Board of Directors

The Board shall have the overall responsibility in ensuring that transactions with related parties are handled in a sound and prudent manner, with integrity, and in compliance with applicable laws and regulations to protect the interest of the company's shareholders and other stakeholders. Towards this end, the Board shall carry out the following duties and responsibilities:

1. To institutionalize an overarching policy on the management of material RPTs to ensure effective compliance with existing laws, rules and regulations at all times and that material RPTs are conducted on an arm's length basis, and that no shareholder or stakeholder is unduly disadvantaged.

2. To approve all material RPTs that cross the materiality threshold and write-off of material exposures to related parties, as well as any renewal or material changes in the terms and conditions of material RPTs previously approved in accordance with Section 3 (f) of these Rules.

Material changes in the terms and conditions of the material RPT include, but are not limited to, changes in the price, interest rate, maturity date, payment terms, commissions, fees, tenor and collateral requirement of the material RPT.

3. To establish an effective audit, risk and compliance system to:

• Determine, identify and monitor related parties and material RPTs;

• Continuously review and evaluate existing relationships between and among businesses and counterparties; and

• Identify, measure, monitor and control risks arising from material RPTs.

The system shall be able to define the related parties' extent of relationship with the company; assess situations in which a non-related party (with whom a company has entered into a transaction) subsequently becomes a related party and vice versa; and generate information on the nature and amount of exposures of the company to a particular related party. The said system will facilitate submission of accurate reports to the regulators/supervisors. The system as well as the overarching policies shall be subject to periodic assessment by the internal audit and compliance officers and shall be updated regularly for their sound implementation. The overarching policy and the system shall be made available to the SEC and audit functions for review. Any change in the policy and procedure shall be approved by majority of the board of directors and approved by majority of the stockholders constituting a quorum.

4. To oversee the integrity, independence, and effectiveness of the policies and procedures for whistleblowing. The board should ensure that senior management addresses legitimate issues on material RPTs that are raised. The board should take responsibility for ensuring that stakeholders who raise concerns are protected from detrimental treatment or reprisals.

B. Senior Management

Senior management shall implement appropriate controls to effectively manage and monitor material RPTs on a per transaction and aggregate basis. Exposures to related parties shall also be monitored on an ongoing basis to ensure compliance with the company's policy and SEC's regulations.

SECTION 3. Material Related Party Transactions Policy. —

The Board shall adopt a group-wide material RPT policy encompassing all entities within the conglomerate, taking into account its size, structure, risk profile and complexity of operations.

At a minimum, material RPT policies shall include, but not be limited to the following:

a. Identification of related parties. The policy shall clearly identify persons and companies that are considered as the company's related parties. The policy shall require Management/Board of Directors to quarterly review and update the Related Party Registry to capture organizational and structural changes in the company and its related parties.

b. Coverage of Material RPT policy. The material RPT policy shall cover all transactions meeting the materiality threshold.

Transactions amounting to ten percent (10%) or more of the total assets that were entered into with an unrelated party that subsequently becomes a related party may be excluded from the limits and approval process required in the policy. However, any alteration to the terms and conditions, or increase in exposure level, related to these transactions after the non-related party becomes a related party shall subject the material RPT to the requirements of this Material RPT Rules. The prospective treatment should, however, be without prejudice to regulatory actions that may be enforced for transactions noted to have not been conducted on an arm's length basis.

c. Adjusted Thresholds. The company shall be allowed to set a threshold lower than the materiality threshold provided under these Rules upon determination by the board of directors of the risk of the RPT to cause damage to the company and its shareholders. The adjusted threshold, when applicable, shall be contained in the company's material RPT policy.

d. Identification and prevention or management of potential or actual conflicts of interest which may arise out of or in connection with material RPTs. The policy shall cover the identification and prevention or management of potential or actual conflicts of interest which may arise out of or in connection with the material RPTs. Directors and officers with personal interest in the transaction shall fully and timely disclose any and all material facts, including their respective interests in the material RPT and abstain from the discussion, approval and management of such transaction or matter affecting the company. In case they refuse to abstain, their attendance shall not be counted for purposes of assessing the quorum and their votes shall not be counted for purposes of determining majority approval.

e. Guidelines in ensuring arm's length terms.

No preferential treatment shall be given to related parties that are not extended to non-related parties under similar circumstances.

Before the execution of the material RPT, the Board of Directors should appoint an external independent party to evaluate the fairness of the terms of the material RPTs. An external Independent party may include, but is not limited to, auditing/accounting firms and third party consultants and appraisers. The independent evaluation of the fairness of the transparent price ensures the protection of the rights of shareholders and other stakeholders.

The policy shall also include guidance for an effective price discovery mechanism to ensure that transactions are engaged into at terms that promote the best interest of the company and its shareholders. The price discovery mechanism may include, but is not limited to, acquiring the services of an external expert, opening the transaction to a bidding process, or publication of available property for sale.

f. Approval of material RPTs. All individual material RPTs shall be approved by at least two-thirds (2/3) vote of the board of directors, with at least a majority of the independent directors voting to approve the material RPT. In case that a majority of the independent directors' vote is not secured, the material RPT may be ratified by the vote of the stockholders representing at least two-thirds (2/3) of the outstanding capital stock. For aggregate RPT transactions within a twelve (12)-month period that breaches the materiality threshold of ten percent (10%) of the company's total assets, the same board approval would be required for the transaction/s that meets and exceeds the materiality threshold covering the same related party.

Directors with personal interest in the transaction should abstain from participating in discussions and voting on the same. In case they refuse to abstain, their attendance shall not be counted for the purposes of assessing the quorum and their votes shall not be counted for purposes of determining approval.

g. Self-assessment and periodic review of policy — The internal audit shall conduct a periodic review of the effectiveness of the company's system and internal controls governing material RPTs to assess consistency with the board-approved policies and procedures. The resulting audit reports, including exceptions or breaches in limits, shall be communicated directly to the Audit Committee.

The company's Compliance Officer shall ensure that the company complies with relevant rules and regulations and is informed of regulatory developments in areas affecting related parties. He/she shall aid in the review of the company's transactions and identify any potential material RPT that would require review by the Board. He/she shall ensure that the company's material RPT policy is kept updated and is properly implemented throughout the company.

h. Disclosure requirement of material RPTs. The members of the board, substantial shareholders, and officers shall fully disclose to the Board of Directors all material facts related to material RPTs as well as their direct and indirect financial interest in any transaction or matter that may affect or is affecting the company. Such disclosure shall be made at the board meeting where the material RPT will be presented for approval and before the completion or execution of the material RPT.

i. Whistle blowing mechanisms. This policy shall be covered by the existing whistleblowing policy and mechanisms consistent with the corporate values and codes of conduct set by the board of directors. This policy shall encourage all stakeholders to communicate, confidentially and without the risk of reprisal, legitimate concerns about illegal, unethical or questionable material RPTs.

j. Remedies for abusive material RPTs. The Board shall adopt measures that would cut losses and allow recovery of losses or opportunity costs incurred by the company arising out of or in connection with abusive material RPTs and impose the penalties and the manner of imposing the same on personnel, officers or directors, who have been remiss in their duties in handling material RPTs in accordance with company policies.

Abusive material RPTs refer to material RPTs that are not entered at arm's length and unduly favor a related party.

SECTION 4. Disclosure and Regulatory Reporting. —

The reporting PLC shall submit the following to the SEC:

1. A summary of material related party transactions entered into during the reporting year which shall be disclosed in the company's Integrated Annual Corporate Governance Report (I-ACGR) to be submitted annually every May 30;

2. Advisement Report as prescribed by the SEC of any material RPT filed within three (3) calendar days from the execution date of the transaction. The Advisement Report shall be signed by the reporting PLC's Corporate Secretary or authorized representative.

At a minimum, the disclosures in both (1) and (2) above shall include the following information:

i. complete name of the related party;

ii. relationship of the parties;

iii. execution date of the material RPT;

iv. financial or non-financial interest of the related parties;

v. type and nature of transaction as well as a description of the assets involved;

vi. total assets (consolidated assets, if reporting PLC is a parent company);

vii. amount or contract price;

viii. percentage of the contract price to the total assets of the reporting PLC;

ix. carrying amount of collateral, if any;

x. terms and conditions;

xi. rationale for entering into the transaction; and

xii. the approval obtained (i.e., names of directors present, name of directors who approved the material RPT and the corresponding voting percentage obtained).

(Rules on Material Related Party Transactions for Publicly-Listed Companies, SEC Memorandum Circular No. 10-19, [April 25, 2019])

Prepared by:	Approved by:
MA. HAZEL L. RABARA-RETARDO AVP – Governance & Deputy Compliance Officer	**PEDRO E. ROXAS** Chairman **HUBERT D. TUBIO** President & CEO

ROXAS HOLDINGS, INC.

AUDIT AND RISK COMMITTEE CHARTER

The Board of Directors (Board) of Roxas Holdings, Inc. (Company) hereby adopts this Charter of the Audit and Risk Committee (Committee).

Section 1. PURPOSE OF THE COMMITTEE

The Committee shall assist the Board in fulfilling its oversight responsibilities on the Company's:

a. accounting, financial reporting, disclosure processes, and internal controls;

b. compliance with legal and regulatory requirements;

c. overall risk management system, framework, policies and profile; and

d. internal and external auditors.

Section 2. COMMITTEE STRUCTURE

2.1 Composition

a. The Committee shall consist of at least three (3) voting Directors who preferably have accounting and finance backgrounds, one (1) of whom must be an independent director and another with audit experience.

b. The Board shall designate one (1) member of the Committee as its Chairman who shall be an independent director.

c. The Board may appoint one (1) or more persons to serve as advisor(s) to the Committee (Advisor). Advisors shall have the right to attend and speak at any meeting of the Committee, but shall have no right to vote in respect of any action of the Committee.

2.2 Term

The Board shall appoint the members of the Committee at its annual organizational meeting and each member shall serve upon his election until the next organizational meeting of the Board, unless removed or replaced by the Board.

The Board shall take into account succession planning for the Chairman and other members of the Committee in the appointment of independent directors. It shall also ensure that there is an established training and succession plan that is regularly reviewed and updated.

2.3 Vacancy

Any vacancy in the Committee caused by the death, resignation, or disqualification of any member, or by any other cause, may be filled by the Board. The member elected to fill the vacancy shall hold office for the remainder of the term, or until his successor shall have been duly elected and qualified.

2.4 Qualifications and Disqualifications

The Chairman and the Members of the Committee shall possess all of the qualifications and have none of the disqualifications for membership in the Board as provided for in the By-Laws and the Revised Manual on Corporate Governance of the Company, the Corporation Code, the Securities Regulation Code, and other relevant laws. In addition, the Chairman or the Member of the Committee who is an independent director must meet the independence criteria under applicable law or regulation or as determined by the Board or the Nomination, Election and Governance Committee of the Company.

Each member shall be financially literate. The Chairman shall have accounting or related financial management expertise with a good understanding of the generally accepted accounting principles (GAAP). At least one (1) member of the Committee must be an audit committee financial expert or one who, through education and experience, has the following attributes as determined by the Board:

(i) an understanding of the GAAP and financial statements;
(ii) an ability to assess the general application of such principles in connection with the accounting for estimates, accruals and reserves;
(iii) experience in preparing or auditing or reviewing or analyzing financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and level of complexity of issues that can reasonably be expected to be raised by the Company's financial statements, or experience in actively supervising one or more persons engaged in such activities;
(iv) an understanding of internal controls and procedures for financial reporting; and
(v) an understanding of audit committee functions.

The person with the accounting or related financial management expertise and the audit committee financial expert may be one and the same person.

The Committee members shall have a practical understanding of the business of the Company or should have a previous business experience.

2.5 Training and Education

The members of the Committee shall attend seminars on corporate governance conducted by duly recognized private or government entities.

Section 3. POWERS, DUTIES AND RESPONSIBILITIES OF THE COMMITTEE

3.1 The Committee, in carrying out its responsibilities, believes its policies and procedures should remain flexible in order to best react to changing conditions and circumstances. The Committee will take appropriate actions to monitor the overall corporate "tone" for quality financial reporting, sound business risk practices and ethical behavior.

3.2 The following shall be the principal powers, duties and responsibilities of the Committee. These matters are set forth as a guide with the understanding that the Committee may supplement them as appropriate:

3.2.1 General

a. Develop and maintain free and open means of communication among the Board, the Company's external and internal auditors, chief risk officer, and management;

b. Perform any other activities as the Committee deems appropriate, or as requested by the Board, consistent with this Charter, the Company's By-Laws and applicable law;

c. Maintain and update, as appropriate, this Charter, which will be published on the Company's website; and

d. Report regularly to the Board.

3.2.2 With Respect to Financial Reporting and System of Internal Controls

a. Assist the Board in the performance of its oversight responsibility for the financial reporting process, system of internal control, audit process, and monitoring of compliance with applicable laws, rules and regulations;

b. Review the reports submitted by the internal and external auditors;

c. Review the quarterly, half-year and annual financial statements before their submission to the Board and appropriate government and regulatory agencies, with particular focus on the following matters:

i. Any change/s in accounting policies and practices;
ii. Significant accounting and reporting issues, including complex or unusual transactions, related company transactions, subsequent events and major judgmental areas, and recent professional and regulatory pronouncements, and their impact on the financial statements;
iii. Significant adjustments resulting from the audit;
iv. Going concern assumptions;
v. Compliance with accounting standards;
vi. Completeness, consistency and accuracy of disclosures of material information; and
vii. Compliance with tax, legal and regulatory requirements.

d. Review the management representation letter before submission to the external auditor. The Committee shall recognize that management is responsible for the financial statements.

e. Review and assess, on a quarterly basis, the correspondence between the Company and regulators regarding financial statement filings and disclosures;

f. Review and discuss with management any significant deficiencies or material weaknesses in the design or operation of internal control over financial reporting, and any fraud, whether or not material, involving management or other employees who have a significant role in the internal control over financial reporting, and take appropriate actions in a timely manner to address the same;

g. Coordinate, monitor and facilitate compliance with laws, rules and regulations and communicate to the legal counsel any litigation, claim, contingency or other significant legal issue that impact on the financial statements;

h. Provide supervision to management in the formulation of the rules and procedures on financial reporting and internal control in accordance with the following guidelines:

   i. The extent of the responsibility of management in the preparation of the financial statements of the Company with the corresponding delineation of the responsibilities that pertain to the external auditor shall be clearly explained;
   ii. An effective system of internal control that will ensure the integrity of the financial reports and protection of the assets of the Company for the benefit of all stockholders and other stakeholders shall be maintained;
   iii. On the basis of the approved audit plans, internal audit examinations shall cover at the minimum the evaluation of the adequacy and effectiveness of controls that cover the Company's governance, operations and information systems, including the reliability and integrity of financial and operational information, effectiveness and efficiency of operations, protection of assets and compliance with contracts, laws, rules and regulations; and
   iv. The Company shall consistently comply with the financial reporting requirements of the Securities and Exchange Commission (SEC).

i. Monitor and evaluate the appropriateness of the policies addressing codes of conduct for the Board and employees, as set out in the Company's Code of Conduct;

j. Monitor, evaluate, and discuss with internal and external audit the adequacy and effectiveness of the Company's internal control system, including the financial reporting control and information technology security, and any significant findings that have been reported to management including management's responses, and the progress of the related corrective action plans; and

k. Formulate or review antifraud programs and controls implemented by management and discuss any identified or suspected fraud and illegal acts involving senior management and other employees.

3.2.3 With Respect to Risk Management

a. Provide oversight over management's activities in managing credit, market, liquidity, operational, legal and other risks of the Company. This function shall include regular receipt from management of information on risk exposures and risk management activities.

b. Discuss the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures;

c. Review and discuss risk management-related reports and issues raised by management, internal and external auditors, legal counsel and regulators that impact the Company's risk management framework;

d. Discuss the risks faced by the Company and those of its subsidiaries that may have potential impact on the Company's operations, and ensure that risk awareness culture is pervasive throughout the organization;

e. Review with senior management the Company's overall antifraud programs and controls;

f. Review the risk management infrastructure and culture to ensure that the relevant activities are aligned with the overall goals and strategies of the Company;

g. Review and recommend to management the Company's levels of risk appetite and risk tolerance, and risk exposure allocation for approval by the Board;

h. Review and discuss with management and the internal auditor and/or the external auditor and/or the chief risk officer:

    i. the key policies and processes adopted by management with respect to risk identification, assessment and management, including risk of fraud;
    ii. significant or major risk exposures, if any, and the plans or the steps taken or need to be taken by management to monitor and control such exposures;
    iii. appropriateness of Business Continuity Plan and culture of risk-awareness implemented throughout the Company.

i. Review the Company's risk profile on an ongoing basis and re-evaluate the likelihood of occurrence, severity of impact of risk exposures, and any mitigating measures affecting those risks;

j. Ensure that the Enterprise Risk Management function of management is in place and operating effectively to identify, assess, monitor and manage risks;

k. Appoint and evaluate the qualifications and performance of the chief risk officer at least annually;

l. Establish and identify the reporting line of the chief risk officer to enable him to properly fulfill his duties and responsibilities. He shall functionally report directly to the Committee and administratively to the Chief Executive Officer of the Company.

m. Discuss with the chief risk officer the Company's risk management structure, risk issues and mitigation strategies and its overall effectiveness;

n. Review the results of the annual risk assessment done by the chief risk officer. The assessment shall include material financial and non-financial risks that impact on the Company and its subsidiaries and the corresponding measures in addressing such risks.

o. Evaluate the risk assessment report submitted by the chief risk officer on a quarterly basis. The report shall include existing and emerging risks at the Company and its subsidiaries, and the related risk mitigation strategies and action plans of management.

3.2.4 With Respect to Internal Audit

a. Perform oversight functions over the Company's internal auditors. It shall ensure that the internal and external auditors act independently from each other and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions;

b. Review and approve the annual internal audit plan to ensure its conformity with the objectives of the Company. The plan shall include the audit scope, resources and budget necessary to implement it.

c. Review the organization of the internal audit department and consider the appointment of an independent internal auditor and the terms and conditions of his engagement and removal;

d. Review and approve proposals to outsource any internal audit activities;

e. Review and evaluate the qualifications and performance of the internal auditor at least annually;

f. Review the effectiveness of internal audit function, including compliance with the International Standards for the Professional Practice of Internal Auditing;

g. Review the reports prepared by the internal audit team;

h. Establish and identify the reporting line of the internal auditor to enable him to properly fulfill his duties and responsibilities. He shall functionally report directly to the Committee and administratively to the Chief Executive Officer of the Company. It shall ensure that, in the performance of the work of the internal auditor, he shall be free from interference by outside parties.

i. Conduct an annual review, and if deemed appropriate, cause an update, of the charter of the internal audit.

3.2.5 With Respect to External Audit

a. Perform oversight functions over the Company's external auditors. It shall ensure that the internal and external auditors act independently from each other and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions.

b. Prior to the commencement of the audit, discuss with the external auditor the nature, scope and expenses of the audit, and ensure proper coordination if more than one (1) audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts;

c. Review the reports submitted by the external auditor;

d. Evaluate and determine the non-audit work, if any, of the external auditor, and review periodically the non-audit fees paid to the external auditor in relation to their significance to the total annual income of the external auditor and to the Company's overall consultancy expenses. The Committee shall disallow any non-audit work that will conflict with his duties as an external auditor or may pose a threat to his independence. The non-audit work, if allowed, shall be disclosed in the Company's annual report.

e. Review and evaluate the independence, professional qualifications, competence and performance of the external auditor at least annually, and recommend to the Board the appointment or discharge of the external auditor;

f. Review and discuss key staffing and lead audit partner rotation plans;

g. Review and timely discuss with the external auditor its report on critical policies, alternative treatments, observations on internal controls, audit adjustments, independence, limitations on the audit work set by management, and other material issues that would affect the audit and financial reporting;

h. Discuss and resolve disagreements between management and the external auditor regarding financial reporting; and

i. Obtain from the external auditor assurance that the audit was conducted in a manner consistent with certain procedures to be followed in any audit of financial statements required under the applicable rules of the relevant stock exchange, the SEC and other regulatory bodies.

3.3 The Chairman of the Committee shall issue certifications on critical compliance issues.

3.4 The findings and recommendations of the Committee shall be submitted to the Board for approval.

3.5 The Committee shall have the resources and authorities appropriate to discharge its responsibilities, including the authority to engage external auditors for special audits, reviews and other procedures and to retain and obtain advice from external counsel and other experts or consultants as it deems appropriate without need for Board approval.

3.6 The Chairman of the Committee and/or any of its Members shall meet separately with management, the internal auditor and/or external auditor and/or chief risk officer of the Company, to discuss any matter that the Committee or any of the foregoing persons believe should be discussed privately. The Committee may also request any officer, executive or employee of the Company or the Company's outside counsel or the external auditor or third party consultants to attend a meeting of the Committee or to meet with any Member, advisor or consultant of the Committee.

3.7 As may be requested by the Committee, functional specialists within the Company shall provide technical support on subject matters relevant to the purposes of the Committee.

3.8 The Committee shall be guided by the Company's mission and vision in the fulfillment of its functions.

Section 4. COMMITTEE PROCEDURES

4.1 Meetings

a. The Committee shall hold meetings at such times and places as it considers appropriate, but not less than quarterly.

b. Meetings of the Committee shall be convened by the Chairman of the Committee as and when he considers appropriate or upon the request of a majority of the Members of the Committee.

c. A Committee meeting shall be convened upon notice in writing at least three (3) days prior to the meeting and specifying the place, date and time of the meeting and the matters to be discussed at the meeting.

d. Notwithstanding that a meeting is called by shorter notice, it shall be deemed to have been duly convened if it is so agreed by the Members present in the meeting at which there is a quorum. A Member may consent to short notice and may waive notice of any meeting of the Committee and such waiver may be retrospective.

e. Each Member/Advisor shall give to the Secretary of the Committee an address, an email address, and a facsimile number for the service of notices of meetings of the Committee.

f. Notice of a meeting of the Committee shall be deemed to be duly served upon a Member/Advisor if it is given to him personally, or sent to him by mail or email or facsimile transmission, to his address, email address, or facsimile number, as appropriate, given by him to the Secretary of the Committee in accordance with the immediately preceding paragraph.

g. The quorum for a meeting of the Committee shall be at least a majority of the Members present throughout the meeting.

h. Resolutions at a meeting of the Committee at which there is a quorum shall be passed by a simple majority of votes of the Members present at such meeting.

i. Each Member, including the Chairman of the Committee, shall have one (1) vote.

j. In case of an equality of votes, the Chairman of the Committee shall not have a second or casting vote.

k. A resolution in writing signed by a majority of the Members of the Committee shall be as valid and effective for all purposes as a resolution of the Committee passed at a meeting of the Committee duly convened, held and constituted.

l. Members and Advisors of the Committee may participate in a meeting of the Committee through teleconference or video conference by means of which all persons participating in the meeting can hear each other.

4.2 Escalation

If the Committee decides to take any action to which any Member objects, such Member shall have the right, by notice in writing to the Chairman of the Committee within ten (10) days after such meeting, to require the Committee to reconsider its decision in a separate meeting. If, after such reconsideration, any Member objects to the action which the Committee has decided to take at the second Committee meeting, then said Member shall be entitled, by notice in writing to the Board (together with any relevant supporting materials) within ten (10) days from the date of the second Committee meeting, to require the particular matter to be considered and finally decided by the Board at its next scheduled meeting, the decision of which is final and binding. Any action proposed to be taken by the Committee which is the subject of the foregoing procedures shall be held in abeyance, and shall be deemed for all purposes not to have been taken, during the pendency of such procedures.

4.3 Minutes and Records

a. The Corporate Secretary or the Assistant Corporate Secretary or his designated representative shall act as secretary for the meetings of the Committee. He shall prepare the minutes of meetings of the Committee and keep records of the Committee.

b. The Committee shall cause records to be kept for the following:

   i. appointments and resignations of the Members/Advisors;
   ii. all agenda and other documents sent to the Members/Advisors; and
   iii. minutes of proceedings and meetings of the Committee.

c. Any such records shall be open for inspection by any Member/Advisor upon reasonable prior notice during usual office hours of the Company.

d. Minutes of any meeting of the Committee, if signed by the Chairman of such meeting, or by the Chairman of the next succeeding meeting, shall be conclusive evidence of the proceedings and resolutions of such meeting.

Section 5. REMUNERATION OF MEMBERS/ADVISORS

No fees or other remuneration shall be payable to the Members/Advisors of the Committee in respect of their services provided in connection with the Committee or in respect of their attendance at meetings of the Committee, save and except fees or remuneration authorized and approved by the Board for such purposes. In the case of a Member who is an independent director, no fees or compensation shall be paid directly or indirectly to such Member or his firm for consultancy or advisory services rendered directly by the Member or indirectly through his firm even if such Member is not the actual service provider. However, this prohibition shall not apply to ordinary compensation paid to such Member or his firm in respect of any other supplier or other business relationship or transaction that the Board has determined to be at arm's length terms and immaterial for purposes of its basic Member's independence analysis.

Section 6. PERFORMANCE EVALUATION

The Committee shall undertake an annual assessment of its performance based, at the minimum, on the parameters prescribed by the SEC and on other relevant regulatory issuances. The results of the assessment shall be validated by the Company's compliance officer and reported to the Board (Refer to Exhibit 1: Performance Evaluation Rating for the rating scale.).

The Committee shall formulate a feedback mechanism to receive comments from management, internal and external auditors, chief risk officer, and general counsel, to facilitate dialogue within the organization about possible ways to improve its performance.

Based on its self-assessment and the comments received, the Committee shall formulate and implement plans to improve its performance. These shall include the identification of relevant training needs intended to keep the members up-to-date with corporate governance best practices, accounting and auditing standards, as well as specific areas of concern.

The entire assessment process shall be documented and shall form part of the records of the Company that may be examined by the SEC from time to time.

Section 7. EXTERNAL AUDITOR

7.1 After consultations with the Committee, the Board shall recommend to the stockholders an external auditor duly accredited by the SEC who shall undertake an independent audit of the Company and shall provide an objective assurance on the manner by which the financial statements shall be prepared and presented to the stockholders.

7.2 The external auditor shall not at the same time provide internal audit services to the Company.

7.3 Non-audit work may be given to the external auditor, provided it does not conflict with his duties as an independent auditor, or does not pose a threat to his independence.

7.4 The external auditor shall be rotated or changed every five (5) years or earlier, or the signing partner of the external auditing firm assigned to the Company, shall be changed with the same frequency.

7.5 If the external auditor resigns, is dismissed or ceases to perform his services, the reason/s for, and the date of effectivity of, such action shall be reported in the Company's annual and current reports. The report shall include a discussion of any disagreement between him and the Company on accounting principles or practices, financial disclosures of audit procedures which the former auditor and the Company failed to resolve satisfactorily. A preliminary copy of the said report shall be given by the Company to the external auditor before its submission.

7.6 If the external auditor believes that any statement made in an annual report, information statement or any report filed with the SEC or any regulatory body during the period of his engagement is incorrect or incomplete, he shall give his comments or views on the matter in the said reports.

7.7 The external auditor shall report directly to the Committee. The Committee has the direct responsibility for the setting of compensation of the external auditor.

Section 8. INTERNAL AUDITOR

8.1 The Company shall have in place an independent internal audit function which shall be performed by an internal auditor or a group of internal auditors through which the Board, management and stockholders shall be provided with reasonable assurance that its key organizational and procedural controls are effective, appropriate and faithfully complied with.

8.2 The internal auditor shall submit to the Committee and the management an annual report on the internal audit department's activities, responsibilities and performance relative to the audit plans and strategies as approved by the Committee. The annual report shall include significant risk exposures, control issues and such other matters as may be needed or requested by the Board and management. The internal auditor shall certify that he conducts his activities in accordance with the International Standards on the Professional Practice of Internal Auditing. If he does not, he shall disclose to the Board and management the reasons why he has not fully complied with the said standards.

8.3 The internal auditor shall attend all Committee meetings, except when justifiable causes prevent him from doing so.

Section 9. CHIEF RISK OFFICER

9.1 The chief risk officer shall help the Committee identify various risks and exposures of the Company through periodic assessment and implementation of risk mitigation strategies and controls. He shall discuss with the Committee the risk management structure, risk issues and mitigation strategies and its overall effectiveness.

9.2 The chief risk officer shall perform an annual risk assessment and present the results thereof to the Committee. The assessment shall include material financial and non-financial risks that impact on the Company and its subsidiaries and the corresponding measures in addressing such risks.

9.3 The chief risk officer shall submit to the Committee, on a quarterly basis, a risk assessment report which shall include existing and emerging risks at the Company and its subsidiaries, and the related risk mitigation strategies and action plans of management.

9.4 The chief risk officer shall attend all Committee meetings, except when justifiable causes prevent him from doing so.

Section 10. AMENDMENT

The Committee shall periodically review and reassess the adequacy of this Charter and recommend any proposed changes to the Board. This Charter shall not be amended, altered or varied unless such amendment, alteration or variation shall have been approved by a resolution of the Board.

Section 10. EFFECTIVITY

This Charter shall take effect upon approval by the Board.

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Exhibit 1: Performance Evaluation Rating

Rating	Description (As to compliance with the Audit and Risk Committee Charter)
1-2	Poor
3-4	Satisfactory
5-6	Very Satisfactory
7-8	Outstanding
9-10	Excellent

ROXAS HOLDINGS, INC.
INTERNAL AUDIT GROUP CHARTER
Revision 3, March 7, 2016

Prepared by:

Paul Edwin V. Lazaro
AVP, Internal Audit

Approved by:

SENIOR MANAGEMENT	7/26/16 MR. HUBERT D. TUBIO, President and CEO
ROXAS HOLDINGS, INC. AUDIT COMMITEE	MR. DAVID L. BALANGUE, , Chairman
	MR. OSCAR J. HILADO, Member
	MR. CHRISTOPHER H. YOUNG, Member

I. Introduction

This Charter aims to formally define the **purpose, authority and responsibility** of the Internal Audit activity that is consistent with the *International Standards for the Professional Practice of Internal Auditing (ISPPIA)*, and approved by the Senior Management and the Board.

II. Purpose of Internal Auditing

The Internal Audit function was established to provide an **independent, objective assurance** and **consulting activity** designed **to add value** and **improve** an organization's operations. It is expected to **help the organization accomplish its objectives** by bringing a systematic, disciplined approach to **evaluate and improve** the effectiveness of **risk management, control**, and **governance processes.**

Assurance services involve the internal auditor's objective assessment of evidence to provide an independent opinion or conclusions regarding a process, system or other subject matter. The nature and scope of the assurance engagement are determined by the Internal Auditor in close coordination with members of management. There are generally three parties involved with the process, (1) the person or group directly involved with the process, system, or subject matter – **the process owner**, (2) the person or group making the assessment – **the Internal Auditor**, and (3) the person or group using the assessment – **the user**.

Consulting services are advisory in nature, and are generally performed at the specific request of an engagement client (may be line or senior management). The nature and scope of the consulting engagement are subject to agreement with the engagement client. Consulting services generally involve two parties: (1) the person or group offering the advice – **the Internal Auditor**, and (2) the person or group seeking and receiving the advice – **the engagement client. When performing consulting services, the Internal Auditor should maintain objectivity and not assume operational nor management responsibility**.

The Internal Audit Group renders consulting services by serving on task forces to analyze operations and controls built into the systems, and make recommendations.

The Internal Audit Group supplies management at all levels with information to control the operations for which they are responsible. This objective shall be accomplished through the conduct of independent examination and evaluation of the adequacy and effectiveness of the systems of risk management, internal control, and governance processes established by the company to direct operations toward the accomplishment of objectives in accordance with its policies and plans. To this end, the auditing function is expected to furnish members of the organization with analyses, appraisals, recommendations, counsel, and information concerning the activities reviewed and by promoting effective control at reasonable cost.

III. Authority

In carrying out their function, the Chief Audit Executive (CAE) have full and free access to the President and CEO of the company and to the Audit Committee as assigned by the Board of Directors. The CAE is authorized to have full and complete access to all the organization's functions, records (either manual or electronic), physical properties but with equivalent accountability for safekeeping and confidentiality. Documents and information given to the CAE during a periodic review will be handled in the same prudent manner as by those employees normally accountable for them. The CAE shall not use confidential information for any personal gain or in a manner, which would be detrimental to the welfare of the company.

The CAE is authorized to delegate duties, allocate resources, select subjects, determine scope of works and select required techniques to accomplish objectives. At the same time the CAE is also authorized to obtain necessary assistance of personnel in audited units and other specialized services within or outside the organization.

Organization refers to the group of companies under the umbrella of Roxas Holdings, Inc.(RHI).

IV. Responsibilities

The CAE and his/her Internal Auditors shall have no direct responsibilities or any authority over any of the activities or operations that they review. **The internal audit work of reviewing, reporting, and appraising established policies, plans, and procedures do not in any way relieve operations personnel of responsibilities assigned to them.** The Internal Audit function should not develop and install procedures, prepare records, or engage in any other activity, which would normally be reviewed by the function.

However, the Internal Audit function shall further the company's interest with comments and recommendations on loss-of-profit opportunities through non-compliance with authorized policies and practices, uneconomical use of resources, or inefficient methods of operations; protection of the company's assets from loss; investigation of suspected fraudulent activities; or for extensions, modifications, or additions to established policies, procedures and practices. The Internal Audit function shall also bring to the attention of senior management significant deficiencies noted in the existing policies and procedures.

Recommendations on standards of control to apply to a specific activity may be included in the written report of audit comments and recommendations, which is given to operating management for review and implementation and/or for advising the appropriate level of management of the risk it is accepting for non-implementation of the recommendations.

Internal Audit shall develop an Annual Audit Plan and present that plan to the Audit Committee for approval. It shall likewise submit to the Audit Committee and senior management an Annual Report on internal audit's activities and performance relative to the audit plan.

Noted control deficiencies shall be monitored by Internal Audit until action plan is completed as agreed in the Internal Audit report or as agreed with stakeholders if a more effective action plan becomes available.

V. Organizational Independence

The Internal Audit Group is under the office of the Audit Committee of the Board, which defines its responsibilities. The Chief Audit Executive shall functionally report to the Chairman of the Audit Committee and shall report to the President and CEO for administrative purposes.

The results of the reviews made by the auditors, the opinion which they form, and the recommendations which they make shall be communicated through a written report that shall be prepared and issued by the auditor subject to validation by Chief Audit Executive. The report shall include the action plans and commitment date to complete such action plans that will address the noted control deficiencies. The report shall be issued to the head of each operation reviewed or to the process owners with copies sent to other appropriate management personnel.

The members of the Audit Committee shall be given copies of the individual reports which will then be summarized and discussed during quarterly Audit Committee Meetings. The quarterly report will include significant audit findings indicating the major concerns raised, the recommendations provided, and the plan of action to be taken, or taken, by the auditee.

VI. Professional Standards

The Internal Audit staff shall follow the *Code of Ethics of the Institute of Internal Auditors* and shall comply with the *International Standards for the Professional Practice of Internal Auditing.*

ENTERPRISE RISK MANAGEMENT

The Board of Directors is tasked to oversee the risk management system of the Company through the Audit Committee, until such time as the Board sees the necessity to create a separate Board Risk Oversight Committee under its Manual of Corporate Governance.

Information on the Company's Risk Management system is reported on the Annual Corporate Governance Report submitted to the Philippine Securities and Exchange Commission and the Philippine Stock Exchange.

Risks Relating to the Business

Non-availability or any disruption in the supply of raw materials may materially disrupt the Company's operations.

The Company sources its sugar cane and other relevant raw materials requirements primarily from planters in Batangas and Negros Occidental. Volume and quality are among the main considerations in the sources of such products. The risk of supply shortage, however, poses a threat to the continuity of the business operations of the Company.

For its bioethanol business, on the other hand, the Company sources its molasses requirements from CACI and other planters and traders in Negros Occidental. Based on the Biofuels Act of 2006, such feedstock may only be procured from locally-produced sources. The supply of locally-produced molasses however may not be enough to meet the demands of the market. The risk of shortage poses a risk to the Company's bioethanol operations.

To mitigate this risk, the Company ensures that it maintains good relationship with planters and traders. At the same time, the Company has adopted an aggressive strategy in sourcing cane and molasses, to ensure independence from any particular source of raw materials.

Cyclicality in the supply of raw materials may adversely affect or materially disrupt the Company's operations.

The milling season for sugar cane in Nasugbu, Batangas runs from December until May, while the milling season in Negros Occidental runs from September until March each year. Any material adverse change in the crop yield, availability of raw materials, and/or disruption in the milling and refining operations of the Company may pose a risk in its financial and business prospects. To address this risk, the Company ensures, to the extent possible, the consistency and timeliness of the supply of raw materials. The Company also implements cost reduction programs, such as but not limited to reducing plant downtime, lower fuel cost by using cheaper alternative sources, and improving plant facilities to enable efficient plant utilization.

Natural or other catastrophes, including severe weather conditions may materially disrupt the Company's operations.

The country has experienced a number of major natural catastrophes over the years, including typhoons, floods, volcanic eruptions, landslides, and earthquakes that may materially disrupt and adversely affect the Company's business operations. Moreover, weather and climate conditions, including its inherent volatility and the occurrence of extreme weather events due to global climate change, impacts the performance and management of the Company's operations and prospects.

The Company's expansion plans and capital expenditure outlays may not result profitably or achieve the expected benefits.

The strategic initiatives of the Company may include the expansion of its sugar milling and bioethanol facilities, development of a co-generation facility, or acquiring assets or businesses. These types of projects require substantial capital expenditures. There can be no assurance however that such projects will be completed on time and at the estimated cost, or at all. In addition, new projects involves a number of other risks, such as the diversion of the Company's attention from the existing business to integrating with the new project, possible adverse effects on the results of operations during the integration process, inability to achieve the intended objectives of the expansion or new project, and the potential unknown liabilities associated with the expansion or new project.

To address this risk, the Company seeks to adopt a business strategy that incorporates a conservative approach as to budget allocation and, at the same time, seeking competent and efficient contractors that can finish the projects on time and at the most reasonable cost.

The Company operates in a competitive market.

The market in which the Company operates is highly competitive and is served by a variety of established companies. Aside from domestic competition, the Philippines has historically had periods wherein there were significant imports of sugar from foreign-based producers. Another imminent risk is the gradual tariff reduction on imported sugar, which will go down to only 5%. This exposes the sugar industry as a whole to global competition. These, as a result, may cause the Company to lose market share, lower revenues, reduce its profit margins and adversely affect its operations and prospects.

To address this risk, the Company seeks to expand its business domestically and also strengthen its competitive position to adapt to the full implementation of the tariff reduction. It is the only sugar company that operates a refinery closest to Metro Manila and boasts of complementary production bases in Batangas and Negros Occidental which enable the Group to reach out to a wider network of customers all over the country and retain its top industrial clients despite stiff competition.

Continued compliance with environmental laws and regulations may adversely affect the results of operations and financial condition of the Company.

The Company's operations and products are subject to environmental laws, regulations and standards set forth by the government and various regulatory agencies, such as but not limited to, the SRA and the DOE, which may introduce new rules and policies or implement changes in the enforcement of existing laws and regulations, which in turn, could directly affect the 23 operations and profitability of the Company. These regulations empower such government authorities to impose penalties on non-compliant companies, including the standard monetary fines and penalties. There can be no assurance that the Company will at all times be in full compliance with the laws and regulations in respect of environmental protection. In addition, the promulgation of any new environmental laws or regulations which require the Company to acquire equipment or incur additional capital expenditure would inevitably increase costs and affect its profitability and prospects. Continued compliance, on the other hand, also entails additional costs for the Company.

To mitigate this risk, the Company adopts a strong compliance culture and maintains good relationship with key regulatory agencies and local government agencies.

The Company's business could be harmed by strikes or work stoppages by its employees.

If a strike or work stoppage were to occur in connection with negotiations of the Company's significant collective bargaining agreements, or as a result of disputes under its collective bargaining agreements with labor unions, the Company's business, financial condition and results of operations could be materially and adversely affected.

To mitigate this risk, the Company seeks to maintain a good relationship with its employees.

The Company may face financial risks with its investments.

The Company and its subsidiaries are exposed to a variety of financial risks in relation to financial instruments that it holds under its investment portfolio. The Company's risk management is coordinated with its Board of Directors and focuses on actively securing the Company's short-to-medium term cash flows by minimizing the exposure to financial markets. The Company does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The Company's financial investments are largely in the form of short-term time deposits.

The Company's reputation will be adversely affected if its products do not meet customers' requirements.

If any of the Company's customers or clients experience significant delays in supply, quality control issues or otherwise, this could have a negative effect on the Company's reputation and make it more difficult to attract new customers and clients. The Company cannot provide any assurance that such events will not occur in a manner that would adversely affect its results of operations or financial condition.

To address this risk, the Company's overall business strategy is geared to deliver on time and with top quality its products to its clients. The Company also maintains a good feedback mechanism with its clients.

The Company's existing indebtedness could adversely affect its financial health and ability to withstand adverse developments and prevent the Company from declaring dividends.

The Company has a significant amount of indebtedness and substantial debt service obligations.

The Company's substantial indebtedness could have important consequences. For example, it may, among other things:

- require the Company to dedicate a substantial portion of its operating cash flow to making periodic principal and interest payments on indebtedness, thereby limiting the Company's ability to take advantage of business opportunities and placing the Company at a competitive disadvantage compared to competitors that have less debt;

- make it more difficult for the Company to satisfy its obligations with respect to indebtedness;

- restrict the Company's ability to declare dividends;

- require the Company to agree to additional financial covenants; and

- restrict the Company's ability to incur additional capital expenditures, except in pursuance of its sugar expansion and ethanol project.

Any of the above listed factors could materially and adversely affect the Company's results of operations, financial condition, and cash flow.

In order to mitigate this risk, the Company takes a prudent approach in its debt and capital structure. Moreover, it maintains a good relationship with various banks.

ROXAS HOLDINGS, INC.
MINUTES OF THE MEETING OF
THE AUDIT & RISK COMMITEE

Held at the RUC Conference Room, 6th Floor RCB/PLDT Building, Dela Rosa St. corner Makati Ave, Makati City on February 3, 2020 at 2:00 in the afternoon.

ATTENDANCE:

Present:

Ms. ARLYN S. VILLANUEVA
Mr. CHRISTOPHER H. YOUNG

Others Present:

Mr. HUBERT D. TUBIO
Mr. CELSO T. DIMARUCUT
Mr. ARCADIO S. LOZADA, JR.
Ms. VERONICA C. CORTEZ
Atty. MA. HAZEL L. RABARA-RETARDO
Ms. JOSEPHINE LOGROÑO
Atty. AIMEE E. PEDAYO

I
CALL TO ORDER

The Chairperson, Ms. Arlyn S. Villanueva (Ms. Villanueva), called the meeting of the Committee to order. The Asst. Corporate Secretary, Atty. Hazel L. Rabara-Retardo, certified the existence of a quorum and recorded the Minutes of the Meeting.

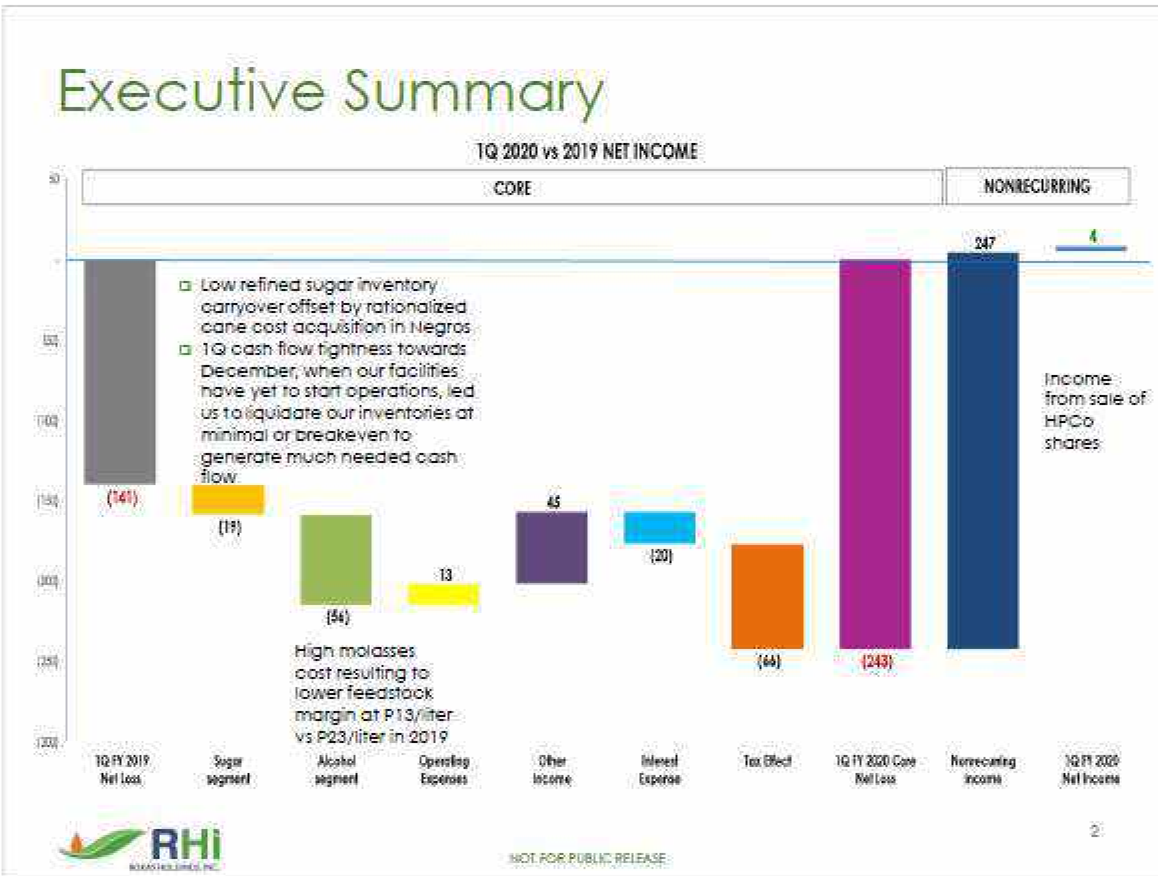
II
APPROVAL OF THE MINUTES OF THE PREVIOUS REGULAR MEETING, AND MATTERS ARISING FROM THE MINUTES OF THE PREVIOUS MEETING

Ms. Villanueva stated that the Minutes of the Regular Audit Committee Meeting was circulated to all members of the Committee prior to the meeting for their review.

On motion duly made and seconded, the Committee approved the Minutes as presented.

There were no matters arising from the Minutes of the previous Meeting.

III
PRESENTATION OF FINANCIAL STATEMENTS AND OPERATIONAL HIGHLIGHTS FOR THE FIRST QUARTER ENDING DECEMBER 31, 2019



The Executive Vice-President- Chief Finance Officer, Mr. Celso T. Dimarucut (Mr. Dimarucut) started the discussion by stating that historically, the first quarter is not a good quarter for Roxas Holdings, Inc. (RHI) simply because the operations of Central Azucarera Don Pedro, Inc. (CADPI) has not yet started. Normally, CADPI starts its milling and refinery operations in January. Other than the sale of carry-over inventory, there is not much under CADPI.

First quarter is also a period for Off-Season Repairs (OSR) for the two alcohol companies, Roxol Bioenergy Corporation (RBC) and San Carlos Bioenergy, Inc. (SCBI). In the past, carry-over inventory from the previous period helped the sales and revenue for the first quarter. For this quarter, there is not much benefit of carry-over inventory, particularly in the case of refined sugar. The production in the previous year was significantly lower than past years, thus, the ending balance last September 30, 2019 was not that significant. Last year, what was produced was around 1.8 million Lkg bags of refined sugar compared to about 3 million in the previous year. Nevertheless, because of some carry over inventories, some revenue was recognized for refined sugar during the first quarter. In the past, raw sugar produced in Central Azucarera De La Carlota, Inc. (CACI) was reserved and shipped to CADPI for refinery. However, due to the tightness in the cash position, this quarter, Management decided to sell most of the raw sugar produced. That helped mitigate the impact of lower refined sugar sales.

The reduction in refined sugar and the increase in sale of raw sugar resulted to a net effect of negative Php19 million in terms of a gross margin basis. The biggest impact really is on the Alcohol. There are some good margins in the Alcohol during the first quarter of the previous year. In terms of the feedstock margin, it was Php23.00 per liter. But for this quarter of this current year, it went down to Php13.00 per liter. The price of feedstock has significantly increased. It even reached the level of Php13,000.00 per ton, which historically, should only be around Php10,000.00 per ton. That by itself, significantly affected the margins. Towards the last quarter of last year, because of the difficulty of getting molasses already and the price is already quite high, some committed deliveries were not fulfilled and these were pegged at a price of Php59.00. If the first quarter price should follow the National Board of Biofuel (NBB) Price, it should be around Php62.00. Because of the delay in the delivery, there was, in effect, a penalty of reduced margin price of about Php3.00. It compounded the loss in the gross margins in the Alcohol businesses.

Profit & Loss

- Lower sugar profit is caused by decreased sales volume due to lower inventory carryover; average sugar sales price decreased also from PhP1,692 in FY19 to PhP1,616 in FY20
- Alcohol gross profit decreased significantly due to increased feedstock cost, average molasses cost in FY20 amounted to PhP12,025 vs PhP9,079 in FY19. Feedstock margin decreased to PhP13 in FY20 vs PhP23 in FY19 (equivalent to Php 92 million)
- Nonrecurring item pertains to gain on sale of HPCo investment

	Period ended December 31		
PhP millions	FY2020 Actual	FY2020 Budget	FY2019 Actual
Sugar segment	**80**	**104**	**99**
CACI (Negros plant)	49	105	(27)
CADPI (Batangas plant)	50	-	115
HPCo (45% equity interest)	2	-	16
Alcohol segment	**(7)**	**72**	**48**
SCBI	(5)	11	6
RBC	(3)	61	42
Contribution from operations	**73**	**176**	**147**
Operating expenses	(228)	(275)	(241)
Other income	37	22	(8)
Interest expense	(165)	(144)	(145)
Tax benefit	39	58	105
CORE NET LOSS	(244)	(163)	(141)
Nonrecurring income	247	-	-
NET INCOME (LOSS)	4	(163)	(141)
Depreciation	149	156	139
EBITDA	31	78	37

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In terms of the Operating Expense (OPEX), Management continues to look for opportunities to reduce it. In the first quarter as compared to last period, it is down by Php13 million. Management is also finding ways to supplement this by aggressively selling some scrap metals and the like. A lot of cleanup was made in the factories after OSR and saleable materials were found resulting to income generation.

Interest expense continues to increase. While for the first quarter, Management was able to bring down the debt level with proceeds from the sale of Hawaiian Philippine Company (HPCo), the closing worked only towards mid-November. Thus, the full benefit on reduction of interest expense from that sale was not realized. Also because of the increase in rates, the interest expense continues to rise. For the first quarter, this year as compared to last year, interest expense is higher by Php20 million.

In the past, the Group took up the tax benefit of these losses but for this particular period, the Management tempered the amount of tax benefit to be recognized which is the Net Operating Loss Carry Over (NOLCO). A more conservative approach is now taken in terms of using the NOLCO. As compared to the previous quarter, this quarter is lower by Php66 million. All told, before non-recurring gains, a loss of Php244 million pesos will be shown. The sale of HPCo generated net proceeds of about Php860 million. Since the carrying value of HPCo is lower than that amount, there is a financial gain of about Php247 million. For the first quarter, a net income of Php4 million will be shown.

Sugar Operating Highlights

	YEAR TO DATE								
	FY2020 Actual			FY2020 Budget			FY2019 Actual		
PhP millions	CADPI	CACI	Total	CADPI	CACI	Total	CADPI	CACI	Total
Revenues	909	1,080	1,989	-	1,290	1,290	1,379	1,307	2,686
Cost of sales	(864)	(1,031)	(1,895)	-	(1,185)	(1,185)	(1,246)	(1,330)	(2,576)
Gross profit from manufacturing	45	49	94	-	105	105	133	(23)	110
Gross profit rate	5%	4%	5%	0%	8%	8%	10%	-2%	4%
Trading gain (loss)	5	0	5	-	-	-	(18)	(4)	(22)
Gross profit	50	49	99	-	105	105	115	(27)	88
KEY METRICS									
Tons Cane Milled (MT) - crop year	-	728	728	-	706	706	-	859	859
Lkg/ton cane	-	1.81	1.81	-	1.97	1.97	-	1.82	1.82
Sugar produced (Lkg)	-	1,319	1,319	-	1,393	1,393	-	1,564	1,564
Raw sugar	-	1,319	1,319	-	1,393	1,393	-	1,515	1,515
Premium raw/DCRS	-	-	-	-	-	-	-	56	56
Cost of cane per ton	-	310	310	-	340	340	-	433	433
Production cost/unit									
Raw sugar	-	1,299	1,299	-	1,310	1,310	-	1,697	1,697
Sales volume	514	257	771	-	808	808	980	599	1,579
Sugar price									
Refined	1,963	-	1,963	-	-	-	2,063	-	2,068
Raw	1,471	1,464	1,467	-	1,454	1,454	1,501	1,532	1,544

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There are good results in CACI, as compared to the previous quarter, partly because planter incentives were recalibrated. In the past, Management tried to target higher volumes and to meet that, the level of incentives had to be increased. This year, the strategy has been changed. The targeted volume has been lowered to about 1.7 million tons. Focus is shifted to cheaper canes produced by small and medium planters and avoid the very expensive canes of big planters. With that shift, a minor reduction in volume was recorded compared to the previous period, but nevertheless, good margins were shown this quarter. It is about Php49 million compared to a net loss in margins for the same period last year. There is a little bit of a shortage in terms of the budget because Management assumed higher level of prices, but during this quarter, the prices are still a bit low. For purposes of the budget, the raw sugar price shown is about Php1,550.00 but during the first quarter the price is about Php1,450.00. During the last few weeks, the prices have gone up. It is now averaging at Php1,510.00.

In terms of CADPI, there was a bigger carry-over inventory last year. Thus, the revenue recognized in the first quarter of FY2019 is higher than in FY2020. Due to the sale of HPCo, the Group has discontinued recognizing any revenues from HPCo. Thus, the Php2 million revenue is related to the period where interest in HPCo was still recognized.

Alcohol Operating Highlights

	YEAR TO DATE								
	FY2020 Actual			FY2020 Budget			FY2019 Actual		
PhP millions	RBC	SCBI	Total	RBC	SCBI	Total	RBC	SCBI	Total
Revenues	337	231	568	464	368	832	274	369	642
Cost of sales	(340)	(235)	(575)	(404)	(357)	(761)	(232)	(363)	(595)
Gross profit from manufacturing	(3)	(5)	(7)	61	11	72	42	6	48
Gross profit rate	-1%	-2%	-1%	13%	3%	9%	15%	2%	7%
Gross profit	(3)	(5)	(7)	61	11	72	42	6	48
KEY METRICS									
Ethanol Production (000 liters)	5,557	4,376	9,933	8,102	6,200	14,302	5,685	6,024	11,708
From molasses	3,854	2,855	6,709	8,102	6,200	14,302	5,685	6,024	11,708
From rectified spirit	-	1,120	1,120	-	-	-	-	-	-
From syrup	1,703	401	2,104	-	-	-	-	-	-
Yield (liters ethanol/ton)									
Molasses	278	256	267	280	270	275	275	262	269
Syrup	290	285	288	-	-	-	-	-	-
Production cost/unit	60	63	62	49	57	53	49	55	52
Sales volume	4,820	3,837	8,657	8,102	6,200	14,302	4,652	5,968	10,620
Price									
Alcohol	58	59	60	57	57	57	59	56	57
Molasses	12,525	11,524	12,025	10,500	10,500	10,500	8,648	9,510	9,079

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In the previous year, the Alcohol Businesses contributed about Php50 million, but now it is at a negative number. This is because of a combination of a lower price and higher feedstock cost.

Ms. Arlyn S. Villanueva (Ms. Villanueva) clarified if the figures are for 2020. Mr. Dimarucut answered in the affirmative and explained that the fiscal year 2020 starts October 1, 2019. The figures shown are first quarter numbers.

Mr. Christopher H. Young (Mr. Young) inquired about the effect of the Taal Volcano eruption to the operations in Batangas. Mr. Hubert D. Tubio (Mr. Tubio) answered that the Management is still assessing the effects. However, it is expected that there will be deterioration in terms of the cane supply in Batangas. Mr. Arcadio S. Lozada, Jr. (Mr. Lozada) added that there is a new player in Batangas. Progreen is an ethanol producer. They have already taken up 64,000 tons of canes. Because the price of molasses is higher, it made sense for them to utilize sugar canes instead. Mr. Dimarucut also explained that they were able to start earlier because they were not too sensitive regarding the content of sugar in the canes. Even if the canes were not yet mature, Progreen started earlier compared to Balayan and CADPI. Mr. Tubio also discussed that their strategy really is to offer a fixed price of canes at Php2,500.00 per ton of canes regardless of the sugar content. Naturally, the planters sold their sugarcanes to them. However, Progreen's capacity is not that great, they are still, in fact, commissioning their factory. They also gave out indications that they wanted to partner with CADPI. They will mill the canes with CADPI and the syrup will be given to them. But no formal discussions have persisted with them due, as to do this scheme will lead to possible voiding of their subsisting warranty.

Mr. Young clarified the problem with the canes. Mr. Dimarucut answered that initially, because Progreen has been buying the sugarcanes at a higher price, the planters demanded for CADPI to also raise the incentives. What Management did was to hold on to the price together with Balayan. While some adjustments were made, they were not that big. Thus, the issue is not the price of the canes but on the volume. Mr. Tubio added that he previously raised the matter with the SRA; when the Progreen was put up, there was an undertaking issued that it will not procure canes within a certain radius within the mill districts to protect the sugar sector, but there is no mechanism to police/implement this undertaking.

Since Progreen started early, they were able to get a higher volume of canes. Thus, it expected that CADPI will get lower volume of canes because of the ethanol company and at the same time, the eruption of the Taal Volcano will also have an impact. Based on the initial number, it is down by 10-15% from the forecast that was done. What was budgeted was 896MT. The latest number from the field is 730MT. That might be the impact insofar as CADPI is concerned. This will be seen in the second quarter results.

Mr. Young inquired as to the latest status as against Balayan. Mr. Dimarucut answered that based on the latest weekly report it is about 60-40 sharing. 60% for the Group and 40% for Balayan. Mr. Tubio added that Balayan started milling earlier (December 10) but despite this, the Group is already ahead in terms of tons milled. The Group expects to keep the ratios that have been targeted insofar as the total pie is concerned.

In terms of canes, this would really be a challenge to CADPI, as well as, the production of raw sugar. Moving forward, Management intends to increase its capability to refine sugar. Mr. Tubio also mentioned that, on the short-term, Management is also in talks with planters from Tarlac so that they will bring their canes to CADPI. CADPI would, however, need to share the transportation cost. Based on the pre-calculations made, there is an indication that the Group will still be able to profit from it. More fuel will also be generated from the canes sourced from the Tarlac planters. Programs are also being introduced to enhance the refinery capability of CADPI.

Mr. Young inquired if there is something more encouraging in the Alcohol businesses for the next quarter. Mr. Tubio answered that the reason why sugarcane syrup was used for ethanol, was because the prices of molasses substantially increased to Php13,500.00. When it was announced that syrup was being used, there was a glut in the molasses tanks. Traders are also not buying. Some of those who speculated and bought on a high price, they were also being charged for storage prices and they might bite the bullet, and lower the prices. The prices are stabilized for the time being. However, once milling season ends and the Alcohol plants no longer have that capability of switching from molasses to syrup, then the prices will go up again. This is sometime in July or August. That is the situation in terms of ethanol. The average prices or the NBB price is Php62.00. Mr. Dimarucut added the Group started using syrup as a substitute because the price of molasses has already breached the Php12,000.00 limit (parity level at the current price of sugar). This helped address the continued increase in the price of molasses in the meantime. For the next quarter, there will be some recoveries in terms of the Alcohol businesses. Moving forward, during the third and fourth quarter, it may be a challenge due to the molasses price. Mr. Lozada mentioned that the average price of molasses last year was only Php11,300.00.

Mr. Dimarucut continued by saying that in CADPI, volume will become a challenge. Last year it was at 980 and it is now down at 514. In terms of price of CACI, it is down from Php1,500.00 to Php1,464.00. Those are the major items. On a positive note, the Group was able to maintain the cost of producing raw sugar. It is lower than what was actually budgeted. Mr. Tubio added that cane acquisition cost is also lower. Mr. Dimarucut mentioned that these are the reasons why there is a reduction in production cost. In terms of the Alcohol business, it is really the production cost per unit going up from 52 to 62 because of the increase in molasses price from Php9,000.00 to roughly around Php12,000.00.

Ms. Villanueva commented that the actual figures are actually way off the budget. Production is much lower but production costs are priced higher. Mr. Dimarucut stated that the biggest driver of the production cost per unit is the feedstock cost. In terms of sales volume, it is down because there was carry-over inventory in the previous period compared to this year. There is also a delay in delivery in terms of the alcohol. Part of the reason why the Management is trying to address the price of the feedstock is because of the difference in ethanol price and gasoline price. Based on experience, if the gap is big, the tendency in terms of compliance for the oil company buying ethanol becomes lower. The gasoline's average price is about Php52.00. There is really a need to find ways to help reduce the overall price of production cost. Mr. Tubio inquired about the cost in terms of producing fuel. Mr. Dimarucut, answered that normally the fuel ranges from Php4.00 – Php5.00 per liter. This is net of the displacements. Mr. Tubio discussed that coal can be utilized in San Carlos. Mr. Dimarucut added that it must go through the ECC process. Mr. Tubio mentioned that other players may also be using coal. Mr. Dimarucut continued the discussion by saying that the average gasoline price is Php54.00, while the NBB price is Php 61.00. There is already a Php7.00 difference. In the past, the difference was just around Php2.00 to Php4.00. When it becomes bigger, the tendency is that oil producers start importing their own, rather than buying locally.

Ms. Villanueva clarified as to why the price of molasses went as high as 35% while actual ethanol production from molasses went down from 11 to 7 which is almost 50%. Mr. Dimarucut answered that ethanol production from molasses was reduced because a cheaper feedstock was used. Syrup was used to help arrest the price increase of molasses. Most of the sellers of molasses, knowing that ethanol companies need molasses, continued to increase their prices. What the Group did was to use a substitute feedstock. When the sellers of molasses saw that, they started to reduce the price of molasses. In a way, the Group was able to send a message to the market that they cannot increase more than the parity price of syrup. The parity price of syrup is around Php12,000.00. Anything beyond that price, the Group will just use syrup rather than molasses. Mr. Dimarucut explained that the Group stopped doing this already because the price of molasses has now gone down below the parity price. That is the reason why the production from molasses went down. Mr. Young inquired what the syrup is used for if not being used for ethanol. Mr. Dimarucut answered that it is utilized for raw sugar. Mr. Young clarified that if the molasses price is below Php12,000.00, it is better to use molasses. Mr. Dimarucut answered in the affirmative. Mr. Young continued saying that the arbitrage would be better and it will send a message to the market. Mr. Dimarucut added that at least now, the Group has already established that limit. Before, the traders used to increase the prices every month to maximize their returns. Ms. Villanueva inquired if the Group is a major player in dictating the prices of syrup and molasses, can't it not be proactive rather than reactive. Mr. Tubio answered that as a sugar manufacturer, there is also a need to consider the prices of the sugar. In this case, time was of the essence when syrup was tested and the price of sugar was also lower. Mr. Dimarucut added that insofar as CACI is concerned, the total production of sugar is also small. Thus, the Group does not control the price. Ms. Villanueva, however, pointed out that the Group is a big player because there was a big demand of molasses so the price went up. When Group switched to syrup, it was said that the price stabilized. She inquired if there can be a good balance between the use of syrup and molasses. Mr. Dimarucut explained that the Group can only do that to the extent of its own usage. The Group can influence a bit to a certain point. The production of molasses right now can only service half of the total demand. If the Group does not buy the molasses, someone else will buy them. Mr. Tubio added that there is only a short window insofar as the usage of the syrup is concerned. It may only be a four (4) month window because this is the length of time the mill is operational. After milling, syrup is not available anymore and cannot be utilized. Ms. Villanueva further clarified that all of these should have been factored in the budget. Based on the presentation, the actual figures are way off compared to the budget. Mr. Dimarucut discussed that when the budget was done, the reason why no syrup was assumed because at the start of this budget, Management took into consideration the parity price of Php12,000.00. And when the prices shoot up beyond the parity price, the Group had to react and test syrup. Initially, it was a theory but at least, it was already validated that syrup can be used. It was not included in the budget because there was no expectation that the molasses price would go beyond the parity price. Mr. Lozada added that the theoretical considerations for the recoveries still need to be tested on a commercial scale.

Mr. Young inquired about the rectified spirit for San Carlos. Mr. Dimarucut answered that there was a need to balance off, so some stocks from RBC were transferred to SCBI. Mr. Lozada explained that the rectified spirit still has 5% water before the moisturizer is removed. This is produced from molasses. Mr. Young inquired about the second quarter and the status of molasses. Mr. Dimarucut answered that the Group stopped using syrup last December 22, 2019. Molasses is now being utilized. Mr. Young inquired about the period when there is no milling. Mr. Tubio answered that there is a feedstock plan where the Group continues to contract other sugar millers and traders throughout the milling season. The prices that are being committed have a ceiling. The Group continues to cover its commitments because there are tanks in CACI and some will be stored in other traders' tanks. Mr. Dimarucut added that millers do not have big storages for molasses because it is a by-product. Once their tanks are full, they have no choice but to unload it in the market. Mr. Tubio added that one of the plans is to put up tanks in San Carlos. The storage capacity in San Carlos is only at 5,000 tons. Originally, San Carlos was designed to produce ethanol from syrup. That is why there are no storage tanks for molasses. Mr. Dimarucut added that this was included in the budget already.

The challenging part is that the Group's products are really commodities. The changes in the market are quite significant. There is a need to adjust to market changes, unlike other industries. Ms. Villanueva inquired if the Group can stock up on molasses. Mr. Tubio answered that in San Carlos this cannot be done because there are no storage tanks. Mr. Dimarucut added that even if there are storage tanks, the price of molasses was high. Thus, the stocking must be timed. In the past, even before the start of the milling, there is enough molasses. However, recently the stock of molasses is not enough to meet the demand for that period. Mr. Tubio added that one of the reasons for the imbalance is because the government continues to allow the construction and re-construction of more ethanol facilities. They also allowed conversion of potable alcohol to ethanol.

Profit & Loss

	Period ended December 31		
PhP millions	FY2020 Actual	FY2020 Budget	FY2019 Actual
Revenues	1,504	2,774	2,267
Cost of Sales	(1,484)	(2,598)	(2,252)
Gross Profit	20	176	16
GP Rate	1%	6%	1%
Operating Expenses	(181)	(213)	(186)
Other Operating Income	281	13	(3)
Operating Loss	120	(24)	(174)
Equity in Net Earnings - HPCo	2	-	16
Finance Cost	(124)	(107)	(56)
Loss Before Income Tax	(2)	(131)	(213)
Income Tax Benefit	29	31	104
NET INCOME (LOSS) FROM CONTINUING OPERATIONS	27	(100)	(109)
NET LOSS FROM DISCONTINUED OPERATIONS	(24)	(63)	(32)
NET INCOME (LOSS)	4	(163)	(141)
Attributable to :			
Equity holders of parent company	5	(162)	(141)
Non controlling interest	(2)	(1)	(1)
Total	4	(163)	(141)

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The above shows how the financial statement will be presented externally. Again, since CADPI has not been reclassified, it continues to be shown as asset held for sale. Thus, the results of operations are shown as part of discontinued operations. The bottom-line is the same, it is about Php4 million net income. The volume of refined sugar for the first quarter is down to 238. The normal investment in molasses is about Php800-900 million. When the available stock of molasses has gone down, the stock level declined significantly. There is only roughly around 1,000 tons of molasses.

Balance Sheet

- Consolidated total asset decreased by Php 4.2 billion primarily due to lower inventory carryover, collection of receivables and sale of HPCo shares
- Net Debt decreased due to advance payment of long term loan amounting to Php 866 million

	Period ended December 31		
	FY2020 Actual	FY2020 Budget	FY2019 Actual
Current Assets	10,859	4,346	13,599
Cash	467	384	550
Receivables	1,025	961	3,075
Inventories	1,255	1,733	2,012
Asset held for sale	1,513	-	6,525
Others	6,599	1,270	1,436
Noncurrent Assets	10,418	17,501	11,857
Property and equipment	8,966	15,551	9,233
Investment and goodwill	1,080	1,593	1,738
Others	373	356	886
Total Assets	21,277	21,848	25,456
Current Liabilities	8,898	8,647	14,452
Short term borrowings	6,717	6,717	7,044
Current portion of long-term debt	212	848	4,502
Trade and other payables	1,354	1,082	1,883
Liabilities directly associated with assets held for sale	616	-	1,024
Noncurrent Liabilities	3,196	4,200	439
Long term borrowings	2,492	2,730	-
Others	704	1,470	439
Equity	9,183	9,002	10,566
Total Liabilities and Equity	21,277	21,848	25,456
Net Debt	8,954	9,910	10,995

RHi

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In terms of the Balance Sheet, the Group continues to reduce its net debt, from Php10.9 to about Php8.9. The Php1 billion came from the reduction of working capital, while the Php860 million came from the sale of HPCo.

Cash Flow

- Positive Free Cash Flow due to liquidation of inventories and collection of receivables
- Payment of long term loans from the proceeds of sale of HP Co shares

	Period ended December 31		
	FY2020 Actual	FY2020 Budget	FY2019 Actual
EBITDA	31	78	37
Working capital	260	161	(32)
Capital expenditures	(91)	(150)	(124)
Free cash flow	199	89	(119)
Debt availments (servicing)			
Long term principal payments	(866)	-	(311)
Short term availments	-	-	833
Interest expense	(165)	(144)	(145)
Proceed from sale of investment	860	-	-
Cash balance			
Beginning	438	438	293
End	467	384	550

RHi

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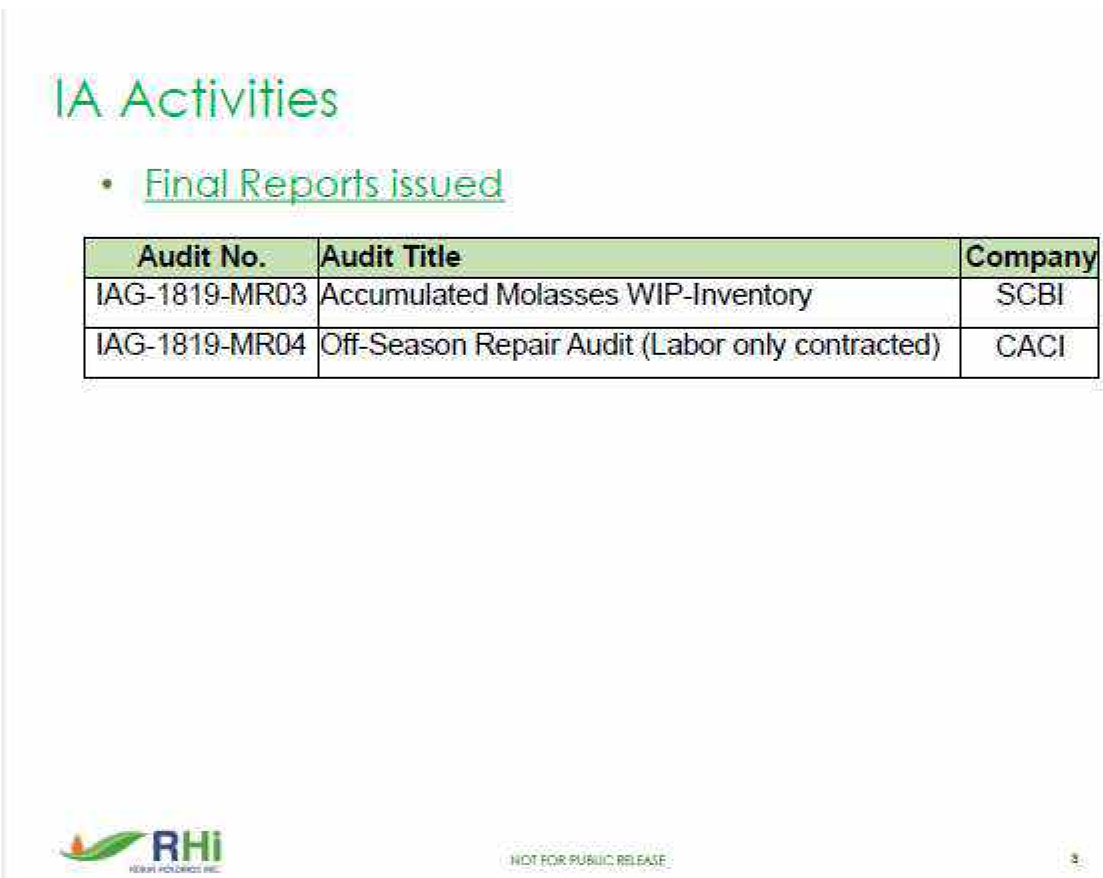
As for the cashflow, last year the full-year Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA) was about Php30 million. The Group paid off Php1.2 billion of principal loan and Php700 million of interest. From that amount, Php1 billion came from working capital as the Group tries to liquidate the inventories. That is the pressing concern right now because the working capital has been utilized to pay the debts and interest. The additional payment of Php866 million came from proceeds from investments, which really is the sale of HPCo. In terms of working capital, it is almost nil. During the milling period, there is a constant struggle between waiting to sell the inventories versus liquidating it to cash. Right, now the Group's position is to liquidate rather than deferring the disposal of the inventories. Mr. Young inquired if this will affect the milling revenue and planter's share. Mr. Dimarucut answered that in the past there was really a need for a significant working capital for the refinery. To a certain extent, there is a limit in terms of volume of refinery that needs to be produced this year. Reliance on third parties will be significant by way of tolling arrangement. This year, the Group is looking at 1.8 million bags of refined sugar. Php1 million bags by way of tolling arrangements, while the 800,000 bags will come from CADPI raw sugar. To a certain extent, this also limits the Group's capability to increase the margins.

IV
INTERNAL AUDIT PRESENTATION

Ms. Josephine Logroño (Ms. Logroño) discussed that updates on the audits conducted by the Internal Audit Group (IAG). There are two audits which were finished last year. Both were requested by Management and it includes the Accumulated Molasses inventory in SCBI and OSR Audit for CACI.



Audit No.	Audit Title	Company
IAG-1819-MR03	Accumulated Molasses WIP-Inventory	SCBI
IAG-1819-MR04	Off-Season Repair Audit (Labor only contracted)	CACI

For the OSR Audit, the Labor Only Contracting Audit is a Management request audit. A review on the labor work force during OSR was requested.

IA Report

Management Request Audit
Off-Season Repair Audit (Labor only contracted)- CACI

- Background:
  ❑ CT Dimarucut, EVP-CFO, requested to review the labor workforce of ongoing OSR in CACI

- Objective:
  ❑ Check and validate presence of manpower
  ❑ Evaluate the repair work
  ❑ Areas for improvement

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The objective was to check and validate the presence of manpower, evaluate the repair work and other areas of improvement.

IA Report

Key Findings	Action Taken (CACI CMO and team)
1. Lack of review on skill specification requirements, certifications and acceptance of workers	1.Identify critical repair works during OSR planning. These repairs will be under fully outsourced contractors. Scope of work shall include quality controls mandated by applicable standards. Status: Ongoing. To be completed on February 2020 during the OSR 2020 planning 2. Inclusion in OSC contractors contract certification and trade testing Status: Contract under review and includes the requirement. 3. Supervisors will undergo with basic welding quality training Due Date: April 30, 2020
2. Lack of supervisory oversight resulting to • Absences • Early pack up and unmonitored breaktime • Re-assigning employees to clerical, messengerial or errand works	1. Increase frequency of supervisors checking on workers 2. Inclusion in the contract with new OSC Contractors on replacement of frequently absent employees and provision of relievers Status: Contract under review and includes the requirement

As for the key findings, one of which was there was lack of review of the skill specification requirements, certifications and acceptance of workers specifically skilled workers. It was agreed that that the Plant Management shall identify the critical repair works and if it is possible to outsource this. This is ongoing and will be completed by February 2020. It was also agreed that CACI will include in the contracts that certification and trade testing must be done for field workers prior to acceptance. They must present certificate of trainings done. The Supervisors within the organization will also undergo basic welding courses.

The second issue was that there was lack of supervisory oversight resulting to absences, early pack up and unmonitored break time and re-assigning employees to clerical and messengerial errand works. As agreed, during the OSR audit, there was increase in the frequency of Supervisors going around to check on the workers. It was also agreed that replacement of frequently absent workers shall be included in the contracts. The provision is already included in the contracts.

IA Report

Key Findings	Action Taken (CACI CMO and team)
3. Inadequate Safety Procedures resulting to unsafe acts, unsafe conditions; Inconsistent hazard assessments and inspection such working in confined spaces	1. Safety Awareness and information campaign during toolbox meeting Start date: Feb. 3, 2020 2.Safety team to conduct the mandatory safety and health training required by DOLE Status: Done. Started in September 2019 with the Support and Admin. personnel 3. Hazard Identification, Analysis and Risk Assessment (HIRAC) within the Factory such as identification of confined spaces. And to conduct HIRAC before start of OSR 2020 Status: Location of confined space were already identified. 4. Purchase of Gas testing device Status: Done

RHi

There are inadequate safety procedures resulting to unsafe acts and conditions, inconsistent hazard assessments and inspections such as working in confined spaces. As agreed with Management, training on safety awareness will be conducted and increased information campaign during toolbox meetings which are conducted every Monday. Mandatory safety and health trainings shall be conducted as required by the Department of Labor and Employment. This is already being done. Hazard identification analysis and risk assessment within in the factory such as identification of confined space. As of now, all the confined spaces were already identified. Purchase of gas testing device was already done.

IA Report

Key Findings	Action Taken (CACI CMO and team)
4. Insufficient Quality Control Review and Documentation a. Poorly welded multiple works b. Changing and modifying parts of equipment without change management control system and recording c. Lack of work traceability/Lack of as-built drawings	1. Ongoing restructuring of project management implementation by the Project Management Head to handle critical projects and will employ project engineers to execute and serve as quality control. Status: Hiring of Project Manager to handle critical projects, Jeremaine Esguerra 2. CAD Operator to do as-built drawings of Boiling House Status: Ongoing. Target to complete April 30, 2020 3. Maintenance recording (valves, pipes, etc.) as part of the EAM system Status: Ongoing Target to complete May 2020

RHi

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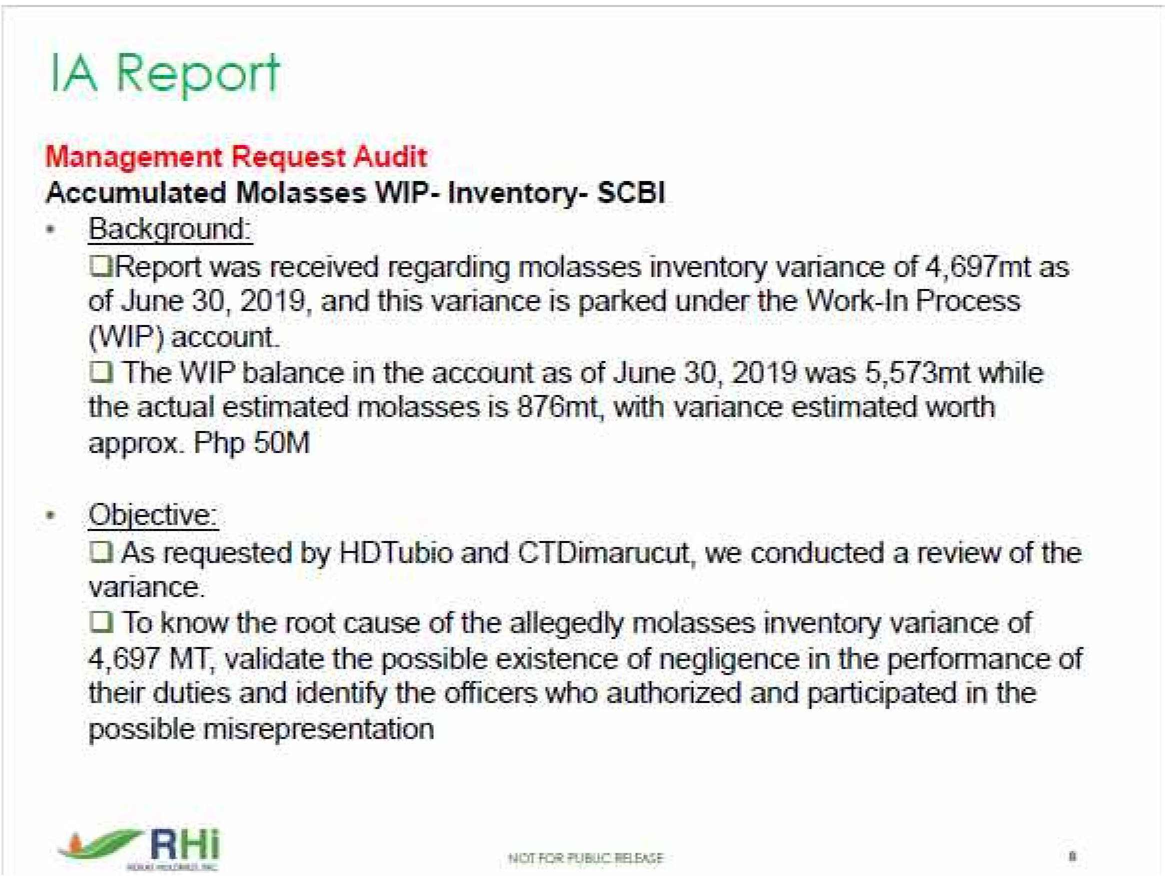
There are insufficient quality control review and documentation. For example, poorly welded multiple works, changing and modifying of parts of equipment without change management control system and recording system. To address this, there is an ongoing restructuring of project management implementation by the Project Management Head to handle critical projects and deploy Project engineers to execute and serve as quality control. CACI has already hired their Project Manager to handle these projects. Next is to do as-built drawings of the Boiling House which is currently ongoing and is targeted to be completed by April 2020, and to do maintenance recording as part of the EAM system.

Mr. Young inquired if these problems have been going on for years. Mr. Dimarucut answered that it is difficult to get third party contractors in Negros because all the sugar mills are doing their OSR simultaneously. In the past, there were about 800 OSR workers, now it is only 400 workers. There have been improvements year by year in terms of how the Management is dealing with this. The challenge really is getting the right third parties to handle this. CADPI is doing better than CACI because of the proximity to Manila and its available workforce. This is precisely the reason why IAG was requested to do this, so that the operation people would start to focus improving this. There are new people onboard in CACI. They have helped in making this more efficient. There are improvements in cost and quality of the output. But still, there are areas which need to be addressed.

Ms. Logroño continued with IAG's second report on the accumulated molasses inventory in SCBI.



There was a report received which said that there was a molasses inventory variance of 4,697 metric tons as of June 30, 2019. This variance is parked under the Work-In Process (WIP) account. The WIP balance as of June 30, 2019 was 5,573 metric tons but the actual estimated molasses is 876 metric tons.

Mr. Young inquired if the inventory is in the tank. Ms. Logroño answered that it was not in the tank, but rather, a virtual inventory. Mr. Young commented that the balance is more than the actual capacity which is 5,000 metric tons. Presumably, it is not possible. Mr. Tubio mentioned that it is really impossible. Mr. Dimarucut added that Management found out that some people tried to manipulate production efficiency so that they can show good efficiency. In so doing, they overstated the inventory balance. They were not reporting it as consumed even if it was consumed. This resulted to firing of the Head of the Plant, Head of Finance and Head of QA. Some of those who were in the position to fully report this, were also reprimanded.

Mr. Young inquired how this affected the financial performance. Mr. Dimarucut answered that this is already included in the audited numbers for 2019. Ms. Villanueva added that this was actually noted by the external auditors. Mr. Tubio also mentioned that when the Management found out about it, investigations were immediately done. There were no economic gains. The competition between RBC and SCBI was one of the reasons why these people wanted to show good efficiencies. There were no anomalies in terms of gains.

IA Activities for the CY 1819

- For Report finalization

Audit No.	Audit Title	Company
IAG-1819-03	Audit of Receipts and Issuance of Materials	CACI
IAG-1819-05	Audit of Cane Acquisition	CACI
IAG-1819-MR05	Audit of Buying and Selling of Molasses	RBC, SCBI,CADPI

- Ongoing audit

Audit No.	Audit Title	Company
IAG-1819-MR06	Agribusiness Dev. Corp (ADC) Asset Count	ADC
IAG-1819-06	Audit of Buying & Selling of Raw Sugar	CACI
IAG-1920-01	Environmental Compliance Audit	CACI
IAG-1920-02	Environmental Compliance Audit	RBC
IAG-1920-03	Factory, Equipment & Facilities:Capital Expenditure	CADPI
IAG-1920-04	Sourcing of Critical Materials	CACI

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Ms. Logroño continued that for other audit activities, the IAG is about to finalize five (5) audits. Materials, Cane Acquisition, Buying and Selling of Molasses in RBC, SCBI and CADPI and environmental compliance audit. There is an ongoing audit on asset count, audit of buying raw sugar in CACI, factory equipment and facility with CADPI, and sourcing of critical materials for CACI.

IA Planning

Proposed CY1920 Annual Plan

Sugar CADPI & CACI

- Cane Sourcing: Cane Acquisition and Purchase (CADPI)
- Quedanning
- Buying and Selling of Sugar (Raw and Refined)
- Raw Sugar Production: Cane Milling
- Raw Sugar Production: Boiling House Operations
- Steam & Power Generation
- Capital Expenditures- Project management & Cost Benefit
- Sourcing of Critical materials (eg. Chemicals), Biomass (eg. Bunker Fuel, Wood Chips and Bagasse)
- Environment – Program implementations
- Labor Contracting/Outsourced Services

Alcohol RBC &SCBI

- Warehousing and Withdrawal of Finished Goods (RBC)
- Bio-ethanol Production: Fermentation and Distillation (RBC &SCBI)
- Environment – Program implementations (RBC)

RHI (HO/All Locations)

- Payment processing (Finance & IT)
- IT General Controls – System Development Life Cycle (SDLC)/Change Management

In terms of the IAG plan, it is driven by Senior Management recommendation and discussion on issues, critical areas surrounding operations, company strategies and changes in the operations. For this year, the proposed IAG plan for Sugar includes audit of cane sourcing, buying and selling of raw and refined sugar, sugar production for both milling and boiling house operations, steam power generation for fuel efficiency, CAPEX, sourcing of critical materials, environmental compliance and labor and contacting services. For Alcohol, warehousing and withdrawal of finished goods, bioethanol production, fermentation and distillation, environment compliance and program accreditation. For RHI, IAG will conduct audit on payment processing and IT audit.

V
ADJOURNMENT

There being no other matters to discuss, on motion made and seconded, the meeting was thereupon adjourned.

ATTEST:

ARLYN S. VILLANUEVA
Chairperson

CHRISTOPHER H. YOUNG
Member

MA. HAZEL L. RABARA-RETARDO
Secretary

ROXAS HOLDINGS, INC.
MINUTES OF THE MEETING OF
THE AUDIT & RISK COMMITTEE

Held Online via Microsoft Teams on May 18, 2020 at 10:00 in the morning.

ATTENDANCE:

Present via teleconference:

Ms. ARLYN S. VILLANUEVA
Mr. CHRISTOPHER H. YOUNG
Mr. OSCAR J. HILADO

Others Present via teleconference:

Mr. HUBERT D. TUBIO
Mr. CELSO T. DIMARUCUT
Mr. ARCADIO S. LOZADA, JR.
Ms. VERONICA C. CORTEZ
Atty. MA. HAZEL L. RABARA-RETARDO
Ms. JOSEPHINE LOGROÑO
Mr. JAYNEL R. SULANGI
Atty. AIMEE E. PEDAYO

I
CALL TO ORDER

The Chairperson, Ms. Arlyn S. Villanueva (Ms. Villanueva), called the meeting of the Committee to order. In view of the conduct of the meeting through remote communication, the Asst. Corporate Secretary, Atty. Hazel L. Rabara (Atty. Rabara-Retardo) read the rules of the meeting and proceeded to disclose the names of the people present in the meeting through Microsoft Teams. Thereafter, Atty. Rabara-Retardo certified the existence of a quorum and recorded the Minutes of the Meeting.

II

APPROVAL OF THE MINUTES OF THE PREVIOUS MEETING, AND MATTERS ARISING FROM THE MINUTES OF THE PREVIOUS MEETING

Ms. Villanueva presented the Minutes of the Regular Audit Committee Meeting held on 03 February 2020 and stated that a copy of the Minutes of the Regular Audit Committee Meeting was circulated to all members of the Committee prior to the meeting for their review.

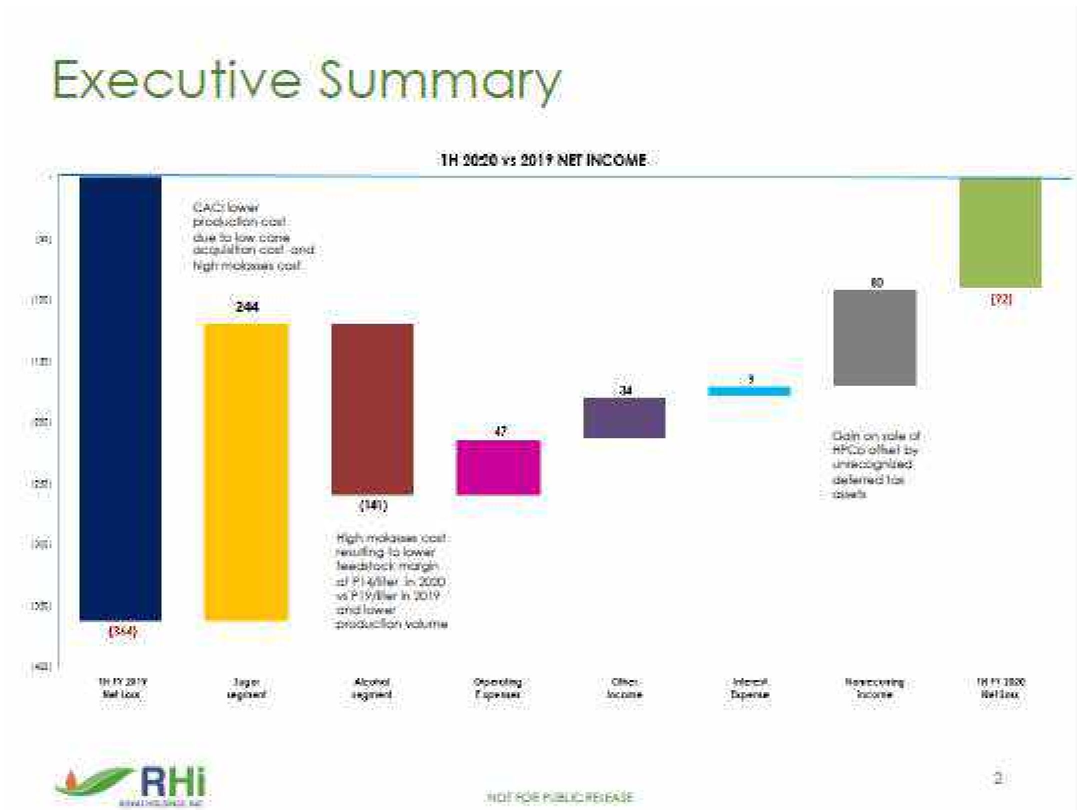
On motion duly made and seconded, the Committee approved the Minutes as presented.

There were no matters arising from the Minutes of the previous Meetings.

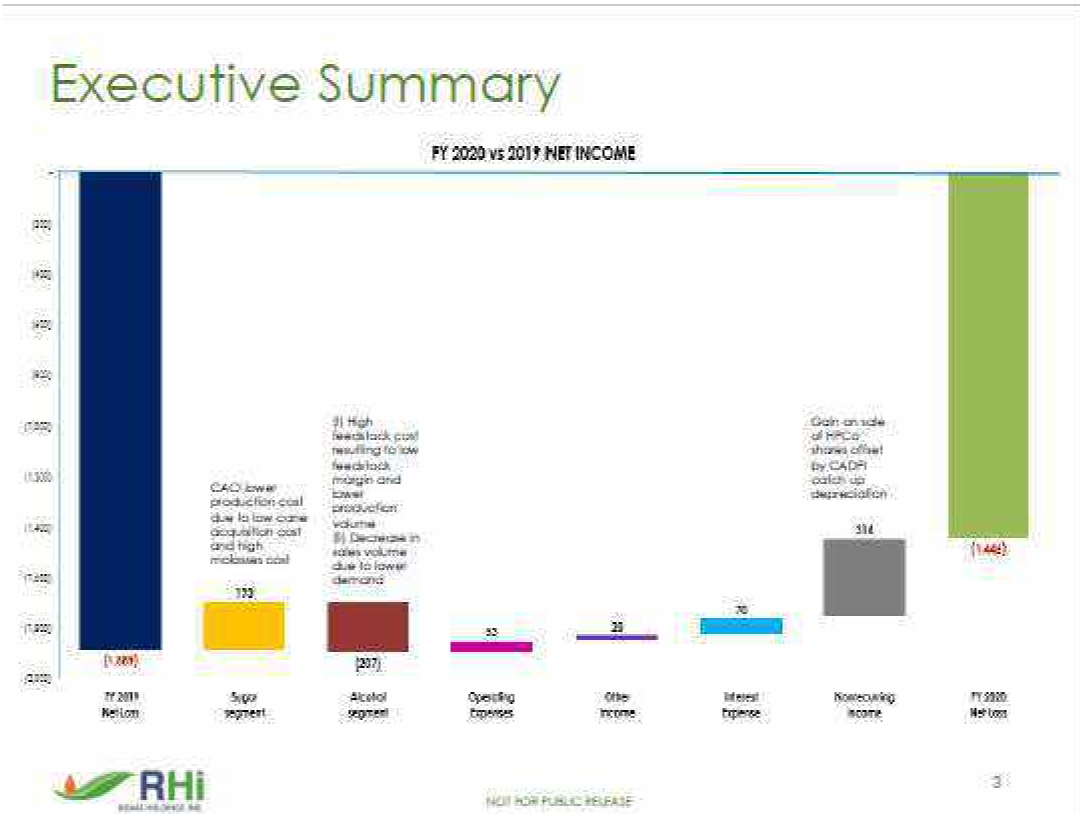
III

PRESENTATION OF FINANCIAL STATEMENTS AND OPERATIONAL HIGHLIGHTS FOR THE FIRST HALF-YEAR ENDING MARCH 31, 2020

Mr. Celso T. Dimarucut (Mr. Dimarucut) started the presentation by showing a brief high level executive summary.



He stated the Management anticipates that the Group's net loss would be significantly lower for the first half of the year at roughly around Php92 million loss. This is significant improvement from the previous year's first half result. The main driver really is the good performance of the sugar segment, particularly Central Azucarera De La Carlota, Inc. (CACI). Unfortunately, the improvement of CACI was negated by the poor performance of the alcohol businesses. The molasses prices shoot up to Php13,000.00. Last year, the peak of the molasses price was only about Php10,000.00 but it has now breached the Php13,000.00 price. On the Profit and Loss (P&L), the Operating Expenses (OPEX), interests and other income improved which helped boost the net income by roughly around Php90 million. The sale of Hawaiian Philippine Company (HPCo) sometime in November, contributed about Php258 million in terms of gain. As a result, the Group will be reporting a net loss of Php92 million for the first half of 2020.



Mr. Dimarucut continued on by reporting that, unfortunately, the trend will not continue to be the same for the Group's full year outlook as the issue on alcohol becomes more pronounced. This is now a combination of the high feedstock cost and decline in the demand for alcohol especially during the lockdown (quarantine) period, as there would be less vehicles in the road, the demand for fuel naturally would decline. This, in effect, would have a direct impact on the Group's alcohol businesses because there would be less and less lifting. In fact, for the last two months, there were no liftings from the Group's major customers. While the Group anticipates that this will gradually improve due to the gradual reopening of businesses and lifting the lockdowns, nevertheless it would be hard for the Group to recover the lost sales opportunity during the affected period. The Group is also looking at lower volumes in terms of the alcohol businesses. That is also true in terms of the second half performance of the sugar segment. The sugar businesses complete most of the milling during the first half. During the second half, that is where the Group starts selling refined sugar. But because of a significant reduction in the refined sugar output of Central Azucarera Don Pedro, Inc.(CADPI), the Group anticipates that it will not be able to recover those losses in sales. There has also been some decline in the deliveries of refined sugar to institutional buyers. Some of them are partially or fully closed because of the lockdowns imposed. While there is a slight improvement, in terms of losses, the outlook is at Php 1.4 billion for the full year.

Mr. Dimarucut presented a slide on the Sugar business units' first half result which is for the six months ended March 31 and the full year outlook.

Sugar Operating Highlights

	Half Year Ended March 31									FULL YEAR								
	1H 2020 Actual			1H 2020 Budget			1H 2019 Actual			FY2020 Outlook			FY2020 Budget			FY2019 Actual		
PhP millions	CADPI	CACI	Total	CADPI	CACI	Total	CADPI	CACI	Total	CADPI	CACI	Total	CADPI	CACI	Total	CADPI	CACI	Total
Revenues	2,893	3,123	6,016	3,370	2,841	6,212	3,534	3,043	6,577	4,035	3,926	7,961	4,172	3,148	7,319	5,000	3,445	8,444
Cost of sales	(2,760)	(2,856)	(5,615)	(2,949)	(2,541)	(5,490)	(3,332)	(3,038)	(6,370)	(3,828)	(3,674)	(7,500)	(3,425)	(2,824)	(6,249)	(4,725)	(3,402)	(8,127)
Gross profit from manufacturing	133	267	400	421	300	731	202	5	207	207	254	461	747	324	1,070	295	43	338
Gross profit rate	5%	9%	7%	13%	11%	12%	6%	0%	3%	5%	6%	6%	12%	10%	11%	6%	1%	4%
Trading gain (loss)	4	1	5	-	-	-	(61)	(7)	(68)	4	1	5	-	-	-	(108)	(2)	(109)
Gross profit	136	268	405	421	300	721	140	(2)	139	211	255	466	747	324	1,070	187	41	228
KEY METRICS																		
Tons Cane Milled (MT) - crop year	586	1,588	2,174	842	1,529	2,371	708	1,593	2,300	654	1,733	2,387	897	1,700	2,597	783	1,619	2,402
Lkg/ton cane	1.87	1.85	1.86	2.09	2.01	2.02	2.04	1.91	1.95	1.91	1.86	1.89	2.00	2.00	2.00	2.07	1.87	1.94
Sugar produced (Lkg)																		
Raw sugar	1,098	2,942	4,039	1,692	3,070	4,762	1,444	2,798	4,242	1,253	3,251	4,504	1,794	3,400	5,194	1,618	2,786	4,404
Premium raw/DCRS	-	-	-	-	40	40	-	247	247	-	-	-	-	50	50	-	247	247
Refined sugar	498	-	498	1,710	-	1,710	635	-	635	988	-	988	3,500	-	3,500	1,724	-	1,724
Cost of cane per ton	170	342	296	189	340	284	171	414	293	170	344	257	189	340	265	179	415	297
Production cost/unit																1,308	1,559	1,448
Raw sugar	1,106	1,186	1,146	1,347	1,261	1,294	1,108	1,524	1,383	1,170	1,268	1,219	1,350	1,213	1,283	1,308	1,559	1,434
Premium raw	-	-	-	-	-	-	-	1,322	1,522	-	-	-	-	1,315	1,315	-	1,609	1,609
Refined sugar	343	-	343	170	-	170	170	-	170	294	-	294	170	-	170	325	-	325
Sales volume	1,214	809	2,023	1,654	1,780	3,434	1,921	1,090	3,011	1,620	928	2,548	2,925	2,022	4,947	2,805	1,169	3,973
Sugar price																		
Refined	1,970	-	1,970	2,020	-	2,020	2,033	-	2,033	1,966	-	1,966	2,000	-	2,000	1,954	-	1,954
Raw	1,498	1,493	1,495	1,480	1,480	1,480	1,492	1,513	1,500	1,498	1,476	1,487	1,500	1,490	1,492	1,475	1,520	1,496

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The slide also shows the actual performance versus budget, and versus past fiscal year performance for both the half-year result and the full-year. In terms of the gross profit from the Sugar segment during the first half, there have been some improvements compared to last year, or Php405 million gross profit versus Php139 million. The significant improvement really is on CACI. The Group was successful in terms of the strategy adopted this year. The equipment has been fixed, particularly, the boiler. This caused problems and headaches during the last crop year. The volume has also been re-calibrated. In the past, the Group used to target roughly around 2 million tons of sugarcanes at a very stiff price because for the Group to get those 2 million tons, there was a need to run after the big planters which would normally have roughly around 300 to 400,000 tons. And because a lot of mills are also fighting for these big planters, the tendency is everybody would raise their incentives just to get these planters. The Group recalibrated the target to a lower volume and focus was shifted to canes which are nearby - within the district and those near the district. And because of that, while the volume is only 1.7 million, there was a significant reduction in the costs of cane. Last year, CACI's was more than Php400, but this year it was reduced to roughly around Php342 per ton. This significantly helped the Group with improvements in the gross profit. CACI's performance in terms of volume is within the targeted volume, which is about 1.7 million tons.

On the other hand, there has been continuous deterioration or reduction in available canes in Batangas. Canes in Batangas used to be around 1.6 million tons for the whole of Batangas.

But for the last three years, there has been continuous decline. There is also an entry of a new participant in the market. Progreen, a producer of potable alcohol, has started to mill canes. They previously used molasses as their main feedstock but because of the rising costs of molasses, they started to use cane syrup this year. And to a certain extent, the new market player ate roughly around 15% of the market. This is due to the very aggressive pricing that they have implemented. They are buying as high as Php3,200.00 per ton. If this is translated to sugar, if one ton generates 2 LKg, that means it is about 1,650 per ton. The price of sugar is only Php1500.00. That is quite an aggressive pricing. And that's the reason why it became very attractive to the planters. The good thing though is that their capacity is limited, so they can only take so much amount of canes at any given time. In terms of the target, the Group is initially looking at 1.7. million bags. CADPI was able to produce around 1.098 bags. Now, without the bagasse for the mill, it is also a challenge for CADPI to meet certain volume of refined sugar. For the Sugar business units to be efficient, there is a need to monetize the bagasse generated internally. Any external fuel that is used would mean additional costs. In the past, what was used is bunker because it was only priced at Php12.00. But now, bunker fuel goes as high as about Php32.00. The current price of bunker is about Php25.00 so it is no longer a viable alternative fuel supplement to sustain the production of the sugar refinery business. That performance would extend up to the full year.

In terms of CACI, since the milling has already been completed, there will not be much change between the first half to and the second half, or the full year. Most of the raw sugar has also been sold. The raw sugar has been sold on a weekly basis to make sure that there is enough cash generated to sustain the operations.

In terms of CADPI, there are still some refined sugar in the current inventory, and most of these are to meet certain commitments to Nestle and Alaska. The Group expects that it will be able to liquidate the refined sugar.

On a full year basis, there is a difference in terms of gross profit. The difference is on CADPI, where the Group initially budgeted Php747 million with a refined sugar of about 3.5 million. The Group is only looking at below 1 million refined sugar, and thus, gross profit of CADPI would be around Php200 million.

Alcohol Operating Highlights

PhP millions	1H 2020 Actual RBC	1H 2020 Actual SCBI	1H 2020 Actual Total	1H 2020 Budget RBC	1H 2020 Budget SCBI	1H 2020 Budget Total	1H 2019 Actual RBC	1H 2019 Actual SCBI	1H 2019 Actual Total
	Half Year Ended March 31								
Revenues	977	607	1,584	1,153	1,210	2,363	810	961	1,771
Cost of sales	(948)	(640)	(1,588)	(1,002)	(1,140)	(2,142)	(726)	(908)	(1,634)
Gross profit from manufacturing	28	(32)	(4)	151	70	221	84	53	137
Gross profit rate	3%	-5%	0%	13%	6%	9%	10%	6%	8%
Gross profit	28	(32)	(4)	151	70	221	84	53	137
KEY METRICS									
Ethanol Production (000 liters)	18,515	9,334	27,849	20,114	15,770	35,884	18,401	15,167	33,568
From molasses	15,349	6,455	21,804	20,114	15,770	35,884	18,401	14,614	33,016
From B-molasses	1,101	-	1,101	-	-	-	-	-	-
From syrup	2,065	2,879	4,944	-	-	-	-	552	552
Yield (liters ethanol/ton)									
Molasses	281	266	276	280	275	278	283	265	275
Syrup	295	294	295	-	-	-	-	301	301
Production cost/unit	57	69	61	49	59	54	49	56	52
Sales volume	14,967	10,024	24,991	20,114	15,770	35,884	13,163	16,006	29,169
Price									
Alcohol	59	60	60	57	57	57	57	55	56
Molasses	12,365	11,810	12,088	10,500	10,500	10,500	9,945	10,473	10,209

PhP millions	FY2020 Outlook RBC	FY2020 Outlook SCBI	FY2020 Outlook Total	FY2020 Budget RBC	FY2020 Budget SCBI	FY2020 Budget Total	FY2019 Actual RBC	FY2019 Actual SCBI	FY2019 Actual Total
	FULL YEAR								
Revenues	1,555	953	2,508	2,522	2,066	4,588	2,089	2,159	4,248
Cost of sales	(1,508)	(1,078)	(2,586)	(2,192)	(1,886)	(4,077)	(1,997)	(2,111)	(4,108)
Gross profit from manufacturing	47	(125)	(78)	331	180	511	92	48	140
Gross profit rate	3%	-13%	-3%	13%	9%	11%	4%	2%	3%
Gross profit	47	(125)	(78)	331	180	511	92	48	140
KEY METRICS									
Ethanol Production (000 liters)	29,969	14,304	44,273	44,000	34,800	78,800	40,225	29,976	70,201
From molasses	26,412	7,216	33,628	44,000	34,800	78,800	40,225	27,556	67,780
From B-molasses	1,492	-	1,492	-	-	-	-	-	-
From syrup	2,065	7,088	9,153	-	-	-	-	2,421	2,421
Yield (liters ethanol/ton)									
Molasses	282	260	276.97	285	267	277	279	248	265
Syrup	295	293	294	-	-	-	-	304	304
Production cost/unit	57	69	63	50	54	52	52	58	53
Sales volume	25,918	15,880	41,799	44,000	34,800	78,800	31,062	35,925	66,987
Price									
Alcohol	60	60	60	57	57	57	58	57	58
Molasses	11,980	11,789	11,885	10,500	10,500	10,500	10,275	10,244	10,259

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As for the alcohol businesses, the volume that was produced during the first half, and what is intended to be produced for the full year will be a lot less than what was produced last year and what has been budgeted. What was produced was about 28 million liters for the first half, versus budget and actual of about 35 million. On the full year, the Group is looking at about 44 million liters versus a budget of 78 million and last year performance of about 70 million. And while there are improvements in the operating yields of ethanol, the biggest constraint or the biggest challenge in terms of the alcohol business is one, the slowdown on the lifting of the various oil companies because of the decline in the demand for fuel. Second, which is the big reason for the deterioration in the gross profits, is the rising price of molasses.

Alcohol segment GP Analysis

	BRP	RBC	Variance
Feedstock margin	22.29	16.00	(6.29) *
Processing cost	22.29	13.77	8.52
Gross profit/liter			2.23
Production volume			25,918,394
Estimated Gross Profit (in millions)			58
* Selling price discount	(1.00)		
Molasses subsidy	(11.40)		
Yield improvement	6.11		
	(6.29)		

	BRP	SCBI	Variance
Feedstock margin	22.29	12.54	(9.83) *
Processing cost	22.29	20.33	1.96
Gross loss/liter			(7.87)
Production volume			15,880,407
Estimated Gross Loss (in millions)			(125)
* Selling price discount	(1.00)		
Molasses subsidy	(9.40)		
Yield improvement	0.57		
	(9.83)		

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He continued to explain the effect of the rising price of molasses to the Committee. The BRP formula or the reference price gives a processing cost of about Php22.00. That means that at least to break even, the Group should have a feedstock margin of Php22.00. In the case of Roxol Bioenergy Corporation (RBC), the feedstock margin has declined significantly by about 16. This means that the Group is actually on a net loss position in terms of the feedstock margin. The NBB formula calls for the averaging of the price of molasses and syrup in determining the price that alcohol can be sold. While that may be okay because it is based on market prices, it does not account for the actual usage. In the case of RBC, it predominantly uses molasses, which has increased significantly, as compared to the price of cane, which is has gone down a bit during the period. So that means in effect, the Group is not covering the increase in the price of molasses, and thus, the Group is subsidizing it because it is being averaged down by the price of the sugar. In the case of RBC, even if it is up versus the processing costs by 82, that is significantly reduced by the reduction in the feedstock or the subsidy on feedstock of about 629. This significantly affected the gross profit. The case in San Carlos Bioenergy, Inc. (SCBI) is worse because their molasses cost is higher than that of RBC who sources molasses from CACI. On a per unit basis this significantly increased the unit cost of molasses.

Mr. Hilado inquired about molasses. He asked what is driving the price of molasses to go up. Mr. Dimarucut answered that it is simply the law of supply and demand. The supply of molasses is lower than the demand for it. The supply is only about 50% of what is the actual demand. And to a certain extent, the price of molasses outside the Philippines has also significantly increased. It became a reference point in pricing the local molasses. Price of molasses used to be Php5,000.00 to Php6,000.00. Now, it is around Php13,000.00 because a lot of the users are fighting for the molasses. What is also aggravating the situation is the presence of traders. Because normally in a period where supposedly the price of molasses is low, that is when the traders start to come in and start buying. In the past, with enough working capital, the Group was able to buy during those periods where the price of molasses is low. Now, throughout the year it is quite high. It is Php13,000.00 peak and the lowest price it went down to this year is roughly around Php10,500.00.

Mr. Hilado further inquired as to how much of the molasses goes to ethanol and what volume goes to distilleries. Mr. Dimarucut replied that most of the potable alcohol right now are converters, so that means that they also produce ethanol. They get locally-produced molasses while they're also importing for their potable. And to certain extent, that helps them to average down a bit. This is because while the price of molasses outside the Philippines has really gone up, it is still a bit lower than the domestic price.

Mr. Hilado inquired if there are import volumes coming in. Mr. Dimarucut answered in the affirmative for potable. But this cannot be used for the ethanol business because of the Biofuel Act which aims to support the local planters and the ethanol producers are only guaranteed with the price if domestic molasses is used.

Mr. Hilado mentioned that the high price of molasses is obviously negative for the alcohol operations. He inquired if this is positive for the Group’s sugar operations because molasses is being produced by these sugar mills. Mr. Dimarucut answered yes and explained that part of the reason why CACI was able to show good performance is that it benefited from the increased price of molasses, but nevertheless, Group’s share of molasses is only about 30% used for RBC from the total molasses produced. The 70% should still be bought at market price from the planters.

Mr. Hubert D. Tubio (Mr. Tubio) added that the one of the driving force for the increase in the price of molasses, aside from supply and demand, is the total sugar production in the Philippines has either remained constant or slightly lower from previous years. The demand for ethanol increased because the potable alcohol manufacturers converted their old potable facilities into ethanol production. This is not a big investment in terms of Capital Expenditures (CAPEX). That is a big advantage in terms of these producers. They are actually considered as converters because they can they can convert from potable manufacturers into ethanol producers with not much investment. These are the producers who can actually import raw materials like molasses at a cheaper price than the local or domestic molasses. They have lower production cost because their fixed cost is lower because they can just convert into ethanol production and the fact that they have a certain way of mixing their cost from the imported molasses with domestic molasses is an advantage. It is a disadvantage to domestic ethanol producers because they cannot offer substantial discounts to oil manufacturers unlike the converters. He mentioned that other manufacturers complained about this to the Sugar Regulatory Administration (SRA) already but the SRA said that they do not have the police powers. Progreen was supposed to source its sugar canes only from outside the sugar mills in in Batangas but there is no one policing this. This is one of the reasons why the molasses or feedstock cost is high.

Mr. Dimarucut proceeded to present the Profit & Loss (P&L) slide.

Profit & Loss

- Increased sugar profit is primarily due to increased profit from raw sugar sales brought about by the decrease in sugar production cost from Php1,383 in FY19 to Php1,246 in FY20. Raw sugar profit per unit sold increased by Php132 in FY20.
- Alcohol gross profit decreased significantly due to higher feedstock cost --- average molasses cost in FY20 amounted to PhP12,088 vs PhP10,209 in FY19. Feedstock margin decreased to PhP14 in FY20 vs PhP19 in FY19 (equivalent to Php 114 million)

PhP millions	Half Year Ended March 31 FY2020 Actual	FY2020 Budget	FY2019 Actual	Year End FY2020 Outlook	FY2020 Budget	FY2019 Actual
Sugar segment	390	730	146	465	1,073	261
CACI (Negros plant)	269	300	(12)	255	324	41
CADPI (Batangas plant)	136	421	140	211	747	190
HPCo (45% equity interest)	2	-	37	2	-	41
ADC	(11)	9	(28)	(11)	3	(4)
Alcohol segment	(4)	221	137	(67)	511	140
SCBI	(32)	70	53	(125)	180	48
RBC	28	151	84	58	331	92
Contribution from operations	386	952	283	388	1,585	402
Operating expenses	(467)	(588)	(514)	(957)	(1,093)	(1,010)
Other income	61	44	27	90	57	70
Interest expense	(328)	(285)	(337)	(634)	(561)	(704)
CORE INCOME (LOSS) BEFORE INCOME TAX	(348)	123	(541)	(1,114)	18	(1,243)
Tax benefit (expense)	(2)	(5)	(8)	-	(32)	(20)
CORE NET INCOME (LOSS)	(351)	118	(548)	(1,114)	(15)	(1,263)
Gain from sale of HPCO investment	258	-	-	258	204	-
CADPI catch up depreciation	-	-	-	(590)	-	-
Recognition (derecognition) of deferred taxes	-	83	184	-	127	(456)
Provision for tax assessment	-	-	-	-	-	(120)
NET INCOME (LOSS)	(92)	201	(364)	(1,446)	316	(1,889)
Depreciation	312	460	446	1,151	921	571
CORE EBITDA	291	868	342	81	1,499	32

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He mentioned that the Group will report a first half net loss of Php92 million versus a net loss of Php364 million last year after recognizing a gain from the sale of HPCo of Php258 million. On a full year basis, the Group is looking at a net loss of Php1.4 billion versus almost Php1.9 billion last year. One of the non-recurring items in the outlook is the catch-up adjustment on the depreciation for CADPI. Over the last two years, the Group has classified CADPI as an asset held for sale. During those periods, in accordance with the accounting guidelines, no depreciation is recognized in the books. At the end of the year, the Group anticipates that CADPI will be returned back to continuing operations since the CADPI transaction may not go forward. Based on current discussions, CADPI will be retained, and CACI and RBC will be sold. With this, the Group is required to book additional adjustment of about Php590 million. There was also a question coming from Ms. Villanueva on some of the potential charges and impairments. He stated that on the sale of CACI, the Group anticipates that it will be recognizing a loss of roughly around Php1.5 billion given the carrying value versus the selling price.

Potential Non Recurring Charges

Potential Non Recurring Charges at Year End - P2.909 billion

- Gain on sale of HPCo – P0.258 billion (booked)
- CADPI depreciation catch-up – P0.590 billion (to be booked at year end)
- Loss on sale of CACI/RBC – P1.497 billion (subject to sale closing)
- Impairment of SCBI Goodwill – P1.080 billion (auditor may likely to raise)

Net Equity after adjustments : P5.142 billion or P3.32 book value per share

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Profit & Loss

	Half Year Ended March 31			Year End		
	FY2020	FY2020	FY2019	FY2020	FY2020	FY2019
PhP millions	Actual	Budget	Actual	Outlook	Budget	Actual
Revenues	4,287	7,437	4,106	4,707	7,813	6,555
Cost of Sales	(4,039)	(6,907)	(4,001)	(4,556)	(6,975)	(6,384)
Gross Profit	247	530	106	152	838	171
GP Rate	6%	7%	3%	3%	11%	3%
Operating Expenses	(376)	(387)	(395)	(760)	(785)	(780)
Other Operating Income	54	26	20	90	52	40
Operating Income (Loss)	(75)	170	(269)	(518)	105	(569)
Equity in Net Earnings - HPCo	2	-	37	2	-	41
Finance Cost	(249)	(212)	(215)	(483)	(423)	(474)
Loss Before Income Tax	(321)	(43)	(447)	(999)	(318)	(1,002)
Income Tax Benefit	(1)	(10)	(10)	-	(20)	(35)
NET LOSS FROM CONTINUING OPERATIONS	(322)	(53)	(457)	(999)	(338)	(1,037)
NET INCOME (LOSS) FROM DISCONTINUED OPERATIONS	(28)	171	(91)	(115)	324	(226)
CORE NET INCOME (LOSS)	(351)	118	(548)	(1,114)	(15)	(1,263)
Gain from sale of HPCO investment	258	-	-	258	204	-
CADPI catch up depreciation	-	-	-	(590)	-	-
Recognition (derecognition) of deferred taxes	-	83	184	-	127	(456)
Provision for tax assessment	-	-	-	-	-	(120)
NET INCOME (LOSS)	(92)	201	(364)	(1,446)	316	(1,889)
Attributable to :						
Equity holders of parent company	(87)	202	(363)	(1,428)	310	(1,884)
Non controlling interest	(5)	(1)	(2)	(18)	6	(5)
Total	(92)	201	(364)	(1,446)	316	(1,889)

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Alongside with that, the auditor may likely raise impairment of particularly the SCBI goodwill considering that SCBI has registered a gross loss for this year. The Group made a study on the fair value assessments of SCBI considering that it is anticipated that there would be a slight recovery of the demand as the lockdown period is lifted. The total cash flow that is generated from goodwill is more than the carrying value of SCBI. Nevertheless, these were actually presented for the attention of the Audit Committee. If the Group impairs SCBI's goodwill, that is about a billion. That would bring down the Group's net equity after adjustment to about Php5 billion or about Php3.32 book value per share. The intention of selling CACI and RBC is to reduce the debt. If this is done, the total net debt would be around Php5 billion. So, at least in terms of the Debt Equity ratio, the Group is still comfortable with a one to one ratio of debt and equity. Internally, the Management monitors on a per segment basis the P&L. He also presented a slide on how the Group presents externally the P&L. Although for purposes of half year, the Group will still retain CADPI as part of the discontinued operations. While it is not yet presented in the year-end outlook, the classification will change as CADPI is classified as part of the continuing operations.

Mr. Dimarucut presented a slide on Revenue to show to the Committee the breakdown and major streams, and why the revenues are significantly down.

Revenue

		YEAR TO DATE									FULL YEAR								
		1H 2020 Actual			1H 2020 Budget			1H 2019 Actual			FY2020 Outlook			FY2020 Budget			2019 Actual		
		Quantity (millions)	Sales Price	Total (millions)	Total (millions)	Sales Price	Total (millions)	Quantity (millions)	Sales Price	Total (millions)	Total (millions)	Sales Price	Total (millions)	Total (millions)	Sales Price	Total (millions)	Total (millions)	Sales Price	Total (millions)
Refined sugar	Lkg	0.401	1,970	790	1.113	2,020	2,247	0.919	2,033	1,868	0.742	1,566	1,459	2.401	2,000	4,802	1.699	1,984	3,370
Premium sugar	Lkg	0.002	1,768	3	0.040	1,600	64	0.199	1,530	305	0.002	1,768	3	0.050	1,600	80	0.232	1,546	359
Raw sugar	Lkg	1.620	1,476	2,392	2.282	1,480	3,374	1.893	1,496	2,832	1.804	1,467	2,647	2.496	1,480	3,693	2.042	1,491	3,044
		2.023	**1,575**	**3,185**	**3.434**	**1,656**	**5,688**	**3.011**	**1,662**	**5,004**	**2.548**	**1,613**	**4,109**	**4.947**	**1,733**	**8,575**	**3.973**	**1,705**	**6,774**
Molasses	MT	0.005	12,232	56	0.035	10,500	370	0.034	9,259	315	0.014	10,750	146	0.043	10,500	455	0.049	9,940	491
Tolling fees		0.152	257	39	0.597	258	154	0.167	255	43	0.428	245	105	1.122	258	289	0.787	273	215
				3,280			**6,212**			**5,362**			**4,360**			**9,319**			**7,479**
Alcohol	liters	24.991	60	1,509	35.884	57	2,057	29.169	56	1,627	41.799	60	2,508	78.800	57	4,517	66.937	58	3,861
Milling Revenue				1,685			2,164			1,331			1,867			-			1,520
Others				12			374			22			5			149			58
TOTAL				6,487			10,807			8,342			8,740			13,985			12,920

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He highlighted again that one of the main reasons for the decrease is the high cost of molasses. There are decreases both for Sugar and Alcohol, on a full year basis.

Balance Sheet

- Consolidated total asset decreased by Php 2.9 billion primarily due to liquidation of inventories, collection of receivables and sale of investment in HPCo
- Net Debt decreased due to payment of long term loan amounting to Php 867 million;

	Half Year Ended March 31			Year End		
	FY2020 Actual	FY2020 Budget	FY2019 Actual	FY2020 Outlook	FY2020 Budget	FY2019 Actual
Current Assets	11,581	4,544	12,959	3,040	5,394	11,540
Cash	168	280	667	70	500	438
Receivables	1,373	1,430	1,515	950	1,739	1,356
Inventories	2,012	1,848	3,128	920	2,000	1,206
Asset held for sale	6,599	-	6,325	-	-	7,255
Others	1,428	986	1,324	1,100	1,155	1,285
Noncurrent Assets	10,288	17,129	11,702	16,884	17,322	10,378
Property and equipment	8,840	15,238	8,994	15,504	15,242	9,000
Investment and goodwill	1,080	1,593	1,759	1,080	1,080	1,080
Others	368	298	949	300	1,000	298
Total Assets	21,869	21,673	24,662	19,924	22,716	21,917
Current Liabilities	9,792	9,314	10,870	9,506	9,400	9,357
Short term borrowings	4,667	6,717	7,034	6,367	6,717	6,717
Current portion of long-term debt	424	848	1,248	1,405	1,405	848
Trade and other payables	2,086	1,750	1,564	1,735	1,279	1,177
Liabilities directly associated with assets held for sale	616	-	1,024	-	-	616
Noncurrent Liabilities	2,997	2,993	3,392	2,698	2,825	3,396
Long term borrowings	2,281	1,522	2,943	1,298	1,326	2,722
Others	716	1,470	449	1,400	1,498	673
Equity	9,080	9,366	10,399	7,719	10,491	9,164
Total Liabilities and Equity	21,869	21,673	24,662	19,924	22,716	21,917
Net Debt	9,203	8,807	10,538	9,080	8,947	9,849

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In terms of the balance sheet, the net debt stood at Php9.2 billion and the Group anticipates that the same will be further reduced to roughly around Php9 billion at the end of the year. This is assuming that CADPI will be presented as part of the property, plant and equipment. In terms of the outlook, there is a big negative working capital and current liabilities about Php9.5 billion. It is really imperative for the Group to close the sale of CACI and RBC. This will help the Group improve its ratios.

Inventory Position

	As of April 17, 2020			Fixed Forward/Subsequent Sales			Open	Delivery Schedule		
	Qty	Unit Cost	Amount	Qty	Price	Amount	Position	Q2-Q3 FY2020	Q4 FY2020	Total
Refined Sugar	251,744	2,058	518	251,744	2,100	251	-	115,855	135,889	251,744
Raw Sugar	150,075	1,501	225	100,075	1,350	135	50,000	100,075	-	100,075
Alcohol	11,252,386	56	675	6,931,659	60	416	4,320,727	659,920	6,271,739	6,931,659
			1,229			802				
Molasses	37,189	12,719	473	-	-	-	37,189	-	-	-
TOTAL			1,702							

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In terms of inventory, at the end of the year, the Group will be able to produce 6 million liters of alcohol, from the current 4 million alcohol inventory and the alcohol equivalent of the molasses that are on hand. Right now, the Group is soliciting the help of the Bank of Commerce, which is also related to Petron because of the commonality in the shareholdings. The Group is trying to do a deal of selling them the Group's inventories. The Group supposedly has a Php300 million short term payment to them. And instead of cash, the Group is negotiating that it pays in the form of alcohol. This will help the Group reduce its inventory of alcohol and incentivize the Group to start lifting the alcohol. The equivalent of Php300 million, roughly is about 6 million liters.

Net Debt and Interest Expense

Net Debt and Interest Expense

- Interest expense continue to increase despite reduction (P880 million in 2018 – 2019 and P849 million 2019 – 2020) in net debt; average interest rates went up by 50%

	2015 - 2016	2016 - 2017	2017 - 2018	2018 - 2019	2019 - 2020
Cash	(705)	(571)	(295)	(438)	(70)
Short term debt	2,914	4,608	6,211	6,717	6,367
Long term debt	6,436	6,055	4,813	3,570	2,703
Net debt	8,645	10,092	10,729	9,849	9,000
Interest expense	383	444	502	704	634
Average interest rate	**4.2%**	**4.4%**	**4.6%**	**5.6%**	**6.6%**

  - Increased in net debt (P1.447 billion) in 2016 – 2017 resulted from the acquisition of SCBI in May 2015. RHI advanced P2 billion to prepay SCBI expensive loans and working capital.
  - Maturity of long-term loans – **P1.405B in 2021**, P597M in 2022, P397M in 2023 and P304M in 2024

Strategic Imperative

- De-risk the business : sale of assets to reduce debt

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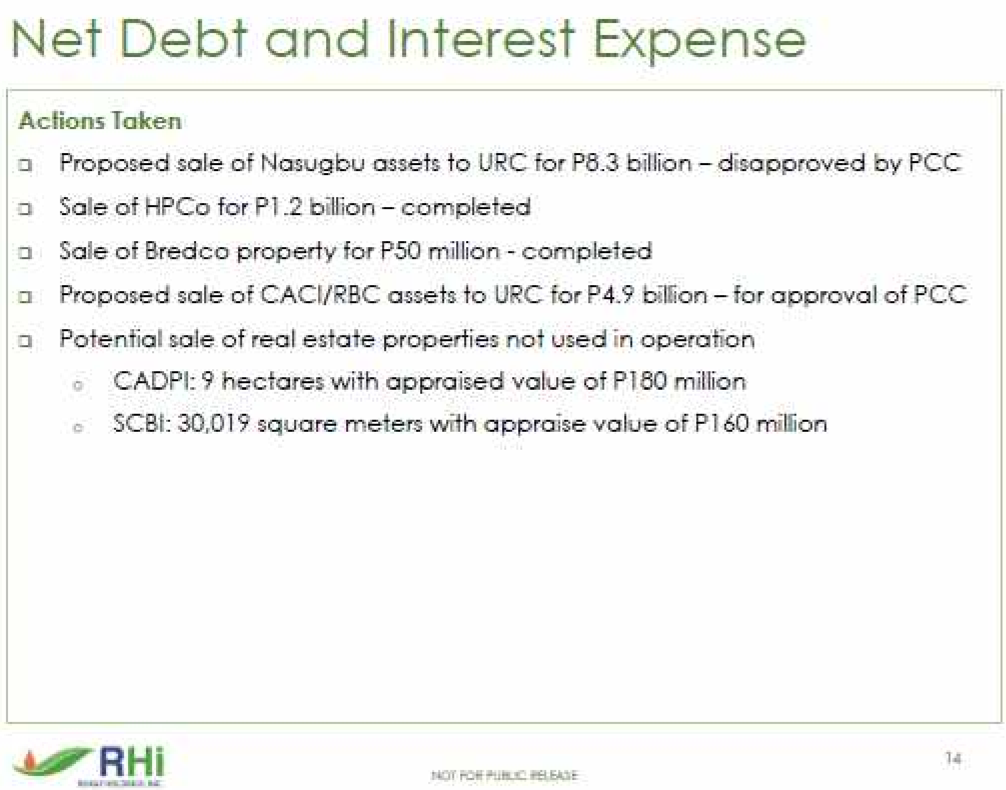
Mr. Dimarucut also highlighted that the Group continues to reduce its debt. Despite poor performance, the Group has managed to bring down the level of indebtedness by managing the working capital better and through the disposition of HPCo. The Group was able to reduce it roughly to around Php1.6 billion over the last two years. Nevertheless, the interest expense remains high. From an average of about 4.2% to 4.4% interest rate, the interest rate right now is close to 6 to 7% or about 6.6%. It is really necessary for the Group to bring down that level of debt. Admittedly, part of the increase in the interest rate is because banks have now started to charge the Group higher interest because of the Group's poor performance during the last two years. It was highlighted that there is a big maturity coming next year, which is about Php1.4 billion and the big portion of this is a balloon maturity of the Bank of the Philippines Islands (BPI) of roughly around Php800 million. If the Group will be able to close the sale transaction, then the Group will be able to pay and sit down with BPI to stretch or restructure the Php800 million maturing obligation in 2021. Php 800 million is for BPI, Php200 million for Rizal Commercial Banking Corporation and about Php300 million for Banco De Oro. The Group needs to bring down the level of maturity on BPI.

Ms. Villanueva inquired if the Group was not able to do any debt modifications or debt restructuring due to the pandemic. Mr. Dimarucut answered that the Management has maximized the deferral of the interest because there's no maturing obligations during the COVID period. The Group has actually advanced all the long-term payments of the principal this this year when the Group got the money out of sale of HPCo. So, most of the deferrals are only on the interest and in two months' time, the Group will also start paying those interest. The only modification that is needed, assuming that the Group will not be able to close the deal, is with regard to the maturing long-term obligation to BPI come year 2021.

Mr. Young inquired about the short-term debts if the banks just keep rolling that over. Mr. Dimarucut answered in the affirmative. He explained although admittedly the Group has not completed this because with the renewal process, the Group has already rolled over BPI and BDO. The Group is also on the final stage with Land Bank. With regard to BOC, the Group actually initially has agreed to their proposal to reduce it to 150 every quarter before the pandemic, but the Management reverted back to them last week and told them that given the situation, the parties would need to revisit the arrangement.

Mr. Dimarucut presented a slide to summarize the efforts done by the Group in terms of the debt.



He added that the Group would not be in this position had the PCC approved the previous transaction because that would have given the Group about Php8.3 billion in cash. That would almost wipe out the Group's debt obligation. Unfortunately, that was disapproved by PCC. The Group has completed two small transactions, the Php1.2 billion from the sale of HPCo and Php50 million from the sale of BREDCO. The Group is also looking at some small real estate properties that can be sold and that are not currently being used in the operations. The only reason the Group cannot touch these is because they are still under the mortgage asset pool. As soon as these properties are freed up, with the sale of CACI and prepayment of long term obligations, then the Group will be able to start to profit from other smaller assets.

Mr. Young inquired as to the timing if the plan to sell CACI and RBC pushes through. Mr. Dimarucut answered that the Management is still targeting before September 30. So that means assuming that it starts in June, it gives the Group about four months. And that's roughly around 120 days. Even if the Group goes to phase two, it is about 105 days. The Management is still confident that the transaction will be completed by September 30. But it's tight. The Management was able to reach out to URC and they are still committed to doing the transaction and starting the PCC process.

Cash Flow

- Positive Free Cash Flow due to liquidation of inventories and collection of receivables
- Payment of long term loans from the proceeds of sale of investment

	Half Year Ended March 31			Year End		
	FY2020 Actual	FY2020 Budget	FY2019 Actual	FY2020 Outlook	FY2020 Budget	FY2019 Actual
EBITDA	291	868	242	81	1,499	32
Working capital	(30)	759	385	943	(340)	1,869
Capital expenditures	(146)	(300)	(119)	(400)	(600)	(317)
Free cash flow	115	1,327	507	623	560	1,584
Debt availments (servicing)						
Long term principal payments	(867)	(1,200)	(621)	(867)	(848)	(1,243)
Short term availments/payment	(50)	-	823	(350)	-	506
Interest expense	(328)	(285)	(337)	(634)	(561)	(704)
Proceed from sale of investment	860	-	-	860	911	-
Cash balance						
Beginning	438	438	295	438	438	295
End	168	280	667	70	500	438

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As for the cash flow, the cash balance is quite low. Thus, the Group makes sure that it continues to manage the cash position. The Group tried, over the lockdown period, to revisit priorities. The first priority is to make sure that manufacturing operation is open and running. During the lockdown period, the Group was able to move most of the big customers to online payment facility. The only outstanding receivable or overdue receivable is about Php40 million.

Financial Ratios

	Half Year Ended March 31			Year End		
	FY2020 Actual	FY2020 Budget	FY2019 Actual	FY2020 Outlook	FY2020 Budget	FY2019 Actual
Bank Loan Covenant Ratios:						
Debt-to-Equity*	1.41	1.31	1.37	1.57	1.17	1.39
DSCR*	-	-	-	0.23	1.30	(0.56)
Current Ratio	1.18	0.49	1.19	0.32	0.57	1.23
Quick Ratio	0.30	0.29	0.30	0.21	0.36	0.33
Days Receivable	40	34	44	43	40	61
Days Inventory	75	39	57	47	47	55
Days Payable	54	38	40	59	36	49
GP Margin	6%	7%	3%	3%	11%	3%
EBITDA (Php M)	291	868	242	81	1,499	32
EBITDA Margin	4%	8%	3%	0.9%	10.7%	0.2%
ROA	-0.4%	0.9%	-1.5%	-7.3%	1.4%	-8.6%
ROE	-1.0%	2.1%	-3.5%	-18.7%	3.0%	-20.6%
EPS	(0.23)	0.13	(0.35)	(0.93)	0.20	(1.22)
Book Value/ Share	5.87	6.05	6.83	5.87	6.78	5.92
Market Price/ Share	1.38	2.80	2.80	1.38	2.80	2.39
Market Cap (Php M)	2,135	4,332	4,332	2,135	4,332	3,700

* *Bank Loan Covenant*
Debt-to-Equity - 2.33 max
Debt Service Coverage Ratio (DSCR) - 1.25 min

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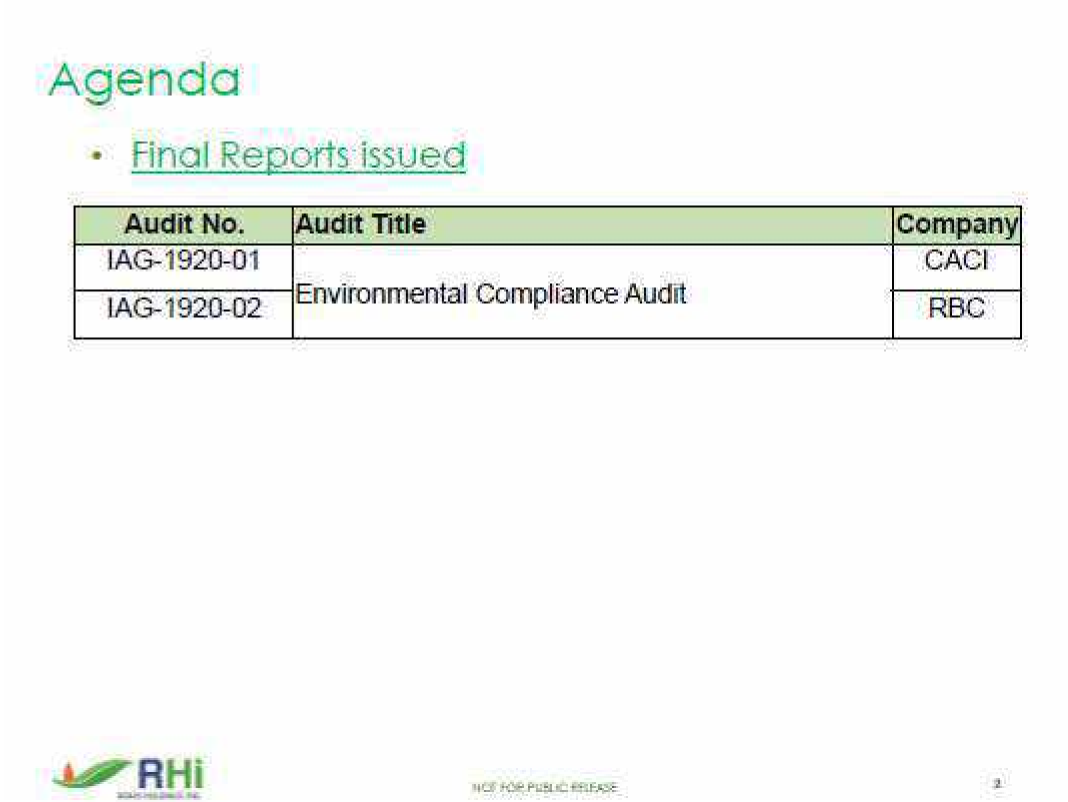
On financial ratios, it is imperative for the deal to be closed before September 30. Because of the debt service coverage ratio, the Group might not meet the ratio at year-end considering the current performance. The sale will actually fix it.

Mr. Hilado commented that these problems about breaching the liquidity issues can be addressed this year. He inquired what the Group's strategic direction is. He explained that there was a time that the Group was trying to sell off CADPI in order to pay down debt and keep CACI going. He further inquired if the plan is to just liquidate assets. Mr. Tubio answered that the Management will be presenting to the Board where the Group is headed with certain assumptions like the sale of the South Negros Units is successful or not. The Management will re-visit the two operating units. The reason why the initiatives that the Management was planning for CADPI was not pushed was because of the failed transaction. The Management will present plans to ensure sustainability and continuity in Batangas given that the land area suitable for sugarcane farming has substantially decreased. The planters in Batangas are quite different from the planters in Negros. And to add to that, the terrain in Batangas is quite inferior to the terrain in Negros. It becomes challenging but the Group needs to look at suitable solutions. Probably not just in the Batangas province, but in the neighboring provinces such as Cavite or Laguna. And the other thing in CADPI is the refinery. In the past, it was mentioned that this is the savior for CADPI because of its location and proximity to Metro Manila where the where the market is, and the reputation that CADPI has as far as institutional customers are concerned. They really prefer CADPI refined sugar. In fact, even during the pandemic, the institutional customers still insisted on CADPI's products. And that is why, the Group plans to resume the refinery operations between the third week to last week of May and continue depending on the amount of fuel that is available. These are the areas that the Management is planning to cover as far as CADPI is concerned.

INTERNAL AUDIT GROUP PRESENTATION

Ms. Josephine Logroño (Ms. Logroño) presented for the Internal Audit Group (IAG). She started her presentation by saying that what will be presented today are the final reports that the IAG issued for the past quarter.



The IAG has completed the environmental compliance audit for both CACI and RBC and mentioned that she will discuss briefly the key findings of the audit.

There is also the issue that the raw sugar that is going to be refined in the country may not be sufficient, if it is just to be sourced domestically. The Management will also look at imported raw sugar.

Mr. Hilado commented that the Management is developing a strategic option for operating CADPI and to be able to run CADPI, the Management has to save RHI. To be able to save RHI, the Group needs to sell CACI. He asked if CADPI will not be sold anymore if the sale of the South Negros units pushes through. Mr. Dimarucut answered in the affirmative. He added that when the Management started the process in terms of CADPI, it was really to address the biggest risk of the company which is debt. This is because with that kind of debt, it becomes difficult to run. CADPI and the South Negros units have different profiles and they have different strengths and weaknesses. The Group decided to sell CADPI because there was a willing buyer. Improvements were made on CACI and given the situation that the Group cannot sell CADPI and there is now an available buyer for CACI and RBC, the Group shifted its focus to develop CADPI again. Admittedly, the reason why the performance of CADPI is not good at the moment is because the Management's focus was on CACI during the last two years. This is because Management thought that sale of CADPI will push through. The main driver really is being able to reduce the debt.

Mr. Hilado commented that RHI could not survive on the basis of the debt load it was carrying and the only way to reduce the debt load was to sell off some asset. It could be either CADPI or CACI. Except there was a willing buyer for CADPI at the time and the Management was developing a strategic plan for CACI. However, now it is the opposite. Mr. Dimarucut affirmed. Mr. Hilado inquired if the Group is really interested in continuing in this business or not. He added that there must be a direction as to whether the strategy is to continue with this business or reduce on a balance sheet basis. Ms. Villanueva added that this was one of the issues that she raised to the Group because she was very worried that the business model probably is not working. And therefore, there is a need to evaluate the business continuity, given the current situation and even what has happened in the past. She added that her concern is more or less on the evaluation of the going concern issue. Mr. Tubio answered that the Management will prepare also certain business option and plans for this which will be presented to the Board. The Management will not close its eyes on the possibility that CADPI will also be sold. For now, it is still not very clear. It is still up in the air because the value of the property in Batangas is still substantial. The Management will also evaluate SCBI and the possibility of shutting it down, to include that part of the worst alternative that can happen. It is necessary for the Management to do this to avoid repeating this every year. Ms. Villanueva commented that it seems like the Group is in liquidation mode. Mr. Tubio said that the Management will present its plans so that the Board can be guided accordingly.

IA Report

IA Plan

Environmental Compliance Audit – SBU (CACI & RBC)

- Objective:
  ❑ validate compliance with environment-related regulatory standards and assess effectiveness of environment programs

- Scope:
  1. Solid Waste Management (RA 9003)
  2. Hazardous Waste (RA 6969)
  3. Philippine Clean Water Act of 2004 (RA 9275)
  4. Philippine Clean Air Act of 1999 (RA 8749)
  5. Permits based on EMS Registry of Compliance

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The objective of the audit was to validate compliance with environmental-related regulatory standards and assess the effectiveness of the environmental programs. The scope of the audit includes the solid waste management, hazardous waste, Philippine Clean Water Act of 2004, Philippine Clean Air Act and the permit based on EMS registry of compliance.

IA Report

IA Plan

Environmental Compliance Audit – SBU (CACI & RBC)

- Conclusion:

  ❑CACI

  Twenty-one (21) out of 29* applicable provisions and programs noted were identified as partially or not in compliance. We cite major improvements are needed arising from the non-compliance, and lapses in controls and procedural aspects in the significant areas of environmental management.

  ❑RBC

  7 out 27* applicable provisions and programs noted were identified as partially or not in compliance. Overall impression was one with commitment to achieve full compliance

  Note: 2 provisions pertain to (1) Handling of prohibited chemicals which were found in CACI, and (2) Permit on national water resources which is applicable to CACI

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In CACI, IAG found 21 out of 29 applicable provisions and programs which were identified as partially or not complied with. IAG cited major improvements were needed arising from the non-compliance and lapses in controls and procedural aspects in the significant areas of environmental management. For RBC, the IAG only saw 7 out of 27 provisions and programs that were partially or not complied with. The overall impression with RBC is that it is one with commitment to achieve the full compliance and environmental compliance.

IA Report – Key Findings

Scope	CACI	RBC
•Solid Waste Management	•Program not fully implemented. Waste are not segregated •Final disposal of waste done in an open dumpsite and without permit from LGU	•Program partially implemented. Waste bins are classified based on type of waste and locations are identified, however, wastes are misplaced •Final disposal of waste done in an open dumpsite and without permit from LGU
•Hazardous Waste Management	•Waste facility does not conform with DENR requirements •Storage of different, mixed, unknown quantity in an underground structure •Storage of waste for more than 1 year & treatment/final disposal not being done •Presence of prohibited chemicals, suspected as Asbestos and Mercury •Absence of hazardous waste generator permit (ID) issued by DENR •Incomplete listing of hazardous waste submitted to DENR •Oil contaminated materials such as used gloves were disposed in solid waste bins	•Storage of waste for more than 1 year & treatment/final disposal not being done •Use of plastic carbouys instead of metal drums from some waste •Oil contaminated materials such as used gloves were disposed in solid waste bins

She presented the audit key findings for both CACI and RBC. For solid waste, IAG found that the program was not fully implemented and that the waste is not segregate. In CACI, wastes were not segregated and bins were not properly labeled. There were no definite locations for the ins as well. The IAG noted that the final disposal of waste was done in an open dump site and without permit from the Local Government Unit (LGU). This is not allowed and it should be in a landfill. For RBC, IAG found the implementation of the solid waste to be partially implemented because the bins are identified and are properly labelled. Upon checking of the bins, IAG found that wastes are mixed and not segregated. Same with CACI, the final disposal of waste was done in an open dump site and without permit from the LGU. On hazardous waste management, IAG found that in CACI, the waste facility does not conform with the requirements of the Department of Environment and Natural Resources (DENR). One of the observation is that the flooring is made of wood which is not allowed. They don't have containment for spillages, it should be enclosed. And there should be a limit access to the facility. The IAG also found a storage of different unknown quantity in an underground structure. The underground structure has been there for more than five years. The waste there are not any more known and they have not really opened that because it is hazardous. The waste has been stored for more than one year and treatment has not been done. As per policy of the DENR, wastes shall not be stored for more than one year. The IAG also found the presence of prohibited chemicals such as asbestos and mercury. There was also no hazardous waste generator permit issued by the DENR and incomplete listing of hazardous waste submitted to the DENR. The company also submits incomplete listing of hazardous waste to the DENR and also some oil contaminated materials such as gloves were disposed in solid waste bins. RBC has a better hazardous facility. It was in a container van, which is more acceptable. However, the IAG found that the storage of waste was more than one year and treatment also not being done. They also use plastic carboys instead of metal drums from some waste, and oil contaminated material such as gloves were disposed in solid waste.

IA Report – Key Findings

Scope	CACI	RBC
•Waste Water	•Waste water discharge permit lapsed validity (put on hold by DENR due to the dam disintegration and release of large volume of waste water to nearby farms that happened in 2018)	-
•Air Pollution	•2.0MW Diesel Generator (a pollution source) not included in the air pollution source PTO •Results of Ambient Air Monitoring & Smoke Stack Testing done February and September 2019 have not been obtained from SRA. The report submitted to DENR on October 2019 showed result of testing in 2018.	•No valid Discharge Permit and PTO (Air Pollution Source and Control Installation) at the time of audit due to pending PAB clearance
•Others	•No accredited Pollution Control Officer as of audit. Certificate of Accreditation issued to Mr. Cabarles lapsed on March 2018 and was not renewed	-

On waste water discharge, both CACI and RBC do not have wastewater discharge permits. For CACI, it was put on hold by the DENR due to the dam disintegration and release of large volume of wastewater to nearby farms that happened in 2018. While with RBC, there was no discharge permit because of the Hinigaran case in 2016. Similarly, the Permit to Operate (PTO) for air pollution was also not issued in favor of RBC. CACI has an existing PTO but some of the pollution source is not included in the list. The IAG also noted that the results of the ambient air monitoring and smoke stack testing done in February and September 2019 have not been obtained from the SRA. Thus, the self-monitoring report submitted to the DENR last October 2019 only reflected the result of the ambient air monitoring in 2018. Lastly, CACI does not have an accredited Pollution Control Officer during that time of the audit.

IA Report – Key Findings

Key Findings

In view of the none or partial compliances,we note:

- lapses in program implementation and monitoring,
- lack of supervisory review,
- lack of continuous information dissemination and communication to all stakeholders

In view of the findings, the IAG noted that there were lapses in program implementation and monitoring, lack of supervisory review and lack of continuous information dissemination and communication to all stakeholders.

The Management response are as follows:

IA Report – Management response

Scope	CACI	RBC
•Solid Waste Management	A. Orientation - Information and Education Campaign •Include EMS topics in Plant Job Fundamental Trainings for new hires *(done)* •Reorientation on Environmental management program to all stakeholders *(not yet started. To schedule during off-milling)*	A.Orientation - Information and Education Campaign *(ongoing)*
	B. MOA with LGU and Brgy. RSB on collection of non-biodegradable waste, to be disposed in La Carlota landfill. Waste collection and dumping in La Carlota landfill by Brgy. RSB has already started	B. MOA with LGU and Brgy RSB (CACI & RBC)
	C. Proposal: Installation of Material Recovery Facility for recyclable materials to be integrated with plan to have a replace Hazardous Waste Facility. Meantime, collected recyclable waste shall be stored in the existing Hazardous waste facility	C. Construction of Material Recovery Facility *(ongoing)*

For Solid Waste Management, there was a re-orientation for all employees and stakeholders. The orientation included EMS topics in Plant Job Fundamental trainings for the newly hired individuals. This program is already ongoing in RBC but in CACI, the training hasn't been started because they have to create a program fit for the sugar business. CACI and RBC have entered in a memorandum of agreement with the LGU where CACI and RBC is, for the collection of non-biodegradable waste and to dispose the same at the Carlotta landfill. CACI has also proposed to install a Material Recovery Facility for recyclable waste and also to build another hazardous waste facility. For RBC, they're already starting construction of the Material Recovery Facility.

IA Report – Management response

Scope	CACI	RBC
•Hazardous Waste	A. Repair of Facility •Concrete flooring of used oil storage, Replacement of roof, enclosure with wire mesh, installation of warning signages and caution tapes around the underground facility already done. •Construction of bund wall and concreting of chemical storage facility - *ongoing* •Labelling of waste –*partially completed/ongoing* B. Waste treatment •Appeal to DENR for extension to 3 years •Sourcing of waste treater – 2 possible treaters, pending their submission of their DENR certifications For used oil – MOA with C. Inventory of hazardous waste, submission of list to DENR and filing of DENR permit/ ID/control order certificate – *pending. Target submission to DENR by June 30, 2020* H. Identify possible chemical in the underground	A. Waste treatment (same with CACI) B. Used oil were transferred to metal drums C. Provision of bins for oil-contaminated materials (also for CACI) - *Done*

As for repairs, CACI has already completed the repair of the flooring of the used oil storage, they have replaced the roof and fixed the enclosure with wire mesh. They have also put up warning signs and, and caution tapes around underground facility. There is also an ongoing construction of bund walls and chemical storage facility and proper labelling of waste. As to the waste treatment in RBC, they are appealing to DENR to extend the treatment for 3 years instead of 1 year because of the amount of waste for RBC, it is not economical to do it annually. Second, there's already sourcing being done of waste treater and now they are considering two possible treaters and still pending for submission for DENR certification. For the used oil, they entered in an agreement with a hazardous treater pending the permit from the DENR to transport this hazardous waste. Also, CACI also made an inventory of all the hazardous waste and they have already submitted it to the DENR. They have also filed for DENR permits and clearances. They have also already identified the possible chemicals in the underground storage. As mentioned, in RBC the used oil was transferred to metal drums and they have already provided bins for oil - contaminated materials.

IA Report – Management response

Scope	CACI	RBC
•Air pollution	A. PTO application for the generator – *Target to complete by June 30, 2020* B. Ambient Air Monitoring & Smoke testing results were obtained and results for submission to DENR by *June 30, 2020* C. As a control measure, reports (such as Self-Monitoring Reports) and application of permits should be verified by the Technical Services Department and approved by Factory Operations Head before submission to DENR	A. For the Discharge Permit and PTO (Air Pollution Source and Control Installation), RBC already received notice from PAB that clearance can be released upon payment of fines, a hearing order for RBC case to be closed and submission of application for amended ECC. RBC already paid the fines & submitted application for amendment of ECC. DENR representative have done inspection, pending release of the permits.
•Waste Waster	EMB is expected to release the case resolution. Discharge permit application already submitted. *Pending release of permit by DENR*	
•Others	A. Russel Garcia, EMD (CACI) Head to apply for PCO Accreditation and G. Morales as Managing Director. - *Done*	

For air pollution, CACI's PTO application is targeted to be completed this June 30, 2020. This is something that they have not really done because of the closing of the offices of DENR and the Environment Management Bureau in Negros. Hopefully by June, they will be able to apply. Ambient air monitoring and smoke testing results were already obtained and are ready for submission to the DENR. RBC has received a notice from PAB that the clearance can be released upon payment of fines and submission of the amended application for ECC. RBC has already done this. The permits are still pending release from the DENR.

With regard to waste, it was agreed that all reports must be reviewed by the Technical Services Department before submitting to the DENR. Thesame should also be approved by the Factory Operations Head. For wastewater, the EMD is expected to release the case resolution and the discharge permit application were already submitted. So still pending from EMB. The PCO accreditation has already been done.

She also presented what the IAG has been doing in the past three months IAG continued with the existing audits that have been started before.

IA Activities

Audit Title	Company
ADC Asset Count	ADC
Capital Expenditures (CapEx Projects)	CADPI
Cane Milling Operations	CACI
Boiling House Operations	CACI
Buying and Selling of Raw Sugar	CACI
Sourcing of Critical Materials	CACI
Others	
Follow-up status of agreed actions/measures	All companies

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It includes the ADC Asset Count, Capital Expenditures, Cane Milling Operations, Boiling House Operations, Buying and Selling of Raw Sugar and Sourcing of Critical Materials Hopefully, these will be completed and issues be resolved this May. The IAG is in the process of following up the status of agreed actions/measures that have been raised.

The IAG plan was also presented considering the present circumstances. The members of the IAG through the audit plans and they itemized the audits that can be done either full scope or limited scope. She mentioned that for CACI, RBC and SCBI, there is really no problem in terms of fieldwork because there are Negros auditors. The only limitation is on CADPI. There are procedures that need physical observation and unless the lockdown is lifted, the members of the IAG cannot do this. She also presented a list of audits which are tagged as cancelled or postponed in CADPI.

As for other matters, she mentioned that the IAG annually does an assessment of the Audit Committee. Currently, there is a need to do the annual assessment for Crop Year 2018-2019 and she mentioned that she will send the form.

V

OTHER MATTERS

Ms. Villanueva inquired if there is a Head of the Risk Committee. Atty. Rabara-Retardo answered that RHI has a Chief Risk Officer who is also the Treasury Head. Ms. Villanueva requested that in the next Audit Committee Meeting, the Chief Risk Officer should also present. This was well noted by the Management and Atty. Rabara-Retardo mentioned that the team will discuss internally. Ms. Villanueva added that the risks must be identified especially when the audit plans are going to be made. From there, the members can draw up the priority audit items.

ROXAS HOLDINGS, INC.
MINUTES OF THE MEETING OF
THE AUDIT & RISK COMMITTEE

Held Online via Microsoft Teams on August 5, 2020 at 10:00 in the morning.

ATTENDANCE:

Present via teleconference:

Ms. ARLYN S. VILLANUEVA
Mr. CHRISTOPHER H. YOUNG
Mr. OSCAR J. HILADO

Others Present via teleconference:

Mr. HUBERT D. TUBIO
Mr. CELSO T. DIMARUCUT
Mr. ARCADIO S. LOZADA, JR.
Ms. VERONICA C. CORTEZ
Atty. MA. HAZEL L. RABARA-RETARDO
Ms. JOSEPHINE LOGROÑO
Atty. AIMEE E. PEDAYO

I
CALL TO ORDER

The Chairperson, Ms. Arlyn S. Villanueva (Ms. Villanueva), called the meeting of the Committee to order. In view of the conduct of the meeting through remote communication, the Asst. Corporate Secretary, Atty. Hazel L. Rabara (Atty. Rabara-Retardo) read the rules of the meeting and proceeded to disclose the names of the people present in the meeting through Microsoft Teams. Thereafter, Atty. Rabara-Retardo certified the existence of a quorum and recorded the Minutes of the Meeting.

II

APPROVAL OF THE MINUTES OF THE PREVIOUS MEETING, AND MATTERS ARISING FROM THE MINUTES OF THE PREVIOUS MEETING

Ms. Villanueva presented the Minutes of the Regular Audit Committee Meeting held on 18 May 2020 and stated that a copy of the Minutes of the Regular Audit Committee Meeting was circulated to all members of the Committee prior to the meeting for their review.

Atty. Rabara -Retardo mentioned that the business continuity plan and updated risks will be presented by the Management in the next strategic and budget presentation to be scheduled some time in September.

On motion duly made and seconded, the Committee approved the Minutes, as presented.

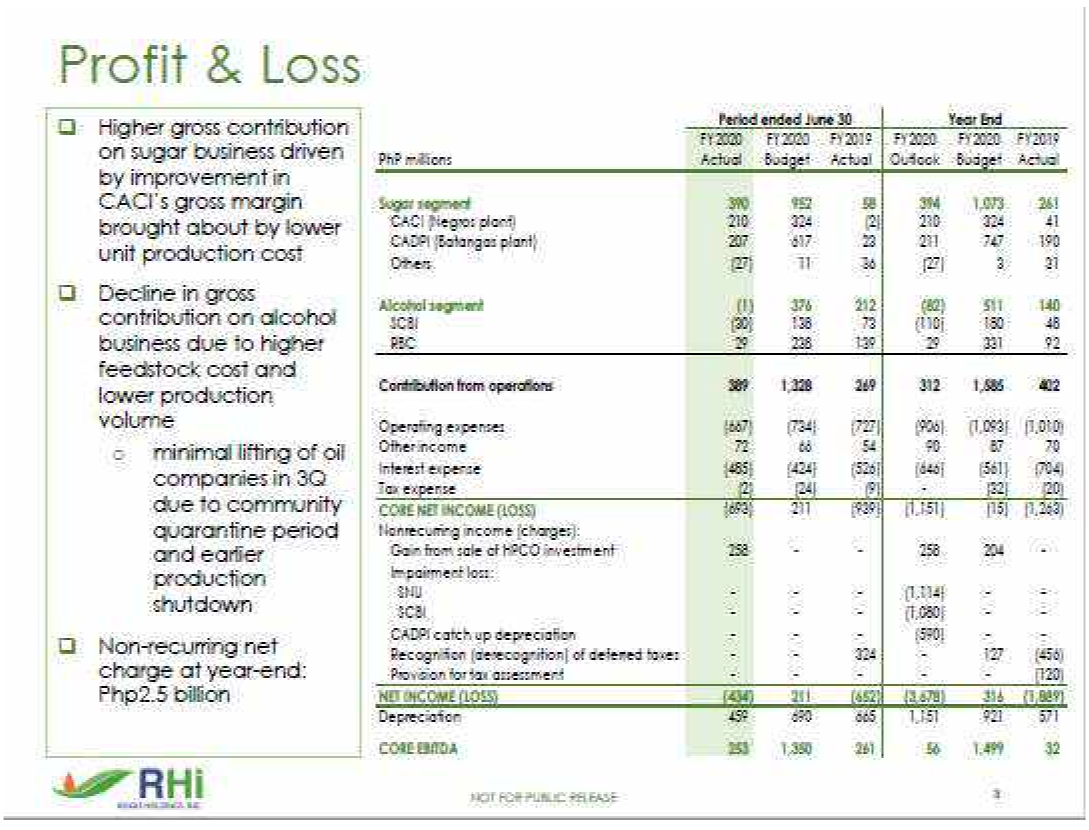
There were no matters arising from the Minutes of the previous Meetings.

III

PRESENTATION OF FINANCIAL STATEMENTS AND OPERATIONAL HIGHLIGHTS FOR THE THIRD QUARTER ENDING JUNE 30, 2020

Mr. Celso T. Dimarucut (Mr. Dimarucut) started the discussion by saying that the Financial Statement for the Nine Months ending June 30, 2020 will be presented and the same will be released after the Board approval on August 11, 2020.

He started the presentation with the Profit & Loss slide.


Profit & Loss

- Higher gross contribution on sugar business driven by improvement in CACI's gross margin brought about by lower unit production cost
- Decline in gross contribution on alcohol business due to higher feedstock cost and lower production volume
  - minimal lifting of oil companies in 3Q due to community quarantine period and earlier production shutdown
- Non-recurring net charge at year-end: Php2.5 billion

PhP millions	Period ended June 30 FY 2020 Actual	FY 2020 Budget	FY 2019 Actual	Year End FY 2020 Outlook	FY 2020 Budget	FY 2019 Actual
Sugar segment	390	952	58	394	1,073	261
CACI (Negros plant)	210	324	(2)	210	324	41
CADPI (Batangas plant)	207	617	23	211	747	190
Others	(27)	11	36	(27)	3	31
Alcohol segment	(1)	376	212	(82)	511	140
SCBI	(30)	138	73	(110)	180	48
RBC	29	238	139	29	331	92
Contribution from operations	389	1,328	269	312	1,585	402
Operating expenses	(667)	(734)	(727)	(906)	(1,093)	(1,010)
Other income	72	66	54	90	87	70
Interest expense	(485)	(424)	(526)	(646)	(561)	(704)
Tax expense	(2)	(24)	(9)	-	(32)	(20)
CORE NET INCOME (LOSS)	(693)	211	(939)	(1,151)	(15)	(1,263)
Nonrecurring income (charges):						
Gain from sale of HPCO investment	258	-	-	258	204	-
Impairment loss:						
SNU	-	-	-	(1,114)	-	-
SCBI	-	-	-	(1,080)	-	-
CADPI catch up depreciation	-	-	-	(590)	-	-
Recognition (derecognition) of deferred taxes	-	-	324	-	127	(456)
Provision for tax assessment	-	-	-	-	-	(120)
NET INCOME (LOSS)	(434)	211	(652)	(3,678)	316	(1,889)
Depreciation	459	690	665	1,151	921	571
CORE EBITDA	253	1,350	261	56	1,499	32

He mentioned that the first three columns reflect the actual numbers as of June 30, 2020 for the nine months. An outlook for the whole year is also included on the right side. Compared to the previous year, there is an improvement in the operations. This was driven by the increase in the gross margin contribution of the Sugar Segment from Php58 million same period last year to Php390 million for the nine months ended this period. However, this is far below the budget that was presented of roughly around Php952 million. The improvement is principally coming from Central Azucarera De La Carlota, Inc. (CACI), driven by the successful adoption by the Management of the strategy of focusing on the nearby canes. The Management actually recalibrated the target number of ton canes to be milled to 1.7 million, which CACI exceeded a bit and this is also an improvement from the last year of roughly around 1.6 million. The nearby canes have brought down the average cost per ton to roughly around 354 from the previous period of 415. The increasing price of molasses contributed to the lower unit production cost. The calculation of the manufacturing cost related to the production of sugar is by deducting the molasses which generates a separate revenue using the market value. Since the market value of molasses has gone up from last year to this year, the Sugar segment has benefitted from it. This, combined with the lower cost per ton and the higher price of the by-product of molasses, has helped CACI improve its gross margin contribution. Same period last year, it was almost at breakeven but this period it has registered Php210 million gross margin.

Mr. Oscar J. Hilado (Mr. Hilado) inquired as to when CACI finished milling. Mr. Dimarucut answered that CACI finished milling sometime in April. In the case of CADPI, it was about first week of May. The Sugar Segment is done with the milling season. Mr. Hilado further clarified if all the bags of sugar have been sold already as of June 30, 2020. Mr. Dimarucut answered that most of the bags of raw sugar have been sold already as of June 30, 2020. For the refined sugar, because of the commitments to deliver to certain institutions at a certain date, while there are still inventories, the overall net position is almost zero because of the committed deliveries after June 30, 2020.

Mr. Dimarucut proceeded to discuss that as for Central Azucarera Don Pedro, Inc. (CADPI), while there is an improvement from the previous year, it is quite far from what was budget. There was a decline in the available canes in Batangas. Two or three years ago, the average canes in Batangas was about 1.6 to 1.8 million tons. For this season, it went down to 1.2 million tons. Coupled with the entry of the new alcohol producer, Progreen, there was a decrease in both market share and quantity. That reflected in the shortfall in the budget of 617 million, as CADPI only achieved roughly 200 million. The total tonnage that was milled was around 655 compared to about 783 million for the same period last year. That to a certain extent would have an effect on the ability of CADPI to refine sugar. Because of the lower bagasse produced due to the lower tons of canes milled, CADPI was not able to keep the level of the targeted refined sugar. CADPI was only refined about 1.1 million 50 kg bags, which is almost the same as in previous year. While based on the capacity of the plant, it can produce around 5 to 5.5 million of 50 kg bags. Moving forward, this is one of the areas that the Management would want to focus on. The Management wants to restore CADPI's capability to refine and maximize the capacity of the refinery operations.

Mr. Hilado inquired if it would make sense for CACI's raw sugar to be brought to CADPI for refining. Mr. Dimarucut answered that two-three years ago, this was being done. In fact, it was during this period that the Group was able hit Php800 million gross profit for CADPI. Unfortunately, for the Group to do this, there must be enough fuel to convert raw sugar to refined sugar. In the past, CADPI used bunker fuel as supplement and during that time the price of bunker fuel was at a reasonable level of about Php12.00 per liter. Over the years, because of the imposition of additional excise tax on fuel with the implementation of the TRAIN Law, the Group has lost that ability to use bunker as a supplement. Mr. Hubert D. Tubio (Mr. Tubio) added that one of the reasons why the Management is pushing to have a multi-fired boiler in CADPI is to maximize it refining capability. Especially so, if the transaction in South Negros will push through, the Group will be left with CADPI and San Carlos Bieonergy, Inc. (SCBI). The Group cannot afford bunker fuel as of now. The price of fuel feedstock is also beginning to be difficult to procure due to the government regulations.

Mr. Dimarucut continued by saying that for the Alcohol businesses, the positive gross margin of Roxol Bioenergy Corporation (RBC) was eaten up by the negative gross margin of SCBI. SCBI production cost is a little bit higher vis-à-vis RBC. This is because of the transport cost of molasses is higher because most of the molasses are coming from different sugar mills. Unlike in the case of RBC where substantial portion or about 70% of its molasses requirement is being transferred through a pipe by CACI. In terms of bagasse, SCBI sources the same from outside and pays around Php2,500.00 per ton. In case of RBC, a portion of that requirement is being transferred without any cost from CACI. For this year alone, CACI was able to transfer 6,000 tons of bagasse that was used by RBC in its operation. Both Alcohol business units were hit by the high cost of feedstock. As presented in the previous quarter, the price of molasses rose up to Php14,500.00 per ton. To a certain extent, that reduces the margins of the Alcohol businesses. While price of alcohol is calculated based on the feedstock, which is either molasses or canes, this is fixed on a 50-50 basis and is not dependent on the type of feedstock used. Given the fact that the price of sugar is from stable to declining, the price of molasses is increasing significantly, to a certain extent the Group was not able to recover the half of the increase because it is pegged on sugarcane which is quite stable. Thus, reducing significantly the margins for the Alcohol businesses.

Mr. Hilado inquired if the planters' share in molasses is the same as their share in sugar. Mr. Dimarucut affirmed. Therefore, the Group would also need to pay for the planters' share in molasses.

Mr. Dimarucut discussed that COVI-19 has slowed the lifting of oil companies. There lesser vehicles on the streets, and so the consumption of oil is also affected. Thereby, their tanks are also filled with stocks. Thus, there was a suspension in the lifting. Whatever was not lifted is lost because the Group can no longer recoup those lost sale opportunities. There was a build-up internally of ethanol. As of June 30, 2020, there are about 17 million liters in the tanks and because of that the Group had to shut down the two ethanol plants earlier than usual. In both cases, no alcohol was produced starting late April because the Group can no longer accommodate the production in the storages. It would not also make sense to buy molasses with very high prices at that time and just stock it in the tanks. Management decided that it would be more prudent to wait until the lifting of the oil companies normalizes. Because of the better performance of the Sugar business units, the contribution of the operating units is higher than the same period last year. The Group was able to bring down its operating expenses from Php727 million last year to about Php667 million this year.

The Group is now starting to see the benefit of the reduction of its debts. Last fiscal year, the Group was already able to play close to Php1 billion of its debt. Additionally, the Group has also paid around Php800 million last November coming from the proceeds of the sale of Hawaiian Philippine Company (HPCo). That positively affected the interest expense. It is now lower than the previous levels. On an overall, core loss is a bit lower. While there is a bit of improvement, it is still in a loss position about Php700 million as compared to Php939 million last year. A gain was recognized from the sale of HPCo of about Php258 million. During the interim period last year, the Group continued to recognize deferred taxes on losses which were reversed towards the year end. If this is included, then the net loss is about Php434 million compared to Php652 million last year.

On the contribution from operations line, in terms of the Sugar business units, there is very little to be expected for the remaining months. It will come purely on the balance of refined sugar that needs to be delivered because of its commitments with some companies like Nestle and Alaska. The Alcohol segment would continue to show a deterioration in the margin, particularly SCBI. The effect of the shutdown would mean that all the fixed operating expenses moving forward, will be reflected as a charge on the gross profit line. That is the reason why the loss in SCBI is widening from Php30 million to Php110 million for the outlook. Mr. Tubio emphasized the effect of the non-lifting of ethanol. The Group practically lost one quarter because of COVID-19. This cannot be recovered anymore because oil companies will not come back and get that allocation in the subsequent quarters. The effect is not only in the production side but also in the ability of the Group to absorb fixed costs. As of the date the quarantine was imposed and when the Management actually decided to stop operations, RBC was actually slightly ahead in its target production which was 44 million liters for the year. What happened was that Management had to re-do the targets because the Alcohol business units cannot continue producing without customers lifting. Tanks were also filled up because there was no lifting. When things were improving in RBC, the COVID-19 happened. Mr. Hilado inquired if the oil companies being referred to are those with refineries. Mr. Tubio answered that all major oil companies are mandated to mix ethanol in their fuel supply. They have to source that locally first and if it is not sufficient, they can import.

Mr. Dimarucut continued by saying that the trend in Operating Expenses (OPEX) and Interest will decline. It is an improvement last year. The expected full year outlook is a lower net loss. But still, the net loss is still quite substantial.

Last meeting, the Management presented the potential non-recurring charges that may affect the year end. The sale of HPCo. Has been reflected in the Group's account because this was closed and transacted last November. In the case of RBC and reclassification of CADPI, the Management will take this up as the sale of CACI is concluded. The Agreement with Universal Robina Corporation (URC) was signed last March 11, 2020. This was not presented as asset held for sale during that time on the basis that, given the Group's experience with the Philippine Competition Commission (PCC), there is quite a level of certainty if the transaction will be closed. Management is still pushing for it. Unless there is a postponement in the process, Phase 1 is expected to be closed by August. By that time, there may be indications if it will be approved or if the Group would have to proceed to Phase 2. Given that, when the Group prepares the financial statement for the year, it would have a definite view if the transaction will be closed or not. The loss on sale of CACI/RBC of Php1.114 billion was determined by calculating the difference between the carrying value and the price expected. If there was no transaction, the Group will be allowed to carry CACI/RBC based on cost. In the case of CACI/RBC, since there is no indication of impairment so there is no need to book impairment. Unless, the transaction will generate a loss and the assets are classified as assets held for sale, then the Group is supposed to book the Php1.114 billion. If the Group books this before closing the sale, the Group may end up with an impaired equity without a closed transaction. The implication is that the Group will be put in a difficult position when it deals with other buyers, assuming the transaction with URC does not push through. Without the CACI/RBC transaction, the Group may need to refinance its maturing debts. With an impaired equity, it would bring the Group in a difficult position. To a certain extent, it would also help the Management come up with a final decision regarding CADPI. If the URC transaction will not push through, the Group would have to pursue other buyers for either CADPI or CACI/RBC to address the debt position. In the case of SCBI, if there is an indication of impairment, the Management would have to make an assessment. The reason why the Management is proposing this to be done at year end is because the Management is revising its forecast for SCBI based on a different plan or strategy. Initially, the Management presented to selected members of the Board, if that plan is used as a basis, the Management may or may not require the booking of an impairment for SCBI. The numbers are the same as what was presented last March 2020. The Management proposal is to retain the current position and to reflect the adjustments at year-end.

Profit & Loss

	Period ended June 30			Year End		
PhP millions	FY2020 Actual	FY2020 Budget	FY2019 Actual	FY2020 Outlook	FY2020 Budget	FY2019 Actual
Revenues	4,517	9,366	5,933	5,543	7,813	6,555
Cost of Sales	(4,337)	(8,656)	(5,727)	(5,468)	(6,975)	(6,384)
Gross Profit	180	710	206	75	838	171
GP Rate	4%	8%	3%	1%	11%	3%
Operating Expenses	(533)	(553)	(571)	(655)	(785)	(780)
Other Operating Income	59	39	27	47	52	40
Operating Income (Loss)	(294)	196	(338)	(533)	105	(569)
Equity in Net Earnings - HPCo	2	-	41	2	-	41
Finance Cost	(368)	(318)	(348)	(372)	(423)	(474)
Loss Before Income Tax	(659)	(121)	(645)	(903)	(318)	(1,002)
Income Tax Expense	-	(1)	(7)	-	(20)	(35)
NET LOSS FROM CONTINUING OPERATIONS	(659)	(122)	(652)	(903)	(338)	(1,037)
NET INCOME (LOSS) FROM DISCONTINUED OPERATIONS	(33)	334	(286)	(249)	324	(226)
CORE NET INCOME (LOSS)	(693)	211	(938)	(1,152)	(15)	(1,263)
Nonrecurring income (charges):						
Gain from sale of HPCO Investment	258	-	-	258	204	-
Impairment loss:						
SNU	-	-	-	(1,114)	-	-
SCBI	-	-	-	(1,080)	-	-
CADPI catch up depreciation	-	-	-	(590)	-	-
Recognition (derecognition) of deferred taxes	-	-	324	-	127	(456)
Provision for tax assessment	-	-	-	-	-	(120)
NET INCOME (LOSS)	**(434)**	**211**	**(652)**	**(3,678)**	**316**	**(1,889)**
				-		
Attributable to :						
Equity holders of parent company	(428)	212	(650)	(3,660)	310	(1,884)
Non controlling interest	(6)	(1)	(2)	(18)	6	(5)
Total	(434)	211	(652)	(3,678)	316	(1,889)

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He presented a different format which will be shown externally. The numbers are basically the same as what was presented in the previous slide. Ms. Villanueva asked if the budgeted figures have been adjusted already because of COVID-19. Mr. Dimarucut answered that the Gorup does not adjust even without COVID-19. The Group presents the actual budget and provides an outlook. Ms. Villanueva commented that the outlook is year end. Ms. Dimarucut mentioned that the budget reflected is for year end as well.

Balance Sheet

- Consolidated total asset decline by Php1.1 billion with the aggressive effort to collect receivables and sale of investment in HPCo
- Net Debt went down with the payment of long term loan amounting to Php867 million
- Short term credit facilities

Bank	Loan Amount (in Billions)	Renewal Status
BPI	2.0	Fully Renewed until September 30 2020
BDO	1.5	Fully Renewed until September 30 2020
BOC REC	0.5	Line Extended until October 27, 2020
BOC SCBI	0.5	Line Extended until August 28, 2020
Landbank	2.0	Line Extended until August 27, 2020

	Period ended June 30			Year End			
	FY2020 Actual	FY2020 Budget	FY2019 Actual	FY2020 Outlook	FY2020 Outlook 2	FY2020 Budget	FY2019 Actual
Current Assets	10,816	10,494	12,261	8,077	3,729	10,996	11,540
Cash	261	438	492	100	341	500	438
Receivables*	856	1,784	1,561	850	850	1,739	1,356
Inventories	1,762	1,748	2,506	1,200	1,200	2,000	1,206
Asset held for sale	6,599	5,602	6,525	4,589	-	5,602	7,255
Others	1,338	923	1,176	1,338	1,338	1,155	1,285
Noncurrent Assets	10,102	11,371	11,618	9,504	9,504	11,590	10,378
Property and equipment	8,662	9,480	8,809	9,144	9,144	9,640	9,000
Investment and goodwill	1,080	1,593	1,714	-	-	950	1,080
Others	360	298	1,095	360	360	1,000	298
Total Assets	20,918	21,866	23,879	17,581	13,233	22,586	21,917
Current Liabilities	9,366	9,359	10,270	9,600	6,550	9,270	9,357
Short term borrowings*	6,667	6,717	7,034	6,390	4,948	6,717	6,717
Current portion of long-term debt	636	848	848	1,404	-	1,405	848
Trade and other payables	1,447	1,795	1,363	1,602	1,602	1,149	1,177
Liabilities directly associated with assets held for sale	616	-	1,024	204	-	-	616
Noncurrent Liabilities	2,814	3,131	3,496	2,494	1,196	2,825	3,396
Long term borrowings	2,069	1,522	3,033	1,298	-	1,326	2,722
Others	745	1,608	464	1,196	1,196	1,498	673
Equity	8,738	9,376	10,113	5,487	5,487	10,491	9,164
Total Liabilities and Equity	20,918	21,866	23,879	17,581	13,233	22,586	21,917
Net Debt	9,110	8,649	10,423	8,992	4,607	8,947	9,849

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For the Balance Sheet, the Management indicated two outlooks because the actual closing may happen before September 30, 2020 or after that date. That is the reason why there are two outlooks, outlook 1 is based on an assumption that the payment will be received after September 30, 2020, while outlook 2 assumes that the payment will be received by that date. The net equity will still be the same but the total assets and total loans will be different. Net debt, after the transaction, will go down.

There are challenges with banks like with Bank of Commerce and Land Bank. Facilities are being renewed quarterly. By now, the banks are already aware of the transaction and they are also awaiting the closing of this before they renew the short-term credit facilities. Mr. Hilado asked if there are groups opposing the sale. Mr. Dimarucut answered that the Group does not any information if an opposition was filed. Based on the feedback, the only group that may oppose is from VISCOM. But even if an opposition is raised, the Management thinks it would not be given merit. The reason why they may oppose this because it is the only entity between the existing URC mill and CACI. Given the practice in Negros, the source of canes is everywhere, there will be no basis for that opposition.

Cash Flow

- Positive Free Cash Flow due to liquidation of inventories and collection of receivables
- Payment of long term loans from the proceeds of sale of investment

	Period ended June 30			Year End			
	FY2020 Actual	FY2020 Budget	FY2019 Actual	FY2020 Outlook 1	FY2020 Outlook 2	FY2020 Budget	FY2019 Actual
EBITDA	**253**	**1,350**	**261**	**56**	**56**	**1,499**	**32**
Working capital	300	159	726	977	1,250	(340)	1,869
Capital expenditures	(199)	(450)	(155)	(400)	(400)	(600)	(317)
Free cash flow	**354**	**1,059**	**832**	**633**	**905**	**560**	**1,584**
Debt availments (servicing)							
Long term principal payments	(867)	(636)	(932)	(868)	(3,570)	(848)	(1,243)
Short term availments (payments)*	(50)	-	823	(327)	(1,769)	-	506
Interest expense	(485)	(424)	(526)	(646)	(646)	(561)	(704)
Proceed from sale of SNU assets**	-	-	-	-	4,113	-	-
Proceed from sale of investment	871	-	-	871	871	911	-
Cash balance							
Beginning	438	438	295	438	438	438	295
End	**261**	**438**	**492**	**100**	**341**	**500**	**438**

Outlook includes P277M Petron collection used to settle Bank of Commerce short-term loans

*** Net of VAT and CWT*

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In terms of Cash Flow, there two outlooks as well similar to the scenarios previously discussed. The proceeds of the sale of assets will significantly be used to pay down the Group's long-term debts.

Financial Ratios

	Period ended June 30			Year End			
	FY2020 Actual	FY2020 Budget	FY2019 Actual	FY2020 Outlook	FY2020 Outlook 2	FY2020 Budget	FY2019 Actual
Bank Loan Covenant Ratios:							
Debt-to-Equity*	58:42	57:43	58:42	68:32	58:42	54:46	58:42
DSCR*	-	-	-	(1.25)	(1.25)	1.21	(0.07)
Current Ratio	1.15	1.12	1.19	0.86	0.07	1.19	1.23
Quick Ratio	0.33	0.42	0.45	0.39	0.44	0.40	0.33
Days Receivable	37	29	56	26	26	23	36
Days Inventory	52	30	64	30	30	27	32
Days Payable	46	30	45	33	33	20	28
GP Margin	4%	8%	3%	2%	2%	11%	3%
EBITDA (Php M)	253	1,350	261	56	56	1,499	32
EBITDA Margin	3%	9%	2%	0.6%	0.6%	10.7%	0.2%
ROA	-2.1%	1.0%	-2.7%	-21.1%	-28.2%	1.4%	-8.6%
ROE	-5.0%	2.3%	-6.5%	-67.0%	-67.0%	3.0%	-20.6%
EPS	(0.28)	0.14	(0.42)	(2.38)	(2.38)	0.20	(1.22)
Book Value/ Share	5.65	6.06	6.54	3.55	3.55	6.78	5.92
Market Price/ Share	1.42	2.80	2.80	1.42	1.42	2.80	2.39
Market Cap (Php M)	2,197	4,332	4,332	2,197	2,197	4,332	3,700

* Bank Loan Covenant
Debt-to-Equity - 70:30 max
Debt Service Coverage Ratio (DSCR) - 1.25 min

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With the payment of the long-term debt and the issue on the compliance with the covenant on debt service coverage ratio (DSCR), which is the EBITDA vis-à-vis the debt amortization, for the coming year will be moot and academic. That is the reason why while the Group is not compliant with the DSCR, with the impending sale, that particular covenant will go away. This only accrues for long term debt. The Group is still okay with its debt to equity ratio even with the reduced net book value of the company. The maximum allowed is 70:30. After the long-term debt is paid, it will be 58:42.

IV
INTERNAL AUDIT GROUP PRESENTATION

Ms. Josephine Logroño (Ms. Logroño) presented for the Internal Audit Group (IAG). She started by saying that she will present the complete audit report which is the asset count for RHI Agribusiness Development Corp. (ADC). She mentioned that a rundown will be done for the AC Performance Evaluation which is being done annually.

Agenda

- Audit Report
  - Agribusiness Development Corp. (ADC) Asset Count
- Audit Activities
- AC Performance Evaluation for CY1819

The IAC recently finished the asset count for ADC as requested by Mr. Tubio.

IA Report

Agribusiness Development Corp. (ADC) Asset Count

- As requested by P/CEO, HD Tubio, Internal Audit conducted an asset count of count of ADC Farm Equipment and Implements with ADC personnel and Plant Accounting
- The objective is to verify existence and to account the ADC fixed assets.
- Assets of ADC in the books is approx. Php 84 M

The asset count was one on ADC's farm equipment and implements with ADC Personnel and Plant Accounting. The object is to verify the existence and to account the ADC fixed assets. As of November 2019, the assets of ADC in the book was about Php84 million. Mr. Tubio clarified that this request was made because the assets were inherited from CADPI and some came from CACI. They were used by the La Carlota planters. Some of the assets were sent back to Batangas. But when CACI started operating, some of these assets were brought back again to Negros. He mentioned that when he saw the list of equipment, not everything is accounted for and their condition was not specified. Mr. Tubio also mentioned that this is necessary because the Group will operate farms in Batangas again.

Key observations

- **Missing farm implements**
  ❑Harrows
  8 original Harrows with nbv of Php1.4M are missing but there are 2 fabricated Harrows not recorded in the books

  ❑Moldboards
  5 original Moldboards with nbv of Php 450,000 are missing but there are 10 fabricated Moldboards not recorded in the books

	NBV (Php)	Per books	Per count	Diff.	Fabricated (not recorded in the books)
Harrows	4,898,702	27	19	8	2
Moldboards	2,204,158	25	20	5	10

Ms. Logroño continued by saying that based on the count, there are missing farm implements, specifically harrows and moldboards. There 8 original harrows with net book value of Php1.4 million which are missing while there 2 fabricated harrows not recorded in the books. For moldboards, there are 4 original moldboards with net book value of Php450,000.00 which are missing and there are 10 fabricated moldboards not recorded in the books.

Key observations

- Action plans/done

  ❑The 2 fabricated Harrows replaced/to represent 2 missing Harrows in the books. 6 remaining missing Harrows with nbv of Php1M were written-off

  ❑The 5 fabricated Moldboards replaced/represent the 5 missing Moldboards. The 5 remaining were recorded in the book at Php1 each

  ❑In addition, ADC will implement controls in movement of Farm Equipment and Implements and will assign the employees who will be monitoring to ensure these are properly safeguarded.

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The 2 fabricated harrows replaced the 2 missing harrows in the books. While the 6 missing harrows with net book value of Php1 million were written off. Meanwhile, the 4 fabricated moldboards replaced the 5 missing moldboards. The remaining 5 moldboards were recorded in the book at Php1.00 each. In addition, ADC implemented controls in the movement of Farm Equipment and Implements and has assigned employees who will be monitoring these items so that they are properly safeguarded.

It is also worthy to note that ADC also did a count in 2017 and it showed the same number and figures. Thus, the displacement most probably happened before 2017.

Key observations

- **51 Farm equipment/implements found but not recorded in the books**
  ❑ Located in ADC Batangas, ADC Negros and controlled farms such as Trailer, Cut Away, Fertilizer Applicator, Planting machine, Irrigation pump, etc.

  ❑ Located and in the custody of Farms of Mr. Hinojales (FHTC Farms) such as Planting Machine, Chisel Cultivator, Trailer, Backdozer, Tractor, etc. Except for the tractor, all assets are being utilized by FHTC

  In 2017, Mr. Hinojales was to be billed Php 7M as it was agreed that the assets with him are in lease negotiation. The billing was not issued because of the damages in the crop of Mr. Hinojales brought by the release of wastewater by CACI, which he is claiming compensation, estimated at Php2.2M

  We note that in Y2019, some of the farm equipments/implements included in the billing were already returned. The assets counted were the remaining assets in the custody of Mr. Hinojales.

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There are 51 farm equipment/implements found but not recorded in the books. Those found in ADC Batangas, ADC Negros and controlled farms consist of trailer, cut away, fertilizer application, planting machine, irrigation pump, etc. While those found in the custody of the Mr. Hinojales consist of planting machine, chisel cultivator, trailer, backdozer, tractor, etc. Except for the tractor, all other assets are still being utilized. In 2017, Mr. Hinojales was supposed to be billed Php7 million because it was agreed that the assets with him are under a lease arrangement. However, the billing was not issued because of the damages in the crop of Mr. Hinojales brought by the wastewater of CACI which was estimated to be around Php2.2 million. In 2019, most of the assets with Mr. Hinojales were returned and the assets counted were the remaining assets in the custody of Mr. Hinojales.

Key observations

- Action plans/done
  - ❑The unrecorded assets were booked at Php 1
  - ❑Possible offsetting of the farm equipment & implements with Mr. Hinojales against the claim of Php2.2M for the crop damages

  Mr. Mapa evaluated and has estimated the cost of the assets with Mr. Hinojales at Php2.1M. Mr. Mapa has proposed for an offsetting arrangement which Mr. Hinojales is considering, pending approval of his FHTC partners

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The unrecorded assets were booked at Php1.00. ADC is exploring the possible offsetting of the farm equipment and implements with Mr. Hinojales against the claim of Php2.2 million for the crop damages. Mr. Mapa has evaluated the cost of the assets with Mr. Hinojales at Php2.1 million, thus he is proposing for the said offsetting. This is pending the approval of Mr. Hinojales' FHTC partners.

Mr. Hilado clarified if this means that the assets will be given to Mr. Hinojales so that he could waive his claim for the damaged crops. Ms. Logroño affirmed. Mr. Hilado inquired if the Group provides harvesting services to Mr. Hinojales. Mr. Tubio answered that the Group did before. He added that some of the equipment were already returned to the Group. Mr. Hilado inquired if Mr. Hinojales still sells sugar to the Group. Mr. Tubio mentioned that last year, because of he aggressive campaign of the sugar mills, he brought most of the canes to URC.

Key observations

- **Idle assets: Lack of comprehensive planning approach to farm asset acquisition resulting to ADC maintaining idles assets**

  ❑ Lack of thorough evaluation and comprehensive planning conducted, such as feasibility study, to justify the purchase of an asset. There was no collaboration with multidisciplinary group of experts in the field to ensure optimal procurement. As such, there are assets purchased but are not used:

  a. 2 wholestalk cutter with nbv of Php1.4M not utilized due to the incompatibility of these cutters to the farming practices in Negros.

  b. 47 container vans purchased as with the plan to use to transport canes, but was not used and the plan was later abolished.

     28 of the container vans were sold to CACI & RBC, 19 remain in the books with nbv of Php1.2M. Most of these container vans are used as fence.

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The IAG also found idle assets. There was lack of thorough evaluation and comprehensive planning to justify the purchase of an asset. This resulted to ADC maintaining idle assets. There was no collaboration with multidisciplinary group of experts in the field to ensure optimal procurement. As such, there are assets purchased but not used including: 2 wholestalk cutter with net book value of Php1.4 million which was not utilized due to the incompatibility of the cutters to the farming practices in Negros and 47 container vans purchased for transporting canes but were not used because the plant was later abolished. 28 of the container vans were sold to CACI and RBC. 19 remain in the books with net book value of Php1.2 million. Most of these container vans are used as fence. These were purchased prior to 2015.

As agreed with Mr. Mapa, ADC will improve on the acquisition planning process for farm equipment and implements and he will present the results of the study to the Senior Management Committee for approval prior to acquisition.

IA Activities

- Completed, for issuance of Audit Report
  a. Cane Milling Operations (CACI)
  b. Boiling House Operations (CACI)
  c. Buying and Selling of Raw Sugar (CACI)
- Fieldwork
  a. Off-season Repair Audit (CACI)
  b. High Purity Incentive (CACI)

Ms. Logroño presented the list of audit activities and mentioned that the IAG completed three Audits and pending issuance of Audit Report, including: Cane Milling Operations in CACI, Boiling House Operations in CACI and buying and Selling of Raw Sugar in CACI. Fieldwork is also being done for Off-season Repair Audit in CACI and High Purity Incentive in CACI.

The Audit Committee Self-Assessment has been done annually based on the parameters set by the Securities and Exchange Commission as summarized in the slide. This is done individually and it is consolidated for the review of the committee. He ended her presentation by saying that she will email the form to the committee.

Ms. Villanueva inquired if there are significant findings for the completed audits even if there is no audit report yet. Ms. Logroño answered that there are no adverse findings. The results are more for compliance and consistency in reporting. There are no items for immediate reporting.

V

ADJOURNMENT

There being no other matters to discuss, on motion made and seconded, the meeting was thereupon adjourned.

ROXAS HOLDINGS, INC.
MINUTES OF THE REGULAR MEETING OF
THE AUDIT & RISK COMMITEE

Held Online via Microsoft Teams on October 22, 2020 at 2:15 in the afternoon.

ATTENDANCE:

Present:

Ms. ARLYN S. VILLANUEVA
Mr. CHRISTOPHER H. YOUNG
Mr. OSCAR J. HILADO

Others Present:

Mr. HUBERT D. TUBIO
Mr. CELSO T. DIMARUCUT
Ms. VERONICA C. CORTEZ
Atty. MA. HAZEL L. RABARA-RETARDO
Ms. AILEEN L. SARINGAN
Mr. KRISTOPHER S. CATALAN
Mr. HENRY TAN
Mr. GERALD C. TOBIAS
Mr. RICHARD CHAN

I
CALL TO ORDER

The Chairperson, Ms. Arlyn S. Villanueva (Ms. Villanueva), called the meeting of the Committee to order. In view of the conduct of the meeting through remote communication, the Asst. Corporate Secretary, Atty. Hazel L. Rabara (Atty. Rabara-Retardo) read the rules of the meeting and proceeded to disclose the names of the people present in the meeting through Microsoft Teams. Thereafter, Atty. Rabara-Retardo certified the existence of a quorum and recorded the Minutes of the Meeting.

II
APPROVAL OF THE MINUTES OF THE PREVIOUS MEETING AND MATTERS ARISING FROM THE PREVIOUS MEETING

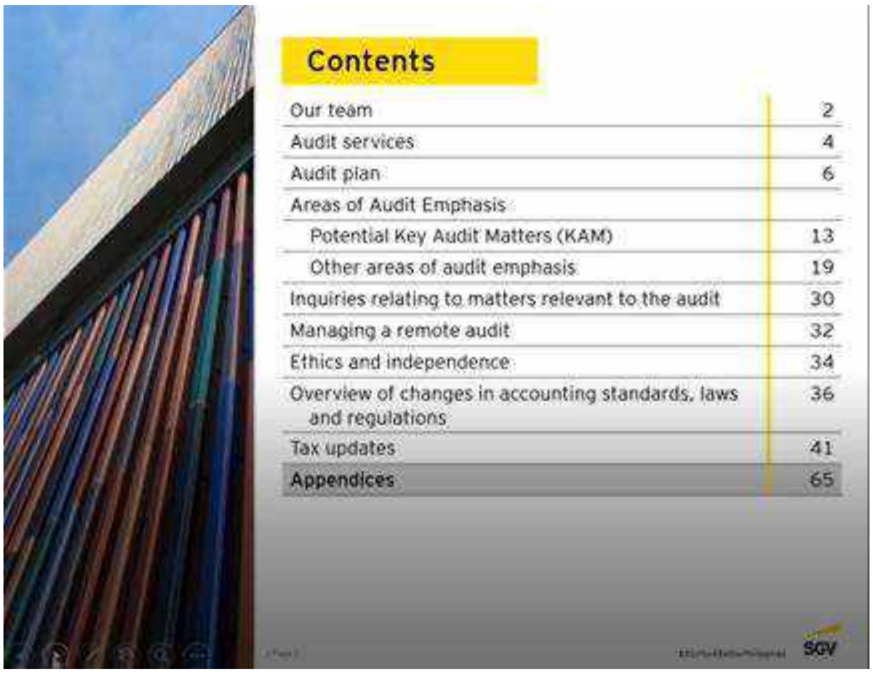
Ms. Villanueva presented the Minutes of the last Audit Committee held on 05 August 2020 and stated that the copy of the Minutes of the Meeting was circulated to all members of the Committee prior to the meeting for their review.

On motion duly made and seconded, the Committee approved the Minutes as presented.

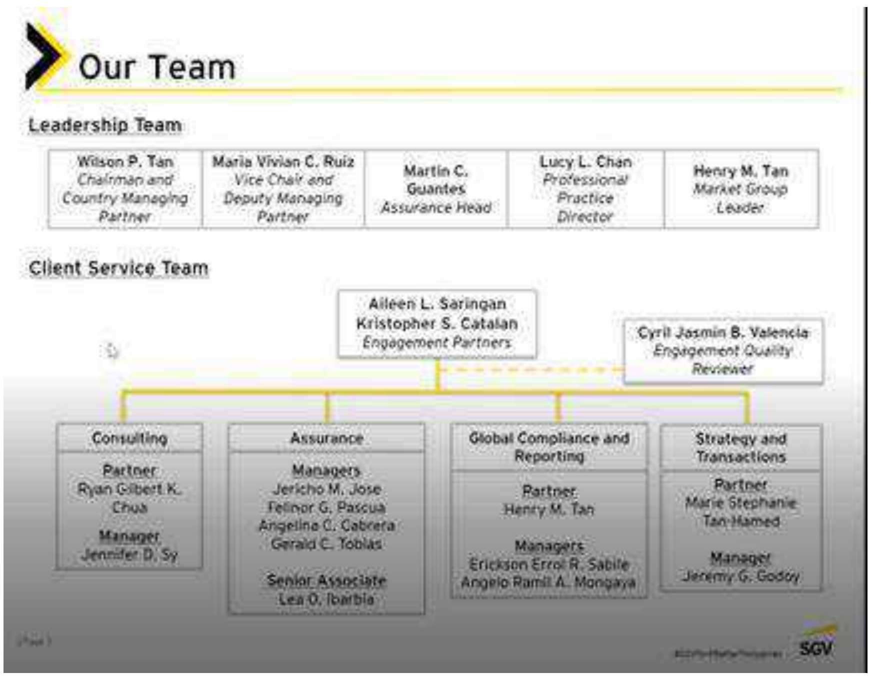
There were no matters arising from the minutes of the previous meeting.

III
AUDIT PLAN PRESENTATION BY SGV & CO.

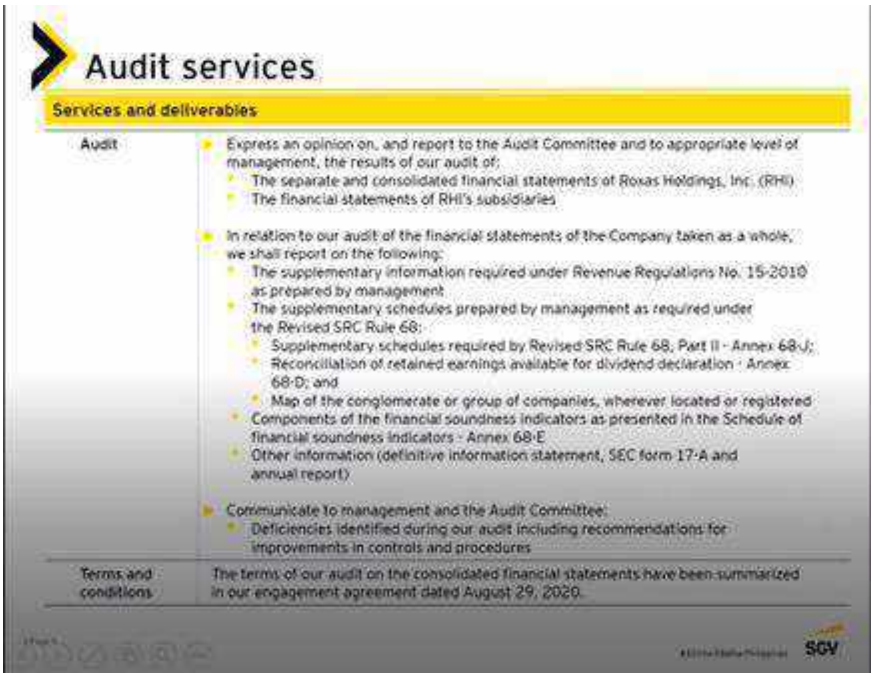
Ms. Aileen L. Saringan (Ms. Saringan) explained that she will discuss the planning and updated materials in relation to SGV & Co.'s (SGV) audit of Roxas Holdings, Inc. (RHI) and subsidiaries for the year ended September 30, 2020. She mentioned that her discussion will cover the following:



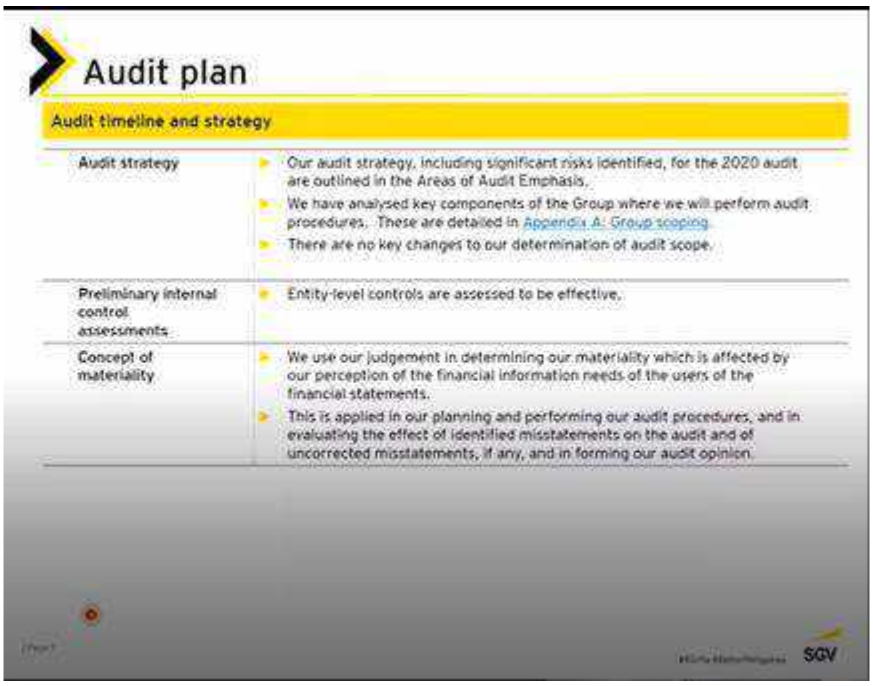
Ms. Saringan introduced the members of the service team of SGV and explained the changes:



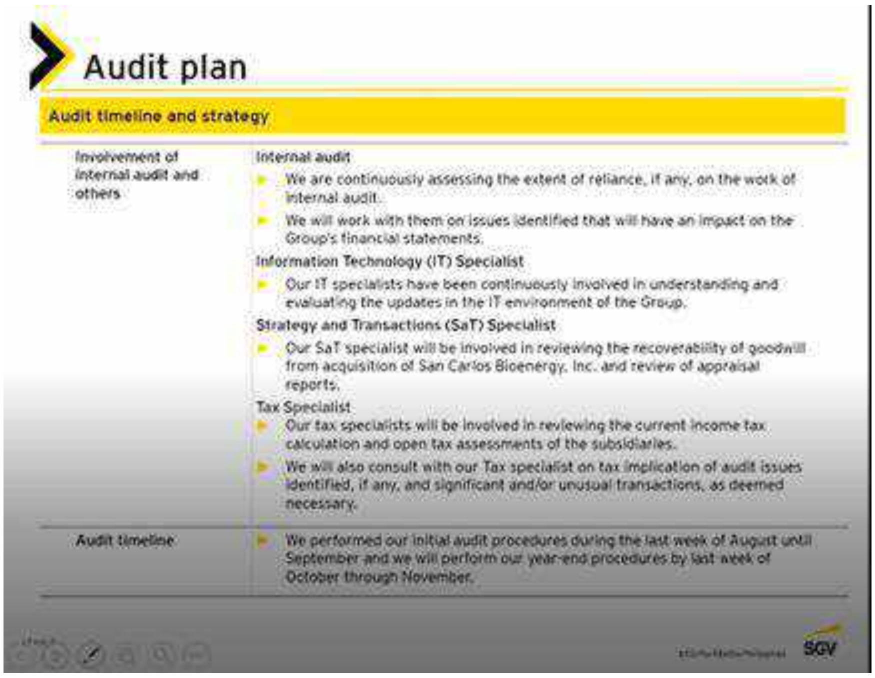
She also mentioned that the aside from the audit of RHI and subsidiaries, SGV will also render its opinion on matters required by the Securities and Exchange Commission (SEC) in relation to SRC Rule 68 and by the Bureau of Internal Revenue (BIR) in relation to Revenue Regulation No. 15-2010, as well as matters covered by the Annual Report.



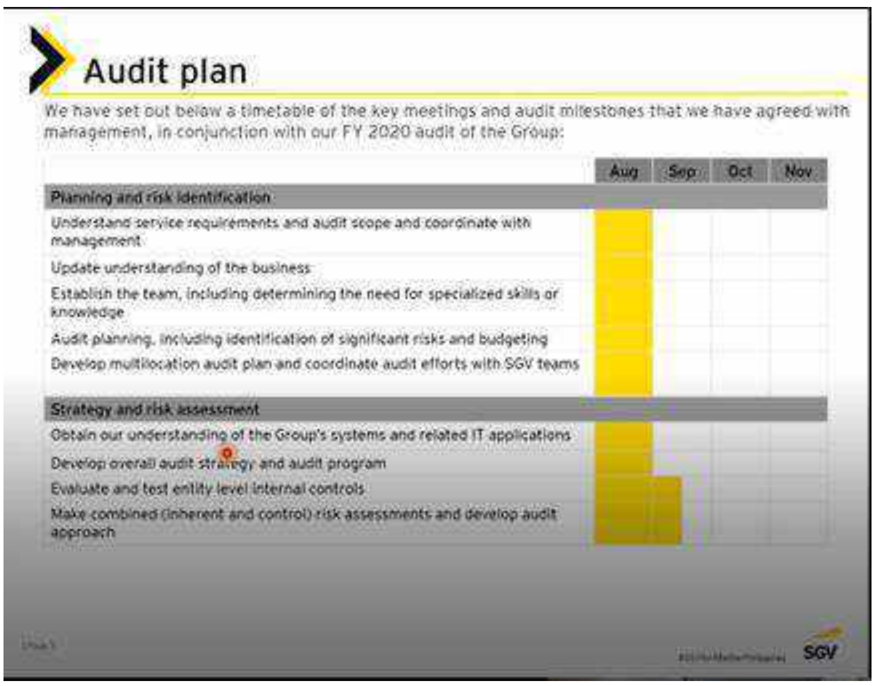
For the Audit Plan, SGV's strategy is still the controls based approach. This means that SGV will update its understanding on the processes and tests of controls of the Group.

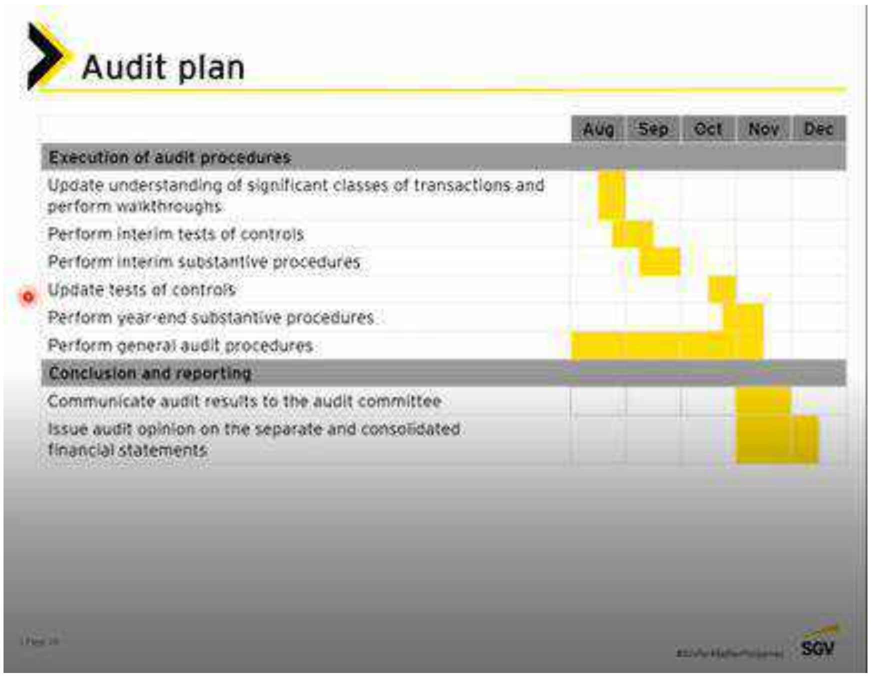


Ms. Saringan mentioned that SGV is in constant coordination with RHI's internal audit in relation to some tasks they are doing for the Group. SGV's audit will also focus on the Information Technology part in relation to the processing of transactions. The SGV team is also being assisted by their Strategy and Transactions Specialist with regard to their study of the goodwill in relation to San Carlos Bioenergy, Inc. (SCBI). SGV's Tax specialist also helped in reviewing the current income tax calculation and open tax assessments of the subsidiaries.



In terms of the timeline, SGV has started last August and Ms. Saringan presented an update on the status of the audit:

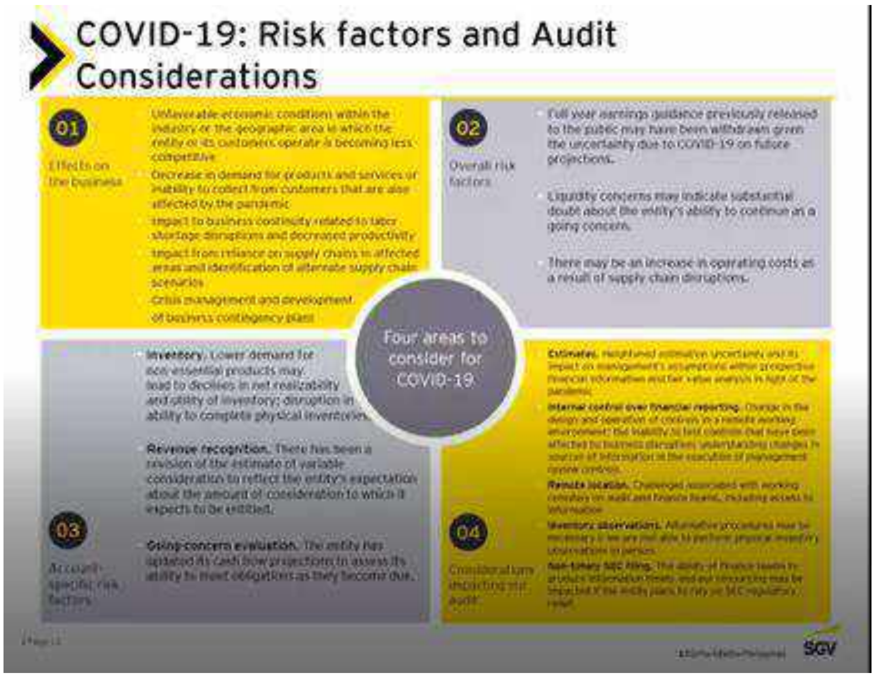




She mentioned there are delays because of the transfer of documents from Central Azucarera De La Carlota, Inc. (CACI) to Central Azucarera Don Pedro, Inc. (CADPI).

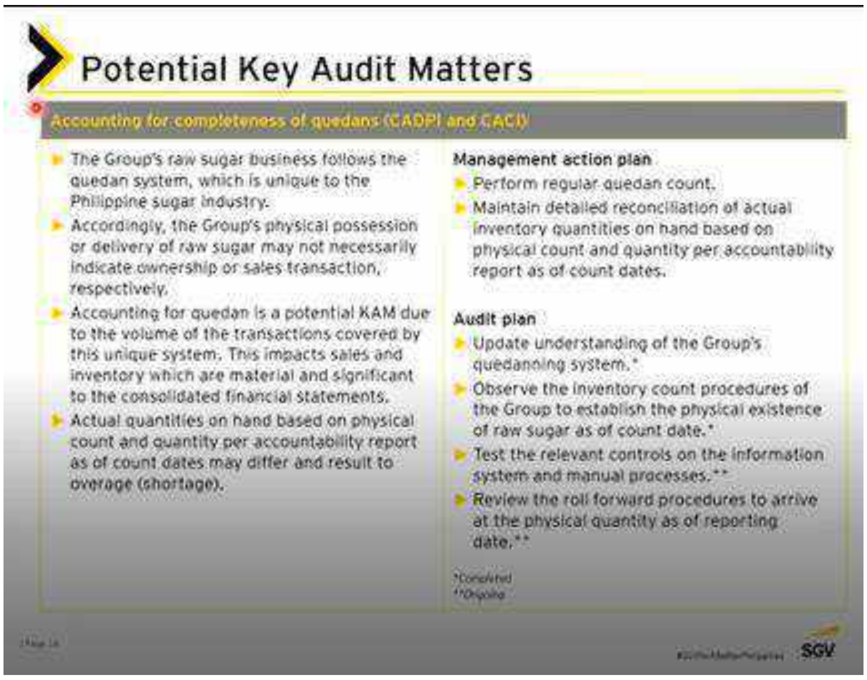
Mr. Oscar J. Hilado (Mr. Hilado) inquired about the SNU sale and if took effect last September 30, 2020. Mr. Celso T. Dimarucut (Mr. Dimarucut) answered in the affirmative and mentioned that the transaction was closed at exactly September 30, 2020 and will be reflected as of that date. Mr. Hilado further inquired if there are provisions hanging until the audit is completed. Mr. Dimarucut explained that all the necessary provisions will be taken up as of September 30, 2020 and thus, it will be taken up in the audit of SGV. Mr. Hilado inquired about the transaction. Mr. Dimarucut explained that the buyer bought the assets, as such, the legal entity remains owning any residual assets. Mr. Hilado inquired about the assets sold. Mr. Dimarucut mentioned that the assets sold include the operating assets. In relation to this, Mr. Hilado asked if these assets will not be impacted by the results of the audit of SGV. Mr. Dimarucut explained that whatever losses incurred due to the transaction will be reflected as of September 30, 2020.

Ms. Saringan continued her presentation by sharing the impact of COVID-19. Most of the businesses have been affected because of the pandemic. This was taken into consideration in the audit of RHI and its subsidiaries. SGV will look at the impact of the pandemic to the demand of the product and if there are impacts on labor and operations. In terms of Revenue Recognition, SGV will also check if there are contracts affected because of this. As to the Going Concern evaluation, SGV will check if there are entities within the organization which will no longer be operating and assess the impact of such decision. The key areas include the Estimate areas in relation to the provisioning of receivables, goodwill and internal control on financial reporting. It would also include if there were changes made during the lockdown.

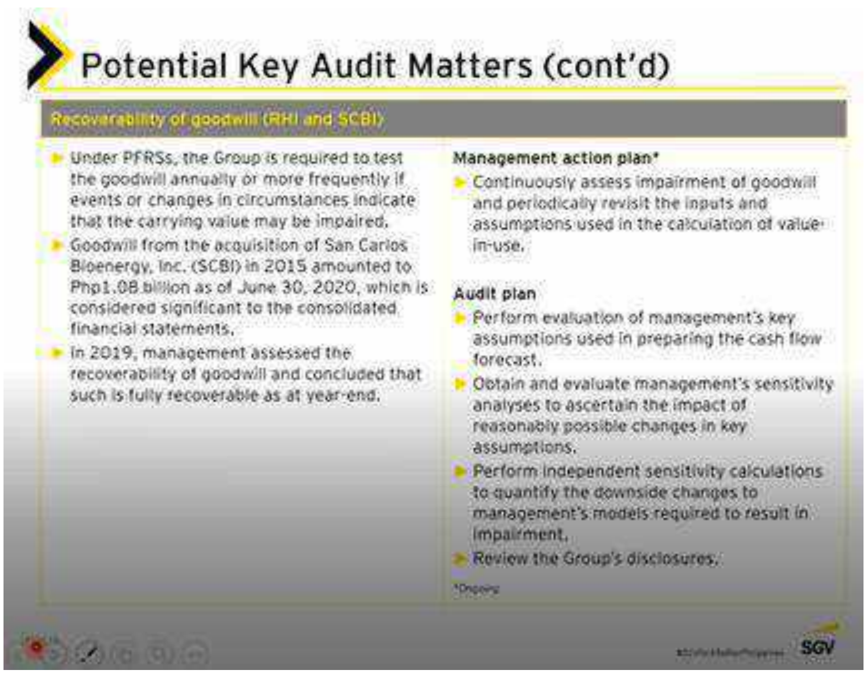


The following items are included as areas of audit emphasis:

Ms. Saringan discussed the first item relating to the accounting for completeness of quedans. Given the unique nature of the Sugar Industry, it is critical that the quedans are accounted for and are compared to the accountabilities at the end of the year. This is a regular procedure that the Management is doing. This ensures that the actual quantity at hand is equal to the actual physical count at that time. In terms of the Audit Plan, SGV has already updated its understanding of the Group's quedanning system. SGV has looked at the systems and processes. SGV has also observed the inventory count procedures of all the plants. This happened even during the lockdown through virtual observation, especially in Batangas where strict quarantine procedures were in place. For other plants, the SGV personnel from the branches within the jurisdiction were able to observe the inventory taking. SGV is currently reviewing the roll forward procedures and the test of the accountability report. This will coincide with the continuation of the review on the controls surrounding information system and the manual counting of the quedan. Mr. Hilado asked where the quedans and quedan forms are kept. Ms. Saringan answered that these are kept in the plants. The head office is monitoring closely the status of the quedans.



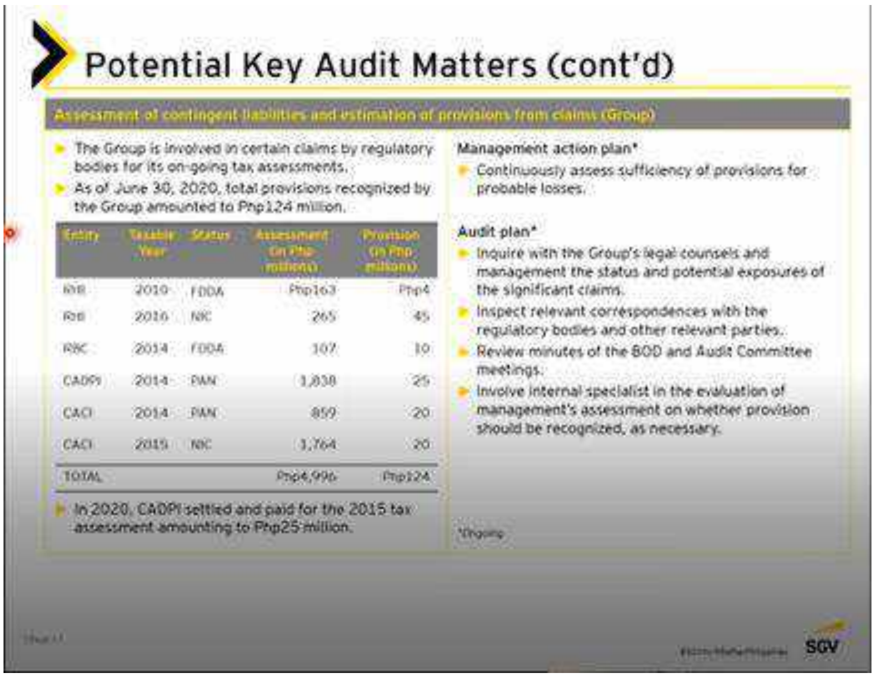
With regard to the recoverability of goodwill of RHI on SCBI, Ms. Saringan mentioned that in the standards, it is required to do an annual goodwill impairment test for companies that are showing goodwill as part of their consolidated financial statements. In the case of RHI, it still has goodwill in relation to the acquisition of SCBI in 2015 amounting to Php1.08 billion. It is a significant amount and requires evaluation of the future recoverability. The Management is preparing the discounted cash flow for the investment in SCBI. Because these are forecasts only, there are assumptions that the Management is making like growth rate, cost of capital percentage and other matters. SGV is currently waiting for the cash flow forecast in relation to SCBI's operations. This will be part of the year-end review. Mr. Hilado asked if the assets of SCBI are in Negros. Ms. Saringan answered in the affirmative.



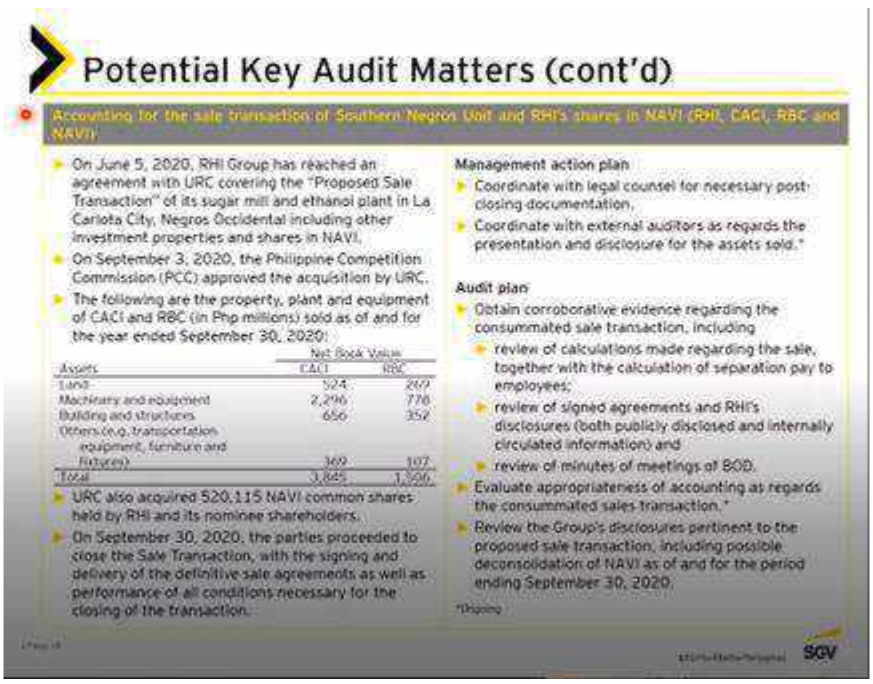
Ms. Saringan continued to discuss that in the books of RHI, the lands are presented at fair value. The standards also require the regular updating of the value of land. It has to be updated annually if classified as investment property and as regular as possible if part of property, plant and equipment. With the sale of CACI and Roxol Bioenergy Corporation (RBC), only the lands under RHI and CADPI will be recognized. As of September 30, 2020, the value of the land is at Php4.21 billion, this is exclusive of the amount of Php993 million which is the value of the land included in the SNU sale. Management has already obtained the services of an appraisal company to evaluate the value of the land as of September 30, 2020. Some considerations should be made considering the current situation and the Taal eruption during the first part of the year. Mr. Hilado asked if all the assets of CADPI are in Batangas while the assets of RHI are in Makati. Mr. Dimarucut explained that there is no property in Makati. The RHI assets in Batangas are lands. He explained that the lands are in the name of RHI and the Management does not plan to transfer it to the name of CADPI because it will attract some taxation issues. Ms. Saringan mentioned that SGV will be reviewing the appraisal report as it relates to the assumptions made. SGV has already coordinated with Management about this.

She continued to discuss the assessment of contingent liabilities and estimations of provisions from claims. For RHI, CADPI and CACI, there were assessments in the previous years that reached Php4.9 billion. There are provisions for tax contingencies totaling Php124 million as of last year. This is still the same provision as of June 30, 2020. The transaction that happened in 2020 is the settlement of the 2015 tax assessment for CADPI. This is a regular item that must be considered at the end of every year. SGV will be obtaining the justifications to support that the Php124 million will be enough to support any tax contingencies. Mr. Christopher H. Young (Mr. Young) inquired if there are provisions with respect to the 2015 assessment and if it is close to the Php25 million which was paid. Ms. Saringan answered that it was close to the amount paid for the 2015 assessment. Mr. Dimarucut added that the assessment was around Php1 billion but the Management was able to settle it close to the provisions made or at Php25 million. Mr. Hilado further inquired if the 2015 tax assessments are already closed. Mr. Dimarucut replied that only the 2015 tax assessment for CADPI is considered close. Mr. Young inquired about the assessments for 2014. Mr. Dimarucut mentioned that Management is still in discussions with the BIR. But due to the pandemic, there is limited mobility.

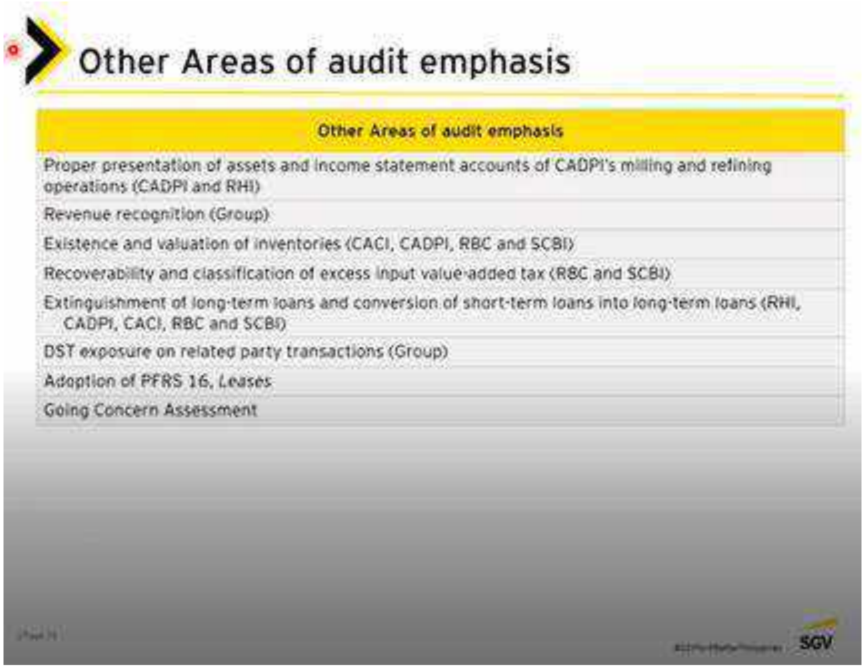
Ms. Saringan continued her discussion by saying that SGV will also review the documents that the Management has shared to the relevant tax authorities.



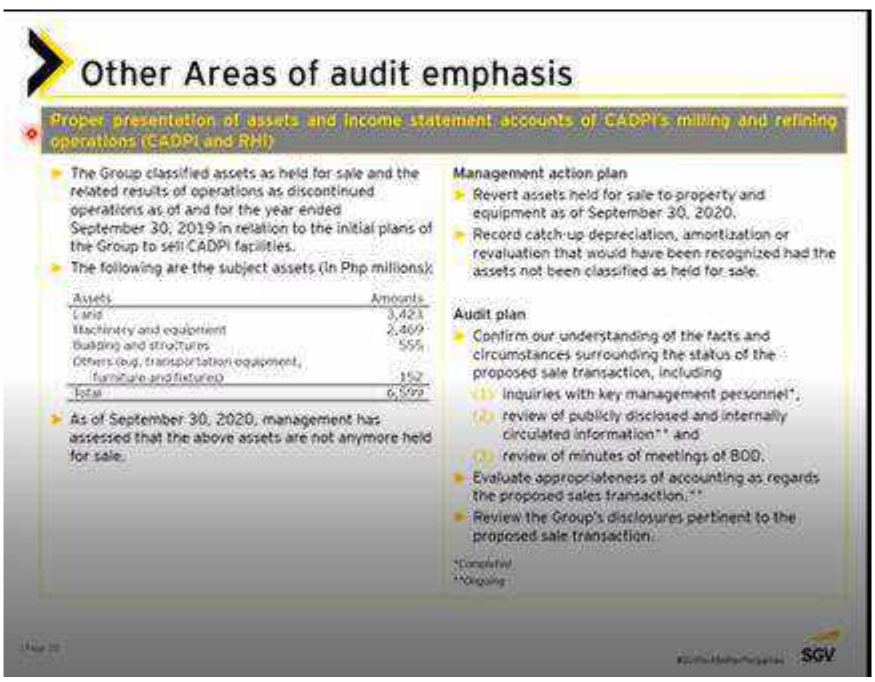
She also discussed the accounting for the sale transaction of the Southern Negros Unit and RHI's shares in Najalin Agri-Ventures, Inc. (NAVI) with Universal Robina Corporation (URC). The covered properties for CACI amount to Php3.8 billion and for RBC, the total book value is Php1.5 billion. Other items included in the sale are the 520,115 NAVI common shares held by RHI and its nominee shareholders. On September 30, 2020, the parties proceeded with the closing of the sale transaction upon signing and delivery of definitive agreements. The resulting loss or gain on the sale will be recognized as of September 30, 2020 with the corresponding tax implications. SGV will review all documents and disclosures regarding this. Mr. Hilado inquired if RHI sold all the NAVI shares to URC. Mr. Dimarucut affirmed. Mr. Hilado further asked if this was done so that URC can acquire the assets of NAVI. Mr. Dimarucut affirmed. Mr. Hilado asked the value of the sale of the shares of NAVI. Mr. Dimarucut answered that the sale was based on appraisal value. Both CACI and RBC booked around Php1.1 billion loss. Mr. Hilado asked from a tax standpoint. Mr. Dimarucut mentioned that on the land, there is none. For equipment, there would be some losses. In terms of getting the Certificate Authorizing Registration, the approach is to use the fair market value which to a certain extent approximate the appraisal report and some of the tax declaration reports. That is the reason why the land side of the transaction was reported at fair market value. All the losses were taken on the machinery and building side of the transactions.



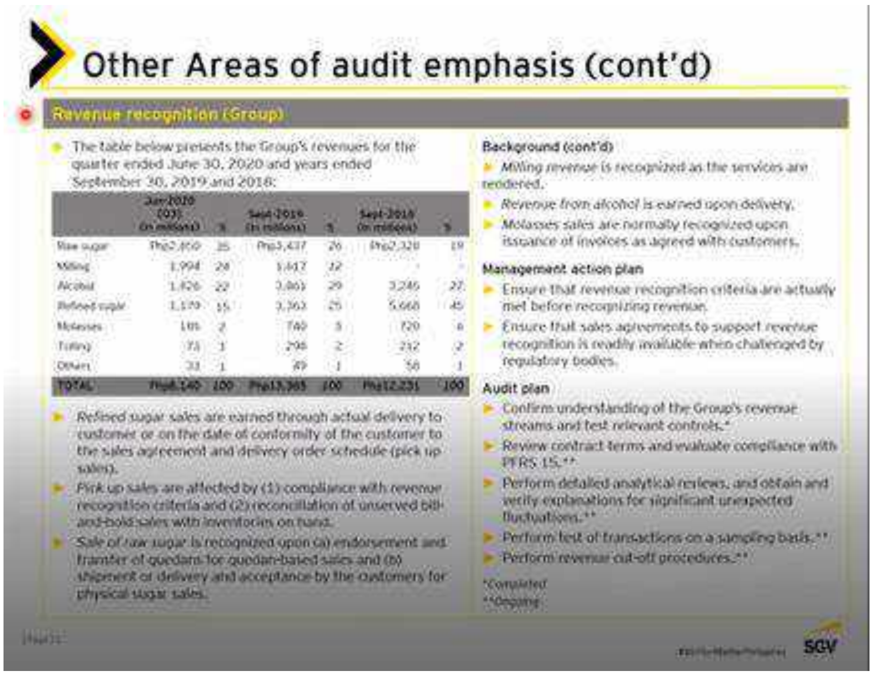
Ms. Saringan continued to discuss the other areas of audit emphasis.



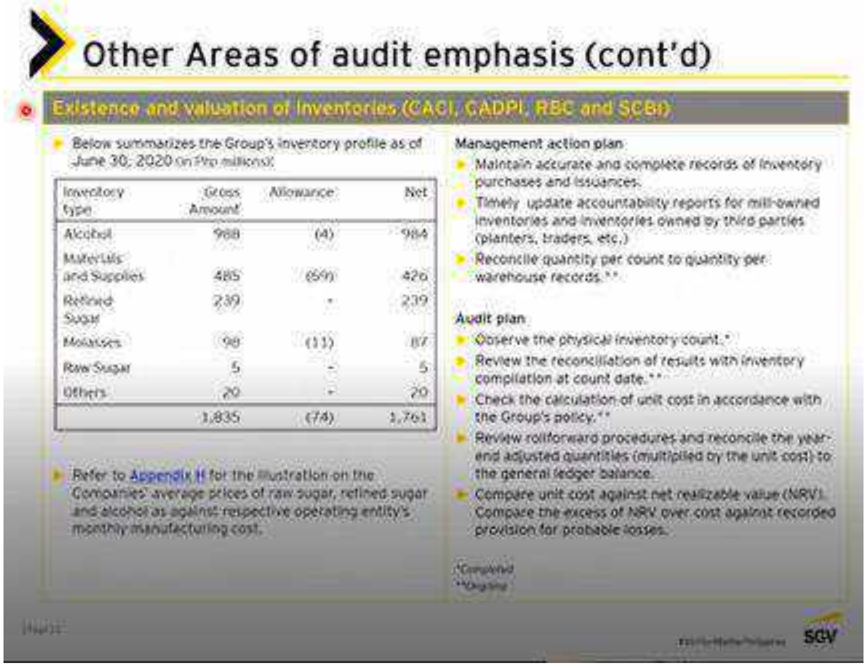
As for the first item on proper presentation of assets and income statement accounts of CADPI's milling and refinery operations, she mentioned that CADPI was previously shown as asset held for sale. Since the former sale of CADPI will no longer push through, the same will be re-classified as a normal asset. In the income statement last year, CADPI was shown as discontinued operation. This year, it will be shown as continuing operations. There would be no change in terms of the net income or net loss in terms of CADPI but the same must be show in the line by line presentation of the Income Statement. Management has already prepared the documentation for this. SGV will be reviewing this as well. Mr. Hilado asked if this gives rise to a profit or loss. Ms. Saringan answered this will have no impact to the profit and loss. What happens is that there is a line by line presentation for CADPI. In the past, it was just presented in one line. Mr. Dimarucut added that there is a Php500 million impact on the Profit and Loss (P&L) considering that there is a need to book a catch-up depreciation for CADPI. There was no depreciation for CADPI when it was still presented as asset held for sale. This must be booked upon reclassification to regular asset. Ms. Saringan affirmed Mr. Dimarucut's answer.



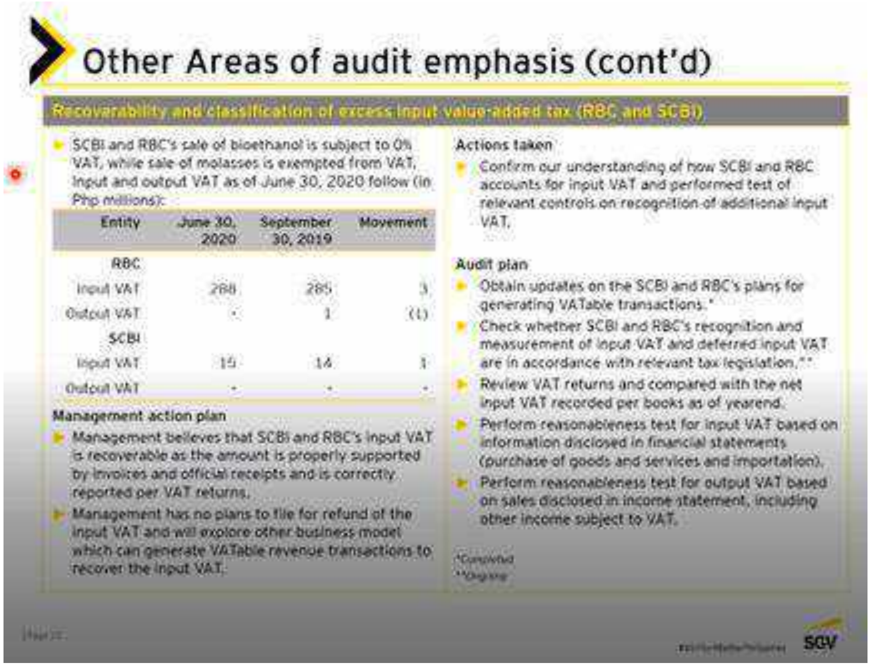
Ms. Saringan discussed the item on revenue recognition. This has always been the focus of the audit procedure. There is a need to make sure that the revenue from operations are properly recorded and presented. In the case of CACI and CADPI, SGV has already confirmed its understanding of the revenue streams and level of controls. SGV has performed the test of controls. There are still pending documents from CACI.



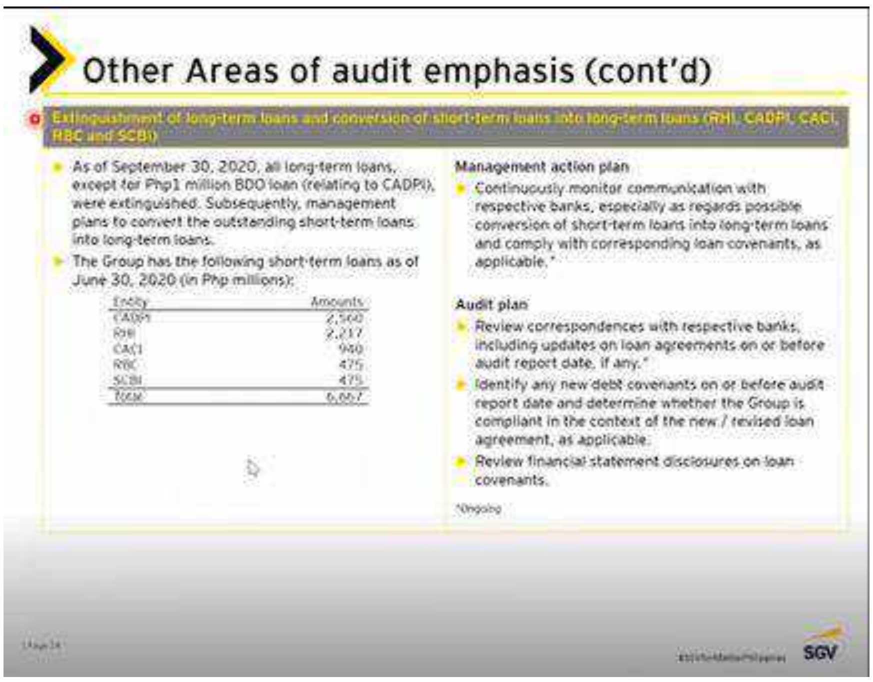
The next item is in relation to the existence and valuation of inventories of the Group. The good thing is that all the inventories in the books of CACI are zeroed as of September 30, 2020. There are a small number of supplies which will be transferred to SCBI. SGV will review the reconciliation of the inventory compilation up to the end of the year. With the decline in the sale of Roxol Bioenergy Corporation (RBC), there is a possibility that the subsequent price is lower than the recorded unit cost.



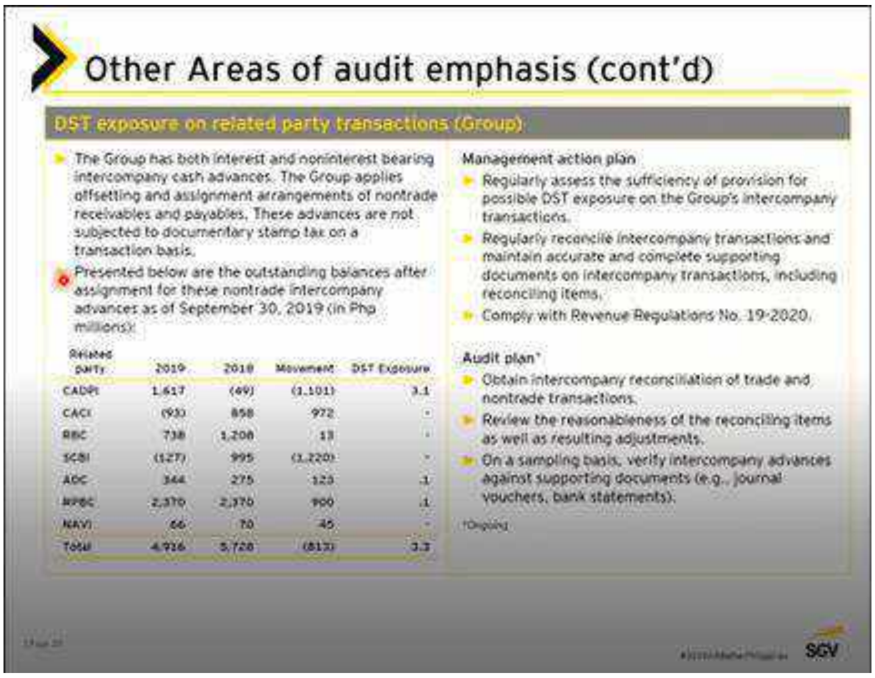
With regard to the input Value Added Tax (VAT), last year there was available excess input VAT. RBC still has Php288 million and SCBI has Php15 million. What is critical here is that it must evaluated if these are still recoverable assets as of end of the year considering that the RBC assets have been sold and the products of SCBI are zero rated. Mr. Dimarucut commented that majority of the input VAT of RBC has been utilized during the transaction. What is left is about Php100 million and the plan is to merge RBC to CADPI so that the same can be realized.



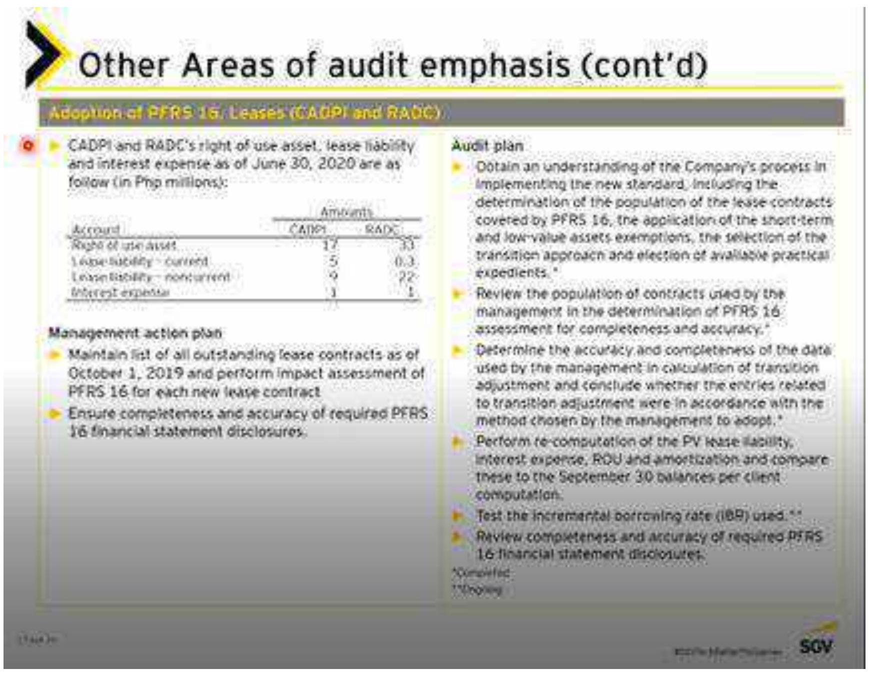
With the settlement of the long-term loans as of September 30, 2020, the only focus now is the short term loans which will be negotiated by Management. This will be updated based on future transactions. The remaining short-term loans amount to Php5.3 billion.



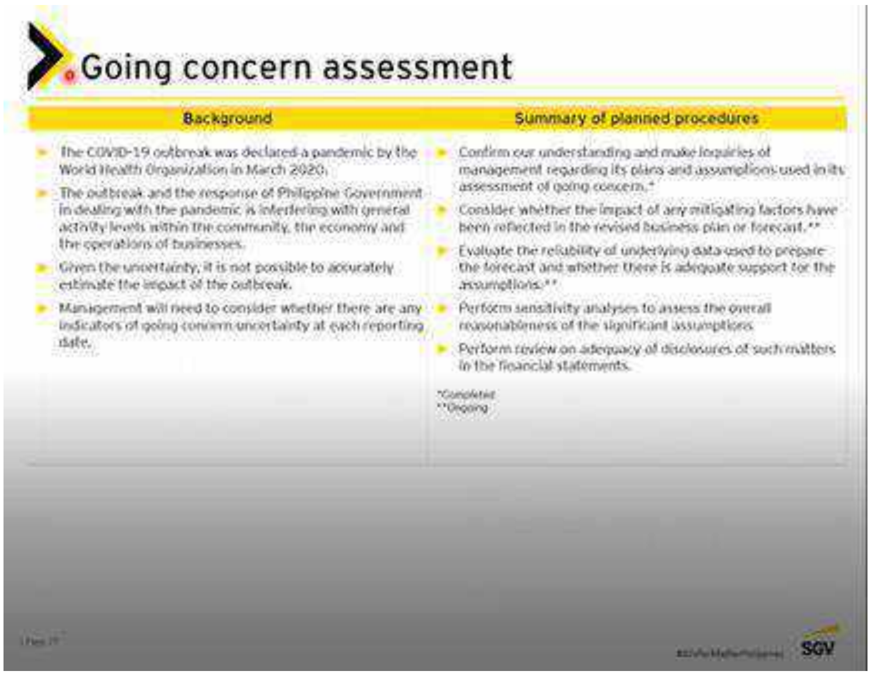
Management's position with regard to DST exposure on related party transactions is that it will defend the said transactions in case BIR will assess the Group for DST. As of last year, the estimated DST exposure is about Php3.3 million. The current year's transactions will also be included. Mr. Hilado if this is only relating to tax exposures and not on related party governance issues. Ms. Saringan answered that there are no related party governance issues. With the new requirements on transfer pricing, there is a potential area that Management must consider in relation to the related party transactions.



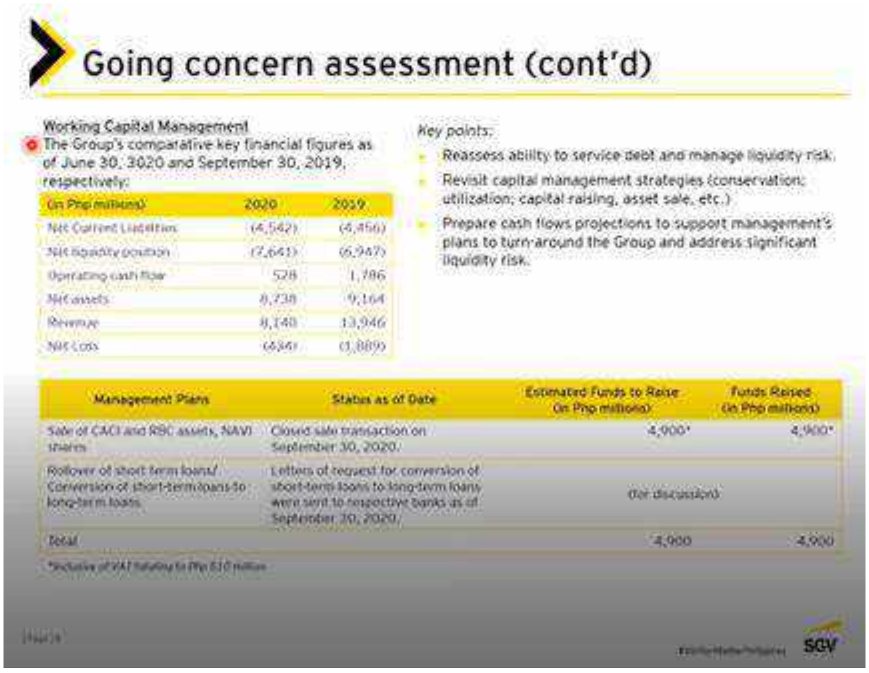
There are no issues this year with regard to the adoption of PFRS 16 because this has been settled last year and would only pertain to small transactions.



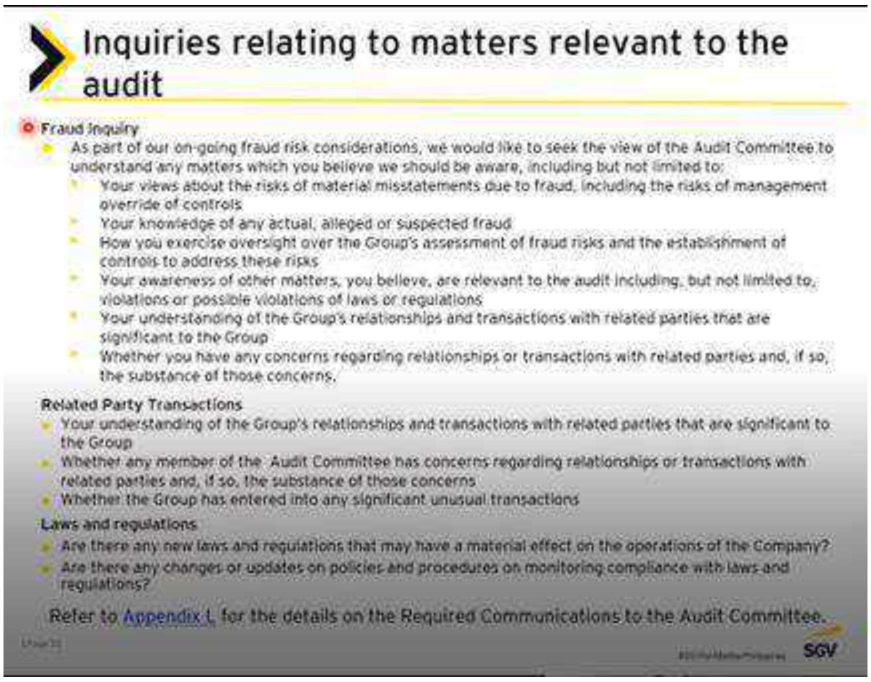
The going concern assessment is relevant for the remaining subsidiaries within the Group.



Management has to continue to evaluate the status of the operations considering the net operating negative assets in the books, as well net liquidity position. As of June 30, 2020, SGV has asked Management to prepare a forecast which will support the going concern assessment for the Group. This has been addressed because of the transaction and the roll-over of the short-term loans. Hopefully, this will be finalized before the finalization of the report because it will be significant in the assessment of the going concern. Mr. Hilado asked if the negotiation for the term out is only BDO. Mr. Dimarucut answered that the Management already started its negotiations with the three major banks, including BDO, Land Bank and BPI. Mr. Dimarucut mentioned that the banks appreciate the Management plans. At the end of the day, the Management is confident that the short-term loans can be termed out. Mr. Hilado asked if these are the same banks that the Group had long term loans in. Mr. Dimarucut affirmed. Management has paid the long-term loans to give the Management the flexibility to term out the short term loans.

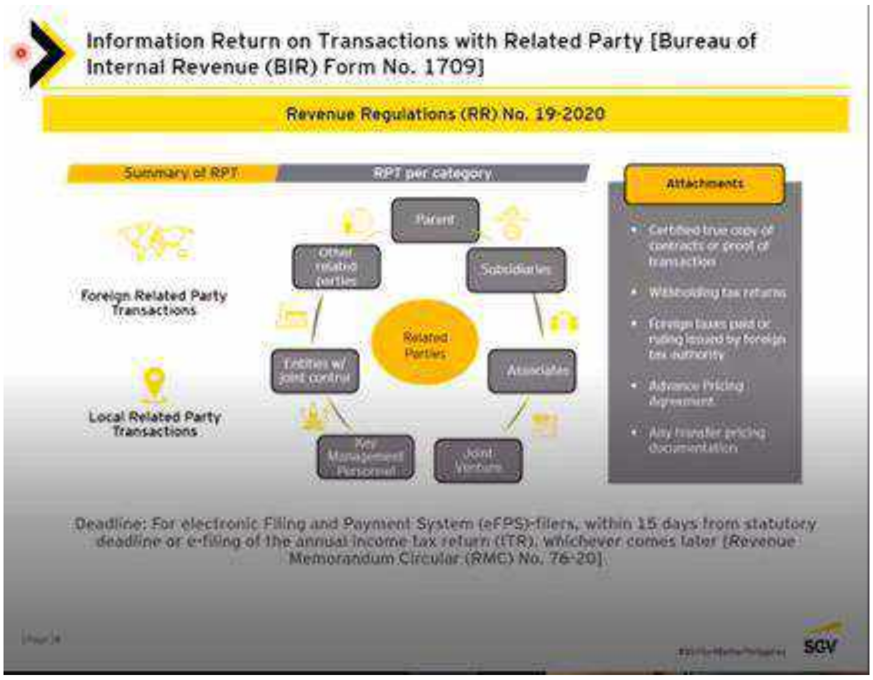


Ms. Saringan continued with the inquiries relating to matters relevant to the audit. SGV checked with Management if they have knowledge of any fraud or irregularity and they responded that there was none. She asked the Audit Committee if there was any report in relation to this. Mr. Young answered that there was none. SGV checked with Management if there are any related party transactions and new laws and regulations in relation to the operations of the Group. The Management answer was that there was none.

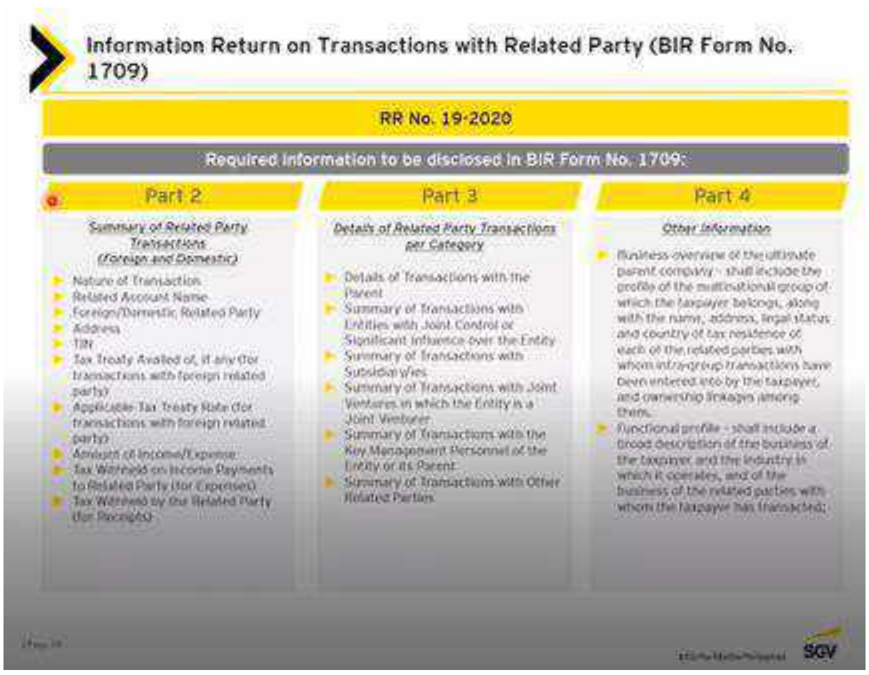


With regard to ethics and independence, SGV mentioned that they have confirmed that they are independent. Ms. Saringan asked the Audit Committee if they are aware of any relationships or transactions which would possibly impair the independence of the auditor. Ms. Villanueva answered none.

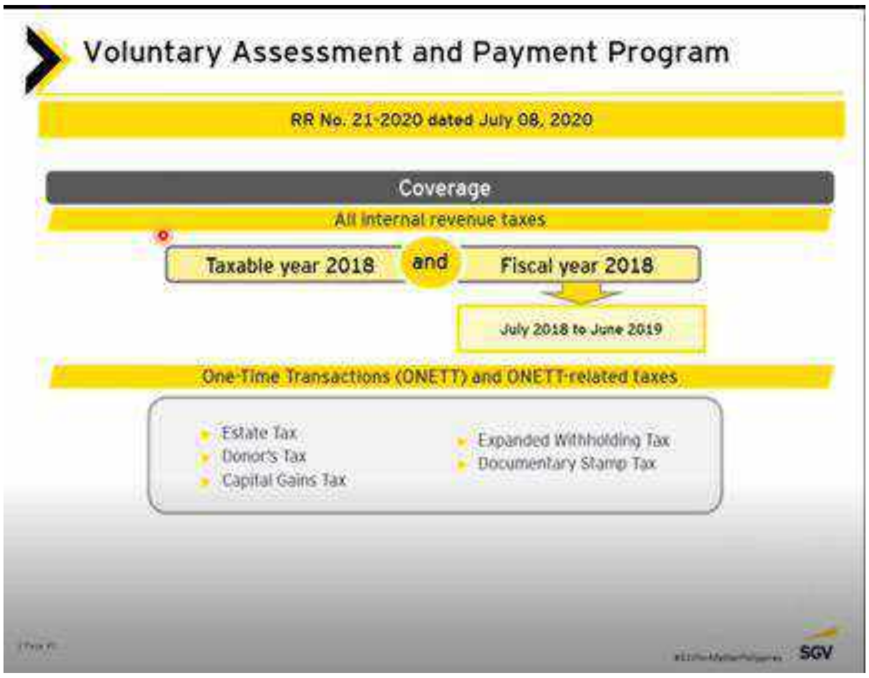
Mr. Henry Tan (Mr. Tan) gave a quick update regarding the relevant tax updates. He started with Revenue Regulation No. 19-2020. This requires taxpayers to attach to their annual income return BIR Form. No. 1709 or Information Return on Transactions with Related Parties. This is applicable to both foreign and local related party transactions. This is applicable from parent to subsidiary. There is a requirement for an entity to disclose the amount of expenses and revenues recognized, the outstanding balance at the end of the calendar year and other particulars.



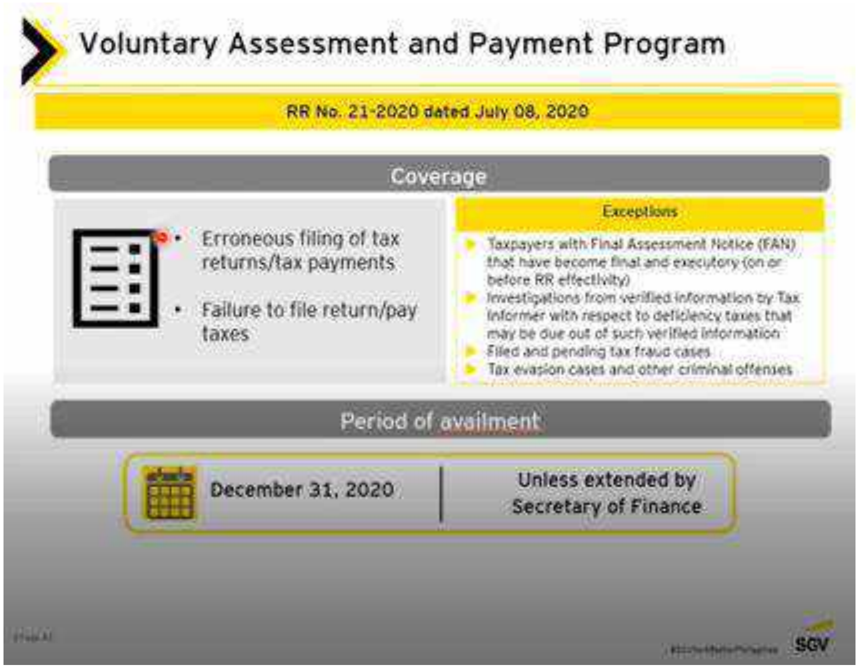
In addition, there is also a need to disclose the business overview and functional profile of the taxpayer. Through the BIR Form No. 1709, BIR will be able to know related party transactions entered into by the taxpayer. It is essential that all information disclosed by the taxpayer are aligned with the country's tax rules and regulations. Another essential information which need to be disclosed are transactions with key personnel, including the directors. There are ongoing discussions with key government agencies to take out the item on disclosure of key personnel and whether there should be a threshold for the requirement of disclosure under this Revenue Regulation. There is also a need for the attachment of a transfer pricing document to the BIR. This must be submitted by April 30, 2021.



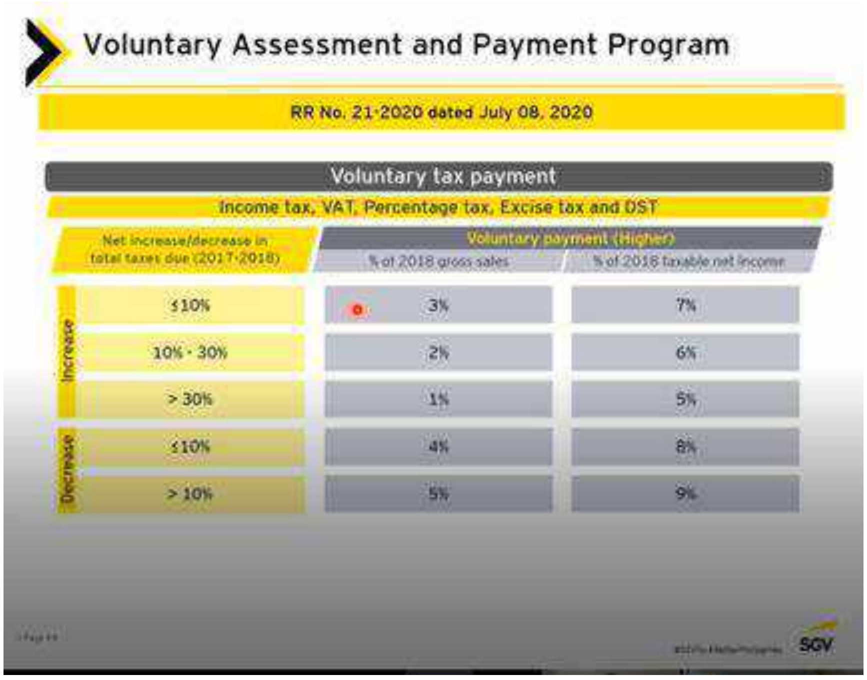
The BIR has a voluntary assessment and payment program. This applicable to taxable 2018 and fiscal year 2018 only.



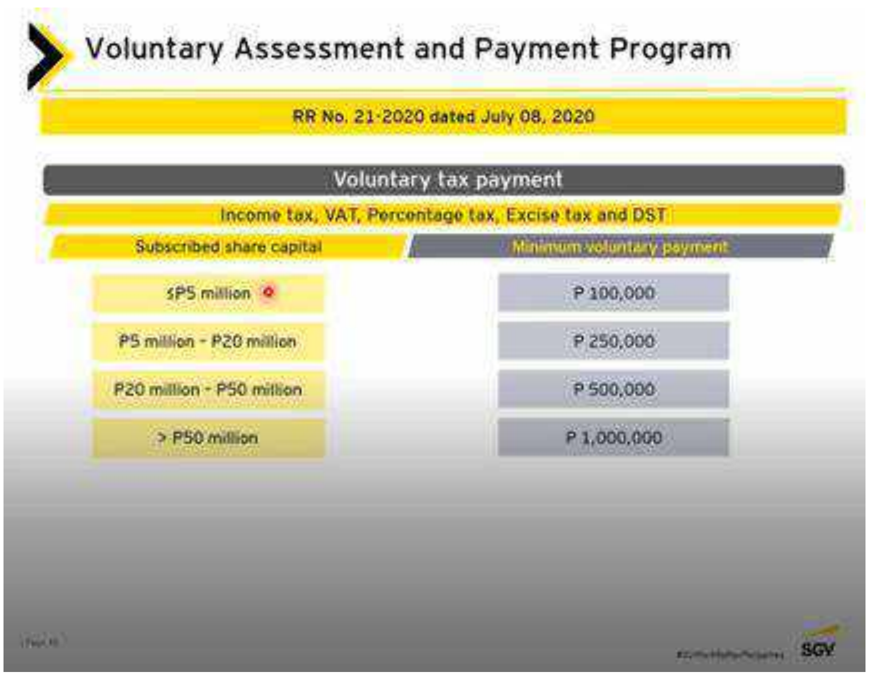
This should be availed by December 30, 2020.



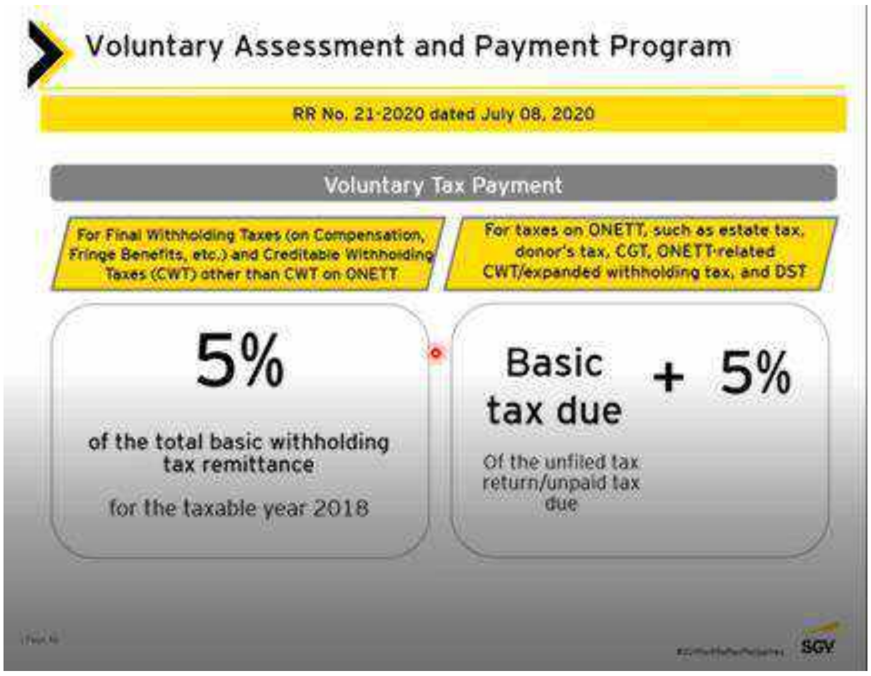
Mr. Tan also discussed how to compute for the voluntary tax payment. It would depend on the increase or the decrease in the total taxes due for the said period.



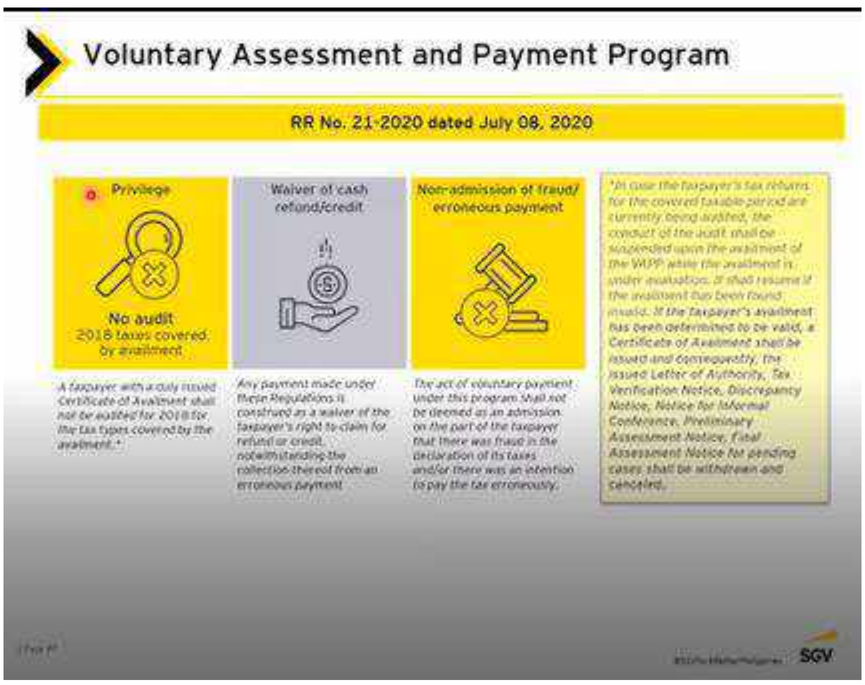
The minimum voluntary payment amount should also be compared to the subscribed share capital. This is applicable to income tax, VAT, percentage tax, excise tax and DST.



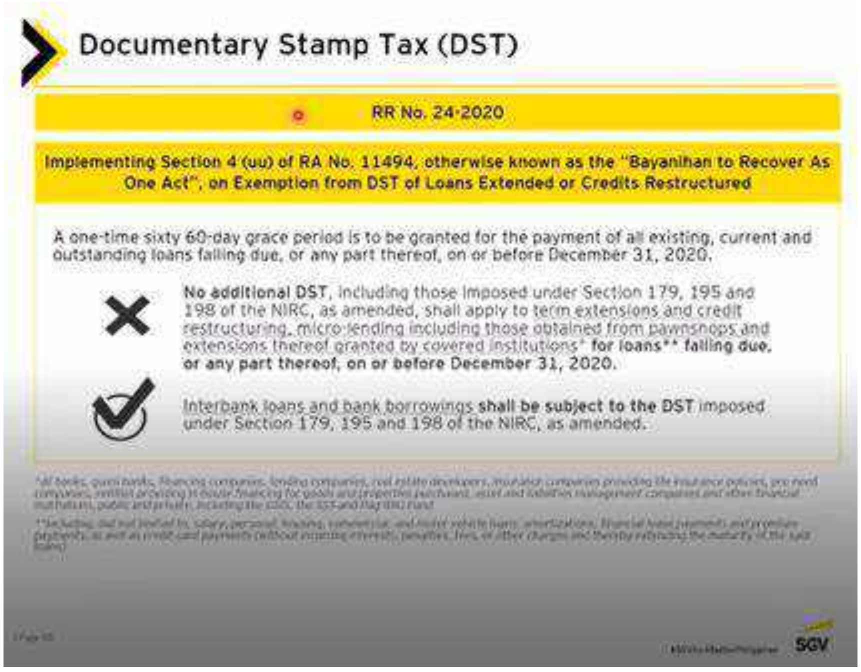
For withholding tax, the rate is 5% of the total basic withholding tax remittance.



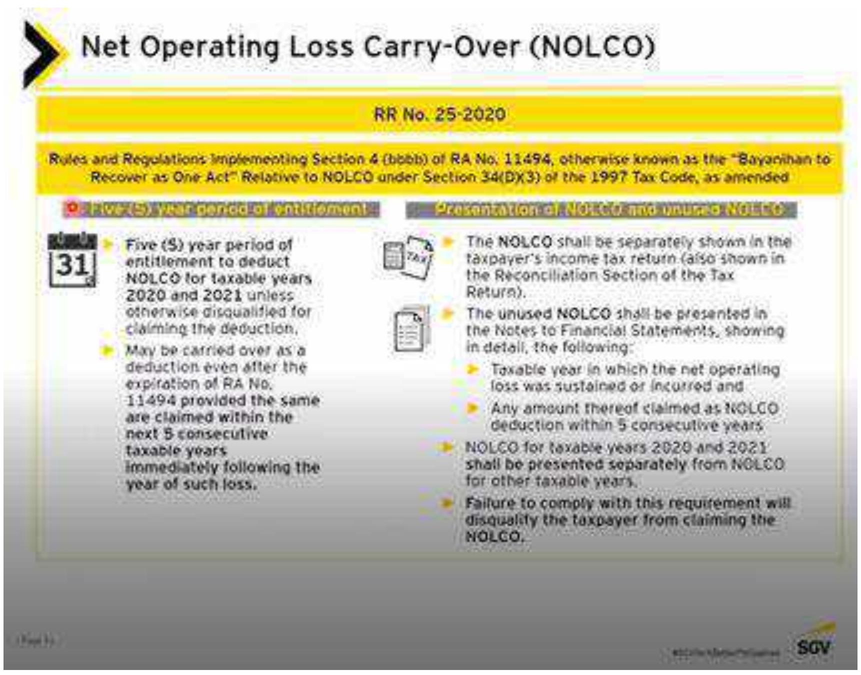
In a recent issuance of the BIR, they said that a taxpayer cannot choose which taxes to apply for the Voluntary Assessment and Payment Program. Rather, all the taxes will be assessed if a taxpayer opts to avail this program.



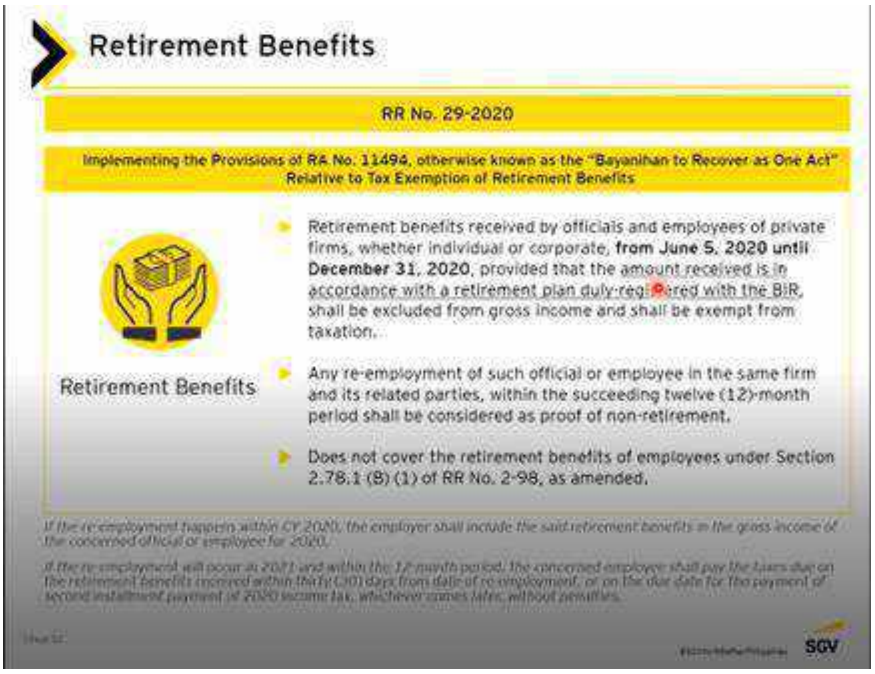
In relation to the Bayanihan Act 2, a one-time sixty-day grace period was granted for the payment of all existing, current and outstanding loans falling due, or any part thereof, on or Before December 31, 2020. No additional DST will be imposed on the extensions of said loans.



For Net Operating Loss Carry-Over (NOLCO) falling under 2020 and 2021, the same can be carried over for a period of five years instead of the usual three years. This must be separately disclosed.



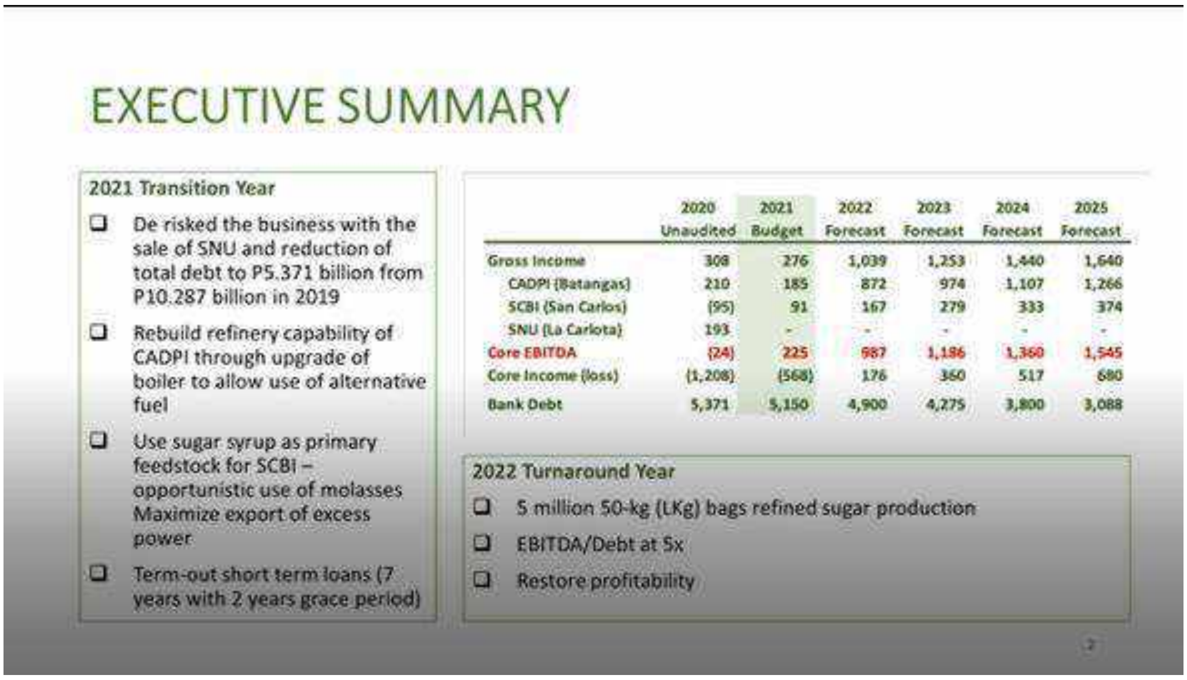
The retirement benefits of the officials and employees of private firms for the period of June 5, 2020 until December 31, 2020 shall be exempt from taxation, provided that the said retirement benefit is in accordance with the retirement plan registered with the BIR.



Ms. Saringan concluded the SGV presentation by stating that they will continue to work with Management for the finalization of the audit for the Group.

IV
MANAGEMENT PRESENTATION
OF THE BUDGET PROPOSAL FOR 2021-2025

Mr. Dimarucut discussed the presentation for the Budget proposal of the RHI Group.



He mentioned that the year 2021 will be the transition year for the RHI Group. The Management was successful in reducing the debt from Php10.3 billion to Php5.3 billion. While this is a significant milestone, there is still a need to re-invent the remaining business units – CADPI and SCBI. The data in relation to the industry players, as well as the strengths of the business units will be presented. The focus of CADPI is to be able to expand its refining capability. In the past, it was affected by the lack of alternative fuel. For the years 2016 and 2017, when the Management maximized the refining capability of CADPI, it was able to hit 3.5 million bags of refined sugar. At that point, CADPI was generating about Php800 million in gross margin. This is the scenario that the Management wants to replicate. Before the implementation of the TRAIN Law, Bunker fuel price was just Php12.00 per liter. When the TRAIN Law was implemented, the price went up to Php25.00. This is not cost efficient anymore for the refinery operations.

The plan is to convert one of CADPI's boiler to a multi-fired boiler that can use coal. This will allow CADPI to bring down fuel cost and continue to operate between nine to ten months continuously. This is independent of the sugar milling operation. The capability of producing between five to seven million bags would generate significant margins for CADPI. The Management hopes that at this level, CADPI would be able to exceed the gross margins achieved in 2016 and target to generate about Php1.3 billion in gross income for CADPI.

SCBI was originally constructed to use cane syrup as main feedstock. Due to the soured relationship with planters, former owner of SCBI decided to use molasses which is cheaper during those times. Over the last five years, the price of molasses went up to as high as Php14,000.00. This is no longer a viable feedstock for the production of ethanol. The plan is to use cane syrup as the primary feedstock of SCBI. Management believes that SCBI can be profitable even with shorter production months.

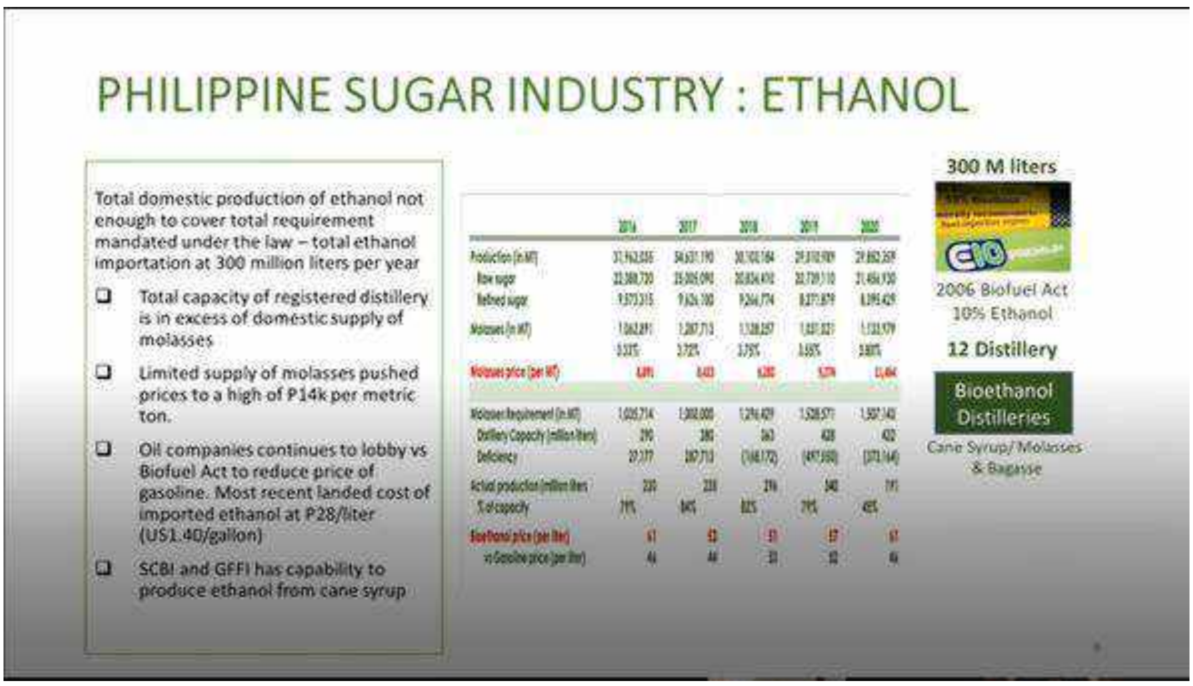
Management is in discussions with the bank to term out the short-term loan for seven years, with a two-year grace period. This will allow the Group to re-invent the business to generate sufficient cash flow to support the business. Management is hopeful that 2022 would be the turnaround year. The target is to produce five million bags and sufficient core EBITDA and restore profitability. Ms. Villanueva inquired about SCBI and the Management's plan to turn around the 2020 loss to income in 2021. SCBI losses in 2020 was brought about by high feedstock cost which reached to about Php14,000.00 and early shut down of its operations due to pandemic. This resulted a gross loss position in 2020. For 2021, the plan is to use cane as the primary feedstock and expects to generate posititve gross income for SCBI. In 2018, SCBI was able to achieve about Php250 million of gross margin. Mr. Hubert D. Tubio (Mr. Tubio) added that in SCBI, there are constraints in terms of the storage capacity. Therefore, SCBI was forced to shut down because the tanks were already full. If a customer does not lift for one or two months, SCBI will be forced to stop operations. Ms. Villanueva asked if the projections are on the high side or the conservative side. Mr. Dimarucut answered that the numbers are reasonable but may not be easy. We want operating group to work harder to achieved better performance. The key to this is the amount of canes we would get from the area which based on initial talks with planters is very promising. Mr. Hilado asked that if there are only commercial issues involved in the shift of SCBI. Mr. Dimarucut mentioned that the former shift to molasses by the previous owner is driven by the price of cheaper alternative at that time, which is molasses. Reverting back to sugar canes will allows us to minimize cost of water and hauling cost for spent wash, Alcohol production using molasses requires about 30% more water as compared to when canes are used. Most of the competitors in the area are transloading stations of various mills. The nearest sugar mill to SCBI is Bais which is more than 100 km away. Similar to the approach in CACI, management plans to build stronger relationship with Planters and will provide competitive incentives scheme to improve supply of cane. Management is also providing equipment from equipment previously used in CACI Management stated that turnaround is expected to happen in 2022 once the conversion of boiler is completed. This will allows CADPI to maximize it's refinery. Mr. Dimarucut further mentioned that for raw sugar refined nationally is only about 41%. Mr. Hilado inquired if there is need for more CAPEX to be able to achieve the targeted numbers. Mr. Dimarucut answered that the capacity is there but there is a need to convert the boiler to accommodate the use of coal which will cost to around P400 million.. Mr. Tubio added that CADPI's capability of CADPI to refine is there but it is being limited by the fuel cost.

Mr. Dimarucut discussed that there are four major pillars of the sugar industry: sugar mills, sugar refinery, bioethanol distilleries and co-generation. There are mills which do not have refinery capabilities. The refineries are mostly confined to use bagasse as their fuel. In 2006, there was a mandate to mix 10% ethanol. Thus, the bioethanol distilleries were created using the by-product of the sugar refineries – molasses and bagasse. To maximize the use of bagasse, the Renewable Act was implemented in 2008. All these efforts are geared towards generating maximum value for the sugar industry.

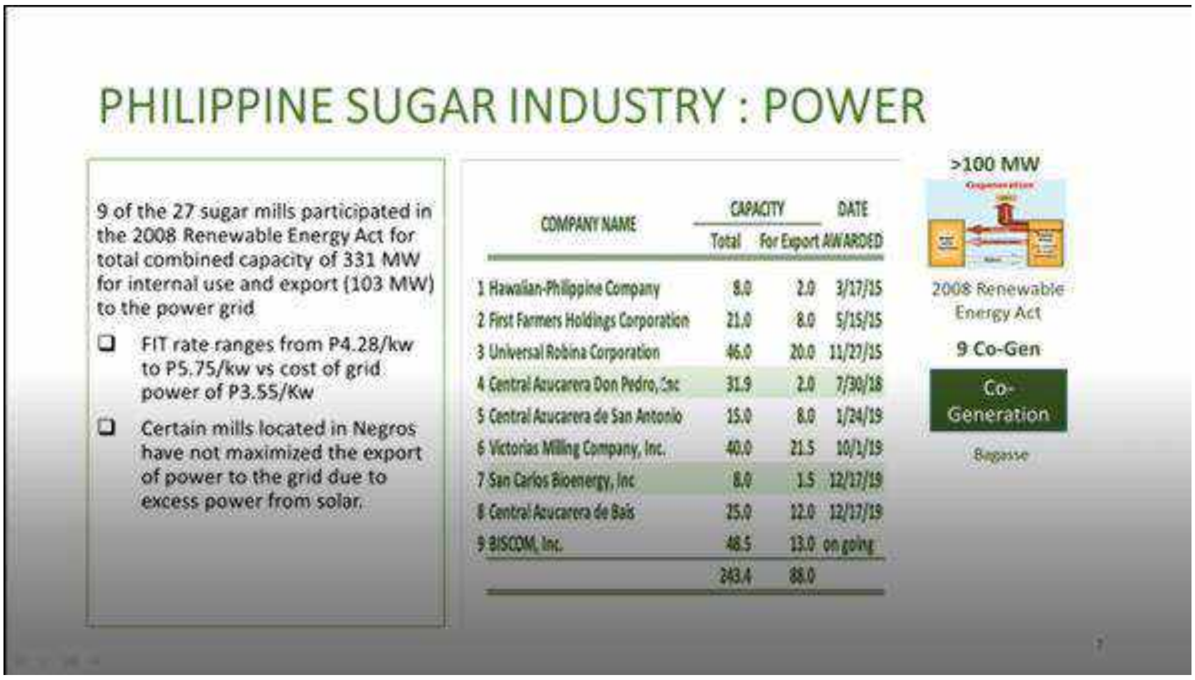
There was no improvement in sugar yield during the last fifty years. The current level is far from the target set last 2016 where it was projected that by 2016 the sugar produced by the country will reach 73 million bags. However actual sugar produced is only about 43 million bags. These are brought caused by the structural issues in the industry, namely: (1) 85% of the farmers only own less than five hectares of land thus there is no economies of scale her (2) big portion of the farmlands are not irrigated; (3) there is limited working capital for the farmers; and (4) dwindling number of farmers. Given the situation, we need to find pockets of opportunities in the industry, particularly the likelihood that the country may become an importer sugar moving forward.

Earlier importation are raw sugar and which has shifte to refined sugar most recently. Mr. Hilado commented that the Management would have more control in the sugar refining if CADPI has a Market. Mr. Dimarucut mentioned that currently, the total domestic production of raw sugar is about 42 million bags out of which 17 million bags are being refined. Demand for refined sugar continues to rise since 2016 with the exception of 2020 wherein manufacturer slowed down production due the pandemic. The increase is bought about since the imposition of higher excise tax on High Fructose Corn Syrup (HFCS) under the TRAIN Law, which necessitates beverage companies to use refined sugar instead of HCFS. Among the domestic refinery operations, the only progressive operation is that of Lopez as they don't depend on their own raw sugar and bagasse. They also use coal and refined outside raw sugar. In 2016, the Group started it using bunker fuel to supplement bagasse as fue which allows CADPI to produce 3.5 million bags. CADPI is strategically located because it is close to its customers.

In terms of the ethanol, price of molasses continue to rise since the total mollases available domestically is not sufficient to cover requirements on the government imposed 10% mix. Everything is fighting for whatever available molasses. Because of this SCBI will prioritize the use of sugar cane in the production of ethanol.

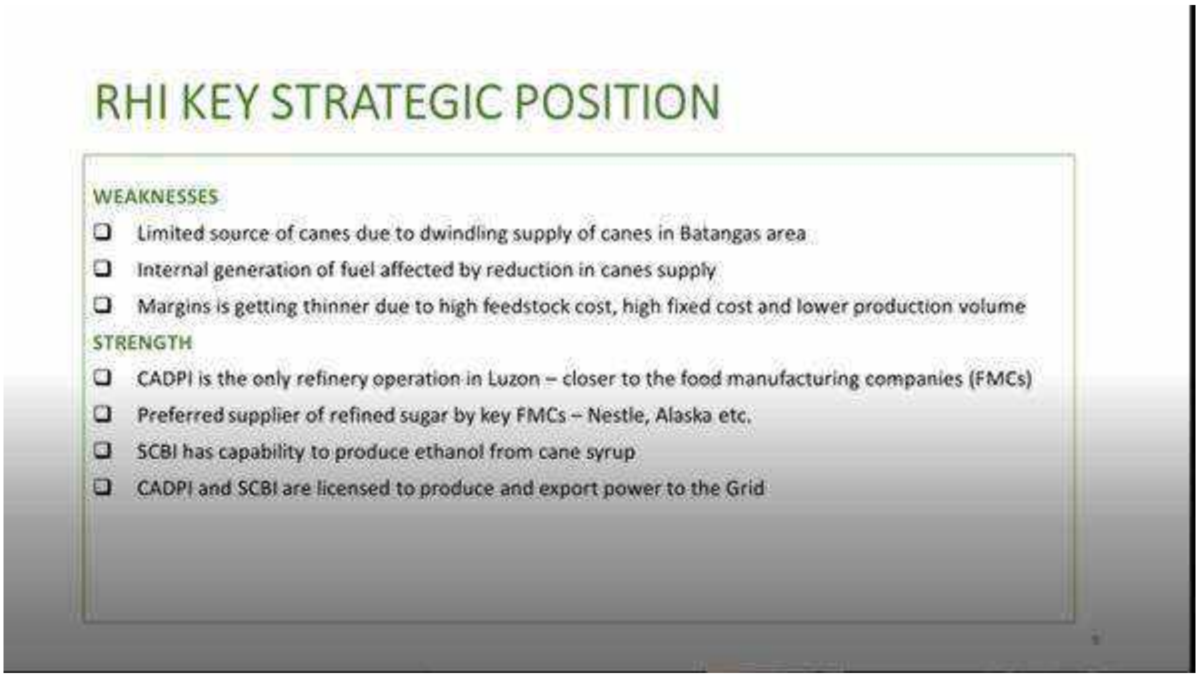


The other advantage in the industry is the growing demand for power. Both CADPI and SCBI have licenses to export power. VMC and URC have bigger capacity to export power and have maximize the use of their bagasse to produce power. Mr. Hilado inquired if the Energy Government Agencies will now allow the granting of FIT for the renewables. Mr. Dimarucut explained that they will continue for those using biomass.



Mr. Dimarucut summarized his presentation by stating that in terms of the industry, there is no significant improvement in farm productivity and sugar yield. Margins are getting thinner in relation to raw sugar because of underutilized mills. On the by-product, the plant overcapacity pushed the price of these by-products. There is an opportunity to focus on the growing demand for refined sugar. Other countries predominantly import raw sugar so that they can generate added value in their respective countries when they refined these raw sugar.

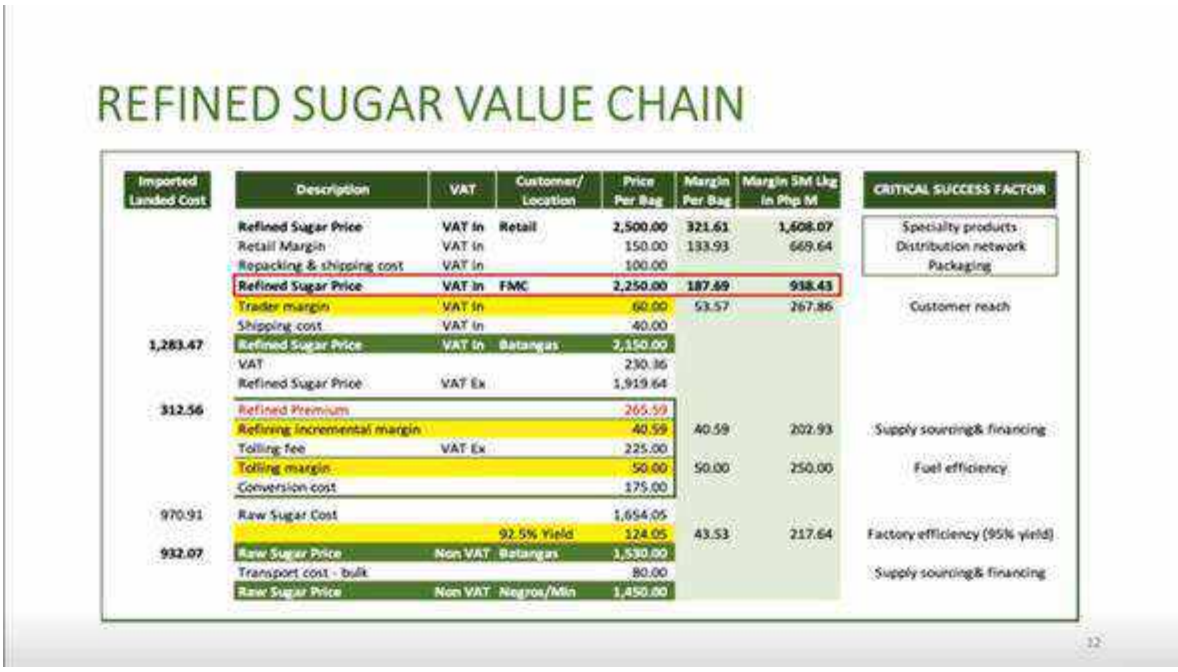
While there are weaknesses in terms of cane supply and fuel generation, the Group will be able to utilize its strength by rebuilding the refining capability of CADPI. CADPI is the only one with refining capability in Luzon. Relationships have been built with the FMCs, like Nestle and Alaska.



In terms of CADPI, the focus for this year is to improve plant efficiencies and complete the upgrade of Boiler 5 to allow the use of alternative fuel. It is expected that the margins will continue to be low before the completion of the upgrade. After the first year, the focus is to start producing refined sugar of about 5-7 million bags. There are also big margin opportunities on specialty projects and liquid sugar for the beverage companies. If CADPI is developed as a Special PEZA Sugar Zone, it can be a hub for the importation of raw sugar and exportation of refined the sugar.

Mr. Hilado asked Mr. Young if he agrees that the way to go forward is on the refined sugar and not on the raw sugar. Mr. Young affirmed. There are many uncontrollable areas for raw sugar and the opportunity seems to be there. Geographically, CADPI is in the right place. The other option is if the Group can bank on the liquid sugar.

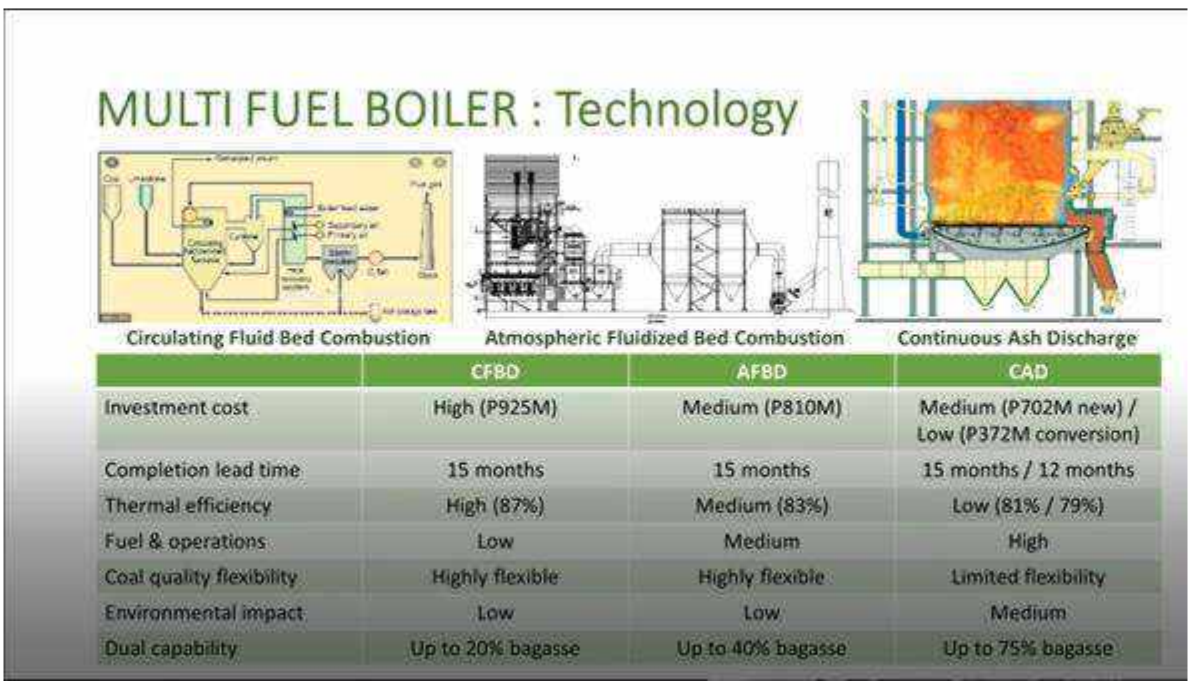
Mr. Dimarucut presented a slide which shows where the margins are. From a manufacturer's perspective, based on calculations, the tolling cost would go down to about Php126.00 per 50 kg bag. Assuming that the gross margin is Php265.00 per 50 kg bag, it would give the Group a margin of Php130-140.00 per 50 kg bag at five million bags. If the Group will directly serve the FMCs, the Group will be able to get a margin of additional Php60.00 per 50 kg bag. What would happen is that even if there is importation of raw sugar, it will still be good for the Group because the Group will have a continuing business. It will be cheaper for the users to import raw sugar but this will be okay for the business still. The numbers are not static because of the market is dynamic. Mr. Hilado asked how strong the marketing team is. Mr. Tubio answered that the team needs to be strengthened further. Mr. Hilado commented that organizationally, there will be a need to build up the marketing team because of the new products that the Management is planning to produce. Mr. Dimarucut added that the team should be wearing the hat of a trader and not as producers. Mr. Tubio added that part of the plan is the reorganization especially after the sale of the South Negros. Another issue which needs to be addressed is the reduction in the overhead expenses.



REFINED SUGAR VALUE CHAIN

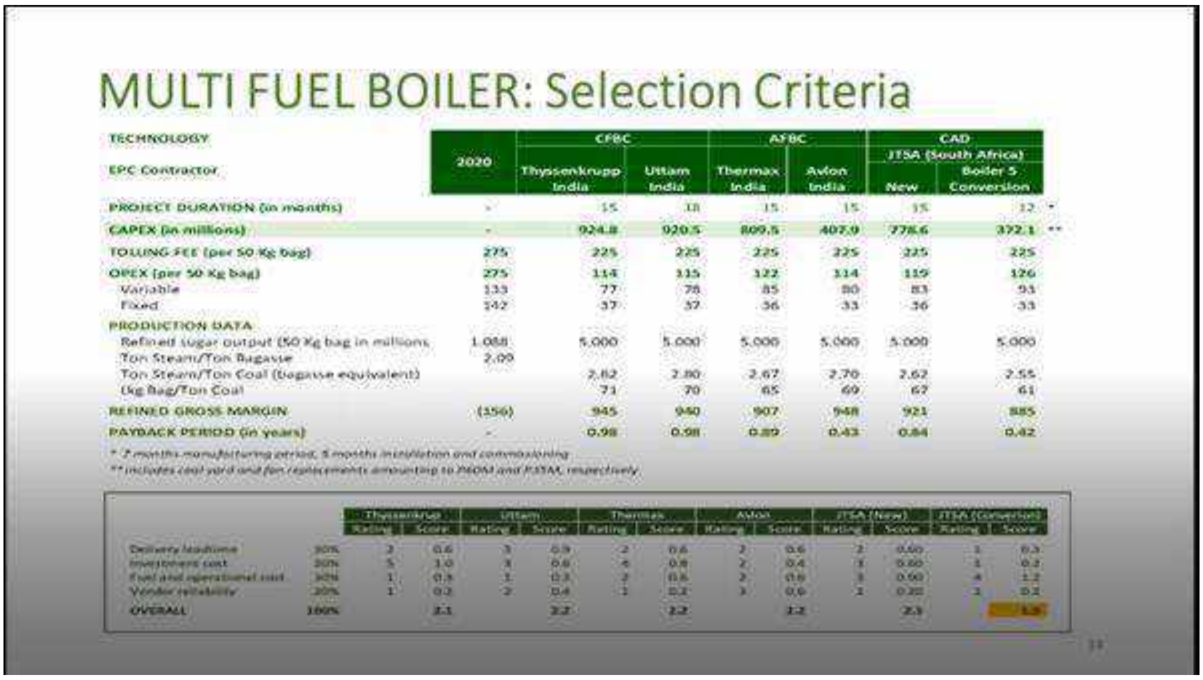
Imported Landed Cost	Description	VAT	Customer/ Location	Price Per Bag	Margin Per Bag	Margin 5M Lkg in Php M	CRITICAL SUCCESS FACTOR
	Refined Sugar Price	VAT In	Retail	2,500.00	321.61	1,608.07	Specialty products
	Retail Margin	VAT In		150.00	133.93	669.64	Distribution network
	Repacking & shipping cost	VAT In		100.00			Packaging
	Refined Sugar Price	VAT In	FMC	2,250.00	187.69	938.43	
	Trader margin	VAT In		60.00	53.57	267.86	Customer reach
	Shipping cost	VAT In		40.00			
1,283.47	Refined Sugar Price	VAT In	Batangas	2,150.00			
	VAT			230.36			
	Refined Sugar Price	VAT Ex		1,919.64			
312.56	Refined Premium			265.59			
	Refining incremental margin			40.59	40.59	202.93	Supply sourcing& financing
	Tolling fee	VAT Ex		225.00			
	Tolling margin			50.00	50.00	250.00	Fuel efficiency
	Conversion cost			175.00			
970.91	Raw Sugar Cost			1,654.05			
			92.5% Yield	124.05	43.53	217.64	Factory efficiency (95% yield)
932.07	Raw Sugar Price	Non VAT	Batangas	1,530.00			
	Transport cost - bulk			80.00			Supply sourcing& financing
	Raw Sugar Price	Non VAT	Negros/Min	1,450.00			

In relation to the boiler, the Management looked at the available technology. The most advantageous is the circulating fluid bed combustion. Given where the Group is at right now, the focus really is first to convert. The biggest consideration really is to make sure that the project is ready by next crop year.



	CFBD	AFBD	CAD
Investment cost	High (P925M)	Medium (P810M)	Medium (P702M new) / Low (P372M conversion)
Completion lead time	15 months	15 months	15 months / 12 months
Thermal efficiency	High (87%)	Medium (83%)	Low (81% / 79%)
Fuel & operations	Low	Medium	High
Coal quality flexibility	Highly flexible	Highly flexible	Limited flexibility
Environmental impact	Low	Low	Medium
Dual capability	Up to 20% bagasse	Up to 40% bagasse	Up to 75% bagasse

With conversion, the cost of Php275.00 may be reduced to about Php126.00.



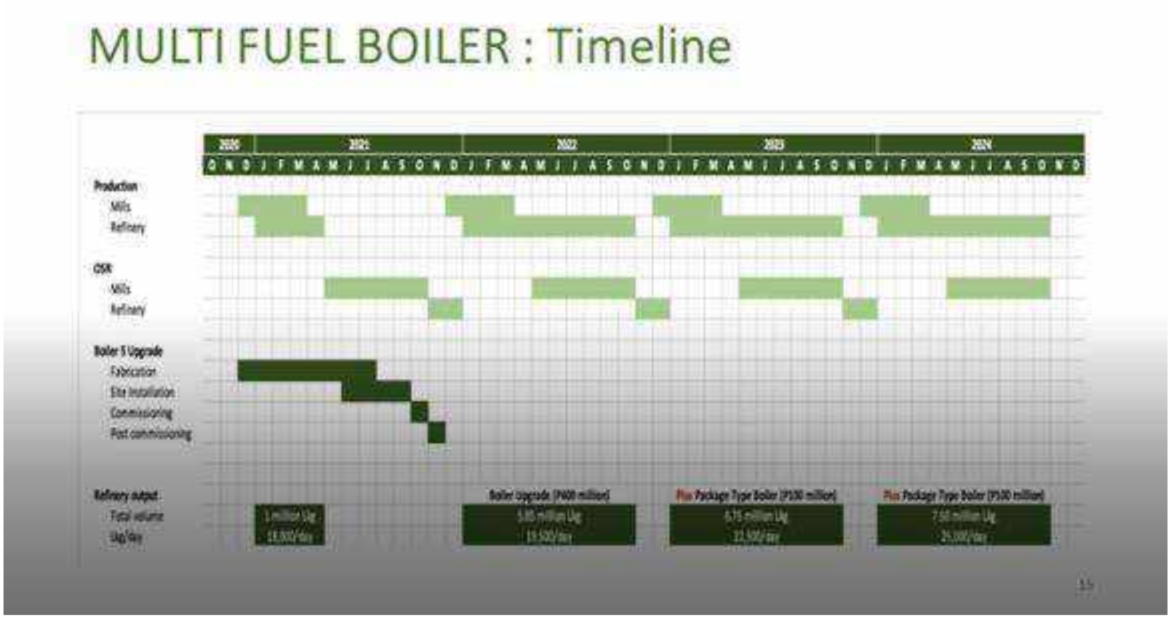
MULTI FUEL BOILER: Selection Criteria

TECHNOLOGY		CFBC		AFBC		CAD	
						JTSA (South Africa)	
EPC Contractor	2020	Thyssenkrupp India	Uttam India	Thermax India	Avion India	New	Boiler 5 Conversion
PROJECT DURATION (in months)	-	15	18	15	15	15	12 *
CAPEX (in millions)	-	924.8	920.5	809.5	407.9	778.6	372.1 **
TOLLING FEE (per 50 Kg bag)	275	225	225	225	225	225	225
OPEX (per 50 Kg bag)	275	114	115	122	114	119	126
Variable	133	77	78	85	80	83	93
Fixed	142	37	37	36	33	36	33
PRODUCTION DATA							
Refined sugar output (50 Kg bag in millions	1.088	5.000	5.000	5.000	5.000	5.000	5.000
Ton Steam/Ton Bagasse	2.09						
Ton Steam/Ton Coal (bagasse equivalent)		2.82	2.80	2.67	2.70	2.62	2.55
Lkg Bag/Ton Coal		71	70	65	69	67	61
REFINED GROSS MARGIN	(156)	945	940	907	948	921	885
PAYBACK PERIOD (in years)	-	0.98	0.98	0.89	0.43	0.84	0.42

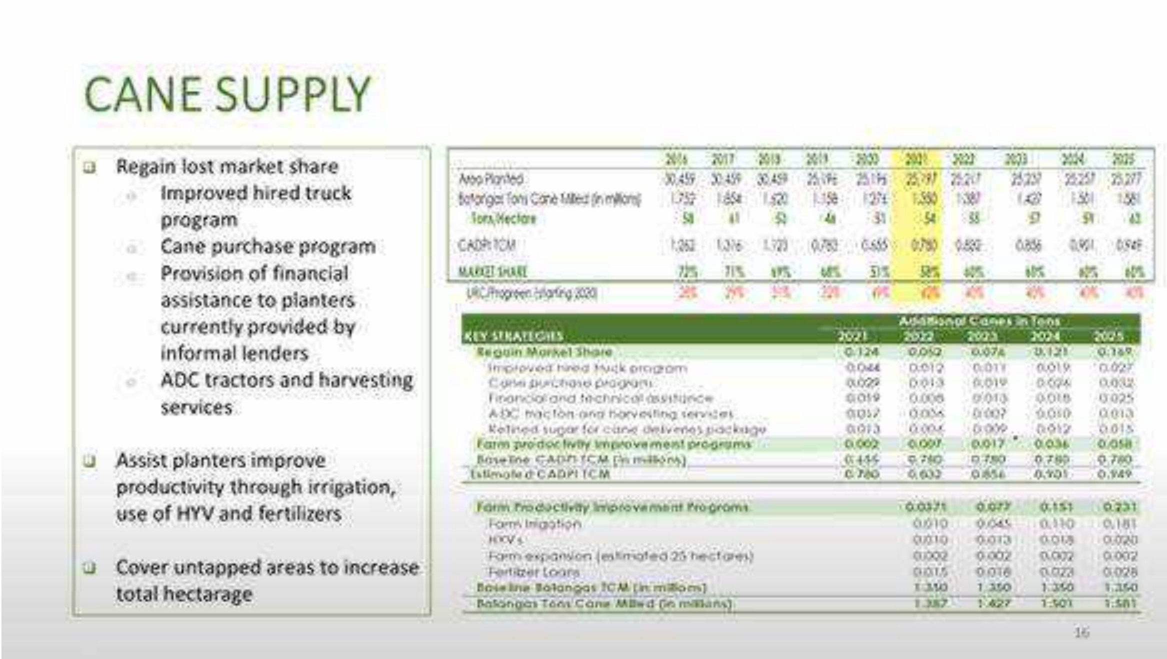
* 7 months manufacturing period, 5 months installation and commissioning
** includes coal yard and fan replacements amounting to P60M and P35M, respectively

		Thyssenkrup		Uttam		Thermax		Avion		JTSA (New)		JTSA (Conversion)	
		Rating	Score	Rating	Score	Rating	Score	Rating	Score	Rating	Score	Rating	Score
Delivery leadtime	30%	2	0.6	3	0.9	2	0.6	2	0.6	2	0.60	1	0.3
Investment cost	20%	5	1.0	3	0.6	4	0.8	2	0.4	3	0.60	1	0.2
Fuel and operational cost	30%	1	0.3	1	0.3	2	0.6	2	0.6	3	0.90	4	1.2
Vendor reliability	20%	1	0.2	2	0.4	1	0.2	3	0.6	1	0.20	1	0.2
OVERALL	100%		2.1		2.2		2.2		2.2		2.3		1.9

The timeline with regard to the project was also presented. The boiler upgrade is estimated to be finished by November 2021. This will help CADPI produce the projected five million bags. Mr. Hilado asked regarding the source of funding. Mr. Dimarucut answered that as part of the transaction with URC, the RHI Group will get a reimbursement of the money spent on the OSR activities. This is estimated at about Php280 million. The base CAPEX really is about Php296 million. The other components can be pushed back. As part of the discussions with the banks, the Management is trying to raise Php250 million to Php500 million in new facilities.

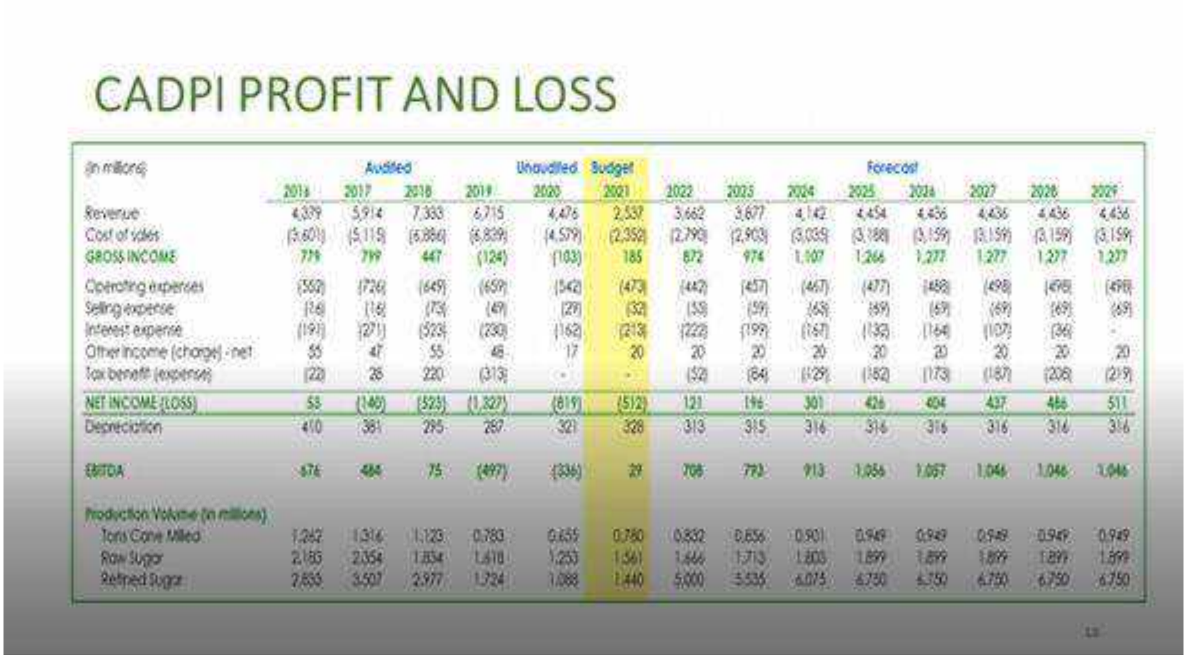


The Group will continue to focus on the cane supply situation in Batangas. A lot of measures have been undertaken to recover what was lost. Hopefully, there will be more canes for FY 2020-2021.



Mindoro is also being studied as a possible source of canes. The Group has identified about 1,000 hectares of land. The Management is still running numbers to check the losses due to expansions. There will be experimental farms to check the viability of this Project. Management will continue to find solutions to the cane supply problem in Nasugbu.

Mr. Dimarucut presented the P&L of CADPI. In 2016 and 2017, CADPI was able to hit about Php800 million in gross margins. That was the time it was able to produce 3.5 million bags of refined sugar. The margins really is in the refinery operations. From 2022, the Management would want to capitalize on the refining capability. Ms. Villanueva mentioned that the drop of the operating expenses from 2020 to 2021 is quite low compared the decrease in revenues. She inquired if this is the lowest CADPI can go. Mr. Dimarucut answered that because the Group is growing the business of CADPI, it does not want to take out some of those structures that are needed to support the business. Management will cut off heavily in the head office. There are plans to reduce the personnel to about 50% considering the SNU businesses. For CADPI, the Management has already rightsized the organization. Ms. Villanueva that based on the comparative date, the drop in the revenue is pretty much the same as the drop in the cost of sales because they are directly proportional. The operating expenses hardly moved. Ms. Veronica C. Cortez (Ms. Cortez) mentioned that this is includes the expenses for the Head Office. Mr. Villanueva inquired if the cost of repairs is included in the operating expenses. Mr. Dimarucut answered that it is includes in the cost of sales and not in the operating expenses.



CADPI PROFIT AND LOSS

(in millions)	Audited				Unaudited	Budget	Forecast							
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Revenue	4,379	5,914	7,333	6,715	4,476	2,537	3,662	3,677	4,142	4,454	4,436	4,436	4,436	4,436
Cost of sales	(3,601)	(5,115)	(6,886)	(6,839)	(4,579)	(2,352)	(2,790)	(2,903)	(3,035)	(3,188)	(3,159)	(3,159)	(3,159)	(3,159)
GROSS INCOME	779	799	447	(124)	(103)	185	872	974	1,107	1,266	1,277	1,277	1,277	1,277
Operating expenses	(552)	(726)	(649)	(659)	(542)	(473)	(442)	(457)	(467)	(477)	(488)	(498)	(498)	(498)
Selling expense	(16)	(16)	(73)	(49)	(29)	(32)	(55)	(59)	(63)	(69)	(69)	(69)	(69)	(69)
Interest expense	(191)	(271)	(523)	(230)	(162)	(213)	(222)	(199)	(167)	(132)	(164)	(107)	(36)	-
Other income (charge) - net	55	47	55	48	17	20	20	20	20	20	20	20	20	20
Tax benefit (expense)	(22)	26	220	(313)	-	-	(52)	(84)	(129)	(182)	(173)	(187)	(208)	(219)
NET INCOME (LOSS)	55	(140)	(523)	(1,327)	(819)	(512)	121	196	301	426	404	437	466	511
Depreciation	410	381	295	287	321	328	313	315	316	316	316	316	316	316
EBITDA	676	484	75	(497)	(336)	29	708	793	913	1,056	1,057	1,046	1,046	1,046
Production Volume (in millions)														
Tons Cane Milled	1.262	1.316	1.123	0.783	0.655	0.780	0.832	0.856	0.901	0.949	0.949	0.949	0.949	0.949
Raw Sugar	2.185	2.354	1.834	1.618	1.253	1.561	1.666	1.713	1.803	1.899	1.899	1.899	1.899	1.899
Refined Sugar	2.833	3.507	2.977	1.724	1.088	1.440	5.000	5.535	6.075	6.750	6.750	6.750	6.750	6.750

Mr. Dimarucut presented the Operating Expenses per subsidiary and the consolidated figures. For 2021, moving forward, the items on CACI and RBC will be eliminated. For the Head Office, it is down from 400 to 271. With regard to CADPI and SCBI, the Management is just maintaining the numbers because over the years, the Management has already pushed this to the level commensurate to the organization requirement of these business units. A significant portion of the 546 is on the salary and wages. These are functions critical to the operations of the plant. This also includes the security services for each plant. Ms. Villanueva asked why there was a decrease in 2020. Mr. Dimarucut mentioned that this will be checked by the Management and will be duly reported to the Audit Committee. Ms. Villanueva commented that if there is a re-organization, Management must take out people and take in people to implement the strategy. Mr. Dimarucut mentioned that the plant size remains to be the same. Ms. Villanueva asked if there are more contracted parties than employees in CADPI. Mr. Dimarucut mentioned that CADPI has already cut down significantly. The breakdown of the manpower figures will be presented later on.

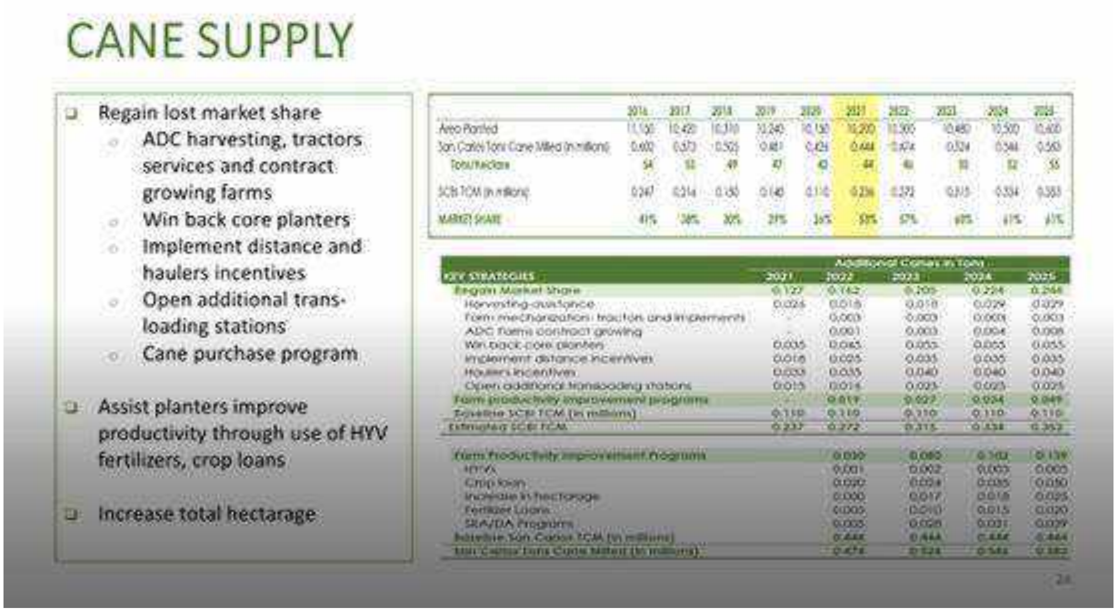
There are opportunities to expand in relation to the beverage and household markets.

Mitr Phol was used as an example because it was able to produce specialty sugar.

For the beverage market, it is the opportunity to produce liquid sugar because CADPI's proximity to these companies is about 150 kilometers. Moreover, this proximity becomes advantageous because of the short shelf life of the product and will be very hard for the competitors to copy.

For SCBI, there will be a shift from the use of molasses to sugar syrup. Along that line, excess bagasse will be produced to support the distillery. SCBI was also able to get a license to produce 70% alcohol which help expand the product line.

There are available canes in the area but the Group needs to rebuild its relationships with the planters. So far, with the program implemented with regard to the equipment, the Management is hopeful that the right amount of canes can be sourced in the area. Mr. Tubio added that the capacity to produce is not that much which stands at 350,000 tons. There are four planters around SCBI. There are nearby plantations as well. What is critical is the pricing. This is the risk in the changing of dynamics of the plans for SCBI. This is doable because of the volume of canes required for it to operate.



Management was able to restore the profitability of SCBI in 2017 and 2018. But when the price of molasses started to climb, SCBI lost some of the margins. In 2020, SCBI was closed down earlier than planned. That is why the level in 2020 is about 14 million liters. This is not enough to cover the operating expenses, thus resulting to a gross loss. The plan is to produce about 20 million liters within a production period of six months. Mr. Richard Chan (Mr. Chan) asked why the ethanol production decreased in 2022. Ms. Cortez answered that there is lower production from molasses because there will be a shift to sugar syrup. In 2021, SCBI will maximize the molasses inventory carried over from the previous period. Mr. Hilado asked if it is in SCBI where the RHI goodwill discussion was made. Mr. Dimarucut affirmed and he mentioned that considering the amount of losses, the Management has decided to impair the goodwill.

SCBI PROFIT AND LOSS

(in millions)	Audited				Unaudited	Budget	Forecast							
	2016	2017*	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Revenue	2,144	1,614	1,917	2,159	1,310	1,298	1,206	1,297	1,385	1,458	1,462	1,467	1,467	1,467
Cost of sales	(2,049)	(1,541)	(1,774)	(2,082)	(1,405)	(1,206)	(1,039)	(1,017)	(1,032)	(1,083)	(1,088)	(1,083)	(1,083)	(1,083)
GROSS INCOME	96	73	144	77	(95)	91	167	279	353	375	374	384	384	384
Operating expenses	(52)	(35)	(56)	(54)	(60)	(59)	(53)	(52)	(52)	(52)	(53)	(54)	(54)	(54)
Interest expense	(56)	-	-	(30)	(37)	(12)	-	-	-	(0)	(0)	(0)	-	-
Other income (charge) - net	(9)	11	25	9	7	3	3	3	3	3	3	3	3	3
Tax benefit (expense)	(5)	(6)	(10)	(1)	-	(5)	(9)	(15)	(17)	(19)	(19)	(20)	(20)	(20)
NET INCOME (LOSS)	(27)	43	105	(0)	(186)	19	108	215	266	305	304	313	313	313
Depreciation	127	103	105	109	133	125	127	128	129	130	130	130	130	130
EBITDA	161	153	220	141	(15)	160	244	357	413	455	454	463	463	463
*9 months short period FS due to change in fiscal year														
Production Volume (in millions)														
Tons Cane Milled	0.247	0.216	0.150	0.141	0.123	0.236	0.272	0.324	0.326	0.353	0.353	0.353	0.353	0.353
Ethanol	38.929	35.439	30.114	29.976	14.359	20.638	18.841	20.116	21.461	22.529	22.529	22.529	22.529	22.529
From Sugar Syrup	13.146	11.268	1.143	2.421	6.190	14.713	16.210	18.764	19.886	21.014	21.014	21.014	21.014	21.014
From Molasses	25.783	24.171	28.971	27.556	8.169	5.925	2.632	1.352	1.575	1.514	1.514	1.514	1.514	1.514

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The loss on the sale of SCBI amounting to about Php1 billion is shown in the consolidated figures as non-recurring. The Php500 million depreciation of CADPI is also shown. He added that reduction in the manpower cost in 2020 is in relation to the South Negros Units. In 2021, the Group will let go of about 45 people in the head office. The cost of that is about Php60 million. Mr. Chan inquired if the Php60 million will be shown as a non-recurring loss in 2021. Ms. Cortez answered that this will be covered by the accrual already.

Mr. Dimarucut continued to discuss that the gross income from Negros is about Php193 million in 2020 but will no longer be there moving forward. But the amount of expenses went down from Pjp910 million to about Php546 million. The interest will go down from Php646 million to Php316 million. The reduction on the operating expenses and the interest is more than loss on the gross income on the assets of the business units sold.

PROFIT AND LOSS

- Improved gross margin
  - CADPI - higher tons canes milled and improved refinery yield resulting to lower manufacturing cost per 50 kg bag
  - SCBI – use of sugar syrup as main feedstock (opportunistic use of molasses), increased tons canes milled resulting to higher bagasse generated and maximized power export to the Grid
- Restructured operating expenses
- Lower financing cost

(in millions)	Audited				Unaudited	Budget	Forecast							
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Gross Income	1,073	1,489	1,264	540	308	376	1,109	1,250	1,440	1,440	1,452	1,462	1,460	1,460
Batangas	779	799	468	(174)	210	185	673	974	1,107	1,266	1,077	1,077	1,077	1,077
San Carlos	95	54	264	77	(95)	91	167	279	333	375	374	384	384	384
Negros	199	397	533	(106)	193	-	-	-	-	-	-	-	-	-
Operating expenses	(896)	(1,006)	(901)	(946)	(910)	(546)	(510)	(524)	(535)	(541)	(538)	(549)	(549)	(549)
Selling expenses	(69)	(58)	(94)	(64)	(52)	(32)	(55)	(59)	(63)	(69)	(69)	(69)	(69)	(69)
Interest expense	(383)	(444)	(502)	(706)	(646)	(316)	(302)	(273)	(242)	(207)	(164)	(117)	(36)	-
Share in HPCo earnings	212	68	56	41	2	-	-	-	-	-	-	-	-	-
Other income - net	90	94	125	70	90	33	33	33	33	33	33	33	33	33
Tax benefit (expense)	75	72	(46)	(20)	-	(15)	(46)	(85)	(113)	(169)	(202)	(214)	(214)	(214)
CORE NET INCOME (LOSS)	100	120	65	(1,060)	(1,266)	(549)	171	342	[illegible]	[illegible]	713	754	835	861
NONRECURRING LOSS	-	-	-	(424)	(2,509)	-	-	-	-	-	-	-	-	-
Depreciation	526	951	777	571	557	475	407	407	465	466	464	464	465	465
CORE EBITDA	1,326	1,503	1,158	32	(106)	259	906	1,180	1,360	1,548	1,544	1,563	1,580	1,580

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Mr. Dimarucut presented a more detailed slide on the operating expenses:

OPERATING EXPENSES

(In millions)	Audited				Unaudited	Budget	Forecast							
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Head Office	381	451	405	402	400	271	250	258	264	270	277	283	283	283
Plant:														
CADPI	159	228	201	193	173	202	192	199	203	207	211	215	215	215
SCBI	60	54	64	69	73	59	53	52	52	53	53	54	54	54
ADC	22	22	22	22	8	14	15	15	16	16	16	17	17	17
CACI	214	209	191	212	205	-	-	-	-	-	-	-	-	-
RBC	61	44	47	48	52	-	-	-	-	-	-	-	-	-
Total	896	1,008	931	946	910	546	510	524	535	546	558	569	569	569

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For the debt and interest expense, as mentioned, the Php4.7 billion short term loans are with BPI, BDO and Land Bank. These are intended to be termed out for seven years with two years grace period. Assuming that the Group is successful, then it can comfortably service these. The Management is currently working on a short term facility to help the Group with the 2020-2021 period.

DEBT AND INTEREST EXPENSE

- P4.9B 2020 principal payments
  - proceeds from sale of CACI/RBC assets and investment in HP Co shares
  - Long term debt fully paid as of 30 September 2020
- P4.75B short term loans proposed for term out
- New short term facility OR extension of existing short term facility

In millions	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Term Out Loans	4,750	-	-	(475)	(475)	(713)	(713)	(2,375)	-	-
BPI	2,000			(200)	(200)	(300)	(300)	(1,000)		
BDO	1,500			(150)	(150)	(225)	(225)	(750)		
Landbank	1,250			(125)	(125)	(188)	(188)	(625)		
Short term	621	(221)	(250)	(150)	-	-	-	-	-	-
New	-	250	(250)	-	-	-	-	-	-	-
Existing	621	(471)	-	(150)	-	-	-	-	-	-
BOC	404	(404)								
MB	217	(67)		(150)						
Refinancing								1,200	(1,200)	
BALANCE - END	5,371	5,150	4,900	4,275	3,800	3,088	2,375	1,200	-	-
Balance beginning		5,371	5,150	4,900	4,275	3,800	3,088	2,375	1,200	-
Availment		250						1,200		
Repayment		(471)	(250)	(625)	(475)	(713)	(713)	(2,375)	(1,200)	-
ESTIMATED INTEREST		316	302	275	242	207	164	107	36	-
TOTAL DEBT SERVICING		536	552	900	717	913	876	1,282	1,236	-
DSCR		0.41	1.10	1.65	1.48	1.76	1.30	1.25	-	
DEBT TO EBITDA	times	22.89	4.96	3.60	2.79	2.00	1.54	0.78	-	-

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In terms of cashflow, the Management hopes to give a better EBITDA to service principal repayments and interest. Hopefully, after eight years, the Group will be debt free.

CASH FLOWS

- 2021 capital expenditures includes cost of CADPI boiler project to support extended refinery operations
- P4.75B Term out loans
  - 2 years grace period until 2022
  - 50% amortization, 50% lump sum payment in 2027

in millions	2021	2022	2023	2024	2025	2026	2027	2028	2029
EBITDA	224	986	1,188	1,360	1,545	1,544	1,543	1,543	1,543
Capital expenditure	(378)	(319)	(346)	(317)	(250)	(250)	(250)	(250)	(250)
Free cash flow	(154)	668	839	1,043	1,295	1,294	1,293	1,293	1,295
Debt servicing	(536)	(552)	(900)	(717)	(919)	(876)	(1,282)	(1,236)	-
Principal	(221)	(250)	(625)	(475)	(713)	(713)	(1,175)	(1,200)	-
Interest	(314)	(302)	(275)	(242)	(207)	(164)	(107)	(36)	-
Net working capital	36	(1)	-	(300)	(300)	(400)	-	-	-
Receivables/inventories									
Sugar	207	(100)	-	(300)	(300)	(400)	-	-	-
Alcohol	576	-	-	-	-	-	-	-	-
OSR - LRC	250	-	-	-	-	-	-	-	-
Roval input VAT	-	100	-	-	-	-	-	-	-
Payables									
Trade payables	(350)	-	-	-	-	-	-	-	-
MRP	(367)	-	-	-	-	-	-	-	-
VAT	(250)	-	-	-	-	-	-	-	-
Net change in cash	(654)	116	(61)	26	76	18	11	57	1,295
CASH BALANCE	196	312	250	276	352	369	380	437	1,729
Beginning	850	196	312	250	276	352	369	380	437

As for the Balance sheet, assuming the loans will be termed out, the current ratio will be much better. The debt to equity will be 60:40, which is within the 70:30 financial covenant with the bank.

BALANCE SHEET

(in millions)	Audited				Unaudited	Budget	Forecast							
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Current assets	4,484	6,198	15,711	11,540	4,232	2,510	2,580	2,455	2,627	2,814	3,031	2,825	2,666	3,742
Cash	706	571	295	438	850	196	312	250	276	352	369	380	437	1,729
Trade and other receivables	1,331	2,255	3,040	1,356	1,170	107	207	207	507	807	1,207	1,207	1,207	1,207
Inventories	1,602	2,540	2,646	1,206	318	318	318	318	318	318	318	318	318	318
Other current assets	847	829	1,204	1,285	1,894	1,889	1,744	1,659	1,526	1,338	1,136	920	704	488
Assets held for sale	-	-	6,525	7,255	-	-	-	-	-	-	-	-		
Noncurrent assets	17,174	17,698	11,820	10,378	9,494	9,399	9,258	9,141	8,993	8,777	8,561	8,345	8,129	7,913
Property, plant and equipment	14,712	15,049	8,972	9,000	9,144	9,049	8,908	8,791	8,643	8,427	8,211	7,995	7,779	7,563
Investment and goodwill	2,049	2,036	2,070	1,080	-	-	-	-	-	-	-	-	-	-
Other noncurrent assets	413	613	777	298	350	350	350	350	350	350	350	350	350	350
Total Assets	21,658	23,894	25,531	21,917	13,726	11,909	11,839	11,576	11,620	11,591	11,593	11,170	10,795	11,655
Current liabilities	4,368	7,033	14,331	9,357	7,128	1,130	1,355	1,205	1,443	1,443	3,105	1,930	730	730
Short term borrowings	2,914	4,608	6,211	6,717	5,371	400	150	-	-	-	-	1,200	-	-
Current portion of long term borrowings	380	1,235	4,813	848	-	-	475	475	713	713	2,375	-	-	-
Trade and other payables	1,074	1,190	1,907	1,177	1,757	730	730	730	730	730	730	730	730	730
Liabilities associated with assets held for sale	-	-	1,400	414	-	-	-	-	-	-	-	-		
Noncurrent liabilities	7,516	6,119	437	3,396	1,151	5,901	5,426	4,951	4,238	3,526	1,151	1,151	1,151	1,151
Long-term borrowings - net of current	6,056	4,621	-	2,722	-	4,750	4,275	3,800	3,088	2,375	-	-	-	-
Other noncurrent liabilities	1,461	1,498	437	673	1,151	1,151	1,151	1,151	1,151	1,151	1,151	1,151	1,151	1,151
Equity	9,774	10,544	10,763	9,164	5,447	4,878	5,057	5,420	5,938	6,622	7,338	8,088	8,913	9,774
Total Liabilities and Equity	21,658	23,894	25,531	21,917	13,726	11,909	11,839	11,576	11,620	11,591	11,593	11,170	10,795	11,655
Bank Debt	9,350	10,464	11,034	10,287	5,371	5,150	4,900	4,275	3,800	3,088	2,375	1,200	-	-

Mr. Dimarucut ended his presentation by saying that the Management will circulate the details of the operating expenses to the members of the Audit Committee before the Meeting of the Board of Directors.

V

INTERNAL AUDIT PRESENTATION

Atty. Rabara-Retardo presented the results of the Audit Committee Self-Assessment Survey on behalf of the Internal Audit Group which was already circulated to the members before the meeting. Atty. Rabara-Retardo mentioned that the results will be presented to the Board of Directors as well.

VI

ADJOURNMENT

There being no other matters to discuss, on motion made and seconded, the meeting was thereupon adjourned.

ROXAS HOLDINGS, INC.
MINUTES OF THE REGULAR MEETING OF
THE AUDIT & RISK COMMITEE

Held Online via Microsoft Teams on December 14, 2020 at 2:00 in the afternoon.

ATTENDANCE:

Present:

Ms. ARLYN S. VILLANUEVA
Mr. CHRISTOPHER H. YOUNG
Mr. OSCAR J. HILADO

Others Present:

Mr. CELSO T. DIMARUCUT
Mr. RICHARD CHAN
Ms. VERONICA C. CORTEZ
Atty. MA. HAZEL L. RABARA-RETARDO
Ms. JOSEPHINE LOGRONO
Atty. AIMEE E. PEDAYO
Ms. AILEEN L. SARINGAN
Mr. KRISTOPHER S. CATALAN
Ms. ANGELINA C. CABRERA
Mr. HENRY M. TAN
Ms. FELINOR G. PASCUA
Mr. GERALD C. TOBIAS
Mr. JERICHO M. JOSE
Ms. LEA O. IBARBIA
Ms. MARIAN VIVIAN C. RUIZ

I
CALL TO ORDER

The Chairperson, Ms. Arlyn S. Villanueva (Ms. Villanueva), called the meeting of the Committee to order. In view of the conduct of the meeting through remote communication, the Asst. Corporate Secretary, Atty. Hazel L. Rabara (Atty. Rabara-Retardo) read the rules of the meeting and proceeded to disclose the names of the people present in the meeting through Microsoft Teams. Thereafter, Atty. Rabara-Retardo certified the existence of a quorum and recorded the Minutes of the Meeting.

II
APPROVAL OF THE MINUTES OF THE PREVIOUS MEETING AND MATTERS ARISING FROM THE PREVIOUS MEETING

Ms. Villanueva presented the Minutes of the last Audit Committee held on 22 October 2020 and stated that the copy of the Minutes of the Meeting was circulated to all members of the Committee prior to the meeting for their review.

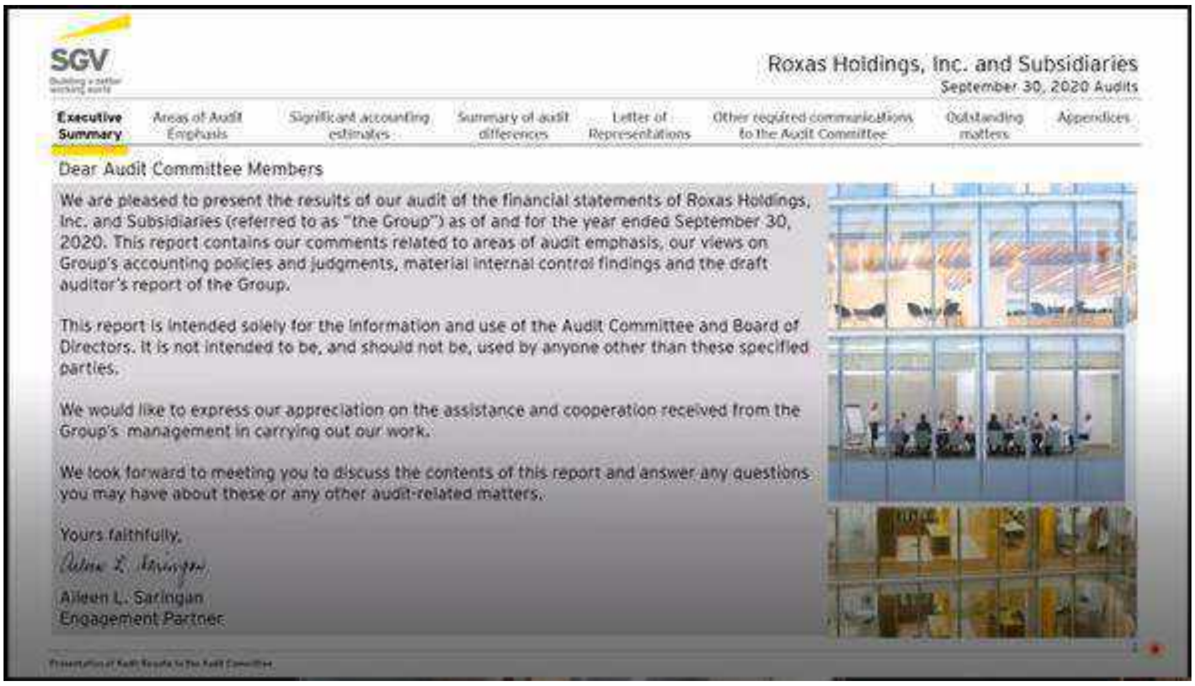
On motion duly made and seconded, the Committee approved the Minutes as presented.

There were no matters arising from the minutes of the previous meeting.

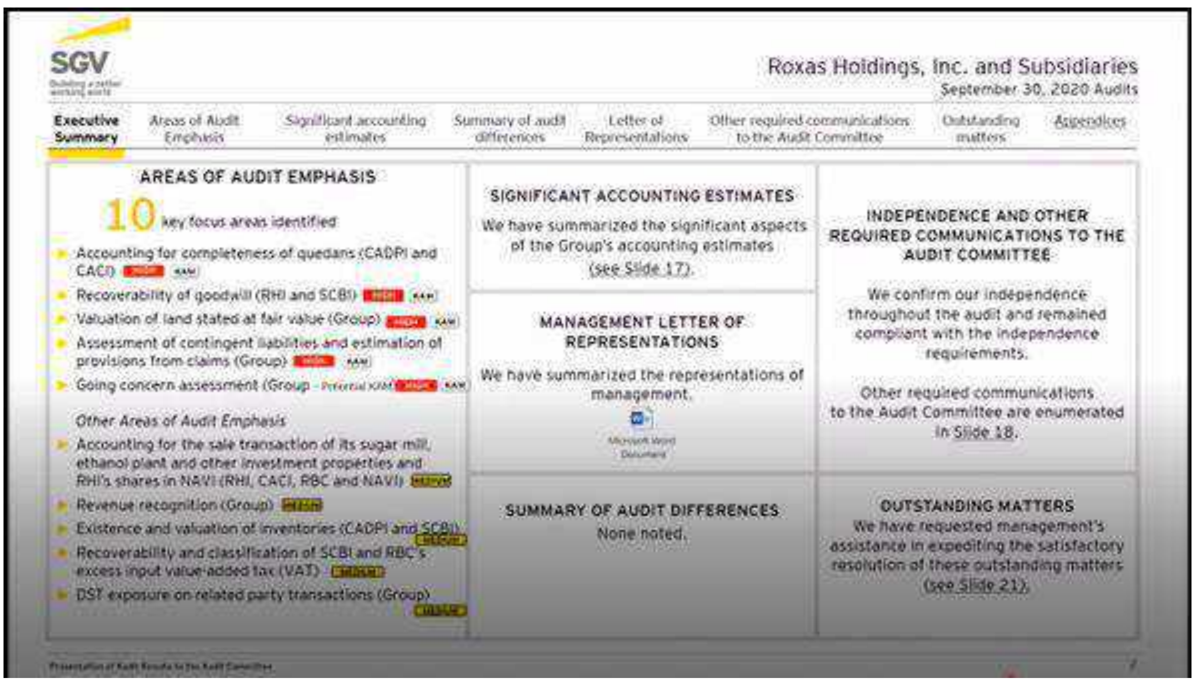
III
EXTERNAL AUDITOR (SGV & CO.) PRESENTATION

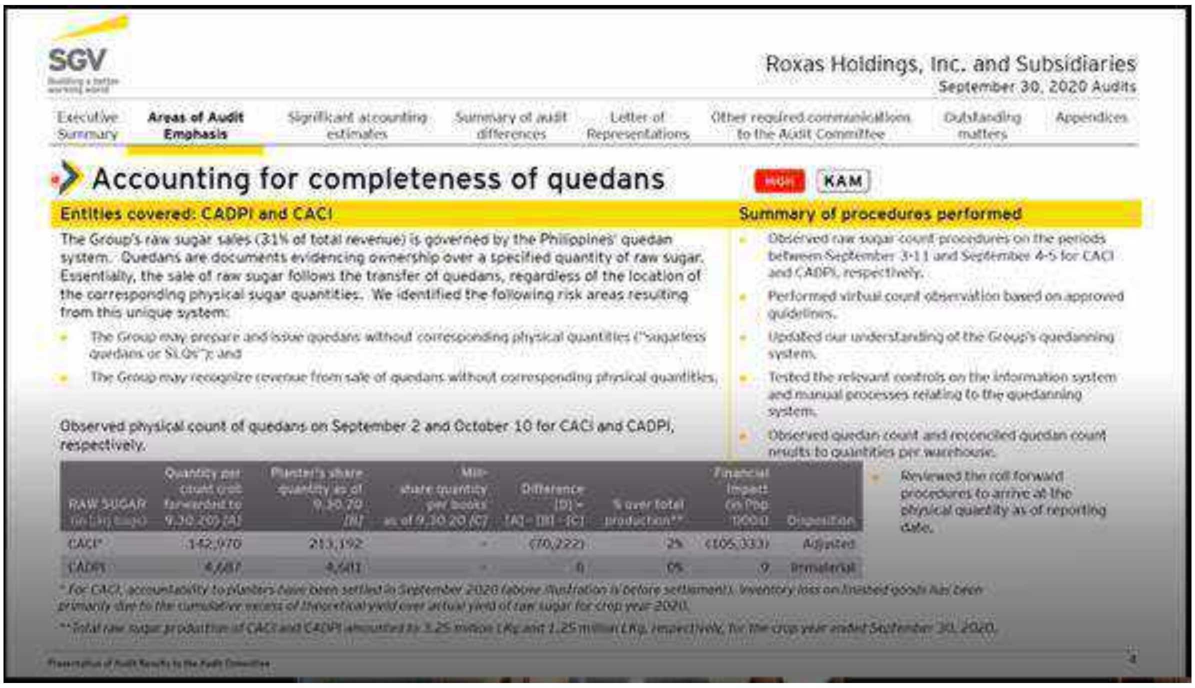
Ms. Aileen L. Saringan (Ms. Saringan) presented the audit results for SGV & Co. (SGV) for the year ended September 30, 2020.

The cover letter for the report was presented:

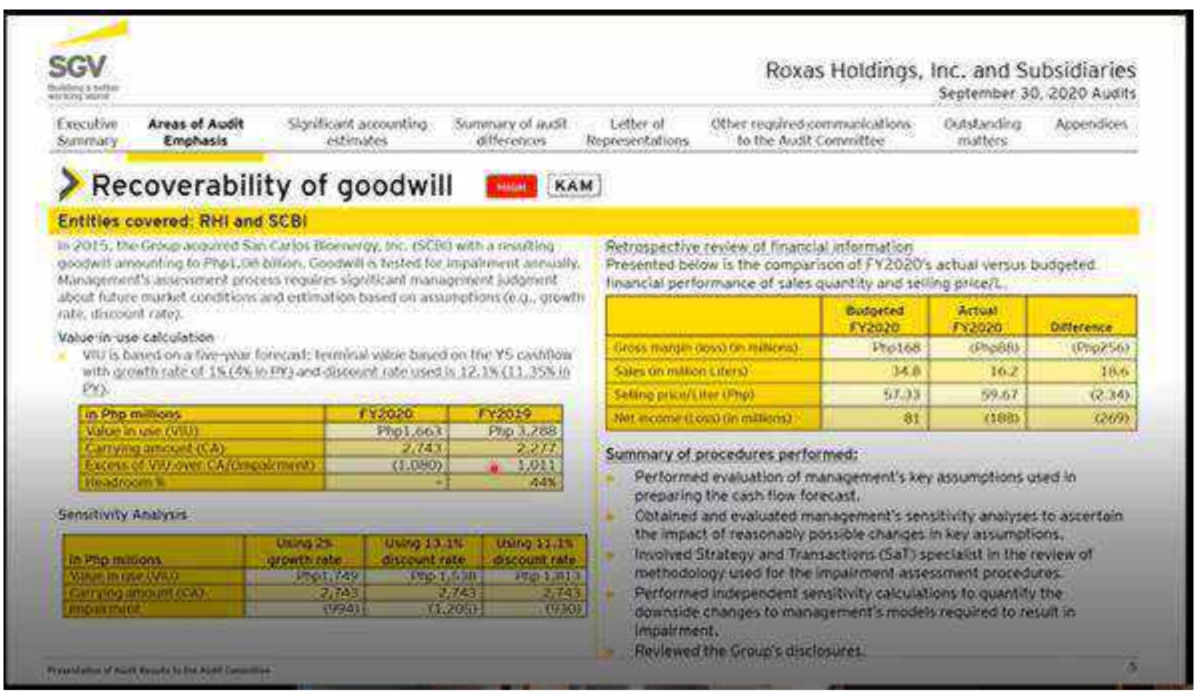


Ms. Saringan presented the Areas of Audit Emphasis and mentioned that this is divided in two sections. There are 10 items identified as key focus areas. The first 5 items are the areas of audit emphasis while the bottom 5 are the other areas of audit emphasis. These are the same items discussed during the planning presentation with the Committee. She added that she will also present the significant accounting estimates, management letter of representations, summary of audit differences, independence and other required communications to the audit committee and other outstanding matters.

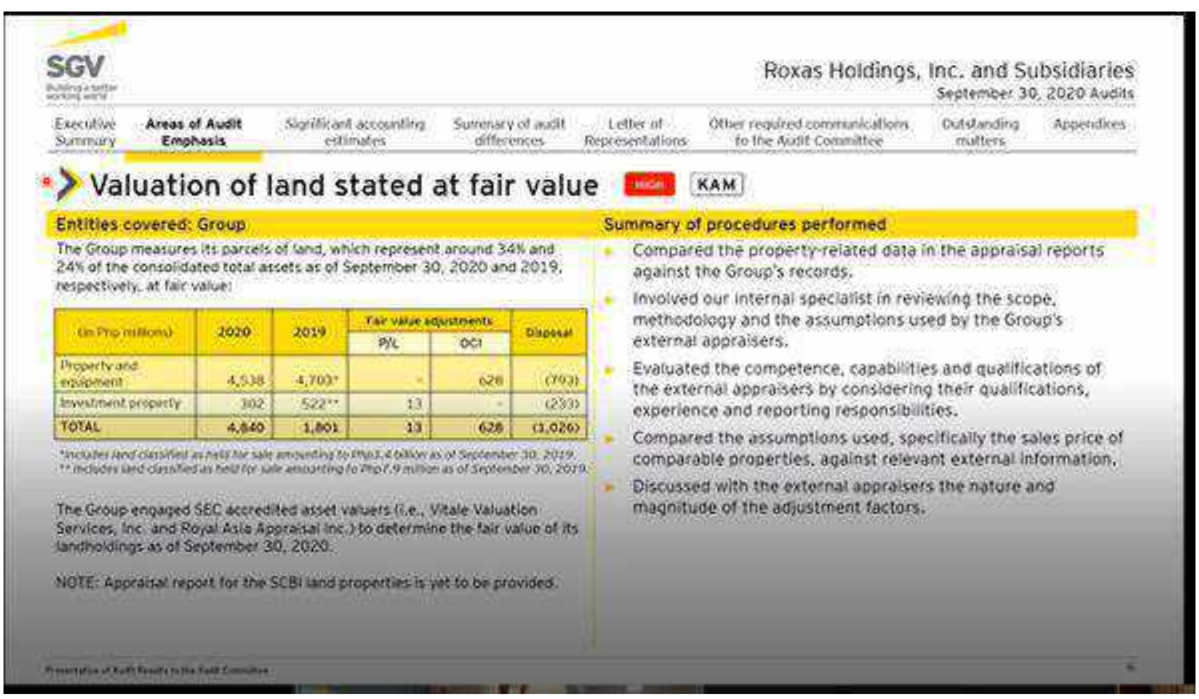




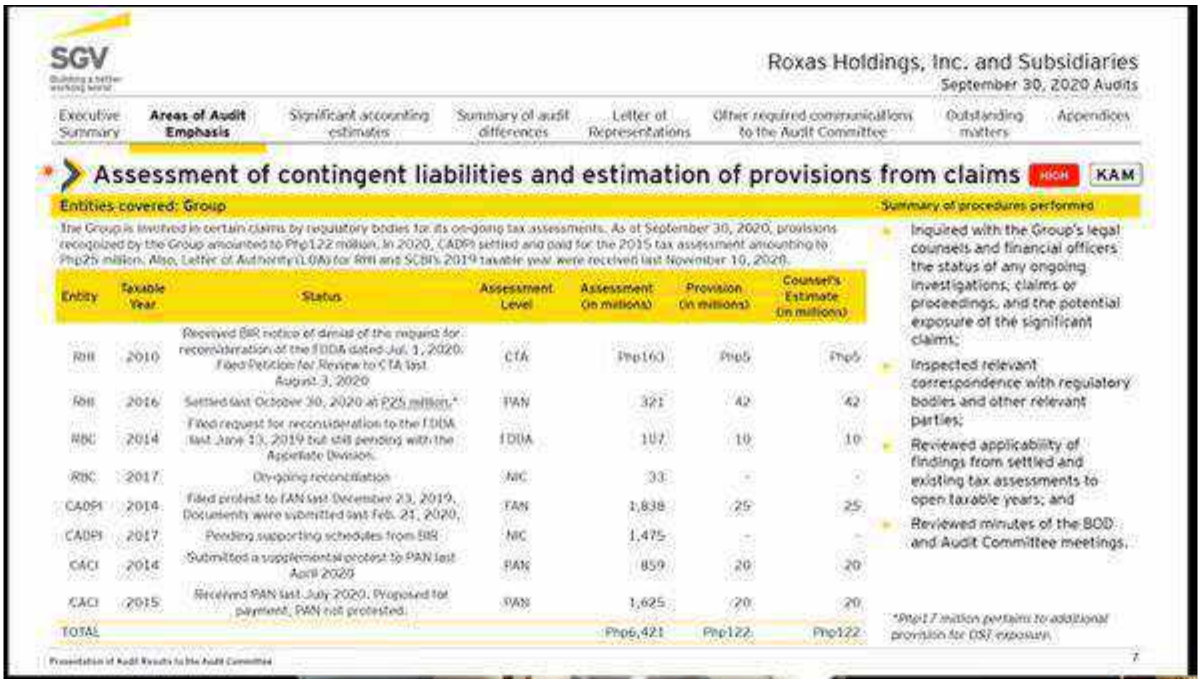
Ms. Saringan mentioned that this item has been covered by SGV since the previous year. This is related to the quedan system which is unique to the Philippines. Right now, the quedan sales are 31% of the total sales. This is significant. What SGV did was to conduct a virtual count observation for the inventory taking that was performed last September 2020. The inclusive dates were listed in relation to the inventory taking done for Central Azucarera Don Pedro, Inc. (CADPI) Central Azucarera De La Carlota, Inc. (CACI) and the bioethanol plants. SGV has updated their understanding of the roll forward activity that was performed by Management. SGV also did accountability checking on the actions taken by Management. She also presented the results of the count and the figures reflected in the books based on the count made. For CACI, there is a difference of 70,222 LKg which is about 2% over total production. This has been recognized and adjusted in the books. This was due to the difference in the theoretical rate and the actual figures reflected in the books. Since the sale happened as of September 30, 2020, everything has been accounted for by Management and adjusted in the books. Management has paid all the outstanding accountabilities to the cane owners. For CADPI, there is a very small difference at 6 LKg which is very insignificant. Mr. Oscar J. Hilado (Mr. Hilado) inquired if there are outstanding quedans. Mr. Saringan answered that there are no outstanding quedans because the Company shouldered whatever shortage there was in the count. Mr. Hilado inquired about CADPI and whether it was still milling when the count was made. Ms. Saringan answered that milling and refining were done already when the count was made.



Ms. Saringan continued by discussing the recoverability of goodwill. There is goodwill in relation to the investment in San Carlos Bioenergy, Inc. (SCBI). Last year, the figure was Php3 billion in value in use and has gone down to Php1.6 billion. There is now an impairment on the corresponding goodwill recorded in the books. The reason for this is the decline in growth rate wherein SCBI has gone down to 1%. The projection made by Management is that the reasonable growth for SCBI is at 1%, from previous 4% given the demand in ethanol. There are also concerns on the price of molasses and that is why Management has decided to convert to the use of cane syrup and that would also entail changes in the output that is expected in the coming year. There is also a comparison between the budget for Fiscal year 2020 and Actual figures for the same period. There was a decline in terms of the gross margins and the sales. Management has adjusted the corresponding excess of the carrying amount as against the VIU, in the amount of Php1.0 billion. This was already considered by SGV in reviewing the projections and assumptions made by Management. SGV also considered the sensitivity of the information used and the disclosures made by Management regarding this item. Mr. Hilado confirmed if this actually applies to SCBI's acquisition. Ms. Saringan explained that effectively, the Group acquired SCBI with a significant goodwill. Mr. Hilado asked the value when it was acquired. The CFO, Mr. Celso Dimarucut (Mr. Dimarucut) answered that the carrying value that was paid was about Php2.7 billion which includes Php1.0 billion goodwill. To put it in proper perspective, Mr. Dimarucut added that when the Group bought SCBI, Roxol Bioenergy Corporation (RBC) was already operational. RBC was doing good in terms of profitability. The margins of ethanol on a per liter basis was close to Php11.00-Php12.00 at that time. This was when the price of molasses was below Php5,000.00. That, to a certain extent, encouraged the Group to expand its ethanol business, thus, acquired SCBI last May 2015. Unfortunately, in terms of the market conditions, there have been changes since then. Particularly, there has been a deterioration in the overall margins. Last year, the price of molasses went up to as high as Php14,000.00 per ton. Due to the lockdowns and early shut down, the result was a gross loss. It went as low as Php2.00 per liter. That was not enough to cover the fixed cost. That is also the reason why in the budget presentation, the plan is to shift to the use of cane syrup which has a more stable price right now. There would be less investment on the part of SCBI to stock up on molasses. Right now, looking at the performance during the earlier period, SCBI is doing okay. That said, there is a need to limit the production for the full year to coincide with the milling (unlike before, when we use molasses, SCBI can produce for the whole year). This will not mean that SCBI will not produce ethanol for the remainder of the year, but only that it will employ an opportunistic approach to production depending on the price of molasses. That means that the total output of SCBI would be lesser. Thus, it may be more prudent to take the impairment now. Mr. Hilado inquired if the carrying value will go down to Php1.663 billion due to the impairment. Mr. Dimarucut affirmed. Mr. Hilado inquired about the purchase price in SCBI acquisition. Mr. Dimarucut answered that the cash price was about Php1.7 billion. There are certain liabilities inside SCBI and on top of that amount, the Group had to extend advances to SCBI. Mr. Hilado inquired if the acquisition was financed entirely by debt. Mr. Dimarucut confirmed and added that this caused the debt level of RHI to balloon in 2015.



Ms. Saringan proceeded to discuss the valuation of land stated at fair value. The property and equipment have a combined Php4.5 billion value. The investment property is valued at Php302 million. That in a way caused the increase in Other Comprehensive Income (OCI) by Php628 million. The amount of property and equipment is also reduced by the sale of property in CACI and Roxol Bioenergy Corporation (RBC). The appraisal report was prepared by an SEC-accredited third party assessor, and SGV checked the reasonableness of the assumption stated in the report. SGV also evaluated the competence of the appraiser. SGV also had discussions with the appraiser for the evaluation of the factors used in preparing the report. Management has already recognized the values presented as of September 30, 2020.



SGV

Roxas Holdings, Inc. and Subsidiaries

September 30, 2020 Audits

Executive Summary | **Areas of Audit Emphasis** | Significant accounting estimates | Summary of audit differences | Letter of Representations | Other required communications to the Audit Committee | Outstanding matters | Appendices

Assessment of contingent liabilities and estimation of provisions from claims HIGH KAM

Entities covered: Group

The Group is involved in certain claims by regulatory bodies for its on-going tax assessments. As at September 30, 2020, provisions recognized by the Group amounted to Php122 million. In 2020, CADPI settled and paid for the 2015 tax assessment amounting to Php25 million. Also, Letter of Authority (LOA) for RHI and SCBI's 2019 taxable year were received last November 10, 2020.

Entity	Taxable Year	Status	Assessment Level	Assessment (in millions)	Provision (in millions)	Counsel's Estimate (in millions)
RHI	2010	Received BIR notice of denial of the request for reconsideration of the FDDA dated Jul. 1, 2020. Filed Petition for Review to CTA last August 3, 2020	CTA	Php163	Php5	Php5
RHI	2016	Settled last October 30, 2020 at P25 million.*	PAN	321	42	42
RBC	2014	Filed request for reconsideration to the FDDA last June 13, 2019 but still pending with the Appellate Division.	FDDA	107	10	10
RBC	2017	On-going reconciliation	NIC	33	-	-
CADPI	2014	Filed protest to FAN last December 23, 2019. Documents were submitted last Feb. 21, 2020.	FAN	1,838	25	25
CADPI	2017	Pending supporting schedules from BIR	NIC	1,475	-	-
CACI	2014	Submitted a supplemental protest to PAN last April 2020	PAN	859	20	20
CACI	2015	Received PAN last July 2020. Proposed for payment. PAN not protested.	PAN	1,625	20	20
TOTAL				Php6,421	Php122	Php122

Summary of procedures performed

- Inquired with the Group's legal counsels and financial officers the status of any ongoing investigations, claims or proceedings, and the potential exposure of the significant claims;
- Inspected relevant correspondence with regulatory bodies and other relevant parties;
- Reviewed applicability of findings from settled and existing tax assessments to open taxable years; and
- Reviewed minutes of the BOD and Audit Committee meetings.

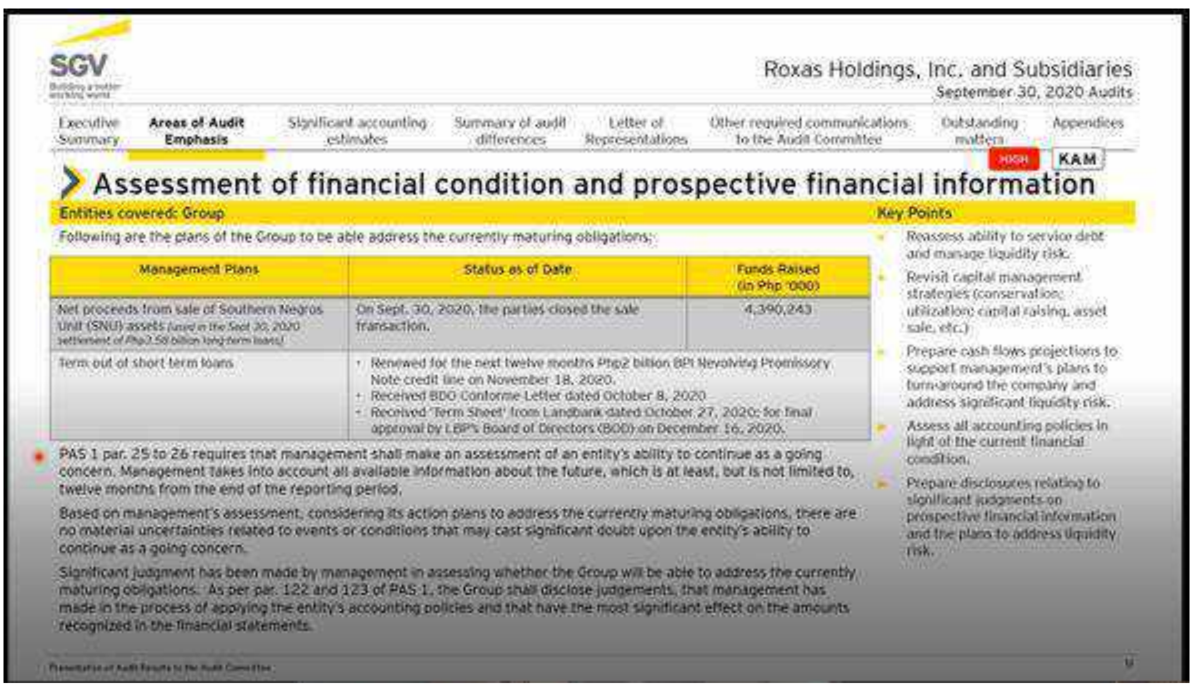
*Php17 million pertains to additional provision for DST exposure.

Presentation of Audit Results to the Audit Committee

7

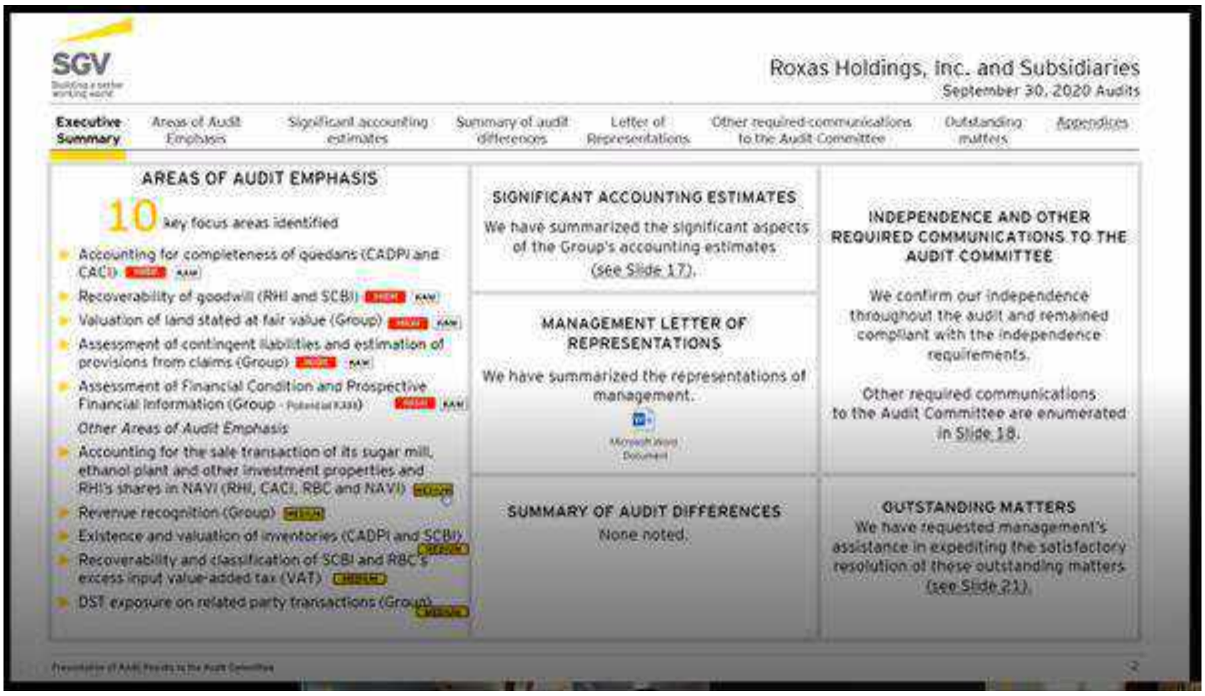
As an update, the Management was able to settle assessments pertaining to RHI in 2016. It was settled at a smaller amount as compared to what was recognized in the books of Php42 million. The settlement was at Php25 million and the excess will be allocated to the potential liability on documentary stamp taxes (DST). This is also an area that the Bureau of Internal Revenue (BIR) is considering in their examination. SGV inspected the relevant correspondence and supporting documents that would back up Management's position on items being questioned by BIR. SGV also studied the findings made by BIR on the open years, as well as the audit committee discussions on the contingent liabilities. The amount of provision of Php122 million is deemed adequate by Management to support the potential exposure on tax contingencies. Mr. Hilado asked who the tax counsels are. Mr. Dimarucut answered that the Group engaged Baniqued and Reyes Tacandong.

Ms. Saringan proceeded to the assessment of financial condition and prospective financial information. Based on the financial statements of the Company as of September 30, 2020, the Group has working capital (net current liabilities) of Php2.8 billion and the net liquidity position of Php4.7 billion. The value of assets is lower because of the sale of the SNU assets. There is also a decrease in the revenue from continuing operations because it only pertains to CADPI and SCBI. The revenue from discontinued operations is pertaining to CACI and RBC. There is now a net loss from continuing operations of about Php2.3 billion and net loss from discontinued operations of about Php1.4 billion. The operating cash flow is positive at Php856 million. Ms. Saringan shared the guidelines in the assessment of the going concern as required by the Philippine Standards on Auditing (PSA) 570. Under this standard, SGV is required to consider whether there are events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. Given the ratios and results of financial condition show in the above table, she presented the indicators which warrant careful assessment by Management. If there are material uncertainties existing, then that would have an impact on the auditor's report. There is no material uncertainty that is being considered but there is a consideration as to the disclosure of this information in the financial statement with a particular audit matter that SGV has.

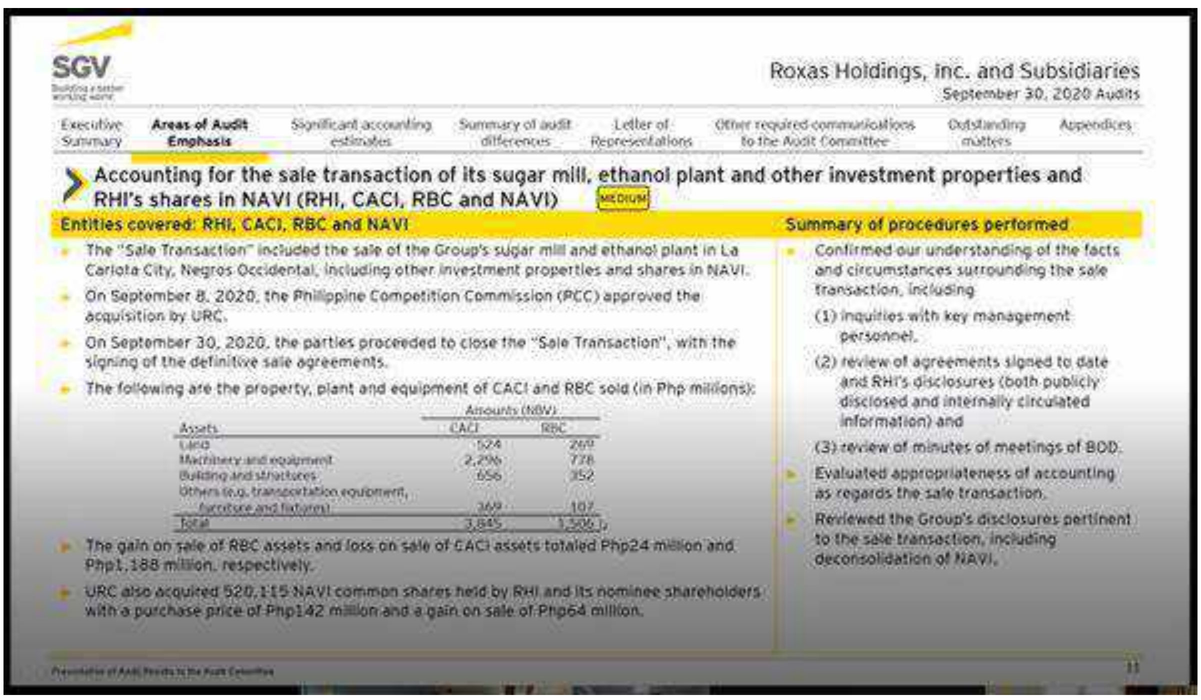


Ms. Saringan also presented the measures that Management has put in. This includes the sale of the South Negros Assets amounting to Php4.4 billion after consideration of all assets and this was concluded last September 30, 2020. This is already considered in the financial position as of

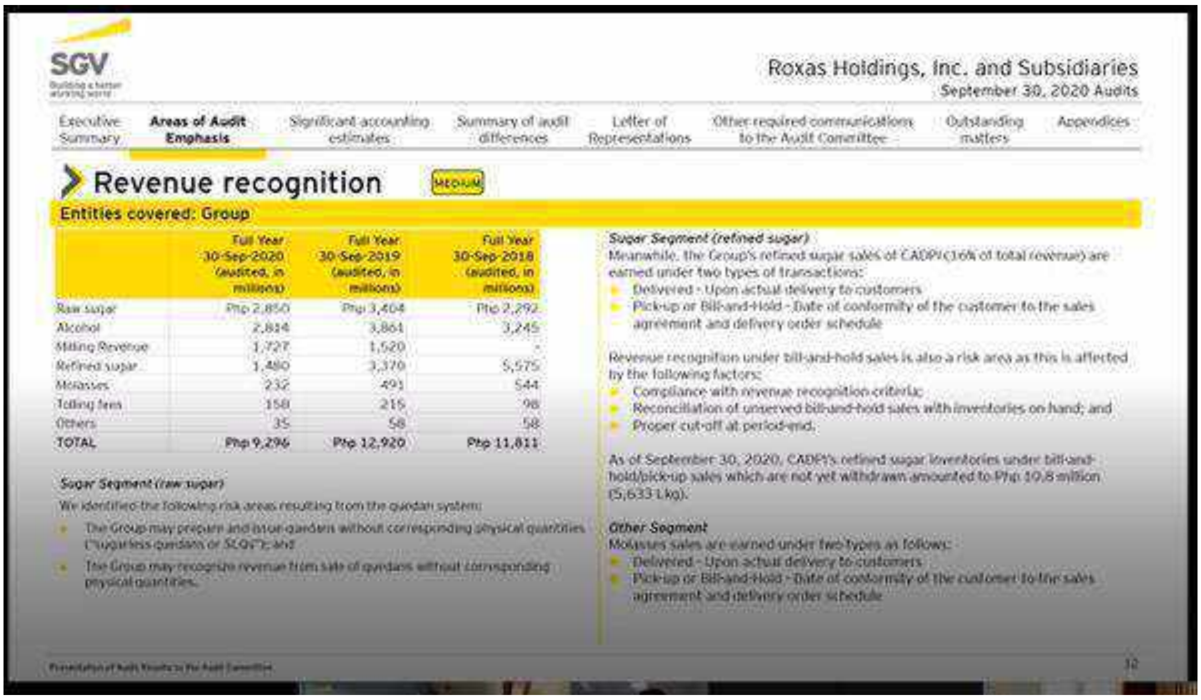
September 30, 2020. In terms of the short-term loans, the same will be termed out by Management. SGV reviewed the documents provided by the bank for the term out of the short-term loans. There are ongoing negotiations for the finalization of the terms. Management has already received the term sheets and the conforme from the bank. The management was directed to discuss with the auditor the appropriate wording with respect to Areas of Audit Emphasis.

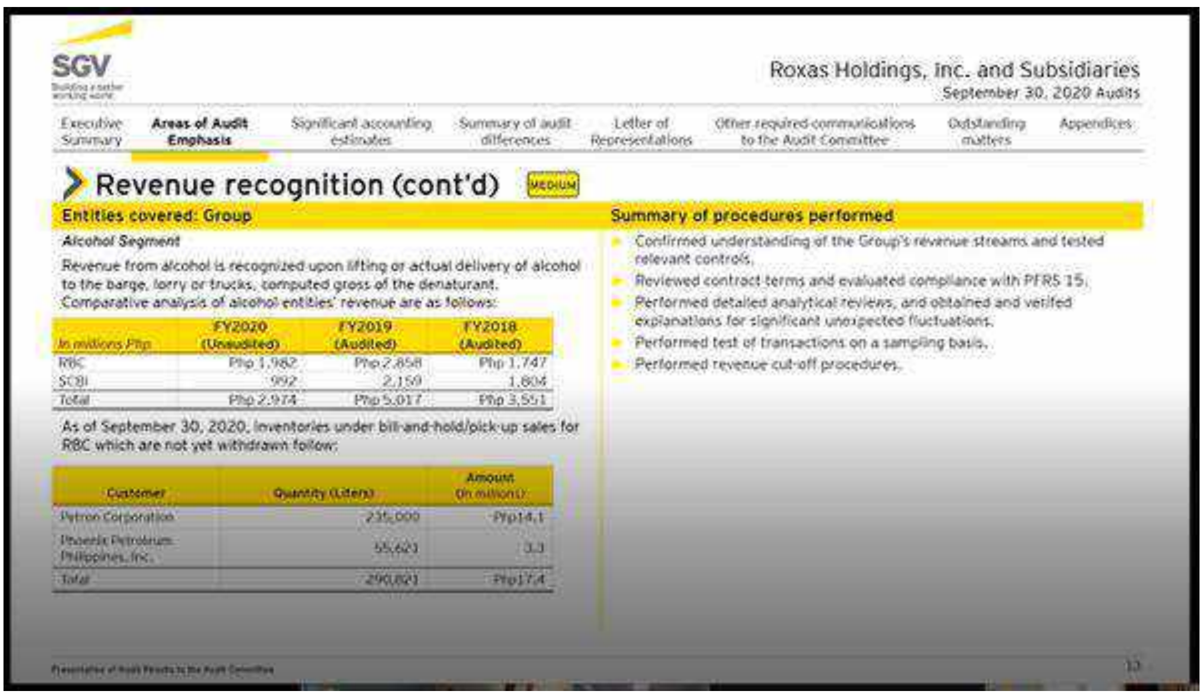


Ms. Saringan proceeded to discuss the other areas not included in the key audit matters. This includes the accounting for the sale transaction.

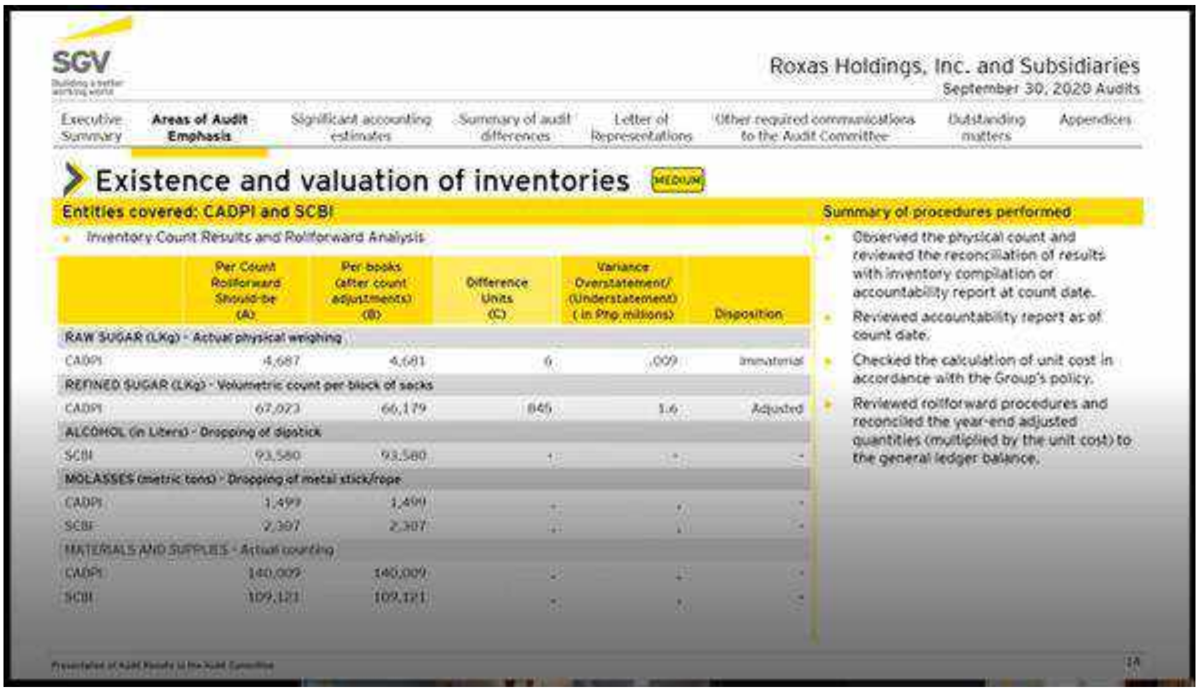


SGV reviewed the signed agreements and checked the accounting entries in relation to this transaction.

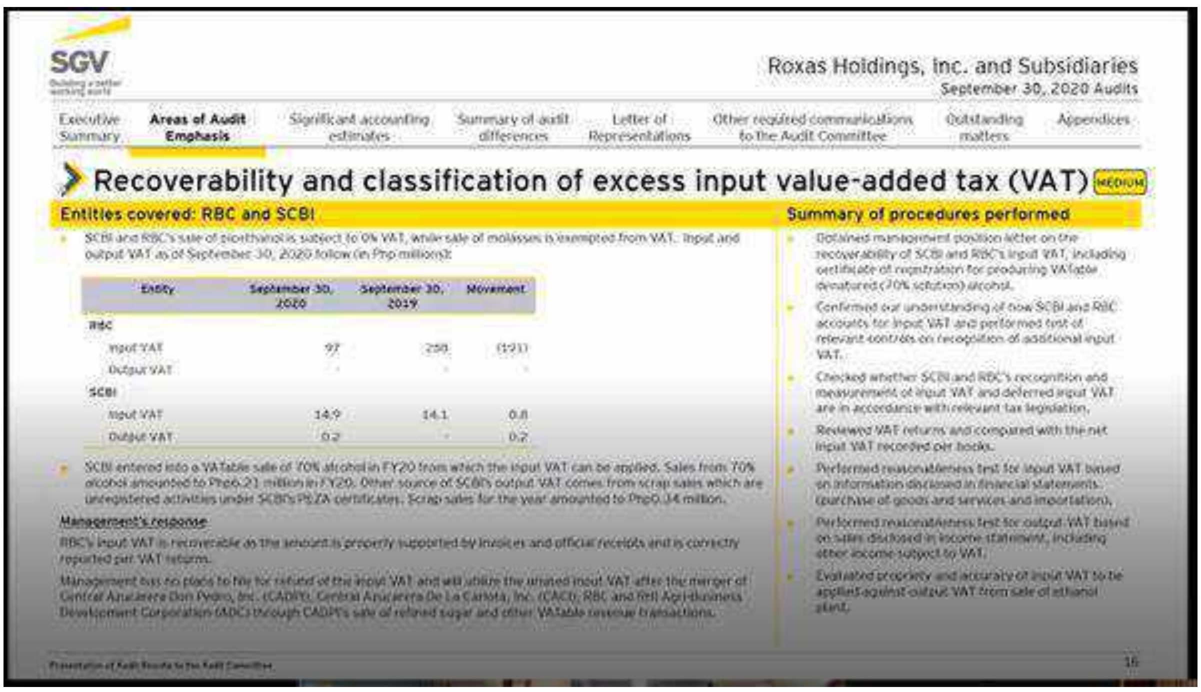




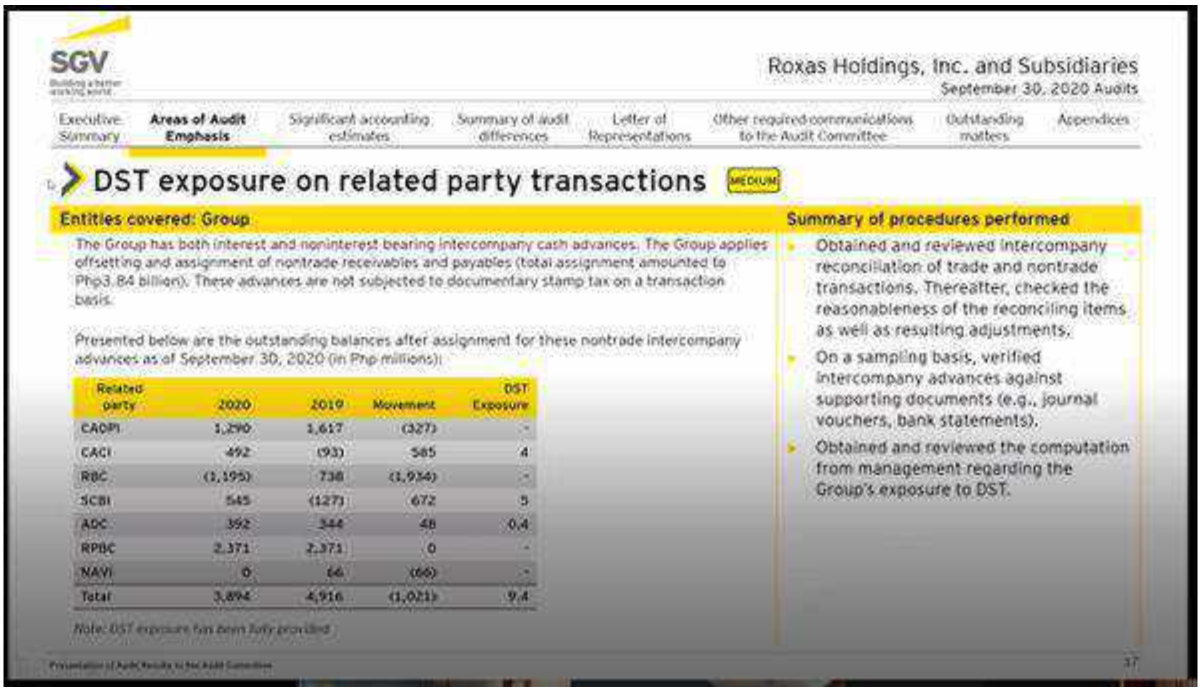
Revenue Recognition is highlighted because of the different revenue streams that the Group has. There is no adjustment relating to this item.



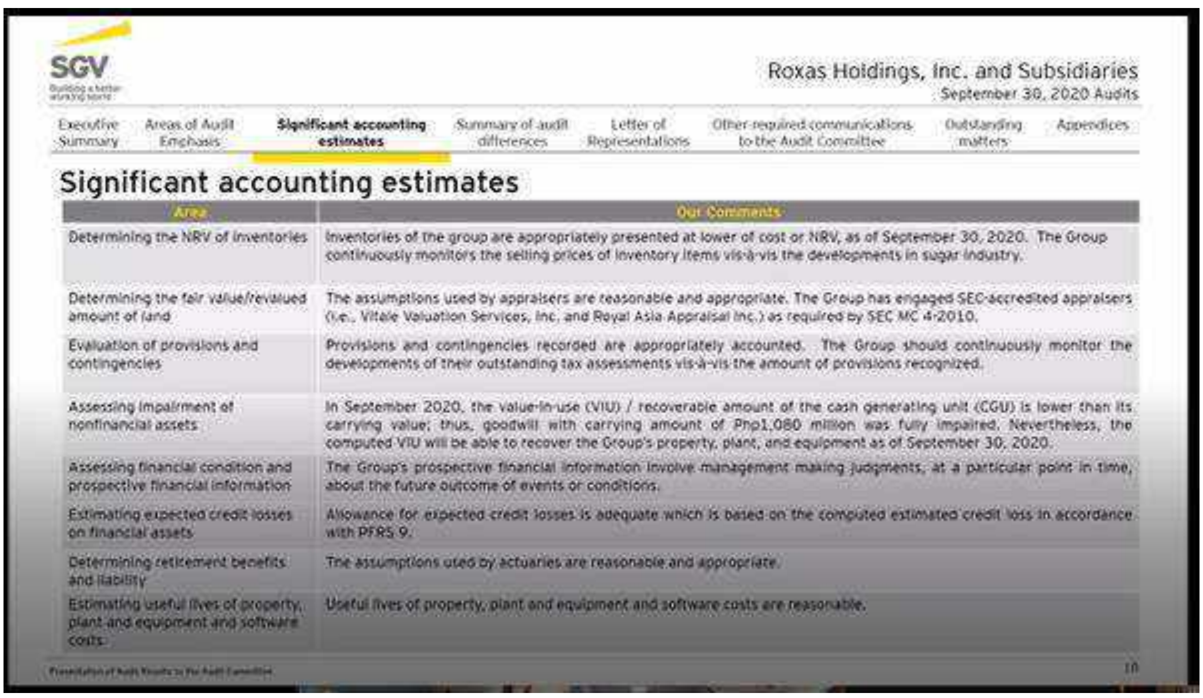
Based on the roll forward analysis, there is only a small amount of difference in CADPI. The activities in relation to this was checked by SGV.



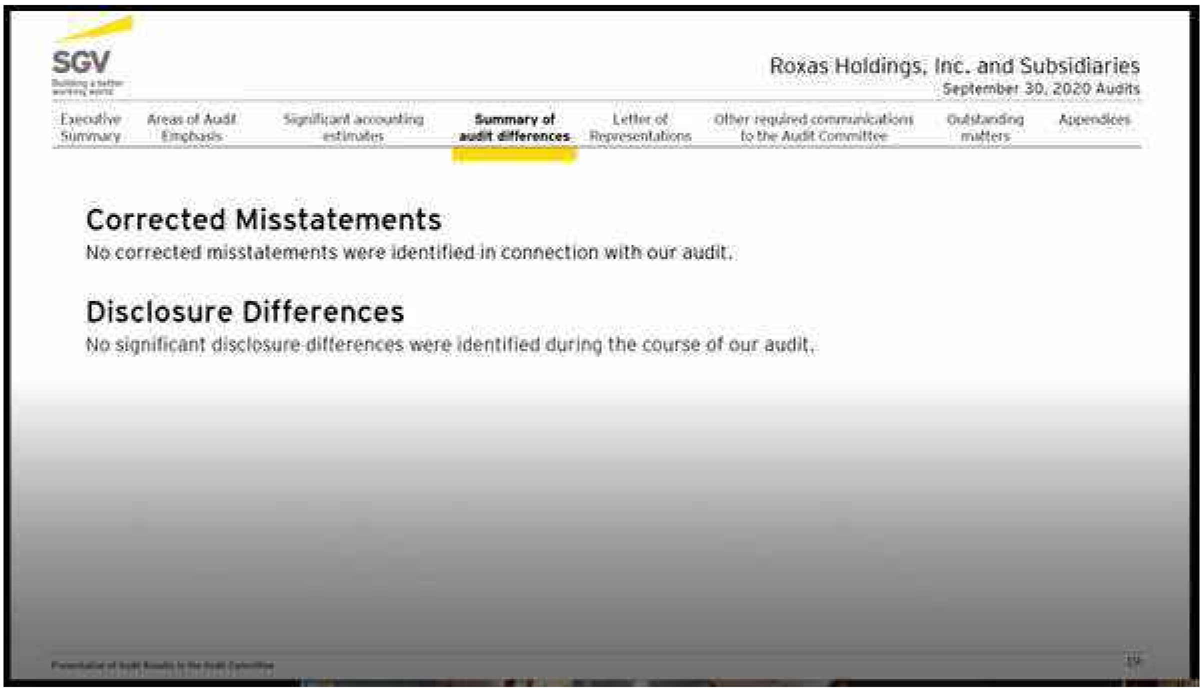
For RBC, there is a significant reduction of input VAT. This was applied to the output VAT. On SCBI, there are some movements in the input VAT. Management is of the position that the input VAT of RBC is still recoverable. The plan is not to refund but to utilize the unused input VAT after the planned merger with CADPI, to offset VAT on sale of refined sugar and other Vatable revenue transactions.



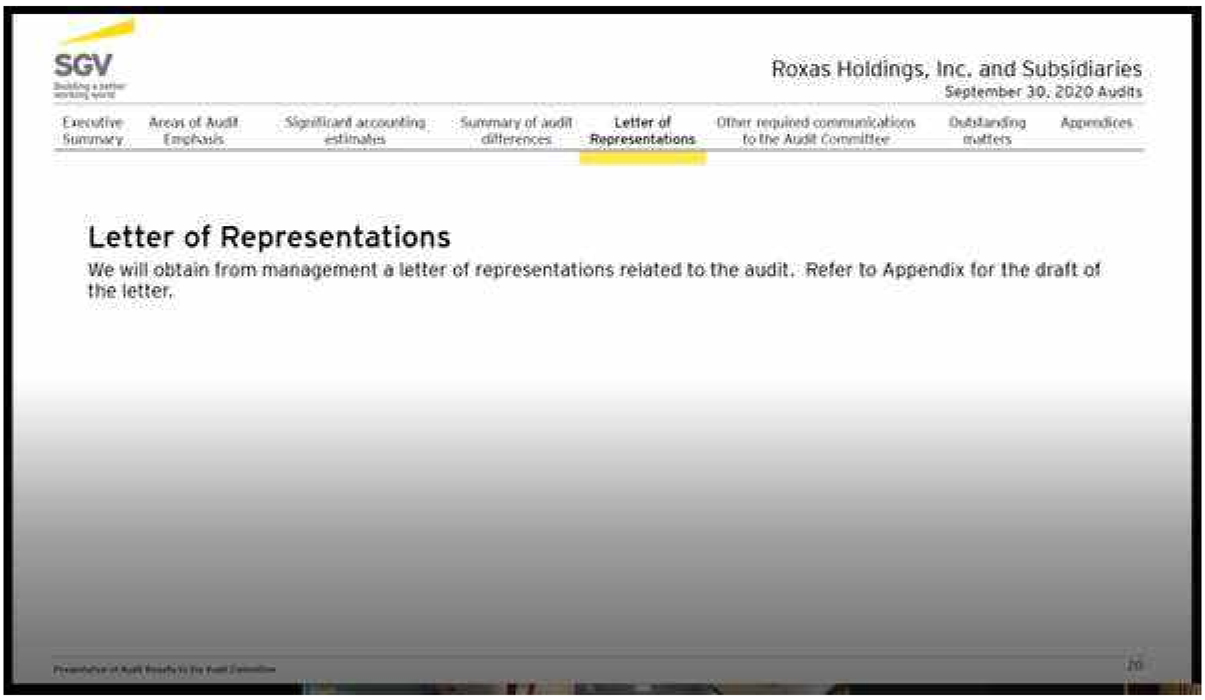
This is a continuing item that is being raised by BIR in its tax evaluations even for other companies. There is a requirement to pay DST for the advances made among the related parties though they are not supported by loan agreements. The Management has included this as part of the provision for tax exposures. Mr. Hilado asked what BIR uses as basis to determine whether DST is going to be chargeable. Ms. Saringan mentioned that BIR looks at actual advances of some companies to related parties. What is used in terms of calculation, are those not related to trade. Mr. Hilado asked if documenting through a loan agreement will excuse the entity from this. Ms. Saringan answered in the negative. Because if there is documentation, BIR will further push this.



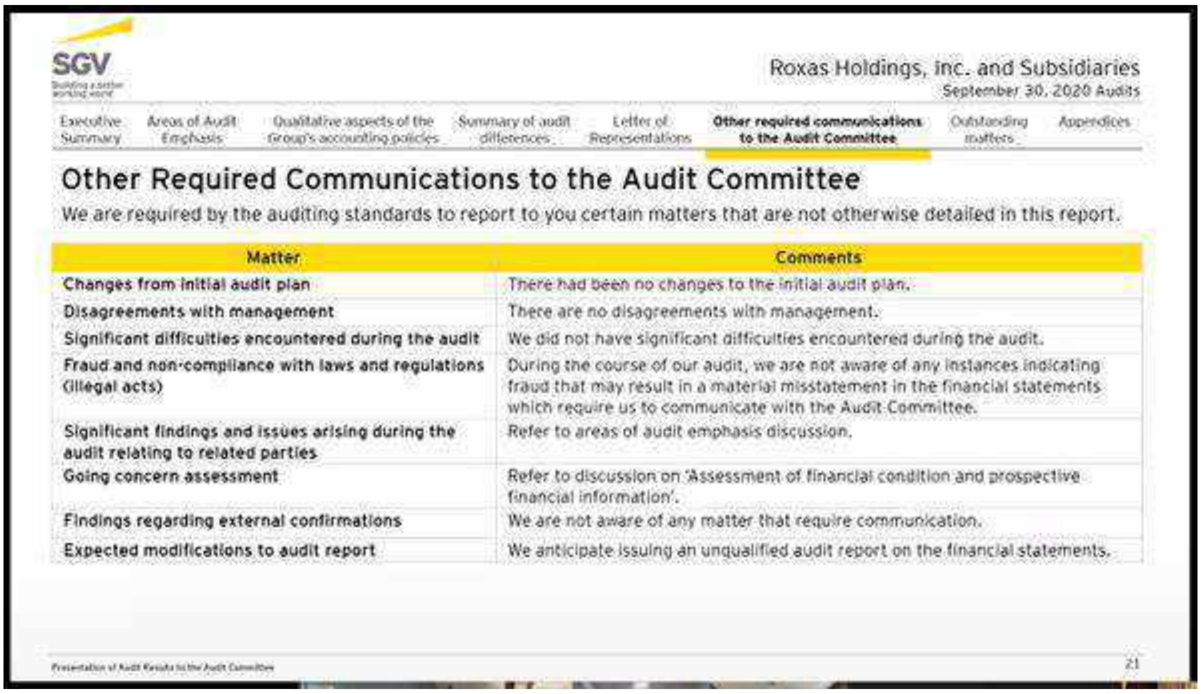
The next item is in relation to significant accounting estimates. This is the area being confirmed with Management. These are all discussed in the notes to the financial statement.



There are no corrected misstatements and disclosure differences.



The letter of representations will also be obtained to finalize the audit.



SGV

Roxas Holdings, Inc. and Subsidiaries
September 30, 2020 Audits

Executive Summary | Areas of Audit Emphasis | Qualitative aspects of the Group's accounting policies | Summary of audit differences | Letter of Representations | **Other required communications to the Audit Committee** | Outstanding matters | Appendices

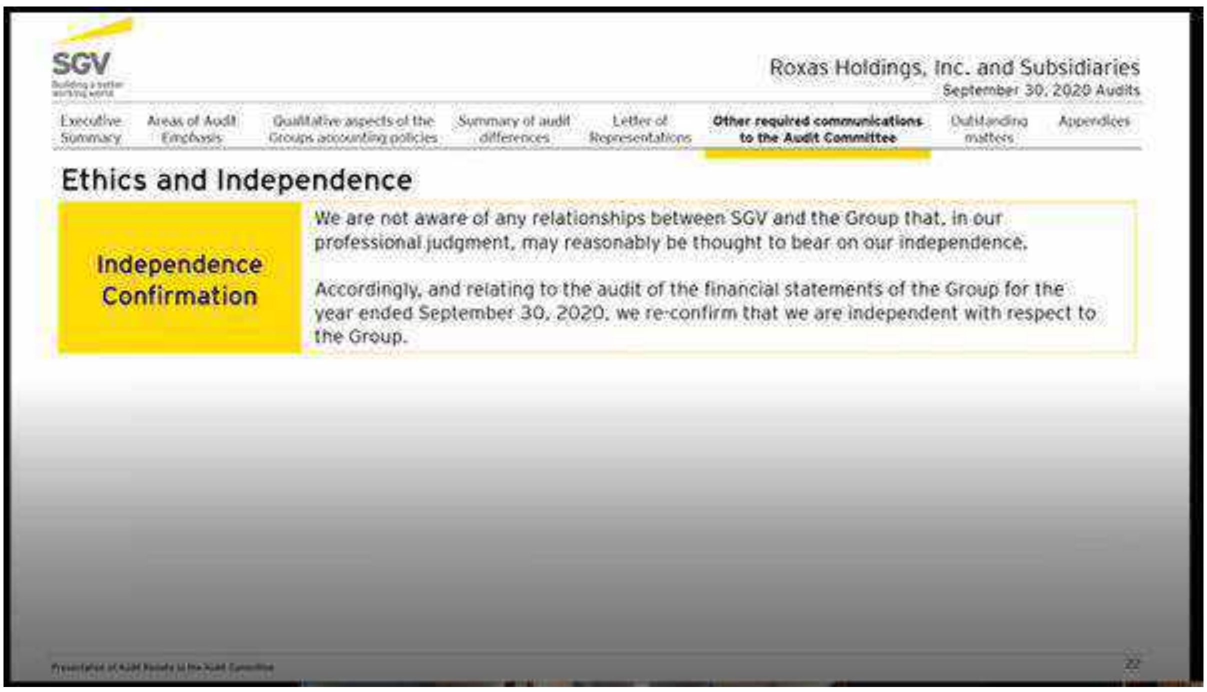
Other Required Communications to the Audit Committee

We are required by the auditing standards to report to you certain matters that are not otherwise detailed in this report.

Matter	Comments
Changes from initial audit plan	There had been no changes to the initial audit plan.
Disagreements with management	There are no disagreements with management.
Significant difficulties encountered during the audit	We did not have significant difficulties encountered during the audit.
Fraud and non-compliance with laws and regulations (illegal acts)	During the course of our audit, we are not aware of any instances indicating fraud that may result in a material misstatement in the financial statements which require us to communicate with the Audit Committee.
Significant findings and issues arising during the audit relating to related parties	Refer to areas of audit emphasis discussion.
Going concern assessment	Refer to discussion on 'Assessment of financial condition and prospective financial information'.
Findings regarding external confirmations	We are not aware of any matter that require communication.
Expected modifications to audit report	We anticipate issuing an unqualified audit report on the financial statements.

Presentation of Audit Results to the Audit Committee 21

Ms. Saringan presented the other required communications to the Committee. SGV confirmed its independence with respect to the RHI Group as it relates to the audit of the financial statements for the fiscal year ended September 30, 2020.



SGV

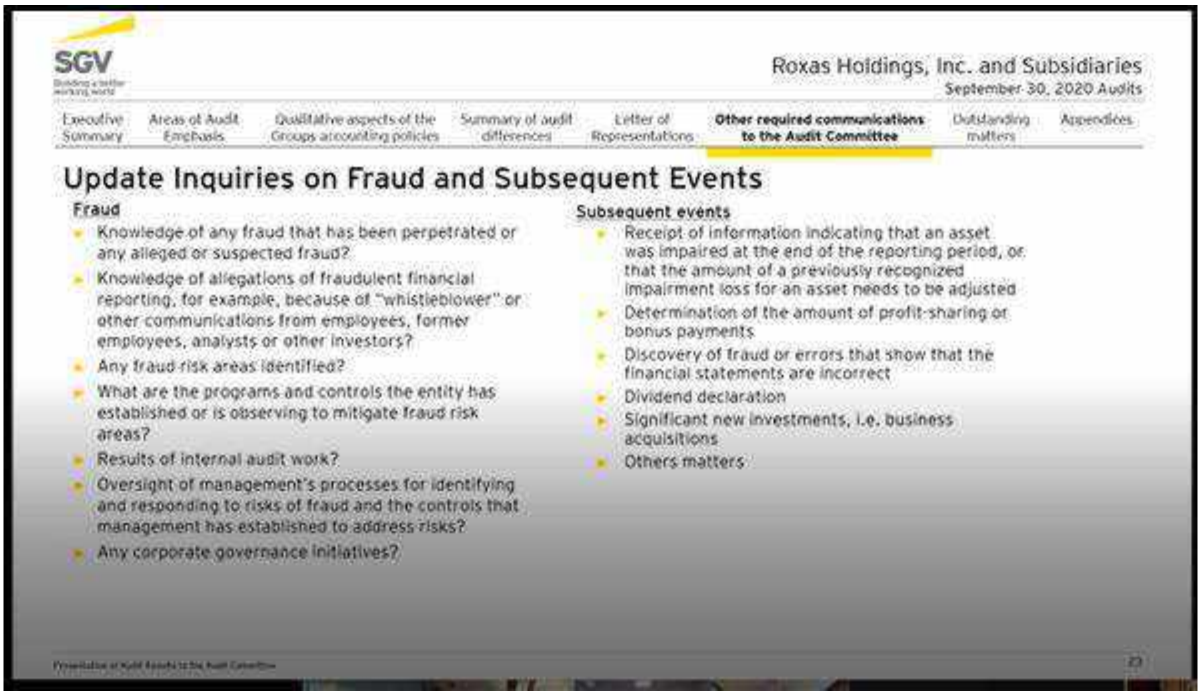
Roxas Holdings, Inc. and Subsidiaries
September 30, 2020 Audits

Executive Summary | Areas of Audit Emphasis | Qualitative aspects of the Groups accounting policies | Summary of audit differences | Letter of Representations | **Other required communications to the Audit Committee** | Outstanding matters | Appendices

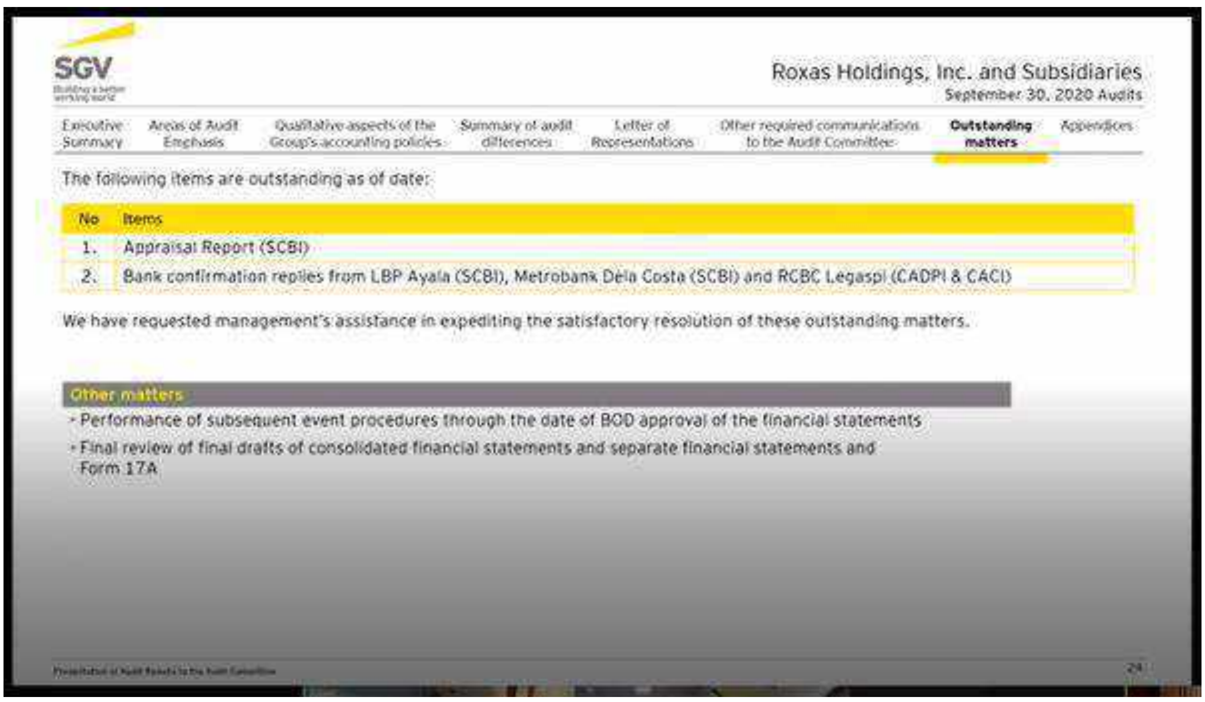
Ethics and Independence

Independence Confirmation	We are not aware of any relationships between SGV and the Group that, in our professional judgment, may reasonably be thought to bear on our independence. Accordingly, and relating to the audit of the financial statements of the Group for the year ended September 30, 2020, we re-confirm that we are independent with respect to the Group.

Presentation of Audit Results to the Audit Committee 22



There were no fraud events reported by Management.



There are only two pending items that SGV is waiting for to complete the audit; these are appraisal report of SCBI and some bank confirmation replies. SGV expects to receive these pending items before the release of the financial statement.

The Management will continue to present before the Committee, based on the numbers agreed upon with SGV.

Thereafter, the Committee thanked the auditors for the presentation and the SGV representatives disconnected from the meeting.

IV
PRESENTATION OF THE AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR ENDING SEPTEMBER 30, 2020

Profit & Loss

- Gross income recovered slightly – growth limited by:
  - alcohol slim margin due to higher feedstock cost (molasses) and early plant shutdown due to the pandemic
  - low refined sugar production in Batangas with limited available bagasse and/or alternative fuel.
- Interest expense declined with the reduction in loans at the start of the year.
- Details of non-recurring loss:

	2020	2019
Loss from sale of SNU assets (including taxes, fees and separation costs)	[illegible]	-
Impairment of SCBI Goodwill	[illegible]	-
CADPI catch up depreciation	(597)	-
Gain on sale from HPCo investment	238	-
Derecognition of deferred taxes	-	(506)
Provision for tax assessment	-	(120)
	(2,645)	(626)

(in millions)		Audited	
	2020	2019	2018
Gross income	437	366	1,282
Batangas	238	190	456
San Carlos	(87)	48	378
South Negros	286	128	448
Operating expenses	(1,035)	(1,066)	(1,052)
Interest expense	(640)	(704)	(502)
Share in HPCo earnings	2	41	56
Other income	62	70	125
Tax benefit (expense)	(8)	30	146
CORE NET INCOME (LOSS)	(1,181)	(1,263)	55
NONRECURRING LOSS	(2,645)	(626)	-
Core depreciation	537	571	775
CORE EBITDA	4	32	1,186

RHi

NOT FOR PUBLIC RELEASE

Mr. Dimarucut discussed that most of the numbers in the presentation have already been shown to the Committee and that there are just minor adjustments between the budget and the final audited numbers. Generally, the figures are very close.

While there is an increase in the gross income line, it is quite minimal. This was tempered significantly by the alcohol business. Because of the price of molasses which went up to as high as Php14,000.00 per ton, the margins significantly eroded. SCBI had to end the production earlier because of the slowdown in the lifting from the oil companies. This was also compounded by the low available canes in Batangas. Management would want to lift the gross margin of the Batangas unit to close to Php800-900 million. This is assuming that the boiler conversion is completed. In terms of the non-recurring loss, it covers the sale of the SNU assets, the impairment of the SCBI goodwill, the catch-up depreciation of CADPI and partly offset by the gain from the sale of HPCo. The Group will be recognizing a loss of Php3.8 billion as against Php1.8 billion in 2019.

Profit & Loss

(in millions)	Audited	Audited (As restated)*	
	2020	2019	2018
Revenues	4,799	5,147	5,784
Cost of sales	(4,697)	(5,018)	(5,212)
Gross income	102	129	572
GP Rate	2%	2%	7%
General and administrative expenses	(703)	(506)	(697)
Selling expenses	(35)	(51)	(77)
Interest expense	(396)	(446)	(397)
Share in net earnings of an associate	2	41	56
Other income (loss)	(1,320)	29	67
Loss before income tax	(2,350)	(1,104)	(477)
Income tax expense	(7)	(269)	204
NET LOSS FROM CONTINUING OPERATIONS	(2,357)	(1,373)	(274)
NET INCOME (LOSS) FROM DISCONTINUED OPERATIONS	(1,469)	(516)	328
NET INCOME (LOSS)	(3,826)	(1,889)	55
Attributable to:			
Equity holders of parent company	(3,813)	(1,884)	48
Non controlling interest	(13)	(5)	7
Total	(3,826)	(1,889)	55

*Presented discontinued operations pertains to SNU (CACI and RBC) operations
Prior year presented discontinued operations pertains to CADPI operations

RHi

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In terms of external reporting, the figures herein are the same as what was presented by SGV wherein the results of operations of CACI and RBC are shown as part of the discontinued operations. The revenues reflected are revenues of CADPI and SCBI.

Balance Sheet

- Consolidated total asset decreased by PhP7.9 billion primarily due to sale of assets and impairment of goodwill
- Net Debt went down by PhP5.4 billion due to payment of bank loans from proceeds of sale of assets.
- Submitted proposal to the banks to term out short term loans

(In millions)	2020	Audited 2019	2018
Current Assets	4,132	11,560	13,711
Cash	889	438	295
Receivables	1,352	1,966	9,040
Inventories	449	1,206	2,646
Assets held for sale	-	7,266	6,526
Others	1,648	1,264	1,204
Noncurrent Assets	9,895	10,378	11,819
Property and equipment	9,762	9,000	9,920
Investment and goodwill	-	1,080	1,722
Others	148	298	777
Total Assets	14,027	21,917	25,530
Current Liabilities	6,960	9,357	14,331
Short term borrowings	6,970	6,717	6,211
Current portion of long-term debt	-	848	4,818
Trade and other payables	1,690	1,177	2,282
Liabilities directly associated with assets held for sale	-	614	1,024
Noncurrent Liabilities	1,217	3,396	437
Long term borrowings	1	2,722	-
Others	1,216	679	497
Equity	5,850	9,164	10,763
Total Liabilities and Equity	14,027	21,917	25,530
Net Debt	4,482	9,849	10,729

RHI

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In terms of the current assets, the Group has about Php4.1 billion while the debt is at Php6.9 billion. Principally because all the loans are shown as part of short term borrowings pending the term-out agreement with the banks. The intention is to term out Php4.75 billion for seven (7) years with two (2) grace period. This would allow the Group to complete the boiler conversion in CADPI and rebuild its capacity for income generation. Consolidated asset is also down because of the sale. All the proceeds of the sale were used to reduce the debt.

Cash Flow

- **Payment of long term and short-term loans out of the proceeds from sale of investment and properties**
- **Working capital was used for capital expenditures and debt servicing.**

(In millions)	2020	Audited 2019	2018
EBITDA	4	32	1,186
Working capital	1,067	1,869	(135)
Capital expenditures	(335)	(317)	(1,185)
FREE CASH FLOW	736	1,584	(134)
Debt servicing			
Long term principal payments	(3,569)	(1,243)	(1,242)
Short term availments (payments)	(1,347)	506	1,602
Interest expense	(640)	(704)	(502)
Proceed from sale of SNU assets	4,400	-	-
Proceed from sale of investment	871	-	-
CASH BALANCE			
Beginning	438	295	571
End	889	438	295

RHI

NOT FOR PUBLIC RELEASE

The Group generated about Php4.4 billion from the sale of the SNU assets and about Php871 million from the sale of the HPCo shares. This is close to Php5.3 billion and was used to reduce the short-term and long-term debts. During the last two years, since the EBITDA was not enough, the Group used the working capital to pay for the CAPEX. Management would need to find ways to finance the operations.

Financial Ratios

	Audited		
	2020	2019	2018
Debt-to-Equity*	58:42	58:42	58:42
DSCR*	(0.46)	(0.07)	0.68
Current Ratio	0.59	1.23	0.96
Quick Ratio	0.53	0.33	0.32
Days Receivable	50	61	81
Days Inventory	33	2,325	7,816
Days Payable	56	2,057	5,230
GP Margin	4%	2%	11%
EBITDA (Php M)	4	32	1,186
EBITDA Margin	0%	-2%	10%
ROA	-27.3%	-6.6%	0.2%
ROE	-65.4%	-20.7%	0.5%
EPS	(2.46)	(1.22)	0.04
Book Value/ Share	3.78	5.92	7.05
Market Price/ Share	1.65	2.39	3.00
Market Cap (Php M)	2,553	3,697	4,641

* Bank Loan Covenant
  Debt-to-Equity - 70:30 max
  Debt Service Coverage Ratio (DSCR) - 1.25 min

RHI

NOT FOR PUBLIC RELEASE

The ratios are no longer relevant insofar as the covenants with the banks. The Group has already paid most of its long-term debts. The Group would have to negotiate new financial covenants, during the negotiations for the term-out. The Management has proposed a 70:30 ratio but to reduce the debt service coverage ratio to 1.1x.

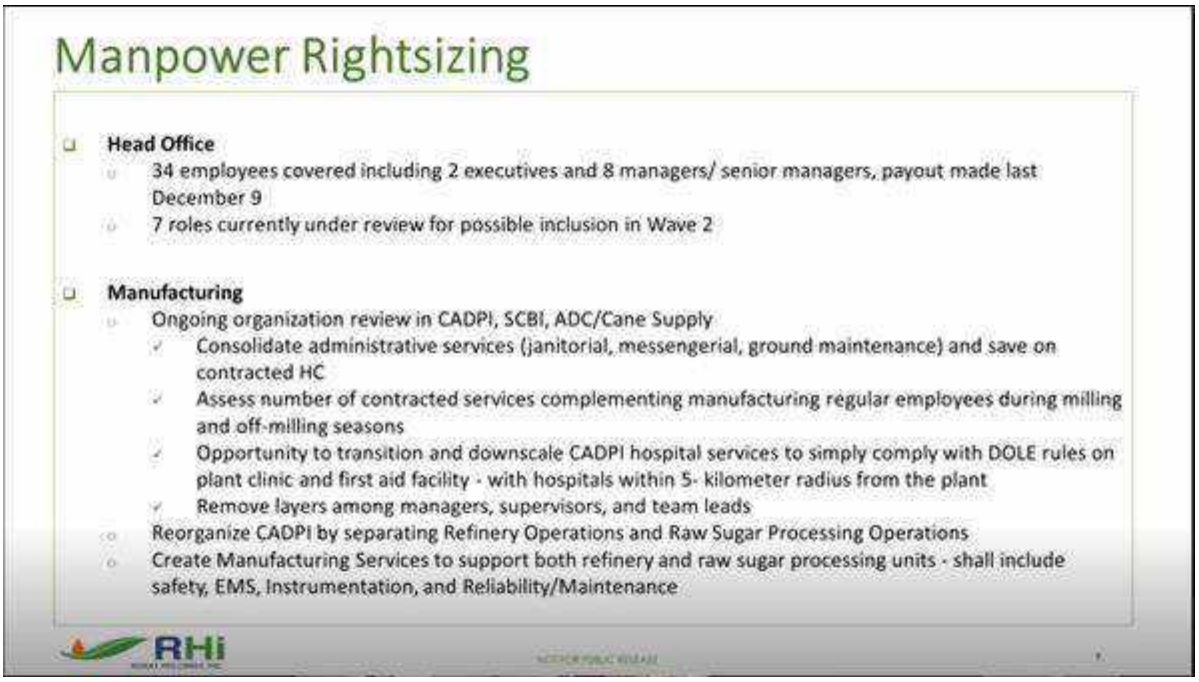
Financing Status

Bank	Loan Term Out	New Credit Facility	Status
	(in millions)		
Total	**4,750**	**500**	
BPI	2,000	250	undergoing credit review; Credit Committee requested for CADPI audited FS
BDO	1,500	-	undergoing credit review, scheduled for ExCom presentation on Jan 2021
Landbank	1,250	250	term-out endorsed for Board approval on December 16, New short-term line denied
DBP			SRA Admin Serafica agreed to endorse RHI Group to DBP, for availment of credit facilities and development financing

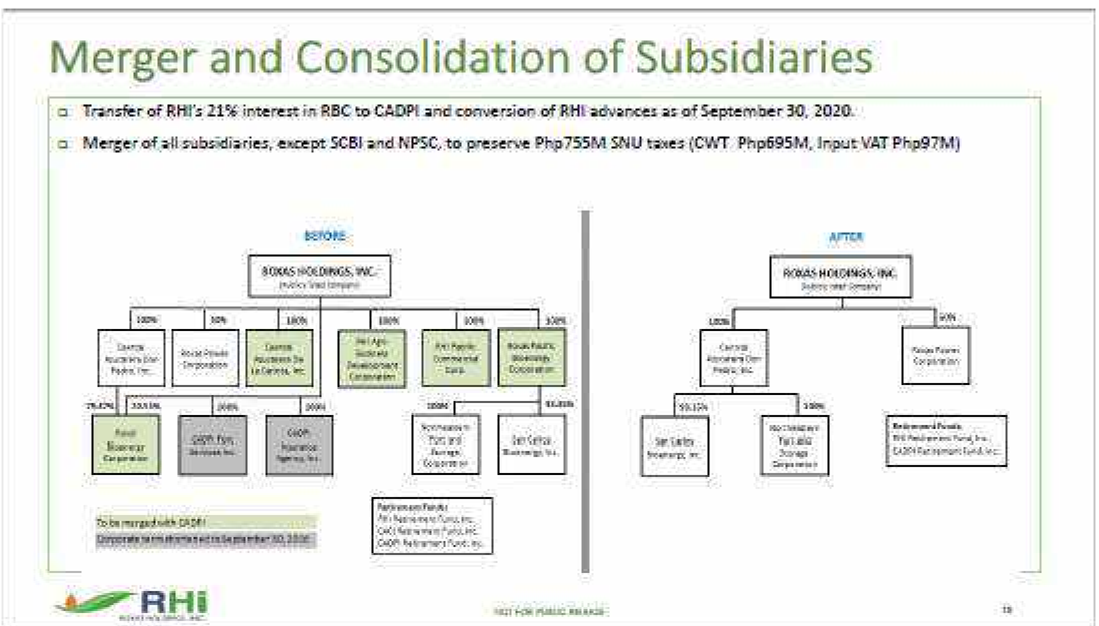
RHI

NOT FOR PUBLIC RELEASE

Mr. Dimarucut discussed the current financing status. The Group is negotiating to term-out its Php4.75 billion short-term debts. Out of the three, the negotiation with Land Bank is underway, as this is awaiting the approval of the Board. Due to the current situation, there is a slowdown in the processes of BPI and BDO. Their internal target is sometime in January 2021. The Management has reached out to DBP to check if the Group can avail credit facilities. The endorsement from SRA Admin Serafica was forwarded to DBP already. Land Bank has declined the request for new facility of Php250 million. Given this, BPI may also not extend or grant the Group's request for new facilities. Mr. Hilado asked what kind of terms the Management is expecting. Mr. Dimarucut answered that it is 50% amortization and 50% bullet on the 7th year. Mr. Hilado asked how much needs to be paid on the amortizing part. Mr. Dimarucut mentioned that it is more or less about Php500 million in addition to the interest of about Php300-350 million. Total would be around Php800-850 million. He added that the Management plan and budget already includes this term out. When the Group hit 3.5 million bags of refined in CADPI, the gross income totaled to about Php800 million in 2017. Mr. Hilado asked when the boiler conversion will be done. Mr. Dimarucut mentioned that the Management has just signed the agreement with the supplier. The target is to complete the boiler by December 2021 and that would allow the Group to extend the refinery operations. The reason for the grace period is to provide the Group breathing space to rebuild the business. Mr. Young asked what will happen to the current crop year. Mr. Dimarucut said that the Group is still projecting a loss. There are no big margins in raw sugar. The indication is that there will be higher canes. SCBI started to operate two weeks earlier. The volume of canes is quite encouraging. SCBI is hitting about 1,200 tons in the case of canes unlike the same period last year.



Mr. Dimarucut mentioned that the Management is looking for ways to reduce the costs. In the head office, thirty four (34) employees were redundated. There is about seven (7) additional roles being evaluated right now. On the manufacturing side, the Management has also started to review the positions and functions. Certain areas have been identified to achieve savings.



The final slide shows the merger and consolidation of the subsidiaries to maximize the tax assets residing in CACI and RBC, specifically, CWT and VAT. In terms of cashflow, it will give a benefit of about Php100 million because of the unused input VAT of RBC. Mr. Hilado asked how much was paid from the retirement fund for the termination of the CACI and RBC employees. Mr. Dimarucut answered that the total payout was about Php260 million. Php40 million was sourced from the CACI fund. The Group had to shell out roughly Php130 million from the sale. Mr. Chan asked about the financial impact of the wave 2 rightsizing and the merger discussed. Mr. Dimarucut answered that what was not included is the realization of the Php100 million input VAT from RBC. This can be used by CADPI. In terms of the P&L impact, the rightsizing has already been reflected. There will be increments but this may not be so significant.

On motion duly made and seconded, the Audit Committee approved Audited Financial Statements for the year ended September 30, 2020 and shall endorse the same to the Board of Directors.

V
INTERNAL AUDIT PRESENTATION

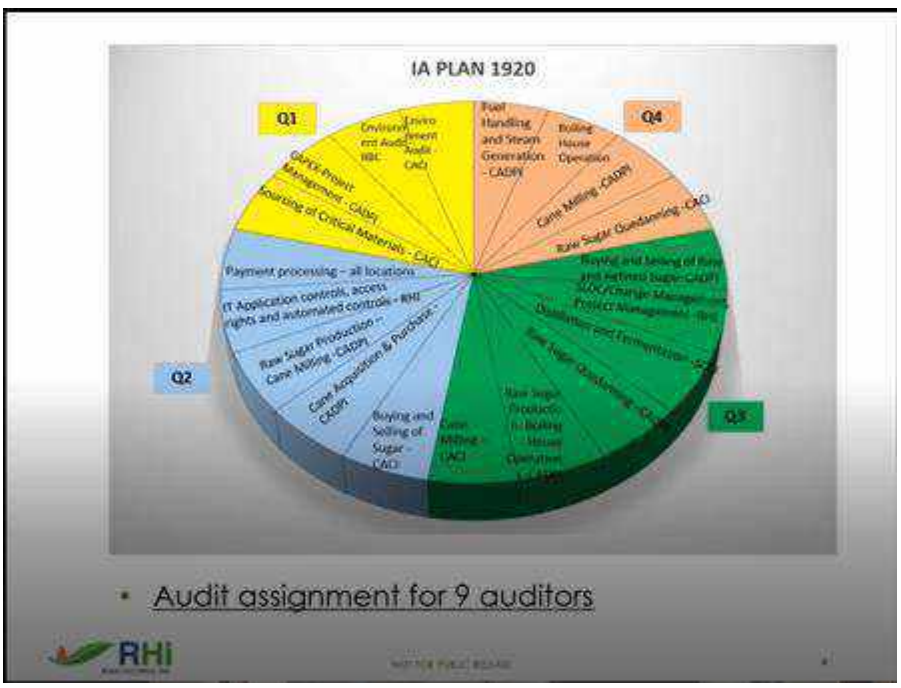
Ms. Josephine Logrono (Ms. Logrono) presented for the Internal Audit Group (IAG).

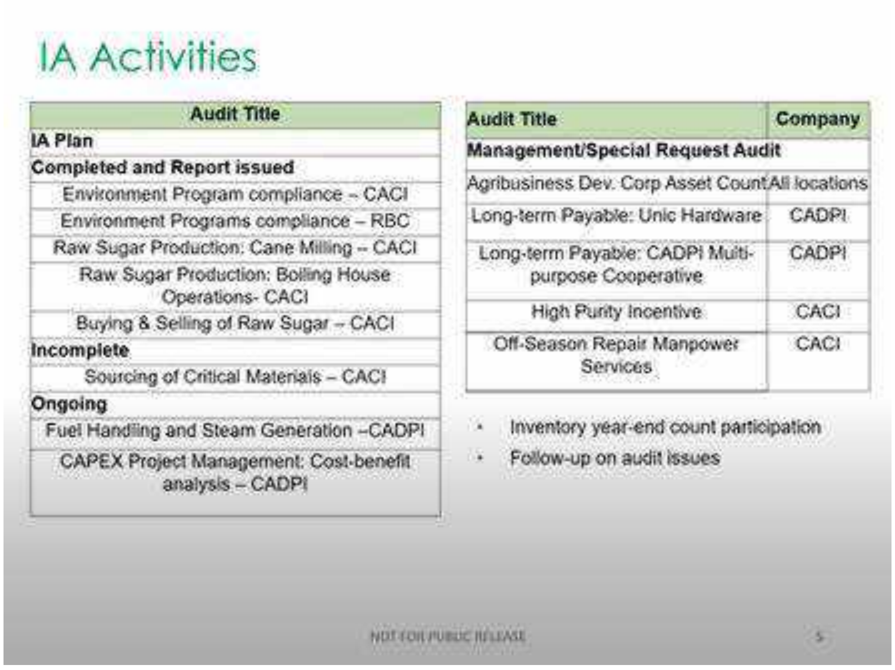
IA Plan for CY 1920

	IA Plan CY1920	
Q1	Environment Audit	CACI
	Environment Audit	RBC
	Capital Expenditures- project management	CADPI
	Sourcing of Critical Materials	CACI
Q2	Payment processing	All locations
	IT Application controls, access rights and automated controls	RHI
	Raw Sugar Production: Cane Milling	CADPI
	Cane Acquisition & Purchase	CADPI
	Buying & Selling of Sugar	CACI
Q3	Cane Milling	CACI
	Raw Sugar Production: Boiling House Operations	CADPI
	Raw Sugar Quedanning	CADPI
	Distillation & Fermentation	SCBI
	SDLC/Change Management, Project Management	RHI
	Buying & Selling of Raw and Refined Sugar	CADPI
Q4	Raw Sugar Quedanning	CACI
	Cane Milling	CADPI
	Boiling House Operations	CACI
	Fuel Handling and Steam Generation	CADPI

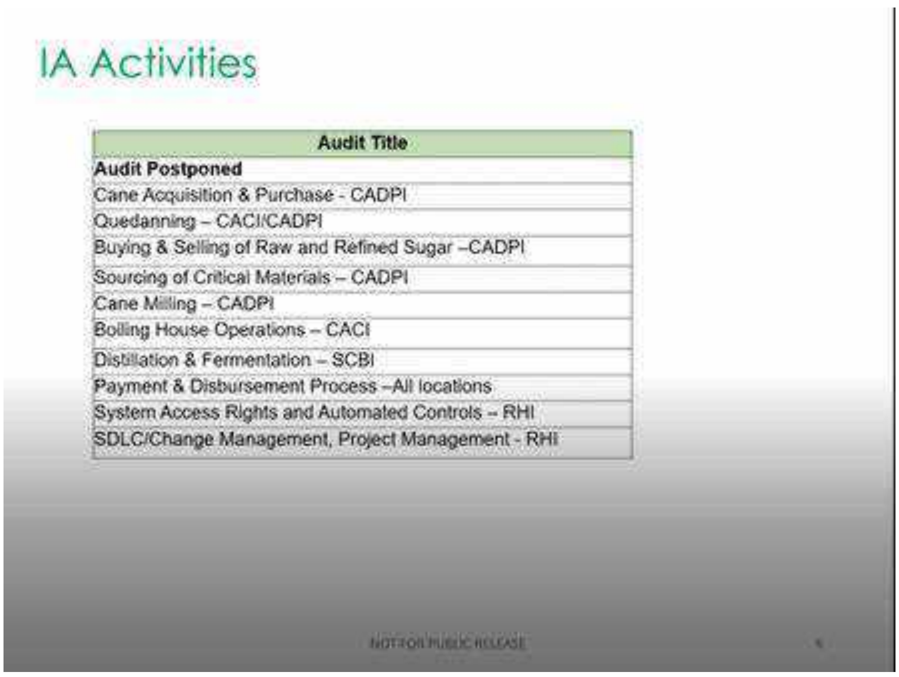
RHI

Ms. Logrono presented the IA plan for CY 19-20.

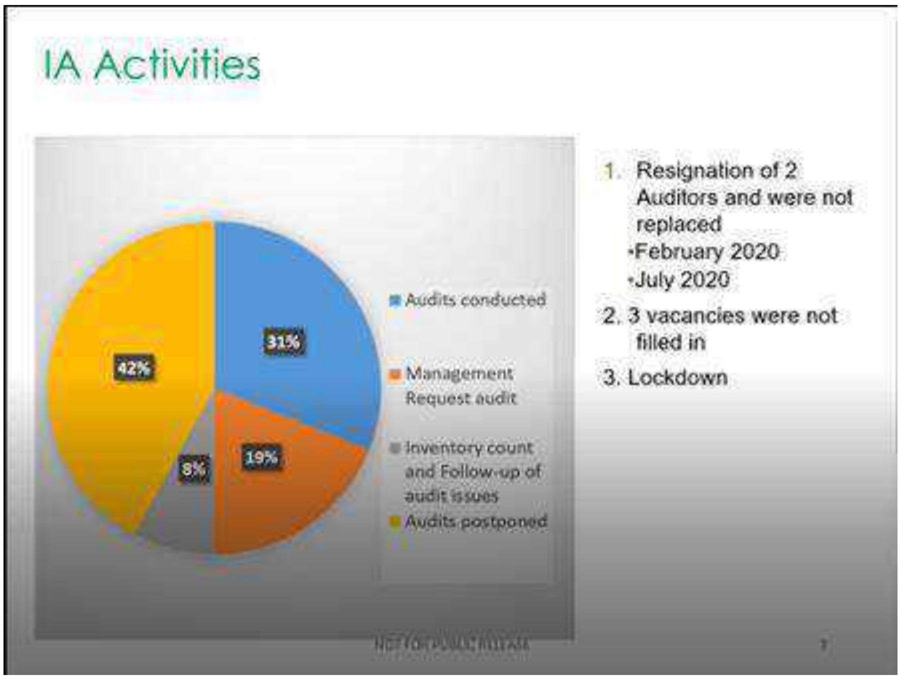




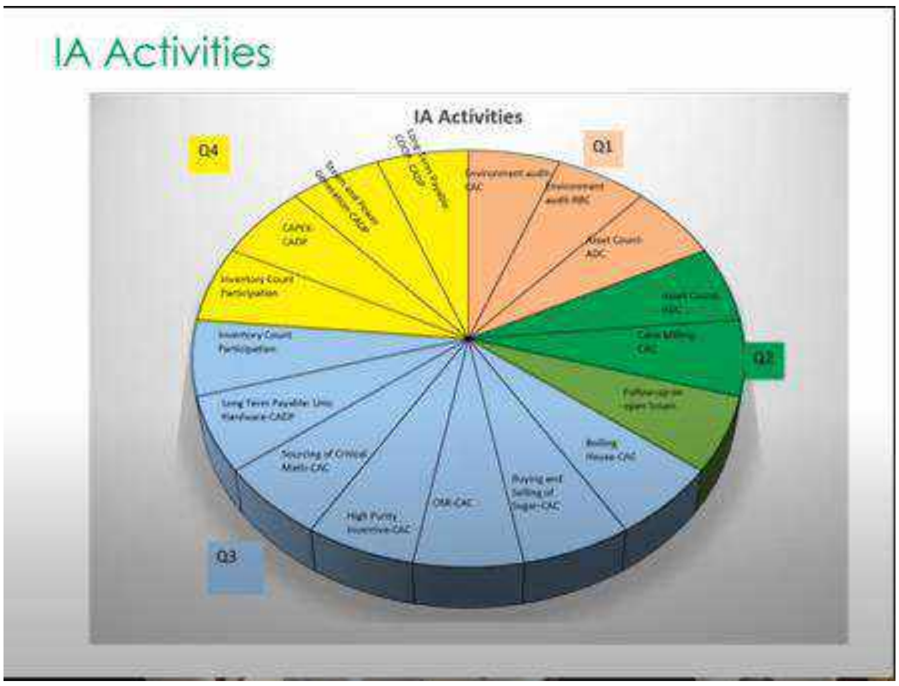
While significantly more activities were initially planned, due to the pandemic, the IAG was only able to conduct the above-mentioned IA activities. The list already includes management or special audit requests.



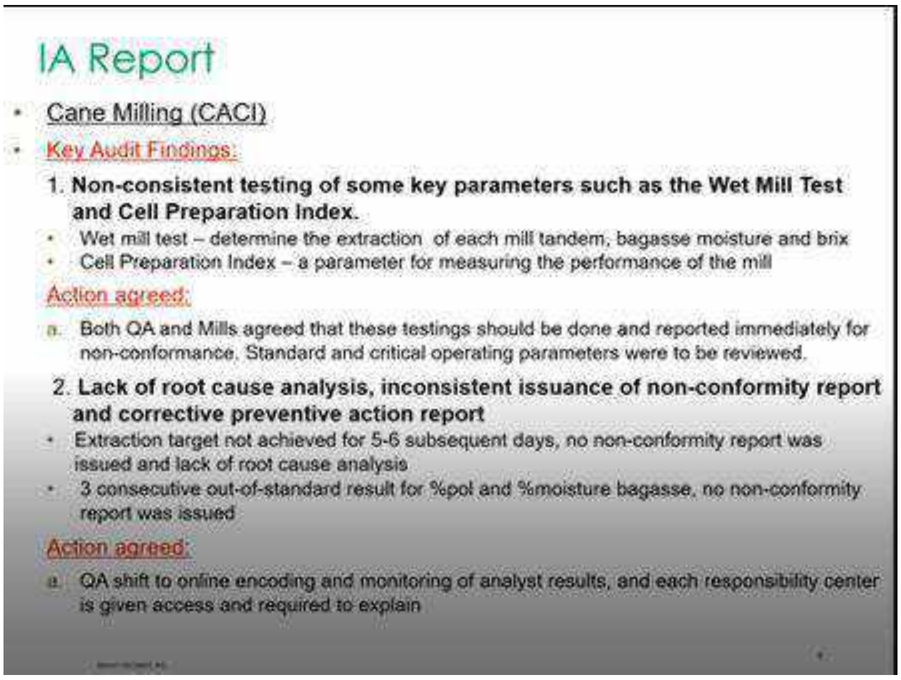
There are eleven (11) activities in the audit plan which were not conducted.



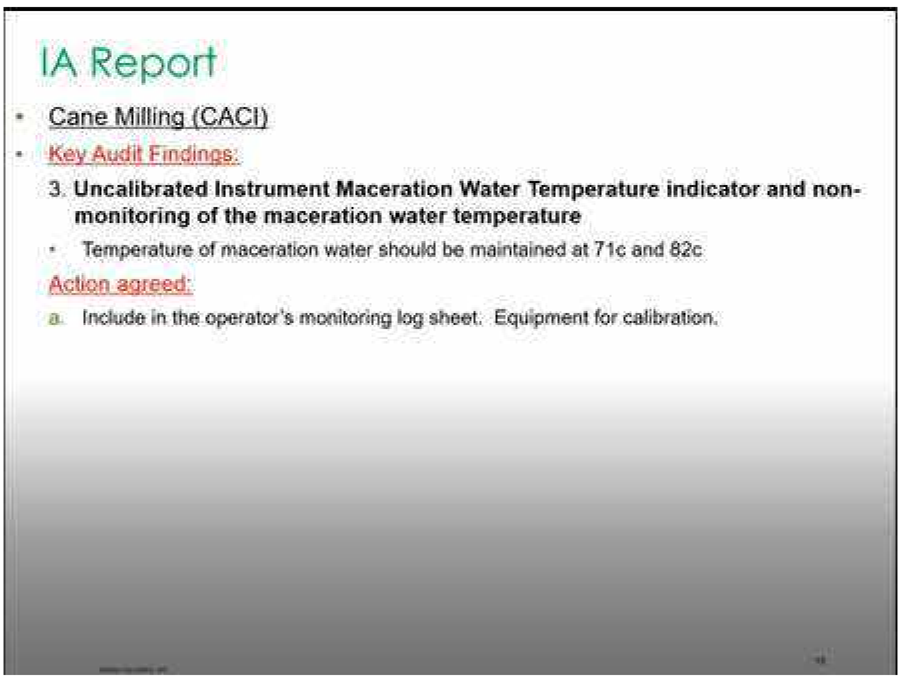
She also presented a graph which shows that the Group was able to conduct 31% audits, 42% audits postponed, 19% management-initiated audits and 8% inventory count and follow-up of audit issues. The postponement was due to the lack of auditors and the lockdown.



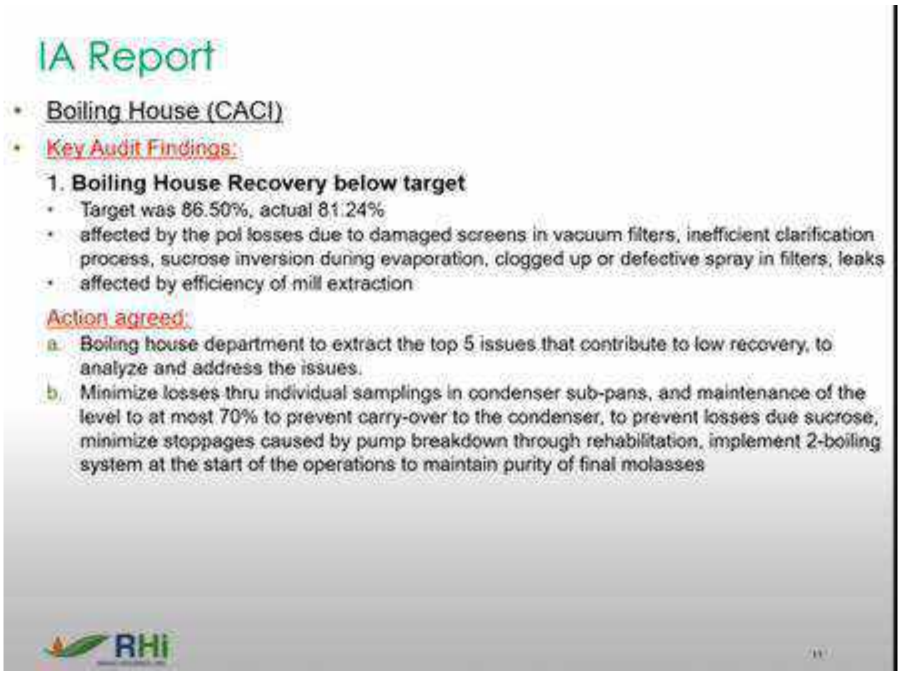
Ms. Logrono presented a graph which shows what the IAG has achieved throughout the year. Most of the audits were finished during Q3.



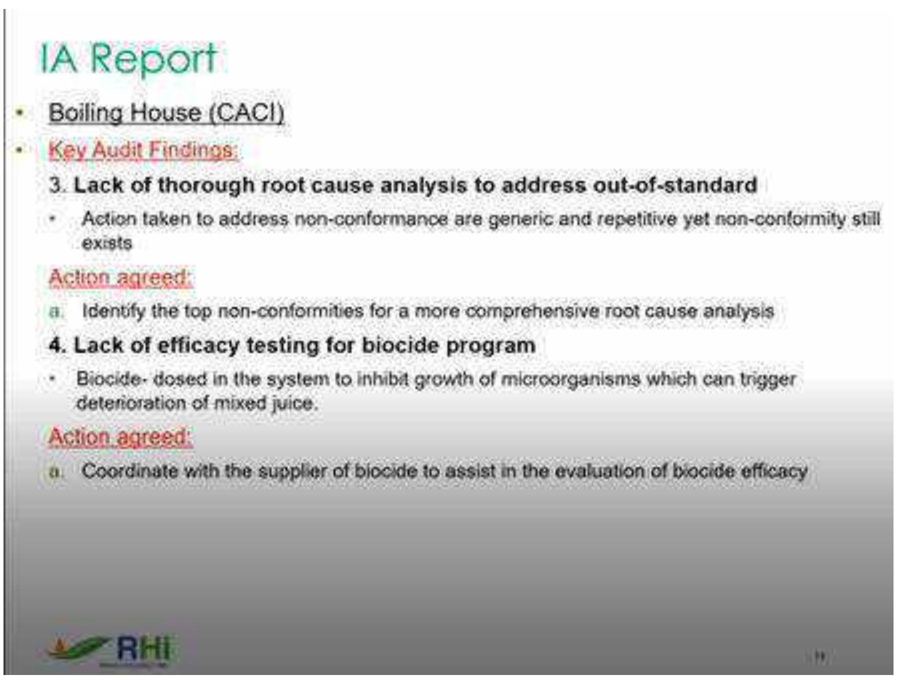
The Key Audit Findings for the cane milling in CACI includes the non-consistent testing of some key parameters. The agreed action was that these tests should be done and reported immediately for non-conformity. There was also lack of root cause analysis and inconsistent issuance of non-conformity report. The action agreed was to shift to online encoding and monitoring of analyst results.



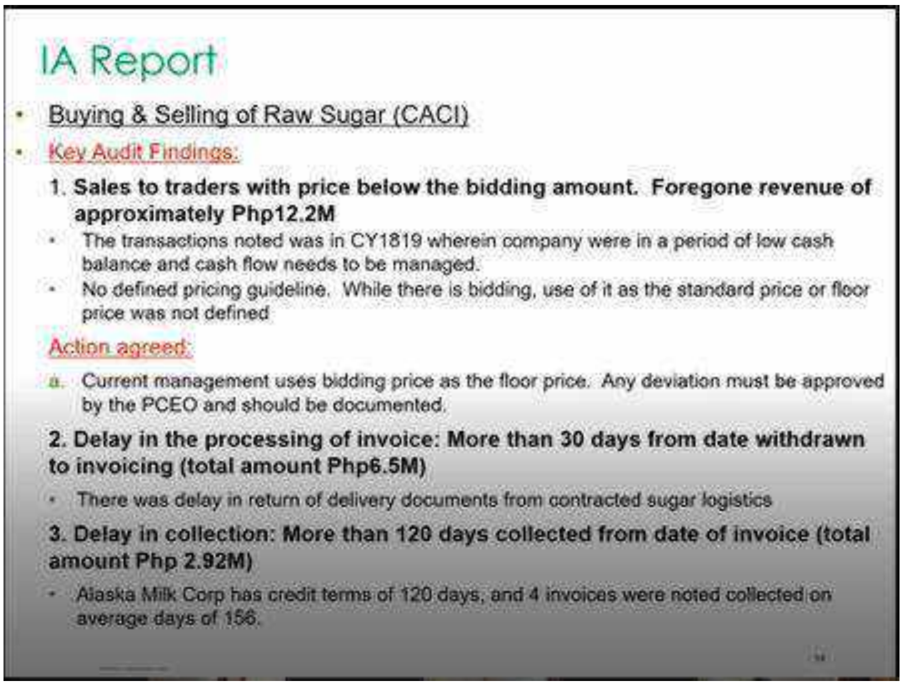
There was also uncalibrated instrument maceration water temperature indicator and non-monitoring of the maceration water temperature. The action agreed was to include this in the operator’s monitoring log sheet.



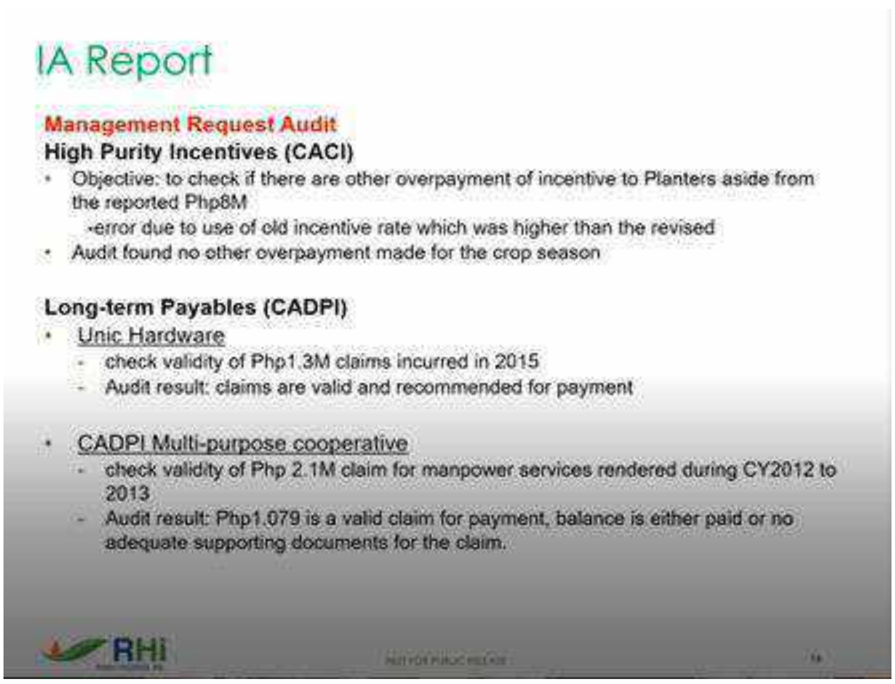
For Boiling House, the IAG noted that the recovery was below target. The action agreed was to extract the top 5 issues that contribute to low recovery and to analyze the same to address the issues. The IAG also noted out-of-standard parameters on the high clarified juice turbidity, syrup pH and % crystal yield. The action agreed is to adjust the run settings to redesign optimal operations and of QA to include monitoring of pH profile on routine analyses. There is also lack of thorough root cause analysis to address out-of-standard issues. The action taken was to address the non-conformity.



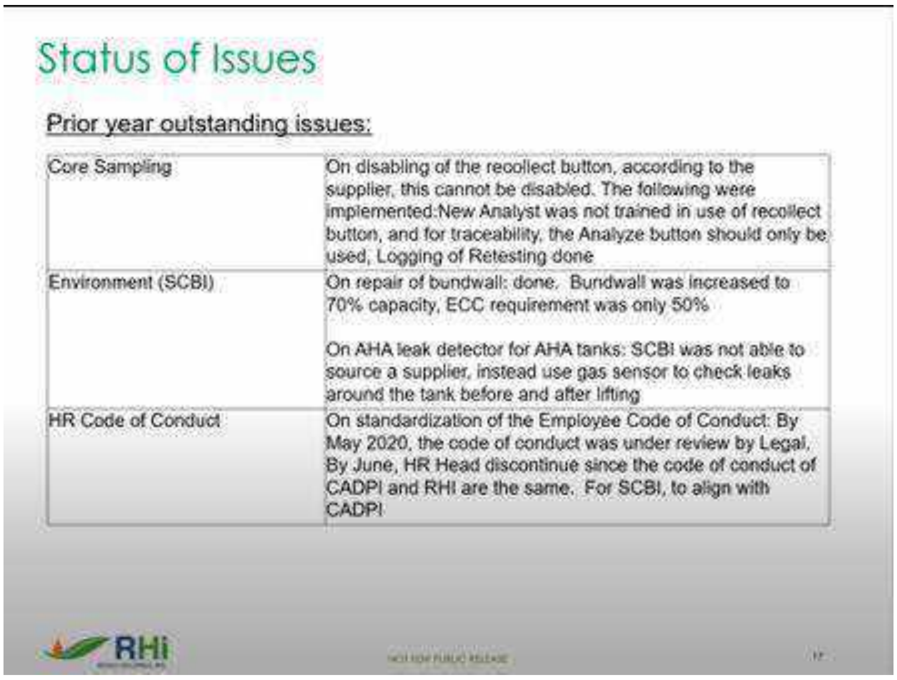
The IAG also observed that there was lack of efficacy testing for biocide program. The action taken was to coordinate with the supplier of biocide to assist in the evaluation of biocide efficacy.



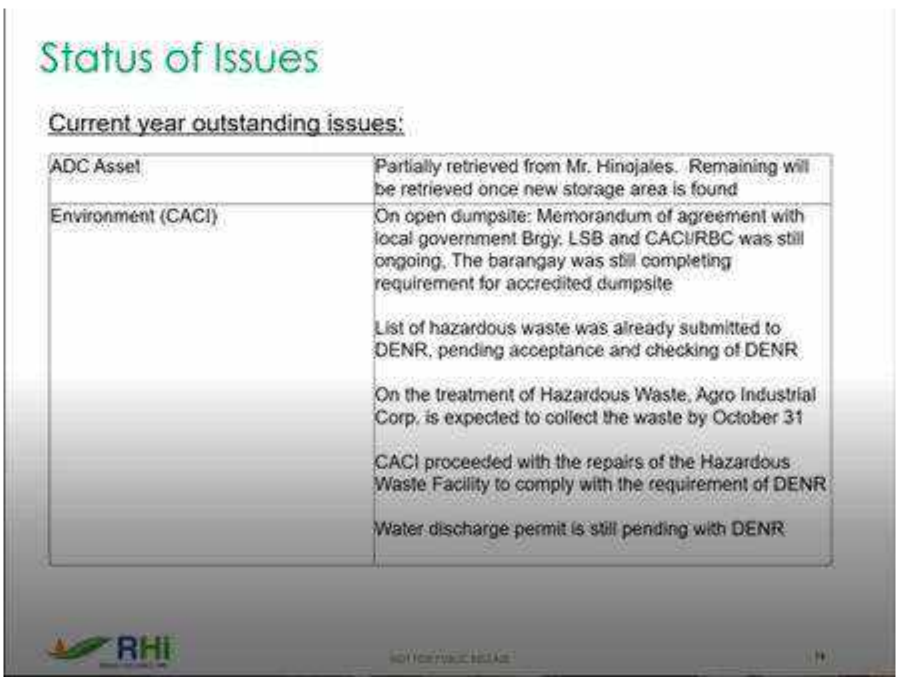
In terms of the buying and selling of raw sugar, IAG noted that the sales to traders were below the bidding price in CY18-19. The current Management ensured that the bidding price is the floor price. There was delay in the processing of invoices and there was also delay in collection. Immediate reconciliation was done; and, measures to improve tracking of document were put in place. The IAG also found that the sugar truck weighing scale was editable. The local IT disabled the edit function as soon as the same was raised.



The Management-requested audits include the evaluation of overpayment of incentive to Planters. The IAG found no other overpayments for the crop season. The IAG also checked the validity of the claims of long-term payables. And based on the study done, they were valid.

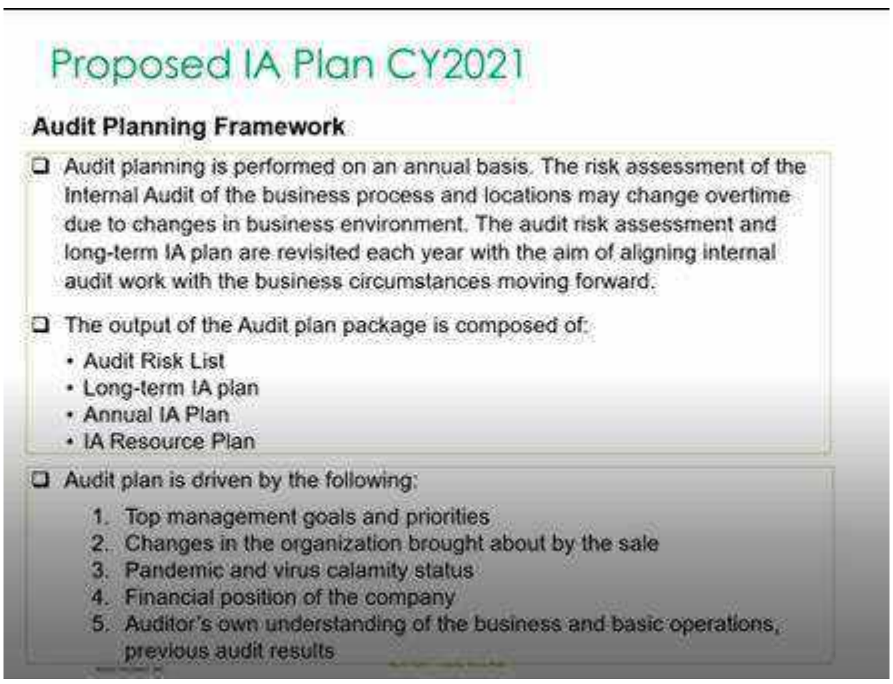


Ms. Logrono also gave an update on the status of outstanding issues.



As to the ADC asset audit, the IAG was able to retrieve some of the assets from Hinojales. The other equipment will be retrieved as soon as the storage for them is ready. For the Environment Audit (CACI), the Memorandum of Agreement with the local government is still ongoing. The list of hazardous waste was also submitted to the DENR.

RBC has already found a Treater and this is pending the issuance of the PO. The Permit to Operate and Wastewater discharge permit are still pending. Mr. Hilado asked if the deliverables in the contract of sale of the SNU assets have all been fulfilled. Atty. Rabara-Retardo answered that what was committed to URC was the closing-out of the existing Notices of Violation issued by the DENR to CACI and RBC. All the NOVs have already been conferred with the DENR, and are awaiting resolution. Mr. Hilado asked if there are any more obligations that remain on the part of the RHI Group. Mr. Dimarucut answered that there are post-closing documents which must be submitted.



Ms. Logrono also presented the IA plan for Crop Year 20-21.

Proposed IA Plan CY2021

Business Process	Audit Area	Location	Objective
Production & Inventory Management	Finished good Sugar end-to-end process - Receipt of sugarcane & Core sampling - Milling : conversion of cane to juice and separation of bagasse - Boiling House Operations: conversion of juice into sugar and separation of molasses. -Raw sugar & Refinery >Sugar recovery raw sugar production. Managing losses Warehouse >quantity received Inventory count	CADPI	to periodically check conformance to standard critical parameters & to ensure that expected production result and inventory is achieved.
	Finished good Bioethanol end-to-end process - Receipt of sugarcane,molasses, and syrup - Milling : conversion of cane to juice and separation of bagasse - Distillation & Fermentation >Inventory movement from warehouse to production Warehouse Inventory count	SCBI	

The IAG plans to audit the production and inventory management in CADPI and SCBI. This will be an end-to-end process.

Proposed IA Plan CY2021

Business Process	Audit Area	Location	Objective
Materials Management	Production materials, biomass Receipt, Issuance, and Usage & Chemical consumption Reorder point	CADPI/SCBI	to check differences in quantity received against quantity used, and to check movement of production materials from warehouse to issuance
Labor and outside services	Review of fully outsourced jobs - job description/order against actual works	CADPI/SCBI	To ensure resources are maximized and to verify that the work being done matches with the job order
Repairs and Maintenance	Milling repairs & maintenance > Routinary milling season repairs and maintenance (labor and materials) > Emergency repairs due to damage/shutdown > in-house repairs > usage of materials	CADPI/SCBI	to check that required maintenance are done based on schedule, that materials are used, and workers are present, and resources are maximized

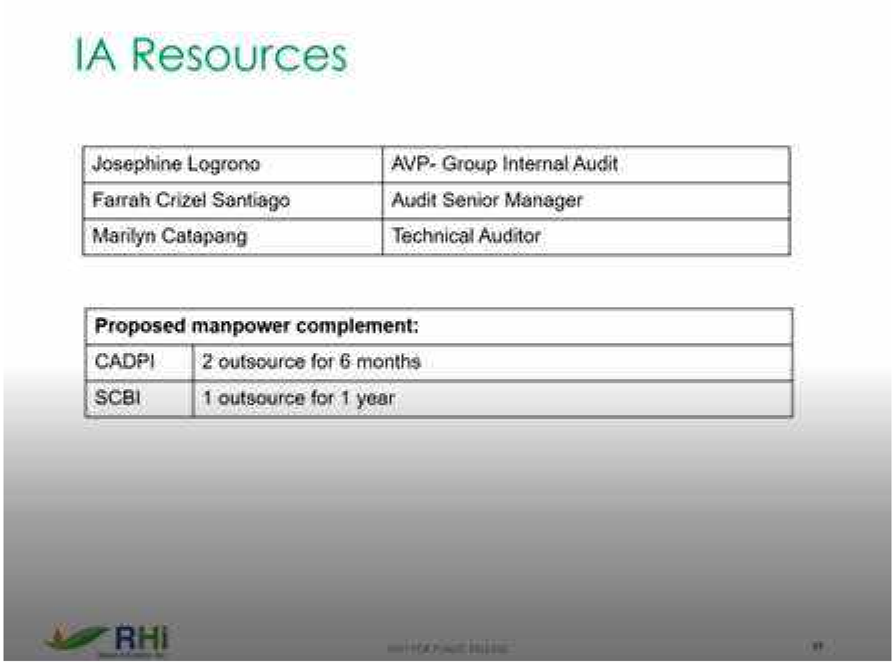
Business Process	Audit Area	Location	Objective
Repairs and Maintenance	Off-season repairs > Routinary off season repairs and maintenance (labor and materials) > in-house repairs > non-routinary repairs due to damage > Monitoring of Manpower assignment	CADPI/SCBI	to verify if work is being done based on the job order, and number of workers are indeed present and resources are used and maximized
Capital Expenditures-Project management	Implementation to completion and commissioning of capex project progress monitoring Cost-benefit analysis	CADPI/SCBI	To review the effectiveness of the capex project management process and if progress is achieved based on plan.

The IAG will also review the production materials, biomass receipt, issuance, and usage and chemical consumption. They will also review labor and outside services, as well as repairs and maintenance.

CADPI	JAN	FEB	MAR	APRIL	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC
Production & Inventory Management												
Materials Management												
Labor and Outside Services												
Milling Repairs												
Off-season repairs												
Capital Expenditure												

SCBI	JAN	FEB	MAR	APR	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC
Production & Inventory Management												
Materials Management												
Labor and Outside Services												
Milling Repairs												
Off-season repairs												
Capital Expenditure												

Ms. Logrono also presented the time table for the conduct of the proposed IA activities.



She ended her report by showing a list of her team who will conducted the proposed audits.

VI
ADJOURNMENT

There being no other matters to discuss, on motion made and seconded, the meeting was thereupon adjourned.

ATTEST:

ARLYN S. VILLANUEVA *Chairperson*	CHRISTOPHER H. YOUNG *Member*
OSCAR J. HILADO *Member*	MA. HAZEL L. RABARA-RETARDO *Secretary*

Annex M - Board Attendance

BOARD OF DIRECTORS MEETING

DIRECTORS	DATE OF MEETING						
	February 4, 2020	May 19, 2020	June 4, 2020	August 1, 2020	September 18, 2020	October 28, 2020	December 16, 2020
Pedro E. Roxas							
Manuel V. Pangilinan							
Hubert D. Tubio **							
Chistopher H. Young							
Ray C. Espinosa							
Alex Erlito S. Fider							
Oscar J. Hilado							
Santiago T. Gabionza, Jr.							
Arlyn S. Villanueva							

** Effectivity of Retirement: October 31, 2020

AUDIT COMMITTEE MEETING

DIRECTORS	DATE OF MEETING				
	February 3, 2020	May 18, 2020	August 5, 2020	October 22, 2020	December 14, 2020
Arlyn S. Villanueva					
Christopher H. Young					
Oscar J. Hilado					

Annex N- IT Governance Processes

Risk Area	Management/Mitigation Process
IT Issues	IT has a ticketing system where users can report all IT related concerns. This ensures issues are logged, monitor and resolved.
Service Disruption	Redundancies are in place (and being put in place) to have alternative mode of operations should main infrastructure encounter problems. IT Support teams are always on standby to respond to emergencies to restore service to its ideal state. Active monitoring tools are also employed to send alarms/notifications in cases of threshold breeches. We are also subscribed to Microsoft Premiere Support for our ERP solution MS AX 2012.
Cyber Security	Firewalls and anti-virus solutions are in place to ensure cyber security. Third-parties are also being engaged for independent threat assessments and mitigation activities.
Disaster Recovery	Daily backups are being performed. Offsite DR site is being planned to be in place within CY 2018